

Memorandum



CITY OF DALLAS

DATE August 14, 2009

TO Housing Committee Members: Steve Salazar, Chair, Carolyn R. Davis, Vice-Chair, Tennell Atkins, Dwaine Caraway, Vonciel Jones Hill, Angela Hunt, Ann Margolin, Pauline Medrano

SUBJECT Impact of CHDOs in the City of Dallas

On Monday, August 17, 2009, you will be briefed on Impact of CHDOs in the City of Dallas by Jesse Banda, Bill Hall, and Diane Ragsdale of the North Texas Community Development Association. A copy of the briefing is attached.

Please let me know if you have any questions.

A handwritten signature in black ink, appearing to read 'A.C. Gonzalez'.

A.C. Gonzalez, Assistant City Manager

c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Deborah Watkins, City Secretary
Tom P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
C. Victor Lander, Judiciary
Ryan S. Evans, First Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Dave Cook, Chief Financial Officer
Jerry Killingsworth, Housing Director
Jeanne Chipperfield, Director, Budget and Management Services
Helena Stevens-Thompson, Assistant to the City Manager



Impact of CHDOs in the City of Dallas

Presentation to the City of Dallas Housing Committee

by

The North Texas Community Development Association

Purpose of Presentation

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1. To discuss triumphs, challenges and opportunities for CHDOs in the Dallas affordable housing market.
2. To provide an update on past and current CHDO projects and their impact on the City of Dallas.
3. To present recommendations for strengthening the partnership between CHDOs and the City of Dallas

OUR WORK

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Role of CHDOs in City of Dallas

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- Increase the number of families obtaining the benefits of home ownership
- Increase the value of the tax base in distressed neighborhoods
- Provide housing and other services to vulnerable populations not served by the for profit sector
- Provide leadership, comprehensive vision, neighborhood stabilization and revitalization for distressed neighborhoods
- Invest and leverage resources for underserved neighborhoods

Highlights of CHDO Projects

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Highlights of CHDO Projects

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Special Needs

- Elder friendly housing – Forest Heights NDC & Urban Progress
- Permanent housing for people living with AIDS – AIDS Services of Dallas
- Supportive housing for homeless – Central Dallas Ministries & City Wide CDC

Innovative Housing Projects

- “Green housing” development & Bexar Street Townhomes – EDCO

Single Family

- Eagle Ford – Builders of Hope
- Frazier Courtyard Homes – Dallas Habitat & ICDC

Multifamily

- Saragosa Condos– Dallas City Homes

Commercial/Mixed Use

- VA Hospital Area Development – City Wide CDC



Support Services Provided by CHDOs

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- Homebuyer education & counseling
- Foreclosure prevention and intervention
- Crime reduction activities
(organizers of Weed & Seed, homeowners associations, partnerships with neighborhood associations)
- Social services
- Job training & life skills
- Youth development
- Community organizing and advocacy
- Community clean-ups & beautification



Economic Impact of CHDOs

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CHDO projects represent a significant investment in the City of Dallas:

- City Wide CDC - Project in progress, Veterans Administration Mixed Use Transit-Oriented Development, **\$30 million investment (\$3 mill. from the City)**.
- ICDC – Project in progress, Spring Avenue Revitalization Project, **\$16.5 million investment (\$1.5 mill. from the City)**.
- EDCO – 21 single family homes since inception, roughly **\$60,000*****.
- Forest Heights – 43 single family homes since inception, roughly **\$92,000*****.
- Vecinos Unidos – 60 single family homes since inception, roughly **\$128,000*****.
- Builders of Hope – 104 single family homes since inception, roughly **\$222,000*****.
- ICDC – 202 single family homes since 1995, roughly **\$430,000*****
- Habitat for Humanity – 741 single family homes since inception, **\$1.5 million*****.
- The City of Dallas has current investments of **\$15 million** in CHDO contracts.

***** added tax revenue per year**

Current Challenges Faced by CHDOs

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- Expectation of comprehensive neighborhood transformation, but City only funds housing construction. Units produced are only measure of success.
- Housing production occurs in the midst of tremendous obstacles:
 - Lack of outside investment
 - Lack of infrastructure & street sanitation
 - Lack of code compliance & enforcement
 - Lack of citizen participation.
 - Crime
- Inadequate funding and support to address obstacles.
- Higher levels of risk and much lower profit margins than private developers.
- Appraisals of new construction in depressed areas are not appraising at the cost of construction.

Current Challenges Faced by CHDOs

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- **More stringent mortgage lending requirements results in**
 - Slower sales of homes
 - Increased staff time
 - Increased expenses and
 - Longer delays receiving income from projects
- **Increased challenges in obtaining funding**
 - Decreased availability of grants and low-interest loans
 - Reduction of available operating funds
 - Decreased availability of gap financing & pre-development funds
- **Obtaining land bank lots in a timely manner that are marketable and in a desirable location in target areas.**

How Can We Strengthen the Partnership & Increase Community Impact?

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Recommendations

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1. Effectively utilize Les Allen to coordinate & resolve interdepartmental issues. Increase collaboration between city departments including building, permitting, crime, code compliance, community prosecution, public works, land bank and others.
2. Make needed changes to improve MAP program:
 - Match MAP subsidy with NIP areas; increase amount of subsidy to at least \$25,000.
 - Need clear, consistent, transparent guidelines on qualifications.
 - Streamline approvals: person approved by City should automatically be approved for MAP.
3. Obtain CHDOs' recommendations on land bank priority lots and the order in which they are to be worked. Ask for address and which CHDO requested the lot.
4. Expand performance measures for CHDOs beyond # of units produced.
5. Avoid layoffs of City Attorney & Housing Dept staff that work with CHDO's.

Recommendations

6. **Implement creative funding strategies for CHDOs**
 - Allow NSP 2 funding to be grant instead of repayable loan, if possible.
 - Work in coordination with CHDOs in the program design of federal funding.
 - City to be more actively involved in advocacy efforts with banks, state and federal officials. (Ex. provide a grant to lending institutions to cover interim interest and closing costs for CHDOs)
 - Provide 0% interim, construction financing to CHDOs
 - Create permanent mortgage financing at no to low interest rates (i.e. Habitat model).
7. **Allow CHDOs to expand marketing efforts to City employees and other visitors to the City's website; add links with information on homes for sale.**
8. **Expand boundaries of NIP areas.**
 - Include entire census tract 87.03 in Lancaster Transportation Corridor
 - Include census tract 43 in West Dallas
9. **Initiate \$50 million bond fund for housing to increase available funding.**
10. **CHDOs to meet once a quarter with Housing Committee to check status and continue working on recommendations.**

Conclusion & Next Steps

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Next steps:

- See attached information for additional information
- Schedule follow-up meeting.

Thank you for your support!

Additional Information

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- **Overview of NTCDA**
- **Purpose of Community Development Corporations**
- **Additional Highlights of CHDO Projects**

Overview of NTCDA

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Mission: To educate and advocate for affordable housing and pursue activities that build, strengthen and encourage the growth of healthy neighborhoods.

Vision: Through the work of NTCDA, housing production is increased resulting in plentiful housing for all; increased tax base and revitalized neighborhoods.

Members: Members represent committed, passionate, affordable housing developers and service providers serving diverse, low to moderate income neighborhoods all over the City of Dallas and surrounding areas.

Overview of NTCDA

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Since 1995, the members of NTCDA have worked together to

- o Increase public awareness of the affordable housing crisis.
- o Develop creative solutions to address the crisis.
- o Increase public and private resources available to non-profit housing developers.
- o Shape public policy that affects affordable housing and distressed communities.
- o Promote the formation of partnerships that address the needs of very low, low and moderate-income individuals.
- o Promote the services and accomplishments of members.

Purpose of Community Development Corporations

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- To facilitate and act as catalysts to revitalize communities and rebuild lives. This role may or may not involve direct construction.
- To operate in the absence of traditional, private sector developers. CDCs are willing to take risks to revitalize communities while protecting them from gentrification.

Additional Highlights of CHDO Projects

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Commercial/Mixed Use

- Spring Avenue Revitalization - ICDC

Single Family Infill and Subdivision

- Pittman Place – ICDC
- Hasty II – Dallas City Homes
- Casa Rio Development – Vecinos Unidos
- Grigsby Street – EDCO

Multifamily

- The Flats at Five Mile Creek – Dallas City Homes
- Supportive housing for homeless women – **City Wide CDC**

Innovative Housing

- Kleberg Villas green homes – Urban Progress

Award Winning

- 2006 Preservation Achievement Award for New Construction - EDCO

