

Program Overview and Focus

A Briefing to the Housing Committee

Housing Department
October 15, 2007



Purpose

To provide an overview of the Housing Department's current focus and future direction

Organization Summary

Housing Department

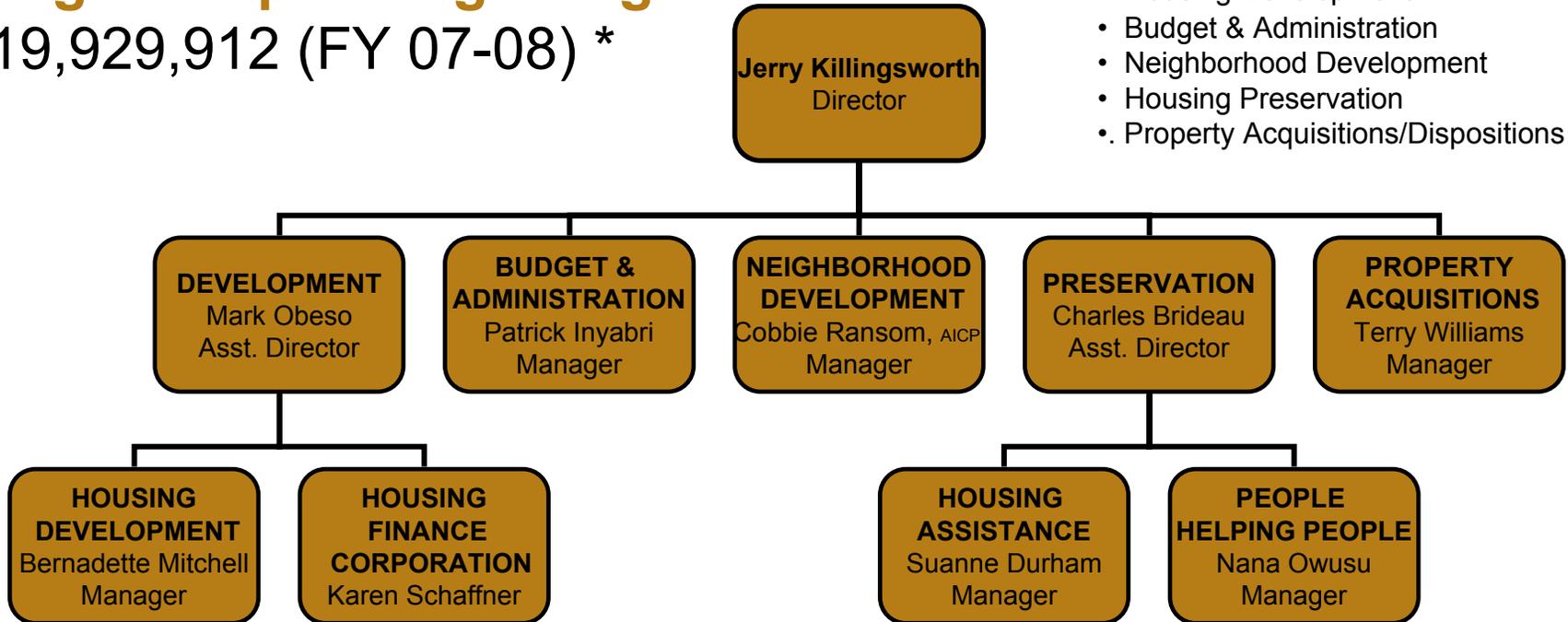
Jerry Killingsworth, Director

Program/Operating Budget:
\$19,929,912 (FY 07-08) *

Current Staffing: 72 FTE's

- 2 Asst. Directors & 7 Senior Mgrs.
- 5 functional Units

- Housing Development
- Budget & Administration
- Neighborhood Development
- Housing Preservation
- Property Acquisitions/Dispositions



•Excludes General Obligation Bonds. See **Appendix 1** for FY 07-08 Budget Details
See **Appendix 2** for Funding tracking Summary

Department Focus / Mission

2007

Focus: Leveraging resources and partnerships to achieve workforce housing, mixed use & infill housing, development and neighborhood stabilization through sustainable community development initiatives

2002

Focus: Home Repair, 1st time homebuyer's assistance

This change in the Department's mission is reflective of its evolution over the past 5 years

The Tipping Point – Mayors Affordable Workforce Housing Task Force

- o In May 2002, a Task Force was formed at the request of Mayor Laura Miller to provide recommendations regarding the City's affordable workforce housing efforts.
 - After eight weeks of intense review & analysis and nearly 100 interviews, the Task Force rendered its findings in final a report (August 2002)
 - These findings resulted in 21 recommended actions among six broad categories:
 - i. Improve the development process for all types of development
 - ii. Remove barriers to land assembly and use for affordable housing

The Tipping Point – Mayors Affordable Workforce Housing Task Force Con't.

- iii. Support housing in the context of community building to revitalize distressed neighborhoods
 - iv. Approach housing efforts holistically
 - v. Restructure and increase impact of housing programs, as warranted
 - vi. Commit to affordable housing as a priority
- o To date, 20 of the 21 task force recommendations have been implemented, resulting in new initiatives &/or changes to existing departmental programs/policies
 - These new initiatives and program changes are identified in the following pages. An Executive Summary of the Task Force's Affordable Workforce Housing Final Report is provided as **Appendix 3.**

The Tipping Point – Departmental Focus

- The culmination of efforts and recommendations by the Mayor's 2002 Affordable Workforce Housing Task Force marks the turning or tipping point for the Housing Department.
- Prior to this time, the department's primary focus was on home repairs and eliminating the backlog of potential repair cases
- Today, Housing has evolved into an advanced intermediary development department.
- This growth has been the result of:
 - City Council approval of new sources of funding
 - The appointment of a new Director who brought 33 years of private sector banking and underwriting expertise
 - State legislative changes sought by the City
 - Increased public sector leveraging of funds and partnerships and greater interdepartmental coordination
 - New methodologies, efficiencies and quality controls that helped to increase production and the timely expenditure of funds
 - Expanded role in mixed use housing developments

The Tipping Point – Funding

2002 Sources of Funds (\$19M)

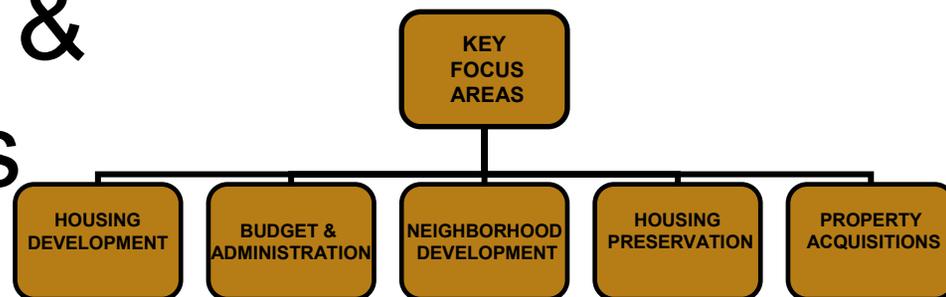
- Community Development Block Grant
- HOME
- General Funds
- HFC

2007 Sources of Funds (\$40.5M)

- Community Development Block Grant
- HOME
- General Funds
- HFC
- General Obligation Bond Funds *
- Tax Increment Financing Funds

* Note: Bonds to be sold between 2007-2010

Current Programs & Program Initiatives



Housing Development

- o Housing Infrastructure BOND Program
- o Residential Development Loan Acquisition Program (RDALP)
- o Certified Housing Development Organizations (CHDO)
- o Mortgage Assistance Program (MAP)
- o Dallas Housing Finance Corporation (HFC)

Neighborhood Development

- o Neighborhood Investment Program (NIP)

Housing Preservation

- o Home Repair Program
- o People Helping People (PHP)

Property Acquisitions

- o Land Bank Program
- o Land Transfer Program

Current Programs & Program Initiatives

TASK FORCE
RECOMMENDATION



NEW DIRECTION



Single-family Housing Infrastructure Development Bond Program:

- In May 2003, the voters of Dallas approved \$8 million in FY2003 General Obligation Bonds to fund infrastructure development of mixed-income single-family workforce housing.
- \$2.8 million in Bond proceeds have been awarded for subdivision development providing funding for approximately 30% of the street infrastructure, incidental drainage and alleys for five (5) Bond Projects, totaling 738 lots.
- 70% of the lot development has been privately financed as well as the construction of housing.
All Bond Projects have been developed south of I-30 and north of I-20 in the city's southern sector
- \$3.9 million in Bond funds are being used to support land bank, infill housing and other single-family development initiatives in the three Neighborhood Investment Program target areas.

Current Programs & Program Initiatives

TASK FORCE
RECOMMENDATION



NEW DIRECTION



Residential Development Loan Acquisition Program (RDALP):

The RDALP was approved by City Council in September 2003. Program funds are used to acquire unimproved and improved properties for resale, demolition costs and provides relocation payment associated with acquisition, and to provide subordinate loan financing for acquisition costs and certain soft costs for affordable single-family and multifamily developments.



RDALP Project
St. Phillips Neighborhood
1320 Pennsylvania Ave

Current Programs & Program Initiatives

TASK FORCE
RECOMMENDATION



NEW DIRECTION



Certified Housing Development Organizations (CHDO)

Provides operating assistance and development funding to nonprofit, community-based housing development organizations for acquisition, pre-development, development and homebuyer subsidies

New Direction: Since FY2002, the Department has required a recertification process, reducing the number of CHDOs from a high of 30 to 17 and requiring more stringent review of financial statements, production quotas, and a two-year business plan.

The Dallas Community Development Partnership (DCDP) was formed in the fall of 2002 with \$2.5 million in commitments, over three years, from 12 banks and foundations. The collaborative, which includes the City of Dallas Housing Department, provides selected nonprofit CHDOs with core operating support and training through the execution of a performance based contract committing specific level of affordable housing production.

CHDOs are having to find other funding sources to augment their budgets

Current Programs & Program Initiatives

TASK FORCE
RECOMMENDATION

NEW DIRECTION

Mortgage Assistance Program (MAP):

Provides up to \$12,000 zero-interest, forgivable, second lien loan to first-time homebuyers for down payment, closing costs and principle reduction, plus up to \$1,500 for minor repairs needed for the home to qualify (**The Enterprise Foundation**)



New Initiative

Downtown Homeownership Loan Program

- Approved by City Council February 2007
- Loans up to \$40,000 for qualified buyers to purchase downtown condominiums
- An additional \$10,000 will be made available through the Mortgage Assistance Program

Current Programs & Program Initiatives

TASK FORCE
RECOMMENDATION



NEW DIRECTION



Single-Family Bond Program /
Dallas Housing Finance
Corporation (HFC)

Provides mortgage and down
payment assistance funds to
participating lenders through the
sale of tax-exempt single-family
mortgage revenue bonds

Multifamily Program:

In determining whether to grant tax-exempt bond financing or approve an allocation of low income housing tax credits for any multifamily project, including senior, disabled or family projects, the City Council and, where appropriate, the Dallas Housing Finance Corporation, shall evaluate whether the proposed project is in the best interest of the City of Dallas and make a recommendation to the Dallas City Council.

Current Programs & Program Initiatives Con't.

**TASK FORCE
RECOMMENDATION**



NEW DIRECTION



Focus: Neighborhood Development

Neighborhood Investment Program (NIP):

The Neighborhood Investment Program serves as a vehicle to focus Housing Department and other city resources within designated target areas. In 2003, the City Council approved the program's first target areas which were modified in 2005. Listed below are the current target areas, by Census Tract:

- **CT 25.00, 27.02, 27.02** (South Dallas- includes Jubilee & Frazier neighborhoods)
- **CT 101.01, 101.02** (West Dallas)
- **CT 39.02, 115.00 pt.** (South Dallas – Ideal/Rochester Park neighborhoods and Bexar St.)

Under the NIP, housing, public improvements, code enforcement,

community prosecution and other city resources are coordinated and leveraged with other public and private investments to maximize community impact. Within each target area, resources are focused to achieve long-term sustainable community development. This approach represents a departure from previous target neighborhood efforts whereby effective partnerships were not developed and city funding was not fully leveraged, resulting in limited neighborhood impact

Current Programs & Program Initiatives Con't.

TASK FORCE
RECOMMENDATION



NEW DIRECTION



Spotlight

Bexar Street (CT 39.02, 115.00 pt.)

The redevelopment of Bexar Street is part of an overall redevelopment plan for the Ideal Neighborhood.

Targeted infill housing, home repairs, code enforcement, and street improvements are ongoing within the Ideal neighborhood. Along the Bexar Street corridor, which extends through the heart of the neighborhood, the City has acquired properties for mixed-use residential and commercial development. In total, approximately 27,000 sq. ft. of commercial/retail space, 31 'for sale' townhome units and up to 16 affordable rental units are planned. Street and streetscape improvements are currently underway.



Focus: Neighborhood Development

Current Programs & Program Initiatives Con't.

**TASK FORCE
RECOMMENDATION**



NEW DIRECTION



Spotlight

Frazier Redevelopment (CT 25.00,
27.01, 27.02)

Dallas Housing Authority (DHA) Frazier Courts Community

In 2003, The Dallas Housing Authority was awarded \$20.0M in HUD HOPE VI funds for the demolition and reconstruction of its Frazier Courts community. Under the NIP, street & streetscape improvements and the acquisition of derelict properties along the 4700-4900 blocks of Spring are proposed for redevelopment to compliment and leverage DHA's investment.

The Housing Department is also participating in the following catalyst projects:

- Scyene/Hatcher TOD
- 53 single-family units @ Frazier Courts (ICDC Ptrshp.)
- Carpenters Point: 150 senior tax credit units
- 2nd Ave. Entertainment District (Economic Development Dept.)

Focus: Neighborhood Development



Current Programs & Program Initiatives

TASK FORCE
RECOMMENDATION



NEW DIRECTION



Home Repair Program:

The 2002 Task Force recommended a restructuring of the Home Repair Program to increase the program's effectiveness by reducing the number of high cost repairs and eliminating uneconomic repairs that do not increase the value of the property. As a result, the City Council adopted the following programs:

- Minor Home Repair Program (MHR): Grant of up to \$5,000 to repair basic systems
- Basic System Repair (BSR): Loan of up to \$25,000 to repair basic systems and grant to provide lead-based paint hazard reduction
- Replacement Housing: Loan of up to \$55,000 to demolish & replace non-repairable structures
- SHARE: Housing Department loan of up to \$32,500 and Property Management relocation assistance of \$22,500 to demolish and replace a home in violation of code
- People Helping People: Provides up to \$5,000 grant in materials and supplies for minor *exterior* repair provided by volunteer organizations

Current Programs & Program Initiatives

Con't.

TASK FORCE
RECOMMENDATION



NEW DIRECTION



2007 Home Repair Program Analysis

- o Programs are not achieving the goal to produce more units of service with less funds per unit
- o Although program funds have increased by 16% since 2002 repair costs continue to exceed property appraisal because of cost increases and lead base paint removal
- o Average Repair Cost to Appraised Value Ratio: 94%
- o Rising construction costs are imposing numerous challenges

Current Programs & Program Initiatives Con't.

TASK FORCE
RECOMMENDATION



NEW DIRECTION



Home Repair *New Initiative*

Implement only 2 programs:

- 1. Minor System Repair Program (MSRP):**
 - Two Systems with average repair cost of \$10,000
 - 2. Reconstruction/SHARE Program:**
 - Increase per unit cost from \$70,000 to \$87,500
- **Adhere to HUD lead base paint based regulations based on repair type and amount**
 - **Income Requirements:**
 - MSRP – 80% AMFI (Citywide)
 - Reconstruction – 50% AMFI (Citywide)
 - Reconstruction – 80% AMFI (Neigh. Investment Program target areas)

Replacement Housing

New Initiative

- Offer floor plan and façades options that are compatible with existing neighborhood character



Current Programs & Program Initiatives

TASK FORCE
RECOMMENDATION



NEW DIRECTION



Land Bank Program:

Acquires vacant tax-delinquent lots through tax-foreclosure lawsuits for re-sale at below market pricing to developers of single-family homes for sale to low-to-moderate income homebuyers (**Dallas Housing Acquisition and Development Corporation**).

The Land Bank Program was authorized by City Council in January 2004. To date, 1,087 tax lawsuits have been referred, 740 lawsuits have been filed, 164 parcels have been purchased, 37 properties sold and 64 properties pending sale to Community Housing Development Organizations for development of affordable houses. 15 homes have been completed and sold to affordable families.

Program Changes: 2007 legislative session changed the affordability requirement from 80% to 115% of Area Median Family Income (AMFI), with at least 25% at 60% AMFI and below and a maximum of 30% from 81% to 115% AMFI. The remaining homebuyers must be at 80% AMFI and below. Also, the number of delinquent tax years was changed from 6 consecutive years to five total years and the Land Bank was made tax exempt. The right of first refusal was also reduced from nine months to six months.

Current Programs & Program Initiatives

TASK FORCE
RECOMMENDATION



NEW DIRECTION



Land Transfer Program:

Provides for the below-market sale of tax-foreclosed and surplus property under control of the City to Community Housing Development Organizations (CHDOs) and the release of non-tax City liens on private properties acquired for development of affordable housing.

As of September 2007, the CHDOs own 70 lots with an additional 8 lots pending sale. 71 lots are currently on hold for future acquisition. 16 affordable homes were completed and sold to families during the last fiscal year

With the implementation of the Land Bank, the number of foreclosed lots that are struck off to the City has dramatically decreased. The decline should continue with the Land Bank ultimately being the primary source for vacant lots on which to construct affordable houses.

Challenges

1. Aging Multi-family Housing Stock

- a. Safety of residents
- b. Increased crime rate
- c. Stagnant property tax receipts

2. Scarce Resources

- a. Decreasing federal funds
- b. Increasing costs
 - i. land
 - ii. materials
 - iii. permits
 - iv. professional services, i.e. environmental, title work, etc.
- c. Lack of long term recurring sources of funding

Challenges Con't.

3. Disbursement of Workforce Housing

- a. Put workers closer to jobs and transportation
- b. Give homeowners and renters more choices of area/neighborhood

4. Changing Markets

- a. Economic downturn
- b. Interest rates
- c. Job stability
- d. Tighter underwriting as backlash to subprime markets
- e. Increased foreclosures in targeted areas

Next Steps/Upcoming Actions

November 2007

Housing Committee

- Neighborhood Investment Program
- Land Bank Status
- Housing Trust Fund Recommendations
- DNAFH Surplus Sale (71 lots)
- KB Home/DHA Subdivision – Bond Infrastructure

City Council Action

- Use of TIF Affordable Housing Funds (Cost Participation/Green Building)
- Home Repair Program Revisions
- Bexar Street Mixed-Use Development Loan Contract
- Land Transfer-SouthFair HB110 extension (Park Row)
- Call Public Hearing – Consolidated Plan Amendment (Home Repair)

Next Steps/Upcoming Actions

Con't.

November 2007

City Council Action Con't.

- Bexar Street Acquisition (2 lots)
- DNAFH Surplus Sale (71 lots)
- KB Home/Greenleaf II – Bond Infrastructure

December 2007

Housing Committee

- Community Housing Development Organizations (CHDOs)
- Housing Finance Corporation Pre-Application Waiver Process
- Benchmarking

City Council Action

- Public Hearing & Approval Consolidated Plan Amendment (Home Repair)

Next Steps/Upcoming Actions

Con't.

January 2008

Housing Committee

- Sub Prime Mortgage Environment
- Individual Debit Accounts
- Community Development Block Grant Funding in Housing
- Fair Housing Issues
- Historic Preservation Issues

APPENDICES

APPENDIX 1: Housing Department FY 07-08
Budget Details

APPENDIX 2: Housing Department Funding
Tracking Summary

APPENDIX 3: Mayor's Affordable Workforce
Housing Task Force: Executive Summary