

Memorandum



CITY OF DALLAS

DATE March 3, 2023

TO Honorable Members of the Workforce, Education and Equity Committee

SUBJECT **Update on Racial Equity Projects Outline – Family Support and Empowerment Initiative and Housing Stability through Rent Subsidies and Relocation Assistance Program**

This memo provides an update on the status of two Racial Equity Plan projects to be administered by the Office of Community Care (OCC).

1) Family Support and Empowerment Initiative

A growing body of research has shown the potential for significant positive impact from programs that focus on providing direct client assistance to residents. The core tenet of such program provides the client flexibility to make decisions on use of assistance based on their own individual needs and circumstances. Model programs typically rely on the distribution of pre-paid debit cards to ensure that lack of access to banking does not serve as a barrier to participation. The Family Support and Empowerment Initiative (FSEI) would draw on learning from local and national promising practices to develop a unique type of support to individuals and families in need in our communities.

This pilot project would provide monthly assistance to a cohort of eligible families for a period of at least 12 months.

FSEI will be administered in accordance with the attached Program Statement (Attachment A – DRAFT), which is still in draft form at this time. This program is aligned with the below Racial Equity Plan goals:

- Big Audacious Goal 1.3 – Improve small to large scale development and social service support where food insecurity and predatory lending institutions have further marginalized historically disadvantaged communities.
- Big Audacious Goal 1.5 – Promote community wellness by increasing access to quality, affordable, nutritious options for food, meals and critical hygiene items by aligning social services, nutrition education, urban agriculture, and financial investments in equity priority areas and other areas with demonstrated need

Family Support and Empowerment Initiative Pilot

According to data released by the U.S. Census Bureau, 2021 saw a record drop in child poverty. Researchers attribute this to the impact of large-scale anti-poverty programs, such as stimulus payment and Child Tax Credit, that were established or expanded as a result of the COVID-19 pandemic response ([Child Poverty Fell to Record Low 5.2% in 2021 \(census.gov\)](https://www.census.gov/newsroom/press-releases/2021/child-poverty-fell-to-record-low-5.2-percent-in-2021.html)).

An increasing number of cities began implementing assistance programs, using various models. In Dallas, the launch of the Targeted Eviction Prevention Program utilizes direct

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cash assistance to clients as a mechanism for stabilizing housing and reducing mid-year moves in specific Dallas ISD school attendance zones, successfully leveraging support from multiple nonprofit and philanthropic partners. Initial findings for this program demonstrate that most recipients have used the funds to meet basic needs, and that they are able to remain in their homes thereby positively impacting housing stabilization in the pilot areas. WINGS has implemented a Temporary Assistance to Needy Families (TANF) program with positive results related to client expenditures, as participants tend to use assistance funds for food and basic needs as well as household essentials. This is consistent with the findings of a review of cash transfer programs conducted by the Urban Institute which shows that these types of direct assistance programs can be an effective tool in reducing housing instability ([Direct Cash Transfers Can Deliver Housing Assistance More Efficiently and Equitably | Housing Matters \(urban.org\)](#)),

Implementation Plan for Pilot and Next Steps

OCC is working to finalize the Program Statement (see Attachment A – DRAFT) for this proposed effort. Concurrently, OCC is moving forward to identify potential nonprofit partners to administer this project through a competitive Request for Proposals (RFP). The pilot will prioritize service delivery to historically disadvantaged communities and/or in equity priority areas, as outlined in the Racial Equity Plan. Through the RFP, proposals will be required to outline target communities and populations, document alignment of these targets with the Racial Equity Plan, and demonstrate community support. Proposers that demonstrate specific client impacts, such as but not limited to program alignment with long-term stability or educational attainment, may be prioritized. Additionally, Proposers who demonstrate existing funding commitments and/or matched fundraising capacity will be prioritized.

The client assistance component of the pilot will be funded via \$500,000.00 in Racial Equity funds, while departmental Drivers of Poverty funds will support case management and financial coaching alignment.

2) Housing Stability through Rent Subsidies and Relocation Assistance Program

OCC is partnering with the Office of Integrated Public Safety Solutions (OIPSS) to administer a pilot program providing rental and relocation assistance to Dallas residents. The pilot program will focus on historically disadvantaged communities and households in equity priority areas that are at risk of housing instability or homelessness due to displacement, such as residential properties identified by data informed community engagement from departments such as OIPSS. Specifically, the program seeks to assist residents with rental and relocation support to:

1. Renew a lease in their existing unit or property; and/or
2. Relocate to a new housing unit when unable to maintain or renew lease due to issues with housing quality, affordability or other concerns; and/or

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3. Relocation caused by increased rent attributable to market rate alignment, property enhancements to meet property standards, general property enhancements and/or transfer of property ownership

This project is different than current rental assistance programs in that it will contribute only partially to the resident’s overall rental obligation and will require participants to participate in financial counseling sessions. Assistance will include payment of deposits and monthly subsidies for the term of a residential lease, up to 12 months.

This project will be administered in accordance with the attached Program Statement (Attachment B – DRAFT), which is still in draft form at this time. This program is aligned with the below Racial Equity Plan goals:

- Big Audacious Goal 1.3 – Improve small to large scale development and social service support where food insecurity and predatory lending institutions have further marginalized historically disadvantaged communities.
- Big Audacious Goal 3.2 – Deploy anti-displacement strategies in transitioning neighborhoods (e.g. gentrification) to address longstanding inequities by ensuring zoning is inclusive of historically disadvantaged communities to encourage sustainability and thriving opportunities.

Background on Housing Stability through Rent Subsidies and Relocation Assistance Program

Data shows that 2021 and 2022 were years of rising rent in Dallas. A February article in the *Dallas Morning News* cites a 14% year-over-year increase in rents in the Dallas area in December ([Soaring apartment and home rents put the squeeze on North Texas residents \(dallasnews.com\)](https://www.dallasnews.com/news/2022/02/14/soaring-apartment-and-home-rents-put-the-squeeze-on-north-texas-residents/)). Combined with increased costs for other essentials, this increased housing-cost burden has impacted lower income families the most. Over the last two years, the City, facilitated by the Office of Community Care, has provided millions in rental assistance to residents impacted directly and indirectly by the COVID-19 pandemic. These funds have been near fully expended while we still understand the housing needs of residents to be great.

Over the course of the last two years, staff has seen numerous instances in which residents have been unable to maintain housing due to rising costs, however these are not always due to macro factors. In some circumstances, residents have been able to benefit from grandfathered below-market rents from having lived at properties for multiple years, only to see those rents rise to meet rising market rates when properties are sold or remodeled. Similarly, residents may be forced to live in lower quality units for lower rental rates, but unable to afford market or near-market rates. This can put these residents at risk of immediate housing instability with any shift in rents or additional costs.

Implementation Plan for Pilot and Next Steps

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OCC is working to finalize the Program Statement (see Attachment B – DRAFT) for this program with insight from the Office of Integrated Public Safety Initiatives, Department of Housing and Neighborhood Revitalization and Office of Equity and Inclusion. Concurrently, OCC is moving forward to identify nonprofit partners to administer and/or provide support for this project. Due to the limited funding available, the pilot will prioritize service delivery to historically disadvantaged communities and/or in equity priority areas, as outlined in the Racial Equity Plan. Additionally, OCC will partner with the OIPSS Data Informed Community Engagement team to identify and target specific residential properties and communities aligned with that work.

The rental subsidies component of the pilot will be funded via \$1,000,000.00 in Racial Equity funds, while departmental funds will support case management and financial coaching alignment. OCC will issue a Request for Proposals to identify programmatic partners to implement these components, including dedicated case managers and a financial coach dedicated to this program.

If you have any questions or concerns, please contact myself or Director of Office of Community Care, Jessica Galleshaw at jessica.galleshaw@dallas.gov.



M. Elizabeth (Liz) Cedillo-Pereira
Assistant City Manager City Manager

c: T.C. Broadnax, City Manager
Tammy Palomino, Interim City Attorney
Mark Swann, City Auditor
Billierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

Majed A. Al-Ghafry, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors

Attachment A

Family Support and Empowerment Initiative Program Statement

Description – Family Support and Empowerment Initiative

The program provides direct assistance to eligible residents via cash transfer or other direct-to-client mechanism. The program also connects residents with case management services.

This program may also utilize non-profit agencies to serve as subrecipients for program administration.

Eligible Participants

Residents of the City of Dallas with incomes at or below 50% of the area median income (AMI), as defined by the United States Department of Housing and Urban Development (HUD) or a low-income family¹, at the time of program intake. The Program will prioritize clients who are 30% AMI or below at the time of program intake.

Clients should be recertified for eligibility on a quarterly basis, or each 90 days. Rental subsidy may need to be recalculated based on change in client income. Should a client's income exceed 50% AMI, but not exceed 80% AMI, the client may continue to receive assistance for the established program term. Direct assistance received through the Program should not be factored as income in recertification.

Client Eligibility:

- An “eligible household” is defined as a household with total income of 50% AMI or below at the time of intake and of 100% or below throughout the service period, excluding assistance received from the Program
- Reside in the City of Dallas
- Additional eligibility criteria may be established by program administrator, with approval from the City

Funds will be paid directly to the eligible household via cash transfer, direct deposit, or other direct-to-client funds disbursement mechanism.

Eligible Uses

Funds can be used for direct financial assistance paid to clients, applicable program costs necessary to provide these payments, including and not limited to staffing, technology, fees, etc., case management service delivery, and administrative costs.

¹ As of the date of the FAQs, the definition of “low-income families” in 42 U.S.C. 1437a(b) is “those families whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary [of Housing and Urban Development] with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of the Secretary’s findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low family incomes.”

Attachment A

Assistance

Monthly cash assistance in an amount of up to \$250 per month for the client program period.

Funding

Various funding types may be used under this Program and must follow the requirements of the funding types. The Program may include, but is not limited to, direct financial assistance paid to clients, applicable program costs necessary to provide these payments, including and not limited to staffing, technology, fees, etc., case management service delivery, and administrative costs paid with Racial Equity Fund dollars and departmental funds. The program will use appropriated general funds only for services, including case management support and administrative costs.

This program statement represents minimum eligibility requirements. Program administrator may implement additional eligibility or prioritization criteria, with approval from the City.

This program statement may be amended by the City Manager or designee to include amendments as appropriate to meet funding requirements or guidance from the Treasury.

When necessary, the City Manager or designee is authorized to execute change orders or amendments to contractor and subrecipient agreements, in excess of 25% and/or \$50,000.00 (subject to compliance with the applicable procurement laws), to commit and expend funds timely to meet federal and/or state requirements.

Attachment B

Housing Stability through Rent Subsidies and Relocation Assistance Program Statement

Description – Housing Stability through Rent Subsidies and Relocation Assistance

The program targets residents of the City of Dallas who are very low income to maintain their housing by providing relocation assistance and rental subsidies. The program will help residents avoid displacement by offering rental subsidies to support lease renewals and will support residents needing to relocate due to affordability, housing quality or other concerns.

This program may also utilize non-profit agencies to serve as subrecipients for program administration.

Eligible Participants

Residents of the City of Dallas with incomes at or below 50% of the area median income (AMI), as defined by the United States Department of Housing and Urban Development (HUD) or a low-income family¹, at the time of program intake. The Program will prioritize clients who are 30% AMI or below at the time of program intake.

Clients should be recertified for eligibility on a quarterly basis, or each 90 days. Rental subsidy may need to be recalculated based on change in client income. Should a client's income exceed 50% AMI, but not exceed 100% AMI, the client may continue to receive assistance for the established program term.

Rental assistance provided to an eligible household should not be duplicative of any other federally, state or locally funded rental assistance provided to such household. Rental assistance cannot be provided for households receiving rental vouchers.

Client Eligibility:

- An “eligible household” is defined as a household that is obligated to pay rent
- Services are available for households in order to:
 - Renew a lease in their existing unit or property; and/or
 - Relocate to a new housing unit when unable to maintain or renew lease due to issues with housing quality, affordability or other concerns; and/or
 - Relocation caused by increased rent attributable to market rate alignment, property enhancements to meet property standards, general property enhancements and/or transfer of property ownership
- Reside in the City of Dallas, and in cases wherein relocation support is provided, be relocating into a unit in the City of Dallas

¹ As of the date of the FAQs, the definition of “low-income families” in 42 U.S.C. 1437a(b) is “those families whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary [of Housing and Urban Development] with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 80 per centum of the median for the area on the basis of the Secretary’s findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low family incomes.”

Attachment B

- During the course of the service period, the participant must participate in a financial coaching or supportive service, such as case management

If a landlord does not wish to participate, funds may be paid directly to the eligible household, however the household must provide evidence, on a monthly basis, of the use of such funds for rent. Failure to provide this documentation may result in the discontinuation of provided assistance.

Eligible Uses

Direct financial assistance, including rent subsidies, required lease deposits, and other costs necessary to enable a client to relocate. Funding can be used to pay for all or a portion of the eligible expenses.

Eligible Properties

Residential properties, publicly or privately-owned, located within Dallas City limits.

Assistance

Provides assistance for the length of a lease, up to a total of 12 months rent subsidies plus one-time relocation expenses. Deposit assistance can be provided in an amount up to the total of a full month's rent according to lease terms.

Assistance is limited households with monthly rental rates that do not exceed 120% of fair market rates as defined by HUD.

Monthly assistance amount:

1. For lease renewals, relocations and/or unit transfers where the new rate is higher than the previous, monthly assistance may equal up to the difference between monthly rent amount stipulated in most recent lease and new rental amount
2. For relocations and/or unit transfers in which the client is moving to a lower cost unit due to affordability concerns or due to reduced income, monthly assistance may equal up to the difference between the monthly rent stipulated in the lease agreement and 30% of the total household income

Excluding rental deposits, monthly rental subsidies should not exceed 50% of monthly lease obligation.

For clients that meet the eligibility criteria for the Dallas Homebuyers Assistance Program and that have been pre-approved through that program only, monthly assistance can be provided for month-to-month lease assistance for up to 12 months.

Funding

Various funding types may be used under this Program and must follow the requirements of the funding types. The Program may include, but is not limited to, rental subsidies and relocation expenses, case management and administrative costs paid with Racial Equity Fund dollars and departmental funds. The program will use appropriated general funds for complimentary services, including case management support and administrative costs.

Attachment B

This program statement represents minimum eligibility requirements. Program administrator may implement additional eligibility or prioritization criteria, with approval from the City.

This program statement may be amended by the City Manager or designee to include amendments as appropriate to meet funding requirements or guidance from the Treasury or other funding entity.

When necessary, the City Manager or designee is authorized to execute change orders or amendments to contractor and subrecipient agreements, in excess of 25% and/or \$50,000.00 (subject to compliance with the applicable procurement laws), to commit and expend funds timely to meet federal, state and/or funder requirements.

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