

Comprehensive Housing Policy Updates

**Housing and Homelessness
Solutions Committee**

June 22, 2020

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**Department of Housing &
Neighborhood Revitalization**



Overview

- **Proposed changes to the Comprehensive Housing Policy**
 - Dallas Homebuyer Assistance Program (DHAP)
 - Home Improvement and Preservation Program (HIPP)
 - New Construction and Substantial Rehabilitation Program (Development)
 - Land Transfer Program
 - Range of Incomes Served
 - Targeted Rehab Program (previously briefed)

Background

- Council approved the Comprehensive Housing Policy (CHP) on May 9, 2018 by Resolution 18-0704
- The CHP serves as a clearing house for most Housing programs administered by the Department of Housing & Neighborhood Revitalization
- When changes are needed to the programs, the CHP must be amended.
- Staff briefed the Housing Policy Task Force on CHP Amendments on February 21, 2020 and February 28, 2020. *(March 18 meeting was cancelled due to Covid-19)*

Dallas Homebuyer Assistance Program (DHAP)

- **Current Guidelines:**

- DHAP is the City's down payment assistance program for eligible homeowners

- **Proposed Changes:**

- Remove the occupancy standards requiring two persons per bedroom.
- Adjust the back-end ratio from 43% to 45% to meet industry standards and allow the applicant to have disposable income
- Remove the loan-to-value ratios, as, with program caps at \$40,000 and \$60,000, the ratios no longer impact the loan from being over subsidized
- Targeted Homebuyer Incentive Program-
 - Allow home purchase throughout the city
 - Remove the owner occupancy requirement of 10 years
 - Increase the incentive from \$40,000 to \$45,000 for targeted occupations listed in the policy

Home Improvement and Preservation Program (HIPP)

- **Current Guidelines:**

- HIPP provides repair and reconstruction of owner-occupied homes

- **Proposed Changes:**

- **Divide Minor Home Repair into two programs**
 - Subrecipient Minor Home Repair Grant Program
 - Minor Home Repair Grant Program
 - **Subrecipient Repair Program**
 - Currently incentivizes nonprofits to repair homes by providing \$5,000 and requiring a \$5,000 match
 - Proposal: remove the match requirement and add homeowner protections such as no lien. Cap assistance at \$5,000
 - **Minor Repair**
 - New program administered by the City to provide grant assistance for minor home repairs to help eligible homeowners who are not served by a nonprofit.
 - Cap assistance at \$5,000 per home

Home Improvement and Preservation Program (HIPP)

Major Rehabilitation Program

- **Current Guidelines:**

- Currently provides home repairs up to \$40,000 for homeowners up to 80% AMI

- **Proposed Changes:**

- Add a homeownership requirement of at least 6 months
- Increase funding per home from \$40,000 to \$50,000
- Issue a forgivable loan rather than a repayable loan
- Adjust the affordability period from various years to 10 years. Forgive at 1/10 for each year of occupancy
- Amend the underwriting standards to include being current on taxes and mortgage payments

Home Improvement and Preservation Program (HIPP)

Reconstruction Program

- **Current Guidelines:**

- Provides loan assistance to reconstruct existing housing when eligible repair costs exceed 80% of the home value. Available to households referred from the rehabilitation program.

- **Proposed Changes:**

- Add a homeownership requirement of at least 6 months
- Issue a forgivable loan rather than a repayable loan
- Adjust the affordability period from 20 years to 15 years. Forgive at 1/15 for each year of occupancy
- Amend the underwriting standards to disallow outstanding loans on the property and to include being current on taxes and mortgage payments

New Construction and Substantial Rehabilitation Program (Development)

- **Current Guidelines:**

- Development provides financial assistance for new construction and for substantial rehabilitation of existing housing developments.

- **Proposed Changes – Overall:**

- Add a standing NOFA/Request for Assistance application to improve efficiency and frequency of development projects throughout the calendar year
- Clarify that funds may be used to build or rehabilitate supportive housing
- Clarify that projects may be financed with a combination of debt and grants based on project-by project underwriting

Development: Multifamily Loans

- **Proposed Changes:**

- In addition to using amortizing loans, add the following debt structures for multifamily projects:
 - Forgivable loan
 - Interest-only loan
 - Deferred payment loan
 - Cashflow loan
- Amend underwriting standards to lower debt coverage ratio (DCR) from 1.25 to 1.10
- Structure loans and applicable interest rates for loans based on the DCR
- Allow developers to sell or transfer the property (and requirements) to new owner

Development: Single Family Loans

- **Proposed Changes:**

- Allow grants, forgivable loans, or repayable loans based on underwriting
- Clarify that the types of development subsidy include:
 - Direct homebuyer subsidy/mortgage write-downs
 - Cost of infrastructure improvements
 - Reduction in the cost of land
 - Low-cost construction loans

Development: CHDO Loan Terms

- **Proposed Changes:**

- Add a CHDO proceeds option
 - Allow CHDOs to request to retain proceeds
 - Require City approval of CHDO proceeds agreement with each development agreement
- CHDO Proceeds
 - Can be used for HOME-eligible activities or other affordable housing activities to benefit low- to moderate-income families
 - Project reserves
 - Land-banking
 - Predevelopment costs
 - Homeowner repair
 - Homeowner accessibility
 - City would work with each CHDO on a project-by-project basis to determine distribution and usage of proceeds

Targeted Rehab Program

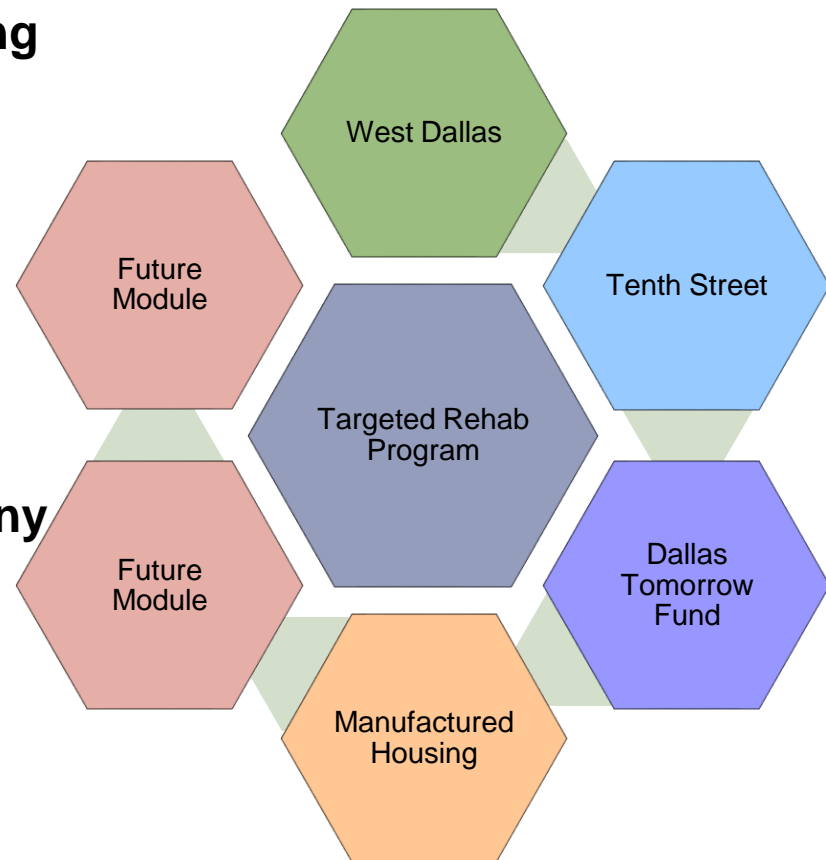
- Targeted Rehab Program (TRP) is being created
- Part of 2020 Work Plan
- TRP is crafted to be umbrella program for all targeted rehab activities (modules)
- Communities have different needs and will be part of developing new modules

Initiatives		A-C &/or Redevelopment				D-F &/or Stabilization				G-I &/or Emerging			
AFFORDABILITY PRESERVATION		0-30%	31-60%	61-80%	81-120%	0-30%	31-60%	61-80%	81-120%	0-30%	31-60%	61-80%	81-120%
Targeted Home Improvement Program	Rental												
	Owner												

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Targeted Rehab Program

- **A common framework for developing new TRPs includes:**
 - Need / targeted issue
 - Outreach (community, city department)
 - Funding source
 - Eligibility requirements
 - Eligible repairs
 - Assistance terms
 - Goals
- **TRP allows Housing to address many targeted issues with different constraints**
 - Funding source,
 - Geographic,
 - Age or type of dwelling unit,
 - Age of person,
 - Specific issue – code violations, blight
 - Special status - Historic districts,
 - Changing markets,



Range of Incomes Served

Current Guidelines:

- **Current CHP *policy* serves households at 30-120% AMI, but *programs* actually serve a wider range of incomes.**

For example:

- **HIPP**
 - High demand for program; serves homeowners most in need, and recipients have few alternatives to HIPP program
 - 55% of HIPP applicants are below 30% AMI, and half of those are senior citizens
- **Mixed Income Housing Development Bonus (zoning bonus)**
 - Offers increased density for affordable housing unit production; requires property management to accept vouchers
- **Land Bank**
 - Rental units must be leased to households up to 60% AMI, including those 0-30% AMI
 - 25% of units must be sold to households up to 60% AMI

Range of Incomes Served (continued)

- **Examples continued**

- **NEZ**

- Eligibility for renters is up to 60% AMI
 - Eligibility for purchase is up to 120% AMI
 - Eligibility for police, firefighters, teachers, and medical professionals is up to 140% AMI

Proposed Changes:

- Amend language in the policy to match existing program eligibility



Recommendation and Next Steps

- The amendments to the HIPP program require an amendment to the HUD Consolidated Plan
- Staff recommends the HHSC approve and move forward the following items for Council consideration:
 - Call for public hearing and preliminary adoption of the amendments to the Consolidated Plan at the **June 24, 2020** Council meeting
 - Public hearing and final approval of the amendments to the Consolidated Plan at the **August 12, 2020** Council meeting
 - Approval of amendments to the CHP at the **August 12, 2020** Council meeting

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