

Memorandum



CITY OF DALLAS

DATE September 16, 2021

TO Honorable members of the Housing and Homelessness Solutions Committee: Casey Thomas (Chair), Jesse Moreno (Vice Chair), Carolyn King Arnold, Paula Blackmon, Cara Mendelsohn, Paul Ridley, Jaynie Schultz

SUBJECT **Upcoming Agenda Item – Proposed Amendments to the Comprehensive Housing Policy**

The purpose of this memo is to inform the Housing and Homelessness Solutions Committee of an upcoming agenda item to amend the City's Comprehensive Housing Policy (CHP) to remove the New Construction and Substantial Rehabilitation program requirement that the City may only subordinate its lien position to a private financial institution for a loan in a greater amount. Removing this requirement will allow the City to provide loans to smaller-scale and non-profit developers that may not be able to receive loans from private institutions in amounts greater than the City's subsidy yet still require a subordination of a City loan. Staff recommend approval of this item to provide greater flexibility when investing in affordable housing and build capacity of our smaller-scale and non-profit developers.

Background

The Comprehensive Housing Policy (CHP) has three main goals: (1) create and maintain available and affordable housing throughout Dallas; (2) promote greater fair housing choices; and (3) overcome patterns of segregation and concentrations of poverty through incentives and requirements.

The Department of Housing & Neighborhood Revitalization (Department) recommends changes to the New Construction and Substantial Rehabilitation Program. The proposed changes are designed to improve the program's effectiveness and broaden the potential number of development partners that can participate in the program.

At present, the City's New Construction and Substantial Rehabilitation Program requires that the lien position of any City loan be no less than second, except upon approval of the appropriate City Department Director, subordinate only to a private financial institution's superior lien for a loan in a greater amount. The Department is recommending this requirement be removed in order to provide loans to smaller-scale and non-profit developers that may not be able to receive loans from private institutions in amounts greater than the City's subsidy yet still require a subordination of our soft loans.

A recent third-party underwrite of an application the Department received through its standing Notice of Funding Availability application process confirmed a financial gap for a 15-unit mixed-income, multigenerational development in West Dallas. This financial gap

DATE August 22, 2021
SUBJECT **Request for a Resolution of No Objection for 4% Non-Competitive Housing Tax Credits – Meadowbrook**

will require a City loan in an amount greater than what was available to the non-profit developer in the market. In order to make this loan, the City will need to subordinate its loan to the private financial institution. This will provide much needed affordable housing to the City, but also build capacity with one of our non-profit development partners.

All applications through the standing NOFA application would still require underwriting to confirm the financial gap. The change would only provide the ability to subordinate to private lending institution for a lesser amount in the event such a financial gap is identified. Staff recommend approval of this change.

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Should you have any questions or require any additional information, please contact me or David Noguera, Director, Department of Housing & Neighborhood Revitalization at David.Noguera@DallasCityHall.com or 214-670-3619



Dr. Eric Anthony Johnson
Chief of Economic Development & Neighborhood Services

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Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager
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Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors