EXHIBIT A






Comprehensive Housing Policy

City of Dallas
Department of Housing and Neighborhood Revitalization

Adopted by the Dallas City Council
May 9, 2018

Amended September 9, 2021

Table of Contents

BACKGROUND ON DEVELOPMENT OF THE POLICY 5
Policy Goals 5
Market Value Analysis 5
CITY OF DALLAS PLANS 6
forwardDallas! Comprehensive Plan 6
Neighborhood Plus Plan 6
Consolidated Plan Strategies 7
REINVESTMENT STRATEGY AREAS 8
Redevelopment Areas: 8
Stabilization Areas: 8
Emerging Market Areas: 8
PRODUCTION GOALS AND INCOME BANDS TO BE SERVED 10
HOUSING POLICY TASK FORCE 11
Summary 11
Structure 11
HOMEOWNER PROGRAMS 13
Home Improvement and Preservation Program 13
Dallas Homebuyer Assistance Program 29
DHAP Targeted Homebuyer Incentive Program 31
Accessory Dwelling Units 34
TENANT PROGRAMS 35
Tenant Based Rental Assistance 35
DEVELOPER PROGRAMS 37
New Construction and Substantial Rehabilitation Program 37
Mixed Income Housing Development Bonus 46
Land Transfer Program 48
PRESERVING AFFORDABILITY 53
Title Clearing and Clouded Title Prevention Program 53
Community Land Trust Program 55
Targeted Rehabilitation Program 59
NEIGHBORHOOD INVESTMENT 64
Neighborhood Empowerment Zones 64
FUNDING AND SUPPORTING ACTIONS 70
Federal Funding Sources 70
State and Local Funding Sources 71
City of Dallas Policy for Supporting Housing Developments Seeking Housing Tax Credits 72
Community Housing Development Organizations (CHDOs) 79
Set Aside 79
Operating 80

Certification 80
Strategies, Tools, and Programs that Will Require Additional Action 81
Housing Trust Fund 81
Tax Increment Financing 81
Sublease Program 81
APPENDICES 82
APPENDIX 1 83
Housing Policy Task Force Structure and Leadership 83
APPENDIX 2 85
Single Family Development Requirements/Underwriting 85
APPENDIX 3 94
Rental Development Underwriting 94
APPENDIX 4 105
DESIGN GUIDELINES 105
APPENDIX 5 107
City of Dallas Income Limits and Part 5 Requirements 107
APPENDIX 6 108
Community Housing Development Organization Policy, Procedure, and Standards 108
APPENDIX 7 115
Recapture/Resale Requirements for Homebuyer Activities 115
APPENDIX 8 118
City of Dallas Affirmative Fair Housing Marketing Policy 118
APPENDIX 9 121
Residential Anti-Displacement and Relocation Assistance Plan (RARAP) 121
APPENDIX 10 123
Other Federal Requirements 123
APPENDIX 11 125
Lead-Based Paint Requirements 125
APPENDIX 12 129
Environmental Review Policy, Procedures, and Standards 129
APPENDIX 13 130
SECTION 3 130
APPENDIX 14 131
Minority/Women Business Enterprise 131
APPENDIX 15 132
Regulatory References 132
APPENDIX 16 136
Community Land Trust Designation Implementation Guidelines 136
APPENDIX 17 139
Residential Neighborhood Empowerment Zone Implementation Guidelines 139
APPENDIX 18 142
Targeted Rehabilitation Program - West Dallas Sub-Program Module 142

APPENDIX 19 145
Targeted Rehabilitation Program - Tenth Street Historic District Sub-Program Module 145
APPENDIX 20 148
Interventions by Strategy Area 148

BACKGROUND ON DEVELOPMENT OF THE POLICY

Policy Goals

On March 12, 2017, the Dallas City Council Housing Committee established three goals for the development of a comprehensive strategy for housing: 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.

Market Value Analysis

In August 2017, the City of Dallas engaged The Reinvestment Fund to conduct a Market Value Analysis (MVA), which is an analytical tool used to assess the residential real estate market throughout the entire city to determine with granular detail where market strength, transition and stress exists. After briefing the City Council on the results of the MVA on January 17, 2018, eight public town hall meetings were held to develop the recommendations presented here. The town hall topics were:

- How Residential Development Gets Financed,
- How to Reduce Development and Rehabilitation Costs,
- How to Increase Access to Capital and Reduce Cost of Capital, and
- Programs, Tools and Strategies for Increasing Housing Production.

Each town hall provided stakeholders an opportunity to understand the housing challenges from the perspective of the major stakeholders, including lenders, foundations and government sources of finance; consumers and neighbors; developers, builders, and contractors; and regulatory officials, such as zoning, building inspections, and code enforcement. The town halls were held both in person and through virtual telephone communications that aired on Spectrum Channel 95 and streamed online. The in-person town halls had a combined participation of 94 individuals, many of whom also participated in the virtual town hall meetings. The virtual telephone town halls had a total of 38,690 participants for all four meetings, of which 10,000 participated in more than one town hall.

The outcome of public input helped shape the ten policy recommendations presented to the Economic Development and Housing Committee (Committee) on March 19, 2018 and the strategies, tools and programs included in the Comprehensive Housing Policy.

CITY OF DALLAS PLANS

forwardDallas! Comprehensive Plan

The forwardDallas! Plan is Dallas' first citywide comprehensive plan to serve as the policy basis for land development decisions in the City, through reference in the Dallas Development Code. The plan contains eight policy elements: Land Use, Economics, Housing, Transportation, Urban Design, Environment, and Neighborhoods. It provides guidance on important land development considerations related to land use, transportation and economic development. Shaped by extensive community engagement and adopted by City Council in 2006, it envisions a future Dallas built around the core values of:

- Access to good education
- A safe city
- A healthy environment
- Job growth through investment in Southern Dallas
- Convenient transportation through choices in how to get around
- Quality of life through diverse housing, recreational, cultural and educational opportunities

A key initiative of the forwardDallas! Plan was a focus on making high quality housing more accessible. The plan acknowledged that, within the regional context, Dallas has the greatest range of housing needs and problems. It recommended development of a housing strategy aimed at increasing home ownership, diversifying housing stock and providing more opportunities for affordable housing, while sustaining existing neighborhoods.

The forwardDallas! Comprehensive Plan can be found at http://dallascityhall.com/departments/pnv/strategic-planning/Pages/comprehensive-plan.aspx.

Neighborhood Plus Plan

Adopted in 2015, the Neighborhood Plus Plan is a citywide neighborhood revitalization plan intended to update the forwardDallas Housing and Neighborhood elements. The Neighborhood Plus plan focused on the six strategic goals of:

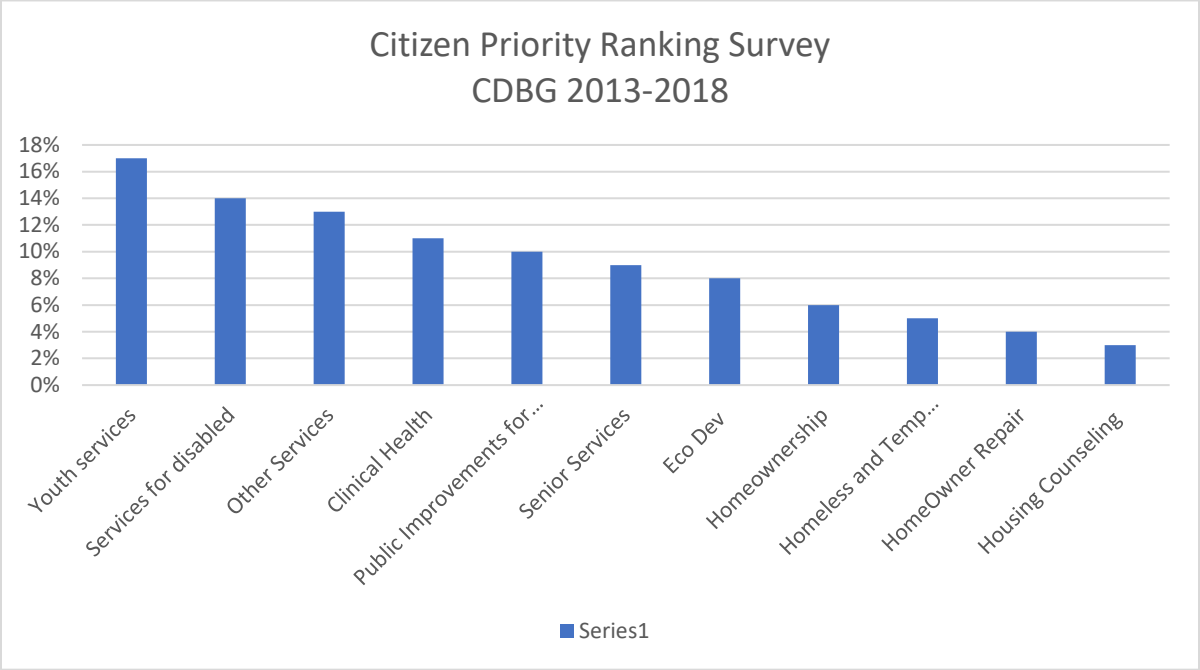
- Creating a Collective Impact Framework
- Alleviating Poverty
- Fighting Blight
- Attracting and Retaining the Middle Class
- Increasing Home Ownership
- Enhancing Rental Options.

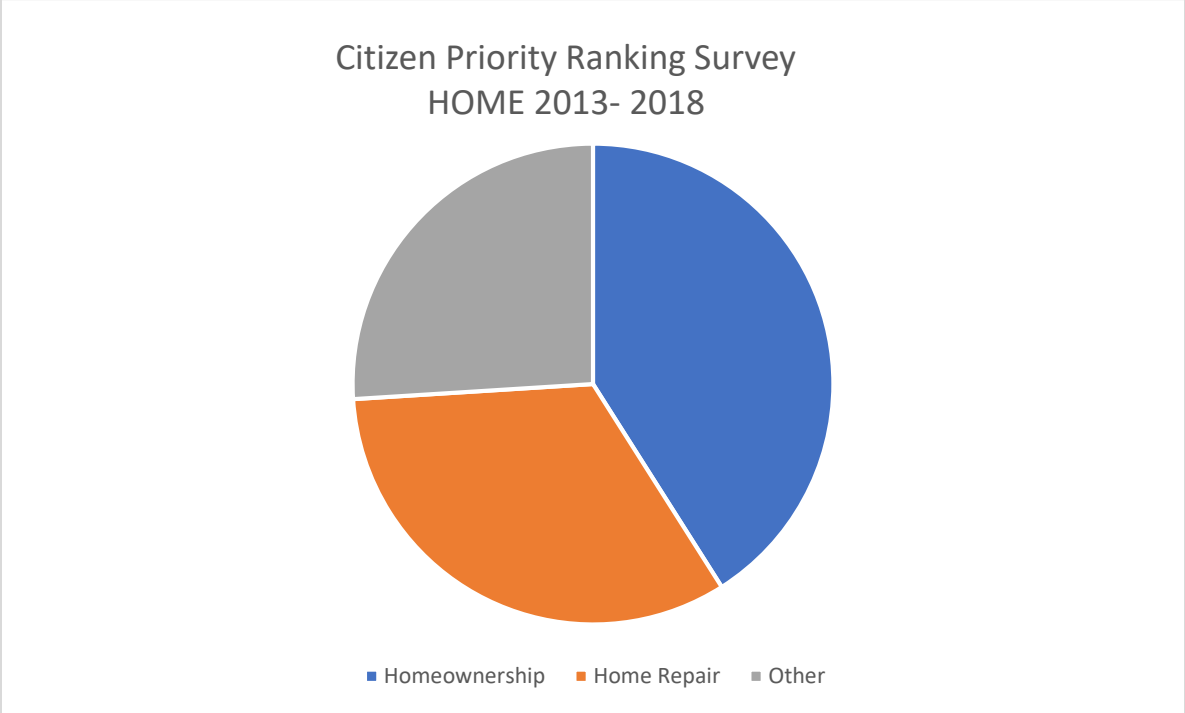
The Neighborhood Plus recommended a holistic approach to neighborhood revitalization and community building that goes beyond production of a limited number of publicly subsidized housing units, to encompass neighborhood quality, safety, mobility and access to education, jobs and health care. The Neighborhood Plus Plan also called for a neighborhood by neighborhood approach to improving quality of life and established the basis for identifying target areas to focus neighborhood revitalization efforts.

The Neighborhood Plus Plan can be found at http://dallascityhall.com/departments/pnv/strategic-planning/DCH%20Documents/Web%20-%20Neighborhood%20Plus%20Plan%20-%20Adopted%2010-07-2015.pdf.

Consolidated Plan Strategies

The Consolidated Plan is a five-year planning document required by HUD to carry out affordable housing and community development activities. The City identified its priorities as follows:





REINVESTMENT STRATEGY AREAS

The Housing Policy provides for tiered Reinvestment Strategy Areas to address three market types in need of City investment:

Redevelopment Areas:

A redevelopment area is characterized by a known catalytic project that has submitted a request for funding that shows preliminary viability and will begin within the next 12 months. The project as proposed must contain a housing component and must address the existing market conditions as identified in the MVA and must demonstrate a level of housing production supported through a third-party independent market analysis and show affordability to a mix of income bands.

Redevelopment Areas: Midtown, High Speed Rail, Wynnewood, and Red Bird.

Stabilization Areas:

Stabilization areas are characterized as G, H, and I markets that are surrounded by A-E markets and as such are at risk of displacement based on known market conditions including upcoming redevelopment projects. These areas are also where accessory dwelling units should be focused to allow for increased density.

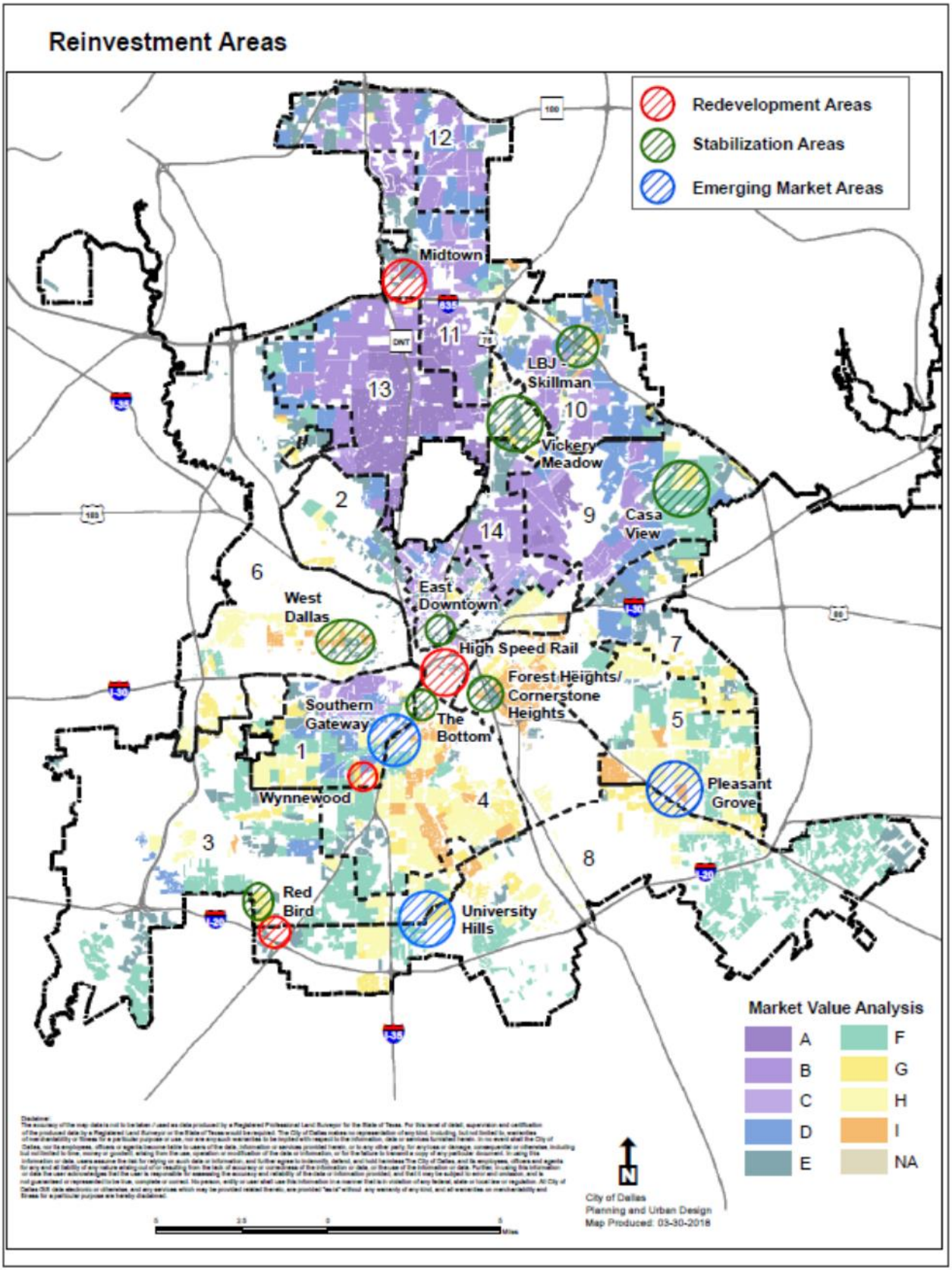
Stabilization Areas: LBJ Skillman, Vickery Midtown, Casa View, Forest District, East Downtown, The Bottom/Tenth Street, West Dallas, and Red Bird North.

Emerging Market Areas:

These markets are characterized as areas in need of intensive environmental enhancements, master planning, and formalized neighborhood organization. In order to facilitate the creation of mixed income developments, the City recommends seeking designation as Neighborhood Revitalization Strategy Areas (NRSA's) through HUD in order to prepare the area for real estate investments in a 3 to 5-year time frame and provide flexibility of use of funds without income qualifications.

Emerging Market Areas: Southern Gateway, Pleasant Grove, and University Hills.

Reinvestment Areas



PRODUCTION GOALS AND INCOME BANDS TO BE SERVED

Dallas has a housing shortage of approximately 20,000 units. This shortage is driven by the cost of land and land development, labor and materials shortages, federal, state and local constraints, as well as the single-family rental market which prevents equilibrium in the homeownership market. It is difficult to convert rental homes to homeownership because of the perception of the neighborhood, the condition of the housing stock once it's been in the rental market for a period of time and because income-producing property in a tight market will not be released by landlords until returns are diminished. This shortage is consistent with the overall national trend following the 2009 housing bust. While the housing market has seen a steady but slow recovery, job growth in the Dallas metro area attracted a population growth of about 2.9% that outpaced the growth in the supply of housing. Much of the single-family housing inventory converted to rental following the 2009 bust while 60% or more of the home sales in the three years following were in the price range below $249,999. In 2014 the housing market was in transition - the number of home sales priced under $249,999 decreased to less than 40% of the market and by 2017 nearly 58% of home sales were priced between $300,000 and $1 million. According to the Real Estate Center at Texas A&M University, while the volume of homes in Dallas only grew by 3.6%, the median sales price in Dallas grew by 9.1% in 2017.

These market conditions have led to an increase in both rental rates and sales prices in the overall market, and 6 out of 10 families in Dallas are housing cost burdened, meaning they spend more than 30% of their income on housing due in part to wages not keeping pace with housing costs. Undoubtedly, families at lower income bands are more financially strained by these market conditions. Therefore, increasing production over a 3-year period and minimizing the regulatory barriers to overall market production is equally important. Furthermore, because this has made even deteriorated housing stock unaffordable, it makes the need for home repair programs more important than ever. Table 1 below shows annual production goals of 3,733 for homeownership units and 2,933 for rental units while still maintaining the 3-year historic average ratio of homeownership and rental percentages.

Beyond unit production, the City supports creating increased availability of housing for people at incomes ranging from 0% to 120% of the HUD Area Median Income by incentivizing homeownership developments and rental developments that include rent restricted units for families at the full range of 0% to 120% of AMI. These targets are also outlined in Table 1 below.

Table 1

Production Goals					
Percentage of HUD Area Median Income Dallas Metro		**Homeownership**		**Rental**	
		Production Goals	%	Production Goals	%
Market Rate	101-120%	933	55%	587	40%
	81-100%	1,120		587	
Extremely Low, Very Low, and Low Income	61-80%	1,307	45%	733	60%
	51-60%	373		440	
	31-50%	TBD*		293	
	0-30%	TBD*		293	
Total		**3,733**		**2,933**	

***Households earning less than 60% of the Area Median income, will be evaluated based on the CHP Underwriting guidelines.**

HOUSING POLICY TASK FORCE

Added December 11, 2019

Summary

The Housing Policy Task Force (task force) was established with the adoption of the comprehensive housing policy to solicit input from the general public and industry experts on the city's housing priorities and goals. It creates a forum for open dialogue and education on housing issues and progress updates on how the city is addressing the issues. Through task force activities, the comprehensive housing policy will be tested, implemented and changed all in the interest of serving the residents of Dallas.

Structure

The housing policy task force is led by a steering committee with a chairperson, five focus area facilitators with industry expertise, and five focus area City staff representatives.

The task force itself is open to any member of the public who chooses to attend the meetings and/or submit feedback electronically. This open form of membership is a deliberate design component of the task force so that the City continues to build upon the significant public participation that occurred during the initial development of the comprehensive housing policy

Within the direction provided by City Council, the task force and its steering committee contribute stakeholder input and subject-matter expertise in the following focus areas and to further the following purposes:

- **Multifamily development:** Develop and refine policy, programs, strategies, and tools, and recommend amendments to the development code that maximize the production of

new mixed-income multifamily and rental units by providing incentives for mixed income development.

- **Single family and ownership development:** Develop and refine policy, programs, strategies, and tools, and recommend amendments to the development code that maximize production of new mixed-income single family and ownership units from 60% to 120% AMI by providing incentives for mixed income development.
- **Affordability preservation:** Develop and refine policy, programs, strategies, and tools, that encourage rehabilitation and preservation of, and improve access to, existing affordable rental and homeownership housing units
- **Neighborhood investment:** Develop programs, strategies, and tools to invest funds and city support in neighborhoods in need of investment in preparation for future market-based investment in Reinvestment Strategy Areas while ensuring sustainable, equitable growth and promoting greater fair housing choices.
- **Support and funding:** Identify and secure new funding sources, maintain and support existing funding sources, minimize regulatory barriers, and review all state and federal policy recommendations related to housing while ensuring transparency and affirmatively furthering fair housing

The steering committee members will regularly communicate with each other, and the task force will engage a broad segment of the public in guiding the implementation of the CHP. See Appendix 1 for the housing policy task force structure and leadership.

HOMEOWNER PROGRAMS

The Housing and Neighborhood Revitalization Department (Housing Department) strengthens families and neighborhoods to cultivate a diverse and economically inclusive City by creating affordable and safe housing and mitigating community member displacement. The City offers several programs to support homeownership: the Home Improvement and Preservation Program (HIPP), the Dallas Homebuyer Assistance Program (DHAP), the DHAP Targeted Homebuyer Incentive Program, and accessory dwelling units.

Home Improvement and Preservation Program

Added/amended June 26, 2019 by Resolution No. 19-1041
Amended August 26, 2020 by Resolution No. 20-1220

The Home Improvement & Preservation Program (HIPP) provides an all-inclusive repair and rehabilitation program for eligible single-family owner-occupied and landlord single-family income qualified rental housing units in the City of Dallas. HIPP is a comprehensive program with four components for the purposes of making needed improvements and preserving affordable housing:

1) a Minor Home Rehabilitation Program that provides grant assistance to non-profit organizations to administer the Minor Home Repairs Program to low- and moderate-income homeowners.

2) a Major Home Rehabilitation Program that provides loan assistance to low- and moderate-income homeowners needing moderate and substantial rehabilitation to their home.

3) a Home Reconstruction Program that provides loan assistance to low- and moderate-income homeowners needing to reconstruct their homes.

4) a Rental Rehabilitation Program that provides loan assistance to landlords which lease to low- and moderate-income households needing moderate and substantial rehabilitation to rental properties.

Applicants for HIPP will be prioritized on a first come first served basis for all programs. If an Applicant is within their affordability period from any other program, they are not eligible. If an Applicant is currently being served (not within an affordability period), they are not eligible to receive funding from another program concurrently. If an Applicant has been served in the past, residents that have never been served from the Housing Department will be served first. For the other repair/rehab programs refer to that section on qualifications.

1. Minor Home Rehabilitation Program

The Minor Home Rehabilitation Program provides grant assistance to non-profit organizations to allow much needed emergency health and safety repairs to a home of an eligible homeowner for minor home repairs, as described below. Funding for this program can be provided by both federal and non-federal funding. Funds from partnering non-profits can be provided as long as total funding does not exceed $4,999.99 per property.

Applicant Eligibility

Homeowners for the Minor Home Rehabilitation Program must meet all of the following requirements to be eligible to participate.

- Applicants must be the owner of the home to be repaired and have occupied the home for at least six months prior to the date of application. Applicants must submit a deed showing the conveyance, or similar documentation acceptable to the City in its sole discretion, that proves ownership in fee simple.
- Applicants must be current on mortgage payments and shall not be in default under the mortgage documents associated with the property or in default under any lien on the property.
- Property taxes must be current and not delinquent for any tax year unless the Applicant has entered into a written agreement with the taxing authority outlining a payment plan for delinquent taxes and is abiding to the written agreement.
- Applicants must have a gross annual household income at or below the applicable low- and moderate-income limits. Applicants must be at or below 80% AMI when CDBG funds are used or at or below 120% of AMI when non-federal funds are used as established by HUD for the jurisdiction of Dallas, Texas. Income shall be calculated using the Part 5 method as outlined in 24 CFR 5.609. Income eligibility shall be determined at the time of the application. Applicant household income eligibility is only valid for six months from the date of the last application.
- City Council members, Department of Housing & Neighborhood Revitalization employees and any employee, official or agent of the City who exercises any policy or program decision-making function in connection with the Minor Home Rehabilitation Program are ineligible for assistance under the Program.
- Applicant can only be served once with this program every five (5) years.

Property Eligibility Requirements

- The property must be a detached, single-family dwelling, owner-occupied, and be located within the city limits of Dallas, Texas.
- The property must obtain environmental clearance under 24 CFR Part 58.5 prior to committing repair funds.
- The property must be in need of repairs designated as eligible repairs under the Subrecipient Repair Program.

Eligible Repair Improvements

Eligible improvements under the Minor Home Rehabilitation Program include the following:

- Roofing repair or replacement
- Ceiling and baseboard holes repair
- Exterior entry doors replacement or repair, including handles and locks
- Exterior windows (for broken windows) replacement or repair
- Accessibility repairs and installation such as ramps, handrails or repairing walkways
- Water heater replacement or repair
- Heating /cooling central air system repair, or installation of wall heaters
- Plumbing, water and sewer pipes, kitchen and bath fixtures repair/replacement
- Electrical repair/replacement of plugs, breakers, panels, or wiring
- Gas pipe repair/replacement and gas testing
- Floor repair
- Installation of smoke, fire and CO_2 detectors
- Interior and exterior repairs as needed
- Any item determined eligible by the Director

Terms of Assistance

Assistance under the Minor Home Rehabilitation Program is provided in the form of a grant to the non-profit partner, who may provide funding from other sources to assist additional homeowners, and who will directly contract with the applicant for repairs.

Assistance Limits

The maximum assistance amount provided under the Minor Home Rehabilitation Program is $4,999.99 per property.

Non-profit partner(s) subscribed under the Minor Home Rehabilitation Program must complete the repairs at no cost to the homeowner and must ensure repairs are not subject to any real property liens.

Administration

The administration of the Minor Home Rehabilitation Program shall be performed by non-profit partners that are procured by the City and that have experience providing rehabilitation services and have committed to administering the program citywide, although specific geographies can be considered. The non-profit organization may receive reimbursement of allowable costs as direct delivery for the program in addition to the grants for the applicants, provided the non-profit organization follows the grant requirements as provided by the City. To ensure that the correct program has been selected for the applicant, referrals shall be provided by the City. City administration of the program includes eligibility referrals, application evaluation procedures, ongoing compliance, and other duties as established in the contract, the program guidelines, and the policies and procedures. The City at its sole discretion may inspect that the work was needed and completed, examine cost of repairs for reasonableness, review applicant eligibility and review for compliance with any other program guidelines.

2. Major Home Rehabilitation Program

Changes are effective for applications accepted after September 9, 2021. The Major Home Rehabilitation Program is a forgivable loan program to low- and moderate-income homeowners for the purpose of making needed repairs to preserve affordable housing. Major Home Rehabilitation Program is designed to ensure the longevity of the home and to address health, safety, accessibility modification, reconstruction and structural/deferred maintenance deficiencies. Major Home Rehabilitation Program will improve suitable living conditions, health, and welfare and will expand economic opportunities that revitalize neighborhoods. Funding for this program is provided by HUD CDBG funds (limited to assistance provided to households at or below 80% of area median family income (AMI); and potentially non-federal funds for households at or below 120% AMI. Not to exceed 27% of the HOME Homeownership Value Limits, as established by HUD.

Applicant Eligibility

- Applicants must be the owner of the home to be repaired and must have occupied the home for at least six months prior to the date of application (“Applicant”). Applicants must submit a deed showing the conveyance, or similar documentation acceptable to the City in its sole discretion, that proves ownership in fee simple.
- Applicants must be a U.S. citizen or lawful permanent resident, and they must hold a current Texas state-issued identification card or driver’s license. Unless allowed by HUD or other applicable law.
- Applicants must be current on mortgage payments and shall not be in default under the mortgage documents associated with the property or in default under any lien on the property.

- Applicants must not have more than one outstanding loan on the property. The City will only accept a first or second lien position. Applicants having a reverse mortgage on the property are not eligible for this program.
- Property taxes must be current and not delinquent for any tax year unless the Applicant has entered into a written agreement with the taxing authority outlining a payment plan for delinquent taxes and is abiding to the written agreement.
- Applicants must have a gross annual household income at or below the applicable low- and moderate-income limits. Applicants must be at or below 80% AMI when CDBG funds are used or at or below 120% of AMI when non-federal funds are used as established by HUD for the jurisdiction of Dallas, Texas. Income shall be calculated using the Part 5 method as outlined in 24 CFR 5.609. Income eligibility shall be determined at the time of the application. Applicant household income eligibility is only valid for six months from the date of the last application.
- Applicants must correct all code violations not associated with the repairs to the home that currently exist on the property.
- City Council members, Department of Housing & Neighborhood Revitalization employees and any employee, official or agent of the City who exercises any policy or program decision-making function in connection with the program are ineligible for assistance under the program.
- Priority shall be given to Applicants who have not participated in any City repair, rehabilitation, or reconstruction program previously. If the Applicant is in their affordability period under any other program except the Neighborhood Empowerment Zone Program, then they are not eligible to receive funding under this program.
- Applicants must be willing to voluntarily relocate at the homeowner's expense, if necessary.

Property Eligibility Requirements

- Must be a single-family dwelling, owner-occupied, and must be located within the City of Dallas, Texas city limits.
- Must obtain environmental clearance under 24 CFR Part 58.5, as amended, prior to committing rehabilitation funds.
- Standard property insurance, satisfactory to the City, must be maintained on the property (with coverage adequate to insure the City's lien position). If a property is located in a floodplain, as determined by the City, in its sole discretion, flood insurance must also be maintained with coverage adequate to insure the City's lien position. Insurance will be monitored during the length of the compliance period, which will be until the loan balance is repaid in full or forgiven, as described below. The City has the right to decline a homeowner that may be in a floodplain or floodway.
- Applicant must certify that the home is not for sale and is the primary residence of Applicant.
- If the property was previously assisted with City funds and the property is still within the period of affordability, per the written agreement with the Applicant or the previous owner, Applicant will not be eligible to receive funding for the same property.
- No liens, except those associated with the first mortgage, shall exist on the property.
- The property must be in need of repairs designated as eligible repairs under the Major Rehab Program. The City has the authority to determine what the necessary repairs will be and when the amount exceeds the limits.

Eligible Repair Improvements

Eligible rehabilitation activities include items necessary to bring the structure into compliance with the City's written rehabilitation standards and applicable local residential codes; and will also include items recommended as necessary to preserve the property's structural integrity, historic integrity, weatherization, and quality of living conditions. Major systems are part of the scope of work and are identified as structural support (foundations); roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.

Demolition of an accessory structure deemed hazardous, such as a detached garage or work shed, will be made on a case by case basis depending on the available budget, grant requirements, planning requirements, current building codes, and health and safety concerns. The structure will not be rebuilt by the City.

Assistance in removing any items from the property that are considered to be dangerous, hazardous, or a violation of local code is an eligible repair when performed in conjunction with the rehabilitation of eligible improvements on the property.

Assistance may not be used for the purchase or repairs of appliances or renovations not necessary to bring the home up to local code or property standards. Ineligible repairs include but are not limited to luxury and recreational items (swimming pools, spas, high end fixtures). Tree trimming will be in conjunction with repair and only if considered necessary and if allowable under the CDBG regulations. Any other ineligible activity may be considered if deemed necessary by the City to undertake an eligible activity, if allowable under the CDBG regulations, as applicable.

Eligible improvements under the Major Home Rehabilitation Program include the following:

- Cost effective energy conservation measures, including solar heating, cooling, & water systems permanently affixed to dwelling
- Testing & treatment/removal of lead-based paint/asbestos hazards
- Handicapped improvements & removal of barriers to the handicapped
- Removal of termites; removal of rodents and roaches (pest control), but may not be a stand-alone cost
- Replace/repair roofing
- Replace/repair HVAC systems
- Replace/repair plumbing, water and sewer pipes, kitchen and bath fixtures
- Replace/repair gas pipes/gas test
- Install new smoke, fire, and CO_2 alarms
- Install new insulation
- Replace/repair flooring and carpeting
- Replace/repair water heaters
- Replace/repair electrical system and installation of ground fault circuit interrupters
- Replace/repair windows
- Replace/repair window and/or door screens
- Replace/repair plaster, siding and stucco
- Painting (inside and outside)
- Install new deadbolt locks
- Replace/repair kitchen or bath cabinets and countertops
- Replace/repair garage doors

- Structural repairs/modifications (only to correct existing structural code deficiencies or to provide accessibility to disabled persons)
- Foundation repairs
- Any items determined eligible by the Director

Terms of Assistance

Major Home Rehabilitation Program assistance is an interest-free, forgivable, self-amortizing loan in an amount subject to the City's assessment of needs, not to exceed 27% of HOME Homeownership Value Limits, as established by HUD. The City loan shall be secured by a first or second lien on the property, signed by Applicant as the owner of the property.

Loan payments are self-amortized over the ten-year loan term and forgiven annually at the rate of one-tenth of the loan amount for every year the borrower occupies the property continuously as his/her primary residence and complies with the terms and conditions of the contract. The deed restrictions and the deed of trust shall be released on the tenth anniversary of the making of the loan so long as the borrower has met the conditions of the loan, as described under these program requirements, for the entire term. Failure of borrower to occupy the property continuously as his/her primary residence or comply with the terms and conditions of the contract for the entire term shall result in repayment of the unamortized balance of the loan.

The affordability period for the Major Home Rehabilitation Program shall be ten (10) years.

Applicant shall be required to provide on-going proof of insurance to the City, with the City as an added insured. Applicant must certify annually that the home is not for sale, is the primary residence of the Applicant, and any other certifications required by the City in the contract, until the balance of the loan is repaid to the City or until the full amount of the loan is forgiven.

In addition to execution of a loan agreement, execution and recordation of a deed of trust, deed restriction, and a note will be required for the ten-year term.

Applicant may repay Rehabilitation loans at any time without penalty. All loans are immediately payable upon the earlier of:

- The sale, conveyance, transfer, rental, hypothecation of the security; or
- If the home is vacated during the term of the loan; or
- Failure to adhere to the provisions of the loan agreement; or
- If property insurance, satisfactory to the City, is not maintained on the property.
- If the Applicant falls behind on the mortgage of their home.
- Failure to otherwise adhere to the provisions under the City's contract, deed restrictions, deed of trust and/or the note.

Major Home Rehabilitation Program loans are not assumable except under the following limited circumstances:

- Transfer of property to a surviving spouse;
- Transfer of property to an heir(s);
- Transfer of property where spouse becomes the sole owner of the property;
- Transfer of property resulting from a decree of dissolution of marriage, legal separation or from incidental property settlement agreement; or
- Transfer to a Family Trust in which the borrower remains the beneficiary and occupant of property.

All transfers must be approved by the City. Any person that would like to assume the loan must income qualify and utilize the assisted property as their primary residence. If such person does not meet the income requirements of the program, does not utilize the property as their primary residence, or does not meet any other condition of the loan, then the unamortized balance of the loan amount is due immediately and payable to the City.

Assistance Limits

Under Major Home Rehabilitation Program, the maximum loan assistance amount is not to exceed 27% of HOME Homeownership Value Limits, as established by HUD. Rehabilitation funds may only be used to complete the project-related hard costs such as construction costs. Project-related soft costs such as hazardous materials testing fees, document recordation fees, inspection/construction management fees, escrow fees are program delivery costs of the City and shall not be included as part of the loan provided to the Applicant.

The level of assistance shall be limited to the amount required to address the rehabilitation work scope as defined by the City (except as provided below). The City Manager or designee may on a case by case basis administratively approve (without City Council approval or Council Committee approval) additional assistance not to exceed ten percent above the maximum limit for any owner-occupied rehabilitation project under the following circumstances:

- To address outstanding repairs or necessary work to close out an existing project;
- The need to provide reasonable accommodations in accordance with the Americans with Disabilities Act or other local, state or federal law;
- Unforeseen environmental issues; and
- Addressing issues that threaten life, health, safety and welfare of the public.

Mortgage and Refinancing

The following are the credit and underwriting standards for Major Home Rehabilitation Program loans:

- Chapter 7 or Chapter 13 bankruptcy is not allowed if the primary or any mortgage is included as a secured creditor on the subject property for which the City will place a lien securing the loan.
- Properties may not have more than one outstanding loan on the property. The City will not accept a lien position lower than a second lien.
- Property taxes must be current.
- Applicants must be current on mortgage payments and shall not be in default under the mortgage documents associated with the property.
- Properties with a reverse mortgage are not eligible for this program.

Applicants can refinance their properties for better terms. However, they shall not be allowed to do a cash out refinance.

Administration

The City of Dallas Department of Housing and Neighborhood Revitalization Staff or their designees (“Staff”) shall administer the Major Home Rehabilitation Program. As used herein, the term “Staff” may include either employees or consultants of the department under the direction of the Director (defined below) or his/her designee. The administration of the Major Home Rehabilitation Program includes direct delivery costs, application evaluation procedures, rehabilitation assessments, cost estimation, bid solicitation, contractor selection, construction management, inspection, disbursement of program funds and processing of notices of

completion, and other duties as established in the program guidelines as well as the policies and procedures.

The Director of Housing and Neighborhood Revitalization (the "Director") shall be responsible for ensuring that all programs are implemented in accordance with all applicable policies and regulations.

3. Home Reconstruction Program.

The Home Reconstruction Program provides loan assistance to eligible homeowners of single-family, detached dwellings for the reconstruction of existing housing. Subject to the requirements stated below, dwellings requiring repairs that exceed 80% of the most recent certified improvement value as determined by the applicable appraisal district qualify for this program assistance. Assistance for this program is provided by HUD through the Home Investment Partnerships Program (HOME), CDBG, and/or non-federal funds. If HOME funds are used, the applicable HOME regulations shall apply, even if such regulations conflict with program requirements detailed below. Not to exceed 75% of HOME Homeownership Value Limits, as established by HUD.

Applicant Eligibility

- Applicants must be referred to the Home Reconstruction Program from the Major Rehab Program.
- Applicants must be the owner of property and must have occupied the home for at least six months prior to the date of application for the Major Rehab Program. Applicants must submit a deed showing the conveyance, or similar documentation acceptable to the City in its sole discretion, that proves ownership in fee simple.
- Applicants must be a U.S. citizen or lawful permanent resident, and they must hold a current Texas state-issued identification card or driver's license.
- Applicants must not have any outstanding loans on the property because the City will only accept a first lien position. Applicants having a reverse mortgage on the property shall not be eligible for a loan.
- Property taxes must be current and not delinquent for any tax year unless the Applicant has entered into a written agreement with the taxing authority outlining a payment plan for delinquent taxes and is abiding by the written agreement.
- Where federal funds are provided, Applicant must have a gross annual household income at or below the applicable low- and moderate-income limits (<80% AMI) as established by HUD for the jurisdiction of Dallas, Texas. Income shall be calculated using the Part 5 method as outlined in 24 CFR 5.609. Non-federally funded activities allow applicants to have a gross annual household income at or below 120% of AMI. Income eligibility shall be determined at the time of the application. Applicant household's income eligibility is only valid for six months from the date of the last application.
- City Council members, Department of Housing & Neighborhood Revitalization employees and any employee, official or agent of the City who exercises any policy or program decision-making function in connection with the Reconstruction Program are ineligible for assistance under the Reconstruction Program.
- When HOME funds are provided, the Conflict of Interest provisions at 24 CFR 92.356 shall be observed.
- Applicant must correct all code violations not associated with the reconstruction of the home that currently exist on the property.
- After the reconstruction and throughout the course of the affordability period, the Applicant must correct any and all code violations received during that duration.

- Priority shall be given to Applicants who have not participated in any City repair or rehabilitation program previously.
- Applicant must be willing to voluntarily relocate at the Applicant's expense during the course of reconstruction.

Property Eligibility

- Must be a detached single-family dwelling, owner occupied and located within the City of Dallas city limits.
- Must obtain environmental clearance under 24 CFR Part 58.5 prior to committing program funds.
- Standard property insurance, satisfactory to the City, must be maintained on the property (with coverage adequate to insure the City's lien position). If a property is located in a floodplain, as determined by the City of Dallas, in its sole discretion, flood insurance must also be maintained with coverage adequate to insure the City's lien position. Insurance will be monitored during the length of the compliance period, which will be until the loan is repaid in full. The City has the right to decline a homeowner that may be in a floodplain or floodway.
- No liens may exist on the property.
- Applicant must certify that the home is not for sale and is the primary residence of Applicant.
- The property must require repairs that exceed 80% of the most recent certified improvement value as determined by the applicable appraisal district for this program assistance. The City has the authority to determine what the necessary repairs will be and when the amount exceeds the limits of Major Rehab Program.
- If the property was previously assisted with City funds and the property is still within the period of affordability, per the written agreement with the Applicant or the previous owner, Applicant will not be eligible to receive funding for the same property.
- If the property has been reconstructed pursuant to any City program, the property is not eligible for reconstruction under this Home Reconstruction Program.

Eligible Repair Improvements

Eligible improvements under the Home Reconstruction Program include the demolition of the existing single-family home and reconstruction in substantially the same manner of similar design a replacement detached single-family home on the same lot. The number of dwelling units on a site may not be increased.

Demolition of an accessory structure deemed hazardous, such as a detached garage or work shed, will be made on a case by case basis depending on the available budget, grant requirements, planning requirements, current building codes, and health and safety concerns. The structure will not be rebuilt.

Terms of Assistance

Home Reconstruction Program assistance is provided in the form of a loan. The City loan shall be secured by a first lien on the property, signed by Applicant as the owner of the property. Applicant must certify annually that the home is not for sale and is the primary residence of the Applicant until the loan is repaid to the City in full. Applicant must also correct all code violations that exist on the property. The maximum loan amount is subject to City established underwriting criteria/requirements.

The affordability period for the Home Reconstruction Program shall be 15 years. In addition to execution of a loan agreement, execution and recordation of a deed of trust, deed restriction, and a note will be required.

Applicant may repay the Home Reconstruction Program loan at any time without penalty. All loans are immediately payable upon the earlier of:

- The sale, conveyance, transfer, rental, hypothecation of the security; or
- If the home is vacated during the term of the loan; or
- Failure to adhere to the provisions of the loan agreements; or
- If standard property insurance, satisfactory to the City, is not maintained on the property; or
- Failure to adhere to the provisions under the City's contract, deed restrictions, deed of trust and/or the note.

Home Reconstruction Program loans are not assumable except under the following limited circumstances:

- Transfer of property to a surviving spouse;
- Transfer of property to an heir(s);
- Transfer of property where a spouse becomes the sole owner of the property;
- Transfer of property resulting from a decree of dissolution of marriage, legal separation or from incidental property settlement agreement;
- Transfer to a Family Trust in which the borrower remains the beneficiary and occupant of property.

All transfers must be approved by the City. Any person that would like to assume the loan must income qualify and utilize the assisted property as their primary residence. If such person does not meet the income requirements of the program, does not utilize the property as their primary residence, or does not meet any other condition of the loan, then the full loan amount is due immediately and payable, in full, to the City.

Assistance Limits

The maximum amount of assistance provided shall not exceed 75% of HOME Homeownership Value Limits for new construction. The City Manager or designee may on a case by case basis administratively approve (without additional approval of City Council committee or City Council) additional assistance not to exceed 10% above the maximum limit for any owner-occupied reconstruction project under the following circumstances:

- The need to provide reasonable accommodations in accordance with the Americans with Disabilities Act or other local, state or federal law;
- Unanticipated costs deemed necessary to meet applicable City codes;
- Unforeseen environmental issues; and
- Addressing issue that threaten life, health, safety and welfare of the public.

Home Reconstruction Program loan funds may be used to complete project-related hard costs such as demolition and construction costs and designated soft costs of architectural and engineering fees. All other project-related soft costs shall not be included as part of the loan provided to the applicant. These costs may be provided by the City as part of its delivery costs.

Credit and Underwriting Standards

The following are the credit and underwriting standards for Home Reconstruction Program Loans:

- Chapter 7 or Chapter 13 bankruptcy is not allowed if primary or any mortgage is included as a secured creditor on the subject property for which the City will place a lien securing the loan.
- Properties may not have any outstanding loans on the property. The City will not accept a lien position lower than a first lien.
- Property taxes must be current.
- Properties with a reverse mortgage are not eligible for Program funding

Relocation

Relocation costs will not be paid by the City.

Administration

Staff shall administer the Home Reconstruction Program. This administration includes, but is not limited to, application evaluation procedures, assessments, cost estimation, bid solicitation, contractor selection, construction management, inspection, disbursement of program funds and processing of notices of completion, and other duties as established in the program guidelines as well as the policies and procedures.

The Director shall be responsible for ensuring that all programs are implemented in accordance with all applicable policies and regulations.

4. Rental Rehabilitation Program

The Rental Rehabilitation Program is an all-inclusive repair and rehabilitation program for single-family rental units, with up to four units per property. It offers a forgivable loan program to landlords who lease to low- to moderate-income households, with the purpose of making needed improvements and preserving affordable housing. The Rental Rehabilitation Program is designed to finance improvements and address health, safety, accessibility modifications, and structural/deferred maintenance deficiencies.

The Director of Housing and Neighborhood Revitalization (the "Director") shall be responsible for ensuring that all programs are implemented in accordance with all applicable policies and regulations.

Applicant Eligibility

- Applicant must be the owner of the rental unit(s) to be rehabilitated. Applicant must submit a deed showing the conveyance, or similar documentation acceptable to the City in its sole discretion, that proves ownership.
- Applicant must provide a copy of the lease agreement with its tenant.
- Applicant and tenants must be U.S. Citizens or lawful permanent residents, and they must hold a current Texas State issued identification card or Driver License.
- The tenants of the unit to be repaired must have a gross annual household income at or below the applicable low- and moderate-income limits (≤80% AMI) as established by HUD for the jurisdiction of Dallas, Texas. Income shall be calculated using the Part 5 method as outlined in 24 CFR 5.609. Income eligibility shall be determined at the time of the application or construction completion. Applicant household's income eligibility is only valid for six months from the date of the last application.
- Applicant must be willing to correct all code violations that currently exist on the property.
- The Applicant can apply to repair one or all four units as long as the entire structure is brought up to code.

- City Council Members, Department of Housing and Neighborhood Revitalization employees and any employee, official or agent of the City who exercises any policy or program decision-making function in connection with the Program are ineligible for assistance under the Program.
- Applicant must adhere to the Dallas City Code, including but not limited to Section 20A and comply with HUD HOME rent limits and other applicable state, local, and federal requirements.

Property Eligibility

1. The property must be a single-family (1-4 units) renter occupied dwelling located within the City of Dallas, Texas city limits. Properties with over 4 units are not eligible for rehabilitation assistance under this program.
2. If Applicant has a mortgage or other loan then the Applicant(s) must be current in their loan.
3. Must obtain environmental clearance under 24 CFR Part 58.5, as amended prior to committing rehabilitation funds.
4. Property taxes must be current. Property taxes must not be delinquent for any tax year.
5. Applicant must register with the Code Compliance Single Family Rental Division, or successor department, as determined by the City.
6. Applicant must certify that the unit is not for sale and that the unit being applied for is occupied by an income-eligible tenant or will be at the completion of construction
7. Standard property insurance, satisfactory to the City, must be maintained on the property (with coverage adequate to insure the City's lien position). If a property is located in a floodplain, flood insurance must also be maintained with coverage adequate to insure the City's lien position. Insurance will be monitored during the length of the compliance period, which will be until the loan is repaid in full or forgiven, as detailed below.
8. Must not have more than one outstanding loan on the property. City will only accept a first or second lien position. Applicants having a reverse mortgage on the property shall not be eligible for a loan.
9. Repairs must conform with designated as eligible improvements under the program.
10. For rehabilitation, if the Applicant's property was previously assisted with City funds and the property is still within the period of affordability, per the written agreement with the Applicant or previous owner, Applicant will not be eligible to receive funding for the same property.
11. No liens, except those associated with the first mortgage, shall exist on the property.
12. Repairs that exceed eighty percent (80%) of its improvement value are not eligible for assistance.

Eligible Repair Improvements

Eligible rehabilitation activities include items necessary to bring the structure into compliance with the City's written rehabilitation standards and applicable local residential codes and will also include items recommended as necessary to preserve the property's structural integrity, historic integrity, weatherization, and quality of living conditions. Major systems are part of the scope of work and are identified as structural support (foundations); roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.

Demolition of an accessory structure deemed hazardous, such as a detached garage or work shed, will be made on a case by case basis depending on the available budget, grant requirements, planning requirements, current building codes, and health and safety concerns. The structure will not be rebuilt by the City.

Assistance in removing any items from the property that are considered to be dangerous, hazardous, or a violation of local code is an eligible repair when performed in conjunction with the rehabilitation of eligible improvements on the property.

Assistance may not be used for the purchase or repairs of appliances or renovations not necessary to bring the unit up to local code or property standards. Ineligible repairs include but are not limited to luxury and recreational items (swimming pools, spas, high end fixtures). Tree trimming will be in conjunction with repair and only if considered necessary and if allowable under the applicable regulations. Any other ineligible activity may be considered if deemed necessary by the City to undertake an eligible activity, if allowable under the applicable regulations, as applicable.

Rental Rehabilitation Program funds may only be used to complete the project-related hard costs such as construction costs. Project-related soft costs such as hazardous materials testing fees, document recordation fees, inspection/construction management fees, or escrow fees shall not be included as part of the loan provided to the Applicant. These costs shall be provided by the City as part of its delivery costs. These costs are program delivery cost of the City, such cost will not be included in the loan amount. Applicant must certify annually that the home is not for sale and is the primary residence of the tenant until the loan is repaid to the City in full. Applicant must also correct all code violations that exist on the property.

Eligible improvements under the Rental Rehabilitation Program include the following:

- Cost effective energy conservation measures, including solar heating, cooling, & water systems permanently affixed to dwelling
- Testing & treatment/removal of lead-based paint/asbestos hazards
- Handicapped improvements & removal of barriers to the handicapped
- Removal of termites; removal of rodents and roaches (pest control), but may not be a stand-alone cost
- Replace/repair roofing
- Replace/repair HVAC systems
- Replace/repair plumbing, water and sewer pipes, kitchen and bath fixtures
- Replace/repair gas pipes/gas test
- Install new smoke, fire, and CO_2 alarms
- Install new insulation
- Replace/repair flooring and carpeting
- Replace/repair water heaters
- Replace/repair electrical system and installation of ground fault circuit interrupters
- Replace/repair windows
- Replace/repair window and/or door screens
- Replace/repair plaster, siding and stucco
- Painting (inside and outside)
- Install new deadbolt locks
- Replace/repair kitchen or bath cabinets and countertops
- Replace/repair garage doors
- Structural repairs/modifications (only to correct existing structural code deficiencies or to provide accessibility to disabled persons)
- Foundation repairs
- Any items determined eligible by the Director

Terms of Assistance

The Rental Rehabilitation Program assistance is an interest-free, forgivable, self-amortizing loan in an amount subject to the City's assessment of needs. The City loan shall be secured by a first or second lien on the property, signed by Applicant as the owner of the property. Landlord must rent to an income eligible renter for the duration of the affordability period. Landlord must certify annually that it is in compliance with the terms until the loan is repaid to the City in full or forgiven, as detailed below. Landlord must also correct all code violations that exist on the property. The maximum loan assistance amount not to exceed 27% of HOME Homeownership Value Limits and not to exceed 80% of the Appraisal District Improvement Value, not to exceed 4 units per address.

Loan payments are self-amortized over the ten-year loan term and forgiven annually at the rate of one-tenth of the loan amount for every year the Applicant leases to low-income households, the Applicant remains the owner of the property, and complies with the terms and conditions of the contract. The deed restrictions and the deed of trust may be released on the tenth anniversary of the making of the loan, so long as the Applicant has met the conditions of the loan, as described under these program requirements, for the entire term, as determined by the City. Failure of Applicant to rent the property continuously to income qualified residents or comply with the terms and conditions of the contract for the entire term, shall result in repayment of the unamortized balance of the loan. Short term vacancies between tenants may be allowed, as determined by the City, on a case-by-case basis.

The City shall perform required monitoring during the ten-year period of affordability. Applicant shall also be required to provide on-going proof of insurance to the City, with the City as an added insured. Applicant must certify annually that the home is not for sale, the Applicant is leasing to low-income households, and Applicant remains the owner of the property, and any other certifications required by the City in the contract, until the balance of the loan is repaid to the City or until the full amount of the loan is forgiven.

The affordability period for the Rental Rehabilitation Program shall be ten (10) years. In addition to execution of a loan agreement, execution and recordation of a deed of trust, deed restriction, and a note will be required.

Applicant may repay the Rental Rehabilitation Program loan at any time without penalty. All loans are immediately payable upon the earlier of:

- Upon transfer of the property, whether voluntary or involuntary, including but not limited to the sale, conveyance, transfer, or hypothecation of the security; or
- If the home is vacated during the term of the loan, in excess of the short-term vacancies approved by the City, or if it is not rented to an income eligible tenant; or
- Failure to adhere to the provisions of the loan agreements; or
- If standard property insurance, satisfactory to the City, is not maintained on the property; or
- Failure to adhere to the provisions under the City's contract, deed restrictions, deed of trust and/or the note.

Rental Rehabilitation loans are not assumable except under the following limited circumstances:

- Transfer of property to a surviving spouse;
- Transfer of property to an heir(s);
- Transfer of property where a spouse becomes the sole owner of the property;
- Transfer of property resulting from a decree of dissolution of marriage, legal separation or from incidental property settlement agreement;
- Transfer to a Family Trust in which the borrower remains the beneficiary and occupant of property.

All transfers must be approved by the City.

The level of assistance shall be limited to the amount required to address the rehabilitation work scope, as defined by the City, and shall not exceed the maximum allowable funding level of 27% of HOME Homeownership Value Limits per property. The City Manager or designee may on a case by case basis administratively approve (without City Council approval or City Council Committee approval) additional assistance not to exceed 10% above the maximum limit for the Rental Rehabilitation Program under the following circumstances:

- To address outstanding repairs or necessary work to close out an existing project.
- The need to provide reasonable accommodations in accordance with the Americans with Disabilities Act or other local, state or federal law;
- Unanticipated costs deemed necessary to meet applicable City Codes;
- Unforeseen environmental issues; and
- To address issues that threaten life, health, safety and welfare of the public.

Applicant is required to ensure that occupancy for all assisted units is maintained by tenants that are income qualified at 80% of AMI or lower, and at rental rates that are consistent with the current HOME Fair Market Rent.

Mortgage and Refinancing

The following are the credit and underwriting standards for Rental Rehabilitation Program loans:

- Chapter 7 or Chapter 13 bankruptcy is not allowed if primary or any mortgage is included as a secured creditor on the subject property for which the City will place a lien securing the loan.
- Properties may not have more than one outstanding loan on the property. The City will not accept a lien position lower than a second lien.
- Property taxes must be current
- Applicants must be current on mortgage payments and shall not be in default under the mortgage documents associated with the property.
- Properties with a reverse mortgage are not eligible for Rental Rehabilitation Program funding.

Tenant Relocation During the Affordability Period

If a tenant relocates for any reason during the affordability period, the Applicant shall have the responsibility of obtaining a new tenant that meets all Rental Rehabilitation Program requirements within the timeframe specified by the City.

Temporary Relocation During Rehabilitation

Relocation is not contemplated for rehabilitation activities, however if an unanticipated event occurs which requires temporary relocation, Applicant shall be responsible for the relocation-related expenses and fees. Applicant shall perform such relocation obligations in compliance with

the provisions of the Uniform Relocation Assistance and Real Property Acquisitions Policies Act of 1970 and Section 104(d) and any other applicable state, federal, or local laws/regulations.

Program Administration

Staff shall administer the Rental Rehabilitation Program. The administration of the Rental Rehabilitation Program includes application evaluation procedures, rehabilitation assessments, cost estimation, bid solicitation, contractor selection, management of the rehabilitation, inspection, disbursement of program funds and processing of the notice of completion, and other duties as established in the program guidelines as well as the policies and procedures.

Dallas Homebuyer Assistance Program

Added/amended June 26, 2019 by Resolution No. 19-1041

Provides homeownership opportunities to low- and moderate-income homebuyers (defined as "Applicant" for this program) through the provision of financial assistance when purchasing a home, in accordance with federal, state and local laws and regulations.

Eligibility

Applicant must meet the following criteria:

- Property must be located in the city limits of Dallas.
- Household projected annual income must not exceed 80% of Area Median Income, but if the funding source allows, annual income may be increased to an amount not to exceed 120% of the Area Median Income, adjusted for household size, at the time of application to the program. Income eligibility shall be determined at the time of the application. Applicant household's income eligibility is only valid for six months from the date of the last application.
- Applicant must have acceptable credit. High cost or sub-prime loans, adjustable rate mortgages, interest only loans are not allowed.
- Applicant must demonstrate that Applicant has at least two months of cash available and equal to Applicant's projected monthly mortgage payment, including principal, interest, taxes, insurance, and any associated fees.
- Applicant(s) must meet the citizenship and/or immigration status guidelines set forth by the Department of Housing and Urban Development (HUD).
- City Council members, Department of Housing & Neighborhood Revitalization employees and any employee, official or agent of the City who exercises any policy or program decision-making function in connection with this program are ineligible for assistance under this program. This policy extends for a period of 12 months beyond an individual's disassociation with the City in such a capacity.
- When HOME funds are provided, the Conflict of Interest provisions at 24 CFR 92.356 shall be observed.
- Property to be purchased must be for the primary residence of Applicant. Applicant must certify that the home is not for sale and will be the primary residence of Applicant.
- Applicant must attend an 8-hour homeownership education class from a HUD-certified counseling agency within 12 months of application for assistance.
- Applicant must make a minimum initial cash investment of $1,000 toward purchase of home.
- The property must meet federal and local requirements, including but not limited to Minimum Housing Standards, Environmental Review, and international residential code.

Eligible Properties

The property can be privately or publicly owned prior to sale to the Applicant. The property must be within the Dallas, Texas city limits and meet City building codes, lead based paint requirements, and environmental standards at the time of initial occupancy. All liens must be paid off at or before closing.

The property must contain adequate living and sleeping space for the Applicant household as verified by the property appraisal, site visit, and/or Dallas Appraisal District Data.

The property can be an existing property, or it may be newly constructed. The property can be:

- Single-family property (one unit); or
- Condominium or cooperative unit

An appraisal is required and may be provided by the first mortgage lender or Applicant. The initial purchase price of an assisted property to be acquired for this activity cannot exceed the HOME Value Limit for Dallas. This limit is updated annually. The sale price of an assisted property may not exceed the "Appraised Value".

Affordability Periods

The residence must remain affordable for a certain period of time, which is dependent on the amount of funds invested. The City's recapture provisions will apply.

Amount of Funds	Required Affordability
Less than $15,000	5 Years
$15,000 to $40,000	10 Years
Over $40,000	15 Years

Eligible Expenses

Eligible expenses may include principle reduction, down payment and closing cost assistance. If the house is sold before the required affordability period has elapsed, the assistance funds must be recaptured on a pro-rated basis.

Terms of Assistance

- The assistance for the Dallas Homebuyer Assistance Program will be offered in the form of a deferred, forgivable loan, which shall be forgivable annually based on the affordability period, subject to the terms of the contract.
- In the event of any of the following occurring prior to the completion of the affordability period the balance is payable immediately on a pro-rated basis.
    (1) The sale, conveyance, transfer, lease, rental, hypothecation of the security, or any part thereof, or any interest therein, or divestment of title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the prior written consent of the City being first had and obtained; or
    (2) Failure to adhere to the provisions of the contract; or
    (3) Failure to adhere to the provisions under the City's deed restrictions, deed of trust and/or the note, or any other lien encumbering the property.
- Applicant must certify annually that the home is not for sale and is the primary residence of the Applicant until the affordability period ends.
- If there is an underlying development agreement associated with the property, additional requirements may apply. Such determination is made by the City.

Credit and Underwriting Standards

Following are the credit and underwriting standards for Applicant:

- No Chapter 7 or Chapter 13 bankruptcy if primary or any mortgage is included as a secured creditor on the subject property for which the City will place a lien securing the loan.

- Predatory lending describes lending practices that take advantage of clients by charging usurious interest rates or excessive fees and penalties. Loans will not be made with an interest rate more than 2% above the prevailing market rate.
- The maximum assistance available for an Applicant in a High Opportunity Area (of the MVA) is $60,000. In all other areas, the maximum assistance will be $40,000 per household. Not all Applicants will qualify for the maximum assistance. The assistance available to any given Applicant is based on the City's assessment of the Applicant's need, taking into account the additional criteria outlined below.
- First mortgage amount must have a front-end ratio no higher than 32%
- First mortgage amount must have a back-end ratio no higher than 45%

Heirs

A loan may be transferred to the heir(s) of the borrower if the heir(s) are income qualified and utilize the assisted property as their primary residence for the remainder of the affordability period. If the heir(s) do not meet the income requirements of the program and the loan or does not utilize the property as their primary residence, and the loan is still within the period of affordability, then the prorated loan amount is due immediately and payable, in full, to the City.

Refinancing

Refinancing for better rate and term is permitted upon prior approval of the City. Refinancing of revolving loan accounts, vehicles, credit card debt, or property taxes are NOT allowable refinancing expenses. Cash out are also NOT allowed.

DHAP Targeted Homebuyer Incentive Program

This program offers financial assistance for those in educational instruction and library occupations; healthcare practitioners and technical occupations; healthcare support occupations; and protective service occupations, including but not limited to fire fighters and police officers, who purchase a property in the City of Dallas. Applicants with an income up to 120% AMI who qualify for this program may receive down payment assistance funds up to $45,000. Applicants who receive assistance using federal funds are subject to the rules of the "Dallas Homebuyer Assistance Program" (see above).

Eligibility

Applicant must meet the following criteria:

- Property must be located in the city limits of Dallas.
- Household projected annual income must not exceed 120% of the Area Median Income, adjusted for household size, at the time of application to the program. Income eligibility shall be determined at the time of the application. Applicant household's income eligibility is only valid for six months from the date of the last application.
- Applicant must have acceptable credit. High cost or sub-prime loans, adjustable rate mortgages, interest only loans are not allowed.
- Applicant must demonstrate that Applicant has at least two months of cash available and equal to Applicant's projected monthly mortgage payment, including principal, interest, taxes, insurance, and any associated fees.
- Applicant(s) must be U.S. Citizens or legal residents.

- City Council members, Department of Housing & Neighborhood Revitalization employees and any employee, official or agent of the City who exercises any policy or program decision-making function in connection with this program are ineligible for assistance under this program. This policy extends for a period of 12 months beyond an individual's disassociation with the City in such a capacity.
- Property to be purchased must be for the primary residence of Applicant. Applicant must certify that the home is not for sale and will be the primary residence of Applicant.
- Applicant must attend an 8-hour homeownership education class from a HUD-certified counseling agency within 12 months of application for assistance.
- Applicant must make a minimum initial cash investment of $1,000 toward purchase of home.
- The property must meet federal and local requirements, including but not limited to Minimum Housing Standards and international residential code.

Eligible Properties

The property can be privately or publicly owned prior to sale to the Applicant. The property must be within the Dallas, Texas city limits and meet City building codes, lead based paint requirements, and environmental standards at the time of initial occupancy. All liens must be paid off at or before closing.

The property must contain adequate living and sleeping space for the Applicant household as verified by the property appraisal, site visit, and/or Dallas Appraisal District Data.

The property can be an existing property, or it may be newly constructed. The property can be:

- Single-family property (one unit); or
- Condominium or cooperative unit

An appraisal is required and may be provided by the first mortgage lender or Applicant. The sale price of an assisted property may not exceed the "Appraised Value".

Affordability Periods

The residence must remain affordable for a certain period of time, which is dependent on the amount of funds invested.

Amount of Funds	Required Affordability
$45,000 or less	5 Years

Eligible Expenses

Eligible expenses may include principle reduction, down payment and closing cost assistance. If the property is sold before the required affordability period has elapsed, the assistance funds must be recaptured on a pro-rated basis.

Terms of Assistance

- The assistance for the DHAP Targeted Homebuyer Incentive Program will be offered in the form of a deferred, forgivable loan, which shall be forgivable annually based on the affordability period, subject to the terms of the contract. In the event of any of the following

occurring prior to the completion of the affordability period the balance is payable immediately on a pro-rated basis.
    - The sale, conveyance, transfer, lease, rental, hypothecation of the security, or any part thereof, or any interest therein, or divestment of title or any interest therein in any manner or way, whether voluntarily or involuntarily, without the prior written consent of the City being first had and obtained; or
    - Failure to adhere to the provisions of the contract; or
    - Failure to adhere to the provisions under the City's deed restrictions, deed of trust and/or the note, or any other lien encumbering the property.
- Applicant must certify annually that the home is not for sale and is the primary residence of the Applicant until the affordability period ends.
- If there is an underlying development agreement associated with the property, additional requirements may apply. Such determination is made by the City.

Credit Underwriting Standards
Following are the credit and underwriting standards for Applicant:

- No Chapter 7 or Chapter 13 bankruptcy if primary or any mortgage is included as a secured creditor on the subject property for which the City will place a lien securing the loan.
- Predatory lending describes lending practices that take advantage of clients by charging usurious interest rates or excessive fees and penalties. Loans will not be made with an interest rate more than 2% above the prevailing market rate.
- The maximum assistance available for an Applicant will be $45,000 per household. Not all Applicants will qualify for the maximum assistance. The assistance available to any given Applicant is based on the City's assessment of the Applicant's need, taking into account the additional criteria outlined below.
- First mortgage amount must have a front-end ratio of up to 32%
- First mortgage amount must have a back-end ratio no higher than 45%

Heirs
A loan may be transferred to the heir(s) of the borrower if the heir(s) are income qualified and utilize the assisted property as their primary residence for the remainder of the affordability period. If the heir(s) do not meet the income requirements of the program and the loan or does not utilize the property as their primary residence, and the loan is still within the period of affordability, then the prorated loan amount is due immediately and payable, in full, to the City.

Refinancing
Refinancing for better rate and term is permitted upon prior approval of the City. Refinancing of revolving loan accounts, vehicles, credit card debt, or property taxes are NOT allowable refinancing expenses. Cash out are also NOT allowed.

Accessory Dwelling Units

(CHP amended December 11, 2019; Code amended June 27, 2018 by Resolution Nos. 18-0978A and 18-0978B)

Sec. 51A-4.209(b)(6) of the Dallas Development Code provides that for single family uses the Board of Adjustment may grant a special exception to authorize a rentable accessory dwelling unit in any district when, in the opinion of the board, the accessory dwelling unit will not adversely affect neighboring properties.

In addition, Sec. 51A-4.510 of the Dallas Development Code provides regulations allowing for an accessory dwelling unit overlay district. An accessory dwelling unit overlay district is a compact, contiguous area where residents of a single-family neighborhood may petition City Council to create a zoning overlay that, if approved, allows code-compliant accessory dwelling units by right.

TENANT PROGRAMS

Tenant Based Rental Assistance

The purpose of this program is to provide supplemental financial assistance to individuals and families experiencing homelessness or who are at risk of homelessness to pay the difference between the cost of rent and the actual affordable amount that the tenant can pay. The program shall be operated on a first come first served basis. Only HOME funds can be used to fund Tenant Based Rental Assistance (TBRA) programs. This is not an eligible activity under the Community Development Block Grant (CDBG) Program.

Eligible Uses

Eligible costs include: Subsidy is based on the amount of the rent, household income and City rent standard in a form of a grant. Covered expenses include:

- Rent supplemental financial assistance:
- Utility costs
- Security deposits
- Utility deposits
- Maximum assistance of 24 months
- May provide security deposit and utility deposit assistance upon exiting the program for a permanent unit

No payments will be made directly to the tenant household.

Prohibited Uses

City of Dallas HOME TBRA funds may not be used to assist tenants in conjunction with homebuyer programs, including lease purchase programs.

Eligible Units

Eligible tenants may rent any housing that meets the following criteria:

- Located in Dallas City Limits
- Meets Minimum Housing Quality Standards
- Reasonable rents are charged
- Not public housing projects or receiving project based federal assistance

Subsidy Amounts and Tenant Contribution

Maximum Subsidy: Maximum assistance that can be provided is the difference between 30% of the household's adjusted monthly income and the payment standard.

Minimum Tenant Contribution: All tenants are required to pay 30% of their monthly adjusted income, or $20.00 per month, whichever is greater.

Length of Assistance: Assistance will not be provided for a period of time longer than two years, and minimum of one-year lease.

Other Tenant Requirements

Agencies administering TBRA programs may require tenant participation in a self-sufficiency program as a condition of rental assistance.

A legitimate, legal lease is required for program participants.

Income Recertification

Income of tenants receiving HOME tenant based rental assistance must be re-certified on an annual basis, at a minimum. City staff may require recertification of tenant income at any time, at the City's discretion, if it appears that a tenant's income has changed substantially during the contract term. If the tenant's income exceeds eighty percent (80%) of Area Median Family Income, HOME assistance must be terminated.

Payment Standard

The HOME payment standard will be the Small Area Market Rent, annually established and published by the US Department of Housing and Urban Development.

Termination of Assistance

HOME assistance may be terminated if the following occurs:

- Household's income exceeds eighty percent (80%) of Area Median Income;
- Household is evicted from the approved unit by owner for cause;
- After receipt of two official notices requesting cooperation in the re-certification process, the household is unresponsive and uncooperative.

In all cases above, thirty days' notice of the termination must be provided to the tenant and landlord.

DEVELOPER PROGRAMS

New Construction and Substantial Rehabilitation Program

The purpose of the New Construction and Substantial Rehabilitation Program (Development) is to provide financial assistance to new developments and substantial rehabilitation of existing property, where such assistance is necessary, and to appropriately incentivize private investment for the development of high quality, sustainable housing that is affordable to the residents of the City.

The City shall award funds, when available, through a competitive Notice of Funding Availability (NOFA) or a Request for Applications (RFA) process in accordance with the program's scoring policy. The scoring policy shall be determined by the City's development priorities and clearly outlined in the corresponding NOFA or RFA.

Funds may be used to:

- Build new single-family developments with 5 or more homes
- Build new or substantially rehabilitate multi-family rental housing with 5 or more units

Eligibility

To be eligible for funding under the New Construction and Substantial Rehabilitation Program assistance, the proposed project must meet all of the following basic criteria:

- Project must consist of 5 or more units located within the municipal boundaries of the City of Dallas. Note: Extra Territorial Jurisdictions areas are not eligible for financial assistance.
- Substantial rehabilitation projects must, at a minimum, meet the substantial rehabilitation test.

In addition to fully meeting the City's minimum code requirements, a project must meet one or more of the following Substantial Rehabilitation threshold tests:

- Replacement of two or more major building components (roof; wall or floor structures; foundations; plumbing, central HVAC or electrical system); or
- costs are 15% or more, exclusive of any acquisition and/or acquisition and development soft costs, of the property's replacement cost (fair market value) after completion of all required repairs, replacements and improvements; or
- rehabilitation hard costs are $10,000 or more per unit.

The after-rehabilitation rents required to effectively support the property, including the additional rehabilitation project debt service, must be:

- Reasonable, and fall within the underwriting standards; and
- Affordable and meet the City's definition of affordability.

Owners must exhibit a cash equity participation of at least 10% in the rental property proposed for rehabilitation. Note: Housing tax credits proceeds are to be treated as equity.

Loan Terms

Financial assistance can be provided in the form of a repayable loan as negotiated on a project by project basis and demonstrated by the financial underwriting. The City loan is fully repayable, and the interest rate varies by the type of Borrower. The City may structure loans for projects including permanent supportive housing units as forgivable loans. The interest rate for a qualified CHDO Borrower or Sponsor shall be zero percent (0%) simple annual interest. The interest rate

for a qualified nonprofit Borrower or Sponsors shall be one percent (1%) simple annual interest. The base interest rate for all other Borrowers shall be three percent (3%). However, the 3% base rate can be reduced through a combination of one or more Borrower concessions:

- A Borrower guarantee to make annual interest payments will reduce base interest rate by 1%;
- Borrower agreement to limit loan maturity to 20 years or less reduces base interest rate by 1%; or
- Borrower guarantee of annual interest and principal payments reduces base interest rate by 2%.

The Borrower can combine a) and b) above to reduce the 3% annual simple interest base interest rate by 2% to the 1% annual simple interest floor rate. However, in no instance can the floor interest rate be less than 1% annual simple interest for a Borrower in this category.

Repayment terms will be negotiated based on project underwriting and after review of all other financing commitments. Repayment of loan principal and interest should be either:

- Equal monthly installments over a period of up to 300 months. Subject to City review and approval, multi-family projects may have up to 24 months (in addition to the above stated maturity of 300 months) of deferred principal and interest during a construction and lease-up; or,
- An annual surplus cash payment. The City's surplus cash loans funding will be structured with note provisions requiring that at least 50% of Eligible Cash in excess of $50,000 be paid annually to subordinate lenders (including funding partners and related parties) on a prorated basis.

Eligible Cash shall be defined as: Surplus cash available for partnership distribution, less any outstanding:

- Credit adjusters
- Asset management fees
- Operating reserve account replenishment
- Limited partner loans that have been approved by the City
- Deferred developer fees
- Supplemental replacement reserve deposits approved by the City

Note: Incentive management fees have been deliberately omitted from the above list. Payment of incentive management fees shall be subordinate to repayment of the City's loan(s).

Additional Requirements for New Construction Development

For new construction housing developments funded by the City, the maximum subsidy per unit is 22.5% of the HUD HOME Value Limit.

Funding will be provided to Community Housing Development Organizations, governmental entities, or public facility corporations at 0% simple interest, which will be forgiven upon sale of the property to home buyer.

In addition, funding will be provided to other qualified non-profit organizations at 1% simple interest, which will be forgiven upon sale of the property to home buyer.

Projects shall submit, on an annual basis, either HUD Form 93489 (HUD Computation of Surplus Cash), or the City's form, with the project audit. The City will invoice the project, allowing for

repayment to occur up to the end of the current calendar year when HUD financing is involved. Otherwise, the surplus cash payment will be due within 45 days of the invoice postmark. Late payments will be assessed a 5% late charge. The loan will be in default if payments are more than 75 days late. The default interest rate shall be 500 basis points (5%) over the note interest rate.

If the City's multi-family rental subsidy is derived from a Federal funding source, investment may not exceed the corresponding annual HUD Section 234 – Condominium Housing Limits in Dallas, Texas for elevator units (by number of bedrooms per unit).

Affordability Period Requirements for All Rental Housing Development and Substantial Rehabilitation Loans

The Period of Affordability (income and rent restrictions) applies to both single-family and multi-family rental housing projects. Affordability periods shall be set as follows, in keeping with HUD requirements.

Amount of CDBG or HOME funds Per Unit	Minimum Period of Affordability
Under $15,000/ unit	5 years
$15,000 - $40,000/ unit	10 years
Over $40,000 or rehabilitation involving refinancing	15 years
New construction of rental housing	20 years

Conditions of All City Loans

- The property must be residential rental property under the existing ownership for the entire loan term. If the property is transferred by any means during the loan term, the remaining unforgiven portion, plus interest based on the existing market, will become immediately due and payable;
- The Borrower must maintain the property according to the Dallas Unified Building Code and agrees to allow City personnel to annually inspect the property;
- The Borrower provides evidence of having paid annual property taxes and having secured fire and extended insurance coverage for the property;
- Borrower must annually provide the City of Dallas with the information on rents and occupancy of HOME-assisted units to demonstrate compliance with the affordability rent requirements;
- The Borrower must maintain reserves for maintenance; and
- No further assistance during the affordability period term of the loan, whichever is longer.

The City loan will be secured by a lien on the property. The lien position will be no less than a 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 City may also require additional security for its loan, including, but not limited to, a first lien position on other investment property of the owner, as well as personal and/or corporate guarantees if it is necessary to secure the loan.

The terms of payment will continue throughout the entire term of the note, provided the Borrower complies with each and every term and condition of the loan documents. If the Borrower does not comply, or if the borrower at any time defaults under the terms of the note, interest on the unpaid principal will thereafter:

- accrue at a rate that is 500 basis points over the Note interest rate, and
- be immediately payable in addition to the entire outstanding principal amount

Financial Structuring

GAP Financing

The City deferred debt (deferred forgivable or surplus cash) only be used for and based upon the financing gap on affordable units. The City loan cannot exceed the financing gap.

Balloon Mortgages

Ballooning senior debt mortgages may require additional mitigating factors depending on overall project sources and uses, projected loan-to-value, and other risk factors. Under no circumstances will the City participate in a transaction where a senior balloon term is less than 15 years.

Surplus Cash Mortgages

The City's surplus cash loans funding will be structured with note provisions requiring that at least 50% of Eligible Cash in excess of $50,000 be paid annually to subordinate lenders (including funding partners and related parties) on a prorated basis.

Eligible Cash shall be defined as:

- Surplus cash available for partnership distribution, less
- Any outstanding:
- Credit adjusters
- Asset management fees
- Operating reserve account replenishment
- Approved limited partner loans
- Deferred developer fees
- Approved supplemental replacement reserve deposits

Projects shall submit, on an annual basis, either HUD Form 93489 (HUD Computation of Surplus Cash), or the City's form, with the project audit. The City will invoice the project, allowing for repayment to occur up to the end of the current calendar year when HUD financing is involved and general HUD distribution guidelines. Otherwise, the surplus cash payment will be due within 45 days of the invoice postmark. Late payments will be assessed a 5% late charge. The loan will be in default if payments are more than 75 days late. The default interest rate shall be 500 basis points (5%) over the note interest rate.

Appraisal Requirements

Projects Receiving City First Mortgage Acquisition Financing

Prior to funding commitment, the borrower must provide a completed Appraisal Request Form for City-Ordered Appraisals by the date specified in the City's notice of funding award, unless the development is exempt from the appraisal requirement as described below. The establishment of the date will take into account the applicable funding source commitment deadline and the Borrower's project timeline.

Developments exempt from the prior to commitment appraisal requirement:

- Acquisition price under $100,000
- Land only where there is no identity of interest. Identity of interest is used broadly to include non-arm's length transactions, related-party transactions, etc.

- Single family homes (1-4 family structures) that are aggregated under one loan
- The Borrower has provided a third-party market study
- The Project is HUD 202 or HUD 811 with a funding reservation

Note: Whenever a project is exempt under one of the above provisions, the City will use assessed value unless the borrower requests an appraisal for determining acquisition cost as defined in these Underwriting Standards.

The cost of appraisals must be borne by the Borrower. All costs incurred for the appraisal, and any revisions, will be the responsibility of the applicant. The City will collect the appraisal costs from its loan proceeds at closing.

Appraisals ordered by the Borrower will not be accepted. All appraisals must be ordered by the City, HUD or a designated HUD MAP lender, Fannie Mae or a designated Fannie Mae Delegated Underwriter Services (DUS) lender or a regulated financial institution.

An Agency-ordered appraisal will be used to support the acquisition costs identified at the time of application. The appraised value will be used by the City and its funding partners in underwriting the acquisition cost.

An As-Is Appraisal:

Land Only for New Construction: Fee simple value of the land. The market value appraisal will consider the real property's zoning as of the effective date of the appraiser's opinion of value. If the real property consists of more than one parcel, the parcels will be combined in one appraisal with one value conclusion.

Acquisition/Rehab:

Fee simple “as-is” value of the existing multi-family property assuming market rate rents. Fee simple, in “as-is” condition, with existing restricted rate rents.

Adaptive Re-Use:

Fee simple market value of the property to be adapted for an alternate use. The valuation will assume the highest and best use permitted by law and economically feasible in the current market.

Prior to Closing – Scheduled Payment Loans:

For scheduled payment loans, an as-completed appraisal is required to establish loan to value. An “as-completed and stabilized” appraisal is required for all amortizing loans.
Two hypothetical values are required:

- As completed and stabilized, subject to restricted rents
- As completed and stabilized, assuming market rate rents

The lesser of the two values will be used to determine loan to value for the City’s underwriting. The City will finance no more than 87% of appraised value (85% for loans with $15,000 per unit or less in rehabilitation). Plans and specifications must be sufficiently complete for the appraiser to establish the “as completed” value. The appraisal must be conducted no more than six months prior to closing or end loan commitment (or the borrower will be required to pay for an appraisal update).

Prior to Closing- Deferred Loans:

For non-amortizing loans, the City requires an appraisal prior to closing similar to that required for amortizing loans (above). Borrowers may use another lender's appraisal. Non- Amortizing developments exempt from the prior to closing appraisal requirement include:

- Single family homes (1-4 family) that are aggregated under one loan (the City will use assessed value unless the Borrower requests an appraisal for determining acquisition cost as defined in the Borrower's Underwriting Standards.)

Loan Conditions

As a condition of the City Loan, the Developer must agree:

- To rent these properties in accordance with Affirmative marking standards and the current HUD Section 8 rental income guidelines for the Period of Affordability and the federal equal housing opportunity requirements in the Fair Housing Act.
- Not discriminate on basis or race, religion or national origin.
- To comply with Chapter 20A of the Dallas City Code.
- Not discriminate against lower income prospective tenants, solely on the basis of their receipt of Section 8 Housing assistance support.
- Not convert the rental property to condominiums for the duration of the public note.
- To maintain the property in a safe, sanitary and decent condition, in compliance with the City of Dallas Building Codes throughout the term of the public sector note.
- To provide evidence of having paid annual property taxes unless the property is deemed tax-exempt by the Dallas Central Appraisal District. The City will require owner to provide documentation of property tax payment on an annual basis.
- To secure fire and extended insurance coverage for the property with City named as co-insured on the subject property for the full term of the loan. The City will require owner to provide documentation of insurance coverage on an annual basis.
- Comply with Annual Re-certification of tenant's annual income, which means each year the property owner must document the income of the tenant by reviewing documents such as W-2s, pay stubs, etc. in order to ensure that their income meets the low-income requirements.
- To a property inspection one year after the rehabilitation and every two years thereafter during the period of affordability. The owner must agree to cooperate with and assist in this inspection effort, and to resolve all deficiencies cited within the designated correction period allotted.
- To adhere to Lead-Based Paint Abatement guidelines for all properties built in 1978 and before.
- To the CHDO Proceeds provisions outlined in Appendix 2 (if applicable)

The City will examine the sources and uses for each project and determine whether the costs are eligible and reasonable, the return to the developer is appropriate (not excessive), and the other sources of funds needed for the project are firm commitments. "Reasonableness" of development costs should be based on the following factors:

- Costs of comparable projects in the same geographical area;
- Qualifications of the cost estimators for the various budget line items; and
- Comparable costs published by recognized industry cost index services

Failure to comply with any of the conditions outlined above will constitute a default of the public sector loan, requiring the balance to become immediately due and payable.

If the property is sold or ownership is transferred through any means, the terms and conditions of the loan are binding upon the new owners, successors, and assigns. The loan shall not be assigned and the property shall not be sold without prior written approval from Director.

For HOME projects, a determination of fixed or floating HOME units must be made at the time of Loan commitment. Fixed units must remain the same throughout the period of affordability. Floating units may change in order to maintain conformity so that the total number of units meet the required number of bedrooms to the originally designated HOME-assisted unit.

Loan Closing

The property owner will be required to provide the following items for loan closing:

- For substantial rehabilitation projects, the after-rehabilitation appraisal of the property showing the appropriate value relative to the proposed loan.
- Acceptable Commitment for Title Insurance Policy showing the City's interest in the total amount of the City's Deferred Payment Loan.
- Credit Reports on all Borrowers with a 15% or greater ownership interest.
- List of all real property assets and their value.
- An acceptable bid from an approved contractor. The approved contractor must be licensed, and provide proof of appropriate insurance coverage, covering the total cost of the rehabilitation work and including, but not limited to worker's compensation, general liability, and personal liability.
- Copy of the insurance policy with coverage satisfactory to the City.

Permitted Rehabilitation Program Costs

CDBG or HOME funds will be used to support only the following eligible costs:

- Actual rehabilitation costs necessary to correct substandard conditions to comply with the City of Dallas building Codes, federal environmental conditions standards, and federal lead-based paint abatement requirements.
- Essential improvements including energy conservation-related repairs, and improvements to permit use of the rehabilitated units by persons with disabilities.
- Repairs to major building system in danger of failure.
- Costs, generated by the public sector, for processing and closing the financing for the project, such as: credit reports, fees for title evidence, fees for recordation and filing of legal documents, attorney's fees, permits, and appraisal fees.
- Cost for the relocation of tenants currently residing in the property at the date of initial application, who must be temporarily or permanently displaced as a direct result of the rehabilitation activity.

Involuntary Displacement

The City prohibits involuntary displacement of residents from developments receiving funding. If a development receives federal funds, the Uniform Relocation Act provisions will apply as well as other applicable laws.

Eligible Costs

The following costs may be reimbursed with HOME funds:

Hard Costs	Soft Costs
Land and Structure Acquisition	Financing Fees & credit reports
Site preparation, including Demolition	Affirmative marketing, initial leasing & marketing costs
Construction Materials and Labor	Title binders and insurance
--	Performance bonds and surety fees
--	Recording fees
--	Legal & accounting fees
--	Appraisals
--	Eligible Soft Costs
--	Environmental reviews

CDBG funds may not be used for new building construction, in accordance with HUD regulations. However, CDBG funds may be used for all other reasonable and eligible costs in the above table.

Monitoring

The City is required by HUD to obtain information on rents and occupancy of HOME – assisted units to demonstrate compliance with the affordability rent requirements on an annual basis.

Additional Requirements for ALL Rental Housing Projects

Tenant Selection/Eligibility:

An owner of rental housing assisted with HOME or CDBG funds must adopt written tenant selection policies and criteria that:

- are consistent with the City's goal of providing housing for very low-income and low-income families;
- are reasonably related to program eligibility and the applicant's ability to perform the obligations of the lease;
- provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and
- give prompt written notification to any rejected applicant stating the grounds for the rejection

Income Eligibility and Re-certification:

Tenant incomes must be re-certified annually and verified with source documents every six years. If the income of a household in an assisted unit rises above 80% of Area Median Income, the household may continue to rent the unit and the household must pay monthly rent equal to the lesser of:

- The rent permitted by state law; or
- 30% of the family's adjusted monthly income at annual re-certification.
- If the project was financed with Low Income Housing Tax Credits, the tax credit rent prevails.

Acceptable Rents for HOME Projects Only

The HOME program has established rules in relation to acceptable rents. There are two rent standards: High HOME Rent and Low HOME rent. For properties with five or more HOME assisted united, at least 20% of the units must have rents that meet the "Low HOME" criteria.

High HOME Rent: lesser of the Section 8 Fair Market Rents for existing housing OR 30% of the adjusted income of a family whose annual income equals 65% of the area median income.

Low HOME Rent: 30% of the tenant's monthly adjusted income OR 30% of the annual income of a family whose income equals 50% of the area median income.

Mixed Income Housing Development Bonus

Added December 11, 2019, Code amended March 27, 2019 by Resolution No. 19-0429

Background

On March 27, 2019, City Council approved amendments to Chapter 51A of the Dallas Development Code to allow by-right development bonuses to incentivize new mixed-income rental development. These by-right bonuses are available in MF – Multifamily Districts and MU – Mixed Use Districts, specifically MF-1(A), MF-2(A), and MF-3(A) Multifamily Districts and MU-1, MU-2, and MU-3 Mixed Use Districts. Today, these districts represent approximately 15,000 acres across the city.

The development bonus and number of reserved units required to attain that bonus vary by the location of the development under the City's Market Value Analysis (MVA) categories. Properties in A, B, and C categories are required to serve families at lower income levels than properties in G, H, and I categories, with the percent of reserved units related to the amount of the bonus requested and the income ranges depending on the MVA category.

- A, B, C:
  (1) 5% of units at 51%-60% Area Median Income (AMI),
  (2) 5% of units at 51%-60% AMI & 5% at 61-80% AMI, or
  (3) 5% of units at 51%-60% AMI & 5% at 61-80% AMI & 5% at 81-100% AMI
- D, E, F:
  (1) 5% of units at 61%-80% AMI,
  (2) 10% of units at 61%-80% AMI, or
  (3) 10% of units at 61%-80% AMI & 5% at 81-100% AMI
- G, H, I:
  (1) 5% of units at 81-100% AMI

The bonuses vary by type of zoning district and by the additional development rights that would be most likely to incentivize development.

- In MF-1(A) and MF-2(A) Multifamily Districts, the percentage of reserved units required increases with height and lot coverage.
- In MF-3(A) Multifamily Districts, the percentage of reserved units required increases with height, lot coverage, and density.
- In MU-1 and MU-2 Mixed Use Districts, the percentage of reserved units increases with increases in density. Base floor area ratios (FAR) apply to non-residential use only.
- In MU-3 Mixed Use Districts the percentage of reserved units increases with an increase in FAR and a small increase in lot coverage.

In all districts:

- Building heights are subject to residential proximity slopes, where applicable, and existing setbacks are maintained.
- For multifamily uses, parking is reduced to 1¼ space per unit (versus one space per bedroom in Chapter 51A) and at least 15 percent must be available for guest parking.
- Developments with transit proximity receive an additional parking reduction and additional lot coverage
- Reserved units must be provided on-site, dispersed throughout the development and the unit mix, and be comparable to the market rate units.

Design standards

Additional design standards can reduce auto dependency, reduce the need for parking, encourage alternative modes of transit, and improve transit accessibility, particularly for transit-dependent residents. Design goals include:

- Minimal surface parking, mostly in the side and rear of the lot
- Ground-floor entrances that open directly to sidewalk or open space
- Wide sidewalks and pedestrian lighting
- Parking structures wrapped by other uses
- Only short fences with pedestrian gates are allowed between the front of the building and the street.
- A minimum of 10% of the site provided as open space

Implementation

The regulatory framework for the mixed income housing development bonus is found in Chapter 20A Art. II of the Dallas City Code.

Procedures

- Developer meets with the City's Department of Housing and Neighborhood Revitalization to request an MVA category verification. The MVA category determines the bonuses that the development may utilize in return for a specified number of reserved units.
- Developer begins the permit application process.
- Before the issuance of a building permit, developer submits an official copy of the executed and filed restrictive covenant.
- Before beginning leasing, developer begins compliance process, including following the approved affirmative fair housing marketing plan and reserving units according to the restrictive covenant.
- Developer completes construction and submits documentation for a final certificate of occupancy. City reviews for compliance with all aspects of the permit and, if complete, issues final CO.
- Developer (and all subsequent owners) submits compliance paperwork regularly during period of compliance. Requirements stay with the development, not the ownership.
- Ongoing compliance is monitored by the Housing and Neighborhood Revitalization Department and the Office of Equity and Human Rights.
- Developer (and all subsequent owners) may not discriminate on the basis of source of income. This non-discrimination provision provides housing opportunities for households with rental assistance or vouchers, as applicable.

Program Operation and Compliance

- Term of affordability is 20 years
- Property owner must remain in compliance with restrictive covenant based on the requirements in Chapter 20A-II and Chapter 51A-4.1100.
- Each eligible household must be charged an affordable rent, which is defined as a monthly tenant rental housing payment, less an allowance for utilities, that does not exceed 30 percent of an eligible household's adjusted income.

Land Transfer Program

Added May 22, 2019 by Resolution No. 19-0824

The purpose of this Land Transfer Program (the "Program") is to incentivize: (1) the development of quality, sustainable housing that is affordable to the residents of the City and (2) the development of other uses that complement the City's Comprehensive Housing Policy, economic development policy, or redevelopment policy. Specifically, this Program authorizes the City to sell qualifying city-owned real property and resell tax-foreclosed real property to for-profit, non-profit and/or religious organizations in a direct sale at less than fair market value of the land, consistent with the authorizing state statute or city ordinance.

The sale of real property pursuant to the Land Transfer Program will enable the City to facilitate the development of housing units that will be offered for sale, lease or lease-purchase to low- and moderate-income households and, on appropriate parcels of land, enable the City to facilitate the development of commercial uses such as neighborhood retail.

Consistency with City's Affordable Housing Development Goals

The operation of the Land Transfer Program shall align with the City's existing affordable housing production goals as outlined in the adopted Comprehensive Housing Policy. The portfolio of real property sold under this Program shall be developed to serve the range of income bands as well as the percentage of each income band identified in the production goals of the Comprehensive Housing Policy.

When seeking City Council approval to sell a parcel or parcels of real property pursuant to this Program, staff must identify the proposed developer, indicate the income band for which the parcel(s) of real property is reserved, and provide the City Council with a map depicting the location of the real property that contains the current Market Value Analysis (MVA) and Racially and Ethnically Concentrated Areas of Poverty (R/ECAP) data layers, if such layers exist. The map must also depict the location of all parcels of real property previously sold to the proposed developer pursuant to this Program or any other City affordable housing program in the past two years and the income bands for which each parcel of real property was reserved.

On an annual basis, the Housing and Neighborhood Revitalization Department, or its successor department, shall brief the appropriate City Council committee regarding the year-to-date production data for the Program.

Consistency with Fair Housing Laws

On an annual basis, the Land Transfer Program will be reviewed by the Office of Equity and Human Rights, or its successor department, to ensure that the Program is being operated in a manner that is consistent with fair housing laws. The City will collect and maintain data regarding the location of parcels of real property sold via the Program and demographic information regarding the eligible households who occupy housing units developed pursuant to the Program.

Application Process for Submitting a Proposal to Purchase Parcels of Real Property

The City will create, and will periodically update, an application that is consistent with this Program and the authorizing state statute or city ordinance to be used by developers who are interested in purchasing real property pursuant to the Land Transfer Program. The City may accept proposals to purchase lots on a rolling basis or may solicit purchase proposals through a competitive solicitation process. Only proposals that meet or exceed the minimum developer and project

eligibility criteria will be referred to the appropriate City Council Committee for approval. City Council must approve all sale of real property through the Land Transfer Program.

Each purchase of real property must clarify which Texas statute it is operating under.

	Type of Property	Type of Developer	Uses term low/mod income	Defines targeted incomes	Type of Development Allowed	Add'l state statutory requirements
DCC 2-26 (aka HB 110)	Tax-foreclosed or seized	Nonprofit	Low-income	80% AMFI or below	Affordable housing	Enabling Statute: TLGC 253.010
TLGC 253.010	Any land acquired by municipality	Non-profit and religious organizations	Low-income	Municipality may determine; Should consider AMFI	Affordable housing or a use approved in a written agreement with City	
TLGC 272.001(g)	Any city-owned land except land acquired by condemnation	No limitation	Low- and Mod-income	No	Low- and moderate income housing	
TPTC 34.051	Tax-foreclosed land	No limitation	Primarily Low- and Mod- income	No	A purpose consistent with City urban redevelopment or affordable housing plan	Interlocal agreement among taxing entities; land must be vacant/distressed & tax-delinquent 6+ years

Developer Eligibility Criteria

To be eligible to purchase real property pursuant to the Land Transfer Program, a developer must meet all the following criteria, unless the land is sold pursuant to Dallas City Code Section 2-26.4:

- Developer may be an individual, or may be organized as a corporation, partnership, joint venture or other legal entity, regardless of whether developer is a for-profit, non-profit, or religious organization.
- Developer must be in good standing with the State of Texas and the City, including that the City has not issued a charge against the developer for violating Chapter 20A of the Dallas City Code or Chapter 46 of the Dallas City Code within the past 5 years, may not be debarred under the federal System for Award Management (SAM), may not have uncured violations of Chapter 27 of the Dallas City Code for which it has received notice, may not be indebted to the City or delinquent in any payment owed to the City under a contract or other legal obligation, and must be current on payment of taxes and liens owed to any other affected taxing unit under the Texas Property Tax Code.
- If developer seeks to purchase two or more parcels of real property for the purpose of constructing housing units, developer must have constructed one or more housing units within the three-year period preceding the submission of the proposal to acquire the parcels of real property via the Program. If developer seeks to purchase one or more parcels of real property for the purpose of developing a multifamily or commercial use, developer must demonstrate that it has developed at least one comparable use within the three-year period preceding the submission of the proposal to acquire the parcel of real property via the Program.
- Developer must submit a development plan for all parcels of real property developer seeks to acquire via the Program.
- Developer must demonstrate that it has the financial capacity and staffing/sub-contractor capacity to develop and complete the sale, lease, or lease-purchase, within a two-year period, of its inventory of parcels of real property acquired through the Program. The City Manager or his/her designee may grant up to one, one-year extension of any deadlines in

the development agreement. Any additional extensions of the development agreement must be approved by City Council.

Staff may impose additional eligibility criteria that are consistent with this Program, state statute and city ordinance. If land is sold pursuant to Dallas City Code Section 2-26.4, developer must comply with the eligibility criteria set forth in the ordinance.

Project Eligibility Criteria

To be eligible to purchase real property pursuant to the Land Transfer Program, the proposed project must meet all the following criteria, unless the land is sold pursuant to Dallas City Code Section 2-26.4:

- Parcels of real property must be developed with: (1) a housing unit or units that are offered for sale, lease or lease-purchase, or (2) a commercial use that will complement the City's Comprehensive Housing Policy, economic development policy, or redevelopment policy.
- Housing units developed on the parcels of real property may only be sold, leased, or offered as a lease-purchase to households whose incomes are within the income bands prioritized by the adopted Comprehensive Housing Policy.
- Housing units developed on the parcels of real property may be either a single family, duplex, or multi-family housing use.

Staff may impose additional eligibility criteria that are consistent with this Program, state statute and city ordinance. If land is sold pursuant to Dallas City Code Section 2-26.4, the project must comply with the eligibility criteria set forth in the ordinance.

Identification of Eligible Households, Affirmative Fair Housing Marketing and Other Policies

Developers of for-sale housing units must comply with all the terms of the Mixed Income Housing Program as set forth in Chapter 20A of the Dallas City Code, as amended, if applicable. Developers of for-sale housing units may only sell to homebuyers who meet the eligibility criteria set forth in the City of Dallas Homebuyer Assistance Program (DHAP), or a successor program.

Developers of rental housing or lease-purchase units must comply with all the terms of the Mixed Income Housing Program as set forth in Chapter 20A of the Dallas City Code, as amended, if applicable. Such exemptions will be clearly set forth in the development agreement.

Sales Price of Parcels of Real Property Sold via the Land Transfer Program

City-owned real property: Properties will be initially offered at fair market value ("FMV"), as determined by a comparative market analysis. A discount will be available if project underwriting indicates that the discount is needed either to ensure the viable sale, lease or lease-purchase to an income-qualified buyer or the viable development of a commercial use. The discount is subject to City Council approval.

Tax-foreclosed real property: A fixed price of $1,000 for up to 7,500 square feet of land purchased under a single proposal, plus $0.133 for each additional square foot of land purchased under the proposal. If land is sold pursuant to Dallas City Code Section 2-26.4, the sales price set forth in the ordinance applies.

Sales Price of For-Sale Housing Units Developed via the Land Transfer Program

For-sale units produced under the Land Transfer Program must be sold at the fair market value as determined by an "as-completed" or "subject to completion" appraisal completed by an independent state-licensed appraiser. However, the terms of the development agreement for

each parcel of real property purchased pursuant to the Program will include any seller-discount that must be provided to the eligible purchaser so that the amount paid by the eligible purchaser is affordable based on their income.

Rental Rates for Rental Housing Units Developed via the Land Transfer Program

Rental units produced under the Land Transfer Program must be leased at affordable rental rates in accordance with the approved development agreement and Chapter 20A of the Dallas City Code, as amended. If land is sold pursuant to Dallas City Code Section 2-26.4, the rental rates set forth in the ordinance applies.

Term of Affordability

The term of affordability for for-sale housing units is 5 years from the filing date of the deed transferring the unit from developer to homebuyer.

The term of affordability for rental units and commercial uses is 20 years from the date that the first unit is occupied by an eligible tenant.

The term of affordability for lease-purchase units will be negotiated on a case-by-case basis in accordance with the goals of this Program.

If land is sold pursuant to Dallas City Code Section 2-26.4, the term of affordability set forth in the ordinance applies.

Deed Restrictions and Right of Reverter

The City will impose restrictive covenants on all parcels of real property its sells pursuant to the Land Transfer Program. If land is sold pursuant to Dallas City Code Section 2-26.4, the deed restrictions and right of reverter requirements set forth in the ordinance applies.

The restrictive covenants will require the parcels of real property to be developed and maintained in accordance with the development agreement and all applicable city, state and federal laws. These restrictions will include that housing units developed on the parcels of real property be offered for sale, lease or lease-purchase to low- and moderate-income households and be occupied by low- and/or moderate-income households for the entire term of the affordability period.

Land acquired by a developer pursuant to the Land Transfer Program may revert to the City if the City Manager or his/her designee determines that the developer has:

- failed to take possession of the land within 90 calendar days after receiving the deed to the parcels of real property;
- failed to complete construction of all required housing units or other required development on the real property, or failed to ensure occupancy by eligible households within the development timeframe set forth in the development agreement;
- incurred a lien on the property because of violations of city ordinances and failed to fully pay off the lien within 180 days of the City's recording of the lien; or
- sold, conveyed, or transferred the land without the consent of the City.

Upon determination by the City Manager or his/her designee that a condition described above has occurred, the City Manager or his/her designee is authorized to execute an instrument, approved as to form by the City Attorney, exercising against the parcel of real property the City's possibility of reverter with right to reentry. The City Manager or his/her designee shall file notice

of the reverter and reentry of the land by the City in the real property records of the county in which the parcel of real property is located, which notice must specify the reason for the reverter and reentry. The City Manager or his/her designee shall provide a copy of the notice to the developer in person or by mailing the notice to the developer's post office address as shown on the tax rolls of the City or of the county in which the land is located.

Release of Non-Tax Liens, Release of Restrictive Covenants and Right of Reverter

Pursuant to this Program and contingent upon City Council approval, and in consideration for developer agreeing to construct affordable housing units or other approved uses on parcel(s) of real property, the City Manager or his/her designee is authorized to execute instruments, approved as to form by the City Attorney, releasing any non-tax City liens that may have been filed by the City during the City's ownership of the parcel(s) of real property.

Additionally, the City Manager or his/her designee is authorized to execute instruments, approved as to form by the City Attorney, releasing the City's possibility of reverter with right of reentry and terminating the restrictive covenants on the land upon compliance with all terms and conditions of the development agreement and this Program.

Type of Transfer

The City will transfer all City-owned parcels and resell all tax-foreclosed parcels via a deed without warranty, approved as to form by the City Attorney.

PRESERVING AFFORDABILITY

Title Clearing and Clouded Title Prevention Program

Added September 25, 2019 by Resolution No. 19-1498

The Title Clearing and Clouded Title Prevention Program (Program) is a legal and professional services program administered by a third-party entity or entities that is designed to focus on effectively and efficiently utilizing a universal representation model to assist qualified clients of the third-party entity (hereinafter referred to as "clients") to clarify the legal ownership of their real property so that homeowners can apply for funding for home repair and other needs and can prevent future heirship issues; and clients with vacant land can sell or build on their land. A secondary focus is to provide associated services, including legal rights information sessions, prevention services, and program evaluation and measurement.

While clarifying ownership (technically, creating a "marketable title") in preparation for eventual sale of a home is a potential outcome, the focus of the Program is on providing legal services that enhance neighborhood stability and enable homeowners to become eligible for funding to invest in their homes. For this reason, eligible legal services include legal rights information sessions and mitigation.

Additionally, on May 22, 2019, by City Council Resolution No. 19-0804, the City passed a resolution to promote equity and committed to make every effort possible to commit more resources to areas and populations where data demonstrates the needs are greatest. In keeping with this resolution, the Program focuses on specific geographical areas of the City where the Program is likely to jumpstart or support neighborhood stabilization, including neighborhoods with high amounts of vacancy, code violations, and historic properties.

The Program addresses the three broad goals of the comprehensive housing policy: to maintain affordable housing, to provide greater fair housing choices, and to overcome patterns of segregation and concentrations of poverty.

Administration

The Program is administered by the Department of Housing and Neighborhood Revitalization, or a successor department.

Award of Funding

A request for proposals, or a similar competitive application process, will be used to award funding under the Program when such funding is available, and any such award will be subject to City Council approval.

Eligible Clients and Prioritization of Clients

Eligible clients are families and individuals with an assumed or possible ownership interest in real estate in eligible geographic areas and who have a household income that is less than or equal to 120% of the Dallas Area Median Family Income, as published by HUD annually, and who are unrepresented by counsel related to title to real property.

Within the eligible geographic areas as further described below, preference will be given to potential clients who have an assumed ownership interest in:

- a home in MVA categories G, H, and I
- real estate in City of Dallas-designated historic districts

- real estate in designated Reinvestment Areas.

Preference will also be given to those clients within the eligible geographic areas who have been denied City of Dallas Housing and Neighborhood Revitalization (the “Department”) funding for lack of ownership clarity on the title.

Clients with title issues on vacant land, as well as those who are in debt to the City and/or who are involved in a suit against the City, are eligible for this Program, subject to the eligibility requirements detailed herein.

Eligible Geographic Areas

Areas of southern Dallas (south of the Trinity River west of downtown and south of I-30 east of downtown) in Market Value Analysis Categories D, E, F, G, H, and I are eligible for the Program. Uncategorized parcels directly adjacent to a parcel or parcels in one of these categories are also eligible.

Eligible Services and Costs

- Remove ownership clouds on the titles of eligible parcels – Screen clients and successfully clarify ownership (or make title “marketable”) for a significant number of titles in eligible geographic areas. Eligible activities include, but are not limited to, client intake and screening, legal advice, document preparation and filing, title examination and abstract services, and legal representation in court.
- Community legal rights information sessions – Conduct legal rights information sessions, including providing information about potential responsibilities and associated future decisions related to having marketable title, and potential financial impacts of keeping or selling the property.
- Conduct client intake – Screen clients and employ a direct representation model.
- Prevention – Provide legal services to eligible clients to increase the number of families with wills, transfer on death deeds, and/or related documentation necessary to ensure a smooth transition of ownership of the property. As needed, provide guidance on the potential financial impacts to the client of keeping or selling the property.
- Measurement – Maintain applicant and client data and report aggregate, non-identifying data to the Department on a quarterly and final basis as detailed in the contract. Reported data should include quantitative data such as number of informational events, legal screenings conducted, titles with ownership clouds removed, wills or transfer on death documents, cases referred, and estimates on the potential depth and scope of the instance of cloudy title. Reported data should also include a qualitative evaluation of efforts and recommendations for improved performance for a potential future program and shall include any other information requested by the City.

Ineligible Services and Costs

This program is not intended to remove any liens, and payment of liens is not an eligible expense.

Community Land Trust Program

Approved December 11, 2019

This Community Land Trust Program (Program) identifies Community Land Trust (CLT) eligibility and operation criteria under which the City Council may initially designate and revoke the re-designation of a CLT, and under which the City Manager, or their designee, may renew or recommend City Council revocation of the designation of CLTs in the City of Dallas.

A CLT in general is an organization that is created to acquire and hold land for the benefit of developing and preserving long-term affordable housing by separating the cost of land ownership from the cost of home ownership with a 99-year ground lease and home resale formula. The homeowner may build equity at a pre-negotiated maximum rate (resale formula) over the tenure of the ground lease and be eligible for a property tax reduction based on the deed restriction, assuming housing market appreciation. The resale formula is the amount a person may sell their home for at any given point. The application process will establish all applicable guidelines in accordance with those described herein. A CLT accomplishes its purposes by separating the cost of land ownership from the cost of home ownership. Specifically, a CLT retains long-term ownership of land, while either selling or leasing the residential structure built or existing on the CLT-owned land in order to create or maintain affordable housing.

The purpose of a CLT is to:

- provide affordable housing for low-income and moderate-income residents in the community;
- promote resident ownership of housing;
- keep housing affordable for future residents; and
- capture the value of public investment for long-term community benefit.

In addition to the statutory eligibility criteria, a CLT organization seeking to be designated or re-designated by the City of Dallas as a CLT must meet the Eligibility and Operation Criteria set forth is this policy.

Consistency with City's Affordable Housing Goals

The operation of CLTs shall align with the Comprehensive Housing Policy. This CLT Program is designed to work in conjunction with other City programs, and the City's existing affordable housing production goals. On an annual basis, the Department shall report to the City Council the year-to-date production data for the program.

Consistency with Fair Housing Laws

On an annual basis, the Program will be reviewed by the Office of Equity and Human Rights, or its successor department, to ensure that the Program is being operated in a manner that is consistent with fair housing laws. The City will collect and maintain data regarding the location of parcels of real property in CLTs. In addition, the City will collect program evaluation data and demographic information regarding the eligible households who occupy housing units in CLTs.

Application Process

Prior to submitting a written application, the CLT must attend a CLT information session facilitated by the Department and receive information about the Program, designation process, and re-designation process.

The City Manager, or their designee, is authorized to create and periodically update an application.

Eligibility Criteria

In its application to the City of Dallas, a non-profit CLT organization must demonstrate that the organization:

- has been created to acquire and hold land for the benefit of developing and preserving long-term affordable housing in the City of Dallas;
- is organized as one of the following:
  (1) exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, by being listed as an exempt organization under Section 501(c)(3) of that code;
  (2) a limited partnership of which a nonprofit corporation described by paragraph (1) controls 100 percent of the general partner interest; or
  (3) a limited liability company for which a nonprofit corporation described by Paragraph (1) serves as the only member.
- has adopted articles of incorporation, or a similar governing document, stating that it has the purpose to acquire and hold land for the benefit of developing and preserving long-term affordable housing in the City of Dallas, as required by Chapter 373B, as amended;
- currently owns or intends to own land for the purpose of leasing the land and selling or leasing the housing units located on the land as provided by Chapter 373B, as amended;
- has adopted articles of incorporation, or a similar governing document, stating that on discontinuance of the organization by dissolution or otherwise that the assets related to its CLT activities be transferred to the City of Dallas, the State of Texas, the United States, or an organization that is qualified as a charitable organization under Section 501(c)(3), Internal Revenue Code of 1986 and designated as a CLT by the City of Dallas; and
- is not controlled by, nor receives direction from, a for-profit entity or corporation.

Operation Criteria

In its application to the City of Dallas, a non-profit CLT organization must demonstrate that the organization:

- defines its geographical boundaries of operation. A CLT may operate citywide or may elect to focus on a specific geographic area or areas.
- maintains at least 1/3 representation on the organization's governing board for low-income community residents and, to the extent practicable, low-income beneficiaries of the CLT properties with regard to decisions on the design, siting, development, and management of affordable housing;
- must use standard documents, including but not limited to a ground lease and deed restrictions;
  (1) that include a resale formula outlining the amount of equity per year that can be built while ensuring long term affordability;
  (2) that ensures that the owners of housing units built on CLT land will either be eligible for a property tax discount based on the deed restriction or, where the occupant is a tenant, that the occupant will benefit from any property tax discount;
  (3) that have terms for sale, lease and inheritance,
- must sell or lease housing units only to eligible households as set forth in Chapter 373B.006, as amended;
- may not discriminate on the basis of source of income with tenants. This non-discrimination provision provides housing opportunities for households with rental assistance or vouchers, as applicable;

- will consider the local neighborhood context for architecture that is respectful and within character of existing style and context, so that if a neighborhood plan exists with Design Guidelines, they will be followed by the organization;
- has a business plan that ensures the CLT will have the financial capacity to perform its operations including supporting ongoing maintenance of all property improvement exteriors and grounds;
- has at least two years of experience developing and managing affordable housing or has contracted with an organization that has such experience and that will provide management services or technical expertise until the non-profit independently meets the experience requirements;
- maintains paid staff, or has contracted with an organization that has staff, who have successfully developed and/or maintained affordable housing projects;
- annually has a financial audit or audit review prepared by an independent auditor. The audit must include a detailed written report describing the CLT's sources and uses of funds, including an A-133 analysis of compliance with federal grants, if applicable; an analysis of internal controls; and the auditor's opinion letter to the board of directors and management; and
- complies with any other requirements imposed by the City Manager, or their designee that are in accordance with the Program and the City's Comprehensive Housing Policy.

Re-Designation

To maintain designation as a CLT in subsequent years after initial designation, a CLT must submit a yearly re-designation application to the Department. The City Manager, or their designee may re-designate the CLT or recommend to the City Council to remove the CLT designation. The CLT must:

- meet the Eligibility and Operation Criteria set forth is this policy;
- certify that the information in the CLT's initial application is still true and correct and that the CLT continues to comply with all local, state and federal regulations OR acknowledge that information in the CLT's initial application has changed and attach updated information;
- submit its annual audit or audit review;
- submit all required evaluation and reporting metrics; and
- submit additional information as required by the Department.

Program Evaluation

During initial application and upon re-application, each CLT must submit the following information that will assist the Department in evaluating the impact of all CLTs operating in the City of Dallas:

- Origin statement (how was this CLT organized/formed and why)
- For re-designation – add any changes to format or structure of the organization;
- Definition of "Community" in the Community Land Trust;
- If geographically based within an area, the geographic boundaries;
- Number of units placed in CLT annually since inception;
- Number of units anticipated to be placed in the CLT annually over the next three years;
- Number of families served since inception;
- AMI of families in homes on CLT-owned land at time of sale or transfer;
- Demographic data on family, household size, race/ethnicity, etc.;
- Total acreage of property in CLT designated by land use type (single family, commercial, multi family, etc.);

- Market Value Assessment (MVA) category or other document that shows market realities and how ground lease responds to market conditions; and
- List of services provided to families through CLT such as: maintenance program, legal services, financial education, emergency home repair, etc.
- Upon request, City Staff are eligible to assist in assessing fiscal impact by annually, after the certified tax roll is released, report for each owned CLT property three items: 1) the taxable value and the municipal real property tax amount due during the year the CLT purchased the property, 2) the taxable value for the land and improvements and the real property municipal tax revenue due for the current tax year, and 3) an estimate of the market value of the land and improvements but for the CLT and a corresponding estimate of the municipal real property tax that would have been due based on current appraised values of similarly situated comparable properties.

Targeted Rehabilitation Program

Approved August 26, 2020 by Resolution No. 20-1220

The Targeted Rehabilitation Program (TRP) is intended to preserve and improve residential properties that meet qualifying criteria focused on issues unique to the place, property condition, owner, or other targeted element.

The TRP is designed to be a common framework for the creation by Council of multiple TRP sub-program modules ("Sub-Program Module"). Each Sub-Program Module includes additional criteria based on funding constraints, program design or other factors deemed necessary to that module's implementation and success. In addition, all rehabilitation work on housing units through a Sub-Program Module must meet all applicable City of Dallas Building Codes and standards.

Each Sub-Program Module may address the following common framework:

- Need or targeted issue
- Outreach
- Funding source
- Eligibility requirements
- Eligible repairs
- Assistance terms
- Goals

The TRP is intended to serve all households eligible for support in the CHP. Each Sub-Program Module will identify qualifying factors based on the targeted issue. Additional factors, such as whether financial assistance is a grant or forgivable loan, affordability period terms, deed restriction and/or deed of trust requirements will vary. These additional factors are determined based on the public purpose for the Sub-Program Module and any funding requirements, community feedback, or laws or policies that govern the use of funds.

Need or Targeted Issue

Each Sub-Program Module will establish a clear statement that reflects the targeted issue or need addressed and that guides all module design, including eligibility requirements and funding sources. Sub-Program Modules will be designed to address needs left unmet by other housing programs. All Sub-Program Modules must be approved by City Council.

Outreach

The TRP focuses on specific issues residents face. Therefore, the process for new Sub-Program Module development includes robust resident outreach and community and stakeholder engagement. When applicable, housing staff should work with other departments also conducting community outreach in an area or on a particular issue. Each Sub-Program Module will require a unique method to address this component of the TRP, including focus groups, community meetings, public presentations or inter-departmental communication. Module design must respond to the needs it intends to address.

Funding Source

Funding for TRP originates from multiple sources with varying criteria and must be an integral part of module design. Each Sub-Program Module will clearly state the funding source and established City procedure for use of those funds.

Eligibility Requirements

Eligibility requirements cover both the Applicant and Property and are developed by need and funding as well as established City of Dallas procedure or policy. As a baseline, each new Sub-Program Module aims to meet the following Applicant and Property eligibility depending on applicable law and relevant City policy. Each Sub-Program Module may add criteria(s) not listed above, as needed.

Applicant Eligibility

- For homeowner-occupied-based Sub-Program Modules, Applicant must be one of the owners of the property that lives in the property as their primary residence.
    a. All household members will need to certify income jointly.
    b. All property owners must agree to the assistance.
    c. If the Sub-Program Module requires deed restrictions and/or a deed of trust, the homeowner(s) must provide a deed showing the conveyance of ownership, or similar documentation acceptable to the City in its sole discretion, that proves ownership in fee simple. All fee-simple owners of the property must sign all grant documents.
- For Sub-Program Modules focused on property owners who lease the property, applicant must rent to income-eligible residents and agree to tenant protections established in the Sub-Program Module.
    a. If the Sub-Program Module requires deed restrictions and/or a deed of trust, the homeowner(s) must provide a deed showing the conveyance of ownership, or similar documentation acceptable to the City in its sole discretion, that proves ownership in fee simple. All owners of the property must sign all grant documents.
- Applicant(s) must be a U.S. Citizen or lawful Permanent Resident, and they must hold a current Texas state-issued identification card or driver's license.
- Applicant(s) or Applicant's tenant must meet the established AMI criteria per Sub-Program Module when applying. Income may be verified using but not limited to the following:
    a. Social security letter
    b. Pensions
    c. Tax returns
    d. Bank stubs
    e. Notarized letters from financial institution; or
    f. Hardship letters
- Applicants must be current on mortgage payments and shall not be in default under the mortgage documents associated with the property.
- Priority shall be given to Applicants who have not previously participated in any City repair, rehabilitation, or reconstruction program.
- Applicants must be willing to voluntarily relocate at their expense, if necessary.
- Applicants for property owners who lease the property must assist their tenants with temporary relocation expenses.
- Applicants must move any items that prohibit the rehabilitation work from being performed, if necessary.
- City Council members, Department of Housing and Neighborhood Revitalization employees and any employee, official or agent of the City is subject to the requirements of the City of Dallas Code of Ethics, and further, those who exercise any policy or program decision-making function in connection with the program are ineligible for assistance under the program, even if it is not a violation of the Code of Ethics.

Property Eligibility

- Must meet the dwelling type, property owner status, location or other Sub-Program Module criteria.
- Property taxes must be current. Property taxes must not be delinquent for any tax year unless the Applicant has entered into a written agreement with the taxing authority outlining a payment plan for delinquent taxes and is abiding by the written agreement.
- Standard property insurance, satisfactory to the City, must be maintained on the property (with coverage adequate to insure the City's lien position). If a property is in a floodplain, as determined by the City of Dallas, in its sole discretion, flood insurance must also be maintained with coverage adequate to insure the City's lien position. Insurance will be monitored during the length of the compliance period, which will be until the loan is repaid or forgiven, as specified in each Sub-Program Module.
- Applicant must certify that the home is not for sale.
- Applicant for a homeowner based Sub-Program Module must have occupied the home for at least six months prior to application unless length of occupancy is modified in Sub-Program Module.
- Applicant for a lease based Sub-Program Module must have owned the home for at least six months prior to application.
- If the property was previously assisted with City funds and the property is still within the period of affordability, per the written agreement with the Applicant or the previous owner, Applicant will not be eligible to receive funding for the same property.
- Requested repairs must conform with the designated eligible improvements listed in each Sub-Program Module. The City has the authority to influence and determine in some cases what the necessary repairs will be.

Eligible Repairs

Eligible rehabilitation activities differ for each Sub-Program Module based on funding source, targeted issue, targeted need, or focus and generally includes only items necessary to bring the structure into compliance with the City's Chapter 27 Minimum Property Standards and applicable local residential codes. Eligible activity also includes items recommended as necessary to preserve the property's structural integrity, historic integrity, weatherization, and quality of living conditions. The rehabilitation item addressed should have a useful life of a minimum of 5 years at project completion.

Improvements to, or demolition of, an accessory structure such as detached garage, work shed, or small residential structure may be made on a case by case basis depending on the eligible repairs listed in each Sub-Program Module, available budget, grant requirements, planning requirements, current building codes, health and safety concerns, and minimum occupancy requirements of property residents.

Assistance in removing any items from the property that are dangerous, hazardous, or a violation of local code may be an eligible repair when performed in conjunction with the rehabilitation of eligible improvements on the property. Homeowner must move any material that is a hindrance to performing the approved repairs.

Assistance may not be used for the purchase or repairs of appliances or renovations not necessary to bring the home up to local code or property standards.

The details of each Sub-Program Module are found in the appendix and include a full list of eligible and ineligible repair items.

Assistance Terms

Financial assistance will be the exact amount required to cover the cost of eligible repairs up to the amount available per property and will be paid directly to the contractor to perform the repair work.

The terms of assistance for the TRP may be in the form of a loan or forgivable grant to the Applicant. The terms may require an affordability period. The loan or forgivable grant amount shall be subject to the City's established loan or grant underwriting criteria/requirements as determined by the applicable Sub-Program Module. The loan or forgivable grant shall be prorated for repayment. Each module will dictate the terms of the repayment based upon factors that may determine this, i.e. funding source.

The loan or forgivable grant may be enforced by a deed restriction and/or secured by a deed of trust. Each Sub-Program Module outlines when these legal agreements will be applied. The terms shall be defined in each Sub-Program Module based upon loan or forgivable grant amount and duration of affordability period in the instance the applicant can no longer meet the terms.

There are no grant repayments unless one of the following happen within the affordability period:

- The sale, conveyance, transfer, rental, or hypothecation of the security of the property; or
- If the home is vacated during the affordability period; or
- Failure to adhere to the provisions of the contract.

During the period of affordability, monitoring shall be performed on an annual basis. Applicant must certify annually that the home is not for sale, the property is in compliance with state, federal, and local laws, the repairs are being maintained, the property is the primary residence of the Applicant (unless it is a module that allows for rentals), and any other certifications required by the City in the contract, until the balance of the loan is repaid to the City or until the full amount of the loan is forgiven, as specified in each Sub-Program Module.

Goals

Goals for each Sub-Program Module, set at Sub-Program Module creation, will align with other sub-program requirements and may be based on funding limits and alignment with other initiatives. Goals may be reviewed yearly and amended as needed.

Administration

The TRP is designed to work in conjunction with other Housing & Neighborhood Revitalization (Housing) Programs, other City initiatives, and philanthropic efforts to permanently address these issues and preserve affordable housing. Activities under the TRP program include income eligibility referrals, application evaluation procedures, repair assessments, ongoing compliance and other duties as established in the contract, the program guidelines, and the policies and procedures.

Housing will create, and will periodically update, an application that is consistent with the TRP and the authorizing statute, as amended, to be used by Applicants who are interested in a Sub-Program Module. The City may accept applications on a rolling basis or may solicit applications through a competitive application process based on Sub-Program Module specifications. Only applications that meet or exceed the minimum criteria of the Sub-Program Module are eligible to be provided assistance.

The Director of Housing & Neighborhood Revitalization (Director) shall be responsible for ensuring that all programs are implemented in accordance with all applicable policies and regulations.

Consistency with City's Affordable Housing Goals

Sub-Program Modules shall align with the Comprehensive Housing Policy. This TRP sets forth the requirements that are designed to work in conjunction with other City programs and the City's existing affordable housing production goals. On an annual basis, the Department shall report to the City Council the year-to-date production data for the program.

Consistency with Fair Housing Laws

On an annual basis, the TRP will be reviewed by the Office of Equity and Human Rights, or its successor department, to ensure that the Program is being operated in a manner that is consistent with fair housing laws. The City will collect and maintain data regarding the location of properties that receive assistance.

NEIGHBORHOOD INVESTMENT

Neighborhood Empowerment Zones

Approved January 22, 2020 by Resolution No 20-0188

The City's Residential Neighborhood Empowerment Zone Program (Program) outlines the guidelines and criteria for tax abatements and economic development grants in amounts equal to development fees and certain development-related costs to be provided for certain housing projects to be developed within designated Neighborhood Empowerment Zones in the City. Eligible projects may include: (1) development of new affordable housing units on previously vacant land, (2) repair of certain owner-occupied housing units, and (3) repair and rehabilitation of single family and duplex rental units, all in accordance with the Program.

The Program promotes economic development by incentivizing developers to build housing for a wide variety of incomes and to develop high-quality housing near stabilization areas as defined in the City's Comprehensive Housing Policy. Existing homes in these proposed NEZ districts are affected by the negative economic impacts of deteriorating structures while also being vulnerable to new high-income development and experiencing escalating taxable values. Concern about increased taxable value can deter a property owner from investing in a property and can create affordability issues for families.

The proposed tax abatement provides needed relief for these vulnerable families while encouraging additional investment. The Program further addresses the three broad goals of the comprehensive housing policy: (1) to create and maintain affordable housing units throughout Dallas, (2) to promote greater fair housing choices and (3) to overcome patterns of segregation and concentrations of poverty through incentives and requirements.

The Program is created pursuant to the Neighborhood Empowerment Zone (NEZ) provisions in Chapter 378 of the Texas Local Government Code (Chapter 378). Chapter 378 allows cities to create NEZs to promote the creation and rehabilitation of affordable housing; an increase in economic development; and an increase of the quality of social services, education, or public safety provided to residents of the NEZ. In addition to the creation requirements in Chapter 378, proposed NEZs must meet certain distress criteria for designation of a reinvestment zone pursuant to Section 312.202 of the Tax Code, including findings that the NEZ retards the provision of housing accommodations in its present condition and use because of a substantial number of substandard, deteriorated, or deteriorating structures; and the predominance of defective or inadequate sidewalks or streets. Once the NEZ is created, the City may enter into agreements to abate municipal property taxes.

In addition, this program provides additional incentives in the form of development grants pursuant to Chapter 380 of the Texas Local Government Code equal to development fees and certain development-related costs.

Definitions

- **Affordable Rent** means: (i) a monthly rental housing payment, less an allowance for utilities, that does not exceed 30 percent of an eligible household's Adjusted Income divided by 12, or (ii) the voucher payment standard.
- **Affordable Sales Price** means the fair market value of the home, as determined by an "as-is" or "subject-to-completion" appraisal completed by an independent state-licensed appraiser. However, the terms of the development agreement for the for-sale housing unit

will include any seller discount that must be provided to the eligible household so that the amount paid by the eligible household is affordable based on their income, meaning that their monthly housing payment, including mortgage principal, interest, taxes and insurance, does not exceed 30 percent of the Family's Adjusted Income, divided by 12.

- **Eligible Household** means, at the time of rental or purchase, 1) for rental, a Family with a gross annual household income at or below 60% of AMFI; 2) for home ownership or purchase, a Family with a gross annual household income at or below 120% AMFI at the time of purchase; 3) for buyers of Land Bank program homes, a Family who also meets all of the homebuyer eligibility criteria for the Land Bank program; or 4) for home ownership or purchase, those in educational instruction and library occupations; healthcare practitioners and healthcare support occupations; and protective service occupations, including fire fighters and police officers, with a gross household income under 140% AMFI.
- **Income** means income as defined by 24 CFR §5.609.
- **Reserved Dwelling Unit** means the rental or owner-occupied units in a development available to be leased to and occupied by eligible households, or which are currently leased to and occupied by eligible households and are leased at affordable rental rates, or for-sale units sold to an eligible household at an affordable sales price.

All other capitalized terms in this Definitions section have the meaning assigned in Chapter 20A-24 of the Dallas City Code.

Administration

Under Resolution No. 20-0188 authorized on January 22, 2020, the City Manager is authorized to grant tax abatements to developers developing housing in accordance with the Program's tax abatement guidelines. Additionally, the City Manager may authorize development grants in amounts equal to development fees and certain development-related costs up to $50,000. The Program is administered by the Department of Housing and Neighborhood Revitalization (Department), or a successor department.

Funding for development grants in amounts equal to development fees and certain development-related costs will be provided as authorized by City Council, including the provision of funding from the Dallas Housing Trust Fund.

Application Process

The Department will create, and will periodically update, an application that is consistent with the Program and the authorizing statute, as amended, to be used by Applicants who are interested in accessing the incentives provided by this Program. The City may accept applications on a rolling basis or may solicit applications through a competitive application process. Only applications that meet or exceed the minimum criteria of the Program are eligible to be provided an incentive. Creation of these tax abatement guidelines does not create any property, contract, or other legal right in any person to be granted a specific application or request for tax abatement or grants herein.

Eligible Geographic Areas

When the City Council adopted the Comprehensive Housing Policy on May 9, 2018 by Resolution No. 18-0704, Council approved the designation of certain geographic areas in Dallas as Reinvestment Strategy Areas (RSAs) where the City would implement specific programs, tools and strategies to address three different real estate market types in need of investment.

The City Council prioritized the creation of NEZs in RSAs that were categorized as Stabilization Areas. Stabilization areas are characterized as areas with Market Value Analysis (MVA) categories G, H, and I that are surrounded by MVA categories A-E and, as such, are areas where residents are at risk of displacement based on known market conditions. Because of this risk, creating NEZs in stabilization areas helps the City preserve affordability and deconcentrate racially and ethnically concentrated areas of poverty (RECAPs).

Only lots within Council-authorized Residential Neighborhood Empowerment Zones are eligible for the Residential NEZ program.

Eligible Activities and Affordability Requirements

Development of New Affordable Housing Units on Previously Vacant Land: New construction of single family or duplex housing units that are sold or rented to eligible households, or new construction of multifamily dwelling units that are sold to eligible households. The Program is limited to new construction that occurs 1) on vacant lots that have not had a residential use (as defined by Sec. 51A-4.209 of the Dallas Development Code, as amended) for at least five years, 2) on lots that are subject to an order of demolition issued under Chapter 27 of the Dallas City Code at the time of application, or 3) lots purchased through the City's Land Bank or Land Transfer programs. The new home shall remain affordable for the period of abatement.

- **Investment in Repairs to Owner-Occupied Housing Units:** Investment of at least $5,000 in repairs to a home owned by an eligible household. The minimum investment of at least $5,000 must be focused first on water/weather proofing, and then on essential systems such as roofing, electrical, HVAC and plumbing.
- **Investment in Repairs to Single Family and Duplex Rental Housing Units:** Investment in all repairs necessary to bring a single family rental housing unit into full compliance with the Minimum Housing Standards codified in Chapter 27 of the Dallas City Code, as amended, including repairs that make the housing unit water/weather-tight. After completion of repairs, major systems such as roofing, electrical, HVAC and plumbing must have a useful life of at least 5-10 years, depending on the system. For the development grant, the home must be rented to an eligible household for a minimum of 5 years. For the abatement, the home must be occupied by an Eligible Household during the period of the abatement. Minimum investment amount: $10,000.

Eligible Properties

- The property must be a single-family home, duplex, or owner-occupied multifamily unit located within the city limits of Dallas, Texas.
- Property taxes for the property must be current. Property taxes must not be delinquent for any tax year unless the applicant has entered into a written agreement with the taxing authority outlining a payment plan for delinquent taxes and is abiding by the written agreement. Legal, current deferrals for over 65 or disabled are not, on their own, disqualifying.

Eligible Applicants

- An Applicant who will be developing a new housing unit or repairing an existing housing unit must be the owner of the property and must submit a deed, or similar documentation acceptable to the City, in its sole discretion, that proves that the Applicant owns the property in fee simple.
- An eligible household who will be investing in repairs to his/her/their owner-occupied housing unit does not have to have marketable title, but must submit documentation

acceptable to the City, in its sole discretion, that proves the eligible household has an ownership interest in the property.

- An Applicant who will be developing a new housing unit or repairing a rental housing unit must be current on mortgage payments and shall not be in default under the mortgage documents associated with the property or in default under any lien on the property.
- Applicants for owner-occupied homes must certify that the home is not for sale and is the primary residence of Applicant.
- City Council members, Department of Housing and Neighborhood Revitalization employees, and any employee, official, or agent of the City who exercises any policy or program decision-making function in connection with the Program are ineligible for assistance under the program.
- Applicants must execute agreements as required by the program.

Eligible Repairs

Eligible repairs for owner-occupied housing units and single-family or duplex rental housing units are listed in the appendix. Applicants must document that the repairs have been completed and paid for, and all applications are subject to City inspection to ensure completion. Applicant must submit proof, acceptable to the City, in its sole discretion, that Applicant made the minimum investment in the housing unit. Applicant must provide cut sheets and warranty information for all mechanical, electrical, and plumbing installed.

Program Benefits

- **Development grants in amounts equal to eligible development fees and certain development-related costs:** At the *completion* of construction/repairs and *after compliance with all Program requirements and submission of required paperwork*, including filing the restrictive covenant, Applicant will receive a grant equal to the eligible fees paid in association with the development and construction of, or repair to, housing units associated with the Program as well as certain development-related costs as detailed in the appendix and below. Developments consisting of more than one housing unit will be eligible for reimbursement of a pro rata share of the eligible development fees and development-related costs based on the percentage of units reserved for eligible households.
- **Ten Year Tax Abatement:** Upon the completion of construction/repairs and after compliance with all Program requirements and submission of required paperwork, including signing all tax abatement agreements and filing the restrictive covenant, the property may receive a 100% municipal tax abatement each year on the value for that year that exceeds the value for the year in which the agreement is executed for a period not to exceed 10 years. To continue to be eligible, the Applicant or Eligible Household must apply to renew the tax abatement each year during the tax abatement period and must document that the property is in compliance with the Program, as determined by the City, in its sole discretion. Tax abatements from other jurisdictions, such as Dallas County, are subject to separate action by the governing body of the relevant jurisdiction.

Affordability Period Related to Development Grants

The housing unit must be occupied by an eligible household for five years from the date the grant payment is made. Failure to maintain the affordability period will be considered default of the agreement, and an amount equal to the development agreement amount and the taxes abated during the required five-year affordability period will be due upon sale of the property.

Affordability Period Related to Property Tax Abatement

A rental housing unit must be occupied by an eligible household during each year that a tax abatement is requested. An owner-occupied housing unit may be sold subject to the home being purchased by a new eligible household.

Additional Requirements

- While participating in the Program, an Applicant who will be developing a new housing unit or repairing a single-family or duplex rental housing unit shall not discriminate against holders of housing vouchers, including vouchers directly or indirectly funded by the federal government.
- Applicants constructing new housing units to be sold to eligible households must submit proof that information about the availability of Housing and Urban Development-approved homebuyer education courses was provided to the homebuyer at the time of loan application.
- If an Applicant who will be repairing a single family or duplex rental housing unit is leasing to an eligible household at the time of applying for the Program, the Applicant may not evict or decline to renew the lease of the eligible household for at least one year, so long as the eligible household is in compliance with the lease. Further, the Applicant must schedule repair work to minimize disruption to the eligible household.
- Applicants shall document development fees associated with the investment and follow processes as published by the Department.
- The city will draft the required agreements and restrictive covenant. To receive the abatement, the applicant must sign the agreement and execute and file the restrictive covenant on the deed records of the county.
- The abatement requires an annual application and compliance review process and may be denied for any year in which the reserved dwelling is not occupied by a qualified household.
- The Department may impose additional eligibility and compliance criteria that are consistent with the Program and state statute.
- After the initial period of abatement, and subject to program renewal, property owners may apply for an additional period of abatement, subject to all additional investment and program requirements in place at that time.
- All grants and tax abatements are subject to full compliance with city regulations for development. In particular, unauthorized tree removal and construction initiation without required authorizations may, at the Director’s discretion, trigger default proceedings.

Termination and amendments

- City Council may amend program details and NEZ boundaries or may terminate NEZ districts. Executed development agreements and tax abatements survive NEZ amendments or termination.
- Tax abatement and development agreements may be terminated two years after execution if work has not begun, as evidenced by a building permit issuance, foundation poured, or other evidence of work acceptable to the City, unless otherwise specified in the agreement.

Program Integration

The Program is designed to work in conjunction with other City programs. Applicants who obtain funding for home repairs through the Home Improvement and Preservation Program (HIPP) or receive mortgage assistance through the Dallas Homebuyer Assistance Program (DHAP) may also participate in this NEZ Program, provided that they meet all requirements of this Program, and subject to Federal limitations. In addition, developers who receive gap financing from the City

or who purchase land through a City program may participate in this Program, provided that they meet all requirements of this Program, and subject to Federal limitations. Additional program integration may also be eligible at the discretion of the Director.

Section 311.0125 of the Texas Tax Code (Chapter 311) requires that tax abatements within TIF districts be approved by the board of directors of the TIF district and the governing body of each participating taxing jurisdiction. Parcels located in a Residential NEZ and in a tax increment finance district may be eligible for a tax abatement provided 1) the board of the relevant TIF district has approved tax abatements pursuant to this Program, along with any applicable amendment to the TIF increment allocation policy, 2) the TIF district's unallocated increment has capacity to support the abatement, and 3) any other participating jurisdictions have approved such abatements. The City Council has approved such abatements as part of the creation of this Program.

FUNDING AND SUPPORTING ACTIONS

Federal Funding Sources

The City receives financial support from the U.S. Department of Housing and Urban Development (HUD) to assist low and moderate-income families in obtaining affordable housing. The City receives several Entitlement (HUD) grants, which it can use to support its housing initiatives. HUD outlines certain regulations that apply when using grant funds. This policy document uses the HUD regulations as a basis and incorporates the City's own policies as adopted by City Council.

Community Development Block Grant (CDBG)

The Community Development Block Grant has been in existence since 1974. The primary objective of the CDBG program is to improve communities by providing decent housing, providing a suitable living environment, and expanding economic opportunities. The primary beneficiary of CDBG funds must benefit low to moderate-income persons; aid in the prevention or elimination of slums or blight; or meet an urgent need.

HOME Investment Partnership Program (HOME)

The HOME Investment Partnership Program has been in existence since 1990. The goals of the HOME program are to provide decent affordable housing to lower-income households, expand the capacity of nonprofit housing providers, strengthen the ability of state and local governments to provide housing, and leverage private sector participation. HOME funds may be utilized for rental activities, homebuyer activities, and homeowner rehabilitation activities. All HOME funds must benefit persons of low and moderate income.

HOME Match Requirement

All housing development projects must meet a twenty-five (25%) HOME matching requirement of contributions made from non-federal resources and may be in the form of one or more of the following:

- Cash contributions from nonfederal sources
- Forbearance of fees
- Donated real property
- Cost, not paid with federal resources, of on-site and off-site infrastructure that the participating jurisdiction documents are directly required for HOME-assisted projects
- Proceeds from multifamily affordable housing project bond financing
- Reasonable value of donated site-preparation and construction materials, not acquired with federal resources
- Reasonable rental value of the donated use of site preparation or construction equipment
- Value of donated or voluntary labor or professional services in connection with the provision of affordable housing

Neighborhood Stabilization Program (NSP)

The Neighborhood Stabilization Program was authorized under Division B, Title III of the Housing and Economic Recovery Act of 2008 (HERA) to help communities recover from the effects of foreclosures, abandoned properties, and declining property values. The City collects program income from this source and appropriates it on an annual basis.

State and Local Funding Sources

General Obligation Bonds

General Obligation Bonds were authorized under the 2017 bond package to help with infrastructure, economic development and housing, and related expenses as authorized by law. Economic Development and Housing have been allocated approximately $55 million for the next five years.

Tax Exempt Bond Financing (City of Dallas Housing Finance Corporation)

The City of Dallas Housing Finance Corporation (DHFC) was organized in 1984 in accordance with Chapter 394 of the Texas Local Government Code (Code). Under the Code, the purpose of the DHFC is to assist persons of low and moderate income to acquire and own decent, safe, sanitary, and affordable housing. To fulfill this purpose, the DHFC can be an issuer of tax-exempt bonds. The DHFC may issue bonds to finance, in whole or in part, the development costs of a residential development or redevelopment; the costs of purchasing or funding the making of home mortgages; and any other costs associated with the provision of decent, safe, and sanitary housing and non-housing facilities that are an integral part of or are functionally related to an affordable housing development.

Affordable Housing Partnerships: The DHFC can also partner with affordable housing developers for the production of multifamily housing. The DHFC can acquire an ownership stake in the development by becoming the General Partner (GP) of an ownership entity, right of refusal to purchase the improvements, and owning and controlling the land. DHFC is the sole member of the GP. Fifty-one percent of the units must be set aside for affordable housing. If all of the aforementioned criteria are met; then the development can benefit from a tax exemption. Additionally, the DHFC can be the General Contractor to allow for sales tax exemption on construction materials.

City of Dallas Policy for Supporting Housing Developments Seeking Housing Tax Credits

(Amended June 12, 2019)

The City of Dallas ("City") has developed the following policy to outline its approach regarding requests from developers of projects seeking Housing Tax Credits ("HTC") from the Texas Department of Housing and Community Affairs ("TDHCA") for Resolutions of No Objection (sometimes referred to as "No Objection") or Resolutions of Support (sometimes referred to as "Support") from the City.

Background on Housing Tax Credits in Texas

In 1986, Congress, through the Tax Reform Act, enacted Section 42 of the Internal Revenue Code ("Section 42"). Section 42 created Low Income Housing Tax Credits that may be awarded to owners of multi-family rental housing that meet certain income and rent restrictions and other program requirements. At the Federal level, the HTC program has very few requirements but does require that states designate an agency to administer the HTC program and develop a Qualified Allocation Plan ("QAP") outlining how HTC will be allocated and administered. For Texas, the Texas Department of Housing and Community Affairs has been designated as that agency, and the QAP is updated annually.

There are two forms of the HTC: 9% HTC and 4% HTC.

9% HTC are considered to be "competitive." The State receives a per capita allocation of HTC to award each year, and applications are scored and are awarded by TDHCA only once per year. 4% HTC, on the other hand, are "automatically" awarded to projects using eligible tax-exempt debt. As a result, 4% HTC are considered to be "non-competitive" since applications are not competitively scored and are awarded by TDHCA multiple times throughout the year.

Under the 9% HTC, a Proposer may receive points for local government support. To receive points, the application must include a Resolution of Support or No Objection from the governing body of the municipality in which the proposed development site is to be located.

Although 4% HTC applications are not competitively scored, the Proposer must obtain a Resolution of No Objection from the governing body of the municipality in which the proposed development site is to be located. This is a threshold requirement for 4% credit awards. Applications that do not include a Resolution of No Objection cannot proceed.

Overview

This HTC policy seeks support the broad goals of the Comprehensive Housing Policy to do the following:

- Create and maintain affordable housing throughout Dallas,
- Promote greater fair housing choices, and
- Overcome patterns of segregation and concentrations of poverty through incentives and requirements.

The decision to provide a Resolution of No Objection or Support must be aligned with these goals. Unlike other City programs that directly invest in specific projects or provide direct incentives, such as fee waivers or tax abatements, the resolutions are an indirect way for the City to support the proposed development. Because of the points allocation for a Resolution of No Objection or Support for 9% HTC and the threshold requirement of a Resolution of No Objection for 4% HTC,

the City's position regarding a proposed development can greatly affect whether the proposed development is awarded HTC by TDHCA.

Given the substantial need for affordable housing across the City and that TDHCA administers the process for awarding HTC, the City has an interest in broadly supporting quality and responsible HTC proposals across the City. As such, the City will be supportive of maximizing production using HTC.

Definitions:

- **Affordability Period** has the same meaning as the term is defined in the Qualified Allocation Plan, as amended.
- **Development** has the same meaning as the term is defined in the Qualified Allocation Plan, as amended.
- **Development Site** has the same meaning as the term is defined in the Qualified Allocation Plan, as amended.
- **Historically Underutilized Business** has the same meaning as the term is defined in the Qualified Allocation Plan, as amended.
- **Market Analysis** has the same meaning as the term is defined in the Qualified Allocation Plan, as amended.
- **Market Rate Housing Units** means units for which the rent may by adjusted by the Owner, as defined in the Qualified Allocation Plan, as amended, subject only to the terms of the lease. Housing units are not considered Market Rate Housing Units if the rent that may be charged and/or the tenant(s) who may occupy the units are limited by a: (1) a Land Use Restrictive Agreement (LURA) or other restrictive covenants, or (2) any other contractual agreement.
- **Plan and Cost Review** means an analysis, usually conducted by a third-party consultant on behalf of a lender prior to approval of a construction loan or of construction-related information and documents that is intended to evaluate whether costs are appropriate, the construction plan is well-designed and there are appropriate allowances for contingencies.
- **Proposer** means the Proposer, Developer, Development Owner, Development Team, and Owner as those terms are defined in the Qualified Allocation Plan, as amended.
- **Qualified Non-Profit Organization** has the same meaning as the term is defined in the Qualified Allocation Plan, as amended.
- **Registered Neighborhood Organizations** means an organization that has registered with and provided its boundaries to the City of Dallas Department of Planning and Urban Design.

Calendar

Proposers may submit a proposal in response to this policy regarding HTC at any time during the year. However, City staff will only review applications and schedule proposals for City Council consideration four times per year. This calendar will be updated and published annually to align with the TDHCA timeline by the City Manager or his/her designee.

Review & Recommendation Process

- City staff will review all applications. For both 4% and 9% HTC applications, City staff will recommend a Resolution of No Objection to City Council if City staff has determined, in its sole discretion, that the threshold requirements, as outlined below, have been met.
- For 9% HTC applications that have met the threshold requirements, as outlined below, and address Priority Housing Needs Developments, as described below, City staff may designate these applications as "Priority Housing Needs Developments" and will

recommend a Resolution of Support and a $500.00 funding commitment to City Council if City staff has determined, in its sole discretion, that the threshold requirements and Priority Housing Needs Developments criteria have been met.

- For 9% HTC applications that have met the threshold requirements, as outlined below, and obtain a minimum score of 50 points under the Scoring Factors for Other 9% HTC Applications section, and do not qualify as a "Priority Housing Needs Development", City staff will recommend a Resolution of Support and a $500.00 funding commitment to City Council if City staff determines, in its sole discretion, that the threshold requirements have been met and that the application has scored at least 50 points.

4% and 9% HTC Applications Threshold Requirements

Applicable to All Applications

- Submission of a complete application to the City;
- The Proposer must have site control (e.g. purchase option);
- If not currently zoned for the intended use, the Proposer must have completed a formal consultation with City Planning staff outlining the process and requirements for rezoning the site;
- The Development must meet TDHCA minimum site and development requirements. If undesirable site features exist, the Proposer must submit a mitigation plan that sufficiently mitigates undesirable site features and supports site eligibility pursuant to TDHCA standards;
- The Development must meet TDHCA underwriting standards;
- The Development must contribute to the City's obligations to affirmatively further fair housing;
- The Proposer must notify existing tenants living at the Development Site at least 45 days prior to submitting the proposal;
- For any Development that is occupied by existing tenants that is not otherwise subject to the Uniform Relocation Act (URA), the development proposal must include a City-approved relocation plan that:
    (1) Minimizes permanent displacement from the Development. In the event of permanent displacement, Proposers will be required to provide compensation to affected tenants that is otherwise in alignment with URA requirements;
    (2) Must provide reasonable notice to affected tenants prior to any temporary relocation and covers all reasonable out of pocket costs incurred by tenants as a result of moving from one unit to another within the Development or temporarily vacating their units to allow rehabilitation work to proceed; and
    (3) Proposer must meet all applicable state, federal, or local laws relating to displacement of tenants.
- For any Development involving rehabilitation or adaptive reuse (i.e. conversion of space originally designed and built for other than residential purposes), the Proposer must submit a Plan and Cost Review for the Development including all supporting documentation that formed the basis of the review;
- For any Development located in a census tract with a poverty rate of 40% or higher, the Development must achieve a minimum score under Resident Services element of the scoring factors below of:
    (1) 17 points for elderly developments;
    (2) 23 points for family developments; or
    (3) 22 points for permanent supportive housing developments; and
- The Proposer must be eligible pursuant to TDHCA standards and City standards:

(1) A proposer is not eligible for any resolution if the Proposer i) is in debt to the City or delinquent in any payment owed to the City, in accordance with Dallas City Code Section 2-36, as amended; ii) is currently in litigation with the City, either as a defendant or plaintiff; or iii) within the last 10 years has been found liable of violating Chapter 20A (Fair Housing) or Chapter 46 (Human Rights and Sexual Orientation) of the Dallas City Code.

Developments Involving Rehabilitation of Existing Housing

- The proposed scope of work must be informed by a capital needs assessment (CNA), prepared by a qualified third-party professional that is independent from the Development's architect or engineer, builder/general contractor, or other member of the Development Team. The City will review the CNA and conduct a site visit. The CNA must demonstrate to the City's satisfaction that the initial scope of work is sufficient to address all City code violations (whether formally cited or not). Further, the scope of work, combined with planned replacement reserve funding, must be determined sufficient to address all projected repairs or replacements of the following items through the entire term of the Development's affordability period:
  (1) All major systems including roof, foundation, electrical, HVAC, and plumbing;
  (2) Interior and exterior windows and doors;
  (3) The interiors of all units including the kitchen and bathroom and all major appliances;
  (4) The exterior of the development, including balconies, walkways, railings, and stairs;
  (5) Communal facilities such as community rooms, fitness centers, business centers, etc.; and
  (6) Security features including gates and security cameras.
  (7) Accessibility

Priority Housing Needs Developments (applicable to only 9% HTC Applications)

A 9% HTC application that meets any of the following criteria may be designated by City staff as a "Priority Housing Needs Development" and recommended for a Resolution of Support and $500.00 funding commitment to City Council, if City staff has determined, in its sole discretion, that the threshold requirements and Priority Housing Needs Developments criteria have been met:

- The development proposal has been selected within the past three years to receive City funding (including federal funds such as HOME, CDBG, etc. or local funding such as General Obligation Bond funding) under a competitive application process administered by the Department of Housing and Neighborhood Revitalization and otherwise remains in compliance with all funding requirements;
- The proposal includes participation by the Dallas Housing Finance Corporation or City of Dallas Public Facilities Corporation applicable to housing (if created). Such participation must include ownership of the underlying development site by the entity and/or stake in the ownership structure of the development;
- The proposal involves the redevelopment of public housing owned by the Dallas Housing Authority under the Choice Neighborhoods, Rental Assistance Demonstration, HOPE VI, or other similar HUD programs that may be created;
- The development proposal is located in a census tract with a poverty rate below 20%;
- The development proposal is within any area designated as a Redevelopment Reinvestment Strategy Area (RSA) or a Stabilization RSA in this Comprehensive Housing Policy; or

- Developments with at least 50 units for which the Owner must enter into an MOU with the lead entity of the Continuum of Care by which the project will prioritize at least 20% of units for tenants referred from the Continuum of Care Housing Priority List.

Scoring Factors for Other 9% HTC Applications

For 9% HTC Applications that do not qualify as a Priority Housing Needs Development, the application must achieve a minimum score of 50 within this section, **Scoring Factors for Other 9% HTC Applications,** to be recommended by City staff for a Resolution of Support and $500.00 funding commitment to City Council, if City staff has determined, in its sole discretion, that the threshold requirements have been met and the application scores a minimum of 50 points under this section.

Mixed-Income Projects (Maximum of 20 points)

Proposals including market rate units (i.e. those without income/rent restrictions) as follows:

Percentage of Market-Rate Units	Points
At least 5% but less than 10% market rate units	5
At least 10% but less than 15% market rate units	10
At least 15% but less than 20% market rate units	15
At least 20% market rate units	20

Qualified Nonprofit or Historically Underutilized Business on Development Team (5 points)

To receive these points, the development team must include a Qualified Nonprofit Organization or Historically Underutilized Business ("HUB") that has a controlling interest in the development. If ownership is a limited partnership, the Qualified Nonprofit Organization/HUB must be the Managing General Partner with greater than 50% ownership in the General Partner. If ownership is a limited liability company, the Qualified Nonprofit Organization/HUB must be the controlling Managing Member with greater than 50% ownership in the Managing member. Additionally, the Qualified Nonprofit Organization/HUB or its affiliate or subsidiary must be the developer or a codeveloper of the Development.

Proximity of Amenities to Development Site (Maximum of 25 points)

The following matrix shall be used in scoring the Development under this category:

Amenity	1/4 mile or less	>1/4 mile and < 1/2 Mile	1/2 mile and up to 1 mile
High Frequency Transit	5	3	1
Public Park	5	3	1
Full Scale Grocery Store	5	3	1
Community/Senior Center or Library	5	3	1
Licensed Day Care	5	3	1
Amenity	**1/2 mile or less**	**>1/2 mile and < 1 mile**	**1 mile and up to 2 miles**
Qualifying Medical Clinic or Hospital	5	2	1
Amenity	**20 minutes or less**	**>20 min. and < 40 min.**	**More than 40 min.**
Transit time to Major Employment Center	5	2	0

Resident Services (Maximum of 25 points)

Note: The list of potential resident services is derived from, but not identical to, the QAP, as amended. The services outlined in the table below are shorthand descriptions, but the City will use the same definitions and requirements for each service as outlined in the QAP, as amended. For purposes of this section, however, the City will use its own scoring criteria to award points. In some cases, the points available may vary from those awarded under the QAP, as amended. Additionally, the total points available are not capped in the City's scoring rubric in the same manner as they are for the QAP, as amended. City Manager or designee may amend the service descriptions categories and point allocations on an annual basis based on the annually updated QAP. The maximum points allocated to Resident Services will remain the same (25 points).

Transportation Services		
Min. 3x/week shuttle to grocery/pharmacy or big-box retail; OR daily shuttle during school year to nearby schools not served by school bus system	(A)(i)	3.5
Monthly transportation to community/social events	(A)(ii)	1
Children Services		
High quality PreK program with dedicated space on-site	(B)(i)	4
Min. 12 hours/week organized on-site K-12 programming (e.g. tutoring, after school and summer care, etc.)	(B)(ii)	3.5
Adult Services		
Min. 4 hours/week organized onsite classes for adults (e.g. GED, ESL, financial literacy, etc.)	(C)(i)	3.5
Annual income tax preparation	(C)(ii)	1
Contracted career training and placement partnerships with local employers	(C)(iii)	2
Weekly substance abuse meetings at project site	(C)(iv)	1
Health Services		
Food pantry accessible to residents (on site or via on-request transportation)	(D)(i)	2
Annual health fair	(D)(ii)	1
Weekly exercise classes	(D)(iii)	2
Contracted on-site occupational or physical therapy for elderly or disabled tenants	(D)(iv)	2
Community Services		
Partnership with local law enforcement to provide quarterly activities with tenants	(E)(i)	2
Notary services for tenants	(E)(ii)	1
Min 2x/month arts, crafts, or other recreational activities (e.g. book club)	(E)(iii)	1
Min 2x/month on-site social events (e.g. potlucks, holiday celebrations, etc.)	(E)(iv)	1
Case management for elderly, disabled, or special needs tenants	(E)(v)	3
Weekly home chore and quarterly preventative maintenance for elderly or disabled tenants	(E)(vi)	2
Social Security Act Title IV-A programming	(E)(vii)	1
Part-time resident services coordinator (min. 15 hours/week) or contract for same through local provider	(E)(viii)	2
Education/tuition savings match or scholarship program for residents	(E)(ix)	2

Community Housing Development Organizations (CHDOs)

A CHDO is defined under 24 Code of Federal Regulations (CFR) Part 92.2 as a nonprofit organization (501©3 or 4) organized under state law; has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual; is neither controlled by nor under the direction of individuals seeking to derive profit or gain from the organization. While a CHDO may be sponsored or created by a for-profit entity whose primary purpose is **not** the development or management of housing, such as a builder, developer or real estate management firm, the for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body and the board members appointed by the for-profit entity may not appoint the remaining board members. A CHDO does not include a public body although a locally chartered organization may qualify under certain conditions.

The CHDO must be free to contract for goods and services from vendors of its own choosing. The CHDO must comply with certain financial accountability standards as described in the 24 CFR 84.21 Standards for Financial Management Systems. Among the primary purposes of the CHDO's organization, as outlined in their organizational charter, articles of incorporation, resolutions or bylaws must be the provision of decent housing that is affordable to low-to-moderate income persons. A CHDO must remain accountable to the low-income community residents by: **1)** maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of a low-income neighborhood organization; **2)** providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, site selection, development and management of affordable housing.

A service area in urban areas such as Dallas, "community" may be defined as a neighborhood, or neighborhoods, city, county or metropolitan area. Additionally, CHDOs are subject to the affirmatively furthering fair housing rules which state that housing should not be located in areas of minority concentration or with high poverty rates. Historically, Dallas CHDOs have elected to work in areas where disinvestment has occurred, and where high concentrations of poverty exist. CHDOs should grow and develop the capacity to partner with for-profit developers to produce market rate housing in areas of disinvestment. Furthermore, CHDOs should work in areas with low poverty rates, have access to a quality education, transportation, and jobs. These high opportunity areas lack quality affordable housing options.

A CHDO must demonstrate the capacity to carry out the activities assisted with HOME Investment Partnership Program (HOME) funds within **12 months** of the project commitment. CHDO's may satisfy the HOME requirement by hiring experienced key staff members who have successfully completed similar projects or a consultant with the same type of qualified experience and a plan to train appropriate key staff member of the organizations. CHDO's must demonstrate a minimum of one-year experience in serving the community in which the assisted housing will be located before funds can be reserved for the organization. This requirement can be satisfied by a parent organization in some cases if a CHDO is formed by a group of local churches or local service organizations. CHDOs must be certified by the City of Dallas to be awarded CHDO set-aside funds for the development of housing and operating assistance.

Set Aside

HUD requires that 15% of the HOME allocation each year be made available to Community Housing Development Organizations (CHDOs) for the development of affordable homebuyer or rental housing.

Operating

In addition, the City can allocate up to 5% of the HOME allocation each year operating expenses for CHDOs. These funds provide operating funds to Community Housing Development Organizations based on financial need and the expectation that the organization is utilizing or will utilize the City's HOME CHDO set aside funding within 24 months of the award.

HOME funding provided for CHDO operating expenses may not exceed $50,000 or 50% of the organization's total annual operating expenses for that fiscal year, whichever is greater. CHDO operating expense funds may not supplant CHDO set-aside funds for project costs.

Certification

To be eligible to receive HOME CHDO set-aside funding and Operating Assistance Grants, a CHDO must be certified by the City of Dallas. CHDO certification must be done prior to the commitment of funds for a set-aside development, and there cannot be a general CHDO certification. The City can work in advance to determine if a CHDO will likely meet the requirements for certification prior to funding considerations. A CHDO must continue to be certified throughout the development of a project and during the affordability period. the City has developed the "Community Housing Development Organization (CHDO) Policy, Procedure, and Standards" document to outline the process and requirements for CHDO certification. This can be found in Appendix 5.

Strategies, Tools, and Programs that Will Require Additional Action

Housing Trust Fund

The City has established a Dallas Housing Trust Fund (DHTF) that allows monies to be used to make loans or grants to support the production goals of the Housing Policy. On December 12, 2018, Council approved a one-time transfer of $7 million in unencumbered fund balances from high-performing tax increment financing districts (TIFs), as well as $7 million from Dallas Water Utility funding set aside to support development. On January 22, 2020, Council approved $1 million to be used to support residential investment in neighborhood empowerment zones.

Staff will further research potential dedicated revenue sources and additional uses for the DHTF to ensure that the fund supports the broad goals of the CHP.

Tax Increment Financing

Creation of a non-contiguous Tax Increment Finance District for areas not already located in an existing TIF District will leverage TIF on projects that propose to meet the unit production goals with affordability requirements.

Sublease Program

Furthermore, staff will pursue council approval to create a Sublease Program which incentives a landlord/developer to facilitate the rental of units to voucher holders. This program is administered through the Dallas Housing Finance Corporation.

APPENDICES

APPENDIX 1
Housing Policy Task Force Structure and Leadership

Focus areas
Each focus area should be led by an expert or two in the field and supported by a member of staff from the Housing & Neighborhood Revitalization Department. The focus area should include input from a broad range of key stakeholders who are representatives from private and public sector entities whose activities have significant impact on the creation and preservation of affordable housing and City departments. Each representative should have enough experience and responsibility within the relevant organization to fully contribute to the committee.

- **Multifamily development**
  - External facilitator: real estate and/or finance expert in multifamily housing
  - At least one key stakeholder from each of the following groups: Sustainable Development and Construction staff, Department of Housing and Neighborhood Revitalization staff, Planning & Urban Design staff, associations of builders and contractors, organizations of real estate professionals, and at least one developer and/or builder.

- **Single family and ownership development**
  - External facilitator: real estate and/or finance expert in owner-occupied housing
  - At least one key stakeholder from each of the following groups: Sustainable Development and Construction staff, Office of Economic Development staff, Department of Housing and Neighborhood Revitalization staff, Planning & Urban Design staff, associations of builders and contractors, organizations of real estate professionals, associations of Realtors/Realtists, at least one developer and/or builder, and one Community Housing Development Organization executive.

- **Affordability preservation**
  - External facilitator: housing advocate
  - At least one key stakeholder from each of the following groups: the Office of Fair Housing and Human Rights staff, the Office of Welcoming Communities and Immigrant Affairs staff, the Office of Equity staff, the Office of Community Care staff, the Department of Code Compliance Services staff, the Office of Homeless Solutions staff, Dallas Housing Authority staff, associations of Realtors/Realtists, and at least two community leaders/advocates as recommended by the director of the Department of Housing and Neighborhood Revitalization.

- **Neighborhood investment**
  - External facilitator: community development professional
  - At least one key stakeholder from each of the following groups: Department of Housing and Neighborhood Revitalization staff, Department of Public Works staff, Dallas Water Utilities staff, Park and Recreation Department staff, representatives from at least one utility service provider, Texas Department of Transportation staff, Dallas Area Rapid Transit staff, real estate and civil engineering professionals, community planners, a certified Community Housing Development Organization, and at least one developer and/or builder.

- **Support and funding**
    - External facilitators: one philanthropist and one capital markets/banking expert
    - At least one key stakeholder from each of the following groups: Housing and Neighborhood Revitalization staff, Office of Economic Development staff, Office of Strategic Partnerships and Government Affairs staff, Dallas Housing Finance Corporation, Community Development Commission, Dallas Development Fund, Community Reinvestment Act lenders, associations of Realtors/Realtists, Community Development Finance Institution representative, Dallas Housing Authority, at least one philanthropic organization, several certified Community Housing Development Organizations, and legal aid groups.

Communication and meetings
In order to encourage committee participation from a broad and diverse segment of the public, staff from the Department of Housing & Neighborhood Revitalization and task force facilitators engage in the following marketing efforts:

- staff will post a calendar of scheduled meetings and meeting agendas at http://www.dallashousingpolicy.com
- staff will schedule meetings at facilities that offer free parking and accessible meeting space
- staff will send out meeting notices and informational updates to a large list of individuals who have asked to be notified of housing task force meetings and other housing-related news
- the chairpersons of each committee will conduct outreach within their broad networks.

Meetings will be held as needed and the housing policy task force will report to the city council committee designated by the city manager.

This task force will be successful when it has stakeholder engagement that creates programs, strategies, and tools that catalyze equitable development, preserve affordability, and grow community investment.

The task force will:

- continue to increase the number of people who attend meetings
- broaden the variety and diversity of voices, organizations, and community members heard
- listen to stakeholders, elevate ideas, and communicate back to City leadership unmet needs as well as program, strategy, and tool ideas for improvement
- develop programs, strategies, and tools that respond to community needs and concerns on the ground, policies as listed in CHP, and future program ideas that come to light.

Modifications
The City Manager may modify Housing Policy Task Force structure and leadership focus areas, communication and meetings provisions in this Appendix 1 to increase its effectiveness and will notify by memorandum the City Council, the Housing Policy Task Force steering committee, and the city secretary of any changes.

APPENDIX 2
Single Family Development Requirements/Underwriting

A. Eligible Developer Applicants

The City of Dallas will fund developers of affordable single-family homebuyer units, including for-profit developers, non-profit developers, and City of Dallas-designated CHDOs, with City of Dallas HOME single-family development program funds. Developers must demonstrate the capacity and previous experience developing projects of the type presented in their proposals. Prior to committing funds, the City of Dallas will review the status of any organization seeking funds from the CHDO set-aside to ensure that it meets all HOME requirements and that it has sufficient staff and financial capacity to carry out the project.

Project Location
Projects must be located within the city limits of Dallas.

Project Types
Funds will be provided for new construction projects. In general, the City of Dallas will require that all homes constructed have a minimum square footage of 1,200 square ft, at least 3 bedrooms, and at least 1.5 bathrooms. RFPs issued by the City of Dallas may further specify or provide priority for eligible project types.

Parameters of HOME Investment
Applications must include an investment of $1,000 in HOME funds per HOME unit. In no case will the City of Dallas investment exceed the maximum HOME investment allowed under 24 CFR 92.250.

Additionally, for projects involving both City of Dallas other HOME funds, the combined HOME funding investment shall not exceed the total maximum HOME investment allowed under 24 CFR 92.250.

Typically, the City of Dallas will also establish a maximum cap on its investment in a single home. Such a limit will be based on the availability of funding and other City of Dallas priorities and will be addressed in any NOFA or Request for Applications (RFA) process issued by the City of Dallas.

B. Eligible Costs
Costs funded with the City of Dallas HOME funds must be eligible according to HOME Final Rule 24 CFR 92.206. The following additional limitations also apply:

- HOME funds shall not be used for luxury improvements according to 24 CFR 92.205.
- Acquisition costs shall be supported by an independent appraisal of the property. Acquisition costs exceeding the appraised value of the property will be ineligible for HOME funding reimbursement.
- HOME funds shall not be used for non-residential accessory structures such as free-standing garages, carports, or storage structures. Applicants must delineate project costs in a manner that allows free-standing structures to be clearly paid for using other project funds.

City of Dallas Eligible Project Soft Costs
The HOME program allows the City of Dallas to include, as project costs, its internal soft costs specifically attributable to a HOME project. These may include consulting, legal, inspection, and staff costs associated with reviewing, processing, and overseeing the award of funds to the project. Projects must provide budget allowances for "City of Dallas-Lender Due Diligence & Legal Costs" in the project's sources and uses.

Cost Reasonableness
Per the requirements of 92.250(b) and 2 CFR 200 Subpart E (formerly known as OMB Circular A-87), all project costs must be reasonable, whether paid directly with HOME funds or not. The City of Dallas will review project costs, including hard and soft costs, to evaluate their reasonableness and may, at its option, require applicants to obtain additional quotes, bids, or estimates of costs.

Identity of Interest
Developers must disclose any identity of interest situations that may occur when contracting with related companies during either the development or ongoing operation of the project. City of Dallas staff must be allowed the opportunity to conduct a cost analysis to determine costs reasonableness. Applications may be determined ineligible if access is not granted or costs are determined to be unreasonable.

C. Property Standards
To meet both HOME regulations and City of Dallas goals, all HOME-funded projects must meet certain physical standards intended to provide quality affordable housing that is durable and energy efficient.

Construction must meet all local codes. The City of Dallas regularly adopts and enforces various codes from the International Code Council, as amended. Applicants are responsible for maintaining familiarity with the City's adopted building codes available here:

https://dallascityhall.com/departments/sustainabledevelopment/buildinginspection/Pages/construction_codes.aspx

All HOME projects must meet applicable Section 504/UFAS requirements. Pursuant to 24 CFR 8.29, single-family housing developed with Federal funds must be made accessible upon the request of the prospective buyer if the nature of the prospective occupant's disability so requires. Developers must ensure that projects are designed in a way that can accommodate such a request. Should a prospective buyer request a modification to make a unit accessible, Developer must work with the homebuyer to provide the specific features that meet the need(s) of the prospective homebuyer or occupant. If the design features that are needed for the buyer are design features that are covered in UFAS, those features must comply with the UFAS standard. Developers shall be permitted to depart from the standard in order to have the homebuyer/occupant's needs met.

Site shall be served by public sewer, public water, and public road. Sites should have ready access to recreational opportunities such as parks, playgrounds, etc., nearby shopping and services including transportation, grocery, banking, and medical facilities, and otherwise be located in neighborhoods that provide amenities that support residential development. The City of Dallas also generally prefers that sites have safe, walkable connections—including sidewalks—to the surrounding neighborhood.

Site shall be in a designated Fire District or served by a Fire Department.

Units must be equipped with the following appliances: Refrigerator, range/oven, dishwasher, and garbage disposal. Developers may also propose to include in-unit clothes washers and dryers, microwave/vent fan combination units, as appropriate. If the Energy Star program rates the type of appliances being installed, the developer must furnish the units with Energy Star rated appliances. Note however that not all appliances are rated by the Energy Star program.

D. Sales Price

The sales/purchase prices for homes developed under this program cannot exceed the HOME Homeownership Value Limits published by HUD in effect at the time of project commitment. The City of Dallas will identify the applicable limits in any NOFA or Request for Applications (RFA) process issued.

Units produced under the City of Dallas' single-family development program must be sold at the fair market value as determined by an "as-completed" or "subject to completion" appraisal completed by an independent state licensed appraiser. Developers shall submit such an appraisal prior to project commitment, and the City of Dallas may require an updated appraisal prior to construction completion if the appraisal is more than 9 months old at that point. Any reductions in list or sales price below the City of Dallas-approved appraised value must be approved in writing by the City of Dallas and will generally require updated market information.

E. Eligible Homebuyers

Homebuyers for units produced under the City of Dallas single-family development program must meet the income eligibility guidelines associated with the funding for the development.

F. Environmental Review Requirements

Federally-assisted projects are subject to a variety of environmental requirements. Developers should be familiar with these requirements and are strongly encouraged to discuss any questions they have with City of Dallas staff prior to entering into a purchase agreement or submitting an application.

All projects shall be implemented in accordance with environmental review regulations as defined 24 CFR Part 58.

The City of Dallas shall be responsible for conducting the environmental review and completing all necessary public notifications, and the request for release of funds (RROF) from HUD. The applicant is responsible for cooperating with the City of Dallas in the environmental review process and providing information necessary for the City of Dallas to fulfill its responsibilities under Part 58 and other applicable regulations.

Submitting an application for HOME funds triggers environmental review requirements under 24 CFR 58, including the National Environmental Policy Act (NEPA). Once an application for federal funds is submitted, a development proposal is now subject to the environmental review requirements and requires an environmental clearance and issuance of a Release of Funds (ROF) by the US Department of Housing and Urban Development.

Developers are prohibited from undertaking or committing or expending any funds to (including non-federal funds) any physical or choice-limiting actions on the site prior to an environmental clearance as required by Part 58. Physical and choice limiting actions include, but are not limited to, property acquisition, demolition, movement, rehabilitation, conversion, repair or construction.

This prohibition applies regardless of whether federal or non-federal funds are used, and taking a choice limiting action prior to completion of the required environmental clearance process will result in the denial of any HOME funds from the City of Dallas.

G. Other Federal Requirements

Nondiscrimination and Equal Opportunity
The following federal nondiscrimination and equal opportunity guidelines apply to all projects and affect both development and sales of assisted housing:

- The Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR part 100 et seq.;
- Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107;
- Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d- 2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1;
- The Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) and implementing regulations at 24 CFR part 146;
- Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at part 8 of this title;
- Title II of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq.; 24 CFR part 8; Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135;
- Executive Order 11246, as amended by Executive Orders 11375, [[Page 41]] 11478, 12086, and 12107 (3 CFR, 1964-1965 Comp., p. 339; 3 CFR, 1966- 1970 Comp., p. 684; 3 CFR, 1966-1970 Comp., p. 803; 3 CFR, 1978 Comp., p. 230; and 3 CFR, 1978 Comp., p. 264, respectively) (Equal Employment Opportunity Programs) and implementing regulations at 41 CFR chapter 60;
- Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971- 1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development); and
- Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise). The nondiscrimination provisions of Section 282 of the National Affordable Housing Act of 1982.

Uniform Relocation Act (URA)
All projects fall under requirements of the URA. Any project resulting in permanent relocation/displacement of households will not be funded by the City of Dallas. Applicants must further document that any purchase of property meets the requirements of URA, including provision of notices to the seller identifying the transaction as a voluntary sale not under the threat of eminent domain. To ensure compliance with URA, applicants should consult the City of Dallas to understand the requirements of URA and reference the URA forms included in the RFP prior to submitting an application involving an occupied property.

Davis Bacon
Davis Bacon federal prevailing wage requirements shall apply to all projects with 12 or more units assisted with HOME funds.

Excluded Parties
The City of Dallas will not fund projects owned, developed, or otherwise sponsored by any individual, corporation, or other entity that is suspended, debarred, or otherwise precluded from receiving federal awards. Nor may the developer contract with any other entity (including but not limited to builders/general contractors, property management companies, or other members of the development team) that are suspended, debarred, or otherwise so precluded. Similarly, the general contractor will be required to determine that subcontractors are not so precluded.

H. Ongoing Project Requirements

Deadlines
Construction Start- If construction is not started within 12 months of the date the City of Dallas commits funds to a project, the commitment will be subject to cancellation. If the project is cancelled as a result of failure to meet this deadline, the Developer must repay to the City of Dallas any HOME funds disbursed for the project.

Completion Deadline- Project completion occurs when construction is complete, all HOME funds have been disbursed by the City of Dallas and drawn from the US Treasury, title to the property has transferred to an eligible buyer, and required completion data has been entered in HUD's IDIS system. Project completion must occur within 2 years of the date of commitment of funds to the project. If the Developer fails to meet this 2-year deadline, it must repay to the City of Dallas any HOME funds disbursed for the project.

Sales Deadline- Pursuant to 24 CFR 92.254(a)(3), Developers must have a ratified sales contract with an eligible buyer for each HOME-funded unit within nine (9) months of completion of construction or the unsold units must be converted to rental housing or the project will be deemed ineligible and all HOME funds drawn must be repaid to HUD.

If a unit is unsold after six (6) months, the Developer must present an updated sales and marketing plan to the City of Dallas outlining steps being taken to identify buyers. At the City of Dallas option, the Developer may be required to i) take further steps--such as listing the home with a licensed realtor, adjusting the sales price, etc.—as the City of Dallas may require to facilitate the sale of the home or ii) to transfer title to the City of Dallas or to another entity selected by the City of Dallas that can otherwise identify buyers prior to the regulatory deadline.

At the City of Dallas option, if a unit remains unsold after nine (9) months, the developer shall be required i) to repay the entire HOME investment, including any City of Dallas project soft costs; ii) to convert the project to rental housing in accordance with 24 CFR 92.252; or iii) to transfer title to the City of Dallas or to another entity selected by the City of Dallas for conversion to rental housing.

Units converted to rental housing must be rented to eligible tenants in accordance with 24 CFR 92.252, which includes tenant income eligibility and rent limit requirements. Further, any units converted to rental properties shall be operated in compliance with the City of Dallas Rental Housing Program guidelines.

Reporting and Record Keeping
To allow effective oversight of funded projects and document compliance with applicable HOME requirements, all projects must submit periodic reports to the City of Dallas. While this section outlines standard reporting requirements, the City of Dallas reserves the right to require additional

reporting or to alter the reporting format or frequency based on future changes to HOME requirements or City of Dallas policy. Additionally, the City of Dallas reserves the right to require additional or more frequent reporting for projects with compliance deficiencies.

- Developers are required to report monthly during the development phase and sales phase. During the construction phase, developers must provide monthly reports detailing construction progress and barriers to progress, copies of invoices being paid, and evidence of appropriate lien waivers.
- During the sales phase, developers are required to provide monthly reports detailing the number of additional sales, total sales, and marketing activity. These reports are required until all units are sold.
- The City of Dallas may require more frequent reporting due to findings identified during the development and sales phases.
- At the City of Dallas option, Developers may be required to obtain and submit an audit of project costs (i.e. cost certification) prepared by an independent Certified Public Account.
- Developers shall allow City of Dallas, HUD, State of Texas, the Comptroller General of the United States (aka the GAO), and all other pertinent Federal or State agencies or their designated representative the right to inspect records and property. Conflict of Interest

To comply with HOME requirements and to maintain a high standard of accountability to the public, conflicts of interest and perceived conflicts of interest must be avoided. Developers shall maintain compliance with all HUD conflict of interest provisions as stated in 92.356(f).

Developers with officers, employees, family members, consultants, or agents that are otherwise eligible to purchase HOME-funded units must receive waiver/approval from City of Dallas staff before entering into a sales agreement with HOME eligible employees. 92.356(f) provisions apply to all HOME projects.

I. Structure of Transaction

Loan Types and Terms
The City of Dallas will provide HOME funds in the form of a loan to the entity that owns the property. No grants will be awarded, and Funding commitments are not transferable without prior written City of Dallas approval.

The City of Dallas HOME Loan may be used for acquisition and construction financing. Proceeds of the HOME loan will only be released following satisfaction of all requirements outlined below.

In all cases, The HOME loan will:

- Have a maximum term of 2 years;
- Be repayable in full upon sale, refinancing, or transfer of the property or upon maturity, except that repayment will be limited to the net proceeds of a City of Dallas-approved sale to a low-income buyer. Net sales proceeds will exclude any portion of the sale proceeds used to repay senior construction debt, return of City of Dallas-recognized developer equity, approved sales costs, and any HOME-assistance transferred to the buyer(s) at closing as direct homebuyer assistance.; and

- Be secured with a promissory note, mortgage, and appropriate UCC liens. Mortgages will be recorded with the Dallas County Clerk and generally may be subordinate only to an approved amortizing first mortgage.
- Allow for a percentage of proceeds to be retained by the CHDO as CHDO proceeds (as outlined in 24 CFR 92.300 (a) (2)). On a project-by-project basis, CHDO may request to retain proceeds from a HOME-funded project for eligible activities provided the CHDO remains in good standing as a certified CHDO and complies with all contractual obligations as determined in the sole discretion of the City. All proceeds retained by a CHDO that are not used in accordance with the contract within two years after being generated must be returned to the City.

Guarantees
Unless otherwise determined by the City of Dallas, all underlying individuals, corporate entities, partnerships, or limited liability companies with an interest in the project will be required to provide a completion guarantee including provisions guaranteeing construction completion of the project. For nonprofit organizations, including community housing development organizations (CHDOs), a guarantee shall not be required, but in all cases the City of Dallas may require a performance bond or irrevocable letter of credit acceptable to the City of Dallas to ensure project completion.

HOME Agreement
In addition to any financing documents, developers of HOME-financed projects must sign a HOME agreement with the City of Dallas. The HOME agreement will identify requirements for compliance with the HOME regulations and the City of Dallas Single-Family Development. Program requirements and will remain in effect in the event of any prepayment of the HOME loan.

J. Underwriting & Subsidy Layering Reviews

Market Demand
Developers must, as part of their application, provide evidence of sufficient demand for the proposed units. Developers shall provide information from the multiple listing service pertaining to recent sales in the neighborhood, average time on the market for recent sales, availability of other product and average “months of supply” currently available, and any known or planned projects.

Additionally, Developers must complete the HOME Sales and Marketing Plan, identifying among other items the profile of typical buyers, relationships with homeownership counseling agencies or other sources of buyer referrals, and plans for marketing the homes.

In some cases, the City of Dallas may only commit to a specific project (or may limit the number of projects under construction by a given developer) upon demonstration that a home has been pre-sold to an identified low-income buyer who has, at least, executed a reservation or initial purchase agreement with the Developer.

Project Underwriting
All HOME applications must include financial statements from all underlying owners and guarantors. Developers must have a net worth equal to 10% of the total development cost with net liquid assets equal to 3% of the total development cost.
Applicant must provide the amounts and terms for any other financing being provided to the project.

Proforma Requirements

The proforma must explicitly show:

- An itemized breakdown of development hard and soft costs by unit including any allowances for soft costs such as architectural fees, carrying costs, etc.
- The hard costs of any stand-alone accessory buildings, including free-standing garages, carports, or storage structures should be specifically itemized in the Development Sources and Uses so that the City of Dallas can complete preliminary HOME cost allocation calculations. (Stand-alone accessory structures like a detached garage may be included in the project but are not HOME-eligible and must be paid for with another funding source.)
- Costs and fees to be paid to the City of Dallas as permitted by the HOME program. The HOME program allows the City of Dallas to include, as project costs, its internal soft costs specifically attributable to the project. These may include consulting, legal, inspection, and staff costs associated with reviewing, processing, and monitoring award of funds to a project. The City of Dallas will notify Developers of the amounts to include in their Development Sources and Uses for City of Dallas-Lender Due Diligence & Legal Costs.
- Estimates of the sales transaction to an eligible homebuyer, including a calculation of the proposed buyer's ability to qualify for a mortgage meeting City of Dallas requirements, the anticipated need to provide direct HOME assistance (e.g. down payment and closing cost assistance) to the buyer, projected sales costs (e.g. realtor's commissions), and the distribution of sales proceeds (including toward repayment of private construction financing)

Cost Limitations

All project costs must be reasonable and customary. The City of Dallas reserves the right to review any line-item cost to ensure that total project costs are not excessive. Additionally, HOME projects will be subject to the following specific cost limitations:

- The maximum allowable developer fee is 15% of total development costs less the developer fee itself and seller's closing costs.
- Acquisition costs are limited to fair market value as determined by a third-party appraisal.
- Unless prior approval has been obtained from the City of Dallas. All project hard costs and all project professional fees should be the result of a competitive bidding process. While developers are not subject to federal procurement rules and may use less formal bid processes, the City of Dallas generally expects developers to seek multiple bids and identify the most advantageous bidder based on cost, track record, and other pertinent factors.

Other Funding Sources

Developers must disclose all other public and private sources or applications for funding with their initial HOME Single-Family Development application to the City of Dallas at the time of application and upon receiving any additional commitments of public source funding. The City of Dallas will conduct a subsidy layering review as part of the underwriting process for all projects. Using its underwriting criteria, the City of Dallas will assess the project and may require changes to the transaction to ensure that return to the owner/developer are not excessive. Changes may include a reduction in HOME funds awarded.

The City of Dallas will consider adjusting its underwriting in consultation with other public funders, if applicable, to the project. The City of Dallas retains, at its sole discretion, the power to decide whether to accept alternative standards.

K. Construction Process

City of Dallas Construction Inspections
The City of Dallas must be provided with copies of all contractor invoices and provided reasonable notice of monthly draw inspections during the construction period. City of Dallas staff will participate in all draw reviews whether or not the specific draw is being funded with HOME or other project funds and conduct inspections to ensure that the project is progressing and that work completed is consistent with all applicable HOME requirements.

Davis Bacon
When Davis Bacon applies to a project, the City of Dallas must be provided with compliance documentation throughout the construction period. Prior to commencing construction, the City of Dallas must approve current wage determinations applicable to the project. The contractor will be required to provide weekly payroll forms to the City of Dallas and allow access to the site and workers for the purpose of completing worker interviews.

Drawing City of Dallas HOME Funds
Proceeds of the HOME loan will only be released as reimbursement for eligible project costs following:

- Review and acceptance of appropriate source documentation by the City of Dallas including evidence of appropriate lien waivers and/or title endorsements.
- A determination by the City of Dallas that all HOME requirements pertaining to the development of the Project have been met, including but not limited to monitoring of Davis Bacon compliance.

For nonprofit developers, including CHDOs, the City of Dallas may release payment based upon outstanding invoices for costs incurred and work completed. In such cases, the City of Dallas reserves the right to disburse through a title company, directly to the vendor, or with two-party checks.

Project Closeout
Developers are required to submit homebuyer eligibility packets to the City for approval of the homebuyers. Data shall include elderly status, race, gender, female head of household, number of household members, and income.

The City of Dallas requires a copy of the final project sources and uses statement and, at the City of Dallas option, may require the submission of the project cost certification prepared by an independent Certified Public Accountant following completion of construction and payment of all development costs.

APPENDIX 3
Rental Development Underwriting

In reviewing applications for HOME assistance, as required by §92.250(b) and prudent business practices, the City's underwriting framework includes evaluations of:

- **Regulatory requirements applicable to the project**, including compliance (or ability to become compliant) with HOME's affordability restrictions, property standards, and cross-cutting federal requirements;
- **Market risk**, including whether or not sufficient demand exists for the project, the anticipated lease-up period, and whether general economic conditions and other competition supports ongoing viability;
- **Developer risk**, focusing on whether the owner/developer (including but not limited to the underlying owners of special purpose entities) have the technical capacity to develop and operate the property and the financial capacity to safeguard public funds and backstop the project if the event of poor financial performance; and
- **Project risk (or "financial underwriting")**, testing the economic and financial projections for the transaction including both sources and uses as well as ongoing operating assumptions. This includes confirmation that all sources of project financing are available, commercially reasonable, and have been appropriately maximized prior to awarding HOME funds.

Market Assessment
All HOME project applications must include a third-party market study prepared in a manner consistent with TDHCA's market analysis requirements. Unless otherwise approved by the City, market studies shall be prepared by providers included on the list of TDHCA Approved Market Analysts. Owner's may generally submit the market study used in conjunction with the Owner's LIHTC application, if applicable. Market studies must be less than one year old at the time of commitment of HOME funds. For market studies that are more than one year old, the City will typically require an update from the original analyst or a new market study from another analyst. Proposed rent levels must be supported by the applicant's market study and be within HOME regulatory limits.

Additionally, the market study should demonstrate the following:

- All units, including any "market rate" units as well as any units with income/rent restriction imposed by other programs such as LIHTC, must demonstrate viability within the primary market area taking into account any known rent concessions being offered by competing properties;
- Income and rent restricted units must have "discounts" of at least 15% relative to comparable un-restricted units;
- Achievable occupancy rates, based on a comparison of comparable properties in the primary market area, must be at or above 95% (physical occupancy);
- Capture rate for the development as a whole is no more than 10%, and no capture rate for specific unit sizes (e.g. 3-bedroom units) exceeds 25%; and
- Absorption can be expected to result in underwritten occupancy levels within six (6) months of units being ready for occupancy.

For projects not meeting these standards the City, in its sole discretion, may also consider the following:

- For project targeting special needs populations (e.g. homeless households, domestic violence victims, veterans, or other specific subpopulations), the City may accept higher capture rates if data from the local Continuum of Care and/or service providers specializing in the targeted populations (e.g. VA service centers) suggest an adequate pipeline of eligible renters exists and will be consistently referred to the development.
- For existing projects being rehabilitated, the City will consider the recent operating history of the project in terms of actual rents charged/received, eligibility of in-place tenants, and the like for evidence that the development's projections are supported by actual performance.

The City may also consider offsetting the risk of relatively "weaker" market study findings by offering HOME assistance as permanent debt only, to be disbursed following actual lease-up of the development at proforma levels and achievement of stabilized occupancy.

Developer and Development Team

In most cases, projects considered by the City will be owned by single-purpose, single-asset entities created to hold title the development. For various purposes, including structuring necessary to comply with industry norms and take advantage of other funding sources such as LIHTC, the "owner" and "developer" of a project are often legally distinct entities, even if ultimately owned and controlled by the same underlying parties.

Developer Technical/Professional Capacity

In evaluating the capacity of the developer, the City will use the term more loosely to refer collectively to the underlying corporate entities and individuals that will own and control the single-purpose entity (excluding the investor member/limited partner). Additionally, the City requires various guarantees and indemnities from all of the underlying corporate and individual owners of the various limited partnership or limited liability corporation entities involved in the ownership and development of the project.

Developers should demonstrate:

- Recent, ongoing, and successful experience with the development of similar regulated affordable housing; and
- The presence of adequate staff, with specific experience appropriate to their role in the project, to successfully implement and oversee the project. This includes the assembly and oversight of the development team.

The City requires applicants to provide lists of real estate owned (including partnership/membership interests) by the developer as well as all projects underway. The City will review the performance of those projects, including financial factors like net occupancy, actual DCR, cash flow received, outstanding loan balances, and net equity of individual projects and the developer's overall portfolio.

Applicants are also required to provide descriptions of the role played by specific staff members relative to the proposed project along with resumes or other similar information demonstrating experience appropriate to the assigned staff member's role.

Financial Capacity

Developers must also demonstrate the financial capacity to support the proposed project both during construction and lease-up as well during ongoing operations. This includes not just that

the applicant has sufficient financial resources but that it has adequate financial systems in place to appropriately manage project funding, accurately account for all project costs, and provide reliable reporting to the City and other project funders.

At minimum, the City will review audited financial statements, interim financial statements, and individual personal financial statements to ensure that:

- The “primary” development entity’s most recent audit must demonstrate compliance with Generally Accepted Accounting Principles (GAAP) and must not express material weaknesses in the entity’s system of internal controls or financial management systems;
- The developer’s net worth (including the un-duplicated net worth of other guarantors) is equal to at least 10% of the total development cost of all projects underway (i.e. those that have received funding commitments from HOME or LIHTC but have not yet been completed and converted to permanent financing); and
- The developer has net liquid assets (current assets less current liabilities) equal to at least 3% of the total development cost of all projects underway.

Development Team
The City will also review the capacity of the development team including but not limited to the general contractor, architect, engineer, market analyst, management company, accountant, attorney, and any other specialized professionals or consultants.

As a whole, the development team should have the skills and expertise necessary to successfully complete and operate the development. Insomuch as possible, on balance the development teams should have worked successfully on other projects in the past. That is, while a developer may identify new development team members from project to project, an “entirely new” team may present added risk.

Additionally, when using development team members from outside of the region, the City will consider whether assigned team members have recent local experience or have been supplemented with local professionals. This may be particularly important for design professionals and legal counsel.

In no case, may any owner/developer/applicant or any member of the development team be a suspended, debarred, or otherwise excluded party.

Identify of Interest Relationships & Costs
Applicants must disclose all identity of interest relationships/contracts and/or costs involved in a transaction, including during the development period and following completion of the project. The City reserves the right to review any such costs further to ensure they are reasonable and consistent with the costs expected from arms-length relationships.

An “Identity of Interest” (whether or not such term is capitalized) is any relationship based on family ties or financial interests between or among two or more entities involved in a project-related transaction which reasonably could give rise to a presumption that the entities may not operate at arms-length. The City will take a broad approach to defining identities of interest and expects all applicants to err on the side of disclosure. That is, if there is any question about whether an identity of interest may exist, the relationship should be disclosed and explained to the City.

Beyond this general definition, an identity of interest relationship will be deemed to exist if:

- An entity, or any owner of any direct or indirect ownership interest in such entity, or any family member of any such owner is also an owner, through a direct or indirect ownership interest, or an officer, director, stockholder, partner, trustee, manager, or member of the counterparty; or
- Any officer, director, stockholder, partner, trustee, manager, member, principal staff, contract employee or consultant of an entity, or any family member of thereof, is an owner, through any direct or indirect ownership interest, or an officer, director, stockholder, partner, trustee, manager or member of the counterparty.

For purposes of this definition, "family member" means the spouse, parents or stepparents, children or stepchildren, grandparents or step-grandparents, grandchildren or step-grandchildren, aunts, uncles, parents-in-law, and siblings-in-law (or their children or stepchildren). It also includes any other similar relationship established by operation of law, including but limited to guardianship, adoption, foster parents, and the like.

Financial Analysis

As noted in the introduction, the City views underwriting as more than just the financial review of a project. However, a review of the underlying financial assumptions is still a critical and core part of underwriting. In reviewing projects, as a public funder the City must balance two somewhat competing perspectives.

Projects must be viable, that is they must have sufficient allowances for all costs to maximize the chances the project can meet or exceed its financial projections and thereby succeed in the marketplace. In other words, the project must represent a "safe" investment. However, taken to an extreme, "safe" or overly conservative projections can also result in a project that is over-subsidized and risks providing excessive returns to the owner/developer.

As a steward of very limited public funding for affordable housing, the City also needs to ensure that costs are reasonable, that they represent a "good deal" to the public, and that returns to the owner/developer are fair but not excessive. In seeking to balance these perspectives, the City has established the following review factors and principals.

Development Costs

In general, the City will review the entire project budget to all costs are reasonable yet that the budget is sufficient to complete and sustain the project. All line items, whether or not paid directly with HOME funds, must be necessary and reasonable.

The City will consider the cost of both specific line items as well as the total development cost on a per unit and per square foot basis, comparing costs to other projects from the City's portfolio, similar projects in the region (such as those funded by TDHCA), City-data from the Building Department, and/or third-party indices such as RS Means.

Selected Development Cost Items

Acquisition – Acquisition costs must be supported by an independent third-party appraisal prepared by a state-licensed appraiser. The purchase price must be at or below the as-is market value of the property. In the event an applicant has previously purchased land prior to applying to the City, the project budget may only reflect the lesser of the actual purchase price or the current market value. Standard closing costs from the acquisition may be included.

Applicants who purchased property prior to applying to the City, or following environmental releases under NEPA but prior to closing, may not charge or include financing costs associated with interim financing, whether from third-party or related lenders.

Architectural Fees – Architectural fees cannot exceed the following:
Design services: 6% of total construction costs
Supervision/Administration: 2% of total construction costs
City Soft Costs – The development budget for each project must include an allowance for the City's internal project-related soft costs as specified in periodic RFPs issued by the City. Similar to lender due diligence or lender legal costs, the inclusion of soft costs allows the City to recoup its direct costs of underwriting, processing, closing, and monitoring the project prior to project completion. These costs will be included in the HOME loan but may be drawn directly from HUD by the City rather than via payment requests from the project owner.

Construction Interest – Any budgeted line item for construction interest must be supported by developer period cash flow projections, modeling the actual expenditure of development costs and the anticipated pay-in of equity, HOME funds, and other construction period sources. For presentation purposes, only interest from the date of initial closing through the end of the month in which the building(s) are placed in service (i.e. approved for occupancy) may be included as construction interest. Additional interest following that date and prior to the conversion to (or closing on) permanent debt must be separately itemized and modeled. In most cases, this should be included in the "lease up reserve" noted below.

Contingencies – Applicants should include a contingency (inclusive of hard and soft costs) within the minimum and maximum amounts noted below. The contingency will be measured as a percentage of hard costs (including the construction contract plus any separate contracts for off-site work but excluding contractor fees).

- New construction projects should include a contingency of least 3% and no more than 7% of hard costs;
- Acquisition/rehabilitation projects, including adaptive reuse projects, should include a contingency of at least 5% and no more than 10% of hard costs.
- The City may consider higher contingencies based on identified risk factors such as the known need for environmental remediation or poor subsurface soils.

Contractor Fees – Contractor fees are limited as a percentage of net construction costs as further identified below. Net construction costs exclude the contractor fees, any budgeted contingency, and (even if otherwise included in the construction contract) permits and builder's risk insurance.

- Contractor Profit: 6% of net construction costs
- General Requirements/General Conditions: 6% of net construction costs. General requirements include on-site supervision, temporary or construction signs, field office expenses, temporary sheds and toilets, temporary utilities, equipment rental, clean-up costs, rubbish removal, watchmen's wages, material inspection and tests, all of the builder's insurance (except builder's risk), temporary walkways, temporary fences, and other similar expenses.
- Contractor Overhead: 2% of net construction costs.

With prior approval of the City, contractor fees may vary from the limits above provided the gross contractor fees do not exceed 14% of net construction costs.

Developer Fees – Developer fees are intended to compensate a developer for the time and effort of assembling a project, overseeing the development team, and carrying a project to fruition. Developer fees are also intended to compensate for the risk inherent in the development process, including that not every potential project proves viable and that developers must necessarily advance funds for their own operating costs and various third-party predevelopment costs prior to closing (or in some cases for projects that never proceed). The City, therefore, allows the inclusion of developer fees as follows:

- Developer Fee: 15% of total development costs less a) the developer fee itself; b) organizational expenses and/or syndication fees/cost (including investor due diligence fees); and c) reserves, escrows, and capitalized start-up/operating expenses (such as working capital, marketing, etc.).
- There is no maximum monetary limit, but at all times the Developer fee must be reasonable. Combined Contractor & Developer Fees: When an identity of interest exists between the owner/developer and the general contractor, the combined total of contractor fees and developer fees cannot exceed 20% of total development cost less a) the developer fee and b) other cost elements excluded from the calculation of the developer fee itself (see above).

In some cases, developers may delegate some of its responsibilities to third-party professionals or consultants. This may include contracting specific tasks – such as construction oversight of the builder or specialized consulting related to applying for or structuring various financial incentives like LIHTC. The costs of engaging such professionals, whether they are third parties or identity of interest relationships, must be paid from (and if separately itemized will be counted against) the allowable developer fee.

Reserves – Capitalized reserves to facilitate the initial start-up and to protect the ongoing viability of the project will include the following:

- Deficit Reserve: The City anticipates that in most cases, developments with predicted deficits during the affordability period would not be funded. However, in the event a development's long-term operating proforma projects actual cash deficits during the affordability period, an operating deficit reserve must be included in the development budget in an amount sufficient, taking into account any interest on reserve balances, to fully fund all predicted deficits through the affordability period.
- Lease-Up Reserve: A lease-up reserve intended to cover initial operating deficits following the completion of construction but prior to breakeven operations may be included. Any such reserve must be based on lease-up projections/cash-flow modeling and the lease-up (or absorption) period identified in the project's market study. In evaluating the appropriateness of any lease-up reserve, the City will consider whether the development budget includes specific line items for other start-up expenses that otherwise are typically part of the ongoing operating budget for a development. This may include budgets for marketing, working capital, etc.
- Operating Reserve: An operating reserve equal to three months of underwritten operating expenses, reserve deposits, and amortizing debt service must be included in the development budget. The operating reserve is intended as an "unexpected rainy day" fund and will only be accessible after a project has achieved stabilized occupancy.
- Replacement Reserve: For acquisition-rehabilitation projects, a capitalized replacement reserve must be included in the development budget. The capitalized replacement reserve

should be funded at the greater of i) $1,000 per unit; or ii) the amount determined by a capital needs assessment approved by the City.

- Other: The City may consider other specialized reserves as appropriate based on unique features of the project and/or requirements of other funding sources. These may include special security reserves, supportive service reserves, or transition reserves for projects with expiring project-based rental assistance contracts, etc.

Operating Revenues

The City will review an applicant's projection of operating revenues to ensure they are reasonable and achievable both initially and through the affordability period. In evaluating operating revenues, the City will take into account the i) project-specific market study; ii) actual operating performance from other comparable projects including those from the applicant's existing portfolio of real-estate owned; iii) data available from comparable projects in the City's portfolio; and/or iv) information available from actual performance within TDHCA's portfolio.

For purposes of the long-term operating proforma, operating revenue projections cannot be increased by more than 2% per year. The City reserves the right to "stress" proposals for underwriting purposes to assess the impact of lower inflationary increases, such as modeling the impact of only 1% rent increases for the first three to five years of a project's affordability period.

Rents

All rents should be supported by the market study. Including the utility allowance, the gross rent for any income/rent restricted unit should demonstrate at last a 15% "discount" compared to comparable "market rate" units.

Additionally, to hedge against flat or declining rents to the owner in the event that income limits (and therefore rents) do not increase in a given year (particularly between commitment and lease-up), gross rents should demonstrate at least a 2.5% discount from the regulatory limit imposed on any income/rent restricted units by HOME, LIHTC, or other similar sources. As an alternative to setting rents below the applicable regulatory limit, the City will consider increasing the allowance for vacancy by 2.5%.

Non-Rental Revenue

Non-rental revenue must be fully explained and conservatively estimates. In general, no more than $60-$240 per-unit, per-year may be budgeted in "other revenue" including that from tenant's fees (such as fees for late payment of rent, nonsufficient funds, garage/carport upgrades, pet fees, etc. or interest on operating account balances). Exceptions may be considered by the City based on the operating history of an acquisition/rehabilitation project or normalized operations are other comparable properties in the same market area.

Vacancy

Total economic vacancy includes physical vacancy (a unit is unrented), bed debt (a unit is occupied but the tenant is not paying rent), concessions (a unit has been leased for less than the budgeted rent), and "loss to lease" (an pre-existing lease is less than the most recently approved annual rent but will be adjusted upward at renewal).

In all cases, based on the market study or other data available to the City, the City reserves the right to require higher vacancy projections. This may include higher vacancy rates for small developments (e.g. less than 20 unit) where standard percentage assumptions about vacancy may not be appropriate. Minimum allowances for vacancy must include:

- 5% for projects where all units are supported by a project-based rental assistance contract with a term equal to or in excess of the affordability period (e.g. project-based Section 8); or
- 7% for all other projects.

As noted above, the minimum vacancy rate will be increased by 2.5% if budgeted gross rents are at the applicable regulatory maximums.

Operating Costs

The City will review an applicant's projection of operating expenses to ensure they are reasonable and adequate to sustain ongoing operations of the project through the affordability period. In evaluating a proposed operating budget, the City will compare projects costs to i) actual operating expenses of comparable projects in the applicant's existing portfolio of real-estate owned (insomuch as possible, comparable projects will be in the same vicinity and operated by the same management company); ii) actual operating expenses of other comparable projects in the City's portfolio; iii) data available on the operating costs of affordable housing in the TDHCA portfolio; and/or iv) minimum per-unit, per-year allowances established by the City through periodic RFPs for rental housing.

For purposes of the long-term operating proforma, operating expenses, including reserve deposits, will be inflated at no less than 3% per year. The City reserves the right to "stress" proposals for underwriting purposes to assess the impact of higher operating cost factors, such as modeling the impact of higher inflation rates in general of for specific items of cost (for example, assessing the impact of high rates of increase for insurance or development paid utility costs).

Selected Items of Operating Cost

City HOME Monitoring Fee – Pursuant to 24 CFR 92.214(b)(1)(i), the City assesses an annual HOME monitoring fee. The operating budget for each project must include an allowance for the City's annual HOME Monitoring Fee as specified in periodic RFPs issued by the City.

Property Management Fees – An allowance of 5% of effective gross income (i.e. gross rent potential plus other revenues minus actual vacancy, bad debt, concessions, etc.) should be included. In the event a lower management fee is proposed, the City will consider using a fee as low as 3% provided the proposed management company is acceptable to the City and has agreed in writing to the lower fee.

Property Taxes – Applicants must provide detailed explanations of property tax projections and, as applicable, provide documentation that any anticipated partial or full exemptions or payments in lieu of taxes (PILOT) have been approved by the appropriate tax assessor. In the absence of a tax exemption or PILOT, the operating budget must provide for a tax rate equal to 1.25% of the market value of the property or the City, at its option, may require confirmation from the tax assessor of the applicant's projection.

Replacement Reserve Deposits – The operating budget must include minimum replacement reserve deposits of:

- New Construction Family: $300 per-unit, per-year
- New Construction Senior: $250 per-unit, per-year
- Rehabilitation: The greater of i) $300 per-unit, per-year; or ii) a higher amount established by a Capital Needs Assessment (CNA) approved by the City.

Note: The City will reserve the right within a project's transactional documents to require periodic CNAs for all projects and to adjust ongoing replacement reserve deposits base on the results of the CNA to ensure that the replacement reserve is sufficient to address all anticipated needs for the project's affordability period of the term of the City's loan, whichever is longer.

Items Payable only from Surplus Cash
Certain costs, sometimes identified by project owners as "operating costs," cannot be included in the operating budget and will only be payable from surplus cash (aka cash flow). These include:

- Incentive Management Fees payable in addition to the allowable management fees noted above, whether paid to related party or independent third-party management fees.
- Asset Management Fees payable to any investor, general or limited partner, or member of the ownership entity.
- Deferred Developer Fees
- Operating Deficit Loan Payments made to any related party including any investor, general or limited partner, or members of the ownership entity.
- Other payments to investors, general or limited partners, or members of the ownership entity, however characterized, including but not limited to negative adjustors, yield maintenance fees, etc.

Ongoing Economic Viability
The City will review the ongoing economic viability of all projects, taking into account long-term projections of revenue and expenses. Projects must demonstrate they can be expected to remain viable for at least the affordability period, taking into account trending assumptions noted above, as well as other any other changes in operating revenues or expenses that can reasonably be anticipated based on other information available to the City or other project funders. In particular, the City will review the debt coverage ratio and operating margin as outlined below.

Debt Coverage Ratio
Projects must demonstrate a minimum debt coverage ratio (DCR) of 1.25 (Net Operating Income divided by amortizing debt service) throughout the affordability period. In some cases, for projects with relatively small levels of mortgage debt, this may require a higher initial DCR to ensure that the DCR in later years remains at or above the appropriate level.

Operating Margin
In addition to considering the DCR, the City will review the operating margin (surplus cash divided by total operating expenses and amortizing debt service). The operating margin must remain at or above 5% for the period of affordability.

Other Funding Sources
Prior to committing funds, all other funding sources necessary for a project must be identified, committed in writing, and consistent with the both the City's underwriting requirements and the affordability restrictions of the HOME program. In general, developers must make all reasonable efforts to maximize the availability of other funding sources, including conventional mortgage debt and tax credit equity (as applicable), within commercially available and reasonable terms.

Additionally, restrictions or limitations imposed by other funding sources cannot conflict with any applicable HOME requirements and cannot, in the discretion of the City, create undue risk to the City.

Senior Mortgage Debt
Any amortizing mortgage debt that will be senior to the City's HOME loan must:

- Provide fixed-rate financing;
- Have a term equal to or in excess of the HOME affordability period. The affordability period will generally be 15 years beyond the date of project completion as defined in 24 CFR 92.2 for acquisition/rehabilitation projects and 20 years for new construction projects. In practice, the date of project completion will not be the same as placed in service date for tax purposes but for most projects will occur prior to permanent loan conversion following property stabilization. Insomuch as possible, the first mortgage should have the longest amortization period available but cannot balloon prior to the expiration of the affordability period; and
- Allow the City's HOME covenant running with the land (i.e. the deed restrictions imposing the HOME affordability requirements) to be recorded senior to all other financing documents such that the HOME covenant is not extinguished in the case of foreclosure by a senior lender. Note the City HOME loan itself will be junior to conventional amortizing loans; only the deed restrictions must be senior.

Tax Credit Equity
Projections of tax credit equity must be documented by letters of intent or other similar offers to participate in the transaction by the proposed tax credit investor. Prior to committing funds, the applicant must provide evidence it has received a tax credit reservation from TDHCA and provide the proposed limited partnership agreement or operating agreement, as applicable, documenting the terms of the equity investment.

The City will review proposed equity pricing against information from other projects in the region to assess whether the pricing and terms are reasonable.

Deferred Developer Fee
It is common for projects to include deferred developer fees as a financing source. The City will generally require:

- That projections of surplus cash available (after any cash-flow contingent payment due the City) be sufficient to repay the deferred fee within 15 years (notwithstanding other waterfall provisions in the partnership or operating agreement, the City will assume that all surplus cash distributions will be credited against the developer fee);
- That following the initial application to the City, the level of deferred developer fee will remain fixed (in nominal dollar terms) in the event City underwriting identifies cost reductions, increases in other funding sources, or other changes that result in a net reduction of the "gap" to be filled with HOME funds; and
- That any net savings (or increased funding sources including but not limited to upward adjusters for tax credit equity) at project completion and cost certification will be used in equal parts to reduce the deferred developer fee and the City's permanent HOME loan. In the event savings are sufficient to eliminate the deferred fee in this manner, any remaining net savings will be used to further reduce the City's HOME loan, or in the sole discretion of the City, to increase the operating reserve.

Exceptions and Interpretation

The City has developed these guidelines for several reasons. Not only are they required by HUD as part of the City's role as a HOME participating jurisdiction, but more generally they are intended to provide clarity to applicants on what the City expects and transparency about the rules of the road. However, the City recognizes that it cannot pre-emptively identify every possible special circumstance that may warrant an exception to its general requirements, nor can it identify every possible loophole whereby a creative presentation of costs or other projections might subvert the general need to balancing of viability and reasonable returns, risk to the City and public benefit.

Consequently, the City reserves the right to waive specific underwriting criteria for specific projects when, in its judgement, the purposes of the program can be better achieved without taking on undue risk. When waiving any given requirement, the City may impose additional special conditions or business terms that are not otherwise typically applied to all projects.

For administrative ease, the City may also align its underwriting standards with those required by other public funders involved in a given transaction, particularly if those standards are more restrictive or conservative than the City's. However, the City retains the right, in its sole discretion, to decide whether to accept alternative standards.

The City also reserves the right to reject any element of a transaction that, despite not being specifically prohibited, was not anticipated by these guidelines of such an element or business term otherwise creates unacceptable risks, excessive returns to the owner/developer, or otherwise undermines the public purposes of the City's program.

Insomuch as is reasonable, the City will update and clarify these guidelines over time to account for exceptions, waivers, or additional restrictions it imposes.

APPENDIX 4
DESIGN GUIDELINES

This portion of the manual outlines the City's policy on Universal Design and the minimum design criteria for new affordable housing projects, to the extent allowed by law.

In order to ensure the sustainability of the projects supported by CDBG and HOME funds, the City has established guidelines in relation to Universal Design. In addition, the City wants to ensure that newly constructed units are compatible with existing neighborhoods.

Universal Design
This comprehensive housing policy creates a Universal Design construction requirement for all new single-family homes, duplexes, and triplexes using financial assistance from the City.

The goal of "Universal Design" is to ensure that housing can accommodate the needs of people with a wide range of abilities, including children, aging populations and persons with disabilities. Consequently, all new construction housing projects using City of Dallas CDBG and/or HOME funds will meet all the following criteria:

- At least one entrance shall have a 36-inch door and be on an accessible route.
- All interior doors shall be no less than 32 inches wide except for a door that provides access to a closet of fewer than 15 square feet in area. Each hallway shall have a width of at least 36 inches and shall be level and ramped or use beveled changes at each door threshold.
- All bathrooms shall have the walls reinforced around the toilet, bathtub, and shower for future installation of grab bars.
- Each electrical panel, light switch or thermostat shall be mounted no higher than 48 inches above the floor. Each electrical plug or other receptacle shall be at least 15 inches from the finished floor.
- An electrical panel located outside the dwelling unit must be between 18 inches and 42 inches above the ground and served by an accessible route.
- All hardware installed to open/close doors and operate plumbing fixtures shall be lever handles.

Universal Design Waiver or Exterior Accessibility Requirements
The Director or designee may only grant modifications or an exemption to the requirements regarding full compliance with the exterior path of travel on an individual case-by-case basis. The criteria for granting a modification or exemption are as follows:

- The lots rise or falls so steeply from the street that a maximum 1:12 slope cannot be achieved without extensive grading or
- The site lacks vehicular access via an alley

Universal Design Implementation
- Clearly stamp or print "Universal Design" on plans submitted
- Clearly identify universal design elements
- Certify that the plans comply with these requirements
- Plan checking, construction inspections and enforcement shall be accomplished in accordance with existing procedures.

Design Guidelines

All builders and developers of infill housing are strongly encouraged to incorporate the defining features of a neighborhood into newly constructed infill houses. Those defining features of older neighborhoods may include roof pitches, porches, materials, and window types. Developers must comply with any standards established by an existing neighborhood conservation district and/or approved neighborhood plan. Additionally, all projects must advance the principles and policies contained in the City of Dallas Complete Streets Design Manual. Site plans and building designs should contribute towards safe and convenient pedestrian, bicycle, transit and automobile access to the extent possible within the project site and the adjacent public right-of-way frontage.

For infill projects supported with CDBG and/or HOME funds, developers will be required to demonstrate that the neighborhood association near the land to be developed has been consulted on the design issues. Developers should obtain input and feedback from neighborhood residents and work with them to ensure that designs are compatible with existing housing and development patterns.

In extreme cases where an agreement cannot be reached between the developer and local neighborhood groups, CDBG and/or HOME funding may be pulled from the project.

Specific design guidelines may be developed for certain City sponsored projects. Historic and neighborhood conservation district requirements must also be met for all projects.

For rehabilitation projects, builders and developers are strongly encouraged to retain the defining features of older structures. This applies to multi-family and single-family projects.

APPENDIX 5
City of Dallas Income Limits and Part 5 Requirements

Per 24 CFR Part 92.203(b)(1), the City has elected to utilize the 24 CFR Part 5 definition for determining annual income which is commonly referred to as the "Section 8 Low-Income Limit". To be eligible for HOME or CDBG funds, households must have annual (gross) incomes at or below 80% of area median income, adjusted by household size and determined annually by the U.S. Department of Housing and Urban Development (HUD).

The *Technical Guide for Determining Income and Allowances for the HOME Program* should be utilized as a resource and the standard for the following determinations:

- Whose income to count
- Types of income to count
- Treatment of assets
- Income inclusions and exclusions
- Verifying income
- Comparing annual income to published income limits
- Determining household size
- Source documentation
- Timing of income certifications

The annual income limits are published by HUD each year at the webpage below. http://www.huduser.gov/portal/datasets/il/il15/index.html

APPENDIX 6
Community Housing Development Organization Policy, Procedure, and Standards

WHAT IS A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)?

A CHDO (pronounced cho'doe) is a private nonprofit, community-based service organization that has significant capacity, and whose **primary** purpose is, to develop affordable housing for the community it serves. Certified CHDOs receive special designation from the City of Dallas (City). The HOME Investment Partnership (HOME) Program definition of a CHDO is found at 24 CFR Part 92.2.

WHAT SPECIAL BENEFITS ARE AVAILABLE TO CHDOs?

HOME regulations require that the City set aside **15%** of its annual HOME allocation exclusively for qualified, eligible CHDO projects. If an organization becomes a certified CHDO, it is eligible to take advantage of the HOME funds set-aside just for CHDOs, as well as financial support for a portion of its operating expenses (Operating Assistance Grants) associated with CHDO projects. The City's CHDOs also have first right of purchase on land bank lots and as a nonprofit they are eligible to purchase HB110 lots.

REGULATORY REQUIREMENTS FOR CHDO CERTIFICATION

The U.S. Department of Housing and Urban Development (HUD) has established standard criteria for organizations to be eligible to become a certified CHDO:

1. **Organized Under State/Local Law**. A nonprofit organization must show evidence in its Articles of Incorporation that it is organized under state or local law.
2. **Nonprofit Status**. The organization must be conditionally designated or have a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c) of the Internal Revenue Code of 1986. A 501(c) certificate from the IRS must evidence the ruling.
3. **Purpose of Organization**. Among its primary purposes, the organization must have the provision of decent housing that is affordable to low- and moderate-income people. This must be evidenced by a statement in the organization's Articles of Incorporation and/or Bylaws.
4. **Board Structure**. The board of directors must be organized to contain no more than one-third representation from the public sector and a minimum of one-third representation from the low-income community.
5. **No For-Profit Control**. The organization may not be controlled by, nor receive directions from, individuals or entities seeking profit from or that will derive direct benefit from the organization.
6. **No Individual Benefit**. No part of a CHDO's net earnings (profits) may benefit any members, founders, contributors, or individuals. This requirement must also be evidenced in the organization's Articles of Incorporation.
7. **Clearly Defined Service Area**. The organization must have a clearly defined geographic service area outlined in its Articles of Incorporation and/or Bylaws. CHDOs may serve individual neighborhoods or large areas. However, while the organization may include an entire community in their service area (such as a city, town, village, county, or multi-county area), they may not include the entire state.
8. **Low-Income Advisory Process**. A formal process must be developed and implemented for low- income program beneficiaries and low-income residents of the organization's service area to advise the organization in all of its decisions regarding the design, location, development and management of affordable housing projects.

9. **Capacity/Experience**. The key staff and board of directors must have significant experience and capacity to carry out CHDO-eligible, HOME-assisted projects in the community where it intends to develop affordable housing (key staff and board of directors have successfully completed HOME-funded, CHDO-eligible projects in the past).
10. **Community Service**. A minimum of one year of relative experience serving the community(ies) where it intends to develop affordable housing must be demonstrated.
11. **Financial Accountability Standards**. The organization must meet and adhere to the financial accountability standards as outlined in 2 CFR 200 Subpart D, "Standards for Financial and Program Management."

CITY REQUIREMENTS FOR CHDO CERTIFICATION

In addition to the regulatory requirements, the City has established additional criteria for CHDO designation. To be eligible for CHDO designation, an organization must also:

1. Maintain a record of good standing with the Texas Secretary of State's office.
2. Maintain a staffed, physical office location in the proposed service area that is open for business and accessible by potential program applicants during customary business hours.
3. Have established a minimum **3**-year strategic business plan, which must include CHDO-related production and community involvement goals.
4. Maintain a history of no significant compliance findings on its City funded projects.

The City will accept applications from new CHDOs year-round; however, CHDO certifications will not be provided until a project is identified for funding and prior to execution of a written agreement. Please note that the criteria noted above is not intended to be all-inclusive and the City may require additional information prior to making a determination for CHDO designation. Meeting the above requirements does not guarantee that the organization will be granted CHDO designation. City reserves the right to deny or revoke CHDO designation based upon its evaluation of the nonprofit organization's performance. Designated CHDOs will be evaluated periodically for production and other benchmarks as established by City.

ORGANIZATIONAL STRUCTURE REQUIREMENTS FOR CHDO CERTIFICATION

The HOME Program establishes requirements for the organizational structure of a CHDO to ensure that the governing body of the organization is **controlled by the community it serves**. These requirements are designed to ensure that the CHDO is capable of decisions and actions that address the community's needs without undue influence from external agendas.

There are four specific requirements related to the organization's board, which must be evidenced in the organization's Articles of Incorporation and/or Bylaws. These are:

1. **Low Income Representation.** At least one-third of the organization's board must be representatives of the low-income community served by the CHDO. There are three ways a board member can meet the definition of a low-income representative:

    - The person lives in a low-income neighborhood where **51%** or more of the residents are low-income. This person need not necessarily be low-income.

    or

    - The person is a low-income (below **80%** area median income) resident of the community.

or

- The person was elected by a low-income neighborhood organization to serve on the CHDO board. The organization must be composed primarily of residents of the low-income neighborhood and its primary purpose must be to serve the interests of the neighborhood residents. Such organizations might include block groups, neighborhood associations, and neighborhood watch groups.

The CHDO is required to certify the status of low-income representatives.

2. **Public Sector Limitations**. No more than one-third of the organization's board may be representatives of the public sector, including elected public officials, appointees of a public official, any employees of a local government or public school system, or employees of City or the State of Texas. If a person qualifies as a low-income representative **and** a public-sector representative, their role as a public-sector representative supersedes their residency or income status. Therefore, this person counts toward the one-third public sector limitation.
3. **Low-Income Advisory Process**. Input from the low-income community is not met solely by having low-income representation on the board. The CHDO must provide a formal process for low-income program beneficiaries to advise the CHDO on design, location of sites, development and management of affordable housing. The process must be described in writing in the Articles of Incorporation and/or Bylaws. Each project undertaken by the CHDO should allow potential program beneficiaries to be involved and provide input on the entire project from project concept, design and site location to property management. One way to accomplish this requirement is to develop a project advisory committee for each project or community where a HOME assisted project will be developed. Proof of input from the low-income community will be required at the CHDO's annual recertification.
4. **For-Profit Limitations**. If a CHDO is sponsored by a for-profit entity, the for-profit may not appoint more than one-third of the board. The board members appointed by the for-profit may not appoint the remaining two-third of the board members.

EXPERIENCE, CAPACITY AND ROLES (24 C.F.R. 92.300-92.303)
To be certified as a CHDO, the HOME Program requires organizations to demonstrate sufficient experience, capacity, and financial accountability.

Experience & Capacity: A CHDO must certify to City that it has the capacity, demonstrated by having paid staff with demonstrated capacity to perform the specific role for which is it being funded. CHDO staff can be full-time or part-time and can be contract employees. The CHDO cannot count the experience of board members, donated staff, parent organization staff, or volunteers to meet the capacity requirement. The CHDO can only count capacity brought to the table by a consultant in the first year of participation. Afterward, the CHDO must demonstrate capacity based upon paid staff.

The CHDO must demonstrate experience and capacity relevant to the project and its role as owner, developer, or sponsor. If the CHDO is the owner, its staff must have the capacity to act as the owner (this may mean the ability to oversee development.) If the CHDO is the developer or sponsor, its staff must have development experience on projects of similar scope or complexity.
CHDOs must demonstrate a history of serving the community where the housing to be assisted with HOME funds will be located. HUD requires that organizations show a history of serving the community by providing:

- A statement that documents at least one year of experience serving the community.
- For newly created organizations, provide a statement that the parent organization (if applicable) has at least **1**-year experience serving the community.

CHDOs must provide resumes and/or statements of key staff members that describe their experience of successfully completed projects similar to those proposed.

CHDO SERVICE AREA
While the City does not limit the number of counties is a CHDO's service area, the very definition of a CHDO is that it be community-based. Therefore, an organization proposing a large or regional service area must demonstrate that it is taking the appropriate steps to achieve the community-based component. Some of the ways this can be achieved is by having an active community (nonpublic) representative from each of the counties on the CHDO's board of directors; establishing local advisory councils to advise the CHDO board on topics relative to the organization's activities; hosting "town hall" meetings in the proposed project areas, etc. the City will consider other methods suggested by the CHDO. CHDOs will be required to provide updates on how it is ensuring that it is active and visible in the communities included in its service area.

The City reserves the right to limit CHDOs going into a service area where an existing CHDO is already providing service. Unless a CHDO is already approved to serve a particular territory, the City will not approve CHDOs to serve overlapping territory.

CHDO RECERTIFICATION
To ensure compliance with the HOME regulations, the recertification process will apply to CHDOs with active development projects including those under development and within the affordability period. Each CHDO will be required to submit specific information to City on an annual basis in conjunction with annual monitoring and compliance audits, including, but not limited to:

- The response to questions, numbered exhibits, and attachments listed in the City's CHDO certification application
- An updated **3-year** business plan and a description of how the low-income advisory process was implemented. If no HOME funds were used within the reporting period, a detailed description of all other affordable housing initiatives undertaken will be requested.

Recertification will be required **ANNUALLY WHEN THE CITY MONITORS THE CHDO FOR COMPLIANCE**. The CHDO must recertify as to its continued qualifications as a CHDO and its capacity to own, sponsor, or develop housing.

CHDOs that have not been allocated project funds from the HOME CHDO set-aside for **3** consecutive years will be deemed inactive. At its discretion, the City may revoke the designation of inactive CHDOs based upon a review of other non-CHDO housing activities the organization has undertaken (if any), as well as other factors deemed appropriate by City.

CHDO SET-ASIDE
The HOME requirements at 24 CFR Part 92.300 require City to set aside at least **15%** of its annual HOME allocation for projects owned, developed or sponsored by CHDOs. A certified CHDO must serve as the owner, developer or sponsor of a HOME-eligible project when using funds from the

15% percent CHDO set-aside. A CHDO may serve in one of these roles or it may undertake projects in which it combines roles, such as being both an owner and developer. The CHDO must be certified for each type of activity it plans to undertake.

FINANCIAL ACCOUNTABILITY
CHDOs must have financial accountability standards that conform to the requirements detailed in 2 CFR 200 – Subpart D, "Standards for Financial and Program Management." This can be evidenced by:

- A notarized statement by the president or chief financial officer of the organization.
- Certification from a certified public accountant.
- Audit completed by CPA.
- City reserves the right to request additional audited financial statements at any time.

ELIGIBLE AND INELIGIBLE USES OF HOME CHDO SET-ASIDE FUNDS

ELIGIBLE ACTIVITIES - OWNERS, SPONSORS, DEVELOPERS
Using the **15%** set-aside, a CHDO acting as an owner, sponsor, or developer may undertake any of the following activities:

- Acquisition and/or rehabilitation of rental property;
- New construction of rental housing;
- Acquisition, rehabilitation and resale of existing, vacant homebuyer property;
- New construction of homebuyer property;
- Direct financial assistance to purchasers of HOME-assisted housing developed by a CHDO with HOME CHDO set-aside funds.

Please note that to be considered a CHDO-eligible project, CHDO set-aside HOME funds must be used during the construction or rehabilitation of the project.

INELIGIBLE CHDO ACTIVITIES
Using the **15%** set-aside, a CHDO may not undertake any of the following activities:

- Rehabilitation of existing homeowners' properties;
- Tenant-based rental assistance (TBRA); or
- Down payment and/or closing cost assistance to purchasers of housing not developed with HOME CHDO set-aside funds.

ELIGIBLE ACTIVITIES – SUBRECIPIENTS
CHDOs may also act as subrecipients with non-set-aside funds by undertaking other HOME-eligible activities such as:

- Tenant-Based Rental Assistance (TBRA);
- Owner-occupied rehabilitation of single-family dwellings; and
- Down payment or closing cost assistance in the acquisition of single-family units.

OPTIONAL OPERATING EXPENSES
From time to time, funds may be available to provide general operating assistance to CHDOs receiving CHDO set-aside funds for activities. When funds are available, certified CHDOs that are administering an eligible project funded from the CHDO set-aside may be eligible to receive funds

to be used for operating expenses. The regulations allow the City to allocate no more than **5%** of its HOME allocation for CHDO operating expenses (Operating Assistance Grants). However, the City reserves the right to further restrict the amount of funds an entity may receive for CHDO operating funds. This allocation does not count toward the required **15**% CHDO set-aside funds that are to be used by CHDOs for projects.

The amount of the optional Operating Assistance Grants awarded will be based on, but not limited to, the following factors:

- The total amount of HOME funds City has available to allocate for reimbursable CHDO operating expenses;
- The anticipated completion date and size of your current CHDO set-aside project(s); and
- The CHDO's past performance as a CHDO developer.
- The CHDO's capacity to complete the project in a timely manner.
- The ability of the CHDO to retain CHDO proceeds.

The City will allocate Operating Assistance Grants on annually. Operating Assistance Grants will be provided on a fiscal year basis (October 1 – September 30) provided funds are available and the CHDO has demonstrated acceptable performance.

Although the disbursement of CHDO operating funds is not tied directly to the drawdown of the CHDO project funds, the City reserves the right to delay disbursement of operating funds if it is evident that the CHDO project is experiencing excessive delays.

City reserves the right to reduce the amount of, or not award, operating funds based upon its evaluation of the CHDO's production and overall performance.

Eligible operating expenses for which CHDOs may use operating funds include:

- Salaries, wages, benefits, and other employee compensation
- Employee education, training and travel
- Rent and utilities
- Communication costs
- Taxes and insurance
- Equipment, materials and supplies

Because the purpose of providing CHDO operating support is to nurture successful CHDOs and ensure their continued growth and success, the City will periodically evaluate the performance of any CHDO wishing to receive CHDO operating funds.

CHDO PROCUREMENT

As noted in HUD CPD Notice 97-11, CHDO organizations are not subject to the requirements of 2 CFR, Part 200 in regard to the procurement of goods and services. However, the City strongly encourages organizations to ensure that costs are reasonable and equitable. This exemption is only applicable to procurement associated with CHDO-eligible projects; CHDOs must still follow appropriate procurement procedures compliant with Part 200 for its non-CHDO projects. City may request a copy of the CHDO's procurement policy for any non-CHDO project funding proposals.

EFFECTIVE PERIOD OF CHDO CERTIFICATION

To maintain its CHDO certification, the CHDO must submit at least **30** days prior to its annual compliance and monitoring audit a copy of the most recent audit financial statements along with all required attachments listed in the City's CHDO Certification Application, which is attached to this manual as **Exhibit "A" – City CHDO Application**. If the CHDO fails to submit the recertification packet, the CHDO may no longer qualify as a CHDO. Prior to awarding any City CHDO funds, the CHDO must recertify that no changes have occurred within the agency that would disqualify the entity as a CHDO for the specific type of activity being undertaken.

HOW TO APPLY FOR CHDO CERTIFICATION

Complete the City's CHDO Certification Application including all requested attachments, documentation, and forms. The applicant has **30** days to respond to any request for additional information. If information is not received within **30** days, the CHDO certification application will be denied.

APPENDIX 7
Recapture/Resale Requirements for Homebuyer Activities

To ensure that HOME investments yield affordable housing over the long term, HOME regulations impose occupancy requirements over the length of an affordability period. If a house purchased with HOME funds is sold during the affordability period, recapture or resale provisions as per 24 CFR 92.254 shall apply to ensure the continued provision of affordable homeownership.

Definitions

Affordability Period: Occupancy restrictions for varying lengths of time for those homeowners assisted with HUD HOME funds. The affordability period affects the terms of the resale/recapture of the property if sold during the affordability period.

HOME Affordability Periods	
HOME subsidy/unit	Minimum Period of Affordability in Years
Under $15,000	5
$15,000 to $40,000	10
Over $40,000	15

Direct Homebuyer Subsidy: A direct subsidy consists of any financial assistance that reduces the purchase price from fair market value to an affordable price, or otherwise directly subsidized the purchase (e.g., down payment or closing cost assistance, subordinate financing, etc.).

Development subsidy: A development subsidy is the difference between the cost to develop housing and the market price. For example, the PJ might provide a $50,000 construction loan to a developer. The appraised value after construction will be $45,000 because of neighborhood and the market conditions. The $5,000 difference between the $45,000 sale price and $50,000 construction loan is not repaid to the PJ and represents a development subsidy provided to the developer. While the subsidy does not go directly to the homebuyer, it helps make development of an affordable home feasible.

Summary of Provisions for the City of Dallas by Subsidy Type:		
Direct Homebuyer Subsidy (DHS)	**DHS + Development Subsidy**	**Development Subsidy**
Recapture provisions shall apply	Recapture provisions shall apply	Resale provisions shall apply

Net Proceeds: The sales price minus loan repayment (other than HOME funds) and closing costs.

Recapture Requirements

Pursuant to HOME regulations at 24 CFR 92.254(a)(5) each HOME-funded homebuyer unit must be subject to either resale or recapture requirements during the affordability period. The City of Dallas exclusively uses the recapture provisions as defined herein and does not intend to use resale restrictions.

The City of Dallas provides HOME-funded direct buyer assistance to income eligible buyers based on need as dictated by the City of Dallas Homebuyer Assistance Program Underwriting Guidelines.

The level of HOME assistance provided to a buyer is based on an evaluation of the buyer's individual need taking into account their specific income, debts, etc. according to the City's underwriting policies for homebuyer assistance. Depending on the level of homebuyer assistance provided, the affordability period may be five (5) years (less than $15,000 in direct assistance), ten (10) years ($15,000 or more but less than $40,000 in direct assistance), or fifteen (15) years ($40,000 or more in direct assistance). Based on the City's program design, most projects trigger a 5- or 10-year affordability period.

All buyers sign a HOME written agreement with the City outlining the affordability period and recapture provisions. HOME assistance is provided in the form of a deferred loan secured by a second-position deed of trust which is due and payable upon sale or transfer of title. In the event buyers remain in the unit beyond the end of the affordability period, the HOME loan remains outstanding until sale or transfer of title while the term of the HOME written agreement expires.

Any sale or transfer of title during the affordability period results in recapture by the City of the lesser of the:

- Entire amount of direct HOME assistance originally provided to the buyer (less any voluntary prepayments previously made); or
- Net proceeds of sale (sales price minus senior secured debt minus reasonable seller's closing costs).

When the net proceeds are inadequate to fully repay the City's HOME loan, the City accepts the net proceed as full and final payoff of the note. The City reserves the right to determine that the sales price reflects an arms-length transaction at fair market value. Receipts received as a result of a sale within the affordability period are recorded as "recaptured funds." When net sales proceeds exceed the HOME assistance, buyers retain all remaining net proceeds after repaying the HOME loan balance.

After the expiration of the affordability period, any sale or transfer requires the HOME loan balance be repaid, and the City similarly limits the payoff to the net proceeds of sale. Receipts collected after the affordability period has expired are recorded as "program income." Net proceeds in excess of the City's HOME loan balance are retained by the original homebuyer.

Resale Requirements

The City of Dallas shall require that Resale provisions be used in the event that only a Development Subsidy is used to make the home affordable (i.e. funding construction to the developer). In a project where both Development and Direct subsidies are provided, recapture provisions apply.

Resale provisions require the homeowner to sell to another low-income homebuyer. The resale requirement must ensure that the price at resale provides the original HOME-assisted owner a fair return on investment and ensure that the housing will remain affordable to a reasonable range of low-income homebuyers as defined below:

Affordable to range of low-income homebuyers (As it relates to the Resale Provision only): That which is affordable to a family earning 80% AMI and below and that who do not pay any more than 30% their gross income for PITI (Principle, Interest, Tax, and Insurance).

Fair Return on Investment (As it relates to the Resale Provision only): A Homeowner can sell the home during the affordability period according to the following chart:

Fair Return on Investment (as it relates to Resale Provision only)		
Years	**Lower Range**	**Max Limit**
Year 1-5 of Affordability Period	A Homeowner can sell the home during the affordability period for no more than 15% over DCAD's most recent appraisal value	Current (as of date of sale) Affordable Home Price as set forth in the City of Dallas Housing Policy
Year 6-15 of Affordability Period	No Cap on appreciation rate	Current (as of date of sale) Affordable Home Price as set forth in the City of Dallas Housing Policy

Homeownership projects undertaken using the resale provision shall use deed restrictions, covenants running with land, or other similar mechanisms per 92.254(a)(5)(i)(A) to ensure the resale requirements. The period of affordability specified in the mortgage will be the minimum period for the project as specified above. The period of affordability is based on the total amount of HOME funds invested in the housing.

Either recapture or resale provisions must be detailed and outlined in accordance with 24 CFR in marketing brochures, written agreements and all legal documents with homebuyer. Either recapture or resale may be used within a project, not both. Combining provisions to create "hybrids" is not allowed.

APPENDIX 8
City of Dallas Affirmative Fair Housing Marketing Policy

The Affirmative Fair Housing Marketing (AFHM) Plan is a marketing strategy or approach designed to attract renters and buyers that would be least likely to apply to assisted multi- family or single-family developments. The City of Dallas requires that all recipients and sub-recipients of HOME, CDBG or NSP funds, for all projects resulting in five (5) or more assisted housing units, implement affirmative marking approaches as part of the overall marketing strategy. To market affirmatively means that a good faith effort is made to attract to a project those minority or majority groups who are least likely to apply or are underrepresented in a neighborhood or community. Good faith efforts are recorded activities and documented outreach to those individuals identified as least likely to apply. Affirmative marketing requirements apply to all housing programs, including, but not limited to Tenant- Based Rental Assistance and Down Payment Assistance Programs.

The City of Dallas is committed to affirmatively market to such groups and requires that recipients of HOME/CDBG funds to submit an AFHM Plan using HUD Form 935.2B for single- family developments and HUD Form 935.2A for multi-family developments, prior to expending any funds on a project.

In developing an Affirmative Marketing Plan, the recipient/managing agent shall abide by the following:

Regulations

HOME: The recipient/managing agent shall adopt the affirmative marketing procedures and requirements as specified in the HOME Final Rule 92.351 for all projects resulting in five (5) or more HOME-assisted housing units.

CDBG: The Housing and Community Development Act of 1974, as amended, requires from each federal grantee, through the Consolidated Plan certify the following:

- Examine and attempt to alleviate housing discrimination with their jurisdiction;
- Promote fair housing choice for all persons;
- Provide opportunities for all persons to reside in any given housing development, regardless of race, color, religion, sex, disability, familial status, or national origin;
- Promote housing that is accessible to and usable by persons with disabilities;
- And comply with non-discrimination requirements of the Fair Housing Act.

Policy on Nondiscrimination and Accessibility

The recipient/managing agent shall not discriminate against any individual or family because of race, color, national origin, religion, gender, disability, familial status, sexual orientation, gender identity or expression or source of income (disability, child support, spousal support or veteran's income or voucher). Reasonable accommodations will be offered to all disabled persons who request accommodations due to disability at any time during the application, resident selection and rent up process.

Training

- The recipient/managing agent shall provide property management staff with all relevant

regulations and Fair Housing provisions. All property management staff shall be required to follow the procedures and policies adopted by the recipient/managing agent. In the event that property management staff requires fair housing technical assistance, staff is to call the **City of Dallas Office of Fair Housing and Human Rights 214-670-FAIR (3247).**

- Regular training programs shall include marketing, outreach, data collection, reporting, and record keeping. Property management staff shall annually receive instruction regarding fair housing laws and the recipient/managing agent's Affirmative Marketing Plan.

Marketing and Outreach

- All advertising shall display the Equal Housing Opportunity logo or the phrase "Equal Housing Opportunity" and the accessibility logo when appropriate, as shown below:



- Consistent with resident population the development is designed to serve, the marketing of the project will ensure equal access to appropriate size units for all persons in any category protected by federal, state, and local laws governing discrimination. There will be no local residency requirements nor will preference be given to local residents for the project. Special marketing outreach consideration shall be given to the following traditionally underserved populations:
  - African Americans
  - Native Americans
  - Hispanics
  - Asians and Pacific Islanders
  - Disabled Persons

- Marketing shall include the use of newspapers of general circulation in Dallas. The recipient/managing agent will place notices in newspapers, specialized publications, and newsletters to reach potential residents. Applications, notices and all publications will include a Fair Housing and Equal Opportunity Logo, and the Accessibility Logo.

- The recipients/managing agent will contact local civic and community organizations representative of the ethnic and cultural diversity of the area in order to disseminate information about the development. Groups representing disabled and elderly individuals will be contacted. Where necessary, recipient/managing agent will publish its marketing materials in multiple languages and alternate formats as requested in order to better reach potential recipients and sub-recipients in the area with language limitations.

Race and Ethnic Data Collection and Reporting

An applicant shall be given an application package containing the following: Application, Income Requirements and form HUD-27061-H "Race and Ethnic Data Reporting Form." The recipient/managing agent is required to offer each household member the opportunity to complete the form. Parents or guardians are to complete the form for children under the age of 18. Completed documents for the entire household shall be stapled together and place in the household's file.

Compliance Assessment

- The recipient/managing agent will review the Affirmative Marketing Plan every year and update as needed to ensure compliance. The advertising sources will be included in the review to determine if past sources should be changed or expanded.

- The recipient/managing agent will annually assess the success of affirmative marketing actions for the project. If the demographic data of the residents vary significantly from the jurisdiction's population data, advertising efforts and outreach will be targeted to underrepresented groups in an attempt to balance the residents with the demographics of the jurisdiction. The recipient/managing agent shall submit any changes to the plan to the Fair Housing Office.

Record Keeping

- The assigned recipient/managing agent shall establish and maintain an Affirmative Marketing file to hold advertisements, flyers, and other public information documents to demonstrate that the appropriate logo and language have been used. Additionally, staff shall keep records of its activities in implementing the affirmative marketing plan, including other community outreach efforts and its annual analysis.
- Recipient/managing shall keep up-to-date records based on census data, applications, and surveys about community residents, recipients and sub-recipients, residents of the project, and records about tenant selection or rejection.
- The recipient/managing agent shall provide City staff provide City staff access to any pertinent books, documents, papers or other records of their properties, as necessary, for determining compliance with civil rights and nondiscrimination requirements.

APPENDIX 9
Residential Anti-Displacement and Relocation Assistance Plan (RARAP)

This Residential Anti-Displacement and Relocation Assistance Plan (RARAP) is prepared by the City of Dallas Housing & Neighborhood Revitalization Department (City) in accordance with the Housing and Community Development Act of 1974, Section 104(d) as amended and HUD regulations at 24 CFR 42.325 and is applicable to CDBG, CDBG-R, Section 108 Loan Guarantee Program, NSP and/or HOME-assisted projects.

Plan to Minimize Displacement of Low/Mod-Income Families as a Result of Any HUD Assisted Activities

Consistent with the goals and objectives of activities assisted under the Act, the City will take the following steps to minimize the direct and indirect displacement of persons from their homes:

- Coordinate code enforcement with rehabilitation and housing assistance programs.
- Support the Redevelopment and Stabilization Target Areas through this policy
- Ensure the staging of rehabilitation of apartment units to allow tenants to remain in the building/complex during and after the rehabilitation, working with empty units first.
- Ensure for the arrangement of facilities to house persons who must be relocated temporarily during rehabilitation.
- Identify and mitigate displacement resulting from intensive public investment in neighborhoods.
- Provide reasonable protections for tenants faced with conversion to a condominium or cooperative.
- Where feasible, give priority to rehabilitation of housing, as opposed to demolition, to avoid displacement.
- If feasible, allow for demolition or conversion of only dwelling units that are not occupied or vacant occupied dwelling units (especially those units which are “lower- income dwelling units” (as defined in 24 CFR 42.305).
- Target only those properties deemed essential to the need or success of the project.

Relocation Assistance to Displaced Persons

The City will ensure relocation assistance for lower-income tenants who, in connection with an activity assisted under the above-mentioned Programs, move permanently or move personal property from real property as a direct result of the demolition of any dwelling unit or the conversion of lower-income dwelling unit in accordance with the requirements of 24 CFR 42.350.

A displaced person who is not a lower-income tenant, shall be provided relocation assistance in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970m Section 104(d) as amended, and implementing regulations at 49 CFR Part 24.

One-for-One Replacement of Lower-Income Dwelling Units

The City will ensure replacement of all occupied and vacant occupied lower-income dwelling units demolished or converted to use other than lower-income housing in connection with a project assisted with funds provided under the above-mentioned programs in accordance with 24 CFR 42.375.

Before entering into a contract committing the City to provide funds for a project that will directly result in demolition or conversion of lower-income dwelling units, the City will ensure publication of such project in a newspaper of general circulation and submit to HUD the following information in writing:

- A description of the proposed assisted project;
- The address, number of bedrooms, and location on a map of lower-income dwelling units that will be demolished or converted to a use other than as lower-income dwelling units as a result of assisted project;
- A time schedule for the commencement and completion of the demolition or conversions;
- To the extent known, the address, number of lower-income dwelling units by size (number of bedrooms) and location on a map of the replacement lower-income housing that has been or will be provided. NOTE: See also 24 CFR 420.75(d).
- The source of funding and a time schedule for the provision of the replacement dwelling units;
- The basis for concluding that each replacement dwelling unit will remain a lower- income dwelling unit for at least 10 years from the date of initial occupancy; and
- Information demonstrating that any proposed replacement of lower0income dwelling units with smaller dwelling units (e.g., a 2-bedroom unit with two 1- bedroom units), or any proposed replacement of efficiency or single-room occupancy (SRO) units with units of a different size, is appropriate and consistent with the housing needs and priorities identified in the HUD-approved Consolidated Plan and 24 CFR 42.375(b).

To the extent that the specified location of the replacement dwelling units and other data in items 4 through 7 are not available at the time of the general submission, the general location of such dwelling units will be identified on a map and the City will ensure that the disclosure and submission requirements are completed as soon as the specific data is available.

Replacement not required Based on Unit Available

Under 24 CFR 42.375(d), the City may submit a request to HUD for a determination that the one-for-one replacement requirement does not apply based on objective data that there is an adequate supply of vacant lower-income dwelling units in standard condition available on a non-discriminatory basis within the area.

Responsible Entity

The City is responsible for tracking the replacement of lower income dwelling units and ensuring that they are provided within the required period. This City will also ensure that relocation payments and other relocation assistance are provided to any lower-income person displaced by the demolition of any dwelling unit or the conversion of lower-income dwelling units to another use.

APPENDIX 10
Other Federal Requirements

Other Federal Requirements	Apply to Owner Occupied Rehabilitation?	Apply to Homebuyer Programs?	Applies to Rental Housing Programs?
Non-Discrimination and Equal Access Rules			
Fair Housing and Equal Opportunity	Yes. Must affirmatively further Fair Housing	Yes	Yes.
Affirmative Marketing	Yes.	Yes, for all projects of five or more HOME-assisted units.	Yes; for projects containing five or more Home-assisted units.
Accessibility for Disabled Persons	Accessibility features must be part of rehabilitation, if needed by owner/occupant and the overall unit is brought up to the PJ's property standard. (Note: Accessibility improvements are eligible costs.)	Yes.	Yes.
Employment and Contracting Rules			
Equal Opportunity Employment	Yes.	Yes.	Yes.
Section 3 Economic Opportunity		Yes, if amount of assistance exceeds $200,000 or contract ***or*** subcontract exceeds $100,000.	Yes, if amount of assistance exceeds $200,000 or contract ***or*** subcontract exceeds $100,000.
Minority/Women Business Enterprises	No.	Yes.	Yes.
Davis-Bacon & other Labor	No.	Yes, if construction contract includes 12 or more units that are HOME-assisted	Yes, if construction contract includes 12 or more units that are HOME-assisted
Conflict of interest	Yes.	Yes.	Yes.
Excluded Parties (e.g., Debarred Contractors)	Yes.	Yes	Yes.
Other Federal Requirements			
Environmental Reviews	Yes.	Yes	Yes.
Flood Insurance	Yes for PJs that are cities/counties. No for State programs.	Yes if city or county. No if state program	Yes for PJs that are cities/counties. No for State PJs.

Site and Neighborhood Standards	No.	No.	Yes; for rental new construction only
Lead-Based Paint	Yes for pre-1978 units	Yes for pre-1978 units.	Yes for rehabilitation of pre-1978 units. Applies to HOME and non-HOME assisted units. Requirements differ depending on whether rehabilitation work is performed.
Relocation	Yes.	Yes	Yes.

APPENDIX 11
Lead-Based Paint Requirements

This portion of the manual outlines the requirements in relation to Lead-Based Paint.

The U.S. Department of Housing and Urban Development recently adopted new regulations in relation to the treatment of Lead Based Paint in properties built before 1978 that are assisted with HUD funding. The requirements are outlined below based on the activity undertaken. To obtain a copy of the rules from HUD, go to the HUD website at: www.hug.gov/lead and download the regulation.

The section does not outline the City programs that are available to provide financial assistance in relation to lead abatement. Please note, however that any financial assistance provided by the City to address lead-based paint will be in the form of a GRANT to the homeowner to developer.

Down-payment Assistance Programs:

The following are HUD's requirements See 24 CFR part 35 (subpart K):

- Distribute Lead Hazard Information Pamphlet and Disclosure to buyers of homes built prior to 1978.
- Perform Visual Assessment of all painted surfaces.
- If Visual Assessment reveals deteriorated paint, action must be taken to stabilize each deteriorated paint surface.
    - At this point, one will have to assume every component has lead since the Visual Assessment does not determine where lead is present. Safe work practices must be used by trained worker in this field. Paint stabilization works will on non-friction surfaces such as walls (interior/exterior). When dealing with friction points such as windows and doors, abatement procedures (removal, replacement, enclosure) are recommended.
- After paint stabilization, clearance must be performed by a certified Risk Assessor or Lead Inspector. HUD has established lead levels that meet clearance requirements.
- Notify the homebuyer within 15 days of results of clearance exam.

At the Visual Assessment Stage, the homebuyer may opt for a lead test. This will reveal the levels of lead present in the home. A lead inspection will not tell you the risk involved, but only where the leas is located. This is when a buyer may request a Risk Assessment to outline the necessary Lead Hazard Reduction methods needed to insure a lead safe residence.

Following are some options (NOT REQUIREMENTS) to consider in relation to your program design for down payment assistance programs:

- If the visual assessment reveals defective paint in which stabilization and clearance is required then this cost can be funded by the nonprofit or the homebuyer or seller.
- If visual assessment shows no deterioration of a painted surface, the homebuyer can sign a waiver stating that they are aware of the potential presence of lead paint and they choose not to address it.
- A qualified consultant should advise on any lead inspection, lead hazard screen or risk assessments.

For Rehabilitation Programs (Owner-Occupied, Homebuyer, and Rental Property Rehabilitation Programs and Historic Preservation Residential Programs):

See 24 CFR Part 35 (subpart J)

If you are implementing a rehabilitation program, HUD's requirements are a bit more stringent in relation to lead based paint. The following describes HUD's requirements:

For HUD funded rehabilitation activities, lead hazard evaluation and reduction activities must be carried out for all projects constructed before 1978.

In all case, notification must be made to the homeowner/buyer in the form of the HUD Lead Hazard Information Pamphlet and Disclosure or an acceptable alternative pamphlet.

The required evaluation and reduction activity is dependent upon the amount of HUD funding used for the project.

For cases where less than or equal to $5,000 will be spent on the rehabilitation: *Testing:* Paint Testing of surfaces to be disturbed by the rehabilitation activities must occur.

Lead Hazard Reduction: Surfaces, which are disturbed during rehabilitation, must be re paired. Safe work practices must be used. After the rehabilitation activities are completed, clearance must be performed by a certified professional to ensure that units are safe.

For cases where $5,001 to $25,000 will be spent on the rehabilitation:
Testing: Paint testing of surfaces to be disturbed by rehabilitation must occur. In addition, a risk assessment must be performed.

Lead Hazard Reduction: Interim controls must be used. This means that the friction and impact surfaces would be addressed. Interim controls include paint stabilization and cleaning. Safe work practices must be used. After the rehabilitation activities are completed, clearance must be performed by a certified professional to ensure that units are safe.

For cases where more than $25,000 will be spent on the rehabilitation:
Testing: Paint testing of surfaces to be disturbed by rehabilitation must occur. In addition, a risk assessment must be performed.

Lead Hazard Reduction: abatement of hazards is the required approach. Abatement involves permanently removing lead-based hazards, often through paint and component removal, replacement, encapsulation and enclosure. Interim controls and paint stabilization may be used on the home's exterior if it is not involved in the rehabilitation. Safe work practices must be used. After the lead hazard reduction activities are completed, clearance must be performed by a certified professional to ensure that units are safe.

Calculating the level of rehabilitation assistance:

When calculating how much HUD funding will be used on a rehabilitation project, the following costs are counted: soft costs, administrative costs, relocation costs, environmental reviews, acquisition of property, and lead hazard evaluation and reduction costs.

Lead-Based Paint Requirements

For HUD funded rehabilitation activities, lead hazard evaluation and reduction activities must be carried out for all projects constructed before 1978.

Less than or equal to $5,000 spent on the rehabilitation:
Projects where the level of rehabilitation assistance is less than or equal to $5,000 per unit must meet the following requirements. All work must be conducted using lead safe work practices and workers/contractors must be trained in lead safe work practices. It is presumed that painted surfaces being worked on contain lead-based paint. All disturbed paint must be repaired. Clearance is required by a State of Texas Certified Risk Assessor or Inspector if paint is disturbed. Safe work practices are NOT required when lead hazard reduction activities do not disturb (De Minimis Levels) painted surfaces that total more than 20 sq ft on exterior surfaces, 2 sq ft in any one interior room, or space or 10% of the total surface on an interior or exterior type of component.

In addition, the following notices must be provided to owners:

- Lead Hazard Information pamphlet
- Notice of Presumption and
- The Notice of Lead Hazard Reduction

Where $5,001 to $25,000 spent on the rehabilitation:

A risk assessment is required to identify lead hazards and identified hazards must be addressed by interim controls. A risk assessment must be conducted by a qualified professional prior to rehabilitation to find lead-based paint hazards in assisted units, in common areas that service those units, and on exterior surfaces. The risk assessment must include paint testing of any surfaces to be disturbed by the rehabilitation. If the risk assessment identifies lead-based paint hazards, interim controls must be implemented to address lead-based paint hazards. Interim controls must be performed by qualified professionals using safe work practices. Clearance, conducted by a State of Texas Certified Risk Assessor or Inspector, is required when lead hazard reduction activities are complete.

In addition, the following notices must be provided to owners:

- Lead Hazard Information pamphlet
- Notice of Presumption and
- The Notice of Lead Hazard Reduction

Where more than $25,000 will be spent on the rehabilitation:

A risk assessment is required to identify hazards and any identified hazards must be abated by a qualified professional. A risk assessment must be conducted prior to rehabilitation to find lead-based paint hazards in assisted units, in common areas that service those units, and on exterior surfaces. The risk assessment must include paint testing of any surfaces to be disturbed by the rehabilitation.

To address hazards identified:

- Abatement must be conducted to reduce all identified lead-based paint hazards except those described below. Abatement must be conducted by a certified abatement contractor.

If lead-based paint hazards are detected during the risk assessment on the exterior surfaces that are not to be disturbed by rehabilitation, interim controls may be completed instead of abatement to reduce these hazards.

- Clearance is required when lead hazard reduction activities are complete.

In addition, the following notices must be provided to owners:

- Lead Hazard Information pamphlet
- Notice of Presumption and
- The Notice of Lead Hazard Reduction

	<$5,000	$5,000 to $25,000	>$25,000
Approach to Lead Hazard Evaluation and Reduction	Do no harm	Identify and control lead hazards	Identify and abate lead hazards
Notification	Yes	Yes	Yes
Lead Hazard Evaluation	Paint Testing	Paint Testing and Risk Assessment	Paint Testing and Risk Assessment
Lead Hazard Reduction	Repair surfaces disturbed during rehabilitation	Interim Controls	Abatement (Interim controls may be used on exterior surfaces not disturbed by rehabilitation

APPENDIX 12
Environmental Review Policy, Procedures, and Standards

For every project, an Environmental Review must be completed in accordance with 24 CFR Part 58 prior to executing an agreement with a sub-recipient, developer or CHDO. The City has developed the "Environmental Review Policy, Procedures, and Standards" document to outline the process and requirements of completing an Environmental Review.

APPENDIX 13
SECTION 3

All projects receiving an award of HOME funds must comply with HUD's Section 3 requirements. The purpose of Section 3 is to ensure that employment, training, contracting, and other economic opportunities generated by financial assistance from HUD shall, to the greatest extent feasible, and consistent with existing federal, state, and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns that provide economic opportunities to low- and very low-income persons. Recipients of an award of HOME funds will be required to complete Section 3 compliance forms prior to execution of a loan agreement. Applicants requesting HOME funds must provide a written strategy demonstrating understanding of the Section 3 requirements and detailing how they will ensure that, when employment or contracting opportunities are generated because the project or activity necessitates the employment of additional persons or the award of contracts for work, preference shall be given to low- and very low-income persons or business concerns in the neighborhood. Neighborhood is defined in the HOME regulations (24 CFR Part 92, Subpart A) as "a geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government."

Developers must obtain the City's approval of the Section 3 plan prior to the construction start of the project.

APPENDIX 14
Minority/Women Business Enterprise

Developers must maintain an M/WBE plan that demonstrates marketing and solicitation of M/WBE businesses and contractors for the construction of the project.

APPENDIX 15
Regulatory References

You may be interested in reading the actual regulations published by the U.S. Department of Housing and Urban Development for CDBG and HOME and the applicable federal requirements. A copy of the regulations may be obtained by contacting the Department of Housing and Neighborhood Revitalization or downloading the information from the HUD website at www.hud.gov.

The regulations for CDBG are located at 24 CFR Part 570: Part 570 – Community Development Block Grants

Subpart A – General Provisions

Section	Title
570.1	Purpose and Primary Objective
570.2	Removed
570.3	Definitions
570.4	Allocations of Funds
570.5	Waivers

Subpart C – Eligible Activities

Section	Title
570.200	General Policies
570.201	Basic eligible activities
570.202	Eligible rehabilitation and preservation activities
570.203	Special economic development activities
570.204	Special activities by Community-Based Development Organizations (CBDO's)
570.205	Eligible planning, urban environmental design and policy-planning-management- capacity building activities
570.206	Program administration costs
570.207	Ineligible activities
570.208	Criteria for national objectives
570.209	Guidelines for evaluating and selecting economic development projects

The regulations for HOME are located at 24 CFR Part 92: Home Investment Partnerships Program

Section	Title SUBPART A - GENERAL
92.1	Overview
92.2	Definitions
92.4	Waivers and Suspensions of Requirements for Disaster Areas

SUBPART B – ALLOCATIONS FORMULA

92.50 Formula Allocations
92.60 Allocation Amounts for Insular Areas
92.61 Program Description
92.62 Review of Program Description and Certifications
92.63 Amendments to Program Description
92.64 Applicability of Requirements to Insular Areas
92.65 Funding Sanctions
92.66 Reallocations

SUBPART C – CONSORTIA; DESIGNATION AND REVOCATION OF DESIGNATION AS A PARTICIPATING JURISDICTION

92.101 Consortia
92.102 Participation Threshold Amount
92.103 Notification of Intent to Participate
92.104 Submission of a Consolidated Plan
92.105 Designation as a Participating Jurisdiction
92.106 Continuous Designation as a Participating Jurisdiction
92.107 Revocation of Designation as a Participating Jurisdiction

SUBPART D – SUBMISSION REQUIREMENTS

92.150 Submission Requirements

SUBPART E – PROGRAM REQUIREMENTS

92.200 Private-Public Partnership
92.201 Distribution of Assistance
92.202 Site and Neighborhood Standards
92.203 Income Determinations
92.204 Applicability of Requirements to Entities that Receive a Reallocation of HOME Funds, other than Participating Jurisdictions
92.205 Eligible Activities: General
92.206 Eligible Project Costs
92.207 Eligible Administrative and Planning Costs
92.208 Eligible Community Housing Development Organization (CHDO) Operating Expense and Capacity Building Costs
92.209 Tenant-Based Rental Assistance: Eligible Costs and Requirements

Lead Based Paint Regulations
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
24 CFR Parts 35, 91, 92, 200, 203, 206, 280, 291, 511, 570, 572, 573, 574, 576, 582, 583, 585, 761, 881, 882, 883, 886, 891, 901, 906, 941, 965, 968, 670, 982, 983, 1000, 1003, and 1005
Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance.

AGENCY: Office of the Secretary – Office of Lead Hazard Control, HUD.

ACTION: Final rule.

SUMMARY: The purpose of this rule is to ensure that housing receiving Federal assistance and federally owned housing that is to be sold does not pose lead-based paint hazards to young children. It implements sections 1012 and 1013 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, which is Title X of the Housing and Community Development Act of 1992.
The requirements of this rule are based on the practical experience of cities, states and others who have been controlling lead-based paint hazards in low-income privately-owned housing and public housing through HUD assistance. It also reflects the results of new scientific and technological research and innovation on the sources, effects, costs, and methods of evaluating and controlling lead hazards. With today's action, HUD's lead-based paint requirements for all Federal programs are now consolidated in one part of title 24 of the Code of Federal Regulations.

DATES: Effective Dates: Section 35.140 is effective on November 15, 1999. All other provisions of the rule are effective on September 15, 2000.

FOR FURTHER INFORMATION CONTACT: For questions on this rule, call (202) 755-1785, ext. 104 (this is not a toll-free number) or e-mail your inquiry to lead regulations@hud.gov. For lead-based paint program information, contact the Office of Lead Hazard Control, Department of Housing and Urban Development, 451 7th Street, SW, Room B-133, Washington, DC 20410-0500. For legal questions, contact the Office of General Counsel, Room 9262, Department of Housing and Urban Development. Hearing and speech-impaired persons may access the above telephone number via TTY by calling the toll-free Federal Information Relay Service at 1-800-877-8339.

Subpart A – Disclosure of Known Lead-Based Paint Hazards upon Sale or Lease of Residential Property.
Subpart B – General Lead-Based Paint Requirements and Definitions for All Programs

a. Definitions
b. Exemptions
c. Options
d. Notice of Evaluation and Hazard Reduction Activities

e. Lead Hazard Information Pamphlet
f. Use of Paint Containing Lead
g. Prohibited Methods of Paint Removal
h. Compliance with Other, State, Tribal, and Local Laws
i. Minimum Requirements
j. Waivers
k. Prior Evaluation or Hazard Reduction
l. Enforcement
m. Records

Subpart C – Disposition of Residential Property Owned by Federal Agency Other Than HUD
Subpart D – Project-Based Assistance Provided by a Federal Agency Other than HUD
Subpart E - Reserved
Subpart F – HUD-Owned Single-Family Property
Subpart G – Multifamily Mortgage Insurance
Subpart H – Project – Based Rental Assistance
Subpart I – HUD – Owned and Mortgagee-in-Possession Multifamily Property
Subpart J – Rehabilitation
Subpart K – Acquisition, Leasing, Support Services, or Operation
Subpart L - Public Housing Programs
Subpart M – Tenant-Based Assistance
Subpart N-Q – Reserved

Subpart R – Methods and Standards for Lead-Based Paint Hazard Evaluation and Reduction Activities

a. Standards
b. Adequacy of Dust-Lead Standards
c. Summary Notice Formats
d. Interim Controls
e. Standard Treatments
f. Clearance
g. Occupant Protection and Worksite Preparation
h. Safe Work Practices
i. Ongoing Lead-Based Paint Maintenance and Reevaluation

APPENDIX 16
Community Land Trust Designation Implementation Guidelines

This Community Land Trust Program (Program) identifies Community Land Trust (CLT) eligibility and operation criteria under which the City Council may initially designate and revoke the redesignation of a CLT, and under which the City Manager, or their designee may renew or recommend City Council revocation of the designation of CLTs in the City of Dallas.

The designation and re-designation process are subject to the approved CHP Program and the following general terms and City Manager, or their designee discretion. The elements below will be reviewed by Staff in the Housing and Neighborhood Revitalization Department ("Housing Staff") for accuracy and completeness. Housing staff will then prepare a document to be reviewed by the City Council for its initial designation. Housing staff will review and approve or suggest City Council revoke yearly re-designation of CLTs.

Housing staff is available to discuss the CLT application process and will schedule regular information sessions. In addition, select staff may be available to discuss community engagement and general CLT governance questions.

Applications are subject to verification and follow-up.

General Application Process

- Attend a CLT application info session;
- Request a meeting with Housing Staff to discuss community engagement, outreach and general guidelines;
- Complete an application with all required attachments;
- Amend Application, submit additional details as requested or work with City Staff to meet all Operations and Eligibility Criteria
- Attend the City Council meeting when the CLTs application will be under consideration for designation; an**d**
- Re-certify yearly.

General Application Checklist

- 501(C)(3) tax exemption letter;
- Organization, charter, bylaws or other regulatory document adopted to govern its affairs which includes the following provisions:
    - adopted articles of incorporation, or a similar governing document, stating that it has the purpose to acquire and hold land for the benefit of developing and preserving long-term affordable housing in the City of Dallas, as required by Chapter 373B, as amended; **t**o
    - discontinuance of the organization by dissolution or otherwise that the assets related to its CLT activities be transferred to the City of Dallas, the State of Texas, the United States, or a similar organization that is qualified as a charitable organization under Section 501(c)(3), Internal Revenue Code of 1986 and designated as a CLT by the City of Dallas;
- list of key employees or contractors including, name, title, years of affordable housing experience, area of expertise, date of hire;
- most recent independently conducted audit or audit review (if organization has been in operation for more than 1 year);
- ground lease and deed restrictions documents, approved for use by the City;

    - that include a resale formula outlining the amount of equity per year that can be built while ensuring long term affordability;
    - that ensures that the owners of housing units built on CLT land will either be eligible for a property tax discount based on the deed restriction or, where the occupant is a tenant, that the occupant will benefit from any property tax discount;
    - that have terms for sale, lease and inheritance,
- list of board members, position, title, outreach and recruitment methodology and the CLT board bylaws that indicate the CLT commitment to community ownership and governance and the percent or number of seats of low-income residents or owners of CLT properties on the board of directors and what specific expertise of board members the CLT seek out to govern the CLT;
- list enumerating the parcel(s) to be acquired (with date of purchase) to be included in the CLT, current appraised value, and estimation of taxes;
- business plan that demonstrates the ability to financially cover expenses with 3-year projection;
- list of community engagement activities that may include, number of community meetings, location, time, and number of attendees, outreach methodology, and challenges that the CLT faces with engagement and general outcome of engagement activities within the last year;
- list or explanation of any activities related to how this CLT will be used as a mechanism for anti-displacement, recruiting and retaining people with a historic legacy in the community or other community building methods;
- letters of support (not more than 10) from entities like: neighborhood residents, neighborhood stakeholders, non-profit and community-based organizations and for-profit business; and
- If requesting to operate in the same general geography as an existing CLT, a letter discussing the merits and the need, how and why another CLT should be designated in the same or similar area including how the applicant is different than the existing CLT and any records of outreach to the existing CLT for partnership or collaboration.

Re-Designation Application

To maintain designation as a CLT in subsequent years after initial designation, a CLT must submit a yearly re-designation application to the Department. The City Manager, or their designee may re-designate the CLT or recommend to the City Council to remove the CLT designation. The CLT must:

- Write a letter certifying that the information in the CLT's initial application is still true and correct and that the CLT continues to comply with all local, state and federal regulations OR acknowledge that information in the CLT's initial application has changed and attach updated information;
- submit its annual audit or audit review;
- submit all required evaluation and reporting metrics; and
- submit additional information as required by the Department.

Income Eligibility

A CLT must sell or lease housing units only to eligible households as set forth in Chapter 373B.006, as amended:

(a) A CLT may sell housing units only to families with a yearly income at the time of sale at or below 80 percent of the area median family income, adjusted for family size;

(b) Notwithstanding Subsection (a), for housing units located on one or more tracts of land owned by the CLT that constitute a contiguous geographic area or are located in the same

platted subdivision, the CLT may sell not more than 20 percent of the housing units to families with a yearly income at the time of sale that exceeds the amount provided by Subsection (a) but does not exceed 120 percent of the area median family income, adjusted for family size;

(c) At least 25 percent of the housing units sold by the CLT must be sold to families with a yearly income at the time of sale at or below 60 percent of the area median family income, adjusted for family size;

(d) The CLT may lease housing units only to families with a yearly income at the time of lease at or below 60 percent of the area median family income, adjusted for family size;

(e) Notwithstanding Subsection (d), for housing units located on one or more tracts of land owned by the CLT that constitute a contiguous geographic area or are located in the same platted subdivision, the CLT may lease not more than 20 percent of the housing units to families with a yearly income at the time of lease that exceeds the amount provided by Subsection (d) but does not exceed 80 percent of the area median family income, adjusted for family size;

Disqualifying Criteria

The intent of the CLT program is to ensure long term affordability and good stewardship of communities through the unique nature of CLT operations throughout the City of Dallas. If CLT is not operating to ensure this than the CLT may not be eligible for initial designation and may lose its designation. Examples of this may include, but are not limited to, ground leases that do not reflect long term affordability protections, mortgage products that may be predatory in nature, the City receiving community complaints about this CLT management practices, not allowing housing choice vouchers, or not meeting the requirements of income eligibility of clients.

APPENDIX 17
Residential Neighborhood Empowerment Zone Implementation Guidelines
Approved January 22, 2020

Development-Related Costs
Development fees and development-related costs eligible for grants up to $15,000 per reserved dwelling unit under a Chapter 380 agreement include:

- Fees found in Section 52.300 of the Dallas City Code. However, the following fees are specifically excluded:
  - 303.5.1.4.1 and 303.5.1.4.2 – resubmittal fees
  - 303.5.6 sidewalk waivers
  - 303.5.7 reinspection fees
  - 303.5.13 returned check fees
  - 303.5.16 reinstatement of permit privileges
  - 303.5.18 appeals to boards
  - 303.5.19 unauthorized concealment
  - 303.7 beginning work without a permit
- Zoning and platting fees found in Chapter 51A-1.105 of the Dallas Development Code
- Dallas Water Utility fees related to water and sewer service required for the development
- Costs associated with completing a tree survey as required in Chapter 51A-10 of the Dallas Development Code
- Additional professional services related to tree preservation at the discretion of the Director.

For the purposes of Sec. 51A-4.1002(c) of the Dallas Development Code, the Residential Neighborhood Empowerment Zone program is a program administered by the housing and neighborhood revitalization department and authorized by the city council that furthers the public purposes of the city's housing policy, and applicants are therefore eligible to have some or all of the parkland dedication requirements waived subject to compliance with the program.

Grants may be increased to an additional $5,000 per reserved dwelling unit at the discretion of the Director. Additional grant amounts are allowable subject to Council approval.

Reference:

- Development fees: https://dallascityhall.com/departments/sustainabledevelopment/buildinginspection/DCH%20documents/pdf/BI_Chapter%2052_Amendments_03-01-2017.pdf
- Zoning and platting fees: http://library.amlegal.com/nxt/gateway.dll/Texas/dallas/cityofdallastexascodeofordinances/volumeiii/chapter51adallasdevelopmentcodeordinance/articleigeneralprovisions11?f=templates$fn=default.htm$3.0$vid=amlegal:dallas_tx$anc=JD_51A-1.105
- Dallas Water Utility fees: http://library.amlegal.com/nxt/gateway.dll/Texas/dallas/cityofdallastexascodeofordinances/volumeii/chapter49waterandwastewater?f=templates$fn=default.htm$3.0$vid=amlegal:dallas_tx$anc=JD_Ch.49
- Tree mitigation standards: https://dallascityhall.com/departments/sustainabledevelopment/buildinginspection/DCH%20documents/pdf/BI_Tree%20Mitigation%20Standards.pdf

Reimbursement calculation
Developments consisting of more than one housing unit will be eligible for reimbursement of a pro rata share of the eligible development fees and development-related costs based on the percentage of units occupied by eligible households. For example:

- A developer builds a new 200-unit single family for-sale development and reserves 20 of the units for eligible households under 100% of AMI and 20 of the units for eligible households between 101% and 120% of AMFI. The developer incurs $100,000 in eligible development-related expenses. The calculation would be:

  (reserved units/total units) * eligible expenses = development fee reimbursement
  (40/200) * $100,000 = **$20,000**

- A developer builds 5 new single family for-sale homes and reserves all of them for households between 80% and 100% of AMI. In this case development-related expenses are high and the developer incurs $100,000 in eligible development-related expenses. The calculation is below. Because it is above $50,000, the development agreement would require additional Council approval for the portion above $50,000:

  (reserved units/total units) * eligible expenses = reimbursement
  (5/5) * $100,000 = **$100,000** (with additional Council approval)

Design review/compliance with Council-adopted area plans
New construction under this Program should respect the architectural character of the surrounding neighborhood and should comply with all Council-adopted area plans. In addition:

- The main pedestrian entrance to the single family or duplex dwelling unit must be closer to the street than the distance of the garage entrance to the street. So called “snout houses,” where the garage is more prominent than the front door or front porch, are not eligible for funding under this program.
- All street-fronting facades must have at least one window that provides occupants visibility to the street and at least one pedestrian entrance facing the street at street level. The entrance must access the street with an improved pedestrian path connecting to the sidewalk. The driveway is not considered a pedestrian path.

Eligible Repairs
Eligible repairs for owner-occupied housing units and single-family rental housing units include the following items when associated with weather proofing and water proofing:

- Roofing repair
- Repair/replacement of exterior material, such as siding or brick repointing
- Exterior entry door repair or replacement
- Exterior window repair or replacement
- Exterior caulking, sealant application, and paint
- Plumbing repair/replacement to remediate leaks
- Removal and replacement of water-damaged material
- Mold remediation
- Gutters and downspouts as needed
- Porch repair to protect doorways and windows from water intrusion
- Foundation repair

- Additional items as recommended by the assigned inspector and approved by the Director

Additional eligible repairs (once initial weather proofing and water proofing work is complete):

- Additional work related to the weather proofing and water proofing work in the list above
- Accessibility repairs and installation such as ramps, handrails or repairing walkways
- Water heater repair or replacement
- Heating systems/cooling systems repair or replacement
- Plumbing repair or replacement, including water lines, sewer lines, toilet repairs, etc.
- Electrical repair or replacement, including repair of breakers, panels, wiring, or outlets
- Gas lines repair or replacement
- Floor repair or replacement
- Interior and exterior repairs as recommended by the assigned inspector
- Any item determined eligible by the Director

Termination, clawback, and default terms will be specified in the development and abatement agreements.

Process

Outline of proposed process:

- Application submission/review
- Pre-work inspection
- Application approval
- Tax abatement agreement drafted/signed
- Construction/renovation started/completed
- Paperwork submitted
- Post-work inspections complete
- Abatement recorded on deed (to remain on property during compliance period)
- Development grant paid after all program elements completed

Annual review

- Eligible property owners must annually
    - apply to the appraisal district for the abatement
    - submit to the city, on a form approved by the director, proof of ongoing compliance with the program
- Subject to receipt of proof of ongoing compliance, the director shall provide verification to the appraisal district on an annual basis for the duration of the tax abatement.

Modifications

The City Manager may modify this Appendix 17 to increase its effectiveness and will notify by memorandum the City Council, the Housing Policy Task Force steering committee, and the city secretary of any changes.

APPENDIX 18
Targeted Rehabilitation Program - West Dallas Sub-Program Module

Need or targeted Issue
Property values are rising quickly as new development spreads throughout West Dallas. The increased cost of taxes often competes with the cost of needed home repair or maintenance. This TRP, the West Dallas Sub-Program Module ("West Dallas TRP"), is directed to aid homeowners who occupy their homes in West Dallas who have home improvement needs but are financially unable to address them. The funding will prioritize exterior improvements. West Dallas TRP geography is defined by the following census tracts: 43, 101.01, 101.02, 105, 106.01, 106.02, 205

Outreach
The West Dallas TRP design was informed by resident feedback. Resident-only focus groups were held to gather information on targeted beneficiaries and needed improvements. The TRP was then developed by staff and details of the program solidified.

The Housing Policy Task Force (HPTF) reviewed the TRP on February 21, 2020 and February 28, 2020 and made recommendations and comments on the overall policy. That feedback was also included in the general policy.

Funding Source
Equity Revitalization Capital Fund
The total amount available is $2,000,000 and each grant will be an amount not to exceed $10,000 per property. It will be awarded based upon applicants meeting all criteria as listed herein.

Eligibility Requirements
Applicant Eligibility
Applicants (sometimes referred to as homeowner) must meet all of the applicant criteria in the TRP and must also own the home and live in it to be repaired. Applicant income must be at or below 80% AMI. Applicant(s) must provide a deed showing the conveyance of ownership, or similar documentation acceptable to the City in its sole discretion, that proves ownership in fee simple. All owners of the property must sign all grant documents.

Property Eligibility
Properties must meet the eligibility criteria of the West Dallas TRP and must also be single-family or duplex, homeowner occupied, and be located in one of the following Census tracts: 43, 101.01, 101.02, 105, 106.01, 106.02, 205.

Eligible Repairs
Applicants seeking service will be prioritized based upon the priority tier improvements listed below ("Priority Tier"), and all applicants will be served in the order in which they complete their applications. If funds are available after all priority tier repairs have been completed, repairs from the secondary tier will be vetted in the order in which Applicants complete applications. Applicants that start but do not finish an application will not be considered for assistance.

Eligible improvements under this West Dallas TRP is intended for the primary structure, prioritizing exterior elements of the house and land that include the following, but are not limited to:

- Priority Tier
    - Correction of exterior code violations and elimination of specific conditions detrimental to public health & safety identified by the City

    - Roofing repair / replacement / soffit
    - Exterior material repair / replacement (siding, repointing, painting)
    - HVAC repair / replacement
    - Plumbing (exterior gas, sewer, water lines)
    - Foundation repair / leveling
    - Accessibility repairs and installation such as ramps, handrails or repairing walkways
    - Any item determined eligible by the Director, that aligns with the overall TRP policy;
- Secondary Tier (all exterior)
    - Entry doors
    - Windows
    - Gutters and Downspouts
    - Garage doors
    - Water heater
    - Flooring repair
    - Stairs
    - Flatwork
    - Electrical
    - Any item determined eligible by the Director, that aligns with the overall TRP policy

Ineligible Repairs

Ineligible repairs include but are not limited to:

- Luxury and recreational items (granite counter tops, swimming pools, spas, high end fixtures)
- Tree trimming
- Fences
- Landscaping
- Demolition
- Repair expenses incurred prior to the execution of the contract with the City

Assistance Terms

The West Dallas TRP is a grant program with assistance of an amount not to exceed $10,000 per property. Financial assistance will be the exact amount required to cover the cost of eligible repairs up to the amount available per property and will be paid directly to the contractor to perform the repair work. Repairs in excess of the program limits or outside the scope of the repair contract are the responsibility of the homeowner.

The grant will be enforced by a deed restriction. The deed restriction will have an affordability period of five (5) years from the date of signing the contract between the city and homeowner. Repayment terms will be prorated equally based upon the grant amount, except when bond funds are utilized.

There are no grant repayments unless one of the following occurs within the affordability period:

- The sale, conveyance, transfer, rental, or hypothecation of the security of the property; or
- If the home is vacated during the affordability period; or
- Failure to otherwise adhere to the provisions of the loan or grant.

During the period of affordability, monitoring shall be performed on an annual basis. Homeowner must certify annually that the home is not for sale, the property is in compliance with state, federal, and local laws, the repairs are being maintained, the property is the primary residence of the

homeowner, and any other certifications required by the City in the contract, until the five (5) year affordability period has lapsed.

Goals

The West Dallas TRP aims to serve at least 200 homeowners within an 18-month period.
The City's Request for Proposals for a contractor to provide the repairs in the West Dallas TRP will include local subcontractor hiring.

APPENDIX 19
Targeted Rehabilitation Program - Tenth Street Historic District Sub-Program Module

Need or targeted Issue

Historic properties can be costly to maintain. Many residents in the Tenth Street Historic District TRP ("Tenth Street TRP") face pressure on how to complete needed repairs without violating the requirements as set forth in the Historic District Ordinance (Ordinance #22852). This TRP is directed to aid homeowners who live in their homes in Tenth Street who have home improvement needs but are financially unable to address them. The funding will have a priority on structural elements and then general routine maintenance items. All work must comply and receive a Certificate of Appropriateness and/or Landmark Commission approval before work can be authorized, and must otherwise comply with all applicable state, federal and local laws.

Outreach

The Tenth Street TRP design was informed by resident feedback. Resident-only focus groups were held to gather information on targeted beneficiaries and needed improvements. The TRP was then developed by staff and details of the program solidified.

The Housing Policy Task Force (HPTF) reviewed the TRP on February 21, 2020 and February 28, 2020 and made recommendations and comments on the overall policy. That feedback was also included in the general policy.

Funding Source

Equity Revitalization Capital Fund
The total amount available is $750,000 and each grant will be in an amount not to exceed $50,000 per property. It will be awarded based upon applicants meeting all criteria as listed herein.

Eligibility Requirements

Applicant Eligibility
Applicants (sometimes referred to as homeowner) must meet all of the applicant criteria in the Targeted Rehabilitation Program and must also own and live in the home to be repaired. If Applicant, intends to rehabilitate the property to be their primary residence, they may also be eligible to apply, given they occupy the dwelling within 6 months of grant award. Applicant income must be at or below 120% AMI. Applicant(s) must provide a deed showing the conveyance of ownership, or similar documentation acceptable to the City in its sole discretion, that proves ownership in fee simple. All owners of the property must sign all grant documents.

Property Eligibility

Properties must meet the eligibility criteria in the Targeted Rehabilitation Program and must also be:

- Single-family or duplex
- Homeowner occupied
- Contributing or non-contributing structure provided homeowner agrees to work with Landmark Commission to rehab home so that it becomes a contributing structure; and
- Be located within the established Tenth Street Historic District as defined by Ordinance #22852.

Eligible Repairs

Applicants seeking service will be prioritized based upon having a contributing structure with structural needs, major electrical or plumbing issues, or code violations. All applicants will be served in the order in which they complete their applications. If funds are available after all Applicants with contributing structures have been served, Applicants with general routine maintenance will be vetted in the order in which they apply. Applicants that start but do not finish an application will not be considered for assistance.

Eligible improvements under this Tenth Street TRP are intended for the primary structure prioritizing exterior elements of the house that include the following but may not be limited to:

- Structural
    - Correction of exterior code violations and elimination of specific conditions detrimental to public health & safety identified by the City
    - Foundation repair / leveling
    - Roofing repair / replacement / soffit
    - Major Electrical or Plumbing
    - Any item determined eligible by the Director that aligns with the overall TRP policy
- Routine Maintenance (all exterior)
    - Accessibility repairs and installation such as ramps, handrails or repairing walkways
    - Exterior material repair / replacement (siding, repointing, painting)
    - HVAC repair / replacement
    - Plumbing (exterior gas, sewer, water lines)
    - Entry doors
    - Windows
    - Gutters and Downspouts
    - Garage doors
    - Water heater
    - Flooring repair
    - Stairs
    - Flatwork
    - Electrical
    - Any item determined eligible by the Director, that align with the overall TRP policy

Ineligible Repairs

Ineligible repairs include but are not limited to:

- Luxury and recreational items (granite counter tops, swimming pools, spas, high end fixtures)
- Tree trimming
- Fences
- Landscaping
- Demolition
- Repair expenses incurred prior to the execution of the contract with the City

Assistance Terms

The Tenth Street TRP is a grant program with assistance in an amount not to exceed $20,000 per property. Financial assistance will be the exact amount required to cover the cost of eligible repairs up to the amount available per property and will be paid directly to the contractor to perform

the repair work. Repairs in excess of the program limits or outside the scope of the repair contract are the responsibility of the homeowner.

The grant will be enforced by a deed restriction. The deed restriction will have an affordability period of five (5) years from the date of signing the contract between the city and homeowner, and repayment terms will be prorated equally based upon the grant amount, except when bond funds are utilized.

There are no grant repayments unless one of the following occurs within the affordability period:

- The sale, conveyance, transfer, rental, or hypothecation of the security of the property
- If the home is vacated during the affordability period
- If the Applicant who does not currently occupy the dwelling does not move into the dwelling within 6 months of grant award
- Failure to adhere to the provisions of the loan or grant.

During the period of affordability, monitoring shall be performed on an annual basis. Homeowner must certify annually that the home is not for sale, the property is in compliance with state, federal, and local laws, the repairs are being maintained, the property is the primary residence of the homeowner, and any other certifications required by the City in the contract, until the five (5) year affordability period has lapsed.

Goals

The Tenth Street TRP aims to serve at least 35 homeowners within an 18-month period.

The City Request for Proposals for a contractor to provide the repairs in the Tenth Street TRP will include local subcontractor hiring and experience working on historic properties.

APPENDIX 20
Interventions by Strategy Area

IMPLEMENTATION REQUIREMENTS					
	Requires an ordinance change	**Authorized by Resolution**	**Policy Decision**	**Available through NEZ**	**Non-City Action**
Accessory Dwelling Units	X				
Building Code Fee Waivers	X			X	
Community Court			X		
Code Lien Foreclosures			X		
Community Land Trust	X				
Contractor Training Program		X	X		
Development Code Fee Waivers	X				
Employer-Assisted Housing Program					X
Envision Centers					X
Expedited Processing			X		
Home Improvement Preservation Program		X	X		
Homestead Preservation Districts			X		
Housing Trust Fund		X			
Incentive Zoning/Density Bonuses	X				
Lien Releases	X				
Multi-Family Rehab Program		X			
Neighborhood Empowerment Zones		X			
Opportunity Zones					
Park Land Dedication Fees					
Property Tax Abatement		X		X	
Rental/Homeowner Maintenance Education Program	X				
Tax Increment Financing (TIF)		X			
Voucher Sublease Program		X	X		

	Proposed Types of Activities	Redevelop-ment Areas	Stabiliza-tion Areas	Emerging Markets	Citywide	Council
1	Notice of Funding Availability: New Development (for-sale and rental) or Substantial Rehabilitation	P	P	N	Y	MF: 2/20/2019
2	Preservation of owner-occupied housing: Home Improvement and Preservation Program *Enhanced 9/25/2019 with title clearing program*	P	P	Y	Y	11/28/2018 & 6/26/2019
3	Preservation of single-family rental housing: Home Improvement and Preservation Program *Enhanced 9/25/2019 with title clearing program and enhanced 12/11/2019 with NEZ*	P	P	Y	Y	
4	Preservation of multifamily rental housing: Home Improvement and Preservation Program	P	P	Y	Y	
5	Landbanking	N	P	P	N	N/A
6	Code lien foreclosures	N	P	P	N	
7	Neighborhood Empowerment Zones	N	Y	N	N	1/22/2020
8	City's second mortgage assistance program (DHAP)	Y	Y	Y	Y	11/28/2018
9	Neighborhood Revitalization Strategy Area Designation	P	P	P	N	in process
10	Dallas Tomorrow Fund (Department of Code Compliance home repair fund through fee assessment)	Y	Y	Y	Y	In process
11	Code academy	Y	Y	P	Y	
12	Tax increment reinvestment zone designation	Y	Y	Y	N	
13	Create neighborhood association	Y	Y	P	Y	
14	Neighborhood sweep - 2-week intensive sweep: minor street repair, code inspections, signage, beautification projects, neighborhood plan	Y	Y	P	N	
15	Neighborhood beautification projects	Y	Y	P	Y	
16	Low Income Housing Tax Credit City support - with scoring criteria	N	Y	N	Y	6/12/2019
17	Voucher sublease agreements	Y	Y	Y	Y	
18	Accessory dwelling units	See Citywide	Y	See Citywide	Y-Opt-in	6/27/2018
19	Incentive zoning	P	P	N	Y	3/27/2019
20	Homestead preservation district designation	N	P	N	N	
21	Community land trust	Y	Y	Y	Y	12/11/2019
22	Tenant based rental assistance program (HILI)	-	-	-	Y	
23	Express plan review	P	P	N	N	
24	Targeted Rehab Program	Y	Y	Y	Y	8/26/2020
Key:P= Priority Y=Yes N=No						