

Memorandum



CITY OF DALLAS

DATE October 25, 2021

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

SUBJECT **Department of Housing Performance Measure Update**

The Department of Housing and Neighborhood Revitalization (Housing) reports project pipelines and accomplishments to the Housing & Homelessness Solutions Committee on a monthly basis. This memo will summarize updates occurring in September and present the final year-end measures. The updated presentation is attached, and details are included below:

Development

The monthly measures presented for development projects in this report follow three different phases of work. The first measure, *Units Approved*, represents the work staff performed this fiscal year in reviewing applications and taking them to council or the associated committees. The second measure, *Units Started*, represents the 'start of construction' and includes work staff has done to bring approved projects to close and the work developers have done to apply for and receive the required building permits. This typically includes work done in prior fiscal years or early in the current fiscal year. The final measure, *Units Complete*, is taken either at Final Certificate of Occupancy, Green Tag, or final payment disbursement, depending on the program, and represents a new or fully rehabilitated unit on the ground. Typically, completions represent staff work completed two or more years in the past.

Overall, staff's efforts have made an impressive start to affordable housing development in Dallas in FY20-21. Among all development programs, staff brought 3,802 units through the approval process, significantly exceeding the projection of 2,742 at the start of this fiscal year. Staff logged 1,609 units receiving a new permit, just short of the projected 1,686 but still representing almost 20% of the 8,352 units permitted in the city. A total of 71 units have been completed compared to the projected 405, which will be explained in the sections below.

In September, the Notice of Funding Availability (NOFA) did not see significant movement as the final intended project for the fiscal year was approved in August. The Greenleaf Ventures project in West Dallas began to pull permits, and Texas Heavenly Homes in the Bottoms has also started construction now that the first phase of infrastructure projects is complete. The Prairie Creek development will be reaching completion soon, with four more units on the ground.

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At the start of the fiscal year, staff projected a significant number of projects from the Single-Family NOFA would start construction, with a portion of those homes completing construction. While two developers (Confia and Habitat) have been able to move forward with their first phase of construction, all other developers have run into unanticipated issues that have caused significant delays including zoning issues, environmental issues, and permitting delays. Additionally, the resolutions for many of these projects were written with such specificity that they will need to be amended as the market has changed so significantly that the sales prices agreed upon are no longer feasible. Council can expect these resolution changes in the coming fiscal year.

Housing's land programs have also been moving forward successfully. This fiscal year, council approved the sale of 203 lots, 59 homes have been permitted, and 28 have been completed. Council approval exceeded expectations, but permits and completion did not meet this year's projections. Some of this has been caused by delays in the permitting office, but it is also due to difficulties in making projections for the land bank program, as developers can pull a permit any time in the first three years after closing. There is still significant interest in this program and staff are very busy with multiple applications, so further development is expected in the next fiscal year.

The Mixed Income Housing Development Bonus (MIHDB) has also seen increasing interest this year, with even more growth anticipated as OneDallas moves through council and launches in FY21-22. Unfortunately, much of this progress was not logged in these measures. However, 530 units permitted this fiscal year are using MIHDB in addition to other programs. An additional 1,160 units applied for a permit between May and July of 2021, which we anticipate will start construction in the coming fiscal year. 540 of those units are using only MIHDB and no other program. Finally, staff had anticipated the completion of one project with 270 units. While no projects have received a final Certificate of Occupancy that will allow them to be counted in these measures, 1,101 units using MIHDB have received some level of temporary Certificate of Occupancy, which indicates those projects should be completed soon.

The Low Income Housing Tax Credit (LIHTC) and Dallas Housing Finance Corporation (DHFC) exceeded every expectation. There were 2,825 units approved and 481 permitted this fiscal year using only LIHTC, with many others using some combination of LIHTC and NOFA and/or MIHDB. 991 of the units were approved for preliminary inducement by the DHFC during September's board meeting. More projects are using multiple programs within the Housing Department, which helps ensure more affordable high quality housing. Two examples are the Midpark Towers and Westmoreland Station developments which received both NOFA funding and LIHTC support. Both projects, accounting for 450 units, were approved by council and permitted this fiscal year.

Finally, the 1000 Unit Affordable Housing Challenge kicked off this fiscal year. Dallas City Council selected three applicants to develop affordable multifamily housing on three of the selected lots. These units have not been included in the measures as they are still finalizing designs to meet with zoning and permitting requirements, and the unit count

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may be subject to change. These units will begin appearing in the performance measures in the next fiscal year.

Repair

Housing staff are hard at work managing the five programs currently dedicated to home repairs throughout Dallas. This report features two measures for these programs that summarize two phases of the process. The first measure, Households Qualified, represents the work that staff completes in evaluating applications and properties. The measure counts every application that receives preapproval and has their home inspected. In some cases, these homes may not move forward in the process (due to state of the home, cost or type of repairs needed, title issues, or cancellation from the homeowner), but the measure still represents significant work from the team. The second measure, Units Repaired, counts the final number of units that have gone through the complete process and received all agreed repairs.

Projections at the beginning of the fiscal year were optimistic that the newest programs approved by council would be active early in the fiscal year. That has not been the case, so the projections have not been met. Housing projected 360 households would be qualified and 410 repairs would be completed (accounting for previous projects in the pipeline). In total, staff qualified 143 households and repaired 189, and each program is discussed in more detail below.

The Home Improvement and Preservation Program (HIPP) is the most popular program in the department, with applications far exceeding the amount of funding available to the program. Staff projected that HIPP would serve 110 people. This included homes approved for the fiscal years 18-19, 19-20, and 20-21. The program was stalled in 2020 due to COVID and really started up in January 2021. Working with three quarters of the fiscal year, staff were able to complete repairs on 16 of 18 homes from 2018 with the other two under construction; closed loans on 43 applications from 2019, 20 of which are complete and 23 under construction; and closed loans for 37 of 41 applicants for 2020 funds with 4 completed and 27 under construction. This totals 102 people served, just under the 110 projected, as all funding has been utilized. All construction is set to be complete by March 2022. Applications for the 21-22 fiscal year have been received, are currently under review and will be reported starting in November.

The Targeted Repair Program (TRP) was projected to be running throughout the fiscal year, however procurement and contracting processes took longer than anticipated and projects are only just underway. The goal for TRP West Dallas was to serve 200 people. Staff have received 123 applications, have 20 agreements with the City Attorney, have 20 signed agreements, and have 5 homes under construction. Staff have worked through the challenges and now have a steady stream of applicants moving into construction.

The Historic Tenth TRP has had 6 applicants qualified for the program. The process requires a Certificate of Appropriateness from the Office of Historic Preservation, which requires an engineer on the project. This engineer was procured in September 2021. Six

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foundation assessments have been completed and all 6 will move into agreement at the start of the next fiscal year. Due to receiving fewer applications than anticipated, this program was also amended in September to allow for a maximum of \$50,000 to be spent on each house. This will reduce the capacity of the program from a goal of 35 down to 14 homes, but the changes will allow contractors to provide more significant repairs on each home.

The Healthy Homes Lead Reduction (HHLR) program projected 50 households qualified and 40 homes repaired. So far, 22 homes have gone through the qualification process and none have been repaired. The lead program has strict eligibility rules set by HUD that require the household be low-to moderate income, have kids or pregnant woman under six who spend a lot of time in the house, and own a home older than 1978 that tests positive for lead. Finding qualified applicants has been challenging despite 20,000 door hangers advertising the program being provided in neighborhoods most likely to have qualifying homes. Staff have had 83 applicants, of which 16 meet this eligibility. Staff are working through the process for these 16 homes and anticipate drafting agreements for construction by end of October. Staff is currently working to identify other housing that may also qualify for the program so that more people can be served more quickly.

The Dallas Tomorrow Fund (DTF) was closer to its goal of 25 households prequalified and served despite new challenges. DTF can serve 35 households a year depending on the number of referrals received, but the code violation must be able to be cleared with \$20,000. Staff have had to deny 29 applicants for two primary reasons: the house needs significantly more than \$20,000 to complete the repair, or the applicant is not willing to submit the required proof of income or ownership. Staff have completed 5 repairs, have 4 under construction, have 14 being inspected and have 6 agreements being drafted. Housing and Code are also working together to refine program efficiencies, communication and the referral process to meet the goal of 35 served per year.

In addition to managing the larger programs above, staff was directed to create and implement an Emergency Home Repair Program (EHRP) to assist residents in recovering from damages after the winter storm. This program was created and implemented quickly. Nonprofit partner Volunteers of America (VOA) provided home repairs, and Housing offered rebate assistance. VOA served 139 people, and Housing reimbursed 14 people for costs incurred due to the winter storm. This program was completed successfully and is closed.

DHAP

The Dallas Homebuyer Assistance Program (DHAP) has gained interest this fiscal year due to advertising and marketing strategies and partnerships with affordable housing developers. The projection this fiscal year was to qualify 25 applicants with the expectation that many would not purchase a home, would move forward without assistance, or otherwise exit the program, ultimately providing loans to 10 households. Staff was able to provide 7 loans this fiscal year despite current market conditions and competition increasing prices and making it difficult for low- or moderate-income

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households to buy homes. Further, the DHAP team prequalified 43 applicants this fiscal year, many of whom will be purchasing single-family NOFA homes as they are completed in the coming fiscal year.

DHAP staff also amended the Comprehensive Housing Policy this year with additional changes better reflecting the market and the demographics of homebuyers we serve. Staff believes these changes will allow the City to serve more residents through the DHAP program.

MRAP

The Mortgage and Rental Assistance Program (MRAP) was created in FY 19-20 to help households impacted by COVID, such as through job loss or illness, remain in their homes. The program was implemented quickly, with limited technology, and pulled together staff from many departments around the city to handle the huge volume of applications expected. Staff closed the application process after just one and a half days due to the number of applications received. The program was initially expected to serve 2,555 households, but staff was able to serve many more due to additional funding and housing costs that were lower than expected.

The implementation of the program was a partnership between Housing and the Office of Community Care (OCC) managing a variety of funds together. This report included total ongoing counts for all funding sources. However, since the expenditure of COVID-related funds has been completed, Housing is no longer involved in providing rental assistance. All programs, tools, processes, and lessons learned are now actively used in OCC as they continue to implement a Tenant-Based Rental Assistance Program.

Due to the separation, Housing will now only report households served using CDBG and CRF funding sources. These monthly updates previously reported serving 4,996 households. After separating and finalizing the funding sources, MRAP provided rental assistance to 4,173 Dallas households, still significantly more than projected.

Other

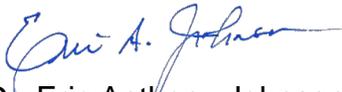
The Title and Property Assistance Program (TAPA) is a pilot program to assist households in clearing the title to their homes through items such as affidavits of heirship, deeds, probate, mediation, and a few other issues. Title issues are a common problem among applications to Housing's repair programs that prevent owners from being able to improve or access the equity of their homes. Housing has referred 40 clients with title issues to the program. So far 15 clients have been served. While the program is available for applicants outside of referral, marketing the program to the public has been difficult. Currently Housing is seeking to procure a second attorney to administer the program.

Housing has been made aware of the work of other departments on 1,322 housing units in Dallas. Some of these units are duplicative with housing's production numbers, as the

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developers have used multiple sources to fund their projects. The Office of Economic Development has reported 230 units for Gateway Oak Cliff, which utilized TIF funding in addition to its participation in Housing programs. The 53 units created in the St. Jude permanent supportive housing project have also been included thanks to an investment of CARES Act funding from the Office of Homeless Solutions. The remaining units are the housing units currently funded by the Office of Homeless Solutions for permanent supportive housing, rapid rehousing, and supportive housing.

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



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

Attachment: Department of Housing Performance Measure Update Presentation

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Billieae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors



City of Dallas

Department of Housing Performance Measure Update

**Housing and
Homelessness Solutions
October 25, 2021**

David Noguera, Director
Housing & Neighborhood Revitalization
City of Dallas

Production Chart (data as of 10/12/2021)



| | Program Budget | Full Time Employees | Applied | Denied/Cancelled | Benchmark | Aug 2021 YTD | FY 2021 Total | FY 2021 Projections |
|-------------|---|---------------------|---------|------------------|--------------------------------|--------------|---------------|---------------------|
| Development | \$2.5 m CDBG \$4.1 m HOME \$965k CHDO | 5 Employees | 10,836 | 2,234 | Units Approved | 2,776 | 3,802 | 2,742 |
| | | | | | Units Started | 1,585 | 1,609 | 1,686 |
| | | | | | Units Completed | 60 | 71 | 405 |
| Repair | \$2.9 m CDBG \$1.4 m Lead \$2 m EHRP | 4 Employees | 879 | 477 | Households Qualified | 144 | 143 | 360 |
| | | | | | Units Repaired | 167 | 189 | 410 |
| DHAP | \$500k CDBG \$767k HOME | 2 Employees | 65 | 30 | Loans Approved | 39 | 43 | 25 |
| | | | | | Loans Provided | 7 | 7 | 10 |
| MRAP | \$10.5 m HOU \$8.2 m OCC | N/A | N/A | N/A | Households Served | 4,996 | 4,173 | 2,555 |
| Other | N/A | N/A | N/A | N/A | Units Supported by Other Depts | 1,092 | 1,322 | N/A |
| | | | | | All Units Permitted | 7,852 | 8,352 | N/A |

3 Admin, 4 Finance, 2 Strategy, 8 Inspection,
6 Compliance, 4 Floating Program Staff,
2 Assistant Directors, 1 Director



Development Chart (data as of 10/12/2021)



| | NOFA | Land Programs | MIHDB | LIHTC/DHFC | NEZ | 1000 Unit Challenge | Multiple Programs | Total |
|------------------|---------|---------------|-------|------------|-----|---------------------|-------------------|---------|
| Program Budget | \$6.7 m | N/A | N/A | N/A | N/A | N/A | N/A | \$6.7 m |
| Units Applied | 2,051 | 228 | 1,160 | 5,063 | 0 | 2,334 | 0 | 10,836 |
| Units Cancelled | 406 | 0 | 51 | 1,777 | 0 | 0 | 0 | 2,234 |
| Units Approved | 485 | 203 | N/A | 2,825 | 0 | 0 | 289 | 3,802 |
| Units Started* | 4 | 82 | 51 | 481 | 0 | 0 | 991 | 1,609 |
| Units Completed* | 41 | 28 | 0 | 0 | 0 | 0 | 2 | 71 |



*Due to the length of construction timelines, units starting construction often reflect work done a year prior, and units completed may reflect staff work completed up to 3 years prior depending on the project

Repair Chart (data as of 10/12/2021)



| | HIPP | West Dallas | Tenth Street | Lead/ Healthy Homes | DTF | NEZ | EHRP | Total |
|----------------------|---------|-------------|--------------|---------------------|--------|-----|-------|----------|
| Program Budget | \$2.9 m | \$2 m | \$750k | \$1.4 m | \$500k | N/A | \$2 m | \$9.05 m |
| Units Applied | 453 | 123 | 6 | 80 | 64 | 0 | 153 | 879 |
| Units Cancelled | 399 | 22 | 1 | 38 | 17 | 0 | N/A | 477 |
| Households Qualified | 60 | 37 | 5 | 22 | 19 | 0 | N/A | 143 |
| Units Repaired | 31 | 0 | 0 | 0 | 5 | 0 | 153 | 189 |



Other Programs (data as of 10/12/2021)



| | DHAP |
|-----------------|----------|
| Program Budget | \$1.27 m |
| Units Applied | 65 |
| Units Cancelled | 30 |
| Loans Approved | 43 |
| Loans Provided | 7 |

| | MRAP | TAPA* |
|-------------------|----------|--------|
| Program Budget | \$18.7 m | \$200k |
| Households Served | 4,173 | 15 |



*TAPA will report data on a quarterly basis, next update expected October 2021



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