



Legislation Details (With Text)

**File #:** 20-2480      **Version:** 1      **Name:**

**Type:** CONSENT AGENDA      **Status:** Approved as Amended

**File created:** 12/10/2020      **In control:** Department of Housing & Neighborhood Revitalization

**On agenda:** 1/27/2021      **Final action:**

**Title:** Authorize an amendment to the City of Dallas Comprehensive Housing Policy, previously approved on May 9, 2018, by Resolution No. 18-0704, as amended, to (1) amend the loan terms in the New Construction and Substantial Rehabilitation Program to allow forgivable loans for projects with permanent supportive housing units; and (2) to remove the nine percent subsidy cap from the annual HUD 234 - Condominium Housing Limits - Financing: No cost consideration to the City

**Sponsors:**

**Indexes:** 100

**Code sections:**

**Attachments:** 1. Resolution, 2. Exhibit A

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

**STRATEGIC PRIORITY:** Economic and Neighborhood Vitality

**AGENDA DATE:** January 27, 2021

**COUNCIL DISTRICT(S):** All

**DEPARTMENT:** Department of Housing & Neighborhood Revitalization

**EXECUTIVE:** Dr. Eric A. Johnson

**SUBJECT**

Authorize an amendment to the City of Dallas Comprehensive Housing Policy, previously approved on May 9, 2018, by Resolution No. 18-0704, as amended, to **(1)** amend the loan terms in the New Construction and Substantial Rehabilitation Program to allow forgivable loans for projects with permanent supportive housing units; and **(2)** to remove the nine percent subsidy cap from the annual HUD 234 - Condominium Housing Limits - Financing: No cost consideration to the City

**BACKGROUND**

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

The Department of Housing & Neighborhood Revitalization is proposing two changes to the New

Construction and Substantial Rehabilitation Program in the CHP. The proposed changes are designed to improve the programs' effectiveness and broaden the potential number of residents served by the programs.

### New Construction and Substantial Rehabilitation Program

At present, all City development subsidy requires repayment. However, requiring repayment on all projects does not allow for responsible investment in projects with permanent supportive housing units. Projects that include permanent supportive housing units often have higher operating costs when compared to a similarly sized non-permanent supportive housing development. When coupled with restricted rents at lower Area Median Income (AMI) levels, the ability to pay debt service on City subsidy is limited or nonexistent. Staff recommends amending the CHP to allow loans to be structured as forgivable for projects including permanent supportive housing units, subject to financial underwriting.

In addition, the CHP limits City subsidy for rental projects to 9% of the annual HUD 234 - Condominium Housing Limits for Dallas, Texas. Limiting gap financing to 9% of the HUD 234 Limits hampers the City's ability to make meaningful investments in affordable housing developments seeking gap financing. When initially adopted in 2018, the HUD 234 - Condominium Housing Limits listed in the CHP were as follows:

- Efficiency - \$58,787.00
- 1 Bedroom - \$67,391.00
- 2 Bedroom - \$81,947.00
- 3 Bedroom - \$106,013.00
- 4 Bedroom - \$116,369.00

Based on the figures above, the CHP 9% limits per unit subsidy for rental projects - regardless of financial need, underwriting, or funding source - to the following:

- Efficiency - \$5,290.83
- 1 Bedroom - \$6,065.19
- 2 Bedroom - \$7,375.23
- 3 Bedroom - \$9,541.17
- 4 Bedroom - \$10,473.21

HUD already provides subsidy limits to which the City must adhere. At present, the CHP further limits subsidy for both Federal and non-Federal funding sources. Financial underwriting should determine the appropriate level of subsidy, up to the Federal limits, on a project by project basis.

Staff recommends amending the CHP to remove the 9% cap to allow the City to provide subsidy based on financial need and underwriting.

### **PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On May 9, 2018, City Council adopted the CHP and created the Dallas Housing Policy Task Force by Resolution No. 18-0704, as amended.

On November 28, 2018, City Council authorized amendments to the CHP, to make technical changes to the Home Improvement Preservation Program (HIPP), the Dallas Homebuyer Assistance Program (DHAP), and the New Construction and Substantial Rehabilitation Program by Resolution No. 18-1680.

On May 22, 2019, City Council authorized an amendment to the CHP to add a Land Transfer Program to incentivize the development of quality, sustainable housing that is affordable to the residents of the City and the development of other uses that complement the City's CHP, economic development policy, or redevelopment policy by Resolution No. 19-0824.

On June 12, 2019, City Council authorized amendments to the CHP to amend and restate the low-income Housing Tax Credit policy by Resolution No. 19-0884.

On June 26, 2019, City Council authorized amendments to the CHP to amend the DHAP, the HIPP, and the HIPP Landlord Program by Resolution No. 19-1041.

On September 25, 2019, City Council authorized amendments to the CHP to create the Title Clearing and Clouded Title Prevention Pilot Program by Resolution No. 19-1498.

On December 11, 2019, City Council authorized amendments to the CHP to modify the provisions for the housing policy task force, update language to comply with the Mixed Income Housing Development Bonus previously approved by City Council and remove two application forms by Resolution No. 19-1864.

On January 22, 2020, City Council authorized amendments to the CHP and created a Neighborhood Empowerment Zone Program by Resolution No. 20-0188.

On August 26, 2020, City Council authorized amendments to the CHP to amend the DHAP program, include the 0-30% income band in the range of income bands to be served, create the Targeted Rehabilitation Program, and to allow Community Housing Development Organizations to retain a percentage of sales proceeds from eligible HOME-funded projects by Resolution No. 20-1220.

The Housing and Homelessness Solutions Committee will be briefed on the proposed changes to the CHP on January 25, 2021.

## **FISCAL INFORMATION**

No cost consideration to the City.