



Legislation Text

File #: 21-1614, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: October 13, 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 amend the loan terms in the New Construction and Substantial Rehabilitation program to remove the requirement that the City may only subordinate its lien position to a private financial institution for a loan in a greater amount - 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 (Department) recommends changes to the New Construction and Substantial Rehabilitation Program. The proposed changes are designed to improve the program's effectiveness and broaden the potential number of development partners that can participate in the program.

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

A recent third-party underwrite of an application the Department received through its standing Notice of Funding Availability (NOFA) application process confirmed a financial gap for a 15-unit mixed-income, multigenerational development in West Dallas. This financial gap will require a City loan in an amount greater than what was available to the non-profit developer in the market. In order to make this loan, the City will need to subordinate its loan to the private financial institution. This will provide much needed affordable housing to the City, but also build capacity with one of our non-profit development partners.

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

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. 181680.

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 (HHSC) was briefed on the proposed changes to the CHP on January 25, 2021.

On January 27, 2021, City Council authorized the execution of a conditional grant agreement with St. Jude, Inc. and/or its affiliates for the rehabilitation of the property located at 8102 Lyndon Baines Johnson Freeway, Dallas Texas 75251, by Resolution No. 21-0213. Item approval required a floor amendment allowing Council to waive the provisions in the Comprehensive Housing Policy limiting rehabilitation subsidy to 9% of the HUD 234 Limits.

On January 27, 2021, City Council authorized an amendment to the City of Dallas CHP 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 by Resolution No. 21-0212.

On February 11, 2021, the Housing Policy Task Force (HPTF) was presented with the proposed changes to the CHP for review and comment.

The HHSC was briefed on the HPTF's comments regarding the proposed changes to the CHP on March 22, 2021.

On September 9, 2021, the HPTF was presented with the proposed changes to the CHP) for review and comment.

The Housing and Homelessness Solutions Committee was briefed on the proposed change to the CHP on September 23, 2021.

FISCAL INFORMATION

No cost consideration to the City.