



# Housing for All in Dallas

New Ideas and New Perspectives  
on Public Investment in Housing

**The North Texas Community  
Development Association**

Submitted to  
**The Housing Committee**  
of the  
**Dallas City Council**

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**North Texas Community Development Association**

# COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS

## We are Dallas

### CHDOs Emerge from the Communities We Serve.

By federal requirement, we are formed among the people we serve and we are directed by leaders within our communities. Our non-profit perspective allows us to view community need with objective clarity.

The Community Housing Development Organizations (CHDOs) of Dallas are federally qualified entities with unique standing regarding the use of certain federal funds.



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Absent a profit motivation, we are able invest resources where we see the greatest hope for;

- 1) **human empowerment, rather than financial reward,** and
- 2) **community benefit, rather than private profit.**

We engage in a range of activities which promote revitalization of communities within Dallas. We provide affordable housing as owners, developers, and/or sponsors of actual real estate.

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**CHDOs Partner with the City** We serve as partners with the City of Dallas, not only in meeting federally prescribed eligibility tests, but in meeting community needs, articulating community sentiments, and promoting community involvement.

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It is our goal to encourage robust partnership with the City of Dallas in delivering services and in promoting community stability.

**We are an extension of the City of Dallas in service** to its most vulnerable constituencies.

Our work enhances the capacity and effectiveness of the City of Dallas in addressing critical community needs.

In this paper we offer our view concerning housing needs in the City of Dallas. Our primary recommendation for the City is to **first target the most urgent** housing needs before accommodating other important needs.

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We also offer our perspective on the appropriate use of available resources in meeting housing needs. Our first interest is to encourage ambitious planning and decisive action by developing a comprehensive housing policy which targets the needs of low, very low and extremely low income households in our City.

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We understand that the City of Dallas is particularly concerned with its obligation to affirmatively further fair housing in Dallas. As policy is developed in response to this priority, the CHDOs of Dallas should be included as a resource and provide input which will help achieve a balance between the need for neighborhood revitalization and the extension of housing into high opportunity areas.

The City of Dallas **must not continue to allow the deterioration of inner-city Neighborhoods**, which have historically been neglected, while it is developing a policy to extend housing into high opportunity areas.

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Finally, we discuss several untapped possibilities which may be used to target areas of high need and provide new financing capacity for this work. We also suggest a new collaborative initiative to eradicate slum and blight in low income neighborhoods. All of these suggestions are now available to the city under recent changes in state law.

**North Texas Community Development Association**

South Dallas/Fair Park Innercity Community Development Corporation

SouthFair Community Development Corporation

Builders of Hope Community Development Corporation

City Wide Community Development Corporation

East Dallas Community Organization

## WITHOUT AFFORDABLE HOUSING, DALLAS IS A CITY UNDER STRESS

Housing is considered affordable when less than 30% of total household income is required to pay for **suitable housing**. Housing costs include rent or mortgage payments, and the cost of utilities.

A household which must devote more than 30% of its income for housing costs will find all other necessities (such as food, clothing, transportation and medical care) less and less affordable as that ratio climbs.

Since housing expenses are a first priority in any household budget, this ratio determines the standard of living provided by the residual balance. As these residual funds decline, due to rising rents or lost income, other needs gradually move from necessities to luxuries until all discretionary income is completely lost.

A single parent with two children, working two minimum-wage jobs, cannot afford to rent an adequate apartment anywhere in the City of Dallas today. The rising cost of rent eventually crowds out other needs, until even cleaning supplies, household paper products or a can of coffee become unaffordable.

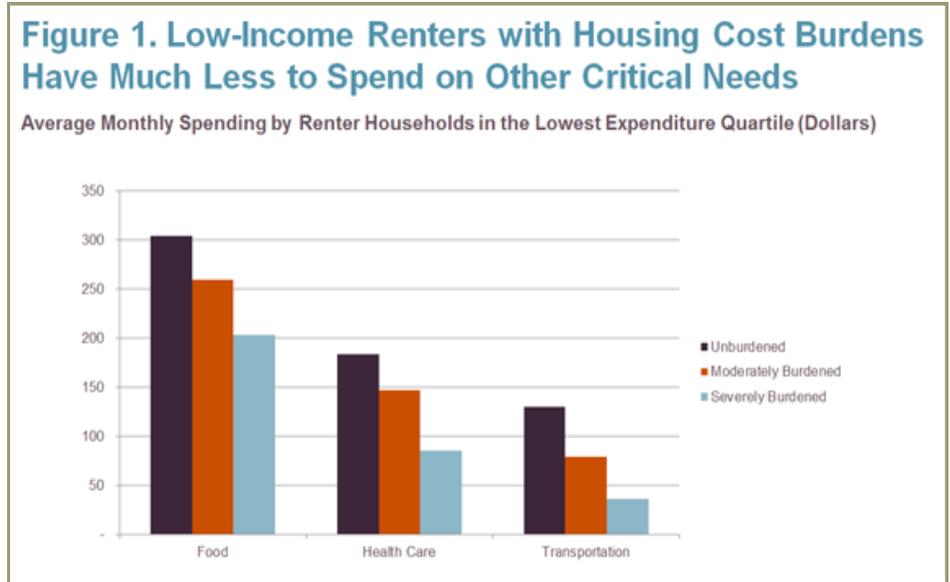
Housing affordability stresses a community when a mother must pause in the aisle of a grocery store to decide whether she can afford to put a jar of peanut butter in her basket. Any city with a significant shortage of affordable housing suffers the emergence of *a stressed population* which can no longer afford the standard necessities of decent living.

Income Level	Cost Burdened	Severely Cost Burdened	Cost Burdened	Severely Cost Burdened
	Renters		Home Owners	
Extreme Low Income	13.4 %	63.8 %	15.2 %	61.9 %
Low Income	56.6 %	23.8 %	32.1 %	33.5 %
Moderate Income	35.1 %	5.3 %	32.9 %	12.8 %
Mid/Upper Income	3.9 %	0.8 %	12.4 %	2.7 %
Total	23.4 %	21.1 %	18.0 %	12.9 %

Source: City of Dallas Analysis of Impediments to Fair Housing, 2015

Households which are forced to spend more than 30% of their gross income for housing are considered “Cost Burdened.” Those which spend more than 50% of their gross income are “Severely Cost Burdened”.

There are about 462,000 households in the City of Dallas. Over 73,000 of these households are “Severely Cost-Burdened.” These households suffer even greater stress than “Cost-Burdened” households because they are forced to make ever more critical choices between basic needs.



Source: JCHS tabulations of the US Bureau of Labor Statistics, 2013 Consumer Expenditure Survey.

The majority of extremely low-income households in Dallas are severely cost-burdened, whether they are renters or manage to own their home.

Several guiding considerations should inform the development of a comprehensive housing policy for the City of Dallas.

- **Suitable housing stock** must be available for rent or purchase within an **affordable dollar range**.
- Affordable housing **should be developed near jobs**, schools, retail stores and public transportation corridors in order to stabilize other living costs and improve quality of life.
- Substandard or crowded housing **is not suitable housing**.
- Each household must have **access to an adequate, livable income**.

## HOW MANY AFFORDABLE HOUSING UNITS DO WE NEED?

There is a general acknowledgement that Dallas is now in period of housing shortage. Most discussions consider the inventory of homes for sale, the number of days a home is listed prior to sale, the price inflation of standard-sized homes, or the rise and fall of total permits for new home construction.

When considering the shortage of rental housing, reports are usually couched in terms of vacancy rates, the median cost of renting an apartment, or again, the rise and fall of total permits for multi-family construction.

For our purpose, in determining affordable housing need in Dallas, these discussions and statistics only serve as a useful backdrop. They tell us that the problem of available affordable units, which was serious five years ago, is far worse today.

When new apartment leases start at \$1,300 per month, **we know that none of the new apartment inventory is affordable to any low-income household in Dallas.** This means that, without subsidy, the private development sector is not supplying affordable rental units to any household with an income below \$52,000 per year.

The median household income in the City of Dallas is \$42,846 (as of 2014). An affordable monthly housing allotment for this income is \$1,071.15. At \$1,300 a month, new available units in Dallas today are **not even affordable to a median-income household in Dallas.** Note: a household earning the median income is **not low-income.**

Using the same data, **a low-income household** in Dallas earns less than **\$34,276** and an affordable rent is **\$856.92.** **A very-low-income household** earns less than **\$25,708** annually and for this household an affordable rent is less than **\$642.69.**

In order to consider the needs of the **most severely burdened households**, those who have very low incomes, but do not qualify for a subsidized public housing unit, we need to look at those earning **more than 30% of MFI, but less than 50%.**

This Income range is **\$12,854 (30% MFI) to \$21,423 (50% MFI)**. The corresponding range of affordable rents for these households is **\$321.35 - \$535.58**, including utility costs.

Looking at these numbers should bring us to a sobering conclusion. The City of Dallas is not currently equipped to **subsidize us** out of this problem and the for-profit development sector is not motivated to **build us** out of this problem.

## **WHAT HOUSING DO WE HAVE, HOW MUCH IS AFFORDABLE?**

Using 2014 data from the American Community Survey we find, **among households in the City of Dallas which rent, 48.28% are either cost-burdened or severely-cost-burdened**. The largest tranche in this survey represents units of housing which pay over 35% of income for rent, but this data is not broken down so as to indicate those paying over 50% of income for rent (severely-cost-burdened).

### **Gross Rents**

Occupied units paying rent:	261,083	100 %
Occupied Units paying less than \$500:	17,766	6.80
Occupied Units paying between \$500 to \$749	78,224	29.96
Occupied Units paying between \$750 to \$999	78,259	29.97
Occupied Units paying \$1,000 or more	86,834	33.26

### **Percent of Gross Income Paid in Rent**

Units which can be estimated	252,807	100%
Occupied Units paying less than 30%	130,740	51.72
Occupied Units paying 30% to 34.9%	21,729	8.60
Occupied Units paying 35% or more	100,338	39.69

Source: US Census Bureau, 2014 American Community Survey (for the City of Dallas)

Unfortunately, this data does not indicate: 1) the income level of occupants which are cost-burdened, 2) the number of units which may have more than one household in occupancy (doubled up), 3) the actual incomes of households under severe cost burden, or 4) the number of occupied units which are sub-standard. All of these factors play into a true assessment of need for affordable housing.

In addition, to this point we have only offered analysis of occupied renter housing. An entirely separate consideration must be made concerning owner occupied housing. The 2014 ACS data fail to illuminate several essential factors

which should be taken into account in estimating the need for affordable housing.

This data is reported separately by units with a mortgage and those without. The cost burden may reflect circumstances of individual financing (such as a variable-rate mortgage or sub-prime loan gone awry) or a homeowner's individual choice to devote more income to the purchase of housing for personal investment reasons. It could also indicate a homeowner who is saddled with a full mortgage after the loss of income or an income earner (due to death or divorce).

We can see that there are 200,859 owner occupied units. 12,280 units require 30% to 34.9% of household income to pay owner costs, and 47,305 units require more than 35% of household income to pay owner costs.

Given all the variables which make this data dissimilar to the rental housing data, we still know that 6.11% of owner occupied homes reflect cost-burdened occupants and 23.55% of these homes have severely-cost-burdened owners.

## **TARGETING THE MOST URGENT NEED**

Data from the City of Dallas Analysis of Impediments to Fair Housing Choice indicate that there are now 15,415 "small related" households of extremely-low-income renters which also suffer a severe cost burden in housing. Targeting this one specific need would require a net production of 15,000 units which charge rents ranging from \$325 to \$535.

This goal, on its' own, would require a large public investment. The City of Dallas does not have a sustained program of affordable housing development which reaches the needs of this income level. Doing so will require new ideas, new strategies and new investment.

A comprehensive housing policy for the city should include direction to fulfill the existing need of extremely-low-income households for decent, safe and affordable housing.

The policy should encourage a blend of strategies, including; rehabilitation, new construction and remediation (slum and blight removal). It should invoke financial supports now available through tax increment reinvestment and low income housing tax credits, as well as HOME, CDBG and direct HUD funding and it should include a recommendation to dedicate General Obligation bond funds to this purpose.

## **MFI vs AMFI**

In this paper we describe levels of income using the standard of the US Census Bureau as it portrays population characteristics in the City of Dallas. **Median Family Income (MFI)** for the City of Dallas is the most accurate way of considering the needs and financial capacity of the people which actually live in the City of Dallas.

**Area Median Family Income (AMFI)** permits some housing programs (especially the Low Income Housing Tax Credit program) to incorporate regional factors into its financial assessments. AMFI is based on data drawn from a region of seven counties, including Denton, Rockwall and Collin Counties which have far higher median incomes. Using AMFI inserts the income characteristics of populations in suburban counties which are irrelevant in considering housing need within the City of Dallas.

## **IT'S TIME FOR SOME NEW IDEAS**

The balance of this paper will suggest several new ideas. We hope to inspire the City to adopt new strategies and devote new resources in meeting the needs of those Dallas families which are most stressed for lack of affordable housing and are most affected by the deterioration of housing in blighted neighborhoods.

We begin with a new idea for the empowerment of low-income renters to secure necessary repairs where landlords have failed to provide safe and healthy homes.

## **EMPOWERING LOW INCOME RENTERS TO FIGHT SLUM AND BLIGHT**

Rental households, of both multi-family properties and single family homes, must generally rely on their landlord for repairs to their homes. For most tenants this works well, but inadequate maintenance results in conditions which threaten the health and safety of thousands of low-income tenant families.

A concentration of poorly maintained rental properties within a neighborhood lends to an overall assessment of neighborhood slum and blight. CHDOs recognize the implication of neighborhood blight on resident health, safety and quality of life. Additionally, we are property owners and developers in these

neighborhoods and our ability to sustain affordable properties and attract investment for new development is substantially impaired by conditions of neighborhood blight which results in diminished property values and difficulty in meeting appraisal requirements when financing our developments.

CHDOs have regular direct interaction with tenants of blighted neighborhoods, as well as working relationships with community organizations, churches and local businesses. We have a unique capacity to serve in the coordination and support of initiatives which empower direct tenant action in securing timely and critical repair of their homes.

Over the years, the City of Dallas has dedicated considerable resources to improve neighborhoods suffering these conditions. A comprehensive program of monitoring, inspecting and enforcing citations against sub-standard properties is costly and sometimes ineffective. Landlords who ignore the city inspector may face increasing fines and penalties but, as citations stack up the only recourse for the city is to seek judgement for payment in civil court. Unfortunately, this does not guarantee that repairs will be made.

When efforts to force compliance with code fail to restore habitability, the City is left with few options. Using a **strategy of condemnation and demolition** of the property is an expensive and time-consuming and often results in a loss of low cost housing units and it usually results in the displacement of dozens of households. These families, which had already suffered life in sub-standard housing, are unlikely to find suitable and affordable replacement housing. They may be forced to move away from their jobs, schools, churches and friends in order find another place to live.

Another strategy is to secure a court-ordered placement of the property in receivership. This strategy also requires intense legal investment on the part of the City and has recently proven unsuccessful in a Dallas County District court. We recommend that the City streamline and improve this cumbersome process and **incorporate the capacity of CHDOs to manage the properties in receivership**. This will improve outcomes in the battle against slum and blight and will expand the availability safe, decent, and affordable housing in the city.

Historically, a tenant in Texas faced an onerous and time-consuming process called “repair and deduct” in order to force a repair. Even an effective use of this

approach required the tenant to personally perform, or contract for and finance the repair until the cost could be deducted from future rents. Most low-income tenants cannot afford this approach. The only alternative in law was to sue for repair in a County or District court, a process which required expensive legal representation and was subject to delay on a court docket.

Effective January 1, 2010, the State of Texas adopted an entirely new judicial remedy for tenants faced with conditions which constitute health and safety violations of local code.

This alternative permits tenants or organizations acting on behalf of tenants to force a landlord to make repairs to the extent of \$10,000 under order of a Justice Court. The statute requires a Justice Court to hear the tenant's request within 10 days after filing action. This approach empowers tenants to take direct action and also gives the tenants sufficient standing to protect against possible retaliation by a landlord.

By extending authority to Justice Courts in ordering repairs, it was the intention of the Texas Legislature to create a means of judicial redress which was available and affordable to ordinary Texans. Petition to a Justice of the Peace is inexpensive (sometimes free) and does not require paid legal representation.

Working in concert with CHDOs and other non-profit organizations, the City of Dallas should encourage this approach by targeting existing concentrations of blighted properties for direct tenant action.

Since initiative must begin with affected tenants, an effective use of this approach would require an education component. Within its existing capacity, the City's Code Compliance and Building Inspection Departments should be engaged to notify tenant households of the remedy now available to them. It could also refer them to CHDOs or other organizations which can assist them in utilizing it.

By ordinance, the City of Dallas already details specific requirements of residential rental properties which are intended to protect the health and safety of tenants. (These specific requirements are described in "Non-Owner Occupied Rental Program Code Violations Check List".)

Conceptually, a tenant should be able to ask for an inspection of the rental unit by

a city inspector and secure a copy of any citation which might result from this. If the tenant's concern is covered by the inspector's finding, that document should provide adequate basis for petitioning an order of repair from the Justice of the Peace.

The Texas Supreme Court promulgated administrative rules and adopted a simple one-page petition for use in initiating a suit for repair under this provision.

## **PROVIDING FOR AFFORDABLE HOUSING ACTIVITY: THE GAP ... THE CHALLENGE**

There appears to be one agreement from all parties engaged in the discussion regarding the provision of affordable housing, which is;

**The development of affordable housing requires a subsidy, accommodation or other value in order to *fill the gap* between development costs and the diminished returns that we can expect from the rents or the sale of affordable housing units.**

Disagreement begins with question of how, and for what need, the limited capacity of the City should be targeted.

The mission of CHDOs constrains us to focus our activities on households with the greatest need for suitable, affordable housing. We see the greatest need where household income:

- **is least sufficient for access to an affordable home**
- **is least sufficient for meeting essential household needs after housing costs are paid, and**
- **is most likely to force acceptance of sub-standard living conditions.**

We encourage the City of Dallas, in developing a comprehensive housing policy, to target subsidies, accommodations and other available resources to the needs of households below 60% of Median Family Income. Thereafter we should consider the needs of other low-income households.

It may be appropriate to consider the unique objectives of mixed-income housing and workforce housing in developing a comprehensive housing policy. However, we find it inappropriate to consider targeting subsidies or other scarce resources toward a housing goal which is not concurrently designed to provide affordability for low, very-low and extremely low-income households.

## **HOMESTEAD PRESERVATION DISTRICTS**

On May 22, 2007, Senator Royce West (Dallas) offered an amendment to House Bill 470 which was unanimously approved by the Texas Senate and quietly became law on September 1, 2007. This amendment specifically extended authority to the City of Dallas to create **Homestead Preservation Districts (HPDs)**. Previously this authority was available only to the City of Austin.

Last month (January 19, 2016) the City of Dallas Housing Committee heard from representatives of the City of Austin concerning Austin's innovative strategies to promote housing affordability. Austin's use of its' Homestead Preservation District authority was a key part of this presentation.

HPDs require the designation of specific geographic areas in order to:

*“promote the ability of municipalities to increase home ownership, provide affordable housing, and prevent the involuntary loss of homesteads by existing low-income and moderate-income homeowners living in disadvantaged neighborhoods...”*

The statute authorizes the City of Dallas to employ **Homestead Land Trusts** (Community Land Trusts) and **Homestead Preservation Reinvestment Zones** (Tax Increment Reinvestment Zones) as tools in the work of achieving this purpose. The statute defers to the existing capacity of the Dallas Urban Demonstration Land Bank as an additional tool which might be used for this purpose. Authorization to create the Dallas Land Bank predated the HPD statute and was, in fact, a model for the Homestead Land Bank authorized for the City of Austin. The statute gives specific guidance to the City of Dallas in designating the areas which may be established as Dallas HPDs, as follows:

*“To be designated as a district within a municipality described by Section 373A.003 (b) under this subchapter, an area must be composed of census tracts forming a spatially compact area contiguous to a central business district and with: (1) fewer than 75,000 residents; (2) a median family income that is less than \$30,000 according to the last decennial census; and (3) an overall poverty rate that is at least two times the poverty rate*

*for the entire municipality.”*

Most areas of Dallas which are now eligible for designation as HPDs have already been established as priority areas for revitalization under the Dallas’ Neighborhood Improvement Program (NIP).

Finally, the statute specifically preserves the power of the City to:

*“provide tax-exempt bond financing, offer density bonuses, or provide other incentives to increase the supply of affordable housing and maintain the affordability of existing housing for low-income and moderate-income families.”*

As noted above, HPDs *“must be composed of census tracts forming a spatially compact area contiguous to a central business district.”* While this limitation may preclude the use of HPDs in meeting the needs of communities far from the downtown area, it also provides a basis for planning additional workforce housing and mixed-income development near downtown Dallas.

Once the city designates a Homestead Preservation District, that area **becomes exempt** from state law which prohibits the city from **“... establishing a maximum sales price for a privately produced housing unit or residential building lot.”**

Passed during the same session in which Homestead Preservation Districts were first authorized, the following section of the Local Government Code was intended to prohibit Texas municipalities from engaging in **“inclusionary zoning”**, a highly effective means of creating affordable units in for-profit developments.

*“Sec. 214.905. PROHIBITION OF CERTAIN MUNICIPAL REQUIREMENTS REGARDING SALES OF HOUSING UNITS OR RESIDENTIAL LOTS.*

*(a) A municipality may not adopt a requirement in any form, including through an ordinance or regulation or as a condition for granting a building permit, that establishes a maximum sales price for a privately produced housing unit or residential building lot.*

*(b) This section does not affect any authority of a municipality to: (1) create or implement an incentive, contract commitment, density bonus or other voluntary program designed to increase the supply of moderate or lower-cost housing units; or (2) adopt a requirement applicable to an area served under the provisions of Chapter 373A, Local Government Code, which authorizes homestead preservation districts, if such chapter is created by an act of the legislature.”*

Accordingly, any area within a Homestead Preservation District is exempt from the prohibition against inclusionary zoning, thereby adding another powerful tool for producing affordable housing in these districts.

## **TAX INCREMENT FINANCING**

On February 1, 2016, the Economic Development staff briefed the Committees on Housing and Economic Development concerning Tax Increment Financing for the purpose of providing affordable housing in Dallas. This briefing covered Tax Increment Financing, but only as authorized under Chapter 311 of the Tax Code.

Several limitations of this chapter restrict the usefulness of TIF financing in providing deep affordability and limit the capacity of the City to choose the area for designation. In order to reach the subsidy level required to provide affordability to households in the 30% to 70% MFI level, another approach is required.

Since 2005, TIF districts designated by the City of Dallas have required all approved residential projects to devote 20% of planned units to an affordable rent in mixture with units which charge the market rate. This is a strategy for the provision of “Mixed Income” housing. It is not a strategy for developing housing which is affordable to households which we find have the greatest need.

While this was an improvement over the previous policy, it only provides affordability to households at the very high end of the definition for low-income. For any family earning less, the “affordable units” are not affordable.

Additionally, the purpose of the existing TIFs in Dallas is broad-ranging and not confined to the provision of affordable housing. They also intend to spur economic growth in an area, provide needed infrastructure improvement and achieve other community development goals.

## **HOMESTEAD TIRZ VS OTHER TIRZ AND TIFS**

The above-mentioned briefing suggests that TIFs lend well to “layering” on PIDs (Public Improvement Districts). We suggest that a Homestead TIRZ (Tax Increment Reinvestment Zone) in Dallas would appropriately layer over TIFs, which typically have a broad investment mission, **and/or** PIDs, which add important infrastructure financing.

The unique capacity of a Homestead TIRZ, functioning as the financing mechanism for Homestead District activities, is that it can provide the deep subsidy necessary to provide decent, safe and affordable housing to Very-Low-Income (< 60% MFI) and Extremely-Low-Income (< 30% MFI) households. In fact, the statute requires a focus on these households as follows:

*(b) All revenue from the tax increment fund must be expended to benefit families that have a yearly income at or below 70 percent of the area median family income, adjusted for family size.*

*(c) At least 50 percent of the revenue from the tax increment fund expended annually must benefit families that have a yearly income at or below 50 percent of the area median family income, adjusted for family size.*

*(d) At least 25 percent of the revenue from the tax increment fund expended annually must benefit families that have a yearly income at or below 30 percent of the area median family income, adjusted for family size.*

*(e) The municipality must spend at least 80 percent of the revenue expended annually from the tax increment fund for project costs, including the purchase of real property, the construction or rehabilitation of affordable housing in the zone, and infrastructure improvements directly related to supporting the construction or rehabilitation of affordable housing in the zone. The municipality may spend not more than 10 percent of the revenue expended annually from the tax increment fund for administration of the zone.*

*(f) The municipality may provide not more than 10 percent of the revenue expended annually from the tax increment fund to designated land banks and community housing development organizations for the administration of housing-related activities in the zone.*

*(g) All housing created or rehabilitated with revenue from the tax increment fund must have at least a 30-year affordability period."*

The **term of affordability**, is an extremely important consideration. As we invest public subsidies for the development of private residential units, we should be concerned with getting the most we can for our tax dollar. Subsection (g), copied above, requires developers to guarantee **a minimum of 30 years of affordability** of any housing created by the fund. This is **twice the period of affordability now required** by Dallas' existing TIFs.

## **GENERAL OBLIGATION BOND FINANCING**

Over the last decade there have several efforts to include a substantial investment in affordable housing in a voter-approved General Obligation bond package. We believe that such an investment is timely and prudent. We acknowledge that there is a wide array of essential investments which should be made in roads, sidewalks, water mains and other infrastructure needs. This is especially true for areas of the city which have not historically been given a fair share of this investment.

Additionally, we believe that such an initiative should include funds for affordable housing development, both single family and multi-family, and provide funding for programs which reduce the cost of building affordable housing (such as TAP abatement) and which support our work in qualifying low-income families for mortgage loans.

## **FUNDING TO REDUCE OR ABATE TAP FEES**

In our programs of new construction, both low-income home ownership and affordable multi-family development, we encounter cost barriers which might be lifted by dedicating a portion of funds from a General Obligation bond program to reimburse the city's cost in providing "TAP Fee" abatement to developers of affordable housing.

The cost of connecting new developments to city water and sewer lines and the related inspection fees assessed during development are substantial. These "TAP Fees" drive up total development costs, increasing the financial gap faced by low-income homebuyers and by affordable housing developers who must carefully suppress the cost of development in order to provide affordability, as well as balanced financials.

In order to make these deals work, the City has offered abatements of these fees in the past for the sake of needed economy. However, these fees represent costs to the City which must be paid, one way or another.

We recommend that a portion of the proceeds from a bond program be dedicated to a fund for abatement of TAP fees for developers of affordable housing which conforms to the city's housing policy.

## **FUNDING TO BUY DOWN NEW AND REFINANCED MORTGAGES**

For low-income families in Dallas, the hope of owning a safe and affordable home is not realistic. According to the S&P/Case-Shiller Home Price Index, the median price of a home sold in Dallas County in June of 2015 hit \$208,000, up 15 percent from June 2014.

The US Census Bureau's American Community Survey shows that the 2014 median household income for the City of Dallas was just \$43,359. A mortgage pay-

ment affordable to a low-income household then, **even at** the ceiling of the definition (**80% of MFI**), should not exceed \$867.18. Simply put, that will not buy a \$200,000 house.

We believe that we should still offer low-income families a chance of to own their own home. We hear that echoed in other testimony offered to this committee and we note that academic studies support low income homeownership as well. A recent Harvard University study found:

*“...there is considerable evidence that positive homeownership experiences result in greater participation in social and political activities, improved psychological health, positive assessments of neighborhood, and high school and post-secondary school completion.”*

*Another way to view the value of home ownership is to consider its role in wealth formation for families. The most recent Federal Reserve Survey of Consumer Finances reported a ratio of 36 – 1 when comparing the **total net worth** of homeowner households to renter households.*

For these reasons we believe that we should make the investment necessary to make home ownership a possibility for as many families as possible. That investment should be made to meet one or more of the following needs:

We must provide a housing product that is safe, affordable **and economical**. CHDO builders do everything we can to develop homes at a cost low enough to serve the needs of families which we help to qualify for mortgage loans.

We need to provide new homeowners with financial counseling and home-buyer education in order to prepare families for the transition from the renting, to owning their home.

We need to fund a subsidy which can be used in the process of qualifying low income families for a mortgage loan. Just as in low income rental programs, we know that there must be a subsidy to fill “the gap” in development and the same holds true in homeownership programs. The subsidy can be used to “buy down” the sales price at the front of the loan, or it can be funded to reduce the price of home construction. There may be policy values in doing both of the above.

## **.The Community Housing Development Organizations of Dallas**

For more than twenty five years, the **South Dallas Fair Park Innercity Community Development Corporation (ICDC)** has: provided homeownership opportunities for 225 families; developed Grand Plaza Shopping Center and Spring Plaza which includes a business incubator; and technical assistance for 338 small businesses including: AJ's Handmade Leather Goods, Evans Heating and Air, and Infinity Pulmonary Services. Currently, ICDC serves as the catalyst for the revitalization of the Mill City neighborhood, known as the Mill City Renaissance. Thus far, the Renaissance includes the construction of 88 single family homes, acquisition and demolition of 39 blighted properties which is now the site for the recently opened Mill City My Children's Primary Pediatric Clinic facility, developed and owned by ICDC.

**SouthFair Community Development Corporation** ("SouthFair") has reversed extensive blight and deterioration in the Jeffries-Meyers neighborhood by preserving, renovating and building single family and multifamily housing along with some commercial development in the South Dallas/Fair Park community. SouthFair's asset based approach began with the development of Eban Village I & II, a 330 unit tax credit project. In addition to housing, SouthFair is the owner/developer of a medical building which Baylor Healthcare System is a long term tenant and provides full service family health care. Through outreach efforts, SouthFair has reached more than 500 families by providing homebuyer counseling and education, since 2011. A rent-to-own program has made homeownership an even greater possibility for many who struggle to become mortgage ready. Now in its final phase, Fair Park Estates, a \$4 million dollar project, will make homeownership a reality for thirty families. Pre-development for the expansion of its current multifamily development and additional single family housing are underway for 2014 accomplishments.

**Builders of Hope Community Development Corporation** is a nonprofit in Dallas specializing in building housing affordable to low to moderate income families. Builders of Hope builds single family homes on land that was once vacant, dilapidated and / or havens for drug dealing, prostitution and other mischief. In existence since 1998, Builders of Hope has built and sold upwards of 275 homes accounting for over \$30 million in new housing value. In 2016, Builders of Hope is on the brink of its most productive year ever- building and selling over 40 homes equating to over \$40,000,000 in taxable new home value and mortgages. Builders of Hope not only builds housing and communities, but also works with young men on probation to teach them vital job skills.

Since its first rehabilitation of two apartment complexes in southeast Dallas in 2003, **City Wide Community Development Corporation** ("CWDC") has aggressively emerged as a turn-key developer and property manager. Leveraging more than \$35.5 million in public and private financing, CWDC is driving the Lancaster Corridor, home to the Veteran Administration Medical Center. More than 40,000 square feet of retail/office space along with 200 apartment units will be completed in 2014. In addition, CWDC is addressing housing for special needs individuals (seniors, veterans) and families (homeless women and children) at or below 50% of median income.

The **East Dallas Community Organization (EDCO)** has been providing support for revitalization efforts and homeownership opportunities in up and coming neighborhoods throughout Dallas. EDCO is currently working in Claude Street, Bexar Street, Dolphin Heights, and Thornton Height neighborhoods. Through its Partnerships with the City of Dallas and the Jubilee Park Community Center will build a Senior Housing development with five units and 15 new homes in 2014.