



# Mayor's Work Group on Affordable Housing

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Report to the Dallas City Council  
Housing Committee  
Tuesday, February 19, 2008

# A word on our process. . .

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- **Mayor Leppert requested the formation of a small, informal group to begin a conversation on how to more effectively address the affordable housing shortage in Dallas**

# Work group members

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- **Ann Allison (The Real Estate Council)**
- **\*Carolyn Davis (Dallas City Council)**
- **Cyndy Lutz (Dallas Area Habitat for Humanity)**
- **Dan Hopkins (Dan Hopkins Company)**
- **David Kelly (Carleton Residential Properties)**
- **Diane Ragsdale (ICDC)**
- **Gerald Britt (Central Dallas Ministries)**
- **Jerry Carlton (East Dallas Community Organization)**
- **\*Jerry Killingsworth (City of Dallas)**
- **Jesse Banda (East Dallas Community Organization)**
- **John Greenan (Central Dallas CDC)**
- **John Hutchinson (Ryland Homes)**
- **Karen Brooks-Crosby (Dallas City Homes)**
- **Larry James (Central Dallas Ministries)**
- **Macey Davis (Real Estate Council)**

# Work group members

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- **\*Mark Obeso (City of Dallas)**
- **Mike Maberry (Hanover Property)**
- **Norm Wilbur (Dallas Area Habitat for Humanity)**
- **Norman Henry (Builders of Hope CDC)**
- **\*Paula Blackmon (City of Dallas)**
- **Peter Urrutia (MetroTex Association of Realtors)**
- **Regina Nobles (Dallas Faith Communities Coalition)**
- **Scott Stone (Stone Lowery Architects)**
- **Sherman Roberts (City Wide CDC)**
- **\*Steve Salazar (Dallas City Council)**
- **Steven Bradley (Fannie Mae)**
- **\*Tennell Adkins (Dallas City Council)**
- **Tim Lott (Dallas Housing Authority)**
- **\*Yolanda Davis (City of Dallas)**

# A word on our process. . .

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- Mayor Leppert requested the formation of a small, informal group to begin a conversation on how to more effectively address the affordable housing shortage in Dallas
- **The goal was not a report, but an “agenda” for action**

# A word on our process. . .

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- Mayor Leppert requested the formation of a small, informal group to begin a conversation on how to more effectively address the affordable housing shortage in Dallas
- The goal was not a report, but an “agenda” for action
- **We created a matrix of concerns and issues, pulling other leaders and experts into our conversation along the way using focus groups**

# A word on our process. . .

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- **Our goal: a paradigm shift to drive up the production of affordable housing**

# A word on our process. . .

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- **Our “issues of concern”:**

- ▶ Funding
- ▶ Improved process
- ▶ Target area(s)/  
Demonstration Project
- ▶ Who’s missing?
- ▶ Next steps

# Available Assets. . .

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- **Non-profit development community shares a commitment to “get things done”**
  - ▶ Struggles to provide more housing
  - ▶ Strives to work in a professional manner
  - ▶ Seeks to apply national best practices

# Available Assets. . .

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- **City of Dallas**

- ▶ Staff
- ▶ Funding
- ▶ Access to policy/resources
- ▶ Legal authority
- ▶ Decision making capacity
- ▶ Current political will

**Bottom line: City is an essential partner in every project**

# The Clear Need

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## ***DFW Area Housing Statistics***

- 2007 Median Home Price - \$158,200 (\$1,600/month housing cost)
- 2007 Median rent for a two-bedroom apartment - \$750
- Income required to afford a median priced home = 1.7 x AMFI (\$76,635 per year)
- Income required to afford a home in the lowest quartile for a first time buyer = 1.17 x 80% AMFI (\$61,308--assumes no other debt or childcare expenses; actual closer to \$75,000 per year)

# The Clear Need

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## ***DFW Area Housing Statistics***

- Percentage of homes sold in DFW area for less than \$120,000 – <10%
- Number of affordable apartment units demolished in 2007 – 6,000+
- Number of affordable housing units built in Dallas in 2007 – fewer than 500
- The combined earnings of three wage earners working at minimum wage are required to afford to rent a median priced two bedroom apartment in Dallas

# The Clear Need

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- **Debunking the 30,000-unit “urban myth”**
  - ▶ **Number dates back to 1992 and is based on 1989 data (American Housing Survey)—twenty years ago\***

**[\*Source: J. McDonald Williams Institute]**

# The Clear Need

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- **Debunking the 30,000-unit “urban myth”**
  - ▶ Number dates back to 1992 and is based on 1989 data
  - ▶ Based on the notion at the time that 30,000 Dallas households spent >50% of income on housing costs (very conservative metric)
  - ▶ Not a very useful number today



# The Clear Need

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- **Almost 80,000 rental households pay >50% of their income on housing & 90% of these households are low-income as defined by HUD (income <80% of AMI)**

# The Clear Need

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- Today 89,000 Dallas rental households (*not including homeowners*) pay >35% of their income on housing
- Almost 80,000 rental households pay >50% of their income on housing & 90% of these households are low-income as defined by HUD (income <80% of AMI)
- **Over 175,000 Dallas households spend more than 30% of income on housing costs\***  
**[\*American Housing Survey 2006]**

# The Clear Need

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- Today 89,000 Dallas rental households (*not including homeowners*) pay >35% of their income on housing
- Almost 80,000 rental households pay >50% of their income on housing & 90% of these households are low-income as defined by HUD (income <80% of AMI)
- Over 175,000 Dallas households spend more than 30% of income on housing costs (American Housing Survey 2006)
- **Factor in population growth: estimates and the numbers soar**

# The Clear Need

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- Today 89,000 Dallas rental households (*not including homeowners*) pay >35% of their income on housing
- Almost 80,000 rental households pay >50% of their income on housing & 90% of these households are low-income as defined by HUD (income <80% of AMI)
- Over 175,000 Dallas households spend more than 30% of income on housing costs (American Housing Survey 2006)
- Factor in population growth estimates and the numbers soar
- **Clearly, we need a study that produces a reliable number for planning purposes—but it is clear to us that the need is much greater than 30,000 units**

# What can the non-profit community produce annually?

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- **Our discussions lead us to believe that, with the proper support, the non-profit sector should be able to produce >400 single-family, for sale units annually by 2012 (2006=196 units)**
- **Strategically situated multi-family and PSH units could move the number toward 1,000 annually**

# What can the non-profit community produce annually?

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- Our discussions lead us to believe that, with the proper support, the non-profit sector should be able to produce 400 units annually by 2012 (2006=196 units)
- Strategically situated multi-family and PSH units could move the number toward 1,000 annually
- **For sale housing will require a *minimum* subsidy of \$30,000 per unit to place buyers in targeted areas (“challenged neighborhoods”) presently under consideration for development**

# What can the non-profit community produce annually?

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- Our discussions lead us to believe that, with the proper support, the non-profit sector should be able to produce 400 units annually by 2012 (2006=196 units)
- Strategically situated multi-family and PSH units could move the number toward 1,000 annually
- For sale housing will require a *minimum* subsidy of \$30,000 per unit to place buyers in targeted areas (“challenged neighborhoods”) presently under consideration for development
- **Non-profit developers need assistance with development costs in the form of fee waivers, expedited process, infrastructure development and other cost-saving measures**



# Don't forget “non-housing” issues!

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- **Must address the human and quality of life issues in a *comprehensive* manner**

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# Don't forget “non-housing” issues!

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- Must address the human and quality of life issues in a *comprehensive* manner
- **Strive for a comprehensive, scalable approach to crime, code enforcement, public schools, parks and recreation, economic development, transportation, neighborhood associations, health care, wellness, faith communities, etc.**

# Our Recommendations. . .

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- 1. Dramatically increase funding**
  - \$50 to \$100 million in new city bond funds**

# Our Recommendations. . .

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## **1. Dramatically increase funding**

- **\$50 to \$100 million in new city bond funds**
  - ▶ **Housing Trust Fund**
  - ▶ **Permanent Supportive Housing**
  - ▶ **Demonstration project**

# Our Recommendations. . .

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## 1. Dramatically increase funding

- \$50 to \$100 million in new city bond funds
- **Create robust Housing Trust Fund for the city—help with acquisitions, pre-development costs, low-interest or 0-interest loans. . .we applaud Mr. Killingsworth for his vision here and urge the Council to see his fund request as a *threshold and not a ceiling*: \$100 million only a beginning point. . .first step before bond issue**

# Our Recommendations. . .

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## 1. Dramatically increase funding

- \$50 to \$100 million in new city bond funds
- Create robust Housing Trust Fund
- **Engage foundations and philanthropic communities for “project-related investments” and matching funds that follow the city’s leadership**

# Our Recommendations. . .

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## 1. Dramatically increase funding

- \$50 to \$100 million in new city bond funds
- Create robust Housing Trust Fund
- Engage foundations and philanthropic communities for “project-related investments” and matching funds that follow the city’s leadership
- **Provide political support and planning to housing developers for low-income housing tax credit deals**

# Our Recommendations. . .

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## 1. **Dramatically increase funding**

- \$50 to \$100 million in new city bond funds
- Create robust Housing Trust Fund
- Engage foundations and philanthropic communities for “project related investments” and matching funds that follow the city’s leadership.
- Provide political support and planning to housing developers for low-income housing tax credit deals
- **Help create connections to and encouragement for developers in the Dallas for-profit development community**

# Our Recommendations. . .

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- 2. Further empower leadership and streamline processes to strengthen the impact of the city's Housing Department**
  - ▶ We know we “don't know”!**
  - ▶ But, having Housing Department support doesn't mean as much as we think it should for our projects**
  - ▶ We believe the department should be strengthened to accomplish the work it clearly wants to accomplish**

# Our Recommendations. . .

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## **2. Further empower leadership and streamline processes to strengthen the impact of the city's Housing Department**

**So, we speak of “possibilities”:**

- ▶ **Create a new, dedicated office to expedite *affordable* housing development in the city—a separate track with the freedom to move rapidly and to save time and funds for both for-profit and non-profit development communities**

# Our Recommendations. . .

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## **2. Further empower leadership and streamline processes to strengthen the impact of the city's Housing Department**

### **Possibilities:**

- ▶ **Create an affordable housing “S.W.A.T. team” inside the Housing Department to facilitate and expedite the new process (Development Services, Public Safety, Legal, Permitting, Code Enforcement, Zoning, Planning, Health and Human services, etc.)—*need everyone behind Housing Department efforts with priority given to its plans***

# Our Recommendations. . .

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## **2. Further empower leadership and streamline processes to strengthen the impact of the city's Housing Department**

### **Possibilities:**

- ▶ **Encourage and reward a “*can-do*” attitude for getting units developed**

# Our Recommendations. . .

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## **2. Further empower leadership and streamline processes to strengthen the impact of the city's Housing Department**

### **Possibilities:**

- ▶ **Work to strengthen, mature, fund and develop the non-profit, community development organizations in Dallas *that demonstrate capacity to make a real difference***

# Our Recommendations. . .

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- 3. LAND: *Re-evaluate and assess ALL city land/real estate policies including the current city land bank process with openness to developing a much broader, more comprehensive approach***

# Our Recommendations. . .

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- 3. LAND: *Re-evaluate and assess ALL city land/real estate policies including the current city land bank process with openness to developing a much broader, more comprehensive approach***
- **Increase the number of lots available for purchase by Dallas CHDOs to at least 500 annually over the next five years. This increase would support the effort by Dallas CHDOs to double their production of single-family, affordable housing over the same period by providing a sufficient supply of low-cost lots**

# Our Recommendations. . .

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3. **LAND: *Re-evaluate and assess ALL city land/real estate policies including the current city land bank process with openness to developing a much broader, comprehensive approach***
  - **Allow the City of Dallas's Housing Department to convey these lots to organizations without requiring the City Council to approve the conveyance of each individual lot--streamline the process if possible**

# Our Recommendations. . .

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3. ***LAND: Re-evaluate and assess ALL city land/real estate policies including the current city land bank process with openness to developing a much broader, more comprehensive approach***
  - **Locate national best practices for governmental land authorities (Louisville KY, Flint, MI, Pittsburg, PA and Cleveland, Dayton, Youngstown, OH and others)**

# Our Recommendations. . .

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- 4. Undertake a demonstration project to “prove up” new approach**
  - ▶ Motivate public support**
  - ▶ Show that such projects are possible and worthwhile**
  - ▶ Criteria: high impact project that can improve an area quickly**
  - ▶ Process: Mayor’s Work Group would like to be involved in picking project site**

# Our Recommendations. . .

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- 4. Undertake a demonstration project to “prove up” new approach**
  - **Pick one of the existing NIP targets or an area adjacent to existing target (accelerate the work!)**

# Our Recommendations. . .

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## 4. Undertake a demonstration project to “prove up” new approach

- Pick one of the existing NIP targets or area adjacent to existing target
- **Identify a new project (*Forward Dallas could shape land use plan*)**

# Our Recommendations. . .

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## **4. Undertake a demonstration project to “prove up” new approach**

- Pick on of the existing NIP projects
- Identify a new project
- **Initiate RFP process (streamlined for quick decision/action)**

# Our Recommendations. . .

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## **4. Undertake a demonstration project to “prove up” new approach**

- Pick on of the existing NIP projects
- Identify a new project
- Initiate RFP process (streamlined for quick decision/action)
- **Encourage joint ventures**

# Resources. . .

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**Thanks to Regina Nobles and the Dallas Faith Communities Coalition, we have provided you with a copy of “*Shelter and Affordability in Dallas: Need, Policy, Action*” that contains a wealth of information regarding our city’s affordable housing challenge and opportunity**

# Thank you. . .

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- **Mayor Tom Leppert**
- **Dallas City Council Housing Committee**
- **City of Dallas Housing Department**
- **Members of the “work group”**