

# **Down Payment and Closing Cost Assistance Incentive Payment For Dallas Police Officers**

**Public Safety Committee**

**April 21, 2008**



# Purpose

- Provide Information on Program Adopted in October 2007
- Recommend Program Amendments
- Provide Implementation Steps and Timeline

# Program Implementation

- Down Payment Assistance Program adopted September 2007
- Described as Conditional Grant/Loan/Employee Compensation of \$6,000 for down payment and closing costs for sworn DPD officers who:
  - Have completed the Academy
  - Do not currently own a home in Dallas
- Requirements:
  - Officers expected to purchase a home in Dallas and live there for at least 5 years
  - Home cannot be purchased with adjustable rate mortgage
  - Officer to sign affidavit and documentation of grant and forgivable loan
  - Employee tax withholding, City payment of pension contribution
  - Incentive to increase number of officers living in Dallas
- Similar to the Dallas Police Department Recruit Incentive
  - Taxable to the officer
  - City pays pension contribution

# Program Implementation (cont.)

- \$200,000 budgeted for the program
- Incentive to increase number of officers living in Dallas
  - Increase visibility of DPD in neighborhoods
  - Increase retention with reduced commute times
  - Stabilize neighborhoods
  - Lower environmental impact on area with reduced commute distance
- Housing Department began implementation of the program
  - Grant application, affidavit and loan closing documents prepared by Housing Department
  - Documents reviewed by City Attorney's Office
  - Payment process identified as salary check with tax deductions, City payment of pension contribution
- First eligible officer under Program purchasing qualified property
  - Salary check prepared for purchase
  - Affidavit and Title Company closing instructions prepared
- No other applications in process at this time

# Program Amendments Identified

- In review of closing documents for current applicant, program statement amendments recommended
  - City Attorney's Office determined that in its current form the program statement would provide for unenforceable loans or grants to city employees
  - Clarify that incentive is lump sum compensation to employee, subject to tax and Medicare withholding, City payment pension contribution
  - Applicant to sign affidavit
  - Loan documentation will not be used
- Current application processed according to program as if amended by recommendations

# Recommendations

- Amend Police Special Pay Program Statement by Resolution
  - Change conditional grant or loan to lump sum compensation
  - Use affidavit only
  - Do not require note and subordinate lien
  - Retroactively confirm funding of down payment and closing cost assistance to eligible Officer who has closed on home purchase

# Next Steps

- May 14<sup>th</sup> Council Action Item Amending Police Down Payment Assistance Program Statement
- Amend process guidelines
- Market Program to DPD Officers and to recruit classes starting at end of May
- Reopen application process on May 15th

# Questions