

Memorandum



CITY OF DALLAS

DATE April 19, 2019

TO Honorable Mayor and Members of the City Council

SUBJECT **Additional Information on Proposed Changes to the Dallas Homebuyer Assistance and Housing Rehabilitation Programs**

This memo addresses questions raised during the Economic Development and Housing Committee meeting of April 15, 2019 regarding proposed changes and updates to the Dallas Homebuyer Assistance and Housing Rehabilitation Programs.

Summary

Councilmembers posed questions and comments throughout the briefing on various aspects of the Programs and requested written responses. This memo serves as the Department's response to the questions and comments received.

(1) How will the proposed changes to the housing rehabilitation program increase contractor participation?

The proposed implementation of categories within the program allows for a more diverse set of contractors to participate in the program. The proposed categories of Minor Home Repair, Home Improvement and Preservation, and Home Reconstruction allow smaller contractors to bid on projects for which they are qualified and entice larger contractors to bid on home reconstruction projects that carry higher construction costs. The Minor Home Repair program and the Home Improvement and Preservation Program, capped at \$10,000 and \$40,000 respectively, have lower capacity, insurance, and bonding requirements than the Home Reconstruction program thus allowing a wider range of small contractors to participate in the program. Successful bids can lead to increased capacity. This increased capacity not only increases the value and productivity of local contractors, it also provides the Housing Department with more contractors that are better positioned to bid on larger projects.

(2) What is the Housing Department's annual forecast of housing rehabilitation program production?

Staff developed project cost estimates based on the budgets allocated and the average cost per repair for each rehabilitation program.

Minor Home Repair Program

Budget:	\$1 million (grants to non-profits)
Average Cost:	\$5,000
Total Homes:	200

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HIPP/Reconstruction

Budget:	\$4.5 million
Average Cost:	\$75,000
Total Homes:	60

Please note that the above projections and productivity estimates are subject to change based on the actual cost of Home Rehabilitation projects.

(3) What are the barriers that reduce contractor participation in the rehabilitation program and how are we mitigating those barriers?

Barriers to contractor participation have been a key component to delays associated with the Rehabilitation Program. While the proposed changes to the program will improve contractor participation as described in Response #1 above, there are other barriers to contractor participation that Staff are working to remove. The following list identifies many of the existing barriers and the steps being taken to overcome the barriers.

Bonding

Federal requirement that must be followed when projects are funded with federal grants.

Insurance

Housing is currently working with Risk Management to create categories of insurance requirements based on project scope. This will allow contractors to purchase insurance based on the project scope as opposed to a blanket level of insurance that may not be affordable to many contractors.

Due to the varying levels of required insurance, the Department is no longer requiring contractors to purchase a blanket insurance policy prior to receiving a Rehabilitation Program contract. Contractor feedback indicated that purchasing insurance with no guarantee of award was not economically palatable. Contractors will now provide proof of insurance upon award of contract to be approved by Housing and Risk Management.

Staff will explore the development of a customized insurance policy for contractors participating in the housing rehabilitation program.

Outreach to Contractors

Housing Department staff continue to work with the Office of Business Diversity to market housing rehabilitation programs and educate local contractors about the Rehabilitation Program. The Department will also partner with trade associations and community organizations to conduct outreach. Outreach will range from

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participation on subject-relevant webinars to networking sessions which will facilitate meaningful partnerships between large and small contractors.

The Housing Department will continue to work with Office of Business Diversity to bolster efforts with small and minority contractors including participation in Diversity University which provides hands on training and technical assistance to Minority/Women Business Enterprises (M/WBE).

Outreach efforts will seek to increase contractor participation in the program as well as build contractor capacity (see below).

Capacity (Financial and Operational)

As outlined in Response #1, the proposed changes to the Rehabilitation Program will allow smaller contractors to bid and secure lower budget projects to increase their financial capacity.

Department Staff continue to work with existing and potential contractors to provide educational assistance with operational capacity as it relates to bookkeeping, invoicing, insurance requirements, bidding requirements, general administration, and other capacity building activities.

Reimbursement Time

In reviewing past reimbursement delays, missing documentation was determined to be the root cause of many delays. Staff will provide assistance and education to contractors to ensure all required documents are included with reimbursement requests.

Application Process

The Housing Department's goal is to simplify the contractor application process to generate more contractor participation. The Housing Department removed the insurance requirement from the application process that proved to be a significant barrier to contractor participation. Housing is also analyzing other options to simplify the application process including reviewing Environmental Protection Agency certification requirements based on project scope, bundling of projects, financial review, and program design.

Internal City Processes

The Housing Department has undergone a significant reorganization to simplify its internal processes as well as increase communication and efficiencies when working with other stakeholders such as Risk Management, Business Diversity, Procurement, and City Attorney's Office.

(4) Provide a list of approved program applicants by council district.

See Exhibit A.

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- (5) What efforts is the Housing Department making to ensure landlords operating blighted rental properties are not allowed to participate in the program?**

Prior to participating in the City's Rehabilitation Program, Housing determines if the property owner has

- a) previously entered into agreements with the Department and
- b) if the particular property owner is in good standing with the City.

- (6) Provide a list of all non-profits and contractors the Housing Department worked with since 2014.**

See Exhibit B.

- (7) Can the City work with private insurance companies to customize insurance policies for contractors participating in the program?**

The Housing Department will reach out to private insurance companies to customize insurance policies for contractors participating in the program based on the requirements of Risk Management.

- (8) Provide information regarding historical contractor participation.**

Past outreach conducted by the Housing Department resulted in interest from 106 contractors. This outreach was conducted via educational sessions with Business Diversity, community events, and outreach to trade associations.

- (9) Provide a forecast of future contractor participation.**

Of the 106 different contractors that showed interest in the Rehabilitation Program, 15 contractors applied (14%) and 9 have received conditional approval (8%). The proposed changes to the program are designed to increase these figures; however, these figures may be used as a baseline participation rate moving forward.

Conclusions

The Department of Housing and Neighborhood Revitalization is committed to increasing homeowner and contractor participation in the Rehabilitation Program through the proposed changes to the program. The Department appreciates the opportunity to respond to the Committee's questions and provide clarification to the proposed changes to the Rehabilitation Program.

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Should you have any questions, please contact me at 214-670-3619.



David Noguera
Director, Housing and Neighborhood Revitalization

Attachments

C: T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Billieae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager

Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
Michael Mendoza, Chief of Economic Development and Neighborhood Services
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
Directors and Assistant Directors

Exhibit A

Approved Program Applicants By Council District

Census Tract	First Name	Last Name	Street Number	Street Name		Council District
4500	Erik	Osorio	415	Hartsdale	Drive	1
6401	Maricela	Yoder	2853	Poinsettia	Drive	1
5300	Ana	Hernandez	2721	Kingston	Street	1
5200	Nancy	Patlan	1000	S.Marborough	Avenue	1
	Diana	Robles	3812	Mt.Washington	Street	1
4201	Wanda	Eskue	1019	Woodlawn	Avenue	1
9802	Dwright	Savage	3512	Bolivar	Drive	2
2500	Rosie	Thomas	3504	Fairview	Avenue	2
11001	Joann	Sherwood	1636	Russell Glen	Lane	3
11001	Willie	Webb	1111	Oak Park	Drive	3
11001	Marica	Boldon	4841	Darko	Drive	3
16301	Rodriguez	Xiomara	1753	Nina	Drive	3
11001	Elinda	Amstead	1410	Lashley P	Place	3
10805	Zella	Young	3032	Cliff Creek	Drive	3
10803	LaShawn	Horton	4407	Country	Creek	3
11300	Ever	Battee	6112	Concerto	Lane	3
10805	Sharlann	Adams	3924	Kiest Valley	Parkway	3
11103	Linda	Roberson	1027	Golden Trophy	Drive	3
11300	Janice	Jamerson	1303	Woodburn	Trail	3
11001	Joseph	Johnson	1238	Maureen	Drive	3
12206	Harvey	Savage	5725	Hillcroft	Street	3
10804	Doris	Redden	2515	W. Kiest	Bldv	3
11101	Margaret	Javis	6329	ElderGrove	Drive	3
16510	Maria	Sanchez	7410	Elderberry	Lane	3
8802	Rosie	Caldwell	2722	Canary	Drive	4
5400	Cathy	Battle	1531	Arizona	Avenue	4
4900	Clova	Roy	1515	Harlandale	Street	4
5901	Barbara	Talley	1433	Grinnell	Street	4
8604	Ysifredo	Gonzalez	3047	Fordham	Road	4
5901	Eliza	Harrison	4402	S. Ewing	Avenue	4
8900	Willie Lynette	Ellis	420	Faulk	Street	4
8701	Mildred	Pope	3217	E. Ledbetter	Drive	4
11200	Joyce	Harrison	333	Penguin	Drive	4
4900	Carrie	Rhodes	1219	Galloway	Avenue	4
5600	Evelyn	Jackson	3039	Ramsey	Avenue	4
5600	Juana	Mendez	3010	Alaska	Avenue	4
5400	Ruby	Eusey	1726	Alaska	Avenue	4
5400	Geraldine	Bush	1907	Alabama	Avenue	4
8802	Silvia	Gonzalez	2436	E. Overton	Road	4
10601	Gloria	Rodriguez	3303	Clymer	Street	4
4500	Essie	Burns	2123	S. Ewing	Avenue	4
5901	Loreda	Jackson	3714	S. Marsalis	Avenue	4
5400	Linda	Willis	1235	Michigan	Avenue	4
8802	Gladys	Crawford	2637	E. Overton	Road	4

Approved Program Applicants By Council District

Census Tract	First Name	Last Name	Street Number	Street Name		Council District
6002	Sharon	Watkins	536	Parkwood	Drive	4
11900	Vickie	Johnson	1836	Red Cloud	Drive	5
12000	Isabelle	Hinkle	2803	Kirven	Street	5
9104	Geraldine	Kendick	2046	Hillburn	Drive	5
10101	Clinton	Brawley	1814	Dennison	Street	5
11900	Pearline	Shaw	1430	Gardenside	Drive	5
11800	Brenda	Mobley	908	Oakvale	Court	5
9101	Lora	Scott	2441	Utica	Drive	5
11900	Yetta	Williams	10404	Muskogee	Drive	5
9201	Glenda	Shelton	9241	Pondview	Drive	5
10101	Shelitha	Zachery	1850	Leath	Streeth	6
9802	Manuel	Abad	3615	Matador	Drive	6
11500	Nelvin	Jackson	3003	Dorris	Street	7
12210	Mildred	Alleyne	9220	Sweetwater	Drive	7
3902	Willie	Champion	2340	Macon	Street	7
3902	Linda	McGee	2327	Macon	Street	7
12206	Gill	Williams,I	6902	Hunnicut	Place	7
20200	Helen	Crockett	4808	Fellows	Lane	7
2701	Lawrence	Fuller	4602	Baldwin	Street	7
3902	Patricia	Crowder	2616	Stephenson	Street	7
20300	Tia	Adams	2409	Birmingham	Avenue	7
17605	Lillie	McGilbra	10403	Woodleaf	Drive	7
3700	Carlas	Jackson	3728	Dunbar	Street	7
12206	Dore	Madene	5727	Logancraft	Drive	7
11401	Billie	Fullylove	3825	Basswood	Drive	8
11300	Mark	Hawthorne	6616	Erikaglen	Drive	8
11104	Barbara	Potts	751	Clearwood	Drive	8
11601	Ronnie	Holiness	215	Palm Oak	Drive	8
11101	Billie	Thomas	1415	Millstream	Drive	8
9304	George	Edmond	365	Stoneport	Drive	8
9304	Roena	Calicutt	328	Ella	Avenue	8
11401	Bobbie	Offord	3928	Lovingood	Drive	8
20200	Gloria	Lee	3811	Stateoak	Drive	8
10902	Katherine	Mccallister	7228	Coach Light	Road	8
8705	Jimmie	Dixon	5180	Cardiff	Street	8
11200	Henry	Rhone	7304	Harold Walker	Drive	8
11401	Mildred	Thomas	3836	Morningview	Drive	8
16701	Lucia	DeLaRosa	6910	Nandian	Drive	8
12601	Vanessa	Harris	3041	Tres Logos	Lane	9
12400	Alma	Hernandez	10381	Fern	Drive	9
12702	Martin	Parra	2429	Tealford	Drive	9
12702	Christopher	Solomon	10639	Galena	Street	9
12500	Francine	Elmore	2335	Healey	Drive	9
21616	Daniel	Hagen	18715	Platte River	Way	12

Exhibit B

List of Approved Contractors Since 2014

A to Z Electric
Angel A/C Refrigeration
Apex Electrical Services
Builders of Hope
Assured Mechanical Solutions
Astar Heat & Air, Inc.
Atlas Star Energy, Inc., dba A Cooler House
Bethel Construction
Cleta Bryant Construction
Rustown Homes
ElstonAire, Inc.
HAO Texas Builders, Inc.
Hatley Brothers II Roofing & Construction LLC
M&M Constructor
Nationwide Contractors
One Air Earth
Opportunity Developers
PML Air Conditioning, Inc.
Son of Man Air & Heat, Inc.
Torres Construction
Dry Quick Restoration, LLC
Weldon's Interprises
CLA Services
Catastrophe Construction Services, Inc.
FixADrip Plumbing, Inc.
H & W Cleaning Systems, Inc
Ingram Property Management
Miko Trucking Inc.
RCT Property Preservation, CO. LLC
Christopher Tola dba Super Siding and Remodeling
JNT Developers

List of CHDO's Since 2014

Builders of Hope
East Dallas Community Organization (EDCO)
Southfair Community Development Corporation
Intercity Community Development Corporation
City Wide Community Development Corporation