

Programs, Tools and Strategies to Increase Housing Production

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What we've covered...

Three Topics:

- How Residential Real Estate Gets Financed
- How to Reduce Development Costs
- How to Increase Access to Capital and Reduce the Cost of Capital



The Dallas Housing Market

- Demand is higher than supply this results in overall housing prices / rents being higher also referred to as Housing Cost Burdened
- Two basic economic problems occur:
 - Disinvestment in areas where developers can't achieve the kind of return that can be achieved in the top markets
 - Lack of affordability for people at various income bands especially at lower income bands



Market Value Analysis

- The **Market Value Analysis** (MVA) helps make data driven decision making so we choose areas where we can create the right kind of interventions based on the market type
- Develop a 3-year strategic rolling plan – with specific production goals
- <http://dallascityhall.com/departments/pnv/Pages/MarketValueAnalysis.aspx>



SAMPLE TABLE OF INTERVENTIONS BY MARKET TYPES

SAMPLE ONLY	Market Value Analysis Market Types								
	A	B	C	D	E	F	G	H	I
CITY OFFERED ACTIVITIES									
Owner- Occupied Home Repair (HIPP)									
Single-Family Rental Home Repair (HIPP)	YR 3	YR 3	YR 3	YR2	YR 1	YR 1	YR 1	YR 2	YR 2
Infill Lot Development				YR 3	YR 2	YR 2	YR 2	YR 3	YR 3
Landbanking	YR 3	YR 3	YR 3	YR2	YR 1	YR 1	YR 1	YR 2	YR 2
City's Second Mortgage Assistance Program (DHAP)	-	-	YR 1	YR 2	YR 1	-	YR 1	YR 2	YR 2
Multi-Family New Construction	YR 2	YR 2	YR 2	YR 3		YR 3		YR 3	
Multi-Family Rehab	YR 2	YR 2	YR 2	YR 3		YR 3		YR 3	
Code Academy									
Dallas Tomorrow Fund - Code home repair	-	-	-	-	-	-	YR 2	YR 2	YR1
Designate Tax Increment Reinvestment Zone									
Create Neighborhood Association									
Neighborhood Beautification Projects									
PROPOSED ACTIVITIES									
Low Income Housing Tax Credit City support	YR 1	YR 1	YR 1	YR 2	YR 3	YR 2	-	YR 2	YR 3
Neighborhood Sweep									
Neighborhood Revitalization Strategy Area Designation									
Code Lien Foreclosures									
Opportunity Zones									
Neighborhood Empowerment Zones	YR 2	YR 1	YR 1	YR 1	YR 2	YR 2	-	YR 3	YR 3



City's Goal

Increase housing production in a way that

- Attracts the maximum amount of private money
- Fair return for the owner/developer but no undue enrichment
- Creates mixed income communities and provides access to all parts of the city



Existing Programs & Tools

PROGRAMS

- Dallas Homebuyer Assistance Program (DHAP)
- Tenant Based Rental Assistance Program (HILI)
- Housing Choice Vouchers (DHA)
- Land bank / HB110
- Dallas Tomorrow (code referral)
- 3 separate Home Repair Programs

TOOLS

- CDBG
- HOME Investment Partnership
- TIF
- Bond (2017)
- Tax Exempt Bond Financing (DHFC)
- Chapter 380
- Pilot
- Neighborhood Stabilization Program



Recommended Programs & Tools

PROGRAMS

- Home Improvement Preservation Program
- Multi-Family Rehab Program
- Code Lien Foreclosures
- Employer Assisted Housing Program
- Rental / Homeowner Maintenance Education Programs
- Contractor Training Program
- Voucher Sublease Program

TOOLS

- Housing Trust Fund
- Neighborhood Empowerment Zones
- Corporate Credit Enhancement Fund
- Opportunity Zones
- Community Land Trust
- Envision Centers
- Homestead Preservation Districts
- Accessory Dwelling Units
- Incentive Zoning



Strategies

- Identify target areas in which to issue a comprehensive NOFA that would address
 - Infill single-family development
 - Home repair – rental and owner-occupied
 - Multi-family rehab

Include all City tools & programs available for that area:



Strategies

- Create 3-year production rolling plan to serve different income bands for both home-ownership and rental:

	For-sale (56%)		Rental (47%)	
Annual unit production targets based on meeting 20k units in 3 years	33,600		28,200	61,800
120% of Dallas Area Median Income (DAMI)	8,400	25%	5,640	20%
100% of DAMI	10,080	30%	5,640	20%
80% of DAMI	11,760	35%	7,050	25%
60% of DAMI	3,360	10%	4,230	15%
50% of DAMI	-	0%	2,820	10%
30% of DAMI	-	0%	2,820	10%
	33,600		28,200	100%

Strategies

- Don't confuse who is to be served by price-points!
- Remember that Fair Market Value is different from Affordability!

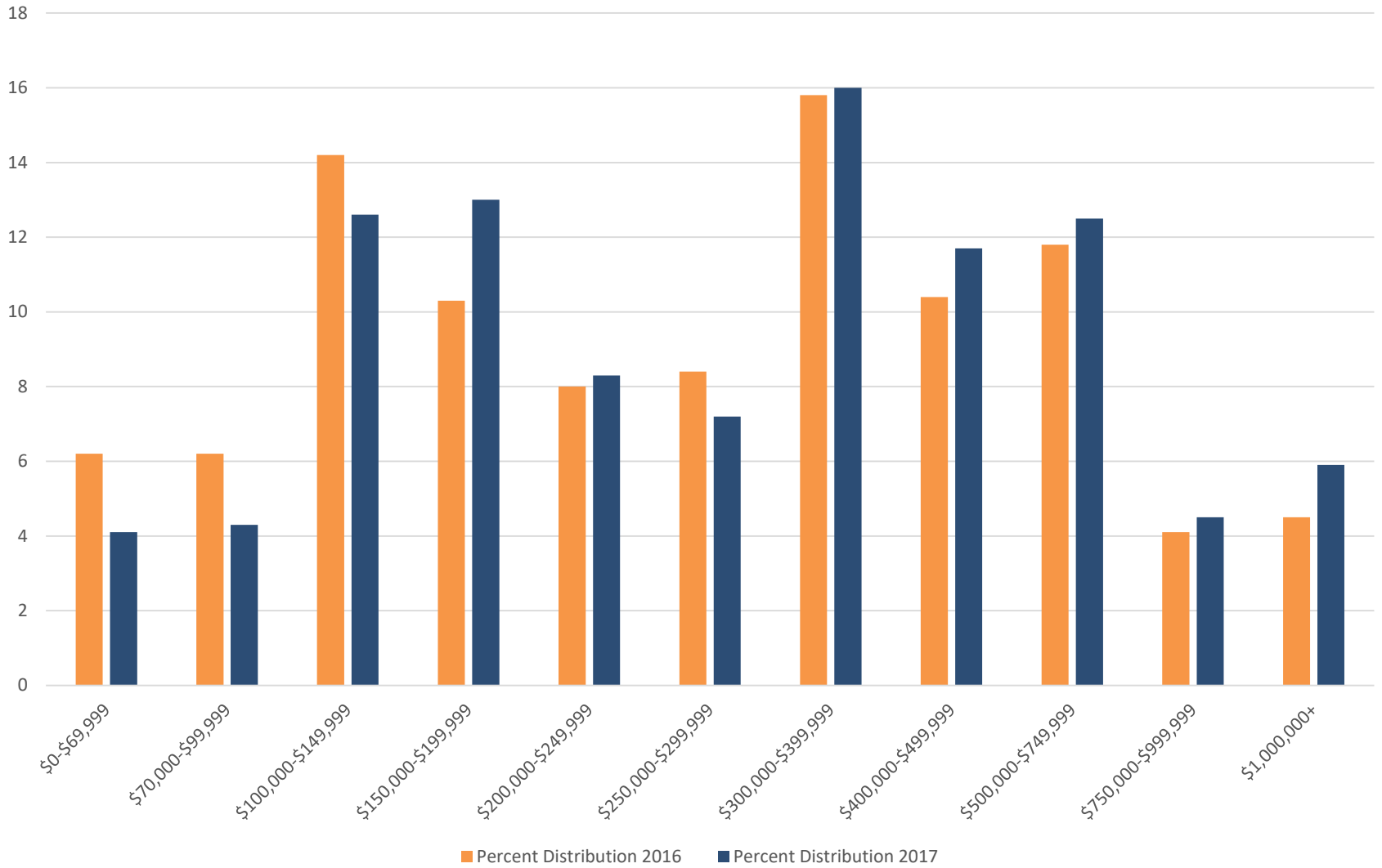


Guide for Household Budget

Category	Budget % of Household Income	HUD estimate 100% Median		Family for a Monthly @ 80% for a Monthly @60% for a Monthly 30% for a Monthly		Family for a Monthly @ 80% for a Monthly @60% for a Monthly 30% for a Monthly		Family for a Monthly @ 80% for a Monthly @60% for a Monthly 30% for a Monthly	
		\$73,400	Budget @ 100% AMI	\$58,700	budget @ 80% AMI	\$44,040	budget @ 60% AMI	\$22,000	budget @ 30% AMI
Housing related expenses (includes owner's/renter's insurance, property taxes, maintenance)	30%	\$ 22,020	\$ 1,835	\$ 17,610	\$ 1,468	\$ 13,212	\$ 1,101	\$ 6,600	\$ 550
Transportation, Groceries, Utilities,	20%	\$ 14,680	\$ 1,223	\$ 11,740	\$ 978	\$ 8,808	\$ 734	\$ 4,400	\$ 367
Savings, Retirement & Debt Payments	20%	\$ 14,680	\$ 1,223	\$ 11,740	\$ 978	\$ 8,808	\$ 734	\$ 4,400	\$ 367
Personal, Entertainment, Cell Phone, Cable, Gym Memberships, Eating out, leisure travel	30%	\$ 22,020	\$ 1,835	\$ 17,610	\$ 1,468	\$ 13,212	\$ 1,101	\$ 6,600	\$ 550
	100%								



Housing Sales Activity for Dallas Metro by Price Distribution



Price Range	Percent Distribution						
	2011	2012	2013	2014	2015	2016	2017
\$0-\$69,999	26.4	19.9	14.2	11	9.2	6.2	4.1
\$70,000-\$99,999	10.6	10.1	8.9	9.2	7.3	6.2	4.3
\$100,000-\$149,999	11.2	10.7	11.4	13	14.6	14.2	12.6
\$150,000-\$199,999	9.7	10.2	10.5	10.1	9.3	10.3	13
\$200,000-\$249,999	9.1	10.1	9.7	9.1	8.6	8	8.3
\$250,000-\$299,999	7.5	9	9.7	8.7	8.3	8.4	7.2
\$300,000-\$399,999	10.1	12.2	13.2	14.2	15.2	15.8	16
\$400,000-\$499,999	5.1	6.2	8.2	9	9.3	10.4	11.7
\$500,000-\$749,999	5.5	6.6	8.1	8.3	9.8	11.8	12.5
\$750,000-\$999,999	2.2	2.3	2.8	3.3	4.1	4.1	4.5
\$1,000,000+	2.7	2.6	3.3	4.1	4.4	4.5	5.9



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