



THE REAL ESTATE COUNCIL

Response to Economic Development & Housing Committee Request for Constructive Feedback on the City of Dallas' Draft Comprehensive Housing Policy

Dear Chairman Atkins:

The Real Estate Council (TREC) appreciates the opportunity to take part in this important conversation regarding the City of Dallas' Comprehensive Housing Policy. As a membership organization of commercial real estate professionals, we are committed to the economic growth and vibrancy of the North Texas region, and we know that providing housing accessible to all members of our community is an essential component of a healthy economy.

Housing is a complex and challenging issue facing our city today. TREC is committed to working with the Dallas City Council, staff and stakeholders to identify and implement the best solutions for Dallas. Thus, for the past two years, TREC members have been actively engaged in a working group discussing national best practices and targeted strategies for affordable housing policy. Upon reviewing the City of Dallas' draft Comprehensive Housing Policy, TREC's working group has developed the following point-by-point response:

- 1. Establishing Reinvestment Areas (Redevelopment, Stabilization and Emerging Market Areas)**
 - a. TREC agrees the MVA provides a sound basis for determining market differences and that policy approaches should be tailored to Dallas' different market and neighborhood needs. We agree it will be most effective to focus public investment in targeted Reinvestment Areas.
 - b. The City should also support housing strategies for non-target areas and should not disadvantage projects in Dallas' development process that don't request City funding. For example, TREC proposes that the City identify "High Opportunity" Areas (similar to the purple highlighted areas on the City's map) as critical areas where voluntary inclusionary zoning can apply by administratively awarding density bonuses in exchange for developing affordable units at varying income levels. This will contribute to the City's production goals.
 - c. In addition to High Opportunity Areas, the draft Comprehensive Housing Policy does not yet provide direction or a toolkit of strategies for several G-I markets (the yellow and orange highlighted areas on the City's map). How may neighborhoods prepare for and phase into opportunities for Reinvestment Area status or funding? Will these areas that lack private investment be targeted as high-priority areas for investment through the proposed changes to the City's Economic Development Policy?
 - d. How will the City's policies, zoning codes and other administrative procedures be impacted when the target areas are amended every 3 years? As projects often take longer than 3 years, a 3-year timeframe is ambitious.

- 2. Setting Production Goals for homeownership vs. rental**
 - a. TREC agrees it is important to first identify the housing needs and set production goals to launch an effective policy.
- 3. Setting Percentages of families at various income bands to be served in both homeownership vs. rental**
 - a. TREC agrees that strategies for a range of incomes must be included in any comprehensive approach to housing policy and that the City of Dallas should support mixed-income communities. Mixed-income housing and neighborhoods contribute to the diversity and stability of communities.
- 4. Addition of Rental Rehabilitation Program for both single-family and multi-family**
 - a. TREC agrees that rehabilitation of the existing stock of rentals is an important and cost-effective component of any housing strategy.
 - b. If a developer receives financial assistance, what percentage of units will be required to meet the City's definition of affordability? Will this percentage align with the percentage of the cost the City contributes to the overall project?
- 5. Addition of the Targeted Homebuyer Assistance Program to attract law enforcement, teachers, and fire fighters into Reinvestment Strategy Areas**
 - a. TREC agrees that a range of incomes be served by the new policy. As our member expertise is most closely associated with multifamily and commercial real estate, TREC has no further comment.
- 6. The expansion of the owner-occupied rehab program activities to include refinance of home equity lines of credit or first mortgages as part of an eligible rehab project**
 - a. TREC agrees that a range of tools be offered in the comprehensive housing plan, including for individual homeowners. Again, as our member expertise is most closely associated with multifamily and commercial real estate, TREC has no further comment.
- 7. The Designation of Neighborhood Empowerment Zones in Stabilization Areas and authorize a property tax freeze for up to 10 years for homeowners if they are making improvements to their property resulting in more than 25% increase in value and allowing fee rebates. Providing for other development incentives within these areas as approved by council**
 - a. TREC agrees that the City should leverage federal and state resources as well as designations such as the establishment of Empowerment Zones to most efficiently maximize its investment in housing.
 - b. As it is our understanding that the proposed property tax freeze is intended for the homeownership market, TREC will not offer further comment on this component.
- 8. The establishment of a Housing Trust Fund to make loans to support the production goals and authorize staff to transfer a minimum of \$7 million in unencumbered fund balances from high performing TIFs, as well as \$7 million from Dallas Water Utility funding set aside to support developments**
 - a. TREC agrees it is important to establish a dedicated funding stream such as a Housing Trust Fund. This is a national best practice and a key component of our 2016 recommendations.
 - b. We look forward to understanding in greater detail the sources of funding for the new Housing Trust Fund, how the transfer and allocation of funds will be implemented, and how the City will plan to scale and sustain the Housing Trust Fund from a variety of funding sources.


- 9. The use of Tax Increment Financing for projects that propose to meet the unit production goals with affordability requirements as defined in the NOFAs and RFAs to advance the goals outlined here and not a blanket 20% or 10% affordability**
- a. TREC agrees, first and foremost, that any policy should be clearly defined. Making the rules widely known, easy to follow and predictable enables developers to participate.
 - b. TREC agrees that TIF funding should be used to encourage a greater range of mixed-income housing including up to 140% of AMI. Will this newly-proposed TIF policy apply to existing TIFs or only newly-created TIFs? Will the targeted Reinvestment Areas be able to receive any TIF money, and if so, how will that occur if they are not currently part of an existing TIF? Will a new TIF be created for each of the targeted Reinvestment Areas or will they be combined into one virtual TIF?
 - c. Additionally, the newly-proposed policy recommends drawing funds from unencumbered high-performing TIF districts. From which TIFs will these funds be derived?
- 10. The creation of a Housing Task Force to work on Legislative issues, state and federal, and review Low Income Housing Tax Credit Annual Qualified Allocation Plan**
- a. TREC agrees that an ongoing task force will be an effective tool to support the City in further vetting housing policy opportunities as well as advocate for housing resource allocation.

We are encouraged to see that the City's draft Comprehensive Housing Policy includes several key elements offered in our 2016 recommendations to the Economic Development & Housing Committee. The following item is not currently addressed in the City's proposed recommendations, and TREC would like the City to clarify its position on this item:

- (1) TREC proposed that the City consider land write-downs of their publicly-owned land to be used as a catalyst for investment for affordable housing opportunities. Is this a policy the City will include in the final affordable housing recommendations?

We look forward to continuing to work with the Economic Development & Housing Committee members, City staff and other stakeholders to continue to refine the best package of policies for the City of Dallas. We thank you for the opportunity to take part in this important process.

Sincerely,



Linda McMahon
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