SOUTHERN DALLAS PROGRESS
COMMUNITY DEVELOPMENT CORPORATION
Improving Lives, One Community at a Time

January 14, 2021

Wells Fargo Bank, National Association
1101 North Phillips Avenue
Sioux Falls, South Dakota 57104

Office of the Comptroller of the Currency
Large Bank Supervision Constitution Center
400 7th Street SW
Washington, DC 20219-0001

RE: Comment on Wells Fargo Bank 's Community Reinvestment Act (CRA) Performance

I am submitting this letter to Wells Fargo Bank 's Community Reinvestment Act (CRA) public file for consideration on Wells Fargo Bank 's CRA Performance Evaluation. I have a couple concerns with Wells Fargo Bank small business lending in Dallas and would look forward to meeting with Wells Fargo Bank to learn more about the bank's goals and priorities, and to discuss community development needs and opportunities. In particular, I would like Wells Fargo Bank and other banks to focus on Southern Dallas as I believe the heightened poverty in my neighborhood has held back my community, and the city of Dallas as a whole, for too long.

Lending Concerns

I worked with the National Community Reinvestment Coalition (NCRC) to analyze the mortgage lending of Wells Fargo Bank in Dallas. This is what NCRC found.[1]

- According to the Home Mortgage Disclosure Act (HMDA) data from 2018 to 2019, Wells Fargo Bank made a total of 2,767 in Dallas County. This data demonstrated that in 2019, 40.15% (1,111) of all home loans in Dallas went to minorities however only 10.22% (283) of Wells Fargo Bank 's home loans were extended to Blacks (African Americans).
    - Dallas County, Texas's estimated population is 2,641,680. Of that approximately 606,168 are African Americans.
    - City of Dallas's estimated population is 1,343,573. Of that approximately 322,457 are African Americans.
    - Less than 8.2% of the loans were made in Southern Dallas
    - Loans in Southern Dallas higher denial percentage than loans in Northern Dallas

[1] See lending mentioned CRA Report. https://www.occ.gov/static/cra/craeval/Jun20/1.pdf

Gaps in lending to people of color, borrowers with LMI, and small businesses are usually the result of a lack of products that meet particular credit needs, gaps in marketing, or a lack of partnerships. I believe that working with my organization can improve Wells Fargo Bank performance.

Focus on Southern Dallas

The need in Southern Dallas is well documented. HUD has designated Southern Dallas as a racially or ethnically concentrated area of poverty (R/ECAP) since at least 1990, meaning that since 1990 the population of Southern Dallas has had a poverty rate of at least 40%. That poverty rate is more than double the 16.6% poverty rate for Dallas County as a whole.[2] The Urban Institute looked at economic trends, data on income segregation, housing affordability, job availability, and racial disparities in 274 large US cities from 1980 to 2013 and found that Dallas was the least economically and racially inclusive.[3] Increased obstacles to economic opportunity in Southern Dallas has a negative impact on Dallas as a whole. Numerous studies show that high levels of inequality stunt economic growth as it prevents economies from performing to their full potential.[4] Economies with less inequality not only maximize their productive potential, but also minimize the significant fiscal and social costs of inequality. Childhood poverty—one outcome of insufficiently inclusive growth—costs the U.S. economy an estimated $500 billion a year, or four percent of GDP, due to lost productivity, higher crime and incarceration, and larger health expenditures. Cities end up bearing these costs, at the expense of other important investments in growth and opportunity.[5] Heightened inequality also creates resentments and hostilities that damage social and political cohesion, which also negatively affects economic growth.

Researchers are also predicting that Southern Dallas will be particularly hard hit by COVID-19, both medically and economically, given the unfortunate correlation between poverty and unfavorable health outcomes.[6] I am very concerned about the impact COVID-19 will have on my community that was already facing increasing economic hardship, and I believe that without an intentional focus on Southern Dallas these unfortunate economic trends will continue. To make matters worse, many banks do not include Southern Dallas as part of their CRA assessment area. We were not happy to see that Wells Fargo Bank 's Dallas assessment area does Not include all of Dallas County. We would look forward to discussing opportunities for Wells Fargo Bank to be responsive to our community needs and position itself as a leader in addressing inequality in Dallas.

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[2] "Percent of Population Below the Poverty Level in Dallas County, TX." 2018 Poverty Rate for Dallas County TX. Federal Reserve Bank of St. Louis Economic Research. Available online at https://fred.stlouisfed.org/series/S1701ACS048113.

[3] "Inclusive Recovery in US Cities." Urban Institute. April 2018. Available online at https://www.urban.org/sites/default/files/publication/97981/inclusive_recovery_in_us_cities.pdf.

[4] "Introduction: Inequality of Economic Opportunity." [redacted] RSF: The Russell Sage Foundation Journal of the Social Sciences , Vol. 2, No. 2, Opportunity, Mobility, and Increased Inequality (May 2016), pp. 1-43. Available online at https://www.jstor.org/stable/10.7758/rsf.2016.2.2.01#metadata_info_tab_contents

[5] "Opportunity for growth: How reducing barriers to economic inclusion can benefit workers, firms, and local economies." Brookings Institution. [redacted] September 28, 2017. Available online at https://www.brookings.edu/research/opportunity-for-growth-how-reducing-barriers-to-economic-inclusion-can-benefit-workers-firms-and-local-economies/.

[6] "Mapping the Areas at Highest Risk of Severe COVID19 in Dallas, Austin and San Antonio." UTHealth School of Public Health Institute for Health Policy. April 2, 2020. Available online at https://sph.uth.edu/research/centers/ihp/COVID-19_Dallas_Austin_SA%20Final_4-3-20.docx.pdf.

The following sections discuss demographic in the Southern Dallas assessment area.

- Southern Dallas is home to 43% of all Dallas residents in just 57% of the city's land area.
- Of the 560,000 residents of neighborhoods in southern Dallas, approximately 38% live below poverty - roughly 9% higher than the City's overall poverty rate of 29%.
- Overall, 56% of Dallas residents living below poverty live in the southern neighborhoods of Dallas.
- *The City of Dallas is a unique place. There is a difference between "South Dallas" and "Southern Dallas".*
- *The Southern Sector of Dallas (Southern Dallas) is commonly defined as those areas south of Interstate 30.*
- *The Southern Dallas is 196.7 total square miles. 45% of the City's residents live in Southern Dallas (91% of the residents are minorities in Southern Dallas). **

Review your Reasonably Expected Market Area (REMA) to identify redlining that may be happening to the Southern Dallas community. [7]

- Most regulatory agencies will use the term REMA; however, the Federal Reserve Board performs a similar analysis, but uses the term Credit Market Area (CMA).
- FDIC defines an institution's REMA based on the following factors:
  - Where the institution has received applications
  - Where the institution has originated loans
  - The history of mergers and acquisitions
  - The market area as defined by the bank in its written policies and procedures
  - Branch structure and history including closures, acquisitions, and relocations
  - Physical presence including the location of branches/offices, LPOs, brokers, and other third-party originators.
  - Advertising and mar eting efforts including print, telemarketing, and direct mail campaigns.
  - The inappropriate exclusion of majority minority census tracts from the institution's assessment area.

- Redlining risk factors include, but are not limited to the following practices:

  1. Offering different loan programs in different areas
  2. Marketing efforts that exclude and/or target certain geographies
  3. Loan programs that exclude certain types of residential property
  4. Loan minimums without consideration of the average home value

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[7] REMAs are not defined by fair lending laws, but the concept is not new. The Interagency Fair Lending Examination Procedures reference, "credit markets in which the institution is doing business". https://www.ffiec.gov/pdf/fairlend.pdf

Questions from the Southern Dallas Community to Wells Fargo Bank

- How many mortgage loans were made to minority borrowers were in Southern Dallas (City of Dallas)?
- How many mortgage loans were made to minority borrowers in Southern Dallas County?
- How many mortgage loans were made to African American borrowers in Southern Dallas (City of Dallas) and how many were in low-income census tracts?
- How many mortgage loans were made to African American borrowers in Southern Dallas County and how many were in low-income census tracts?
- How many of the CRA small business/small farm loans were made in Southern Dallas (City of Dallas)?
- How many of the CRA small business/small farm loans were made in Southern Dallas County?
- How many of the CRA small business/small farm loans were made in Southern Dallas (City of Dallas) and how many were in low-income census tracts?
- How many of the CRA small business/small farm loans were made in Southern Dallas County and how many were in low-income census tracts?

Community Ask:

- Increase small business loans to minorities by 50%
- Increase small business loans in the Low-Income census tracts by 60%
- Increase mortgage lending to African Americans by 60%
- Increase mortgage lending in Low-Income census tracts by 50%
- Advanced implementation of Section 1071 of the Dodd-Frank Act
- Immediate Implementation of Section 342 of the Dodd-Frank Act
- Develop a strategic plan with the input of the Community
    - https://www.occ.treas.gov/topics/consumers-and-communities/cra/national-banks-eval-basis-of-strategic-plan-under-cra.html
- Create positions for CRA Community Development Commercial and Mortgage Loan Officers
- Launch Small Business Cohort Focuses on Small Minority Businesses located in/or Serving Low Income Areas of Southern Dallas
- Perform a credit needs assessment for Southern Dallas
- Make CRA Qualified Investments to minority lead organizations that focus on Southern Dallas
- Establish special purpose credit programs (SPCPs) to address lending disparities in Southern Dallas
    - https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-advisory-opinion-to-help-expand-fair-equitable-and-nondiscriminatory-access-to-credit/

Conclusion

We appreciate this opportunity to comment on Wells Fargo Bank 's CRA performance and would look forward to discussing a plan for Southern Dallas and be a leader in addressing inequality in Dallas.

Sincerely,

[redacted]

[redacted]
President/Chair
[redacted]
Southern Dallas Progress Community Development Corporation

From: [redacted]
Sent: Thursday, January 21, 2021 8:26 AM
To: [redacted]. [OPERATIONAL INITVS MGR (LO)] <[redacted]
Cc: [redacted]. [SEVP CEO CONSUMER & SMALL BUS] [redacted] Board Communications <[redacted]
Subject: HELP PLEASE ERROR PREVENTING PPP APPLICATION.....Fwd: Action needed for Wells Fargo business account application number [redacted]

---------- Forwarded message ---------
From: [redacted]
Date: Wed, Jan 20, 2021, 5:47 PM
Subject: Fwd: Action needed for Wells Fargo business account application number [redacted] 1
To: <[redacted], <[redacted]

Dear [redacted] and [redacted]

I am seeking help with a WF error/issue preventing me from applying for a Wells Fargo's PPP loan. In order to apply with the first group of PPP loans I applied for a business bank account in April 2020. The process was somewhat cumbersome compared to now. My application back then was not opened successfully with the assistance of your national business banking staff but I was able to open a business banking account on my own online on 1/17/2021.

However, not in time to meet the 12/01/2020 deadline imposed by WF for PPP loan applicants to have opened a business account. I am seeking assistance in making a PPP loan application because I had applied for a business account prior to 12/01/2020, I had a personal WF account and attempted to open a business account solely for the purpose of applying for the first PPP loans.

Now Wells Fargo has effectively prevented me from both PPP applications through WF. I am a minority small business owner. Can you provide some assistance in meeting that WF policy of having a business account on or before 12/01/2020 based on these facts?. If not does Wells Fargo have a community reinvestment act compliance officer.

My account numbers are:
[redacted] Bus.
[redacted] Pers.

I'm sorry to bother you as I am shooting in the dark here with respect to connecting with someone to discuss the above.

Thank you.

[redacted], Esq.

Small Business Segment
Executive Office
P.O. BOX 29482
[redacted]
Phoenix, AZ 85038-8650

February 10, 2021

[redacted], Esq.
[redacted]

Subject: Your January 20, 2020 inquiry to the Board of Directors regarding the Paycheck Protection Program
Reference #[redacted]

Dear [redacted]:

We received your complaint about your disappointment with your experience with the Small Business Administration (SBA) Paycheck Protection Program (PPP) and want to thank you for the opportunity to address it. At Wells Fargo, we are committed to supporting our customers and our communities through these unprecedented times. We regret that this experience has not met your expectations and apologize for any frustrations this may have caused.

What you need to know

- Wells Fargo requires that you have an open Wells Fargo business checking account that was opened on or before December 1, 2020, in order to apply for the PPP. We confirmed that your business checking account ending in [redacted] was opened after this date.
- We understand that you previously attempted to open a business checking account in April 2020. After researching this application, we would like you to know that when opening a deposit account at a branch, a risk screening must be completed on individual owners, partners, or key executives with authority and control over the entity and based on the entity type. A government issued identification is required, and a minimum deposit must be made. Required business entity documentation must be submitted and approved prior to the account being opened. Once all required documentation is submitted and approved with the proper identification, the account can be opened.
    - Based on our review, we found no indication that a bank error occurred.
- Although we sympathize with your situation, we regret to inform you that we are unable to make any exceptions to the eligibility requirements.
- While you are not able to apply with Wells Fargo at this time, we encourage you to contact the SBA to discuss other options that are available, or apply through another participating lender.
- If you have any Community Reinvestment Act (CRA) concerns, you may send written comments about our performance in helping to meet community credit needs to Wells Fargo CRA Strategy and Program Management, P.O. Box 63102, San Francisco, California 94163.

[redacted]

Small Business Segment
Executive Office
P.O. BOX 29482
[redacted]
Phoenix, AZ 85038-8650

Additional options

- For more information about program eligibility, visit our Paycheck Protection Program Loan Forgiveness Center at wellsfargo.com/biz/paycheck-protection-forgiveness.
- We understand these are difficult times and we encourage you to contact the SBA directly to discuss other available options. They may be reached by one of the following ways:
  - Call 1-800-659-2955 (TTY: 1-800-877-8339)
  - Email disastercustomerservice@sba.gov
  - Visit this website for Coronavirus (COVID-19) Small Business Guidance & Loan Resources: www.sba.gov/funding-programs/loans/coronavirus-relief-options

Going forward

As we continue to navigate the rapidly changing COVID-19 situation, our first thought is for the safety and well-being of everyone impacted. At Wells Fargo, we are committed to providing you the financial access, guidance, and support you need so you can focus on your well-being and your loved ones. If you have any questions, our representatives are available to assist you at 1-866-365-9713, Monday through Friday, 8:00 a.m. to 4:30 p.m. Pacific Time.

Thank you.

Sincerely,

[redacted]

[redacted]
Senior Vice President
Small Business Executive Office

[redacted]

From: [redacted]
Sent: Wednesday, March 24, 2021 7:34 AM
To: [redacted] [BUSINESS SUPPORT MANAGER] [redacted]
Subject: Wells Fargo Bank, NA - Public Comment Letter - Columbia Branch Closing

This message was sent securely using Zix®

Mr. [redacted]

This concerns a comment letter dated March 4, 2021 submitted to the OCC by Ms. [redacted] and Mr. [redacted] relating to Wells Fargo Bank, NA's plans to close its Columbia Branch, located at 345 Locust Street, Columbia, Pennsylvania 17512 [Branch No.: [redacted].

Attached you will find a copy of the comment letter and well as the OCC's response letter dated March 24, 2021. Please place the comment letter in the bank's public file.

If you have any questions, contact [redacted] Director, Community Developments, at [redacted] or [redacted] and reference the OCC control number [redacted]

Regards,

[redacted]

[redacted] | Licensing Specialist | Office of the Comptroller of the Currency
Licensing Division - Northeastern District Office
[redacted]

Office of the Comptroller of the Currency

Large Bank Licensing

SENT VIA ELECTRONIC MAIL ONLY

March 24, 2021

Ms. [redacted]

Re: Wells Fargo Bank, N.A. - Columbia Branch Closing

Dear Ms. [redacted]:

We acknowledge receipt of your letter dated March 4, 2021 regarding Wells Fargo Bank, N.A.'s plans to close its branch office located at 345 Locust Street, Columbia, Pennsylvania 17512, known as the Columbia Branch on June 2, 2021. The bank's decision to close the branch office is a business decision that does not require the approval of the OCC. However, we will consider your comments in connection with our next Community Reinvestment Act (CRA) evaluation of the bank when we will review the effect of the bank's record of opening and closing offices. In addition, we will take the bank's record of performance under the CRA into account when we review applications by the bank to establish or relocate branches or to merge with other banks.

I have emailed a copy of your letter to the bank contact listed below. If you wish to pursue this issue further with the bank, the contact person at the Wells Fargo Bank, N.A. is Mr. [redacted] Director of CRA, [redacted] Please indicate the name of the branch and its present location to the bank contact.

We have forwarded your comment letter to the OCC's Community Affairs Department in Washington, D.C. Community Affairs will advise you if we intend to convene a meeting with community representatives to explore the feasibility of obtaining alternative financial service facilities. If you have any questions, please contact [redacted] Director for Community Development, at [redacted] or [redacted]

Sincerely,

[redacted]

Licensing Specialist

Ms. [redacted]

HARRISBURG PA 171

9 MAR 2021 PM 1 L

FOREVER / USA

The Office of the Comptroller of Currency
400 7th St SW
Washington, DC 20219

10E-12

RECEIVED
MAR 16 2021
By

20219-

memo

3-4-21

To Office of the Comptroller of the Currency,

My father & I received your letter about closing the Wells Fargo Bank Branch on 345 Locust St, Columbia, PA 17512

We both object to this closing, it is hard to believe with all the customers who use this branch, that it is closing. I don't want to go to Centerfield Rd, Lancaster PA 17601 for my banking because I live in Columbia, not that part of Lancaster. Please forward to the person or persons that controls closures.

FY17LGNP20

[redacted] & [redacted] [redacted]

From: [redacted]
Sent: Thursday, April 15, 2021 3:41 PM
To: [redacted] [BUSINESS SUPPORT MANAGER] [redacted]
Subject: Wells Fargo Bank, NA - Public Comment Letter - Columbia Branch Closing

This message was sent securely using Zix®

Mr. [redacted]

This concerns a comment letter dated March 6, 2021 submitted to the OCC by Ms. [redacted] relating to Wells Fargo Bank, NA's plans to close its Columbia Branch, located at 345 Locust Street, Columbia, Pennsylvania 17512 [Branch No. [redacted].

Attached you will find a copy of the comment letter. Please place the comment letter in the bank's public file.

If you have any questions, contact [redacted] Director, Community Developments, at [redacted] or [redacted] and reference the OCC control number [redacted]

Regards,

[redacted]

[redacted] | Licensing Specialist | Office of the Comptroller of the Currency
Licensing Division - Northeastern District Office
[redacted]

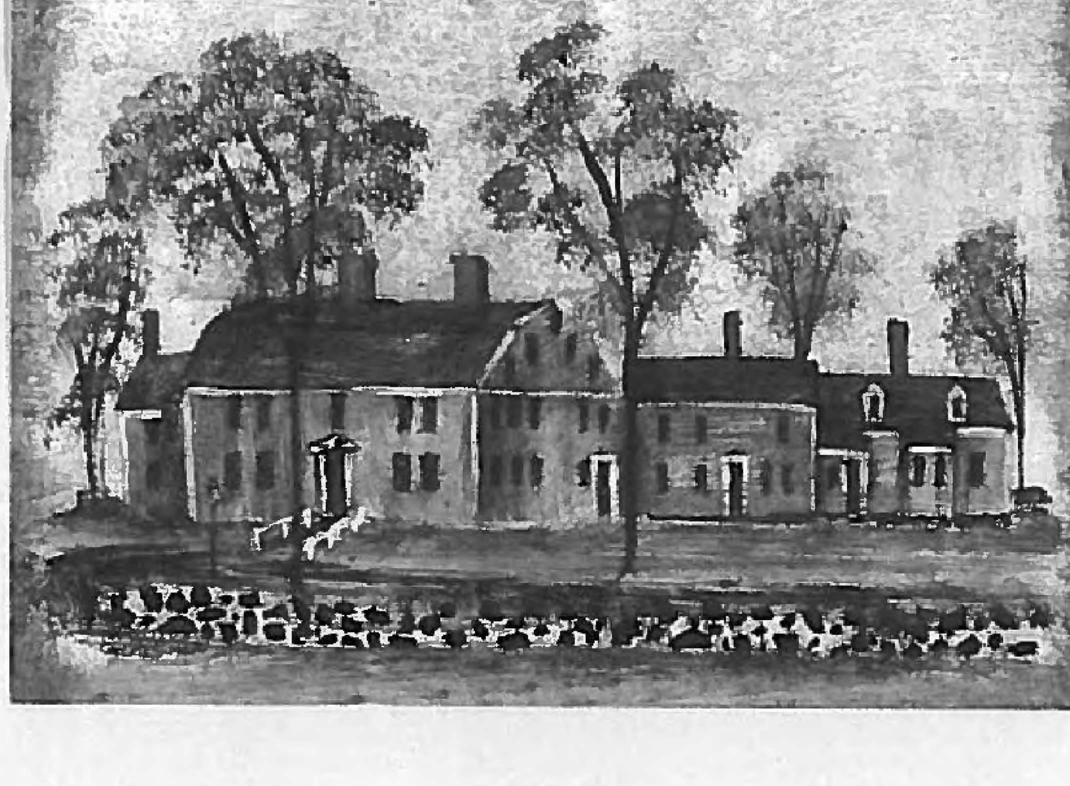
March 6 2021

To who it might Concern!

I would like to comment on the Closing of the Wells Fargo Bank, in Columbia Pa. at 345 Locust St. I think you are not thinking of the average person. I have been a customer when it was the Columbia Trust Company - I was in the 1st Grade and had a school saving account that I put $1.00 a week about 1950. I feel it is very sad that BIG BUSINESS does not worry about us small people! How are older people who do not have a car to drive 8 or 10 mile to another Branch. There are a lot of older people in this town! I feel

that this is not fair! I know this letter will get any attention but you are only thinking Big - not about the little person who made you what you are

[redacted]



[redacted]

HARRISBURG PA 171

8 MAR 2021 PM 4 L

The Office of the Comptroller of the Currency

Mail Stop 10E-2

400 7th St. SW

Washington DC

20219

Oregon Law Foundation

March 9, 2021

[redacted]
IOLTA Product Manager
Wells Fargo
[redacted]

RE: 2020 Community Reinvestment Act (CRA) Acknowledgement

Dear Ms. [redacted]

We wish to thank Wells Fargo Bank for being an Oregon Law Foundation Leadership Bank for the IOLTA (Interest on Lawyers Trust Accounts) held at your bank. As you know, IOLTA is a unique product, created by court rule for the purpose of funding civil legal services to indigent people.

IOLTA grants are primarily awarded to organizations providing civil legal services to persons at or below 125% of the federal poverty guidelines which is far below the CRA median household income requirements for low income persons. These services include consumer, education, healthcare access, housing, family law, elder care, employment and income maintenance, just to name a few. Virtually all the services are in complete alignment with the Community Reinvestment Act objectives. All of these issues impact core economic stability, and are important to maintaining housing, and qualify for credit. It is important to note that civil legal services is extremely underfunded, with resources to serve only 15% of eligible Oregonians. This makes the bank's donation a critical investment into the low-income community. As part of its 2020 CRA rule update, the Office of the Comptroller of the Currency recognized the connection between community redevelopment and legal assistance to LMI individuals by listing legal assistance with other CRA qualifying community support services in its *CRA Illustrative List of Qualifying Activities*. The enclosed IOLTA information sheet gives more details about the connection between community redevelopment and IOLTA donations.

From January through May 2020, in support of legal services to indigent people, Wells Fargo Bank paid an IOLTA rate up to 1.39% to the IOLTA program and waived all fees. From June through December 2020, Wells Fargo Bank paid an IOLTA rate of 1.00% and waived all fees. As is calculated in the enclosed spreadsheet, Wells Fargo Bank contributed $456,707 more than it was paying on similarly situated accounts in order to support the communities in which it has branches. The Oregon Law Foundation encourages all banks to voluntarily pay IOLTA rates higher than that which they pay their similarly situated customers in order to benefit legal services for the indigent people in Oregon.

[redacted]

The eligible nonprofit organizations provide core legal services that are critical for strengthening local communities. They assist victims of domestic violence, help persons with disabilities obtain or maintain housing, advocate to increase affordable housing, help the homeless with legal matters and government benefits, and provide education on legal rights and responsibilities in consumer credit and other areas such as a statewide low income tax program.

IOLTA investments provide high impact and deep benefits for low-income communities. The communities served by Wells Fargo Bank, and all of us in Oregon, benefit tremendously from your commitment to the IOLTA program. As a Leadership Bank in the IOLTA Program, Wells Fargo Bank exemplifies commitment to upholding the federal Community Reinvestment Act (CRA).

Please include this letter and the enclosures in your CRA file, for consideration of CRA investment and service credits. Should your regulatory staff have any further questions, please feel free to refer them to our office for assistance. On behalf of our grantees, their clients, and our staff, we thank you.

Sincerely,

[redacted]

Executive Director

Enclosures

Bank Name	Earn Start	Earn End	IOLTA Rate	Interest Received	Total Bank Prin. Bal	Interest Rate Paid on Similiarly Situated Accounts (Comparable)	Interest Calculated at Comparable Rate
Wells Fargo Bank	1/1/2020	1/31/2020	1.39	$5[redacted]	$44[redacted]	0.05%	$1[redacted]
Wells Fargo Bank	2/1/2020	2/29/2020	1.13	$4[redacted]	$43[redacted]	0.05%	$1[redacted]
Wells Fargo Bank	3/1/2020	3/31/2020	1.17	$4[redacted]	$39[redacted]	0.03%	$9[redacted]
Wells Fargo Bank	4/1/2020	4/30/2020	1.28	$4[redacted]	$38[redacted]	0.01%	$3[redacted]
Wells Fargo Bank	5/1/2020	5/31/2020	1.30	$4[redacted]	$39[redacted]	0.01%	$3[redacted]
Wells Fargo Bank	6/1/2020	6/30/2020	1.00	$3[redacted]	$41[redacted]	0.01%	$3[redacted]
Wells Fargo Bank	7/1/2020	7/31/2020	1.00	$3[redacted]	$40[redacted]	0.01%	$3[redacted]
Wells Fargo Bank	8/1/2020	8/31/2020	1.00	$3[redacted]	$43[redacted]	0.01%	$3[redacted]
Wells Fargo Bank	9/1/2020	9/30/2020	1.00	$3[redacted]	$41[redacted]	0.01%	$3[redacted]
Wells Fargo Bank	10/1/2020	10/31/2020	1.00	$2[redacted]	$36[redacted]	0.01%	$3[redacted]
Wells Fargo Bank	11/1/2020	11/30/2020	1.00	$3[redacted]	$39[redacted]	0.01%	$3[redacted]
Wells Fargo Bank	12/1/2020	12/31/2020	1.00	$2[redacted]	$36[redacted]	0.01%	$3[redacted]
		Totals		$4[redacted]			$7[redacted]
		Total Comp		[redacted]			
		CRA Investment Credit		$456,707.16			

Community Development Donations
Wells Fargo Bank - 2020

Name of Organization	Full Address	Mission of the organization Also provide website describing organization's mission *(HOW does the Organization Qualify as a CD Organization?)*	Amount of Donation	Community Development Type A, CS, E, or R *(See definitions below)*	Date of Community Development Donation (MM/DD/YYYY)	State	Assessment Area Served	County	Census Tract *	Census Tract Category * (Low-, Mod-, Mid-, or Upper-income)	Description of Donation *(Provide description that clearly illustrates HOW the donation meets one of the four definitions of community development.*
Oregon Law Foundation	[redacted]	Supporting Access to Justice in Oregon by obtaining and distributing funds to provide legal services to persons of lesser means. www.oregonlawfoundation org	$456,707	CS	01/01/2020 to 12/31/2020	OR					The Oregon Law Foundation collects IOLTA revenue and distributes it primarily to eligible nonprofit organizations that provide legal services to indigent people in every county in the State. These services include consumer, education and healthcare access, housing, family, domestic violence, elder care, income maintenance, and community economic development, just to name a few. Virtually all the services are in complete alignment with the Community Reinvestment Act objectives. All of these legal issues impact core economic stability, and are important to maintaining housing, and qualify for credit.
		Total Donations	$456,707								

* - If applicable

Types of Community Development
A = Affordable housing for low- or moderate-income individuals
CS = Community services targeted to low- or moderate-income individuals
E = Promoting economic development by financing small businesses or small farms
R = Revitalization or stabilization of low- or moderate-income geographies, designated disaster areas, or distressed or underserved Non-MSA middle-income geographies

IOLTA: Connecting Civil Legal Aid & CRA Credit

Oregon Law Foundation

Legal aid, an innovative approach to ending poverty.

Legal roadblocks keep people from breaking the cycle of poverty. Employers who will not pay for hours worked, landlords who refuse to fix unsafe apartments, and the fallout from abusive spouses keep people trapped in poverty unable to escape. Civil legal aid ends the cycle by providing direct legal advocacy to address economic and social problems. With civil legal aid, people are able to protect their livelihoods, their health, and their families. Lives become more stable and clients are able to reach their full potential. This is why donors and philanthropists increasingly turn to civil legal aid as an innovative way to target a broad set of community needs.

Legal aid is an economic multiplier.

The Oregon Law Foundation conducted an economic benefits analysis of its grantees' work showing that for each $1 invested, Oregon legal aid returns $3.43 of economic benefit not only to the clients served but also to the community at large. **Legal aid brings money into low-income communities and into client bank accounts.** Legal aid revitalizes communities and changes lives.

3.4x

Legal aid's economic multiplier in Oregon

Legal aid responds to community needs.

Like all good community reinvestment activities, civil legal aid responds to community needs. Legal aid providers prioritize cases based on close contact with the low-income. Case priorities are driven by both the number of people experiencing specific problems and the effect those problems have on people's lives.

2019 Top Case Areas

- Housing
- Family & Abuse
- Consumer & Finance
- Employment

Legal aid gets results.

Investing in legal aid helps low-income people solve their legal problems and improve their lives.

78%	85%	87%
Obtained or Kept Housing	**Physically Safer**	**Improved Economic Security**

Percent of clients receiving extended civil legal help in 2017 where the issue was relevant.

Banking regulators recognize IOLTA contributions.

In 2020, the OCC listed legal assistance among CRA qualifying community support services in its *CRA Illustrative List of Qualifying Activities.* Recipients of IOLTA interest, like the Oregon Law Foundation, primarily fund civil legal aid for low-income people. Because civil legal aid fits the requirements of the Community Redevelopment Act, the FDIC, the OCC, and the Federal Reserve have regularly recognize payments made by banks to IOLTA programs. The Oregon Law Foundation supplies documentation to help Leadership Banks get CRA credit for their IOLTA contributions.

SOUTHERN DALLAS PROGRESS
COMMUNITY DEVELOPMENT CORPORATION
Improving Lives, One Community at a Time

March 26, 2021

[redacted]
Wells Fargo Bank, National Association
[redacted]

Office of the Comptroller of the Currency
Large Bank Supervision Constitution Center
400 7th Street SW
Washington, DC 20219-0001

RE: Comment on Wells Fargo Bank 's Community Reinvestment Act (CRA) Performance

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Lending Concerns

I worked with the National Community Reinvestment Coalition (NCRC) to analyze the mortgage lending of Wells Fargo Bank in Dallas. This is what NCRC found.[1]

- According to the Home Mortgage Disclosure Act (HMDA) data from 2018 to 2019, Wells Fargo Bank made a total of 2,767 in Dallas County. This data demonstrated that in 2019, 40.15% (1,111) of all home loans in Dallas went to minorities however only 10.22% (283) of Wells Fargo Bank 's home loans were extended to Blacks (African Americans).
    - Dallas County, Texas's estimated population is 2,641,680. Of that approximately 606,168 are African Americans.
    - City of Dallas's estimated population is 1,343,573. Of that approximately 322,457 are African Americans.
    - Less than 8.2% of the loans were made in Southern Dallas
    - Loans in Southern Dallas higher denial percentage than loans in Northern Dallas

[1] See lending mentioned CRA Report. https://www.occ.gov/static/cra/craeval/Jun20/1.pdf

  - Dallas is a city with a population of just under 1,344,000, including 24.3 percent African American residents, 41.8 percent Hispanic/Latinx residents, and 3.4 percent Asian residents; and 30.5 White (Non-Hispanic)
- Small Business Lending
  - NCRC compared Wells Fargo small business lending to other non-credit card small business lenders in Dallas and found that Wells Fargo lead in lending to businesses with less than $1 million in annual revenue.
  - Less than 5% of those loans were made in Southern Dallas

Gaps in lending to people of color, borrowers with LMI, and small businesses are usually the result of a lack of products that meet particular credit needs, gaps in marketing, or a lack of partnerships. I believe that working with my organization can improve Wells Fargo Bank performance.

Focus on Southern Dallas

The need in Southern Dallas is well documented. HUD has designated Southern Dallas as a racially or ethnically concentrated area of poverty (R/ECAP) since at least 1990, meaning that since 1990 the population of Southern Dallas has had a poverty rate of at least 40%. That poverty rate is more than double the 16.6% poverty rate for Dallas County as a whole.[2] The Urban Institute looked at economic trends, data on income segregation, housing affordability, job availability, and racial disparities in 274 large US cities from 1980 to 2013 and found that Dallas was the least economically and racially inclusive.[3] Increased obstacles to economic opportunity in Southern Dallas has a negative impact on Dallas as a whole. Numerous studies show that high levels of inequality stunt economic growth as it prevents economies from performing to their full potential.[4] Economies with less inequality not only maximize their productive potential, but also minimize the significant fiscal and social costs of inequality. Childhood poverty—one outcome of insufficiently inclusive growth—costs the U.S. economy an estimated $500 billion a year, or four percent of GDP, due to lost productivity, higher crime and incarceration, and larger health expenditures. Cities end up bearing these costs, at the expense of other important investments in growth and opportunity.[5] Heightened inequality also creates resentments and hostilities that damage social and political cohesion, which also negatively affects economic growth.

Researchers are also predicting that Southern Dallas will be particularly hard hit by COVID-19, both medically and economically, given the unfortunate correlation between poverty and unfavorable

[2] "Percent of Population Below the Poverty Level in Dallas County, TX." 2018 Poverty Rate for Dallas County TX. Federal Reserve Bank of St. Louis Economic Research. Available online at https://fred.stlouisfed.org/series/S1701ACS048113.

[3] "Inclusive Recovery in US Cities." Urban Institute. April 2018. Available online at https://www.urban.org/sites/default/files/publication/97981/inclusive_recovery_in_us_cities.pdf.

[4] "Introduction: Inequality of Economic Opportunity." [redacted]. RSF: The Russell Sage Foundation Journal of the Social Sciences , Vol. 2, No. 2, Opportunity, Mobility, and Increased Inequality (May 2016), pp. 1-43. Available online at https://www.jstor.org/stable/10.7758/rsf.2016.2.2.01#metadata_info_tab_contents

[5] "Opportunity for growth: How reducing barriers to economic inclusion can benefit workers, firms, and local economies." Brookings Institution. [redacted]. September 28, 2017. Available online at https://www.brookings.edu/research/opportunity-for-growth-how-reducing-barriers-to-economic-inclusion-can-benefit-workers-firms-and-local-economies/.

health outcomes.[6] I am very concerned about the impact COVID-19 will have on my community that was already facing increasing economic hardship, and I believe that without an intentional focus on Southern Dallas these unfortunate economic trends will continue. To make matters worse, many banks do not include Southern Dallas as part of their CRA assessment area. We would like Wells Fargo Bank to be more responsive to our community needs and position itself as a leader in addressing inequality in Dallas.

The following sections discuss demographic in the Southern Dallas assessment area.

- Southern Dallas is home to 43% of all Dallas residents in just 57% of the city's land area.
- Of the 560,000 residents of neighborhoods in southern Dallas, approximately 38% live below poverty - roughly 9% higher than the City's overall poverty rate of 29%.
- Overall, 56% of Dallas residents living below poverty live in the southern neighborhoods of Dallas.
- *The City of Dallas is a unique place. There is a difference between "South Dallas" and "Southern Dallas".*
- *The Southern Sector of Dallas (Southern Dallas) is commonly defined as those areas south of Interstate 30.*
- *The Southern Dallas is 196.7 total square miles. 45% of the City's residents live in Southern Dallas (91% of the residents are minorities in Southern Dallas). **

Review your Reasonably Expected Market Area (REMA) to identify redlining that may be happening to the Southern Dallas community. [7]

- Most regulatory agencies will use the term REMA; however, the Federal Reserve Board performs a similar analysis, but uses the term Credit Market Area (CMA).
- FDIC defines an institution's REMA based on the following factors:
    - Where the institution has received applications
    - Where the institution has originated loans
    - The history of mergers and acquisitions
    - The market area as defined by the bank in its written policies and procedures
    - Branch structure and history including closures, acquisitions, and relocations
    - Physical presence including the location of branches/offices, LPOs, brokers, and other third-party originators.
    - Advertising and marketing efforts including print, telemarketing, and direct mail campaigns.

---

[6] "Mapping the Areas at Highest Risk of Severe COVID19 in Dallas, Austin and San Antonio." UTHealth School of Public Health Institute for Health Policy. April 2, 2020. Available online at https://sph.uth.edu/research/centers/ihp/COVID-19_Dallas_Austin_SA%20Final_4-3-20.docx.pdf.

[7] REMAs are not defined by fair lending laws, but the concept is not new. The Interagency Fair Lending Examination Procedures reference, "credit markets in which the institution is doing business". https://www.ffiec.gov/pdf/fairlend.pdf

- The inappropriate exclusion of majority minority census tracts from the institution's assessment area.

- Redlining risk factors include, but are not limited to the following practices:

    1. Offering different loan programs in different areas
    2. Marketing efforts that exclude and/or target certain geographies
    3. Loan programs that exclude certain types of residential property
    4. Loan minimums without consideration of the average home value

A digitization of the 1937 Homeowners' Loan Corporation 'Residential Security Map' of Dallas, Texas, including the Area Descriptions which were the basis for the neighborhood security ratings.

Description

The plans, laws, and investments made today will shape our communities tomorrow. Indeed, past policies have deep connections to present conditions. Even the most obscure tax codes and legislative acts can lead to tragic outcomes for some communities while paving the way for triumphant opportunities for others. Whether at the Federal, State, or Local level, understanding the laws of the land and the context in which they were created is critical to understanding how disparities have arisen and to improving the health, education, transportation, housing, and economic landscapes of our cities in an equitable and sustainable way.

This web map was developed in order to analyze the historic development patterns in the Dallas region, and to illustrate the legacy of discriminatory policies such as 'Redlining' and the way highway planning and construction interrupted or destroyed the community fabric of the city. The purpose of integrating these spatial data together is to facilitate helpful dialogue about how public decision making and private markets can produce more equitable outcomes for the future health and sustainability of the region.

https://www.arcgis.com/home/item.html?id=29041b0623ef482981e1bcc50220eff6

The practice of 'redlining,' outlawed years ago, is still seen as a factor in the lack of progress for some Southern Dallas neighborhoods.

Maps from the 1930s designed some neighborhoods as red zones where investments by banks were considered unsafe.

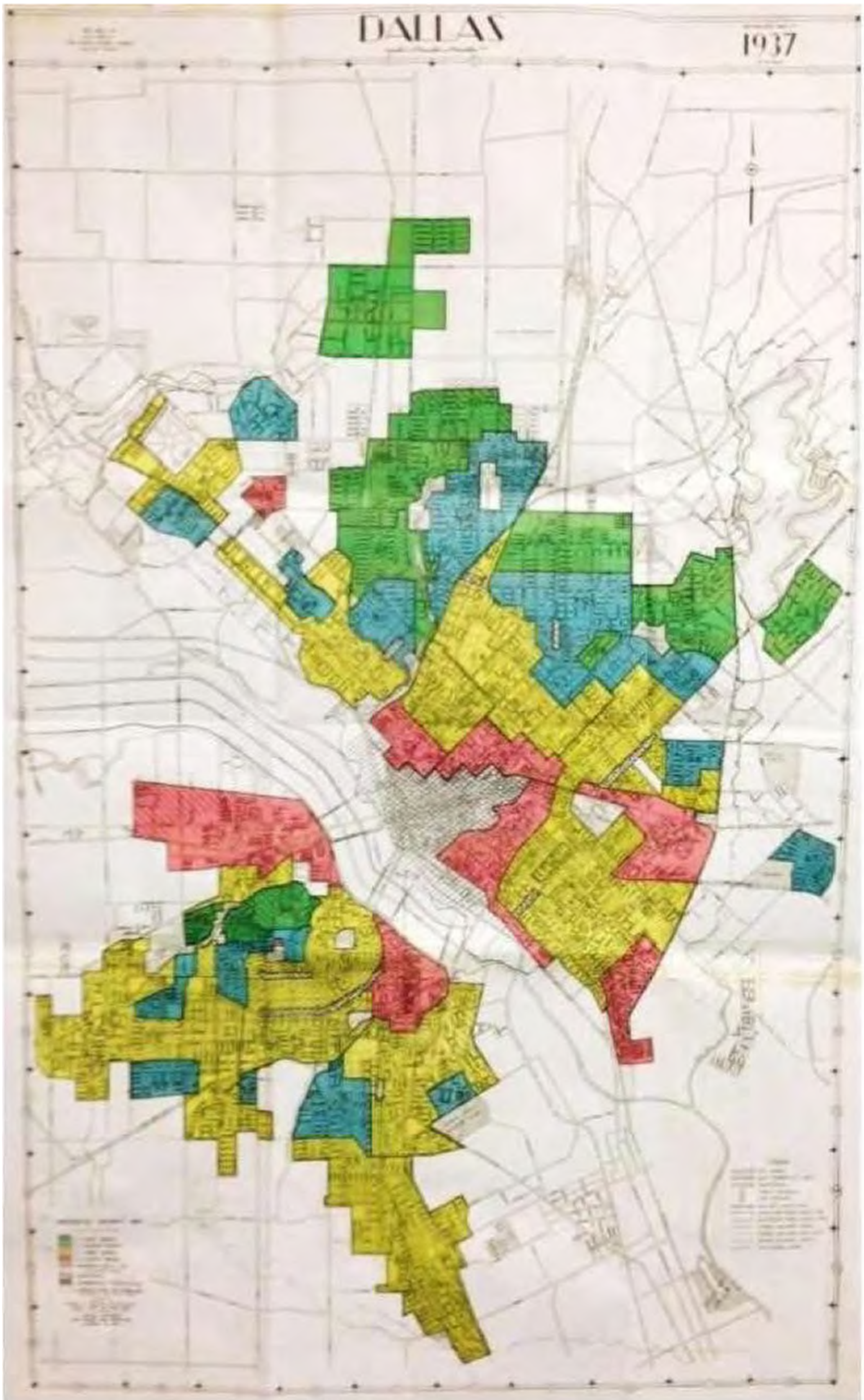
In Dallas, those neighborhoods tended to be inhabited by people of color and redlining kept them from receiving the investments that other sections of the booming sunbelt city saw over the years.

An interactive online tool released by the National Community Reinvestment Coalition charts out the effects of some of those injustices, combining notorious "redlining" maps of the 1930s with current data on neighborhood income and demographics. Redlining is a term for the denial of loans, mortgages, and other services based on a neighborhood's demographic makeup — in the U.S., black communities have usually been the ones targeted. The practice gets its name from the red outlines drawn around "high-

risk" neighborhoods in maps created in the 1930s by the Homeowners' Loan Corporation, a New Deal agency formed to refinance mortgages during the Great Depression.

https://ncrc.org/holc/

Those HOLC maps have become infamous as stark visual representations of the government abandoning black communities, as a federal agency labeled nearly any community with a significant minority population "hazardous" for lenders. Researchers at the University of Richmond digitized the maps last year, and its site lets you see HOLC's assessments of each neighborhood, many of them remarkably frank about their racist discrimination. A 1937 HOLC map of Dallas is below. Neighborhoods marked green were considered "best" for government-backed mortgages, blue "still desirable," yellow "definitely declining," and red "hazardous."


DALLAS
1937

23 Southern Dallas Zip Codes

75116, 75134, 75203, 75207, 75208, 75210, 75211, 75212, 75215, 75216, 75217, 75223, 75224, 75226, 75227, 75228, 75232, 75233, 75236, 75237, 75241, 75249, 75253

Questions from the Southern Dallas Community to Wells Fargo Bank

- How many mortgage loans were made to minority borrowers were in Southern Dallas (City of Dallas)?
- How many mortgage loans were made to minority borrowers in Southern Dallas County?
- How many mortgage loans were made to African American borrowers in Southern Dallas (City of Dallas) and how many were in low-income census tracts?
- How many mortgage loans were made to African American borrowers in Southern Dallas County and how many were in low-income census tracts?
- How many of the CRA small business/small farm loans were made in Southern Dallas (City of Dallas)?
- How many of the CRA small business/small farm loans were made in Southern Dallas County?
- How many of the CRA small business/small farm loans were made in Southern Dallas (City of Dallas) and how many were in low-income census tracts?
- How many of the CRA small business/small farm loans were made in Southern Dallas County and how many were in low-income census tracts?
- How many Commercial loans were made in Southern Dallas (City of Dallas)?
- How many Commercial loans were made in Southern Dallas (City of Dallas) and how many were in low-income census tracts?
- How many Commercial loans were made in Southern Dallas County and how many were in low-income census tracts?
- Also, how do the numbers above compare to Northern Dallas?

Community Ask:

- Increase mortgage lending to African American and Hispanic by 50%
- Increase mortgage lending in Low-Income census tracts by 40%
- Increase mortgage lending in Majority Minority Census Tract by 40%
- Increase small business loans to African American and Hispanic by 70%
- Increase small business loans in the Low-Income census tracts by 60%
- Launch Small Business Cohort Focuses on Small Minority Businesses located in/or Serving Low Income Areas of Southern Dallas
    - https://www.nteetc.com/
- Perform a credit needs assessment for Southern Dallas
- Create a Business Diversity Lending Program
- Require the CDFI's that you invest in to collect demographic information on the individuals they serve
    - https://www.consumerfinance.gov/compliance/supervisory-guidance/statement-collection-demographic-information-community-development-financial-institutions/
- Create African American Micro Business Loan Fund with CDFI

- Example: https://www.chicago.gov/content/dam/city/depts/bacp/Small%20Business%20Center/africanamericanloanprogramtermsheet.pdf
- Make CRA Qualified Investments to Dallas based CDFIs that focus on Southern Dallas
  - https://www.advancentx.org/
  - https://www.liftfund.com/
  - https://bcloftexas.org/contact
- Make donations to minority lead organizations that focus on Southern Dallas with operating incomes under $600,000
  - https://racialequity.org/2018/11/minority-led-nonprofits/
  - https://www.philanthropy.com/article/nonprofits-led-by-people-of-color-win-less-grant-money-with-more-strings-study/
- Establish special purpose credit programs (SPCPs) to address lending disparities in Southern Dallas
  - https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-advisory-opinion-to-help-expand-fair-equitable-and-nondiscriminatory-access-to-credit/
- Volunteer and Support Youth Entrepreneurship Programs
  - https://targetevolution.org/about-us
  - https://lemonadeday.org/greater-dallas
  - https://www.nfte.com/north-texas/
  - https://www.starsunitedglobaloutreach.org/
- Advertise with local minority newspapers
  - Dallas Weekly (https://www.dallasweekly.com/)
  - North Dallas Gazette (https://northdallasgazette.com/)
- Develop a strategic plan with the input from the Southern Dallas Community
- Create positions for CRA Community Development Commercial and Mortgage Lenders positions that focus on Southern Dallas
- Adopt Bank On Accounting Standards
  - https://joinbankon.org/accounts/
  - https://2wvkof1mfraz2etgea1p8kiy-wpengine.netdna-ssl.com/wp-content/uploads/2020/10/Bank-On-National-Account-Standards-2021-2022.pdf

Conclusion

We appreciate this opportunity to comment on Wells Fargo Bank 's CRA performance and would look forward to discussing a plan for Southern Dallas and be a leader in addressing inequality in Dallas.

Sincerely,

[redacted]

President/Chair

[redacted]

Southern Dallas Progress Community Development Corporation

SOUTHERN DALLAS PROGRESS

COMMUNITY DEVELOPMENT CORPORATION

Improving Lives, One Community at a Time

Executive summary

The Southern Dallas Progress Community Development Corporation is committed to achieving a shared vision of economic prosperity in the Southern Dallas community through coordination and collaboration with the public sector, private stakeholders, and neighborhood leaders. Innovative loan products[1] are critical in reducing the negative impact of vacancy and targeting public investment and community intervention to maximize the economic impact in Southern Dallas.

Problem Statement

Vacant parcels have a blighting effect on the neighborhoods in which they are located, resulting in the loss of wealth for homeowners via property value reductions. This blighting effect can be isolated and estimated through hedonic regression analysis, a longstanding and accepted form of property value impact analysis that is used within the city and across the US. Hedonic regression analyses determine the price of a housing unit as the sum of that housing unit's positive and negative characteristics – structural traits (square footage, lot size, number of bedrooms and bathrooms), the package of tax and service levels for the jurisdictions in which it lies, and locational amenities and drawbacks. This often directly correlates with the educational opportunities' schools can provide to students.

UNT researchers created a composite blight index for Dallas' 350 census tracts and categorized them. Of those 350, 118 are low-blight areas, 184 are moderate-blight areas and 48 are high-blight areas. The high-blight areas only represent 16 percent of the area within the city, but account for much of the burden created by blight. The 48 census tracts are in Low to Moderate Income areas. The median property value for homes in high-blight areas is $79,600, compared to $236,050 in low-blight areas.

A 2006 study identified more than 20,000 vacant parcels in Southern Dallas.

Opportunity Statement:
Reducing the number of vacant parcels holds the prospect of generating significant cost savings through the removal of vacant parcels and thus of their negative effects. Additionally, previously vacant parcels are

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[1] See CRA Research. https://fas.org/sgp/crs/misc/R43661.pdf

Special Purpose Credit Program (SPCP)

https://www.consumerfinance.gov/about-us/blog/expanding-access-credit-underserved-communities/#:~:text=The%20Special%20Purpose%20Credit%20Program,and%20benefit%20economically%20disadvantaged%20groups.

excellent development opportunities, which leads to upfront construction activity, an increase in the property tax base, and net new commercial properties for small business owners and affordable homes for homeowners, creating a robust feedback loop of economic development and wealth generation.

Ask

Create a *One-Time Close Renovation Loan Product* and a *One-Time Close Construction to Permanent Loan Infill Redevelopment Product* that targets R/ECAP[2] areas and formerly redlined[3] communities.

What is Infill and Redevelopment?

There are various definitions of infill and redevelopment. The American Planning Association describes infill development as redevelopment that, "optimize[s] prior infrastructure investments and consumes less land that is otherwise available..." Infill development and redevelopment can result in:

- Efficient utilization of land resources
- More compact patterns of land use and development
- Reinvestment in areas that are targeted for growth and have existing infrastructure
- More efficient delivery of quality public services

Conclusion

There is work to be done in this city, and we are honored to be a part of the work that is making a difference. With your support, we will be further empowered to bridge the gap in the lives of the residents of Southern Dallas in low-to-moderate income census tracts to fully participate in the promise and progress of 'Impact City'.

Sincerely,

[redacted]

[redacted]
President/Chair
[redacted]
Southern Dallas Progress Community Development Corporation

---

[2] See Racially or Ethnically Concentrated Areas of Poverty (R/ECAPs) https://hudgis-hud.opendata.arcgis.com/datasets/56de4edea8264fe5a344da9811ef5d6e_0

https://dallascityhall.com/departments/fairhousing/Pages/North-Texas-Regional-Assessment-of-Fair-Housing.aspx

[3] See Redlined Map. https://www.arcgis.com/home/item.html?id=29041b0623ef482981e1bcc50220eff6

SOUTHERN DALLAS PROGRESS

COMMUNITY DEVELOPMENT CORPORATION

Improving Lives, One Community at a Time

Executive summary

The Southern Dallas Progress Community Development Corporation is committed to achieving a shared vision of economic prosperity in the Southern Dallas community through coordination and collaboration with the public sector, private stakeholders, and neighborhood leaders.

Problem Statement

Dallas is one of the largest and fastest growing cities in the country. Over the last several years it has consistently seen a net inflow of economic activity due to low cost of living, low taxes, and a favorable business environment. The small business sector in Dallas has benefited from this growth, expanding 2% faster over the past 5 years than national and peer city averages in terms of the number of small businesses and total employment by small businesses.

However, while economic growth in Dallas has expanded the small business sector, it has disproportionately benefited large corporations. Small business growth has lagged overall economic growth in Dallas over the last 5 years in terms of employment (7.9% vs. 15.5%), and the number of employer businesses and the contribution of small business to the Dallas economy has been steadily shrinking. This declining share of overall economic opportunity for small businesses that provide crucial wealth building opportunities for people of color, along with other factors, has resulted in slower wealth and income growth among marginalized communities, especially in low-income areas and among Black residents.

Opportunity Statement:

According to data compiled by The Business Journals, there are more than 11 million minority-owned businesses in the U.S. This figure has grown by more than 50% in the last decade. These businesses generate more than $1.8 trillion in revenue and employ 6.3 million workers.

Despite this entrepreneurial boom, one factor continues to limit the establishment, expansion, and growth of minority-owned businesses: access to capital. Capital is what allows businesses to stay competitive in the marketplace.

On average, minorities are less likely to receive loans, and when they do, they receive lower dollar amounts and higher interest rates.

Ask

The Special Purpose Credit Program (SPCP) provisions of the Equal Credit Opportunity Act (ECOA) and Regulation B, however, provide targeted means by which creditors can meet special social needs and benefit economically disadvantaged groups.

Create a Business Diversity Lending Program that would be designed to empower woman-, minority- and veteran-owned businesses. This could provide the credit and financing minority businesses need to grow and thrive and make qualifying simpler. The products could be the same as our traditional business loans and lines of credit or new product lines could be created, but the credit guidelines open the door so a wider universe of business owners can access that capital.

Business would have to be certified as a Woman Business Enterprise (WBE), Veteran Business Enterprise (VBE), and/or Minority Business Enterprise (MBE).

Conclusion

There is work to be done in this city, and we are honored to be a part of the work that is making a difference. With your support, we will be further empowered to bridge the gap in the lives of the residents of Southern Dallas in low-to-moderate income census tracts to fully participate in the promise and progress of 'Impact City'.

Sincerely,

[redacted]

[redacted]
President/Chair
[redacted]
Southern Dallas Progress Community Development Corporation

SOUTHERN DALLAS PROGRESS
COMMUNITY DEVELOPMENT CORPORATION
Improving Lives, One Community at a Time

Executive summary

The Southern Dallas Progress Community Development Corporation (SDPCDC) is committed to achieving a shared vision of economic prosperity in the Southern Dallas community through coordination and collaboration with the public sector, private stakeholders, and neighborhood leaders. Innovative loan products[1] are critical in reducing the negative impact of vacancy and targeting public investment and community intervention to maximize the economic impact in Southern Dallas.

Problem Statement

Dallas has a housing shortage of approximately 20,000 units. This shortage is driven by the cost of land and land development, labor and materials shortages, federal, state and local constraints, as well as the single-family rental market which prevents equilibrium in the homeownership market.

Dallas has nearly 20,000 vacant single family lots within the city limits. These assets present a tremendous opportunity for infill housing development. To seize this opportunity and scale current development practices, SDPCDC intends to build citywide capacity for infill development by developing a market-based model delivering homebuyer choice for all families.

Opportunity Statement:

The development of new housing in Dallas will require considerable effort from the City of Dallas, architects, planners, community development corporations, housing advocates, and real estate professionals in order to adequately address the needs of Dallas diverse population. Dallas' housing needs are especially exacerbated by the lack of affordable housing production across the City, as highlighted in previous State of Dallas Housing Reports, and the accessibility of newly constructed housing to Dallas residents of all backgrounds. Dallas' approach to increasing housing production should help provide more choices to Dallas residents in regard to where they live, the types of homes they live in, and the cost of their housing.

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[1] See CRA Research. https://fas.org/sgp/crs/misc/R43661.pdf

Special Purpose Credit Program (SPCP)

https://www.consumerfinance.gov/about-us/blog/expanding-access-credit-underserved-communities/#:~:text=The%20Special%20Purpose%20Credit%20Program,and%20benefit%20economically%20disadvantaged%20groups.

Ask

Create an *Intern Construction Infill Redevelopment Product* that targets R/ECAP[2] areas, formerly redlined[3] communities and low-income census. This product will target Home Builders with total gross income less than 1 million per year. Homes built using this product must target residents who make less than 80% of the area median income.

To minimize risk to the bank, the resident must have a preapproval letter from a lender that proves permanent mortgages.

What is Infill and Redevelopment?

There are various definitions of infill and redevelopment. The American Planning Association describes infill development as redevelopment that, "optimize[s] prior infrastructure investments and consumes less land that is otherwise available…" Infill development and redevelopment can result in:

- Efficient utilization of land resources
- More compact patterns of land use and development
- Reinvestment in areas that are targeted for growth and have existing infrastructure
- More efficient delivery of quality public services

Conclusion

There is work to be done in this city, and we are honored to be a part of the work that is making a difference. With your support, we will be further empowered to bridge the gap in the lives of the residents of Southern Dallas in low-to-moderate income census tracts to fully participate in the promise and progress of 'Impact City'.

Sincerely,

[redacted]

[redacted]
President/Chair

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[2] See Racially or Ethnically Concentrated Areas of Poverty (R/ECAPs) https://hudgis-hud.opendata.arcgis.com/datasets/56de4edea8264fe5a344da9811ef5d6e_0

https://dallascityhall.com/departments/fairhousing/Pages/North-Texas-Regional-Assessment-of-Fair-Housing.aspx

[3] See Redlined Map. https://www.arcgis.com/home/item.html?id=29041b0623ef482981e1bcc50220eff6

[redacted]
Southern Dallas Progress Community Development Corporation

From: [redacted]
Sent: Friday, March 26, 2021 6:13 AM
To[redacted] [COMMUNITY RELATIONS SR. CONS] <[redacted]
[COMMUNITY RELATIONS SR. CONS] <[redacted]
Subject: Comment on Wells Fargo Bank 's Community Reinvestment Act (CRA) Performance

Hello All,

The **Community Reinvestment Act** (**CRA**), enacted in 1977, **requires** the Office of the Comptroller of the Currency (OCC) and other federal banking regulators to encourage financial institutions to **help meet the credit needs of the communities in which they do business, including low- and moderate-income (LMI) neighborhoods.**

Attached are reports that outlines the community's credit needs for Southern Dallas.

As outlined under 12 C.F.R. Part 25 , can you please add the attached reports to your CRA Public File?

Please send me a copy of the updated CRA Public File once completed.

Thanks

Acknowledgements

NALCAB Team:

Levar Martin, Chief Program Officer
Melissa Medina, Program Manager
Noel Poyo, Executive Director
Marcella Reyes, Program Coordinator
George Sanchez, Program Assistant
Jake White, Senior Program Manager

Advisors and Contributors:

Paul DeManche, Corner House Consulting
Mercedes Marquez, Marquez Community Strategy

The recommendations in this guide reflect NALCAB's own perspectives and opinions.

Table of Contents

List of Charts and Maps

Introduction

NALCAB defines Gentrification as a type of neighborhood change in which real estate price appreciation leads to involuntary displacement and significant cultural change.

In 2017 and 2018, NALCAB—National Association for Latino Community Asset Builders—conducted studies of housing affordability and vulnerability in San Antonio and Houston, respectively. Of the trends identified in those reports, many pointed to similar challenges, in particular, the increasing vulnerability of low-income communities of color living in neighborhoods located in and around the urban core where housing prices are rising rapidly. This report presents a similar analysis of the Dallas housing market, with a focus on trends in real estate appreciation and neighborhood change, as well as possible implications these trends may have for housing affordability and vulnerability. First, we provide context about why housing and neighborhoods matter and we explain our methodology. Next, we define a few key terms used in the report before getting to the discussion of our analysis and findings. We close with recommendations for additional research and analysis to build upon the work presented in this report.

Why Housing and Neighborhoods Matter

Housing is a foundational element of the U.S. economy. The Bipartisan Policy Center reported that from 1980 to 2007, residential fixed investment contributed 4.5 percent to the U.S. Gross Domestic Product.[1] Perhaps more importantly, research has shown that where a family lives determines much about their economic trajectory and the opportunities their children will have.[2] Stable, quality, affordable housing in neighborhoods with access to employment, educational institutions, and health care resources, among many other opportunities, is critical for building wealth and economic security. In particular, areas with greater economic and racial diversity favorably impact the economic opportunities for children and families. A growing body of research confirms that stable, quality housing—whether rental or homeownership—contributes to school performance, diminishes health problems, and strengthens neighborhoods.[3]

Across the country, low- and moderate-income families that struggled during the Great Recession are facing post-Recession housing markets that present a variety of challenges related to affordability, access to opportunity (including employment, quality education, and healthcare services, among others), and building wealth. Furthermore, market trends that began before the Recession, specifically the flow of real estate investment into low-income African American and Latino communities located in and around urban cores, have only intensified in the ensuing years. Increasing investment in low-income communities presents both opportunities and challenges for residents. On the one hand, investment can help to revitalize a neighborhood and bring new amenities, safer streets, and the opportunity for property owners to

build wealth. On the other hand, investment can cause gentrification, the consequences of which can be destructive for low-income people. Just as we know that living in a diverse neighborhood with economic and educational opportunities can impact children in positive, long-lasting ways, we also know that housing instability and limited access to quality educational opportunities can shape the trajectory of a child's life in negative ways.

NALCAB's Neighborhood Trend Analysis identifies neighborhoods that are changing in ways that might point to a current or impending trend of displacement. It does this by measuring changes at the census tract level in home values, rents, income, educational attainment, and race/ethnicity. The methodology is discussed in detail under Finding 4 on page 17.

Purpose of this Report

NALCAB's studies of housing affordability and vulnerability in San Antonio[4] and Houston (forthcoming) highlighted how housing market trends might impact different types of vulnerable populations and vulnerable affordable housing stock, and in which neighborhoods those impacts might be felt. In this report, we present a similar analysis for the City of Dallas, along with recommendations for additional analysis, in order to show how local housing market trends might impact different groups of people and different types of housing in different parts of the city.

The type of analysis demonstrated in this report can be used to inform decisions about how and where to target affordable housing production, preservation, and protection strategies to achieve overarching policy goals. In the case of Dallas, where addressing longstanding patterns of racial/ethnic segregation is one goal of the City's 2018 Comprehensive Housing Policy, preserving affordable housing and protecting African American and Latino residents in gentrifying areas—in order to prevent displacement and re-segregation—may be as important as making sure new affordable housing gets built in ways that do not perpetuate those patterns.

The analysis and findings presented in this report are not meant to be final and comprehensive. Rather, we view them as a first step that can and should be built upon. To that end, we have included recommendations for further investigation in the concluding section.

Methodology

This study relies on publicly available data and secondary sources, including the U.S. Census, U.S. Department of Housing and Urban Development (HUD), City of Dallas, private companies, and nonprofit research institutions. Furthermore, NALCAB utilizes proprietary data purchased from industry-recognized real estate data providers, including CoStar and HouseCanary. NALCAB also applies its own methodology for measuring neighborhood change.

Housing affordability is more accurately understood when accounting for transportation costs. Housing units of the same cost will be viewed differently based on their transit orientation and/or proximity to employment and educational institutions — destinations defining the length and cost of most day-to-day travel. Many experts consider combined housing and transportation costs affordable if they do not exceed 45% of income.[5] Due to the difficulty of finding transportation costs data, this report does not include transportation as part of overall housing affordability calculations.

For this report, single-family home values are used as a proxy for the overall housing market, understanding that values of multifamily housing and single-family homes are driven by different factors. The single-family home value data used for this report was purchased from HouseCanary, which uses a proprietary method to estimate the present-day value at which a given property would be sold in an arms-length transaction. The data are aggregated at the Census block group level, including data from all block groups that are either fully or partially within the limits of the City of Dallas.

Key Terms and Definitions

Before discussing our analysis and findings, it is important to define the terms we will be using in this report. This section provides definitions of four key terms.

Housing affordability: Housing affordability is measured by the ratio of housing costs to household income. Housing costs are most commonly considered to be affordable when they are equal to 30% or less of household income on a monthly basis. For renters, housing costs include rent, utilities, and insurance. For homeowners, housing costs include mortgage payments, utilities, insurance, and property taxes.

Affordable housing: This report places an emphasis on housing that is affordable to households that earn below the median income—half of all households in Dallas. The term "affordable housing" is often used to refer only to housing that is publicly subsidized, such as those financed with Low Income Housing Tax Credits, Section 8 vouchers, public housing funds, etc., however, most affordable housing is developed and operated without public subsidy and is sometimes referred to as "naturally occurring affordable housing" or "market-based affordable housing." We will use the latter term in this report.

Households experiencing housing vulnerability: Households experience housing vulnerability when there are factors that threaten their ability to access housing and/or maintain or remain in their homes. Vulnerable households may be less resilient to changes in the housing market and/or less able to maintain and repair their homes. In this report, we analyze one type of vulnerability:

Income-based vulnerability: Households with low- and moderate-incomes have more limited housing choices relative to higher income households and are more vulnerable to market changes and natural disasters.

Higher income households are more likely to have flexibility for responding to increasing housing costs. Lower income households typically spend a larger portion of their income on basic costs of living (food, clothing, transportation, etc.), which gives them less flexibility to pay for increasing housing costs. This makes them more vulnerable to displacement and/or homelessness when housing costs increase.

Vulnerable affordable housing stock: Existing affordable housing stock may be considered vulnerable either because there are factors that could lead to significant price increases or because deteriorating physical conditions or geographic location makes units unmarketable and/or uninhabitable. In this report, we analyze two different types of vulnerable affordable housing stock:

Subsidized rental units with expiring affordability covenants: Privately-owned housing units that have been financed using government subsidies have affordability covenants, or time-limited requirements that units only be leased to households below a specified income range. Subsidized housing is subject to minimum housing quality standards and units are typically inspected by a government agency prior to lease-up and periodically thereafter. When covenant periods come to an end, the property owners may choose to increase rents to increase their net rental income or sell the property. This can lead to significant rent increases when affordability covenants expire on units located in high-cost or appreciating neighborhoods.

Market-based affordable housing located in neighborhoods experiencing price appreciation: A sizable portion of the rental housing affordable to households earning below the area median income is market-rate housing- units built that operate without any government subsidy. This is a category of lower cost housing that can have significant quality concerns. In appreciating neighborhoods, this lower quality, lower cost housing is vulnerable to rapid price increases that can displace low-income tenants. Existing owners may increase rents as they see evidence that housing values are increasing, or they may sell their property to a new owner who may increase rents to match the rising market.

Month-to-month volatility in household income and expenses can exacerbate the vulnerability of low-income households, especially if incomes are dependent on insecure employment or underemployment.

Low income housing tax credits (LIHTCs) are among the most commonly used sources of subsidy to produce rent-restricted, affordable, rental housing developments. In Texas, developments financed with LIHTCs must maintain affordability for 30 years.

Analysis and Findings

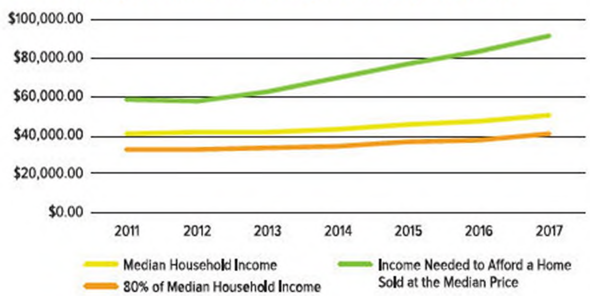
This section discusses the analysis of demographic and real estate market data in Dallas. We highlight Dallas's growing affordability challenges and the populations, places, and housing stock that may be most vulnerable. We present 6 findings and each finding is followed by a discussion of our analysis. As mentioned previously, this report is not meant to be comprehensive and final. Rather, it is an initial exploration of vulnerable populations and housing stock. In the concluding section, we recommend areas for further analysis.

Finding 1: ***Homeownership is becoming increasingly unaffordable to low- and moderate-income households in the City of Dallas, who are disproportionately African-American and Latino.***

Analysis: Since 2011, median home sale prices in Dallas and the Dallas/Fort Worth/Arlington Metropolitan Statistical Area (MSA) have increased faster than incomes, making the regional housing market less affordable for the average household. Between 2011-2017 in the MSA, the median household income increased by 6% (from $69,100 to $73,400) and the median home sale price increased by 70% (from $149,900 to $255,000). In the City of Dallas, over the same period, the median household income increased by 25% (from $40,585 to $50,627) and the median home sale price increased by 62% (from $211,310 to $342,243).[6]

In the City of Dallas, where incomes are lower than in the MSA, a home sold at the median sale price is not affordable to a household that earns the median income for the city and, naturally, less so for households earning below the median. **Chart 1** shows the gap between median household income and income needed to afford a home sold at the median sale price, calculated using a tool developed by the National Housing Conference.[7]

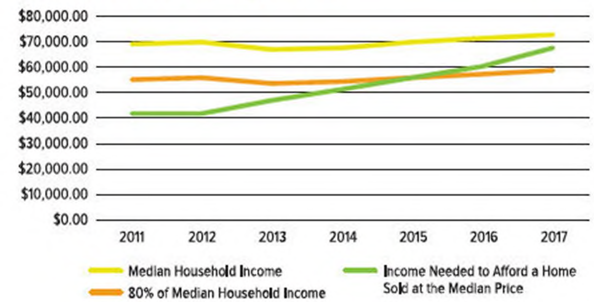
Chart 1:
Affordability of Homeownership in the City of Dallas



Since 2012, the gap has widened as housing prices have increased faster than incomes. In 2017, the gap between the median household income ($50,627) and the income needed to afford a home sold at the median price ($91,599) was $40,972—meaning a family would need to earn $40,972 more per year to be able to afford a home sold at the median sale price. For low-income households (meaning those earning below 80% of the median household income) this gap was $50,097.

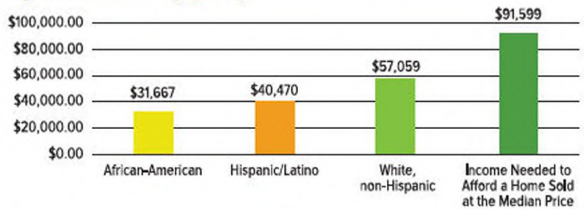
Chart 2 shows the gap between median household income and the income needed to afford a home sold at the median price within the MSA. In each year between 2011-2017, a household earning the median income for the MSA could afford to purchase a home sold at the median price. Since 2012, the increase in home sale prices has outpaced growth in income, putting this affordability at risk for those households. For low-income households in the MSA, homes selling at the median price are already unaffordable, and have been so since 2015.

Chart 2:
Affordability of Homeownership in the Dallas/Fort Worth/Arlington MSA



In Dallas, African-American and Latino households earn less than White households. This means that the overall affordability challenge illustrated in Chart 1 is worse for African-American and Latino families. **Chart 3** shows the median household income for African-American, Latino, and White households in Dallas in 2017.[8] It also shows the income needed to afford a home sold at the median sale price, from Chart 1. What Chart 3 illustrates is that housing is most unaffordable to African-American and Latino households, who faced gaps of $59,932 and $51,129, respectively, in 2017, between what they earned and what they needed to earn to afford a home sold at the median sale price.

Chart 3:
Median Household Income in the City of Dallas by Race/Ethnicity (2017)

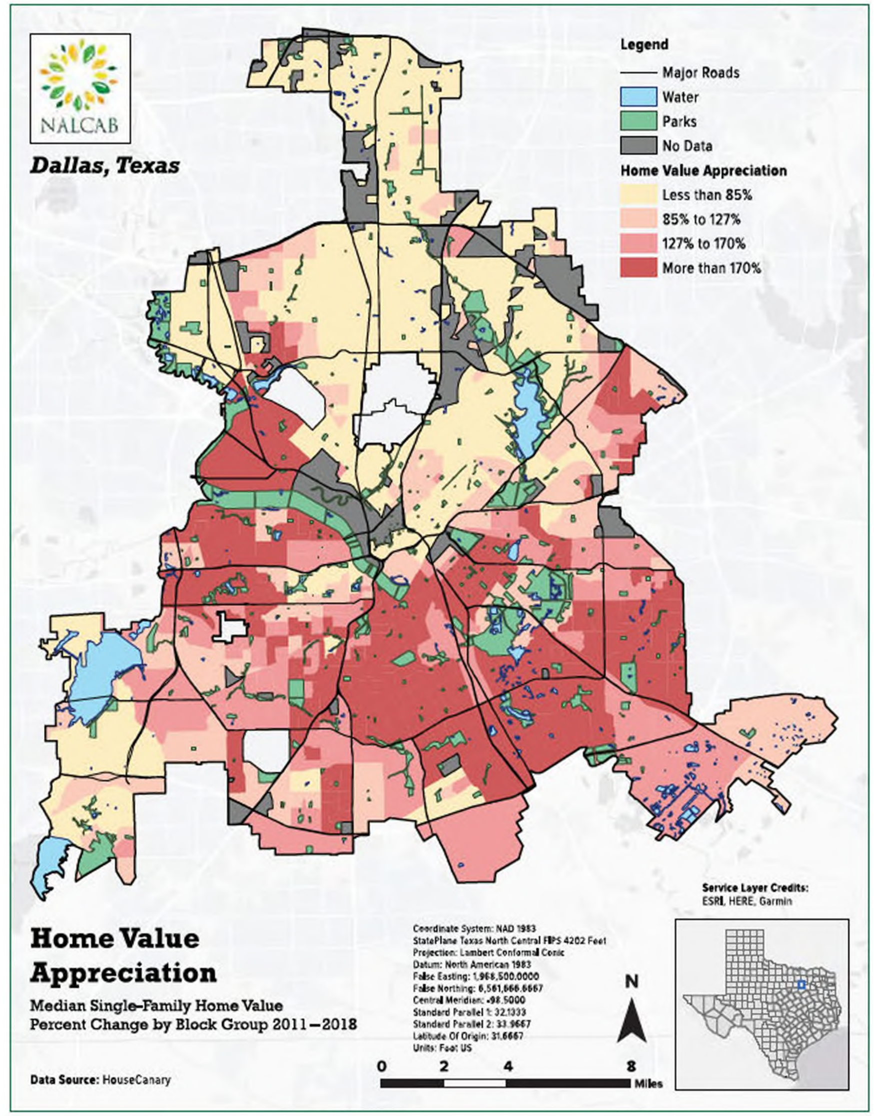


These racial disparities, along with the subsequent findings below, present an urgent challenge for the City of Dallas. Not only do African American and Latino residents currently make up two-thirds of the city's population, but long-term population growth is being driven in large part by growth in the African American and Latino communities. Therefore, the housing stability and economic wellbeing of African American and Latino residents in Dallas is crucial to the future economic wellbeing of the city (and region) as a whole. In Dallas County, where Hispanic/Latino residents are already the largest racial/ethnic group and make up about 40% of the population, the Texas Demographic Center projects the Hispanic/Latino population to grow by 70% between 2010-2050. Over the same time period, the African American population is projected to grow 63%, while the non-Hispanic White population is projected to shrink by 10%. In the Dallas-Fort Worth-Arlington Metro Area, the Hispanic/Latino population is projected to grow by 128% between 2010-2050 and will become the largest racial/ethnic group by the year 2050. Over the same period, the African American population in the metro area is projected to grow by 161% and the non-Hispanic White population by just 20%.[9]

Finding 2: ***Housing prices are rising rapidly in areas of Dallas that are home to predominantly low-income and African-American and Latino households. Households living in these neighborhoods will be increasingly vulnerable to housing cost burden and displacement pressures as costs continue to increase.***

Analysis: The City of Dallas housing market has experienced broad-based appreciation since the Great Recession. Based on data purchased from HouseCanary, between 2011-2018 single-family home values increased by an average of 85%. **Map 1** shows these trends by block group and highlights areas that saw the fastest home value appreciation over this period. The areas colored in different shades of red all experienced single-family home value appreciation above the citywide average of 85%. The darkest shade of red indicates where single-family home values increased the fastest—at more than twice the citywide rate, or 170%.[10]

Map 1: Home Value Appreciation



For a household, appreciation in home values can mean many things. Those that own their homes and can keep up with rising costs (e.g. property taxes) are able to build wealth. For low-income Dallas residents, the risks associated with rapid appreciation in home values can include increased housing cost burden as rising housing costs (i.e. rent for renters and property taxes for homeowners) consume more of the family budget. This also increases the potential for displacement.

Map 2 shows median household income by block group in Dallas in 2017, the most recent year for which data are available. The lighter shaded areas indicate where household incomes are lower. Comparing Map 1 and Map 2, it is clear that areas with the fastest home value appreciation are also where Dallas residents with the lowest incomes live. **Map 3** highlights the location of these potentially vulnerable households. The shaded block groups indicate areas where median household income in 2017 was at or below $58,720 (80% of the metro area median income) and where:

- Single-family home values appreciated faster than the citywide average of 85% between 2011-2018 (lighter shading), or
- Single-family home values appreciated more than twice as fast as the citywide average (darker shading).

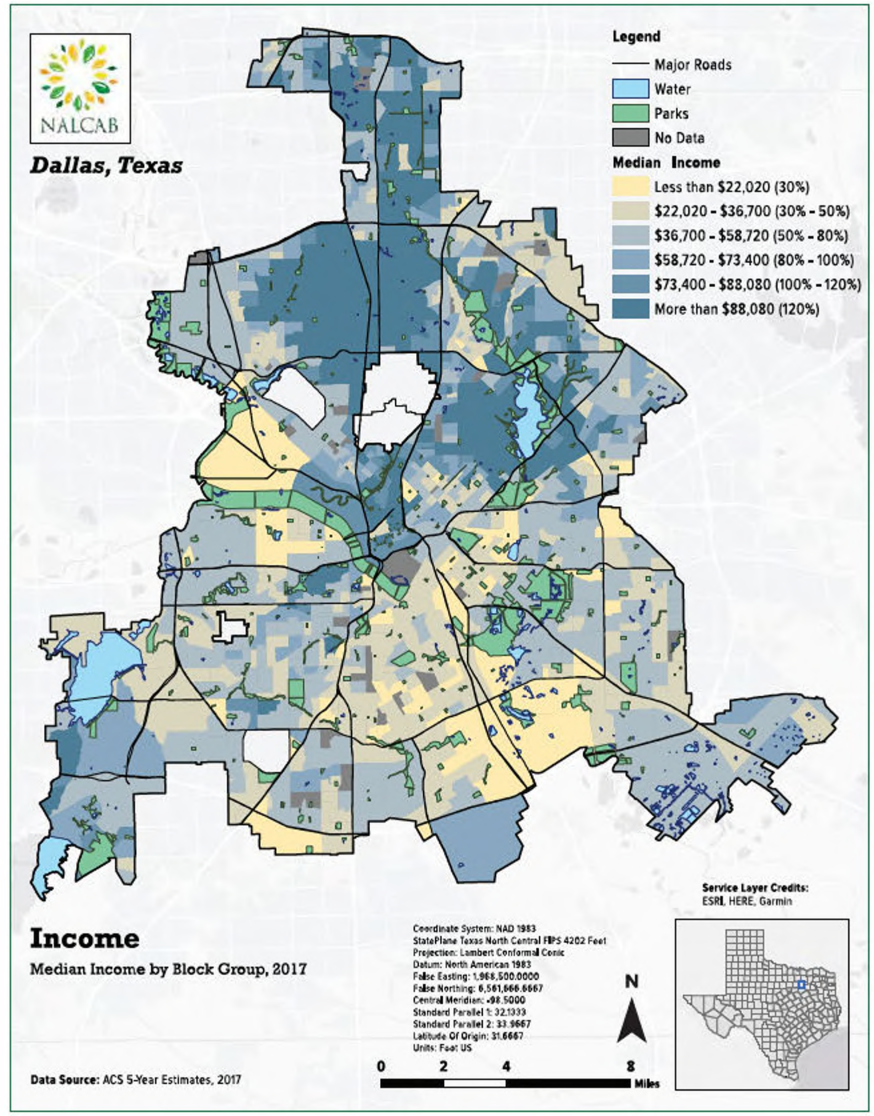
For reference, on Map 3 and subsequent maps we have included the three different types of reinvestment strategy areas established by the City of Dallas in their Comprehensive Housing Policy.[11]

Segregation by race/ethnicity is a longstanding feature of Dallas's housing market. **Map 4** shows where Dallas residents of different races/ethnicities live. Each dot on the map represents 500 people. The different colors represent different races/ethnicities. When comparing Map 4 to the previous maps, it is clear that the vulnerable areas identified by this analysis are primarily in parts of Dallas that are home to African American and Latino residents. As discussed under the previous finding, the stability and wellbeing of African American and Latino residents is key to the economic wellbeing of Dallas overall.

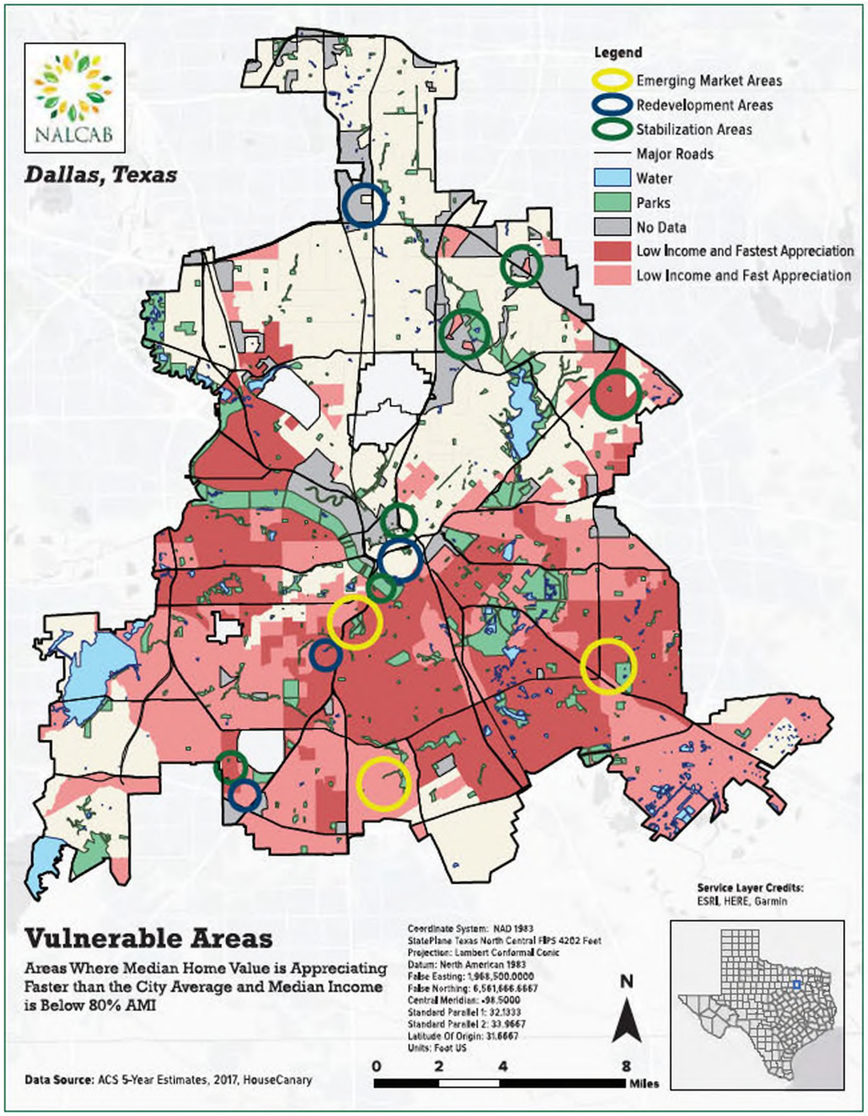
Finding 3: *There are a number of neighborhoods in Dallas with a high concentration of cost-burdened renters, low household incomes, and fast appreciating housing prices. Low-income renters in these neighborhoods may be vulnerable to increased hardship and displacement pressures as housing costs continue to increase.*

Analysis: In 2017, 45% of renter households in Dallas were cost burdened, meaning they pay more than 30% of their income for housing.[12] Since existing housing costs are already consuming a large portion of their monthly budget, low-income renters that are cost-burdened are particularly vulnerable to increased hardship and displacement if housing costs increase.

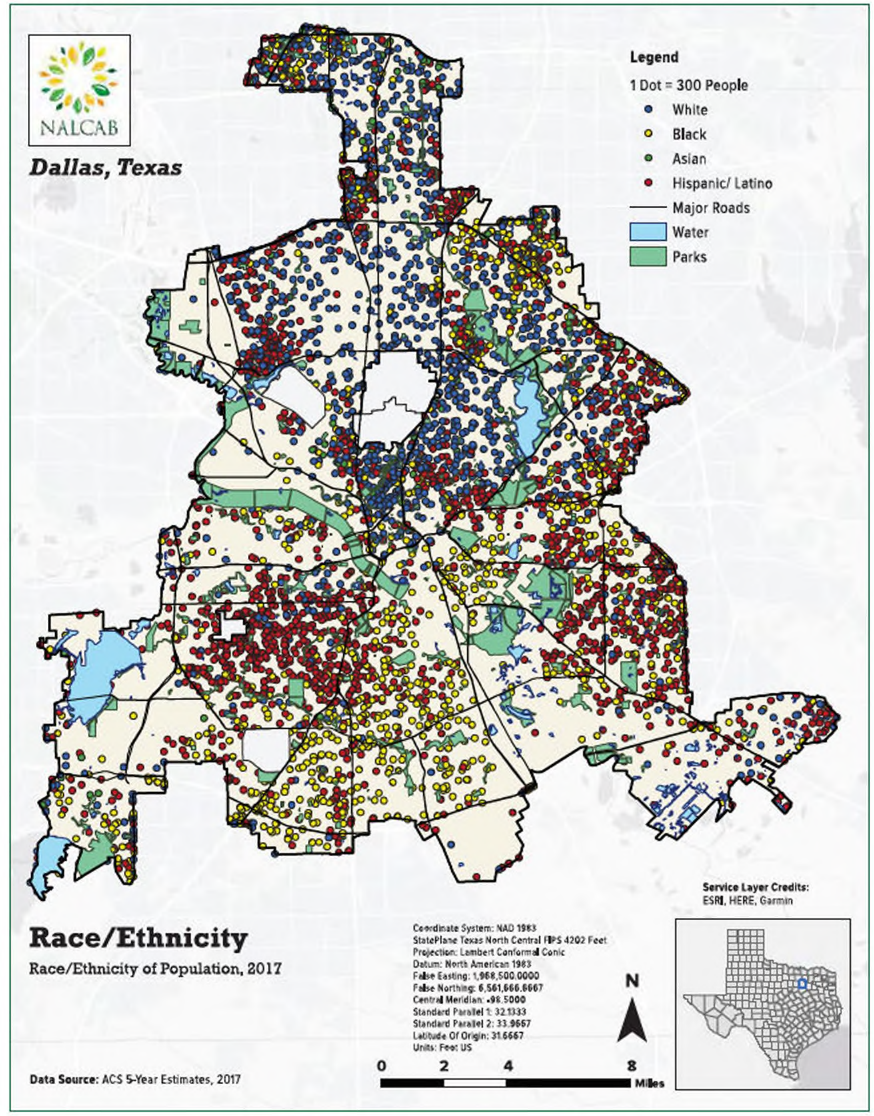
Map 2: Income



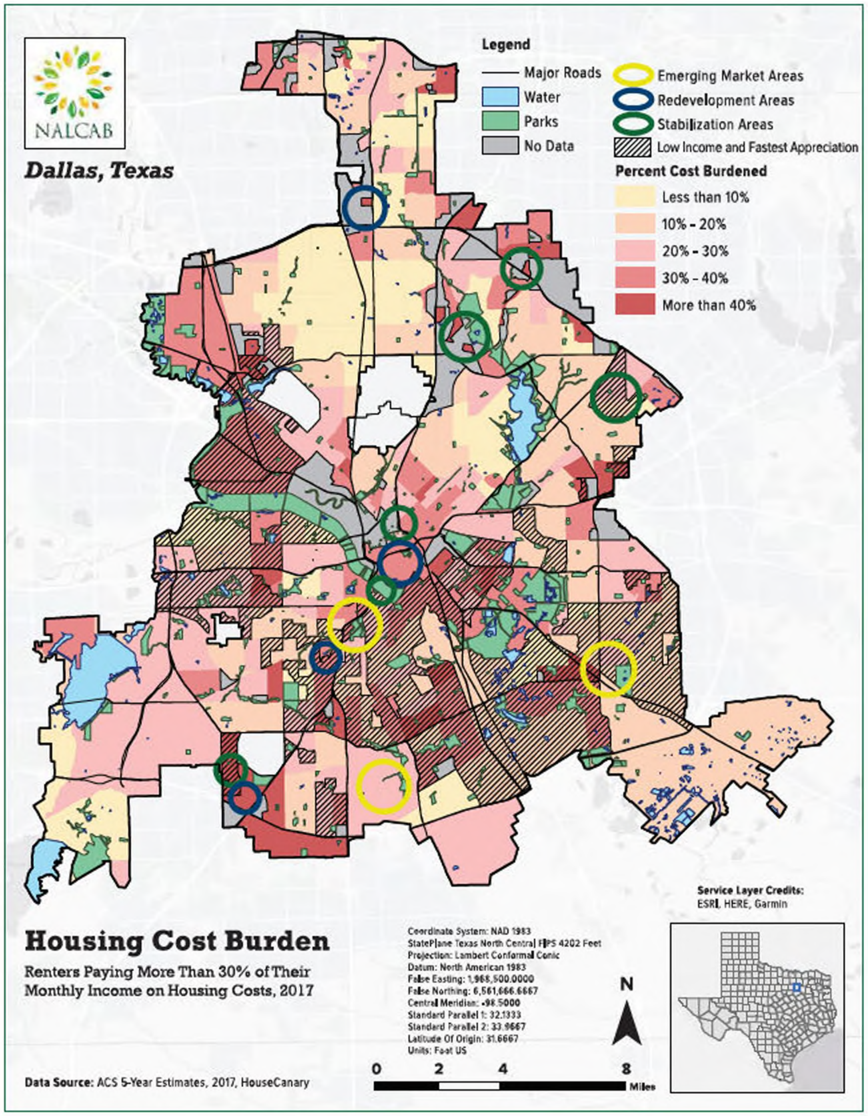
Map 3: Vulnerable Areas



Map 4: Race/Ethnicity



Map 5: Housing Cost Burden



Map 5 shows where cost burdened renters live in relation to what areas are appreciating the fastest and have low median household incomes. This map builds on Map 3 to further define the areas where low-income residents may be most vulnerable to increasing housing costs. The darker shaded areas represent a higher number of renters per census tract that are paying more than 30% of their income on housing costs. The hatch pattern represents areas where median household income was less than 80% of the metro area median income in 2017 ($58,720) and where single-family home values appreciated twice as fast as the citywide rate of 85% between 2011-2018—meaning values appreciated 170% or more over that time.

Finding 4: ***A subset of appreciating neighborhoods are experiencing significant demographic changes, which could indicate current or impending displacement of vulnerable residents.***

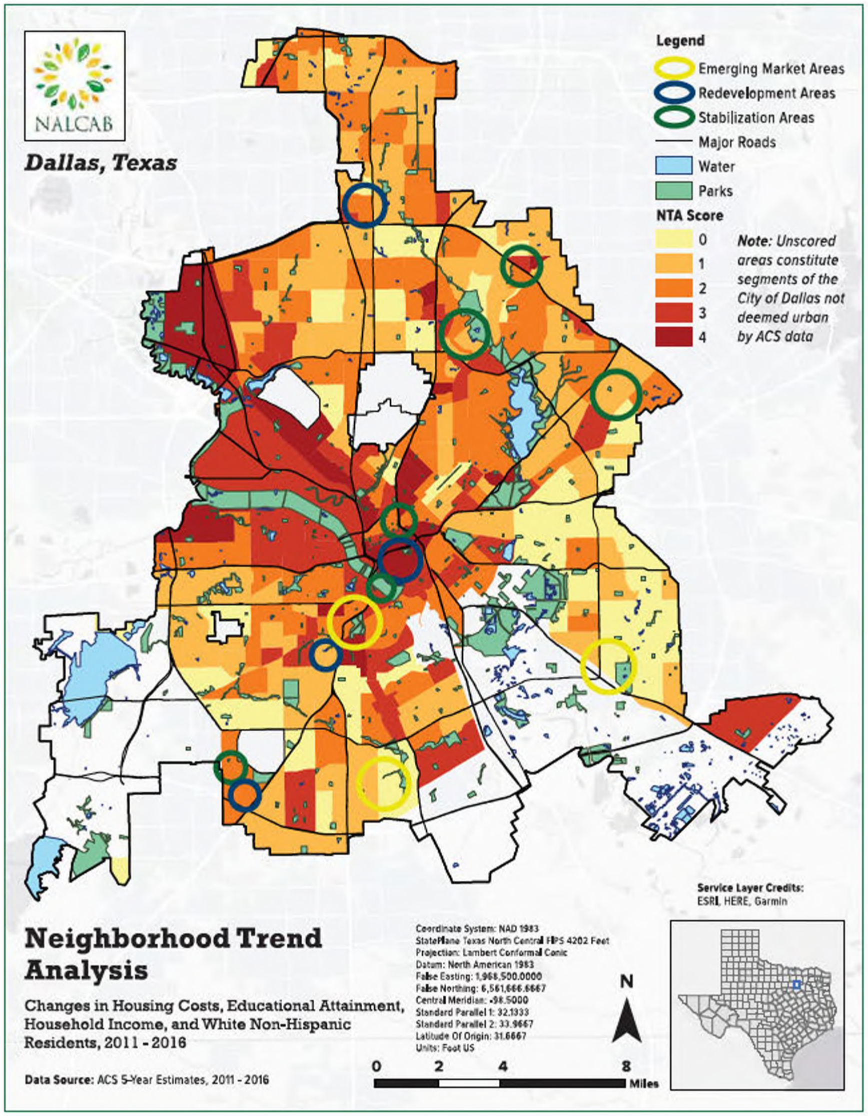
Analysis: Based on various studies of neighborhood revitalization and gentrification,[13] NALCAB created a method for identifying neighborhoods that are changing in ways that might point to a current or impending trend of displacement. The analysis measures changes over time in housing prices and demographics using indicators from the U.S. Census Bureau's American Community Survey. Changes at the tract level are compared to changes at the urban area level[14] to help separate specific neighborhood-level changes from larger trends. The indicators are:

- Median Home Value
- Median Contract Rent
- Median Household Income
- Population 25 years or older with at least a bachelor's degree
- Number of White, non-Hispanic, residents

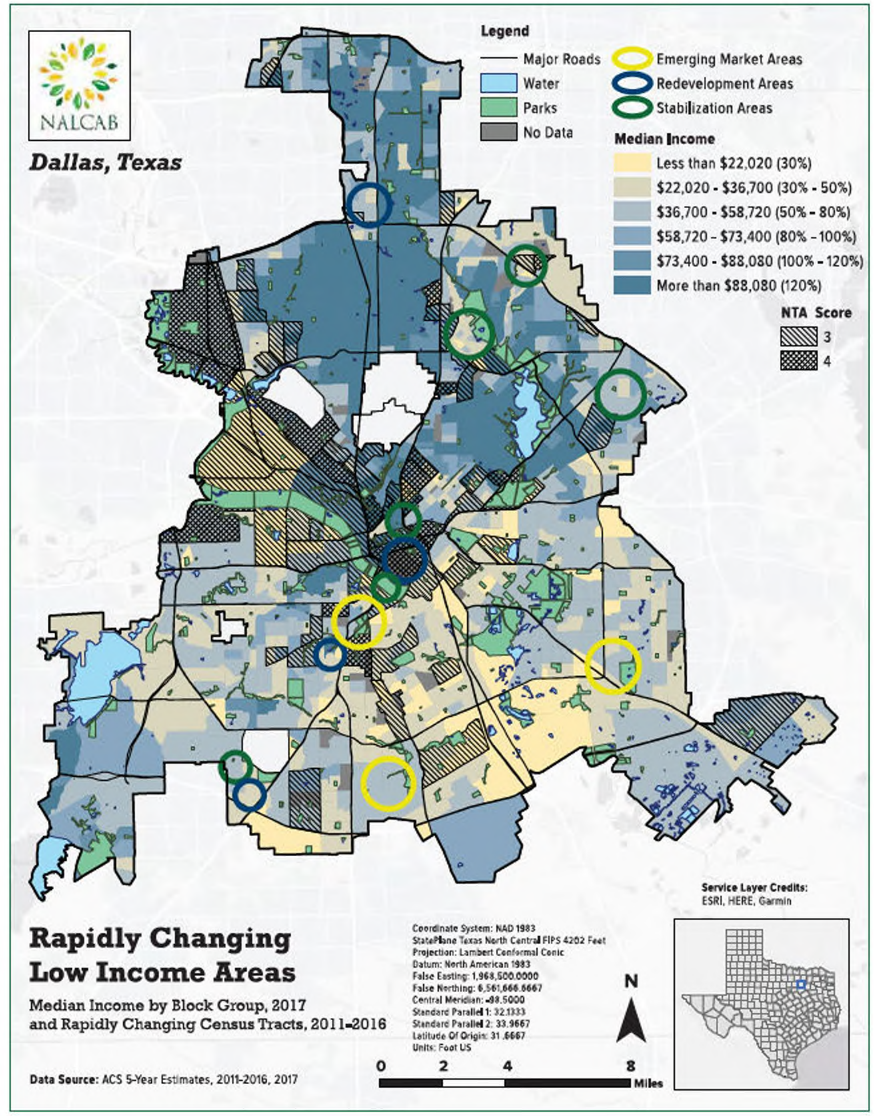
Each census tract is scored based on the number of indicators (0-4) that have changed more rapidly than the urban area's overall rate of change over a given period of time. The maximum score is four because one point is given if either Home Value or Contract Rent has appreciated faster in the census tract than in the overall urban area. In contrast to examining only the change in housing costs, this method identifies more complex changes in the demographics of a census tract. When price appreciation is accompanied by significant demographic shifts, the character or culture of a neighborhood may change.

A score of three or four using the Neighborhood Trend Analysis should not be understood as a positive or negative indicator in and of itself, but rather, as a flag for more in-depth investigation of housing vulnerability. Neighborhoods that have experienced disinvestment and high levels of vacancy may demonstrate rapid change as a result of community improvement

Map 6: Neighborhood Trend Analysis



Map 7: Rapidly Changing Low Income Areas



and a reduction in crime or vacancy and these are positive outcomes for neighborhood residents. However, lower income neighborhoods with low vacancy and strong social fabric might view rapid demographic change as a threat. Neighborhoods will experience these changes differently, requiring community engagement efforts to better understand the implications of market and demographic changes for residents.

Map 6 shows the neighborhood change scores for census tracts in Dallas between 2011-2016. There is a concentration of fast changing neighborhoods in and around downtown and at the northwest corner of the city. Importantly, a few of the census tracts that are experiencing rapid change across three or four of the above indicators also have low median incomes, as shown in **Map 7**.

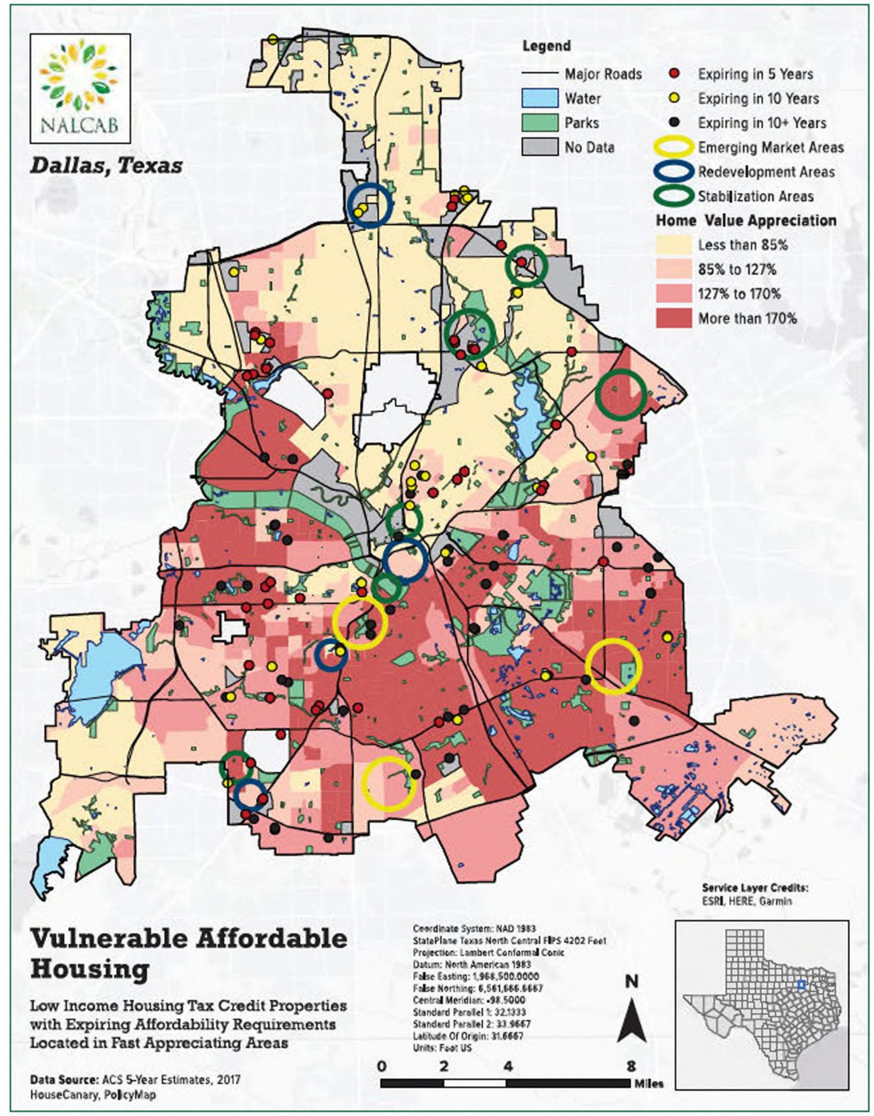
Finding 5: *There are a number of subsidized housing developments with expiring affordability covenants located in neighborhoods with higher than average home values or that are appreciating rapidly. Given the potential for these developments to generate more revenue as market-rate rental properties, they may be vulnerable to conversion to market-rate when their affordability covenants expire.*

Analysis: Appreciation in the Dallas real estate market has the potential to threaten the affordability of the subsidized rental housing stock. Some publicly subsidized affordable rental housing has time-limited affordability covenants that ensure rents are kept affordable to households at defined income levels. This includes properties financed with Low-Income Housing Tax Credits (LIHTCs), which, in Texas, have a 30-year affordability period. When there is a significant gap between the maximum rents that can be charged by the owner of subsidized apartments and the market rate rents in the surrounding neighborhood, the possibility exists for the owner to convert the property to market rate rents when the affordability covenants expire.

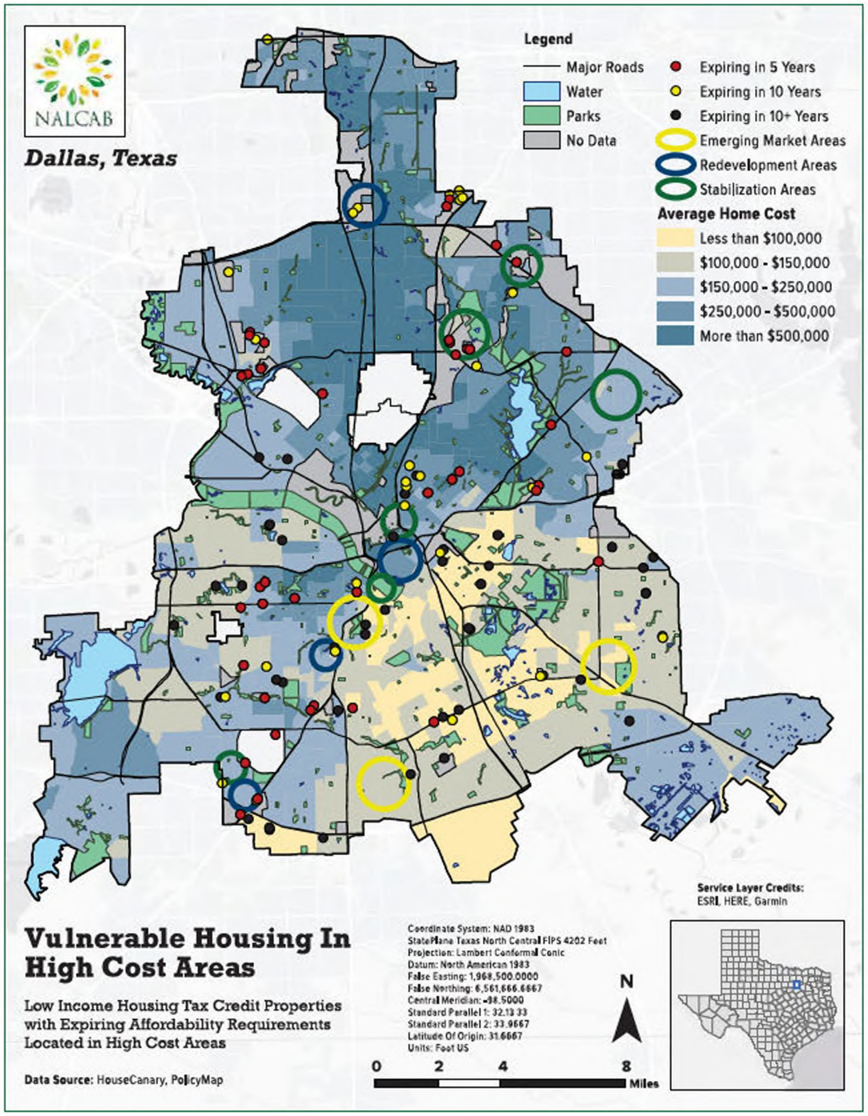
Over the next 10 years, the affordability covenants on over 12,000 units of LIHTC housing are scheduled to expire. Some of these properties are located in high value areas. Others are located in markets that are appreciating and may become high value areas in the near future. Barring some intervention, a significant number of these affordable housing units could be at risk of conversion to market rate. Further analysis is required to understand the risk of conversion to market rate for each project. Among other considerations, these analyses would include an examination of who owns each property and what other sources of finance were used for their development.

Map 8 shows the location of LIHTC properties with affordability covenants that are scheduled to expire within 5 years and 10 years and charts the changes in single-family home values between 2011-2018. The span of 2011-2018 serves as a proxy for real estate market appreciation more broadly.

Map 8: Vulnerable Housing: Expiring LIHTC in Fast Appreciating Areas



Map 9: Vulnerable Housing: Expiring LIHTC in High Cost Areas



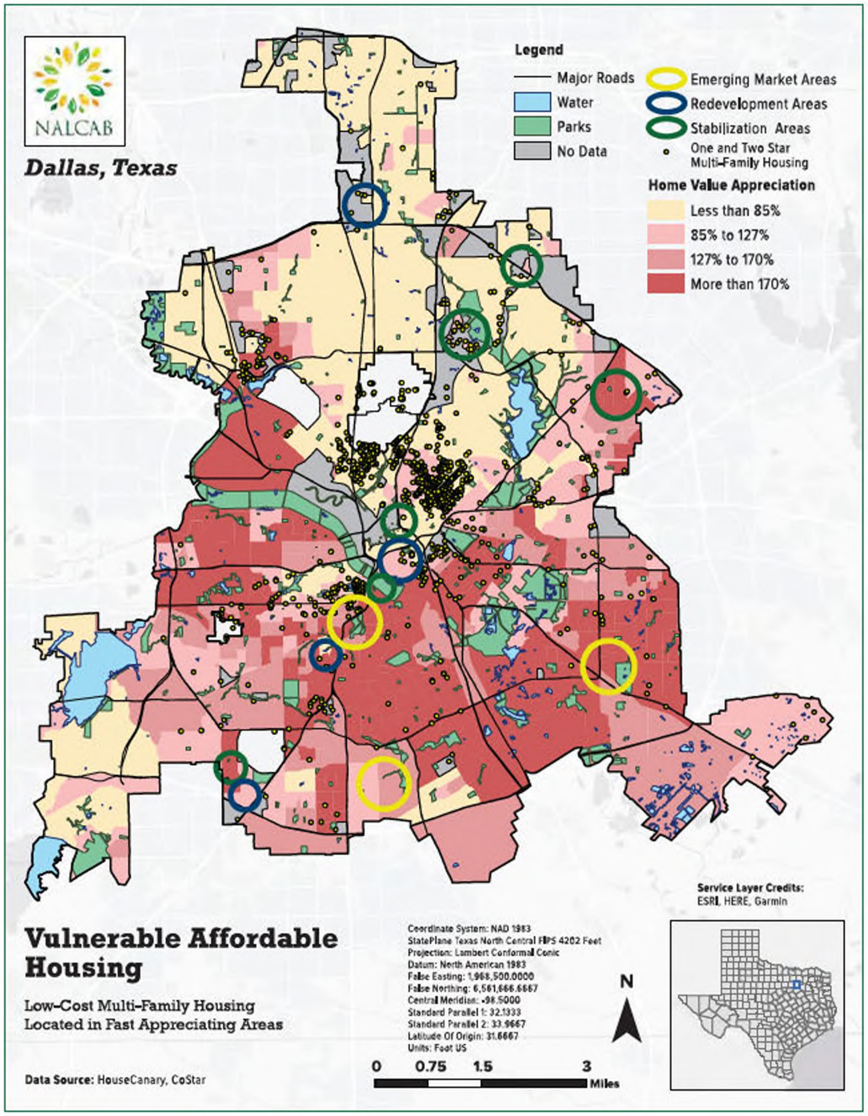
Map 9 shows the location of those same LIHTC properties and areas with high cost housing, as measured by median single-family home values by block group during the first half of 2018.

Finding 6: ***There are many unsubsidized multifamily rental housing developments located in neighborhoods that are experiencing rapid real estate appreciation. These properties may be vulnerable to rapid rent increases or redevelopment.***

Analysis: In an appreciating real estate market, unsubsidized affordable rental housing is generally vulnerable to the impacts of market appreciation more immediately than subsidized properties that have affordability covenants. The Urban Land Institute Terwilliger Center for Housing requested a study by CoStar, a commercial real estate data analytics firm, of "naturally occurring" affordable housing across the United States. CoStar evaluates multifamily and commercial buildings on a 5-star scale.[15] Ratings are determined based on property characteristics like design and construction and are tested through field research, rating models, analytic quality assurance, and market advisories. Using this rating system, CoStar identified one- and two-star properties in its database as examples of naturally occurring affordable housing. They identified these properties as affordable by comparing rents to area median income and found that on average, rents in one- and two-star properties were 16.5% of average median income across all metro areas.[16]

Map 10 shows properties in Dallas that are rated by Costar with one or two stars. The locations of these multi-family housing properties are overlaid on the 2011-2018 single-family home value appreciation as a proxy for real estate market appreciation more broadly. Unsubsidized affordable housing developments may be vulnerable to price increases or redevelopment in areas with a relatively high rate of appreciation. These areas are indicated by the darkest shaded areas on the map. If these developments are currently a low-cost housing option for low-income tenants, the loss of their affordability will mean increased hardship for and/or displacement of those tenants.

Map 10: Vulnerable Housing: Low Cost Housing in Fast Appreciating Areas



Recommendations for Further Investigation

This report highlights that housing is becoming increasingly unaffordable for low- and moderate-income residents of Dallas. Our analysis shows that challenges related to housing affordability and vulnerability are particularly potent for African American and Latino residents of Dallas and for those that reside in areas that are experiencing significant real estate appreciation. To build on this work, the following are selected recommendations for further investigation based on the analysis and findings presented in this report.

- Analyze price trends in the multifamily rental housing market. This report used single-family home values as a proxy for the broader housing market. For a more accurate analysis of affordability challenges and vulnerability of renters in multifamily properties, data on the multifamily real estate market should be analyzed.
- Utilize a measure of housing affordability for Dallas that takes into account transportation costs based on housing location and different modes of transportation. CNT's Housing and Transportation (H+T®) Affordability Index is one source for these data.[17]
- Analyze neighborhood factors that may help predict where real estate market appreciation may occur in the near future. This might include desirable amenities, such as good schools and access to parks. In many places, a leading indicator can be the public sector—whether through direct investment or incentives—as the catalyst for private sector activity. Thus, analyzing the location of planned public investment may help to anticipate market trends. An example of where this phenomena is showing it may take hold would be the proposed multi-hundred million dollar investment into creating a 10,000-acre Nature District along the Trinity River corridor.[18] As seen on Map 6, the areas abutting the river are showing a marked increase in the indicators noting neighborhood change.
- Conduct a deeper analysis of subsidized rental housing with affordability covenants expiring in the next ten years to determine the true risk of conversion to market-rate housing. This analysis should look at the following:
  - The history of tax credit properties that have had their affordability requirements expire and what has happened to them;
  - The owners of the properties;
  - Public sector programs that exist to help property owners pay for rehabilitation and maintain affordability beyond the 30-year tax credit affordability period; and
  - The difference between rents charged at subsidized properties and market-rate rents in the same neighborhood.

- Conduct a deeper analysis of unsubsidized multifamily rental properties in appreciating neighborhoods. This analysis will help to further understand which properties are currently affordable to low-income households and which are most at risk of rent increases or redevelopment that could lead to displacement.
- More closely examine neighborhoods that received a 3 or a 4 on NALCAB's Neighborhood Trend Analysis to understand what factors are driving the demographic and housing market changes shown in the model and whether those changes are likely to continue.
- Collect and analyze data on additional categories of vulnerable populations and housing stock, including:
  - » **Households with individuals that have physical disabilities or mobility impairments, including frail elders:** These households have unique housing needs (i.e. concerns with accessibility, first floor access, etc.), which can significantly impact their quality of life and/or severely constrain their housing options. These challenges can be compounded for low- and moderate-income households, but are not limited to any income segment;
  - » **Households with different social vulnerabilities:** Access to housing can be impeded for people with varying immigration statuses or criminal histories;
  - » **Low-income homeowners with rapidly rising tax obligations:** Housing units that are owned by lower income households can be subject to increased housing costs due to rising tax obligations and insurance costs. Homeowners that claim the residence homestead exemption and seniors that claim the age 65 or older homestead exemption are protected—to different degrees—from rising taxes, though not from increases in insurance, utilities, homeowners' association (HOA) fees and other housing costs. Owners faced with tax obligations that they struggle to afford are vulnerable to foreclosure and/or property tax lenders who pay off property taxes and use the home as collateral to secure the debt. This lending model can lead to abuses when the owner misses a payment and the lender moves to foreclose on the entire house to pay the loan;
  - » **Mobile home communities:** Mobile home communities are a type of market-based affordable housing and are particularly vulnerable to real estate market price appreciation. Typically, the owner of a mobile home community owns the land, utilities, and other infrastructure improvements, and leases these to a household that owns or rents their own mobile home. When a mobile home community is sold to an investor who intends to develop the land for a different purpose, the entire community can be subject to displacement; and
  - » **Substandard housing and housing in significant disrepair:** The older a home, the more likely a property owner will need to invest significantly toward maintenance. When owners do not have the income to make repairs or have circumstances that make upkeep difficult or simply choose not to invest in a property, deferred maintenance can lead to conditions that trigger code violations. Code enforcement plays an important role in ensuring health and safety of a city's housing stock. Code violations may be an important indicator of the vulnerability of market-based affordable rental housing because they may trigger repairs that an owner may then seek to recover through increasing rent or condemnation of the building and displacement/relocation of the residents.

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1 *Housing's Impact on the Economy.* Bipartisan Policy Center, 12 Feb. 2012, bipartisanpolicy.org/library/housings-impact-on-the-economy/.

2 Chetty, Raj, and Nathaniel Hendren. *The Impacts of Neighborhoods on Intergenerational Mobility: Childhood Exposure Effects and County-Level Estimates.* Harvard University and NBER, May 2015, pp.1-85, www.equality-of-opportunity.org/images/nbhds_paper.pdf.

3 *How Housing Matters.* MacArthur Foundation, John D. and Catherine T. MacArthur Foundation, 2017, www.macfound.org/programs/how-housing-matters/strategy/.

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4 *An Analysis of Housing Vulnerability in San Antonio.* NALCAB, Jan. 2018, https://www.sanantonio.gov/Portals/0/Files/NHSD/Housing/presentationVulnerableCommunitiesAssessment.PDF

5 *About the Index.* The Center for Neighborhood Technology's Housing and Transportation Affordability Index, January 2018, https://htaindex.cnt.org/about/

6 Median household income for the MSA was determined using US Department of Housing and Urban Development area median income estimates for a family of 4, which can be accessed at https://www.huduser.gov/portal/datasets/il.html. City of Dallas median household income was determined using US Census Bureau American Community Survey 1-Year Estimates, Table B19013, which can be accessed at factfinder.census.gov. Median home sale prices are estimated using HouseCanary home value data.

7 To calculate the "income needed to afford a home sold at the median price", we use the National Housing Conference's Paycheck to Paycheck analysis tool: https://www.nhc.org/wp-content/uploads/2016/08/Conduct_Your_Own_NHC_Paycheck_Analysis.pdf. For homeownership, we estimated the home purchase price using single-family home value information from HouseCanary; interest rates from the Federal Housing Finance Agency Monthly Interest Rate Survey (MIRS), using the contract interest rate for conventional single-family mortgages (https://www.fhfa.gov/DataTools/Downloads/Pages/Monthly-Interest-Rate-Data.aspx); and assume a monthly insurance cost of .022 for Dallas (assuming .0015 for a low-cost area and .0025 for a high cost area). A down payment amount of 10% of the purchase price was assumed. Principal and interest were calculated assuming a 30-year fixed mortgage, adding monthly taxes and insurance to monthly principal and interest amount to calculate monthly homeownership costs (or PITI). It was assumed that underwriters would not accept a housing debt to income ratio of more than 28% of annual income.

8 U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates, Median Household Income in the Past 12 Months (In 2017 Inflation-Adjusted Dollars), Tables B19013B, B19013I, B19013A.

9 Texas Demographic Center, Population Projections. https://demographics.texas.gov/Data/TPEPP/Projections/. Accessed May 7, 2019.

10 Please note that the maps in this report, the areas around North Lake and Lake Ray Hubbard are not displayed. This is for visual purposes only—the data from these areas are included in the analysis.

11 *Comprehensive Housing Policy.* City of Dallas Department of Housing and Neighborhood Revitalization, March 19, 2018 (Amended April 27, 2018). Pages 7-8.

12 U.S. Census Bureau, 2013-2017 American Community Survey 5-Year Estimates, Table B25106

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14 Urban Area is a geography used by the Census Bureau to delineate between urban and rural areas. An urban area is defined by the Census Bureau as a "densely settled core of census tracts and/or census blocks that meet minimum population density requirements, along with adjacent territory containing non-residential urban land uses as well as territory with low population density included to link outlying densely settled territory with the densely settled core." https://www.census.gov/programs-surveys/geography/guidance/geo-areas/urban-rural/2010-urban-rural.html.

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Comprehensive Housing Policy

City of Dallas
Department of Housing and Neighborhood Revitalization

March 19, 2018
(Last amended April 27, 2018)

Table of Contents

BACKGROUND ON DEVELOPMENT OF THE POLICY

On March 12, 2017 the Dallas City Council Housing Committee established three goals for the development of a comprehensive strategy for housing: 1) Create and maintain available and affordable housing throughout Dallas, 2) Promote greater fair housing choices, and 3) Overcome patterns of segregation and concentrations of poverty through incentives and requirements.

In August 2017 the City of Dallas engaged The Reinvestment Fund to conduct a Market Value Analysis (MVA), which is an analytical tool used to assess the residential real estate market throughout the entire city to determine with granular detail where market strength, transition and stress exists. After briefing the City Council on the results of the MVA on January 17, 2018, eight (8) public town hall meetings were held to develop the recommendations presented here. The town hall topics were:

How Residential Development Gets Financed,
How to Reduce Development and Rehabilitation Costs,
How to Increase Access to Capital and Reduce Cost of Capital, and
Programs, Tools and Strategies for Increasing Housing Production.

Each town hall provided stakeholders an opportunity to understand the housing challenges from the perspective of the major stakeholders including: lenders, including foundations and government sources of finance; consumers and neighbors; developers, builders, and contractors; and regulatory officials, such as zoning, building inspections, and code enforcement. The town halls were held both in person and through virtual telephone communications that aired on Spectrum Channel 95 and streamed online. The in-person town halls had a combined participation of ninety-four (94) individuals, many of whom also participated in the virtual town hall meetings. The virtual telephone town halls had a total of 38,690 participants for all four (4) meetings, of which 10,000 participated in more than one town hall.

The outcome of public input helped shape the ten (10) policy recommendations presented to the Economic Development and Housing Committee (Committee) on March 19, 2018 and the strategies, tools and programs included in the Comprehensive Housing Policy.

CITY OF DALLAS PLANS

forwardDallas! Comprehensive Plan

The forwardDallas! Plan is Dallas' first citywide comprehensive plan to serve as the policy basis for land development decisions in the City, through reference in the Dallas Development Code. The plan contains eight policy elements: Land Use, Economics, Housing, Transportation, Urban Design, Environment, and Neighborhoods. It provides guidance on important land development considerations related to land use, transportation and economic development. Shaped by extensive community engagement and adopted by City Council in 2006, it envisions a future Dallas built around the core values of:

- Access to good education
- A safe city
- A healthy environment
- Job growth through investment in Southern Dallas
- Convenient transportation through choices in how to get around
- Quality of life through diverse housing, recreational, cultural and educational opportunities

A key initiative of the forwardDallas! Plan was a focus on "Making Quality Housing More Accessible." The plan acknowledged that, within the regional context, Dallas has the greatest range of housing needs and problems. It recommended development of a housing strategy aimed at increasing home ownership, diversifying housing stock and providing more opportunities for affordable housing, while sustaining existing neighborhoods.

The forwardDallas! Comprehensive Plan can be found at http://dallascityhall.com/departments/pnv/strategic-planning/Pages/comprehensive-plan.aspx.

Neighborhood Plus Plan

Adopted in 2015, the Neighborhood Plus Plan is a citywide neighborhood revitalization plan intended to update the forwardDallas Housing and Neighborhood elements. The Neighborhood Plus plan focused on the six strategic goals of:

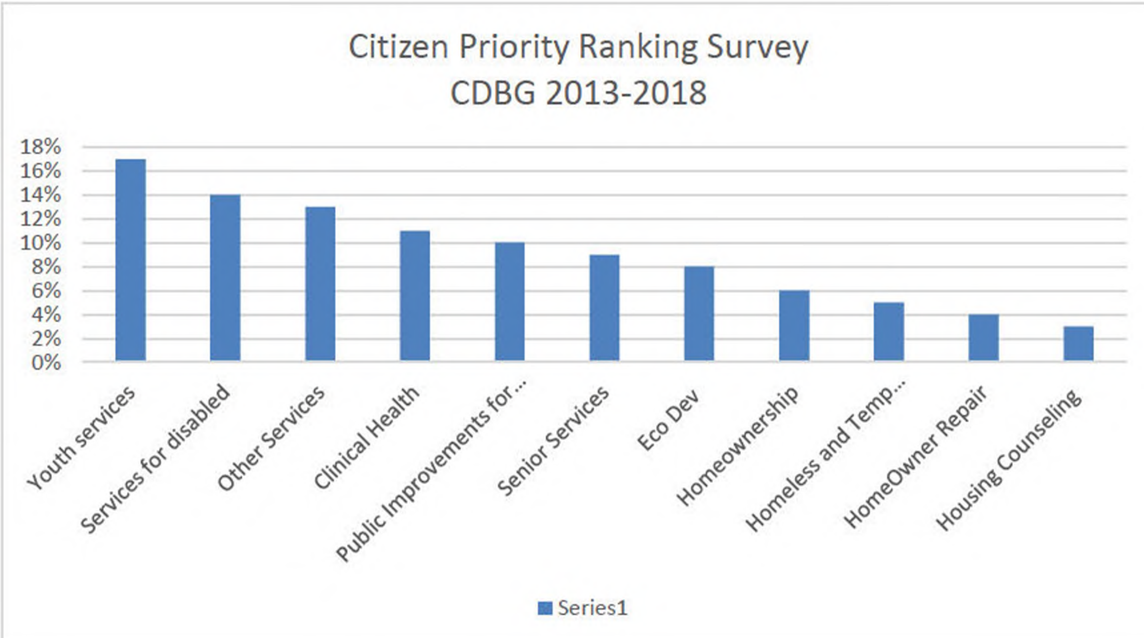
- Creating a Collective Impact Framework
- Alleviating Poverty
- Fighting Blight
- Attracting and Retaining the Middle Class
- Increasing Home Ownership
- Enhancing Rental Options.

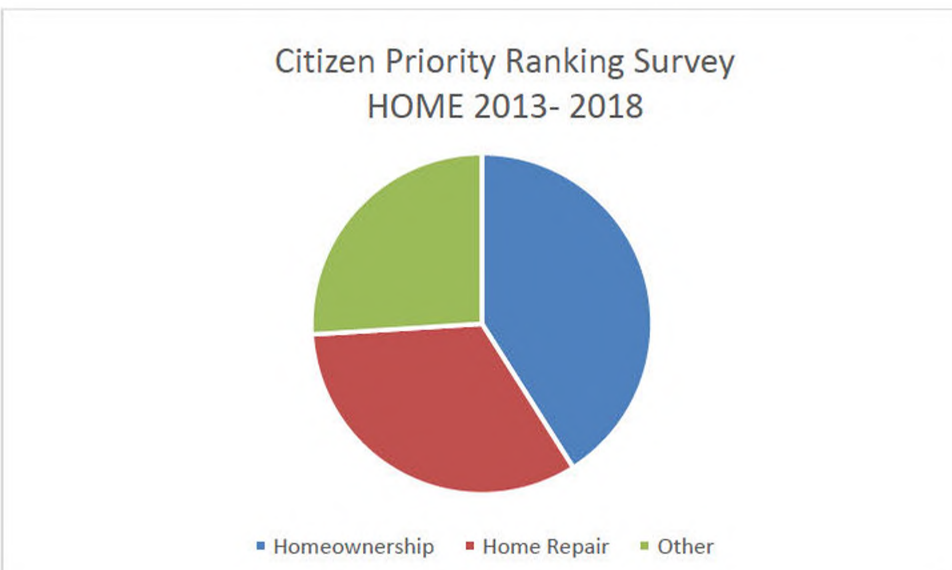
The Neighborhood Plus recommended a holistic approach to neighborhood revitalization and community building that goes beyond production of a limited number of publicly subsidized housing units, to encompass neighborhood quality, safety, mobility and access to education, jobs and health care. The Neighborhood Plus Plan also called for a neighborhood by neighborhood approach to improving quality of life and established the basis for identifying target areas to focus neighborhood revitalization efforts.

The Neighborhood Plus Plan can be found at http://dallascityhall.com/departments/pnv/strategic-planning/DCH%20Documents/Web%20-%20Neighborhood%20Plus%20Plan%20-%20Adopted%2010-07-2015.pdf.

Consolidated Plan Strategies

The Consolidated Plan is a five-year planning document required by HUD to carry out affordable housing and community development activities. City identified its priorities as follows:





REINVESTMENT STRATEGY AREAS

The Housing Policy provides for tiered Reinvestment Strategy Areas to address three (3) market types in need of City investment:

Redevelopment Areas:

A redevelopment area is characterized by a known catalytic project that has submitted a request for funding that shows preliminary viability and will begin within the next 12 months. The project as proposed must contain a housing component and must address the existing market conditions as identified in the MVA and must demonstrate a level of housing production supported through a third-party independent market analysis and show affordability to a mix of income bands.

Redevelopment Areas: Midtown, High Speed Rail, Wynnewood, and Red Bird.

Stabilization Areas:

Stabilization areas are characterized as G, H, and I markets that are surrounded by A-E markets and as such are at risk of displacement based on known market conditions including upcoming redevelopment projects. These areas are also where Incentive Zoning and Accessory Dwelling Units should be focused to allow for increased density.

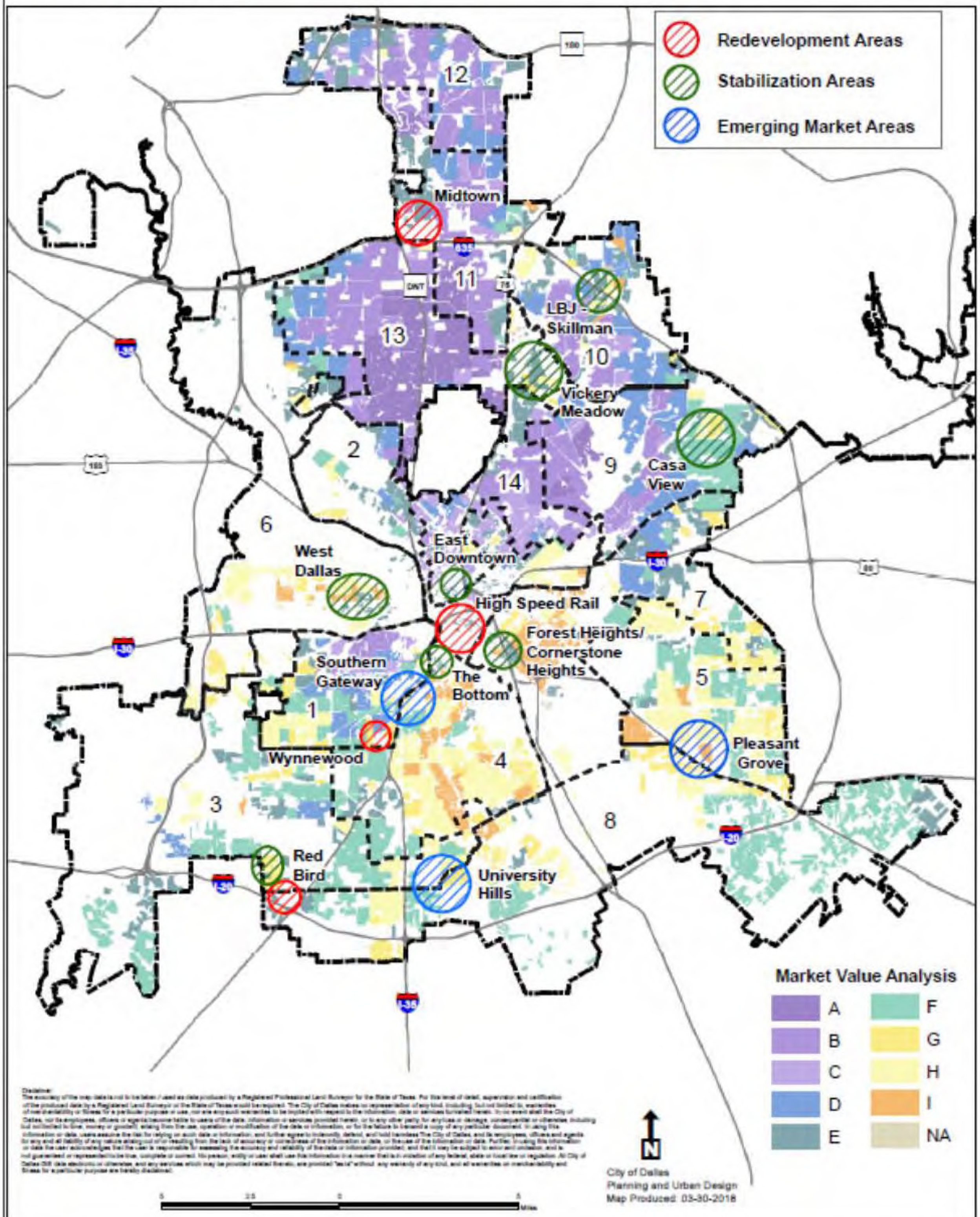
Stabilization Areas: LBJ Skillman, Vickery Meadow, Casa View, Forest Heights / Cornerstone Heights, East Downtown, The Bottom, West Dallas, and Red Bird North.

Emerging Market Areas:

These markets are characterized as areas in need of intensive environmental enhancements, master planning and formalized neighborhood organization. In order to facilitate the creation of mixed income developments, the City recommends seeking designation as Neighborhood Revitalization Strategy Areas (NRSA's) through HUD in order to prepare the area for real estate investments in a 3 to 5-year time frame and provide flexibility of use of funds without income qualifications. trust in local government and aid staff in assessing the need for strategic partnerships.

Emerging Market Areas: Southern Gateway, Pleasant Grove, and University Hills.

Reinvestment Areas



PRODUCTION GOALS AND INCOME BANDS TO BE SERVED

Dallas has a housing shortage of approximately 20,000 units. This shortage is driven by the cost of land and land development, labor and materials shortages, federal, state and local constraints, as well as, the single-family rental market which prevents equilibrium in the homeownership market. It is difficult to convert rental homes to homeownership because of the perception of the neighborhood, the condition of the housing stock once it's been in the rental market for a period of time and because income-producing property in a tight market will not be released by landlords until returns are diminished. This shortage is consistent with the overall national trend following the 2009 housing bust. While the housing market has seen a steady but slow recovery, job growth in the Dallas metro area attracted a population growth of about 2.9% that outpaced the growth in the supply of housing. Much of the single-family housing inventory converted to rental following the 2009 bust while 60% or more of the home sales in the three (3) years following were in the price range below $249,999. In 2014 the housing market was in transition - the number home sales priced under $249,999 decreased to less than 40% of the market and by 2017 nearly 58% of home sales were priced between $300,000 and $1 million. According to the Real Estate Center at Texas A&M University, while the volume of homes in Dallas only grew by 3.6%, the median sales price in Dallas grew by 9.1% in 2017.

These market conditions have led to an increase in both rental rates and sales prices in the overall market and 6 out of 10 families in Dallas are housing cost burdened, meaning they spend more than 30% of their income on housing due in part to wages not keeping pace with housing costs. Undoubtedly, families at lower income bands are more financially strained by these market conditions. Therefore, increasing production over a 3-year period and minimizing the regulatory barriers to overall market production is equally important. Furthermore, because this has made even deteriorated housing stock unaffordable, it makes the need for home repair programs more important than ever. Table 1 below shows annual production goals of 3,733 for homeownership units and 2,933 for rental units while still maintaining the 3-year historic average ratio of homeownership and rental percentages.

Beyond unit production, the City supports creating increased availability of housing for people at incomes ranging from 30% - 120% of the HUD Area Median Income, by incentivizing homeownership developments for families at 60% or higher AMI and rental developments that include rent restricted units for families at the full range of 30% - 120% of AMI. These targets area are also outlined in Table 1 below.

Table 1

Homeownership	% Total Units		HUD Area Median Income Dallas Metro	% Total Units	Rental
933	55%	Market Rate	120%	40%	587
1120			100%		587
1307	45%	Extremely Low, Very Low, Low Income	80%	60%	733
373			60%		440
			50%		293
			30%		293
Total: 3,733					**Total: 2,933**

HOMEOWNER PROGRAMS

Rehabilitation & Reconstruction of Owner-Occupied Homes

Provides an all-inclusive repair and rehabilitation program for single-family owner-occupied housing units. Home Improvement and Preservation Program (HIPP) will be offered as a repayment loan program to low and moderate-income homeowners, with the purpose of making needed improvements and preserving affordable housing. HIPP is designed to finance home improvements and address health, safety, accessibility modification, reconstruction and structural/deferred maintenance deficiencies. HIPP will enable homeowners to improve their housing while creating a positive effect in the community.

Eligibility

1. The property must be a single-family home.
2. The property must reside within the Dallas city limits and Applicant must have occupied the dwelling for at least six (6) months from date of application.
3. Applicant must be a U.S. Citizen or Permanent Resident, have a valid Social Security card and current Texas State issued identification card or Driver License.
4. Applicant must be current with the mortgage company meaning not more than thirty (30) days past due. (Except Accessibility Repair)
5. Property taxes must be current. Property taxes must not be delinquent for any tax year unless the homeowner has entered into a written agreement with the taxing authority outlining a payment plan for delinquent taxes and is abiding to the written agreement. (Except Accessibility Repair)
6. Applicant's annual gross income must be at or below the one hundred twenty percent (120%) of the Area Median Family Income (AMFI).
7. Standard property insurance, satisfactory to the City, must be maintained on the property (with coverage adequate to insure the City's lien position). If a property is located in a floodplain, flood insurance must also be maintained with coverage adequate to insure the City's lien position. (Except Accessibility Repair)
8. Applicant must certify that the home is not for sale and is their primary residence/homestead, as indicated per Dallas County Tax Records and utility records.
9. Title searches are obtained to evidence ownership of the property. (Except Accessibility Repair)
10. Applicants which received a Major Systems Repair loan in the last ten (10) years will be ineligible to participate.

Maximum Assistance Limits

For rehabilitation activities, the maximum amount of assistance provided shall not exceed forty-seven and half percent (47.5%) of the HUD HOME Value Limits for existing properties.

For reconstruction activities, the maximum amount of assistance provided shall not exceed seventy-five (75%) of the HUD HOME Value Limits for new construction. The Chief of Economic Development and Neighborhood Services may on a case by case basis administratively approve (without Economic Development and Housing Committee approval) additional assistance not to exceed ten percent (10%) above the maximum limit for any Owner-Occupied Rehabilitation or Reconstruction project under the following circumstances:

- To address outstanding repairs or necessary work to close out an existing project;

- The need to provide reasonable accommodations in accordance with the Americans with Disabilities Act or other local, state or federal law;
- Unanticipated costs deemed necessary to meet applicable City Codes;
- Unforeseen environmental issues; and
- Addressing issues that threaten life, health, safety and welfare of the public.

It should be noted that the Owner-Occupied Rehabilitation and Reconstruction establishes maximum per unit thresholds below the HUD required maximum per-unit dollar limitations established under HUD Section 234 Condominium Housing Limit. Thus, no individual project under this program can exceed these HOME maximum subsidy limits.

Terms of Assistance

The terms of assistance for the HIPP will be in the form of a loan based on the following schedule: 1) homeowners with incomes at or below sixty percent (60%) AMFI will receive a deferred, zero percent interest (0%) loan, 2) homeowners with sixty-one to eighty percent (61% - 80%) AMFI, will have a combination of deferred, zero percent interest (0%) loan and monthly installment payment plan as permissible through the underwriting, and 3) for homeowners with (81%-120%) AMFI, monthly installment payment with three percent interest (3%) loan will be offered.

If the home is vacated or leased during the term of the loan, then the loan shall be immediately due and payable, subject to the Resale/Recapture Requirement in Appendix 6. If the property is transferred through sale during the term of the loan, the balance shall also be immediately due and payable.

Credit Standards

Following are the credit standards for HIPP: 1) No Chapter 7 or Chapter 13 bankruptcy if primary or any mortgage is included as a secured creditor on the subject property for which the City or subrecipient will place a lien securing the loan. 2) Qualifying debt to income ratios are 30% on the front end and 43% on the back end.

Affordability Periods

Eligible rehabilitation and reconstruction activities will include all items necessary to bring the structure into compliance with the City's written rehabilitation standards and applicable local residential codes; including items recommended as necessary to preserve the property's structural integrity, historic integrity, weatherization, and quality of living conditions. The scope of work must address all major systems that have a remaining useful life for a minimum of 5 years at project completion, or the system must be rehabilitated or replaced as part of the scope of work. Major systems are identified as structural support (foundations); roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.

Improvements to, or demolition of an accessory structure such as detached garage, work shed, or small residential structure will be made on a case by case basis depending on the available budget, grant requirements, current building codes, health and safety concerns, and minimum occupancy requirements of residents of the property.

Amount of Assistance	Term
Less than $5,001	5 Years
$5,001 to $50,000	10 years

Over $50,001	15 years
Reconstruction Only	20 years

Assistance to remove of any items from the property that are considered to be dangerous, hazardous, or a violation of local code are eligible in conjunction with the rehabilitation of the property.

Assistance may not be used for the purchase or repairs of appliances (except for energy efficient window units) or renovations not necessary to bring the home up to local code or property standards. Unnecessary renovations include but are not limited to luxury items (granite counter tops, swimming pools, spas, high end fixtures); tree trimming; fences; and landscaping.

Accessibility Repairs

Rehabilitation less than $10,001 is considered a minor repair and federal funds may be used to perform strictly accessibility modifications. Assistance in the form of a one-time grant not to exceed $10,000 shall exclude environmental and administrative soft costs necessary to engage the client and property.

Mortgage and Refinancing

Assistance may be provided to an Applicant who has an existing mortgage or equity loan if the total debt, including mortgage/equity loan balance and all rehabilitation costs do not exceed 100% of the after-rehabilitation value of the property. The City deferred loan may be subordinate to the existing mortgage or equity loan.

Refinancing of an existing mortgage, equity loan, or liens from lot clearance/demolition is an eligible refinancing expense up to $10,000. The total debt, including refinanced amount and rehabilitation costs, cannot exceed 100% of the after-rehabilitation value of the property. Refinancing of revolving loan accounts, vehicles, credit card debt, or property taxes are NOT allowable refinancing expenses.

Heirs

A loan may be transferred to the heir(s) of the borrower if the heir(s) are income qualified and utilize the assisted property as their primary residence whether the loan is still within the period of affordability or not. If the heir(s) do not meet the income requirements of the program, the remaining balance of the loan is due immediately and payable in full if the loan is still within the period of affordability. If the property is not within the period of affordability and the heir(s) are not income qualified or do not utilize the property as their primary residence, the City or Sub-recipient may make payment arrangements with the heir(s) at an interest rate between zero (0) and three percent (3%).

Dallas Homebuyer Assistance Program

Provides homeownership opportunities to low and moderate income homebuyers through the provision of financial assistance when purchasing a home, in accordance with federal, state and local laws and regulations.

Eligibility

Applicants to homebuyer programs must meet the following criteria:

1. Property must be located in the city limits of Dallas.
2. Applicant's projected annual income must be no less than 40% of Area Median Income, but not exceed 120% of the Area Median Income, adjusted for household size, at the time of application to the program.
3. Applicant must have acceptable credit. High cost or sub-prime loans, adjustable rate mortgages, interest only loans are not allowed.
4. Applicant household must be U.S Citizens or legal residents and possess a valid social security card.
5. Property to be purchased must be primary residence of Applicant.
6. Applicant must attend an 8-hour homeownership education class from a HUD certified counseling agency within 12 months of application for assistance.
7. Applicant must make a minimum initial cash investment of $1,000 toward purchase of home.
8. Home must meet federal and local requirements, including Minimum Housing Standards, Environmental Review, and international residential code.

Eligible Properties

The property can be privately or publicly owned prior to sale to the Applicant. The property must be within the Dallas city limits and meet City building codes, lead based paint requirements, and environmental standards at the time of initial occupancy.

The property must contain adequate living and sleeping space for the applicant household as verified by the property appraisal, site visit, and/or Dallas Appraisal District Data. The property can be an existing property, or it may be newly constructed. The property can be:

- Single-family property (one unit)
- Two to four unit property (Assistance provided for the unit to be occupied as the purchaser's principal residence); or
- Condominium or cooperative unit

All Homebuyer Programs require an appraisal and can be provided by the first mortgage lender. The appraisal value of an assisted property to be acquired for this activity cannot exceed the HOME Value Limit for Dallas. This limit is updated annually. The sale price of an assisted property may not exceed the "Appraised Value".

Affordability Periods

The residence must remain affordable for a certain period of time, which is dependent on the amount of funds invested. The City's recapture provisions will apply.

Amount of Funds	Required Affordability
Less than $15,000	5 Years
$15,000 to $40,000	10 Years
Over $40,000	15 Years

HOME Program Recapture/Resale Requirements

These requirements can be found in Appendix 6.

Eligible Expenses

Homebuyer Programs may include any of the following activities: principle reduction, down payment and closing cost assistance. If the house is sold before the required affordability period has elapsed, the assistance funds must be recaptured.

Terms of Assistance

The assistance for the Dallas Homebuyer Assistance Program will be offered in the form of a deferred, zero percent interest (0%) loan. If the home is vacated or leased during the term of the loan, then the full loan shall be immediately due and payable in accordance with the Resale/Recapture Requirements in Appendix 6. If the property is transferred through sale during the term of the loan, the balance shall also be immediately due and payable.

Credit Standards

Following are the credit standards for homebuyer programs:

- No Chapter 7 or Chapter 13 bankruptcy if primary or any mortgage is included as a secured creditor on the subject property for which the City or subrecipient will place a lien securing the loan.
- Qualifying debt to income ratios are 30% on the front end and 43% on the back end. With compensating factors, the City will allow 33% on the front end and 45% on the back end.
- Maximum loan is up to the 1st lien holder's approval of Complete Loan to Value (CLTV).
- Predatory lending describes lending practices that take advantage of clients by charging usurious interest rates or excessive fees and penalties. Loans will not be made with an interest rate more than 2% above the prevailing market rate.

Heirs

A loan may be transferred to the heir(s) of the borrower if the heir(s) are income qualified and utilize the assisted property as their primary residence whether the loan is still within the period of affordability or not. If the heir(s) do not meet the income requirements of the program, the remaining balance of the loan is due immediately and payable in full if the loan is still within the period of affordability. If the property is not within the period of affordability and the heir(s) are not income qualified or do not utilize the property as their primary residence, the City or Sub-recipient may make payment arrangements with the heir(s) at an interest rate between zero (0) and three percent (3%).

Refinancing

Refinancing for better rate and term is permitted. Refinancing of revolving loan accounts, vehicles, credit card debt, or property taxes are NOT allowable refinancing expenses. Cash out are also NOT allowed.

Homebuyer Incentive Programs

Targeted Area Incentive Program Only

Assistance is provided for existing properties to individuals willing to purchase homes within one of the targeted areas, with the requirement of only having to repay 25% of the actual loan amount at 0% interest and the balance is due at the time of resale.

Targeted Homebuyer Incentive Program Only

This program offers further incentives for schoolteachers, police officers, emergency medical technicians, and firefighters. Repayment of loan shall be only upon re-sale or refinance, contingent on meeting a 10-year owner occupancy requirement.

LANDLORD PROGRAMS

Rental Rehabilitation and Reconstruction

Provides an all-inclusive repair and rehabilitation program for single-family (1-4) rental units. The Home Improvement and Preservation Program (HIPP) expands to offer a repayment loan program to landlords which lease to low income household, with the purpose of making needed improvements and preserving affordable housing. HIPP is designed to finance home improvements and address health, safety, accessibility modifications, reconstruction and structural/deferred maintenance deficiencies.

Eligibility

- The property must be a single-family home (1-4 units). Properties with over 5 units are not eligible for rehabilitation assistance under this program.
- The property must reside within the city limits of Dallas.
- Applicant must lease the unit to a household with an annual gross income at or below the eighty percent (80%) of the Area Median Family Income (AMFI.
- Applicant must provide evidence of property ownership. Additionally, City shall require a title search to verify whether liens or deed restrictions exist.
- Applicant and tenants must be a U.S. Citizen or Permanent Resident, have a valid Social Security card, and current Texas State issued identification card or Driver License.
- Applicant must be current with the mortgage company meaning not more than 30 days past due.
- Property taxes must be current. Property taxes must not be delinquent for any tax year.
- Tenant household's annual gross income must be at or below the 80% of the Area Median Income.
- Standard property insurance, satisfactory to the City, must be maintained on the property (with coverage adequate to insure the City's lien position). If a property is located in a flood plain, flood insurance must also be maintained with coverage adequate to insure the City's lien position.
- Applicant must adhere to the City Code Section 20-A and comply with HUD rent limits.

Maximum Assistance Limits

For rehabilitation activities, the maximum amount of assistance provided shall not exceed 47.5% of the HUD HOME Value Limits for existing properties.

For reconstruction activities, the maximum amount of assistance provided shall not exceed 75% of the HUD HOME Value Limits for new construction. The Chief of Economic and Neighborhood Services may on a case by case basis administratively approve (without Housing Committee approval) additional assistance not to exceed 10% above the maximum limit for any Rental Rehabilitation or Reconstruction project under the following circumstances:

- To address outstanding repairs or necessary work to close out an existing project.
- The need to provide reasonable accommodations in accordance with the Americans with Disabilities Act or other local, state or federal law;
- Unanticipated costs deemed necessary to meet applicable City Codes;
- Unforeseen environmental issues; and
- Addressing issues that threaten life, health, safety and welfare of the public.

It should be noted that the Rental Rehabilitation and Reconstruction establishes maximum per unit thresholds below the HUD required maximum per-unit dollar limitations established under HUD Section 234 Condominium Housing Limit. Thus, no individual project under this program can exceed these HOME maximum subsidy limits.

Terms of Assistance

The terms of assistance to Applicants of Rental Repair and Rehabilitation will be in the form of a three percent (3%) interest rate loan. If the landlord does not comply with the requirements set out in this program, including but not limited, leasing to a household over eighty percent (80%) AMFI, then the full loan shall be immediately due and payable in full. If the property is transferred through sale during the term of the loan, the balance shall also be immediately due and payable in full.

Credit Standards

Following are the credit standards for HIPP:

- No Chapter 7 or Chapter 13 bankruptcy if primary or any mortgage is included as a secured creditor on the subject property for which the City or subrecipient will place a lien securing the loan.

Eligible Rehabilitation and Reconstruction Scope

Eligible rehabilitation and reconstruction activities will include all items necessary to bring the structure into compliance with the City's written rehabilitation standards and applicable local residential codes; including items recommended as necessary to preserve the property's structural integrity, historic integrity, weatherization, and quality of living conditions. The scope of work must address all major systems that have a remaining useful life for a minimum of 5 years at project completion, or the system must be rehabilitated or replaced as part of the scope of work. Major systems are identified as structural support (foundation); roofing; cladding and weatherproofing (e.g., windows, doors, siding, gutters); plumbing; electrical; and heating, ventilation, and air conditioning.

Improvements to or demolition of an accessory structure such as detached garage, work shed, or small residential structure will be made on a case by case basis depending on the available budget, grant requirements, current building codes, health and safety concerns, and minimum occupancy requirements of residents of the property.

Amount of Assistance	Term
Less than $5,001	5 Years
$5,001 to $50,000	10 years
Over $50,001	15 years
Reconstruction Only	20 years

Assistance to remove of any items from the property that are considered to be dangerous, hazardous, or a violation of local code are eligible in conjunction with the rehabilitation of the property.

Assistance may not be used for the purchase or repairs of appliances (except for energy efficient window units) or renovations not necessary to bring the home up to local code or property standards. Unnecessary renovations include but are not limited to luxury items (granite counter tops, swimming pools, spas, high end fixtures); tree trimming; fences; and landscaping.

Refinancing

Refinancing of an existing mortgage, equity loan, or liens from lot clearance/demolition is an eligible refinancing expense up to $10,000. The total debt, including refinanced amount and rehabilitation costs, cannot exceed 100% of the after-rehabilitation value of the property. Refinancing of revolving loan accounts, vehicles, credit card debt, or property taxes are NOT allowable refinancing expenses. Cash out is also not permissible.

TENANT PROGRAMS

Tenant Based Rental Assistance

The purpose of this program is to provide supplemental financial assistance to displaced tenants as a result of the High Impact Landlord Initiative (HILI) to pay the difference between the cost of rent and the actual affordable amount that the tenant can pay. The program shall be operated on a first come first serve basis. Only HOME funds can be used to fund Tenant Based Rental Assistance (TBRA) programs. This is not an eligible activity under the Community Development Block Grant (CDBG) Program.

Eligible Uses

Eligible costs include: Subsidy is based on the amount of the rent, household income and City rent standard in a form of a grant. Covered expenses include:

- Rent supplemental financial assistance:
- Utility costs
- Security deposits
- Utility deposits
- Maximum assistance of 24 months
- May provide security deposit and utility deposit assistance upon exiting the program for a permanent unit

No payments will be made directly to the tenant household.

Prohibited Uses

City of Dallas HOME TBRA funds may not be used to assist tenants in conjunction with homebuyer programs, including lease purchase programs.

Eligible Units

Eligible tenants may rent any housing that meets the following criteria:

- Located in Dallas City Limits
- Meets Minimum Housing Quality Standards
- Reasonable rents are charged
- Are not public housing projects, or receiving project based federal assistance

Subsidy Amounts and Tenant Contribution

Maximum Subsidy: Maximum assistance that can be provided is the difference between 30% of the household's adjusted monthly income and the payment standard.

Minimum Tenant Contribution: All tenants are required to pay 30% of their monthly adjusted income, or $20.00 per month, whichever is greater.

Length of Assistance: Assistance will not be provided for a period of time longer than two years, and minimum of one-year lease.

Other Tenant Requirements

Agencies administering TBRA programs may require tenant participation in a self-sufficiency program as a condition of rental assistance.

A legitimate, legal lease is required for program participants.

Income Recertification

Income of tenants receiving HOME tenant based rental assistance must be re-certified on an annual basis, at a minimum. City staff may require recertification of tenant income at any time, at the City's discretion, if it appears that a tenant's income has changed substantially during the contract term. If the tenant's income exceeds eighty percent (80%) of Area Median Family Income, HOME assistance must be terminated.

Payment Standard

The HOME payment standard will be the Small Area Market Rent, annually established and published by the US Department of Housing and Urban Development.

Termination of Assistance

HOME assistance may be terminated if the following occurs:

- Household's income exceeds eighty percent (80%) of Area Median Income;
- Household is evicted from the approved unit by owner for cause;
- After receipt of two official notices requesting cooperation in the re-certification process, the household is unresponsive and uncooperative.

In all cases above, thirty days' notice of the termination must be provided to the tenant and landlord.

DEVELOPER PROGRAMS

New Construction and Substantial Rehabilitation Program

The purpose of this program is to provide financial assistance to new developments or substantial rehabilitation developments, where such assistance is necessary, and appropriately incentivize private investment for the development of quality, sustainable housing that is affordable to the residents of the City.

Funds may be used for projects to: 1) build new single-family with 5 or more homes, 2) build new multi-family rental housing with 5 or more units, or 3) substantially rehabilitate multi-family rental housing greater than 5 units. The City shall award, when funds are available, through a competitive Notice of Funding Availability (NOFA) or Request for Applications (RFA) process in accordance with the program's scoring policy.

Eligibility

To be eligible for funding under the New Construction and Substantial Rehabilitation Program assistance the proposed project must meet all of the following basic criteria:

- Project must consist of 5 or more units located within the municipal boundaries of the City of Dallas. Note: Extra Territorial Jurisdictions areas are not eligible for financial assistance.
- Substantial rehabilitation projects must, at a minimum, meet the substantial rehabilitation test

In addition to fully meeting the City's minimum code requirements, a project must met one or more of the following Substantial Rehabilitation threshold tests:

- Replacement of two or more major building components (roof; wall or floor structures; foundations; plumbing, central HVAC or electrical system); or
- costs are 15% or more, exclusive of any acquisition and/or acquisition and development soft costs, of the property's replacement cost (fair market value) after completion of all required repairs, replacements and improvements; or
- rehabilitation hard costs are $10,000 or more per unit.

The after-rehabilitation rents required to effectively support the property, including the additional rehabilitation project debt service, must be:

- Reasonable, and fall within the underwriting standards; and
- Affordable and meet the City's definition of affordability.

Owners must exhibit a cash equity participation of at least 10% in the rental property proposed for rehabilitation. Note: Housing tax credits proceeds are to be treated as equity.

Loan Terms

Financial assistance can be provided in the form of a repayable loan with scheduled payments or, if the project involves housing tax credits, a surplus cash loan. The City loan is fully repayable, and the interest rate varies by the type of Borrower. The interest rate for a qualified CHDO Borrower or Sponsor shall be zero percent (0%) simple annual interest. The interest rate for a qualified nonprofit Borrower or Sponsors shall be one percent (1%) simple annual interest. The base interest rate for all other Borrowers shall be three percent (3%). However, the 3% base rate can be reduced through a combination of one or more Borrower concessions:

- A Borrower guarantee to make annual interest payments will reduce base interest rate by 1%;
- Borrower agreement to limit loan maturity to 20 years or less reduces base interest rate by 1%; or
- Borrower guarantee of annual interest and principal payments reduces base interest rate by 2%.

The Borrower can combine a) and b) above to reduce the 3% annual simple interest base interest rate by 2% to the 1% annual simple interest floor rate. However, in no instance can the floor interest rate be less than 1% annual simple interest for a Borrower in this category.

Repayment of loan principal and interest should be either:

- Equal monthly installments over a period of up to 300 months if the project does not involve housing tax credits. Subject to City review and approval, multi-family projects may have up to 24 months (in addition to the above stated maturity of 300 months) of deferred principal and interest during a construction and lease-up; or,
- An annual surplus cash payment, when the project involves housing tax credits. The City's surplus cash loans funding will be structured with note provisions requiring that at least 50% of Eligible Cash in excess of $50,000 be paid annually to subordinate lenders (including funding partners and related parties) on a prorated basis.

Eligible Cash shall be defined as: Surplus cash available for partnership distribution, less any outstanding:

- Credit adjusters
- Asset management fees
- Operating reserve account replenishment
- Limited partner loans that have been approved by the City
- Deferred developer fees
- Supplemental replacement reserve deposits approved by the City

Note: Incentive management fees have been deliberately omitted from the above list. Payment of incentive management fees shall be subordinate to repayment of the City's loan(s).

Additional Requirements for New Construction Development

For new construction housing developments funded by the City, the maximum subsidy per unit is 22.5% of the HUD HOME Value Limit.

Funding will be provided to Community Housing Development Organizations, governmental entities, or public facility corporations at 0% simple interest, which will be forgiven upon sale of the property to home buyer.

In addition, funding will be provided to other qualified non-profit organizations at 1% simple interest, which will be forgiven upon sale of the property to home buyer.

Projects shall submit, on an annual basis, either HUD Form 93489 (HUD Computation of Surplus Cash), or the City's form, with the project audit. The City will invoice the project, allowing for repayment to occur up to the end of the current calendar year when HUD financing is involved. Otherwise, the surplus cash payment will be due within 45 days of the invoice postmark. Late payments will be assessed a 5%

late charge. The loan will be in default if payments are more than 75 days late. The default interest rate shall be 500 basis points (5%) over the note interest rate.

The City multi-family rental loan is limited to only the amount necessary to fully fund the required rehabilitation work, not to exceed nine percent (9%) of the annual HUD Section 234 – Condominium Housing Limits in Dallas, Texas for elevator units (by number of bedrooms per unit). In 2018, the annual limits were as follows:

Efficiency - $58,787
1 Bedroom - $67,391
2 Bedroom - $81,947
3 Bedroom - $106,013
4 Bedroom - $116,369

Note: The above table is only valid for 2018 and is otherwise provided for illustrative purposes. Contact the City's Housing Department for a schedule of current HUD 234 Limits.

Affordability Period Requirements for All Rental Housing Development and Substantial Rehabilitation Loans

The Period of Affordability (income and rent restrictions) applies to both single-family and multi-family rental housing projects. Affordability periods shall be set as follows, in keeping with HUD requirements.

Amount of CDBG or HOME funds Per Unit	Minimum Period of Affordability
Under $15,000/ Unit	Five (5) years
$15,000 - $40,000/ Unit	Ten (10) years
Over $40,000 or rehabilitation involving refinancing	Fifteen (15) years
New construction of Rental Housing	Twenty (20) years

Conditions of All City Loans

- The property must be residential rental property under the existing ownership for the entire loan term. If the property is transferred by any means during the loan term, the remaining unforgiving portion, plus interest based on the existing market, will become immediately due and payable;
- The Borrower must maintain the property according to the Dallas Unified Building Code and agrees to allow City personnel to annually inspect the property;
- The Borrower provides evidence of having paid annual property taxes and having secured fire and extended insurance coverage for the property;
- Borrower must annually provide the City of Dallas with the information on rents and occupancy of HOME-assisted units to demonstrate compliance with the affordability rent requirements;
- The Borrower must maintain reserves for maintenance; and
- No further assistance during the affordability period term of the loan, whichever is longer.

The City loan will be secured by a lien on the property. The lien position will be no less than a second, except upon approval of the appropriate City Department Director, subordinate only to a private financial institution's superior lien for a loan in a greater amount. The City may also require additional security for its loan, including, but not limited to, a first lien position on other investment property of the owner, as well as personal and/or corporate guarantees if it is necessary to secure the loan.

The terms of payment will continue throughout the entire term of the note, provided the Borrower complies with each and every term and condition of the loan documents. If the Borrower does not comply, or if the borrower at any time defaults under the terms of the note, interest on the unpaid principal will thereafter:

- accrue at a rate that is 500 basis points over the Note interest rate, and
- be immediately payable in addition to the entire outstanding principal amount

Financial Structuring

GAP Financing
The City deferred debt (deferred forgivable or surplus cash) only be used for and based upon the financing gap on affordable units. The City loan cannot exceed the financing gap.

Balloon Mortgages
Ballooning senior debt mortgages may require additional mitigating factors depending on overall project sources and uses, projected loan-to-value, and other risk factors. Under no circumstances will the City participate in a transaction where a senior balloon term is less than 15 years.

Surplus Cash Mortgages
The City's surplus cash loans funding will be structured with note provisions requiring that at least 50% of Eligible Cash in excess of $50,000 be paid annually to subordinate lenders (including funding partners and related parties) on a prorated basis.

Eligible Cash shall be defined as:

- Surplus cash available for partnership distribution, less
- Any outstanding:
- Credit adjusters
- Asset management fees
- Operating reserve account replenishment
- Approved limited partner loans
- Deferred developer fees
- Approved supplemental replacement reserve deposits

Projects shall submit, on an annual basis, either HUD Form 93489 (HUD Computation of Surplus Cash), or the City's form, with the project audit. The City will invoice the project, allowing for repayment to occur up to the end of the current calendar year when HUD financing is involved and general HUD distribution guidelines. Otherwise, the surplus cash payment will be due within 45 days of the invoice postmark. Late payments will be assessed a 5% late charge. The loan will be in default if payments are more than 75 days late. The default interest rate shall be 500 basis points (5%) over the note interest rate.

Appraisal Requirements

Projects Receiving City First Mortgage Acquisition Financing
Prior to funding commitment, the borrower must provide a completed Appraisal Request Form for City-Ordered Appraisals by the date specified in the City's notice of funding award, unless the development is exempt from the appraisal requirement as described below. The establishment of the date will take into account the applicable funding source commitment deadline and the Borrower's project timeline.

Developments exempt from the prior to commitment appraisal requirement:

- Acquisition price under $100,000
- Land only where there is no identity of interest. Identity of interest is used broadly to include non-arm's length transactions, related-party transactions, etc.
- Single family homes (1-4 family structures) that are aggregated under one loan
- The Borrower has provided a Market Study
- The Project is HUD 202 or HUD 811 with a funding reservation

Note: Whenever a project is exempt under one of the above provisions, the City will use assessed value unless the borrower requests an appraisal for determining acquisition cost as defined in these Underwriting Standards.

The cost of appraisals must be borne by the Borrower. All costs incurred for the appraisal, and any revisions, will be the responsibility of the applicant. The City will collect the appraisal costs from its loan proceeds at closing.

Appraisals ordered by the Borrower will not be accepted. All appraisals must be ordered by the City, HUD or a designated HUD MAP lender, Fannie Mae or a designated Fannie Mae Delegated Underwriter Services (DUS) lender or a regulated financial institution.

An Agency ordered appraisal will be used to support the acquisition costs identified at the time of application. The appraised value will be used by the City and its funding partners in underwriting the acquisition cost.

An As-Is Appraisal:
Land Only for New Construction: Fee simple value of the land. The market value appraisal will consider the real property's zoning as of the effective date of the appraiser's opinion of value. If the real property consists of more than one parcel, the parcels will be combined in one appraisal with one value conclusion.

Acquisition/Rehab:
Fee simple "as-is" value of the existing multi-family property assuming market rate rents. Fee simple, in "as-is" condition, with existing restricted rate rents.

Adaptive Re-Use:
Fee simple market value of the property to be adapted for an alternate use. The valuation will assume the highest and best use permitted by law and economically feasible in the current market.

Prior to Closing – Scheduled Payment Loans:
For scheduled payment loans, an as-completed appraisal is required to establish loan to value. An "as-completed and stabilized" appraisal is required for all amortizing loans.
Two hypothetical values are required:

- As completed and stabilized, subject to restricted rents
- As completed and stabilized, assuming market rate rents

The lesser of the two values will be used to determine loan to value for the City's underwriting. The City will finance no more than 87% of appraised value (85% for loans with $15,000 per unit or less in rehabilitation). Plans and specifications must be sufficiently complete for the appraiser to establish the “as completed” value. The appraisal must be conducted no more than six months prior to closing or end loan commitment (or the borrower will be required to pay for an appraisal update).

Prior to Closing- Deferred Loans:
For non-amortizing loans, the City requires an appraisal prior to closing similar to that required for amortizing loans (above). Borrowers may use another lender’s appraisal. Non- Amortizing developments exempt from the prior to closing appraisal requirement include:

- Single family homes (1-4 family) that are aggregated under one loan (the City will use assessed value unless the Borrower requests an appraisal for determining acquisition cost as defined in the Borrower’s Underwriting Standards.)

Loan Conditions

As a condition of the City Loan, the Developer must agree:

- To rent these properties in accordance with Affirmative marking standards and the current HUD Section 8 rental income guidelines for the Period of Affordability and the federal equal housing opportunity requirements in the Fair Housing Act.
- Not discriminate on basis or race, religion or national origin.
- Not discriminate against lower income prospective tenants, solely on the basis of their receipt of Section 8 Housing assistance support.
- Not convert the property to condominiums for the duration of the public note.
- To maintain the property in a safe, sanitary and decent condition, in compliance with the City of Dallas Building Codes throughout the term of the public sector note.
- To provide evidence of having paid annual property taxes and secured fire and extended insurance coverage for the property.
- Comply with Annual Re-certification of tenant’s annual income, which means each year the property owner must document the income of the tenant by reviewing documents such as W-2’s, pay stubs, etc. in order to ensure that their income meets the low-income requirements.
- To a property inspection one (1) year after the rehabilitation and every two (2) years thereafter during the period of affordability. The owner must agree to cooperate with and assist in this inspection effort, and to resolve all deficiencies cited within the designated correction period allotted.
- To pay real property taxes and maintain adequate fire and extended coverage insurance with City named as co-insured on the subject property for the full term of the loan. The City will require owner to provide documentation of tax payment and insurance coverage on an annual basis.
- To adhere to Lead-Based Paint Abatement guidelines for all properties built 1978 and before.

The City will examine the sources and uses for each project and determine whether the costs are eligible and reasonable, the return to the developer is appropriate (not excessive); and the other sources of funds needed for the project are firm commitments. “Reasonableness” of development costs should be based on the following factors:

- Costs of comparable projects in the same geographical area;
- Qualifications of the cost estimators for the various budget line items; and
- Comparable costs published by recognized industry cost index services

Failure to comply with any of the conditions outlined above will constitute a default of the public sector loan, requiring the balance to become immediately due and payable.

During the term of the public sector loan, if the property is sold, or ownership transferred through any means, then the balance of the note then owning, including the remaining deferred forgivable portion is immediately due and payable in full.

For HOME projects, a determination of fixed or floating HOME units must be made at the time of Loan commitment. Fixed units must remain the same throughout the period of affordability. Floating units may change in order to maintain conformity so that the total number of units meet the required number of bedrooms to the originally designated HOME-assisted unit.

Loan Closing

The property owner will be required to provide the following items for loan closing:

- For substantial rehabilitation projects, the after-rehabilitation appraisal of the property showing the appropriate value relative to the proposed loan.
- Acceptable Commitment for Title Insurance Policy showing the City's interest in the total amount of the City's Deferred Payment Loan.
- Credit Reports on all Borrowers with a 15% or greater ownership interest.
- List of all real property assets and their value.
- An acceptable bid from an approved contractor. The approved contractor must be licensed, and provide proof of appropriate insurance coverage, covering the total cost of the
- rehabilitation work and including, but not limited to worker's compensation, general liability, and personal liability.
- Copy of the insurance policy for fire and extended coverage for 80% of the value of the property with City named as co-insured.

Permitted Rehabilitation Program Costs

CDBG or HOME funds will be used to support only the following eligible costs:

- Actual rehabilitation costs necessary to correct substandard conditions to comply with the City of Dallas building Codes, federal environmental conditions standards, and federal lead-based paint abatement requirements.
- Essential improvements including energy conservation-related repairs, and improvements to permit use of the rehabilitated units by persons with disabilities.
- Repairs to major building system in danger of failure.
- Costs, generated by the public sector, for processing and closing the financing for the project, such as: credit reports, fees for title evidence, fees for recordation and filing of legal documents, attorney's fees, permits, and appraisal fees.
- Cost for the relocation of tenants currently residing in the property at the date of initial application, who must be temporarily or permanently displaced as a direct result of the rehabilitation activity.

Involuntary Displacement

The City prohibits involuntary displacement of residents from developments receiving funding. If a development receives federal funds, the Uniform Relocation Act provisions will apply.

Eligible Costs

The following costs may be reimbursed with HOME funds:

Hard Costs	Soft Costs
Land and Structure Acquisition	Financing Fees & credit reports
Site preparation, including Demolition	Affirmative marketing, initial leasing & marketing costs
Construction Materials and Labor	Title binders and insurance
	Performance bonds and surety fees
	Recording fees
	Legal & accounting fees
	Appraisals
	Eligible Soft Costs
	Environmental reviews

CDBG funds may not be used for new building construction, in accordance with HUD regulations. However, CDBG funds may be used for all other reasonable and eligible costs in the above table.

Monitoring

The City is required by HUD to obtain information on rents and occupancy of HOME – assisted units to demonstrate compliance with the affordability rent requirements on an annual basis.

Additional Requirements for ALL Rental Housing Projects

Tenant Selection/Eligibility:

An owner of rental housing assisted with HOME or CDBG funds must adopt written tenant selection policies and criteria that:

- are consistent with the City's goal of providing housing for very low-income and low-income families;
- are reasonably related to program eligibility and the applicant's ability to perform the obligations of the lease;
- provide for the selection of tenants from a written waiting list in the chronological order of their application, insofar as is practicable; and
- give prompt written notification to any rejected applicant stating the grounds for the rejection

Income Eligibility and Re-certification:

Tenant incomes must be re-certified annually and verified with source documents every six years. If the income of a household in an assisted unit rises above 80% of Area Median Income, the household may continue to rent the unit and the household must pay monthly rent equal to the lesser of:

- The rent permitted by state law; or
- 30% of the family's adjusted monthly income at annual re-certification.
- If the project was financed with Low Income Housing Tax Credits, the tax credit rent prevails.

Acceptable Rents for HOME Projects Only

The HOME program has established rules in relation to acceptable rents. There are two rent standards: High HOME Rent and Low HOME rent. For properties with five (5) or more HOME assisted united, at least 20% of the units must have rents that meet the "Low HOME" criteria.

High HOME Rent: lesser of the Section 8 Fair Market Rents for existing housing OR thirty (30) percent of the adjusted income of a family whose annual income equals 65% of the area median income.

Low HOME Rent: Thirty percent of the tenant's monthly adjusted income OR thirty percent of the annual income of a family whose income equals 50% of the area median income.

OVERVIEW OF EXISTING FUNDING SOURCES

Federal Funding Sources

The City receives financial support from the U.S. Department of Housing and Urban Development (HUD) to assist low and moderate income families in obtaining affordable housing. The City receives several Entitlement (HUD) grants, which it can use to support its housing initiatives. HUD outlines certain regulations that apply when using grant funds. This policy document uses the HUD regulations as a basis and incorporates the City's own policies as adopted by City Council.

Community Development Block Grant (CDBG)

The Community Development Block Grant has been in existence since 1974. The primary objective of the CDBG program is to improve communities by providing decent housing, providing a suitable living environment, and expanding economic opportunities. The primary beneficiary of CDBG funds must benefit low to moderate-income persons; aid in the prevention or elimination of slums or blight; or meet an urgent need.

HOME Investment Partnership Program (HOME)

The HOME Investment Partnership Program has been in existence since 1990. The goals of the HOME program are to provide decent affordable housing to lower-income households, expand the capacity of nonprofit housing providers, strengthen the ability of state and local governments to provide housing, and leverage private sector participation. HOME funds may be utilized for rental activities, homebuyer activities, and homeowner rehabilitation activities. All HOME funds must benefit persons of low and moderate income.

HOME Match Requirement

All housing development projects must meet a twenty-five (25%) HOME matching requirement of contributions made from non-federal resources and may be in the form of one or more of the following:

- Cash contributions from nonfederal sources
- Forbearance of fees
- Donated real property
- Cost, not paid with federal resources, of on-site and off-site infrastructure that the participating jurisdiction documents are directly required for HOME-assisted projects
- Proceeds from multifamily affordable housing project bond financing
- Reasonable value of donated site-preparation and construction materials, not acquired with federal resources
- Reasonable rental value of the donated use of site preparation or construction equipment
- Value of donated or voluntary labor or professional services in connection with the provision of affordable housing

Neighborhood Stabilization Program (NSP)

The Neighborhood Stabilization Program was authorized under Division B, Title III of the Housing and Economic Recovery Act of 2008 (HERA) to help communities recover from the effects of foreclosures, abandoned properties, and declining property values. The City collects program income from this source and appropriates it on an annual basis.

State and Local Funding Sources

General Obligation Bonds

General Obligation Bonds were authorized under the 2017 bond package to help with infrastructure, economic development and housing, and related expenses as authorized by law. Economic Development and Housing have been allocated approximately $55 million for the next five (5) years.

Tax Exempt Bond Financing (City of Dallas Housing Finance Corporation)

The City of Dallas Housing Finance Corporation (DHFC) was organized in 1984 in accordance with Chapter 394 of the Texas Local Government Code (Code). Under the Code, the purpose of the DHFC is to assist persons of low and moderate income to acquire and own decent, safe, sanitary, and affordable housing. To fulfill this purpose, the DHFC can be an issuer of tax exempt bonds. The DHFC may issue bonds to finance, in whole or in part, the development costs of a residential development or redevelopment; the costs of purchasing or funding the making of home mortgages; and any other costs associated with the provision of decent, safe, and sanitary housing and non-housing facilities that are an integral part of or are functionally related to an affordable housing development.

- Affordable Housing Partnerships: The DHFC can also partner with affordable housing developers for the production of multifamily housing. The DHFC can acquire an ownership stake in the development by becoming the General Partner (GP) of an ownership entity, right of refusal to purchase the improvements, and owning and controlling the land. DHFC is the sole member of the GP. Fifty-one percent of the units must be set aside for affordable housing. If all of the aforementioned criteria are met; then the development can benefit from a tax exemption. Additionally, the DHFC can be the General Contractor to allow for sales tax exemption on construction materials.

Strategies, Tools and Programs that Will Require Additional Action

Housing Trust Fund

Establish a Dallas Housing Trust Fund (DHTF) that allows monies to be used to make loans to support the production goals of the Housing Policy. At a future date, staff will seek Council approval to authorize a one-time transfer of a minimum of $7 million in unencumbered fund balances from high-performing Tax Increment Financing Districts (TIFs), as well as $7 million from Dallas Water Utility funding set aside to support developments. Staff will further research potential dedicated revenue sources for the DHTF, including unencumbered fund balances from high-performing TIFs, property tax revenues from developments that have been built on previously City-owned land, proceeds from the sale of properties acquired by the City following non-tax lien foreclosures, among other sources.

Tax Increment Financing

Creation of a non-contiguous Tax Increment Finance District for areas not already located in an existing TIF District will leverage TIF on projects that propose to meet the unit production goals with affordability requirements.

Voluntary Inclusionary Zoning

In addition to development subsidies, the City may also incentivize the production of rental units via voluntary inclusionary zoning. Voluntary inclusionary zoning is a strategy by which the City can provide development bonuses to encourage the construction of mixed-income housing in multi-family and mixed-use zoning districts. At a future date, staff will seek council approval to amend the Development Code to allow for by-right development bonuses, including increases in maximum height and lot coverage, for developments that provide mixed-income housing in MF-1, MF-2, MU-1 and MU-2 districts. While these development bonuses would be available regardless of whether the MF-1, MF-2, MU-1 or MU-2 district is in a Reinvestment area, the City could layer in development subsidies for projects in Redevelopment and Stabilization areas to encourage more income stratification or a higher-percentage of affordable units. Furthermore, this strategy, as it has already been briefed to the Dallas Zoning Ordinance Advisory Committee (ZOAC), will encourage such mixed-income housing developments to adopt design principles that encourage walkability, reduce the need for parking, and require the provision of more open space.

Neighborhood Empowerment Zones

At a future date, staff will seek council approval to designate Neighborhood Empowerment Zones (NEZ) in certain Reinvestment Areas. Once a NEZ is established, staff will implement the following programs and strategies to preserve affordability and deconcentrate RECAP:

- a property tax freeze for up to ten (10) years for homeowners if they are making improvements to their property resulting in more than 25% increase in value,
- development fee rebates (permits, planning, zoning, parkland dedication, landscape & tree mitigation),
- encourage Incentive Zoning/Density Bonuses to support the creation of mixed income communities,
- allow Accessory Dwelling Units,
- designate Homestead Preservation District overlay where applicable, and

Sublease Program

Furthermore, staff will pursue council approval to create a Sublease Program which incentives a landlord/developer to facilitate the rental of units to voucher holders. This program is administered through the Dallas Housing Finance Corporation.

Resolutions of Support or No Objection

The City of Dallas (the City) has developed a policy for developers requiring Resolutions of Support or No Objection for multi-family rental housing development projects seeking Housing Tax Credits (HTC) through the Texas Department of Housing and Community Affairs (TDHCA). Each year, the TDHCA is required to develop the Qualified Allocation Plan (QAP) to establish the procedures and requirements relating to the allocation of Housing Tax Credits. Once the QAP is submitted and approved by the Office of Governor, which occurs in December of each year, the adopted QAP will be published in the Texas Register.

In the administration of its HTC Program, the TDHCA awards application points for a resolution from a Governing Body of a local municipality on the following basis:

Within a <u>municipality</u>, the application will receive:

- seventeen (17) points for a resolution from the Governing Body of that municipality expressly setting forth that the municipality <u>supports</u> the application or development; or
- fourteen (14) points for a resolution from the Governing Body of that municipality expressly setting forth that the municipality has <u>no objection</u> to the application or development.

Within the <u>extraterritorial jurisdiction of a municipality</u>, the Application may receive:

- eight and one-half (8.5) points for a resolution from the Governing Body of that municipality expressly setting forth that the municipality <u>supports</u> the Application or Development; or
- seven (7) points for a resolution from the Governing Body of that municipality expressly setting forth that the municipality has <u>no objection</u> to the Application or Development

The City will issue a Request for Applications for Resolutions of Support or No Objection in December of each year and bring forth recommendations to the Economic Development and Housing Subcommittee and City Council in February of each year. This schedule is in line with the TDHCA program calendar.

Evaluation Criteria

The City has developed a self-scoring application in order to conduct a comprehensive, fair and impartial evaluation of all applications received in response to the Request for Applications process. Each application is analyzed to determine overall responsiveness and qualifications under this policy. Evaluation Criteria are outlined below:

1. **General Partner and Property Management Experience –** Up to 20 total points (as determined utilizing the below general partner and property manager point tables)

General Partner – up to 10 of the 20 total experience points. To receive experience points under this category, the proposed general partner(s), or a key individual(s) (officer, managing member or principal) within the proposed general partner organization (the "general partner"), must meet one of the following tests for each counted project.

To obtain points for a current project owned by the proposed general partner, the applicant must certify that the development has:

- been in service and continuously operated for three or more years;

- yielded positive operating cash flow from typical residential income alone (e.g. rents, rental subsidies, late fees, forfeited deposits, etc.); and
- held reserves as required by the partnership agreement and any/all applicable loan agreements.

To obtain points for projects previously owned by the proposed general partner, the applicant must certify that:

- the ending date of ownership or participation was no more than 10 years before the deadline associated with the subject application;
- the previously owned development was yielding positive operating cash flow from typical residential income alone (e.g. rents, rental subsidies, late fees, forfeited deposits, etc.) at the time of disposition; and
- the project was holding reserves as required by the partnership agreement and any/all applicable loan agreements at the time of disposition.

Experience of the General Partner – Up to 10 points	Points
1-2 Multi-family rental housing projects in service more than 3 years	1
1-2 Sec. 42/142/HOME projects in service more than 3 years	3
3-6 Multi-family rental housing projects in service more than 3 years	4
3-6 Sec. 42/142/HOME projects in service more than 3 years	6
7 or more Multi-family rental housing projects in service more than 3 yrs.	7
7 or more Sec. 42/142/HOME projects in service more than 3 years	10

"Sec.42/142/HOME" means Internal Revenue Code §42 "Low-income housing credit", §142 "Exempt facility bond – qualified residential rental project", and/or 24 CFR Part 92 - HOME Investment Partnerships Program ("HOME")

"Multi-family housing" means any multi-family rental housing project of 20 units or more that is not subject to IRC §42, IRC §142, or 24 CFR Part 92 requirements.

2. **Property Manager** – Up to 10 of the 20 total experience points.

To receive experience points under this category, the proposed property management entity must meet one of the following tests for each counted project.

To obtain points for a current project managed by the proposed property management entity, the applicant must certify that the property has:

- been in service and continuously managed by the proposed property management entity for three or more years;
- yielded positive operating cash flow from typical residential income alone (e.g. rents, rental subsidies, late fees, forfeited deposits, etc.); and
- held reserves as required by any/all applicable partnership agreement and loan agreements.

To obtain points for projects previously managed by the proposed property manager, the applicant must certify that:

- the ending date of management agreement was no more than 10 years before the deadline associated with the subject application;
- the previously managed development was yielding positive operating cash flow from typical residential income alone (e.g. rents, rental subsidies, late fees, forfeited deposits, etc.) at the time of termination of the management agreement; and
- the project was holding reserves as required by the partnership agreement and any/all applicable loan agreements at the time of termination of the management agreement.

Experience of Property Manager – Up to 10 points	Points
1-2 Multi-family rental housing projects managed more than 3 years	0
1-2 Sec. 42/142/HOME projects in service more than 3 years	3
3 or more Multi-family rental housing projects in service more than 3 yrs.	4
3-6 Sec. 42/142/HOME projects in service more than 3 years	6
7 or more Multi-family rental housing projects in service more than 3 yrs.	7
7 or more Sec. 42/142/HOME projects in service more than 3 years	10

"Sec. 42/142/HOME" means Internal Revenue Code §42 "Low-income housing credit", §142 "Exempt facility bond – qualified residential rental project", and/or 24 CFR Part 92 - HOME Investment Partnerships Program ("HOME")

"Multi-family housing" means any multi-family rental housing project of 20 units or more that is not subject to §42, §142, or 24 CFR Pat 92 requirements.

3. **Nonprofit Organization Participation** – 10 points

To receive these points, the nonprofit organization must have controlling interest (e.g., greater than 50 percent ownership in the General Partner) in the project. If ownership is a limited partnership, the Qualified Nonprofit Organization must be the Managing General Partner. If ownership is a limited liability company, the nonprofit organization must be the controlling Managing Member. Additionally, the nonprofit entity or its affiliate or subsidiary must be the developer or a co-developer of the project.

The nonprofit organization is not required to elect to apply under the State's Nonprofit Set-aside in order to receive these points.

4. **Redevelopment Areas** – 20 points

Project must be located in one of the four Redevelopment Areas – 1) Midtown, 2) High Speed Rail, 3) Wynnewood, and 4) Red Bird areas.

5. **Stabilization Target Areas** – 20 points

To receive these points, the Project must be located in one of the eight Stabilization Target Areas – 1) LBJ Skillman 2) Vickery Meadow, 3) Casa View, 4) Forest Heights / Cornerstone Heights, 5) East Downtown 6) The Bottom, 7) West Dallas, and 8) Red Bird North.

6. **Emerging Market Area** – Up to 10 points.

To receive these points, the Project must be located in one of the three Emerging Target Areas – 1) Southern Gateway 2) Pleasant Grove, and 3) University Hills.

7. **Determination of Project Feasibility** – Up to 20 points (5 points each, no more than 20 points can be awarded in this category)

- Proposed rent schedule consistent with TDHCA rent limits on rent-restricted units.
- Appropriate vacancy and collection loss assumptions in the project pro forma are consistent with TDHCA HTC requirements.
- Reserves in the pro forma are consistent with TDHCA HTC requirements.
- Completed Market Feasibility Report with conclusions supporting the applicable project pro forma assumptions completed or underway.

8. **Project Site Characteristics** – Up to 10 points (5 points each)

Project meets land use density and City of Dallas zoning requirements at time of application.

9. **Transit Amenities** – Up to 28 points (zero to four points each, no more than 28 points can be awarded in this category)

The following transit amenity matrix shall be used in scoring the project:

	Points		
Amenity	**1/4 mile or less**	**>1/4 mile and < 1/2 mile**	**1/2 mile and up to 1 mile**
Bus Station or Stop	5	3	1
Public Park	5	3	1
Full Scale Grocery Store	5	3	1
Community or Senior Center	5	3	1
Aging & Disability Resource Center	5	3	1
Amenity	**1/2 mile or less**	**>1/2 mile and < 1 mile**	**1 mile and up to 2 miles**
Qualifying Medical Clinic or Hospital	5	2	1
Amenity	**20 minutes or ess**	**>20 min. and < 40 min.**	**More than 40 min.**
Transit time to Major Employment Center	5	2	0

10. **Project Readiness** – Up to 10 Points *(5 points each, no more than 10 points can be awarded in this category)*

- Applicant has secured site control per TDHCA HTC definition of site control.
- Environmental Report (s) has/have been completed.

11. **Resident Services** – Up to 15 points *(5 points each; no more than 15 points can be awarded in this category)*

- The equivalent of one (1) FTE resident service coordinator for every 600 project bedrooms.
- Project provides or has agreements with third party service providers to provide on-site educational, wellness and/or skill building classes
- Project provides on-site, licensed child care or after school program that operates at least 20 hours per week.

140 total points are provided under the above scoring preferences.

To receive a staff recommendation for a **Resolution of Support,** the applicant must score 85 points. Any applicant receiving less than 85 points, shall be eligible to receive a staff recommendation for a Resolution of No Objection, provided the application receives at least 6 experience points under the *I. General Partner and Property Manager Experience* of the above scoring methodology.

Community Housing Development Organizations (CHDOs)

A CHDO is defined under 24 Code of Federal Regulations (CFR) Part 92.2 as a nonprofit organization (501©3 or 4) organized under state law; has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual; is neither controlled by nor under the direction of individuals seeking to derive profit or gain from the organization. While a CHDO may be sponsored or created by a for-profit entity whose primary purpose is **not** the development or management of housing, such as a builder, developer or real estate management firm, the for-profit entity may not have the right to appoint more than one-third of the membership of the organization's governing body and the board members appointed by the for-profit entity may not appoint the remaining board members. A CHDO does not include a public body although a locally chartered organization may qualify under certain conditions.

The CHDO must be free to contract for goods and services from vendors of its own choosing. The CHDO must comply with certain financial accountability standards as described in the 24 CFR 84.21 Standards for Financial Management Systems. Among the primary purposes of the CHDO's organization, as outlined in their organizational charter, articles of incorporation, resolutions or bylaws must be the provision of decent housing that is affordable to low-to-moderate income persons. A CHDO must remain accountable to the low-income community residents by: **1)** maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of a low-income neighborhood organization; **2)** providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, site selection, development and management of affordable housing.

A service area in urban areas such as Dallas, "community" may be defined as a neighborhood, or neighborhoods, city, county or metropolitan area. Additionally, CHDOs are subject to the affirmatively furthering fair housing rules which state that housing should not be located in areas of minority concentration or with high poverty rates. Historically, Dallas CHDOs have elected to work in areas where disinvestment has occurred, and where high concentrations of poverty exist. CHDOs should grow and develop the capacity to partner with for-profit developers to produce market rate housing in areas of disinvestment. Furthermore, CHDOs should work in areas with low poverty rates, have access to a quality education, transportation, and jobs. These high opportunity areas lack quality affordable housing options.

A CHDO must demonstrate the capacity to carry out the activities assisted with HOME Investment Partnership Program (HOME) funds within **12 months** of the project commitment. CHDO's may satisfy the HOME requirement by hiring experienced key staff members who have successfully completed similar projects or a consultant with the same type of qualified experience and a plan to train appropriate key staff member of the organizations. CHDO's must demonstrate a minimum of one-year experience in serving the community in which the assisted housing will be located before funds can be reserved for the organization. This requirement can be satisfied by a parent organization in some cases if a CHDO is formed by a group of local churches or local service organizations. CHDOs must be certified by the City of Dallas to be awarded CHDO set-aside funds for the development of housing and operating assistance.

Set Aside

HUD requires that 15% of the HOME allocation each year be made available to Community Housing Development Organizations (CHDOs) for the development of affordable homebuyer or rental housing.

Operating

In addition, the City can allocate up to 5% of the HOME allocation each year operating expenses for CHDOs. These funds provide operating funds to Community Housing Development Organizations based on financial need and the expectation that the organization is utilizing or will utilize the City's HOME CHDO set aside funding within 24 months of the award.

HOME funding provided for CHDO operating expenses may not exceed $50,000 or 50% of the organization's total annual operating expenses for that fiscal year, whichever is greater. CHDO operating expense funds may not supplant CHDO set-aside funds for project costs.

Certification

To be eligible to receive HOME CHDO set-aside funding and Operating Assistance Grants, a CHDO must be certified by the City of Dallas. CHDO certification must be done prior to the commitment of funds for a set-aside development, and there cannot be a general CHDO certification. The City can work in advance to determine if a CHDO will likely meet the requirements for certification prior to funding considerations. A CHDO must continue to be certified throughout the development of a project and during the affordability period. the City has developed the "Community Housing Development Organization (CHDO) Policy, Procedure, and Standards" document to outline the process and requirements for CHDO certification. This can be found in Appendix 5.

APPENDICES

APPENDIX 1
Single Family Development Underwriting

A. Eligible Developer Applicants

The City of Dallas will fund developers of affordable single-family homebuyer units, including for-profit developers, non-profit developers, and City of Dallas-designated CHDOs, with City of Dallas HOME single-family development program funds. Developers must demonstrate the capacity and previous experience developing projects of the type presented in their proposals. Prior to committing funds, the City of Dallas will review the status of any organization seeking funds from the CHDO set-aside to ensure that it meets all HOME requirements and that it has sufficient staff and financial capacity to carry out the project.

Project Location
Projects must be located within the city limits of Dallas.

Project Types
Funds will be provided for new construction projects. In general, the City of Dallas will require that all homes constructed have a minimum square footage of 1,200 sq ft, at least 3 bedrooms, and at least 1.5 bathrooms. RFPs issued by the City of Dallas may further specify or provide priority for eligible project types.

Parameters of HOME Investment
Applications must include an investment of $1,000 in HOME funds per HOME unit. In no case will the City of Dallas investment exceed the maximum HOME investment allowed under 24 CFR 92.250.

Additionally, for projects involving both City of Dallas other HOME funds, the combined HOME funding investment shall not exceed the total maximum HOME investment allowed under 24 CFR 92.250.

Typically, the City of Dallas will also establish a maximum cap on its investment in a single home. Such a limit will be based on the availability of funding and other City of Dallas priorities and will be addressed in any NOFA issued by the City of Dallas.

B. Eligible Costs
Costs funded with the City of Dallas HOME funds must be eligible according to HOME Final Rule 24 CFR 92.206. The following additional limitations also apply:

- HOME funds shall not be used for luxury improvements according to 24 CFR 92.205.
- Acquisition costs shall be supported by an independent appraisal of the property. Acquisition costs exceeding the appraised value of the property will be ineligible for HOME funding reimbursement.
- HOME funds shall not be used for non-residential accessory structures such as free-standing garages, carports, or storage structures. Applicants must delineate project costs in a manner that allows free-standing structures to be clearly paid for using other project funds.

City of Dallas Eligible Project Soft Costs
The HOME program allows the City of Dallas to include, as project costs, its internal soft costs specifically attributable to a HOME project. These may include consulting, legal, inspection, and staff costs associated with reviewing, processing, and overseeing the award of funds to the project. Projects must provide budget allowances for "City of Dallas-Lender Due Diligence & Legal Costs" in the project's sources and uses.

Cost Reasonableness
Per the requirements of 92.250(b) and 2 CFR 200 Subpart E (formerly known as OMB Circular A-87), all project costs must be reasonable, whether paid directly with HOME funds or not. The City of Dallas will review project costs, including hard and soft costs, to evaluate their reasonableness and may, at its option, require applicants to obtain additional quotes, bids, or estimates of costs.

Identity of Interest
Developers must disclose any identity of interest situations that may occur when contracting with related companies during either the development or ongoing operation of the project. City of Dallas staff must be allowed the opportunity to conduct a cost analysis to determine costs reasonableness. Applications may be determined ineligible if access is not granted or costs are determined to be unreasonable.

C. Property Standards
To meet both HOME regulations and City of Dallas goals, all HOME-funded projects must meet certain physical standards intended to provide quality affordable housing that is durable and energy efficient.

Construction must meet all local codes. City of Dallas has adopted and enforces the following codes with amendments:

- 2012 International Building Code
- 2012 International Mechanical Code
- 2009 International Energy Conservation Code
- 2012 International Existing Building Code
- 2011 National Electric Code
- Chapter 11 of the 2009 International Residential Code

All HOME projects must meet applicable Section 504/UFAS requirements. Pursuant to 24 CFR 8.29, single-family housing developed with Federal funds must be made accessible upon the request of the prospective buyer if the nature of the prospective occupant's disability so requires. Developers must ensure that projects are designed in a way that can accommodate such a request. Should a prospective buyer request a modification to make a unit accessible, Developer must work with the homebuyer to provide the specific features that meet the need(s) of the prospective homebuyer or occupant. If the design features that are needed for the buyer are design features that are covered in UFAS, those features must comply with the UFAS standard. Developers shall be permitted to depart from the standard in order to have the homebuyer/occupant's needs met.

Site shall be served by public sewer, public water, and public road. Sites should have ready access to recreational opportunities such as parks, playgrounds, etc., nearby shopping and

services including transportation, grocery, banking, and medical facilities, and otherwise be located in neighborhoods that provide amenities that support residential development. The City of Dallas also generally prefers that sites have safe, walkable connections—including sidewalks—to the surrounding neighborhood.
Site shall be in a designated Fire District or served by a Fire Department;

Units must be equipped with the following appliances: Refrigerator, range/oven, dishwasher, and garbage disposal. Developers may also propose to include in-unit clothes washers and dryers, microwave/vent fan combination units, as appropriate. If the Energy Star program rates the type of appliances being installed, the developer must furnish the units with Energy Star rated appliances. Note however that not all appliances are rated by the Energy Star program.

D. Sales Price
Housing developed with HOME funds must be modest, and the sales/purchase prices for homes developed under this program cannot exceed the HOME Homeownership Value Limits published by HUD in effect at the time of project commitment. The City of Dallas will identify the applicable limits in any NOFA issued.

Units produced under the City of Dallas' single-family development program must be sold at the fair market value as determined by an "as-completed" or "subject to completion" appraisal completed by an independent state licensed appraiser. Developers shall submit such an appraisal prior to project commitment, and the City of Dallas may require an updated appraisal prior to construction completion if the appraisal is more than 9 months old at that point. Any reductions in list or sales price below the City of Dallas-approved appraised value must be approved in writing by the City of Dallas and will generally require updated market information.

E. Eligible Homebuyers
Homebuyers for units produced under the City of Dallas single-family development program must meet the eligibility criteria set forth in the City of Dallas Homebuyer Assistance Program (DHAP) guidelines.

F. Environmental Review Requirements
Federally-assisted projects are subject to a variety of environmental requirements. Developers should be familiar with these requirements and are strongly encouraged to discuss any questions they have with City of Dallas staff prior to entering into a purchase agreement or submitting an application.

All projects shall be implemented in accordance with environmental review regulations as defined 24 CFR Part 58.

The City of Dallas shall be responsible for conducting the environmental review and completing all necessary public notifications, and the request for release of funds (RROF) from HUD. The applicant is responsible for cooperating with the City of Dallas in the environmental review process and providing information necessary for the City of Dallas to fulfill its responsibilities under Part 58 and other applicable regulations.

Submitting an application for HOME funds triggers environmental review requirements under 24 CFR 58, including the National Environmental Policy Act (NEPA). Once an application for federal funds is submitted, a development proposal is now subject to the environmental review requirements and requires an environmental clearance and issuance of a Release of Funds (ROF) by the US Department of Housing and Urban Development.

Developers are prohibited from undertaking or committing or expending any funds to (including non-federal funds) any physical or choice-limiting actions on the site prior to an environmental clearance as required by Part 58. Physical and choice limiting actions include, but are not limited to, property acquisition, demolition, movement, rehabilitation, conversion, repair or construction. This prohibition applies regardless of whether federal or non-federal funds are used, and taking a choice limiting action prior to completion of the required environmental clearance process will result in the denial of any HOME funds from the City of Dallas.

G. Other Federal Requirements

Nondiscrimination and Equal Opportunity
The following federal nondiscrimination and equal opportunity guidelines apply to all projects and affect both development and sales of assisted housing:

- The Fair Housing Act (42 U.S.C. 3601-19) and implementing regulations at 24 CFR part 100 et seq.;
- Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107;
- Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d- 2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1;
- The Age Discrimination Act of 1975 (42 U.S.C. 6101-6107) and implementing regulations at 24 CFR part 146;
- Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at part 8 of this title;
- Title II of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq.; 24 CFR part 8; Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135;
- Executive Order 11246, as amended by Executive Orders 11375, [[Page 41]] 11478, 12086, and 12107 (3 CFR, 1964-1965 Comp., p. 339; 3 CFR, 1966- 1970 Comp., p. 684; 3 CFR, 1966-1970 Comp., p. 803; 3 CFR, 1978 Comp., p. 230; and 3 CFR, 1978 Comp., p. 264, respectively) (Equal Employment Opportunity Programs) and implementing regulations at 41 CFR chapter 60;
- Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971- 1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development); and
- Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise). The nondiscrimination provisions of Section 282 of the National Affordable Housing Act of 1982.

Uniform Relocation Act (URA)
All projects fall under requirements of the URA. Any project resulting in permanent relocation/displacement of households will not be funded by the City of Dallas. Applicants must further document that any purchase of property meets the requirements of URA, including

provision of notices to the seller identifying the transaction as a voluntary sale not under the threat of eminent domain. To ensure compliance with URA, applicants should consult the City of Dallas to understand the requirements of URA and reference the URA forms included in the RFP prior to submitting an application involving an occupied property.

Davis Bacon
Davis Bacon federal prevailing wage requirements shall apply to all projects with 12 or more units assisted with HOME funds.

Excluded Parties
The City of Dallas will not fund projects owned, developed, or otherwise sponsored by any individual, corporation, or other entity that is suspended, debarred, or otherwise precluded from receiving federal awards. Nor may the developer contract with any other entity (including but not limited to builders/general contractors, property management companies, or other members of the development team) that are suspended, debarred, or otherwise so precluded. Similarly, the general contractor will be required to determine that subcontractors are not so precluded.

H. Ongoing Project Requirements

Deadlines
Construction Start- If construction is not started within 12 months of the date the City of Dallas commits funds to a project, the commitment will be subject to cancellation. If the project is cancelled as a result of failure to meet this deadline, the Developer must repay to the City of Dallas any HOME funds disbursed for the project.

Completion Deadline- Project completion occurs when construction is complete, all HOME funds have been disbursed by the City of Dallas and drawn from the US Treasury, title to the property has transferred to an eligible buyer, and required completion data has been entered in HUD's IDIS system. Project completion must occur within 2 years of the date of commitment of funds to the project. If the Developer fails to meet this 2-year deadline, it must repay to the City of Dallas any HOME funds disbursed for the project.

Sales Deadline- Pursuant to 24 CFR 92.254(a)(3), Developers must have a ratified sales contract with an eligible buyer for each HOME-funded unit within nine (9) months of completion of construction or the unsold units must be converted to rental housing or the project will be deemed ineligible and all HOME funds drawn must be repaid to HUD.

If a unit is unsold after six (6) months, the Developer must present an updated sales and marketing plan to the City of Dallas outlining steps being taken to identify buyers. At the City of Dallas option, the Developer may be required to i) take further steps--such as listing the home with a licensed realtor, adjusting the sales price, etc.—as the City of Dallas may require to facilitate the sale of the home or ii) to transfer title to the City of Dallas or to another entity selected by the City of Dallas that can otherwise identify buyers prior to the regulatory deadline.

At the City of Dallas option, if a unit remains unsold after nine (9) months, the developer shall be required i) to repay the entire HOME investment, including any City of Dallas project soft costs; ii) to convert the project to rental housing in accordance with 24 CFR 92.252; or iii) to transfer title to the City of Dallas or to another entity selected by the City of Dallas for conversion to rental housing.

Units converted to rental housing must be rented to eligible tenants in accordance with 24 CFR 92.252, which includes tenant income eligibility and rent limit requirements. Further, any units converted to rental properties shall be operated in compliance with the City of Dallas Rental Housing Program guidelines.

Reporting and Record Keeping
To allow effective oversight of funded projects and document compliance with applicable HOME requirements, all projects must submit periodic reports to the City of Dallas. While this section outlines standard reporting requirements, the City of Dallas reserves the right to require additional reporting or to alter the reporting format or frequency based on future changes to HOME requirements or City of Dallas policy. Additionally the City of Dallas reserves the right to require additional or more frequent reporting for projects with compliance deficiencies.

- Developers are required to report monthly during the development phase and sales phase. During the construction phase, developers must provide monthly reports detailing construction progress and barriers to progress, copies of invoices being paid, and evidence of appropriate lien waivers.
- During the sales phase, developers are required to provide monthly reports detailing the number of additional sales, total sales, and marketing activity. These reports are required until all units are sold.
- The City of Dallas may require more frequent reporting due to findings identified during the development and sales phases.
- At the City of Dallas option, Developers may be required to obtain and submit an audit of project costs (i.e. cost certification) prepared by an independent Certified Public Account.
- Developers shall allow City of Dallas, HUD, State of Texas, the Comptroller General of the United States (aka the GAO), and all other pertinent Federal or State agencies or their designated representative the right to inspect records and property. Conflict of Interest

To comply with HOME requirements and to maintain a high standard of accountability to the public, conflicts of interest and perceived conflicts of interest must be avoided. Developers shall maintain compliance with all HUD conflict of interest provisions as stated in 92.356(f).

Developers with officers, employees, family members, consultants, or agents that are otherwise eligible to purchase HOME funded-units must receive waiver/approval from City of Dallas staff before entering into a sales agreement with HOME eligible employees. 92.356(f) provisions apply to all HOME projects.

I. Structure of Transaction

Loan Types and Terms
The City of Dallas will provide HOME funds in the form of a loan to the entity that owns the property. No grants will be awarded, and funding commitments are not transferable without prior written City of Dallas approval.

The City of Dallas HOME Loan may be used for acquisition and construction financing. Proceeds of the HOME loan will only be released following satisfaction of all requirements outlined below.

In all cases, the HOME loan will:

Have a maximum term of 2 years;

- Be repayable in full upon sale, refinancing, or transfer of the property or upon maturity, except that repayment will be limited to the net proceeds of a City of Dallas-approved sale to a low-income buyer. Net sales proceeds will exclude any portion of the sale proceeds used to repay senior construction debt, return of City of Dallas-recognized developer equity, approved sales costs, and any HOME-assistance transferred to the buyer(s) at closing as direct homebuyer assistance.; and
- Secured with a promissory note, mortgage, and appropriate UCC liens. Mortgages will be recorded with the Dallas County Recorder of Deeds and generally may be subordinate only to an approved amortizing first mortgage.

Guarantees
Unless otherwise determined by the City of Dallas, all underlying individuals, corporate entities, partnerships, or limited liability companies with an interest in the project will be required to provide a completion guarantee including provisions guaranteeing construction completion of the project. For nonprofit organizations, including community housing development organizations (CHDOs), a guarantee shall not be required, but in all cases the City of Dallas may require a performance bond or irrevocable letter of credit acceptable to the City of Dallas to ensure project completion.

HOME Agreement
In addition to any financing documents, developers of HOME-financed projects must sign a HOME agreement with the City of Dallas. The HOME agreement will identify requirements for compliance with the HOME regulations and the City of Dallas Single-Family Development. Program requirements and will remain in effect in the event of any prepayment of the HOME loan.

J. Underwriting & Subsidy Layering Reviews

Market Demand
Developers must, as part of their application, provide evidence of sufficient demand for the proposed units. Developers shall provide information from the multiple listing service pertaining to recent sales in the neighborhood, average time on the market for recent sales, availability of other product and average “months of supply” currently available, and any known or planned projects.

Additionally, Developers must complete the HOME Sales and Marketing Plan, identifying among other items the profile of typical buyers, relationships with homeownership counseling agencies or other sources of buyer referrals, and plans for marketing the homes.

In some cases, the City of Dallas may only commit to a specific project (or may limit the number of projects under construction by a given developer) upon demonstration that a home has been pre-sold to an identified low-income buyer who has, at least, executed a reservation or initial purchase agreement with the Developer.

Project Underwriting
All HOME applications must include financial statements from all underlying owners and guarantors. Developers must have a net worth equal to 10% of the total development cost with net liquid assets equal to 3% of the total development cost.
Applicant must provide the amounts and terms for any other financing being provided to the project.

Proforma Requirements
The proforma must explicitly show:

- An itemized breakdown of development hard and soft costs by unit including any allowances for soft costs such as architectural fees, carrying costs, etc;
- The hard costs of any stand-alone accessory buildings, including free-standing garages, carports, or storage structures should be specifically itemized in the Development Sources and Uses so that the City of Dallas can complete preliminary HOME cost allocation calculations. (Stand-alone accessory structures like a detached garage may be included in the project but are not HOME-eligible and must be paid for with another funding source.)
- Costs and fees to be paid to the City of Dallas as permitted by the HOME program. The HOME program allows the City of Dallas to include, as project costs, its internal soft costs specifically attributable to the project. These may include consulting, legal, inspection, and staff costs associated with reviewing, processing, and monitoring award of funds to a project. The City of Dallas will notify Developers of the amounts to include in their Development Sources and Uses for "City of Dallas-Lender Due Diligence & Legal Costs."
- Estimates of the sales transaction to an eligible homebuyer, including a calculation of the proposed buyer's ability to qualify for a mortgage meeting City of Dallas requirements, the anticipated need to provide direct HOME assistance (e.g. downpayment and closing cost assistance) to the buyer, projected sales costs (e.g. realtor's commissions), and the distribution of sales proceeds (including toward repayment of private construction financing)

Cost Limitations
All project costs must be reasonable and customary. The City of Dallas reserves the right to review any line-item cost to ensure that total project costs are not excessive. Additionally, HOME projects will be subject to the following specific cost limitations:

- The maximum allowable developer fee is 15% of total development costs less the developer fee itself and seller's closing costs.
- Acquisition costs are limited to fair market value as determined by a third-party appraisal.
- Unless prior approval has been obtained from the City of Dallas, all project hard costs and all project professional fees should be the result of a competitive bidding process. While developers are not subject to federal procurement rules and may use less formal bid processes, the City of Dallas generally expects developers to seek multiple bids and identify the most advantageous bidder based on cost, track record, and other pertinent factors.

Other Public Funding Sources
Developers must disclose all other public and private sources or applications for funding with their initial HOME Single-Family Development application to the City of Dallas at the time of application and upon receiving any additional commitments of public source funding. The City of Dallas will conduct a subsidy layering review as part of the underwriting process for all projects. Using its underwriting criteria, the City of Dallas will assess the project and may require changes to the transaction to ensure that return to the owner/developer are not excessive. Changes may include a reduction in HOME funds awarded.

The City of Dallas will consider adjusting its underwriting in consultation with other public funders, if applicable, to the project. The City of Dallas retains, at its sole discretion, the power to decide whether to accept alternative standards.

K. Construction Process

City of Dallas Construction Inspections
The City of Dallas must be provided with copies of all contractor invoices and provided reasonable notice of monthly draw inspections during the construction period. City of Dallas staff will participate in all draw reviews whether or not the specific draw is being funded with HOME or other project funds and conduct inspections to ensure that the project is progressing and that work completed is consistent with all applicable HOME requirements.

Davis Bacon
When Davis Bacon applies to a project, the City of Dallas must be provided with compliance documentation throughout the construction period. Prior to commencing construction, the City of Dallas must approve current wage determinations applicable to the project. The contractor will be required to provide weekly payroll forms to the City of Dallas and allow access to the site and workers for the purpose of completing worker interviews.

Drawing City of Dallas HOME Funds
Proceeds of the HOME loan will only be released as reimbursement for eligible project costs following:

- Review and acceptance of appropriate source documentation by the City of Dallas including evidence of appropriate lien waivers and/or title endorsements.
- A determination by the City of Dallas that all HOME requirements pertaining to the development of the Project have been met, including but not limited to monitoring of Davis Bacon compliance.

For nonprofit developers, including CHDOs, the City of Dallas may release payment based upon outstanding invoices for costs incurred and work completed. In such cases, the City of Dallas reserves the right to disburse through a title company, directly to the vendor, or with two-party checks.

Project Closeout
Developers are required to submit homebuyer eligibility packets to the City for approval of the homebuyers. Data shall include elderly status, race, gender, female head of household, number of household members, and income.

The City of Dallas requires a copy of the final project sources and uses statement and, at the City of Dallas option, may require the submission of the project cost certification prepared by an independent Certified Public Accountant following completion of construction and payment of all development costs.

APPENDIX 2
Rental Development Underwriting

In reviewing applications for HOME assistance, as required by §92.250(b) and prudent business practices, the City's underwriting framework includes evaluations of:

- **Regulatory requirements applicable to the project**, including compliance (or ability to become compliant) with HOME's affordability restrictions, property standards, and cross-cutting federal requirements;
- **Market risk**, including whether or not sufficient demand exists for the project, the anticipated lease-up period, and whether general economic conditions and other competition supports ongoing viability;
- **Developer risk**, focusing on whether the owner/developer (including but not limited to the underlying owners of special purpose entities) have the technical capacity to develop and operate the property and the financial capacity to safeguard public funds and backstop the project if the event of poor financial performance; and
- **Project risk (or "financial underwriting")**, testing the economic and financial projections for the transaction including both sources and uses as well as ongoing operating assumptions. This includes confirmation that all sources of project financing are available, commercially reasonable, and have been appropriately maximized prior to awarding HOME funds.

Market Assessment
All HOME project applications must include a third-party market study prepared in a manner consistent with TDHCA's market analysis requirements. Unless otherwise approved by the City, market studies shall be prepared by providers included on the list of TDHCA Approved Market Analysts. Owner's may generally submit the market study used in conjunction with the Owner's LIHTC application, if applicable. Market studies must be less than one year old at the time of commitment of HOME funds. For market studies that are more than one year old, the City will typically require an update from the original analyst or a new market study from another analyst. Proposed rent levels must be supported by the applicant's market study and be within HOME regulatory limits.

Additionally, the market study should demonstrate the following:

- All units, including any "market rate" units as well as any units with income/rent restriction imposed by other programs such as LIHTC, must demonstrate viability within the primary market area taking into account any known rent concessions being offered by competing properties;
- Income and rent restricted units must have "discounts" of at least 15% relative to comparable un-restricted units;
- Achievable occupancy rates, based on a comparison of comparable properties in the primary market area, must be at or above 95% (physical occupancy);
- Capture rate for the development as a whole is no more than 10%, and no capture rate for specific unit sizes (e.g. 3-bedroom units) exceeds 25%; and
- Absorption can be expected to result in underwritten occupancy levels within six (6) months of units being ready for occupancy.

For projects not meeting these standards the City, in its sole discretion, may also consider the following:

- For project targeting special needs populations (e.g. homeless households, domestic violence victims, veterans, or other specific subpopulations), the City may accept higher capture rates if data from the local Continuum of Care and/or service providers specializing in the targeted populations (e.g. VA service centers) suggest an adequate pipeline of eligible renters exists and will be consistently referred to the development.
- For existing projects being rehabilitated, the City will consider the recent operating history of the project in terms of actual rents charged/received, eligibility of in-place tenants, and the like for evidence that the development's projections are supported by actual performance.

The City may also consider offsetting the risk of relatively "weaker" market study findings by offering HOME assistance as permanent debt only, to be disbursed following actual lease-up of the development at proforma levels and achievement of stabilized occupancy.

Developer and Development Team
In most cases, projects considered by the City will be owned by single-purpose, single-asset entities created to hold title the development. For various purposes, including structuring necessary to comply with industry norms and take advantage of other funding sources such as LIHTC, the "owner" and "developer" of a project are often legally distinct entities, even if ultimately owned and controlled by the same underlying parties.

Developer Technical/Professional Capacity
In evaluating the capacity of the "developer" the City will use the term more loosely to refer collectively to the underlying corporate entities and individuals that will own and control the single-purpose entity (excluding the investor member/limited partner). Additionally, the City requires various guarantees and indemnities from all of the underlying corporate and individual owners of the various limited partnership or limited liability corporation entities involved in the ownership and development of the project.
Developers should demonstrate:

- Recent, ongoing, and successful experience with the development of similar regulated affordable housing; and
- The presence of adequate staff, with specific experience appropriate to their role in the project, to successfully implement and oversee the project. This includes the assembly and oversight of the development team.

The City requires applicants to provide lists of real estate owned (including partnership/membership interests) by the developer as well as all projects underway. The City will review the performance of those projects, including financial factors like net occupancy, actual DCR, cash flow received, outstanding loan balances, and net equity of individual projects and the developer's overall portfolio.

Applicants are also required to provide descriptions of the role played by specific staff members relative to the proposed project along with resumes or other similar information demonstrating experience appropriate to the assigned staff member's role.

Financial Capacity
Developers must also demonstrate the financial capacity to support the proposed project both during construction and lease-up as well during ongoing operations. This includes not just that the applicant has sufficient financial resources but that it has adequate financial systems in place to appropriately manage project funding, accurately account for all project costs, and provide reliable reporting to the City and other project funders.

At minimum, the City will review audited financial statements, interim financial statements, and individual personal financial statements to ensure that:

- The "primary" development entity's most recent audit must demonstrate compliance with Generally Accepted Accounting Principals (GAAP) and must not express material weaknesses in the entity's system of internal controls or financial management systems;
- The developer's net worth (including the un-duplicated net worth of other guarantors) is equal to at least 10% of the total development cost of all projects underway (i.e. those that have received funding commitments from HOME or LIHTC but have not yet been completed and converted to permanent financing); and
- The developer has net liquid assets (current assets less current liabilities) equal to at least 3% of the total development cost of all projects underway.

Development Team
The City will also review the capacity of the development team including but not limited to the general contractor, architect, engineer, market analyst, management company, accountant, attorney, and any other specialized professionals or consultants.

As a whole, the development team should have the skills and expertise necessary to successfully complete and operate the development. Insomuch as possible, on balance the development teams should have worked successfully on other projects in the past. That is, while a developer may identify new development team members from project to project, an "entirely new" team may present added risk.

Additionally, when using development team members from outside of the region, the City will consider whether assigned team members have recent local experience or have been supplemented with local professionals. This may be particularly important for design professionals and legal counsel.

In no case, may any owner/developer/applicant or any member of the development team be a suspended, debarred, or otherwise excluded party.

Identify of Interest Relationships & Costs
Applicants must disclose all identity of interest relationships/contracts and/or costs involved in a transaction, including during the development period and following completion of the project. The City reserves the right to review any such costs further to ensure they are reasonable and consistent with the costs expected from arms-length relationships.

An "Identity of Interest" (whether or not such term is capitalized) is any relationship based on family ties or financial interests between or among two or more entities involved in a project-related transaction which reasonably could give rise to a presumption that the entities may not operate at arms-length. The City will take a broad approach to defining identities of interest and expects all applicants to err on the side of disclosure. That is, if there is any question about whether an identity of interest may exist, the relationship should be disclosed and explained to the City.

Beyond this general definition, an identity of interest relationship will be deemed to exist if:

- An entity, or any owner of any direct or indirect ownership interest in such entity, or any family member of any such owner is also an owner, through a direct or indirect ownership interest, or an officer, director, stockholder, partner, trustee, manager, or member of the counterparty; or
- Any officer, director, stockholder, partner, trustee, manager, member, principal staff, contract employee or consultant of an entity, or any family member of thereof, is an owner, through any direct or indirect ownership interest, or an officer, director, stockholder, partner, trustee, manager or member of the counterparty.

For purposes of this definition, “family member” means the spouse, parents or stepparents, children or stepchildren, grandparents or step-grandparents, grandchildren or step-grandchildren, aunts, uncles, parents-in-law, and siblings-in-law (or their children or stepchildren). It also includes any other similar relationship established by operation of law, including but limited to guardianship, adoption, foster parents, and the like.

Financial Analysis
As noted in the introduction, the City views underwriting as more than just the financial review of a project. However, a revive of the underlying financial assumptions is still a critical and core part of underwriting. In reviewing projects, as a public funder the City must to balance two somewhat competing perspectives.

Projects must be viable, that is they must have sufficient allowances for all costs to maximize the chances the project can meet or exceed its financial projections and thereby succeed in the marketplace. In other words, the project must represent a “safe” investment. However, taken to an extreme, “safe” or overly conservative projections can also result in a project that is over-subsidized and risks providing excessive returns to the owner/developer.

As a steward of very limited public funding for affordable housing, the City also needs to ensure that costs are reasonable, that they represent a “good deal” to the public, and that returns to the owner/developer are fair but not excessive. In seeking to balance these perspectives, the City has established the following review factors and principals.

Development Costs
In general, the City will review the entire project budget to all costs are reasonable yet that the budget is sufficient to complete and sustain the project. All line items, whether or not paid directly with HOME funds, must be necessary and reasonable.

The City will consider the cost of both specific line items as well as the total development cost on a per unit and per square foot basis, comparing costs to other projects from the City’s portfolio, similar projects in the region (such as those funded by TDHCA), City-data from the Building Department, and/or third-party indices such as RS Means.

Selected Development Cost Items

Acquisition – Acquisition costs must be supported by an independent third-party appraisal prepared by a state-licensed appraiser. The purchase price must be at or below the as-is market value of the property. In the event an applicant has previously purchased land prior to applying to the City, the project budget may only reflect the lesser of the actual purchase price or the current market value. Standard closing costs from the acquisition may be included.

Applicants who purchased property prior to applying to the City, or following environmental releases under NEPA but prior to closing, may not charge or include financing costs associated with interim financing, whether from third-party or related lenders.

Architectural Fees – Architectural fees cannot exceed the following:
Design services: 6% of total construction costs
Supervision/Administration: 2% of total construction costs
City Soft Costs – The development budget for each project must include an allowance for the City's internal project-related soft costs as specified in periodic RFPs issued by the City. Similar to lender due diligence or lender legal costs, the inclusion of soft costs allows the City to recoup its direct costs of underwriting, processing, closing, and monitoring the project prior to project completion. These costs will be included in the HOME loan but may be drawn directly from HUD by the City rather than via payment requests from the project owner.

Construction Interest – Any budgeted line item for construction interest must be supported by developer period cash flow projections, modeling the actual expenditure of development costs and the anticipated pay-in of equity, HOME funds, and other construction period sources. For presentation purposes, only interest from the date of initial closing through the end of the month in which the building(s) are placed in service (i.e. approved for occupancy) may be included as construction interest. Additional interest following that date and prior to the conversion to (or closing on) permanent debt must be separately itemized and modeled. In most cases, this should be included in the "lease up reserve" noted below.

Contingencies – Applicants should include a contingency (inclusive of hard and soft costs) within the minimum and maximum amounts noted below. The contingency will be measured as a percentage of hard costs (including the construction contract plus any separate contracts for off-site work but excluding contractor fees).

- New construction projects should include a contingency of least 3% and no more than 7% of hard costs;
- Acquisition/rehabilitation projects, including adaptive reuse projects, should include a contingency of at least 5% and no more than 10% of hard costs.
- The City may consider higher contingencies based on identified risk factors such as the known need for environmental remediation or poor subsurface soils.

Contractor Fees – Contractor fees are limited as a percentage of net construction costs as further identified below. Net construction costs exclude the contractor fees, any budgeted contingency, and (even if otherwise included in the construction contract) permits and builder's risk insurance.

- Contractor Profit: 6% of net construction costs

- General Requirements/General Conditions: 6% of net construction costs. General requirements include on-site supervision, temporary or construction signs, field office expenses, temporary sheds and toilets, temporary utilities, equipment rental, clean-up costs, rubbish removal, watchmen's wages, material inspection and tests, all of the builder's insurance (except builder's risk), temporary walkways, temporary fences, and other similar expenses.
- Contractor Overhead: 2% of net construction costs.

With prior approval of the City, contractor fees may vary from the limits above provided the gross contractor fees do not exceed 14% of net construction costs.

Developer Fees – Developer fees are intended to compensate a developer for the time and effort of assembling a project, overseeing the development team, and carrying a project to fruition. Developer fees are also intended to compensate for the risk inherent in the development process, including that not every potential project proves viable and that developers must necessarily advance funds for their own operating costs and various third-party predevelopment costs prior to closing (or in some cases for projects that never proceed). The City, therefore, allows the inclusion of developer fees as follows:

- Developer Fee: 15% of total development costs less a) the developer fee itself; b) organizational expenses and/or syndication fees/cost (including investor due diligence fees); and c) reserves, escrows, and capitalized start-up/operating expenses (such as working capital, marketing, etc.).
- Maximum Limit: Regardless of percentage, the maximum developer fee shall be $1.5M.
- Combined Contractor & Developer Fees: When an identity of interest exists between the owner/developer and the general contractor, the combined total of contractor fees and developer fees cannot exceed 20% of total development cost less a) the developer fee and b) other cost elements excluded from the calculation of the developer fee itself (see above).

In some cases, developers may delegate some of its responsibilities to third-party professionals or consultants. This may include contracting specific tasks – such as construction oversight of the builder or specialized consulting related to applying for or structuring various financial incentives like LIHTC. The costs of engaging such professionals, whether they are third parties or identity of interest relationships, must be paid from (and if separately itemized will be counted against) the allowable developer fee.

Reserves – Capitalized reserves to facilitate the initial start-up and to protect the ongoing viability of the project will include the following:

- Deficit Reserve: The City anticipates that in most cases, developments with predicted deficits during the affordability period would not be funded. However, in the event a development's long-term operating proforma projects actual cash deficits during the affordability period, an operating deficit reserve must be included in the development budget in an amount sufficient, taking into account any interest on reserve balances, to fully fund all predicted deficits through the affordability period.
- Lease-Up Reserve: A lease-up reserve intended to cover initial operating deficits following the completion of construction but prior to breakeven operations may be included. Any such reserve must be based on lease-up projections/cash-flow modeling and the lease-up (or absorption) period identified in the project's market study. In evaluating the

appropriateness of any lease-up reserve, the City will consider whether the development budget includes specific line items for other start-up expenses that otherwise are typically part of the ongoing operating budget for a development. This may include budgets for marketing, working capital, etc.

- Operating Reserve: An operating reserve equal to three (3) months of underwritten operating expenses, reserve deposits, and amortizing debt service must be included in the development budget. The operating reserve is intended as an "unexpected rainy day" fund and will only be accessible after a project has achieved stabilized occupancy.
- Replacement Reserve: For acquisition-rehabilitation projects, a capitalized replacement reserve must be included in the development budget. The capitalized replacement reserve should be funded at the greater of i) $1,000 per unit; or ii) the amount determined by a capital needs assessment approved by the City.
- Other: The City may consider other specialized reserves as appropriate based on unique features of the project and/or requirements of other funding sources. These may include special security reserves, supportive service reserves, or transition reserves for projects with expiring project-based rental assistance contracts, etc.

Operating Revenues

The City will review an applicant's projection of operating revenues to ensure they are reasonable and achievable both initially and through the affordability period. In evaluating operating revenues, the City will take into account the i) project-specific market study; ii) actual operating performance from other comparable projects including those from the applicant's existing portfolio of real-estate owned; iii) data available from comparable projects in the City's portfolio; and/or iv) information available from actual performance within TDHCA's portfolio.

For purposes of the long-term operating proforma, operating revenue projections cannot be increased by more than 2% per year. The City reserves the right to "stress" proposals for underwriting purposes to assess the impact of lower inflationary increases, such as modeling the impact of only 1% rent increases for the first three to five years of a project's affordability period.

Rents

All rents should be supported by the market study. Including the utility allowance, the gross rent for any income/rent restricted unit should demonstrate at last a 15% "discount" compared to comparable "market rate" units.

Additionally, to hedge against flat or declining rents to the owner in the event that income limits (and therefore rents) do not increase in a given year (particularly between commitment and lease-up), gross rents should demonstrate at least a 2.5% discount from the regulatory limit imposed on any income/rent restricted units by HOME, LIHTC, or other similar sources. As an alternative to setting rents below the applicable regulatory limit, the City will consider increasing the allowance for vacancy by 2.5%.

Non-Rental Revenue

Non-rental revenue must be fully explained and conservatively estimates. In general, no more than $60-$240 per-unit, per-year may be budgeted in "other revenue" including that from tenants fees (such as fees for late payment of rent, nonsufficient funds, garage/carport upgrades, pet fees, etc. or interest on operating account balances). Exceptions may be considered by the City based on the operating history of an acquisition/rehabilitation project or normalized operations are other comparable properties in the same market area.

Vacancy

Total economic vacancy includes physical vacancy (a unit is unrented), bed debt (a unit is occupied but the tenant is not paying rent), concessions (a unit has been leased for less than the budgeted rent), and "loss to lease" (an pre-existing lease is less than the most recently approved annual rent but will be adjusted upward at renewal).

In all cases, based on the market study or other data available to the City, the City reserves the right to require higher vacancy projections. This may include higher vacancy rates for small developments (e.g. less than 20 unit) where standard percentage assumptions about vacancy may not be appropriate. Minimum allowances for vacancy must include:

- 5% for projects where all units are supported by a project-based rental assistance contract with a term equal to or in excess of the affordability period (e.g. project based Section 8); or
- 7% for all other projects.

As noted above, the minimum vacancy rate will be increased by 2.5% if budgeted gross rents are at the applicable regulatory maximums.

Operating Costs

The City will review an applicant's projection of operating expenses to ensure they are reasonable and adequate to sustain ongoing operations of the project through the affordability period. In evaluating a proposed operating budget, the City will compare projects costs to i) actual operating expenses of comparable projects in the applicant's existing portfolio of real-estate owned (insomuch as possible, comparable projects will be in the same vicinity and operated by the same management company); ii) actual operating expenses of other comparable projects in the City's portfolio; iii) data available on the operating costs of affordable housing in the TDHCA portfolio; and/or iv) minimum per-unit, per-year allowances established by the City through periodic RFPs for rental housing.

For purposes of the long-term operating proforma, operating expenses, including reserve deposits, will be inflated at no less than 3% per year. The City reserves the right to "stress" proposals for underwriting purposes to assess the impact of higher operating cost factors, such as modeling the impact of higher inflation rates in general of for specific items of cost (for example, assessing the impact of high rates of increase for insurance or development paid utility costs).

Selected Items of Operating Cost

City HOME Monitoring Fee – Pursuant to 24 CFR 92.214(b)(1)(i), the City assesses an annual HOME monitoring fee. The operating budget for each project must include an allowance for the City's annual HOME Monitoring Fee as specified in periodic RFPs issued by the City.

Property Management Fees – An allowance of 5% of effective gross income (i.e. gross rent potential plus other revenues minus actual vacancy, bad debt, concessions, etc.) should be included. In the event a lower management fee is proposed, the City will consider using a fee as low as 3% provided the proposed management company is acceptable to the City and has agreed in writing to the lower fee.

Property Taxes – Applicants must provide detailed explanations of property tax projections and, as applicable, provide documentation that any anticipated partial or full exemptions or payments in lieu of taxes (PILOT) have been approved by the appropriate tax assessor. In the absence of a tax exemption or PILOT, the operating budget must provide for a tax rate equal to 1.25% of the market value of the property or the City, at its option, may require confirmation from the tax assessor of the applicant's projection.

Replacement Reserve Deposits – The operating budget must include minimum replacement reserve deposits of:

- New Construction Family: $300 per-unit, per-year
- New Construction Senior: $250 per-unit, per-year
- Rehabilitation: The greater of i) $300 per-unit, per-year; or ii) a higher amount established by a CNA approved by the City.

Note: The City will reserve the right within a project's transactional documents to require periodic CNAs for all projects and to adjust ongoing replacement reserve deposits base on the results of the CNA to ensure that the replacement reserve is sufficient to address all anticipated needs for the project's affordability period of the term of the City's loan, whichever is longer.

Items Payable only from Surplus Cash
Certain costs, sometimes identified by project owners as "operating costs" cannot be included in the operating budget and will only be payable from surplus cash (aka cash flow). These include:

- Incentive Management Fees payable in addition to the allowable management fees noted above, whether paid to related party or independent third-party management fees.
- Asset Management Fees payable to any investor, general or limited partner, or member of the ownership entity.
- Deferred Developer Fees
- Operating Deficit Loan Payments made to any related party including any investor, general or limited partner, or members of the ownership entity.
- Other payments to investors, general or limited partners, or members of the ownership entity, however characterized, including but not limited to negative adjustors, yield maintenance fees, etc.

Ongoing Economic Viability
The City will review the ongoing economic viability of all projects, taking into account long-term projections of revenue and expenses. Projects must demonstrate they can be expected to remain viable for at least the affordability period, taking into account trending assumptions noted above, as well as other any other changes in operating revenues or expenses that can reasonably be anticipated based on other information available to the City or other project funders. In particular, the City will review the debt coverage ratio and operating margin as outlined below.

Debt Coverage Ratio
Projects must demonstrate a minimum debt coverage ratio (DCR) of 1.25 (Net Operating Income divided by amortizing debt service) throughout the affordability period. In some cases, for projects with relatively small levels of mortgage debt, this may require a higher initial DCR to ensure that the DCR in later years remains at or above the appropriate level.

Operating Margin
In addition to considering the DCR, the City will review the operating margin (surplus cash divided by total operating expenses and amortizing debt service). The operating margin must remain at or above 5% for the period of affordability.

Other Funding Sources
Prior to committing funds, all other funding sources necessary for a project must be identified, committed in writing, and consistent with the both the City's underwriting requirements and the affordability restrictions of the HOME program. In general, developers must make all reasonable efforts to maximize the availability of other funding sources, including conventional mortgage debt and tax credit equity (as applicable), within commercially available and reasonable terms.

Additionally, restrictions or limitations imposed by other funding sources cannot conflict with any applicable HOME requirements and cannot, in the discretion of the City, create undue risk to the City.

Senior Mortgage Debt
Any amortizing mortgage debt that will be senior to the City's HOME loan must:

- Provide fixed-rate financing;
- Have a term equal to or in excess of the HOME affordability period. The affordability period will generally be 15 years beyond the date of "project completion" as defined in 24 CFR 92.2 for acquisition/rehabilitation projects and 20 years for new construction projects. In practice, the date of "project completion" will not be the same as "placed in service" date for tax purposes but for most projects will occur prior to permanent loan conversion following property stabilization. Insomuch as possible, the first mortgage should have the longest amortization period available but cannot balloon prior to the expiration of the affordability period; and
- Allow the City's HOME covenant running with the land (i.e. the deed restrictions imposing the HOME affordability requirements) to be recorded senior to all other financing documents such that the HOME covenant is not extinguished in the case of foreclosure by a senior lender. Note the City HOME loan itself will be junior to conventional amortizing loans; only the deed restrictions must be senior.

Tax Credit Equity
Projections of tax credit equity must be documented by letters of intent or other similar offers to participate in the transaction by the proposed tax credit investor. Prior to committing funds, the applicant must provide evidence it has received a tax credit reservation from TDHCA and provide the proposed limited partnership agreement or operating agreement, as applicable, documenting the terms of the equity investment.

The City will review proposed equity pricing against information from other projects in the region to assess whether the pricing and terms are reasonable.

Deferred Developer Fee
It is common for projects to include deferred developer fees as a financing source. The City will generally require:

- That projections of surplus cash available (after any cash-flow contingent payment due the City) be sufficient to repay the deferred fee within 15 years (notwithstanding other "waterfall" provisions in the partnership or operating agreement, the City will assume that all surplus cash distributions will be credited against the developer fee);
- That following the initial application to the City, the level of deferred developer fee with remain fixed (in nominal dollar terms) in the event City underwriting identifies cost

reductions, increases in other funding sources, or other changes that result in a net reduction of the “gap” to be filled with HOME funds; and

- That any net savings (or increased funding sources including but not limited to upward adjusters for tax credit equity) at project completion and cost certification will be used in equal parts to reduce the deferred developer fee and the City’s permanent HOME loan. In the event savings are sufficient to eliminate the deferred fee in this manner, any remaining net savings will be used to further reduce the City’s HOME loan, or in the sole discretion of the City, to increase the operating reserve.

Exceptions and Interpretation

The City has developed these guidelines for several reasons. Not only are they required by HUD as part of the City’s role as a HOME PJ, but more generally they are intended to provide clarity to applicants on what the City expects and transparency about the “rules of the road.” However, the City recognizes that it cannot pre-emptively identify every possible special circumstance that may warrant an exception to its general requirements, nor can it identify every possible “loophole” whereby a creative presentation of costs or other projections might subvert the general need to balancing of viability and reasonable returns, risk to the City and public benefit.

Consequently, the City reserves the right to waive specific underwriting criteria for specific projects when, in its judgement, the purposes of the program can be better achieved without taking on undue risk. When waiving any given requirement, the City may impose additional special conditions or business terms that are not otherwise typically applied to all projects.
For administrative ease, the City may also align its underwriting standards with those required by other public funders involved in a given transaction, particularly if those standards are more restrictive or conservative than the City’s. However, the City retains the right, in its sole discretion, to decide whether to accept alternative standards.

The City also reserves the right to reject any element of a transaction that, despite not being specifically prohibited, was not anticipated by these guidelines of such an element or business term otherwise creates unacceptable risks, excessive returns to the owner/developer, or otherwise undermines the public purposes of the City’s program.

Insomuch as is reasonable, the City will update and clarify these guidelines over time to account for exceptions, waivers, or additional restrictions it imposes.

APPENDIX 3
UNIVERSAL DESIGN GUIDELINES

This portion of the manual outlines the City's policy on Universal Design and the minimum design criteria for new affordable housing projects.

In order to ensure the sustainability of the projects supported by CDBG and HOME funds, the City has established guidelines in relation to Universal Design. In addition, the City wants to ensure that newly constructed units are compatible with existing neighborhoods.

Universal Design

This comprehensive housing policy creates a Universal Design construction requirements for all new single-family homes, duplexes, and triplexes using financial assistance from the City.

The goal of "Universal Design" is to ensure that housing can accommodate the needs of people with a wide range of abilities, including children, aging populations and persons with disabilities. Consequently, all new construction housing projects using City of Dallas CDBG and/or HOME funds will meet all the following criteria:

- At least one entrance shall have 36-inch door and be on an accessible route.
- All interior doors shall be no less that 32-inches wide; except for a door that provides access to a closet of fewer than 15 square feet in area. Each hallway shall have a width of at least 36-inches wide and shall be level and ramped or beveled changes at each door threshold.
- All bathrooms shall have the walls reinforced around the toilet, bathtub and shower; for future installation of grab bars.
- Each electrical panel, light switch or thermostat shall be mounted no higher than 48 inches above the floor. Each electrical plug or other receptacle shall be at least 15 inches from the finished floor.
- An electrical panel located outside the dwelling unit must be between 18 inches and 42 inches above the ground and served by an accessible route.
- All hardware installed to open/close doors and operate plumbing fixtures shall be lever handles.

Universal Design Waiver or Exterior Accessibility Requirements

The Director of Sustainable Development or his designee may only grant modifications or an exemption to the requirements of the Ordinance regarding full compliance with the exterior path of travel on an individual case-by-case basis. The criteria for granting a modification or exemption are as follows:

- The lots rise or falls so steeply from the street that a maximum 1:12 slope cannot be achieved without extensive grading; and
- No vehicular access to the back of the house will be available by means of an alley.
- Appeals of orders, decisions of determination made by the Director of Sustainable Development may be made to the Board of Adjustments.

Universal Design Implementation

- Clearly stamp or print "Universal Design" on plans submitted
- Clearly Identify design elements outlined in Ordinance.
- Certify that the plans comply with the requirements of the Ordinance.
- Plan checking, construction inspections and enforcement shall be accomplished by the Development Services Department in accordance with existing procedures.

Design Guidelines

All builders and developers of infill housing are strongly encouraged to incorporate the defining features of a neighborhood into newly constructed infill houses. Those defining features of older inner city neighborhoods may include: roof pitches, porches, materials, and window types. Developers must comply with any standards established by an existing neighborhood conservation district and/or approved neighborhood plans. Additionally, All projects must advance the principles and policies contained in the City of Dallas Complete Streets Design Manual. Site plans and building designs should contribute towards safe and convenient pedestrian, bicycle, transit and automobile access to the extent possible within the project site and the adjacent public right-of-way frontage.

For infill projects supported with CDBG and/or HOME funds, developers will be required to demonstrate that the neighborhood association near the land to be developed has been consulted on the design issues. Developers should obtain input and feedback from neighborhood residents and work with them to ensure that designs are compatible with existing housing and development patterns.

In extreme cases where an agreement cannot be reached between the developer and local neighborhood groups, CDBG and/or HOME funding may be pulled from the project.

Specific design guidelines may be developed for certain City sponsored projects. Historic and neighborhood conservation district requirements must also be met for all projects.

For rehabilitation projects, builders and developers are strongly encouraged to retain the defining features of older structures. This applies to multi-family and single-family projects.

APPENDIX 4
City of Dallas Income Limits and Part 5 Requirements

Per 24 CFR Part 92.203(b)(1), the City has elected to utilize the 24 CFR Part 5 definition for determining annual income which is commonly referred to as the "Section 8 Low-Income Limit". To be eligible for HOME or CDBG funds, households must have annual (gross) incomes at or below 80% of area median income, adjusted by household size and determined annually by the U.S. Department of Housing and Urban Development (HUD).

The *Technical Guide for Determining Income and Allowances for the HOME Program* should be utilized as a resource and the standard for the following determinations:

- Whose Income to Count
- Types of Income to Count
- Treatment of Assets
- Income Inclusions and Exclusions
- Verifying Income
- Comparing Annual Income to Published Income Limits
- Determining Household Size
- Source Documentation
- Timing of Income Certifications

The annual income limits are published by HUD each year at the webpage below. http://www.huduser.gov/portal/datasets/il/il15/index.html

APPENDIX 5
Community Housing Development Organization (CHDO) Policy, Procedure, and Standards

WHAT IS A COMMUNITY HOUSING DEVELOPMENT ORGANIZATION (CHDO)?

A CHDO (pronounced cho'doe) is a private nonprofit, community-based service organization that has significant capacity, and whose **primary** purpose is, to develop affordable housing for the community it serves. Certified CHDOs receive special designation from the City of Dallas (City). The HOME Investment Partnership (HOME) Program definition of a CHDO is found at 24 CFR Part 92.2.

WHAT SPECIAL BENEFITS ARE AVAILABLE TO CHDOs?

HOME regulations require that the City set aside **15%** of its annual HOME allocation exclusively for qualified, eligible CHDO projects. If an organization becomes a certified CHDO, it is eligible to take advantage of the HOME funds set-aside just for CHDOs, as well as financial support for a portion of its operating expenses (Operating Assistance Grants) associated with CHDO projects. The City's CHDOs also have first right of purchase on land bank lots and as a nonprofit they are eligible to purchase HB110 lots.

REGULATORY REQUIREMENTS FOR CHDO CERTIFICATION

The U.S. Department of Housing and Urban Development (HUD) has established standard criteria for organizations to be eligible to become a certified CHDO:

1. **Organized Under State/Local Law**. A nonprofit organization must show evidence in its Articles of Incorporation that it is organized under state or local law.
2. **Nonprofit Status**. The organization must be conditionally designated or have a tax exemption ruling from the Internal Revenue Service (IRS) under Section 501(c) of the Internal Revenue Code of 1986. A 501(c) certificate from the IRS must evidence the ruling.
3. **Purpose of Organization**. Among its primary purposes, the organization must have the provision of decent housing that is affordable to low- and moderate-income people. This must be evidenced by a statement in the organization's Articles of Incorporation and/or Bylaws.
4. **Board Structure**. The board of directors must be organized to contain no more than one-third representation from the public sector and a minimum of one-third representation from the low-income community.
5. **No For-Profit Control**. The organization may not be controlled by, nor receive directions from, individuals or entities seeking profit from or that will derive direct benefit from the organization.
6. **No Individual Benefit**. No part of a CHDO's net earnings (profits) may benefit any members, founders, contributors, or individuals. This requirement must also be evidenced in the organization's Articles of Incorporation.
7. **Clearly Defined Service Area**. The organization must have a clearly defined geographic service area outlined in its Articles of Incorporation and/or Bylaws. CHDOs may serve individual neighborhoods or large areas. However, while the organization may include an entire community in their service area (such as a city, town, village, county, or multi-county area), they may not include the entire state.
8. **Low-Income Advisory Process**. A formal process must be developed and implemented for low-income program beneficiaries and low-income residents of the organization's service area to advise the organization in all of its decisions regarding the design, location, development and management of affordable housing projects.
9. **Capacity/Experience**. The key staff and board of directors must have significant experience and capacity to carry out CHDO-eligible, HOME-assisted projects in the community where it intends to develop affordable housing (key staff and board of directors have successfully completed HOME-funded, CHDO-eligible projects in the past).
10. **Community Service**. A minimum of one year of relative experience serving the community(ies) where it intends to develop affordable housing must be demonstrated.

11. **Financial Accountability Standards**. The organization must meet and adhere to the financial accountability standards as outlined in 2 CFR 200 Subpart D, "Standards for Financial and Program Management."

CITY REQUIREMENTS FOR CHDO CERTIFICATION
In addition to the regulatory requirements, the City has established additional criteria for CHDO designation. To be eligible for CHDO designation, an organization must also:

1. Maintain a record of good standing with the Texas Secretary of State's office.
2. Maintain a staffed, physical office location in the proposed service area that is open for business and accessible by potential program applicants during generally-accepted customary business hours.
3. Have established a minimum **3**-year strategic business plan, which must include CHDO- related production and community involvement goals.
4. Maintain a history of no significant compliance findings on its City funded projects.

The City will accept applications from new CHDOs year-round; however, CHDO certifications will not be provided until a project is identified for funding and prior to execution of a written agreement. Please note that the criteria noted above is not intended to be all-inclusive and the City may require additional information prior to making a determination for CHDO designation. Meeting the above requirements does not guarantee that the organization will be granted CHDO designation. City reserves the right to deny or revoke CHDO designation based upon its evaluation of the nonprofit organization's performance. Designated CHDOs will be evaluated periodically for production and other benchmarks as established by City.

ORGANIZATIONAL STRUCTURE REQUIREMENTS FOR CHDO CERTIFICATION
The HOME Program establishes requirements for the organizational structure of a CHDO to ensure that the governing body of the organization is **controlled by the community it serves**. These requirements are designed to ensure that the CHDO is capable of decisions and actions that address the community's needs without undue influence from external agendas.

There are four specific requirements related to the organization's board, which must be evidenced in the organization's Articles of Incorporation and/or Bylaws. These are:

1. **Low Income Representation.** At least one-third of the organization's board must be representatives of the low-income community served by the CHDO. There are three ways a board member can meet the definition of a low-income representative:

    - The person lives in a low-income neighborhood where **51%** or more of the residents are low-income. This person need not necessarily be low-income.

or

- The person is a low-income (below **80%** area median income) resident of the community.

or

- The person was elected by a low-income neighborhood organization to serve on the CHDO board. The organization must be composed primarily of residents of the low-income neighborhood and its primary purpose must be to serve the interests of the neighborhood residents. Such organizations might include block groups, neighborhood associations, and neighborhood watch groups.

The CHDO is required to certify the status of low-income representatives.

2. **Public Sector Limitations**. No more than one-third of the organization's board may be representatives of the public sector, including elected public officials, appointees of a public official, any employees of a local government or public school system, or employees of City or

the State of Texas. If a person qualifies as a low-income representative **and** a public-sector representative, their role as a public-sector representative supersedes their residency or income status. Therefore, this person counts toward the one-third public sector limitation.

3. **Low-Income Advisory Process**. Input from the low-income community is not met solely by having low-income representation on the board. The CHDO must provide a formal process for low-income program beneficiaries to advise the CHDO on design, location of sites, development and management of affordable housing. The process must be described in writing in the Articles of Incorporation and/or Bylaws. Each project undertaken by the CHDO should allow potential program beneficiaries to be involved and provide input on the entire project from project concept, design and site location to property management. One way to accomplish this requirement is to develop a project advisory committee for each project or community where a HOME assisted project will be developed. Proof of input from the low-income community will be required at the CHDO's annual recertification.
4. **For-Profit Limitations**. If a CHDO is sponsored by a for-profit entity, the for-profit may not appoint more than one-third of the board. The board members appointed by the for-profit may not appoint the remaining two-third of the board members.

EXPERIENCE, CAPACITY AND ROLES (24 C.F.R. 92.300-92.303)
To be certified as a CHDO, the HOME Program requires organizations to demonstrate sufficient experience, capacity, and financial accountability.

Experience & Capacity: A CHDO must certify to City that it has the capacity, demonstrated by having paid staff with demonstrated capacity to perform the specific role for which is it being funded. CHDO staff can be full-time or part-time and can be contract employees. The CHDO cannot count the experience of board members, donated staff, parent organization staff, or volunteers to meet the capacity requirement. The CHDO can only count capacity brought to the table by a consultant in the first year of participation. Afterward, the CHDO must demonstrate capacity based upon paid staff.

The CHDO must demonstrate experience and capacity relevant to the project and its role as owner, developer, or sponsor. If the CHDO is the owner, its staff must have the capacity to act as the owner (this may mean the ability to oversee development.) If the CHDO is the developer or sponsor, its staff must have development experience on projects of similar scope or complexity.
CHDOs must demonstrate a history of serving the community where the housing to be assisted with HOME funds will be located. HUD requires that organizations show a history of serving the community by providing:

- A statement that documents at least one year of experience serving the community.
- For newly created organizations, provide a statement that the parent organization (if applicable) has at least **1**-year experience serving the community.

CHDOs must provide resumes and/or statements of key staff members that describe their experience of successfully completed projects similar to those proposed.

CHDO SERVICE AREA
While the City does not limit the number of counties is a CHDO's service area, the very definition of a CHDO is that it be community-based. Therefore, an organization proposing a large or regional service area must demonstrate that it is taking the appropriate steps to achieve the community-based component. Some of the ways this can be achieved is by having an active community (nonpublic) representative from each of the counties on the CHDO's board of directors; establishing local advisory councils to advise the CHDO board on topics relative to the organization's activities; hosting "town hall" meetings in the proposed project areas, etc. the City will consider other methods suggested by the CHDO. CHDOs will be required to provide updates on how it is ensuring that it is active and visible in the communities included in its

service area.

The City reserves the right to limit CHDOs going into a service area where an existing CHDO is already providing service. Unless a CHDO is already approved to serve a particular territory, the City will not approve CHDOs to serve overlapping territory.

CHDO RECERTIFICATION

To ensure compliance with the HOME regulations, the recertification process will apply to CHDOs with active development projects including those under development and within the affordability period. Each CHDO will be required to submit specific information to City on an annual basis in conjunction with annual monitoring and compliance audits, including, but not limited to:

- The response to questions, numbered exhibits, and attachments listed in the City's CHDO certification application
- An updated **3-year** business plan and a description of how the low-income advisory process was implemented. If no HOME funds were used within the reporting period, a detailed description of all other affordable housing initiatives undertaken will be requested.

Recertification will be required **ANNUALLY WHEN THE CITY MONITORS THE CHDO FOR COMPLIANCE**. The CHDO must recertify as to its continued qualifications as a CHDO and its capacity to own, sponsor, or develop housing.

CHDOs that have not been allocated project funds from the HOME CHDO set-aside for **3** consecutive years will be deemed inactive. At its discretion, the City may revoke the designation of inactive CHDOs based upon a review of other non-CHDO housing activities the organization has undertaken (if any), as well as other factors deemed appropriate by City.

CHDO SET-ASIDE

The HOME requirements at 24 CFR Part 92.300 require City to set aside at least **15%** of its annual HOME allocation for projects owned, developed or sponsored by CHDOs. A certified CHDO must serve as the owner, developer or sponsor of a HOME-eligible project when using funds from the **15%** percent CHDO set-aside. A CHDO may serve in one of these roles or it may undertake projects in which it combines roles, such as being both an owner and developer. The CHDO must be certified for each type of activity it plans to undertake.

FINANCIAL ACCOUNTABILITY

CHDOs must have financial accountability standards that conform to the requirements detailed in 2 CFR 200 – Subpart D, "Standards for Financial and Program Management." This can be evidenced by:

- A notarized statement by the president or chief financial officer of the organization.
- Certification from a certified public accountant.
- Audit completed by CPA.
- City reserves the right to request additional audited financial statements at any time.

ELIGIBLE AND INELIGIBLE USES OF HOME CHDO SET-ASIDE FUNDS

ELIGIBLE ACTIVITIES - OWNERS, SPONSORS, DEVELOPERS

Using the **15%** set-aside, a CHDO acting as an owner, sponsor, or developer may undertake any of the following activities:

- Acquisition and/or rehabilitation of rental property;
- New construction of rental housing;

- Acquisition, rehabilitation and resale of existing, vacant homebuyer property;
- New construction of homebuyer property;
- Direct financial assistance to purchasers of HOME-assisted housing developed by a CHDO with HOME CHDO set-aside funds.

Please note that to be considered a CHDO-eligible project, CHDO set-aside HOME funds must be used during the construction or rehabilitation of the project.

INELIGIBLE CHDO ACTIVITIES
Using the **15%** set-aside, a CHDO may not undertake any of the following activities:

- Rehabilitation of existing homeowners' properties;
- Tenant-based rental assistance (TBRA); or
- Down payment and/or closing cost assistance to purchasers of housing not developed with HOME CHDO set-aside funds.

ELIGIBLE ACTIVITIES – SUBRECIPIENTS
CHDOs may also act as subrecipients with non-set-aside funds by undertaking other HOME-eligible activities such as:

- Tenant-Based Rental Assistance (TBRA);
- Owner-occupied rehabilitation of single-family dwellings; and
- Down payment or closing cost assistance in the acquisition of single-family units.

OPTIONAL OPERATING EXPENSES
From time to time, funds may be available to provide general operating assistance to CHDOs receiving CHDO set-aside funds for activities. When funds are available, certified CHDOs that are administering an eligible project funded from the CHDO set-aside may be eligible to receive funds to be used for operating expenses. The regulations allow the City to allocate no more than **5%** of its HOME allocation for CHDO operating expenses (Operating Assistance Grants). However, the City reserves the right to further restrict the amount of funds an entity may receive for CHDO operating funds. This allocation does not count toward the required **15**% CHDO set-aside funds that are to be used by CHDOs for projects.

The amount of the optional Operating Assistance Grants awarded will be based on, but not limited to, the following factors:

1. The total amount of HOME funds City has available to allocate for reimbursable CHDO operating expenses;
2. The anticipated completion date and size of your current CHDO set-aside project(s); and
3. The CHDO's past performance as a CHDO developer.
4. The CHDO's capacity to complete the project in a timely manner.
5. The ability of the CHDO to retain CHDO proceeds.

The City will allocate Operating Assistance Grants on annually. Operating Assistance Grants will be provided on a fiscal year basis (October 1 – September 30) provided funds are available and the CHDO has demonstrated acceptable performance.

Although the disbursement of CHDO operating funds is not tied directly to the drawdown of the CHDO project funds, the City reserves the right to delay disbursement of operating funds if it is evident that the CHDO project is experiencing excessive delays.

City reserves the right to reduce the amount of, or not award, operating funds based upon its evaluation of the CHDO's production and overall performance.

Eligible operating expenses for which CHDOs may use operating funds include:

- Salaries, wages, benefits, and other employee compensation
- Employee education, training and travel
- Rent and utilities
- Communication costs
- Taxes and insurance
- Equipment, materials and supplies

Because the purpose of providing CHDO operating support is to nurture successful CHDOs and ensure their continued growth and success, the City will periodically evaluate the performance of any CHDO wishing to receive CHDO operating funds.

CHDO PROCUREMENT
As noted in HUD CPD Notice 97-11, CHDO organizations are not subject to the requirements of 2 CFR, Part 200 in regard to the procurement of goods and services. However, the City strongly encourages organizations to ensure that costs are reasonable and equitable. This exemption is only applicable to procurement associated with CHDO-eligible projects; CHDOs must still follow appropriate procurement procedures compliant with Part 200 for its non-CHDO projects. City may request a copy of the CHDO's procurement policy for any non-CHDO project funding proposals.

EFFECTIVE PERIOD OF CHDO CERTIFICATION
To maintain its CHDO certification, the CHDO must submit at least **30** days prior to its annual compliance and monitoring audit a copy of the most recent audit financial statements along with all required attachments listed in the City's CHDO Certification Application, which is attached to this manual as **Exhibit "A" – City CHDO Application**. If the CHDO fails to submit the recertification packet, the CHDO may no longer qualify as a CHDO. Prior to awarding any City CHDO funds, the CHDO must recertify that no changes have occurred within the agency that would disqualify the entity as a CHDO for the specific type of activity being undertaken.

HOW TO APPLY FOR CHDO CERTIFICATION
Complete the City's CHDO Certification Application including all requested attachments, documentation, and forms. The applicant has **30** days to respond to any request for additional information. If information is not received within **30** days, the CHDO certification application will be denied.

Exhibit “A” – City CHDO Application

A Community Housing Development Organization (CHDO) is a private, nonprofit, community-based service organization that has obtained staff with the capacity to develop affordable housing in the community it serves.

The following application details the requirements that nonprofit corporations must satisfy to be certified as a CHDO by the City of Dallas Housing and Neighborhood Revitalization Department (HNR). Please refer to the CHDO Manual which provides details and additional requirements HNR will use in reviewing your application submission. The CHDO Manual can be found on the City of Dallas (City) website at www.dallascityhall.com/departments/housing-neighborhood-revitalization.

Please fully complete the application and supply all requested documentation. An incomplete application package will significantly delay the consideration of your application.

We are here to help if you have any questions in completing the application. Please do not hesitate to contact [redacted] [redacted] for assistance.

We look forward to receiving your application!

Submit <u>Original</u> Certification Application Package to:

[redacted]
Housing Development Manager
Housing and Neighborhood
Revitalization
[redacted]

APPLICANT INFORMATION REQUIRED:

Name of Applicant Organization

Address

City | State | Postal Code

Contact Person | Position with Organization

Telephone Number | Email Address

Fax Number | Federal Tax I.D. Number

STATEMENT OF CERTIFICATION

I hereby certify that all statements I have provided in this application and in the attachments herein are true; that I am authorized to sign this application, and to make these statements, on behalf of the applicant organization; and that the organization understands that misrepresentation of any facts which lead to the improper allocation and expenditure of public funds may result in legal action against the organization for retrieval of any such funds and appropriate penalties.

Signed:

Signature | Date

Name: (typed or printed)

Title: (Executive Director)

Name of Organization

(Submit this application, with original signature, to the City of Dallas)

I. LEGAL STATUS

1. **ORGANIZED**: To receive certification, your organization must be organized under state or local laws and must provide evidence of your legal status. Organization must Maintain a record of good standing with the Texas Secretary of State's office. Which of the following have you supplied?
   - ❑ Charter
   - ❑ Articles of Incorporation along with confirmation from the Secretary of State; and
   - ❑ Certificate of Good Standing or comparable document from the Secretary of State.

Provided in Exhibit #______(please specify Exhibit #)

2. **PURPOSE OF ORGANIZATION**: An organization must have among its purposes the provision of decent housing that is affordable to low and moderate-income persons'. Which of the following have you included that demonstrate compliance with this requirement?
   - ❑ Charter
   - ❑ By-laws signed by the board Secretary
   - ❑ Articles of Incorporation

Provided in Exhibit #______(please specify Exhibit #)

3. **NO INDIVIDUAL BENEFIT**: No part of your organization's net earnings can inure to the benefit of any member, founder, contributor or individual. Which of the following have you included that demonstrate compliance with this requirement?
   - ❑ Charter
   - ❑ By-laws signed by the board Secretary
   - ❑ Articles of Incorporation

Provided in Exhibit #______(please specify Exhibit #)

4. **SERVICE AREA:** To receive certification an organization must have a clearly defined geographic service area. The service area can be an area larger than a single neighborhood but must be an area smaller than an entire state. CHDO must maintain a staffed, physical office location in the proposed service area that is open for business and accessible by potential program applicants during generally-accepted customary business hours. If you will be serving a special population the geographic boundaries and your service area must also be defined. Which of the following have you included to demonstrate that your organization has a clearly defined geographic service area?
   - ❑ Charter
   - ❑ By-laws signed by the board Secretary
   - ❑ Articles of Incorporation

Provided in Exhibit #______(please specify Exhibit #)

5. **TAX EXEMPT RULING**: Your organization must have a tax-exempt ruling from the Internal Revenue Service (IRS), under section 501 (c) (3), 501 (c) (4) or a Section 905 of the Internal Revenue Code of 1986. Which of the following have you provided to indicate receipt of such a ruling?
   - ❑ A 501 (c) (3) Certificate Letter from the IRS
   - ❑ A 501 (c) (4) Certificate Letter from the IRS
   - ❑ A group exemption letter, that is dated 1986 or later, from the IRS that includes the agency seeking certification as a CHDO (acceptable for Section 905 organizations only)

Provided in Exhibit #______(please specify Exhibit #)

II. ORGANIZATIONAL STRUCTURE

6. **BOARD COMPOSITION**: To be certified a CHDO, an organization must structure the board of directors to consist of **at least** one-third representatives of the low-income community and no more than one-third representatives of the public sector. These provisions and examples are as follows:
   a) An applicant organization must ensure that at all times **at least** one-third of its governing board consists of representatives of the low-income community. There are three ways to meet this requirement: 1) Individuals can be residents of a low-income neighborhood in the organization's service area (but do not necessarily have to earn a low income themselves), 2) they can be low-income residents of the community, or 3) they can be appointed representatives to the board from a low-income neighborhood association. Which of the following documents have you provided that demonstrate that the one-third requirement will be maintained?
      - ☐ Charter
      - ☐ By-laws signed by the board Secretary
      - ☐ Articles of Incorporation

Provided in Exhibit #______(please specify Exhibit #)

   b) An organization's board of directors may consist of no more than one-third representatives of the public sector. Representatives of the public sector include: 1) ***elected officials*** such as council members, 2) ***appointed public officials*** such as planning or zoning commission, regulatory or advisory boards, 3) ***public employees*** which include employees of public agencies or departments of the City such as fire and police, and 4) any individual who is not necessarily a public official, but has been ***appointed by a public official*** to serve on the organization's Board of Directors. Which of the following have you provided that demonstrate that the one-third cap on public representation will be met?
      - ☐ Charter
      - ☐ By-laws signed by the board Secretary
      - ☐ Articles of Incorporation

(Under the HOME Program, "community" is defined as one or several neighborhoods or the city at large)

> In order to verify that your current board meets both the low-income requirement and the limits on public- sector representation above, please complete the worksheet included as **Attachment B** to this application. In order to complete the worksheet, you will need to know whether the board member resides in a 'low-income' neighborhood or whether the board member qualifies as a low-income resident. An individual residing in a household earning **80%** of the area median family income or less meets the "low-income" designation. **Attachment E** provides the dollar amount of that income cap by

7. **LOW-INCOME INPUT**: To be certified a CHDO, an organization must provide a specific formal process for low-income program beneficiaries to advise the organization in all of its decisions regarding the design, location of sites, development and management of affordable housing projects. Specifically, a detailed plan for ensuring that input from low-income program beneficiaries will be solicited and integrated into the decision-making and project development processes of the organization. Which of the following has your organization provided, that detail the systems you will use to gather community involvement/input from those affected by your projects?
   - ☐ By-laws signed by the board Secretary
   - ☐ A Board Resolution, (written statement of operating procedures approved by the governing body).

Provided in Exhibit #______(please specify Exhibit #)

III. RELATIONSHIP WITH OTHER ENTITIES

RELIGIOUS ORGANIZATION SPONSORSHIP:

8. Is your nonprofit organization sponsored or created by a religious organization?
   - ❑ Yes, (please continue with the following)
   - ❑ No, (if no, skip to # 9)

A religious organization cannot qualify as a CHDO, but they may sponsor the creation of a wholly secular nonprofit. The developed housing must be used exclusively for secular purposes. It must also be ensured that housing will be made available to all persons, regardless of religious affiliation or belief. The religious organization can appoint an unlimited number of board members to the housing organization's board, but the religious organization cannot control the housing organization. Which of the following has been provided to demonstrate that all of these provisions will be met in the operation of the organization?

- ❑ By-laws
- ❑ Charter
- ❑ Articles of Incorporation

Provided in Exhibit #______(please specify Exhibit #) **PUBLIC ENTITY SPONSORSHIP:**

9. Was your organization chartered by a state or local government?
   - ❑ Yes, (please continue with the following)
   - ❑ No, (If no, skip to # 10)

The state or local government may not appoint more than one-third of the organization's governing body, and the board members appointed by the state or local government may not, in turn, appoint the remaining two-thirds of the board members. Which of the following has been provided that demonstrate compliance with these requirements?

- ❑ By-laws signed by the board Secretary
- ❑ Charter
- ❑ Articles of Incorporation

Provided in Exhibit #______(please specify Exhibit #) **FOR-PROFIT RELATIONSHIPS**:

10. Is the nonprofit organization being sponsored by or was it created by a for-profit entity?
    - ❑ Yes, (please continue with the following, # 11-14)
    - ❑ No, (If no, skip to # 15)
11. A CHDO cannot be controlled by, nor receive direction from individuals or entities seeking profit from the organization. Which of the following has been provided to address compliance with this requirement?
    - ❑ By-laws signed by the board Secretary
    - ❑ A Memorandum of Understanding (MOU)

Provided in Exhibit #______(please specify Exhibit #)

III. RELATIONSHIP WITH OTHER ENTITIES, Continued...

12. An organization may be sponsored or created by a for-profit entity, however; the for-profit entity's primary purpose may not include the development or management of housing. Please provide the following to evidence compliance:
    - ❑ The By-laws of the for-profit entity

Provided in Exhibit #______(please specify Exhibit #)

13. The nonprofit organization is free to contract for goods and services from vendor(s) of its own choosing. Which of the following items has been provided to demonstrate that the nonprofit is free to do this?
    - ❑ By-laws signed by the board Secretary
    - ❑ Charter
    - ❑ Articles of Incorporation

Provided in Exhibit #______(please specify Exhibit #)

14. If the nonprofit is sponsored by a for-profit entity, the for-profit entity may not appoint more than one-third of the organization's governing body, and the board members appointed by the for-profit entity may not, in turn, appoint the remaining two-thirds of the board members. Which of the following items has been provided to demonstrate that the nonprofit is free to do this?
    - ❑ By-laws signed by the board Secretary
    - ❑ Charter
    - ❑ Articles of Incorporation

Provided in Exhibit #______(please specify Exhibit #)

IV. EXPERIENCE and CAPACITY

15. **FINANCIAL ACCOUNTABILITY**: The organization must have financial accountability standards that conform to 2 CFR 200 Subpart D, "Standards for Financial and Program Management", which is included as **Attachment A** to this application. These standards are a variation on OMB Circular A-133 but are an updated version to that circular. The organization must certify that its financial management and internal controls comply with this specific standard. Which of the following have you provided to evidence compliance with this federal requirement?
    - ☐ A notarized statement by the Treasurer or Chief Financial Officer of the organization
    - ☐ Certification from a Certified Public Accountant
    - ☐ HUD approved audit summary

Provided in Exhibit #______(please specify Exhibit #)

16. **AUDIT REQUIREMENT:** The City of Dallas requires that your organization submit audited financial statements for the organization's most recent program year. The audits financials should include all components conducted, including any A-133 analysis of compliance with federal grants, analysis of internal controls, letter to the Board of Directors or management letters. If your organization does not have audited financial statements because it has been operating for less than one year, you must submit the audited financial statements of the parent or sponsor organization, along with your organization's current unaudited financial statements.

Provided in Exhibit #______(please specify Exhibit #)

NOTE: No nonprofit organization shall be certified as a CHDO if the organization's most recent audit reflects an outstanding finding, material weakness or other unresolved matter, which would prevent the City of Dallas from certifying the capacity of that organization to successfully develop a CHDO project.

17. **EXPERIENCE:** To become a certified CHDO, the organization must demonstrate a capacity for carrying out housing projects assisted with HOME funds. A designated organization undertaking development activities as a developer or sponsor must satisfy this requirement by having paid employees with housing development experience who will work on projects assisted with HOME funds or by contract with a consultant who has housing development experience to train appropriate key staff of the organization. The organization must have ***at least*** one year of experience serving the community where the housing to be assisted with HOME funds is to be located. The year of service does **not** have to be directly related to housing. Newly created organizations wishing to become CHDOs can meet the requirement if the parent (or sponsoring) organization is a nonprofit and has provided services to the community for at least one year. These are the two forms in which capacity may be documented and accepted. Which of the two have you provided to demonstrate compliance with this requirement?
    - ☐ A statement signed by the Executive Director that documents at least **1** year of experience serving the community prior to seeking CHDO certification plus details the type of service provided; and have paid employees or a consultant with housing development experience working on projects assisted with HOME funds **<u>OR</u>**,
    - ☐ A statement signed by the Executive Director that documents that its parent or sponsoring organization has at least **1** year of experience serving the community prior to seeking CHDO certification plus details the type of service provided; and have paid employees or a consultant with housing development experience working on projects assisted with HOME funds

Provided in Exhibit #______(please specify Exhibit #)

17a. **3-Year Business Plan:** To be eligible for CHDO designation, an organization must also have established a minimum 3-year strategic business plan, which must include CHDO- related production and community involvement goals.

Provided in Exhibit #______(please specify Exhibit #)

18. **PROJECT DETAIL:** As a next step toward assessing your organization's capacity, please provide the following information about the type of project(s) your organization is currently developing or expects to develop in the next 6 months:

NUMBER OF UNITS IN FIRST PROJECT:_

BUILDING TYPE:	EXPECTED USE:	CONCENTRATION:	CONSTRUCTION ACTIVITY
❑ Single Family buildings ❑ Multi-family buildings	❑ Rental ❑ Homeownership	❑ Single Site ❑ Scattered Site	❑ Acquisition ❑ New Construction ❑ Rehabilitation

FOR RENTAL ONLY:	FOR HOMEOWNERSHIP ONLY:
❑ CHDO will do Property Management	❑ CHDO will do Homeownership Counseling
❑ CHDO will contract out for Property Management	❑ CHDO will work with established Homeownership Counseling or replace homeowners

Additional comments about the project?

___

___

___

19. **STAFF AND CAPACITY**: To be certified as a CHDO, the organization must have paid staff *. HUD defines CHDO staff as paid employees who are responsible for the day-to-day operations of the CHDO; this does not include volunteers, board members or consultants. Additionally, the organization must demonstrate the capacity of its key staff to carry out the activities it is planning to undertake. Specifically, the key staff who will be responsible for the project must have successfully completed projects **similar to those the organization expects to undertake**. Please submit the following to evidence staff capacity:
    - ❑ Resumes of key staff members who have successfully completed projects similar to that being proposed, (include project descriptions of relevant completed projects)

Provided in Exhibit #______(please specify Exhibit #)

** HUD's Definition of a paid employee is a person whose salary, payroll taxes, and unemployment insurance are paid by the organization and from whom the organization withholds payroll and income taxes. Receipt of a W-2 is sufficient evidence that an individual is a 'paid employee'. The employee must be paid by the CHDO and, therefore cannot be contracted through, shared with, or cost-allocated through another entity. Employees of a for-profit organization that created a CHDO cannot also be employees of that CHDO.*

Please submit a roster of the organizations current board composition and their positions on the board.

Please describe the organization's current staffing by completing **Attachment C**

PLEASE REVIEW THE FOLLOWING CHECKLIST TO BE SURE YOUR APPLICATION SUBMISSION INCLUDES ALL OF THE ITEMS LISTED BELOW:

- ❑ All questions have been answered, exhibit numbers indicated, and the Executive Director has signed the certification statement on page one.
- ❑ Attachment B, Board information has been completed for every board member and is enclosed.
- ❑ Attachment C, Staff information has been completed for every staff person and is enclosed.
- ❑ All exhibits referenced in the application are numbered and enclosed

Thanks very much for applying for CHDO Certification with the City of Dallas's Housing and Neighborhood Revitalization Department. We will work diligently to provide you with a quick response to your application.

ATTACHMENT A TO CHDO CERTIFICATION APPLICATION
HUD–Required Standards for Financial Management and Internal Controls

Code of Federal Regulations, Title 2, Volume 200, Parts 302 and 303
Revised as of December 19, 2014
From the U.S. Government Printing Office via GPO Access
[CITE: 2CFR200.302, 2CFR200.303], Page 107-108
TITLE 2-- GRANTS AND AGREEMENTS
Subpart D--Post Federal Award Requirements
Sec. 200.302-- **Financial management.**

(a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. See also §200.450 Lobbying.

(b) The financial management system of each non-Federal entity must provide for the following (see also §§ 200.333 Retention requirements for records, 200.334 Requests for transfer of records, 200.335 Methods for collection, transmission and storage of information, 200.336 Access to records, and 200.337 Restrictions on public access to records):

(1) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the CFDA title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any.

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §200.327 Financial reporting and 200.328 Monitoring and reporting program performance. If a Federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient must not be required to establish an accrual accounting system. This recipient may develop accrual data for its reports on the basis of an analysis of the documentation on hand. Similarly, a pass-through entity must not require a subrecipient to establish an accrual accounting system and must allow the subrecipient to develop accrual data for its reports on the basis of an analysis of the documentation on hand.

(3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

(4) Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See §200.303 Internal controls.

(5) Comparison of expenditures with budget amounts for each Federal award.

(6) Written procedures to implement the requirements of §200.305 Payment.

(7) Written procedures for determining the allowability of costs in accordance with Subpart E—Cost Principles of this part and the terms and conditions of the Federal award.

ATTACHMENT A TO CHDO CERTIFICATION APPLICATION
HUD–Required Standards for Financial Management and Internal Controls

Code of Federal Regulations, Title 2, Volume 200, Parts 302 and 303
Revised as of April 1, 2000
From the U.S. Government Printing Office via GPO Access
[CITE: 2CFR200.302, 2CFR200.303], Page 107-108
TITLE 2-- GRANTS AND AGREEMENTS
Subpart D--Post Federal Award Requirements
Sec. 200.303-- **Internal controls.**
The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

(b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.

(c) Evaluate and monitor the non-Federal entity's compliance with statutes, regulations and the terms and conditions of Federal awards.

(d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.

(e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass-through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state, local, and tribal laws regarding privacy and obligations of confidentiality.

ATTACHMENT B - BOARD MEMBER REQUIREMENTS
Org Name Here:

BOARD MEMBER INFORMATION: PLEASE CHECK THE APPROPRIATE BOX BELOW:

1

Name:			
Board Position:			
Address:			
City			
State			
Zip		Phone:	
Place of Employment:			
Position:			

	Elected or appointed Public Official?	Public Employee?	* Low-income resident of the community?	Resident of the low-income neighborhood in service area?	Elected rep of low-income neighborhood organization?	* NOTE: If a low-income resident, provide a signed statement from the individual confirming that their income is below 80% MFI for their family size.	
Yes							Included
No							N/A
Additional Comment							

2

Name:			
Board Position:			
Address:			
City			
State			
Zip		Phone:	
Place of Employment:			
Position:			

	Elected or appointed Public Official?	Public Employee?	* Low-income resident of the community?	Resident of the low-income neighborhood in service area?	Elected rep of low-income neighborhood organization?	* NOTE: If a low-income resident, provide a signed statement from the individual confirming that their income is below 80% MFI for their family size.	
Yes							Included
No							N/A
Additional Comment							

3

Name:			
Board Position:			
Address:			
City			
State			
Zip		Phone:	
Place of Employment:			
Position:			

	Elected or appointed Public Official?	Public Employee?	* Low-income resident of the community?	Resident of the low-income neighborhood in service area?	Elected rep of low-income neighborhood organization?	* NOTE: If a low-income resident, provide a signed statement from the individual confirming that their income is below 80% MFI for their family size.	
Yes							Included
No							N/A
Additional Comment							

4

Name:			
Board Position:			
Address:			
City			
State			
Zip		Phone:	
Place of Employment:			
Position:			

	Elected or appointed Public Official?	Public Employee?	* Low-income resident of the community?	Resident of the low-income neighborhood in service area?	Elected rep of low-income neighborhood organization?	* NOTE: If a low-income resident, provide a signed statement from the individual confirming that their income is below 80% MFI for their family size.	
Yes							Included
No							N/A
Additional Comment							

ATTACHMENT B - BOARD MEMBER REQUIREMENTS
Org Name Here:
BOARD MEMBER INFORMATION: **PLEASE CHECK THE APPROPRIATE BOX BELOW:**

5

			Elected or appointed Public Official?	Public Employee?	* Low-income resident of the community?	Resident of the low-income neighborhood in service area?	Elected rep of low-income neighborhood organization?	* NOTE: If a low-income resident, provide a signed statement from the individual confirming that their income is below 80% MFI for their family size.	
Name:									
Board Position:									
Address:									
City									
State		Yes							Included
Zip	Phone:	No							N/A
Place of Employment:		Additional Comment							
Position:									

6

			Elected or appointed Public Official?	Public Employee?	* Low-income resident of the community?	Resident of the low-income neighborhood in service area?	Elected rep of low-income neighborhood organization?	* NOTE: If a low-income resident, provide a signed statement from the individual confirming that their income is below 80% MFI for their family size.	
Name:									
Board Position:									
Address:									
City:									
State:		Yes							Included
Zip	Phone:	No							N/A
Place of Employment:		Additional Comment							
Position:									

7

			Elected or appointed Public Official?	Public Employee?	* Low-income resident of the community?	Resident of the low-income neighborhood in service area?	Elected rep of low-income neighborhood organization?	* NOTE: If a low-income resident, provide a signed statement from the individual confirming that their income is below 80% MFI for their family size.	
Name:									
Board Position:									
Address:									
City									
State		Yes							Included
Zip	Phone:	No							N/A
Place of Employment:		Additional Comment							
Position:									

8

			Elected or appointed Public Official?	Public Employee?	* Low-income resident of the community?	Resident of the low-income neighborhood in service area?	Elected rep of low-income neighborhood organization?	* NOTE: If a low-income resident, provide a signed statement from the individual confirming that their income is below 80% MFI for their family size.	
Name:									
Board Position:									
Address:									
City:									
State:		Yes							Included
Zip	Phone:	No							N/A
Place of Employment:		Additional Comment							
Position:									

ATTACHMENT B - BOARD MEMBER REQUIREMENTS
Org Name Here:

BOARD MEMBER INFORMATION: **PLEASE CHECK THE APPROPRIATE BOX BELOW:**

9

				Elected or appointed Public Official?	Public Employee?	* Low-income resident of the community?	Resident of the low-income neighborhood in service area?	Elected rep of low-income neighborhood organization?	* NOTE: If a low-income resident, provide a signed statement from the individual confirming that their income is below 80% MFI for their family size.	
Name:										
Board Position:										
Address:										
City:										
State:			Yes							Included
Zip	Phone:		No							N/A
Place of Employment:			Additional Comment							
Position:										

10

				Elected or appointed Public Official?	Public Employee?	* Low-income resident of the community?	Resident of the low-income neighborhood in service area?	Elected rep of low-income neighborhood organization?	* NOTE: If a low-income resident, provide a signed statement from the individual confirming that their income is below 80% MFI for their family size.	
Name:										
Board Position:										
Address:										
City:										
State:			Yes							Included
Zip	Phone:		No							N/A
Place of Employment:			Additional Comment							
Position:										

11

				Elected or appointed Public Official?	Public Employee?	* Low-income resident of the community?	Resident of the low-income neighborhood in service area?	Elected rep of low-income neighborhood organization?	* NOTE: If a low-income resident, provide a signed statement from the individual confirming that their income is below 80% MFI for their family size.	
Name:										
Board Position:										
Address:										
City:										
State:			Yes							Included
Zip	Phone:		No							N/A
Place of Employment:			Additional Comment							
Position:										

12

				Elected or appointed Public Official?	Public Employee?	* Low-income resident of the community?	Resident of the low-income neighborhood in service area?	Elected rep of low-income neighborhood organization?	* NOTE: If a low-income resident, provide a signed statement from the individual confirming that their income is below 80% MFI for their family size.	
Name:										
Board Position:										
Address:										
City:										
State:			Yes							Included
Zip	Phone:		No							N/A
Place of Employment:			Additional Comment							
Position:										

ATTACHMENT C
Staff Member Information
(Please make additional copies as needed to include *all* staff members)

PLEASE NOTE: A paid employee is a person whose salary, payroll taxes, and unemployment insurance are paid by the organization and from whom the organization withholds payroll and income taxes. Receipt of a W-2 is sufficient evidence that an individual is a 'paid employee'. The employee must be paid by the CHDO and, therefore cannot be contracted through, shared with, or cost-allocated though another entity. Employees of a for-profit organization that created a CHDO cannot also be employees of that CHDO.

STAFF INFORMATION:

Name:		Please indicate if this position is: ❑ Paid Unpaid Resume Included? Yes No (Required)
Title:		
Position:		
Hours of work:		
Duties and Responsibilities		

Name:		Please indicate if this position is: Paid Unpaid Resume Included? Yes No (Required)
Title:		
Position:		
Hours of work:		
Duties & Responsibilities		

Name:		Please indicate if this position is: Paid Unpaid Resume Included? Yes No (Required)
Title:		
Position:		
Hours of work:		
Duties & Responsibilities		

ATTACHMENT D TO CHDO CERTIFICATION APPLICATION

City of Dallas

Community Housing Development Organization

CERTIFICATION REQUIREMENTS

To be certified as a Community Housing Development Organization (CHDO), an organization must meet the minimum certification criteria as required by the U.S. Department of Housing and Urban Development. Additionally, the organization must comply with the following policies in order to receive CHDO certification from the Housing and Neighborhood Revitalization Department (HNR).

NO DISTRIBUTIONS

An applicant organization's charter or the articles of incorporation must specify that no net earnings of the corporation can inure to the benefit of any member, founder, contributor or individual. All net income must be reinvested in the projects developed by the organization or in subsequent affordable housing projects.

BOARD COMPENSATION

Board members may receive a reasonable fixed sum and expenses for each board meeting he/she attends. However, board members cannot receive a salary for their service as a board member. For HNR staff to verify the reasonableness of compensation, CHDO applicants are required to submit all financial statements and, upon request, any other documents necessary for HNR to verify the amount of compensation provided to board members and the services for which the sum was paid.

SPONSORSHIP OR CREATION BY A RELIGIOUS ORGANIZATION

A religious organization cannot become a CHDO but can create a wholly secular nonprofit housing organization. The sponsoring organization can appoint an unlimited number of board members to the board of the housing organization. Beyond that, however, the housing organization cannot be controlled by the religiously-based sponsor organization. That is, the housing organization must be free to select its projects, to procure its goods, services and financing, and to otherwise operate the organization without influence or intervention by the religiously based sponsor. Additionally, the housing developed by the housing organization must be made available to all persons, regardless of religious belief or affiliation. The by-laws of the housing organization must include language that ensures compliance with all of the above requirements.

REPRESENTATIONS AND WARRANTIES

Any applicant who submits fabricated information, documentation or signatures as part of or along with its CHDO application, or any applicant who misrepresents any aspect of the board, staff or organizational accomplishments, experience or expertise shall be disqualified from the CHDO certification process for a period of **1** year. The **1**-year disqualification period will begin at the time the misrepresentation is made by the HNR Department and is reported in writing by HNR staff to the applicant organization. If an applicant believes the HNR determination of misrepresentation is in error, the applicant organization may appeal the decision in writing to the Director of the Housing and Neighborhood Revitalization.

AUDIT
The Housing and Neighborhood Revitalization Department requires that your organization submit audited financial statements for the organization's most recent program year. If your organization does not have audited financial statements because it has been operating for less than one year, you must submit the audited financial statements of the parent or sponsor organization, along with your organization's current unaudited financial statements. No nonprofit organization shall be certified as a CHDO if the organization's most recent audit has an outstanding finding, material weakness or other unresolved matter which would prevent the Housing and Neighborhood Revitalization from certifying the capacity of that organization to successfully develop a CHDO project. The audit will also be used in assessing the organization's financial capacity for executing the affordable housing activities it intends to pursue.

VERIFICATION OF COMPLIANCE WITH BYLAWS
As part of the certification process, the Housing and Neighborhood Revitalization may do all necessary due diligence to verify that the operations of an applicant organization are being conducted in keeping with the by-laws submitted in the CHDO Certification application.

City of Dallas, Housing and Neighborhood Revitalization Department
1500 Marilla Street, Dallas, Texas 75201
(214) 670-5988 Fax (214) 670-0156
www.dallascityhall.com/departments/housing-neighborhood-revitalization

ATTACHMENT E TO CHDO CERTIFICATION APPLICATION
HUD Income Limits by Household Size Effective Date: April 14, 2017

FY 2017 Area Median Family Income Dallas, Texas
$73,400 (4-person household)

Number of Persons in Households

Eligibility Standard	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
80%[1]	$41,100	$47,000	$52,850	$58,700	$63,400	$68,100	$72,800	$77,500	$82,200
67%	$34,425	$39,342	$44,260	$49,178	$53,112	$57,046	$60,981	$64,915	$68,849
65%	$33,397	$38,168	$42,939	$47,710	$51,527	$55,344	$59,160	$62,977	$66,794
60%	$30,828	$35,232	$39,636	$44,040	$47,563	$51,086	$54,610	$58,133	$61,656
50%[1]	$25,700	$29,400	$33,050	$36,700	$39,650	$42,600	$45,500	$48,450	$51,400
30%[1]	$15,400	$17,600	$19,800	$22,000	$23,800	$25,550	$27,300	$29,050	$30,850
Size adjustment:	70%	80%	90%	100%	108%	116%	124%	132%	140%

[1]Income for the 80%, 50% and 30% categories are HUD's estimated figures rounded to the nearest $50.

ATTACHMENT F TO CHDO CERTFICATION APPLICATION

Community Housing Development Organization
SELF-CERTIFICATION FORM

For the purpose of determining income eligibility, I,_(print name), do hereby understand that in order to qualify as a representative of the low-income community, my total household income cannot exceed **80%** of the Median Family Income for the Dallas area as established by the Federal Government. Currently, the amounts are:
HUD Income Limits by Household Size
Effective Date: April 14, 2017
2017 Area Median Family Income for Dallas, Texas

1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
$41,100	$47,000	$52,850	$58,700	$63,400	$68,100	$72,800	$77,500

The following is a list of all persons who are currently occupying this household:
Name Age Relationship Gross Monthly Income
(Before Taxes)

Signature Date

WARNING: Title 18, Section 1001 of the U.S. Code states that a person is guilty of a felony for knowingly and willingly making false or fraudulent statements to any department of the United States Government.

FOR CITY STAFF ONLY:

Based on the information provided above, the information has been verified by HNR Staff to reflect that the person named above

☐ **DOES** ☐ **DOES NOT**

qualify as a representative of the low-income community as defined by HUD.

HNR Staff Name: ______________________ Date: ______________________

CHDO Certification Application, **Attachment F**, CHDO Board Self-Certification Form

Recapture Requirements

Pursuant to HOME regulations at 24 CFR 92.254(a)(5) each HOME-funded homebuyer unit must be subject to either resale or recapture requirements during the affordability period. The City of Dallas exclusively uses the recapture provisions as defined herein and does not intend to use resale restrictions.

The City of Dallas provides HOME-funded direct buyer assistance to income eligible buyers based on need as dictated by the City of Dallas Homebuyer Assistance Program Underwriting Guidelines.

The level of HOME assistance provided to a buyer is based on an evaluation of the buyer's individual need taking into account their specific income, debts, etc. according to the City's underwriting policies for homebuyer assistance. Depending on the level of homebuyer assistance provided, the affordability period may be five (5) years (less than $15,000 in direct assistance), ten (10) years ($15,000 or more but less than $40,000 in direct assistance), or fifteen (15) years ($40,000 or more in direct assistance). Based on the City's program design, most projects trigger a 5- or 10-year affordability period.

All buyers sign a HOME written agreement with the City outlining the affordability period and recapture provisions. HOME assistance is provided in the form of a deferred loan secured by a second-position deed of trust which is due and payable upon sale or transfer of title. In the event buyers remain in the unit beyond the end of the affordability period, the HOME loan remains outstanding until sale or transfer of title while the term of the HOME written agreement expires.

Any sale or transfer of title during the affordability period results in recapture by the City of the lesser of the:

a) Entire amount of direct HOME assistance originally provided to the buyer (less any voluntary prepayments previously made); or
b) Net proceeds of sale (sales price minus senior secured debt minus reasonable seller's closing costs).

When the net proceeds are inadequate to fully repay the City's HOME loan, the City accepts the net proceed as full and final payoff of the note. The City reserves the right to determine that the sales price reflects an arms-length transaction at fair market value. Receipts received as a result of a sale within the affordability period are recorded as "recaptured funds." When net sales proceeds exceed the HOME assistance, buyers retain all remaining net proceeds after repaying the HOME loan balance.

After the expiration of the affordability period, any sale or transfer requires the HOME loan balance be repaid, and the City similarly limits the payoff to the net proceeds of sale. Receipts collected after the affordability period has expired are recorded as "program income." Net proceeds in excess of the City's HOME loan balance are retained by the original homebuyer.

Resale Requirements

The City of Dallas shall require that Resale provisions be used in the event that only a Development Subsidy is used to make the home affordable (i.e. funding construction to the developer). In a project where both Development and Direct subsidies are provided, recapture provisions apply.

Resale provisions require the homeowner to sell to another low-income homebuyer. The resale requirement must ensure that the price at resale provides the original HOME-assisted owner a fair return on investment and ensure that the housing will remain affordable to a reasonable range of low-income homebuyers as defined below:

Affordable to range of low-income homebuyers (As it relates to the Resale Provision only): That which is affordable to a family earning 80% AMI and below and that who not pay any more than 30% their gross income for PITI (Principle, Interest, Tax, and Insurance).

Fair Return on Investment (As it relates to the Resale Provision only): A Homeowner can sell the home during the affordability period according to the following chart:

Fair Return on Investment (as it relates to Resale Provision only)		
Years	**Lower Range**	**Max Limit**
Year 1-5 of Affordability Period	A Homeowner can sell the home during the affordability period for no more than 15% over DCAD's most recent appraisal value	Current (as of date of sale) Affordable Home Price as set forth in the City of Dallas Housing Policy
Year 6-15 of Affordability Period	No Cap on appreciation rate	Current (as of date of sale) Affordable Home Price as set forth in the City of Dallas Housing Policy

Homeownership projects undertaken using the resale provision shall use deed restrictions, covenants running with land, or other similar mechanisms per 92.254(a)(5)(i)(A) to ensure the resale requirements. The period of affordability specified in the mortgage will be the minimum period for the project as specified above. The period of affordability is based on the total amount of HOME funds invested in the housing.

Either recapture or resale provisions must be detailed and outlined in accordance with 24 CFR in marketing brochures, written agreements and all legal documents with homebuyer. Either recapture or resale may be used within a project, not both. Combining provisions to create "hybrids" is not allowed.

APPENDIX 7
City of Dallas Affirmative Fair Housing Marketing Policy

The Affirmative Fair Housing Marketing (AFHM) Plan is a marketing strategy or approach designed to attract renters and buyers that would be least likely to apply to assisted multi- family or single-family developments. The City of Dallas requires that all recipients and sub-recipients of HOME, CDBG or NSP funds, for all projects resulting in five (5) or more assisted housing units, implement affirmative marking approaches as part of the overall marketing strategy. To market affirmatively means that a good faith effort is made to attract to a project those minority or majority groups who are least likely to apply or are underrepresented in a neighborhood or community. Good faith efforts are recorded activities and documented outreach to those individuals identified as least likely to apply. Affirmative marketing requirements apply to all housing programs, including, but not limited to Tenant- Based Rental Assistance and Down Payment Assistance Programs.

The City of Dallas is committed to affirmatively market to such groups and requires that recipients of HOME/CDBG funds to submit an AFHM Plan using HUD Form 935.2B for single- family developments and HUD Form 935.2A for multi-family developments, prior to expending any funds on a project.

In developing an Affirmative Marketing Plan, the recipient/managing agent shall abide by the following:

I. Regulations

HOME: The recipient/managing agent shall adopt the affirmative marketing procedures and requirements as specified in the HOME Final Rule 92.351 for all projects resulting in five (5) or more HOME-assisted housing units.

CDBG: The Housing and Community Development Act of 1974, as amended, requires from each federal grantee, through the Consolidated Plan certify the following:

(1) Examine and attempt to alleviate housing discrimination with their jurisdiction;
(2) Promote fair housing choice for all persons;
(3) Provide opportunities for all persons to reside in any given housing development, regardless of race, color, religion, sex, disability, familial status, or national origin;
(4) Promote housing that is accessible to and usable by persons with disabilities;
(5) And comply with non-discrimination requirements of the Fair Housing Act.

II. Policy on Nondiscrimination and Accessibility

The recipient/managing agent shall not discriminate against any individual or family because of race, color, national origin, religion, gender, disability, familial status, sexual orientation, gender identity or expression or source of income (disability, child support, spousal support or veteran's income or voucher). Reasonable accommodations will be offered to all disabled persons who request accommodations due to disability at any time during the application, resident selection and rent up process.

III. Training

1. The recipient/managing agent shall provide property management staff with all relevant regulations and Fair Housing provisions. All property management staff shall be required to follow the procedures and policies adopted by the recipient/managing agent. In the event that

property management staff requires fair housing technical assistance, staff is to call the **City of Dallas Office of Fair Housing and Human Rights 214-670-FAIR (3247).**

2. Regular training programs shall including marketing, outreach, data collection, reporting, and record keeping. Property management staff shall annually receive instruction regarding fair housing laws and the recipient/managing agent's Affirmative Marketing Plan.

IV. Marketing and Outreach

1. All advertising shall display the Equal Housing Opportunity logo or the phrase "Equal Housing Opportunity" and the accessibility logo when appropriate, as shown below:

EQUAL HOUSING OPPORTUNITY

2. Consistent with resident population the development is designed to serve, the marketing of the project will ensure equal access to appropriate size units for all persons in any category protected by federal, state, and local laws governing discrimination. There will be no local residency requirements nor will preference be given to local residents for the project. Special marketing outreach consideration shall be given to the following traditionally underserved populations:
    a. African-Americans
    b. Native Americans
    c. Hispanics
    d. Asians and Pacific Islanders
    e. Disabled Persons

3. Marketing shall include the use of newspapers of general circulation in Dallas, The recipient/managing agent will place notices in newspapers, specialized publications, and newsletters to reach potential residents. Applications, notices and all publications will include a Fair Housing and Equal Opportunity Logo, and the Accessibility Logo.

4. The recipients/managing agent will contact local civic and community organizations representative of the ethnic and cultural diversity of the area in order to disseminate information about the development. Groups representing disabled and elderly individuals will be contacted. Where necessary, recipient/managing agent will publish its marketing materials in multiple languages and alternate formats as requested in order to better reach potential recipients and sub-recipients in the area with

language limitations.

V. Race and Ethnic Data Collection and Reporting

An applicant shall be given an application package containing the following: Application, Income Requirements and form HUD-27061-H "Race and Ethnic Data Reporting Form." The recipient/managing agent is required to offer each household member the opportunity to complete the form. Parents or guardians are to complete the form for children under the age of 18. Completed documents for the entire household shall be stapled together and place in the household's file.

VI. Compliance Assessment

1. The recipient/managing agent will review the Affirmative Marketing Plan every year and update as needed to ensure compliance. The advertising sources will be included in the review to determine if past sources should be changed or expanded.

2. The recipient/managing agent will annually assess the success of affirmative marketing actions for the project. If the demographic data of the residents vary significantly from the jurisdiction's population data, advertising efforts and outreach will be targeted to underrepresented groups in an attempt to balance the residents with the demographics of the jurisdiction. The recipient/managing agent shall submit any changes to the plan to the Fair Housing Office.

VII. Record Keeping

1. The assigned recipient/managing agent shall establish and maintain an Affirmative Marketing file to hold advertisements, flyers, and other public information documents to demonstrate that the appropriate logo and language have been used. Additionally, staff shall keep records of its activities in implementing the affirmative marketing plan, including other community outreach efforts and its annual analysis.

2. Recipient/managing shall keep up-to-date records based on census data, applications, and surveys about community residents, recipients and sub-recipients, residents of the project, and records about tenant selection or rejection.

3. The recipient/managing agent shall provide City staff provide City staff access to any pertinent books, documents, papers or other records of their properties, as necessary, for determining compliance with civil rights and nondiscrimination requirements.

APPENDIX 8
Residential Anti-Displacement and Relocation Assistance Plan (RARAP)

This Residential Anti-Displacement and Relocation Assistance Plan (RARAP) is prepared by the City of Dallas Housing & Neighborhood Revitalization Department (City) in accordance with the Housing and Community Development Act of 1974, Section 104(d) as amended and HUD regulations at 24 CFR 42.325 and is applicable to CDBG, CDBG-R, Section 108 Loan Guarantee Program, NSP and/or HOME-assisted projects.

Plan to Minimize Displacement of Low/Mod-Income Families as a Result of Any HUD Assisted Activities

Consistent with the goals and objectives of activities assisted under the Act, the City will take the following steps to minimize the direct and indirect displacement of persons from their homes:

- Coordinate code enforcement with rehabilitation and housing assistance programs.
- Support the Redevelopment and Stabilization Target Areas through this policy
- Ensure the staging of rehabilitation of apartment units to allow tenants to remain in the building/complex during and after the rehabilitation, working with empty units first.
- Ensure for the arrangement of facilities to house persons who must be relocated temporarily during rehabilitation.
- Identify and mitigate displacement resulting from intensive public investment in neighborhoods.
- Provide reasonable protections for tenants faced with conversion to a condominium or cooperative.
- Where feasible, give priority to rehabilitation of housing, as opposed to demolition, to avoid displacement.
- If feasible, allow for demolition or conversion of only dwelling units that are not occupied or vacant occupied dwelling units (especially those units which are "lower- income dwelling units" (as defined in 24 CFR 42.305).
- Target only those properties deemed essential to the need or success of the project.

Relocation Assistance to Displaced Persons

The City will ensure relocation assistance for lower-income tenants who, in connection with an activity assisted under the above-mentioned Programs, move permanently or move personal property from real property as a direct result of the demolition of any swelling unit or the conversion of lower-income dwelling unit in accordance with the requirements of 24 CFR 42.350.

A displaced person who is not a lower-income tenant, shall be provided relocation assistance in accordance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970m Section 104(d) as amended, and implementing regulations at 49 CFR Part 24.

One-for-One Replacement of Lower-Income Dwelling Units
The City will ensure replacement of all occupied and vacant occupied lower-income dwelling units demolished or converted to use other than lower-income housing in connection with a project assisted with funds provided under the above-mentioned programs in accordance with 24 CFR 42.375.

Before entering into a contract committing the City to provide funds for a project that will directly result in demolition or conversion of lower-income dwelling units, the City will ensure publication of such project in a newspaper of general circulation and submit to HUD the following information in writing:

1. A description of the proposed assisted project;

2. The address, number of bedrooms, and location on a map of lower-income dwelling units that will be demolished or converted to a use other than as lower-income dwelling units as a result of assisted project;

3. A time schedule for the commencement and completion of the demolition or conversions;

4. To the extent known, the address, number of lower-income dwelling units by size (number of bedrooms) and location on a map of the replacement lower-income housing that has been or will be provided. NOTE: See also 24 CFR 420.75(d).

5. The source of funding and a time schedule for the provision of the replacement dwelling units;

6. The basis for concluding that each replacement dwelling unit will remain a lower- income dwelling unit for at least 10 years from the date of initial occupancy; and

7. Information demonstrating that any proposed replacement of lower0income dwelling units with smaller dwelling units (e.g., a 2-bedroom unit with two 1- bedroom units), or any proposed replacement of efficiency or single-room occupancy (SRO) units with units of a different size, is appropriate and consistent with the housing needs and priorities identified in the HUD-approved Consolidated Plan and 24 CFR 42.375(b).

To the extent that the specified location of the replacement dwelling units and other data in items 4 through 7 are not available at the time of the general submission, the general location of such dwelling units will be identified on a map and the City will ensure that the disclosure and submission requirements are completed as soon as the specific data is available.

Replacement not required Based on Unit Available
Under 24 CFR 42.375(d), the City may submit a request to HUD for a determination that the one-for-one replacement requirement does not apply based on objective data that there is an adequate supply of vacant lower-income dwelling units in standard

condition available on a non-discriminatory basis within the area.

Responsible Entity

The City is responsible for tracking the replacement of lower income dwelling units and ensuring that they are provided within the required period. This City will also ensure that relocation payments and other relocation assistance are provided to any lower-income person displaced by the demolition of any dwelling unit or the conversion of lower-income dwelling units to another use.

APPENDIX 9
Other Federal Requirements

Other Federal Requirements	Apply to Owner Occupied Rehabilitation?	Apply to Homebuyer Programs?	Applies to Rental Housing Programs?
Non-Discrimination and Equal Access Rules			
Fair Housing and Equal Opportunity	Yes. Must affirmatively further Fair Housing	Yes	Yes.
Affirmative Marketing	Yes.	Yes, for all projects of five or more HOME-assisted units.	Yes; for projects containing five or more Home-assisted units.
Accessibility for Disabled Persons	Accessibility features must be part of rehabilitation, if needed by owner/occupant and the overall unit is brought up to the PJ's property standard. (Note: Accessibility improvements are eligible costs.)	Yes.	Yes.
Employment and Contracting Rules			
Equal Opportunity Employment	Yes.	Yes.	Yes.
Section 3 Economic Opportunity		Yes, if amount of assistance exceeds $200,000 or contract ***or*** subcontract exceeds $100,000.	Yes, if amount of assistance exceeds $200,000 or contract ***or*** subcontract exceeds $100,000.
Minority/Women Business Enterprises	No.	Yes.	Yes.
Davis-Bacon & other Labor	No.	Yes, if construction contract includes 12 or more units that are HOME-assisted	Yes, if construction contract includes 12 or more units that are HOME-assisted
Conflict of interest	Yes.	Yes.	Yes.
Excluded Parties (e.g., Debarred Contractors)	Yes.	Yes	Yes.
Other Federal Requirements			
Environmental Reviews	Yes.	Yes	Yes.
Flood Insurance	Yes for PJs that are cities/counties. No for State programs.	Yes if city or county. No if state program	Yes for PJs that are cities/counties. No for State PJs.

Site and Neighborhood Standards	No.	No.	Yes; for rental new construction only
Lead-Based Paint	Yes for pre-1978 units	Yes for pre-1978 units.	Yes for rehabilitation of pre-1978 units. Applies to HOME and non-HOME assisted units. Requirements differ depending on whether rehabilitation work is performed.
Relocation	Yes.	Yes	Yes.

APPENDIX 10
Lead-Based Paint Requirements

This portion of the manual outlines the requirements in relation to Lead-Based Paint.

The U.S. Department of Housing and Urban Development recently adopted new regulations in relation to the treatment of Lead Based Paint in properties built before 1978 that are assisted with HUD funding. The requirements are outlined below based on the activity undertaken. To obtain a copy of the rules from HUD, go to the HUD website at: www.hug.gov/lead and download the regulation.

The section does not outline the City programs that are available to provide financial assistance in relation to lead abatement. Please note, however that any financial assistance provided by the City to address lead based paint will be in the form of a GRANT to the homeowner to developer.

Down-payment Assistance Programs:

The following are HUD's requirements See 24 CFR part 35 (subpart K):

- Distribute Lead Hazard Information Pamphlet and Disclosure to buyers of homes built prior to 1978.
- Perform Visual Assessment of all painted surfaces.
- If Visual Assessment reveals deteriorated paint, action must be taken to stabilize each deteriorated paint surface.
  -At this point, one will have to assume every component has lead since the Visual Assessment does not determine where lead is present. Safe work practices must be used by trained worker in this field. Paint stabilization works will on non-friction surfaces such as walls (interior/exterior). When dealing with friction points such as windows and doors, abatement procedures (removal, replacement, enclosure) are recommended.
- After paint stabilization, clearance must be performed by a certified Risk Assessor or Lead Inspector. HUD has established lead levels that meet clearance requirements.
- Notify the homebuyer within 15 days of results of clearance exam.

At the Visual Assessment Stage, the homebuyer *may opt* for a lead test. This will reveal the levels of lead present in the home. A lead inspection will not tell you the risk involved, but only where the leas is located. This is when a buyer may request a Risk Assessment to outline the necessary Lead Hazard Reduction methods needed to insure a lead safe residence.

Following are some options (NOT REQUIREMENTS) to consider in relation to your program design for down payment assistance programs:

- If the visual assessment reveals defective paint in which stabilization and clearance is required then this cost can be funded by the nonprofit or the homebuyer or seller.
- If visual assessment shows no deterioration of a painted surface, the homebuyer can sign a waiver stating that they are aware of the potential presence of lead paint and they choose not to address it.
- A qualified consultant should advise on any lead inspection, lead hazard screen or risk assessments.

For Rehabilitation Programs (Owner-Occupied, Homebuyer, and Rental Property Rehabilitation Programs and Historic Preservation Residential Programs):

See 24 CFR Part 35 (subpart J)

If you are implementing a rehabilitation program, HUD's requirements are a bit more stringent in relation to lead based paint. The following describes HUD's requirements:

For HUD funded rehabilitation activities, lead hazard evaluation and reduction activities must be carried out for all projects constructed before 1978.

In all case, notification must be made to the homeowner/buyer in the form of the HUD Lead Hazard Information Pamphlet and Disclosure or an acceptable alternative pamphlet.

The required evaluation and reduction activity is dependent upon the amount of HUD funding used for the project.

> For cases where less than or equal to $5,000 will be spent on the rehabilitation: *Testing:* Paint Testing of surfaces to be disturbed by the rehabilitation activities must occur.
>
> *Lead Hazard Reduction*: Surfaces, which are disturbed during rehabilitation, must be re paired. Safe work practices must be used. After the rehabilitation activities are completed, clearance must be performed by a certified professional to ensure that units are safe.
>
> For cases where $5,001 to $25,000 will be spent on the rehabilitation:
> *Testing*: Paint testing of surfaces to be disturbed by rehabilitation must occur. In addition, a risk assessment must be performed.
>
> *Lead Hazard Reduction*: Interim controls must be used. This means that the friction and impact surfaces would be addressed. Interim controls include paint stabilization and cleaning. Safe work practices must be used. After the rehabilitation activities are completed, clearance must be performed by a certified professional to ensure that units are safe.

For cases where more than $25,000 will be spent on the rehabilitation:
Testing: Paint testing of surfaces to be disturbed by rehabilitation must occur. In addition, a risk assessment must be performed.

Lead Hazard Reduction: abatement of hazards is the required approach. Abatement involves permanently removing lead based hazards, often through paint and component removal, replacement, encapsulation and enclosure. Interim controls and paint
stabilization may be used on the home's exterior if it is not involved in the rehabilitation. Safe work practices must be used. After the lead hazard reduction activities are completed, clearance must be performed by a certified professional to ensure that units are safe.

Calculating the level of rehabilitation assistance:
When calculating how much HUD funding will be used on a rehabilitation project, the following costs are counted: soft costs, administrative costs, relocation costs, environmental reviews, acquisition of property, and lead hazard evaluation and reduction costs.

Lead-Based Paint Requirements
For HUD funded rehabilitation activities, lead hazard evaluation and reduction activities must be carried out for all projects constructed before 1978.

Less than or equal to $5,000 spent on the rehabilitation:
Projects where the level of rehabilitation assistance is less than or equal to $5,000 per unit must meet the following requirements. All work must be conducted using lead safe work practices and workers/contractors must be trained in lead safe work practices. It is presumed that painted surfaces being worked on contain lead-based paint. All disturbed paint must be repaired. Clearance is required by a State of Texas Certified Risk Assessor or Inspector if paint is disturbed. Safe work practices are NOT required when lead hazard reduction activities do not disturb (De Minimis Levels) painted surfaces that total more than 20 sq ft on exterior surfaces, 2 sq ft in any one interior room, or space or 10% of the total surface on an interior or exterior type of component.

In addition, the following notices must be provided to owners:

- Lead Hazard Information pamphlet
- Notice of Presumption and
- The Notice of Lead Hazard Reduction

Where $5,001 to $25,000 spent on the rehabilitation:
A risk assessment is required to identify lead hazards and identified hazards must be addressed by interim controls. A risk assessment must be conducted by a qualified professional prior to rehabilitation to find lead-based paint hazards in assisted units, in common areas that service those units, and on exterior surfaces. The risk assessment must include paint testing of any surfaces to be disturbed by the rehabilitation. If the risk assessment identifies lead-based paint hazards, interim controls must be implemented to address lead-based paint hazards. Interim controls must be performed by qualified professionals using safe work practices. Clearance, conducted by a State of Texas Certified Risk Assessor or Inspector, is required when lead hazard reduction activities are complete.

In addition, the following notices must be provided to owners:

- Lead Hazard Information pamphlet
- Notice of Presumption and
- The Notice of Lead Hazard Reduction

Where more than $25,000 will be spent on the rehabilitation:
A risk assessment is required to identify hazards and any identified hazards must be abated by a qualified professional. A risk assessment must be conducted prior to rehabilitation to find lead- based paint hazards in assisted units, in common areas that service those units, and on exterior surfaces. The risk assessment must include paint testing of any surfaces to be disturbed by the rehabilitation.

To address hazards identified:

- Abatement must be conducted to reduce all identified lead-based paint hazards except those described below. Abatement must be conducted by a certified abatement contractor.

If lead-based paint hazards are detected during the risk assessment on the exterior surfaces that are not to be disturbed by rehabilitation, interim controls may be completed instead of abatement to reduce these hazards.

- Clearance is required when lead hazard reduction activities are complete.

In addition, the following notices must be provided to owners:

- Lead Hazard Information pamphlet
- Notice of Presumption and
- The Notice of Lead Hazard Reduction

	<$5,000	$5,000 to $25,000	>$25,000
Approach to Lead Hazard Evaluation and Reduction	Do no harm	Identify and control lead hazards	Identify and abate lead hazards
Notification	Yes	Yes	Yes
Lead Hazard Evaluation	Paint Testing	Paint Testing and Risk Assessment	Paint Testing and Risk Assessment
Lead Hazard Reduction	Repair surfaces disturbed during rehabilitation	Interim Controls	Abatement (Interim controls may be used on exterior surfaces not disturbed by rehabilitation

APPENDIX 11
Environmental Review Policy, Procedures, and Standards

For every project, an Environmental Review must be completed in accordance with 24 CFR Part 58 prior to executing an agreement with a sub-recipient, developer or CHDO. The City has developed the "Environmental Review Policy, Procedures, and Standards" document to outline the process and requirements of completing an Environmental Review.

APPENDIX 12
SECTION 3

All projects receiving an award of HOME funds must comply with HUD's Section 3 requirements. The purpose of Section 3 is to ensure that employment, training, contracting, and other economic opportunities generated by financial assistance from HUD shall, to the greatest extent feasible, and consistent with existing federal, state, and local laws and regulations, be directed to low- and very low-income persons, particularly those who are recipients of government assistance for housing, and to business concerns that provide economic opportunities to low- and very low-income persons. Recipients of an award of HOME funds will be required to complete Section 3 compliance forms prior to execution of a loan agreement. Applicants requesting HOME funds must provide a written strategy demonstrating understanding of the Section 3 requirements and detailing how they will ensure that, when employment or contracting opportunities are generated because the project or activity necessitates the employment of additional persons or the award of contracts for work, preference shall be given to low- and very low-income persons or business concerns in the neighborhood. Neighborhood is defined in the HOME regulations (24 CFR Part 92, Subpart A) as "a geographic location designated in comprehensive plans, ordinances, or other local documents as a neighborhood, village, or similar geographical designation that is within the boundary but does not encompass the entire area of a unit of general local government."

Developers must obtain the City's approval of the Section 3 plan prior to the construction start of the project.

APPENDIX 13
MINORITY BUSINESS ENTERPRISE & WOMEN BUSINESS ENTERPRISE

Developers must maintain a MBE/WBE plan that demonstrates marketing and solicitation of MBE/WBE businesses and contractors for the construction of the project.

APPENDIX 14
Regulatory References

You may be interested in reading the actual regulations published by the U.S. Department of Housing and Urban Development for CDBG and HOME and the applicable federal requirements. A copy of the regulations may be obtained by the contracting the Department of Housing and Neighborhood Revitalization or downloading the information from the HUD website at www.hud.gov.

The regulations for CDBD are located at 24 CFR Part 570: Part 570 – Community Development Block Grants

Subpart A – General Provisions

Section	Title
570.1	Purpose and Primary Objective
570.2	Removed
570.3	Definitions
570.4	Allocations of Funds
570.5	Waivers

Subpart C – Eligible Activities

Section	Title
570.200	General Policies
570.201	Basic eligible activities
570.202	Eligible rehabilitation and preservation activities
570.203	Special economic development activities
570.204	Special activities by Community-Based Development Organizations (CBDO's)
570.205	Eligible planning, urban environmental design and policy-planning-management- capacity building activities
570.206	Program administration costs
570.207	Ineligible activities
570.208	Criteria for national objectives
570.209	Guidelines for evaluating and selecting economic development projects

The regulations for HOME are located at 24 CFR Part 92: Home Investment Partnerships Program

Section	Title SUBPART A - GENERAL
92.1	Overview
92.2	Definitions
92.4	Waivers and Suspensions of Requirements for Disaster Areas

SUBPART B – ALLOCATIONS FORMULA

92.50	Formula Allocations
92.60	Allocation Amounts for Insular Areas
92.61	Program Description
92.62	Review of Program Description and Certifications
92.63	Amendments to Program Description
92.64	Applicability of Requirements to Insular Areas
92.65	Funding Sanctions
92.66	Reallocations

SUBPART C – CONSORTIA; DESIGNATION AND REVOCATION OF DESIGNATION AS A PARTICIPATING JURISDICTION

92.101	Consortia
92.102	Participation Threshold Amount
92.103	Notification of Intent to Participate
92.104	Submission of a Consolidated Plan
92.105	Designation as a Participating Jurisdiction
92.106	Continuous Designation as a Participating Jurisdiction
92.107	Revocation of Designation as a Participating Jurisdiction

SUBPART D – SUBMISSION REQUIREMENTS

92.150	Submission Requirements

SUBPART E – PROGRAM REQUIREMENTS

92.200	Private-Public Partnership
92.201	Distribution of Assistance
92.202	Site and Neighborhood Standards
92.203	Income Determinations
92.204	Applicability of Requirements to Entities that Receive a Reallocation of HOME Funds, other than Participating Jurisdictions
92.205	Eligible Activities: General
92.206	Eligible Project Costs
92.207	Eligible Administrative and Planning Costs
92.208	Eligible Community Housing Development Organization (CHDO) Operating Expense and Capacity Building Costs
92.209	Tenant-Based Rental Assistance: Eligible Costs and Requirements

Lead Based Paint Regulations
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
24 CFR Parts 35, 91, 92, 200, 203, 206, 280, 291, 511, 570, 572, 573, 574, 576, 582, 583, 585,
761, 881, 882, 883, 886, 891, 901, 906, 941, 965, 968, 670, 982, 983, 1000, 1003, and 1005
Requirements for Notification, Evaluation and Reduction of Lead-Based Paint Hazards in Federally Owned Residential Property and Housing Receiving Federal Assistance.

AGENCY: Office of the Secretary – Office of Lead Hazard Control, HUD.

ACTION: Final rule.

SUMMARY: The purpose of this rule is to ensure that housing receiving Federal assistance and federally owned housing that is to be sold does not pose lead-based paint hazards to young children. It implements sections 1012 and 1013 of the Residential Lead-Based Paint Hazard Reduction Act of 1992, which is Title X of the Housing and Community Development Act of 1992.
The requirements of this rule are based on the practical experience of cities, states and others who have been controlling lead-based paint hazards in low-income privately-owned housing and public housing through HUD assistance. It also reflects the results of new scientific and technological research and innovation on the sources, effects, costs, and methods of evaluating and controlling lead hazards. With today's action, HUD's lead-based paint requirements for all Federal programs are now consolidated in one part of title 24 of the Code of Federal Regulations.

DATES: Effective Dates: Section 35.140 is effective on November 15, 1999. All other provisions of the rule are effective on September 15, 2000.

FOR FURTHER INFORMATION CONTACT: For questions on this rule, call (202) 755-1785, ext. 104 (this is not a toll-free number) or e-mail your inquiry to lead regulations@hud.gov. For lead-based paint program information, contact the Office of Lead Hazard Control, Department of Housing and Urban Development, 451 7th Street, SW, Room B-133, Washington, DC 20410- 0500. For legal questions, contact the Office of General Counsel, Room 9262, Department of Housing and Urban Development. Hearing and speech-impaired persons may access the above telephone number via TTY by calling the toll-free Federal Information Relay Service at 1-800- 877-8339.

Subpart A – Disclosure of Known Lead-Based Paint Hazards upon Sale or Lease of Residential Property.

Subpart B – General Lead-Based Paint Requirements and Definitions for All Programs

- **a.** Definitions
- **b.** Exemptions
- **c.** Options
- **d.** Notice of Evaluation and Hazard Reduction Activities

e. Lead Hazard Information Pamphlet
f. Use of Paint Containing Lead
g. Prohibited Methods of Paint Removal
h. Compliance with Other, State, Tribal, and Local Laws
i. Minimum Requirements
j. Waivers
k. Prior Evaluation or Hazard Reduction
l. Enforcement
m. Records

Subpart C – Disposition of Residential Property Owned by Federal Agency Other Than HUD **Subpart D –** Project-Based Assistance Provided by a Federal Agency Other than HUD **Subpart E** - Reserved
Subpart F – HUD-Owned Single-Family Property **Subpart G –** Multifamily Mortgage Insurance **Subpart H –** Project–Based Rental Assistance
Subpart I – HUD – Owned and Mortgagee-in-Possession Multifamily Property
Subpart J – Rehabilitation
Subpart K – Acquisition, Leasing, Support Services, or Operation
Subpart L - Public Housing Programs
Subpart M – Tenant-Based Assistance
Subpart N-Q – Reserved
Subpart R – Methods and Standards for Lead-Based Paint Hazard Evaluation and Reduction Activities

a. Standards
b. Adequacy of Dust-Lead Standards
c. Summary Notice Formats
d. Interim Controls
e. Standard Treatments
f. Clearance
g. Occupant Protection and Worksite Preparation
h. Safe Work Practices
i. Ongoing Lead-Based Paint Maintenance and Reevaluation

APPENDIX 15

OWNER-OCCUPIED HOUSING REHABILITATION / RECONSTRUCTION PROGRAM
GENERAL CONTRACTOR / HOMEBUILDER APPLICATION

A. COMPANY NAME: (Print) ____

Address ____

City, State, & Zip ____

Office Telephone No. ______________________ Employer's Tax No. ___________________

Cell No. ______________________ Fax No. ________________________

B. BUSINESS OWNER(S) / PRINCIPAL(S):

1. Name ____________________________________ Title _________________________

   Home Address ____

   City, State, & Zip ____

   Telephone No. (   )__________________ Fax No. (   )___________________

2. Name ____________________________________ Title _________________________

   Home Address ____

   City, State, & Zip ____

   Telephone No. (   ) _________________ Fax No. (   )_______________________

3. Name ____________________________________ Title _________________________

   Home Address ____

   City, State, & Zip ____

   Telephone No. (   ) _________________ Fax No. (   )_______________________

C. HISTORY OF COMPANY:

1. How long has your company been under the present company name? If less than 2 years, please
list previous company name, if any____

____

2. Are you a member of any trade or professional association? Yes ________ No ________

If yes, please indicate name and number of years as member: ________________________

____

____

3. Number of Employees: Office/Admin____Trades ____ (Give averages if number fluctuates)

4. Contractor's and/or Homebuilder's License Number ____________________________

Where Licensed ___________________

5. Have you ever had your Contractor's License revoked? Yes ________ No ________

If yes, provide year revoked and justification. ______________________________________

____

6. Have you ever defaulted on a contract? Yes ________ No ________

7. Are you on any debarment or suspension lists or have been declared ineligible to participate in any Federal Assistance Programs? Yes _________ No _________

8. Have any members of the firm been sued within the past 2 years by sub-contractors, suppliers, customers, or other persons? Yes _________ No _________

   If yes, give details: ____

   ____

9. Do you have working capital to start a home improvement job of $50,000.00? Yes_____

   No_____

10. How do you finance your work? ____

11. If this application is approved, how do you plan on financing these public prcjects?

    ____

12. If you intend on using interim financing from a lending institution to finance these public prcjects, please provide a commitment letter from your lending institution or other financial resources.

D. <u>CONTRACTOR'S INFORMATION AND BACKGROUND:</u>

1. Principal Contractor's Social Security Number: ________________________________

2. How long have you been in business? _______________________________________

3. Describe your construction background and specific trades: _______________________

____

____

____

If you have no construction background, who in your company does? _________________

____

4. In what areas and trades are you licensed by the City of Dallas? ________________

____

5. Who is responsible for jobsite day-to-day activities such as: scheduling, supervision, Coordination, quality control, clients concerns and complaints, etc.?

Name: ____

Title:____________________________ Years w/Company _________________

6. Please list full-time employees and the trades they cover? List names, trades and licenses,
if any, and years with the company.

____

____

____

7. What kind of warranty do you provide your customers upon completion of the construction work and how long is the warranty period?

____
____

8. How long does it take you to build a new 1,900 square foot home? ____________________

9. How long does it take you to complete a FULL rehab of a 1,900 square foot home on pier and beam? _____________________________________

E. CONSTRUCTION WORK PREFERENCE:

1. What type of construction work program do you want to participate in?

- Reconstruction (New construction) Yes_____ No_____
  - Single family units Yes_____ No_____
  - Multi-family developments Yes_____ No_____
- Rehabilitation (Existing homes) Yes_____ No_____
  - Single family units Yes_____ No_____
  - Multi-family developments Yes_____ No_____

E. EXPERIENCE WITH PUBLIC AGENCIES:

1. Have you participated or worked with similar federally-funded housing construction programs with other entities, i.e., Dallas Housing Authority (DHA), other housing non-profit organizations, etc.? Yes _________ No _________

If yes, please complete the following information:

(a) Agency Name ______________________________ Phone No. _______________

Address ______________________________ City, State, and Zip ____________________

Type of Work____

Contract Amount $ _________ Units Completed ______________ Date: ___________

(b) Agency Name _________________________________ Phone No. ________________

Address ______________________________ City, State, and Zip ____________________

Type of Work____

Contract Amount $ _________ Units Completed ______________ Date:____________

(c) Agency Name _________________________________ Phone No. ________________

Address ______________________________ City, State, and Zip ____________________

Type of Work ____

Contract Amount $ _________ Units Completed ______________ Date: ___________

(d) Agency Name _________________________________ Phone No. ________________

Address ______________________________ City, State, and Zip ____________________

Type of Work ____

Contract Amount $ _________ Units Completed ______________ Date: ___________

G. <u>CURRENT CONTRACT AGREEMENTS:</u>

Presently, do you have any contracts under construction? Yes _______ No ________

If yes, provide the following information:

Project Address	Contract Amount	Client's Name	Client's Phone No.	Construction Start and Expected Completion
1				

2				
3				
4				

H. INSURANCE REQUIREMENTS (See Attachment A): If your application is approved, you will be required to provide proof of insurance as outlined in Attachment A.

I. EXPERIENCE: REHABILITATION AND/OR RECONSTRUCTION WORK DURING THE PAST YEAR:

1. Name ______________________________ Phone No. ____________________

   Address ________________________ City, State, Zip ______________________

   Type of Work ____

   Contract Amount $ ______________________ Completed __________________

2. Name ______________________________ Phone No. ____________________

   Address ________________________ City, State, Zip ______________________

   Type of Work ____

   Contract Amount $ ______________________ Completed __________________

3. Name ______________________________ Phone No. ____________________

   Address ________________________ City, State, Zip ______________________

   Type of Work ____

   Contract Amount $ ______________________ Completed __________________

4. Name ______________________________ Phone No. ____________________

Address ______________________________ City, State, Zip ____________________

Type of Work ____

Contract Amount $ ______________________________ Completed ____________________

Contract Amount $ ______________________________ Completed ____________________

J REQUIRED DOCUMENTS

1. The following documents must accompany this General Contractor / Homebuilder Application before this application is accepted and processed

- ❑ Copy of Current Picture I.D. (Texas Driver's License) of Owners
- ❑ Copy of Current General Contractor's License
- ❑ Copy of Current Homebuilder's License
- ❑ Copy of commitment letter from financial resource if applicable
- ❑ Copy of Current Certificate of Liability Insurance to include General Liability & Workers compensation and employers' Liability
- ❑ 2007/2008 Tax Returns for Business or Owners

K. <u>PENALTY FOR FALSE OR FRAUDULENT STATEMENT:</u>

USC Title 18, Sec. 1001, states: "Whomever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statement or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than $10,000 or imprisoned not more than five years, or both."

The undersigned certifies that all information provided in this CONTRACTOR INFORMATION APPLICATION, and all information in support of said form, is true and complete to the best of the undersigned's knowledge and belief. Further, the undersigned hereby authorizes and requests any person, firm or corporation to furnish any information requested by the City of Dallas, Housing & Neighborhood Revitalization Department, in verification of the recitals comprising this statement of contractor's qualifications.

SIGNED this _______ day of ________________, 2008.

____

Name of Business

By: ________________________________

Print Name

Title: ________________________________

Owner, Partner, President, Agent or Representative

STATE OF TEXAS §

§

DALLAS COUNTY §

BEFORE ME, the undersigned authority, on this day personally appeared ___________________________

___________________________, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledges to me that the answers to the foregoing questions and all statements therein contained are true and correct.

GIVEN UNDER my hand and seal of office this _____ day of, ____________________, 2008.

____

NOTARY PUBLIC, STATE OF TEXAS

Please Return Completed Application to:

City of Dallas
Housing & Neighborhood Revitalization Department
Attention: Inspections Manager
1500 Marilla Street,
Dallas, Texas 75201

For Questions, please contact:

EXHIBIT "A"

INSURANCE REQUIREMENTS

Prior to the commencement of the Prcject or any other work under this Agreement, BORROWER shall furnish an original completed Certificate(s) of Insurance or the City's Standard Certificate of Insurance form to the City's Housing & Neighborhood Revitalization Department and City's Risk Management Division, and shall be clearly labeled with Agreement name, which shall be completed by an agent authorized to bind the named underwriter(s) and their company to the coverage, limits, and termination provisions shown thereon. The original certificate(s) of form must have the agent's original signature, including the signer's company affiliation, title and phone number, and be mailed directly from the agent to the City. The City shall have no duty to pay or perform under this Agreement or under any of the other Loan Documents until such certificate(s) shall have been delivered to the City's Housing & Neighborhood Revitalization Department and the City's Risk Management Office, and no officer or employee, other than the City's Risk Manager, shall have authority to waive this requirement.

The City reserves the right to review the insurance requirements of this section during the effective period of this Agreement and of the other Loan Documents, including the term of the Note, and any extension of renewal thereof and to modify insurance coverage and their limits when deemed necessary and prudent by the City's Risk Manager based upon changes in statutory law, court decisions, or circumstances surrounding the Prcject, this Agreement or any of the other Loan Documents, but in no instance will the City allow modification whereupon the City may incur increased risk.

A BORROWER's financial integrity is of interest to the City; therefore, sukject to BORROWER's right to maintain reasonable deductibles in such amounts as are first approved in writing by the City, BORROWER shall obtain and maintain in full force and effect for the duration of this Agreement and the other Loan Documents, and any extension thereof, at BORROWER's sole expense, insurance coverage written on an occurrence basis, by companies authorized and admitted to do business in the State of Texas and rated A- or better by A.M. Best Company and/or otherwise acceptable to the City, in the following types and amounts:

TYPE	AMOUNTS
1. Workers' Compensation ** Employers' Liability **	Statutory $1,000,000/$1,000,000/$1,000,000
2. Commercial General (public) Liability Insurance to include coverage for the following: a. Premises operations *b. Independent contractors c. Products/completed operations d. Personal Injury e. Contractual Liability *f. Explosion, collapse, underground g. Broad form property damage, to include fire legal liability	For Bodily Injury and Property Damage of $1,000,000 per occurrence; $2,000,000 General Aggregate, or its equivalent in Umbrella or Excess Liability Coverage
3. Business Automobile Liability a. Owned/leased vehicles b. Non-owned vehicles c. Hired Vehicles	Combined Single Limit for Bodily Injury and Property Damage of $1,000,000 per occurrence
4. Professional Liability (Claims Made Form)	$1,000,000 per claim to pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages by reason of any act, malpractice, error or omission in professional services.
*5. Payment/Performance Bond	$125,000.00
*6. Builder's Risk	$125,000.00
*7. Pollution of Fuel Storage Tank	$125,000.00
*8. Environmental	$125,000.00
*9. Commercial Crime/Fidelity Bond, etc.	$125,000.00
*10. Liquor Legal Liability	$125,000.00
* If Applicable	
** Alternate Plans Must Be Approved by Risk Management	

11. BORROWER must provide to City proof of continuous and renewed professional liability insurance having been obtained by all professional persons performing work or services in connection with the Prcject, such insurance policy having an extended discovery period of two (2) years, with such insurance policy being maintained in the same manner as set forth herein.

12. Upon completion of construction of the Prcject, BORROWER must carry insurance to the extent of 80% of A.C.V., fire and extended coverage policy.

13. BORROWER must provide insurance in the manner set forth herein protecting City with a standard mortgage clause naming City as loss payee for a sum equal at least to BORROWER's indebtedness to City.

BORROWER shall contractually require all third-party contractors associated with the Prcject to obtain the foregoing types of insurance, in the amounts and in the manner as specified herein.

The City shall be entitled, upon request and without expense, to receive copies of the policies and all endorsements thereto as they apply to the limits required by the City, and may make a reasonable request for deletion, revision, or modification of particular policy terms, conditions, limitations or exclusions (except where policy provisions are established by law or regulation binding upon either of the parties hereto or the underwriter of any such policies). Upon such request by the City, BORROWER shall exercise reasonable efforts to accomplish such changes in policy coverage and shall pay the cost thereof.

BORROWER agrees that with respect to the above-required insurance, all insurance contracts and Certificate(s) of Insurance will contain the following required provisions:

- Name City and its officers, employees, volunteers and elected representatives as additional insureds as with respect to operations and activities of, or on behalf of, the named insured performed under contract with the City, with the exception of the workers' compensation (and professional liability, if required) policies;

- BORROWER's insurance shall be deemed primary with respect to any insurance or self insurance carried by the City for liability arising out of operations under this agreement with the City or under any of the other Loan Documents; and

- Workers' compensation and employers' liability policy will provide a waiver of subrogation in favor of City.

BORROWER shall notify the City in the event of any notice of cancellation, non-renewal or material change in coverage and shall give such notices not less than thirty (30) days prior to the change, or twenty (20) days notice for cancellation due to non-payment of premiums, which notice must be accompanied by a replacement Certificate of Insurance. All notices shall be given to the City at the following address:

City of Dallas
Housing & Neighborhood Revitalization Department
Attn: Director
1500 Marilla St.
Dallas, Texas 75201

and

City of Dallas
Risk Management Division
P.O. Box 839966
Dallas, Texas 78283-3966

If BORROWER fails to maintain the aforementioned insurance, or fails to secure and maintain the aforementioned endorsements, the City may obtain such insurance, and deduct and retain the amount of the premiums for such insurance from any sums due under any of the Loan Documents; however, procuring of said insurance by the City is an alternative to other remedies the City may have, and is not the exclusive remedy for failure of BORROWER to maintain said insurance or secure such endorsement. In addition to any other remedies the City may have upon BORROWER's failure to provide and maintain any insurance or policy endorsements to the extent and within the time herein required, the City shall have the right to (a) withdraw from the Prcject, (b) withhold any and all Loan monies until BORROWER demonstrates compliance with the requirements hereof, (c) declare a default under the Note and/or (d) terminate any and all Loan Documents.

Nothing herein contained shall be construed as limiting in any way the extent to which BORROWER may be held responsible for payments of damages to persons or property resulting from BORROWER's or its subcontractors' performance of the work covered hereunder or under any of the other Loan Documents.

APPENDIX 16

INTERVENTIONS BY STRATEGY AREA

IMPLEMENTATION REQUIREMENTS					
	Requires an ordinance change	Authorized by Resolution	Policy Decision	Available through NEZ	Non-City Action
Accessory Dwelling Units	X				
Building Code Fee Waivers	X			X	
Community Court			X		
Code Lien Foreclosures			X		
Community Land Trust	X				
Contractor Training Program		X	X		
Development Code Fee Waivers	X				
Employer-Assisted Housing Program					X
Envision Centers					X
Expedited Processing			X		
Home Improvement Preservation Program		X	X		
Homestead Preservation Districts			X		
Housing Trust Fund		X			
Incentive Zoning/Density Bonuses	X				
Lien Releases	X				
Multi-Family Rehab Program		X			
Neighborhood Empowerment Zones		X			
Opportunity Zones					
Park Land Dedication Fees					
Property Tax Abatement		X		X	
Rental/Homeowner Maintenance Education Program	X				
Tax Increment Financing (TIF)		X			
Voucher Sublease Program		X	X		

	Proposed Type of Activities	Redevelopment Areas	Stabilization Areas	Emerging Markets	Citywide	
1	Notice of Funding Availability: New Development (for-sale and rental) or Substantial Rehabilitation	P	P	N	Y	
2	Preservation of owner-occupied housing: Home Improvement & Preservation Program	P	P	y	Y	
3	Preservation of Single-Family rental housing: Home Improvement & Preservation Program	P	P	Y	Y	
4	Preservation of Multi-Family rental housing: Home Improvement & Preservation Program	P	P	Y	Y	
5	Landbanking	N	P	P	N	
6	Code Lien Foreclosures	N	P	P	N	
7	Neighborhood Empowerment Zones (unlocks development fee waivers including landscape and tree mitigation and parkland dedication fees & property tax freeze)	N	Y	N	N	
8	City's Second Mortgage Assistance Program (DHAP)	Y	Y	Y	Y	
9	Neighborhood Revitalization Strategy Area Designation	P	P	P	N	
10	Dallas Tomorrow Fund (Dept. of Code Compliance home repair fund through fee assessment)	Y	Y	Y	Y	
11	Code Academy	Y	Y	P	Y	P= Priority Y=Yes N=No
12	Tax Increment Reinvestment Zone designation - If one doesn't already exist	Y	Y	Y	N	
13	Create Neighborhood Association	Y	Y	P	Y	
14	Neighborhood Sweep - 2 week intensive; minor street repair, code inspections, signage, beautification projects, neighborhood plan)	Y	Y	P	N	
15	Neighborhood Beautification Projects	Y	Y	P	Y	
16	Low Income Housing Tax Credit City support - with scoring criteria	N	Y	N	Y	
17	Voucher Sublease Agreements	Y	Y	Y	Y	
18	Accessory Dwelling Units	See Citywide	Y	See Citywide	Y-opt in	
19	Incentive Zoning	P	P	N	Y	
20	Homestead Preservation District designation	N	P	N	N	
21	Community Land Trust	Y	P	N	N	
22	Tenant Based Rental Assistance Program (HILI)	-	-	-	Y	
23	Express Plan Review	P	P	N	N	

Dallas' Small Business Ecosystem Assessment

BUILDING A STRONGER, MORE INCLUSIVE FUTURE FOR DALLAS

JPMorgan Chase & Co.

next street

DreamSpring

EXECUTIVE SUMMARY

On behalf of the sponsors, advisors, and contributors who have participated in this research, we are pleased to share the following report on the state of the small business ecosystem in Dallas. This report includes a comprehensive assessment of the small business landscape in Dallas, with specific emphasis on the needs and opportunities facing Black- and Latinx- owned businesses, businesses owned by women, and businesses owned by residents of South Dallas.

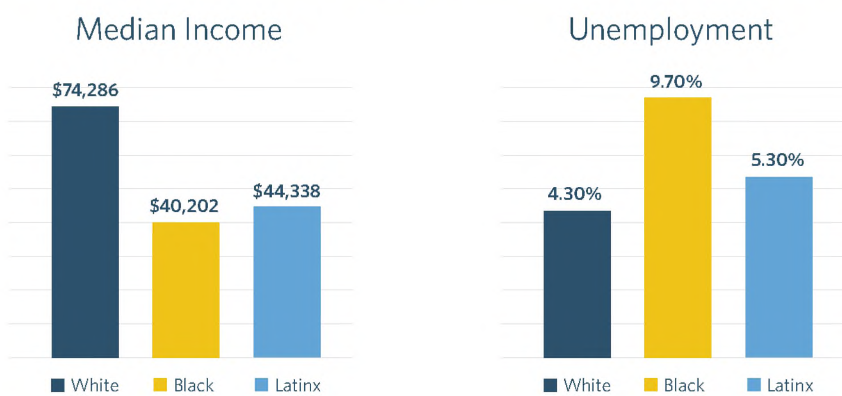
The research and analysis summarized in this report were completed by Next Street, a mission-driven advisory firm revolutionizing how its clients provide capital, customers, and services to small businesses and entrepreneurs. Next Street's goal is to equip its clients with the strategies and tools to drive equitable small businesses growth for a more inclusive U.S. economy. The work was led by DreamSpring (formerly Accion serving Arizona, Colorado, Nevada, New Mexico, and Texas), in partnership with a formal Steering Committee consisting of Business and Community Lenders (BCL) of Texas, the City of Dallas, JPMorgan Chase's Small Business lending team, LiftFund, and PeopleFund, as well as, an Advisory Committee of over 40 local economic development stakeholders, capital providers, and business support organizations (BSOs). This work was graciously supported by the JPMorgan Chase, Better Together Fund, and the W.W. Caruth Jr. Fund at the Communities Foundation of Texas.

The city of Dallas is a large and thriving economic center with several unique assets that position it to drive significant ongoing support to its small business sector. Located in a pro-business, low tax state, and equipped with two highly trafficked airports and abundant land for development, the North Texas metropolitan area has become home to large corporate headquarters such as AT&T, Southwest Airlines, and Texas Instruments. The GDP of the broader Dallas-Fort Worth area has grown almost 50% over the last 10 years, and employment has grown 14.1% in the same period.[1 2]

Despite strong growth and access to new resources, economic opportunities have not been equitably distributed across the city. In 2013, Dallas was ranked last among 274 large American cities in overall inclusion by the Urban Institute, as measured by a combination of indicators including income and racial segregation, percent of working-poor families, racial poverty, education gaps, and median family income.[3]

In 2013, Dallas was ranked last among 274 large American cities in overall inclusion by the Urban Institute

Key Economic Indicators by Race/Ethnicity in Dallas County, 2017 [4]



Given the pervasive inequities that exist, now is an ideal time to consider new wealth building strategies to lift up marginalized and underserved communities. It is our firm belief that support for small businesses should be considered as one of those strategies to drive inclusive growth, job creation, and neighborhood revitalization. However, no comprehensive data analysis and synthesis of the small business landscape has been performed in Dallas to-date to support such initiatives. As such, the purpose of this report is to combine quantitative analysis with qualitative perspectives to identify potential interventions to help small businesses in Dallas grow and thrive, with expected attendant benefits accruing to the city and the broader population.

[1] Total GDP for Dallas-Fort Worth-Arlington, TX (MSA), Federal Reserve Bank of St. Louis Economic Research, (2018)
[2] Longitudinal Employer-Household Dynamics data via QWI Explorer (2019)
[3] "Measuring Inclusion in America's Cities" (2018), Urban Institute
[4] U.S. Census Bureau, American Community Survey 2017, 5-year estimates - Dallas County

Our research unearthed several findings on disparities related to existing small business growth and the Dallas economy more broadly:

While small business growth in Dallas has been strong, it has lagged overall economic growth as more emphasis has been placed on attracting and retaining large corporate headquarters.

There are significant disparities in the number of business establishments, the performance and growth of small businesses, and access to critical support resources across racial, ethnic, gender, and geographic lines that have not shifted significantly in recent years.

Bank lending still dominates the small business financing market, with only a small number of active alternative lenders. Despite recent improvements, bank lending is not proportionately deployed to small businesses in low income or predominantly Black or Latinx communities.

Despite a number of effective business support organizations and capital resources that exist today, there are several gaps, including limited start-up, credit and personal asset-building, and industry-specific support offerings, as well as flexible capital options which are not available at the necessary scale to serve current and aspiring small business owners.

The landscape of capital providers and business support organizations has not historically operated as a cohesive ecosystem, with limited collaboration and few referrals amongst organizations.

Small business owners are not consistently aware of the local resources available to them and have trouble navigating a fragmented landscape of providers.

In response to these challenges, our research identified a critical need for a more coordinated approach to supporting businesses owned by women, people of color, and residents of South Dallas, as well as ensuring that services available in the market are well known and easily accessible. We also see an opportunity for capital providers and business support organizations to both improve existing offerings and build out new offerings that target specific needs of current and aspiring business owners.

What came through clearly in our conversations with local stakeholders is that there is an opportunity to seismically shift the way the city supports its small businesses and promotes inclusive economic growth. There is also broad recognition of the urgent need to make this shift, in order to combat historic disinvestment in communities like South Dallas. This report culminates in a set of recommendations and a proposed path forward that is rooted in the belief that a healthy, equitable, and diverse small business ecosystem is vital to increasing economic growth in Dallas. We believe the collection of leaders and stakeholders gathered throughout the course of this project are committed to fulfilling the vision of creating a coordinated small business support network that can drive equitable economic opportunities for all citizens in Dallas.

Research Objectives

1. **Fill a void in available market data and provide insights on small businesses with a focus on Black, Latinx, and female business owners**
2. **Improve the understanding of small businesses operating in, and owned by residents of specific neighborhoods (e.g., South Dallas) in which other interests, development efforts, and funding are already directed**
3. **Strengthen perspectives on the dynamics affecting demographic groups of interest, including Black and Latinx business owners**
4. **Establish an understanding of the landscape of capital providers (debt and equity) that cater to these segments of the economy**

TABLE OF CONTENTS

Recognizing business ownership as a pathway to economic empowerment, wealth creation, and upward mobility presents an opportunity for cities like Dallas and others across the nation to push for a more inclusive economic future.

INTRODUCTION AND CONTEXT

Across the United States there is increasing acknowledgment that historically discriminatory policies have created significant and seemingly intransigent wealth and income gaps. Among several levers used to address these gaps, policymakers and others have found small business development to be a powerful tool to foster inclusive economic growth. Recognizing business ownership as a pathway to economic empowerment, wealth creation, and upward mobility presents an opportunity for cities like Dallas and others across the nation to push for a more inclusive economic future.

The Power of Small Business – National Trends

1 Self-employed business owners, especially business owners of color, experience faster earnings growth than wage and salary workers.[5]

2 White adults hold 13x the wealth of Black adults, but White business owners only hold 3x the wealth of Black businesses owners, with the gap closing. [6]

3 Businesses with fewer than 50 employees employ roughly a quarter of the U.S. private sector workforce.

4 47% of business owners of color hire staff predominately comprised of people of color, compared to 13% of non-people of color business owners.

5 Small business growth is disproportionately driven by new businesses owned by women and people of color, the fastest-growing segment of start-ups and early stage businesses. [7]

6 Small businesses often hire people from their community who may face barriers in accessing work in the broader labor market. [8]

7 Nationally, more than 75% of Black-owned businesses and 70% percent of Latinx-owned businesses report actively looking to grow, compared to 64% of White-owned firms. If Black-owned small businesses alone were able to reach parity with national small business employment rates, 600,000 new jobs would be created and $55 billion would be added to the economy.

[5] Horatio Alger Meets the Mobility Tables, NBER Working Paper #7619, Holtz-Eakin, Douglas, Harvey S. Rosen, Robert Weathers, (2000)
[6] Association for Enterprise Opportunity (AEO) The Tapestry of Black Business Ownership in America: Untapped Opportunities for Success, (2017)
[7] Klein, Joyce. Aspen Institute. Bridging the Divide: How Business Ownership Can Help Close the Racial Wealth Gap, 2017
[8] Association for Enterprise Opportunity (AEO) The Tapestry of Black Business Ownership in America: Untapped Opportunities for Success, 2017

However, fostering inclusive small business development is not a simple or easy solution to combat decades of economic inequality. In fact, the broad wealth gaps that small business development seeks to solve have created the very obstacles that disproportionately affect women and people of color. While these challenges, such as inability to access start-up capital and adequate technical support, are common across all geographic regions, they can play out very differently on a city-by-city basis. In order to create programs, policies, and strategies to best support a wide range of small business owners, local stakeholders must first fully understand the needs, challenges, and opportunities experienced by business owners in their unique city or region.

The purpose of this report is to explore these topics for Dallas in order to answer questions such as:

> What strategies can be adopted to support and foster a more equitable small business ecosystem?

> How can the city's leaders and stakeholders contribute to charting a new path that celebrates the value of diversity and creates a more level playing field?

> How can various business support resources best work in concert to support small business growth across the city?

> How can new resources be developed that specifically create a more inclusive small business ecosystem?

Since Dallas's small businesses are critical levers for inclusive economic development, job creation, and neighborhood revitalization, it is crucial to begin with a shared understanding of the ecosystem today.

HOW WE APPROACHED THE RESEARCH

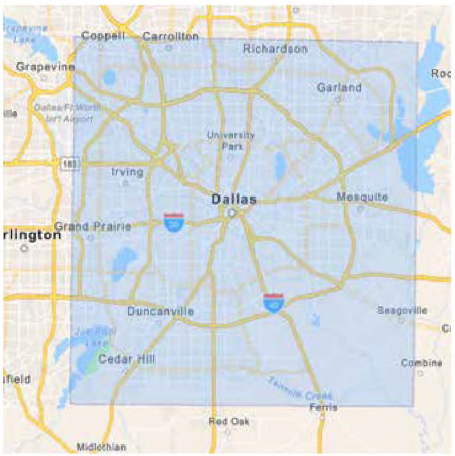
In order to provide a comprehensive overview of Dallas's small business ecosystem, we sought to capture relevant data and feedback from a variety of sources including previously compiled reports, publicly available datasets, and direct feedback from local stakeholders and small businesses. We note several potential limitations of our quantitative and qualitative analyses which should be considered in the context of the overall research findings in Appendix I.

Figure: How the Work Was Structured

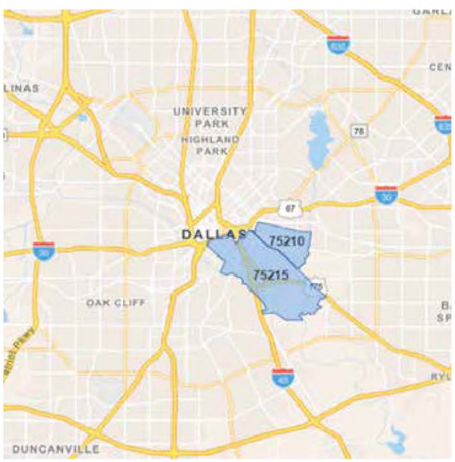
WORKSTREAM	ACTIVITIES
Literature Review	**Surfaced, aggregated, and analyzed relevant research reports, strategic plans, surveys, and other analyses from the past five years (listed in Appendix)**
Small Business Market Segmentation and Sizing	**Analyzed census and other publicly available data to understand the current small business landscape in Dallas, including business size, industry, location, and ownership information for women and people of color**
Small Business Capital Landscape	**Analyzed publicly available bank lending and equity funding data to measure the current supply of capital available to small business and to build a database of existing capital providers**
Small Business Focus Groups	**Gathered direct perspectives from business owners in Dallas from various industries and stages of growth through focus groups aimed at understanding business needs and knowledge of and access to support resources and capital**
Interview Program	**Interviewed over 30 local economic development stakeholders, capital providers, and business support organizations to understand their role in the Dallas ecosystem and to get a sense for the needs and opportunities facing the city**
Broad Stakeholder Engagement	**Convened over 40 stakeholders into a Steering Committee that leveraged their knowledge of the Dallas small business landscape to narrow and prioritize identified gaps in the small business support ecosystem and strategies to address those gaps**

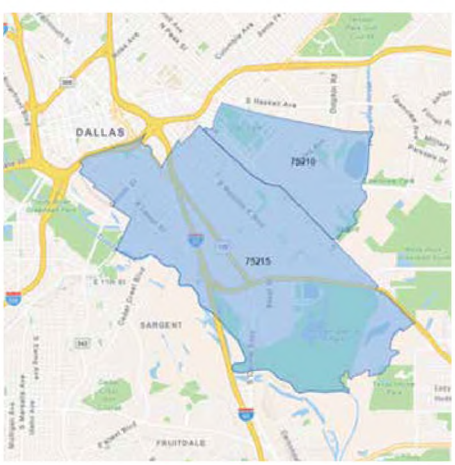
Key Focus Areas and Definitions:

Figure: Dallas County



Figures: South Dallas





Images via ArcGIS mapping software

Through the course of the research and writing of this report, several key definitions were used about the types of businesses and business owners focused on in this work.

Defining "Small Business"

We define "small businesses" as firms with 50 full-time employees or fewer including micro businesses, mom-and-pop businesses, sole-proprietor or non-employer businesses, and business owners without business licenses. For cases in which data on this definition of small businesses is unavailable, we use the category of "employer businesses," which is defined as businesses with at least one, but fewer than 50 full-time employees.

Demographic Breakdown

This report specifically focuses on business owners from demographic groups that seem to face systemic challenges in forming, launching, and growing their business in Dallas, especially Black, Latinx, and female business owners, due to their significant underrepresentation across a range of business ownership metrics. Census definitions are used for these demographic groups throughout the analysis performed.

Geographic Focus

Most of the content in this report, especially quantitative data analysis, will define Dallas at the County level, a slightly wider geographic area than just the city of Dallas, but one that still excludes adjacent cities of Plano, Arlington and Fort Worth. Broader geographic areas are referenced where County-level data is not available. Parallel analysis was done where possible on South Dallas, defined by the two zip codes 75210 and 75215.

Industry Focus

We identified and analyzed small businesses by industry, first as defined by the North American Industry Classification System (NAICS), and then grouping associated industries into clusters with shared characteristics. Through analysis, seven high-potential industries were identified for potential subsequent focus in Dallas, including Food & Beverage Manufacturing, Social Assistance and Homecare, Business Services, Construction – Building Trades, Creative Industries, IT & Digital, and Logistics, Distribution and Ecommerce. Additional information on the industry clusters can be found in the Appendix.

In the sections that follow, we include a synthesis of key findings on the overall small business landscape in Dallas including business characteristics and needs and the availability and quality of capital sources. Taken together, these key components provides a holistic view of Dallas's entrepreneurial environment.

WHAT WE FOUND

Dallas is one of the largest and fastest growing cities in the country. Over the last several years it has consistently seen a net inflow of economic activity due to low cost of living, low taxes, and a favorable business environment.[9] The small business sector in Dallas has benefited from this growth, expanding 2% faster over the past 5 years than national and peer city averages in terms of the number of small businesses and total employment by small businesses.[10]

However, while economic growth in Dallas has expanded the small business sector, it has disproportionately benefited large corporations. Small business growth has lagged overall economic growth in Dallas over the last 5 years in terms of employment (7.9% vs. 15.5%), and the number of employer businesses and the contribution of small business to the Dallas economy has been steadily shrinking.[11] This declining share of overall economic opportunity for small businesses that provide crucial wealth building opportunities for people of color, along with other factors, has resulted in slower wealth and income growth among marginalized communities, especially in low income areas and among Black residents.

Additionally, growth that has occurred in the small business sector has not been inclusive. There have been low existing ownership rates by women (20% of all businesses) and by Black (3.4%) and Latinx (7.6%) entrepreneurs and little change in these rates over time. Since 2014, Black and Latinx ownership of employer firms in the broader Dallas-Fort Worth region each increased by less than 0.2% to ~3,000 and ~8,000 businesses respectively, and female ownership by only 0.9% to ~22,000 businesses.[12]

More information on business ownership in Dallas can be found on the next page. One point of interest for further analysis and potential learning is that Asian business ownership in Dallas-Fort Worth has been the fastest growing segment, with their share of overall establishments growing by over 2%, to ~17,000 businesses.[13]

Of all White-owned businesses in Dallas, 20.3% of White-owned businesses have full-time employees while only 3.3% of Black-owned businesses and 5.8% of Latinx-owned businesses do.[14] Similarly, the average White-owned business in Dallas earns $691,281 in revenue annually, while Black-owned businesses earn an average of $52,847 and Latinx-owned businesses earn $114,950; the disparity between average revenues between male- and female- owned businesses is only slightly better at $753,317 vs. $176,923.[15] Furthermore, the industries that see the highest proportion of business owners of color include Social Assistance, Transportation, Waste Management, Repair Services, and Other Personal Services; whereas, higher margin industries like Real Estate, Finance, and Information see the lowest rates of participation by people of color.

9 Dallas Regional Chamber, Dallas Economic Development Guide (2018)
10 U.S. Census Bureau, County Business Patterns (2016) - Dallas County
11 U.S. Census Bureau, County Business Patterns (2016) - National, Dallas County
12 U.S. Census Bureau, Annual Survey of Entrepreneurs (2017) - Dallas-Fort Worth MSA
13 U.S. Census Bureau, Annual Survey of Entrepreneurs (2017) - Dallas-Fort Worth MSA

Dallas County Small Business

BUSINESSES

60,487 Small Businesses in **Dallas County**

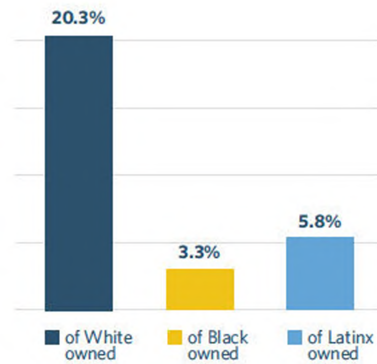
+7.1% 5 Year Growth

382 Small Businesses in **South Dallas**

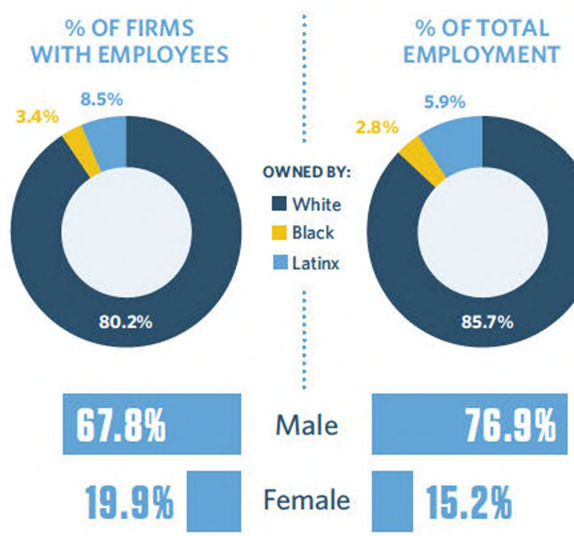
-3.3% 5 Year Growth

EMPLOYER VS. NON-EMPLOYER

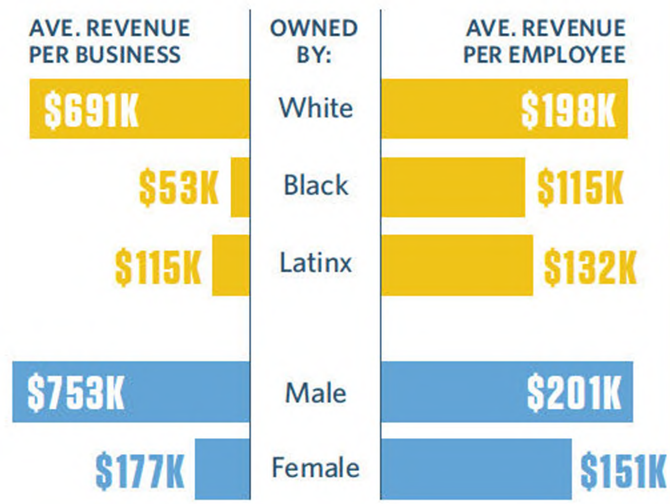
18% of businesses have paid employees



OWNERSHIP OF BUSINESSES



BUSINESS VALUE BY OWNERSHIP



While Dallas is in a strong economic position to better support small businesses, and fundamental small business growth trends are positive, there is still significant work to be done to ensure that growth is inclusive and addresses existing disparities in economic opportunity based on race, ethnicity, gender, and geography.

[14] U.S. Census Bureau, Survey of Business Owners (2012) - Dallas County

[15] U.S. Census Bureau, Survey of Business Owners (2012) - Dallas County

Neighborhood Spotlight: South Dallas

The two zip codes that make up South Dallas represent roughly 14 square miles extending directly south and east of Downtown Dallas bordered by the Trinity River to the south and Pacific Ave to the north and extending out to White Rock Creek / William Blair Jr. Park to the east, including Fair Park. Residents of the area make up a small portion of Dallas County (~1%) but one that has grown 16.4% over the last 5 years, compared to 7.3% for the County broadly. Of the residents in South Dallas, 68% are Black and 26% are Latinx.[16]

From the 1930s through the 1950s, population growth of Black residents in South Dallas expanded, driven mainly by large influxes of working-class Black individuals seeking opportunities in the city. This growth of the Black community led to simultaneous flight of the existing White population, and increased redlining of South Dallas neighborhoods. The subsequent decades led to the destruction of Black property and wealth in the neighborhood and pushed the Black middle class to move elsewhere in the city, where racial tensions were less fraught. Construction of highways in the area in the 1960s further stripped away commercial and residential property and wealth from the Black community, creating broad areas of poverty that continued to see declining incomes and increasing crime during the 1980s and 1990s.[17]

Continued disinvestment in South Dallas has caused much of this damage to remain unaddressed today. South Dallas includes only 11 of the 529 census tracts in Dallas County, but includes 40% of the lowest income census tracts; 75210 and 75215 are the 3rd and 6th lowest income zip codes, respectively, in Dallas County. South Dallas has unemployment and poverty rates more than 2x the county average, with less than half the per capita income. Additionally, only 8.6% of residents over 18 have at least a bachelor's degree, a proportion significantly below the county level of 27.1%.[18]

These disparities have significantly impacted the local small business landscape. South Dallas's current small business landscape lacks the density and diversity of Dallas County overall. There are roughly **1.5x more employer small businesses per capita in Dallas County than in South Dallas and 37% of South Dallas employer businesses are in just two industries: Retail and Other Services.**[19] There was also a decline in the number of employer small businesses in South Dallas from 2011 to 2016 compared to 7% growth of businesses in the County overall.[20]

37%

of South Dallas employer businesses fall under **Retail and Other Services.**

1.5X

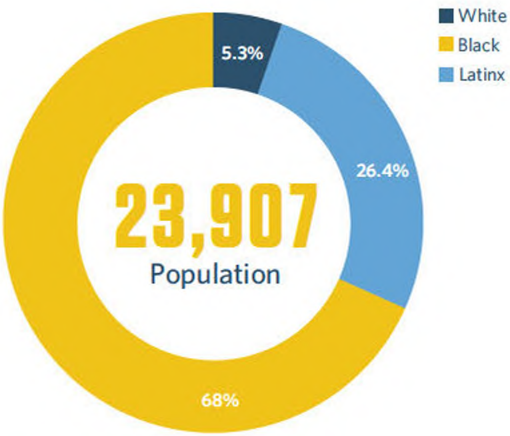
more employer small businesses per capita in Dallas County than in South Dallas

[16] U.S. Census Bureau, American Community Survey 2017, 5-year estimates - 75210, 75215, Dallas County
[17] "Bonton + Ideal: A Dallas Neighborhood Stories Film" buildingcommunityWORKSHOP (2016
[18] U.S. Census Bureau, American Community Survey 2017, 5-year estimates, Dallas County
[19] U.S. Census Bureau, Zip code Business Patterns (2016) 75210, 75215
[20] U.S. Census Bureau, Zip code Business Patterns (2016) 75210, 75215

> Despite its challenges, South Dallas has characteristics that help position it well for a renaissance with the appropriate investment.

There is good existing transportation infrastructure   including rail and bus lines   that provides the opportunity to take advantage of its proximity to downtown. Land prices are cheap, and early signs of revitalization can be seen on thoroughfares like Martin Luther King Jr. Blvd. Several groups have also explored taking advantage of South Dallas's recent Opportunity Zone designation to drive additional investment into the community through potential funds and there are ongoing initiatives to support South Dallas, including but not limited to efforts by the State Fair of Texas, The Real Estate Council Community Fund, St. Phillips School & Community Center, and other anchors and developers. The community has also exhibited incredible resilience throughout years of disinvestment. These community members and small business owners have the potential and will to transform their community with the right support and investments.

DEMOGRAPHICS



+16.4% 5 year growth in population

BUSINESS

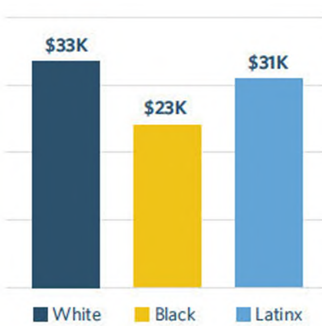
411 Employer Businesses

93% Small Businesses *(<50 Employees)*

164 Small businesses per 10,000 residents

INCOME

$27K Median household income



EMPLOYMENT

16,358 Employees

11.4% Unemployment

Industry Focus Areas: Key Insights

In order to evaluate opportunities and challenges specific to businesses owned by women, people of color, and those from South Dallas, our research prioritized an analysis of seven industry clusters including Food and Beverage Manufacturing, Social Assistance and Homecare, Business Services, Construction Building Trades, Creative Industries, IT and Digital, and Logistics, Distribution, and Ecommerce.

EVALUATION CRITERIA

The following criteria were used to evaluate industry clusters for their potential benefit to target business owners:

> **Growth trajectory:** Industries that have experienced growth in employment over the past 5 years

> **Small business concentration:** Industries with higher than average representation by businesses under 50 employees

> **Representation in South Dallas:** Industries that are currently located in South Dallas

> **Ownership by People of Color:** Industries that have representative ownership by people of color today, split out by Black/African American ownership, Latinx Ownership, and Non-White ownership, which includes Asian, Native American, and those who identify as having Two or More Races

> **Low Barriers to Entry:** Industries that have lower barriers to entry as represented by % workforce without a college degree

Sector	Sub-Sectors	Key Facts[21]	Rationale for Prioritization	Relevant Local Assets	Challenges to Scale
Food & Beverage Manufacturing	• Food mfg • Bev mfg	• 252 establishments • 13,896 employees	• Recent strong growth driven by small business • Low barriers to entry and overlap with retail food and beverage • Above average Latinx business ownership • High business margins	• Access to local agriculture • Robust logistics networks • Available warehouse space that could be retrofitted • Emergence of local craft brands in gentrifying neighborhoods (Deep Ellum, Bishop Arts)	• Low participation by Black business owners • Few targeted BSOs or Commercial Kitchens • Stagnation of manufacturing growth broadly
Social Assistance & Homecare	• Nursing and residential care facilities • Social assistance	• 1,320 establishments • 35,438 employees	• High concentration in South Dallas • Rapid small business growth • Above average Black business ownership • Low barriers to entry, but low margins and wages as well	• Low regulations and licensing requirements in Dallas • Big players in healthcare support thriving network of healthcare professionals • High volume of baby boomers, especially in South Dallas	• Funding often dependent on alternative lenders like CDFIs, of which there are few in Dallas • Competitive landscape is crowded in Dallas
Business Services	• Scientific and technical services • Admin & support services • Specialty food, laundry, equipment services	• 5,593 establishments • 168,028 employees	• High concentration of businesses in both Dallas County and South Dallas • Above average Black business ownership and high diversity of employees • Opportunities to scale through serving local anchor institutions and corporations	• 22 Fortune 500 companies have headquarters in Dallas, providing large market opportunities • Healthcare providers also provide niche, high margin market opportunities	• Competitive landscape is crowded in Dallas • Limited business networks led by people of color to support minority-owned businesses • Growth potential varies widely based on mindset of owner and type of service provided
Construction – Building Trades	• Construction of buildings • Specialty trade contractors	• 3,699 establishments • 66,193 employees	• Very high rates of Latinx business ownership • Significant small business and employment growth • Accessible employment opportunities with high wages	• Large-scale corporate and mixed-use development projects that have driven growth of the industry • Significant private development in retail and commercial space catalyzed by public investment	• Emphasis on large-scale development can create barriers for small businesses • Crowded competitive market makes securing contracts and ramping capacity difficult
Creative Industries	• Architecture and interior design • Communication arts • Entertainment • Fashion • Furniture and decorative arts • Publishing	• 3,317 establishments • 49,887 employees	• Consists of areas of high momentum of Black and Latinx entrepreneurs nationally • High concentration in South Dallas • Accessible high wage jobs	• 5th largest consumer media market in the U.S. • Thriving Design District with showrooms, retail outlets, and Arts District with theaters and galleries • Corporate HQs provide large market opportunity for creative services	• Despite the existence of government programs focused on attracting film and media production to the area, there has been low media production in Dallas since 2010 • Industry clusters not formalized, with no targeted funding or support resources
IT & Digital	• Software publishers • Computer programming • Data processing and hosting • Computer hardware mfg	• 2,575 establishments • 58,109 employees	• One of the highest potential sectors with rapid business and employment growth, high margins and wages	• Low electrical costs • One of four U.S. Patent and Trademark offices located in Dallas • Emerging entrepreneurial culture led by initiatives like TechWildcatters and Dallas Start-up Week	• Limited broadband access in South Dallas and other LMI areas • Tech sector underdeveloped compared to local peers like Austin • Black and Latinx entrepreneurs historically underrepresented
Logistics, Distribution & Ecommerce	• Truck transportation • Couriers and messengers • Warehousing and storage • Wholesalers • Electronic shopping	• 6,120 establishments • 158,019 employees	• High margin, wealth creating businesses • Large portion of Dallas and South Dallas economy • Rapid small business growth with accessible jobs	• Geographic proximity to major cities and consumer hubs • Access to transport infrastructure including rail and air systems and large interstates • Four Foreign Trade Zones within Dallas • Logistics capacity rapidly growing in southern Dallas	• High reliance on physical space by supply chains that can be expensive • High competition of labor within logistics and warehousing

[21] U.S. Census Bureau, County Business Patterns (2016) - Dallas County

Capital Landscape: Analysis and Key Findings

One of the most important indicators of the strength of the small business sector in a city or region is the availability of financing to support small business start-up and growth. Alternative lending and other community financing models are especially important to entrepreneurs of color and those from low income communities who often have limited to no access to capital products from formal sources, such as bank loans, venture capital, and private equity, or informal sources, like friends and family. For this reason, an inclusive small business support ecosystem must include debt and equity products, and grants across a wide spectrum of sizes, terms, and levels of flexibility, provided by a range of organizations including banks, SBA lenders, alternative lenders like Community Development Financial Institutions (CDFIs), equity investors, government, and philanthropy.

Table: Current Capital Supply

Type	Sub-type / Program	Geography	Annual Growth Rate, Trailing 5 Years*	Total $ Amount (2017)	Average Deal $ Amount (2017)
Debt Capital	FDIC Insured Bank Lending[22]	Dallas County	5.9%	$2.3B	$43K
	SBA 7(a) & 504 Lending[23]	Dallas County	7.8%	$374M	$553K
	CDFI Lending[24]	Dallas County	8.2%	$7M	$31K
Equity Capital	All Deals <$5M[25]	Dallas Fort-Worth MSA	2.2%	$92M	$1.2M

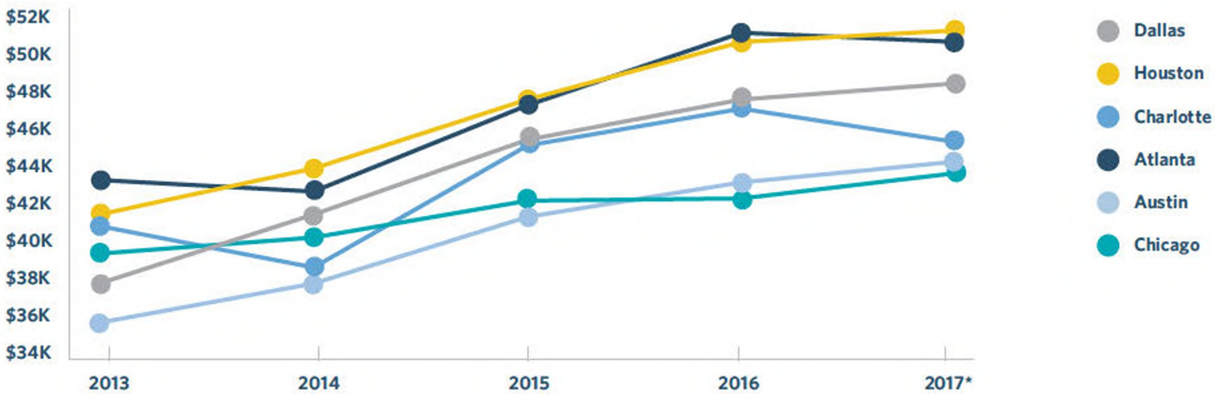
**Trailing 5-year period represents 2013 – 2017 for Bank and SBA lending, Data on CDFI Lending and Equity investments is from 2014 – 2018 based on most recent data available*

DEBT

There are several capital sources that exist for small businesses in Dallas, all of which have seen strong growth in deployment. Lending predominantly comes from banks, with non-bank capital providers contributing only a small portion of the overall capital deployed to small businesses. While there are promising trends in equitable deployment among bank lenders, capital from banks still disproportionately goes to higher income, predominantly White neighborhoods in Dallas.

[22] FFIEC Community Reinvestment Act Report Data (2013 2017), Dallas County
[23] Small Business Administration 504 and 7(a) lending data via SBA.gov, (2013 2017), Dallas County
[24] Self-reported portfolio data from DreamSpring, PeopleFund, LiftFund, and BCL of Texas
[25] Equity funding data via CBInsights

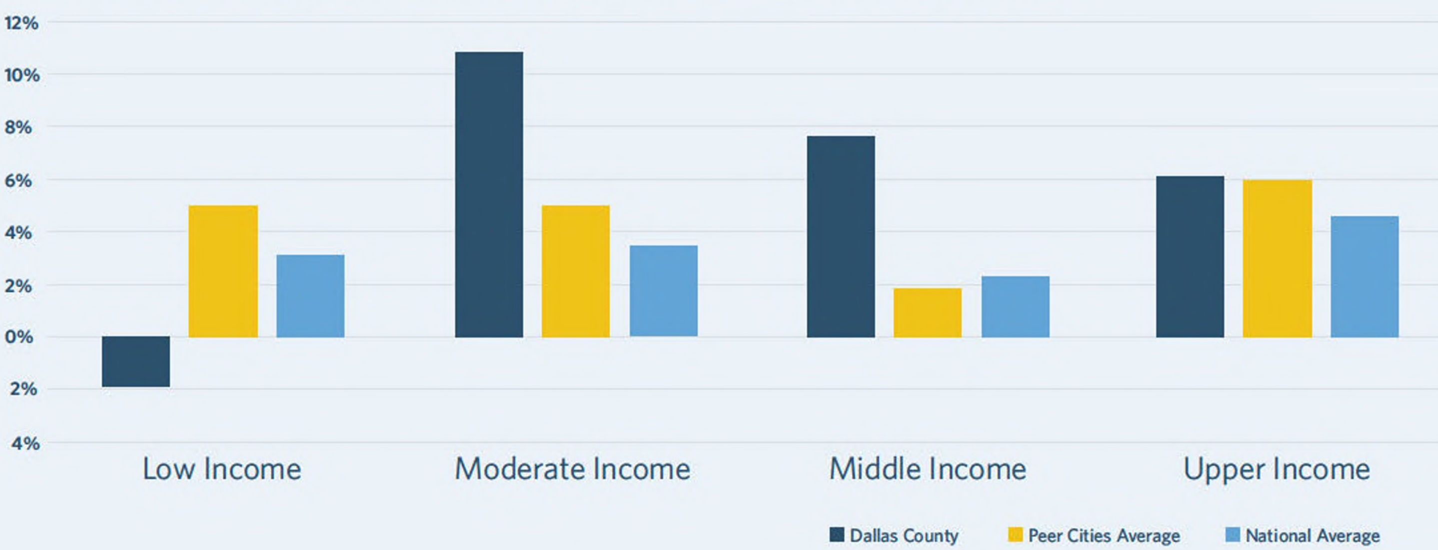
Small Business Lending ($) per Small Business



The rebound in small business bank lending in Dallas since the recession has been strong, with rates of lending today nearly reaching pre-recession highs. Small business lending by FDIC-insured banks in Dallas has grown 5% faster than the small business sector has, causing Dallas to surpass several peer cities it has historically lagged in terms of lending per small business. Growth of lending in Dallas has been driven mostly by loans of under $100K in moderate- and middle-income areas, which typically represent working capital loans that are crucial to sustaining small businesses. These are all promising signs for overall small business capital support in Dallas, but there are also indications that disparities exist in lending in South Dallas and other communities of color.

Lending in low income census tracts is the only subset of bank lending in Dallas that has trailed national averages, having declined over the last five years. While lending in communities of color has grown in recent years, small business lending per capita in majority Black and Latinx census tracts is still only 46% of County-wide levels.

5 Year Annual Growth of Bank Lending by Census Tract Income Level, 2012-2017[26]



[26] FFIEC Community Reinvestment Act Report Data (2013 2017), Dallas County, Peer Cities, National

[27] FFIEC Community Reinvestment Act Report Data (2013 2017), Dallas County

Only 220 bank loans were made in South Dallas to businesses of all sizes in 2017, of which only 18 were over $100K; 2.8X more capital was deployed to small businesses per capita in Dallas County than in South Dallas in 2017. One contributing factor to this disparity is the lack of bank branches in South Dallas, where only four FDIC-insured bank branches currently operate.[28]

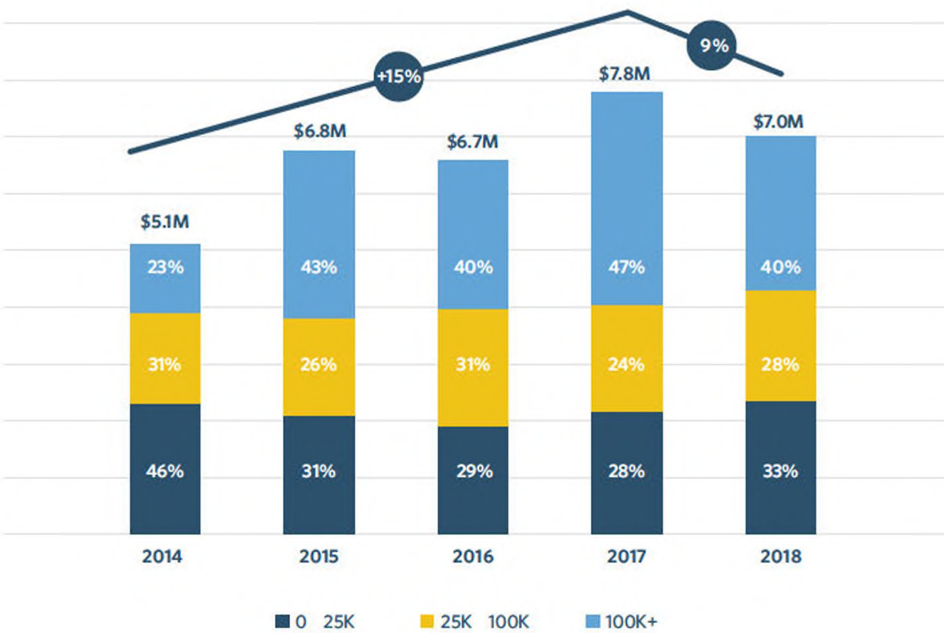
> While overall deployment by CDFIs has increased by 8% over the past 5 years, the total number of loans have decreased.

The CDFI community in Dallas is small but growing. Currently, CDFIs make up only a small portion of small business lending in Dallas County (0.3%) deploying $7.8M in 2017. DreamSpring's (formerly Accion New Mexico) entrance to the market in 2016 helped to further overall sector growth, with CDFI lending in Dallas growing 37% in a five-year period. However, while overall deployment has increased by 8% CAGR '14-'18 over the past 5 years, the total number of loans have decreased. CDFIs play a very important role in communities, often lending to smaller, less established businesses, business owned by people of color, low income individuals, and those that may not be eligible for bank financing due to credit challenges. The CDFIs in Dallas are poised to increase their lending in the region but require philanthropic support to scale their operations and lending.

Provider	Description	Loan Size	OFFERINGS					Other services / notes
			Line of credit	Micro-loans	Small business loans	SBA loans	Personal loans	
Business & Community Lenders of Texas	BCL provides lending, homeownership, entrepreneurship, and community development programs across Texas to support its mission to build strong communities.	**Range:** $5K $300K **Avg:** $100K		✓	✓	✓	✓	• Partners with non profit affiliate Texas Community Builders on direct real estate development work • Offers mortgage lending and down payment assistance products to help with housing and homeownership
DreamSpring	DreamSpring is a regional CDFI making small business loans in New Mexico, Arizona, Colorado, Nevada and Texas.	**Range:** $500 $100K **Avg:** $12K		✓	✓	✓		• Offers a range of specialty loan products based on region, industry, and business need • Offers quick turnaround products like Presto loans, which provide next day funding for small businesses
LiftFund	LiftFund is a Texas based, regional CDFI offering small business and micro loans to borrowers in 13 states to help startups and small businesses in underserved areas get off the ground.	**Range:** $500 $1M **Avg:** $21K		✓	✓	✓		• Recently opened Women's Business Center in Dallas aimed at supporting businesses owned by women and people of color with business education and consulting
PeopleFund	PeopleFund makes small business and micro loans across the state of Texas and offers a variety education services to help entrepreneurs prepare for funding.	**Range:** $1K $350k **Avg:** $75K		✓	✓	✓		• Offer Flash Funds loans of up to $25K with rapid turnarounds for businesses in need of quick access to capital • Second largest producer of SBA advantage loans in the U.S.
Texas Mezzanine Fund	Texas Mezzanine Fund is a for profit CDFI making small business, affordable housing, and community facilities loans in the state of Texas.	**Range:** $50K $500K **Avg:** $250K			✓			• Have received seven NMTC award allocations since 2008 totaling $288M • Specific emphasis on growth minded businesses that create jobs in LMI communities

[28] FFIEC Community Reinvestment Act Report Data (2013 2017), Dallas County

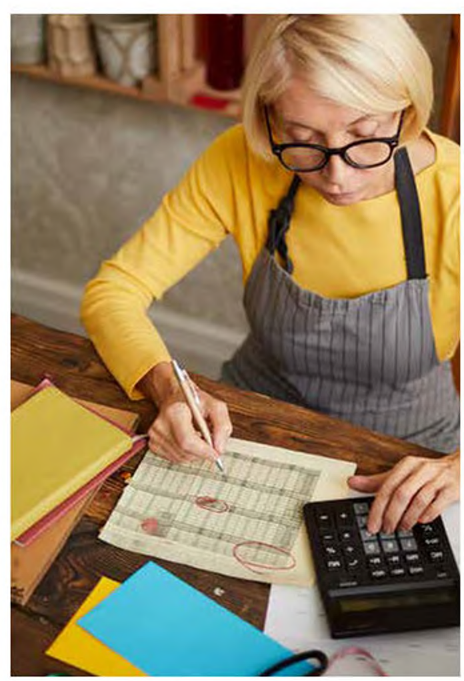
Figure: CDFI Lending, Capital Deployed



EQUITY

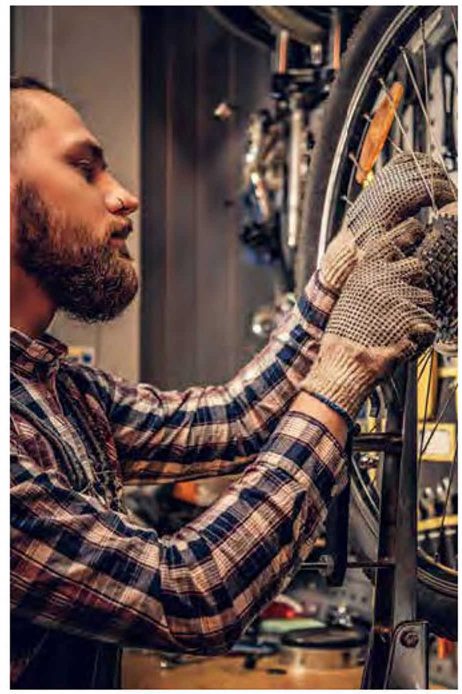
Dallas's equity funding landscape is nascent and makes up a very small share of the national venture capital market. Dallas's equity investing market is also underdeveloped for its size, ranking ninth of the ten largest U.S. metropolitan areas in terms of total and per capita equity investing. Early stage incubators and angel investors have increased their presence in Dallas in recent years, but there have yet to be significant increases in the market for later stage equity investments.

Few existing equity funds in Dallas have an explicit focus on business owners of color, with no Dallas-based VC firms focusing on entrepreneurs of color as their target. Only limited equity is offered directly to Black and Latinx business owners through one-off pitch competitions. There are a few funds, like True Wealth Ventures, The Bumble Fund, and Texas Women Ventures, that focus on businesses owned by women, but there is room for increased support. The early stage of Dallas's equity market gives capital providers the opportunity to intentionally build an inclusive culture around equity investing in Dallas, and special emphasis should be placed on ensuring that new and expanding equity investors are channeling capital into businesses owned by a diverse set of entrepreneurs.



UNCOVERED NEEDS

Based on learnings from the research and benchmarks of best-in-class entrepreneurship ecosystems across the country, we identified 17 priority needs facing Dallas' small businesses. These needs were bucketed into four key categories and are relevant to all small businesses, specific affinity groups (e.g., women, Black and Latinx owners), specific industries (prioritized industries listed above), and South Dallas business owners, as well as needs that ranged from ecosystem building support, capital, business inputs, and infrastructure.



TYPES OF NEEDS IDENTIFIED

Ecosystem building support: Needs related to collaborative strategy or ecosystem building across business support and capital resources

Capital: Needs related to funding (grants, debt, and equity) for small businesses

Business inputs: Needs related to other key inputs for small businesses, such as education, mentorship, business services, talent, and networking

Infrastructure: Needs related to physical assets, including available real estate, broadband, incubation facilities, and local infrastructure

THE FIVE KEY BUCKETS OF NEEDS INCLUDED:

1. **Ecosystem Strategy Setting** – Needs related to working across providers to set a coordinated strategy and build a collaborative and accessible ecosystem and supportive culture of small business support in Dallas
2. **Coordination and Quality of Business Support Resources and Capital Providers** – Needs related to improving the quality of business support and capital resources in the city and the direct operational coordination of those resources
3. **Access and Navigation of Business Support Resources and Capital Providers** – Needs related to improving the ability of small businesses to easily understand and access the support resources available in Dallas
4. **Provision of Capital to Specific Demographic Groups** – Needs related to improving the availability of capital for small businesses owned by people of color and women
5. **Serving South Dallas' Business Owners** – Needs related to improving small business support in South Dallas, and ecosystem-wide gaps that disproportionately affect small businesses in South Dallas

Ecosystem Strategy Setting

There is no cohesive or coordinated vision or strategy on how to support small businesses in Dallas:
The City is in the process of defining their small business strategy, but have not yet published a plan, and no other cross functional entity has been successful in aligning business support organizations and capital providers along common priorities to establish a cohesive ecosystem. This has caused operational silos and a lack of clarity on how various stakeholders can support each other and small businesses collectively in Dallas.

Limited private philanthropy directed towards small business-related activities:
Aside from banks that support small business lending through their CRA portfolios and philanthropy teams, Dallas' philanthropic giving skews towards other community needs, such as Arts, Education and Workforce, and Social Services. Of the ~$5.6b philanthropic dollars deployed in Dallas since 2006, only 2% (~$136m) has been allocated to small business or industry-building related activities.[29] There is a need to ramp up local grantmaking directly to businesses and business serving organizations to improve the ecosystem, fill gaps, and position small business growth and development as a wealth building tool.

Low and moderate growth businesses in Dallas have lower visibility and support in the ecosystem:
Several recent initiatives that have emerged in Dallas focus on high-growth, technology-enabled businesses and/or businesses with significant job creation potential. This draws attention away from lower margin, lower growth sectors, including Main Street businesses that are critical to the fabric of a neighborhood and provide opportunities for business owners to bring in critical income for their families. There is also concern that current and future development in certain parts of the city will drive out longstanding business owners without appropriate programming to support business preservation in these areas.

[29] Foundation Maps, Foundation Center, Data on Philanthropic Funding in Dallas, Texas (2006-Current)

Coordination and Quality of Business Support Organizations and Capital Providers

There is limited coordination and handoffs between organizations that provide capital and services to small businesses:
Technical assistance and capital providers typically refer small businesses to each other based on personal relationships, rather than through coordinated channels or processes. This results in fewer referrals happening across the ecosystem generally, and when referrals do occur, they are not necessarily resulting in the right solution for small business clients.

BSOs are not sufficiently specialized and are perceived to offer inconsistent quality of services to small businesses:
Existing business support organizations are primarily focused on general education and 101 offerings. They often lack the ability to provide specialized support based on industry- or business stage-specific needs. The business support landscape has not yet matured to the point of being able to provide niche support offerings to a range of types of businesses. Furthermore, the quality of support resources can vary greatly based on the service, course, or the employee providing support. Turnover amongst business support providers also leads to challenges for the business to build and maintain consistent relationships.

Access and Navigation of Business Support Resources and Capital Providers

Small businesses have difficulty finding and navigating the appropriate support resources:
There is limited awareness of many business support and capital resources that exist currently in Dallas among small business owners, especially by those that do not have the time and resources to conduct significant research. For those that do put in the time to understand available resources, it is difficult to compare across existing BSOs and capital providers to determine the best resource for their business. Many currently rely on social media or Google to find answers to business questions, instead of relying on a trusted business support partner. The Dallas B.R.A.I.N. has a good baseline directory of small business support resourcesbut requires additional investment to keep it updated and add in functionality to help small businesses navigate the ecosystem.

Small businesses have challenges securing follow-on capital after an initial investment:
Small business owners that successfully receive funding from CDFIs feel as if they do not have a clear path to their next funding or financing source and do not have the appropriate support in navigating the process of stringing together different funding sources. This is due to a lack of knowledge around the capital sources available across the ecosystem, where each provider sits on the continuum, and limited handoffs across providers to "graduate" a borrower from one product to the next.

Provision of Capital to Specific Demographic Groups

There is a lack of capital providers offering no-cost products to fund business start-ups in low income communities and communities of color:
There are few products to replace traditional 'friends and family' capital in communities with limited personal wealth. There are no grant makers or interest-free lenders providing capital direct to small businesses at scale.

There are significant challenges in getting responsible credit into the hands of business owners of color:
While CDFIs have been successful in deploying a larger portion of their lending to business owners of color and those in low income communities, their overall scale of deployment is still very low. This is due to small businesses being largely unaware of the existence of CDFIs as a responsible capital option and/or not knowing where to access them. Banks also have significant work to do to increase their lending within these communities. Without responsible providers, the propensity of payday and title lenders remains high in communities of color, which trap borrowers in vicious debt cycles and limit the ability for potential business owners to truly grow wealth.

Few equity products are specifically targeted to women and people of color:

In the nascent existing landscape of equity providers, few have a stated focus on groups that traditionally lack access to the early stage, flexible capital that equity funders can provide.

Many capital providers and BSOs have not had success in building trust in communities of color:

Predatory practices by some personal and business lenders, a lack of effort to work in communities of color by many local business support organizations, and a failure or lack of follow-through of past community development initiatives have created distrust of business support resources in some communities of color. A handful of BSOs and capital providers have sought to address this by hiring diverse leadership and staff and physically locating themselves in the communities they seek to serve, however, more intentionality is required to fully regain trust and build connections to communities of color across the County.

Serving South Dallas' Business Owners

There is a lack of scaled financial readiness or credit building training for aspiring entrepreneurs:

Existing and aspiring small business owners that are not deemed credit worthy cannot find assistance in building personal credit and assets in order to better position themselves in the future. Lack of support for these interested borrowers contributes to lenders feeling that there are not enough opportunities to make loans in target low income communities.

Few business support resources are physically located in southern Dallas, creating barriers to access for residents in that region:

While several advocacy organizations, like the Black Chamber of Commerce, are located in South Dallas, there are very few banks, alternative capital providers, or business support service providers that are easily accessible for the residents of South Dallas. While South Dallas does have public transit infrastructure that supports accessing resources in the Downtown and Uptown areas, typical work schedules and family commitments make it difficult to travel significant distances to get support on a day-to-day basis.

There is insufficient coordination of the multiple parties and organizations that are conducting studies and planning around development and rebuilding of South Dallas:
Many philanthropic and development initiatives have been launched in South Dallas in the past decade, but a lack of unified vision or tactical coordination between them has led to conflicting priorities, fatigue, and distrust among community members who have seen many proposed solutions come and go without significant change occurring in their communities.

There has been limited investment in potential commercial corridors across southern Dallas, especially in South Dallas/Fair Park:
There are a number of currently unoccupied or generally underdeveloped commercial corridors in South Dallas that have not received the investment necessary to attract and retain businesses with the potential to create significant employment and wealth-creating opportunities in the area. Lack of developed commercial areas both hinder the opening of new business and limit the foot traffic and potential customer base necessary to support local small businesses.

Deployment of debt and equity capital to small businesses in South Dallas is disproportionately low:
With the exception of CDFIs, all capital providers deploy capital to businesses in South Dallas at proportions lower than the area's relative representation of both population and number of businesses. Given low income rates and levels of intergenerational wealth in South Dallas, it is very challenging for business owners in these neighborhoods to access personal or external financing to help start or scale their business.

ADDITIONAL GAPS IDENTIFIED INCLUDE:

> **The lack of mentorship and networking opportunities** for small businesses owned by people of color, a role typically played by regional, neighborhood, or racially / ethnically affiliated Chambers of Commerce

> **The lack of affordable and intentionally inclusive incubation spaces** for entrepreneurs of color; there are several co-working spaces, but most are prohibitively expensive or are not welcoming

> **Industry specific gaps,** including the lack of formal small business cluster strategies to promote wealth building and economic diversification; few, accessible commercial kitchen or food incubator spaces for food manufacturers and caterers; limited support for Black-owned construction companies; and no formal champion or planning process around incubating and scaling promising creative industries in Dallas

THE PATH FORWARD

This combination of all research inputs as well as the identified ecosystem needs were used by the Advisory Committee, along with a group of 30+ ecosystem stakeholders to prioritize collaborative efforts and set strategies to better support small businesses. Together, the group identified over 50 potential strategies that could be implemented in Dallas to begin to address the needs of current and aspiring small business owners.

Of the potential strategies, four were chosen as short-term priorities for the ecosystem, based on overall need, feasibility, cost, and relevant existing assets. They are:

1 ESTABLISH A SMALL BUSINESS ECOSYSTEM BUILDER

Dallas will elect and secure funding for an Ecosystem Builder, a role developed by the Kauffman Foundation that "take[s] a long-term and system-wide approach to fostering innovation and entrepreneurship in their region or community." In Dallas the role is needed to effectively drive ongoing collaboration and coordination among business support and capital resources in the currently fragmented ecosystem. The Ecosystem Builder will also be responsible for helping to implement the other surfaced strategies, as described below in the "framework for ecosystem coordination."

2 FORMALIZE A SMALL BUSINESS SUPPORT MARKETING AND AWARENESS STRATEGY

In order to address the lack of awareness on the part of small businesses of existing business support and capital resources, a collaborative initiative will be launched to develop and implement a marketing strategy that educates small business owners and aspiring small business owners on the resources that already exist in Dallas. The group will incorporate lessons learned from previous initiatives like the Dallas B.R.A.I.N., an initiative of the City of Dallas, to help make informational resources more actionable to small business owners, and to provide information through resource channels that are easily accessible to small business owners today. Furthermore, there is a sense that responsible mission-based lending is a "best kept secret" in Dallas, unknown and untapped by many who could benefit. This group would like to increase the knowledge and connection to CDFIs in order to increase the flow of responsible capital to small businesses.

3 EXPAND START-UP SERVICES FOR BUSINESSES OWNED BY WOMEN AND PEOPLE OF COLOR

In order to better support women and people of color who face structural challenges in developing and launching businesses in Dallas, this working group will focus on expanding and developing new products and services that support aspiring and early stage female business owners and entrepreneurs of color. They will create programs that specifically aim to address challenges disproportionately affecting underrepresented communities and ensure that services are available to the entrepreneurs that need them most. These initiatives will take advantage of current programming available through numerous BSOs and capital providers but work on expanding their reach and emphasizing inclusivity.

4 ESTABLISH AND EXPAND CREDIT AND PERSONAL ASSET-BUILDING PROGRAMS FOR LOW INCOME PEOPLE AND PEOPLE OF COLOR

Resource and capital providers will work to establish and expand programs that support financial education, credit and personal assets-building programs, in order to increase the pipeline of credit-worthy borrowers. They will also build intentional pathways from these programs into business launch and ownership as a next step in personal wealth and asset building. These strategies will help to address the identified gap between individuals who are looking to launch or expand businesses in Dallas and their financial readiness to do so as assessed by traditional lending and financing organizations.

A Framework for Ecosystem Coordination

In order to effectively implement these strategies and others that will be identified and prioritized in the future, the Dallas small business ecosystem will need a clear organizational structure that will drive coordination and ensure the effectiveness of various small business initiatives. The proposal put forward and confirmed by the Steering Committee of this work is as follows:

The **"Ecosystem Builder"** will be directly responsible for convening the full range of Dallas small business stakeholders and supporting working groups targeted at implementing ongoing initiatives. The Ecosystem Builder will ensure that given working groups are all operating cooperatively, taking advantage of the full range of relevant assets in the Dallas ecosystem currently, and operating in line with the most pressing needs of small businesses in Dallas. **"Working Groups"** are self-selected from the broader stakeholder group and will be responsible for leading targeted initiatives to address the gaps laid out in this report, as well as those yet to be identified.

The convening of the 40+ small business support stakeholders that has already started to carry forward the recommendations from this report represents a significant step forward in aligning resources, improving coordination, and executing on a comprehensive strategy to promote equitable small business growth in Dallas. To date, collaborative initiatives like this in Dallas have had challenges due to a lack of ability to maintain partnership and trust among the various small business support stakeholders in the city. However, with a clearly defined governance structure and targeted priorities moving forward, this group has the potential to change the story for small businesses in Dallas especially those owned by women and people of color and those in South Dallas by ensuring they have access to quality business services and capital needed to drive wealth creation in local communities.

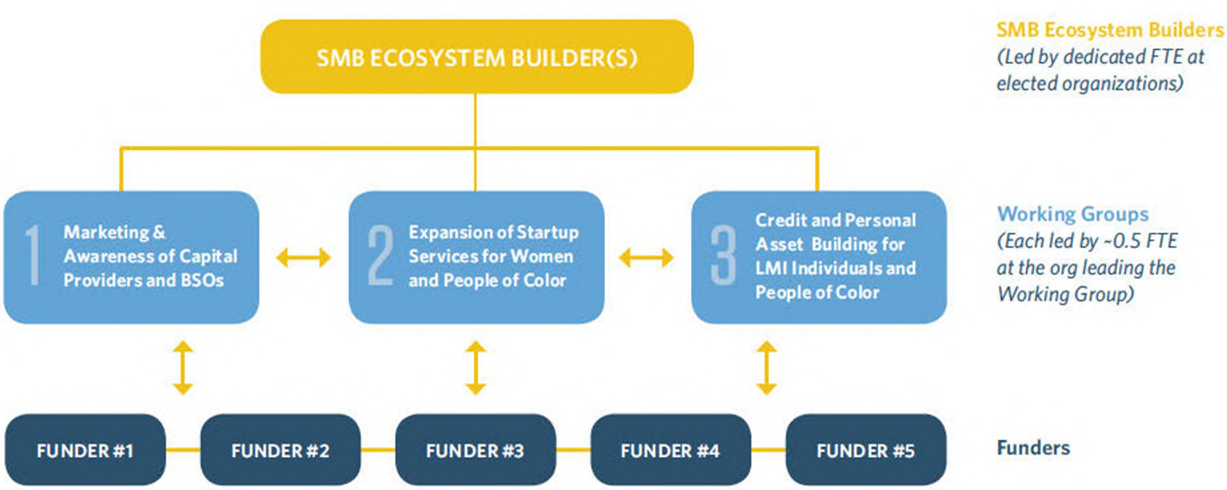
Are you interested in participating in this work?

Everyone who wants to help entrepreneurs grow can play a role in improving the small business environment in Dallas. Please contact Michelle Williams (michelle@thedec.co) at the Dallas Entrepreneur Center if you are:

> A stakeholder, funder, or small business with interest in participating in working groups or ongoing quarterly Small Business Advisory Group convenings.

> A small business and want to learn more about support financing resources available to you or have ideas on what services and capital products you want to see created for entrepreneurs in Dallas.

Figure: Proposed Ecosystem Group Framework



ACKNOWLEDGEMENTS

This project would not have been possible without the collaboration of a long list of generous partners. Individuals representing these organizations contributed to this research in a variety of ways including serving on the Advisory Committee, engaging small business owners and other leaders to participate in our focus groups, and directly sharing perspectives through the interview program. We greatly appreciate your engagement, enthusiasm, and commitment to this work:

> **Angelou Economics**
> **AT&T**
> **Bank of America**
> **Bank of Texas**
> **BBVA Compass**
> **BCL of Texas**
> **Capital Factory**
> **City of Dallas**
> **Comerica**
> **Communities Foundation of Texas**
> **Dallas County Community College District**
> **The Dallas Entrepreneur Center**
> **Dallas Regional Chamber**
> **DreamSpring**
> **East Dallas Chamber of Commerce**
> **Federal Reserve Bank of Dallas**
> **Frost Bank**
> **GoodWork**
> **Greater Dallas Hispanic Chamber of Commerce**
> **Hoblitzelle Foundation**
> **Impact House**
> **JPMorgan Chase**
> **LiftFund**
> **LISC**
> **PeopleFund**
> **Rainmakers Inc.**
> **The Real Estate Council**
> **The Salesmanship Club**
> **State Fair of Dallas**
> **The Study USA**
> **Texas Capital Bank**
> **Texas Women's Foundation**
> **University of Texas, Dallas**
> **Wells Fargo**
> **WiNGS**
> **Women's Business Council, Southwest**
> **Woodforest Bank**

ABOUT THE RESEARCH TEAM:

The Next Street team included:

> **Marina Linhart**, CEO and Partner
> **Charisse Conanan Johnson**, Partner
> **Cristina Yoder**, Managing Associate
> **Dixon Sperry**, Senior Analyst

We'd like to especially thank the team at JPMorgan Chase and Dreamspring for their leadership throughout our research.

APPENDIX

Appendix I: Potential Data Limitations

QUANTITATIVE ANALYSIS

Industry-level sources:

- The quantitative analysis combined data from several national, publicly available sources. Though multiple data sources were from the U.S. Census, there are some minor inconsistencies in the quantitative data available between sources.
- Four primary sources were used to build our quantitative industry data:
  - > U.S. Census Survey of Business Owners and Self-Employed Persons (SBO), 2012 data (latest available, business owner demographics / business characteristics by 2-digit NAICS code)
  - > U.S. Census American Community Survey (ACS) Public Use Microdata Sample (PUMS), 2017 5-year data set (workforce data by 2-6 digital NAICS code)
  - > U.S. Census Longitudinal Employer-Household Dynamics (LEHD) Quarterly Workforce Indicators (QWI), 2017 data (provides business data by 2-6 digit NAICS code)
  - > U.S. Census County Business Patterns (CBP), 2011-2016 data (latest available, provides business data by 2-6 digit NAICS code)
- The most recent publicly available data consistently available from all datasets is from 2016 (apart from SBO); given this time lag, it is possible the data does not accurately represent current business dynamics.
- The industries included in the seven focus clusters were defined at the 3- and 4-digit NAICS code levels. Because SBO data is available at only the 2-digit level, analysis using this data describes broader industry categories.

Zip-code level sources:

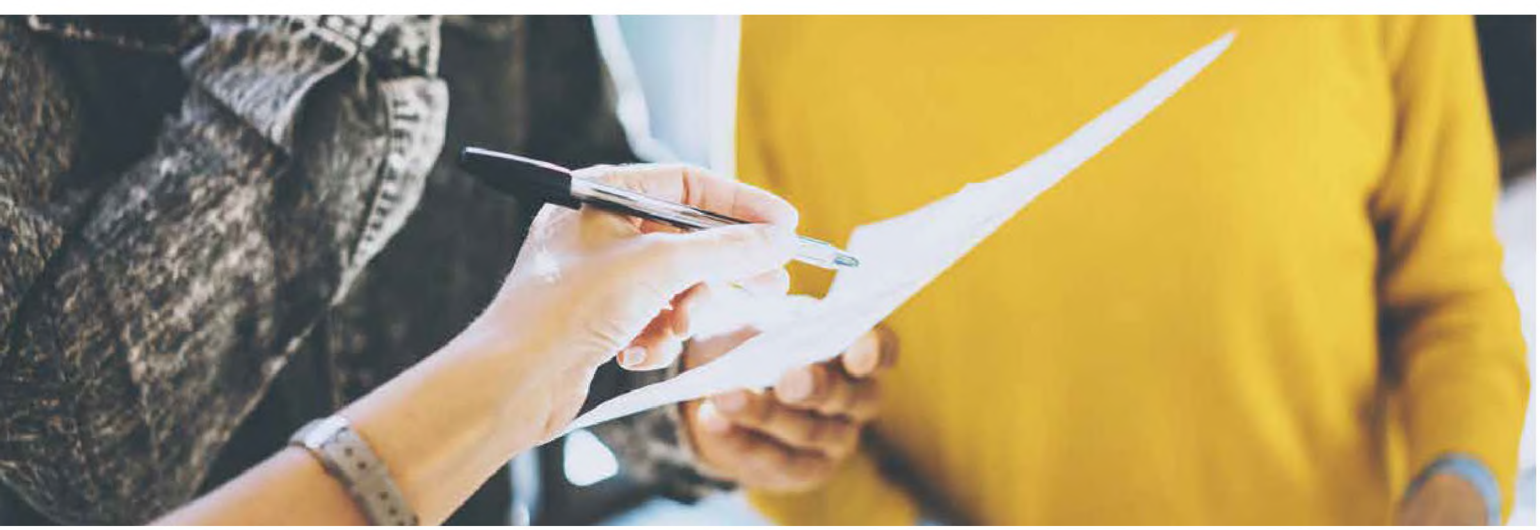
- Two primary sources were used to build our quantitative industry data:
  - > U.S. Census American Community Survey (ACS), 5-year estimates (2012-2016) (population demographic data by zip code)
  - > U.S. Census County Business Patterns (CBP), 2013-2015 data (business data by zip code). Establishments classified as Agriculture, Mining, and Utilities were excluded from establishment counts by zip code
- Race/ethnicity data was not available for all respondents; given this limitation, percent breakdowns do not sum to 100%.

INTERVIEW / FOCUS GROUP PROGRAM

- The business owners we interviewed were identified through BSOs and Capital Providers, and therefore, present sample bias since these owners had previously engaged with business services and were connected with the economic development ecosystem in Dallas.
- The interview and focus group program encountered small sample sizes due to challenges in reaching and scheduling with business owners in each of the focus clusters.

CAPITAL LANDSCAPE ANALYSIS

- The data provided is intended to be representative, but not necessarily comprehensive, of the capital providers located in Dallas. There are some limitations and considerations that should accompany any analysis of this capital landscape dataset:
    - FFIEC CRA data does not perfectly represent loans to small businesses, as only banks above a certain asset size threshold are required to report CRA loans, but they report all loans under $1M in size to businesses, meaning that some loans may actually be to businesses with greater than 50 employees.
    - CDFI loan data underrepresents loans to small businesses because not all CDFIs in Dallas shared proprietary loan data.
    - Equity data is incomplete, and while verified against industry reports to ensure that relative city rankings and trends are directionally correct, this data underrepresents total deals due to limited access to data by CB Insights.



Appendix II: Additional Data

PEER CITIES

As one method to evaluate the conditions of the capital markets in Dallas, we compared capital flows to comparable markets: Houston, Austin, Atlanta, Charlotte, and Chicago. We chose these cities based on selection metrics: similar size and demographic makeup and economic trends (e.g., racial / ethnic diversity, population trends, median income) and performance metrics: show relative progress with regards to small business environment (e.g., % of establishments by race / ethnicity, Kaufmann indexes).

City	Population	Population Change (07-17)	Unemployment Rate	Income Median	% White (Non-Hispanic)	Main Street Entrepreneur-ship	Startup Activity	Entrepre-neur-Ship Growth
Dallas	2.57M	7.3%	5.9%	$54K	29.7%	29	11	11
Houston	4.6M	10.3%	6.4%	$56K	30.2%	24	9	19
Austin	1.2M	13.7%	4.5%	$70K	49.3%	9	2	2
Atlanta	1.02M	8.7%	7.7%	$63K	40%	33	12	5
Chicago	5.2M	0.8%	8.7%	$60K	42.3%	14	31	27
Charlotte	1.05M	11.6%	6.8%	$63K	47.4%	35	17	16

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FAIR HOUSING: UNLOCKING ACCESS TO OPPORTUNITY

Are we there yet?

ntrha.uta.edu/data

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AGENDA

- ASSESSMENT OF FAIR HOUSING
  - Intent and Structure
  - Process and Timeline
    - ➢ Landscape of Opportunity and Inequity

- CUMULATIVE BARRIERS TO TRANSPORTATION
  - Achieving self-sufficiency for Housing Choice Voucher families

ASSESSMENT OF FAIR HOUSING

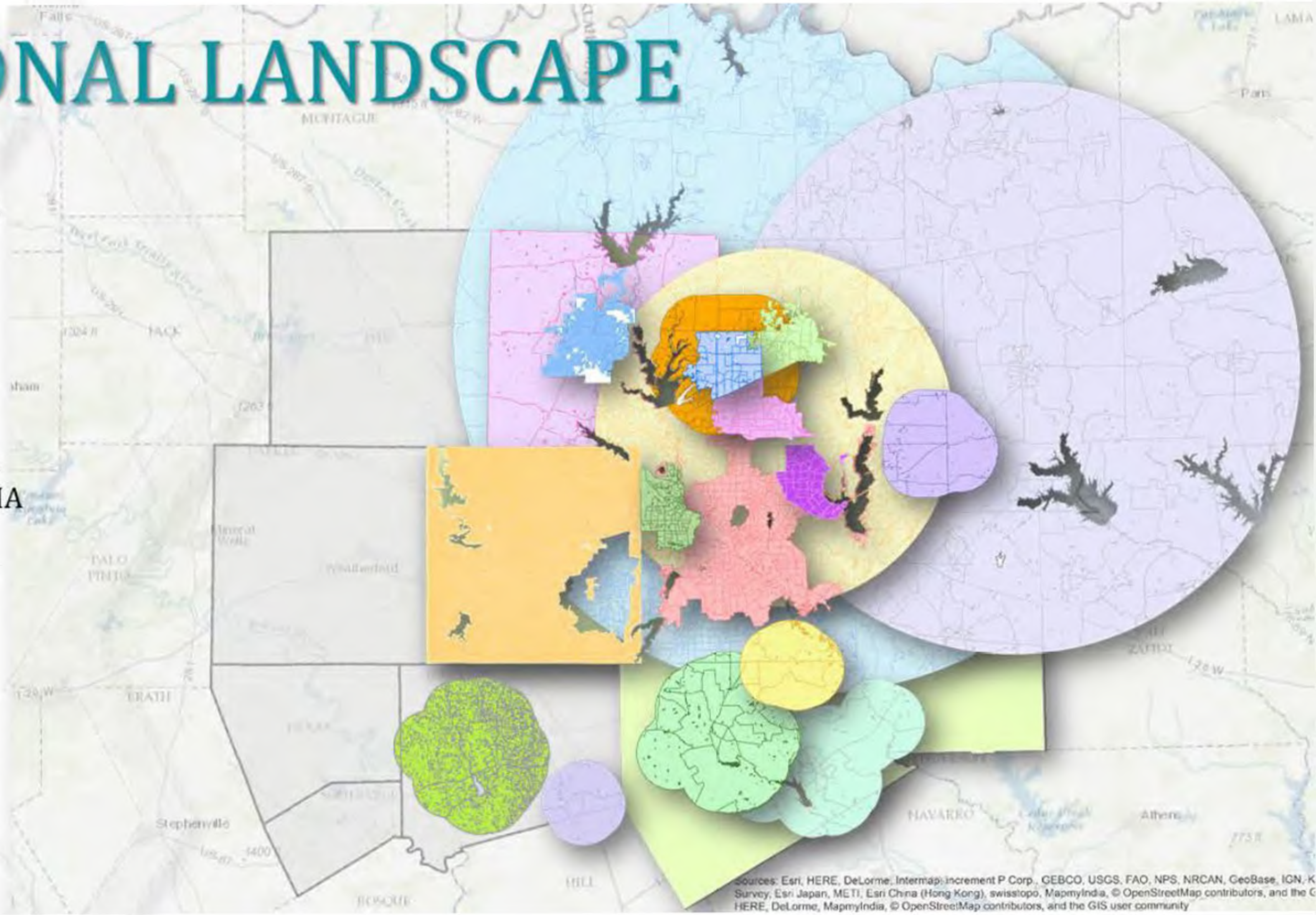
- Requirement set forth by HUD in 2015 pursuant to new rule on **Affirmatively Furthering Fair Housing**
  - Assessment of Fair Housing
  - Data Driven
  - Regional Collaboration

PURPOSE OF THE RULE

- Take meaningful actions to combat discrimination, overcome patterns of segregation, and foster inclusive and integrated communities

REGIONAL LANDSCAPE

Dallas HA
Dallas County HA
McKinney HA
Greenville HA
Denton HA
Plano HA
Fort Worth HS
City of Dallas
City of Frisco/HA
City of Garland/HA
City of Plano
City of McKinney
City of Denton
Royse City HA
City of Irving
Ennis HA
Waxahachie HA
Ferris HA
Grandview HA
Cleburne HA



AFH PROCESS

JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST

Data visualization and analysis (HUD +local data)

Public Meetings Round 1

2018

SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANAUARY	FEBRUARY	MARCH	APRIL

Data Analysis

Round 2

MAY	JUNE	JULY	AUGUST	SEPTEMBER

Final Reports

Public Comment Period

STRUCTURE

Assess Disparities:
Among groups, Dallas/Region

HUD data

Supplemental Data

Outreach

Place-based investments/ Policies

Quantitative Analysis

FAIR HOUSING ISSUES

- SEGREGATION
- RACIALLY/ETHNICALLY CONCENTRATED AREAS OF POVERTY
- HOUSING NEEDS
- ACCESS TO OPPORTUNITY
- DISABILITY & ACCESS TO HOUSING
- PUBLICLY SUPPORTED HOUSING
- FAIR HOUSING ENFORCEMENT

FAIR HOUSING GOALS

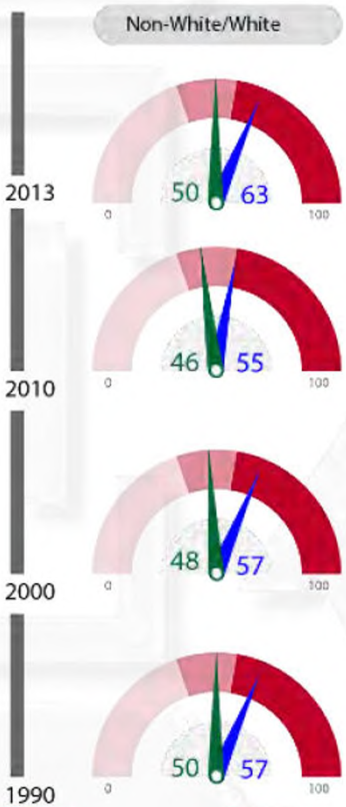
PURPOSE

- For the City of Dallas to be better positioned to Affirmatively Further Fair Housing
  - Address inequities (segregation, poverty…)
  - Remove obstacles to access to opportunity
  - Integrated and balanced living patterns
- "The duty to affirmatively further fair housing **extends to all of a program participant's activities and programs relating to housing and urban development**."
- Five-year Consolidated Plan (August 2019)

KEY TOPICS

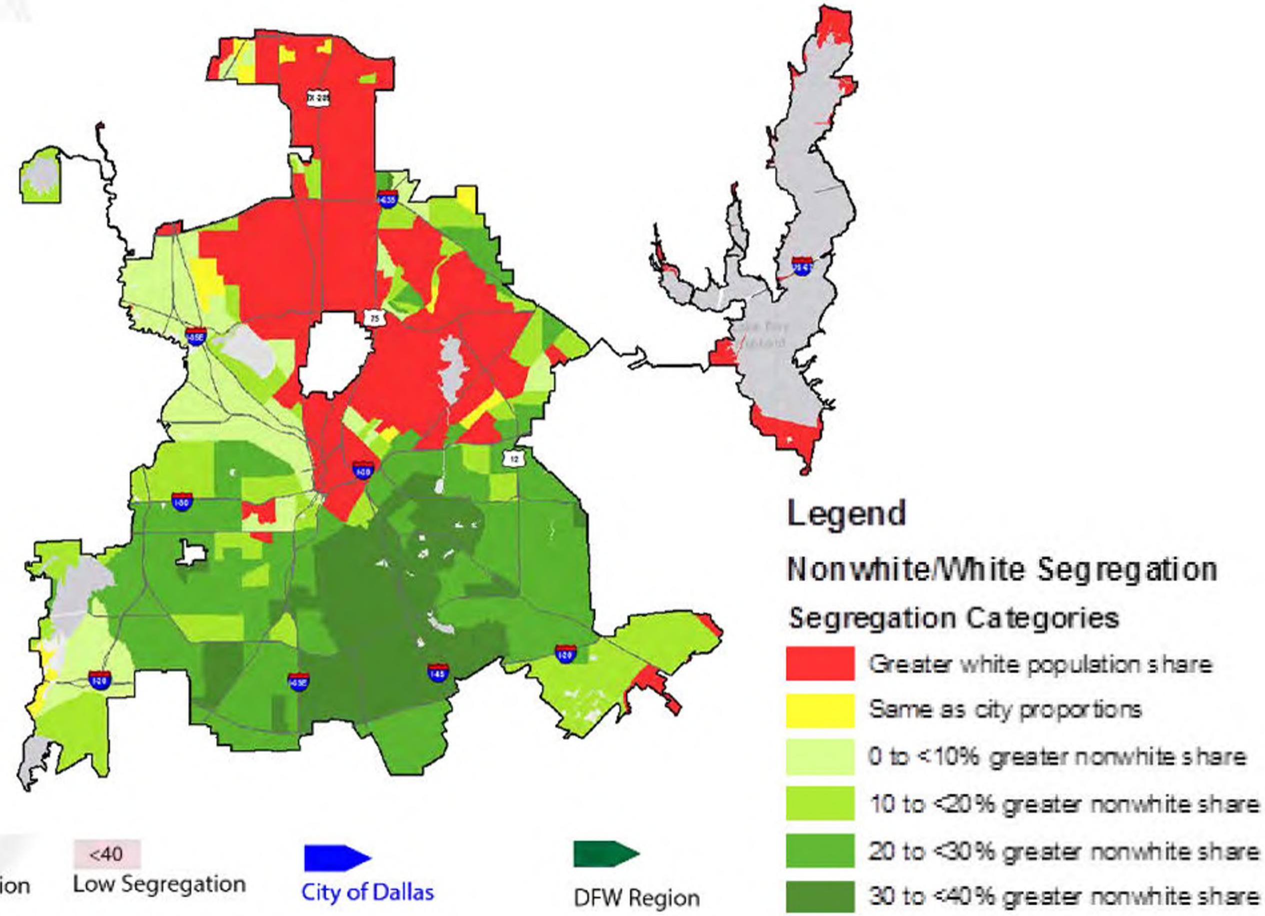
- SEGREGATION
- POVERTY
- SOURCE OF INCOME DISCRIMINATION
- AFFORDABILITY
- TRANSPORTATION

SEGREGATION



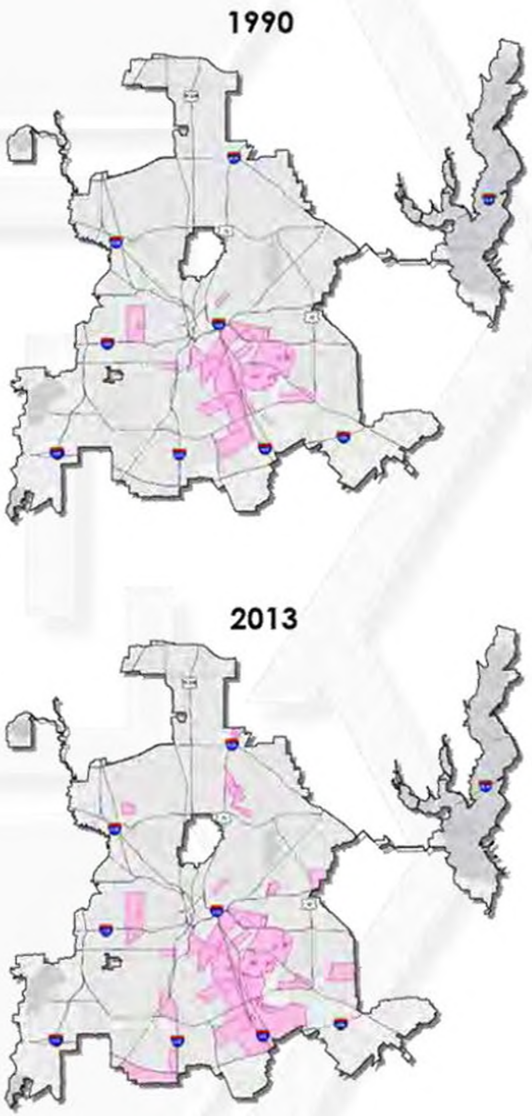
>55 High Segregation
40-54 Moderate Segregation
<40 Low Segregation
City of Dallas
DFW Region

Source: U.S. Census Bureau, 1990, 2000, 2010 American Community Survey



RACIALLY/ETHN. CONCENTRATED AREAS OF POVERTY

R/ECAPs
50% Non-white and 40% Household below Federal poverty line



RACIALLY/ETHNICALLY CONCENTRATED AREAS OF POVERTY

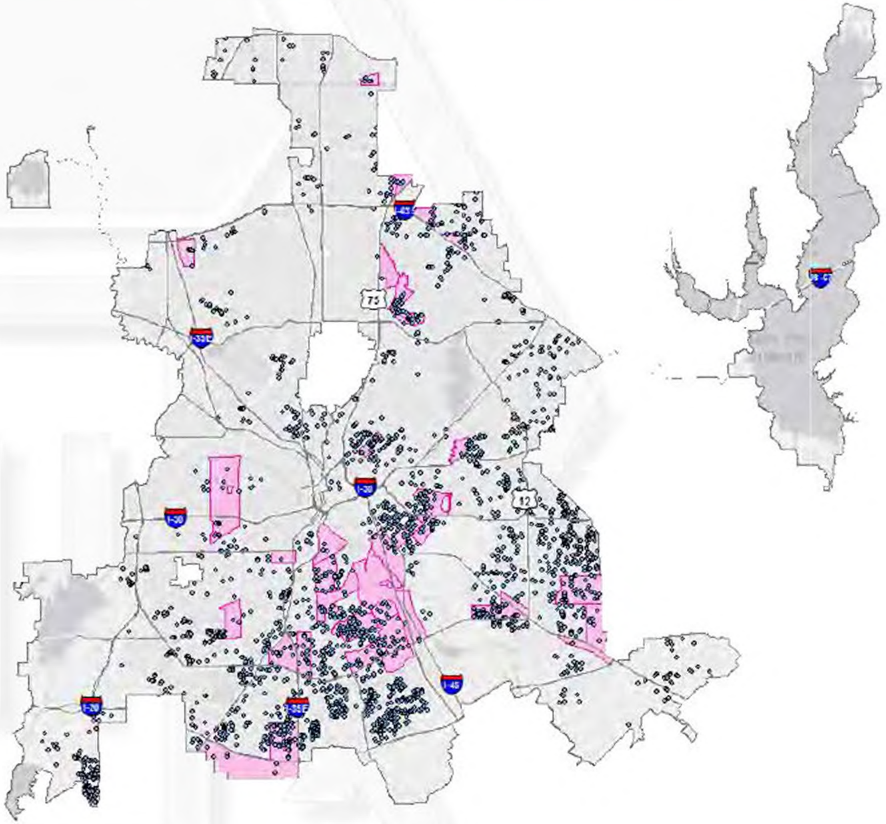
R/ECAPs
50% Non-white and 40% Household below Federal poverty line

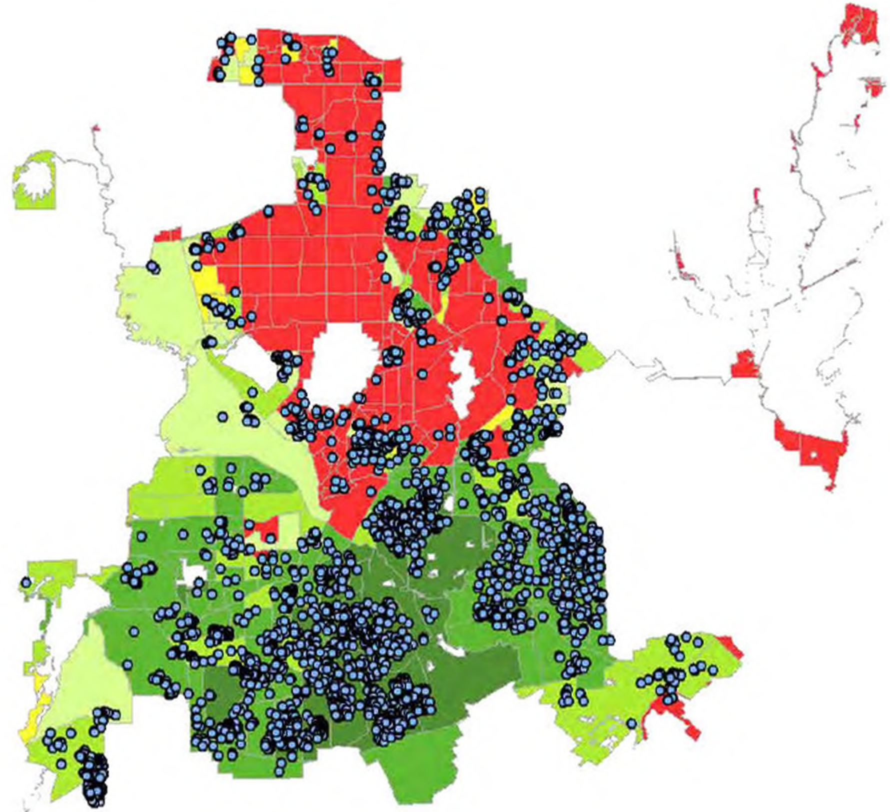
- Long-lasting R/ECAPs in Southern sector of Dallas and West Dallas
- Proliferation of R/ECAPs over time

1990: (18)	2000: (18)	2010: (32)
2013: (33)	2015: (32)	2016: (36)

- Spatial dispersion of R/ECAPs across the city and region
- Segregation ~~Nonwhite concentration~~
- R/ECAPs tend to emerge as a result of poverty increase, as opposed as to a nonwhite population increase.

R/ECAP , Segregation, and HCV





503 HCV families in one census tract

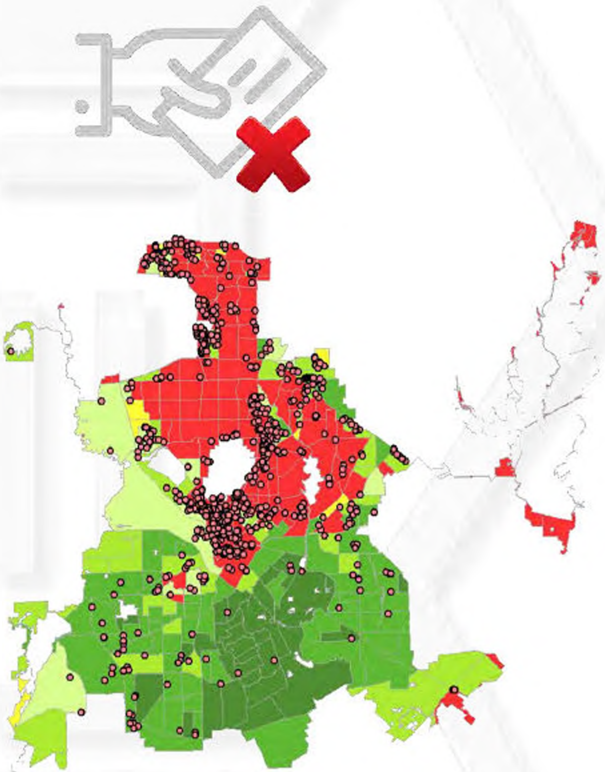
85 HCV families in average in R/ECAP

22 HCV families in average in non-R/ECAP

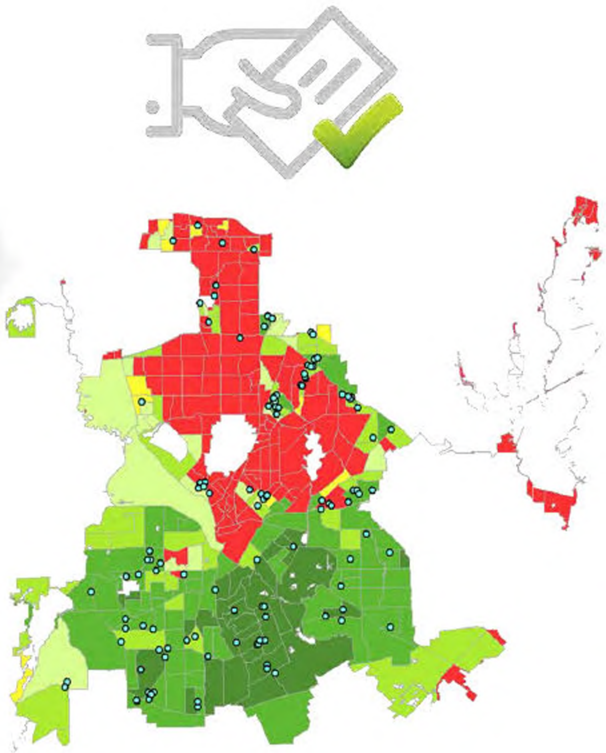
HCV families tend to live in the most segregated areas in Dallas, and region

R/ECAPs
50% Non-white and
40% Household below
Federal poverty line

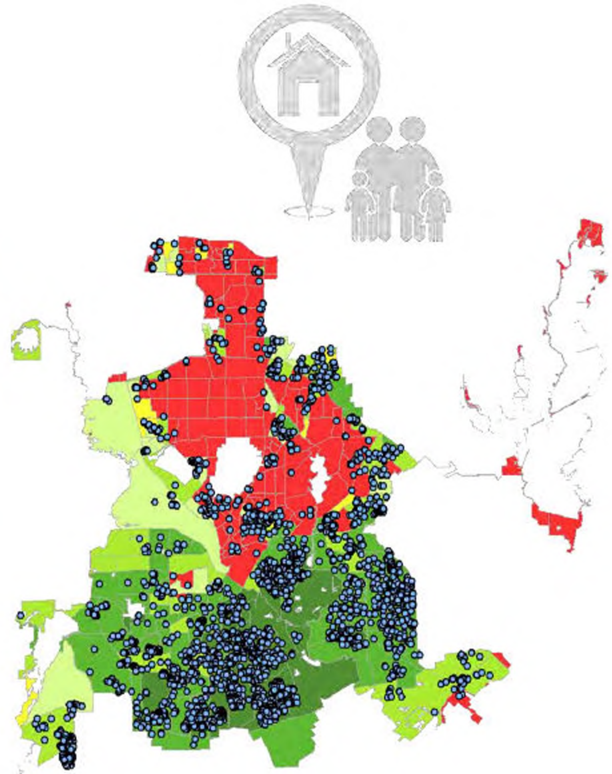
Source of Income Discrimination and Residential living patterns of HCV



Surveyed landlords refusing vouchers



Surveyed landlords accepting vouchers



Residential patterns HCV families

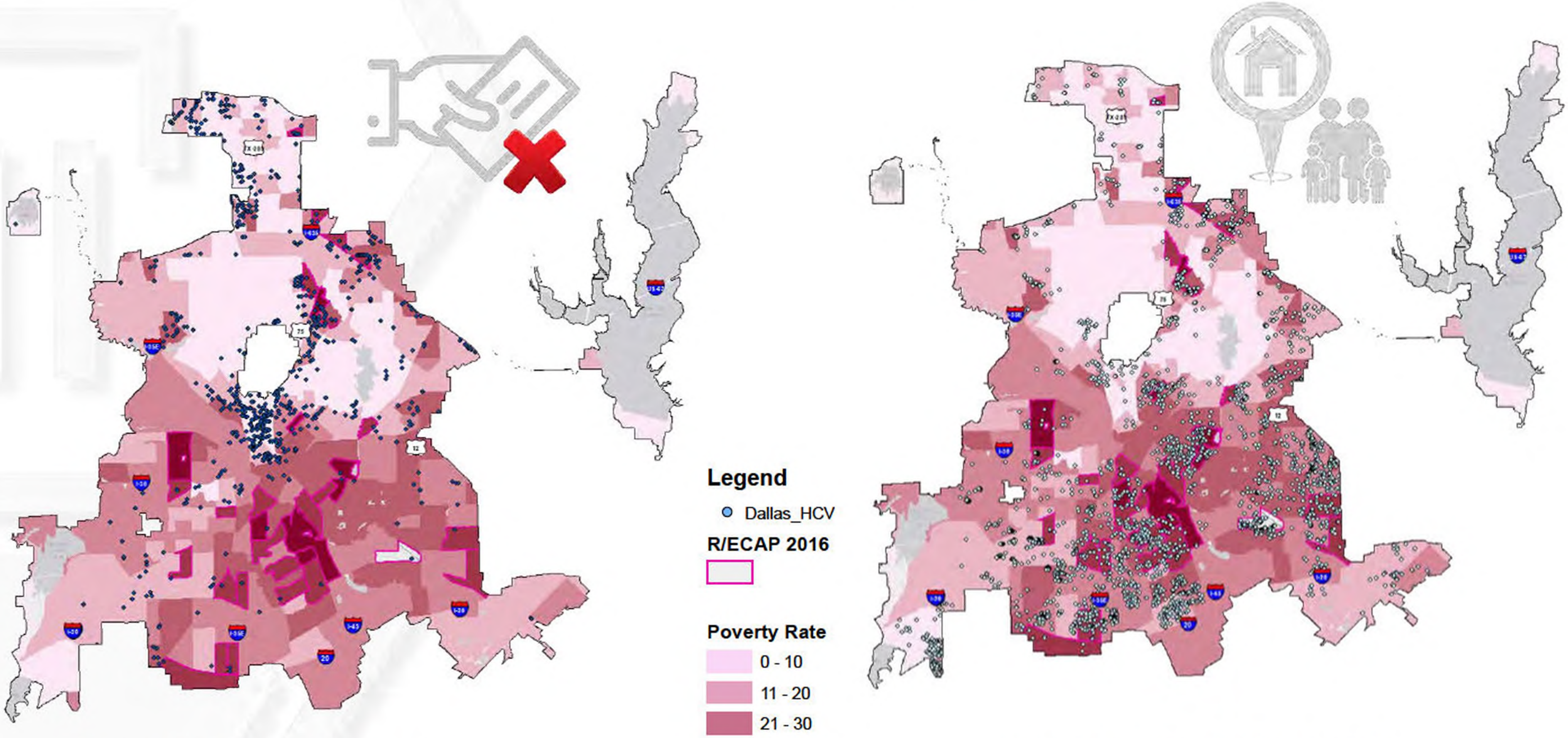
Source: Raw data made available by Inclusive Communities Project, analyses conducted by UTA Researchers

Source of Income Discrimination and Residential living patterns of HCV

HCV disproportionately concentrated in R/ECAPs

91 % of surveyed landlords reside outside R/ECAPs

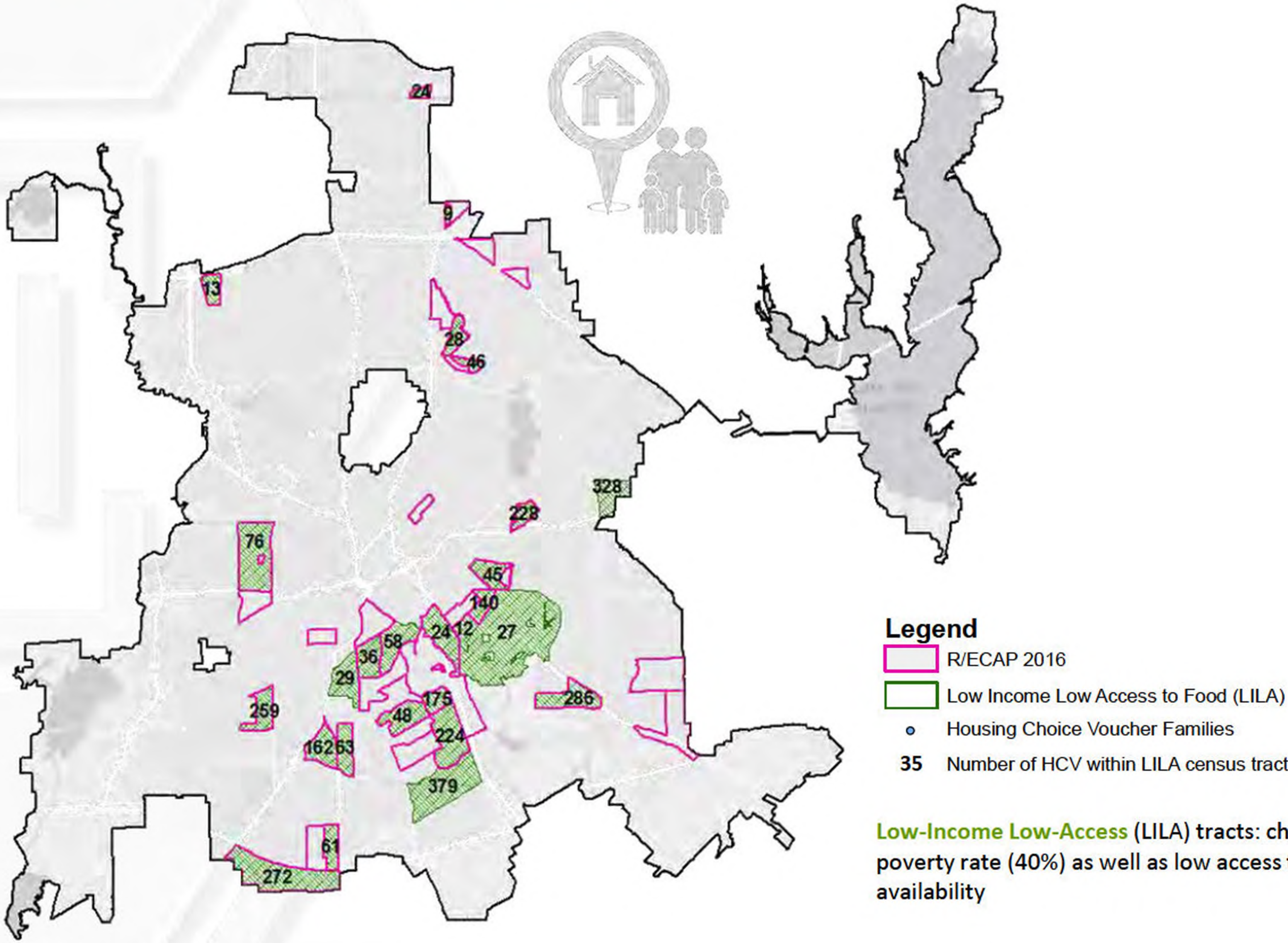
If each of these landlords would house four families, **no HCV family would reside within a R/ECAP in Dallas**



Surveyed landlords refusing vouchers

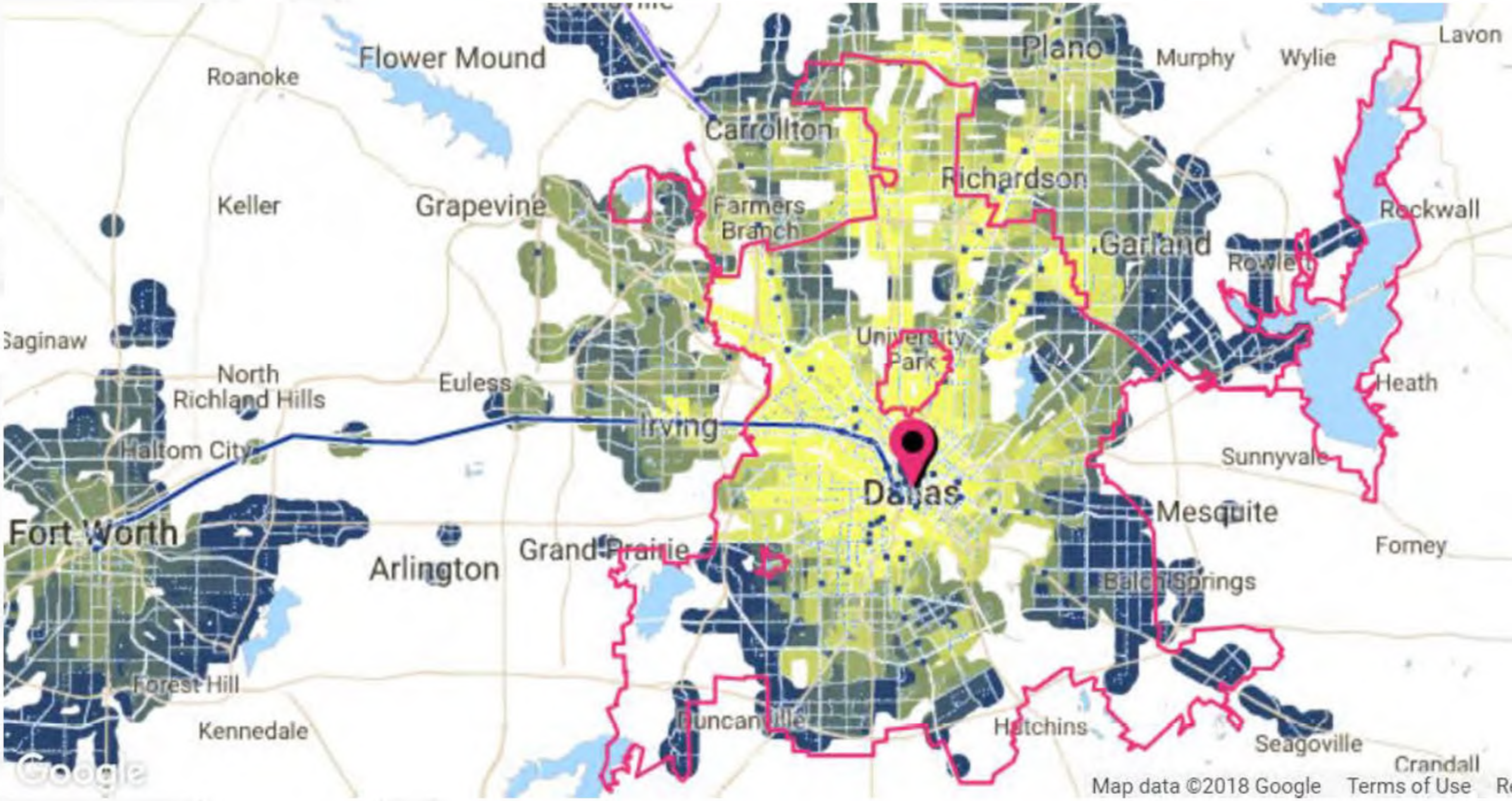
Residential patterns HCV families and poverty rate (2016)

RECAP and ACCESS



Low-Income Low-Access (LILA) tracts: characterized by extreme poverty rate (40%) as well as low access to food and vehicle availability

R/ECAPs and Accessibility Challenges



Number of jobs accessible within a 30 minute transit commute held by workers with earnings greater than $3333/month on average for households.

< 12,500 Jobs | 12,500-25,000 Jobs | 25,000-50,000 Jobs | 50,000-75,000 Jobs | 75,000-100,000 Jobs | 100,000-125,000 Jobs | 125,000-150,000 Jobs | 150,000 Jobs+

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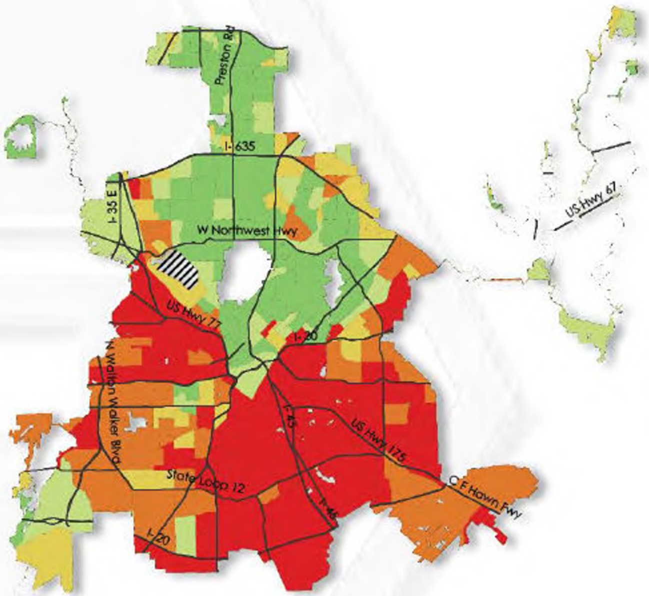
Source: Center for Neighborhood Technology

Labor Market Engagement – Opportunity Index



Index Score: 0 – 100

Legend

- Dallas_Highways
- 0.0 - 20.0
- 20.1 - 40.0
- 40.1 - 60.0
- 60.1 - 80.0
- 80.1 - 100.0
- Null

Racial/Ethnic Inequities

Publicly Supported Housing Programs tend to be located in nonwhite concentrated census tract

Dallas Index Score	Number census tracts	Percent White	Percent Black	Percent Hispanic	Percent Asian/PI	Percent 30%AMI	Percent 50%AMI	Percent 80%AMI	Percent Families with Children
0-9	36	1.4	20.5	8.1	0.7	15.4	10.5	7.2	15.4
10-19	40	3.7	21.2	17.2	2.9	17.6	15.0	12.4	17.6
20-29	33	3.1	9.2	17.9	5.3	12.0	12.6	11.9	12.0
30-39	35	5.5	10.7	16.4	6.8	11.8	13.7	12.7	11.8
40-49	22	3.7	5.5	10.3	7.0	7.7	9.6	8.8	7.7
50-59	25	6.6	7.9	7.8	6.7	5.9	7.3	8.7	5.9
60-69	32	9.7	7.6	6.4	12.6	6.6	7.9	8.3	6.6
70-79	33	14.3	7.9	5.5	12.5	5.3	7.1	8.4	5.3
80-99	36	15.1	4.0	5.0	12.1	6.7	5.8	7.0	6.7
90-100	87	37.0	5.5	5.5	33.2	10.9	10.5	14.6	10.9

AFFORDABILITY PRESSURES

#21 | Texas | View State Map

State Facts

MINIMUM WAGE	$7.25
AVERAGE RENTER WAGE	$18.20
2-BEDROOM HOUSING WAGE	$19.32
NUMBER OF RENTER HOUSEHOLDS	3,542,096
PERCENT RENTERS	38%

Working at minimum wage

$7.25/hr

Each week you have to work

86 HOURS!

To afford a modest 1 bedroom rental home at Fair Market Rent

Affordable Rent for Low Income Households

Minimum Wage Worker $377/mo

Household at 30% of Area Median Income $524/mo

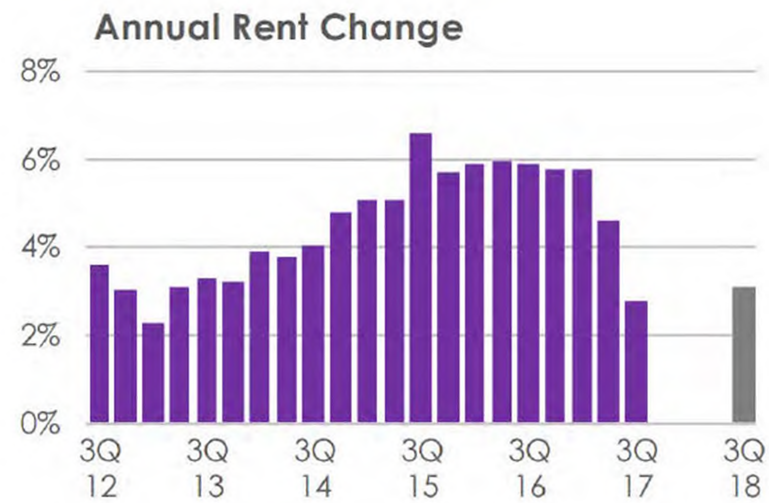
Worker Earning Average Renter Wage $946/mo

Fair Market Rent

1-Bedroom Fair Market Rent $812/mo

2-Bedroom Fair Market Rent $1,005/mo

Source: Out of Reach (2018) National Low Income Housing Coalition



Source: MPF Research

Source: Housing production, bcWorkshop (2018)

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AFFORDABILITY PRESSURES

Burden is greater for:

Renters > Owners

Households below or at 30%AMI

Households below or at 50%AMI

Dallas, Texas (2015)					
Income by Cost Burden (Renters only)	**Cost burden > 30%**	**%**	**Cost burden > 50%**	**%**	**Total**
Household Income less-than or= 30% HAMFI	57,575	79%	46,910	64%	72,830
Household Income >30% to less-than or= 50% HAMFI	38,270	75%	10,020	20%	50,985
Household Income >50% to less-than or= 80% HAMFI	18,130	32%	2,490	4%	56,555
Household Income >80% to less-than or= 100% HAMFI	3,625	14%	380	2%	25,030
Household Income >100% HAMFI	3,170	5%	340	0.5%	70,000
Total	**120,770**		**60,140**		**275,395**
Income by Cost Burden (Owners only)	**Cost burden > 30%**	**%**	**Cost burden > 50%**	**%**	**Total**
Household Income less-than or= 30% HAMFI	15,860	71%	11,490	51%	22,425
Household Income >30% to less-than or= 50% HAMFI	14,095	56%	6,060	24%	25,105
Household Income >50% to less-than or= 80% HAMFI	11,655	35%	3,335	10%	33,530
Household Income >80% to less-than or= 100% HAMFI	4,080	22%	995	5%	18,925
Household Income >100% HAMFI	8,890	9%	1,520	1%	101,865
Total	**54,580**		**23,400**		**201,855**

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AFFORDABILITY

Conventionally: 30% of income towards housing

Case study:

John is single, has an <u>monthly</u> income of $20,000 and spends **31%** of his income towards housing.

Elizabeth has a child, a <u>monthly</u> income of $600 and spends **29%** of her income towards housing.

Who is facing affordability issues?

- ❑ John
- ❑ Elizabeth
- ❑ Is John's company hiring?

HOUSING CHOICE VOUCHERS

ASSESSING CUMULATIVE BARRIERS TO TRANSPORTATION AND SELF-SUFFICIENCY

Do HCV families have sufficient resources to travel and achieve a basic quality of life?

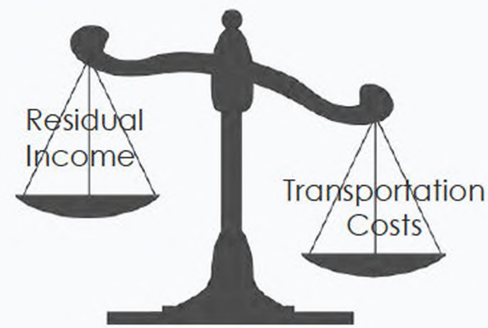
To what extent are HUD-assisted families exempt from affordability challenges by the mere reception of housing assistance?

Are subsidized households able to meet their transportation-related needs to achieve self-sufficiency or does it remain out-of-reach?

Transportation Barriers

Overwhelming majority of HCV families have insufficient resources to meet transportation needs

Affordability pressures faced by 30%AMI, 50%AMI, 80% AMI households



Percent of HCV families **unable to afford** transportation

Car Scenario

Buy, maintain and operate a car	75%
Maintain and operate a car	63%

Transit Scenario
Regional Monthly Transit Pass

For all family members	57%
For all adults and ½ of the dependents	55%
For all adults	54%
For head of household only	52%

Source: Igoufe, Mattingly, Audirac

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KEY FINDINGS

- Stark geography of inequity
  - Growing racial/ethnic and economic segregation
  - Racial/ethnic inequities
  - Affordability pressures
  - Dallas/Region imbalances
  - Systemic barriers to access opportunities

Compounding effects of inequitable geography

FAIR HOUSING GOALS

- Foster collaboration (Region/City/Housing authorities)
- Acknowledge and address inequitable geography
- Both substantive and procedural

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- See handout for potential strategies

Final Goals	
Goal A	Increase access to affordable housing in high opportunity areas
Goal B	Prevent loss of existing affordable housing stock and increase supply of new affordable housing, especially in higher opportunity areas
Goal C	Increase supply of accessible, affordable housing for persons with disabilities
Goal D	Make investments in targeted and segregated neighborhoods to increase opportunity while protecting residents from displacement
Goal E	Increase support and services for residents of publicly supported housing, and maintain and improve the quality and management of publicly supported housing
Goal F	Increase access to information and resources on fair and affordable housing

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Co-Principal Investigator and Project Manager

Dr. Ivonne Audirac audirac@uta.edu
North Texas Regional Housing Assessment
Co-Principal Investigator

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From: [redacted]
Sent: Thursday, April 15, 2021 12:05 PM
To: [redacted] [BUSINESS SUPPORT MANAGER] [redacted]
Subject: Wells Fargo Bank, NA - Public Comment Letter - Branch Closing (Branch Unidentifiable)

This message was sent securely using Zix®

Mr. [redacted]

This concerns a comment letter submitted to the OCC by [redacted] relating to Wells Fargo Bank, NA's plans to close a branch office.

Attached you will find a copy of the comment letter. Please place the comment letter in the bank's public file.

If you have any questions, contact [redacted], Director, Community Developments, at [redacted] or [redacted]

[redacted]
Licensing Division - Northeastern District Office
[redacted]

Sir:

I just read your letter stating the closure of the Branch Office of Wells Fargo. This disappoints me cause I live in Clear Lake and its already a long drive to the bank and now I have to drive even futher. I don't aprove of this ~~Closure.~~ Closure.

I'm sure my disappointment won't make a differance but if there was another national bank in Clear Lake I would change.

[redacted]

From [redacted]
Sent: Friday, May 7, 2021 11:19 AM
To: [redacted]
Cc: [redacted]
Subject: RE: Comment on Wells Fargo Bank 's Community Reinvestment Act (CRA) Performance

Dear [redacted]

Thank you for your time on February 22 to discuss your concerns about the southern Dallas community. Wells Fargo shares some of your concerns and is committed to addressing them with innovative and responsive grant making and engagement from our lines of businesses.

As we discussed during our call, Wells Fargo's focus areas for philanthropy continue to be working to address challenges in housing affordability, financial health, small business growth and recovery, and added this year, environmental sustainability. We're really excited about working with grantees that are offering robust programming and have a proven track record of success, particularly those serving the southern Dallas community. Also, we will be announcing an Open for Business Fund grant to LiftFund, a CDFI that you know very well, and that we've collaborated with for many years. The Open for Business CDFI Program is exclusively for CDFIs, CDFI intermediaries, and special purpose funds formed by CDFIs for rapid response to the economic, health, and social crises of 2020. The investment will support the Revive Dallas Fund, and will be geared to support entrepreneurs of color with loans and grants.

Finally, in your letter, you state *"We were not happy to see that Wells Fargo Bank's Dallas assessment area does not include all of Dallas County."* I would like to direct you to the Bank's Assessment Area descriptions within Wells Fargo's CRA Public File, which indicates that Wells Fargo's CRA Assessment Area includes all of Dallas County

Thank you again for your passion and advocacy.

Sincerely,

[redacted]

SOUTHERN DALLAS PROGRESS
COMMUNITY DEVELOPMENT CORPORATION
Improving Lives, One Community at a Time

May 10, 2021

[redacted]
Wells Fargo Bank, National Association
[redacted]

Office of the Comptroller of the Currency
Large Bank Supervision Constitution Center
400 7th Street SW
Washington, DC 20219-0001

RE: Comment on Wells Fargo Bank 's Community Reinvestment Act (CRA) Performance

I am submitting this letter to Wells Fargo Bank 's Community Reinvestment Act (CRA) public file for consideration on Wells Fargo Bank 's CRA Performance Evaluation. I have a couple concerns with Wells Fargo Bank small business and mortgage lending in Dallas. I would like Wells Fargo Bank and other banks to focus on Southern Dallas as I believe the heightened poverty in my neighborhood has held back my community, and the city of Dallas as a whole, for too long.

Lending Concerns

I worked with the National Community Reinvestment Coalition (NCRC) to analyze the mortgage lending of Wells Fargo Bank in Dallas. This is what NCRC found.[1]

- According to the Home Mortgage Disclosure Act (HMDA) data from 2018 to 2019, Wells Fargo Bank made a total of 2,767 in Dallas County. This data demonstrated that in 2019, 40.15% (1,111) of all home loans in Dallas went to minorities however only 10.22% (283) of Wells Fargo Bank 's home loans were extended to Blacks (African Americans).
    - Dallas County, Texas's estimated population is 2,641,680. Of that approximately 606,168 are African Americans.
    - City of Dallas's estimated population is 1,343,573. Of that approximately 322,457 are African Americans.
    - Less than 8.2% of the loans were made in Southern Dallas
    - Loans in Southern Dallas higher denial percentage than loans in Northern Dallas

[1] See lending mentioned CRA Report. https://www.occ.gov/static/cra/craeval/Jun20/1.pdf

- Dallas is a city with a population of just under 1,344,000, including 24.3 percent African American residents, 41.8 percent Hispanic/Latinx residents, and 3.4 percent Asian residents; and 30.5 White (Non-Hispanic)

- Small Business Lending
  - NCRC compared Wells Fargo small business lending to other non-credit card small business lenders in Dallas and found that Wells Fargo lead in lending to businesses with less than $1 million in annual revenue.
  - Less than 5% of those loans were made in Southern Dallas

Gaps in lending to people of color, borrowers with LMI, and small businesses are usually the result of a lack of products that meet particular credit needs, gaps in marketing, or a lack of partnerships. I believe that working with my organization can improve Wells Fargo Bank performance.

DFW AA/Community Needs Assessment

Does Wells Fargo conduct a Community Needs Assessment? If not, how is Wells Fargo meeting the credit needs of the communities in the DFW MSA, which directly includes the low- and moderate-income neighborhoods in Southern Dallas, if they do not know the exact needs?

A Community Needs Assessment is a market study conducted to help a bank identify and understand the need for financial services and community development within its Assessment Area. It is not required by regulation. As explained in Federal Register /Vol. 71, No. 47 / Friday, March 10, 2006 /Notices 12429:

The Agencies do not intend that intermediate small banks prepare a particular ''needs assessment'' solely for purposes of its CRA evaluation under the community development test. If intermediate small banks prepare business plans and market analyses that reflect community needs and opportunities, they may rely on such information, as well as other currently available information, when assessing community development needs in their assessment areas.

One advantage of developing a Community Needs Assessment is that it will paint a picture of the "Performance Context" which is the basis for establishing performance standards applied under the various tests administered in a CRA Performance Evaluation. Even more importantly, as stated in the Federal Register a bank "may rely on such information (emphasis added) . . . when assessing community development needs in their assessment areas."

Focus on Southern Dallas

The need in Southern Dallas is well documented. HUD has designated Southern Dallas as a racially or ethnically concentrated area of poverty (R/ECAP) since at least 1990, meaning that since 1990 the population of Southern Dallas has had a poverty rate of at least 40%. That poverty rate is more than double the 16.6% poverty rate for Dallas County as a whole.[2] The Urban Institute looked at economic trends, data on income segregation, housing affordability, job availability, and racial disparities in 274

[2] "Percent of Population Below the Poverty Level in Dallas County, TX." 2018 Poverty Rate for Dallas County TX. Federal Reserve Bank of St. Louis Economic Research. Available online at https://fred.stlouisfed.org/series/S1701ACS048113.

large US cities from 1980 to 2013 and found that Dallas was the least economically and racially inclusive.[3] Increased obstacles to economic opportunity in Southern Dallas has a negative impact on Dallas as a whole. Numerous studies show that high levels of inequality stunt economic growth as it prevents economies from performing to their full potential.[4] Economies with less inequality not only maximize their productive potential, but also minimize the significant fiscal and social costs of inequality. Childhood poverty—one outcome of insufficiently inclusive growth—costs the U.S. economy an estimated $500 billion a year, or four percent of GDP, due to lost productivity, higher crime and incarceration, and larger health expenditures. Cities end up bearing these costs, at the expense of other important investments in growth and opportunity.[5] Heightened inequality also creates resentments and hostilities that damage social and political cohesion, which also negatively affects economic growth.

Researchers are also predicting that Southern Dallas will be particularly hard hit by COVID-19, both medically and economically, given the unfortunate correlation between poverty and unfavorable health outcomes.[6] I am very concerned about the impact COVID-19 will have on my community that was already facing increasing economic hardship, and I believe that without an intentional focus on Southern Dallas these unfortunate economic trends will continue. We would like Wells Fargo Bank to be more responsive to our community needs and position itself as a leader in addressing inequality in Dallas.

The following sections discuss demographic in the Southern Dallas assessment area.

- **Southern Dallas is home to 43% of all Dallas residents in just 57% of the city's land area.**
- **Of the 560,000 residents of neighborhoods in southern Dallas, approximately 38% live below poverty - roughly 9% higher than the City's overall poverty rate of 29%.**
- **Overall, 56% of Dallas residents living below poverty live in the southern neighborhoods of Dallas.**
- ***The City of Dallas is a unique place. There is a difference between "South Dallas" and "Southern Dallas".***
- ***The Southern Sector of Dallas (Southern Dallas) is commonly defined as those areas south of Interstate 30.***
- ***The Southern Dallas is 196.7 total square miles. 45% of the City's residents live in Southern Dallas (91% of the residents are minorities in Southern Dallas). ****

[3] "Inclusive Recovery in US Cities." Urban Institute. April 2018. Available online at https://www.urban.org/sites/default/files/publication/97981/inclusive_recovery_in_us_cities.pdf.
[4] "Introduction: Inequality of Economic Opportunity." [redacted] RSF: The Russell Sage Foundation Journal of the Social Sciences , Vol. 2, No. 2, Opportunity, Mobility, and Increased Inequality (May 2016), pp. 1-43. Available online at https://www.jstor.org/stable/10.7758/rsf.2016.2.2.01#metadata_info_tab_contents
[5] "Opportunity for growth: How reducing barriers to economic inclusion can benefit workers, firms, and local economies." Brookings Institution. [redacted] September 28, 2017. Available online at https://www.brookings.edu/research/opportunity-for-growth-how-reducing-barriers-to-economic-inclusion-can-benefit-workers-firms-and-local-economies/.
[6] "Mapping the Areas at Highest Risk of Severe COVID19 in Dallas, Austin and San Antonio." UTHealth School of Public Health Institute for Health Policy. April 2, 2020. Available online at https://sph.uth.edu/research/centers/ihp/COVID-19_Dallas_Austin_SA%20Final_4-3-20.docx.pdf.

Review your Reasonably Expected Market Area (REMA) to identify redlining that may be happening to the Southern Dallas community. [7]

- Most regulatory agencies will use the term REMA; however, the Federal Reserve Board performs a similar analysis, but uses the term Credit Market Area (CMA).
- FDIC defines an institution's REMA based on the following factors:
  - Where the institution has received applications
  - Where the institution has originated loans
  - The history of mergers and acquisitions
  - The market area as defined by the bank in its written policies and procedures
  - Branch structure and history including closures, acquisitions, and relocations
  - Physical presence including the location of branches/offices, LPOs, brokers, and other third-party originators.
  - Advertising and marketing efforts including print, telemarketing, and direct mail campaigns.
  - The inappropriate exclusion of majority minority census tracts from the institution's assessment area.

- Redlining risk factors include, but are not limited to the following practices:

  1. Offering different loan programs in different areas
  2. Marketing efforts that exclude and/or target certain geographies
  3. Loan programs that exclude certain types of residential property
  4. Loan minimums without consideration of the average home value

A digitization of the 1937 Homeowners' Loan Corporation 'Residential Security Map' of Dallas, Texas, including the Area Descriptions which were the basis for the neighborhood security ratings.

Description

The plans, laws, and investments made today will shape our communities tomorrow. Indeed, past policies have deep connections to present conditions. Even the most obscure tax codes and legislative acts can lead to tragic outcomes for some communities while paving the way for triumphant opportunities for others. Whether at the Federal, State, or Local level, understanding the laws of the land and the context in which they were created is critical to understanding how disparities have arisen and to improving the health, education, transportation, housing, and economic landscapes of our cities in an equitable and sustainable way.

This web map was developed in order to analyze the historic development patterns in the Dallas region, and to illustrate the legacy of discriminatory policies such as 'Redlining' and the way highway planning

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[7] REMAs are not defined by fair lending laws, but the concept is not new. The Interagency Fair Lending Examination Procedures reference, "credit markets in which the institution is doing business". https://www.ffiec.gov/pdf/fairlend.pdf

and construction interrupted or destroyed the community fabric of the city. The purpose of integrating these spatial data together is to facilitate helpful dialogue about how public decision making and private markets can produce more equitable outcomes for the future health and sustainability of the region.

https://www.arcgis.com/home/item.html?id=29041b0623ef482981e1bcc50220eff6

The practice of 'redlining,' outlawed years ago, is still seen as a factor in the lack of progress for some Southern Dallas neighborhoods.

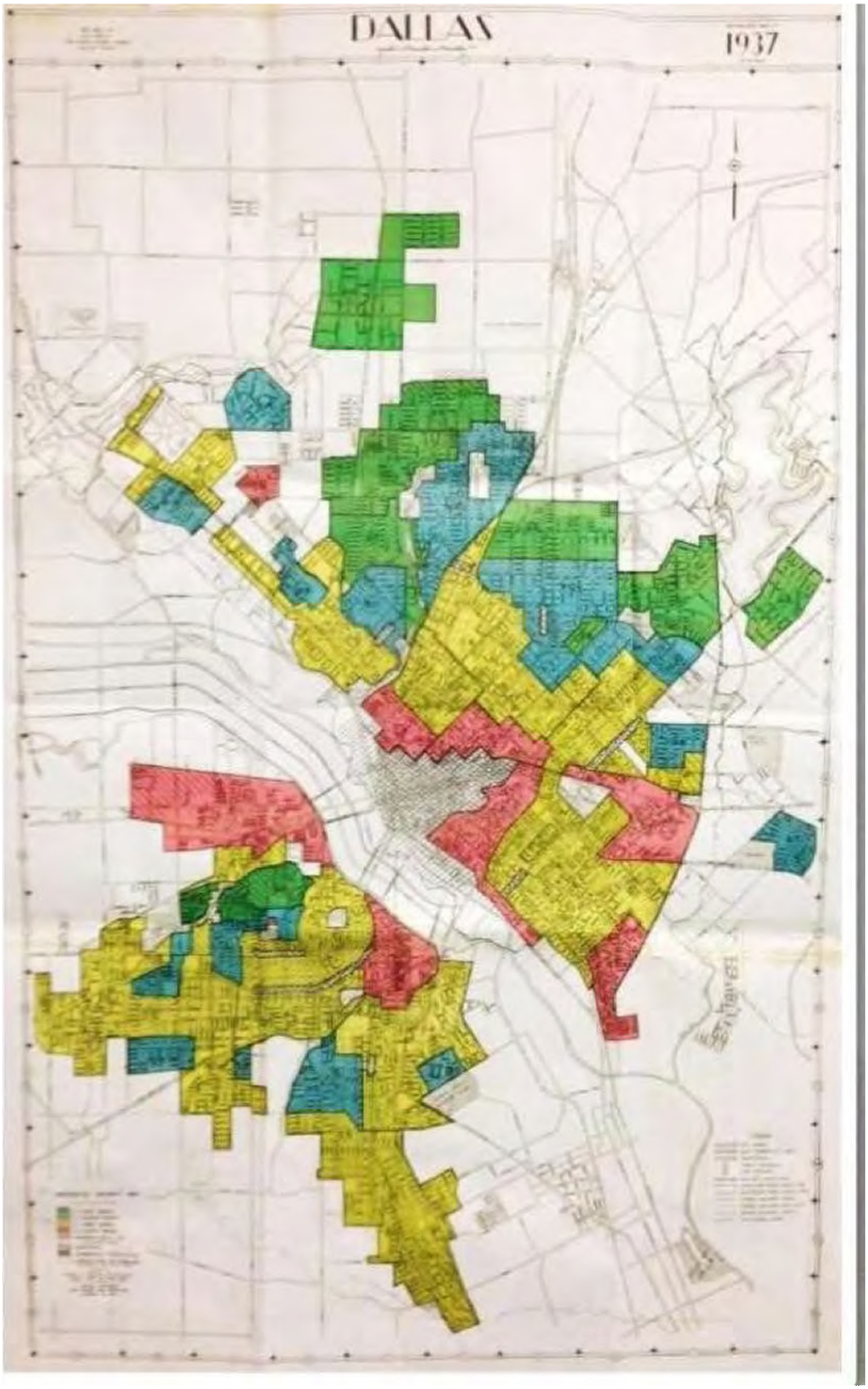
Maps from the 1930s designed some neighborhoods as red zones where investments by banks were considered unsafe.

In Dallas, those neighborhoods tended to be inhabited by people of color and redlining kept them from receiving the investments that other sections of the booming sunbelt city saw over the years.

An interactive online tool released by the National Community Reinvestment Coalition charts out the effects of some of those injustices, combining notorious "redlining" maps of the 1930s with current data on neighborhood income and demographics. Redlining is a term for the denial of loans, mortgages, and other services based on a neighborhood's demographic makeup — in the U.S., black communities have usually been the ones targeted. The practice gets its name from the red outlines drawn around "high-risk" neighborhoods in maps created in the 1930s by the Homeowners' Loan Corporation, a New Deal agency formed to refinance mortgages during the Great Depression.

https://ncrc.org/holc/

Those HOLC maps have become infamous as stark visual representations of the government abandoning black communities, as a federal agency labeled nearly any community with a significant minority population "hazardous" for lenders. Researchers at the University of Richmond digitized the maps last year, and its site lets you see HOLC's assessments of each neighborhood, many of them remarkably frank about their racist discrimination. A 1937 HOLC map of Dallas is below. Neighborhoods marked green were considered "best" for government-backed mortgages, blue "still desirable," yellow "definitely declining," and red "hazardous."


DALLAS
1937

23 Southern Dallas Zip Codes
75116, 75134, 75203, 75207, 75208, 75210, 75211, 75212, 75215, 75216, 75217, 75223, 75224, 75226, 75227, 75228, 75232, 75233, 75236, 75237, 75241, 75249, 75253

Questions from the Southern Dallas Community to Wells Fargo Bank

- How many mortgage loans were made to minority borrowers were in Southern Dallas (City of Dallas)?
- How many mortgage loans were made to minority borrowers in Southern Dallas County?
- How many mortgage loans were made to African American borrowers in Southern Dallas (City of Dallas) and how many were in low-income census tracts?
- How many mortgage loans were made to African American borrowers in Southern Dallas County and how many were in low-income census tracts?
- How many of the CRA small business/small farm loans were made in Southern Dallas (City of Dallas)?
- How many of the CRA small business/small farm loans were made in Southern Dallas County?
- How many of the CRA small business/small farm loans were made in Southern Dallas (City of Dallas) and how many were in low-income census tracts?
- How many of the CRA small business/small farm loans were made in Southern Dallas County and how many were in low-income census tracts?
- How many Commercial loans were made in Southern Dallas (City of Dallas)?
- How many Commercial loans were made in Southern Dallas (City of Dallas) and how many were in low-income census tracts?
- How many Commercial loans were made in Southern Dallas County and how many were in low-income census tracts?
- Also, how do the numbers above compare to Northern Dallas?

Community Ask:

- Increase mortgage lending to African American and Hispanic by 50%
- Increase mortgage lending in Low-Income census tracts by 40%
- Increase mortgage lending in Majority Minority Census Tract by 40%
- Increase small business loans to African American and Hispanic by 70%
- Increase small business loans in the Low-Income census tracts by 60%
- Launch Small Business Cohort Focuses on Small Minority Businesses located in/or Serving Low Income Areas of Southern Dallas
    - https://www.nteetc.com/
- Perform a credit needs assessment for Southern Dallas
- Create a Business Diversity Lending Program
- Require the CDFI's that you invest in to collect demographic information on the individuals they serve
    - https://www.consumerfinance.gov/compliance/supervisory-guidance/statement-collection-demographic-information-community-development-financial-institutions/
- Create African American Micro Business Loan Fund with CDFI

  - Example: https://www.chicago.gov/content/dam/city/depts/bacp/Small%20Business%20Center/africanamericanloanprogramtermsheet.pdf
- Make CRA Qualified Investments to Dallas based CDFIs that focus on Southern Dallas
  - https://www.advancentx.org/
  - https://www.liftfund.com/
  - https://bcloftexas.org/contact
- Make donations to minority lead organizations that focus on Southern Dallas with operating incomes under $600,000
  - https://racialequity.org/2018/11/minority-led-nonprofits/
  - https://www.philanthropy.com/article/nonprofits-led-by-people-of-color-win-less-grant-money-with-more-strings-study/
- Establish special purpose credit programs (SPCPs) to address lending disparities in Southern Dallas
  - https://www.consumerfinance.gov/about-us/newsroom/consumer-financial-protection-bureau-issues-advisory-opinion-to-help-expand-fair-equitable-and-nondiscriminatory-access-to-credit/
- Volunteer and Support Youth Entrepreneurship Programs
  - https://targetevolution.org/about-us
  - https://lemonadeday.org/greater-dallas
  - https://www.nfte.com/north-texas/
  - https://www.starsunitedglobaloutreach.org/
- Advertise with local minority newspapers
  - Dallas Weekly (https://www.dallasweekly.com/)
  - North Dallas Gazette (https://northdallasgazette.com/)
- Develop a strategic plan with the input from the Southern Dallas Community
- Create positions for CRA Community Development Commercial and Mortgage Lenders positions that focus on Southern Dallas
- Adopt Bank On Accounting Standards
  - https://joinbankon.org/accounts/
  - https://2wvkof1mfraz2etgea1p8kiy-wpengine.netdna-ssl.com/wp-content/uploads/2020/10/Bank-On-National-Account-Standards-2021-2022.pdf

Conclusion

We appreciate this opportunity to comment on Wells Fargo Bank 's CRA performance and would look forward to discussing a plan for Southern Dallas and be a leader in addressing inequality in Dallas.

Sincerely,

[redacted]

President/Chair

[redacted]

Southern Dallas Progress Community Development Corporation

Research on Dallas Community Needs

Dallas has a housing shortage of approximately 20,000 units.

https://dallascityhall.com/departments/housing-neighborhood-revitalization/DCH%20Documents/Adopted%20Housing%20Policy.pdf

North Texas Regional Housing Assessment

https://dhantx.com/report/north-texas-regional-housing-assessment/

Dallas' Small Business Ecosystem Assessment

https://www.dallasecodev.org/DocumentCenter/View/2789/Dallas-Small-Business-Ecosystem-Report-PDF

Report on Housing Affordability and Vulnerability in Dallas, Texas

https://nalcab.org/nalcab-releases-report-on-housing-affordability-and-vulnerability-in-dallas-texas/

FINDING G: MINORITY OWNED BUSINESSES ACCESS TO CREDIT/CAPITAL ANALYSIS (CHAPTER 6)

https://dallascityhall.com/departments/public-affairs-outreach/DCH%20Documents/availability-disparity-study.pdf

FAX COVER SHEET

TO	CD
COMPANY	FDIC
FAX NUMBER	[redacted]
FROM	[redacted]
DATE	2021-05-11 15:50:40 GMT
RE	Complaint

COVER MESSAGE

Please see attached complaint on Wells Fargo Bank

May 11, 2021

FDIC
1100 Walnut St., Box #11
Kansas City, MO 64106

To whom it may concern:

We would like to submit a complaint against Wells Fargo Bank. We have received notice that they are closing the branch at 1505 Newcastle Street Brunswick, Georgia 31520. The customers of that branch are expected to utilize a branch in another town at 1600 Frederica Road, suite 1 St, Simons Island, Georgia 31522.

The Brunswick Branch is located in a low-income high majority minority Population area (75%). That Branch was an extremely busy Branch and it is needed by this community. The jobs represented by the employees at that branch were high income jobs for Brunswick and the loss will be felt and will negatively impact the local economy. The Community is being required to travel to another town, a resort town with a 95% white population and the strip center that houses the St. Simons Island Branch is very small. The drive through at this office since Covid closings stays backed up so if someone does make it to the island to do business it will be a long wait. This Brunswick Community was hard hit economically in the Financial Crisis and now with this COVID Crisis. The Brunswick Branch had more customers in number than the St. Simons Island Branch and that population is more used to and prepared to come to the mainland to do banking business.

Well Fargo Bank should be required to justify any money they have received as a result of COVID that was meant to help maintain jobs and stabilize the economy. They should have to justify this move and show how they continue to support low-income communities and particularly this community. They should develop a strategic plan to help the small businesses they are negatively impacting in the vulnerable area. They should re-think this and leave that branch open and re-open it immediately.

Please review and respond to this situation to fullest possible extent that you are able.

Best regards,

[redacted]

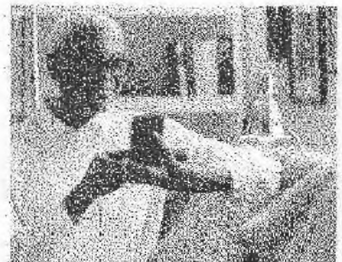
Enc.

Important update about your Wells Fargo branch

WELLS FARGO

0191

[redacted]



May 7, 2021

Dear Customer:

Thank you for being a valued Wells Fargo customer. We are committed to keeping you informed of changes that may affect you. As we work to provide convenient banking options, occasionally we need to make changes to our branch network by opening and closing locations. We want to let you know the following location will permanently close **August 11, 2021, at 12:00 p.m.** The branch is currently closed due to COVID-19.

Brunswick Newcastle Street
1505 Newcastle St
Brunswick GA 31520

This change will not affect your accounts, and we invite you to visit other locations as well as take advantage of additional convenient ways to bank with us, including *Wells Fargo Online*® banking and the *Wells Fargo Mobile*® app[1]. For more information on these banking options, visit www.wellsfargo.com/alwaysopen.

Other area branches will remain open, including:
Saint Simons Island
1600 Frederica Rd, Ste 1
Saint Simons Island GA 31522
912-634-2135

If you have a safe deposit box, you will receive a separate letter.

We're here to help, and our bankers are happy to talk with you about your banking options. If you have questions, please reach out to me. To find additional branch locations and to make an appointment, please visit wellsfargo.com/locator.

We apologize for any inconvenience. Thank you for your business.

Sincerely,

[redacted]

District Manager

[redacted]

Additional convenient ways to bank:

Our network of branches and ATMs

24/7 by phone at
1-800-869-3557
Consumer
1-800-225-5935
Business

Online at
wellsfargo.com

Wells Fargo Mobile® app

wellsfargo.com/alwaysopen

If you wish to comment on this proposed branch closing, you may file comments with the Office of the Comptroller of the Currency, Mail Stop 10E-2, 400 7th Street SW, Washington, D.C. 20219. Your comments to the Comptroller of the Currency ("OCC") may also be submitted by email at: largebanks@occ.treas.gov. However, the OCC does not have the authority to approve or prevent the closure.

[1]Availability may be affected by your mobile carrier's coverage area. Your mobile carrier's message and data rates may apply.

[redacted]

GDOT
Georgia Department of Transportation

[redacted], Commissioner
[redacted]

November 19, 2019

[redacted]

ANNIVERSARY DATE: Annually on Nov[redacted]

Dear [redacted]:

Congratulations! The Georgia Department of Transportation has reviewed your Georgia Uniform Certification Disadvantaged Business Enterprise (DBE) application. Our evaluation of the information submitted with your request for certification indicates that your firm has met the criteria outlined in Federal Regulations 49 CFR, Part 26.

DBE Certification will be continuous; however, it is contingent upon the firm maintaining its eligibility annually through this office. You will receive an Annual Affidavit for Continuing Eligibility (AACE) and request for Personal Financial Statement (PFS) approximately thirty days prior to your firm's certification anniversary date. **The Annual Affidavit for Continuing Eligibility document must be completed, signed and returned to our office before your anniversary date in order to continue your firm's eligibility as DBE.**

Your firm will be listed in Georgia's UCP DBE Directory which can be accessed through the Department's website: www.dot.ga.gov. Prime contractors and consultants can verify your firm's DBE certification status and identify the work area(s) for which the firm is DBE eligible through this Directory.

Your Vendor ID Code is: [redacted]

Your firm has been certified to provide the following services as outlined in the North American Industry Classification System (NAICS): **541611: Admin. Management & General Management Consulting Services**
561110: Other Administrative Services

It is your obligation to notify GUCP of any changes in ownership and/or control of your company. If at any time during the year there is a change in ownership and/or control of your firm, you are required to notify this office of such change in writing by sworn affidavit and with supporting documents within thirty (30) days. Changes also include but are not limited to officers, directors, management, key personnel, and the scope of work performed, and daily operations, ongoing business relationships with other firms or individuals, or the physical location of your firm.

Failure to do so will be deemed a failure, on your part, to cooperate and will result in immediate actions to remove DBE certification in accordance with 49 CFR Part 26, Section 26.83 (j) of the Federal DOT Regulation.

Questions and concerns should be directed to this office by mail or telephone. Our telephone number is [redacted] Our fax number is [redacted]

Sincerely,

[redacted]

[redacted] State EEO Assistant Administrator

[redacted]

[redacted] EEO Director

[redacted]:tu

From: [redacted]
Sent: Tuesday, June 22, 2021 1:04 PM
To: [redacted] [BUSINESS SUPPORT ASSOCIATE]
Cc: [redacted]. [BUSINESS SUPPORT CONSULTANT][redacted]. [BUSINESS SUPPORT CONSULTANT]
Subject: Wells Fargo Bank, NA - Public Comment Letter - Branch Closing (Unspecified Branch Location)
Attachments: Wells Fargo_Branch Protest Letter_[redacted]pdf

This message was sent securely using Zix®

Hello [redacted]

This concerns a comment letter submitted to the OCC by Mr. [redacted] relating to Wells Fargo Bank, NA's plans to close branches near his home in Brookneal, VA.

Attached you will find a copy of the comment letter. Please place the comment letter in the bank's public file.

If you have any questions, please contact [redacted] Director, Community Developments, at [redacted] or [redacted]

Regards,

[redacted]

[redacted] | Licensing Specialist | Office of the Comptroller of the Currency
Licensing Division - Northeastern District Office
[redacted]

From: [redacted]
To: [redacted]
Subject: [redacted]
Date: Friday, June 4, 2021 7:35:30 AM

From: [redacted] a [redacted]
Sent: Friday, June 4, 2021 5:15 AM
To: [redacted]
Subject: [EXTERNAL MESSAGE] Video Banking Modernization Regulations

Hello,

I request the Federal Deposit Insurance Corporation conduct rule making or promulgate regulations that mandate video chat availability including ATM for national and state chartered banks. Banks such as Wells Fargo are closing branches in or near small rural communities. Accessibility has become an issue for remote areas specifically if a disability is at issue. The ability for customers to complete necessary face to face interactions from the comfort of their homes or other private places has become a painfully obvious need for rural or remote locations.

As it relates to robbery or fraud,mandating Interactive Teller Machine availability adds an extra layer of security that promotes apprehending and accountability for those that must use an ATM.

I now live an estimated forty miles from the nearest Wells Fargo location due to it's branch closures almost within the last four years. From my perspective,a reasonable video banking implementation time frame would be by the end of year 2026.

Thanks for reading.

[redacted]

--
Disclaimer:This message,transmission or related communications may or may not be in error,contain error and or informational flaw. Americans with Disabilities Act shall apply.

From: [redacted]
Sent: Friday, July 30, 2021 2:39 PM
To: [redacted]. [BUSINESS SUPPORT CONSULTANT]; [redacted]. [BUSINESS SUPPORT CONSULTANT]; [redacted] [BUSINESS SUPPORT ASSOCIATE]
Subject: [Secure] Notice by Wells Fargo Bank to Close Washington Road Office
Attachments: [redacted] Washington Road Complaint.msg.pdf; WellsCL-LMI-Washington Road Office- [redacted] - Signed - 2021-07-30.pdf

This message was sent securely using Zix®

7/30/2021

Re:
OCC Control Number [redacted]

Dear Ms. [redacted]

Enclosed is a copy of a letter dated July 30, from [redacted] responding to the Customer Notice of Branch Closing for (*Washington Road Office*) located at (*2835 Washington Road, Augusta, GA 30909*). Please place the comment letter in the bank's public file.

If you have any questions, contact [redacted] Director, Community Developments, at [redacted] or [redacted] and reference the OCC control number.

Sincerely,
[redacted]
Secretary, Deputy Comptroller, LIC

Enclosure: Public Comment Letter

[redacted]
Licensing Division
[redacted]

[redacted]

This message was secured by **Zix**®.

Office of the Comptroller of the Currency

Large Bank Licensing

July 30, 2021

[redacted]

Wells Fargo Bank, N.A., Washington Road Office Closing

We acknowledge receipt of your email dated July 22, 2021, regarding Wells Fargo Bank, N.A's, plan to close a branch office located 2835 Washington Road, Augusta, Georgia 30909 and known as Washington Road Office, effective on October 20, 2021. The bank's decision to close the branch office is a business decision that does not require our approval. However, we will consider your comments in connection with our next Community Reinvestment Act (CRA) evaluation of the bank when we will review the effect of the bank's record of opening and closing offices. In addition, we will take the bank's record of performance under the CRA into account when we review applications by the bank to establish or relocate branches or to merge with other banks.

I have emailed a copy of your letter to the bank contact listed below. If you wish to pursue this issue further with the bank, the contact person at the Wells Fargo Bank, N.A. is Ms. [redacted], Director of CRA, [redacted], [redacted]. Please indicate the name of the branch and its present location to the bank contact.

We have forwarded your comment letter to the OCC's Community Affairs Department in Washington, D.C. Community Affairs will advise you if we intend to convene a meeting with community representatives to explore the feasibility of obtaining alternative financial service facilities. If you have any questions, please contact [redacted], Director, Community Developments, at [redacted]

Sincerely,

[redacted]

Director for Large Bank Licensing

Office of the Comptroller of the Currency

[redacted]

From: [redacted] on behalf of CCO Large Banks
Sent: Friday, July 23, 2021 2:12 PM
To: [redacted]
Cc: CCO Large Banks
Subject: FW: [EXTERNAL]Complaint

fyi

From: [redacted] <[redacted]
Sent: Thursday, July 22, 2021 8:44 PM
To: CCO Large Banks [redacted]
Subject: [EXTERNAL]Complaint

CAUTION: This email originated from outside the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

This is to inform you that i am very unhapoy with the fact that the washington road wells fargo in auvusta is closing. This branch is used by many business in this are. I have been a customer with your bank for quita numver of years.

Sent from my Sprint Tablet.

NEBRASKA LAWYERS TRUST ACCOUNT FOUNDATION

[redacted]

The Roman L. Hruska Law Center
[redacted]

August 20, 2021

Wells Fargo Bank
Attn: Manager
[redacted]

Dear Manager:

The Nebraska Lawyers Trust Account Foundation (NLTAF) would like to present you with a Public Service Statement for your CRA file. The participation of Wells Fargo Bank in the Interest on Lawyers Trust Account (IOLTA) Program is sincerely appreciated. IOLTA is an indirect "community service" that provides legal assistance to indigent people. One tenth of Nebraska's population, or 196,150 individuals, meets the federal poverty guidelines and thus eligible for these services. Your partnership helps meet this growing need for accessible legal services for Nebraska's vulnerable population.

Wells Fargo Bank's community service exemplifies your commitment to the public. Again, thank you for your participation in this valuable program that helps our fellow Nebraskans. You may wish to visit the NLTAF website www.nltaf.org for additional information about the IOLTA program.

Cordially,

[redacted]

[redacted]
President

Enclosure

NEBRASKA LAWYERS TRUST ACCOUNT FOUNDATION

[redacted]

The Roman L. Hruska Law Center
[redacted]

INTEREST ON LAWYERS TRUST ACCOUNTS PUBLIC SERVICE STATEMENT

Wells Fargo Bank participates in the Interest on Lawyers Trust Account (IOLTA) Program. Established in 1984 by the Nebraska Supreme Court, the IOLTA Program is administered by the Nebraska Lawyers Trust Account Foundation. The purpose of the Program is to provide funding for legal services to Nebraska's low-income citizens.

The attorney trust accounts are interest-bearing, and the interest generated is paid to the Foundation. This financially assists in providing the necessary legal services to the poor and vulnerable.

Semi-annual disbursements from the IOLTA fund are awarded to Legal Aid of Nebraska. The disbursements given since 1984 total $6,383,500. Through this added financial support, Legal Aid has been able to assist, advise, and represent a vast number of indigent Nebraskans statewide on a variety of issues. There are almost 200,000 low-income people in Nebraska who are eligible to receive free legal services.

The availability of these free legal services to low-income people is often directly related to their ability to obtain credit and/or maintain housing. In addition, the funds are used for unemployment matters, wills, landlord/tenant relations, elder law, consumer issues, education issues, as well as family and juvenile law.

The benefits generated by the IOLTA Program are the results of the combined effort of the legal profession and the banking industry working together to help Nebraska's poor. Wells Fargo Bank's commitment to this program is to be commended. Thank you for your participation in this valuable Program!

Respectfully,

[redacted]

[redacted]
President

August 2021

The Two Hundred

El Concilio of San Mateo County

BLACK & LATINO ECONOMICS

NATIONAL MINORITY COMMUNITY REINVESTMENT CO-OPERATIVE

CALIFORNIA COMMUNITY BUILDERS

September 20, 2021

[redacted]
CEO & President
Wells Fargo Bank NA
[redacted]

Dear Mr. [redacted]

Wells Fargo Bank once earned the reputation as this nation's leading financial corporate citizen. Beginning with CEO [redacted] and continuing with CEOs [redacted], community groups and Wells successfully worked together on several major projects. These included several mixed retail and housing projects in Southern California stalled under the guise of frivolous environmental lawsuits – one, in particular, was related to the "gnat catcher" bird. Community groups also successfully assisted Wells in obtaining regulatory approvals for the Norwest Corporation merger and the Wachovia Bank acquisition.

In recognition of its successful partnerships, Wells invested in many projects directed towards communities of color and became the model for corporate citizenship. Community organizations across the country used to encourage other financial institutions to emulate Wells Fargo Bank and its approach to community reinvestment. In fact, with our assistance, Wells created the first major Community Reinvestment Act commitment in the nation. This commitment, in turn, forced most other financial institutions to mimic Wells to receive community support for their mergers and acquisitions.

Over the past decade and a half, it has been disheartening for community organizations to see the demise of this strong partnership as well as your reputation among communities of color. The undersigned genuinely believe we can assist in rebuilding Wells Fargo's superb reputation and regain much of the public trust that has been lost. If you are amenable, we are available to meet in person or virtually to discuss how we can help revive the special and successful relationship we had with Wells Fargo. [redacted], CEO of California Community Builders, can be reached at [redacted] to assist with scheduling the meeting.

Sincerely,

[redacted]

[redacted]
Chair, The 200 Coalition

[redacted]

[redacted]
Executive Director, Concilio of San Mateo County, Inc.

[redacted]

[redacted]
CEO, Florida Minority Reinvestment Coalition

[redacted]

[redacted]
CEO, California Community Builders

From: [redacted]
Sent: Friday, December 17, 2021 2:23 PM
To: [redacted]
Cc: [redacted]
Subject: [Secure] Wells Fargo Bank, NA - Public Comment Letter Power and Broadway Branch Closing
Attachments: Public Comment Closure of Wells Fargo Power and Broadway Branch [redacted].pdf

This message was sent securely using Zix®

Hello [redacted]

This concerns a comment letter submitted to the OCC by Ms. [redacted] relating to Wells Fargo Bank, NA's plans to close its Power and Broadway Branch, located at 365 S Power Rd, Mesa AZ 85206 [Branch No.: 141051A].

Attached you will find a copy of the comment letter. Please place the comment letter in the bank's public file.

If you have any questions, contact [redacted], Director, Community Developments, at [redacted] or [redacted] and reference the OCC control [redacted]

Regards,

[redacted]

[redacted] | Licensing Specialist | Office of the Comptroller of the Currency
Licensing Division - Northeastern District Office
[redacted]

Important update about your Wells Fargo branch

WELLS FARGO

0041

[redacted]

you can't even get my name right?

October 29, 2021

Dear Customer:

Thank you for being a valued Wells Fargo customer. We are committed to keeping you informed of changes that may affect you. As we work to provide convenient banking options, occasionally we need to make changes to our branch network by opening and closing locations. We want to let you know the following location will permanently close **February 2, 2022, at 12:00 p.m.**

Power & Broadway
365 S Power Rd
Mesa AZ 85206
480-807-3919

This change will not affect your accounts, and we invite you to visit other locations as well as take advantage of additional convenient ways to bank with us, including Wells Fargo Online® banking and the Wells Fargo Mobile® app[1]. For more information on these banking options, visit www.wellsfargo.com.

Other area branches will remain open, including:
Power & Main
121 S Power Rd
Mesa AZ 85206
480-827-2343

If you have a safe deposit box, you will receive a separate letter.

We're here to help, and our bankers are happy to talk with you about your banking options. If you have questions, please reach out to me. To find additional branch locations and to make an appointment, please visit wellsfargo.com/locator.

We apologize for any inconvenience. Thank you for your business.

Sincerely,

[redacted]

District Manager

[redacted]

Additional convenient ways to bank

Our network of branches and ATMs

24/7 by phone at
1-800-869-3557
Consumer
1-800-225-5935
Business

Online at
wellsfargo.com

Wells Fargo Mobile® app[1]

Learn more at
wellsfargo.com

If you wish to comment on this proposed branch closing, you may file comments with the Office of the Comptroller of the Currency, Mail Stop 10E-2, 400 7th Street SW, Washington, D.C. 20219. Your comments to the Comptroller of the Currency ("OCC") may also be submitted by email at: largebanks@occ.treas.gov. However, the OCC does not have the authority to approve or prevent the closure.

[1]Availability may be affected by your mobile carrier's coverage area. Your mobile carrier's message and data rates may apply.

[redacted]

It is a huge mistake to close that branch on 365 S. Power Rd.

The branch on 121 S. Power has crabby + ineffient drive up tellers — long wait times because they are too busy chit chatting

It is not uncommon for me to wait in driveup line 15-20 min because of their ineptness!

Keep that branch open

[redacted]

PHOENIX AZ 852

2 NOV 2021 PM 4 L

Office of the Comptroller of Curr
Mail Stop (10E-2)
400 7th St SW Washington D
20

20219-

From:	[redacted]
Sent:	Saturday, December 11, 2021 11:06 AM
To:	[redacted]; [redacted]; [redacted]
Subject:	[Secure] Wells Fargo Branch Closing Lancaster Main Comment Letter
Attachments:	2021 LB BranchClosing [redacted] OCC Acknowledgement of Comment Letter Signed 2021 12 09.pdf; Lancaster Main Comment Letter [redacted].msg.pdf

12/11/2021

Re: Notice by Wells Fargo Bank to Close Lancaster Main
OCC Control Number [redacted] OCC Charter Number [redacted]

Dear Ms. [redacted]

Enclosed is a copy of a letter dated December 10, 2021, from [redacted] responding to the Customer Notice of Branch Closing for (*Lancaster Main*) located at (*100 N. Queen Street, Lancaster, PA 17603*). Please place the comment letter in the bank's public file.

If you have any questions, contact [redacted] Director, Community Developments, at [redacted] or [redacted] and reference the OCC control number.

Sincerely,
[redacted]
Secretary, Deputy Comptroller, LIC

Enclosure: Public Comment

[redacted]
Licensing Division
[redacted]

[redacted]

This message was secured by **Zix**®.

Office of the Comptroller of the Currency

Large Bank Licensing

December 9, 2021

Sent by Email to [redacted]

[redacted]

Re: Branch Closing Notice
Wells Fargo Bank, National Association, Sioux Falls, South Dakota
OCC Control Number [redacted]

Dear Mr. [redacted]

We acknowledge receipt of your email dated December 6, 2021, regarding Wells Fargo Bank, National Association's plan to close a branch office located 100 N. Queen Street, Lancaster, Pennsylvania 17603 and known as Lancaster Main, effective on March 9, 2022. The bank's decision to close the branch office is a business decision that does not require our approval. However, we will consider your comments in connection with our next Community Reinvestment Act (CRA) evaluation of the bank when we will review the effect of the bank's record of opening and closing offices. In addition, we will take the bank's record of performance under the CRA into account when we review applications by the bank to establish or relocate branches or to merge with other banks.

We have sent a comment of your letter to Ms [redacted] Director of CRA. [redacted] Please pursue further inquiries directly with Ms. [redacted] Please indicate the name of the branch and its present location to the bank contact.

We have forwarded your comment letter to the OCC's Community Affairs Department in Washington, D.C. Community Affairs will advise you if we intend to convene a meeting with community representatives to explore the feasibility of obtaining alternative financial service facilities. If you have any questions, please contact [redacted], Director, Community Developments, at [redacted] or [redacted]

Sincerely,

[redacted]

Director for Large Bank Licensing

[redacted]

-----Original Message-----
From: [redacted]
Sent: Monday, December 6, 2021 6:43 PM
To: CCO Large Banks [redacted]
Subject: [EXTERNAL]Wells Fargo branch closing

CAUTION: External Email

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CAUTION: External Email

I'm writing in regard to Wells Fargo closing the branch at Lancaster Square.
I'm sure I'm not the only one who now does NOT have a Wells Fargo bank in walking distance

[redacted]

[redacted]

Cel [redacted]

CAUTION: External Email

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CAUTION: External Email