



HOUSING LABORATORY 1

A report of AIM for Dallas

FEDERAL RESERVE BANK OF DALLAS
SEPTEMBER 29, 2014, 8AM - 3PM

PREPARED BY

buildingcommunityWORKSHOP is a Dallas based nonprofit community design center seeking to improve the livability and viability of communities through the practice of thoughtful design and making. We enrich the lives of citizens by bringing design thinking to areas of our city where resources are most scarce. To do so, bcWORKSHOP recognizes that it must first understand the social, economic, and environmental issues facing a community before beginning work.

SUPPORTED BY

The Citi Foundation works to promote economic progress in communities around the world and focuses on initiatives that expand financial inclusion. We collaborate with best-in-class partners to create measurable economic improvements that strengthen low-income families and communities. Through a “More than Philanthropy” approach, Citi’s business resources and human capital enhance our philanthropic investments and impact.



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AIM for Dallas

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Affordable Infill Model

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, AIM for Dallas intends to build citywide capacity for infill development by developing a market-based model delivering homebuyer choice for all families. Led by bcWORKSHOP, this process will form collaborative partnerships between municipal government and developers, educators, and advocates. Surveys, data analysis, and other research methods will result in two outputs for Dallas: (1) an assessment of the current landscape of infill housing, and (2) an implementable practice model for increasing housing production and choice.

Themes of Work

AIM for Dallas will deliver homebuyer choice through four organizing themes:

- A strong pipeline of mortgage ready buyers: Establish a system for outreach, education, and retention/referral of homebuyers within Dallas;
- Effective allocation of municipal assets and programs: Recommend model for more impactful appropriation of public funding and enhanced land bank activities;
- Equitable lending practices: Devise mortgage products and alternative financing methods to increase homeownership access and choice; and
- Variety of neighborhood and house design for homebuyer selection: Incorporate diverse neighborhood and design options into development process to effectively accommodate market and client preference.

GOALS

The goals of Housing Laboratory 1 were to:

- Devise a comprehensive list of challenges to affordable infill production;
- Prioritize challenges;
- Identify the existing structure of the infill housing system;
- Link prioritized challenges within the existing system; and to,
- Establish a work program for creating a solution-based infill model.

The Agenda and Attendee List of Housing Laboratory 1 appears as Appendix One.

The Goals of Housing Laboratory 1 provide a solid base for the exploration and consideration of solutions that will be advanced through Housing Laboratory 2. The day was divided into three key activities designed to brainstorm about challenges in our areas of focus (Finance, Public Policy, Development, Homebuyer Pipeline).



ACTIVITY ONE

MIXED GROUP BREAKOUTS

Representatives from each stream of work (Finance, Public Policy, Development, Homebuyer Pipeline) will commingle in an activity sketching out the challenges facing the affordable infill housing system as it exists in Dallas today.

GROUP ONE

Matt Hull, Thomas Simpson

Jean Brown, Gerald Carlton, Jack Matthews, Storm Taliaferrow, and John Henneberger, Todd Mark

GROUP TWO

Annie Lord, Lizzie MacWillie

Sherman Roberts, Dorothy Hopkins, Edna Ocegüera, Merecia Smith, and Maria Schneider

GROUP THREE

Nick Mitchell-Bennett, Wayne Beggs

Michon Fulgham, Deborah Canady, Wende Burton, Hank Lawson, Betsy Julian, Julie Gunter, Robin Minick, and Ben Leal

GROUP FOUR

Brent Brown, Lisa Neergaard

Roy Lopez, Dora Ramirez, Alfreda Norman, Noel Poyo, and Michael Lee



GROUP ONE

Matt Hull, facilitator
Jean Brown
Gerald Carlton
Jack Matthews
Storm Taliaferrow
John Henneberger
Thomas Simpson
Todd Mark

GROUP ONE NOTES

The group discussed the issues impacting the development of affordable infill housing. The group suggested that in general, the City seemed to lack the political will to address the city's need for affordable housing. The group asserted that there needs to be a long term and far sighted, comprehensive plan for how the city will create affordable housing to address the needs of residents.

The group was sensitive to the isolation of poor citizens in neighborhoods and believed that AIM Dallas needs to find ways to provide products that include a diversity of income levels in order to create mixed income neighborhoods. The group also noted the connection between attractive housing in attractive neighborhoods. The work of the infill housing team must work in concert with other efforts to build neighborhood assets. These assets may be physical or may relate to the community social development assets (team-building, local governance).

The development group clearly saw the City's land bank as an asset, but wished to see process improvements and strategic planning to ensure that various partners were able to optimize the land bank's potential.

While the group acknowledged the tightening of qualification standards, it believed that realtors and others were on top of getting citizens to the point where they are mortgage ready.



GROUP TWO NOTES

Credit: Different banks have different criteria for lending. Credit scores are lowered for different reasons, banks only see a low credit score, not the cause. HUD is developing a program that distinguishes why a credit score is bad - job loss, medical issue, etc.

Finding a market: Finding a market for what developers have can be difficult - how do you find someone who wants what you're selling?

Neighborhood: What do people not want to live in certain areas? Why do people have to pay so much for transportation? Where does the idea / problems of "whole communities" fit into these different work streams? Focusing on the community first will enable you to attract people to places, rather than building where there isn't anything. It's not just housing factors that influence market and supply (community issues, health and wellbeing)

Homebuyer education: Default rate is much lower for people that have been through the homebuyer education process, there needs to be a consolidation of the homebuyer education process.

Vacant properties: The process of foreclosing on a vacant lot is prohibitive, takes too long. Need to look at the process of auctioning properties - anyone can buy vacant lots, how to direct them to those that will contribute to the positive development of a neighborhood.

Housing options: Exploring different housing types and options, develop new housing products. There's a possibility for developing new communities with housing types/ options that are not currently available, and are also currently difficult to finance.

Success: No strategy for measuring success, how do we evaluate work that's being done?

Annie Lord, facilitator
Sherman Roberts
Dorothy Hopkins
Edna Ocegueda
Merecia Smith
Maria Schneider
Lizzie MacWillie

GROUP THREE



Nick Mitchell-Bennett,
facilitator
Michon Fulgham
Deborah Canady
Wende Burton
Hank Lawson
Betsy Julian
Julie Gunter
Robin Minick
Ben Leal
Wayne Beggs

GROUP THREE NOTES

Nick Mitchell-Bennett provided initial instructions for the day and noted that while he works in all areas of the housing development lifecycle, he believes that in many ways, the pipeline of buyers is most important, stating that without buyers, there is no system. As such, homebuyer education is essential to getting clients buyer ready. While counseling is not a revenue generator for organizations, it is so necessary.

Betsy Julian noted that while technically, advising people in rental accommodations may not result in leads, it is still important because moves people further down the housing continuum towards the potential of buying a house. This is essentially a pre-pipeline, charting a path for those that aspire to home ownership.

On several occasions, the group discussed the challenges of appraisals, suggesting that low appraisals in economically challenged areas impact the viability of sales of existing properties and the potential to develop new infill projects. Beyond this, there are of course, impacts on the potential for wealth generation for individuals.

It was noted that there are no policies in place to address housing affordability and as such, there is not a policy in place to move past existing enclavism. It was also noted that the true story is sometimes hidden from view. The macro data suggests that Dallas is among the most affordable cities in the nation, but a further parsing of the data notes specific areas where debt to income ratios are significant and act as a barrier to home purchase.

The group also suggested that there is a marketing challenge - people don't know about available services and many with the potential to enter the mortgage don't self-select or obtain services.



Participants believed that the City of Dallas Land Bank could be better used to catalyze strategic development.

Throughout the session the question of the location of housing in relation to economic opportunities in the City were raised. These are questions of equitable distribution of investment and the drive to build a City in which there were opportunities for increased diversity of populations and opportunities.

Finance

- There is a need to find and support qualified buyers.
- There is a challenge that NPOs compete for the same money.
- We need to strategically blend sources to develop new product.

Process/Policy Barriers

There is a need to focus on issues related to the individual or families seeking housing (income/credit scores/ employment status) and to larger structural and systemic issues related to developing product and bringing it to market.

The group agreed that there was a need to engage Housing Plus to ensure that community development is put back into housing development.

We need to explore ways to incentivize development and look at those areas with the potential for change in order to have forward looking policy that catalyzes development while managing community change and ensuring that existing residents aren't pushed out as development occurs. The term "gentrification with inclusion" was used and the need to leverage opportunities was highlighted.

GROUP FOUR



Brent Brown, facilitator
Roy Lopez
Dora Ramirez
Alfreda Norman
Noel Poyo
Michael Lee
Lisa Neergaard

GROUP FOUR NOTES

Themes of Challenges

- Metrics
- Neighborhood Political support for Infill Housing [neighborhood leadership]
- Government Support for Infill Housing - supports a productive relationship
- Operation disfunction
- Clear Geography
- Targeting & Prioritization
- Rehab
- Land Bank
- Mixed Income
- Money & Funding [attitudes towards how dollars are invested]

The conversation highlighted multiple themes across the varying streams for work including:

- need for analysis and metrics;
- working with long term goals;
- promoting choice for families;
- engaging communities; and,
- promoting inclusion in housing and neighborhoods.

Finding a framework or strategies to support long-term quality development was a recurring theme. Viewing development not as singular projects, but as part of a strategic plan to build and support a neighborhood. This plays out in the quality of the product provided, the placement of the product, and the ability of that home or neighborhood to be attractive to a range of residents. The notable challenge from a strategic standpoint is:

- the lack of market and development analysis taking place among those building



affordable housing;

- the lack of strategic investment efforts to bring value to low income areas;
- the diversity and attractiveness of the product offered; and,
- efforts to continue to support homeowners so they can stay in their homes.

Most apparent from this discussion of challenges was the significance of creating inclusionary neighborhoods. Our current systems of financing, matching homeowners with home, and focusing only on homeowner product hinder our ability to offer families the opportunity to live in neighborhoods across the city. The policy and financing challenges related to developing a multi-focused, or “one-size does not fit all” strategy were discussed. This policy solution touches on:

- issues of land banking;
- subsidy;
- gaining underwriting for non-traditional products, and,
- overcoming the ability or the perception challenges of non-profit developers building market rate housing in addition to their below market rate product.

Choice was a key word utilized in this session and throughout the day. The ability to offer choice of location, choice of product, and choice of rental or ownership was tied to all of the streams of work. Being able to offer a family a home they want in the place they want would strengthen efforts within the pipeline and could:

- grow the possible offerings of developers;
- help ground city investment efforts, and
- help build more inclusive neighborhoods.



CHALLENGES

PIPELINE CHALLENGES

- Selling homeownership -> How do we sell homeownership?
- Getting builders connected to buyers
- Mortgage-ready borrowers: Post recession, too many are credit-damaged even if income + debt appropriate. But they do exist
- Well targeted culturally & linguistically competent marketing and outreach. Service integration across organizations and service areas (free tax prep -> financial coaching -> homebuyer education -> affordable/responsible mortgage products
- Lack of information to facilitate choice
- Note: within homebuyer process, there are elements we can control, ie. pre-counselling, readiness training, information. Systems (can control) vs. people (out of control)
- Need many more mortgage-ready buyers (homebuyer readiness)
- Getting potential homebuyers into the pipeline
- Having individuals (prospective clients) connect with agencies
- Qualified homebuyers
- Credit issues
- Homebuyer readiness
- The absence of a functional real estate market to make sales work
- Prequalification of a sufficient number of homebuyers
- Credit / job
- Not involving a collaborative partnership to address more than homebuyer education focused on establishing a qualifying credit rating. Need a partner to invest in "human capital", ie: employment, wellness, programs for "healthy families" - all which lead to better neighborhoods.
- Incentivizing homebuyer classes that can better prepare homebuyers. How do we make counselling "sexy, fun and more motivating"
- First come, first serve is not right
- Homebuyer education - need more people to participate in homebuyer education
- Access to source: sites for such pre-qualification are not readily available in many low-income neighborhoods.
- Development incentive: beyond homeownership
- System for the pipeline needs new "scale", the pipeline needs to lead to homeownership: Innovation, technology, coordination, is needed to meet the needs.
- Construction delays due in part to City of Dallas, ie permits
- Eligible homebuyers or attractive buyers: attracting middle income buyers to a low income area
- People tend to want to buy new versus existing homes: many want to buy outside of Dallas city limits, credit challenges, thin credit files, down payment access
- Homebuyers may not want to live in Dallas
- Need whole (health, educated, safe, vibrant) communities to attract homebuyer
- Urgency: to articulate the nature of the problem
- Alternative mortgage products for potential buyers
- Qualified buyers based on credit scores - more flexible underwriting criteria

POLICY CHALLENGES

- Concentrating housing initiatives in neighborhoods to move property values in underserved neighborhoods
- Target areas for developers / non-profit
- Connecting metrics with development
- Allowing for different types of housing - very small, extended family, co-housing, etc. (zoning issue)
- Benchmarking an existing community and tracking outcomes to inform future investment (understand what has worked and build on it)
- Huge need for owner occupied rehab for low-income owners
- City of Dallas housing does not fund housing rehab: city should consider developing comprehensive housing plan to include not just new construction but renovation projects; HUD funding cuts
- Land bank does not maximize number of properties available; does not optimize properties available: Maximize 20,000 vacant properties in Dallas, only small % of those in bank. Optimize: little choice in location, quality of property.
- Land banking property is too slow and reas chosen could be better
- Mixed income neighborhoods should be intentional: policy should be focused on communities of opportunities for all. How to distribute opportunity?
- Incentives pioneers to move to low-income areas
- Creating mixed income neighborhoods
- Lack of affordable housing for homeownership throughout the city
- Funding
- Public/government financial support of infill housing
- Lenders <-> Public policy; be truthful about why finance will not fund
- Political support: political support is weak
- Slum lords; drug houses; safety & education
- Streamline assistance programs
- Backlog of qualified lots cleared thru attorney's office.
- Process
- Working with the City of Dallas, it takes too long to work landbank lots
- Permitting and processing bureaucracy
- Simplified and clear regulations that are easy to follow and adhere to
- Little NSP programs or eligible buyers: working through any public entity for subsidy 1) is inconsistent 2) poor process for delivery of public subsidy
- Better loan products / DPA programs: citizenship, the money is there but not a citizen (can't get a loan), additional DPA program, more affordable products to fill the gap.
- Dedicated city staff to infill/affordable issues.

- Economic development (retail, amenities)
- Understanding, NIMBY, lots and cheap vs less and better, concentration
- Clear coordinated strategy from public agencies with federal formula grants & large real estate portfolios
- How to make housing plus work?
- The absence of effective neighborhood based leadership to provide political support and guidance for CDCs: the failure of a political will to solve the problem starts with the lack of an effective organized political constituency to guide development at the neighborhood level.

DEVELOPMENT CHALLENGES

Listed by frequency, Challenge, Ranking

- (5) Funding (for capacity, operations, Gap and subsidy)
- (1) Lack of Qualified homebuyers
- (2) Lack of political will to implement a comprehensive and collaborative strategy
- (1) Cost of delivery of infill vs. greenfield
- (1) Rehab vs. New Construction
- (1) Inability to Reach Scale, problem with the system
- (1) Affordable homeownership opportunities distributed throughout the city
- (1) Marketing and Public Awareness (became tied with political will later on)
- (1) Inventory in Land Bank
- (2) Ability to Obtain Clear Title
- (1) Greater need for engaging community throughout development process
- (2) Higher quality of built product
- (1) Choice in size/type/aesthetic of built product. Need more variety to suit market
- (2) R+D, market analysis to help build capacity
- (1) Robust rental choices (single family and multi-family)
- (2) Permitting and processing through the city, both time and cost
- (4) Ability to assemble concentration of land #4- urgency and overall
- (3) Building complete neighborhoods and ability to understand potential impact of housing

FINANCE CHALLENGES

- Smaller dollar value mortgages (mortgage options to suit different housing types)
- Lack of interim financing to developers: developers need greater access to interim financing in order to build out projects. Many banks do not do spec housing. More incentives needed to entice developers to build infill housing.
- Lack of targeted subsidies for 1) Homebuyers 2) Construction appraisal vs actual cost
- Predictable availability of public subsidy to leverage private capital for affordable mortgages
- Willingness to privately finance mixed income portfolios that create the opportunity for internal cross subsidy.
- Subsidies
- Subsidy for very low income. How to provide responsible financing for sustained home ownership
- Appraisal values vs. cost to build influences clients ability to qualify for mortgages
- Underwriting as it relates to location
- Intersection of neighborhood conditions and access to financing
- Need to focus long term in incentive programs that focus on the very basic finance literacy issues and their application communities without any banking experience, any assets or any real hope for development
- Over financing homes that frustrate conservative policy makers.
- Clearing title; loans for iffy areas; getting lenders to understand
- Funding for owner-occupied rehab
- Lines of credit from banks in low income census areas (won't lend money for building in certain areas)
- Attracting builders to a low income area (for profit)
- Credit: obtaining mortgage finance
- accepting an a-typical product: definition of a single family house set at 3-2 etc.
- Qualifying standards; source of funding
- Loan products not flexible for LMI buyer; availability of appropriate products
- Lack of financial capacity for developer
- Need to adopt green appraisals / green mortgages
- Obtain mortgage financing for low/moderate income
- Debt-to-income ratios
- Need dedicated owner-finance fund
- Being able to provide housing to people who are not mortgage ready eg. lease to

- won products, co-housing, rehab it yourself, etc. (part of the homebuyer process)
- PITI not inclusive of transportation
 - mortgage insurance (buyer can't afford)
 - Incomes of potential homebuyers: the aspiration to own a home is very strong but incomes of many potential homebuyers are not adequate.
 - Savings/down payment from fractured borrowers
 - Loans available for undocumented / non-citizens
 - Finding qualified buyers / construction cost go up every month / may NPO competing for same money.
 - Impact of banking regulations on developer operations / cash flow: construction and ultimate sale drain cash and therefore reduce the ability of developer to do more.
 - Pricing / affordable
 - Flexible construction financing
 - Finding the capacity of builders to undertake the loans necessary to move housing forward



ACTIVITY TWO

COMMITTEE BREAKOUTS - PRIORITIZATION

Delve deeper into the challenges identified in the first session, representatives within each committee work together to identify additional information about and prioritize each challenge.

DEVELOPMENT

Matt Hull, Thomas Simpson

Jean Brown, Gerald Carlton, Jack Matthews, Sherman Roberts, Dorothy Hopkins, Ben Leal, Maria Schneider and Anthony Chandler

FINANCE

Annie Lord, Lizzie MacWillie

Storm Taliaferrow, Edna Ocegüera, Michon Fulgham, Roy Lopez, Dora Ramirez, and Julie Gunter

PIPELINE

Nick Mitchell-Bennett, Wayne Beggs

Michael Lee, Todd Mark, Merecia Smith, Deborah Canady, Wende Burton, and Alfreda Norman, Raquel Valdez

POLICY

Brent Brown, Lisa Neergaard

John Henneberger, Hank Lawson, Betsy Julian, Noel Poyo, and Robin Minick



DEVELOPMENT

Matt Hull, facilitator
 Jean Brown
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 Jack Matthews
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 Anthony Chandler
 Thomas Simpson
 Ben Leal
 Maria Schneider

DEVELOPMENT NOTES

During the discussion, a few ideas were discussed. It was posited that the council is more concerned with “nice stuff” than with affordability, and that there is not enough focus on economic development. It was suggested that a local example to look into is a development at Grigsby and Live Oak.

Overall, the development group focused on a demand driven perspective. Drawing from the pipeline group, it became clear we had to be able to offer housing products and neighborhoods where qualified buyers wanted to live. We felt strongly that greater political will was needed to make fair, affordable housing a priority, but that we ought to be able to leverage current investment trends to insert and incentivize affordability into the expansive new development in the city’s core. A first step may be working with the city to cut red tape, but assuming there are a high number of qualified buyers, our focus should be with the policy experts, devising how affordability can accompany investment.

Priorities

Overall

- Funding (for capacity, operations, Gap and subsidy)
- Lack of political will to implement a comprehensive and collaborative strategy
- Building complete neighborhoods and ability to understand potential impact of housing
- Ability to assemble concentration of land #4- urgency and overall
- Lack of Qualified homebuyers- #5 for urgency + overall

Urgency

- Funding (for capacity, operations, Gap and subsidy)
- Lack of political will to implement a comprehensive and collaborative strategy
- Building complete neighborhoods and ability to understand potential impact of housing
- Ability to assemble concentration of land #4- urgency and overall
- Lack of Qualified homebuyers- #5 for urgency + overall



Control

- Permitting and processing through the city, both time and cost
- Greater need for engaging community throughout development process
- Choice in size/type/aesthetic of built product. Need more variety to suit market-

Low Hanging Fruit

- Permitting and processing through the city, both time and cost
- Greater need for engaging community throughout development process
- Choice in size/type/aesthetic of built product. Need more variety to suit market



FINANCE

Annie Lord, facilitator
Storm Taliaferrow
Edna Ocegüera
Michon Fulgham
Roy Lopez
Dora Ramirez
Julie Gunter
Lizzie MacWillie

FINANCE NOTES

Priorities

1. Lack of financial capacity of developers
2. Loan products not flexible for LMI buyers / availability of appropriate products.
3. Appraisal values vs. cost to build (x3)
4. Lack of targeted subsidies (x5)
5. Lack of interim financing to developers

Priorities the finance stream might have more control over (in no particular order)

- Smaller dollar value mortgages (mortgage options to suit different housing types)
- Lack of interim financing to developers
- Need to adopt green appraisals / green mortgages

Notes

It is difficult to prioritize these challenges without being able to identify a starting point - does one challenge need to be addressed before all others? Do they all need to be worked on at once? There are no easily identifiable 1,2,3 steps, instead all the challenges are interrelated.

Challenges can be divided into three categories - finance challenges related to construction, to consumer finance, and then challenges that are a mix of both.

Homebuyers need to be ready before building happens.

Very few builders will build on spec, spec building should be taken out of the discussion before it is so rare.



Who is driving policy? There are no targeted subsidies so they don't influence appraisal, but subsidies should be able to. The idea that it's the non-profit sector that's driving policy was discussed (*I'm not sure whether this was a bad thing, but perhaps is a part of what keeps change happening at a small scale as opposed to a large scale). In general it was felt that there is no big picture, the scale of development currently happening is too small and focused on very specific areas. A reconsideration of policy around subsidy might influence scale.

There needs to be a way to communicate demand for product.



PIPELINE

Nick Mitchell-Bennett,
facilitator
Michael Lee
Todd Mark
Merecia Smith
Deborah Canady
Wende Burton
Alfreda Norman
Raquel Valdez
Wayne Beggs

PIPELINE NOTES

The pipeline of buyers group started by re-grouping suggested challenges into five sections: Homebuyers; Marketing; Development tools; Desire/motivation; and Finance.

The bulk of challenges could be attributed to the homebuyers section. While some participants had expected that there would be a lack of potential buyers, those working in the development pipeline noted a strong supply of buyers and a lack of product suitable to the needs or interests of their buyers.

While attempts were made to prioritize the above noted sections, the group struggled to identify which challenges might afford the greatest impact. Group members suggested that in looking at the pipeline of buyers, a pinch at any point could lead to a reduction in flow. When pressed, the group suggested that the homebuyers in the process were most crucial and that there were needs to market the availability of options and products. The group believed that improved marketing was an area of low hanging fruit that AIM could action.

The consideration of desire and motivation relates to the type and location and age of housing products within the City. Desire and motivation might also be considered market demand.

The group spent time debating as to whether development tools and finance even belonged in this conversation, as the challenges outlined seemed to be more directly related to the deliberations of other groups.

The most notable comment came from the facilitator, Nick, who noted that while the pipeline group said that there would be available buyers, the other groups would complain about a lack of buyers. It was suggested that this fact reflected a disconnect between the available products and the products that the market was demanding.



POLICY

POLICY NOTES

Prioritized Challenges

- The functionality of the current system of identifying and investing in neighborhoods; the disconnected nature of investment and support.
- The lack of community leadership and community education to support local efforts to inform and drive long-term strategic plans.
- Development strategies to build and support inclusive neighborhoods.

Relationships

If we don't have the constituency as an informal group or groups to drive policy creation. The dynamic effects the interest and willingness to spend the time to engage and educate.

- What is the City's role in educating the neighborhood/residents to create better neighborhoods.
- Directing resources toward the needs – is it housing, is it resources, infrastructure, schools, etc?
- It's often not money that drives investment, it's transportation, it's infrastructure,;
- Gain alignment between city money and strategies of the Dallas Independent School District;
- Housing plus may be the best tool to begin to tackle the neighborhood issues as a whole;
- City staff capacity is low in regard to monitoring, investing and implementing the plan;
- Funding organizing, connecting residents to additional resources and tools;
- Need to allow the total needs of a neighborhood to be considered and measured over time; and,
- If your resource community participation – decisions may be able to be made based on the strongest neighborhood support;

Brent Brown, facilitator
 John Henneberger
 Hank Lawson
 Betsy Julian
 Robin Minick
 Noel Poyo
 Lisa Neergaard

POLICY NOTES CONTINUED

Funding

The placement of housing funding money through TIFs is allowed in the Economic Development Department and not in the Housing Department. This creates a disconnect in the overall plan, or strategy;

- We aren't going to hit every place. We need to target actions with tailored plans;
- In areas where the development is moving, there needs to be strategies to stabilize housing and offer the choice to stay, or to go;
- Organizing in Northern Dallas is strategically different than doing so in other areas of Dallas – creating affordable housing across the city is a different effort than targeting neighborhood development;
- Land cost in Northern Dallas is a barrier to developing affordable housing; and,
- Expenses are similar but different in regards to development across the city – housing in higher value areas (land is the highest cost barrier), lower value areas (infrastructure becomes the higher cost barrier).

Barriers

The marriage of government, neighborhoods and constituency needs to be undertaken with the intention of creating a framework for an organized and informed public;

- Include rehabilitation in investment strategies. It is a low hanging fruit;
- Land bank – there is an urgency to address this due to the legislative cycle;
- Funding – capital bond investment connected to housing development – requires coordination efforts across departments;
- Private funding for neighborhood investment in organizing education. There may be a challenge from political pieces that are not part of the process;
- Housing plus – needs business representation;
- Communicating the information in a way that is accessible
- Have stock in place; and,
- Organizing around a consolidated plan that includes foundations investing in a number of pilot neighborhoods and organizations.

A solution is to focus on these issues to then develop the community comment/response to inform the consolidated plan and ensure funding funnels through local foundations.

Financing

- Separating construction financing and mortgage finance as two separate issues as they have differing demands and barriers.



ACTIVITY THREE

MIXED GROUP BREAKOUT - LINKAGES

Returning to mixed committee groups, participants will diagram relationships among different committees and their challenges within a system of housing. How do the challenges link between committees? How might links between committees present opportunities for overcoming a challenge?

GROUP ONE

Matt Hull, Thomas Simpson

Jean Brown, Gerald Carlton, Jack Matthews, Storm Taliaferrow, Todd Mark, and John Henneberger

GROUP TWO

Annie Lord, Lizzie MacWillie

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 Thomas Simpson

GROUP ONE CONCLUSIONS

Like other groups, a large emphasis was placed on holistic neighborhoods. Policy impacts the development of infrastructure - education, transportation, etc. - that influences the attractiveness of a neighborhood. But there also needs to be a way to recognize and measure what a holistic neighborhood looks like - how do we evaluate a neighborhood? How are we looking at inclusive neighborhoods. How do we anticipate neighborhood change, and stay ahead of gentrification?

The pipeline needs to develop its capacity for long-term relationships. If we know demand from the pipeline, about what type of neighborhood and home qualified buyers want to live in, we can work toward development that addresses those desires. We need a means to evaluate where market forces are already beginning to come to bear in parts of the city. If we have that knowledge, we can use some kind of policy mechanism - whether it's an incentive, tax break, etc. - for development that's going into those neighborhoods to include affordable ownership opportunities, either within that development or in the surrounding neighborhoods.



GROUP TWO CONCLUSIONS

Unsurprisingly it was concluded that everything is interrelated. What we discussed was what all the connections between the different challenges actually means. More connections were drawn to policy challenges than to others. Is this because policy has a large impact on the other streams? It was determined that policy is not necessarily a driver, but influences all other streams, and has its largest (perhaps only necessary) influence through subsidy. The idea was thrown out there that if it were not for subsidy, policy would be unnecessary in order for the other work streams to function.

Our conclusion was the following:

The connections between challenges are weighted toward policy, but we question whether these connections are actual or inspirational? Does the weight on policy suggest policy is a driver? Or do we wish that it were? Subsidies are the only real direct impactful contribution of policy right now.

Where the city, and therefore policy, has the potential for the most impact are in the services that influence holistic neighborhood development - utilities, schools, transportation, etc.

Annie Lord, facilitator
Sherman Roberts
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Edna Ocegueda
Merecia Smith
Maria Schneider
Lizzie MacWillie



GROUP THREE

Nick Mitchell-Bennett,
facilitator
Michon Fulgham
Deborah Canady
Wende Burton
Hank Lawson
Betsy Julian
Julie Gunter,
Robin Minick
Ben Leal
Wayne Beggs

GROUP THREE CONCLUSIONS

The group concluded the day by outlining four areas of focus which were inter-related.

The four areas of consideration were:

- Addressing inadequacies in finance
- Enhancing community leadership and engagement
- Driving holistic and inclusive neighborhood development; and
- Improving systemic and governance capacity.

Finance included consideration of the financial capacity of both the lenders and the clients and the loan products designed to serve them. It also considered the historic and continuing impact of appraisals on housing value and its relation to the potential to leverage assets to drive improvements. The group suggested an examination seeking to illuminate barriers to affordability that would inform development of new products.

Community leadership and engagement encompassed a series of opportunities to build capacity to drive change. In some cases this work might be less about housing specifically and more about community development. Through the creation of local capacity, it was anticipated that neighborhoods could play a more active role in directing local change. This direct role would not only improve the capacity of those involved, it would also create an engaged clientele capable of advocating for local interests. Establishing community leadership and increasing engagement was believed to be essential to building a constituency which would demand better development, improved engagement by the City and this emerging community leadership would take a stronger role as a local steward of development.

The group advocated for holistic and inclusive neighborhood development. Participants believed that a holistic and inclusive approach would improve neighborhood desirability and could address Housing Plus requirements which re-introduced a focus



on community development in Housing and Urban Development (HUD) grants. The group also believed that a focus on holistic and inclusive neighborhoods could play an active role in increasing housing choice across Dallas. The group was concerned with the availability of products at a variety of levels in a variety of neighborhoods.

Increasing system and government capacity was seen as essential to moving other areas forward. The group noted the central role that the City should play in influencing the development process. The City should utilize available tools including a more active use of the land banking system. The City's role in the housing process should include support for investigation of the impediments to affordability, but should also engage in funding processes and homebuyer programs, while playing the role of an active facilitator in development processes. Such an approach might include the City actively linking projects and identifying opportunities to build partnerships leading to increased outputs for the housing system.

The group identified several linkages in the above noted groupings. Foremost, the strong link between the finances available to advance product development and systems of governance were noted. Better systemic and government capacity should lead to increased finance options.

The group also outlined a virtuous circle which could develop if the City was willing to play a more active role in advancing community leadership and holistic and inclusive neighborhood development. Participants believed that such an investment in local capacity building could assist the establishment of culture of engagement which would strengthen both individual and collective ownership of local challenges and solutions.



GROUP FOUR

Brent Brown, facilitator
Roy Lopez
Dora Ramirez
Alfreda Norman
Noel Poyo
Michael Lee
Lisa Neergaard

GROUP FOUR CONCLUSIONS

In reviewing and sorting the the top challenges from the varying streams, we sought to arrange them as to how they would effect one another. The challenges of policy and development seem to be driving the current production model. Utilizing the information gained from the prior sessions, and in particular the information coming out of Pipeline, we began to reconfigure the relationship of the themes of work. Our determination was that the pipeline of homeowners or residents should drive the system. Pipeline should inform construction financing and policy development, flowing into mortgage financing and finally development. Understanding client needs, demographic differences, and product preferences should inform and shape future housing policy and production. By focusing on client choice, we can begin to develop policy that supports inclusionary neighborhood development, stronger pipeline and development relationship, and more target use of limited subsidy.

ADDITIONAL INFO. REQUESTED

- A metric for health neighborhoods -> HUD opportunity index
- Housing market study of neighborhoods on verge of gentrification
- Reinvestment fund model
- Those who were made homebuyer ready last year - where did they buy? how did they get there? Did realtors bring them there?
- What are the homebuyers counselling programs?
- What are the long term goals and what does success look like?
- Look at the maps and be able to tell stories about specific geographies - what do the maps say?
- Categories of institutions providing pipeline
- What is the mortgage product needed for a infill model? Buyer profile for different buyer types. What is the info needed to determine these?
- Neighborhood profile for where lenders are lending / not lending
- How many homebuyers bought new vs existing
- CDFI index- treasury ranking of neighborhoods.

APPENDIX ONE

AGENDA

AM

8:00 - 9:00

Registration & Breakfast

9:00 - 9:15

Call to Action

(Tina Council, LISC + Alfreda Norman, Federal Reserve Bank of Dallas)

9:15 - 10:30

Mixed Group Breakouts- ID

Representatives from each stream of work (Finance, Public Policy, Development, Homebuyer Pipeline) will commingle in an activity sketching out the challenges facing the affordable infill housing system as it exists in Dallas today.

10:30 - 10:45

Regroup

Aggregate challenges from first session by stream of work for second session.

10:45 - 12:00

Committee Breakouts - Prioritization

Delve deeper into the challenges identified in the first session, representatives within each committee work together to identify additional information about and prioritize each challenge.

PM

12:00 - 1:00

Lunch

1:00 - 1:15

Regroup

Return to mixed groups.

1:15 - 2:15

Mixed Group Breakout - Linkages

Returning to mixed committee groups, participants will diagram relationships among different committees and their challenges within a system of housing. How do the challenges link between committees? How might links between committees present opportunities for overcoming a challenge?

2:15 - 3:00

Report Out

Utilize the day's progress to establish work items and further investigation for each stream of work

ATTENDEES LIST

Alfreda Norman	Federal Reserve Bank of Dallas	VP and Community Development Officer
Annie Lord	CITI	VP and Community Development Officer
Anthony Chandler	Bell & Chandler Consulting	Consultant
Ben Leal	Jubilee Park	CEO
Betsy Julian	Inclusive Communities Project	President
Brent Brown	bcWORKSHOP	Founding Director/President
Deborah Canady	Urban League of Greater Dallas & North Central Texas	Workforce Job Developer
Dora Ramirez	Wells Fargo	Community Development Manager
Dorothy Hopkins	Frazier Revitalization, Inc.	President
Edna Ocegueda	CDC Brownsville	Deputy Director
Gerald Carlton	EDCO	President
Hank Lawson	Frazier Revitalization, Inc.	Community Engagement
Jack Matthews	Matthews Southwest	President
Jean Brown	Green Extreme Homes CDC	Executive Director
John Henneberger	Texas Low Income Housing Information Service	Co-Director
Julie Gunter	Federal Reserve Bank of Dallas	Community Development Director
Maria Schneider	Terra Shelter Inc.	
Matt Hull	TACDC	Executive Director
Merecia Smith	BCL of Texas	Homeownership Center Manager
Michael Lee	Terra Shelter Inc.	
Michon Fulgham	Inwood National Bank	Director of Community Development

Nick Mitchell-Bennett	CDC of Brownsville	Executive Director
Noel Poyo	NALCAB	Executive Director
Robin Minick	The Real Estate Council	Foundation Director
Roy Lopez	Capital One	Vice President CRA Business Development
Sherman Roberts	Citywide CDC	President & CEO
Storm Taliaferrow	NALCAB	Program Coordinator
Tina Z. Council	Local Initiatives Support Corporation	Senior Program Officer
Todd Mark	Consumer Credit Counseling	Vice President of Community Relations
Wende Burton	Communities Foundation of Texas	Community Philanthropy Director
Craig Weflen	bcWORKSHOP	Media Associate
Lisa Neergaard	bcWORKSHOP	Planning Associate
Lizzie MacWillie	bcWORKSHOP	Senior Public Designer
Thomas Simpson	bcWORKSHOP	Planning Associate
Wayne Beggs	bcWORKSHOP & Urban Planning and Public Policy PhD Program, UT Arlington	Consultant/Student

