

City of Lewisville
Pathways to Removing Obstacles to Housing
(PRO Housing)
Application - 2024



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EXHIBIT A
EXECUTIVE SUMMARY
CITY OF LEWISVILLE, TEXAS

Exhibit A: Executive Summary

The City of Lewisville is submitting this proposal for HUD's Pathways to Removing Obstacles to Housing (PRO Housing) Funding Opportunity with the goal of serving low- and moderate-income residents by removing barriers to affordable housing and seeking affordable housing production and preservation.

Proposed Eligible Projects:

- **CONVERSION**
 - Provide a path for a nonprofit community housing developer to come to Lewisville as a permanent fixture in the community and create affordable low-density housing for Lewisville residents.
 - Aiding the City in overcoming barriers associated with insufficient supply of diverse housing stock as well as absence of available land and capital costs needed to convert or extend affordable housing stock.
- **PRESERVATION**
 - Provide incentives for developers to purchase existing multifamily complexes to extend their affordability or create affordable housing.
 - Supporting the City in overcoming barriers associated with capital costs needed to maintain both habitability and affordability in current multifamily complexes.

Budget and Milestones:

Discussed in Exhibit D, section V, more detailed budget with specific staff funding amounts will be provided upon submission of grant application. The City of Lewisville is requesting \$5,000,000 to allocate in the following way:

- \$500,000 - Admin and planning services (internal) - 10%
- \$2,250,000 - Conversion of current middle-sized housing type or vacant property to provide affordable tenant or homeownership - 45%
- \$2,250,000 - Incentivizing deeper/longer affordability for multifamily developer - 45%

Collaboration:

The City of Lewisville cannot solve the affordable housing crisis alone. The City must rely on its partnerships to create equitable projects to serve our community. Collaboration with partners from nonprofits, banks, residents, and other departments drove the creation of the strategic plans and goals that guided the creation of this application and the proposed projects.

Critical Definitions:

- *Low to Moderate Income (LMI)* shall mean families and individuals whose incomes do not exceed 80% of the area's median family income adjusted for household size.
- *Senior* shall mean an individual who is 65 years of age or older.

EXHIBIT B
THRESHOLD REQUIREMENTS AND OTHER SUBMISSION REQUIREMENTS
CITY OF LEWISVILLE, TEXAS

Exhibit B: Threshold Requirements and Other Submission Requirements

Threshold Requirements:

1. Resolution of Civil Rights Matters: The City does not have any unresolved civil right matters.
2. Timely Submission of Applications: City staff has submitted the application prior to 11:59 PM EST on 10/15/2024, deadline stated within the PRO Housing NOFO.
3. Eligible Applicant: The City of Lewisville is an eligible applicant of the PRO Housing NOFO as a city government in accordance with Section III.A of the NOFO.
4. Number of Applications: City of Lewisville staff has only submitted one application for the PRO Housing NOFO.

Other Submission Requirements:

- Standard Application, Assurances, Certifications and Disclosures:
 - Standard Form 424 (SF-424) Application for Federal Assistance - This form has been completed and included in the application.
 - Assurances (HUD 424-B) - This form has been completed and included in the application.
 - Applicant Disclosure Report Form 2880 (HUD 2880) - This form has been completed and included in the application.
 - Code of Conduct - This document has been submitted as an attachment to the application.
 - Affirmatively Affirm Fair Housing - The City of Lewisville explains throughout the application how projects proposed, and other related City run programs affirmatively affirm fair housing.
- Other Program Specific Requirements:
 - Limited English Proficiency (LEP) - The City of Lewisville made the application publicly available for the community in English. If a community member requests the application in another language outside of English, City staff shall provide a translated document. Currently the majority of marketing materials created by the city are in English and Spanish. City of Lewisville is actively pursuing Chin translation services as available because of the large number of Myanmar refugees living within the City of Lewisville.
 - Physical Accessibility: All public meetings held are to be held in facilities that are physically accessible to persons with disabilities.
 - Environmental Review: The City of Lewisville will comply with applicable environmental review requirements.
 - Federal Assistance Assurances: City staff will ensure all statutory requirements related to the Federal Assistance Representations and Certifications section of sam.gov are completed.
 - 424-CBW budget form - City of Lewisville will provide budget form as an attachment to the application. Current budget form created by internal staff is included in the application.
 - Certifying Regarding Lobbying: This form has been completed and included in the application.
 - Disclosure of Lobbying Activities (SF-LLL): This form has been completed and included in the application.


EXHIBIT C
NEED
CITY OF LEWISVILLE, TEXAS

Exhibit C: Need

I. Demonstrate your progress and commitment to overcoming local barriers to facilitate the increase of affordable housing production and preservation, primarily by having enacted improved laws and regulations.

a. Improved laws, regulations, or land use local policies

In 2014, the Lewisville City Council adopted the Lewisville 2025 plan, aimed at shaping the community's future by its 100th anniversary in 2025. This plan included nine major initiatives, or Big Moves. One focused on preserving and revitalizing existing neighborhoods, while another aimed to create a wider variety of housing options. In 2019, the plan was reviewed and updated, merging these two initiatives into "Diverse and Thriving Neighborhoods," emphasizing the goal of making all neighborhoods sustainable and desirable.



4. DIVERSE AND THRIVING NEIGHBORHOODS

OBJECTIVES

- Provide expanded neighborhood and housing options to make Lewisville the location of choice for people of all ages, backgrounds and incomes.
- Partner with the private and non-profit sectors to make essential resources and services available within an accessible distance of all neighborhoods.
- Maintain the desirability and property value of existing neighborhoods through infrastructure and other public investments and programs.
- Ensure that public safety resources and services are adequate and appropriate to provide safety and security to residents in all Lewisville neighborhoods.
- Include Castle Hills and its residents as an integral part of the Lewisville community.
- Encourage new development that expands available housing choices, particularly near Denton County Transportation Authority (DCTA) stations and through redevelopment of aging strip commercial properties.
- Create a cohesive and connected group of neighborhood, non-profit and business leaders who help keep existing neighborhoods thriving in the future.

In June 2020, Mayor Rudy Durham created the Mayor's Commission, Listen Learn Lead in response to the death of George Floyd. The results of this Commission were thirty recommendations to improve city operations. Four of the recommendations were related to housing:

- Develop a Housing Strategy Plan and continue to perform an Impediments to Fair Housing study on a regular schedule.
- Collect and maintain statistics on racial, ethnic, and age breakdown for neighborhood grant recipients, and use this data to determine strategies for reaching under-represented segments of the community.
- Streamline the current housing rehab grant program to make it more accessible to all members of the community and increase marketing of the program.

Every year the City Council holds a Council Retreat, at which Council determines priorities for the upcoming year. These priorities are meant to serve as a guide for staff when determining future budget needs and timing of projects. They help align staff's efforts with Council's desired priorities. In 2022, 2023, and 2024, Council determined that affordable housing must be a priority. The City is taking appropriate steps to encourage and facilitate affordable housing development, in accordance with provisions of the Lewisville 2025 vision

plan and the Sustainability Action Plan. This includes use of the Public Facility Corporation, public- private partnerships, the creation of pre-approved designs for backyard cottages, and other tools to creatively develop and redevelop affordable housing stock in Lewisville. In line with these initiatives, the City underwent a housing study to help identify gaps in housing stock and affordability. The resulting Housing Gaps Analysis and Housing Strategy Plan and the Housing Toolkit have been approved by City Council and were used to guide the creation of this application.

On September 19, 2022, the City of Lewisville filed documentation to create a Public Facility Corporation (PFC). The PFC board consists of the City Council, City Manager, and City Secretary. The Affordable Housing Review Committee met with many developers who wanted to partner with the PFC to develop affordable housing in Lewisville. Two potential projects were brought to the first PFC meeting on March 6, 2023. The board approved moving forward with one project that will have a mix of housing types, multifamily, townhomes, and cottages. The Affordable Housing Review Committee is working with that developer to make sure that project meets the expectations of the City and the PFC board.

In November 2022, City Council adopted the Unified Development Code. This code overhauled consolidated procedural requirements, created flexibility for affordable residential infill development, and removed exterior finish material requirements. Throughout many citywide plans and initiatives, affordable housing is a clear priority. Real change begins by listening to the needs of our community, and through efforts like Listen, Learn, Lead, the City has made effort to identify barriers to affordable housing and make strides to minimize these challenges in our community.

All of these strategic goals, updated land use policies, and the PFC were created to remove barriers to affordable housing in Lewisville. These barriers include the lack of land to build enough affordable housing to meet the need, existing affordable housing that is aging and not being maintained, and educating the community on what affordable housing looks like and that it can be something other than a single-family home or a multifamily complex.

b. Other recent actions taken to overcome barriers to facilitate the increase of affordable housing production and preservation

Three City Departments have come together to create an Affordable Housing Review Committee: Economic Development, Planning, and Neighborhood and Inspection Services. This Committee began meeting on a regular basis when the PFC was created, and many developers wanted to partner with the PFC. This committee reviews all incoming potential affordable housing projects and that the potential site meets City goals and creates or preserves affordable housing that meets our community needs.

The one PFC project that was approved will bring a mix of housing types including multifamily units, townhomes, and cottages to bring diverse options in housing as well as income mix. This project will include units at 50%, 60%, 80% AMI This project will have 51% of its units at or below 80% AMI while the remaining 49% will be market rate. This project will break ground in March 2025.

The City of Lewisville has approved three Resolutions of Support for a 9% Low Income Housing Tax Credit (LIHTC) application since 2022. Through the Affordable Housing Review Committee, a system was created to streamline this process, which included an application for developers to complete to determine if the project meets City goals. All three projects that City

Council approved resolutions of support for received the 9% Tax Credit from the Texas Department of Housing and Community Affairs. The project from 2022 is currently under construction and should be completed in June 2025. This project will bring 48 units for seniors with incomes between 30%, 50% and 60% AMI. The 2023 project recently broke ground and will be completed late 2025/early 2026. This will provide units for the general population with incomes in the 30%, 50%, 60%, and 70% AMI, which totals 63% of the units while the remaining 37% of the units will be market rate. The most recent project that was approved will provide 110 units for seniors within the 30%, 50%, and 60% AMI levels. This project is expected to be completed by December 2026.

These four projects total in 503 new units that will be at 80% AMI or below by the end of 2026. However, according to the Housing Toolkit, the City of Lewisville needs 4,598 additional units at 50% AMI or below. This leaves the City with 4,472 still needing to be produced.

The City of Lewisville has received Community Development Block Grants (CDBG) since 1997. The City of Lewisville has allocated \$2.6 million in CDBG funds from 1997-2020 into affordable housing projects. These projects include providing funding to Habitat for Humanity and Christian Community Action (CCA) to create affordable housing, Lewisville Housing Rehabilitation Program, and a First Time Homebuyer Program.

The most recent Consolidated Plan was created and approved in August 2022. The biggest need that the community voiced was affordable housing. This guided the creation of the goals for the next five years. Since the 2022 ConPlan, the City has allocated just over \$787,000 in CDBG funds towards housing projects including, Minor Housing Rehabilitation Program - HVAC, Multifamily Support Program, and Affordable Housing Development.

Priority Needs and Goals:

Priority Need 1: *Preservation of affordable housing*

Goal 1: Rehabilitate existing housing stock

Priority Need 2: *Housing stability and access to vital social services*

Goal 2: Provide public services to increase housing stability for households

Goal 3: Provide public services to strengthen the health, safety, educational attainment, and economic stability of households

Priority Need 3: *Enhanced infrastructure, public facilities, and historic properties*

Goal 4: Improve public infrastructure

Goal 5: Improve public facilities and historic preservation

Priority Need 4: *Access to high-opportunity neighborhoods and good jobs*

Goal 6: Engage in regional collaboration related to housing, employment, and transportation access

Goal 7: Develop new affordable rental housing

In 2022 the City of Lewisville contracted with the National Development Council (NDC) and Reinvestment Fund to conduct an analysis and create a Housing Strategy Plan for the current housing market in the municipality. The findings of this study will help determine a long-term strategy for meeting the housing and cost needs, including the existing conditions, assets, obstacles and opportunities within the City housing market. This analysis determined the definition of the housing problem in Lewisville, see image to the left. The data from that analysis

Lewisville's imbalanced housing market puts existing residents at risk of displacement and prevents new workers from moving to the city when their income is not keeping pace with rising housing costs.

is utilized throughout this application. An Affordable Housing Toolkit was created based on the analysis created. The Toolkit provided guidance on how to address three areas, Preservation, Development, and Economic Mobility. The analysis and toolkit were presented to Council and staff was given direction to prioritize Preservation and Economic Mobility. The City recognizes that these goals cannot be met alone. The Toolkit recommends creating a Housing Collaborative which will include representatives from developers, real estate professionals, residents, and entities that are focused on workforce solutions and affordable housing. This Collaborative will work together to prioritize strategies,

bring resources to meet these goals, and ensure clients know about available resources for them. City staff has begun meeting individually with potential Collaborative members to communicate the expectation of the Collaborative and that their expertise is vital to meeting the goals of the Toolkit.

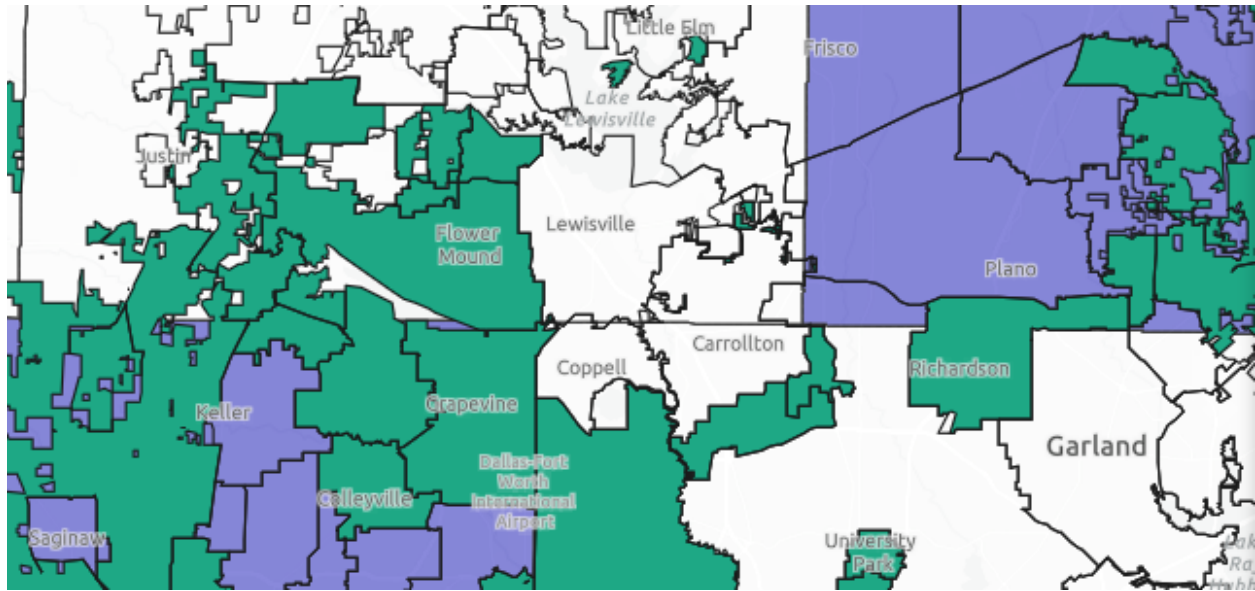
The City of Lewisville applied for an AARP Community Challenge grant and was awarded \$15,000 to host a backyard cottage design competition. This competition is to educate residents about the City's updated regulations in regard to Accessory Dwelling Units, also known as backyard cottages, and encourage the construction and development of backyard cottages. The competition materials are available in English, Spanish, and Chin to make this design competition equitable to all residents. To encourage economic mobility, the City created a volunteership program for senior residents to work four shifts which totals 20 hours and receive a small stipend. The winners of the eight design categories will receive a cash prize.

The combination of efforts in the support of LIHTC properties, the creation of a PFC, the Housing Strategy Plan, and the changes to the Unified Development Code set the framework for the City's continued momentum in removing barriers to affordable housing. The backyard cottage design program works to educate residents on different types of affordable housing units when there is a lack of developable land remaining in the city. The PFC and LIHTC projects are bringing in units to meet the goal of 4,598 units for 50% AMI and below. The allocation of CDBG funds to programs that focus on maintaining existing housing works to remove the barrier of livable affordable housing in Lewisville.

I. Do you have acute demand for affordable housing? What are your remaining affordable housing needs and how do you know?

The US Department of Housing and Urban Development has selected formulas to determine priority geographies within the PRO Housing FY 2024 (Round 2) NOFO. The formulas utilized are largely meant to indicate communities that are not keeping up with the demand for affordable housing in their community. Formulaic determinations unfortunately do not provide context for communities, their residents, and their local needs. Especially when utilizing the language of demand for affordable housing, which would indicate a community has a desire for affordable housing within their boundaries and/or their residents have a need not being met. The City of Lewisville is positioned in the middle of not only priority geographic cities and towns, but also full counties determined to be a priority for the PRO Housing NOFO

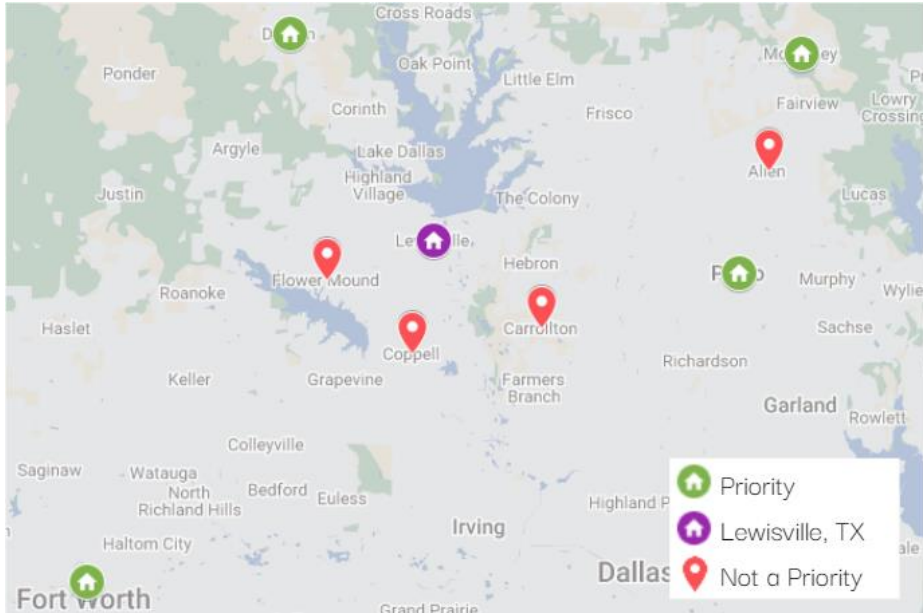
(see below map). Keeping up with demand is of the utmost importance, but when comparing communities in need or which areas to prioritize there are missing aspects of the formula. Elements like median income, access to higher employment, education level, poverty levels, and desire for solutions should also be considered.



[PRO Housing Mapping Tool](#) - US Department of Housing and Urban Development

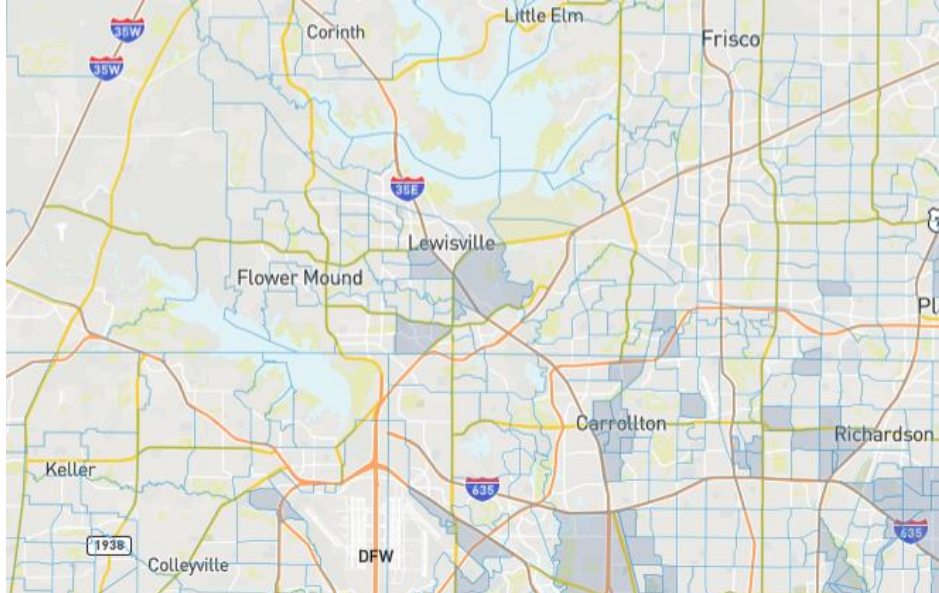
For example, the City of Lewisville’s neighboring municipality (directly to the West of Lewisville) is identified as a priority geography for the PRO Housing NOFO. According to the municipality’s information pulled from Esri and displayed on their website, the median household income of their residents is \$145,926. Their town population of 81,270 only has 3.9% of residents live under the poverty threshold and their current average housing value in 2024 is \$507,188. When comparing that to Lewisville there’s a stark difference, our median household income sits over \$60,000 lower at \$79,884. Lewisville’s average’s Average Housing Value is \$319,762, 37% lower than theirs previously listed. Lewisville’s percentage of households living under the poverty threshold doubles that of the neighboring town at 8.4% in our municipality of 133,632 residents.

Not only is there a striking difference in our breakdown of values and needs but based on a survey conducted by the City of Lewisville in June and July of 2024 with neighboring cities on affordable housing efforts and strategies. 4 neighboring municipalities within the DFW Metroplex that completed the survey stated affordable housing was not a priority for their geography (see map below). The City of Lewisville conducted a short survey to determine what neighboring communities were prioritizing affordable housing locally but also what tools they were finding success in and what their local goals were. This survey was conducted as a step following our Affordable Housing Toolkit being created and Council making affordable housing a priority. Information collected within the survey is being utilized in the next step within our toolkit that will be coming November 2024, our Housing Collaborative’s first meeting (explained within our Vision section).



Communities Prioritizing Affordable Housing during Summer 2024 Survey - City of Lewisville

When discussing housing affordability, access to such housing, and formulaic need in communities, too often viewing the environmental equity and justice side is missed. According to the US Council on Environmental Quality, the City of Lewisville hosts 40% of the census tracts that are considered disadvantaged (6 of the census tracts 15 total census tracts) within Denton County. Exemplifying another striking difference in how need is determined and seen locally. The picture below shows the same communities shown in the PRO Housing Priority Geographies photo with an alarming difference of the opposite “priority geographies” seen or not seen on both maps.



*Climate and Economic Justice Screening Tool - US Council on Environmental Quality
Darker grey areas indicate disadvantaged census tracts*

Digging deeper into the Climate and Economic Justice Screening Tool (shown above) shows our community is facing factors of not only housing costs and lower incomes, but also access to increasing earning potentials with our education and linguistic isolation, as well as risks impacting long term housing safety and communal spaces. The census tracts within the City of Lewisville that meet the established disadvantaged statuses within the tool and their explanations are as follows:

- **Expected Population Loss Rate** (Fatalities and injuries resulting from natural hazards each year) - 4 of our census tracts are listed in the 90th percentile.
- **Low Income** (People in households where income is less than or equal to twice the federal poverty level, not including students enrolled in higher ed) - 4 of our census tracts are listed in percentiles ranging from 65th to 73rd.
- **High School Education** (Percent of people ages 25 years or older whose high school education is less than a high school diploma) - 1 of our census tracts is listed in the 28th percentile with another tract in the 26th percentile.
- **Linguistic Isolation** (Share of households where no one over age 14 speaks English very well) - 1 census tract is listed in the 98th percentile with another in the 91st percentile.
- **Housing Cost** (Share of households making less than 80% of the area median family income and spending more than 30% of income on housing) - 1 census tract is listed in the 96th percentile.
- **Projected Flood Risk** (Projected risk to properties from projected floods, from tides, rain, riverine and storm surges within 30 years) - 1 census tract is listed in the 90th percentile.
- **Traffic Proximity and Volume** (Count of vehicles at major roads within 500 meters) - 1 census tract is listed in the 91st percentile.
- **Lack of Green Space** (Amount of land, not including crop land, that is covered with artificial materials like concrete or pavement) - 1 census tract is listed in the 90th percentile.
- **Underground Storage Tanks and Releases** (Formula of the density of leaking underground storage tanks and number of all active underground storage tanks within 1500 feet of the census tract boundaries) - 1 census tract is listed in the 91st percentile.

Factors of need for affordable housing must also address homelessness and services available. Each year the City of Lewisville participates in the Denton County Point in Time (PIT) Count, by providing a secondary hub to expand geographic coverage and ensure the Southern part of Denton County is covered. Three of the four shelters in Denton County are located in a municipality just 15 miles north of Lewisville. This municipality also hosts most of the crisis related services because of proximity to shelter for clients in need, but many agencies have or are working to acquire secondary locations in Lewisville as the need deepens in Lewisville. In 2024, 518 people experiencing homelessness were surveyed in Denton County, 15% of those surveys took place within Lewisville, 82% took place within the City of Denton, and 3% outside of both larger municipalities. With access to shelter and services within the City of Denton, their municipality has consistently shown the largest numbers of people experiencing homelessness during PIT Counts but 2024 has been the first time Lewisville's number of people being surveyed covered such a large percentage for our County.

Providing the level of need for our community through tools and surveys above allows us the space to now walk through our current housing stock and residents currently residing within the City of Lewisville in order to further express prioritization. Housing development has slowed

in Lewisville since 2000 due to lack of land to develop. The median age of the housing stock is 1993. Lewisville is a majority renter city, with 57.5% of housing being renter-occupied and 42.5% of units being owner occupied. The largest gap for Lewisville residents identified in our gap analysis is the lack of rental homes available for the city’s lowest-income residents. Households who earn less than 50% of AMI (\$38,650 for a single person and \$55,150 for a four-person household) do not have enough homes that are affordable to them and then must compete, both with each other and with higher income households, for the limited number of affordable rentals that are available. About 4,500 more renter households fall into this income bracket than there are available rental units with monthly costs affordable to low-income renters. The gap in housing for LMI renters also disproportionately affects Black and Hispanic households, and therefore alleviating this gap can further racial and ethnic equity within the City. Below points break down data specific to residents earning under 50% HAMFI and their housing access currently in Lewisville.

Households renting and earning 30-50% of HAMFI:

- 3,075 households reported being housing cost-burdened
- 1,480 households reported being severely housing cost burdened.
- 34% of all renter households identified as housing cost-burdened, and 42% of renter households identified as severely housing cost-burdened.

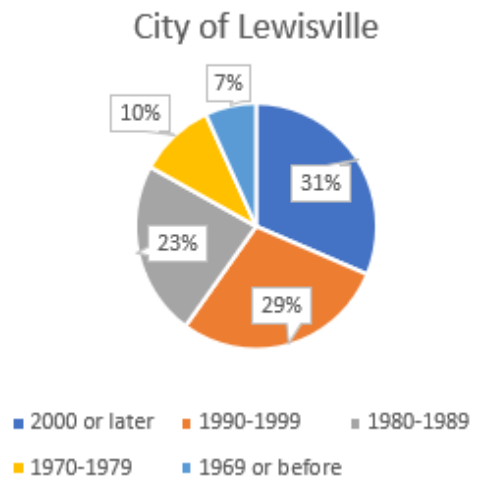
Households renting and earning less than 30% of HAMFI:

- 1,830 households reported being housing cost-burdened
- 1,705 households reported being severely housing cost burdened.
- 20% of all renter households identified as housing cost-burdened, and 48% of renter households identified as severely housing cost-burdened.

The City of Lewisville has 101 multifamily complexes with the average age of 33 years old. Over half of the City’s housing units were built between 1980 and 1999. This includes 45% percent of existing apartment units. For the 22% of units that were built before 1990, the average asking rents are \$200-\$800 less than newer units. These units also have vacancy rates of 3.3% compared to vacancy rates ranging from 4.9-6.1% in units built between 1990-2019, and as high as 16.2% in apartment units built after 2019. This data suggests that apartment units built before 1990 are serving as what is often referred to as “naturally occurring affordable housing” (NOAH) because, due to location, lack of amenities and/or lack of updated interiors, these apartment complexes provide access to lower rents for LMI households. The presence of NOAH housing stock provides both opportunities and risks for a city.

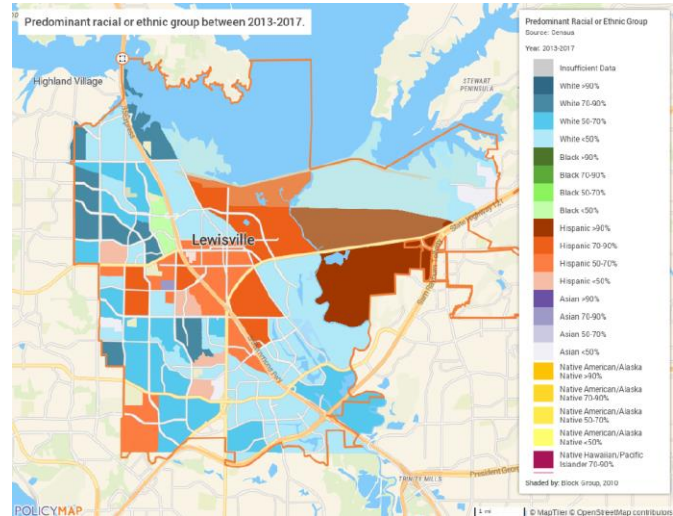
If NOAH housing is not maintained appropriately, its condition can deteriorate to the point that the housing provided will no longer be safe and decent. In such instances, cities are forced to deploy more code and fire enforcement resources to such properties. On the flip side, when such properties are located in a strong real estate market such as Lewisville, they often make excellent investment opportunities for investors to acquire the property and add value to

Age of Housing Stock



the property by updating amenities and unit interiors. After such updates are complete, the investor would be able to raise rents so that they are more aligned with rents charged by similarly located and updated properties. When such a “value-add” acquisition occurs, LMI tenants are often displaced because they cannot afford the higher rents. The City of Lewisville aims to bring those updates and improvements to complexes to increase habitability and satisfaction to residents while also maintaining that affordability through partnerships and subsidies for investors and developers interested.

In Lewisville there is a limited range of housing types available to homeowners. According to 2021 ACS data just over 46% of housing units in the City of Lewisville are single-family detached homes and 50% are multifamily complexes. Additionally, 85% of Lewisville’s homeowners live in single-family detached homes. Meaning almost all currently occupied homeownership opportunities are in single family detached homes. Creating more townhomes, condos, duplexes, or other housing types marketed towards new homeowners could help renters transition to homeownership and further affordability in Lewisville’s owner-occupied housing market as Lewisville’s population grows.



Both of the Preservation and Conversion projects from the City of Lewisville’s PRO Housing application aim to address needs for residents exemplified in the extensive data listed above.

II. What key barriers still exist and need to be addressed to produce and preserve more affordable housing?

In 2022 the City of Lewisville initiated full-scale examinations of the current housing climate in the municipality, the work done thus far to move the needle, and the gaps or barriers our stakeholders need to work towards overcoming. Barriers listed below are not listed in any prioritized order, all are current stop gaps in the development or preservation of affordable housing in the City of Lewisville. In Exhibit D.I each project identifies how these barriers will be overcome in greater detail.

Barrier 1: Access to financing for affordable housing developers and/or homeowners seeking land or construction costs that require deeper affordability and/or subsidies.

Affordable housing production requires a perfect recipe for developers and homeowners alike. That recipe may include a combination of economically sound land prices, financing with reasonable interest rates, publicly available subsidies, and reasonable building capital costs. The current climate of construction and land prices do not allow developers to purchase at reasonable costs and pass down affordability to their tenants through lower cost rents. They need to expend a larger amount up front than a complex built for deeper affordability would provide back in investment. Developers working with the City of Lewisville’s Public Finance Corporation are

reporting needing to spend \$1,000,000+ per acre of vacant land or for one floor in a multifamily parking garage of a preapproved complex.

Similarly in Lewisville, the median home sale price in 2023 was \$395,000. With 30-year fixed rate mortgage interest rates fluctuating between 6% and 7.5% for the last year according to Freddie Mac, only households above 120% AMI could afford a home at the median price in Lewisville. This makes up only 38% of Lewisville residents currently, making the purchase of a home financially infeasible for any household that is LMI without significant subsidies like interest rate buy-downs coupled with down payment assistance.

The City has looked into other avenues to bring affordable housing to Lewisville, but they are not feasible for our community. Since the City is mostly built out land banking would not be a successful route. A community land trust could potentially work in our manufactured home communities, but the City has been unsuccessful in building strong relationships with that community. Also, since the City is not a HUD priority geographic area, we are limited in our federal funding opportunities beyond what we are currently allocated.

The PRO Housing funds will support overcoming this barrier with the two proposed projects. These projects will overcome this barrier by providing financing to affordable housing developers and to cover construction costs.

Barrier 2: Insufficient supply of diverse housing stock options, specifically missing middle sized options (duplexes, townhomes, etc.).

Similarly to most suburban municipalities in the US, there is an abundance of single-family homes making up just over 46% housing units in the Lewisville city limits. Somewhat unique for Lewisville is nearly 50% of housing units in the city being within a multifamily development according to 2021 ACS Data. This leaves only 4% of all current housing units within the middle-sized housing category, such as townhomes, duplexes, and condos. The Lewisville housing market is overrun with single family homes and multifamily complexes currently, not currently meeting the need for diverse housing options for households to select from. There are currently gaps in the City's housing stock for above 120% AMI and below 50% AMI. This means the majority of our housing is between 50%-120%AMI and our residents from 30% to above 120%AMI are all competing for the same housing.

PRO Housing funds will support closing the gap on this barrier with one of the projects proposed by the City of Lewisville. The conversion project aims to provide affordable missing middle-sized housing with the assistance of a recognized local Community Housing Development Organization wishing to expand to Lewisville from a neighboring community. The project will aim to build or convert property into duplexes, townhomes, or condos dependent on the feasibility of both size of unit/property and future residents' cost of either tenancy or homeownership.

Barrier 3: Lack of financial capital to extend the life of multifamily housing stock which makes up the majority of tenant options available.

Our insufficient diverse housing stock barrier began this conversation with the data on multifamily complexes making up the majority of our housing options in the city. As of September 2024, the City of Lewisville had 101 multifamily complexes within its city limits with an average age of 33 years old. 14 of those complexes were built prior to 1980, meaning tenants may be at risk of lead exposure. Another 5 complexes were built before 1990, meaning there is likely not adequate accessibility for persons with disabilities in 22% of the currently occupied multifamily complexes.

Data reflects the need for the finances to extend the life of the housing that the majority of our residents live in. Yet, the need cannot be met without the financial capital to do so. Many developers report rehabilitation projects not being financially feasible if they are to remain affordable. A complex in the City of Lewisville that was contacted recently about a rehabilitation project has quoted the need for \$40,000+ per unit for much needed repairs to leaking cast iron pipes, adequate stairs or ramps for access to units, sufficient cooling systems in units, and many more livability upgrades for the 212-unit complex.

The PRO Housing funding awarded would be able to support projects like this through the City of Lewisville's proposed preservation project to ensure livability standards improve and that there is not a mass displacement of residents.

Barrier 4: Absence of buildable land available for purchase to produce housing.

The City of Lewisville is about 94% built-out currently. Meaning there are very few vacant lots for a homeowner or developer to purchase and build on without needing to demolish, rehabilitate, or refurbish something previously built on the property. With a small amount of vacant land available for new development but the lack of affordable housing units persisting, the City of Lewisville must look at inventive housing options that can mesh into the current climate of housing or available spaces. This can look like missing middle sized typologies like, townhomes, duplexes, condos and more. These housing types can fill in gaps without ample space needed and still make meaningful change.

The PRO Housing funds requested by the City of Lewisville will assist in overcoming this barrier through the conversion of housing into affordable units with a Community Housing Development Organization branching to Lewisville with the help of these funds.

EXHIBIT D
SOUNDNESS OF APPROACH
CITY OF LEWISVILLE, TEXAS

Exhibit D: Soundness of Approach

I. What is your vision?

CONVERSION

The City of Lewisville will allocate \$2,250,000 of the requested PRO Housing funds awarded towards providing a path for a nonprofit community housing developer to come to Lewisville as a permanent fixture in the community and convert existing properties to affordable housing units. The City has been in communication with multiple partners, including Denton Affordable Housing Corporation (DAHC), the local Community Housing Development Corporation (CHDO) that has over 25 years of experience in Denton County and manages 91 properties in a jurisdiction just 15 miles north of Lewisville that has historically been a HOME entitlement community.

DAHC has been in communication with the City of Lewisville staff for years, seeking available funding to expand into Lewisville, and as a new HOME Participating Jurisdiction in 2024, Lewisville now has the opportunity to partner with CHDOs such as DAHC and utilize HOME funds to rehabilitate or convert housing units and preserve affordability. The City is in the process of certifying eligible CHDOs. Bi-weekly meetings between City of Lewisville staff and DAHC began prior to the beginning of the

fiscal year to identify suitable properties for HOME-funded conversion activities. DAHC has written a letter of commitment for the PRO Housing opportunity as Lewisville will be using the funds provided to pair with HOME funds as a launching pad for their presence and conservation of affordable housing for years to come.

| | All Housing Units | Renter Occupied | Owner Occupied |
|---|-------------------|-----------------|----------------|
| Total | 45,866 | 24,944 | 17,739 |
| Single (Detached) | 19,301 | 3,579 | 15,055 |
| Single (Attached) | 1,963 | 625 | 1,338 |
| Duplex | 341 | 323 | 0 |
| Small (3-19 Units) Multifamily | 12,114 | 11,170 | 195 |
| Medium (20-49 Units) Multifamily | 6,023 | 4,561 | 6 |
| Large (50+ Units) Multifamily | 4,546 | 4,323 | 0 |
| Mobile Homes | 1,549 | 363 | 1,116 |

Lewisville’s Assessment of Fair Housing and Consolidated Plan both detail the need for developing new affordable middle

housing units by 2026. DAHC would be coming to Lewisville and replicating the work they have done in neighboring jurisdictions since 1996. Nearly 65% of the units they developed or managed are considered middle housing such as duplexes, townhomes, condos, and quadplexes. Lewisville has sought their partnership, as well as other nonprofit community housing developers, because of this expertise, as missing middle-sized housing has been a continual gap in housing stock for our municipality and is listed as a barrier to our community's affordable housing development. Lewisville’s Housing Gap Analysis completed in early 2023 notes that currently less than 4% of all housing units in the municipality are considered middle sized housing. The municipality is bursting at its seams with large multifamily making up 50% of the housing units on the market, with a close second of 46% of single-family homes. The conversion project specifically will address the following barriers identified in question A.III:

- **Barrier 1:** Access to financing for affordable housing developers and/or homeowners seeking land or construction costs that require deeper affordability and/or subsidies.

Lewisville’s receipt of \$500,696.80 in HOME funds for Program Year 2024 has contributed to chipping away at this barrier, but in looking at potential properties for conversion activities with a CHDO partner to prepare for the receipt of HOME funds the barrier still looms as many of the

available properties that are suitable for housing run at an acquisition price that makes development nearly unaffordable, with one considered property running at \$1,000,000 for a 0.91 acre lot. The allotted HOME funding and the HOME-required per-unit subsidy limit make certain available properties unfeasible. With the limited available land in Lewisville, this makes acquisition difficult even when partnered with a CHDO bringing their resources and outside funding to the table. PRO Housing conversion funds would partner with HOME and PFC funds to acquire properties and build a portfolio for affordable housing developers in Lewisville, serving as a catalyst which will in turn provide program income to fund future CHDO and PFC projects.

- **Barrier 2: Insufficient supply of diverse housing stock options, specifically missing middle sized options (duplexes, townhomes, etc.).**

Conversion activities with PRO Housing funds will address this barrier by converting existing structures or properties into new housing units, prioritizing missing middle sized housing options. This prioritization of increasing supply of missing middle housing advances the efforts previously taken by the City of Lewisville to increase the diversity of the current housing stock, such as the update of the Unified Development Code to allow for affordable residential infill development, and resident education on the opportunities awarded through the development of backyard cottages and encouragement for resident participation through the AARP Community Challenge grant. The identified goal in Lewisville's Annual Action Plan for the number of units converted by a CHDO partner with HOME funds for the 2024 year was 3 units, which is a goal that will expand with PRO Housing funds as identified in Exhibit G.I.

- **Barrier 4: Absence of buildable land available for purchase to produce housing.**

By partnering with housing developers, converting existing housing units into duplexes, townhomes, or condos increases the housing density within Lewisville, offering middle housing options and capitalizing on the limited available land in the City to provide more than single-family detached homes. Though the absence of buildable land is not a barrier that can ever fully be removed due to unchanging city boundaries and geographic limitations, as well as a priority focus to avoid displacement, PRO Housing funds for conversion will create an opportunity to provide this middle housing and increase density to overcome this barrier.

DAHC has been seeking property in Lewisville for over two years but has noted the largest barrier towards coming to Lewisville has been the access to financing to purchase land because Lewisville is currently built-out as mentioned in question A.III. Upon award of funds, both Lewisville and the CHDO will partner to identify at minimum three properties where this gap can be filled. The first housing units would be completed and available for resident benefit in 2026. The City of Lewisville is not looking to convert or rehabilitate currently occupied housing units with potential funding. Properties being considered for conversion activities would rehabilitate an unoccupied property, creating additional affordable housing units without causing displacement. Following the identification of the property there will be an environmental assessment as well as a feasibility assessment on whether the property identified should be tenant-focused or homeowner-focused middle-sized housing provided to LMI residents.

The Conversion project will meet the national objective of benefiting LMI persons and constitutes an eligible activity for PRO Housing through the acquisition or disposition of land or real property for the development of affordable housing as outlined in Section III.F.2.C.ii.B in the NOFO, allowing affordability to be passed down through either tenancy or homeownership for the household.

Housing units developed using PRO Housing funds will be required to remain affordable for at minimum 5 years after the first occupancy of the unit, however units funded also in part with HOME funding will be subject to further affordability periods per HOME regulations. If through the feasibility study the property is identified as a rental unit, the property will be managed by the CHDO and will remain affordable in their ownership. If the feasibility study notes the property could remain affordable for homeownership for an LMI household, the homeowner will meet all eligibility requirements.

The affordability cap will ensure that the resident would not be required to pay more than 30% of the 50% current AMI rate at the time of their current lease if they are a tenant. Tenants occupying the unit through this project will also have income not exceeding 50% AMI. If the project is determined to be a homeowner-occupied unit, the homeowner will not be above 80% AMI at the time of the home purchase. Stipulations will be created to ensure the LMI homeowner occupies the unit for a minimum 5 years in order to meet the affordability requirement.

The CHDO will take the lead responsibility of rehabilitating the projected unit as well as the feasibility of the unit being utilized as a tenant-occupied unit vs. a homeowner-occupied unit. The City of Lewisville will require regular check-ins on progress and expenditures and will assist the CHDO in any requirements in order to maintain CDBG and HOME regulations.

Efforts already taken by the City of Lewisville to address this need and achieve these goals have included the receipt of HOME funds and the allocation of 2024 funds solely to CHDO activities, and the update of the Unified Development Code to consolidate procedural requirements and simplify processes for developers. Lewisville is also addressing missing middle housing through another lens by updating zoning requirements to allow for backyard cottages and seeking out funding through the AARP Community Challenge to educate residents on backyard cottages.

The Conversion project will allow conversion and rehabilitation to grow Lewisville's affordable housing stock within City staff's current capacity. Partnerships with community housing developers with experience converting existing properties or structures to affordable housing units provides additional expertise, support, and resources to conversion projects. Managing such partnerships and projects is well within the capacity of the City of Lewisville staff as outlined in Exhibit E and is not dependent on the immediate hiring of new staff members, allowing for quicker project implementation and expected benefits to the community.

There is strong evidence that this approach will be successful in removing barriers and providing affordable housing, as seen by DAHC's success in partnership with a nearby neighboring jurisdiction in Denton County. Their current portfolio covers housing types from single-family homes, condos, and everything from duplexes up to 6-plexes, proving the commitment and feasibility of filling the gap of missing middle housing. This strong history aligns with local efforts to provide missing middle housing, as identified in Lewisville's recently adopted Housing Toolkit.

Lewisville has not undertaken conversion activities of this type previously but have learned from similar efforts in neighboring jurisdictions. Conversion projects have been highly successful in other localities as evidenced by DAHC's portfolio, which Lewisville will emulate with the structure of developer partnerships aligning with HOME requirements and focused efforts on middle housing types. Pitfalls experienced in other localities have often centered around zoning issues. Lewisville plans to avoid this common pitfall through the structuring of the property identification process. Rather than the CHDO or developer purchasing a property

and going through a request for rezoning afterwards which may be met with opposition, the City of Lewisville has already developed an open communication relationship with potential CHDOs and developers. The Affordable Housing Review Committee reviews potential properties or proposals for feedback or input from multiple departments to provide feedback on the feasibility of the property prior to purchase. This feedback is reviewed with the CHDO at bi-monthly meetings before any funding is invested into a property.

Conversion efforts will be targeted in Old Town, an area with overlapping priority for the City as outlined in Exhibit D. II. This area is a focus based on the Old Town Master Plan, which is currently being updated, on the prioritization of higher density housing in this target area and infill needs. Recent addition of multifamily complexes and other higher density residential units have begun the revitalization of Old Town, and middle housing types would be a welcome addition to this area of planned population growth. Lewisville's public transportation system is a low-cost rideshare system that connects residents within the city limits via vehicles and to neighboring communities through rail lines, however Old Town is the nearest residential area to the Old Town train station, increasing walkable accessibility to public transit.

Environmental factors are another key consideration when creating new housing units, and properties being reviewed for conversion projects are in areas that are already heavily residential, which eliminates many major risk factors. All properties selected for conversion will go through the HOME environmental review process to ensure suitability before housing units are created.

The roadblock most expected for the conversion project would be the Not In My Backyard (NIMBY) response from the community. Since Lewisville does not currently have many middle housing options, there is an expected level of concern and hesitancy from neighboring residents. Past development projects have been halted due to neighbors opposing the project. To mitigate this possible roadblock, Lewisville will require public meetings prior to project implementation, to educate the community on what to expect, the benefits of middle housing stock, and to gather feedback directly from residents to implement their voices into the planning process.

PRESERVATION

The City of Lewisville will allocate \$2,250,000 of the requested PRO Housing funds awarded towards providing incentives for developers to purchase existing multifamily complexes to extend their affordability or create affordable housing. According to the 2021 5-Year American Community Survey, 50% of housing in Lewisville were multifamily units. The share of multifamily units in Lewisville was double the share of multi-family units in the Dallas MSA. Multifamily developments are frequently attractive to young professionals and adults (ages 25-54). Much of Lewisville's working age population is between 18 and 34 years old (29.9% of all residents), illustrating the concentration of young professionals and adults within the area and a higher share than most other communities in the Dallas MSA.

According to the City's HUD Consolidated Plan, there are 42,845 housing units located in Lewisville and 24,636 of the units are occupied by renters. 18,770 (75%) of renter-occupied housing units are located in multifamily structures, of which Lewisville has 101 complexes currently, and 3,836 (14%) of renter-occupied units were built prior to 1980. The goal seeks to preserve half of the NOAH units that were calculated to currently exist in Lewisville. Preservation activities will include making necessary repairs and upgrades so that the

multifamily properties are decent, safe, and sanitary. If the PFC tool is used to incentivize repairs, at least 51% of the rehabilitated housing units will be required to charge affordable rents.

The preservation project will specifically address the following barriers identified in question A.III:

- **Barrier 1: Access to financing for affordable housing developers and/or homeowners seeking land or construction costs that require deeper affordability and/or subsidies.**

PRO Housing funds will be a new avenue of financing to offer to affordable housing developers, incentivizing the purchase of existing multifamily properties to allow for the creation of new affordable housing units. This funding helps eliminate this barrier by providing an opportunity to incentivize purchase and be a catalyst for affordable housing development in a time when the first PFC and HOME-funded projects are still working towards completion. Access to financing of this magnitude to incentivize rehabilitation of multifamily properties would not otherwise be feasible for the City of Lewisville until several years from now when Lewisville's first PFC project is near completion and program income is being received to reinvest into other projects.

- **Barrier 3: Lack of financial capital to extend the life of multifamily housing stock which makes up the majority of tenant options available.**

PRO Housing funds would address this barrier by providing the financial capital to incentivize multifamily properties to extend their affordability period. The addition of new affordable units is of great benefit to the community so long as they are not simply replacements for the existing units that are aging out of their affordability period. PRO Housing funds will maintain the currently affordable units for years to come, allowing newly created units to truly be an addition to Lewisville's affordable housing stock, rather than just a replacement. Subsequent projects can be supported through future program income from PFC projects and HOME projects, as well as future CDBG funds, to allow for the continuation of this type of incentivization.

Utilizing PRO Housing funds to provide acquisition assistance would give the developer the ability to put additional funds into the renovation or rehabilitation of units that would have had to go into the purchase of the property. This gives the project the ability to buy down affordability to get deeper levels (below 60%) of AMI for units.

The City's strategic plans have overlapping goals that focus on the preservation of affordable multi-family units.

Lewisville 2025 Big Move, Diverse and Thriving Neighborhoods, has objectives:

- Maintain the desirability and property value of existing neighborhoods through infrastructure and other public investments and programs.
- Develop a strategy for maintenance and rehabilitation of existing apartment complexes that improves residents' quality of life while continuing to include affordable housing.

Sustainability Action Plan Focus Area 4, Equity and Inclusiveness, Strategy #2:

Create/maintain programs that address aging housing stock, particularly in low-to-moderate neighborhoods. City staff has identified one way to meet this goal by looking for opportunities to improve aging multifamily housing stock, especially when properties change hands.

Affordable Housing Toolkit has multiple preservation goals including:

- Preservation - Existing Housing Tax Credit Rental Housing Units

There are currently 6 LIHTC projects located in Lewisville with a total of 887 affordable units. 549 of these units are scheduled to exit the LIHTC program within the next 10 years. The goal seeks to preserve an amount of housing units equal to the number of LIHTC units that are at-risk exiting the housing tax credit program within the next 10 years.

- Preservation - Naturally-Occurring Affordable Rental Housing Units

The City of Lewisville's Housing Toolkit identifies Preservation as one of three key strategies and was a priority focus area for City Council. The Housing Toolkit identifies LIHTC and NOAH units as the main opportunity areas for the preservation of multifamily rental units, and this project aligns with these established priorities, presenting at a time where the Toolkit was just finalized, and the Housing Collaborative is gearing up to implement these opportunities.

Efforts already taken by the City of Lewisville to address this need and achieve these identified goals have included the creation of the PFC in 2022 which has its first project currently underway to add 306 new units at or below 80% AMI, as well as the update of the Unified Development Code to consolidate procedural requirements and simplify processes for developers. Lewisville approved a zoning change to allow development of a new LIHTC property which will add 110 new units at or below 60% AMI and supported two additional LIHTC properties creating 105 units at or below 60% AMI total.

This Preservation proposal aligns with Lewisville's long-standing support of LIHTC properties and efforts taken to maintain LIHTC status and support the creation of new LIHTC units. The rehabilitation piece of the program is similar to past homeowner rehabilitation projects undertaken with CDBG funds and tackling this need at a much more impactful scale for multifamily units. The high percentage of renters in Lewisville, reliance on multifamily housing, and number of LIHTC units aging out of affordability within the next 10 years shaped this proposal. The CDBG-funded Multifamily Support Program will provide multifamily complexes with needed ADA improvements while requiring affordability. This program will pair with the Preservation project to create not only affordability, but increased accessibility as well.

The proposed Preservation activities to be undertaken with PRO Housing funds is within the City's capacity as providing financial incentives to property management companies and housing developers would preserve current units and increase affordable units without requiring additional staff or extensive daily program management. The proposed activities would ensure years of affordability without putting a strain on staff capacity.

Preservation projects would meet the national objective of benefitting LMI persons and constitute an eligible activity for PRO Housing through Section III.F.2.C.iv.A in the NOFO, through the acquisition or subsidization of at-risk housing for the purpose of preserving affordability. The preservation approach should successfully address the listed barriers and ensure long term affordability since availability of funding is key to incentivizing both affordability and rehabilitation of housing units. As LIHTC status preserves affordability for 30 years, incentivizing continuation of LIHTC status and providing support to improve the safety and decency of units will guarantee affordability and reduce the number of NOAH units.

Timeframe of benefit is highly dependent on the multifamily complex in question, as rate of communication varies greatly between management companies in past experience. Once a partnership has been initiated with a developer or management company for a multifamily complex to receive preservation improvements, the City of Lewisville estimates that the community will benefit from the program within 2-3 years.

The targeted area for preservation activities will be a region colloquially called "The Triangle". As described in Exhibit D. II, this region is one of the highest LMI census blocks in Lewisville and solely consists of multifamily housing. Rehabilitating and preserving existing housing units can at times lead to temporary displacement for current tenants. The City of Lewisville will work with the multifamily complex to determine a temporary relocation plan for any occupied units that will be undergoing rehabilitation prior to project implementation. There

are currently 48 short term rental properties within Lewisville that are permitted and approved by the City, leading to ample opportunity for temporary relocation if necessary.

Lewisville has a successful history with LIHTC properties to be emulated with this project, with all LITHC properties seeking support in the past 3 years receiving their tax credits. There have been few pitfalls regarding LIHTC properties, so the main potential pitfall when it comes to preservation is with safety concerns such as lead paint. With the age of Lewisville’s multifamily stock, there is a possibility of lead paint abatement as a part of the rehabilitation process. Past homeowner rehabilitation projects faced difficulty when the original project scope was set aside to address lead paint or other immediate safety concerns. Having learned this lesson, Lewisville would approach rehabilitation with pre-determined plans for lead paint if the age of the complex calls for it. This would be tested prior to rehabilitation and the project would be budgeted to include this need.

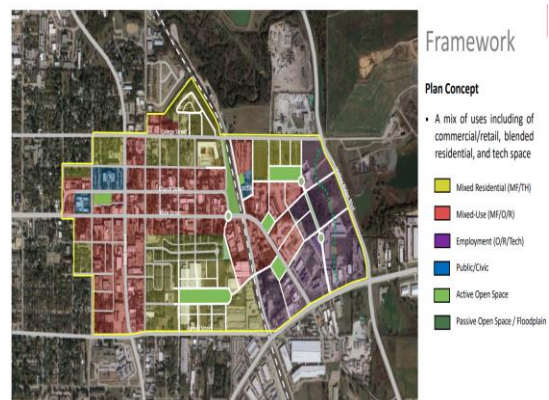
As the proposed preservation activities solely involve existing multifamily complexes, there would be no significant environmental impacts to the rehabilitation of units or continuation of LIHTC status. A potential roadblock to implementation could include communication with multifamily complexes, which is often inconsistent. The City’s Multifamily Rental Inspection division has regular communication with property owners and has pre-existing relationships with management, which staff can lean on to connect and educate them on mutually beneficial opportunities awarded through the project.

II. What is your geographic scope?

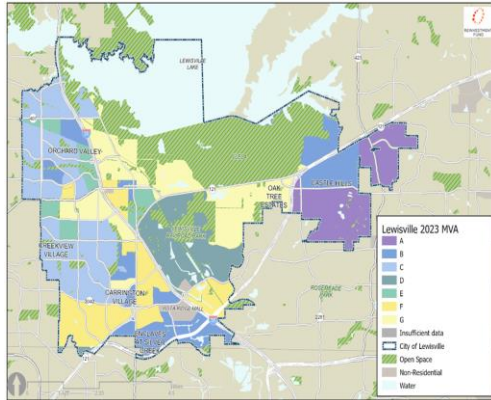
In 2022, the City of Lewisville partnered with Grow America and Reinvestment Fund to analyze its housing market. Reinvestment Fund gathered data on property values, investment, distress, vacancies, and general housing characteristics. This data was reviewed with community stakeholders to ensure accuracy. The resulting Market Value Analysis (MVA) map and a chart of average values were developed to better understand the community's diverse housing needs and guide future strategic planning. The MVA data steered the development of the Affordable Housing Toolkit, identifying the strategies to enhance housing stability and economic opportunities in LMI areas.

| | Med. Home Sales | Coef. Variance | Home-Owners | Permits with reported values >\$10k | Vacancy | Structural Violations | Fore-closure | Subsidy | Housing Units per Acre | |
|-----|-----------------|----------------|-------------|-------------------------------------|---------|-----------------------|--------------|---------|------------------------|-----|
| A | 8 | \$692,582 | 0.27 | 78% | 4% | 0% | 0.0% | 0.1% | 0% | 10 |
| B | 16 | \$400,344 | 0.24 | 41% | 3% | 0% | 0.1% | 0.6% | 1% | 12 |
| C | 21 | \$373,037 | 0.27 | 80% | 6% | 0% | 0.6% | 0.3% | 0% | 5 |
| D | 3 | \$345,382 | 0.00 | 52% | 0% | 10% | 0.0% | 0.0% | 0% | 141 |
| E | 5 | \$334,632 | 0.30 | 43% | 4% | 1% | 0.6% | 0.6% | 29% | 10 |
| F | 13 | \$290,971 | 0.03 | 8% | 0% | 0% | 0.0% | 0.0% | 0% | 19 |
| G | 9 | \$262,935 | 0.22 | 49% | 2% | 1% | 1.3% | 0.4% | 1% | 9 |
| Avg | 73 | \$385,959 | 0.19 | 50% | 3% | 2% | 0.4% | 0.3% | 4% | 29 |

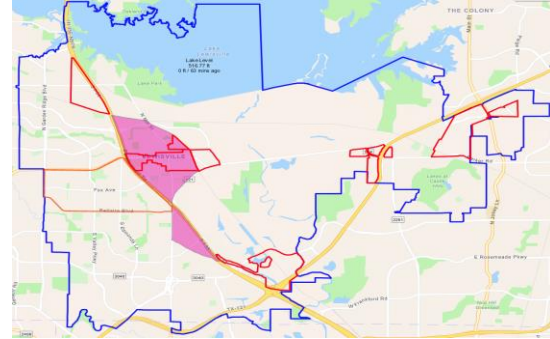
A. MVA Analysis Chart



B. Old Town Area Map



C. MVA Analysis Map



D. Map of TIRZ, OZ, and NEZ

The City of Lewisville has utilized the MVA as well as the maps above to determine project promotion and focus for the PRO Housing and other available funding. The included maps represent multiple areas of focus City staff take into consideration when developing and marketing programs. Explanations of each area will be provided in order to explain their purpose in review when programs are designed to fill gaps.

- **City limits of Lewisville are within the dark blue outline.**
- **Red outlined figures are City of Lewisville’s TIRZ.**

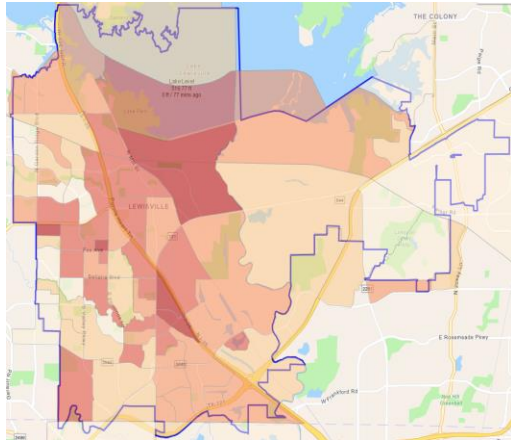
Tax Increment Reinvestment Zone (TIRZ) - Specific zones of a community approved by the City Council to attract new investment in the zone(s) selected, made possible by Texas Tax Code Chapter 311. Texas Councils select zones that are needing redevelopment because of blight and/or substandard markets identified that may not have the sufficient market to attract developments without the infrastructure financing tool in place. Taxes collected from new improvements in the zone(s) are called tax increments and are set aside in a fund to finance public improvements within the selected zone(s). The City of Lewisville has 4 TIRZ, created in 2001, 2008, 2018, and 2019.

- **Opportunity Zones (OZ) are in the pink shade.**

Created through the Tax Cuts & Job Act of 2017, Opportunity Zones were created as a federal initiative administered by the US Department of Treasury. Zones are created to spur economic and workforce growth. For entities that invest capital into an enterprise within an opportunity zone are eligible to receive tax abatements as an incentive for their investment. The Texas Governor determined current opportunity zones in 2018, two of which exist in the City of Lewisville.

- **Neighborhood Empowerment Zone (NEZ) within the orange outline.**

Area selected in 2020 by Lewisville City Council to prioritize revitalization programs for single-family homes. This area was identified and selected for their prioritization based on income level rates within the area, the ratio of single-family homes, and the rate of code violations to date. This area received prioritization for programs that support the repair of exterior concerns on homes and/or neighborhoods.



LewisvilleLMI_BlockGroup

| |
|-----------------------|
| 0.490000 - 14.590000 |
| 14.590001 - 29.150000 |
| 29.150001 - 50.290000 |
| 50.290001 - 72.290000 |
| 72.290001 - 94.630000 |

E. Map of LMI Census Blocks/Legend

- **City limits of Lewisville are within the dark blue outline.**
- Utilizing the legend under the map, the higher level of red pigment shows the higher level of households who are living in each census block at or below the area median income. Numbers are based on the percentage of households considered LMI.

When selecting projects or locations for projects the City of Lewisville takes into account all above maps and geographies for overlapping priorities and focus areas. Two priority communities to indicate overlap are:

- Old Town Area - Location identified above within (Map b.) When reviewing the MVA Analysis there are large clusters of households in the E and G subgroups where the NEZ was identified years prior. The LMI map also identifies higher percentages of LMI households within the NEZ geography.
 - With the review of these geographies, Lewisville staff has identified the need for direct community engagement and advertisement in these areas for the created projects utilizing PRO Housing funding.
- Southern OZ / 121 Corridor Area - Located where business 121 and I-35 meet in the City of Lewisville, colloquially called “The Triangle”, there has been a heavy focus on social service and funding support for decades in the city. This area is the southern site of the two Opportunity Zones identified by the State of Texas. When looking at the MVA analysis, this area is a large color cluster of the F subgroup and is also listed on our LMI map as having a large percentage of households living with low to moderate income.
 - From this review this area will continue to be a priority of the City of Lewisville and partner social service agencies to ensure access to programs is equitable. The City will continue to keep this neighborhood of Lewisville in consideration as the creation of future programs are able to support current ongoing efforts. The City of Lewisville anticipates focusing marketing and exploration efforts for both the Convert and Preserve projects utilizing PRO Housing funds within this area.

The City staff will prioritize two zones for the PRO Housing Program funding: Old Town, which is part of a Tax Increment Reinvestment Zone (TIRZ), and "The Triangle." The focus in Old Town will be on converting property to affordable housing. The City expects this to have a positive impact on the availability of affordable housing for low- and moderate-income residents. Old Town has been seeing an increase in the number of new residents and businesses; this effort,

if successful, should help stabilize the community, reduce the displacement of existing residents, and strengthen the local economy. In "The Triangle," the city's focus will be on preserving existing multifamily housing. The Triangle is at risk of becoming a higher-rent area because of its location, and it's essential to keep the existing rental units affordable. It is anticipated that these initiatives will bolster housing security for LMI households, will stimulate neighborhood revitalization, and will make an even more substantial and inclusive community development outcome possible. Property prices, the economy, zoning laws, community pushback, and developers could affect their chances of succeeding. Success may hinge on the absence of a few large obstacles. Funding and rising interest rates are primary concerns, while if infrastructure issues can't be resolved, it could limit a project's success rate as well.

III. Who are your key stakeholders? How are you engaging them?

Community engagement is the cornerstone of the development of housing strategy in the City of Lewisville, guiding priority focus through communication of needs with diverse stakeholder groups in our community. Key stakeholder groups for affordable housing in the City of Lewisville include nonprofit organizations, developers, businesses, faith-based entities, and residents, especially those in need of affordable housing.

With affordable housing being among Lewisville's current top priorities, the City began the process of creating the Housing Toolkit to further affordable housing initiatives. To guide the creation of the plan, the City of Lewisville formed the Housing Strategy Plan (HSP) Committee consisting of members from local nonprofit organizations, housing authorities, banks, and community members all invested in the creation and preservation of affordable housing. The HSP Committee provided valuable feedback on identifying housing needs as well as barriers to affordable housing in our community, aiding in the development of the Housing Toolkit.

The Affordable Housing Toolkit was approved by Lewisville City Council in 2023, with City Council setting the priority areas of preservation and economic mobility out of the toolkit strategies identified. Following this guidance, staff has had individual meetings with local stakeholder groups of real estate professionals, service providers, housing-focused agencies, builders and developers, local resident groups, and workforce-focused entities to identify individuals willing to join the Lewisville Housing Collaborative from these different fields within the world of affordable housing. Feedback received through these meetings has shown consensus in the prioritization of preservation and economic mobility, further driving the need for the preservation and conversion projects proposed. The Housing Collaborative will meet quarterly to provide guidance on the implementation of strategies identified in the Toolkit, providing their expertise and connections to support the housing projects. Lewisville's Housing Collaborative will have its first meeting in November 2024.

Staff throughout City departments represent the City in community-wide efforts by holding positions on a variety of local leadership teams, coalition, and workgroups (Denton County Workforce Success, Homelessness, and Mental Health Leadership Teams, Neighborhood Engagement and Revitalization Alliance, Texas Homeless Network, etc.) and also gains feedback and insight from said entities. Many of the groups have a county, community, or state-wide focus, therefore Lewisville staff is able to not only understand gaps and barriers to services to residents within Lewisville but also how connected communities are supporting their residents and how Lewisville's work can fit into large scale solutions of change.

Through involvement within these regional groups, Lewisville has received guidance for the development of the proposal presented in this application. There has been particular focus

around the need for affordable multifamily units in Denton County as identified by case managers and housing navigators throughout the region, as well as an identified lack of middle-housing options, which has contributed to Lewisville’s focus on conversion and preservation. The Denton County Housing & Homelessness Leadership Team, on which Lewisville is an appointee, highlights “Increase Access to Affordable Housing Across Denton County” as an action plan item on their strategic plan, identifying the need to advocate for additional funding with policy makers. As Lewisville City Council has approved the Housing Toolkit, become a new HOME recipient, and approved \$300,000 in the new fiscal year budget to prioritize affordable housing, the City is seeking additional funding sources such as PRO Housing to take action on this demand and respond to the call for the increased support needed from municipalities and other governmental entities.

The City of Lewisville actively solicits participation from developers through the City’s Public Facilities Corporation (PFC), created in 2022 to further affordable housing efforts and incentivize the creation of new affordable units. The City also works with developers that are interested in creating affordable housing in Lewisville utilizing Low Income Housing Tax Credits (LIHTC). The Affordable Housing Review Committee meets with potential developers to discuss current needs in our community as well as potential sites that meet our current plans and goals. This Committee communicates to developers what the City is looking for in terms of affordability and design for proposed properties, and what levels of mixed income would suit the community’s needs, providing feedback and open conversation with developers to determine project feasibility. Feedback the Committee receives from developers includes that with the limited availability of land in Lewisville and the high acquisition costs, the development of new housing is not always feasible at the deep affordability levels desired. This prompted Lewisville’s focus on preservation and conversion, rather than creation for this proposal.

Public Hearings & Resident Participation

Most importantly to the planning and application process, the City of Lewisville prioritizes the voices of the community members most likely to benefit from the housing activities proposed. A minimum of two annual public hearings are held to invite resident participation in expressing community concerns, needs, and priorities. These public hearings are held at different, often non-governmental locations throughout the City to reach community members where they are, with citywide promotion through news sources, social media, and communication to local stakeholder groups. All public comments are welcomed by the City of Lewisville’s CDBG Advisory Committee at annual public hearings, and comments guide the Committee in all decisions regarding the allocation of General Fund and CDBG funding for public infrastructure and social service projects. A Community Needs Assessment is released as a part of the Consolidated Plan process every five years, requesting resident feedback on housing affordability and availability, as well as social service needs. The Assessment survey is made available in English and Spanish. Results from the Community Needs Assessment are used by the CDBG Advisory Committee to guide the City’s Prioritized List of Social Service Categories, which when updated in 2023 placed Housing Needs as the City’s highest priority.

As a CDBG entitlement community, the City of Lewisville’s Consolidated Plan and subsequent Annual Action Plans are open for 30 days for public comment, following a notice in local publications. All public comment periods are advertised on the City of Lewisville website and documents are made available online and in-person at City Hall and the Lewisville Public

Library. All plans are accompanied by a public hearing, advertised on the City website. Public hearings as well as all documents can be made accessible in Spanish and Chin upon request.

In preparation for the City of Lewisville's 2022-2026 Consolidated Plan, City staff held five public hearings and three focus group meetings in various locations throughout the city, including apartment complexes, churches, nonprofit organizations, and city locations. There were more than 60 attendees consisting of residents, community leaders, and other community stakeholders across the eight meetings. Focus group meetings were centered around the City of Lewisville's Assessment of Fair Housing and were hosted in locations to target input from these key demographic groups.

Participation from senior residents was solicited through hosting a focus group at a senior apartment complex, while another focus group was held at the local Chin Baptist Church, which serves members of the Chin ethnic group, many of whom were refugees from Burma (Myanmar). The final focus group was held in one of Lewisville's predominantly LMI areas, at an apartment community that houses many residents who have Limited English Proficiency, and also participate in subsidized housing programs, including Housing Choice Vouchers/Section 8 and Veterans Affairs Supportive Housing (VASH). This targeted outreach into our community allowed deeper engagement with many key demographic groups in need of affordable housing and the resulting feedback impacted proposed plans and projects.

Since early 2022, City staff has had monthly meetings with a local advocacy group made up of senior residents, discussing affordable housing challenges faced by Lewisville seniors and other residents on fixed incomes, specifically regarding rising rent and deteriorating conditions of multifamily housing. These monthly meetings with this key stakeholder group, paired with additional feedback from residents at public hearings and City Council meetings, have provided necessary insight into the affordability of rental housing, particularly for senior residents, spurring the creation of the Lewisville Senior Rental Assistance program and strengthening the City's resolve to preserve opportunities for accessible housing. The prioritization of the preservation of affordable multifamily housing and addition of more affordable multifamily units in Lewisville is tied directly to this feedback. As many seniors currently occupying multifamily units are unable to afford or maintain single-family homes on a fixed income, it is vital that Lewisville ensures the preservation of affordable multifamily units to protect this vulnerable population by protecting the LIHTC status of multifamily complexes that are aging out of affordability and incentivizing developers to make more units affordable.

Lewisville has no unions or Community Land Trusts to engage but has built deeper engagement with local housing industry professionals and developers through the process of creating the Housing Collaborative, which has echoed the need to preserve currently affordable housing and fill the gap in the community.

Through applying for Round 1 of PRO Housing, the City received feedback from residents as well as staff from Autumn Breeze Apartments, expressing interest in partnership for affordable housing projects, showing feasibility of multifamily partnerships.

PRO Housing Engagement

The City of Lewisville utilized resident feedback as well as data and resources from the Housing Toolkit, Gaps Analysis, Assessment of Fair Housing, Consolidated Plan, Community Needs Assessment, and related internal plans/strategies to develop the PRO Housing proposal. While the proposed preservation activities were tied to feedback from residents looking to remain renters in multifamily housing expressing concern regarding rising rent, the proposed

conversion projects were developed through engagement with local nonprofit organizations. City staff consulted with partnering nonprofit organizations focused on affordable housing to determine the direction of proposed projects and the formulation of feasible goals, budgets, and timelines, including Denton Affordable Housing Corporation (DAHC), which is currently in the process of certifying with the City of Lewisville to be the CHDO recipient of Lewisville's new HOME funding. DAHC has been at the forefront of creating affordable housing in Denton County since 1996 and offered their expertise in the development of the PRO Housing proposal, partnering, and guiding plans in the creation of affordable, low-density housing. Through bi-weekly meetings between city staff and DAHC regarding partnership for future HOME funding and other introductory affordable housing projects in Lewisville, staff garnered feedback on the feasibility of conversion projects to create middle-housing types currently missing in Lewisville's housing market. This planning and research of potential properties has confirmed the viability of this project.

Notice for public comment for the PRO Housing grant application was posted in the Denton Record Chronicle on September 26, and the public comment period was open from September 25 through October 10. The application was made available for public viewing on the City of Lewisville website and in-person at City Hall and at the Lewisville Public Library. A public hearing was held on October 7 at the Lewisville City Council meeting. The hearing and public comment period were advertised on the City of Lewisville website and were sent directly to stakeholder groups via an email soliciting public feedback.

Lewisville's PRO Housing proposal was taken to the Denton County Homeless Coalition for feedback on September 25 and was taken to the Denton County Housing and Homelessness Leadership Team for feedback on October 10, seeking input from key stakeholders and those working directly in housing and homelessness. The City of Lewisville also provided information and an opportunity to give feedback at local events during the public comment period, including the Western Days festival and the October gathering for First Fridays, a fair for local vendors held in Old Town where the conversion project is targeted.

If awarded funding, continued feedback and guidance on PRO Housing projects will be solicited through the quarterly Housing Collaborative meetings, annual public hearings hosted by the CDBG Advisory Committee, quarterly roundtable meetings with nonprofit partners, and staff participation in community housing & homelessness focused leadership teams and workgroups. Staff will also actively engage with community members directly impacted or benefitted by PRO Housing projects by conducting a public hearing after a property is identified to get community input. Projects will require quarterly surveys for open feedback after project implementation, as well as quarterly information sessions to provide project progress reports and allow for continued feedback throughout the duration of the project to ensure transparency and community support.

IV. How does your proposal align with requirements to affirmatively further fair housing?

The Fair Housing Act requires recipients of federal financial assistance to not only meet the threshold of not allowing segregation within their jurisdiction but also to move the needle on overcoming patterns of segregation and fostering inclusive communities. The City of Lewisville having received federal financial assistance from HUD since the mid-1990's continues to affirmatively further fair housing and services within its coverage area and actively seek areas for improvement or adjustment.

The City of Lewisville approved an updated Assessment of Fair Housing in September 2022 to be utilized until 2026, unless updates should be made sooner. During this assessment the City gathered local data and feedback with the help of a consulting partner to review and identify factors related to housing discrimination in the community. This data was utilized to develop goals to overcome any patterns or segregation identified and foster a more inclusive community free from restrictive barriers to opportunity, services, and housing. During the analysis the following outlets were utilized to collect the critical information needed for the assessment:

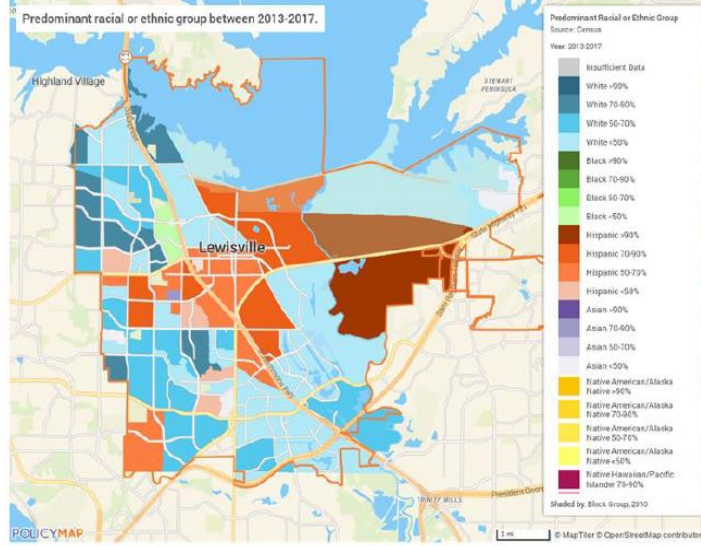
- Community Needs Assessment - 46 question online survey (with physical option available) deployed in both English and Spanish and promoted on social media, news outlets, physical flyers provided at agencies, local events, and community buildings. 227 responses were collected from the community.
- Town Hall Meetings - 4 town hall meetings were hosted at 4 separate locations, days of the weeks, and times in order to increase access to the whole community for input and discussion.
- Focus Group Conversations - 3 separate focus groups were held to hear from residents living in specific communities of need in Lewisville; a senior LIHTC apartment complex, a market rate apartment complex regularly utilizing subsidies for residents such as HUD-VASH and HCV Vouchers, and a local faith based community for members of the Hakha Chin Ethnic group (Lewisville being the second largest location for Chin refugees fleeing Myanmar and relocating to the US).
- One-on-One Stakeholder Consultations - 19 consultation meetings were had with local service providers, representatives from city departments, advocacy groups, and other local leaders.
- Public Hearings - 3 public hearings were hosted to receive comments on the current plans in place and focus areas the city should prioritize.

Along with community feedback and input, during the City's revamp of their Assessment of Fair Housing local census data was utilized to determine further areas for improvement or adjustment. As with most cities, there are pockets within the City of Lewisville that appear to have concentrated populations of races and ethnicities causing diverse needs in each area. Through the Analysis the City's consultant identified the following statement, "However, when compared to the broader DFW region, the City of Lewisville has less racial and ethnic segregation and non-White persons are less exposed to concentrated poverty in their neighborhoods. Likewise, non-White students have better access to high-performing schools and low-income persons generally live in close proximity to numerous jobs. Thus, Lewisville's primary concern is not how to foster inclusive communities free from barriers that restrict access to opportunity but how to maintain and strengthen access to the city's affordable housing options, environmentally healthy neighborhoods, good schools and plentiful jobs."

The picture below depicts the predominant race or ethnic group in each census block group and the following images depict within Lewisville where each racial or ethnic group makes up more than 20% of that area's populations. These images not only tell a story of how Lewisville is currently inhabited but also allows for planning and initiatives to specific areas for assistance in the future to ensure areas do not become siloed from each other. The city's goal throughout many plans mentioned with this application is to maintain and strengthen communities currently existing in the community.

Map AFH8

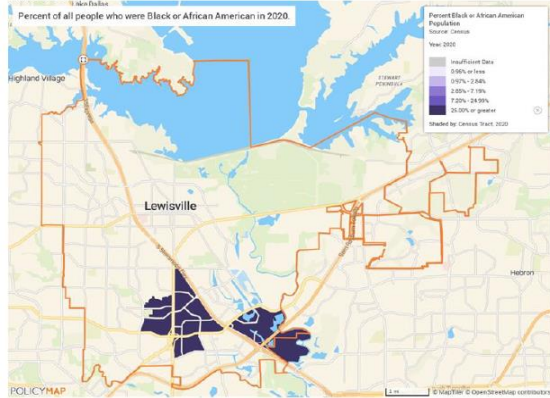
Note – This map examines the predominant racial or ethnic group in each census block group.



City of Lewisville's Assessment of Fair Housing 2022-2026

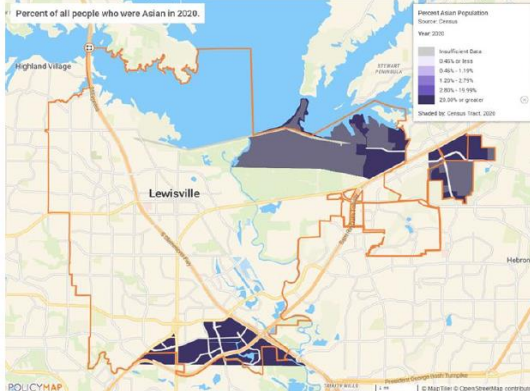
Map AFH12

Note – These maps highlight census tracts where 25% or more of the population is Black or American.



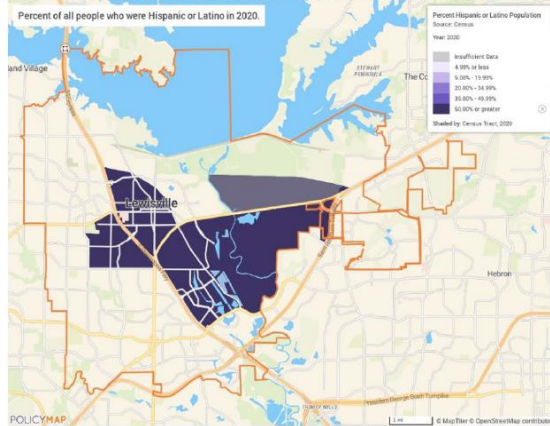
Map AFH14

Note – These maps highlight census tracts where 20% or more of the population is Asian.



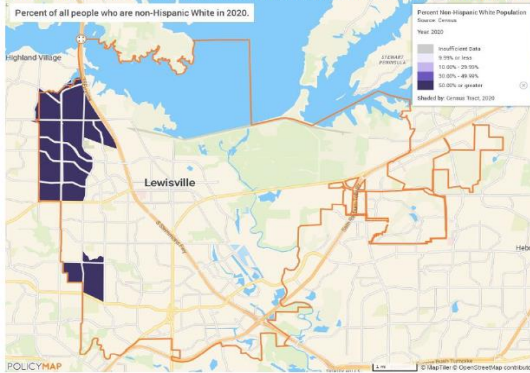
Map AFH18

Note – These maps highlight census tracts where 50% or more of the population is Hispanic or Latino



Map AFH16

Note – These maps highlight census tracts where 50% or more of the population is non-Hispanic White.



City of Lewisville's Assessment of Fair Housing 2022-2026

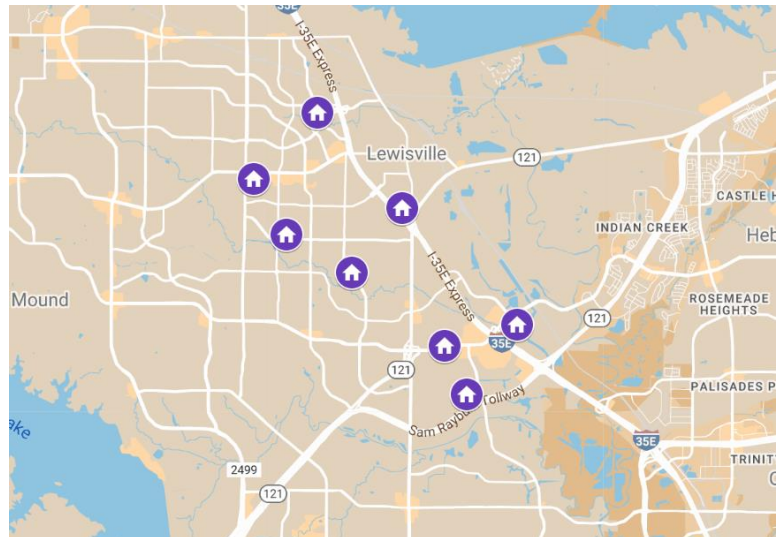
Utilizing feedback from the outlets above, evaluating previous successes with the last Assessment of Fair Housing, and reviewing data collected, the City then created nine new goals that came from the assessment that fall largely into the following buckets of priorities; preservation of current affordable housing, support of future affordable housing development, and building partnerships to provide access to financial services to our residents. The City of Lewisville hopes to work towards some of these goals with funding awarded from the PRO Housing NOFO coupled with federal and local funding set aside for such activities.

While the City currently has low levels of segregation, staff is aware that with the increase of affordable housing development there is potential for the creation of higher segregation. The affordable housing review committee takes this into consideration when developers come with potential projects. This same review process will be added to the projects that this grant would fund if awarded.

In many communities across the nation affordable housing and/or minority owned businesses are regulated to specific areas of a community either purposefully or due to a lack of mindfulness in regard to ensuring equity across the whole of a jurisdiction. This has happened because of historical redlining and zoning ordinances amongst many other causes and continues to be perpetuated by the old school mindset of “this is how we have always done it”. The City of Lewisville actively works towards debunking this aged thought and continuously proactively moves towards what is equitable and accessible for the whole of its residents. Because of this the City of Lewisville deploys several tactics to ensure housing, businesses, and services are equitably accessed:

- The Affordable Housing Review Committee made up of staff from Neighborhood and Inspection Services Department, Planning Department, Economic Development Department, actively review where current LIHTC, PFC and NOAH properties are located when speaking to developers or investors in creating additional affordable apartment complexes in order to ensure affordable housing is not regulated to specific areas or portions of the municipality. (See picture within text.)
 - The City of Lewisville will continue this process with future PRO Housing related projects to ensure we will not be further concentrating affordable housing in low-opportunity areas.

- Actively prioritizes Historically Underutilized Businesses (minority-, women-, and veteran-owned) during proposed contracts for construction and related services for the City of Lewisville through a HUB search in our Finance Department



- for procurement and contract purposes.
- In 2020, the City of Lewisville created a community group to listen and learn how Lewisville could do better for Black or African American residents. This group was called Listen, Learn, Lead (LLL) reflecting the need for city officials to listen to under-represented communities and the need for those residents to be heard. From these listening sessions a report was created with 30 recommendations for the City of Lewisville to adopt providing steps to remove barriers to accessing services from the City as well as removing barriers to engage and support more minority-, women-, and veteran-owned businesses. LLL also recommended that the City begin to track grant applicants' race and ethnicity if the applicant is willing to provide the information.
 - Staff has taken this information to create a heat map to find where our underserved populations are for each program. Staff has also created a marketing plan based on the gaps of service to ensure that all Lewisville residents are provided the same services and looks to continue to improve outreach efforts as more lessons are learned.
 - Since the adoption of the recommendations, we have created reports on progress towards the recommendations and made them available to the community. The most recent one this year showed that 16 of the recommendations have been completed, 13 are ongoing projects to continuously improve, and 1 is planned for the future.
 - In 2023, the City of Lewisville employed third party experts and conducted community outreach in order to update the current ADA Transition Plan for City facilities. This plan provided much needed insight into changes that are already on their way in public facilities but also brought to light how departments can work to provide services to all residents. This plan is ongoing and will continue to be upgraded and updated as regulations and needs update.
 - Being mindful of several new local data points and processes (listed above) the City of Lewisville deployed programs related to supporting households in specific areas with focuses on equitably and accessibly serving Lewisville.
 - Multifamily Support Program was funded in 2023 to increase accessibility in current multifamily complexes, due largely to data showing this need in the Assessment of Fair Housing and MVA.
 - Backyard Cottage Design Competition was launched in 2024 after data showed a need for missing middle housing and city staff determined the need for more public involvement and engagement on interests in Backyard Cottages (ADUs). Competition materials were created in English, Spanish and Hakha Chin and provided during community events in order to increase engagement.
 - Neighborhood Workshops to provide resources to underserved areas, hosted in English, Spanish and Hakha Chin to increase access and decrease communication barriers.

With the proposed projects in mind, the City of Lewisville will incorporate all of the above tactics to successfully deploy programs to the priority communities. Below walks through the demographic data in regard to race and ethnicity for both the priority geographies the proposed projects will focus on but also its comparison to the municipality overall.

| Area | Total # | People with 1 Race Listed | White | Black / African American | American Indian and Alaska Native | Asian | Native Hawaiian and Other Pacific Islander | Other Race | People with 2 Races Listed | Hispanic |
|-------------------------------------|---------|---------------------------|-------|--------------------------|-----------------------------------|-------|--|------------|----------------------------|----------|
| The Triangle Area (3 Census Tracts) | 10,511 | 8,806 | 38.4% | 37.4% | 1.1% | 6.1% | 0% | 29.9% | 1,494 | 32.1% |
| Old Town Area (2 Census Tracts) | 9,077 | 7,448 | 54.2% | 11.6% | 2.3% | 2.1% | 0% | 29.9% | 1,589 | 48.3% |
| City of Lewisville | 111,822 | 94,353 | 41.9% | 15.8% | 1.2% | 11.3% | 0.1% | 14.1% | 17,469 | 32.1% |

Keeping in mind the demographic breakdowns of locations above, the City of Lewisville’s projects would increase access to affordable housing to Lewisville residents across the board with a higher percentage of households impacted positively by either both or one project area in the following demographic categories: White households, Black or African American households, American Indian and Alaska Native, Other Race, and Hispanic Households. ACS data indicates that 10.8% of Hispanic/Latinx families, 11.0% of Black or African American families, 11.1% of families of other (not identified) races, and 6% of Asian families have incomes below the poverty level, further proving the need for the communities selected.

The two proposed projects would provide a diverse housing stock to meet the needs of underserved communities. The Conversion project provides housing options that are not readily available in Lewisville such as townhomes and duplexes. While the Preservation project takes the current multifamily housing stock to keep the affordability or create additional affordable units. This approach will provide housing that is unique to what housing currently looks like in Lewisville to meet the needs of our underserved populations.

Throughout the development of the programs and following their implementation the City of Lewisville intends to incorporate the specific strategies below to ensure household’s needs are met and adjustments are made as necessary.

- During Development of the Programs:
 - Creation of multi-language guidelines and applications for residents (in English, Spanish, and Hakha Chin) - ensuring equitable access to information.
 - Host community info sessions in publicly accessible spaces in English, Hakha Chin, and Spanish - providing access to program information to all residents not dependent on any language or physical barriers.
 - Proactively determine displacement plans with any housing unit or complex that may be impacted by displacement during the term of the project.
- Mid-Project and Implementation:
 - Deploy quarterly surveys and host public meetings for each project in publicly accessible spaces and in English, Hakha Chin, and Spanish in order to ensure

access to program information and progress is available to all residents not dependent on language or physical barriers.

- Providing an outlet for areas of improvement or missed opportunities so that the projects can adjust quickly and remedy any impacts.
- Diligently check in on possible displacement of households in the program throughout the length of the program. Ensuring any measures taken are continued to be met during the length of the program.

V. What are your budget and timeline proposals?

The City of Lewisville anticipates utilizing the following grant cycle years after being awarded PRO Housing funds. Cycle years were determined based on award date of funding and expenditure requirements.

Estimated Cycle Dates:

- Year 1 - Feb 1, 2025, to Jan 31, 2026
- Year 2 - Feb 1, 2026, to Jan 31, 2027
- Year 3 - Feb 1, 2027, to Jan 31, 2028
- Year 4 - Feb 1, 2028, to Jan 31, 2029
- Year 5 - Feb 1, 2029, to Jan 31, 2030
- Year 6 - Feb 1, 2030, to Sept 30, 2030 (short year)

The proposed budget was created with the full request of \$5,000,000. The below chart walks through each project's anticipated annual milestones and completion of each project. Costs listed within the simplified budget below are based on current experiences and expenditures within the municipality. As a local government, the City of Lewisville prides itself in ensuring fiscal responsibility and adherence to industry standards and regulations. Costs must be considered an estimation as many costs associated with Conversion or Prevention projects will fluctuate due to market and availability. The City of Lewisville will continue to comply with all federal and local requirements in regard to procurement and purchasing.

| Category | People / Agency Associated | PRO Housing \$ Amount | % of Total |
|-------------------------|---|-----------------------|------------|
| Admin / Planning | <ul style="list-style-type: none"> ● Neighborhood and Inspection Services Department Staff | \$500,000 | 10% |
| | Other Sources of Funding allocated to Projects | | |
| | <ul style="list-style-type: none"> ● CDBG Funding - Anticipated amount of admin funding available for FY 24-29 specific to persons working on projects related to PRO Housing - \$85,000 (\$17,000 annually) * ● General City Fund - Anticipated amount of admin funding available for FY 24-29 specific to persons working on projects related to PRO Housing - \$180,000 (\$36,000 annually) * ● HOME Funding - Anticipated amount of admin funding available | | |

| | | | |
|--|--|-------------------------------------|--------------------------|
| | <p>for FY 24-29 specific to persons working on projects related to PRO Housing - \$100,000 (\$20,000 annually) *</p> <p>TOTAL Outside Sources- \$365,000 (\$73,000 annually)</p> <p><i>*Estimations are based on current allocations of each funding source to the City of Lewisville as well as current expenses for staff working on affordable housing related projects currently. Staff costs will continue to remain cost-effective and match industry standards as fiscal responsibility of The City of Lewisville. Estimations only included 5 program years of Admin, with the goal to finalize funding prior to “Year 6: Feb 2030 - Sept 2030”.</i></p> | | |
| | <p>Milestones / Annual Breakdown</p> | | |
| | <ul style="list-style-type: none"> ● Funding will support a portion of 4 separate staff member’s salaries when said staff member is working on providing administrative and planning oversight of either of both projects throughout the grant time period. Each staff person’s rate per hour varies based on position, staff will provide timesheet and salary breakdown as needed. ● Staff will utilize admin time and expenses to hire third party contractors/consultants to assist with requirements around Davis Bacon and Build America Buy America. | | |
| <p>Project I. Conversion - Low Density (SF, TH, DU, CO)</p> | <p>People / Agency Associated</p> | <p>PRO Housing \$ Amount</p> | <p>% of Total</p> |
| | <ul style="list-style-type: none"> ● Neighborhood and Inspection Services Department Staff ● Potential nonprofit community housing developer (For example: Denton Affordable Housing Corporation) | <p>\$2,500,000</p> | <p>45%</p> |
| | <p>Other Sources of Funding</p> | | |
| | <ul style="list-style-type: none"> ● HOME Funding - Anticipated amount of funding allocated based on current FY 24-25 allocation and funding available to the community through current HOME Funded Programs - \$1,500,000 (\$300,000 annually) * ● CDBG Funding - Anticipated amount of funding allocated based on current FY 24-25 allocation and funding available to the community through current CDBG Funding - \$490,000 (\$78,000 annually) * ● Supplemental Funding Provided by Denton Affordable Housing Corporation - To Be Determined <p>TOTAL Outside Sources - \$1,500,000 (\$300,000 annually)</p> | | |

| | | | |
|--|---|---|--------------------------|
| | <p><i>*Estimations are based on current allocations of each funding source to the City of Lewisville along with specific funding allocated for projects consistent with PRO Housing Project. Estimations only included 5 program years of Admin, with the goal to finalize funding prior to “Year 6: Feb 2030 - Sept 2030”.</i></p> | | |
| | <p>Milestones / Annual Breakdown</p> | | |
| | <p>Year 1:</p> <ul style="list-style-type: none"> ● Development of agreement and scope with community affordable housing developer. ● Community Housing Developer create anticipated timeline with City of Lewisville staff. ● Identify possible land options and complete environmental review. <p>Year 2:</p> <ul style="list-style-type: none"> ● Community Housing Developer working towards HUD Multifamily Mortgage, New Market Tax Credits, other financial subsidies to supplement costs. ● Closing on property identified. <p>Year 3-5:</p> <ul style="list-style-type: none"> ● Dependent on construction or rehabilitation needed on property, future timeline will reflect specific milestones. ● Monthly check-ins with Community Housing Developer. <p>Year 6:</p> <ul style="list-style-type: none"> ● Finalization of any construction or rehabilitation Community Housing Developer is completing. ● Units available for LMI households. <p>Total Residents Served annually through the Project following completion: 10</p> | | |
| <p>Project II. Incentivize Preservation (Large Multi)</p> | <p>People / Agency Associated</p> | <p>PRO Housing \$ Amount</p> | <p>% of Total</p> |
| | <ul style="list-style-type: none"> ● Neighborhood and Inspection Services Dept. Staff ● Economic Development Dept. Staff ● Multifamily Developer | <p>\$2,500,000</p> | <p>45%</p> |
| | <p>Other Sources of Funding</p> | | |
| | <ul style="list-style-type: none"> ● CDBG Funding - Anticipated amount of funding allocated based on current FY 24-25 allocation and funding available to the community through current Multifamily Support Program- \$910,000 (\$182,000 | | |

| | | | |
|--|---|-------------|------|
| | <p>annually) *</p> <ul style="list-style-type: none"> ● Economic Development Affordable Housing Funding - \$300,000** <p>TOTAL Outside Sources - \$910,000 (\$182,000 annually)</p> <p><i>*Estimations are based on current allocations of each funding source to the City of Lewisville along with specific funding allocated for projects consistent with PRO Housing Project. Estimations only included 5 program years of Admin, with the goal to finalize funding prior to “Year 6: Feb 2030 - Sept 2030”.</i></p> <p><i>**The Economic Development Department at the City was allocated \$300,000 for flexible costs in relation to affordable housing. This allocation is not guaranteed to occur without future Council approval.</i></p> | | |
| | <p>Milestones / Annual Breakdown</p> | | |
| | <p>Year 1:</p> <ul style="list-style-type: none"> ● Creation of project application process. ● Determining project eligibility and scope of need for complex. ● Affordable Housing Review Committee review and recommend projects to move forward. <p>Year 2:</p> <ul style="list-style-type: none"> ● Negotiate terms with developer, draft and execute the contract. ● Seek City Council approval. ● Begin acquisition (if purchasing existing multifamily). <p>Year 3 - 5:</p> <ul style="list-style-type: none"> ● Complete renovation/rehabilitation as units become vacant. ● Begin compliance auditing one year from occupancy of new tenants. <p>Year 6:</p> <ul style="list-style-type: none"> ● Complete necessary steps of project closeout. <p>Total residents served annually through Project following completion: 95</p> | | |
| | TOTAL | \$5,000,000 | 100% |

If a lower amount of funding is awarded, the City of Lewisville anticipates needing to prioritize a project in order to ensure completion. The minimum the City of Lewisville would need to complete a project through the PRO Housing NOFO is \$2,500,000 to allow for success in the project. If the City of Lewisville were awarded half of the initial requested amount (\$2,500,000), the City would move forward with only the Conversion project within the application (Project I) and will seek external funding to support Preservation efforts in the future. With an award of \$2,500,000 the City of Lewisville will utilize the same cost allocation and

timeline for the Conversion project listed above and would only update the Administrative costs as follows below.

Adjusted Budget to Reflect an award of \$2,500,000 to the City of Lewisville:

| Category | People / Agency Associated | PRO Housing Activity Amount (Based on Reduced Award) | % of Total |
|-------------------------|---|---|------------|
| Admin / Planning | Neighborhood and Inspection Services Department Staff | \$250,000 | 10% |
| | Other Sources of Funding allocated to Projects | | |
| | <ul style="list-style-type: none"> ● CDBG Funding - Anticipated amount of admin funding available for FY 24-29 specific to persons working on projects related to PRO Housing - \$85,000 (\$17,000 annually) * ● General City Fund - Anticipated amount of admin funding available for FY 24-29 specific to persons working on projects related to PRO Housing - \$180,000 (\$36,000 annually) * ● HOME Funding - Anticipated amount of admin funding available for FY 24-29 specific to persons working on projects related to PRO Housing - \$100,000 (\$20,000 annually) * <p>TOTAL - \$365,000 (\$73,000 annually) <i>*Estimates are based on current allocations of each funding source to the City of Lewisville as well as current expenses for staff working on affordable housing projects. Staff costs will continue to remain cost-effective and match industry standards. Estimations only included 5 program years of Admin, with the goal to finalize funding prior to "Year 6: Feb 2030 - Sept 2030".</i></p> | | |
| | Milestones / Annual Breakdown | | |
| | Providing administrative and planning oversight of all both projects throughout the grant time period. | | |

EXHIBIT E
CAPACITY
CITY OF LEWISVILLE, TEXAS

Exhibit E: Capacity

I. What capacity do you and your Partner(s) have? What is your staffing plan?

The City of Lewisville's Neighborhood & Inspection Services Department (NIS) will lead the implementation of funds and projects. The NIS team manages multiple grants that are federally and locally funded. This provides the team the knowledge and experience to ensure projects are meeting all federal requirements. The City utilizes a consultant to monitor contractors that are required to meet Davis-Bacon requirements and would continue that partnership with these funds. Having administered large HUD grants and other significant projects and programs, staff is confident in the competency and capacity required for grant administration. The City of Lewisville is a city in Texas which is a home rule state. This gives Lewisville authority to implement our proposed projects.

This grant application was written by City staff: Elena Shehan, Grants Coordinator; Ashleigh Feryan, Neighborhood Services Manager; Rachel Hiles, Grants Specialist; and Bryan McBreen, Grants Specialist. These four individuals are the full-time staff members that will implement these projects. Two of these full-time staff members will manage the funding and activities.

In 2020, the City of Lewisville received \$1.2 million in CDBG-CV grant funds. City staff created applications, conducted a community needs survey, program management, and allocated funding to partners. The City monitored partners to ensure partners were meeting federal regulations and meeting the needs of the community. The City is on track to spend all funds before the HUD deadline. Additionally, staff overseeing the PRO Housing funding at the City of Lewisville has extensive experience overseeing substantial amounts of federal funds and local funds deployed in the area for housing and homelessness relief including \$3.3 million in Emergency Solutions Grant Covid funding and over \$25 million through Consolidated Appropriation Act Emergency Rental Assistance funding. Staff oversaw procurement of services to subgrantees, internal and external program design and development as well as consistent management and funding close out processes.

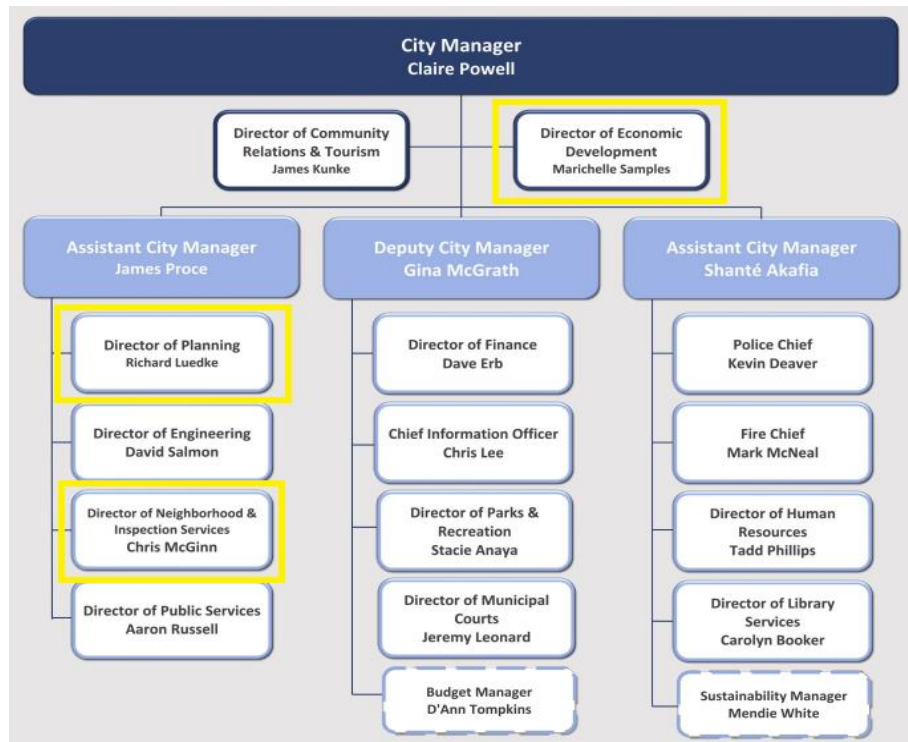
The City prides itself on its strong relationships with other city departments and partner organizations. NIS already has strong working relationships with the Economic Development and Planning departments, as they all make up the affordable housing review committee. The developer incentive project would rely heavily on those departments to be created. The City is building the Housing Collaborative which is bringing external partners to the table on all affordable housing goals in Lewisville. This Collaborative will include partners from real estate, affordable housing developers, faith-based communities, workforce development, and community members. This Collaborative will not only be a sounding board for the projects funded through PRO housing but also a resource to fill gaps that we as the City are unable to meet.

The City's Economic Development Department has a contract with Grow America for technical assistance for projects, which includes CDBG and community grants. Staff will rely on Grow America's technical assistance to ensure we are meeting all of HUD requirements for PRO Housing. Grow America has over 50 years of experience in affordable housing and knows the City of Lewisville as they were hired to create the city's Consolidated Plan and Housing Toolkit. Grow America has experience analyzing data related to racial or economic disparities and providing guidance on ways to reduce racial disparities.

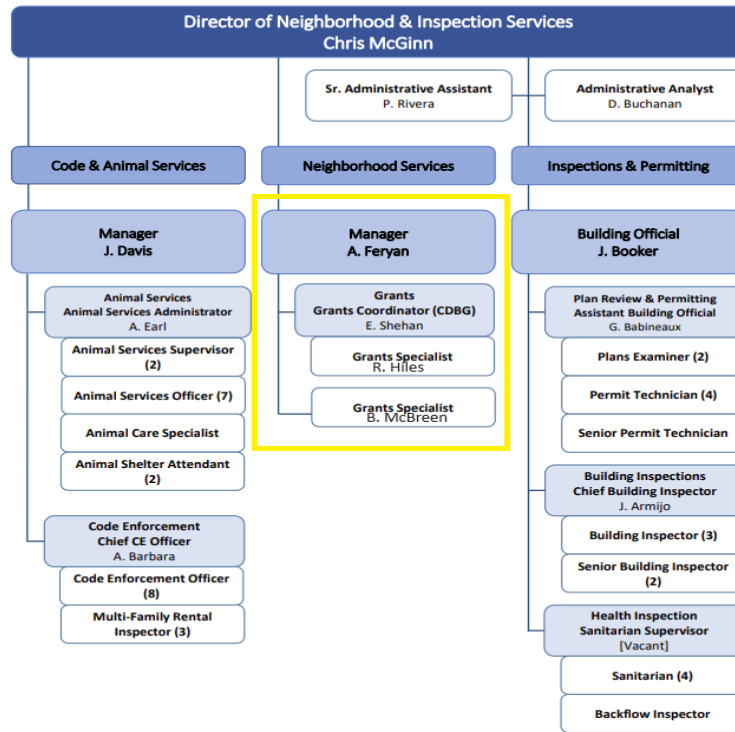
The City has been working with Denton Affordable Housing Corporation (DAHC) for a few years to determine ways to bring more affordable housing to Lewisville. This partnership will only grow now that the City will begin receiving HOME funding in FY24-25. DAHC has been creating and managing affordable housing for over 25 years. They also have experience receiving federal funding as a subrecipient through another local jurisdiction. The Conversion project is dependent on DAHC. However, DAHC has provided a letter of commitment to the City of Lewisville and has made strides to show their commitment to coming to Lewisville. They have added new board members that represent Lewisville and come to Lewisville’s community engagement events to network with the community.

The City has many partners that will be a part of these projects if awarded. The City may not have experience managing projects of similar scope to these projects but does have the support of consultants, partners, and other resources at our disposal to ensure the projects are successful. City staff does have experience monitoring CDBG subrecipients and will conduct annual monitoring of PRO subrecipients to ensure compliance.

The City has a Fair Housing Ordinance and a Fair Housing Officer and is currently in the process of reviewing the active Fair Housing Ordinance to amend with any updates necessary. The City also has worked with the North Texas Fair Housing Center (NTFHC) to educate residents and management companies on tenant rights. Throughout all programs, city staff monitors recipients of support and maintains equity to community provisions as a fair housing community.



Neighborhood and Inspection Services
Reporting Relationships Organizational Chart



All positions in a yellow box will have some management of support items for these projects.

EXHIBIT F
LEVERAGE
CITY OF LEWISVILLE, TEXAS

Exhibit F: Leverage

I. Are you leveraging other funding or non-financial contributions? (10 points)

The City of Lewisville will leverage both City General Funds and HUD Entitlement Grant funds, CDBG and HOME, to support the projects proposed for PRO Housing. This will include:

| Program Description | Funding Source | 2024 Funds | 2025-2030 Funds | Estimated Amount |
|------------------------------------|-----------------------|-----------------------|------------------------|-------------------------|
| Multifamily Support Program | CDBG | \$182,000.00 | \$910,000 | \$1,092,000.00 |
| Affordable Housing Conversion Fund | CDBG | \$100,000.00 | \$390,000 | \$490,000.00 |
| Affordable Housing Fund | General Funds | \$300,000.00 | | \$300,000.00 |
| Affordable Housing (CHDO) | HOME | \$500,000.000 | \$1,500,000.00 | \$2,000,000.00 |
| TOTALS | | \$1,082,000.00 | \$2,800,000.00 | \$3,882,000.00 |

The funding shown in the table above is an estimate of the amount of funding available to leverage for affordable housing development. This amount is subject to change depending on the City of Lewisville’s entitlement grant allocations over the time period in question.

The above table does not include future program income from PFC projects or HOME-funded projects which will be reinvested into affordable housing projects as well.

EXHIBIT G
LONG-TERM EFFECT
CITY OF LEWISVILLE, TEXAS

Exhibit G: Long-Term Effect

I. What permanent, long-term effects will your proposal have? What outcomes do you expect?

As with many cities, the City of Lewisville has multiple strategic plans and goals that are designed for each department or focus areas' work towards making Lewisville a thriving and diverse city for its residents. The overarching vision for our city is, 2025 and beyond, Lewisville will be a community characterized by diversity, connectivity, resource management, and growth. With PRO Housing funding, new and innovative projects can be developed to bring the vision and mission to fruition and have long lasting impact to our community and its residents. Each project takes on an innovative method for the City of Lewisville to overcome critical barriers in affordable housing supply while making a long-term impact and investment into affordable housing in the City of Lewisville.

Lewisville has proactively overcome several regulatory barriers for housing prior to PRO Housing, allowing for our Conversion and Preservation Projects to tackle specific barriers the City of Lewisville currently faces. One of the main barriers that both projects will address is access to financing for affordable housing developers and/or nonprofit owners seeking land or construction costs that require deeper affordability. The Conversion Project will also provide barrier removal specific to insufficient housing stock options within the community and absence of buildable land available for producing future housing products. While the Preservation Project aims to overcome the barrier of excess capital to extend the life of multifamily housing stock.

Both projects will have a direct benefit to barrier removal and long-term impact for the City by providing the capital costs needed to allow for a diversity in housing locations, type, and affordability for an extended period of time. Financing of this magnitude is not an opportunity the Lewisville would be able to provide for needed developments and projects in the community. Access to the funding will assist in the following long-term impacts for these barriers:

- Provide affordable tenancy to residents in need for an extended period.
- Increase access to opportunity of housing types and locations.
- Assist in rapport building between developers not familiar with the City of Lewisville to increase partnerships and support in the future.
- Elevate current affordable housing units to provide extended habitability.
- Reduce housing cost burden, increasing self-sufficiency and stability long term.
- Contribute to layering of affordable housing subsidies and comfortability with local staff and developers to increase opportunities in the future.

The City of Lewisville intends to serve at minimum 105 households during the length of the PRO Housing grant years (Conversion Project assisting 10 and Preservation Project assisting 95). Though affordability will continue on for many more residents to come and have a lasting impact in access and stability for households. Anticipated numbers of LMI households will be measured as a metric for the success of the project. Additionally, the following metrics may be reported depending on the property type purchased and the feasibility of tenancy or homeownership:

- # of affordable housing units created / market units on site currently
- # of persons assisted within the affordable unit
- Breakdown of persons served comparatively to Lewisville's LMI demographics (including race, ethnicity, age, etc.)

- # of applications received for middle size typed affordable housing
- Affordability level in comparison to neighboring units
- Rent per unit type breakdown

In regard to roadblocks during the deployment of Projects, the City believes identifying land/property within the municipality that allows for deeper affordability based on costs going into the acquisition of the property may be a core roadblock to the success of the project. Additionally, the length of time identifying a property that meets both the potential nonprofit community housing developer and the City of Lewisville’s vision and meets all current internal interdepartmental strategic plans at the City of Lewisville could present a roadblock. This project was designed to overcome the roadblock of costs as it allows for a larger sum of money upfront to overcome this core barrier to affordable housing in Lewisville. The Neighborhood and Inspection Services (NIS) Department at the City currently proactively collaborates with partnering departments such as Economic Development and Planning. The NIS Department plans to continue to do so to ensure internal plans are met and understood during the selection process of land or property, turning that roadblock into a steppingstone of collaboration to make sure residents continue to be supported through thriving and diverse communities.

Another anticipated roadblock the City of Lewisville has identified is ensuring a plan is in place to reduce displacement of households during any rehabilitation or increase in affordability process. The City of Lewisville will proactively work with any contracted entity in order to ensure this does not occur. With nearly 6 years to expend funds, a plan will be created to ensure units are provided with any refresh or rehab deemed necessary while also ensuring there are secondary living units provided to residents impacted. All relocation and displacement strategies will be in alignment with the Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA). Additionally, the City recognizes the deeper affordability being required in the complex(es) may need extended time to reach the percentage of affordability requirements if the complex does not currently have vacancies. The City will work in partnership with the developer to ensure the minimum level of affordability is met at a rate that works for the natural overturn of the complex, so as to not displace households over income prior to their natural departure from the complex.

Prioritizing affordable housing can be daunting, especially for communities that are considered middle-sized and under-resourced. The City of Lewisville is excited to provide a realistic approach to how communities can prioritize the needs of their growing communities starting with community buy-in and information and ending with a celebration in the community. Following the completion of both funded projects, The City of Lewisville hopes to spur more interest in the development of diverse affordable housing types and assist in any learning labs, lessons, or questions around how to get started in prioritizing housing and how local communities can take one bite of the apple at a time.

Utilizing the requested \$5,000,000 of PRO Housing funding available, the City of Lewisville plans to not only overcome current barriers and gaps in the system for affordable housing, but also utilize the PRO Housing funding as a starting point for long lasting impact and effort. The City of Lewisville’s core objective is to foster diverse and thriving communities, and without affordable housing at the root not everyone in our community is afforded the ability to thrive. Affordable housing for the anticipated 105 households assisted annually following the award of PRO Housing funds helps our community in creating a path for the remaining 4,500+ neighbors still living cost burdened in the City of Lewisville.