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CITY OF DALLAS

**Memorandum**

CITY SECRETARY  
DALLAS, TEXAS

DATE **January 31, 2014**

TO **Housing Committee Members: Scott Griggs, Vice-Chair, Monica Alonzo, Rick Callahan, Dwaine Caraway, and Philip Kingston**

SUBJECT **February 3, 2014 - Housing Committee Agenda**

We will have a meeting of the Housing Committee on Monday, February 3, 2014, City Hall, 1500 Marilla - Room 6ES, Dallas, Texas, 75201, from 11:00 a.m. - 12:30 p.m. The agenda is as follows:

1. Approval of January 21, 2014 Minutes  
Councilmember Carolyn R. Davis
2. Update on HUD Communications  
Theresa O'Donnell  
(Estimated time 30 minutes)
3. Closed executive session to receive briefing from City Attorney on status of HUD Fair Housing Findings (§ 551.071, T.O.M.A.)  
Warren Ernst  
City Attorney  
(Estimated time 20 minutes)
4. 2014 Low Income Housing Tax Credit Projects for Dallas  
Mitchell/O'Donnell  
(Estimated time 30 minutes)
5. Upcoming Agenda Items  
Housing items only  
For Information Only
  - a. Land Bank Environmental Contract Amendment
  - b. Appropriation of Bond Funds for Land Bank
  - c. Acceptance of CDBG Section 108 Loan Program Funds for Highlands Town Center



Carolyn R. Davis, Chair  
Housing Committee

c: A.C. Gonzalez, Interim City Manager  
Warren M. S. Ernst, City Attorney  
Judge Daniel F. Solis, Administrative Judge  
Rosa A. Rios, City Secretary  
Craig D. Kinton, City Auditor  
Ryan S. Evans, Interim First Assistant City Manager  
Jill A. Jordan, P. E., Assistant City Manager  
Forest E. Turner, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Charles M. Cato, Interim Assistant City Manager  
Theresa O'Donnell, Interim Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Frank Libro, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor and Council

**Note: A quorum of the Dallas City Council may attend this Council Committee meeting.**

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested of the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment, or specific occasions for implementation of security personnel or devices. Section 551.076 of the Texas Open Meetings Act.
6. Deliberations regarding Economic Development negotiations. Section 551.087 of the Texas Open Meetings Act.

# Housing Committee

## Meeting Record January 21, 2014

The Housing Committee meetings are recorded. Agenda materials and audiotapes may be reviewed/copied by contacting the Housing Department, Staff Coordinator at 214-670-3906.

Meeting Date: January 21, 2014

Meeting Start time: 11:06 A.M.

<p><b><u>Committee Members Present:</u></b> Carolyn R. Davis (Chair) Scott Griggs (Vice-Chair) Dwayne Caraway Monica Alonzo Rick Callahan Philip Kingston</p>	<p><b><u>Staff Present:</u></b> Theresa O'Donnell-Interim City Manager Forrest Turner-Asst. City Manager Bernadette Mitchell-Interim Director/HOU Charles Brideau-Asst. Director/HOU Karen Rayzer-Asst. Director/HOU Beverly Davis-Asst. Director Patrick Inyabri-Interim Asst. Director-HOU Lee McKinney-Asst. Director Cobbie Ransom-HOU Cynthia Rogers-Ellickson-HOU Art Hudman-CAO Robin Bentley-CAO Karen Schaffner-ECO Robyn Gerard-CMO Renita Griggs-MCO Doris Edmon-HOU Cassandra Luster-HOU Aldo Fritz-HOU Alida Allen-HOU</p>
<p><b><u>Other Council Members Present:</u></b></p>	
<p><b><u>Committee Members Absent:</u></b></p>	<p><b><u>Other Attendees</u></b> Richard P. Sheridan-The Jericho Group Aniko Rakita-Veterans Place Yigal Leah-Patriots Crossing Yen Ong-5G Studio Monique Allen-UPCDC Texas Inc. Janie Metzinger-Mental Health America Sherman Roberts-City Wide CDC George Rodriguez-Bracewell-Bracewell &amp;Giuliani Michael Davis-Davis Business Services Dave Brown-DCVB</p>

**AGENDA:**

**Housing Committee Meeting Called to Order by CM Carolyn R. Davis**

**1. Approval of January 6, 2014 Minutes of the Housing Committee**

**Presenter(s): Council Member Carolyn R. Davis**

**Action Taken/Committee Recommendation(s)**

<b>Motion made by: CM Scott Griggs</b>	<b>Motion seconded by: CM Monica Alonzo</b>
Item passed unanimously: <u>X</u>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

**Follow-up (if necessary):**

**2. Patriot's Crossing**

**Presenter(s): Theresa O'Donnell, Interim Asst. City Manager/Bernadette Mitchell, Interim Director/Yigal Leah, Patriot's Crossing**

**Information Only: X**

**Action Taken/Committee Recommendation(s) Motion**

<b>Motion made by: _____</b>	<b>Motion seconded by: _____</b>
Item passed unanimously: _____	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

**Follow-up (if necessary):**

**3. Briefing Memo**

- 2014 9% Low Income Housing Tax Credit (LIHTC) Applications

**4. Upcoming Agenda Items**

**Housing items only**

- a. Amendment to Home Repair Program Statement
- b. Preliminary Adoption for Substantial Amendment (addendum)
- c. City of Dallas Housing Finance Corporation's 2014 Mortgage Credit Certificate Program (Economic Development Dept.)

**Information Only: \_\_\_\_\_**

**Action Taken/Committee Recommendation(s) Motion to move forward to full Council on January 22, 2014**

<b>Motion made by: CM Scott Griggs</b>	<b>Motion seconded by: CM Dwaine Caraway</b>
Item passed unanimously: <u>X</u>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

**Follow-up (if necessary):**

**Meeting Adjourned by CM Carolyn R. Davis**

**Meeting Adjourned: 1:08 P.M.**

**Approved By: \_\_\_\_\_**

# Memorandum



DATE January 31, 2014

TO Housing Committee Members: Carolyn R. Davis, Chair, Scott Griggs, Vice-Chair, Monica Alonzo, Rick Callahan, Dwaine Caraway, and Philip Kingston

SUBJECT Update on HUD Communications

On Monday February 3, 2014, you will be updated on the latest HUD communications.

Please let me know if you have any questions.



Theresa O'Donnell  
Interim Assistant City Manager

c: The Honorable Mayor and Members of the City Council  
A. C. Gonzalez, Interim City Manager  
Rosa A. Rios, City Secretary  
Warren M.S. Ernst, City Attorney  
Craig Kinton, City Auditor  
Judge Daniel Solis, Administrative Judge  
Ryan S. Evans, Interim First Assistant City Manager  
Forest E. Turner, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Joey Zapata, Assistant City Manager  
Charles M. Cato, Interim Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Frank Libro, Public Information Officer  
Bernadette Mitchell, Housing/Community Services, Interim Director  
Elsa Cantu, Assistant to the City Manager – Mayor and Council

# **EXECUTIVE SESSION**

Closed executive session to receive briefing from City Attorney on status of HUD Fair Housing Findings (§ 551.071, T.O.M.A.)

# Memorandum



DATE January 31, 2014

TO Housing Committee Members: Carolyn R. Davis, Chair, Scott Griggs, Vice-Chair, Monica Alonzo, Rick Callahan, Dwaine Caraway, and Philip Kingston

SUBJECT 2014 Low Income Housing Tax Credit Projects for Dallas

On Monday February 3, 2014, you will be briefed on 2014 Low Income Housing Tax Credit Projects for Dallas. A copy of the briefing is attached.

Please let me know if you have any questions.



Theresa O'Donnell  
Interim Assistant City Manager

c: The Honorable Mayor and Members of the City Council  
A. C. Gonzalez, Interim City Manager  
Rosa A. Rios, City Secretary  
Warren M.S. Ernst, City Attorney  
Craig Kinton, City Auditor  
Judge Daniel Solis, Administrative Judge  
Ryan S. Evans, Interim First Assistant City Manager  
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Charles M. Cato, Interim Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Frank Libro, Public Information Officer  
Bernadette Mitchell, Housing/Community Services, Interim Director  
Elsa Cantu, Assistant to the City Manager – Mayor and Council

# 2014 Low Income Housing Tax Credit Projects for Dallas

A Briefing To The  
Housing Committee

Housing/Community Services Department  
February 3, 2014



# Purpose

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- ❑ Review the Texas Department of Housing & Community Affairs (TDHCA) Low Income Housing Tax Credit (LIHTC) Program
- ❑ Review the key decisions requested from TDHCA
- ❑ Provide information regarding five Low Income Housing Tax Credit (LIHTC) Projects submitted to the City of Dallas
- ❑ Present the interdepartmental review committee's findings
- ❑ Receive Housing Committee recommendations for the 9% LIHTC applications

Note: 4% LIHTCs are not part of recommendation and will be presented if and when funds are identified to meet GAP needs

# TDHCA Low Income Housing Tax Credit (LIHTC) Program

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- The Housing Tax Credit (HTC) Program was created by the Tax Reform Act of 1986. Section 42 of the Internal Revenue Code of 1986, as amended (the Code), is the federal law that governs the HTC program
- The Texas Department of Housing and Community Affairs (TDHCA) is the only entity in the state of Texas with the authority to allocate tax credits under this program
- The tax credit program is one of the primary means of incentivizing investment toward the creation of affordable rental housing
- Investors use the tax credits to offset a portion of their federal tax liability
- TDHCA approved LIHTC projects must have a minimum of 35 years affordability

# Tax Credit Funds Available for 2014

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- The State is broken into 13 Urban Regions and 13 Rural Regions
  - Each region has a set amount of tax credits
  - Applicants compete for funding in their respective regions
  - The LIHTC program is extremely competitive
  
- The State also has an “At-Risk” category which is a state-wide competition for existing developments at risk of losing affordable units
  
- The Dallas/Fort Worth Urban Region includes:
  - Dallas, Denton, Collin, Tarrant, and Grayson Counties
  - Approximately \$10.6 million in tax credits are available
  - As of January 16, 2014, 39 developments submitted for 9% LIHTC program consideration in the region
  - The City of Dallas received 5 applications for the 2014 round

# TDHCA 9% LIHTC Timeline for 2014

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- December 2013: Texas Department of Housing & Community Affairs (TDHCA) released the Qualified Allocation Plan and Rules to allow for developers to apply for 2014 Low Income Housing Tax Credits (LIHTCs)
- January 16, 2014: Preapplications from developers were due to TDHCA
- February 28, 2014: Full applications from developers must be submitted to TDHCA
- April 1, 2014: Input from State Representatives due to TDHCA
- May 7, 2014: Application challenges are due to TDHCA
- Mid-May: Final scoring notices will be issued
- Late July: TDHCA Board will make final awards
- December 31, 2016: Developments must be complete to place units in service

# Waiver Decisions for Concentration

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- TDHCA requires the Governing Body to provide the following approvals for any proposed project located within the boundaries of the jurisdiction:
  - When the number of tax credit units previously approved exceeds two times the state average
    - At this time, Dallas does not exceed two times the state average
  - When projects involving new construction or adaptive reuse are located less than a mile from another project funded within the prior 3 years and serving the same type of household
    - Wynnewood Sr. Housing II will need this waiver from the City of Dallas
  - When a proposed project is to be located in a census tract that has more than 20% Housing Tax Credit Units per total households in the census tract
    - Wynnewood Sr. Housing II will need this waiver from the City of Dallas

# Decisions for “Support” and “Funding”

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- Local Government Support
  - Resolution expressly supporting the Development (17 pts)
  - Resolution setting forth that the municipality has no objection to the Development (14 pts)
  
- Commitment of Development Funding
  - Based on the amount per unit (7 – 11 pts)
  - City can provide a firm commitment (2 pts)
  - City can structure the funding as a grant, in-kind contribution, or 15 year permanent loan with interest no higher than 3% (1 pt)
  
- All applicants have requested support and some type of funding consideration from the City

Note: Points are awarded by TDHCA

# Community Revitalization Plans (CRP)

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- City adopted revitalization plans that directly address certain factors and have funding from the City to address those factors (2- 4 pts based on City budget for the CRP)
  - CRPs must include 5 of the 8 factors listed:
    - Adverse environmental conditions
    - Presence of blight
    - Presence of inadequate transportation or infrastructure
    - Lack of accessibility to health care facilities and other public services
    - Presence of crime
    - Performance of public education
    - Lack of employment opportunities
    - Efforts to promote diversity
  - The proposed development must be located in this area
  - The City can also indicate that the proposed development contributes most significantly to the revitalization efforts of the City (2 additional points)  
Commonly called the “IT” project
  
- On December 12, 2012, the City Council approved four CRPs including Lancaster Corridor/Cigarette Hill, South Dallas-Greater Fair Park, South Dallas-Ideal-Rochester Park, & West Dallas (101.02)

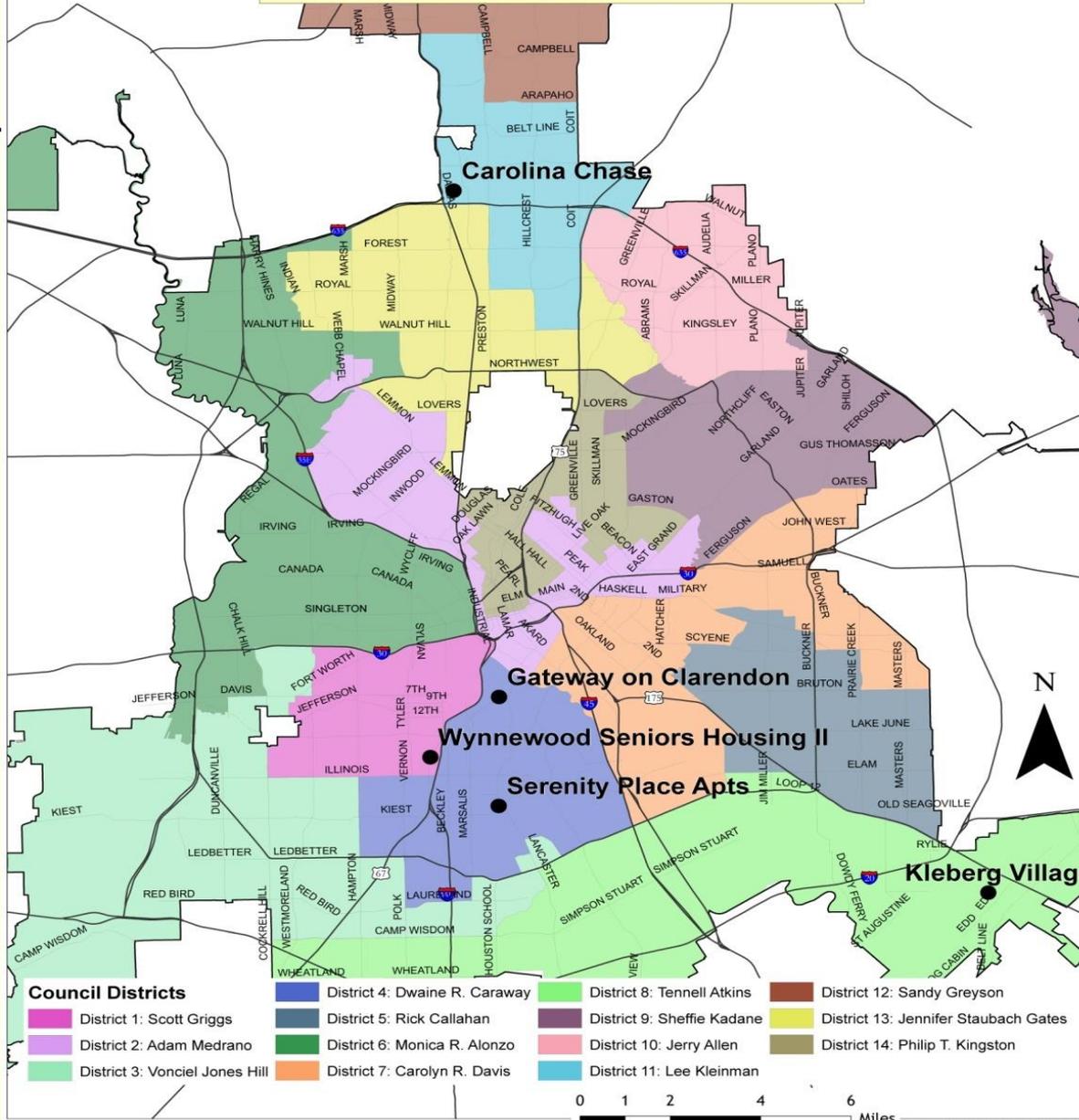
# Community Revitalization Plans (CRPs)

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- The Serenity Place Apartments is the only project in an adopted CRP
- The Gateway on Clarendon developer has requested adoption of North Oak Cliff Neighborhood Investment Program area as a CRP and expansion of the CRP to include the development site
- The Carolina Chase developer has requested that the City adopt a CRP for the Galleria-Valley View area

# Low Income Housing Tax Credit Projects

## Submitted to City of Dallas for 2014



# 9% LIHTC Applications Submitted to City of Dallas for 2014

Project Name/Developer	Address	Council District	# of Units	Unit Types	Request for Funding
Carolina Chase Apts. Center for Housing Resources	5351 Peterson Ln.	11	200	Families	Tax Abatement
Gateway on Clarendon Scott Galbraith	1526 E. Clarendon	4	140	Families	\$3,000,000
Kleberg Village UPCDC Texas, Inc.	12700 Kleberg Rd.	8	160	Families	WITHDRAWN
Serenity Place Apartments City Wide CDC	3124 S. Denley	4	45	Supportive Housing	\$1,997,913
<b>Total</b>					<b>\$6,997,913</b>
<b>AT RISK CATEGORY</b>					
Wynnewood Seniors Housing II Central Dallas CDC	1805 S. Zang Blvd.	1	140	Seniors	Requested debt forgiveness of \$425,000

# Carolina Chase Apartments

## 5351 Peterson Ln.

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### ■ **Description**

- New construction of 200 multifamily units for families
  - Replacing 168 units built in 1971
- 56 one-bedroom; 120 two-bedroom; 24 three-bedroom
- 124 units will be affordable; 76 units will be market rate
- Four story building with ground level parking
- Zoned PD 887

### ■ **Applicant** – Center for Housing Resources, Carolina Chase, LP

### ■ **Developer/Partners** – Carolina Chase Apts, Inc.

- Terri L. Anderson
- Antonio Matarranz

# Carolina Chase Apartments Site Map



# DISD Schools Servicing Carolina Chase Apartments

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## Elementary (PK thru 5)

Nathan Adams Elementary School  
12600 Welch Road  
Dallas, Texas 75244  
Enrollment: 577 children  
Building Utilization 145%  
Met Standard

## Middle School (6 thru 8)

E.D. Walker Middle School  
12532 Nuestra Drive  
Dallas, Texas 75230  
Enrollment: 751 children  
Building Utilization 80%  
Met Standard

## High School (9 thru 12)

W.T. White High School  
4505 Ridgeside Drive  
Dallas, Texas 75244  
Enrollment: 2,361 children  
Building Utilization 145%  
Met Standard

# Carolina Chase Apartments

## Sources & Uses

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### SOURCES

HUD 221(d)4	\$17,000,000
HTC Syndication Proceeds	\$13,498,650
Deferred Developer Fee	\$ 1,976,414
Construction Loans	<u>\$ 927,339</u>
Total Sources	\$33,402,403

### USES

Acquisition	\$ 2,219,494
Construction Costs	\$21,899,129
Indirect Construction Costs	\$ 4,933,009
Developer Fee	\$ 1,976,414
Financing Costs	<u>\$ 2,374,357</u>
Total Uses	\$33,402,403

# Gateway on Clarendon

## 1526 E. Clarendon

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### ■ **Description**

- New construction of mixed-use 4,000 sq ft retail/commercial space and 140 multifamily units
- 34 One Bedroom, 56 Two Bedroom and 50 Three Bedroom Units
- 112 units will be affordable; 28 units will be market rate
- 4 story building with 140 spaces of structured parking
- Within a block of the DART Rail – 8<sup>th</sup> Street Station
- Zoning: RR (Regional Retail)

### ■ **Applicant** – Matthews Affordable Income Development

### ■ **Developer/Partners** – 1526 E. Clarendon LLC, Matthews Affordable Income Development, Gateway, Inc.

- Scott Galbraith
- Robert Alberts

# Gateway on Clarendon Site Map



# DISD Schools Servicing Gateway on Clarendon

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## Elementary (PK thru 5)

Albert Sidney Johnston Elementary School  
2020 Mouser Street  
Dallas, Texas 75203  
Enrollment: 483 children  
Building Utilization 69%  
Met Standard

## Middle School (6 thru 8)

Oliver W. Holmes Humanities / Communications Academy  
2001 E. Kiest Boulevard  
Dallas, Texas 75216  
Enrollment: 838 children  
Building Utilization 60%  
Met Standard

## High School (9 thru 12)

Franklin D. Roosevelt High School and Academy of Health Science  
525 Bonnie View Road  
Dallas, Texas 75203  
Enrollment: 676 children  
Building Utilization 68%  
Improvement Required

# Gateway on Clarendon

## Sources & Uses

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### SOURCES

Mortgage	\$ 3,201,040
City Funds	\$ 3,000,000
HTC Syndication Proceeds	\$13,364,992
Developer Equity	<u>\$ 12,460</u>
Total Sources	\$19,578,492

### USES

Acquisition	\$ 801,357
Construction Costs	\$ 9,953,267
Gen Requirements, Contingency	\$ 1,998,755
Indirect Construction Costs	\$ 2,291,975
Developer Fee	\$ 2,618,934
Financing Costs	\$ 969,338
Reserves	<u>\$ 944,866</u>
Total Uses	\$19,578,492

# Serenity Place Apartments

## 3124 South Denley

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### ■ **Description**

- New construction of 45 Permanent Supportive Housing for homeless families with children
- 40 two bedroom units and 5 three bedroom
- Two story building with ground level parking
- Within a quarter mile of the DART Rail Line- Kiest Station
- Zoning: PD 902

### ■ **Applicant** – City Wide Serenity Place Apartments, L.P.

### ■ **Developer/Partners** – City Wide Community Development Corporation, National Housing Advisors, LLC, Carleton Development, Ltd.

- Sherman Roberts
- Will Henderson
- Ellen Rourke

# Serenity Place Apartments Site Map



# DISD Schools Servicing Serenity Place Apartments

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## Elementary (PK thru 5)

John Neely Bryan Elementary School  
2001 Deer Path  
Dallas, Texas 75216  
Enrollment: 595 children  
Building Utilization 85%  
Academically Acceptable

## Middle School (6 thru 8)

Oliver W. Holmes Humanities / Communications Academy  
2001 E. Kiest Boulevard  
Dallas, Texas 75216  
Enrollment: 838 children  
Building Utilization 60%  
Met Standard

## High School (9 thru 12)

Franklin D. Roosevelt High School and Academy of Health Science  
525 Bonnie View Road  
Dallas, Texas 75203  
Enrollment: 676 children  
Building Utilization 68%  
Improvement Required

# Serenity Place Apartments

## Sources & Uses

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### SOURCES

Conventional Loan	\$ 1,881,876
HTC Syndication Proceeds	\$ 2,280,713
City Loan Funds	\$ 1,000,000
City Grants	\$ 997,913
Federal Home Loan	\$ 450,000
Deferred Developer Fee	<u>\$ 400,000</u>
Total Sources	\$ 7,010,502

### USES

Acquisition	\$ 350,000
Construction Costs	\$ 4,423,452
Indirect Construction Costs	\$ 611,000
Developer Fee	\$ 1,000,000
Financing Costs	\$ 343,000
Reserves	<u>\$ 283,050</u>
Total Uses	\$ 7,010,502

# Wynnewood Senior Housing II

## 1805 South Zang Blvd.

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### ■ **Description**

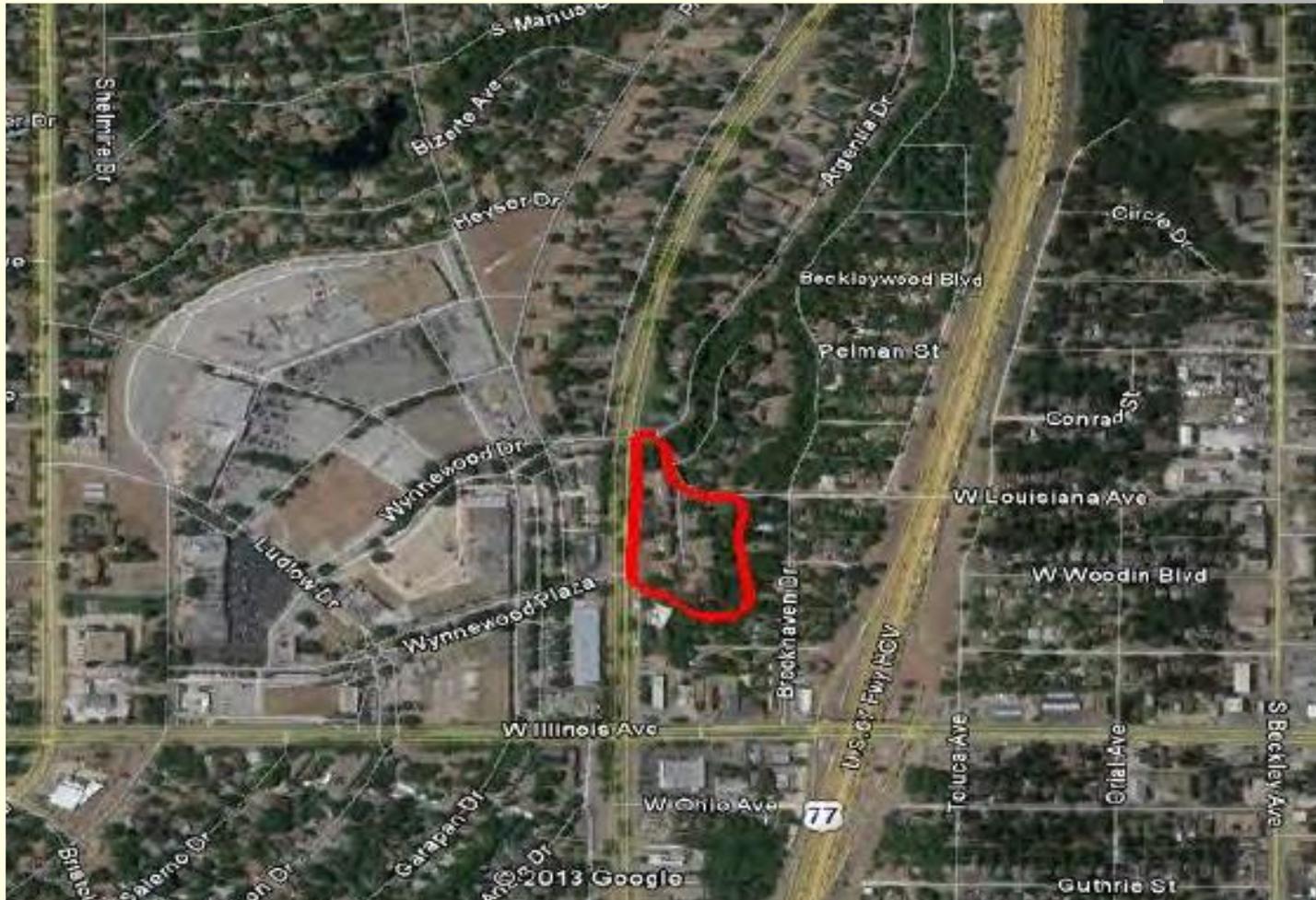
- New construction of 140 multifamily units for seniors
  - Replacing 404 units built in 1948
- 98 one-bedroom and 42 two-bedroom units (1 unit for property manager)
- Phase III of overall redevelopment
- Zoning – MF-1 (A) Multifamily Residential

### ■ **Applicant** – Wynnewood Senior Housing III, LP

### ■ **Developer/Partners** – Central Dallas Community Development Corporation (CDC) , G.P. & Banc of America CDC, Special Limited Partner

- John Greenan
- Brian L. Roop

# Wynnewood Senior Housing II Site Map



# Wynnewood Senior Housing II

## Sources and Uses

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### SOURCES

First Mortgage Debt	\$ 2,452,858
City Forgiveness of Debt	\$ 425,000
Tax Credit Equity	\$18,327,681
Deferred developer fee	<u>\$ 13,758</u>
Total Sources	\$21,219,297

### USES

Land Acquisition	\$ 1,170,000
Hard Construction Costs	\$13,658,000
Soft Costs	\$ 2,948,314
Developer Fee	\$ 2,350,000
Other Soft Costs	\$ 232,069
Reserves	<u>\$ 860,914</u>
Total Uses	\$21,219,297

# Interdepartmental Review Committee Findings

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- A committee was organized to review key elements for tax credit application discussion
  - Charles Brideau & Patrick Inyabri, Housing/Community Services
  - Karl Zavitkovsky, Economic Development
  - Beverly Davis, Fair Housing
  - Chan Williams, Office of Financial Services
  - Lou Jones, Sustainable Development & Construction, Property Management
  - Luis Tamayo, Sustainable Development & Construction, Planning
  
- The following pages represent a summary of the committee's review

# Interdepartmental Committee Review

	TOTAL No. of UNITS	PERMANENT SUPPORTIVE HOUSING Y/N - Target Population	TRANSIT ORIENTED DEVELOPMENT Y/N	NEW CONSTRUCTION or REHABILITATION	CDBG ELIG. BLOCK GROUP OR CT Y/N
Carolina Chase Apts.	200	No - Families	N	New	Y - BLOCK GROUP
Gateway on Clarendon	140	No - Families	Y	New	Y - CENSUS TRACT
Serenity Place Apts.	45	Yes (homeless)	Y	New	Y - CENSUS TRACT
Wynnewood Seniors	140	No - Elderly	N	New	Y - BLOCK GROUP

# Interdepartmental Committee Review

	INCOME OF RENTERS		TDHCA LIHTC	COST PER UNIT
	Afford./Market Rate	30%-50%-60%-MR	20% Concentration	Total
Carolina Chase Apts.	Mixed - 124/76	13 - 49 - 62 - 76	No	\$167,012
Gateway on Clarendon	Mixed - 112/28	0 - 0 - 112 - 28	No	\$139,846
Serenity Place Apts.	100% Affordable	9 - 19 -17 - 0	No	\$155,788
Wynnewood Seniors	100% Affordable	28 - 48 - 63 - 0	Yes-25.92% Requires Waiver	\$151,566

# Interdepartmental Committee Review

	FAIR HOUSING CONSIDERATIONS		
	Public Hou. in Area	Job Availability	CT Poverty Rate
Carolina Chase Apts.		885	13.2%
Gateway on Clarendon	Brackens Village Monaghan Courts	3,602	58.2%
Serenity Place Apts.		5,828	41.2%
Wynnewood Seniors		687	27.5%

# Carolina Chase Apts Project Review

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- Mixed income project in a CDBG eligible block group with 13.2% poverty rate
- 200 units for families
  - 124 affordable and 76 market rate
    - 13 units at 30% and below AMFI
    - 49 units at 50% and below AMFI
    - 62 units at 60% and below AMFI
    - 76 units at 61% and above AMFI
- New Construction- replacing 168 existing units
- \$167,012 total cost per unit
- Requests:
  - Support of application
  - Tax Abatement
  - Creation & Adoption of a CRP for the Galleria-Valley View area
    - Request to be named the “IT” project

# Gateway on Clarendon Project Review

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- Mixed income project in a CDBG eligible census tract with 58.2% poverty rate
  
- 140 units for families
  - 112 affordable and 28 market rate
    - 112 units at 60% and below AMFI
    - 28 units at 61% and above AMFI
  
- New Construction and Transit Oriented
  
- \$139,846 total cost per unit
  
- Requests:
  - Support of application
  - \$3,000,000 gap financing as a low interest loan
  - Adoption of North Oak Cliff Neighborhood Investment Program area as a CRP and expansion of the CRP to include the development site

# Serenity Place Apts Project Review

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- Permanent Supportive Housing in a CDBG eligible census tract with 41.2% poverty rate
- 45 units at 30% and below AMFI
- New Construction and Transit Oriented
- \$155,788 total cost per unit
- City investment in immediate area of \$3.6M
  - City provided land acquisition, relocation, demolition of approximately \$810K forgivable loan for this site
- Requests:
  - Support of Application
  - \$1,997,913 gap financing (\$1M loan and \$997,913 grant)
  - Acknowledgment of the development site in the CRP
    - Request to be named the “IT” project

# Wynnewood Seniors Project Review

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- Senior Housing in a CDBG eligible block group with 27.5% poverty rate
- In census tract with 25.92% concentration of LIHTC units and within 1 mile of another senior project funded in the last 3 years
- 140 units for elderly
  - 28 units at 30% and below AMFI
  - 48 units at 50% and below AMFI
  - 63 units at 60% and below AMFI
  - 1 unit for property management
- New Construction- replacing part of original 404 units
- \$151,566 total cost per unit
- City support of Phase I and Phase II of redevelopment
- Requests:
  - Support of Application
  - Forgiveness of \$425,000 of prior debt
  - Appropriate waivers for concentration

# Available Funds for Affordable Housing Projects

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- Community Development Block Grant Funds  
\$2,000,000
- 2012 General Obligation Bond Funds \$650,000
- 2013 HOME Investment Partnership Funds \$900,000
- Total \$3,550,000

# Decisions for Support

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- Support for Individual Projects
  - Resolution expressly supporting the Development
  - Resolution setting forth that the municipality has no objection to the Development
  
- Projects to consider:
  - Carolina Chase Apts
  - Gateway on Clarendon
  - Serenity Place Apts
  - Wynnewood Seniors

# Decisions for Waivers

---

- When projects involving new construction or adaptive reuse are located less than a mile from another project funded within the prior 3 years and serving the same type of household
- When a proposed project is to be located in a census tract that has more than 20% Housing Tax Credit Units per total households in the census tract
- Projects to consider:
  - Wynnewood Seniors

# Decisions for CRP

- City adopted revitalization plans that directly address certain factors and have funding from the City to address those factors
- Projects to consider:
  - Carolina Chase Apts requested creation & adoption of Galleria-Valley View CRP
  - Gateway on Clarendon requested adoption of North Oak Cliff Neighborhood Investment Program area as a CRP and expansion of the CRP to include the development site
  - Serenity Place Apts requests acknowledgment of the development site in the CRP
- The City can also indicate that the proposed development contributes most significantly to the revitalization efforts of the City (2 additional points)  
Commonly called the “IT” project
- Projects to consider:
  - Carolina Chase Apts
  - Serenity Place Apts

# Decisions for Funding

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- Commitment of Development Funding
  - Based on the amount per unit
  - City can provide a firm commitment
  - City can structure the funding as a grant, in-kind contribution, or 15 year permanent loan with interest no higher than 3%
  
- Projects to consider:
  - Carolina Chase Apts requests tax abatement estimated to be \$8M over 42 years
  - Gateway on Clarendon requests \$3,000,000 in gap funding as a low interest loan
  - Serenity Place Apts requests \$2,000,000 in gap funding (\$1M as a loan and \$997,913 as a grant)
  - Wynnewood Seniors requests loan forgiveness of \$425,000

# Next Steps

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- ❑ February 3, 2014- Housing Committee finalizes LIHTC recommendations
- ❑ February 26, 2014 – City Council approval of development tax credit applications to TDHCA
- ❑ February 26, 2014 – City provides Council resolutions to tax credit applicants and directly to TDHCA
- ❑ February 28, 2014 - Developers present full application to TDHCA
- ❑ April 2014 -TDHCA will hold public hearing in Dallas for LIHTC projects
- ❑ July 31, 2014 – TDHCA Board will decide on final 9% LIHTC awards
- ❑ By September 1, 2014 – City Council would need to consider TIF awards as needed

**KEY FOCUS AREA:** Economic Vibrancy  
**AGENDA DATE:** February 12, 2014  
**COUNCIL DISTRICT(S):** 1, 2, 3, 4, 5, 6, 7, 8  
**DEPARTMENT:** Housing/Community Services  
**CMO:** Theresa O'Donnell, 671-9195  
**MAPSCO:** 33 34 35 36 37 38 42 43 44 45 46 47 48 49 51 52 53 54 55 56  
57 58 59 61 62 63 64 65 66 67 68 69 70 71 73 74 75 76

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**SUBJECT**

Authorize an amendment to increase funding for a contract that commenced October 1, 2009, between the Dallas Housing Acquisition and Development Corporation (the "Land Bank") and Consolidated Consulting Group, LLC to provide environmental land analysis including a transaction screen analysis and other environmental services, as needed, on lots scheduled to be purchased by the Land Bank in each of the two remaining subsequent renewals – Not to exceed \$287,500 - Financing: 2003 Bond Funds (\$58,721) and General Obligation Commercial Paper Funds (\$228,779)

**BACKGROUND**

On December 9, 2009, the City Council authorized the Land Bank to: (1) enter into a one-year contract beginning October 1, 2009, with Consolidated Consulting Group, LLC (CCG) to provide environmental land analysis including a transaction screen analysis and other environmental services, if needed, on lots scheduled to be purchased by the Land Bank, (2) exercise five one-year renewal options to extend the contract, and (3) expend an amount not to exceed \$287,500 under the contract both during the original term and the subsequent renewal terms.

The Land Bank has expended an average of \$70,000 each year during the original term and first three renewals of the contract.

This action will authorize an amendment to increase funding for the Land Bank contract with CCG for the two remaining renewal terms in the amount not to exceed \$287,500. CCG has been providing these services to the Land Bank since 2005.

**PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On November 9, 2009, by Resolution No. 09-2770, the City Council approved a contract for environmental land analysis between the Land Bank and CCG.

**FISCAL INFORMATION**

2003 Bond Funds - \$ 58,720.61

2006 Bond Program (General Obligation Commercial Paper Funds) - \$228,779.39

**ETHNIC COMPOSITION**

**Consolidated Consulting Group, LLC**

Hispanic Female	0	Hispanic Male	1
African-American Female	1	African-American Male	0
Other Female	1	Other Male	1
White Female	2	White Male	4

**OWNER(S)**

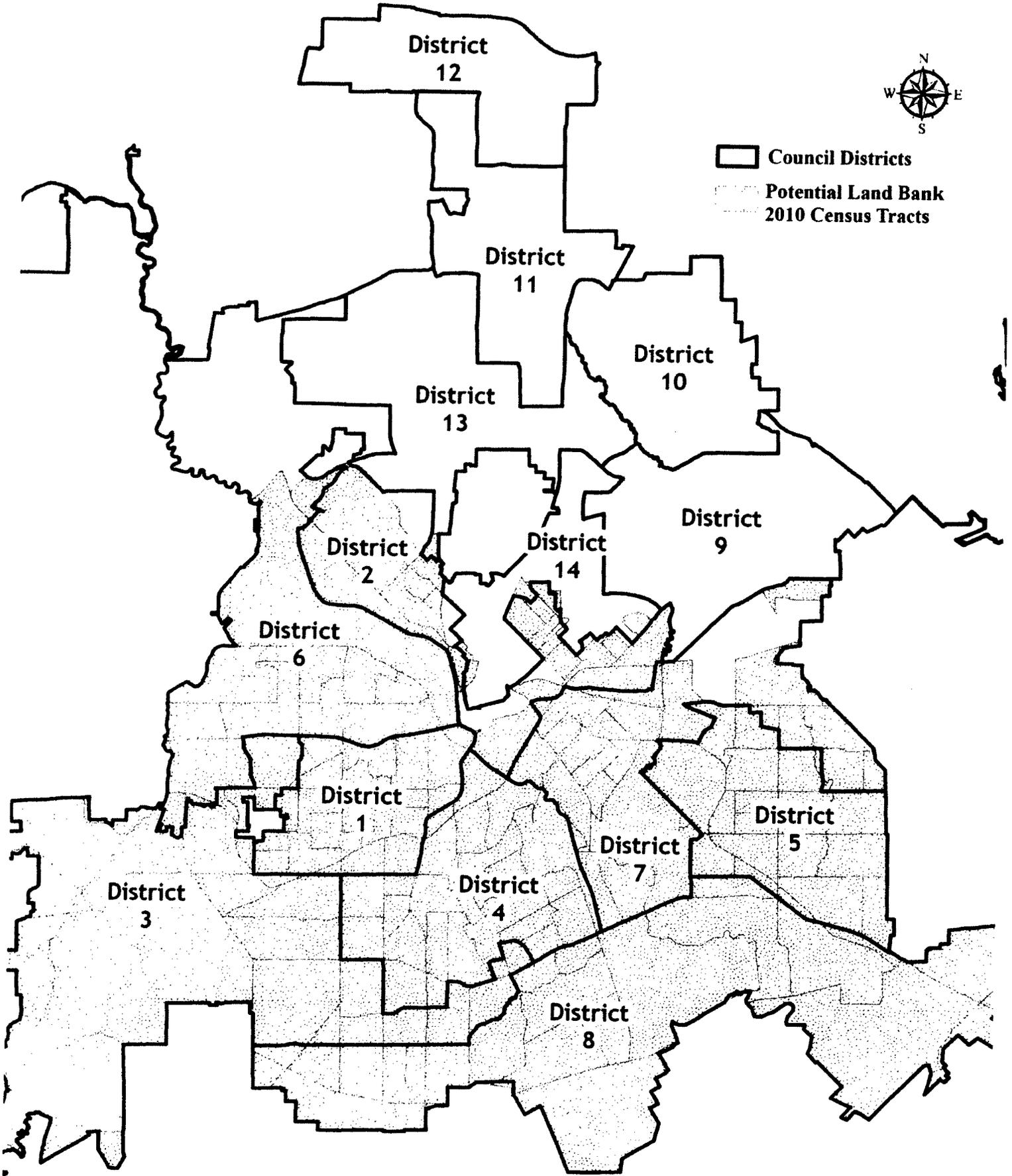
**Consolidated Consulting Group, LLC**

Tonya Golden, President

**MAP**

Attached

# Potential Land Bank Census Tracts 2013-2014



February 12, 2014

**WHEREAS**, on November 9, 2009, by Resolution No. 09-2770, the City Council authorized the Land Bank to: (1) enter into a one-year contract beginning October 1, 2009, with Consolidated Consulting Group, LLC (CCG) to provide environmental land analysis including a transaction screen analysis and other environmental services, if needed, on lots scheduled to be purchased by the Land Bank, (2) exercise five one-year renewal options to extend the contract, and (3) expend an amount not to exceed \$287,500 under the contract both during the original term and the subsequent renewal terms; and

**WHEREAS**, the Land Bank has expended an average of \$70,000 each year during the original term and first three renewals of the contract;

**NOW, THEREFORE,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**SECTION 1.** That the Land Bank is hereby authorized to amend the contract that commenced October 1, 2009 between the Dallas Housing Acquisition and Development Corporation (the "Land Bank") and Consolidated Consulting Group, LLC (CCG) to provide environmental land analysis including a transaction screen analysis and other environmental services, as needed, on lots scheduled to be purchased by the Land Bank in each of the two remaining subsequent renewals to increase funding in an amount not to exceed \$287,500 during the two remaining renewal terms in accordance with the terms of the contract.

**SECTION 2.** That the City Controller is hereby authorized to disburse funds in accordance with the terms and conditions of the contract:

Consolidated Consulting Group, LLC                      Vendor # 517375

Fund 4R10, Dept. HOU Unit R930, Obj 3099, CT HOUR930C070 in an amount not to exceed \$58,720.61

Fund 2T10, Dept. HOU Unit T802, Obj 3099, CT HOUT802C071 in an amount not to exceed \$228,779.39

**SECTION 3.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

**KEY FOCUS AREA:** Economic Vibrancy  
**AGENDA DATE:** February 12, 2014  
**COUNCIL DISTRICT(S):** 1, 2, 3, 4, 5, 6, 7, 8  
**DEPARTMENT:** Housing/Community Services  
**CMO:** Theresa O'Donnell, 671-9195  
**MAPSCO:** 33 34 35 36 37 38 42 43 44 45 46 47 48 49 51 52 53 54 55 56  
57 58 59 61 62 63 64 65 66 67 68 69 70 71 73 74 75 76

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### **SUBJECT**

Authorize **(1)** the expenditure of up to \$500,000 in 2006 General Obligation Bond proceeds for the acquisition of property by the Dallas Housing Acquisition and Development Corporation (DHADC or Land Bank) from the Dallas County Sheriff's tax foreclosure sales for affordable housing development; and **(2)** the expenditure of up to \$500,000 in 2006 General Obligation Bond proceeds for administrative fees related to the Land Bank's acquisition of property - Total not to exceed \$1,000,000 - Financing: 2006 Bond Funds (\$150,000) and General Obligation Commercial Paper Funds (\$850,000)

### **BACKGROUND**

On June 18, 2003, Governor Perry signed the Urban Land Bank Demonstration Program Act. The Act allows the governing body of a municipality to adopt an Urban Land Bank Demonstration Program in which the officer charged with selling real property ordered sold pursuant to foreclosure of a tax lien may sell certain eligible real property by private sale to a land bank for the purpose of affordable housing developments. The City Council then established the Dallas Housing Acquisition and Development Corporation (DHADC or Land Bank) as its land bank for the purpose of acquiring, holding and transferring unimproved real property under Subtitle A, Title 12, Local Government Code, Chapter 379C on January 28, 2004, by Resolution No. 04-0458.

On September 16, 2013, the Housing Committee received a briefing regarding the Urban Land Bank Demonstration Program which outlined the process and status of the program.

**BACKGROUND (continued)**

In November 2006, Dallas voters approved approximately \$1.5 million in General Obligation Bonds for land acquisition for affordable housing and related expenses. On August 2010, the Dallas City Council authorized an ongoing contract with the DHADC to provide land bank services. The primary source of property for land bank acquisition is the tax-foreclosure process. Under the Code and City of Dallas Resolution No. 04-0458, the DHADC is authorized to purchase qualified tax-foreclosed property directly from the Dallas County Sheriff without a public bid.

The DHADC will purchase the property for an amount equal to the reasonable and customary court costs and costs of sale. The funding source for acquisition by direct Sheriff's sale to DHADC is proceeds from the sale of the General Obligation Bonds for the purpose of land acquisition for development of affordable housing.

**PRIOR ACTION/REVIEW (Council, Boards, Commissions)**

On January 28, 2004, the City Council authorized the establishment of the DHADC as its land bank, authorized amendments to the Articles of Incorporation and By-Laws of the DHADC, and authorized an interlocal contract with the affected taxing jurisdictions for participation in the Dallas Urban Land Bank Demonstration Program by Resolution No. 04-0458.

On May 26, 2004, the City Council authorized a contract with DHADC for the provision of land bank services as set forth in the amended Program Statement for the Dallas Urban Land Bank Demonstration Program previously approved by City Council on January 28, 2004, by Resolution No. 04-1726.

On August 11, 2010, the City Council authorized a new contract with DHADC for the provision of land bank services by Resolution No. 10-1952.

**FISCAL INFORMATION**

2006 Bond Funds - \$150,000

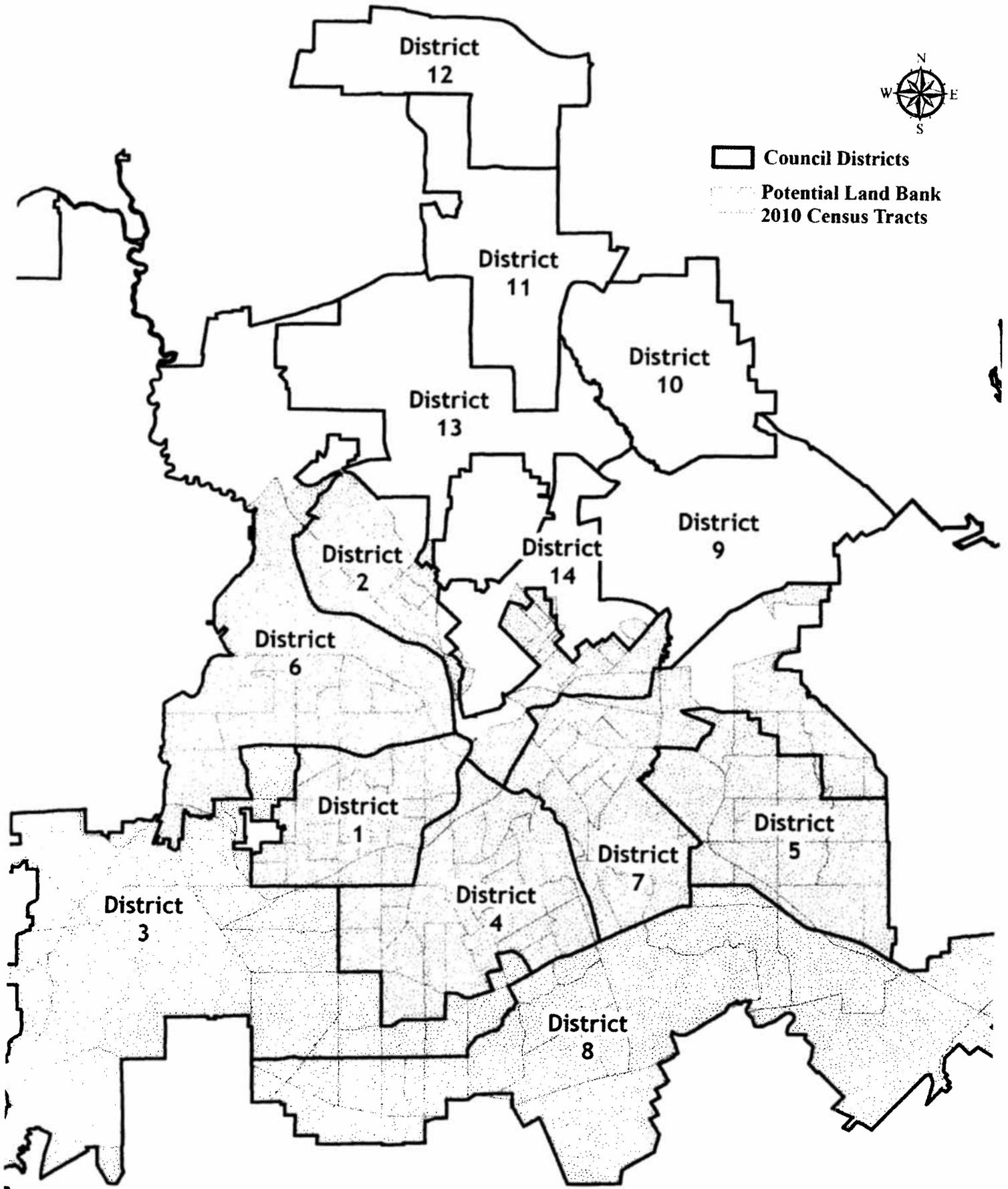
2006 Bond Program (General Obligation Commercial Paper Funds) - \$850,000

Council District 1	\$125,000
Council District 2	\$125,000
Council District 3	\$125,000
Council District 4	\$125,000
Council District 5	\$125,000
Council District 6	\$125,000
Council District 7	\$125,000
Council District 8	\$125,000

**MAP**

Attached

# Potential Land Bank Census Tracts 2013-2014



February 12, 2014

**WHEREAS**, on January 28, 2004, by Resolution No. 04-0458, the City Council: 1) approved the City of Dallas Urban Land Bank Demonstration Program Plan; 2) approved the Program Statement for the Dallas Urban Land Bank Demonstration Program; 3) authorized amendments to the Articles of Incorporation and By-Laws of the Dallas Housing Acquisition and Development Corporation (DHADC or Land Bank); and 4) authorized an interlocal contract with the affected taxing jurisdictions for participation in the Dallas Urban Land Bank Demonstration Program; and

**WHEREAS**, on May 26, 2004, the City Council authorized a contract with the DHADC for the provision of land bank services as set forth in the Program Statement for the Dallas Urban Land Bank Demonstration Program approved by the City Council on January 28, 2004, by Resolution No. 04-0458; and

**WHEREAS**, on August 11, 2010, the Dallas City Council authorized a new contract with the DHADC by Resolution No. 10-1952; and

**WHEREAS**, the City Council desires to provide funding from the 2006 General Obligation Bond Program to acquire property under the Dallas Urban Land Bank Demonstration Program; and

**WHEREAS**, the City Council desires to provide funding from the 2006 General Obligation Bond Program for administrative fees related to acquisition of property under the Dallas Urban Land Bank Demonstration Program;

**NOW, THEREFORE,**

**BE IT RESOLVED BY THE CITY OF THE CITY OF DALLAS:**

**SECTION 1.** That, upon request of the DHADC, the City Controller be and is hereby authorized to encumber and disburse proceeds from the sale of 2006 General Obligation Bond Funds up to \$500,000 for the acquisition of property by the DHADC from Dallas County Sheriff's tax foreclosure sales for affordable housing development as follows:

Fund 1T10, Agency HOU, Org T802, Obj 3099, CT HOUT802C072, Vendor # MVHOU001- \$75,000

Fund 2T10, Agency HOU, Org T802, Obj 3099, CT HOUT802C073, Vendor # MVHOU001- \$425,000

February 12, 2014

**SECTION 2.** That the City Controller be and is hereby authorized to encumber and disburse proceeds from the sale of 2006 General Obligation Bond Funds up to \$500,000 to DHADC for administrative fees related to DHADC's acquisition of property as follows:

Fund 1T10, Agency HOU, Org T802, Obj 3099, CT HOUT802C074, Vendor # MVHOU001- \$75,000

Fund 2T10, Agency HOU, Org T802, Obj 3099, CT HOUT802C075, Vendor # MVHOU001- \$425,000

**SECTION 3.** That this resolution shall take effect immediately from and after its passage, in accordance with the Charter of the City of Dallas, and it is accordingly so resolved.

**KEY FOCUS AREA:** Economic Vibrancy  
**AGENDA DATE:** February 12, 2014  
**COUNCIL DISTRICT(S):** 10  
**DEPARTMENT:** Housing/Community Services  
**CMO:** Theresa O'Donnell, 671-9195  
**MAPSCO:** 27P

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**SUBJECT**

Authorize **(1)** the acceptance of \$13,350,000 of Community Development Block Grant Section 108 Guarantee Loan Program Funds (Section 108 Loan Funds) from the U.S. Department of Housing and Urban Development (HUD) for Lake Highlands Town Center Phase I commercial development project; **(2)** a loan agreement with PC LH Land Partners LP (the Section 108 Borrower), its affiliates or assigns in the amount of \$13,350,000 of Section 108 Loan Funds for development of the Lake Highlands Town Center Phase I project (the Section 108 Borrower Loan) including construction of commercial buildings with approximately 145,000 square feet of space and parking structure with approximately 1,069 parking spaces, sitework, loan interest reserve, and financing costs for public offering for the transit-oriented development located in the 7140 to 7160 blocks of Skillman Street; **(3)** the City Manager to enter into all necessary agreements with HUD including a Funding Approval/Agreement, a Fiscal Agency Agreement, a Promissory Note, up to two letters of agreement for establishment of a custodial account, documents relating to additional security if required by HUD, and a letter requesting advance funds for interim financing; **(4)** the City Manager to establish appropriations for Section 108 Loan Funds for a commercial development loan; and **(5)** the City Controller to deposit and disburse funds from an identified account for Section 108 Loan Funds - Not to exceed \$13,350,000 - Financing: Community Development Block Grant Section 108 Guarantee Loan Funds

**BACKGROUND**

In January 2009, the City Council adopted the Community Development Block Grant Section 108 Guarantee Loan Fund Program to provide up to a total of all Section 108 projects of \$75,000,000, primarily to increase the amount of funding available for economic development through making of loans that promote activities which contribute to the development of viable communities by providing decent housing and a suitable living environment, and by promoting local economic development to stimulate business and commercial activity in the City of Dallas leading to creation of permanent jobs and provision of goods and services to project areas.

## **BACKGROUND (continued)**

The City seeks to fund projects that increase the level of business activity by expanding economic activities. It is also important to the City that Section 108 loan repayments from borrowers match the City's required repayments to HUD on the Section 108 Guarantee Loan. Annual repayments of Section 108 Guarantee loans should be credit enhanced to eliminate risk of City making payments from annual CDBG allocations, to the extent reasonably possible. The City applied to HUD for five years of interest reserve to cover the interest payments on the Section 108 Borrower Loan during the construction and lease-up period and through stabilization of the project. Lake Highlands Town Center Phase I (Lake Highlands) project is in a transit-oriented development area in the Skillman Corridor Tax Increment Financing (TIF) District, and an estimated \$17,500,000 in future TIF funds available to the project will be used to repay the Section 108 Borrower Loan for the project.

The City received a proposal from PC LH Land Partners, LP for a loan in the amount of \$13,350,000 in Community Development Block Grant Section 108 Guarantee Loan funds for eligible activities which may include construction of commercial buildings and parking structure, sitework, loan interest reserve, and financing costs for public offering to assist with development of Lake Highlands Town Center Phase I project. The project is a commercial development including construction of approximately 145,000 square feet of commercial space containing seven buildings that will be occupied by a grocery anchor, retail, office, restaurant, and service-oriented businesses and a structured multi-level parking deck with approximately 1,069 parking spaces located in the 7140 to 7160 blocks of Skillman Street. The project will create an estimated 475 permanent jobs including an estimated 394 jobs held by individuals with incomes at 80% or less of Area Median Family Income as established by HUD.

Phase I is part of a multi-phase Lake Highlands Town Center development, which at full completion will include 1.9 million square feet of mixed-use commercial space for office, restaurant, and service-oriented businesses, and approximately 1,200 units comprised of multi-family rental units and for-sale units for mixed-income households with 20% of the units reserved for affordable housing. The project is in a transit-oriented development area located in the Skillman Corridor TIF District. 100% of the infrastructure on the site has been completed and the development is "shovel ready" to start Phase I of the vertical commercial development, which will be funded with Section 108 loan funds. None of the Section 108 loan funds will be used for any aspect of the construction of residential units.

The project is part of a public/private partnership in which proposed funding will be provided from Tax Increment Financing (TIF) District funding and City funding. The City Council approved a TIF development agreement with PC LH Land Partners, LP to provide TIF funds for development of the Lake Highlands Town Center project on June 13, 2007, for funding not to exceed \$23,000,000.

## **BACKGROUND (continued)**

The Economic Development Committee was briefed on a proposed amendment to the TIF development agreement to increase the TIF funding and voted favorably to recommend the funding increase on June 20, 2011. The City Council approved the amendment to the TIF development agreement with PC LH Land Partners, LP to increase funding for development of the multi-phase Lake Highlands Town Center development from \$23,000,000 to \$40,000,000 on June 22, 2011.

Total project costs to develop the commercial portion of Phase I of the development including construction of commercial buildings with approximately 145,000 square feet of space for a grocery anchor, retail, office, restaurant, and service-oriented businesses and 1,069-space structured parking garage is approximately \$46.2M with the City contributing 28.9%. Funding for the project will come from the \$13.35M Section 108 Loan funds and from a first lien note of \$25.9M and owner/developer equity of \$6.9M.

The Economic Development Committee was briefed on the Community Development Block Grant Section 108 Guarantee Loan proposed application for submission to HUD for development of Lake Highlands Town Center Phase I project on December 5, 2011. The Committee gave favorable recommendation for the City to apply for Section 108 Guarantee Loan funds for the project. The City held a neighborhood public hearing at the Audelia Road Library Branch at 10045 Audelia Road on January 12, 2012, and received favorable comments on the application to be submitted to HUD for the Lake Highlands project. On December 14, 2011, the City Council authorized a public hearing to be held on January 25, 2012, which complies with HUD regulations and the City's Citizen Participation Plan of 30 days comment period from date of call for public hearing.

After the City Council public hearing held on January 25, 2012, the City Council approved submission of the Section 108 Loan funds application to HUD for the Lake Highlands project, and the City submitted the application to HUD on February 2, 2012. The City submitted an amended application to HUD on March 23, 2012, in conformance with revisions required by HUD following its preliminary review of the application. HUD approved an award of \$13,350,000 in Section 108 funds for the Lake Highlands project on July 17, 2012.

The Section 108 loan application requested \$13,350,000 for Lake Highlands Town Center Phase I project. The loan term will be for twenty (20) years with interest only payments for the first five (5) years and principal and interest payments due for years six (6) through twenty (20). The Section 108 Borrower will repay principal and pay interest on the City's Section 108 Lake Highlands Loan with a pledge of future TIF reimbursements beginning in 2015.

## **BACKGROUND (continued)**

The interest rate for the City's Section 108 loan from HUD will be determined by the 3 month London Interbank Offered Rate (LIBOR) plus twenty (20) basis points before the loan is required by HUD to be sold at public offering. HUD public offerings are usually held in the fall of every year, at which time the full balance of the loan will be advanced by HUD at a permanent interest rate determined by yields on U.S. Treasury obligations of similar maturity plus a small additional basis point spread.

Interest will be paid by Prescott Realty Group, Inc., the developer, through a combination of interest reserve built into the construction loan, and a pledge of partnership distributions until the TIF reimbursements start in 2015. The interest rate on the loan to the developer will be .50% higher than the Section 108 Loan from HUD and both loans will have matching amortization. The pledge of an income stream and/or a guaranty by the borrower may be pledged as a backstop guaranty, if required, for the loan repayment. All loan payments by borrower will provide adequate funds for the City to make its payments on the Section 108 Loan from HUD.

The Section 108 Loan funds will be used to fund construction of approximately 145,000 square feet of commercial space that will be occupied by a grocery anchor, retail, office, restaurant, and service-oriented businesses and a 1,069-space structured parking structure and to fund sitework, loan interest reserve, and financing costs related to public offering. The commercial development of the project will meet the statements of community development objectives in the City's Consolidated Plan dealing with creation of employment opportunities by creating approximately 394 jobs that will be held by low to moderate-income employees. The job creation also meets a HUD National Objective of providing jobs to low- to moderate-income persons.

This action item requests authorization for the City Manager to execute the documents necessary to enter into a \$13,350,000 Section 108 loan agreement with HUD; to appropriate the Section 108 loan funds to the proper account; to execute a loan agreement with the Section 108 Borrower in the amount of \$13,350,000 of Section 108 loan funds for Lake Highlands Town Center Phase I project including construction of commercial buildings with approximately 145,000 square feet of space and a 1,069-space parking structure, sitework, loan interest reserve, and financing costs for public offering.

## **PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On June 13, 2007, the City Council approved a TIF development agreement with PC LH Land Partners, LP to provide TIF funds for development of the Lake Highlands Town Center project for funding in an amount not to exceed \$23,000,000 by Resolution Nos. 07-1739 and 07-1740.

**PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS) (continued)**

On November 17, 2008, the Economic Development Committee and the Housing Committees were briefed and gave favorable approval on CDBG Section 108 Loan Application authorization for the use of Section 108 Guarantee Loan funds to provide project gap financing or mezzanine debt necessary to move projects forward in today's financial market, to minimize, if not eliminate, the risk to the CDBG program revenue and set guidelines by which the funds would be used.

On January 5, 2009, the Economic Development Committee and the Housing Committees were briefed and gave favorable approval on CDBG Section 108 Guarantee Loan fund application requirements and proposed Program Guidelines for City to apply for up to a total of \$75,000,000 in guarantee loans.

On January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement, setting out the program purpose, description, operations and project criteria by Resolution No. 09-0291.

On June 20, 2011, the Economic Development Committee was briefed on a proposed amendment to the TIF development agreement with PC LH Land Partners, LP for development of the Lake Highlands Town Center project to increase TIF funding from \$23,000,000 to \$40,000,000 and voted favorably to recommend the increase in funding.

On June 22, 2011, the City Council approved an amendment to the TIF development agreement with PC LH Land Partners, LP to increase funding for development of the Lake Highlands Town Center project from \$23,000,000 to an amount not to exceed \$40,000,000 by Resolutions Nos. 11-1744 and 11-1745.

On December 5, 2011, the Economic Development Committee was briefed on the Community Development Block Grant Section 108 Guaranteed loan application to HUD for development of the Lake Highlands Town Center project and voted to favorably recommend that the City apply for Section 108 Guarantee Loan funds for the project.

On December 14, 2011, the City Council authorized a public hearing to be held on January 25, 2012, to receive comments on the proposed City of Dallas submission of an application to HUD for a Section 108 loan not to exceed \$13,350,000 for the Lake Highlands Town Center project by Resolution No. 11-3306.

On January 25, 2012, the City Council held a public hearing and following the public hearing authorized submission of a Section 108 Guarantee Loan Funds application to HUD for a Community Development Block Grant Section 108 loan in the amount of \$13,350,000 by Resolution No. 12-0337.

On June 26, 2013, this item was deferred by Councilmember Allen.

**PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS) (continued)**

On November 12, 2013, this item was deferred by Councilmember Allen.

**FISCAL INFORMATION**

Community Development Block Grant Section 108 Guarantee Loan Funds -  
\$13,350,000

**OWNER**

**PC LH Land Partners, LP**

Judson L. Pankey, Manager  
& Co-General Partner

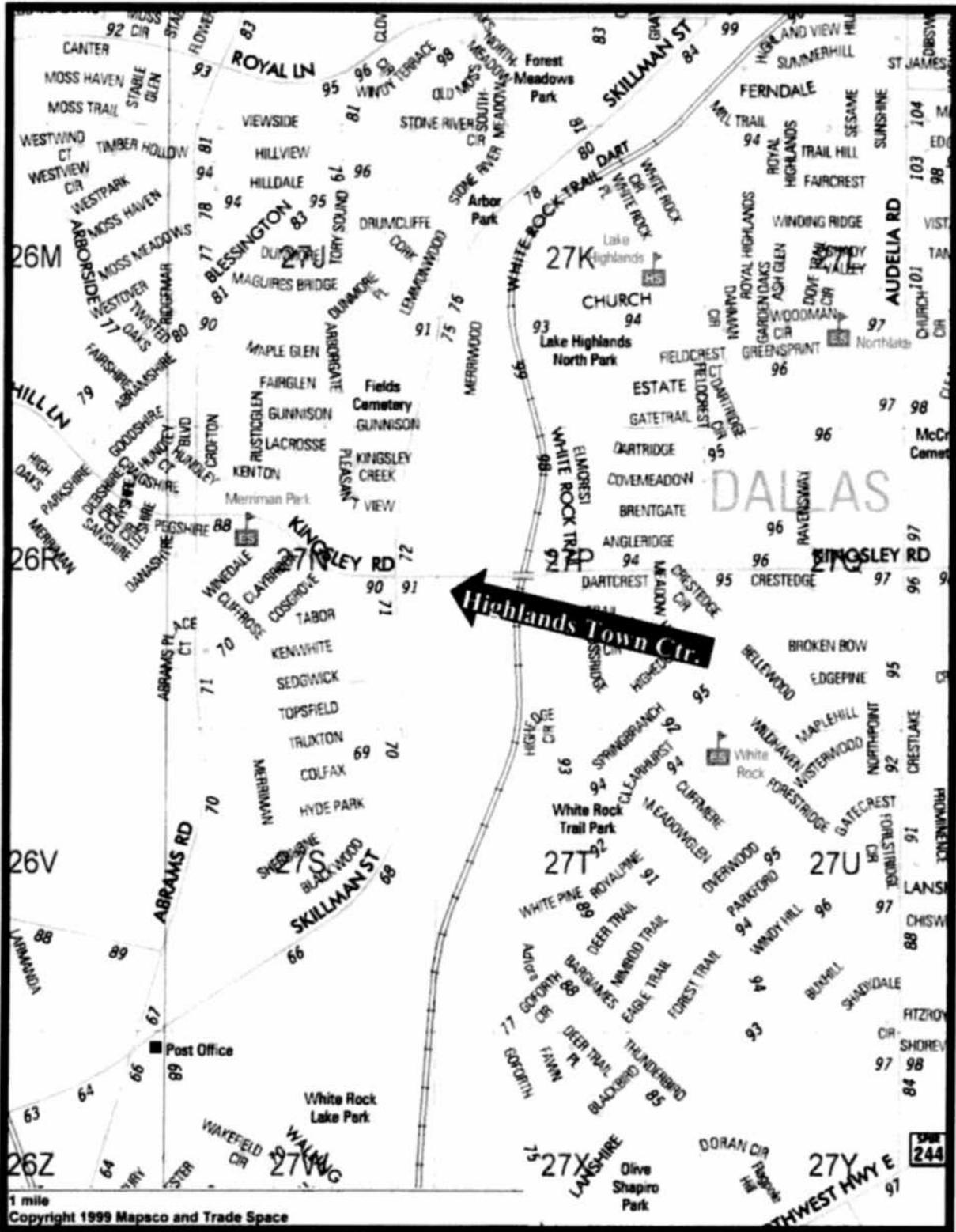
**DEVELOPER**

**Prescott Realty Group, Inc.**

Judson L. Pankey, Chief Executive Officer

**MAP**

Attached



**MAPSCO 27P**

February 12, 2014

**WHEREAS**, the City of Dallas seeks to increase the amount of funding available for economic development through making loans that promote activities which contribute to the development of viable communities by providing decent housing and a suitable living environment, by promoting local economic development to stimulate business and commercial activity in the City of Dallas leading to creation of permanent jobs and provision of goods and services to project areas, and by providing for elimination of specific conditions of blight, physical decay, or environmental contamination to protect the health and safety of the public; and

**WHEREAS**, the City of Dallas seeks to keep momentum going in growth prone areas and stimulate investment in more challenged areas by providing a substitute for declining availability of capital funding while banks are not willing to loan as much against collateral, interest rates for available funding have increased and proceeds from sales of tax credits has declined; and

**WHEREAS**, on June 13, 2007, the City Council authorized a development agreement with PC LH Land Partners, LP ("PC LH") to provide TIF funding not to exceed \$23,000,000 related to the development of the Lake Highlands Town Center by Resolution Nos. 07-1739 and 07-1740; and

**WHEREAS**, on November 17, 2008, the Economic Development Committee and the Housing Committees were briefed and gave favorable approval on CDBG Section 108 Loan Application authorization for the use of Section 108 Guarantee Loan funds to provide project gap financing or mezzanine debt necessary to move projects forward in today's financial market, to minimize, if not eliminate, the risk to the CDBG program revenue and set guidelines by which the funds would be used; and

**WHEREAS**, on January 5, 2009, the Economic Development Committee and the Housing Committees were briefed and gave favorable approval on CDBG Section 108 Guarantee Loan fund application requirements and proposed Program Guidelines for the City to apply for up to a total of \$75,000,000 in guarantee loans; and

**WHEREAS**, on January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement, setting out the program purpose, description, operations and project criteria by Resolution No. 09-0291; and

**WHEREAS**, on June 20, 2011, the Economic Development Committee was briefed and gave favorable approval on a proposed amendment to the TIF development agreement with PC LH Land Partners, LP for development of the Lake Highlands Town Center project to increase TIF funding from \$23,000,000 to \$40,000,000; and

February 12, 2014

**WHEREAS**, on June 22, 2011, the City Council authorized an amendment to the TIF development agreement with PC LH Land Partners, LP ("PC LH") to provide an increase in funding related to the development of the Lake Highlands Town Center project from \$23,000,000, not to exceed \$40,000,000 by Resolutions Nos. 11-1744 and 11-1745; and

**WHEREAS**, Prescott Realty Group, Inc., the developer, submitted a proposal to the City for CDBG Section 108 Guarantee Loan Program funds (Section 108 Loan funds) for eligible economic development activities related to the development of Lake Highlands Town Center Phase I project; and

**WHEREAS**, on December 5, 2011, the Economic Development Committee was briefed on the developer's request for Section 108 Loan funds in the amount of \$13,350,000 for development of Lake Highlands Town Center Phase I project and voted to favorably recommend that the City apply for Section 108 Loan funds for the project; and

**WHEREAS**, On December 14, 2011, the City Council authorized a public hearing to be held on January 25, 2012, to receive comments on the proposed City of Dallas submission of an application to the U.S. Department of Housing and Urban Development (HUD) for a CDBG Section 108 Loan funds loan not to exceed \$13,350,000 for Lake Highlands Town Center Phase I project by Resolution No. 11-3306; and

**WHEREAS**, on January 25, 2012, the City Council held a public hearing and following the public hearing authorized submission of an application to HUD for a CDBG Section 108 Guarantee Loan Funds loan in an amount not to exceed of \$13,350,000 for development of Lake Highlands Town Center Phase I project by Resolution No. 12-0337; and

**WHEREAS**, on February 2, 2012, the City of Dallas applied to HUD for a CDBG Section 108 Loan funds loan for PC LH Land Partners, LP, its affiliates or assigns, for a commercial development project in the 7140 to 7160 blocks of Skillman Street including construction of approximately 145,000 square feet of commercial space and 1,069-space parking structure, sitework, loan interest reserve, and financing costs for public offering for development of Lake Highlands Town Center Phase I project; and

**WHEREAS**, on July 17, 2012, HUD approved an award of \$13,350,000 for a CDBG Section 108 Guarantee Loan Funds loan for development of Lake Highlands Town Center Phase I project; **NOW, THEREFORE,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

February 12, 2014

**SECTION 1.** That the City Manager, upon the U.S. Department of Housing and Urban Development's (HUD's) approval of Lake Highlands Town Center Phase I project and the use of Community Development Block Grant Section 108 Guarantee Loan funds (Section 108 Loan funds) for the project, and upon approval as to form by the City Attorney, is hereby authorized to accept \$13,350,000 in Section 108 funds for Lake Highlands Town Center Phase I project located in the 7140 to 7160 blocks of Skillman Street in the Skillman Tax Increment Financing (TIF) District to fund construction of approximately 145,000 square feet of commercial space including grocery anchor, retail, office, restaurant, and service-oriented businesses and 1,069-space parking structure, and to fund sitework, loan interest reserve, and financing costs for public offering.

**SECTION 2.** that the City Manager, subject to approval as to form by the City Attorney, is authorized to enter into a Fiscal Agency Agreement with the local fiscal agent selected by HUD, a Contract for Loan Guarantee Assistance with HUD, a Promissory Note for either interim or permanent financing, two letters of agreement with a custodian and establishment of custodial accounts at a financial institution, other documents relating to additional security which are required by HUD when the term of the loan is ten years or more, and if funds are needed immediately, a letter requesting advance funds for interim financing.

**SECTION 3.** That, in connection with this Section 108 Loan, the City Manager is further authorized to execute any other necessary documents, upon approval as to form by the City Attorney, including, but not limited to, a Funding Approval/Agreement, assignment of lien to HUD, blank endorsement of note to HUD, Co-lenders agreement, a request for project funding, and Community Development Block Grant Contract.

**SECTION 4.** That the City Manager is authorized to enter into loan agreements and execute, subject to approval as to form by the City Attorney, all necessary loan documents with PC LH Land Partners LP, its affiliates or assigns for development of Lake Highlands Town Center Phase I project in the 7140 to 7160 blocks of Skillman Street in the Skillman Corridor Tax Increment Financing (TIF) District to fund construction of approximately 145,000 square feet of commercial space including grocery anchor, retail, office, restaurant, and service-oriented businesses and 1,069-space parking structure, and to fund sitework, loan interest reserve, and financing costs for public offering.

February 12, 2014

**SECTION 5.** That the terms of the loan documents for the \$13,350,000 Section 108 Borrower Loan fund loan include:

- a. The Borrower must execute a Note payable to the City of Dallas for no more than \$13,350,000 for the economic development loan for Lake Highlands Town Center Phase I project and will execute a Deed of Trust for the period of HUD's Section 108 loan with the City and Use Restrictions on the property for a period of fifteen (15) years from the closing date of the loan. The interest payments for the first five years of the loan will be funded out of five years of interest reserve and Tax Increment Financing District (TIF) reimbursements to be used to make City Loan payments of principal and interest due for years 6 through 20 until the City Loan is paid in full. Both the Section 108 Loan from HUD and the City Loan to the Borrower will have matching amortization and maturity dates, and the Section 108 Lake Highlands Town Center Phase I Loan will have an interest rate which is .5% higher than the Section 108 Loan from HUD. Based on projections, all loan payments by borrower will provide adequate funds for City to make its payment on the Section 108 Loan from HUD.
- b. The Section 108 Borrower must use Section 108 Borrower Loan funds to complete construction of approximately 145,000 square feet of commercial space including grocery anchor, retail, office, restaurant, and service-oriented businesses and 1,069-space parking structure, and fund sitework, loan interest reserve, and financing costs for public offering for Lake Highlands Town Center project located at 7140 to 7160 Skillman Street.
- c. The grocery anchor, retail, office, restaurant, and service-oriented businesses in the commercial space must produce a minimum of 394 jobs held by low/moderate income individuals.
- d. Borrower will begin construction no later than twelve (12) months from contract execution and obtain Certificate of Occupancy no later than three (3) years of the closing of Section 108 Borrower Loan and will expend all of the funds for approved construction line items, except interest reserve funds, within three (3) years of the closing of the Section 108 Borrower Loan and will expend all of the funds except those necessary to meet debt service requirements.
- e. Borrower will document and report ongoing occupancy requirements on a monthly basis for the commercial tenants and will report on the incomes of low- and moderate-income persons occupying jobs created by the project. Borrower will also document job creation as necessary to meet the HUD requirements for public benefit and the National Objectives of the Section 108 Program.
- f. Borrower must provide source documentation for all other sources of funds necessary to complete Lake Highlands Town Center Phase I commercial development project.

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**SECTION 6.** That the City Manager, upon approval as to form by the City Attorney, is authorized to execute loan agreements, co-funding agreements, subordination of lien, intercreditor agreements, HUD regulatory agreement and any other documents necessary to document the Section 108 Borrower Loan.

**SECTION 7.** That the City Manager, upon approval as to form by the City Attorney is authorized to execute releases of liens on the property and other collateral upon compliance with the terms of the loans.

**SECTION 8.** That the City Manager is authorized to establish appropriations in the amount of \$13,350,000 in Fund 0J54, Unit 0J5D, Obj 3090 for project costs and those necessary to make repayments to HUD.

**SECTION 9.** That the City Controller is authorized to accept and deposit Section 108 loan funds in the amount of \$13,350,000 in Fund 0J54, Unit 0J5D, Revenue Source 8461, for project costs and those necessary to make repayments to HUD.

**SECTION 10.** That the City Controller is hereby authorized to encumber and disburse funds in accordance with the terms and conditions of the loan documents authorized in Section 5 as follows:

PC LH Land Partners, LP C/O Prescott Realty Group                      Vendor # VS0000021277

Fund 0J54, Dept HOU, Unit 0J5D, Obj 3075, Program # LKHighland  
HOU0J5DH123 – in an amount not to exceed \$13,350,000

**SECTION 11.** That the City Controller is hereby authorized to set up receivable balance sheet account (033F) and deferred revenue (088M) in Fund 0J54 for the amount of the Section 108 Borrower loan.

**SECTION 12.** That the City Controller is authorized to accept and deposit TIF reimbursements into Fund 0J54 necessary to make HUD repayments. Principal amounts to be deposited into Revenue Source 8503 and interest amounts of the loan to be deposited into Revenue Source 8556.

**SECTION 13.** That the City Controller is authorized to accept and deposit repayments from the Section 108 Borrower into Fund 0J54 necessary to make HUD repayments. Principal amounts to be deposited into Revenue Source 8503 and interest amounts to be deposited into Revenue Source 8556.

**SECTION 14.** That the City Controller is hereby authorized to reverse the receivable balance sheet account (033F) and deferred revenue (088M) in Fund 0J54 for repayments of all principal amounts of loans.

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**SECTION 15.** That the City Controller is authorized to encumber and disburse loan payments to HUD in accordance with the terms and conditions of the loan documents authorized in Section 2 from Fund 0J54 - Vendor # 263304. Principal amounts to be disbursed from Object Code 3077 and interest amounts to be disbursed from Object Code 3076.

**SECTION 16.** That nothing in this resolution shall be construed as a binding contract or agreement upon the City; that it is subject to HUD approval of the Lake Highlands Phase I project, compliance with all HUD regulations and requirements, and available HUD funding; approval of the final loan terms and loan documents by the City Manager and City Attorney; and there will be no liability or obligation on the City until the final contract documents are approved, executed, and final closing completed.

**SECTION 17.** That this resolution shall take effect immediately from and after its passage in accordance with the Charter of the City of Dallas, and it is accordingly so resolved.