

Memorandum



CITY OF DALLAS

DATE August 29, 2014

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

SUBJECT Builders of Hope Community Development Corporation

On Tuesday September 2, 2014, you will be briefed on Builders of Hope Community Development Corporation. A copy of the briefing is attached.

Please let me know if you have any questions.

A handwritten signature in black ink that reads "Theresa O'Donnell".

Theresa O'Donnell
Interim Assistant City Manager

c: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, 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, 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
Sana Syed, Public Information Officer
Bernadette Mitchell, Housing/Community Services, Interim Director
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Builders of Hope Community Development Corporation

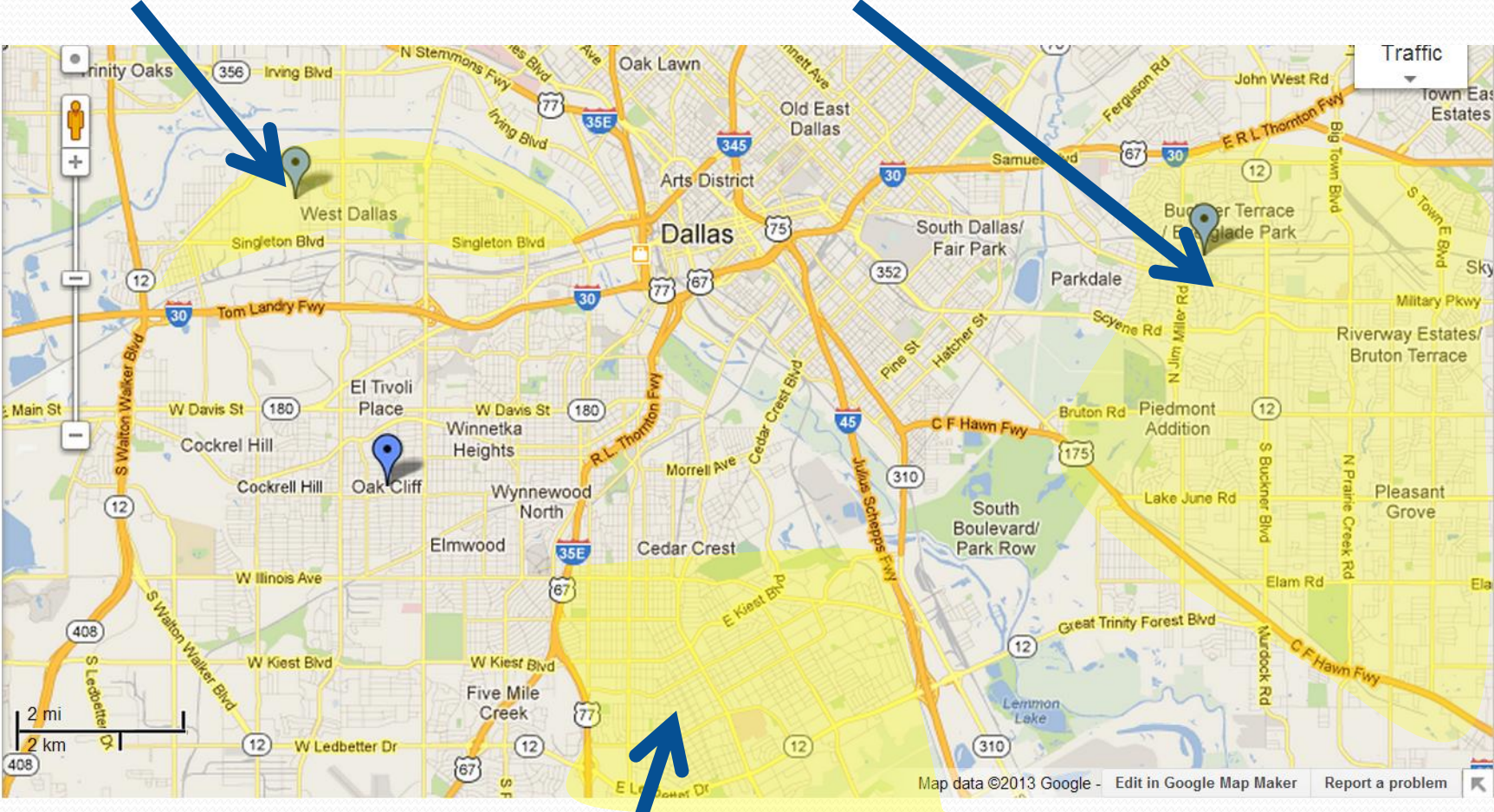
A Briefing to the Housing Committee
September 2, 2014



Builders of Hope's History

- Formed in 1998 as a split from Voice of Hope
- Nine person board
 - Chairman, Jimmy Strawn
- 8 full time, 1 temporary staff
 - President/CEO, Norman Henry
- A nonprofit organization, 501(c)3, and a Certified Housing Development Organization (CHDO)
- BOH works all over the city with some target areas including: Prairie Creek / Pleasant Grove, West Dallas, Oak Cliff / Creekside Neighborhood
- Built over 200 homes in the City of Dallas

Project Areas



Builders of Hope's Plans for 2014-15

- Prairie Creek Project
 - Purchased 40 lots with City of Dallas funds
 - 24 homes are built and occupied
 - 16 parcels left to be developed
- West Dallas Project
 - Purchased 22 lots with City of Dallas funds
 - 11 homes are built and occupied
 - 11 parcels left to be developed
- Creekside Project
 - Purchased 34 lots (no City funding)
 - 6 homes are built and occupied
 - 18 parcels left to be developed



Prairie Creek Project

- Located in District 7
- In 2009, City of Dallas provided \$500,000 to Builders of Hope (BOH) to purchase forty properties in Pleasant Grove
- BOH has built and occupied twenty-four of the homes
- BOH has requested City assistance of \$480,000 to complete the remaining sixteen homes
- City funds would be used along with interim construction financing from Inwood Bank
 - City would subordinate to the first lender



Prairie Creek Project-Budget

SOURCES

Private Financing	\$ 1,843,952
City Funds- Acquisition	\$ 200,000
City Funds-Construction	<u>\$ 480,000</u>
Total Sources	\$ 2,523,952

USES

Hard Construction Costs	\$ 1,920,000
Land Acquisition	\$ 200,000
Soft Costs	\$ 163,952
Developer Fee	<u>\$ 240,000</u>
Total Uses	\$ 2,523,952

Prairie Creek Project Budget

BOH PRAIRIE CREEK CONSTRUCTION BUDGET PROJECT BUDGET PER UNIT

	1500 Sq Ft	X16
LAND COSTS		
TOTAL LAND COSTS	\$ 12,500.00	\$ 200,000.00
CONSTRUCTION SOFT COSTS		
ENERGY CODE FEES	\$ 550.00	\$ 8,800.00
BUILDERS RISK	\$ 250.00	\$ 4,000.00
WARRANTY INSPECTIONS	\$ 302.00	\$ 4,832.00
FORM SURVEY	\$ 150.00	\$ 2,400.00
HOME WARRANTY	\$ 370.00	\$ 5,920.00
ARCHITECT PLANS	\$ 800.00	\$ 12,800.00
FOUNDATION PLANS	\$ 275.00	\$ 4,400.00
PERMITS	\$ 1,800.00	\$ 28,800.00
INTERIM LOAN	\$ 4,900.00	\$ 78,400.00
UTILITIES	\$ 850.00	\$ 13,600.00
CONSTRUCTION SOFT COST TOTAL	\$ 10,247.00	\$ 163,952.00
CONSTRUCTION HARD COSTS		
CONSTRUCTION HARD COST TOTAL	\$ 120,000.00	\$ 1,920,000.00
DEVELOPER FEE		
DEVELOPER FEE TOTAL	\$ 15,000.00	\$ 240,000.00
TOTAL PROJECT COSTS	\$ 157,747.00	\$ 2,523,952.00
ESTIMATED SALES PRICE	\$ (119,000.00)	\$ (1,904,000.00)
ESTIMATED CITY SUBSIDY	\$ 38,747.00	\$ 619,952.00

Prairie Creek Project-Details

- Units will be 3 bedroom, 2 baths, approximately 1500 sq.ft. with 2-car garage
- Sales price for the homes will be approximately \$119,000
- Units will be sold to low-moderate income families at or below 80% AMFI (homebuyers may also qualify for \$20,000 in mortgage assistance)
- BOH will have until December 31, 2015 to build and occupy the eleven homes
- City funds will pay for a portion of the soft costs, construction costs, and developer fees
- Proceeds from the sale of the units will be repaid to Inwood Bank and the City, less related and approved closing costs.
- BOH will sign a loan agreement, Deed of Trust and Deed restrictions with the City
- Deed Restrictions for affordability for 15 years

West Dallas Project

- Located in District 6
- In 2009, City of Dallas provided \$500,000 to Builders of Hope (BOH) to purchase twenty-two properties in West Dallas
- BOH has built and occupied eleven of the homes
- BOH has requested City assistance of \$521,400 to complete the remaining eleven homes
- City funds would be used along with interim construction financing from Inwood Bank
 - City would subordinate to the first lender

West Dallas Project-Budget

SOURCES

Private Financing	\$ 962,269
City Funds-Acquisition	\$ 253,000
City Funds-Construction	<u>\$ 521,400</u>
Total Sources	\$1,736,669

USES

Hard Construction Costs	\$ 1,122,000
Acquisition Costs	\$ 345,774
Soft Costs	\$ 103,895
Developer Fee	<u>\$ 165,000</u>
Total Uses	\$ 1,736,669

West Dallas Project Budget

BOH WEST DALLAS CONSTRUCTION BUDGET PROJECT BUDGET PER UNIT

	1350 Sq Ft	X11
LAND COSTS		
TOTAL LAND COSTS	\$ 31,434.00	\$ 345,774.00
CONSTRUCTION SOFT COSTS		
ENERGY CODE	\$ 580.00	\$ 4,060.00
BUILDERS RISK	\$ 250.00	\$ 1,750.00
WARRANTY INSPECTIONS	\$ 350.00	\$ 2,450.00
FORM SURVEY	\$ 150.00	\$ 1,050.00
FOUNDATION PLANS	\$ 275.00	\$ 1,925.00
ARCHITECT PLANS	\$ 580.00	\$ 4,060.00
HOME WARRANTY	\$ 370.00	\$ 2,590.00
PERMITS	\$ 1,800.00	\$ 12,600.00
INTERIM LOAN	\$ 500.00	\$ 3,500.00
SITE DEVELOPMENT	\$ 3,740.00	\$ 26,180.00
UTILITIES	\$ 850.00	\$ 5,950.00
CONSTRUCTION SOFT COST TOTAL	\$ 9,445.00	\$ 103,895.00
CONSTRUCTION HARD COSTS		
VERTICAL CONSTRUCTION	\$ 102,000.00	\$ 1,122,000.00
DEVELOPER FEE		
	\$ 15,000.00	\$ 165,000.00
TOTAL PROJECT COSTS	\$ 157,879.00	\$ 1,736,669.00
ESTIMATED SALES PRICE	\$ (100,000.00)	\$(1,100,000.00)
ESTIMATED CITY SUBSIDY	\$ 57,879.00	\$ 636,669.00

West Dallas Project-Details

- Homes will be 3-bedroom, 2 bath, approximately 1350 sq.ft. with garages
- Sales price for the homes will be approximately \$100,000
- Units will be sold to low-moderate income families at or below 80% AMFI (homebuyers may also qualify for \$20,000 in mortgage assistance)
- BOH will have until December 31, 2015 to build and occupy the eleven homes
- City funds will pay for a portion of the soft costs, construction costs, and developer fees
- Proceeds from the sale of the units will be repaid to Inwood Bank and the City, less related and approved closing costs.
- BOH will sign a loan agreement, Deed of Trust and Deed restrictions with the City
- Deed Restrictions for affordability for 15 years

Next Steps West Dallas Project

- September 10, 2014 - City Council consideration of a HOME development loan for \$480,000 to Builders of Hope CDC for the construction of 16 single family homes for the Prairie Creek Project
- September 24, 2014 - City Council consideration of a HOME development loan for \$521,400 to Builders of Hope CDC for the construction of 11 single family homes for the West Dallas Project
- September 31, 2014 – contract with BOH
- Nov/Dec 2014 –construction begins