

RESIDENTIAL DEVELOPMENT ACQUISITION LOAN PROJECT

**A Briefing to the
Housing Committee**

**Housing Department
February 19, 2008**



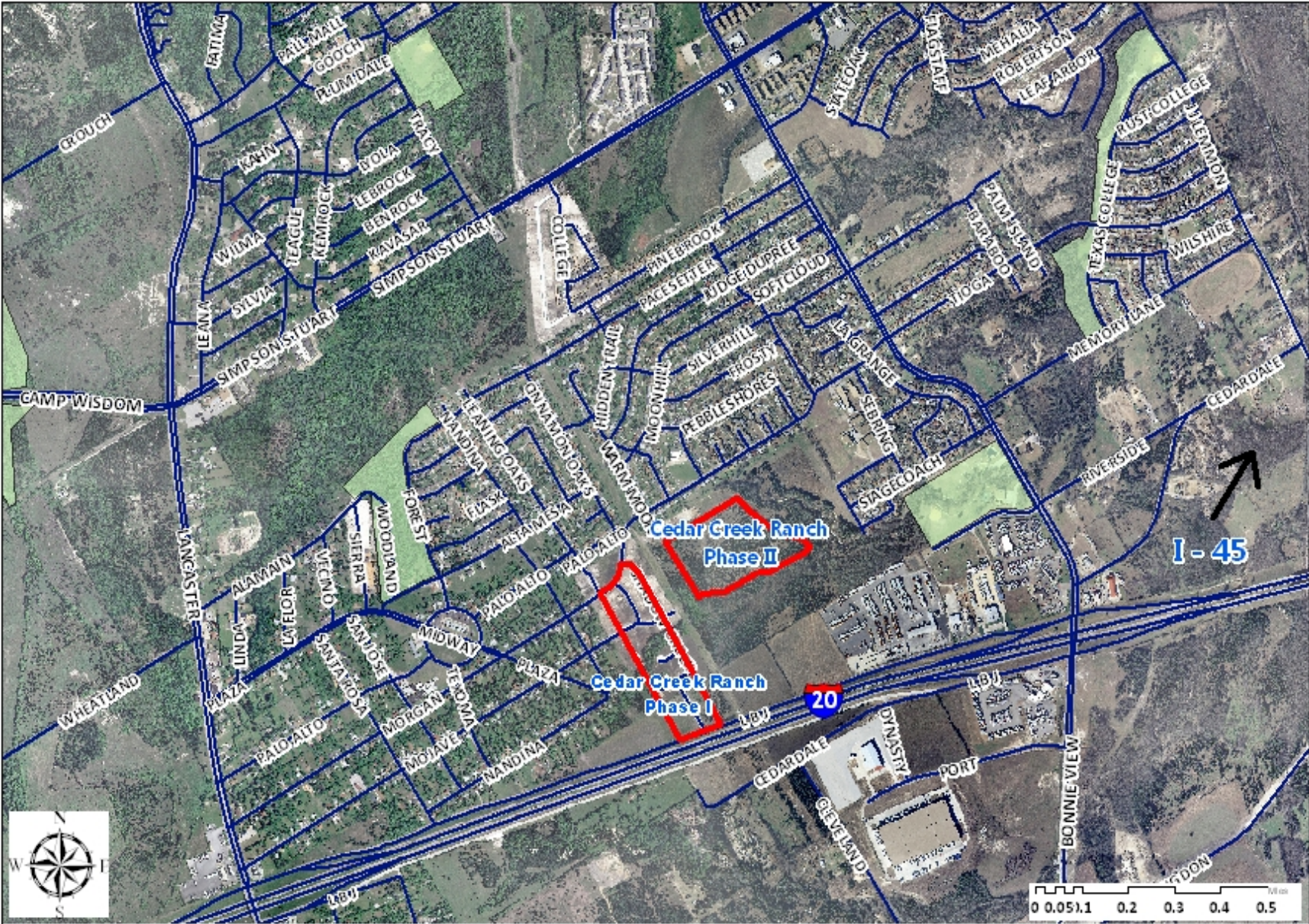
KEY FOCUS AREA: ECONOMIC VIBRANCY

PURPOSE

Provide a recommendation on one Residential Development Acquisition Loan Program (RDALP) proposal from Dallas Neighborhood Alliance for Habitat (DNAFH) for the acquisition of 94 unimproved lots using \$940,000 of Community Development Block Grant Funds.

CEDAR CREEK RANCH - LOCATION MAP

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Cedar Creek Ranch Project History

- Located in Council District 8, Cedar Creek Ranch is made up of two mixed-income developments at I-20 and Bonnie View, just south of Tioga, in south Dallas
 - In April 2004, Klingaman Development Co. was awarded \$489,791 in 2003 Single-Family Housing Infrastructure Development Bond Proceeds for the development of 136 lots.
 - 51 lots were required to be sold to families at 80% or below of the Area Median Family Income (AMFI)
 - 98 homes were constructed and 95 are occupied
 - In September 2005, Klingaman Development Co. was awarded \$753,406 in 2003 Single-Family Housing Infrastructure Bond Proceeds to develop 197 lots.
 - 65 lots were required to be sold to families at 80% AMFI
 - No homes were constructed

Cedar Creek Ranch Project History

- Klingaman Development Co. completed infrastructure and the development of the lots on Phase I by January 2005.
- Klingaman Development Co. contracted with History Maker Homes to build and sell the homes in Phase I.
- Klingaman Development Co. began infrastructure development on Phase II in early 2006.
- Around March 2007, the softening in the homebuyer market caused History Maker Homes to discontinue the build out of Phase I.
- Klingaman Development Co. still had thirty-five homes in Phase I and sixty-five homes in Phase II to sell to low-to-moderate income families.
- In July/August 2007, First Intercontinental Investment Group foreclosed on the Phase I loan with Klingaman Development Co..
- In October 2007, Klingaman Development Co. completed the infrastructure and the development of the lots on Phase II.

Cedar Creek Ranch Proposal

- In December 2007, Dallas Neighborhood Alliance for Habitat, Certified Community Housing Development Organization (CHDO), proposed the following:
 - ❑ Habitat would acquire 35 lots from First Continental Investment Group and construct the homes to sell to low-to-moderate income homebuyers.
 - ❑ Habitat would also acquire 59 additional lots from Klingaman Development Company and construct the homes to sell to low-to-moderate income homebuyers.
 - ❑ Habitat requested that the City of Dallas participate in the acquisition of 94 properties for \$10,000 per property.
 - ❑ Habitat proposes to build a new model home of 1400 sf for homebuyers at 60% - 80% of area median family income (AMFI) on the 94 lots.
 - ❑ Habitat would buy an additional 25 lots in Phase II with their own funds, build 19 homes for homebuyers at 0% - 59% of AMFI, and build 6 homes for homebuyers at 60% - 80% of AMFI.

Habitat Loan Terms

- The City would loan Habitat \$940,000 at 0% interest. The loan will include the following terms:
 - 0% interest with a four-year maturity requiring completion and sale of 94 homes to low and moderate-income families by the maturity date.
 - Prior to maturity date, Habitat will be released from \$10,000 (1/94th of the \$940,000) liability on the Note at the same time the homebuyer closes on the purchase of the home.
 - Habitat will execute a Deed of Trust and Deed Restrictions on the lots. Properties will be deed restricted for affordability at 80% or less of AMFI for resale to eligible homebuyers for a period of five years.

Habitat Construction Budget for New Model Homes

Sources

Private Sponsorships	11,655,154
Federal Home Loan Bank	658,000
RDALP	940,000
Mortgage Assistance Program	<u>752,000</u>
Total Sources	\$14,005,154

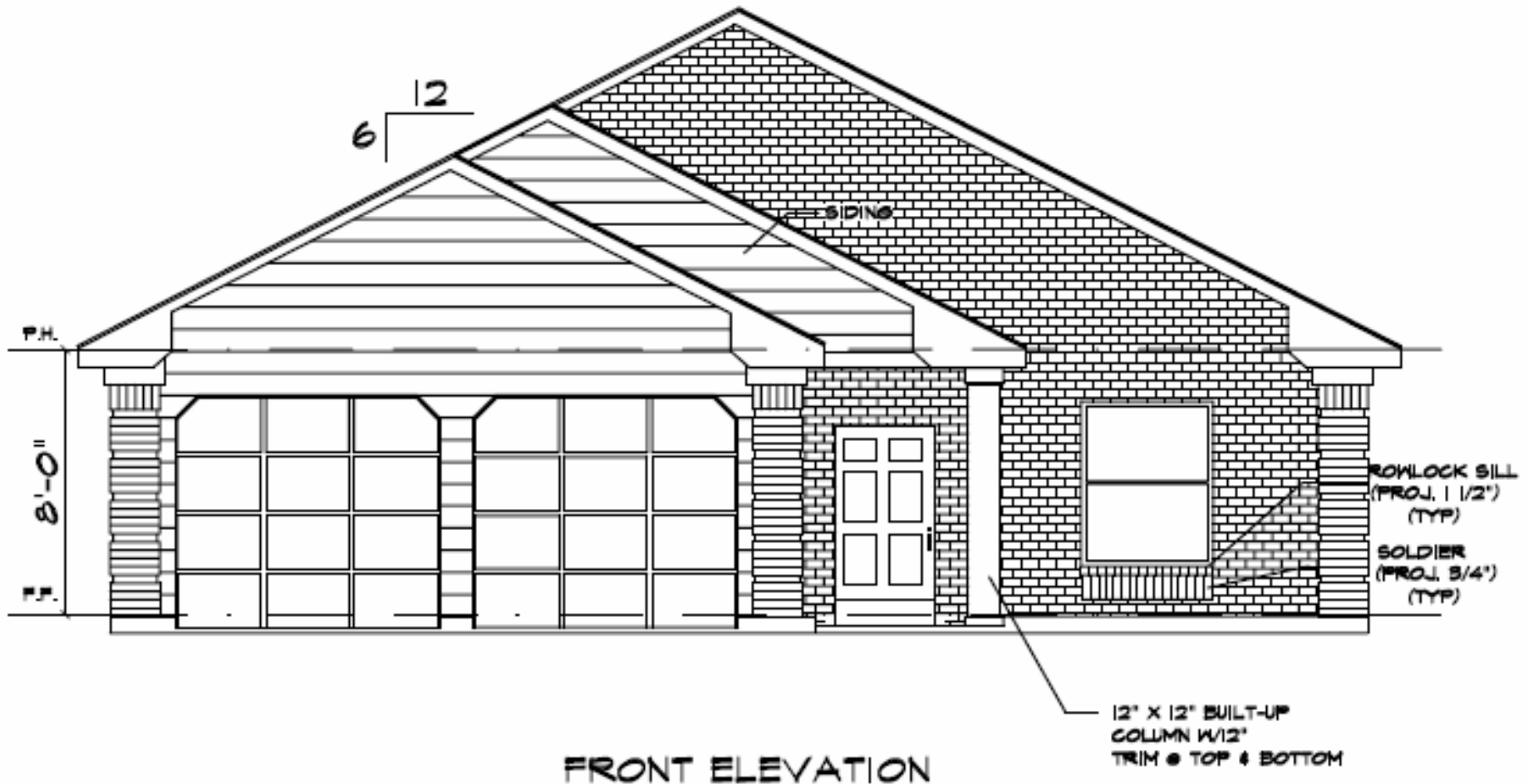
Uses

Lot Acquisition	1,477,492
Hard Construction Costs	7,451,662
Soft Costs	1,222,000
Financing Costs	1,504,000
Construction Management	<u>2,350,000</u>
Total Uses	\$14,005,154

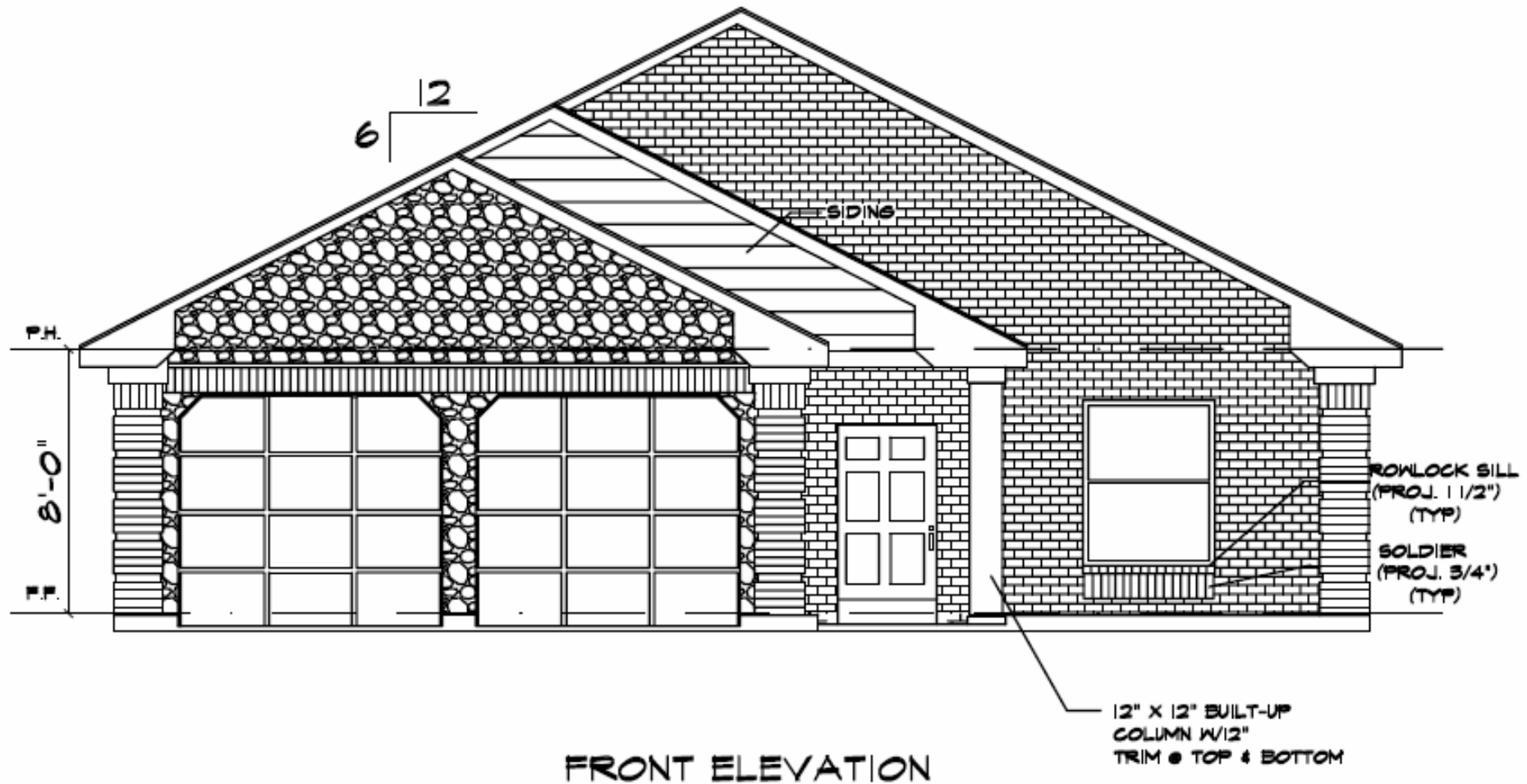
New Habitat Model Home

- Dallas Neighborhood Alliance for Habitat pricing at \$95,000 for approximately 1440 SF
 - 2 car garage
 - 80% brick
 - 3-4 bedrooms/2 baths
 - Homes will be interspersed with privately developed homes
 - Homebuyers will also be able to access Mortgage Assistance Program funds up to \$10,000 per household

New Habitat Model Home



New Habitat Model Home



Schools Servicing Cedar Creek Ranch

Elementary (PK thru 5)

N. W. Harlee
1216 E. Eight St.
Dallas, Texas 75203

Middle School (6 thru 8)

Oliver Wendell Holmes
2001 E. Kiest Blvd.
Dallas, Texas 75216

High School (9 thru 12)

Franklin D. Roosevelt
525 Bonnie View Road
Dallas, Texas 75203

Cedar Creek Ranch Recommendation

That the Housing Committee approve this proposal for Council consideration to:

- Authorize a secured, no interest, forgivable loan pursuant to the Residential Development Acquisition Loan Program in the amount of \$940,000 to Dallas Neighborhood Alliance for Habitat for the acquisition of 94 unimproved properties at I-20 and Bonnie View for the development of low-to-moderate income single family homes

NEXT STEPS

- February 20, 2008 - City Council Item to authorize CDBG-Residential Development Acquisition Loan Funds for Cedar Creek Ranch