

**KEY FOCUS AREA:** Economic Vibrancy  
**AGENDA DATE:** February 23, 2011  
**COUNCIL DISTRICT(S):** 5  
**DEPARTMENT:** Housing/Community Services  
**CMO:** A. C. Gonzalez, 671-8925  
**MAPSCO:** 65G

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**SUBJECT**

Authorize a secured, no interest, forgivable loan pursuant to the Residential Development Acquisition Loan Program in the amount of \$850,000 to BOHUSA for acquisition and related acquisition costs of one improved property located at 2120 52<sup>nd</sup> Street for the rehabilitation of a 64 unit facility for affordable housing – Not to exceed \$850,000 - Financing: 2009-10 Community Development Block Grant Funds

**BACKGROUND**

BOHUSA, a nonprofit developer, submitted a proposal to the City of Dallas requesting \$850,000 to acquire one (1) improved property at 2120 52<sup>nd</sup> Street for the development of a 64 unit apartment complex for affordable housing. BOHUSA has provided an independent appraisal, environmental assessment, and relocation plan which the City has reviewed and approved prior to this action.

BOHUSA will rehabilitate this 64 unit facility for affordable housing. The new complex will consist of 2 and 3 bedroom units will be leased to families at 80% or less of Area Median Family Income for a period of ten years from the date of completion and 51% occupancy. BOHUSA will also execute a note payable to the City of Dallas for \$850,000 and deed restrictions for affordability. Once the facility is completed and 51% occupied, BOHUSA will be released from 1/10<sup>th</sup> or \$85,000 liability on the Note for each of the 10 consecutive years provided the project continues to comply with the occupancy requirements in the deed restriction.

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

On September 24, 2008, the City Council voted to designate the Lancaster Corridor as a Neighborhood Investment Program (NIP) area by Resolution No. 08-2559.

On June 24, 2009, the City Council adopted the final, FY 2009 Consolidated Plan Budget, which included \$960,000 of CDBG funds for the Residential Development Acquisition Loan Program by Resolution No. 09-1635.

On September 22, 2010, the City Council voted to redesignate the Lancaster Corridor as a NIP area for two additional years by Resolution No. 10-2374.

On February 7, 2011, the Housing Committee was briefed on this project.

### **FISCAL INFORMATION**

FY 2009-10 - Community Development Block Grant Funds - \$850,000

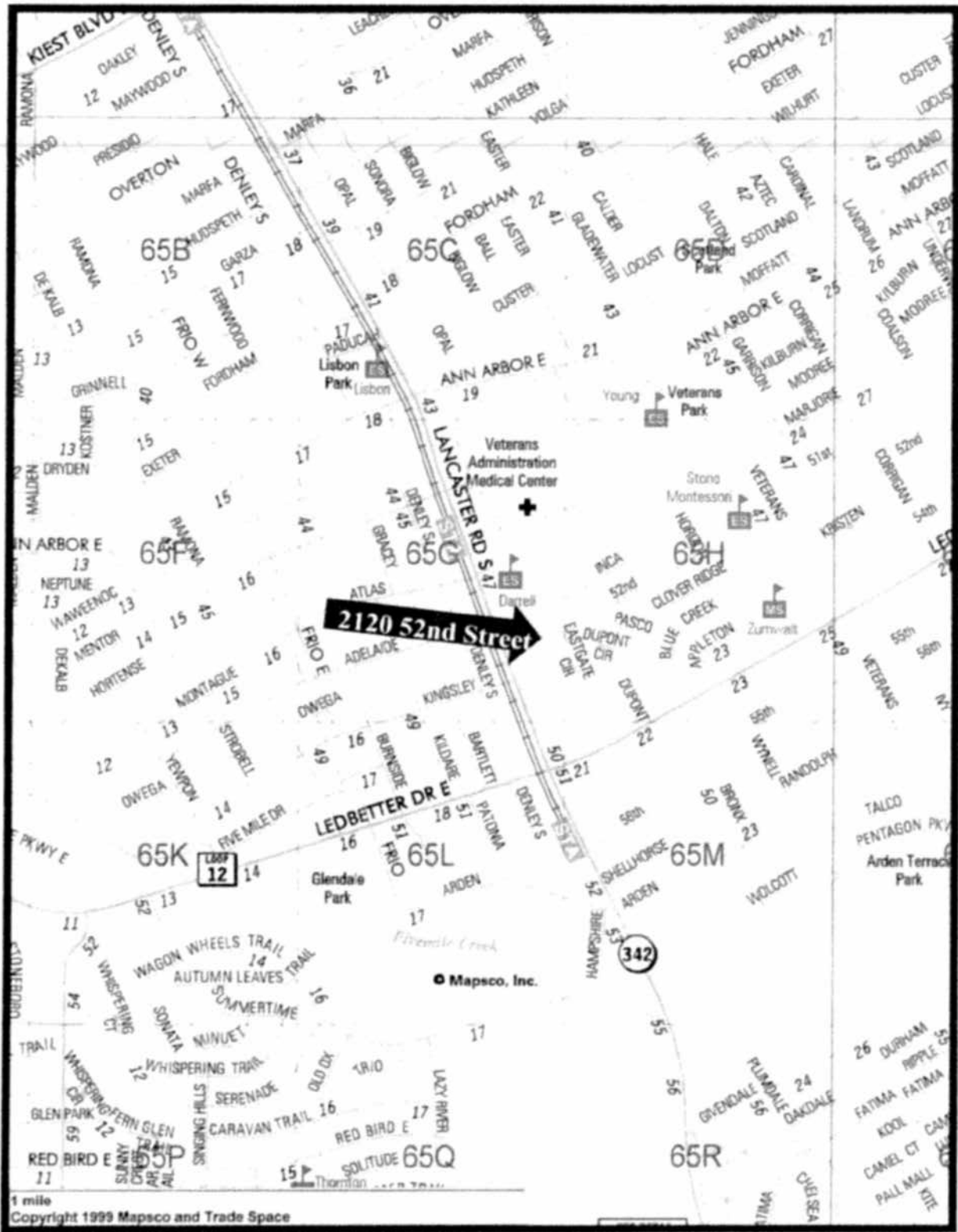
### **OWNERS**

#### **BOHUSA**

Nancy Murray, Executive Director

### **MAP(S)**

Attached



**MAPSCO 65G**

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**WHEREAS**, the City of Dallas seeks to increase the supply of new affordable multifamily housing for low and moderate income families; and

**WHEREAS**, on September 24, 2008, the City Council voted to designate the Lancaster Corridor as a Neighborhood Investment Program (NIP) area by Resolution No. 08-2559; and

**WHEREAS**, on June 24, 2009, the City Council adopted the final, FY 2009-10 Consolidated Plan Budget, which included \$960,000 of CDBG funds for the Residential Development Acquisition Loan Program by Resolution No. 09-1635; and

**WHEREAS**, on September 22, 2010, the City Council voted to redesignate the Lancaster Corridor as a NIP area for two additional years by Resolution No. 10-2374; and

**WHEREAS**, the BOHUSA project located at 2120 52<sup>nd</sup> Street is located within the Lancaster Corridor; and

**WHEREAS**, on February 7, 2011, the Housing Committee was briefed on the BOHUSA project; and

**WHEREAS**, the City of Dallas desires to provide \$850,000 in Community Development Block Grant (CDBG) funds to BOHUSA for the acquisition of one (1) improved property at 2120 52<sup>nd</sup> Street for affordable housing; **NOW, THEREFORE,**

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

**Section 1.** That the City Manager or designee, upon approval as to form by the City Attorney, is hereby authorized to execute a secured, no interest forgivable loan pursuant to the Residential Development Acquisition Loan Program in the amount of \$850,000 to BOHUSA ("Borrower") for the acquisition of one (1) improved property at 2120 52<sup>nd</sup> Street for the rehabilitation of a 64 unit apartment complex for affordable housing.

The terms of the agreement include:

- (a) The Borrower must execute a note payable to the City of Dallas for \$850,000 that is interest free with a five-year maturity and a three (3) year build out requirement;
- (b) Borrower must acquire, rehabilitate, and rent 64 units to low-to-moderate income families whose incomes are 80% or less of area median family income by the maturity date.

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- (c) Borrower will execute a Deed of Trust and Deed Restrictions on the acquired property. Property will be deed restricted to lease all 64 units to low-to-moderate income families whose incomes are 80% or less of area median family income for a period of ten years.
- (d) Once the facility is completed and 51% occupied, Borrower will be released from \$85,000 (1/10<sup>th</sup> of \$850,000) liability on the Note annually provided that the project continues to comply with the occupancy requirements in the deed restrictions.

**Section 2.** That the City Manager, upon approval as to form by the City Attorney, is authorized to execute a subordination of lien to a lender who is providing construction financing on the property.

**Section 3.** That the City Manager, upon approval as to form by the City Attorney, is authorized to execute releases of liens and terminate deed restrictions on the property upon compliance with the loan terms and deed restrictions.

**Section 4.** That the Controller is hereby authorized to encumber and disburse funds in accordance with the terms and conditions of the contracts as follows:

BOHUSA Vendor No. VS0000061359

Fund CD09, Dept HOU, Unit 639B, Obj 3015, Act HO98  
Program HOULANC01, CT HOU639B514 - in an amount not to exceed \$850,000

**Section 5.** That the City Controller is hereby authorized to set up receivable balance sheet account (033F) and an allowance for uncollectible debt (022D) in fund CD09 for the amount of the loan.

**Section 6.** That nothing in this resolution shall be construed as a binding contract or agreement upon the City, that it is subject to available CDBG funding and there will be no liability or obligation on the City until final contract documents are approved, executed, and final closing completed.

**Section 7.** 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.

**DISTRIBUTION:**

Housing/ Community Services Department  
City Attorney's Office  
Office of Financial Services/Community Development, 4FS