

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: March 9, 2011
COUNCIL DISTRICT(S): 14
DEPARTMENT: Housing/Community Services
CMO: A. C. Gonzalez, 671-8925
MAPSCO: 45Q

SUBJECT

Authorize **(1)** a public hearing to be held on April 13, 2011, to receive comments on a City of Dallas proposal to submit an amended application to the U.S. Department of Housing and Urban Development (HUD) for a Community Development Block Grant Section 108 Guarantee Loan Program loan in the amount of \$11,750,000 to fund a loan for Hamilton Atmos LP for development of the Atmos Lofts project for conversion of 3 vacant commercial buildings located at 301 South Harwood Street, 1815 Wood Street, and 1915 Wood Street into a mixed-use project including 9,500 square feet of bottom floor retail space, 123 apartment homes above the retail space with 63 apartment units deed restricted for 15 years for affordability to families with incomes at 80% or less of Area Median Family Income as established by HUD, and a parking garage and to fund site work, housing rehabilitation, and interest reserve; and at the close of the public hearing, **(2)** consideration of an amended application to HUD for a CDBG Section 108 Guarantee Loan Program loan for Hamilton Atmos LP in an amount not to exceed \$11,750,000 - Financing: No cost consideration to the City

BACKGROUND

In pursuit of programs to help fill the gap in financing for development projects during the economic downturn beginning since the fall of 2008, City staff has researched, and in November 2008, briefed the City Council Economic Development and Housing Committees. The Committees gave preliminary approval for application to U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grant (CDBG) Section 108 Guarantee loan funds for individual projects with the total of all applications not to exceed \$75,000,000.

The City seeks to fund projects that increase the level of business activity by expanding economic activities and increase the level of affordable housing in the project area.

BACKGROUND (continued)

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.

The City received a proposal from Hamilton Atmos LP for a loan in the amount of \$9,000,000 in Community Development Block Grant Section 108 Guarantee Loan funds for development of the Atmos Lofts project for conversion of 4 vacant commercial buildings located at 1900 Jackson Street, 301 S. Harwood Street, 1915 Wood Street, and 1815 Wood Street into a mixed-use project including 10,000 square feet of bottom floor retail space and 230 apartment homes above the retail space, with 46 apartment units deed restricted for 15 years for affordability to families with incomes at 80% or less of Area Median Family Income as established by the U.S. Department of Housing and Urban Development.

The City held a neighborhood public hearing at the J. Erik Jonsson Central Library at 1515 Young Street on May 4, 2009, and received favorable comment on the application to HUD for the Atmos Lofts Project.

The Housing Committee was briefed on the Community Development Block Grant Section 108 Guaranteed Loan Application to HUD for the Atmos Lofts project on May 18, 2009.

The City Council public hearing held on June 24, 2009, complied with HUD regulations and the City's Citizen Participation Plan of 30 days comment period from date of call of public hearing.

The City has received an amended proposal from Hamilton Atmos LP for funding for development of the Atmos Lofts project in the increased amount of \$11,750,000 in Community Development Block Grant Section 108 Guarantee Loan funds. The funds will be used for conversion of 3 vacant commercial buildings, reduced from 4 buildings, located at 301 S. Harwood Street, 1815 Wood Street, and 1915 Wood Street into a mixed-use project including 9,500 square feet of bottom floor retail space and a reduced number of apartment homes above the retail space from 230 to 123 units including an increased percentage of affordable units from 20% (46 units) to 51% (63 units) of the apartment units deed restricted for 15 years for affordability to families with incomes at 80% or less of Area Median Family Income as established by the U.S. Department of Housing and Urban Development, and a parking garage.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On November 17, 2008, the Economic Development Committee and the Housing Committee 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 Committee 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 May 18, 2009, the Housing Committee was briefed on the Community Development Block Grant Section 108 Guaranteed Loan Application to HUD for the Atmos Lofts project and voted to favorably recommend that the City apply for Section 108 Guarantee Loan funds for the project.

On May 20, 2009, the City Council authorized a public hearing to be held on June 24, 2009, to receive comments on the proposed City of Dallas submission of an application to HUD for a Section 108 loan not to exceed \$9,000,000 for the Atmos Lofts project by Resolution No. 09-1294.

On June 24, 2009, the City Council held a public hearing and authorized submission of a Section 108 Guarantee Loan Program loan application to HUD for a Community Development Block Grant Section 108 Program loan in the amount of \$9,000,000 to fund a loan to Hamilton Atmos LP for the conversion of 4 vacant commercial buildings, street addresses: 1900 Jackson Street, 301 South Harwood Street, 1915 Wood Street, and 1815 Wood Street into a mixed-use project including 10,000 square feet of bottom floor retail space and 232 apartment homes above the retail space, with 46 apartment units deed restricted for 15 years for affordability to families with incomes at 80% or less of Area Median Family Income as established by HUD by Resolution No. 09-1682.

FISCAL INFORMATION

No cost consideration to the City.

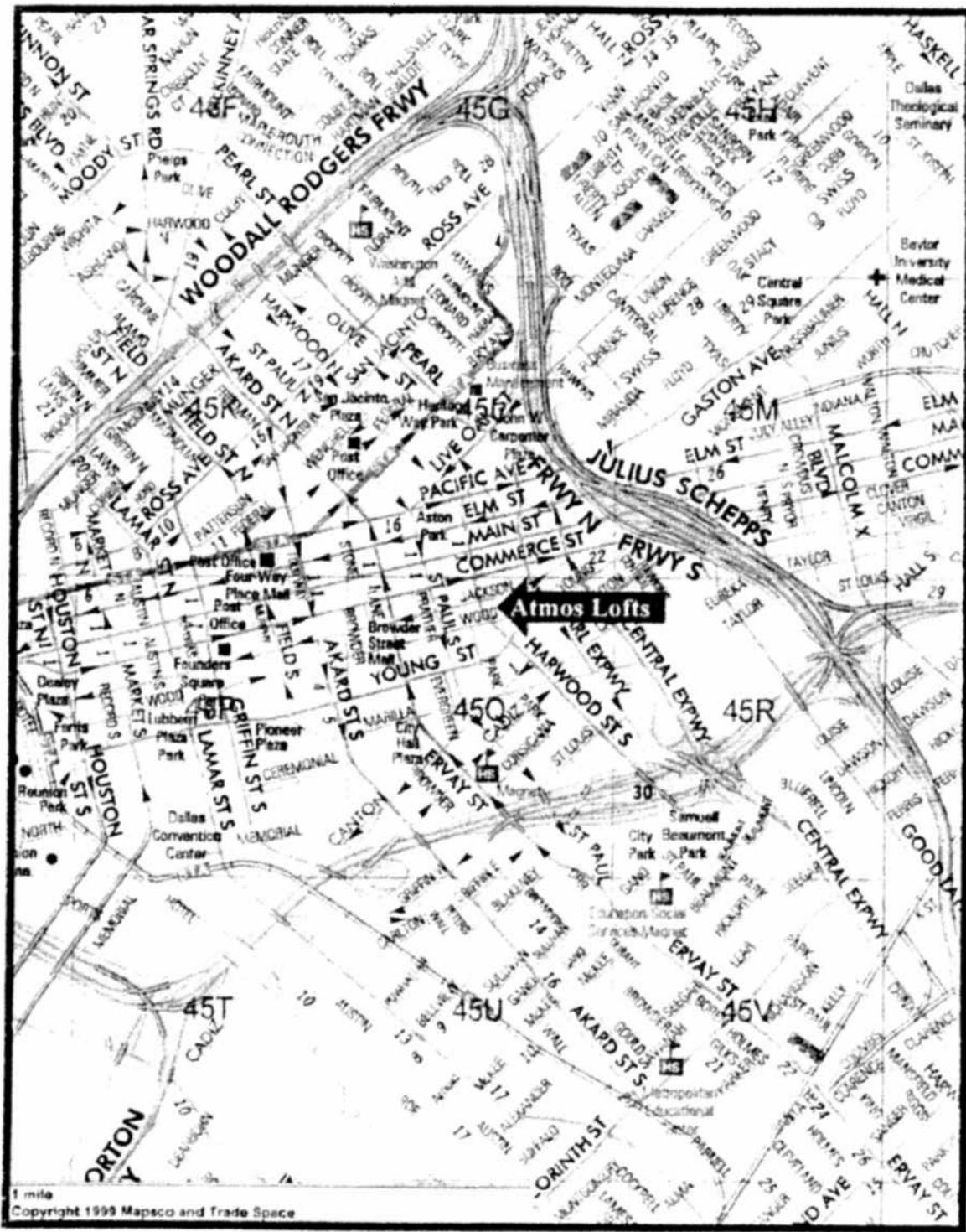
OWNERS

Hamilton Atmos LP

Lawrence E. Hamilton, Principal
Lawrence E. Hamilton III, Principal

MAPS

Attached



MAPSCO 45Q

March 9, 2011

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 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 May 18, 2009, the Housing Committee was briefed on the Community Development Block Grant Section 108 Guaranteed Loan Application to HUD for the Atmos Lofts project and voted to favorably recommend that the City apply for Section 108 Guarantee Loan funds for the project; and

WHEREAS, On May 20, 2009, the City Council authorized a public hearing to be held on June 24, 2009, to receive comments on the proposed City of Dallas submission of an application to HUD for a Section 108 loan not to exceed \$9,000,000 for the Atmos Lofts project by Resolution No. 09-1294; and

WHEREAS, on June 24, 2009, the City Council held a public hearing and authorized submission of a Section 108 Guarantee Loan Program loan application to HUD for a Community Development Block Grant Section 108 Program loan in the amount of \$9,000,000 to fund a loan to Hamilton Atmos LP for the Atmos Lofts project for the conversion of 4 vacant commercial buildings, street addresses: 1900 Jackson Street, 301 South Harwood Street, 1915 Wood Street, and 1815 Wood Street into a mixed-use project including 10,000 square feet of bottom floor retail space and 232 apartment homes above the retail space, with 46 apartment units deed restricted for 15 years for affordability to families with incomes at 80% or less of Area Median Family Income as established by HUD by Resolution No. 09-1682; and

March 9, 2011

WHEREAS, the developer has submitted an amended project proposal to increase the amount of the Section 108 loan funds from \$9,000,000 to \$11,750,000, decrease the number of buildings for conversion from 4 to 3 vacant commercial buildings located at 301 S. Harwood Street, 1815 Wood Street, and 1915 Wood Street into 9,500 square feet of bottom floor retail space, decrease the number of residential units above the retail space from 230 to 123 with an increased percentage of affordable units from 20% (46 units) to 51% (63 units) of the units deed restricted for 15 years for affordability for families with incomes at 80% or less of Area Median Family Income, and to fund site work, housing rehabilitation, and loan interest reserve; and

WHEREAS, the City of Dallas now desires to apply to HUD for Community Development Section 108 Guarantee Loan funds in the increased amount of \$11,750,000 for Hamilton Atmos LP for development of the Atmos Lofts project for conversion of 3 vacant commercial buildings into a mixed-use project located at 301 South Harwood Street, 1815 Wood Street, and 1915 Wood Street including funding of site work, housing rehabilitation, and loan interest reserve; and

WHEREAS, The City Council of the City of Dallas desires to call a public hearing to receive comments on the application to the U.S. Department of Housing and Urban Development for the Community Development Block Grant Section 108 Guarantee Loan funds in the amount of \$11,750,000 for the Atmos Lofts project; **NOW THEREFORE**,

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

SECTION 1. That the City Council hereby authorizes a public hearing to be held on April 13, 2011, to receive comments on the proposed City of Dallas submission of an amended application to the U.S. Department of Housing and Urban Development (HUD) for a CDBG Section 108 Guarantee Loan Program loan in the amount of \$11,750,000 to fund a loan for Hamilton Atmos LP for development of the Atmos Lofts project for conversion of 3 vacant commercial buildings at 301 S. Harwood Street, 1815 Wood Street, and 1915 Wood Street into a mixed-use project including 9,500 square feet of bottom floor retail space and 123 apartment homes above the retail space with 51% (63 units) of the apartment units deed restricted for 15 years for affordability to families with incomes at 80% or less of Area Median Family Income as established by HUD, and a parking garage.

SECTION 2. That at the close of the April 13, 2011 public hearing, the City Council will consider whether to authorize the submission of an amended application to HUD for a CDBG Section 108 Guaranteed Loan for the Hamilton Atmos LP in an amount not to exceed \$11,750,000.

March 9, 2011

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.

DISTRIBUTION:

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