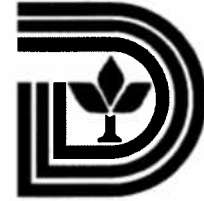


# Memorandum



CITY OF DALLAS

DATE April 12, 2013

TO Housing Committee Members: Carolyn R. Davis, Chair, Scott Griggs, Vice-Chair, Dwaine Caraway, Linda Koop, and Pauline Medrano

SUBJECT Continental Building Grand Opening and Other Downtown Section 108 Loan Projects

On Monday, April 15, 2013, you will be briefed on Continental Building Grand Opening and Other Downtown Section 108 Loan Projects. A copy of the briefing is attached.

Please let me know if you have any questions.

A handwritten signature in black ink, appearing to read 'Ry - S. Evans'.

Ryan S. Evans  
Assistant City Manager

c: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Rosa A. Rios, City Secretary  
Tom P. Perkins, Jr., City Attorney  
Craig Kinton, City Auditor  
Daniel Solis, Administrative Judge, Municipal Court  
A.C. Gonzalez, First Assistant City Manager  
Forest Turner, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Jerry Killingsworth, Housing/Community Services Director  
Stephanie Pegues-Cooper, Assistant to the City Manager

# Continental Building Grand Opening And Other Downtown Section 108 Loan Projects

---

A Briefing to the Housing Committee  
April 15, 2013

Housing/Community Services Department



# Purpose

---

- ☐ Review the outcome of the four part Mercantile agreement
- ☐ Update status of the completed Continental Building renovation
- ☐ Update status of other downtown Section 108 developments

# Mercantile Complex Agreement

---

- ❑ In August 2005, the Dallas City Council approved a Development Agreement with Forest City to redevelop the Mercantile Block, the Continental Building, the Atmos Complex, and the Main Street Garden Park
- ❑ The Mercantile Block redevelopment was the catalyst in reviving downtown and included a complete redo of the main “Merc” building along with the demolition of two adjacent buildings and the construction of the new fifteen-story Element apartment building
- ❑ To coincide with the surrounding development, the Main Street Garden Park began in 2007 with the demolition of existing buildings and parking structures on the two acre site. The park was completed in 2011
- ❑ With the economic downturn in 2008, the Continental Building was delayed and Forest City sold the Atmos complex to Hamilton Properties, Inc.
- ❑ Atmos Phase I is redeveloped and leased up
- ❑ HUD has approved 108 loan for Phase II of the Atmos Complex and construction should begin June 1<sup>st</sup>
- ❑ Continental Building in lease up with grand opening on April 16th

# Mercantile Block Redevelopment

---

Before:  
Demolition of Mercantile  
Buildings and construction  
of new Element apartment  
building



After:  
View of completed  
Element apartment  
building



# Main Street Garden Park Redevelopment

---

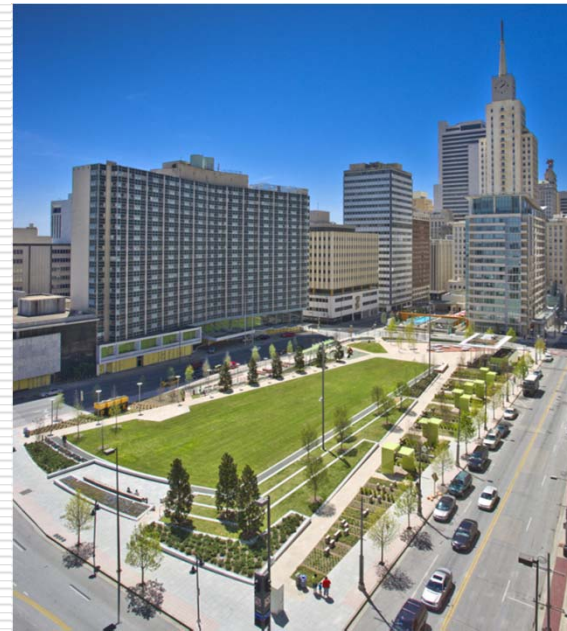
Before:

Park site before buildings were demolished



After:

View of Main Street Garden Park



# Continental Building Background

---

- ❑ Opened in 1948, Continental was originally named the Mercantile Commerce Building
- ❑ In 1958, Mercantile National Bank renovated the building and added 8 floors on top of the existing structure
- ❑ The building was vacated in 1987 when Mercantile National Bank relocated to another downtown building
- ❑ In 2005, Forest City Enterprises agreed to redevelop a group of buildings including the Continental Building
- ❑ Funding for the current project was gap funded with TIF funds, Section 108 funds, historic tax credits and an NTCOG grant
- ❑ Developer – Forest City Enterprises, Inc.

# Continental Building Funding

---

Section 108 Loan	\$ 7,600,000
Downtown Connection TIF Loan	2,000,000
City TIF Reimbursement for Demo/Abatement	2,500,000
Net Historic Tax Credit	8,258,000
NTCOG Grant	608,000
Developer Equity	8,887,477
Construction Loan 221(d)(4)	<u>28,109,096</u>
<b>Total</b>	<b>\$57,962,573</b>



# Continental Building Funding

---

- ❑ Section 108 Loan
  - Interest only for 5½ Years
  - Equal Principal payments of \$1,520,000 for years 2017 to 2021
- ❑ Downtown Connection TIF Affordable Housing Loan
  - 35 year loan
  - 2% interest
- ❑ Construction Loan 221(d)(4)
  - 41.5 year loan
  - 4.45 % interest

# Continental Building

---

## ☐ **Description**

- Conversion of a vacant commercial building to create 203 multi-family apartment units and 5,000 square feet of retail space
- 145 one-bedroom units and 58 two-bedroom units total
- 41 affordable units
  - ☐ 29 one-bedroom
  - ☐ 12 two-bedroom

# Continental Building Rentals

---

## ☐ Maximum Rentals for Affordable Units

■ One Bedroom = \$ 887.00

■ Two Bedroom = \$1,058.00

## ☐ Individuals and families qualify at a maximum income of 80% AMFI:

Income Range	80% or below
Household Size	Household Income
1	\$37,800
2	\$43,200
3	\$48,600
4	\$54,000

*\*Income figures as published by HUD in December 2012*

# Continental Building Outside View

---

Continental Building - North Side



Continental Building – South/West Side



# Continental Building Amenities

---

## **Residential Unit Amenities**

- ☐ Granite Countertops
- ☐ Stainless Steel Appliances
- ☐ Custom Wood Cabinets
- ☐ Custom Backsplash
- ☐ Laminate Wood Floors in Living Areas
- ☐ Ceramic Tile Flooring in Bathrooms
- ☐ Washer and Vent-less Dryer in each unit

# Continental Building Inside View (before)

---

## Construction Progression



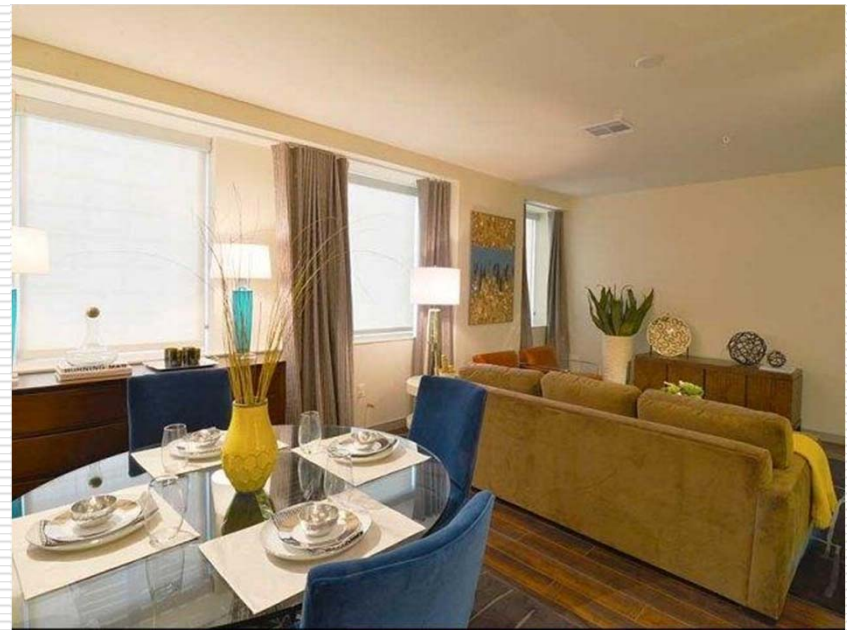


# Continental Building Residential Amenities

---



Apartment Kitchen



Apartment Living/Dining Room

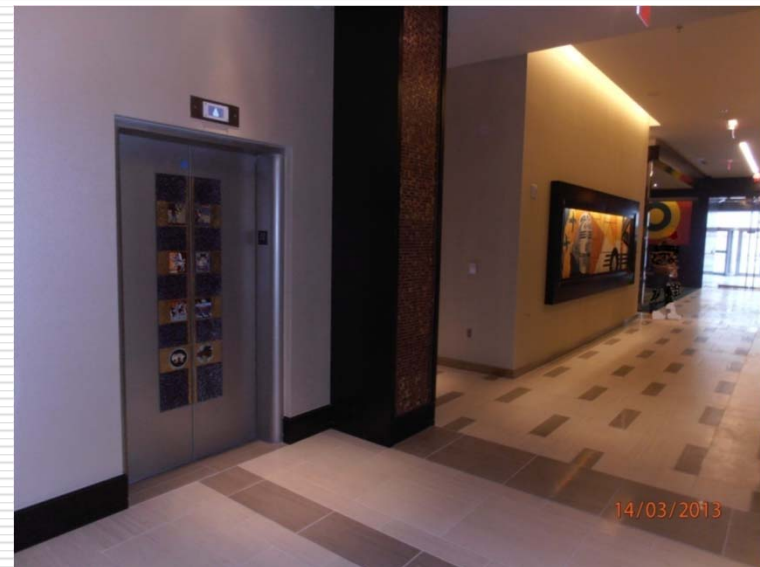
# Continental Building Inside View

---

Elevator Lobby After  
Demo & Abatement



Elevator Lobby  
Finished Product





# Continental Building Amenities

---

## **Community Amenities**

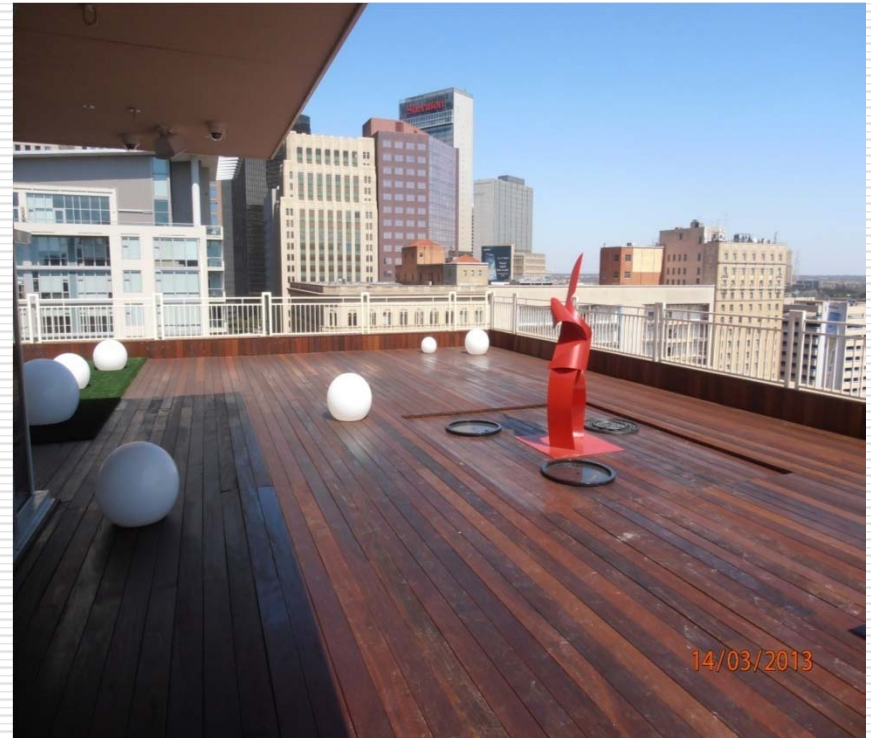
- ☐ Wet Sauna
- ☐ Dry Sauna
- ☐ Hot Tub
- ☐ Fitness Room
- ☐ Yoga Room
- ☐ Massage Treatment Room
- ☐ Tanning Bed
- ☐ Community Room
- ☐ Rooftop Deck with Grill and Seating Areas

# Continental Building Community Amenities

---



11<sup>th</sup> Floor Rooftop Area Before



11<sup>th</sup> Floor Rooftop Deck After

# Continental Building Inside View

---

4<sup>th</sup> floor corner apartment  
with wrap-around covered  
deck area



View of Main Street  
Garden Park from  
apartments



# Continental Building Inside View

---

Spa Area/Hot Tub



Spa Area/Sauna





# City and Section 108 Funded Developments Nearby

---

## **Atmos Complex Phase I**

- ☐ Renovation of former Enserch building at 300 S. St. Paul St.
- ☐ City provided \$1.5 million in TIF funds and \$13.36 million LIHTC Funding
- ☐ \$16 million total investment
- ☐ 107 units all affordable
- ☐ All units at 60% AMFI and below
- ☐ Building renovation completed August 2012
- ☐ Units leased in 60 days with no advertising
- ☐ Hamilton Properties, Inc. developer



## City and Section 108 Funded Developments Nearby

---

### **Atmos Complex Phase II**

- ☐ Renovation of former Lone Star Gas building at 301 S. Harwood
- ☐ HUD \$11.75 million Section 108 loan commitment March 29<sup>th</sup> – closing pending
- ☐ \$16.75 million in TIF funds and \$2.2 million historic tax credits
- ☐ \$30 million total investment
- ☐ 123 units
- ☐ 9,500 sq. ft. of retail space
- ☐ 199 space parking garage
- ☐ 63 affordable units at 80% AMFI and below
- ☐ Hamilton Properties, Inc. developer
- ☐ When Phase II completed, Housing Committee will be briefed on both Phase I and Phase II



# Proposed Development Nearby

---

## **Holiday Inn**

- ☐ Anticipated completion in July 2014
- ☐ Cleans up highly visible, empty hotel property
- ☐ Walking distance to Convention Center
- ☐ \$11 million Section 108 loan application under HUD review
- ☐ \$20 million total investment
- ☐ 220 rooms
- ☐ Nonprofit Community Development CDC, Texas Educational Opportunity Fund proposed project owner

