

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: May 20, 2009
COUNCIL DISTRICT(S): 3
DEPARTMENT: Housing
CMO: A. C. Gonzalez, 671-8925
MAPSCO: 43Z

SUBJECT

Authorize **(1)** a public hearing to be held on June 24, 2009 to receive comments on the proposed City of Dallas submission of an application to the U.S. Department of Housing and Urban Development (HUD) for a Community Development Block Grant (CDBG) Section 108 Guarantee Loan Program loan in the amount of \$5,100,000 to fund a loan to Courtyards at La Reunion, LLC for the acquisition and rehabilitation of 64 apartment units at 2201 Fort Worth Avenue with 64 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 **(2)** at the close of the public hearing, consideration of submission of an application to HUD for a CDBG Section 108 Guarantee Loan Program loan to Courtyards at La Reunion, LLC in an amount not to exceed \$5,100,000 - 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 investigated, and in November, the City Council Economic Development and Housing 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 sustain or increase the level of business activity in the project area by expanding economic activities. 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.

BACKGROUND (continued)

The City has received a proposal from Courtyards at La Reunion, LLC for a loan in the amount of \$5,100,000 in Community Development Block Grant Section 108 Guarantee Loan funds for acquisition and rehabilitation of 64 apartment units at 2201 Fort Worth Avenue, which will be deed restricted for 15 years for affordability to families with incomes less than 80% Area Median Family Income. The Courtyards at La Reunion site is located in a CDBG eligible Census Tract.

The Housing Committee is scheduled to be briefed on the Community Development Block Grant Section 108 Guaranteed Loan Application to HUD for the Courtyards at La Reunion on May 18, 2009.

The City will hold a neighborhood public hearing at the Dallas West Library Branch of the City of Dallas Public Library sometime during the week of May 25th – 29th.

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.

FISCAL INFORMATION

No cost consideration to the City.

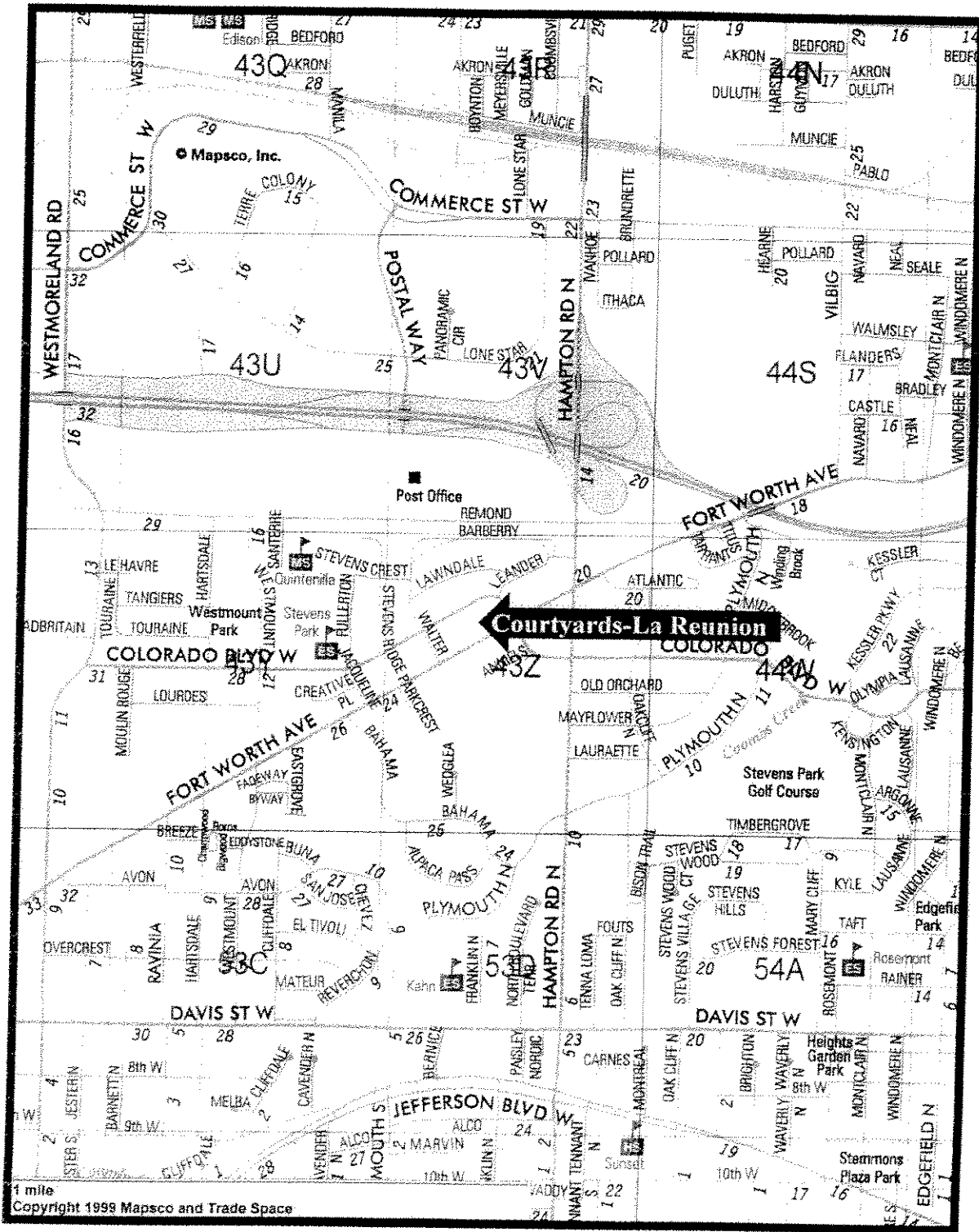
OWNERS

Courtyards at La Reunion, LLC
Avalon Residential Care Homes, Inc.

Todd Aaron Seib, Managing Member

MAP

Attached



MAPSCO 43Z

May 20, 2009

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, the City of Dallas desires to apply to HUD for Community Development Section 108 Guarantee Loan funds for the development of the Courtyards at La Reunion, a multi-family residential project at 2201 Fort Worth Avenue consisting of acquisition and rehabilitation of 64 apartment units which will be deed restricted for 15 years for affordability to families with incomes less than 80% Area Median Family Income; 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 Community Development Block Grant Section 108 Guarantee Loan funds in the amount of \$5,100,000 for the Courtyards at La Reunion project; **NOW THEREFORE**,

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

May 13, 2009

SECTION 1. That the City Council hereby authorizes a public hearing to be held on June 24, 2009 to receive comments on the proposed City of Dallas submission of an 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 \$5,100,000 to fund a loan to Courtyards at La Reunion, LLC for the land acquisition and rehabilitation of 64 apartment homes at 2201 Fort Worth Avenue with 64 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.

SECTION 2. 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 Department
Economic Development Department
City Attorney's Office
Budget and Management Services/Community Development, 4FS

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: May 20, 2009
COUNCIL DISTRICT(S): 14
DEPARTMENT: Housing
CMO: A. C. Gonzalez, 671-8925
MAPSCO: 45Q

SUBJECT

Authorize (1) a public hearing to be held on June 24, 2009 to receive comments on the proposed City of Dallas submission of an application to the U.S. Department of Housing and Urban Development (HUD) for a Community Development Block Grant (CDGB) Section 108 Guarantee Loan 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, 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; and (2) at the close of the public hearing, consideration of submission of an application to HUD for a CDBG Section 108 Guarantee Loan Program loan to Hamilton Atmos LP in an amount not to exceed \$9,000,000 - 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 investigated, and in November, the City Council Economic Development and Housing Committees have given 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 sustain or increase the level of business activity in the project area by expanding economic activities. 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.

BACKGROUND (continued)

The City has 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 conversion of 4 vacant commercial buildings, street addresses: 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 232 apartment homes above, 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 and received favorable comment on the application to HUD for the Atmos Lofts Project.

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.

A neighborhood public hearing was held on May 4, 2009 at 6:00 p.m. in the 3rd Floor Studio Room of the J. Erik Jonsson Central Library, 1515 Young Street.

FISCAL INFORMATION

No cost consideration to the City.

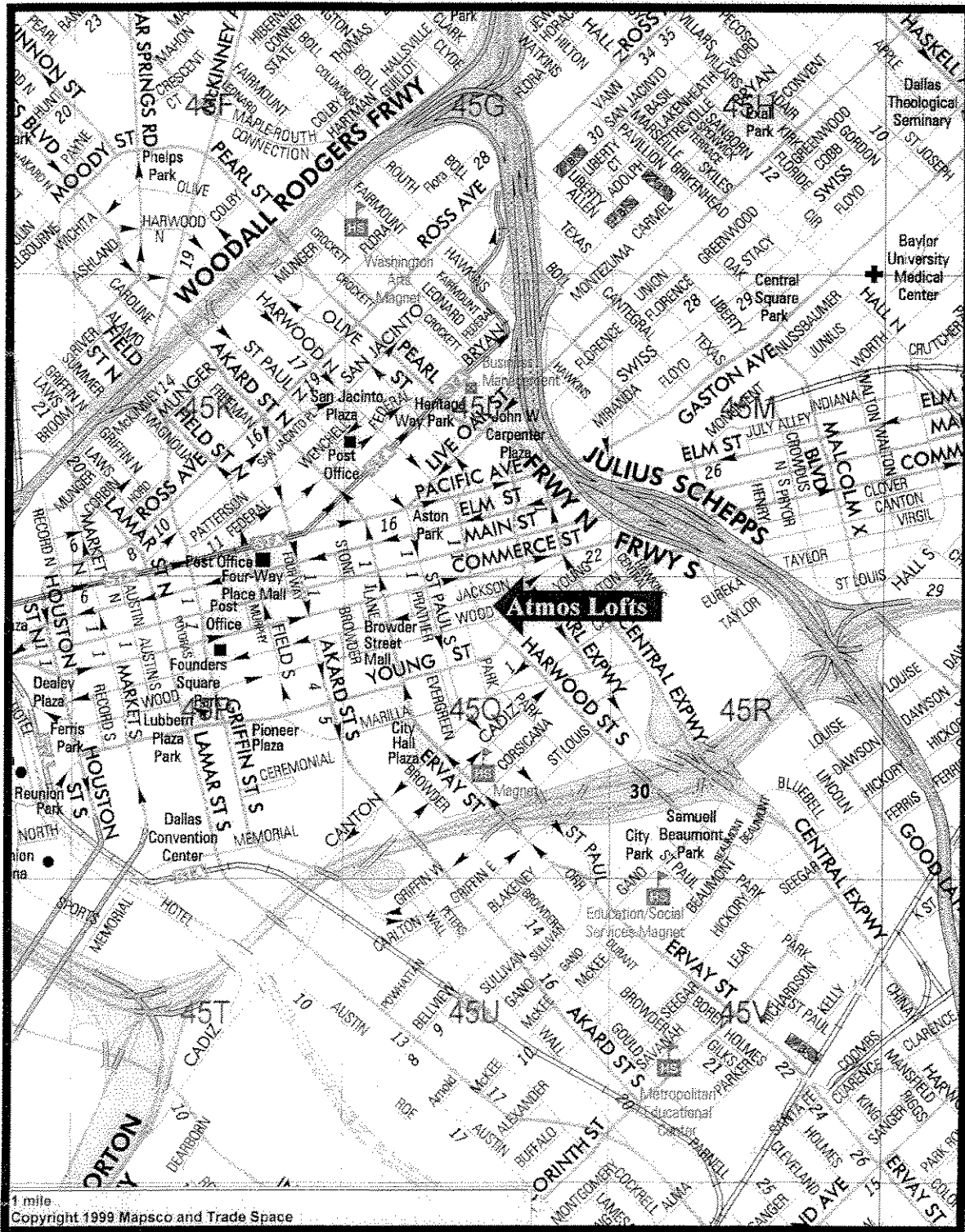
OWNERS

Hamilton Atmos LP

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

MAPS

Attached



1 mile
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MAPSCO 45Q

May 20, 2009

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

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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, the City of Dallas desires to apply to HUD for Community Development Section 108 Guarantee Loan funds to fund a loan to Hamilton Atmos LP for the conversion of 4 vacant commercial buildings, street addresses: 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 232 apartment homes above, 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; 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 Community Development Block Grant Section 108 Guarantee Loan funds in the amount of \$9,000,000 for the Atmos Lofts project; **NOW THEREFORE**,

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

May 13, 2009

SECTION 1. That the City Council hereby authorizes a public hearing to be held on June 24, 2009 to receive comments on the proposed City of Dallas submission of an 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 \$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 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 232 apartment homes above, 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.

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