

# Memorandum



CITY OF DALLAS

DATE April 29, 2011

TO Housing Committee Members: Steve Salazar, Chair, Carolyn R. Davis, Vice-Chair, Tennell Atkins, Angela Hunt, Ann Margolin, Pauline Medrano

SUBJECT Prince of Wales Project

On Monday May 2, 2011, you will be briefed on Prince of Wales Project. 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 'A.C. Gonzalez'.

A.C. Gonzalez  
Assistant City Manager

c: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Deborah Watkins, City Secretary  
Tom P. Perkins, Jr., City Attorney  
Craig Kinton, City Auditor  
C. Victor Lander, Administrative Judge, Municipal Court  
Ryan S. Evans, First Assistant City Manager  
Forest Turner, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Jerry Killingsworth, Housing/Community Services Director  
Helena Stevens-Thompson, Assistant to the City Manager

# Prince of Wales Project

A Briefing to the Housing Committee  
Housing/Community Services Department  
May 2, 2011



# Purpose

---

- Present the Prince of Wales permanent supportive housing proposal
- Request approval of the staff recommendations from the Housing Committee for City Council consideration in May 25, 2011



4515 Live Oak St





# Prince of Wales

---

- Built in 1927 and located at 4515 Live Oak Street in Council District 2
- Building is approximately 19,000 sq.ft. consisting of 63 one bedroom units of permanent supportive housing (PSH)
- PSH services performed by LifeNet Community Corporation, non-profit organization

# Background

---

- The Prince of Wales received an award under the State of Texas' Low Income Housing Tax Credit Program in 1993 for \$1,470,640 which required a fifteen year affordability period (January 28, 1994 thru January 28, 2009)
- In 1993, the City of Dallas provided a loan of \$768,000 to Prince of Wales, Ltd. with a 2% interest rate per year and a maturity date of December 31, 2013 which would be repaid as any income was realized
- Five interest only payments have been made totaling \$85,553.71
- Two principal payments have been made totaling \$43,872.67
- Current balance of the loan is \$927,140.59

# Proposal

---

- The owner wishes to sell the Prince of Wales property and maintain the provision of permanent supportive housing
- The current owner is Prince of Wales Partnership, LTD
  - The Managing General Partner is Eric Anderson, Manager of Prince of Wales, LC
- The appraised values of the property are as follows:
  - Cost Approach - \$1,251,000
  - Market Approach - \$1,273,020
  - Income Approach - \$1,205,000
- Prince of Wales has deferred maintenance needs valued at \$1.4 million
- The owner wishes to sell the property for \$825,000



# Proposal (continued)

---

- LifeNet Community Corporation, nonprofit service provider, desires to purchase the property for \$825,000
- LifeNet has requested that the City change the terms of its existing loan to a forgivable loan over a fifteen year period and provide \$300,000 toward the acquisition of the property
- The balance of \$525,000 for the acquisition would be owner-financed
- LifeNet will be required to apply for the Low Income Housing Tax Credits in 2012 to fund the rehabilitation of the building

# Developer/ Property Manager

---

- LifeNet is a nonprofit service provider and Community Housing Development Organization with over 34 years of experience with Liam Mulvaney as Executive Director
- LifeNet's mission is to empower people to rebuild and enhance their lives by:
  - Linking homeless people to safe, decent, affordable housing
  - Providing support services for them

# RECOMMENDATION

---

- City would change the terms of the \$927,140.59 loan to a 0% interest forgivable loan over a 15 year period
- City would provide \$300,000 in Homeless Bond Funds to LifeNet for the acquisition of the Prince of Wales with a 15 year forgivable loan with 0% interest
- Deed Restrictions would be filed to cover a 15 year period beginning in 2014; The current restrictions run through 2013
- City would require that the first \$200,000 of Net Operating Income be placed in an operating reserve (\$100,000) and deferred maintenance reserve (\$100,000) or until the project successfully obtains low income housing tax credits for the rehabilitation
- City would not allow for payments to be made to seller's note until the \$200,000 reserve requirement is met
- City would require LifeNet to file application(s) for the low income housing tax credits for a minimum of 3 consecutive years

# Next Steps

---

- May 25, 2011 –City Council consideration of:
  - changing the terms of the existing loan provided to the Prince of Wales Partnership, Ltd to a forgivable loan with 0% interest
  - Allowing the assignment of the loan to LifeNet Community Corporation
  - Providing LifeNet \$300K as a forgivable loan for the acquisition of the Prince of Wales from Homeless Bond Funds
- June 2011- LifeNet would acquire the property
- January 2012 – LifeNet would apply for 9% Low Income Housing Tax Credit Program