

Memorandum



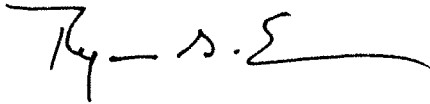
DATE May 17, 2013

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

SUBJECT The Cottages at Hickory Crossing

On Monday, May 20, 2013, you will be briefed on The Cottages at Hickory Crossing. A copy of the briefing is attached.

Please let me know if you have any questions.



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

The Cottages at Hickory Crossing

A Briefing to the Housing Committee
Housing/Community Services Department
May 20, 2013



Purpose

- Present the Cottages at Hickory Crossing permanent supportive housing project
- Request approval of the staff recommendation from the Housing Committee

Site Map



Location

- Located at 1531 Malcolm X in Council District 2
- Land is approximately 75,000 sq.ft., south of I-30 and east of I-45 freeways
- 50 single room units of permanent supportive housing (PSH) to be constructed; each unit will be 430 sq.ft.
- Developer/Owner to be Central Dallas Community Development Corporation or a wholly owned subsidiary
- Across the street from Central Dallas' newly constructed Opportunity Center
- Approximate start of construction would be September 2013 with completion around March 2014

Opportunity Center

- Located at 1600-1610 Malcolm X Blvd.
- \$12M investment using private donations and New Market Tax Credits
- Services to include:
 - Food distribution
 - Commercial production kitchen for job training
 - Intensive case management
 - Up to 24 service agencies
 - WorkForce Solutions
 - Literacy Instruction of Texas
 - CitySquare's offices and programs

History

- In 2011, Central Dallas CDC requested that the City of Dallas partner with the Cottages at Hickory Crossing with a \$500,000 investment
- The City Council approved this commitment on October 26, 2011 conditioned upon the success of Central Dallas' 4% Low Income Housing Tax Credit application to the Texas Department of Housing & Community Affairs
- Due to the small size of the development and its marginal cash flow due to debt, Central Dallas CDC was unsuccessful with the Low Income Housing Tax Credits
- Since 2011, Central Dallas was successful in raising donations to revive the project

Proposal

- Central Dallas CDC has requested that the City of Dallas join the following partners in the development of this facility
 - W.W. Caruth, Jr. Foundation
 - Jim Sowell
 - Dallas County
 - Various churches and individuals

Project Overview

- The Cottages at Hickory Crossing would be a permanent supportive housing demonstration project serving chronically homeless involved in the criminal justice system, with mental illness, and/or with substance abuse issues
- Goal of the project
 - To improve the well being of the people served
 - Reduce recidivism
 - Realize cost savings to tax payers through reduced expenditures on public safety, behavioral health, and health care

Project Partners

Services:
Behavioral
Health Services
& Fiscal Agent

www.metrocareservice.org

**Central Dallas
CDC: Housing
Development**

www.centraldallascdc.org

**CitySquare: Case
Management &
Public Relations**

www.citysquare.org

**Southwestern:
Program
Evaluation**

www.utwouthwestern.edu

**Homeless
Alliance: Intake
& Referral**

www.mdhadallas.org

**Dallas County
Criminal
Justice: Liaison
to Courts**

www.dallascounty.org

**Meadows
Foundation:
Supporting Partners &
Funding Leadership**

www.mfi.org

**Supportive
Housing:
Supporting
Partner, TA &
Project Mgmt.**

www.csh.org

Services Offered On-site

- Individual Case Management
- Medication Management and Education
- Life Skills Training
- Mental Health Services
- Substance Abuse Services
- Employment Assistance
- Transportation as Needed



The Cottages at Hickory Crossing





The Cottages at Hickory Crossing

buildingcommunityWORKSHOP



The Cottages at Hickory Crossing

Sources & Uses

SOURCES

Caruth Foundation	\$1,005,898
Sowell Foundation	\$2,000,000
City of Dallas	\$1,500,000
Dallas County	<u>\$1,000,000</u>
Total Sources	\$5,505,898

USES

Land Costs	\$1,151,711
Construction Costs	\$3,228,547
Architecture/Engineering	\$ 375,640
Soft Costs	\$ 250,000
Developer Fee	<u>\$ 500,000</u>
Total Uses	\$5,505,898

Proforma

The Cottages at Hickory Crossing
Pro Forma--5.3.2013

Unit type	# of units	rent	monthly	annual	rentable square feet	usable square feet	\$/sq. ft. usable
Cottage	50	\$ 625	\$ 31,250	\$ 375,000	420	500	\$ 1.25
Total Units	50		\$ 31,250	\$ 375,000			\$1.25

*FMR is \$669

Net usable sq. ft. rented
25,000

Annual Rental Income	per sq ft	per unit	YR. 1	YR. 2	YR. 3	YR. 4	YR. 5
Rents from Apartments	1.25	7,500	375,000	380,625	386,334	392,129	398,011
Misc. Income (fees /vending)		120	23,280	23,629	23,984	24,343	24,709
Gross Rental Income			398,280	404,254	410,318	416,473	422,720
Less: Res. Vac.	5.0%		(19,914)	(20,213)	(20,516)	(20,824)	(21,136)
Effective Gross Income			378,366	384,041	389,802	395,649	401,584

Operating Expenses	Per sq ft.	Per unit	YR. 1	YR. 2	YR. 3	YR. 4	YR. 5
Taxes	-	-	0	0	0	0	0
Insurance	0.40	200	10,000	10,200	10,404	10,612	10,824
Utilities	1.00	500	25,000	25,500	26,010	26,530	27,061
Replacement Reserves	0.50	250	12,500	12,500	12,500	12,500	12,500
Property Management	0.76	378	18,918	19,297	19,683	20,076	20,478
Repair & Maintenance	0.85	425	21,250	21,675	22,109	22,551	23,002
G&A	0.40	200	10,000	10,200	10,404	10,612	10,824
Security	5.08	2,540	127,020	129,560	132,152	134,795	137,491
Resident Services	-	-					
Payroll	3.25	1,625	81,250	82,875	84,533	86,223	87,948
Total Expenses	12.24	6,119	305,938	311,807	317,793	323,899	330,127
Net Operating Income			72,428	72,234	72,009	71,750	71,457

2012 Bond Funds

- In November 2012, the City of Dallas residents approved Proposition 3 authorizing the issuance of general obligation bonds for Economic Development and Housing
- \$1,500,000 would be granted from these funds for this project

RECOMMENDATION

- City would provide \$1,500,000 in 2012 Bond Funds to Central Dallas CDC, or its wholly owned affiliate, as a construction grant for the Cottages at Hickory Crossing
- Central Dallas CDC would be required to file a 10 year deed restriction to maintain the intended use

Next Steps

- June 12, 2013 – City Council consideration to provide Central Dallas CDC \$1,500,000 as a construction grant from 2012 Bond Funds for The Cottages at Hickory Crossing