

Memorandum



DATE May 29, 2009

TO Housing Committee Members: Steve Salazar, Chair, Carolyn R. Davis, Vice-Chair, Tennell Atkins, Dr. Elba Garcia, Vonciel Jones Hill, Angela Hunt, Linda Koop, Pauline Medrano

SUBJECT Thornton Heights – Residential Development Acquisition Loan Project

On Monday, June 1, 2009, you will be briefed on Thornton Heights – Residential Development Acquisition Loan Project. A copy of the briefing is attached.

Please let me know if you have any questions.



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, Judiciary
Ryan S. Evans, First Assistant City Manager
Forest Turner, Interim Assistant City Manager
Ramon Miguez, P.E., Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Dave Cook, Chief Financial Officer
Jerry Killingsworth, Housing Director
Jeanne Chipperfield, Director, Budget and Management Services
Helena Stevens-Thompson, Assistant to the City Manager

THORNTON HEIGHTS - RESIDENTIAL DEVELOPMENT ACQUISITION LOAN PROJECT

**A Briefing to the
Housing Committee**

**Housing Department
June 1, 2009**

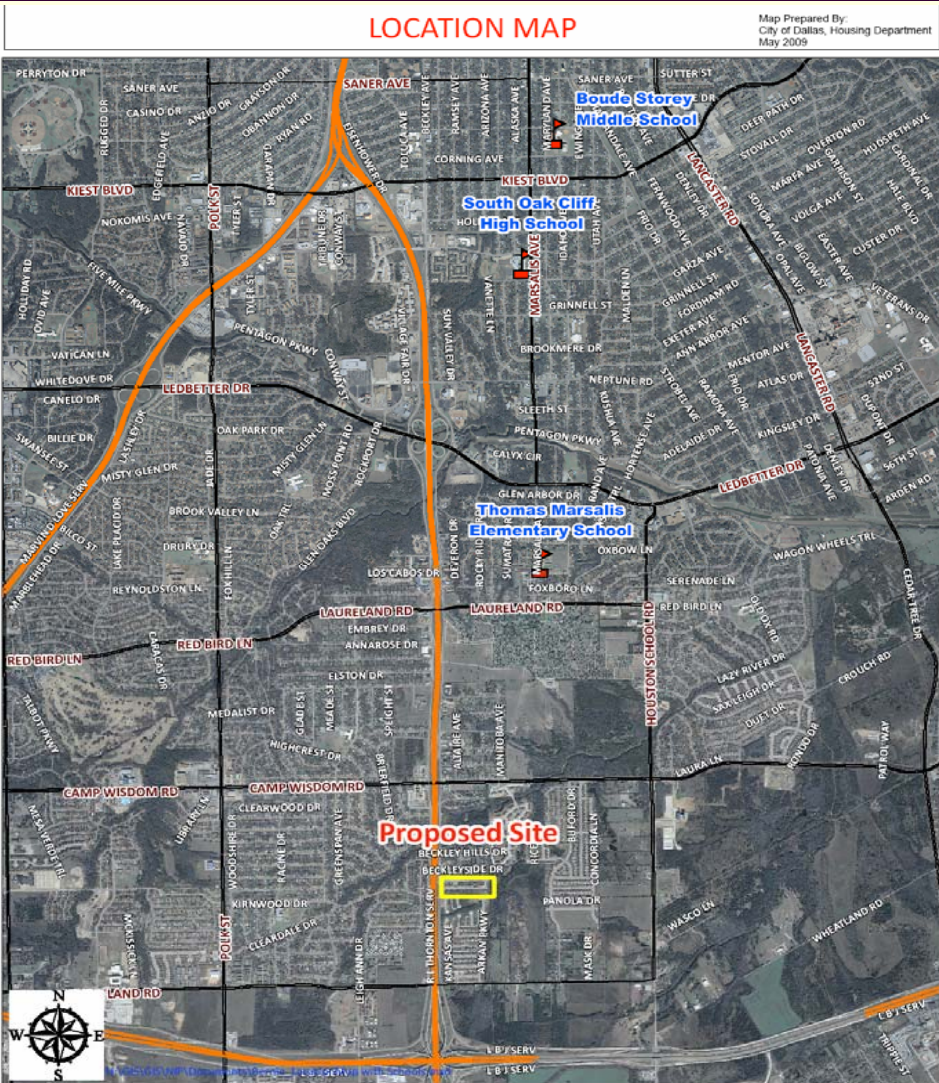


KEY FOCUS AREA: ECONOMIC VIBRANCY

PURPOSE

Provide a recommendation on one Residential Development Acquisition Loan Program (RDALP) proposal from East Dallas Community Organization (EDCO) for the acquisition of 29 unimproved lots using \$300,000 of Community Development Block Grant Funds.

Thornton Heights Project Location



Thornton Heights Project

- Located in Council District 8, Thornton Heights is located at I-35 and Wheatland Road in south Dallas

Thornton Heights Proposal

- In March 2009, East Dallas Community Organization (EDCO), a Certified Community Housing Development Organization (CHDO), proposed the following:
 - ❑ EDCO would acquire 29 lots from Southern Homecraft II, Ltd. and construct single family homes to sell to low-to-moderate income homebuyers.
 - ❑ EDCO has asked the City of Dallas to assist them in buying the 29 properties at \$8,700 per property, plus associated closing costs
 - ❑ EDCO proposes to build single-family homes of 1178-1428 sf for homebuyers at or below 80% of area median family income (AMFI).

EDCO Loan Terms

- The City would loan Habitat \$300,000 at 0% interest. The loan will include the following terms:
 - 0% interest with a five-year maturity requiring completion and sale of 29 homes to low and moderate-income families by the maturity date.
 - EDCO will provide the City with appraisals and environmental assessments for approval prior to the purchase.
 - Prior to maturity date, EDCO will be released from \$10,345 (1/29th of the \$300,000) liability on the Note at the same time the homebuyer closes on the purchase of the home.
 - Properties will be deed restricted for affordability at 80% or less of AMFI for sale to eligible homebuyers for a period of five years from the date of sale and closing to the low to moderate income buyer.

EDCO Construction Budget for Thornton Heights Homes

Sources

RDALP	300,000
Interim Construction Loan	3,667,925
Total Sources	\$3,967,925

Uses

Lot Acquisition	300,000
Soft Costs (Insurance, Surveys, Engineering, Architecture)	546,800
Hard Construction Costs	3,121,125
Total Uses	\$3,967,925

EDCO Home

- East Dallas Community Organization pricing around \$100,000 for approximately 1250 SF
 - 1 car garage
 - Brick Fronts with Brick-Wrap around
 - 3 bedrooms/2 baths
 - 4 bedroom homes for larger families
 - Homes will be mixed in with privately developed homes. Choice Homes, Inc. has developed in this area.
 - Homebuyers will also be able to access Mortgage Assistance Program funds up to \$10,000 per household

DISD Schools Servicing Thornton Heights

Elementary (PK thru 5)

Thomas Marsalis

5640 S. Marsalis

Dallas, Texas 75241

Enrollment: 591

Middle School (6 thru 8)

Boude Storey

3000 Maryland

Dallas, Texas 75216

Enrollment: 938

High School (9 thru 12)

South Oak Cliff

3601 S. Marsalis

Dallas, Texas 75216

Enrollment: 1405

Thornton Heights Recommendation

That the Housing Committee approve this proposal for Council consideration to:

- Authorize a secured, no interest, forgivable loan pursuant to the Residential Development Acquisition Loan Program in the amount of \$300,000 to East Dallas Community Organization (EDCO) for the acquisition and related acquisition costs of 29 unimproved properties located at I-35 and Wheatland Road for the development of low-to-moderate income single family homes

NEXT STEPS

- June 24, 2009 - City Council Item to authorize CDBG-Residential Development Acquisition Loan Funds for Thornton Heights