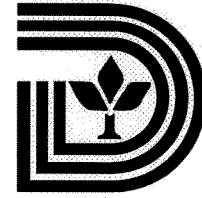


Memorandum



CITY OF DALLAS

DATE September 12, 2008

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 Residential Development Acquisition Loan Project

On Tuesday, September 16, 2008, you will be briefed on Residential Development Acquisition Loan 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 be '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
Judge C. Victor Lander, Judiciary
Ryan S. Evans, First Assistant City Manager
David O. Brown, 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, Budget Director, Office of Financial Services
Helena Stevens-Thompson, Assistant to the City Manager

HICKORY CREEK - RESIDENTIAL DEVELOPMENT ACQUISITION LOAN PROJECT

**A Briefing to the
Housing Committee**

**Housing Department
September 16, 2008**



KEY FOCUS AREA: ECONOMIC VIBRANCY

PURPOSE

Provide a recommendation on one Residential Development Acquisition Loan Program (RDALP) proposal from Dallas Neighborhood Alliance for Habitat (DNAFH) for the acquisition of 50 unimproved lots using \$780,000 of Community Development Block Grant Funds.

Hickory Creek Project

- Located in Council District 8, Hickory Creek is made up of two mixed-income developments at I75 and South Belt Line Road in south Dallas
- Phase I contains 101 homes and is accessed from Woody Road
- Phase II is west of Phase I accessed from Creek Crossing Drive with 103 unimproved lots

Hickory Creek Proposal

- In July 2008, Dallas Neighborhood Alliance for Habitat, Certified Community Housing Development Organization (CHDO), proposed the following:
 - Habitat would acquire 50 lots from Hickory Creek, LP and construct the homes to sell to low-to-moderate income homebuyers.
 - Habitat requested that the City of Dallas participate in the acquisition of 50 properties for \$15,500 per property.
 - Habitat proposes to build single-family homes of 1200-1400 sf for homebuyers at or below 80% of area median family income (AMFI) on the 50 lots.

Habitat Loan Terms

- The City would loan Habitat \$780,000 at 0% interest. The loan will include the following terms:
 - 0% interest with a five-year maturity requiring completion and sale of 50 homes to low and moderate-income families by the maturity date.
 - Habitat will provide the City with appraisals and environmental assessments for approval prior to the purchase.
 - Prior to maturity date, Habitat will be released from \$15,500 (1/50th of the \$780,000) 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.

Habitat Construction Budget for Hickory Creek Homes

Sources

Private Sponsorships	7,416,305
Federal Home Loan Bank	455,000
RDALP	780,000
Mortgage Assistance Program	<u>520,000</u>
Total Sources	\$9,171,305

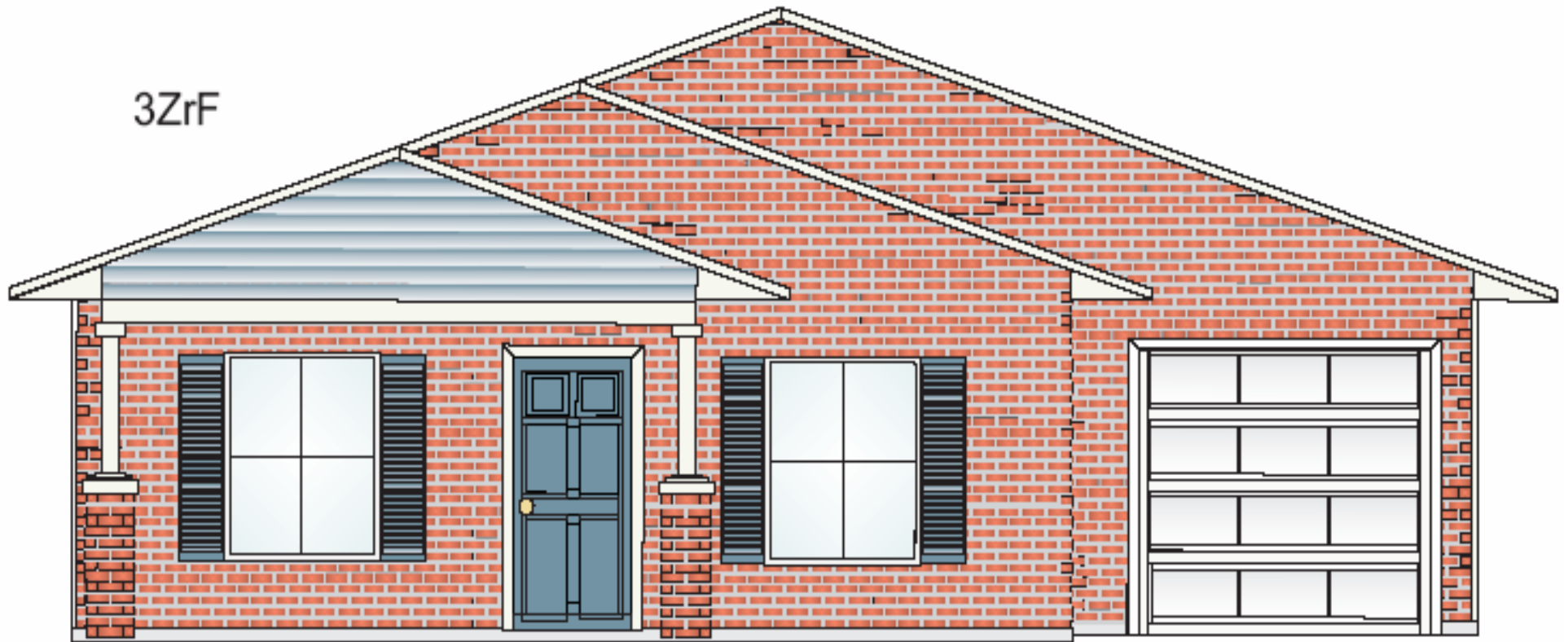
Uses

Lot Acquisition	780,000
Soft Costs (environmental, construction overhead, closing costs)	1,950,000
Hard Construction Costs	4,686,305
Administrative Overhead (Family Services, Administration)	<u>1,755,000</u>
Total Uses	\$9,171,305

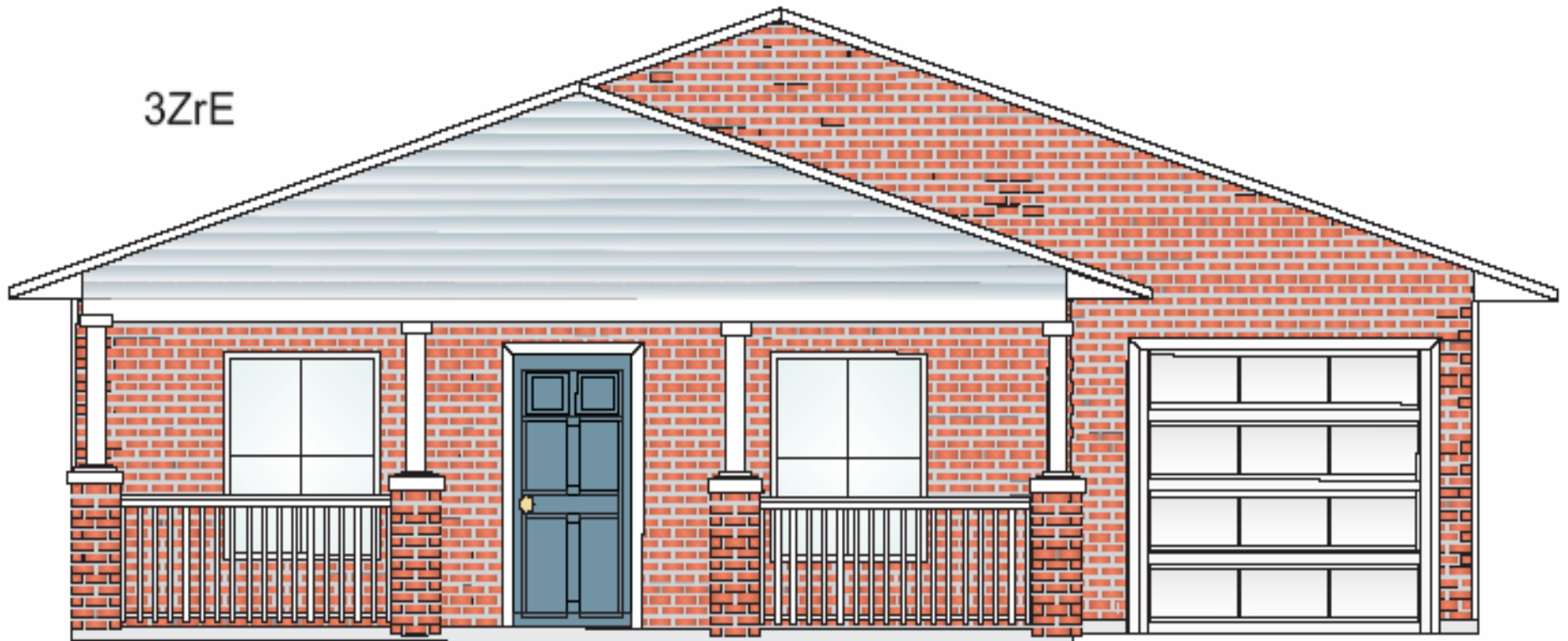
Habitat Home

- Dallas Neighborhood Alliance for Habitat pricing at \$95,000 for approximately 1300 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

Habitat Home



Habitat Home



DISD Schools Servicing Hickory Creek

Elementary (PK thru 5)

Kleberg Elementary
1450 Edd Road
Dallas, Texas 75253
Enrollment: 1000 kids

Middle School (6 thru 8)

Seagoville Middle School
950 Woody Road
Dallas, Texas 75253
Enrollment: 1040 kids

High School (9 thru 12)

Seagoville High School
15920 Seagoville Road
Dallas, Texas 75253
Enrollment: 1150 kids

Hickory Creek 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 \$780,000 to Dallas Neighborhood Alliance for Habitat for the acquisition of 50 unimproved properties located at US 175 and South Belt Line Road for the development of low-to-moderate income single family homes

NEXT STEPS

- October 8, 2008 - City Council Item to authorize CDBG-Residential Development Acquisition Loan Funds for Hickory Creek