

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: September 10, 2008
COUNCIL DISTRICT(S): 4, 5, 8
DEPARTMENT: Housing
CMO: A. C. Gonzalez, 671-8925
MAPSCO: 55N P S T U W X Y Z; 65A B D F H K L M Q; 66E J

SUBJECT

Authorize a loan in the amount of \$500,000 at 0% interest to City Wide Community Development Corporation for the acquisition of improved and unimproved properties bounded by Lancaster Road between Illinois Avenue and Ledbetter Drive and predevelopment expenses, environmental assessments, and demolition costs for the purpose of constructing residential, retail, commercial, or mixed-use redevelopment as part of the Economic Development Plan for the Lancaster Corridor – Not to exceed \$500,000 - Financing: 2006 Bond Funds

BACKGROUND

The Lancaster Corridor is a vital main street for South Central Dallas and is a high City Council priority for economic development and redevelopment options that will improve communities along the corridor. City Wide Community Development Corporation (CWCDC) is a 501 (c) 3 non-profit corporation engaged in development and redevelopment along the Lancaster Corridor.

On August 4, 2008, the Housing Committee was presented with a recommendation for City Wide Community Development Corporation (CWCDC), a city certified Community Housing Development Organization (CHDO), to work with the City of Dallas to undertake the Lancaster Corridor Mixed-Use Redevelopment Project, which is a component of the economic development master plan. CWCDC is already working on projects along the Lancaster Corridor and has engaged in development and redevelopment activity throughout the city and has focused on Southeast Oak Cliff (zip code 75216).

BACKGROUND (continued)

CWCDC will begin acquisition of improved and unimproved properties, and predevelopment expenses for appraisals, surveys, and environmental assessments, and demolition of existing improvements in order to begin redevelopment efforts. If private sector funding is available and certain intermediate benchmarks are met, CWCDC will redevelop the properties in accordance with the master plan or another City of Dallas approved use.

City Council approval of this agenda item from FY06 Bond proceeds will provide a loan in the amount of \$500,000 at 0% interest to CWCDC for the acquisition of improved and unimproved properties bounded by Lancaster Road between Illinois Avenue and Ledbetter Drive and predevelopment expenses, environmental assessments, and demolition costs. Sites are to be acquired for the purpose of constructing residential, retail, commercial, or mixed-use projects as part of the Economic Development Plan for the Lancaster Corridor.

CWCDC's loan will carry zero interest with a five-year term subject to acceleration for failure to expend the \$500,000 within two years of execution of the note or redevelop the properties with residential, retail, commercial, or mixed-use structures within five years. CWCDC will be required to file deed restrictions and liens on acquired properties in order to assure their redevelopment in accordance with Bond Program requirements.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On August 9, 2006, City Council approved an ordinance ordering a bond election to be held in the City of Dallas on November 7, 2006, for the purpose of submitting propositions for the issuance of general obligation bonds for funding permanent public improvements.

On December 12, 2007, City Council approved an amendment to the Public/Private Partnership Program to include a special category for an Economic Development General Obligation Bond Program for Southern Dallas.

On April 7, 2008, the Housing Committee was briefed on the Lancaster Corridor as a possible Neighborhood Investment Program area.

On May 28, 2008, City Council approved a Chapter 380 economic development forgivable loan agreement with City Wide Community Development Corporation for \$850,000 to redevelop properties at 4343 Lancaster Road.

On August 4, 2008, the Housing Committee was briefed on the Lancaster Corridor Mixed-Use Project.

FISCAL INFORMATION

2006 Bond Funds - \$500,000

Council District 4 - \$500,000

Council District 5 - \$0

Council District 8 - \$0

Additional funding will be distributed to Council District 5 and Council District 8 as project progresses.

OWNERS

City Wide Community Development Corporation (CWCDC)

Sherman L. Roberts, Executive Director

MAP(S)

Attached

September 10, 2008

WHEREAS, the City of Dallas seeks to increase the supply of new affordable workforce housing in order to attract and retain economic growth; and

WHEREAS, the City of Dallas seeks to split acquisition and redevelopment of certain areas in the Southern sector of the City in order to foster the public purpose of economic development; and

WHEREAS, on February 26, 2003, the City Council approved the designation of five (5) census tracts, (CT 25.00, CT 39.02, CT 49.00, CT 89.00, and CT 101.01) as Neighborhood Investment Program (NIP) target areas for two years beginning October 1, 2003; and

WHEREAS, on September 28, 2005, the City Council approved the redesignation and expansion of three of the existing five NIP targeted areas as follows: CT 25.00 expanded to include CT 27.01 and CT 27.02; CT 39.02 expanded to include CT 115.00 (part); and CT 101.01 expanded to include CT 101.02. These census tracts were designated for a minimum of three years, beginning October 1, 2005; and

WHEREAS, on August 9, 2006, the City Council approved an ordinance ordering a bond election to be held in the City of Dallas on November 7, 2006, for the purpose of submitting propositions for the issuance of general obligation bonds for funding permanent public improvements; and

WHEREAS, On November 7, 2006, the voters of Dallas approved a \$1.35 billion General Obligation Bond Program of which \$41,495,000 was set aside for the purpose of providing funds for promoting economic development in the Southern area of the city, and promoting economic development in other areas of the city in connection with transit-oriented development; and

WHEREAS, on December 12, 2007, the City Council approved an amendment to the Public/Private Partnership Program to include a special category for an Economic Development General Obligation Bond Program for Southern Dallas; and

WHEREAS, on May 28, 2008, the City Council approved a Chapter 380 economic development forgivable loan agreement with City Wide Community Development Corporation for \$850,000 to redevelop properties at 4343 Lancaster Road; and

WHEREAS, on August 4, 2008, the Housing Committee of the City Council was briefed on the Lancaster Corridor Mixed-Use Redevelopment Project which includes the Lancaster Corridor Neighborhood;

WHEREAS, City Wide Community Development Corporation (CWCDC) proposes to work with the City of Dallas for the Lancaster Corridor Mixed Use Redevelopment Project; and

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WHEREAS, the City Council has determined that the Lancaster Corridor Mixed-Use Redevelopment Project will foster the public purpose of economic development in accordance with the City Council goals as outlined in its Economic Development GO Bond Program for Southern Dallas; **NOW THEREFORE**,

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

SECTION 1. That the City Manager or designee, upon approval as to form by the City Attorney, is hereby authorized to execute loan documents for the City's loan in the amount of \$500,000 at 0% interest to City Wide Community Development Corporation (CWCDC) ("Borrower"). Loan funds may be used for the acquisition of improved and unimproved properties bounded by Lancaster Road between Illinois Avenue and Ledbetter Drive and predevelopment expenses, environmental assessments, and demolition costs for the purpose of constructing residential, retail, commercial, and mixed-use redevelopment.

SECTION 2. That some of the terms of the loan documents include:

- a. Borrower's note payable to the City of Dallas will have a maturity date of five (5) years; provided, however, if Borrower fails to expend all of the Loan proceeds within two years of execution of the Note or to redevelop the acquired properties with residential, retail, commercial, or mixed-use structures and within five years of execution of the Note, then the remaining funds will be relinquished and fee simple title to the acquired properties will be conveyed to the City of Dallas. To be considered "redeveloped," the properties must be either residential units that have all been constructed and sold or rented or all the construction for the retail, commercial, or mixed-use redevelopment structures and projects on the acquired properties have all been completed, as evidenced by a certificate of occupancy having been obtained from the City of Dallas for each unit in all the structures or projects.
- b. If Borrower fails to timely comply with the expenditure or construction requirements in Section 2(a) hereof, the City of Dallas has the option to require Borrower to convey fee simple title to the properties acquired with the bond funds under the loan to the City of Dallas, free of any liens or encumbrances not acceptable to the City.
- c. Borrower shall execute deed restrictions and a first lien deed of trust on each property acquired for which acquisition, and predevelopment expenses for appraisals, surveys, and environmental assessments or demolition costs have been expended from loan proceeds.

September 10, 2008**SECTION 2. (continued)**

- d. For Borrower to receive approval from the City to purchase a property or expend funds for other allowable costs, Borrower must provide a property survey, title commitment, environmental assessment, and appraisal performed by an independent fee appraiser, acceptable to the City in the City's sole discretion. The City retains the right to conduct a review appraisal of the property for which approval is sought, and in no event will the City loan in excess of the appraised value of the property as determined by the City. Leases for the non-residential structures of projects must be provided to the City for approval in the City's sole discretion prior to construction commencing on those structures or projects.
- e. No approval by the City of the expenditure of any loan funds shall bind or obligate the City to approve any zoning or replat change that Borrower may request for the properties.
- f. Borrower shall obtain approval from the City for the permitted uses of the properties. Residential units must be sold or rented. "Permitted uses" includes those uses that are permitted under the Dallas Development Code on the property, but in no event may they include any use that requires a sexually oriented business license under Chapter 41A of the Dallas City Code, or a liquor store, a pawn shop, a body piercing studio, or a tattoo studio, as those terms are defined by the Dallas Development Code.
- g. As each property is sold or fully leased for a residential project on a property or a certificate of occupancy has been obtained for a constructed non-residential structure or project on a property, Borrower will be released from the indebtedness on the note for the corresponding loan proceeds advanced and the Deed Restrictions thereon shall be terminated on that property.
- h. Intermediate benchmarks for progress acceptable to the City of Dallas will be established in the loan documents.
- i. If borrower obtains an acquisition loan for the remainder of acquisition costs, the City and lender will share a pro-rata lien position in proportion to actual expenditures.

SECTION 3. That the City Manager, upon approval as to form by the City Attorney, is authorized to execute a subordination of lien to a lender who is providing interim construction financing on the property and an intercreditor agreement with a lender who is providing acquisition or interim construction financing, if necessary.

SECTION 4. That the City Manager, upon approval as to form by the City Attorney, is authorized to execute lien releases of liens and terminate deed restrictions on the properties upon compliance with the terms.

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SECTION 5. That the Controller is hereby authorized to encumber and disburse funds in accordance with the terms and conditions of the contracts as follows:

City Wide Community Development Corporation Vendor # VS0000026872

Fund 7T52, Dept HOU, Unit T807, Obj 3015, ACTV H098,
Program # HOULANC01 CT HOUT807K101 - in an amount not to exceed \$500,000

SECTION 6. That the City Controller is hereby authorized to set up receivable balance sheet account (033F) and an allowance for uncollectible debt (0224) in fund 7T52 for the amount of the loan.

SECTION 7. That nothing in this resolution shall be construed as a binding contract or agreement upon the City, that it is subject to available bond funding, and there will be no liability or obligation on the City until final contract documents are approved, executed, and final closing completed.

SECTION 8. 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
City Attorney's Office
Office of Financial Services/Community Development, 4FN

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: September 10, 2008
COUNCIL DISTRICT(S): 7
DEPARTMENT: Housing
CMO: A. C. Gonzalez, 671-8925
MAPSCO: 56C

SUBJECT

Authorize an amendment to Resolution No. 07-3305, previously approved on November 12, 2007, authorizing an economic development loan agreement with Kaminski Holdings, Inc. adding the following addresses for development: 5433 Bexar Street, 5501 Bexar Street, 2432 Hooper Street, 2434 Hooper Street, 2438 Hooper Street, 2442 Hooper Street; and, deleting the following addresses: 5502 Bexar Street and 5504 Bexar Street - Financing: No cost consideration to the City

BACKGROUND

The Bexar Street Redevelopment project is being implemented under the City's Neighborhood Investment Program (NIP) and is located within NIP target area CT 39.02/115.00. The project is being undertaken in two phases. Phase I (Brigham to CF Hawn Freeway along Bexar Street) will be redeveloped to include a mix of residential, retail, office and neighborhood-serving uses. Master planning is underway for Phase II (CF Hawn Freeway to dead end/Trinity River Forest).

The Bexar Street Redevelopment Project includes retail, residential, and mixed-use development. Private developers and nonprofit developers are involved in the overall development.

On November 12, 2007, City Council Resolution No. 07-3305 authorized the execution of an economic development loan agreement with Kaminski Holdings, Inc. for partial development financing to facilitate the construction of two mixed-use buildings within the Bexar Street Redevelopment Project Area. Since that time, Kaminski Holdings, Inc. has executed a note and contract with the City of Dallas in the amount of \$300,000 for the development of two new buildings which will result in new retail space and housing units. One building will include the following addresses: 2500 Macon Street, 2506 Macon Street, 5208 Bexar Street, 5212 Bexar Street, and 5216 Bexar Street.

BACKGROUND (continued)

The second building was to include the following addresses: 5502 Bexar Street and 5504 Bexar Street. The amendment to the loan contract would allow for the second building to include the following addresses: 5433 Bexar Street, 5501 Bexar Street, 2432 Hooper Street, 2434 Hooper Street, 2438 Hooper Street, and 2442 Hooper Street.

This exchange of development sites will result in a two-story building to contain approximately 4000 sq. ft. of ground level retail space and 4000 sq. ft. of second floor office space. This property is located within the Neighborhood Investment Program (NIP) Bexar Street Redevelopment corridor and is part of the master plan ("development plan") for the area. Both buildings are expected to be completed by 2010.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS COMMISSIONS)

On June 26, 2002, City Council approved the FY 2002-2003 Consolidated Plan budget which included an appropriation of \$714,000 for the redevelopment of Bexar Street by Resolution No. 02-1980.

On February 26, 2003, City Council approved five target areas to receive focused housing and public improvements, and code enforcement under the Neighborhood Investment Program (NIP) by Resolution No. 03-0830.

On May 26, 2004, City Council authorized a professional services contract for the design of sidewalk, curb & gutter, street, and landscape improvements for the Bexar Street Redevelopment Project to facilitate redevelopment activities by Resolution No. 04-1684.

On September 28, 2005, City Council authorized the re-designation and expansion of three of the original five NIP target areas by Resolution No. 05-2795.

On October 25, 2006, the City Council approved the FY 2005-2006 Consolidated Plan Reprogramming Budget #3 which included an additional appropriation of \$350,000 for the redevelopment of Bexar Street by Resolution No. 06-2991.

On November 12, 2007, City Council authorized the execution of an economic development loan agreement with Kaminski Holdings, Inc. for partial development financing to facilitate the construction of two mixed-use buildings within the Bexar Street Redevelopment Project Area by Resolution No. 07-3305.

On June 25, 2008, City Council declared 6 properties unwanted and unneeded and authorized their conveyance to Kaminski Holdings, Inc. for mixed-use development by Resolution No. 08-1799.

FISCAL INFORMATION

No cost consideration to the City.

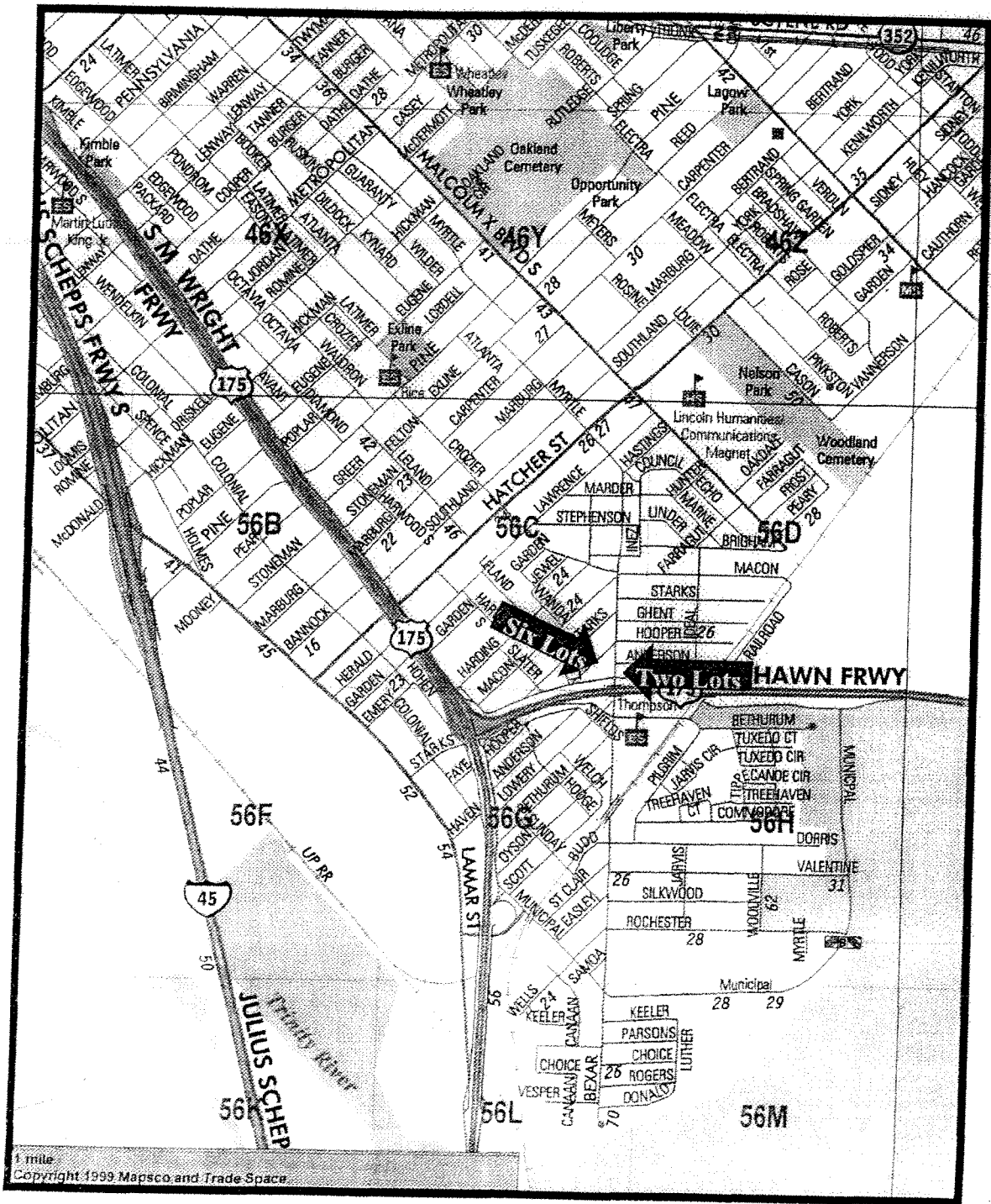
OWNERS(S)

Kaminski Holdings, Inc.

Bruce Kaminski, President

MAP(s)

Attached



MAPSCO 56C

September 10, 2008

WHEREAS, on June 26, 2002, the City Council approved by Resolution No. 02-1980, the FY 2002-2003 Consolidated Plan budget which included an appropriation of \$714,000 for the redevelopment of Bexar Street; and

WHEREAS, on February 26, 2003, the City Council approved by Resolution No. 03-0830, five target areas (delineated by census tracts) to receive focused housing and public improvements, and code enforcement under the Neighborhood Investment Program (NIP). The Bexar Street Redevelopment Project is located in target area CT 39.02/115.00; and

WHEREAS, on May 26, 2004, the City Council awarded by Resolution No. 04-1684, a design and engineering contract to Williams-Russell and Johnson for sidewalk, curb & gutter, street, and landscape improvements for the Bexar Street Redevelopment Project to facilitate redevelopment activities; and

WHEREAS, on January 26, 2004, the City of Dallas by Administrative Action No. 04-0262, entered into a contract with Good Fulton & Farrell Architects for development of a Master Plan for the Bexar Street Phase I Redevelopment Project which includes the subject property; and

WHEREAS, on September 28, 2005, the City Council authorized the re-designation and expansion of three of the original five NIP target areas by Resolution No. 05-2795; and

WHEREAS, On November 12, 2007, City Council Resolution No. 07-3305 authorized the execution of an economic development loan agreement with Kaminski Holdings, Inc. for partial development financing to facilitate the construction of two mixed-use buildings within the Bexar Street Redevelopment Project Area; and,

WHEREAS, On June 25, 2008, the City Council declared 6 properties unwanted and unneeded and authorized their conveyance to Kaminski Holdings, Inc. for mixed-use development by Resolution No. 08-1799 ;and,

WHEREAS, Kaminski Holdings, Inc., has executed a note and contract with the City of Dallas in the amount of \$300,000 for the development of two new buildings which will result in new retail space and housing units; **NOW, THEREFORE,**

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

Section 1. That the City Manager is hereby authorized to execute an amendment to Resolution No. 07-3305 approved on November 12, 2007 the economic development loan agreement with Kaminski Holdings, Inc. adding the following addresses for development: 5433 Bexar Street, 5501 Bexar Street, 2432 Hooper Street, 2434 Hooper Street, 2438 Hooper Street, 2442 Hooper Street; and, deleting the following addresses: 5502 Bexar Street and 5504 Bexar Street.

September 10, 2008

Section 2. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

DISTRIBUTION:

Housing Department
City Attorney's Office – Michael Bostic
Office of Financial Services/Community Development, 4FS