

# Memorandum



CITY OF DALLAS

DATE September 2, 2011

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 Tuesday September 6, 2011, 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.

A handwritten signature in black ink, appearing to read 'R. S. Evans'.

Ryan S. Evans  
Assistant City Manager

c: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Rosa A. Rios, Acting City Secretary  
Tom P. Perkins, Jr., City Attorney  
Craig Kinton, City Auditor  
C. Victor Lander, 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, Interim Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Jerry Killingsworth, Housing/Community Services Director  
Helena Stevens-Thompson, Assistant to the City Manager

# The Cottages at Hickory Crossing

A Briefing to the Housing Committee  
Housing/Community Services Department  
September 6, 2011



# Purpose

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

1531 Malcom X



# Location

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- 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

# Proposal

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- In June 2011, Central Dallas CDC formally requested that the City of Dallas join the following partners in the development of this facility with a grant of \$500,000
  - W.W. Caruth, Jr. Foundation
  - Meadows Foundation
  - CitySquare
  - Metrocare
  - Dallas County
  - Metro Dallas Homeless Alliance
  - UT Southwestern
  - The Corporation for Supportive Housing

# Project Overview

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- 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

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**Metrocare Services:**  
Behavioral Health Services  
& Fiscal Agent  
[www.metrocareservices.org](http://www.metrocareservices.org)

**Central Dallas CDC:**  
Housing Development  
[www.centraldallascdc.org](http://www.centraldallascdc.org)

**CitySquare:** Case  
Management & Public  
Relations  
[www.citysquare.org](http://www.citysquare.org)

**UT Southwestern:**  
Program Evaluation  
[www.utwouthwestern.edu](http://www.utwouthwestern.edu)

**Metro Dallas Homeless  
Alliance:** Intake & Referral  
[www.mdhadallas.org](http://www.mdhadallas.org)

**Dallas County Criminal  
Justice:** Liaison to Courts  
[www.dallascounty.org](http://www.dallascounty.org)

**W.W. Caruth, Jr.  
Foundation**  
**Meadows Foundation:**  
Supporting Partners &  
Funding Leadership  
[www.mfi.org](http://www.mfi.org)

**Corporation for  
Supportive Housing:**  
Supporting Partner, TA &  
Project Mgmt.  
[www.csh.org](http://www.csh.org)



## Services Offered On-site

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- 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

**buildingcommunity**WORKSHOP



The Cottages at Hickory Crossing

**buildingcommunity**WORKSHOP

# Sources & Uses

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## SOURCES

Caruth Foundation	\$1,691,146
City of Dallas	\$ 500,000
Other Grants	\$ 65,000
Federal Home Loan Grant	\$ 300,000
Deferred Developer Fee	\$ 23,059
Tax Exempt Bonds from Dallas Housing Finance Corp.	\$1,470,000
Tax Credits	<u>\$1,983,928*</u>
Total Sources	\$6,033,133

\* Requires application to the Texas Department of Housing & Community Affairs

## USES

Land Costs	\$1,009,076
Construction Costs	\$3,309,417
Architecture/Engineering	\$ 345,640
Financing Costs	\$ 240,000
Soft Costs	\$ 729,000
Developer Fee	<u>\$ 400,000</u>
Total Uses	\$6,033,133

# Proforma

Center for Excellence  
Pro Forma--4.22.2011 4% bonds  
The Cottages

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

\*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
<b>Gross Rental Income</b>			<b>398,280</b>	<b>404,254</b>	<b>410,318</b>	<b>416,473</b>	<b>422,720</b>
Less: Res. Vac.	5.0%		(19,914)	(20,213)	(20,516)	(20,824)	(21,136)
<b>Effective Gross Income</b>			<b>378,366</b>	<b>384,041</b>	<b>389,802</b>	<b>395,649</b>	<b>401,584</b>
Operating Expenses	Per sq ft.	Per unit					
Taxes	3.20	1,600	80,000	81,600	83,232	84,897	86,595
Insurance	0.40	200	10,000	10,200	10,404	10,612	10,824
Utilities	0.50	250	12,500	12,750	13,005	13,265	13,530
Replacement Reserves	0.60	300	15,000	15,000	15,000	15,000	15,000
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
Tax Credit Monitoring	0.07	36	1,800	1,836	1,873	1,910	1,948
Resident Services	-	-					
Payroll	3.25	1,625	81,250	82,875	84,533	86,223	87,948
<b>Total Expenses</b>	<b>10.03</b>	<b>5,014</b>	<b>250,718</b>	<b>255,433</b>	<b>260,241</b>	<b>265,146</b>	<b>270,149</b>
	15000						
<b>Net Operating Income</b>			<b>127,648</b>	<b>128,609</b>	<b>129,561</b>	<b>130,503</b>	<b>131,435</b>
<b>Annual Debt Service (\$1.47 m bonds, at 5.8%, 40-year amort.)</b>			<b>95,550</b>	<b>95,550</b>	<b>95,550</b>	<b>95,550</b>	<b>95,550</b>
<b>Residential Cash Flow</b>			<b>32,098</b>	<b>33,059</b>	<b>34,011</b>	<b>34,953</b>	<b>35,885</b>
<b>Debt Coverage Ratio</b>			<b>1.34</b>	<b>1.35</b>	<b>1.36</b>	<b>1.37</b>	<b>1.38</b>

# Caruth Foundation Fund

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- To date the Caruth Foundation has committed up to \$3.5 million to the project
- Initial \$1 million to support pre-development costs
- Other funds are part of a challenge grant with one dollar matched for every three dollars raised, up to \$2.5 million toward the costs of construction, support services for residents, and independent program evaluation over the three-year life of the demonstration project



# Other Financing Details

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- Central Dallas CDC, or affiliated LLC, will file an application for bond financing through the Dallas Housing Finance Corporation (DHFC)
- Central Dallas CDC, or affiliated LLC, will separately file an application for 4% tax credits with the Texas Department of Housing & Community Affairs which is a noncompetitive application process but does have a 60 day deadline prior to a scheduled TDHCA Board meeting
- The project will utilize Continuum of Care vouchers for the clients' rent

# Homeless Bond Funds

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- On November 28, 2005, the city of Dallas residents approved Proposition 14 authorizing the issuance of general obligation bonds for Homeless Assistance Facilities, including housing facilities for the homeless
- \$500,000 would be granted from these funds for this project

## RECOMMENDATION

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- City would provide \$500,000 in Homeless Bond Funds to Central Dallas CDC as a grant for the Cottages at Hickory Crossing
- Central Dallas CDC would be required to file 15 year deed restrictions to maintain the intended use

## Next Steps

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- October 10, 2011 –City Council consideration of Providing Central Dallas CDC \$500K as a grant from Homeless Bond Funds for The Cottages at Hickory Crossing