

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: September 10, 2014
COUNCIL DISTRICT(S): 7
DEPARTMENT: Housing/Community Services
CMO: Theresa O'Donnell, 671-9195
MAPSCO: 48V

SUBJECT

Authorize **(1)** an extension of the development loan agreement with Builders of Hope CDC, Prairie Creek Project for acquisition and related acquisition costs of 40 unimproved properties to December 31, 2015; and **(2)** a development loan in the amount of \$480,000 for the construction of the final sixteen homes – Financing: 2010-11 Home Investment Partnership Program Grant Funds (\$115,235), 2011-12 Home Investment Partnership Program Grant Funds (\$270,767), and 2012-13 Home Investment Partnership Program Grant Funds (\$93,998)

BACKGROUND

In January 2009, Builders of Hope CDC (BOH) and the City of Dallas entered into a loan agreement for funding for the Prairie Creek Project for \$500,000 to acquire 40 unimproved properties for the construction of single-family homes available to low-to-moderate income families located at Military Parkway and Prairie Creek.

Pursuant to the CHDO Program Statement for June 27, 2001, Council Resolution No. 01-2049, the City of Dallas Housing Director was authorized to approve development funding for projects with fewer than 100 units. The Prairie Creek Project was approved by this method. As of the notice from the City Manager dated February 28, 2014 requiring more transparency, this and similar projects must now be presented for City Council approval.

As of July 31, 2014, BOH has built and sold 24 single family homes to low-moderate income families at or below 80% AMFI. Sixteen homes remain to be built. The total cost of construction per unit is \$150,000 for 1539 square foot home at \$97 per square foot. The recent sales are valued at \$120,000. BOH has obtained private financing for a portion of the construction costs with Inwood Bank and has requested a \$480,000 development loan from the City. The City funds will be used to pay \$30,000 per unit for a portion of the total development costs including soft costs and developer fees.

BACKGROUND (continued)

The loan terms will be zero percent interest with a maturity date of December 31, 2015. BOH will be forgiven a prorated portion of the loan as homes are sold with a repayment of \$6,625 to the City. Homebuyers will assume a 15 year resale restriction.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 27, 2001, the City Council approved the CHDO Loan Program Statement that authorized the Housing Director to approve development funding for projects with fewer than 100 units, by Resolution No. 01-2049.

On June 23, 2010, the City Council approved the City of Dallas Consolidated Plan Budget for FY 2010-11 federal funds which included the HOME Investment Partnership Funds for Housing Development Loan Program, by Resolution No. 10-1594.

On June 27, 2012, the City Council approved the City of Dallas Consolidated Plan Budget for FY 2012-13 federal funds which included the HOME Investment Partnership Funds for Housing Development Loan Program, by Resolution No. 12-1629.

On June 26, 2013, the City Council approved the City of Dallas Consolidated Plan Budget for FY 2013-14 federal funds which included the HOME Investment Partnership Funds for Housing Development Loan Program, by Resolution No. 13-1142.

On November 27, 2013, the City Council Housing Committee was briefed on the organization and this project.

FISCAL INFORMATION

2010-11 Home Investment Partnership Program Grant Funds - \$115,235
2011-12 Home Investment Partnership Program Grant Funds - \$270,767
2012-13 Home Investment Partnership Program Grant Funds - \$93,998

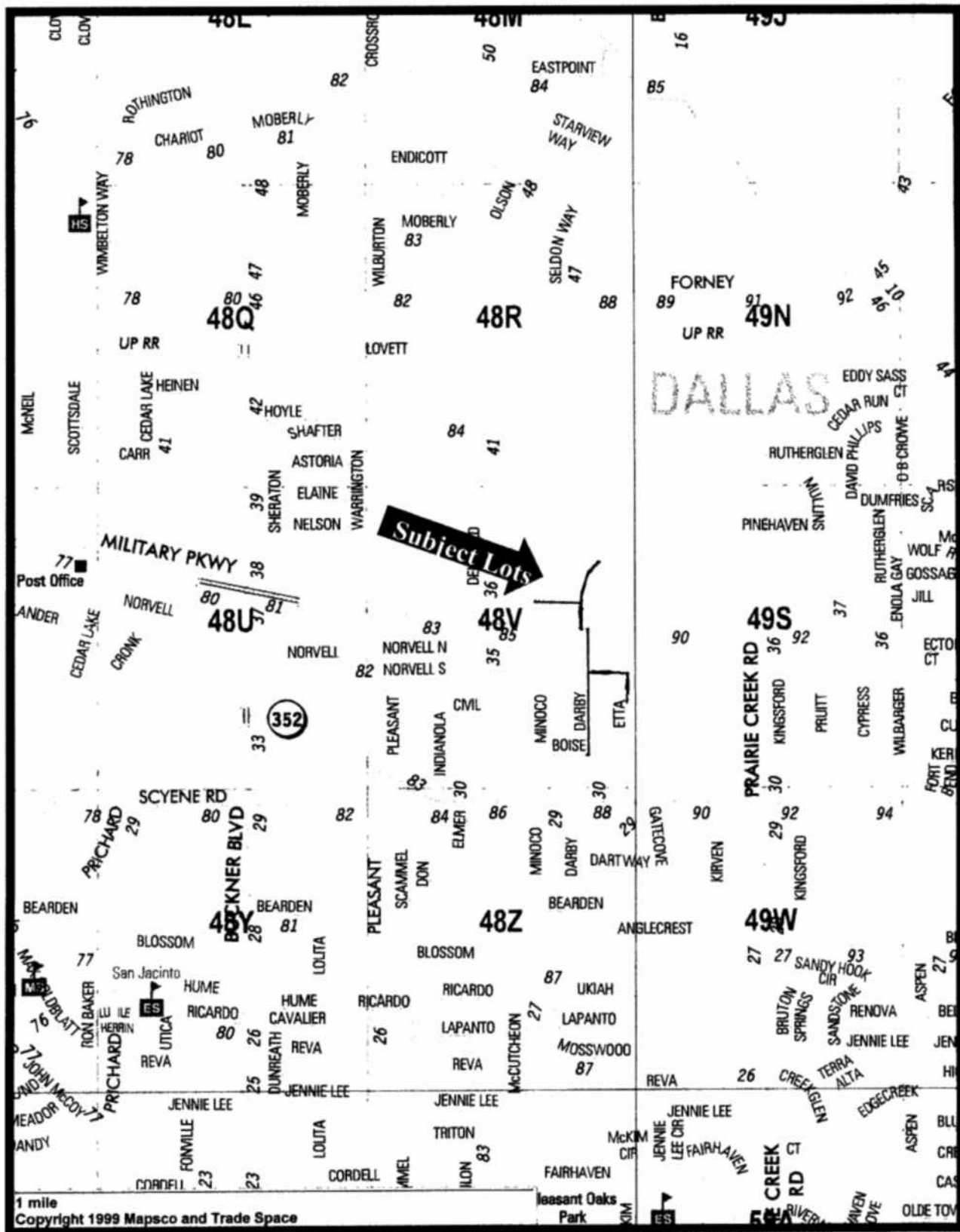
OWNER

Builders of Hope CDC

Norman Henry, President

MAP(S)

Attached



MAPSCO 48V

September 10, 2014

WHEREAS, on June 27, 2001, the City Council approved the CHDO Loan Program Statement that authorized the Housing Director to approve development funding for projects with fewer than 100 units, by Resolution No. 01-2049; and

WHEREAS, on June 23, 2010, the City Council approved the City of Dallas Consolidated Plan Budget for FY 2010-11 federal funds which included the HOME Investment Partnership Funds for Housing Development Loan Program, by Resolution No. 10-1594; and

WHEREAS, on June 27, 2012, the City Council approved the City of Dallas Consolidated Plan Budget for FY 2012-13 federal funds which included the HOME Investment Partnership Funds for Housing Development Loan Program by Resolution No. 12-1629; and

WHEREAS, on June 26, 2013, the City Council approved the City of Dallas Consolidated Plan Budget for FY 2013-14 federal funds which included the HOME Investment Partnership Funds for Housing Development Loan Program, by Resolution No. 13-1142; and

WHEREAS, Builders of Hope CDC has requested an extension of time to the development loan agreement to allow them to continue their efforts to construct the final 16 units and complete the sale of the units to low-to-moderate income families at or below 80% AMFI; **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 amend the development loan agreement with Builders of Hope CDC to: (1) extend the current development loan agreement to December 31, 2015; and (2) provide a development loan in the amount of \$480,000 for the construction of the final sixteen homes.

Section 2. The terms of the agreement include:

- (a) Borrower must execute a Notes Payable and Deed Restrictions.
- (b) Borrower must complete and sell the remaining homes to low-to-moderate income families whose incomes are 80% or less of area median family income by the maturity date.
- (c) Borrower will be released from liability on the Note at the same time the low-to-moderate income family closes the purchase of the home.
- (d) Properties will be deed restricted for affordability at 80% or less of Area Median Family Income for sale and resale to eligible homebuyers for a period of fifteen years.

September 10, 2014

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 construction financing on the property.

Section 4. That the City Manager, upon approval as to form by the City Attorney, is authorized to execute releases of liens and terminate deed restrictions on the 40 properties upon compliance with the loan terms and deed restrictions.

Section 5. That the City Controller is hereby authorized to disburse funds in accordance with this Resolution and the terms and conditions of the loan agreement with as follows:

Builders of Hope CDC Vendor # 337558

<u>FUND</u>	<u>DEPT</u>	<u>UNIT</u>	<u>OBJ</u>	<u>CT</u>	<u>AMOUNT</u>
HM10	HOU	463C	3015	HOU463CK129	\$115,235
HM11	HOU	745D	3015	HOU463CK129	\$270,767
HM12	HOU	893E	3015	HOU463CK129	\$93,998

Section 6. That the City Controller is hereby authorized to modify receivable balance sheet account (033F) and an allowance for uncollectible debt (022D) in funds HM10, HM11, and HM12 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 HOME funds 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 provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: September 10, 2014
COUNCIL DISTRICT(S): All
DEPARTMENT: Housing/Community Services
CMO: Theresa O'Donnell, 671-9195
MAPSCO: N/A

SUBJECT

Authorize an Interlocal Cooperation Contract for the Urban Land Bank Demonstration Program with Dallas County, Dallas Independent School District, Dallas County Hospital District, Dallas County School Equalization Fund, Dallas County Education District and Dallas County Community College District to facilitate the Dallas Housing Acquisition and Development Corporation's (Land Bank) acquisition of unimproved tax foreclosed properties for sale to qualified developers for the development of affordable housing - Financing: No cost consideration to the City

BACKGROUND

This action will authorize the City Manager to execute an Interlocal Cooperation Contract for the Urban Land Demonstration Program with Dallas County, Dallas Independent School District, Dallas County Hospital District, Dallas County School Equalization Fund, Dallas County Education District and Dallas County Community College District to facilitate the Land Bank's acquisition of unimproved, tax-foreclosed properties for sale to qualified developers for the development of affordable housing in accordance with Chapter 379C of the Texas Local Government Code (Code).

The term of the contract will begin on October 1, 2014 and end on September 30, 2015.

Under the contract, the City may refer to the County up to 300 parcels of real property intended for acquisition by the Land Bank for filing of a tax lawsuit prior to March 31, 2015. The City or the Land Bank must give written notice to all parties to the contract of the specific addresses of parcels intended for acquisition by the Land Bank prior to referring said parcels to the County for filing of a tax lawsuit and prior to the sale of a property to the Land Bank after a judgment is obtained. Each party will have the right to withhold its consent to the filing of lawsuit on a parcel or sale of a particular parcel to the Land Bank.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On January 28, 2004, by Resolution No. 04-0458, the City Council established the Dallas Housing Acquisition and Development Corporation as its Land Bank and authorized an Interlocal Contract for an Urban Land Bank Demonstration Program with Dallas County, Dallas Independent School District, Dallas County Hospital District, Dallas County School Equalization Fund, Dallas County Education District and Dallas County Community College District (Interlocal Contract).

On August 28, 2013, by Resolution No. 13-1437, the City Council authorized an Interlocal Contract to allow the City to refer up to 300 additional parcels intended for acquisition by the Land Bank for filing of a tax lawsuit by March 31, 2014 and to extend the term to September 30, 2014.

FISCAL INFORMATION

No cost consideration to the City

September 10, 2014

WHEREAS, the City has an interest in preserving and increasing the tax base and creating affordable housing for low-income households to provide necessary decent, safe, and sanitary housing for such households; and

WHEREAS, on January 28, 2004, by Resolution No. 04-0458, the City Council established the Dallas Housing Acquisition and Development Corporation (Land Bank) as its land bank for the purpose of acquiring, holding, and transferring unimproved, tax-foreclosed, real property for the development of affordable housing in accordance with Chapter 379C of the Texas Local Government Code (Code); and

WHEREAS, the City Council desires to enter into an Interlocal Cooperation Contract for the Urban Land Bank Demonstration Program with Dallas County, Dallas Independent School District, Dallas County Hospital District, Dallas County School Equalization Fund, Dallas County Education District and Dallas County Community College District to facilitate the Land Bank's acquisition of unimproved, tax-foreclosed properties for sale to qualified developers for the development of affordable housing in accordance with the Code;

NOW, THEREFORE,

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

Section 1. That the City Manager, upon approval as to form by the City Attorney, is authorized to execute an Interlocal Cooperation Contract for the Urban Land Bank Demonstration Program with Dallas County, Dallas Independent School District, Dallas County Hospital District, Dallas County School Equalization Fund, Dallas County Education District and Dallas County Community College District, which will include the following provisions:

- a. The term of the contract will begin on October 1, 2014 and end on September 30, 2015.
- b. The City will be allowed to refer to the County up to 300 parcels of real property intended for acquisition by the Land Bank for filing of a tax lawsuit prior to March 31, 2015.
- c. The City or the Land Bank must give written notice to all parties to the contract of the specific addresses of parcels intended for acquisition by the Land Bank prior to referring said parcels to the County for filing of a tax lawsuit and prior to the sale of a property to the Land Bank after a judgment is obtained. Each party will have the right to withhold its consent to the filing of lawsuit on a parcel or sale of a particular parcel to the Land Bank.

September 10, 2014

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.