

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: October 8, 2013
COUNCIL DISTRICT(S): 4
DEPARTMENT: Housing/Community Services
CMO: Theresa O'Donnell, 671-9195
MAPSCO: 65G

SUBJECT

Authorize an amendment to Resolution No.13-0458, previously approved on February 27, 2013, to support an application for 4% low income housing tax credits (LIHTC) to the Texas Department of Housing & Community Affairs (TDHCA) for the proposed project to be located at 4623 South Lancaster Road, for a multifamily residential development for low income families - Financing: No cost consideration to the City

BACKGROUND

On January 21, 2013, Yigal Lelah, Managing Member, submitted an application to the City of Dallas on behalf of Sapphire Road Development Patriot's Crossing South, LLC ("Applicant"), for support of their application to TDHCA for the 2013 Low Income Housing Tax Credit Program.

As a requirement for City of Dallas' funding and endorsement of low income housing tax credit projects, the Applicant(s) are required to conduct a survey of the needs of the tenants as each lease is signed and will provide some or all of the following social services at no cost to the tenants, such as: after-school and summer break care for children, health screenings; counseling/domestic crisis intervention; emergency assistance, computer education, adult education programs (such as: ESL, life skills and nutrition classes, etc.); and social and recreational activities. This requirement only applies if the Applicant(s) is utilizing City funding in the financing of the low income housing tax credit project. The Applicant has committed to renting all 162 units at 60% of area median family income.

This project is included in the City of Dallas adopted Community Revitalization Plan adopted by the City Council on December 12, 2012. On February 27, 2013, the City Council provided a resolution in support of the LIHTC application for 9% low income housing tax credits, authorized a loan in the amount of \$1,350,000 for the vertical development, and explicitly identified the project as contributing most significantly to the concerted revitalization efforts of the city.

BACKGROUND (continued)

The applicant, Sapphire Road Development Patriots Crossing South, LLC has requested that the City of Dallas amend its support to allow for them to apply for 4% LIHTC. The applicant would utilize the \$1,350,000 gap financing previously approved on February 27, 2013. With this support, the applicant would file paperwork with TDHCA in October.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On February 10, 2010, the City Council approved a modification to the policy for the acceptance of applications seeking City of Dallas support for low income housing tax credit financing, when the State of Texas does not require direct City of Dallas approval by Resolution No. 10-0498.

On February 4, 2013, the Housing Committee was briefed on the Low Income Housing Tax Credit Program.

On February 19, 2013, the Low Income Housing Tax Credit multifamily project to be located at 4623 S. Lancaster Road was briefed to the Housing Committee.

On February 27, 2013, the City Council provided a resolution in support of the LIHTC application for 9% low income housing tax credits, authorized a loan in the amount of \$1,350,000 for the vertical development, and explicitly identified the project as contributing most significantly to the concerted revitalization efforts of the city by Resolution No. 13-0458.

FISCAL INFORMATION

No cost consideration to the City

OWNER(S)/DEVELOPER

Sapphire Road Development Patriots Crossing South, LLC

Sapphire I GP, LLC, Managing Member

Yigal Lelah, President

Vernon Smith, Vice-President

Mike Sugrue, Secretary/Treasurer

NBCDC

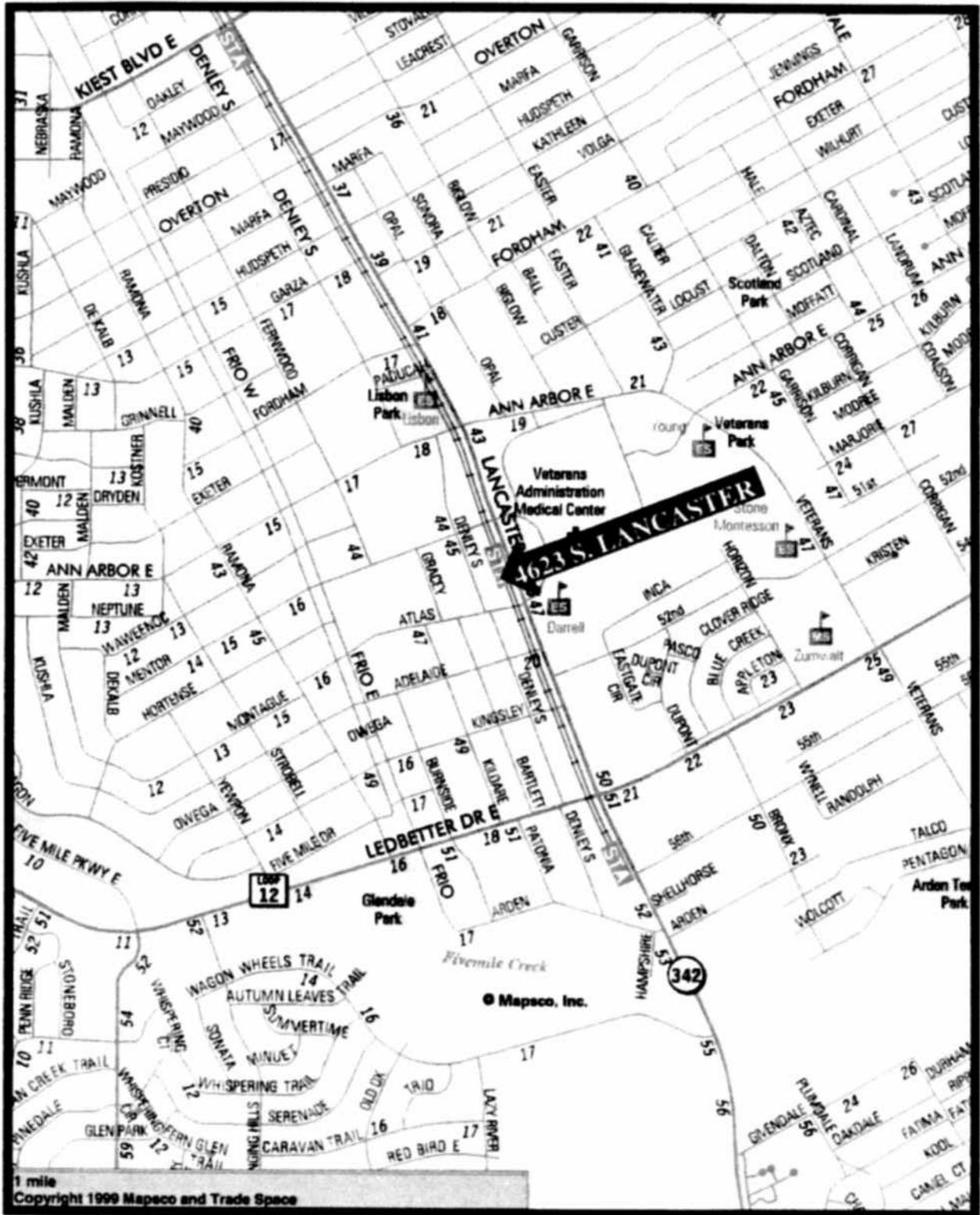
Vernon Smith, Director

Tracy Lelah, Director

Claudia Vargas, Director

MAP

Attached



MAPSCO 65G

October 8, 2013

WHEREAS, on February 10, 2010, the City Council approved a modification to the policy for the acceptance of applications seeking City of Dallas support for low income housing tax credit financing, when the State of Texas does not require direct City of Dallas approval by Resolution No. 10-0498; and

WHEREAS, the Managing Member, Yigal Lelah, submitted an application to the City of Dallas on behalf of Sapphire Road Development Patriots Crossing South, LLC (“the Applicant”), for support of their application to TDHCA for the 2013 Low Income Housing Tax Credit Program; and

WHEREAS, on February 4, 2013 and February 19, 2013, the Low Income Housing Tax Credit multifamily project to be located at 4623 S. Lancaster Road was briefed to the Housing Committee; and

WHEREAS, the Tax Credit multifamily project to be located at 4623 S. Lancaster Road was selected as contributing most significantly to the concerted revitalization efforts of the city, pursuant to §11.9(d)(6)(A)(ii)(III) of the 2013 Housing Tax Credit Qualified Allocation Plan; and

WHEREAS, as a condition for being considered for the award of the 4% tax credit, the Applicant has committed to renting all 162 units at 60% of area median family income; and

WHEREAS, as with the City of Dallas’ funding and endorsement of the TDHCA LIHTC application for Sapphire Road Development Patriots Crossing South, LLC the owner of the project will provide social services with the project approved by the Housing/Community Services Department, if the Project Owner is utilizing City funding in the financing of the low income housing tax credit project; and

WHEREAS, the City of Dallas desires to provide approval of the TDHCA 4% LIHTC application for the project located at 4623 S. Lancaster Road; **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 amend Resolution No. 13-0458 previously approved on February 27, 2013, to support an application for 4% low income housing tax credits (LIHTC) to the Texas Department of Housing & Community Affairs (TDHCA) for the proposed project to be located at 4623 South Lancaster Road, for a multifamily residential development for low income families.

October 8, 2013

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

- a. Sapphire Road Development Patriots Crossing South, LLC must adhere to all applicable HOME Program requirements.
- b. Sapphire Road Development Patriots Crossing South, LLC must execute a note, deed of trust, and deed restrictions for a thirty-five year affordability period.
- c. The outstanding principal balance of the City's \$1,350,000 loan shall bear an interest rate of zero percent 0% per year forgivable in equal amounts annually over a thirty-five year period.
- d. The balance will be due and payable upon the sale or refinancing of the project.

SECTION 3. That the City of Dallas' funding and endorsement of the TDHCA LIHTC application for the project to be located at 4623 S. Lancaster Road will be contingent on the following if the owner is utilizing City funding in financing of the low income housing tax credit project: (1) the Project Owner expending a minimum of \$40,000 (a minimum of \$40,000 or \$200 per unit per year, whichever is greater) for social services for, and at no cost, to the residents of the development, based on a survey of residents needs, to be implemented within three months of project completion; (2) inclusion of this requirement in the Land Use Restriction Agreement (LURA) by the Texas Department of Housing and Community Affairs (TDHCA) and the City's Deed Restrictions containing the social services requirement; and, (3) if the LURA does not require the social services expenditures to be made prior to debt service payment, a separate guarantee by an entity or individual acceptable to the City that the social services expenditures will be made. Up to 50% of the social service requirement can be fulfilled with in kind social services provided the Housing/Community Services Department gives prior approval of the social service plan.

SECTION 4. That prior to receiving a conditional City of Dallas building permit required by TDHCA prior to closing on the tax credits, the Project Developer will consult with the City of Dallas Sustainable Development and Construction Department with regard to security related design standards.

SECTION 5. That the City of Dallas' funding and endorsement for this project will be contingent on the Project Owner paying to the City an annual monitoring review fee in the amount of \$500, beginning on the anniversary of the closing on the 4% tax credits and ending at the end of the tax credit compliance period, for the cost of monitoring compliance with the social service requirement, if the Project Owner is utilizing City funding in the financing of the low income housing tax credit project.

October 8, 2013

SECTION 6. 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: October 8, 2013
COUNCIL DISTRICT(S): 7
DEPARTMENT: Housing/Community Services
CMO: Theresa O'Donnell, 671-9195
MAPSCO: 47N

SUBJECT

Authorize an amendment to Resolution No. 13-0732, previously approved on April 24, 2013, to increase an existing economic development loan with South Dallas/Fair Park Inncity Community Development Corporation (ICDC) by \$100,000, from \$3,300,000 to \$3,400,000, for the completion of the construction of commercial space located at 4922 Spring Avenue as part of the redevelopment plan for the Frazier area – Not to exceed \$100,000 - Financing: 2006 Bond Funds

BACKGROUND

Over the period of 2003-2008, master planning, leveraging of capital investments, public/private developments, and redevelopment has begun in the Frazier Neighborhood Investment Program (NIP) Area. In order to implement components of the master plan, catalyst projects for new public/private development and redevelopment have been considered by the City Council on an individual basis.

The 2006 Bond Election provided \$41.495 million in general obligation bonds to provide funds for promoting economic development in the Southern Sector. On December 12, 2007, the City Council approved an amendment to the Public/Private Partnership Program to set forth the Economic Development Program for Southern Dallas. This project will be implemented under the amended program.

One of the key Frazier Neighborhood community stakeholders, South Dallas/Fair Park Inncity Community Development Corporation (ICDC), who is a certified Community Housing Development Organization (CHDO), proposed to work with the City of Dallas to undertake the Spring Avenue Revitalization which is a component of the master plan.

On February 20, 2008, the City Council approved the first economic development loan for ICDC to begin acquisition of improved and unimproved properties, address any relocation issues, address environmental remediation, and demolish existing improvements in order to begin revitalization efforts.

BACKGROUND

To date, ICDC has purchased forty-six improved and unimproved properties within the Frazier area. In late 2012, ICDC had an opportunity to fast track the redevelopment of commercial space with some of the acquired property at 4922 Spring Street with an executed tenant agreement with My Children's. At that time, ICDC requested that the City of Dallas allow funds to be used to construct fifty-six hundred square feet of commercial space. The City of Dallas agreed to ICDC's request.

Due to change orders for special amenities by the lessee, ICDC has asked the City for an additional \$100,000 to complete the construction of the commercial space. ICDC will complete the construction in October with the lessee occupying the space soon after.

ICDC's loan will continue to be zero percent interest, with a maturity date of February 20, 2015. ICDC must redevelop all the acquired properties within this timeframe. To be considered "redeveloped," the properties must be either residential units that have all been constructed and sold or rented to households at 140% or less of area median income 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.

If ICDC fails to timely comply with the redevelopment requirements, the City of Dallas has the option to require them 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.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

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.

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.

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.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS) (continued)

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.

On January 22, 2008, the Housing Committee of the City Council was briefed on the Frazier Neighborhood Investment Area and the Spring Avenue Revitalization Project.

On February 20, 2008, the City Council approved an economic development loan in the amount of \$500,000 at 0% interest to South Dallas/Fair Park Inncity Community Development Corporation by Resolution No. 08-0595.

On August 26, 2009, the City Council approved an increase in the economic development loan to ICDC from \$500,000 to \$1,000,000 by Resolution No. 09-2085.

On April 28, 2010, the City Council approved an increase in the economic development loan to ICDC from \$1,000,000 to \$1,500,000 by Resolution No. 10-1101.

On September 22, 2010, the City Council approved an increase in the economic development loan to ICDC from \$1,500,000 to \$2,500,000 by Resolutions No. 10-2419.

On December 12, 2012, the City Council approved an increase in the economic development loan to ICDC from \$2,500,000 to \$3,100,000 by Resolution No. 12-3019.

On April 24, 2013, the City Council approved an increase in the economic development loan to ICDC from \$3,100,000 to \$3,300,000 by Resolution No. 13-0732.

FISCAL INFORMATION

2006 Bond Funds - \$100,000

Original Contract Amount	\$ 500,000
Amendment No. 1	\$ 500,000
Amendment No. 2	\$ 500,000
Amendment No. 3	\$1,000,000
Amendment No. 4	\$ 600,000
Amendment No. 5	\$ 200,000
Amendment No. 6 (this action)	<u>\$ 100,000</u>
Total	\$3,400,000

OWNERS

**South Dallas/Fair Park Innerscity
Community Development
Corporation**

Diane Ragsdale, Executive Director

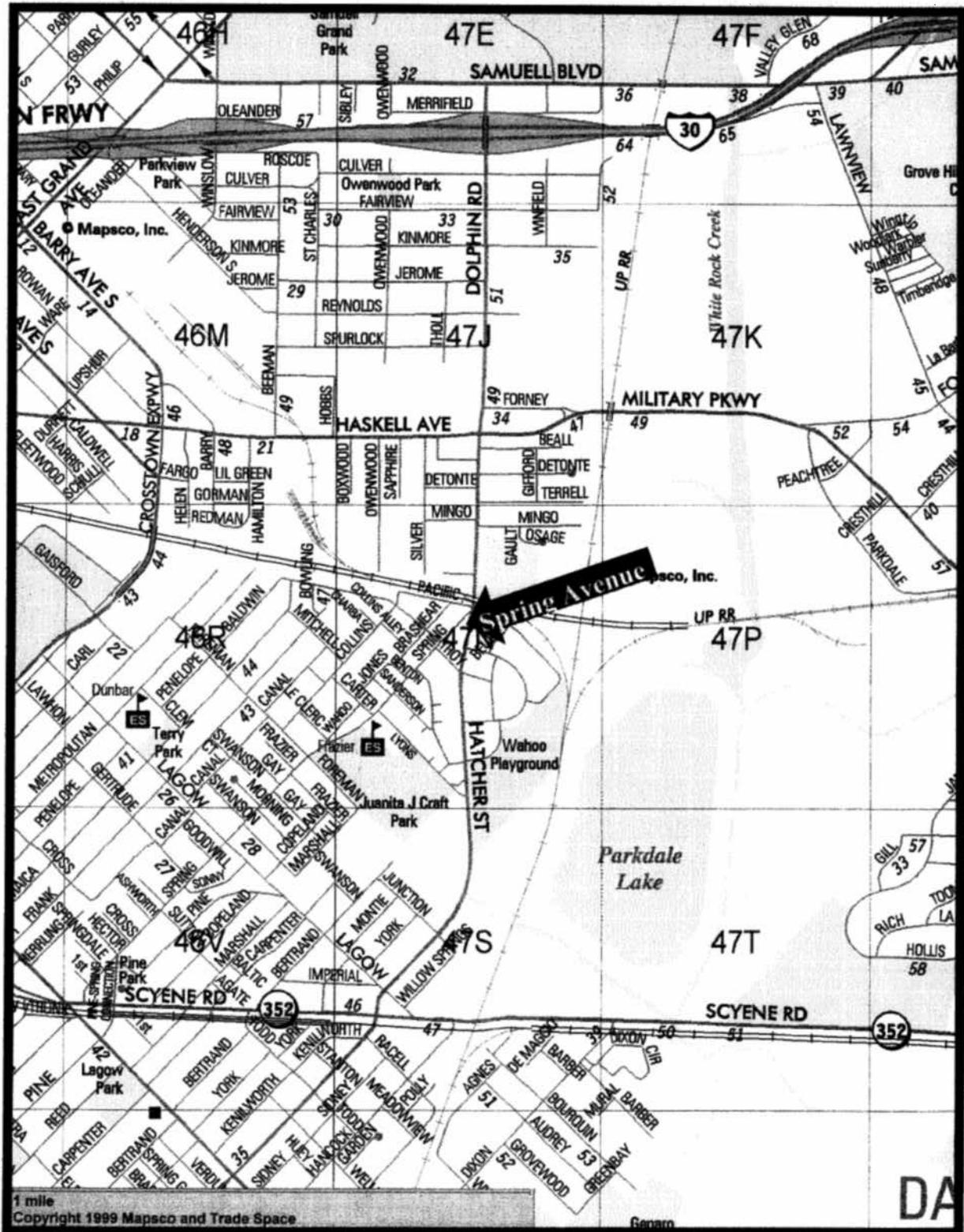
DEVELOPER

**South Dallas/Fair Park Innerscity
Community Development
Corporation**

Diane Ragsdale, Executive Director

MAP(S)

Attached



MAPSCO 47N

October 8, 2013

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, 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 January 22, 2008, the Housing Committee of the City Council was briefed on the Frazier Neighborhood Investment Area and the Spring Avenue Revitalization Project; and

WHEREAS, on February 20, 2008, the City Council approved an economic development loan in the amount of \$500,000 at 0% interest to South Dallas/Fair Park Inncity Community Development Corporation; and

WHEREAS, on August 26, 2009, the City Council approved an increase in the economic development loan to ICDC from \$500,000 to \$1,000,000 by Resolution No. 09-2085; and

WHEREAS, on April 28, 2010, the City Council approved an increase in the economic development loan to ICDC from \$1,000,000 to \$1,500,000 by Resolution No. 10-1101; and

WHEREAS, on September 22, 2010, the City Council approved an increase in the economic development loan to ICDC from \$1,500,000 to \$2,500,000 by Resolution No. 10-2419; and

WHEREAS, on December 12, 2012, the City Council approved an increase in the economic development loan to ICDC from \$2,500,000 to \$3,100,000 by Resolution No. 12-3019; and

WHEREAS, on April 24, 2013, the City Council approved an increase in the economic development loan to ICDC from \$3,100,000 to \$3,300,000 by Resolution No. 13-0732; and

WHEREAS, South Dallas/Fair Park Innercity Community Development Corporation (ICDC) proposes to continue to work with the City of Dallas for the Frazier Neighborhood Investment Program Area-Spring Avenue Revitalization Project;

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 Resolution No. 13-0732, previously approved on April 24, 2013, to increase an existing economic development loan with South Dallas/Fair Park Innercity Community Development Corporation (ICDC) by \$100,000, from \$3,300,000 to \$3,400,000, for the completion of the construction of commercial space located at 4922 Spring Avenue as part of the redevelopment plan for the Frazier area.

Section 2. That the City Manager, upon approval as to form by the City Attorney, is authorized to execute modifications to South Dallas/Fair Park Innercity Community Development Corporation's (ICDC's) loan documents.

Section 3. That the City Controller is hereby authorized to encumber and disburse funds in accordance with the terms and conditions of the contract as follows:

South Dallas/Fair Park Innercity Development Corp. Vendor # VS266539
Fund 9T52, Dept HOU, Unit T808, Act AQDM, Obj 3015
Program # FRAZIER1, CT HOUT807J277A - in an amount not to exceed \$100,000

Section 4. That the City Controller is hereby authorized to set up receivable balance sheet account (033F) and an allowance for uncollectible debt (022D) in fund 9T52 for the amount of the loan.

October 8, 2013

Section 5. 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 6. 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.