

Memorandum



CITY OF DALLAS

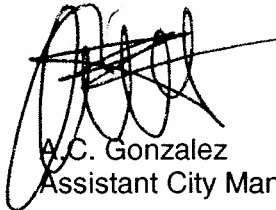
DATE October 29, 2010

TO Housing Committee Members: Steve Salazar, Chair, Carolyn R. Davis, Vice-Chair, Tennell Atkins, Dwaine Caraway, Angela Hunt, Ann Margolin, Pauline Medrano

SUBJECT Section 108 Guaranteed Loan Applications Update

On Monday, November 1, 2010, you will be briefed on Section 108 Guaranteed Loan Applications Update. A copy of the briefing is attached.

Please let me know if you have any questions.



W.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
C. Victor Lander, Administrative Judge, Municipal Court
Ryan S. Evans, First Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Jerry Killingsworth, Housing/Community Services Director
Helena Stevens-Thompson, Assistant to the City Manager

Section 108 Guaranteed Loan Applications Update

A Briefing to the Housing Committee
November 1, 2010

Housing/Community Services Department



Purpose

Provide information and update status of Community Development Block Grant Section 108 Guaranteed Loan Applications

Background

- ❑ November 17, 2008, City Council Economic Development and Housing Committees were briefed on Council authorization of Section 108 applications
- ❑ January 5, 2009, City Council Economic Development and Housing Committees were briefed on application requirements and proposed guidelines for up to a total of \$75,000,000 in Section 108 loan applications
- ❑ January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement
- ❑ From May 2009 to May 2010, each project was individually briefed to City Council Housing Committee

Background (cont.)

- ❑ A neighborhood public hearing was held for each project
- ❑ A thirty day public comment period preceded each City Council hearing and final approval
- ❑ A list of the applications was published in the Dallas Morning News and the individual applications are available on the City's website
- ❑ The City's Consolidated Plan for use of annual federal entitlement funding was amended by City Council resolution to add authority for \$75 million in Section 108 applications
- ❑ As found in the following schedule, City Council gave individual approval for each of ten projects

Background (cont.)

CITY COUNCIL APPROVAL OF SECTION 108 LOAN APPLICATIONS

PROJECT	Address	Location	Type Construction	Loan Amount	Total Units	Total Affordable Units	Council Approval
Atmos Lofts	1900 Jackson St.	Downtown	Rehab	9,000,000	230	117	6/24/2009
Shamburger Development	5630 SMU Blvd.	North	New	15,300,000	417	104	6/24/2009 and 10/28/2009*
Continental Building	1810 Commerce St.	Downtown	Rehab	7,600,000	203	41	1/13/2010
Champion Homes at Copperridge	5602 Maple Ave.	North	New	1,000,000	107	107	6/23/2010
TOTAL NORTHERN SECTOR				32,900,000			
Courtyards at La Reunion	2201 Fort Worth Ave.	Oak Cliff	New	5,300,000	95	59	12/9/2009
Orleans at La Reunion	2300 Fort Worth Ave.	Oak Cliff	New	10,350,000	240	49	12/9/2009
Zang Triangle	1340 Plowman Ave.	Oak Cliff	New	5,500,000**	260	52	1/13/2010
Lancaster Urban Village	4300 S. Lancaster Rd.	Oak Cliff	New	8,492,000	193	39	6/23/2010
Kleberg Commons	12700 Kleberg Rd.	Woodland Springs	New	1,500,000	200	200	6/23/2010
Sphinx @ Fiji	Fiji & Compton	Oak Cliff	New	4,350,000	122	122	Under staff review
Wynnewood Seniors Housing	1500 S. Zang	Oak Cliff	New	1,500,000	140	140	6/23/2010
TOTAL SOUTHERN SECTOR				31,492,000			
*refined the description of the uses of Section 108 funds							
**not included in total-developer withdrew application							

Background (cont.)

- Following City Council approval, Section 108 applications for downtown conversion projects and mixed-use projects with new residential construction were finalized and submitted to the local regional office of HUD in Fort Worth
- Section 108 applications for projects awaiting approval of Low Income Housing Tax Credits (LIHTC) as a major source of project funding will not be filed with HUD unless the state approves a tax credit award

Application Status of Conversion Projects

Atmos Lofts

- Project awarded State Low Income Housing Tax Credit (LIHTC) financing for one of three buildings
 - One building 100% affordable (107 units)
 - Other two building with total of 10 affordable units
- Application currently under review at HUD Fort Worth regional office
 - Concern about location of affordable units
- After local office approval, application will be sent to HUD Washington D.C. headquarters office for review and approval of application

Application Status of Conversion Projects (cont.)

□ Continental Building

- Application approved by HUD Fort Worth regional office
- Application will now be sent to HUD Washington D.C. headquarters office for review and approval of application and request for waiver of 51% affordability requirement

Application Status of New Construction Projects

□ Shamburger Development

- HUD headquarters approval of loan structure
- HUD regional office has extended invitation to amend application to allow City to acquire property and lease property back to developer for term of Section 108 between City and HUD
- After local office approval, application will be sent to HUD Washington D.C. headquarters office for review and approval of application and waiver of 51% affordability requirement

Application Status of New Construction Projects

- Courtyards at La Reunion and Orleans at La Reunion
 - Developer has deeded property back to acquisition lender and submission of amended application is pending decision by current owner
 - HUD regional office has extended invitation to amend applications to allow City to acquire properties and lease properties back to developer for term of Section 108 between City and HUD
 - After local office approval, application will be sent to HUD Washington D.C. headquarters office for review and approval of application and waiver of 51% affordability

Application Status of New Construction Projects

Lancaster Urban Village

- HUD regional office has extended invitation to amend applications to allow funding for acquisition of property to be used for mixed-use development
- Application will be amended following Council approval on November 17
 - Increase Section 108 funds amount from \$7.4 million to \$8.492 million
 - Increase number of affordable units from 39 to 98
 - Add 10 more spaces to garage
- After local office approval, application will be sent to HUD Washington D.C. headquarters office for review and approval of application and waiver of 51% affordability

Application Status of Tax Credit Projects

- Council has approved submission of Section 108 applications for Champion Homes at Copperridge, Kleberg Commons and Wynnewood Seniors Housing contingent upon receipt of 2010 allocation of tax credits
- Champion Homes at Copperridge, and Kleberg Commons are currently on the LIHTC wait list and the Section 108 applications will be pending until it is certain that they will not receive an allocation
- Wynnewood Seniors Housing has received a forward commitment to receive tax credits in 2011 and Council approval for Section 108 loan will need to be modified

Section 108 Application Under Review

□ Sphinx at Fiji

- Located at Fiji & Compton in Oak Cliff
- New mixed-use construction including townhouse units, two story office with garage and rental units over retail
- Total of 122 residential units
- Section 108 loan of \$4,350,000

Next Steps

- Filing of amended applications for mixed-use new residential construction projects
 - City will purchase property and lease back to developer
 - City will own property until City's Section 108 loan with HUD is paid in full
 - City loan and leasehold interest will be subordinate to developer's senior loan with bank
- HUD Fort Worth regional office approval of applications
- HUD Washington D.C. headquarters approval of applications and finalization of terms of loan to City
- Council authority by resolution to enter into loan agreement with developer
- Closing of loan with developer and start of rehabilitation or construction