

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: November 10, 2010
COUNCIL DISTRICT(S): 3, 6
DEPARTMENT: Housing/Community Services
CMO: A. C. Gonzalez, 671-8925
MAPSCO: 44J

SUBJECT

Authorize **(1)** approval of the development plan submitted to the Dallas Housing Acquisition and Development Corporation by Builders of Hope Community Development Corporation for the construction of affordable houses; **(2)** the sale of 4 vacant lots from Dallas Housing Acquisition and Development Corporation to Builders of Hope Community Development Corporation; and **(3)** execution of a release of non-tax liens included in the foreclosure judgment, pre-judgment non-tax liens not included in the judgment, and post-judgment non-tax liens, if any (list attached) – Financing: No cost consideration to the City

BACKGROUND

On February 4, 2008 and August 3, 2009, the Housing Committee received a briefing regarding the Urban Land Bank Demonstration Program which outlined the process and status of the program. The areas targeted for acquisition to achieve the desired goals under the program were identified.

Builders of Hope Community Development Corporation (Builders of Hope CDC), a City Certified Housing Development Organization, has submitted a proposal and development plan to Dallas Housing Acquisition and Development Corporation (DHADC or Land Bank) for 4 lots shown on the attached list. The DHADC Board has approved the development plan and sale, subject to City Council approval. This item will authorize City Council approval of the development plan submitted by Builders of Hope CDC to the City's Land Bank, the sale of those lots from DHADC to Builders of Hope CDC and the release of non-tax liens included in the foreclosure judgment, pre-judgment non-tax liens not included in the judgment and post-judgment non-tax liens, if any.

BACKGROUND (continued)

The vacant lots were purchased by DHADC from a Sheriff's sale pursuant to foreclosure of tax liens and any non-tax liens. DHADC's Deed without Warranty to Builders of Hope CDC will contain a reverter that returns the property to DHADC if a construction permit is not applied for by Builders of Hope CDC and construction financing is not closed within three years of conveyance. Builders of Hope CDC will build affordable houses on the lots. The approximate square footage and sales prices of the houses will be from 1,100 to 1,500 square feet and from \$90,000 to \$120,000. The lots will be deed restricted for sale to a low income family and will require at least 25 percent of the developed homes to be sold to households with gross household incomes not greater than 60 percent of the Area Median Family Income (AMFI) as determined annually by HUD. A maximum of 30 percent of the developed homes may be sold to households with gross incomes from 81 percent to 115 percent of the AMFI as determined annually by HUD. If 30% of the homes are sold to buyers at 81 percent to 115 percent of the AMFI, the remaining homes will be sold to buyers below 81 percent of the AMFI and in compliance with the minimum 25 percent requirement to sell to buyers below 60 percent of the AMFI. DHADC will receive \$18,600.00 for the sales price, as calculated from the 2010-11 Land Bank Plan approved by City Council.

On June 18, 2003, Governor Perry signed the Urban Land Bank Demonstration Program Act. The Act allows the governing body of a municipality to adopt an Urban Land Bank Demonstration Program in which the officer charged with selling real property ordered sold pursuant to foreclosure of a tax lien may sell certain eligible real property by private sale to a land bank for the purpose of affordable housing developments.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On January 28, 2004, the City Council established the Dallas Housing Acquisition and Development Corporation (DHADC) as its land bank, authorized amendments to the Articles of Incorporation and By-Laws of the DHADC, and authorized an interlocal contract with the affected taxing jurisdictions for participation in the Dallas Urban Land Bank Demonstration Program by Resolution No. 04-0458.

On May 26, 2004, the City Council authorized a contract with DHADC for the provision of land bank services as set forth in the amended Program Statement for the Dallas Urban Land Bank Demonstration Program by Resolution No. 04-1726.

On October 13, 2004, the City Council approved the City of Dallas FY 2004-05 Urban Land Bank Demonstration Program Plan and authorized an amendment to the DHADC Contract to provide additional operating and acquisition funds for FY 2004-05 by Resolution No. 04-2930.

On August 24, 2005, the City Council approved the City of Dallas FY 2005-06 Urban Land Bank Demonstration Program by Resolution No. 05-2501.

PRIOR ACTION/REVIEW (Council, Boards, Commissions) (continued)

On January 11, 2006, the City Council authorized an amendment to the City of Dallas FY 2005-06 Urban Land Bank Demonstration Program Plan to increase the list of properties in the plan that may become eligible for sale to the Land Bank by Resolution No. 06-0162.

On October 11, 2006, the City Council approved the City of Dallas FY 2006-07 Urban Land Bank Demonstration Program Plan by Resolution No. 06-2785.

On October 10, 2007, the City Council approved the City of Dallas FY 2007-08 Urban Land Bank Demonstration Program Plan by Resolution No. 07-2998.

On October 8, 2008, the City Council approved the City of Dallas FY 2008-09 Urban Land Bank Demonstration Program Plan by Resolution No. 08-2785.

On April 8, 2009, the City Council approved an amendment to the City of Dallas FY 2008-09 Urban Land Bank Demonstration Program Plan to allow rental housing units on Land Bank lots and/or rental housing units above retail development on Land Bank lots by Resolution No. 09-0981.

On October 14, 2009, the City Council approved the City of Dallas FY 2009-10 Urban Land Bank Demonstration Program Plan by Resolution No. 09-2557.

On August 11, 2010, the City Council authorized a new contract with DHADC to allow the City to refer up to 300 parcels annually intended for acquisition by the Land Bank for filing of a tax lawsuit by March 31 of each year by Resolution No. 10-1952.

On October 13, 2010, the City Council approved the City of Dallas FY 2010-11 Urban Land Bank Demonstration Program Plan by Resolution No. 10-2632.

FISCAL INFORMATION

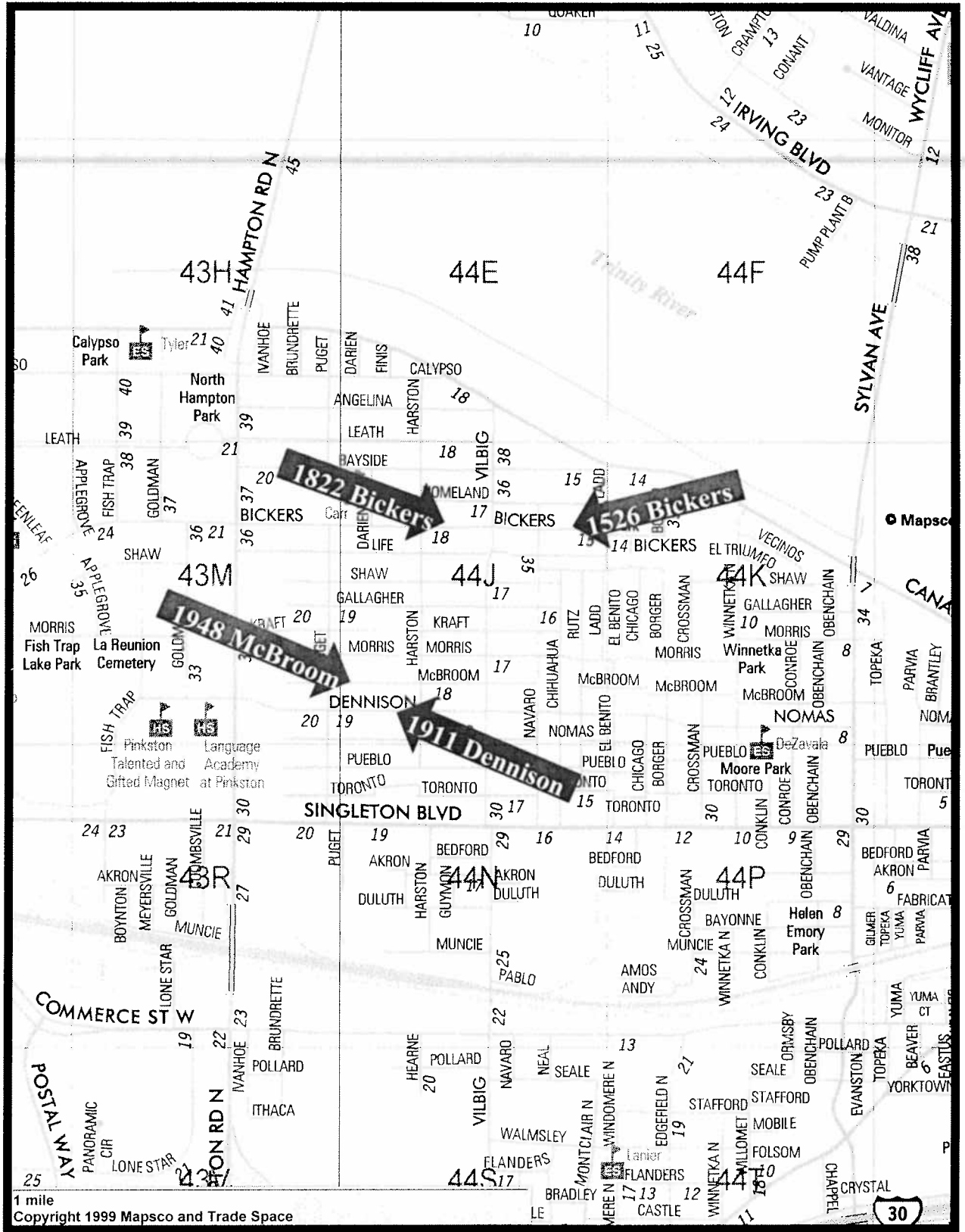
No cost consideration to the City.

MAP

Attached

**LAND BANK (DHADC) SALE OF LOTS
TO BUILDERS OF HOPE COMMUNITY DEVELOPMENT CORPORATION**

PROPERTY ADDRESS	MAPSCO	COUNCIL DISTRICT
1. 1526 Bickers	44J	6
2. 1822 Bickers	44J	3
3. 1911 Dennison	44J	3
4. 1948 McBroom	44J	3



MAPSCO 44J

November 10, 2010

WHEREAS, on January 28, 2004, the City Council established the Dallas Housing Acquisition and Development Corporation (DHADC) as its land bank for the purpose of acquiring, holding and transferring unimproved real property under Subtitle A, Title 12, Local Government Code, Chapter 379C and: 1) approved the City of Dallas Urban Land Bank Demonstration Program Plan; 2) approved the Program Statement for the Dallas Urban Land Bank Demonstration Program; 3) authorized amendments to the Articles of Incorporation and By-Laws of the DHADC; and 4) authorized an interlocal contract with the affected taxing jurisdictions for participation in the Dallas Urban Land Bank Demonstration Program by Resolution No. 04-0458; and

WHEREAS, on May 26, 2004, the City Council authorized a contract with the DHADC for the provision of land bank services as set forth in the amended Program Statement for the Dallas Urban Land Bank Demonstration Program approved by the City Council on January 28, 2004 by Resolution No. 04-1726; and

WHEREAS, on October 13, 2004, the City Council approved the City of Dallas FY 2004-05 Urban Land Bank Demonstration Program Plan and authorized an amendment to the DHADC Contract to provide additional operating and acquisition funds for FY 2004-05 by Resolution No. 04-2930; and

WHEREAS, on August 24, 2005, the City Council approved the City of Dallas FY 2005-06 Urban Land Bank Demonstration Program Plan by Resolution No. 05-2501; and

WHEREAS, on January 11, 2006, the City Council authorized an amendment to the City of Dallas FY 2005-06 Urban Land Bank Demonstration Program Plan to increase the list of properties in the plan that may become eligible for sale to the Land Bank by Resolution No. 06-0162; and

WHEREAS, on October 11, 2006, the City Council approved the City of Dallas FY 2006-07 Urban Land Bank Demonstration Program Plan by Resolution No. 06-2785; and

WHEREAS, on October 10, 2007, the City Council approved the City of Dallas FY 2007-08 Urban Land Bank Demonstration Program Plan by Resolution No. 07-2998; and

WHEREAS, on October 8, 2008, the City Council approved the City of Dallas FY 2008-09 Urban Land Bank Demonstration Program Plan by Resolution No. 08-2785; and

November 10, 2010

WHEREAS, on April 8, 2009, the City Council approved an amendment to the City of Dallas FY 2008-09 Urban Land Bank Demonstration Program Plan to allow rental housing units on Land Bank lots and/or rental housing units above retail development on Land Bank lots by Resolution No. 09-0981; and

WHEREAS, on October 14, 2009, the City Council approved the City of Dallas FY 2009-10 Urban Land Bank Demonstration Program Plan by Resolution No. 09-2557; and

WHEREAS, on August 11, 2010, the City Council authorized a new contract with DHADC to allow the City to refer up to 300 parcels intended for acquisition by the Land Bank for filing of a tax lawsuit by March 31 of each year by Resolution No. 10-1952; and

WHEREAS, on October 13, 2010, the City Council approved the City of Dallas FY 2010-11 Urban Land Bank Demonstration Program Plan by Resolution No. 10-2632; and

WHEREAS, Builders of Hope Community Development Corporation (Builders of Hope CDC) submitted a proposal and development plan to DHADC for 4 lots shown on Exhibit "A" and the DHADC Board has approved the development plan and sale, subject to City Council approval; and

WHEREAS, the City Council desires to approve the development plan shown on Exhibit "B" submitted by Builders of Hope CDC and authorize the sale of the said 4 lots from DHADC to Builders of Hope CDC to build affordable houses; **NOW, THEREFORE;**

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

Section 1. That the development plan shown on Exhibit "B" submitted by Builders of Hope CDC and the sale of 4 lots shown on "Exhibit A" from DHADC to Builders of Hope CDC is approved.

Section 2. That the City Manager, upon approval as to form by the City Attorney, is authorized to execute a release of lien for any non-tax liens included in the foreclosure judgment, pre-judgment non-tax liens not included in the judgment and any non-tax liens that may have been filed by the City post-judgment on the lots shown on "Exhibit A".

November 10, 2010

Section 3. 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.

Housing/Community Services Department
City Attorney's Office
Office of Financial Services/Community Development, 4FN
Property Management

EXHIBIT "A"

LAND BANK PROPERTY					
PARCEL NUMBER	STREET ADDRESS LEGAL DESCRIPTION	QUALIFIED PURCHASER	NUMBER OF HOMEOWNER UNITS	MIN. SALE AMOUNT*	
1	1526 Bickers Lot 7, Homestead Gardens Addition Block B-7120	Builders of Hope CDC	1	\$4,650.00	
2	1822 Bickers Lot 9, Victory Gardens Addition Block 7123AM	Builders of Hope CDC	1	\$4,650.00	
3	1911 Dennison Lot 10, Victory Gardens Addition No. 3 Block 2-7124	Builders of Hope CDC	1	\$4,650.00	
4	1948 McBroom Lot 6, Victory Gardens No. 4 Addition Block 6-7126	Builders of Hope CDC	1	\$4,650.00	
TOTAL				\$18,600.00	

* Additional fees may be passed on to the developer at time of closing.

EXHIBIT B

SECTION II: DEVELOPMENT PLAN

A. DESCRIPTION OF THE LAND REQUESTED FOR DEVELOPMENT

- (1) Number of lots requested in this proposal. 4
 - (2) Land Bank name for this parcel of lots. _____
 - (3) Provide the property address and legal description of the land requested (attach extra sheets if necessary) (the "Property"). See Attachment
-

B. DESCRIPTION OF PROPOSED HOUSES ENTITY WILL CONSTRUCT

At least 25% of the Land Bank properties sold during any given fiscal year to be developed shall be deed restricted for sale to households with gross annual incomes not greater than 60% of AMFI. No more than 30% of the Land Bank properties sold during any given fiscal year to be developed shall be deed restricted for sale to households with gross annual incomes between 81% and 115% of AMFI. (At least 70% of the Land Bank properties sold during any fiscal year to be developed shall be deed restricted for sale to households with gross annual incomes at 80% AMFI or less.)

Single Family Home (to be sold to low income households at 60% or less of AMFI):

Number of homes to be built on lots 1
 Square Footage of each home 1100-1300
 Number of Bedrooms/Baths in each home 3 / 2
 Number of Garages 0-1 Number of Carports Detached Attached 0-1
 Type of Exterior Veneer Brick Which sides Front & Sides
 Your Sales Price ranges without Subsidies to Qualified Low Income Buyer \$90,000-\$104,000

Single Family Home (to be sold to low income households at 80% or less of AMFI):

Number of homes to be built on lots 2
 Square Footage of each home 1200-1500
 Number of Bedrooms/Baths in each home 3-4 / 2
 Number of Garages 1 Number of Carports Detached Attached
 Type of Exterior Veneer Brick Which sides Front & Sides
 Your Sales Price ranges without Subsidies to Qualified Low Income Buyer \$96,000-\$120,000

Single Family Home (to be sold to low income households between 81% and 115% of AMFI):

Number of homes to be built on lots 1
 Square Footage of each home 1200-1500
 Number of Bedrooms/Baths in each home 3-4 / 2-2 1/2
 Number of Garages 1 Number of Carports Detached Attached
 Type of Exterior Veneer Brick Which sides Front & Sides
 Your Sales Price ranges without Subsidies to Qualified Low Income Buyer \$96,000-\$120,000

Attach extra sheet(s) breaking out above information for each different model of home.

PROVIDE FLOOR PLANS AND ELEVATIONS.

C. CONSTRUCTION TIMETABLE

State the number of days it will take you to complete construction and sale of improved Property from the date of obtaining the executed deed from DHADC. Attach a schedule, if you desire. The deed conveying property sold by DHADC will include a right of reverter so that if the Entity does not apply for a construction permit and close on any construction financing within a two year period following the date of conveyance of the property from the DHADC to the Entity, the property will revert to the DHADC for subsequent resale.

Commencement of Construction 1,095 days
Completion of Construction 1,215 days
Sale of first affordable housing unit to low income households 1,305 days
Sale of last affordable unit to low income households 1,800 days

KEY FOCUS AREA: A Cleaner, Healthier City Environment
AGENDA DATE: November 10, 2010
COUNCIL DISTRICT(S): 4
DEPARTMENT: Housing/Community Services
CMO: A. C. Gonzalez, 671-8925
MAPSCO: 54Z

SUBJECT

Authorize an amendment to the Reconstruction/SHARE Program loan approved on September 22, 2010 by Resolution No. 10-2418 for the property located at 3206 Arizona Avenue by approving a one time waiver of the Reconstruction/SHARE Program guidelines that limit the refinancing amount of liens to \$5,900, and to allow refinancing of a lien on the property in the amount of \$7,800, thereby reducing the reconstruction cost of the property to \$85,600 for a total loan amount not to exceed \$93,400 - Financing: No cost consideration to the City

BACKGROUND

Manuella Moore resides at, and own the home located at 3206 Arizona Avenue ("Property"). Ms. Moore is an elderly female; 68 years of age; at 80% or below AMFI; and with the exception of a lien on her Property that exceeds the allowed amount in the Program Statement is otherwise eligible for a Reconstruction/SHARE Program loan.

This amendment is to authorize a one time waiver of the Reconstruction/SHARE Program Statement that limits the refinancing amount of liens on Properties to \$5,900, and to authorize the refinancing of a secured lien by Bank of America on Ms. Moore's Property in the amount of \$7,800, reducing the reconstruction cost of the Property to \$85,600 for a total loan amount to Ms. Moore that shall not exceed \$93,400.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

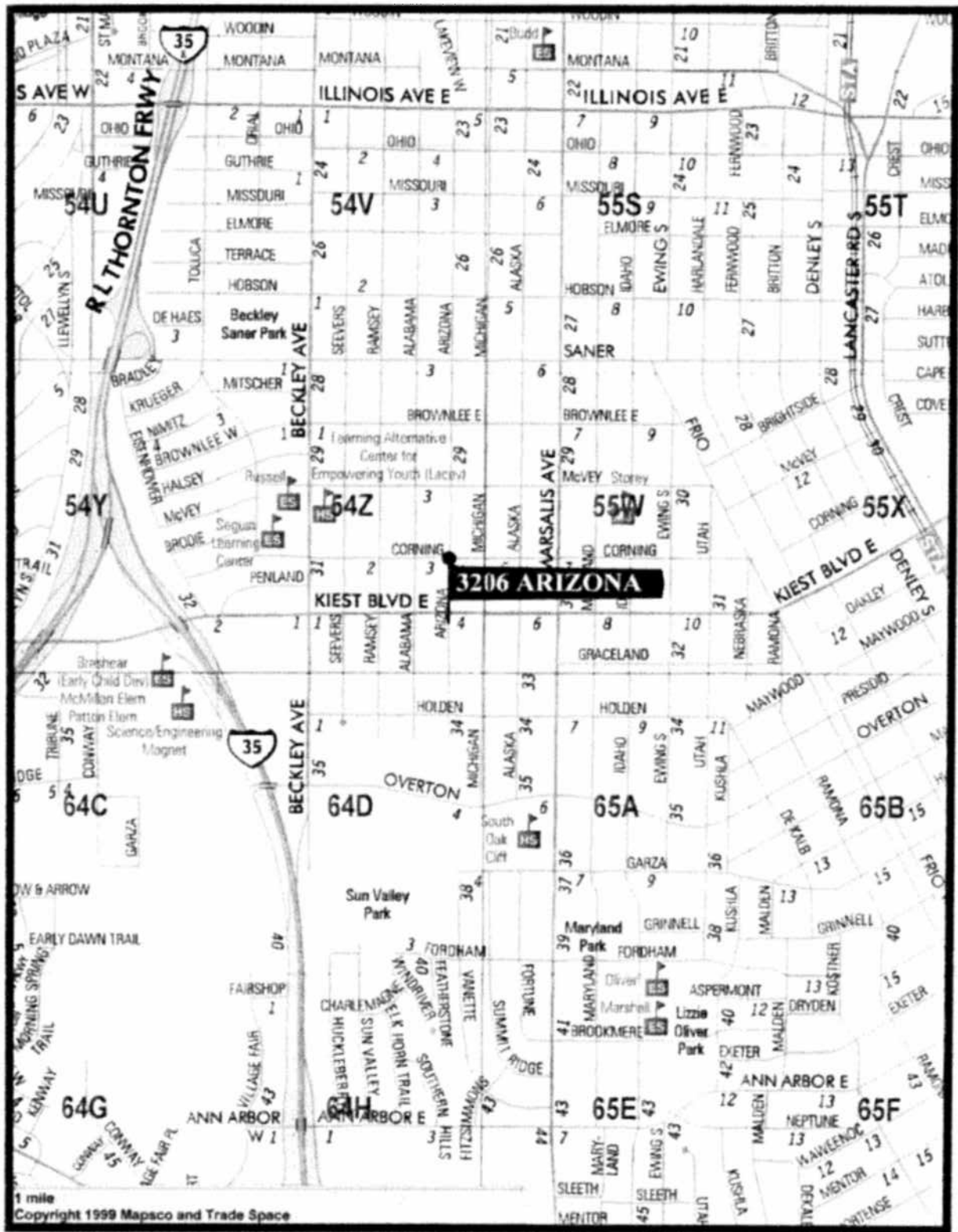
On September 22, 2010, the City Council authorized reconstruction on-site for the home located at 3206 Arizona Avenue in the amount of \$93,400 by Resolution No. 10-2418.

FISCAL INFORMATION

No cost consideration to the City.

MAP(S)

Attached



MAPSCO 54Z

November 10, 2010

WHEREAS, on September 22, 2010, City Council approved Resolution No. 10-2418 which authorized reconstruction on-site at 3206 Arizona Avenue by contractor Torres Construction in the amount of \$93,400, and authorized the City Manager to execute loan documents with the Homeowner; **NOW THEREFORE**,

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

SECTION 1. That Resolution No. 10-2418, previously on September 22, 2010, is amended solely for property located at 3206 Arizona Avenue for the purpose of refinancing a lien on the property in the amount of \$7,800, thereby reducing the reconstruction cost of the property to \$85,600 for a total loan not to exceed \$93,400.

SECTION 2. That the City Manager, upon approval as to form by the City Attorney, is authorized to execute loan documents with Manuella Moore for refinancing of a lien and reconstruction on-site of the home to be located at: 3206 Arizona Avenue.

SECTION 3. That the City Controller is authorized to make payments for reconstruction of the home in accordance with the funding information listed according to:

Fund HM09 Dept HOU, Unit 663B, Obj 3100, CT HOU 3663BK448 - \$85,600
Vendor # 337798 Torres Construction – 3206 Arizona Avenue

Fund HM09 Dept HOU, Unit 663B, Obj 3100 CT HOU 3663AB448 - \$7,800
Vendor # 399199 Bank of America – 3206 Arizona Avenue

SECTION 4. 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/Community Services Department
City Attorney's Office
Office of Financial Services/Community Development, 4FS

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: November 10, 2010
COUNCIL DISTRICT(S): 7
DEPARTMENT: Housing/Community Services
CMO: A. C. Gonzalez, 671-8925
MAPSCO: 56C

SUBJECT

Authorize the second Loan Modification to the Community Development Block Grant (CDBG) Loan Agreement and the HOME Loan Agreement with Kaminski Holding, Inc., to: **(a)** to increase the CDBG Loan Agreement from \$550,000 to \$597,500 with Kaminski Holdings, Inc. and change the amount to be repaid from \$400,000 to \$447,500 to be repaid over 20 years with 3% interest for construction development financing for the commercial portion of a mixed-use building at 5208 Bexar Street; **(b)** to increase the HOME Loan Agreement with Kaminski Holdings, Inc. from \$550,000 to \$597,500 and change the amount to be repaid from \$550,000 to \$597,500 to be repaid over 20 years with 3% interest for construction of six (6) affordable rental housing units at 5208 Bexar Street as part of a mixed-use building; and, **(c)** to decrease the developer equity requirement from \$145,000 to \$85,000 - Not to exceed \$95,000 - Financing: 2002-03 Community Development Block Grant (\$31,614), 2008-09 Community Development Block Grant (\$15,886), 1998-99 HOME (\$47,500)

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 pt. 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 subject site is owned by Kaminski Holdings, Inc. and is located at 5208 Bexar Street, within the Bexar Street Redevelopment corridor. The site has been cleared and will be replaced by a new two-story mixed-use building containing 13,400 square feet of commercial/retail and residential space with 6 apartment units.

BACKGROUND (continued)

On November 12, 2007, City Council authorized a loan agreement with Kaminski Holdings, Inc., ("The Borrower") in the amount of \$300,000 with a fixed interest of 5% to facilitate the construction of a mixed-use two-story building at 5208 Bexar Street. Due to market lending conditions, the developer has been unable to secure financing for the full development of the mixed-use building.

On February 24, 2010, City Council authorized additional loan funds for the construction of the mixed-use facility at 5208 Bexar. The economic development loan amount of \$550,000 with \$150,000 to be forgiven over a five year period while \$400,000 will be repaid over a 20 year period with 3% interest. The retail space must be used by neighborhood serving businesses for a five year period. The housing development loan amount of \$550,000 will be repaid over a 20 year period with 3% interest. Housing units are affordable rental units for 20 years and are deed restricted. The entire property carries a first lien from the City of Dallas for the full amount of both loans.

The purpose of this Council Action is to authorize an amendment to Resolution No. 10-0576, previously approved on February 24, 2010, (a) to increase the economic development loan amount from \$550,000 to \$597,500 with Kaminski Holdings, Inc. and change the amount to be repaid from \$400,000 to \$447,500 to be repaid over 20 years with 3% interest with \$150,000 being forgiven over a five year period for construction development financing for the commercial portion of a mixed-use building at 5208 Bexar Street; (b) to increase an affordable housing loan agreement with Kaminski Holdings, Inc. from \$550,000 to \$597,500 for construction of six (6) affordable rental housing units at 5208 Bexar Street as part of a mixed-use building; and, (c) to decrease the developer equity requirement from \$145,000 to \$85,000. The economic development grant of \$150,000 remains the same with the conditions of providing neighborhood serving retail for a minimum of five years.

A total of \$95,000 is being added to the project through this action to cover costs of delays and additional soft costs due to design changes. The additional funds will be repaid by the developer over 20 years at 3% interest. This project is under construction at this time.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS COMMISSIONS)

On June 26, 2002, the 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, the 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.

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

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.

On November 12, 2007, the City Council authorized a loan agreement with Kaminski Holdings, Inc., ("The Borrower") in the amount of \$300,000 with a fixed interest of 5% to facilitate the construction of a mixed-use two-story building at 5208 Bexar Street by Resolution No. 07-3305.

On February 24, 2010, the City Council authorized additional loan funds for the construction of the mixed-use facility at 5208 Bexar. The economic development loan amount of \$550,000 with \$150,000 to be forgiven over a five year period while \$400,000 will be repaid over a 20 year period with 3% interest. The retail space must be used by neighborhood serving businesses for a five year period. The housing development loan amount of \$550,000 will be repaid over a 20 year period with 3% interest. Housing units are affordable rental units for 20 years and are deed restricted. The entire property carries a first lien from the City of Dallas for the full amount of both loans by Resolution No. 10-0576.

FISCAL INFORMATION

2002-03 Community Development Block Grant Funds - \$31,614
2008-09 Community Development Block Grant Funds - \$15,886
1998-99 HOME Funds - \$47,500

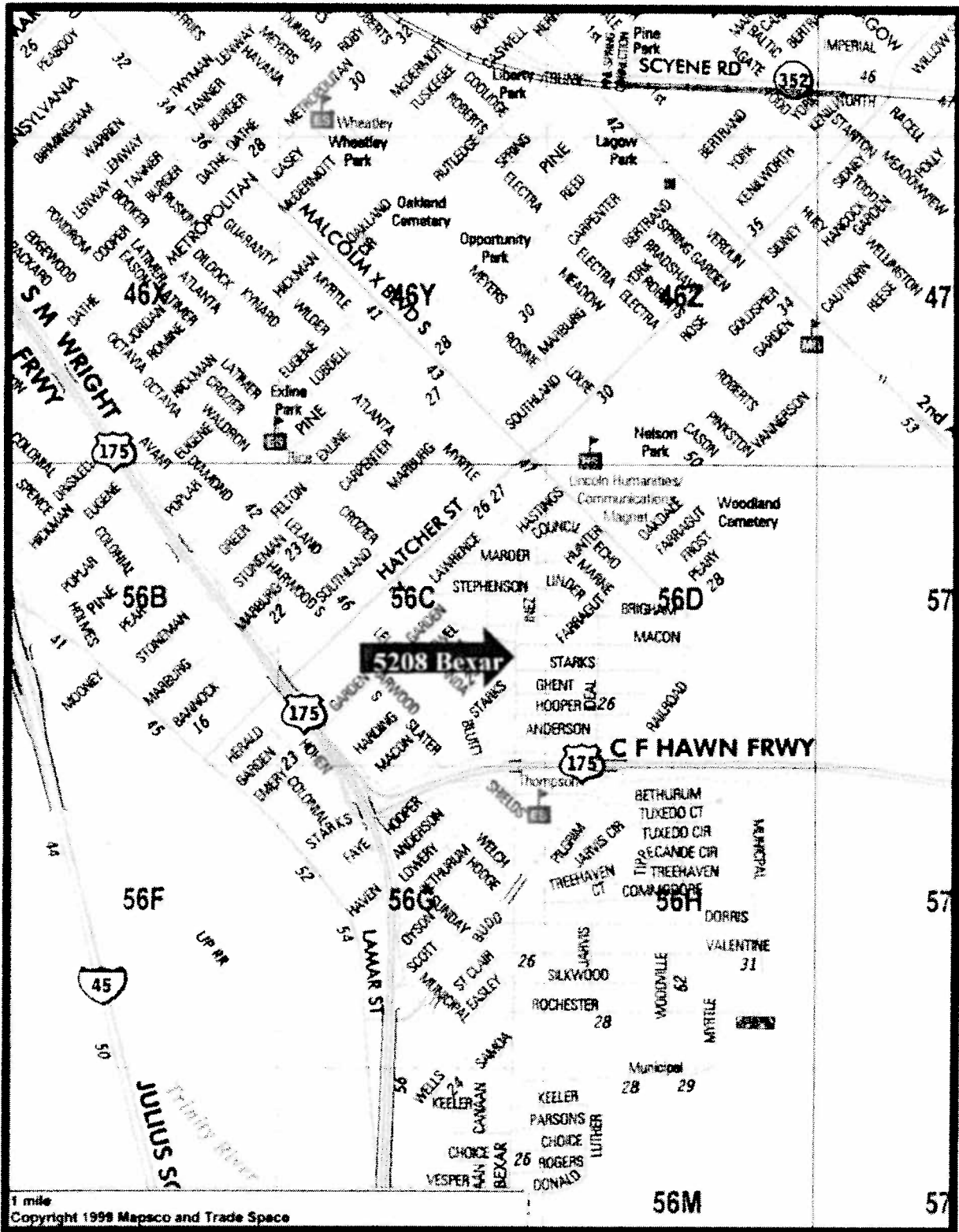
OWNERS(S)

Kaminski Holdings, Inc.

Bruce Kaminski, President

MAP(s)

Attached



MAPSCO 56C

November 10, 2010

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 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, the City Council authorized a loan agreement with Kaminski Holdings, Inc., (“The Borrower”) in the amount of \$300,000 with a fixed interest of 5% to facilitate the construction of a mixed-use two-story building at 5208 Bexar Street by Resolution No. 07-3305; and

WHEREAS, on February 24, 2010, the City Council authorized an amendment to Resolution No. 07-3305 to increase the economic development loan agreement with Kaminski Holdings, Inc. for predevelopment costs, demolition, and development financing for the construction of the retail component of a mixed-use building at 5208 Bexar Street by Resolution No. 10-0576; and

WHEREAS, on February 24, 2010, the City Council authorized an affordable housing HOME Investment Partnership (HOME) loan in the amount of \$550,000 for construction of six (6) affordable rental housing units in the mixed-use building at 5208 Bexar Street by Resolution No. 10-0576; and

WHEREAS, the City of Dallas desire to provide an amendment to Resolution No. 10-0576, to increase the development loan amounts by \$95,000 in order to complete this mixed-use project

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:

Section 1. That the City Manager is hereby authorized to increase the CDBG Loan Agreement loan amount from \$550,000 to \$597,500 with Kaminski Holdings, Inc. and change the amount to be repaid from \$400,000 to \$447,500 to be repaid over 20 years with 3% interest for construction development financing for the commercial portion of a mixed-use building at 5208 Bexar Street.

November 10, 2010

The terms of the agreement include:

- (a) The Borrower must execute a modified note payable to the City of Dallas for \$597,500 for the economic development loan. Of the \$597,500, \$150,000 will be forgiven over a five year period while \$447,500 will be repaid in equal monthly installments over a 20 year period with 3% interest.
- (b) Borrower must build a mixed-use building containing both retail and affordable housing rental space. Retail space must be occupied by neighborhood serving businesses approved by the City for a five year period.
- (c) Borrower will execute a modified Deed of Trust and Deed Restrictions on the property for a period of 20 years.
- (d) Borrower will be released from 1/5th of \$150,000 liability on the Note annually, provided that there are no defaults under any of the loan documents.
- (e) Borrower will begin construction no later than 12 months from contract execution and obtain Certificate of Occupancy no later than three (3) years from the date of this Council action.
- (f) Borrower will document and report ongoing occupancy requirements on a monthly basis for the commercial tenants.

Section 2. That the City Manager is hereby authorized to increase an affordable housing loan agreement with Kaminski Holdings, Inc. from \$550,000 to \$597,500 and changing the amount to be repaid from \$550,000 to \$597,500 to be repaid over 20 years with 3% interest for construction of six (6) affordable rental housing units at 5208 Bexar Street as part of a mixed-use building and to decrease the developer equity requirement from \$145,000 to \$85,000

The terms of the agreement include:

- (a) The Borrower must execute a modified note payable to the City of Dallas for \$597,500.
- (b) The loan of \$597,500 will carry a 3% interest rate and will be repaid in equal monthly installments upon initial lease up of the units and for 20 years thereafter.
- (c) The Borrower must execute and file in County Records a modified Deed of Trust and Deed Restriction for 20 years.
- (d) Borrower must build and rent six (6) units within 3 years.

November 10, 2010

Section 2. (Continued)

- (e) The Property will be deed restricted for 20 years for low-to-moderate income families. At all times, at least 20% of the families' incomes must be at 50% of Dallas AMFI or below and the remaining units at 80% of Dallas AMFI or below. Rents will meet Fair Market Rents as established by HUD.
- (f) Borrower will document and report ongoing occupancy requirements on a monthly basis for the residential tenants for 20 years.
- (g) Kamiski Holding, Inc. must provide source documentation for the developer's equity of \$85,000 for the balance of the construction funds.

Section 3. 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 Kaminski Holdings, Inc. as follows:

<u>FUND</u>	<u>DEPT</u>	<u>UNIT</u>	<u>OBJ</u>	<u>CT</u>	<u>AMOUNT</u>
CD02	HOU	2346	3015	HOU2346A490	\$31,614
CD08	HOU	297A	3015	HOU297AA491	\$15,886
0HM8	HOU	7575	3015	HOU7575A492	\$47,500

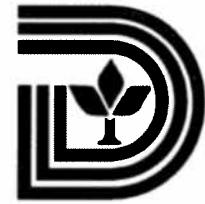
Section 4. That the City Controller is hereby authorized to set up receivable balance sheet account (033F) in funds CD02, CD08 and 0HM8 for the amount of the loan.

Section 5. 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/Community Services Department
 City Attorney's Office – Michael Bostic
 Office of Financial Services/Community Development, 4FS

Memorandum



CITY OF DALLAS

DATE October 29, 2010

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

SUBJECT **Dallas Housing Finance Corporation 2011 Mortgage Credit Certificate Program/Single Family Mortgage Revenue Bond Program**

The purpose of this briefing memorandum is to provide the Housing Committee with information on the proposed Dallas Housing Finance Corporation (DHFC) 2011 Mortgage Credit Certificate Program and Single Family Mortgage Revenue Bond Program. On November 8, 2010, the City Council's Budget, Finance and Audit Committee will be provided a briefing memorandum on this DHFC Single Family Program. This item is scheduled for the November 10, 2010 City Council agenda.

Background

On October 19, 2010, the Dallas Housing Finance Corporation (DHFC) approved an application to the Texas Bond Review Board for \$50 Million to be taken from its 2010 Private Activity Bond Allocation to be split as follows:

The first \$25 Million will be converted into a Mortgage Credit Certificate (MCC) Program (\$25 Million times .25) in Mortgage Credit Certificate (MCC) Authority of \$6,250,000 divided by .35 which equals a total mortgage drawn down amount of \$17,857,071 providing approximately 179 MCC Certificates to qualified first-time homebuyers based on the average home price of \$100,000.

The MCC Program will assist low and moderate income first-time homebuyers by providing 35% of the mortgage interest paid each year, up to \$2,000 per year or \$166.67 per month, as extra cash available to the borrower, over and above their normal income tax allowance for interest and real estate taxes paid, that can be provided to the borrower during the life of the loan or up to 30 years.

These Certificates are not an obligation of the City of Dallas.

The second \$25 Million out of the \$50 Million of the Bond Review Board's remaining 2010 Private Activity Bond Allocation will be used for one of the following:

To authorize a Traditional Single Family Tax-exempt Bond Mortgage Program, but only if marketing conditions warrant such a program, with a down payment component of approximately 31/2% of the Loan Amount with a below market interest rate; otherwise.

The \$25 Million will be converted to MCC authority to launch an additional MCC program in 2012 or earlier with a mortgage draw down amount of \$17,857,071 similar to the 2009 and 2011 MCC programs

Mortgage Credit Certificate Program

First Southwest Company will act as the official administrator of the Mortgage Credit Certificate Program.

1% will be collected at closing as each of the loans close.

On the estimated \$17,857,071 maximum mortgage volume and upon full origination, this 1% will be equal to \$178,571.

The following is the proposed project financing fee schedule.

The \$178,571 fee will be paid out as follows:

First Southwest Company @ 65% of total or \$116,000
Vinson @ Elkins @ 17% of total or \$30,000
Joe Nathan Wright @ 4% of total or \$7,571
Housing Finance Corporation @ 14% of total or \$25,000

Eligibility Requirements

The requirements for the MCC Program are:

Applicant must be a first-time homebuyer, not bought or sold a home in the last three years.

Income levels cannot exceed the I.R.S. guidelines for a family of two or less, the income cannot exceed \$67,600 and for families of 3 or more, the income cannot exceed \$77,740.

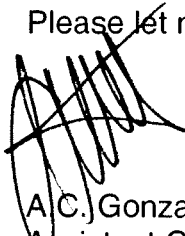
To use the MAP Single Family Program with the MCC Program, the borrower must have more restricted maximum incomes that do not exceed 80% or below the area-wide median income and meet all other MAP requirements, including but not limited to, the homebuyer training.

Schedule

November 8, 2010	Briefing Memo to Budget, Finance and Audit Committee
November 10, 2010	City Council consideration of the 2001 Mortgage Credit Certificate Program

A summary of the Traditional Single Family Mortgage Revenue Program is attached for your information.

Please let me know if you have any questions.



A.C. Gonzalez
Assistant City Manager

Attachment

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
Judge 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
Karl Zavitkovsky, Director, Office of Economic Development
Jerry Killingsworth, Housing Director
Helena Stevens-Thompson, Assistant to the City Manager

TRADITIONAL SINGLE FAMILY MORTGAGE REVENUE PROGRAM

How the Traditional/Standard Single Family Program Works

- The DHFC issues tax-exempt mortgage revenue bonds that are typically sold to an institutional investor such as Fannie Mae or Freddie Mac
- The proceeds from the bonds are made available to participating lenders that have paid a fee for an allocation
- The lender uses its allocation to make mortgage loans to low and moderate-income homebuyers
- The homebuyers' mortgage payments pay off the bonds purchased by the institutional investor

Financing Plan for Traditional/Standard Single Family Program

- The Single Family Program will be a standard bond program with one constant fixed rate of interest throughout the program
 - The 30-year mortgage rate is priced on the closing date of the bonds based on current market conditions
 - The Program will provide approximately 3.5% down payment assistance for first-time homebuyers who earn up to 100% of area median family income
 - It is anticipated that either Fannie Mae or Freddie Mac will be the institutional investor