

**KEY FOCUS AREA:** Economic Vibrancy  
**AGENDA DATE:** February 24, 2010  
**COUNCIL DISTRICT(S):** 3  
**DEPARTMENT:** Housing/Community Services  
**CMO:** A. C. Gonzalez, 671-8925  
**MAPSCO:** 43K F 44J

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### **SUBJECT**

Authorize **(1)** a public hearing to be held on March 10, 2010 to receive comments on the proposed private sale by quitclaim deed of five (5) unimproved properties acquired by the taxing authorities from the Sheriff's Sale to Builders of Hope Community Development Corporation, a qualified non-profit organization; and, **(2)** at the close of the public hearing, consideration of approval of the sale of these properties (list attached) - Financing: No cost consideration to the City

### **BACKGROUND**

This item will begin the acquisition process for Builders of Hope Community Development Corporation to purchase five (5) unimproved properties for construction of five (5) single-family homes containing approximately 1,100 – 1,500 square feet each for purchase by a low to moderate income homebuyer at the proposed sales price of \$90,000 - \$120,000 each. The anticipated commencement date of construction is January 2013. The calling of a public hearing is part of the state requirements under House Bill 110.

The 1997 Texas State Legislature enacted House Bill 110 which amended Chapter 34 of the Texas Property Tax Code. Subsequently, Tax Code Section 34.015 was redesignated as Local Government Code Section 253.010. The legislation allows a municipality to adopt an ordinance which provides for land acquired by the municipality following the foreclosure of a tax lien in favor of or seizure by the municipality, to be sold to non-profit organizations for the development of affordable housing for low income individuals and families. The City Council approved Ordinance No. 23713, implementing House Bill 110, on November 11, 1998. Subsequently, the Texas Legislature moved these provisions by redesignating Tax Code Section 34.015 as Local Government Code Section 253.010. On December 8, 2003, the City Council approved Ordinance No. 25443 to reference this applicable state law.

## **BACKGROUND (continued)**

The ordinance requires that housing be provided to households with incomes at or below 80% of Area Median Family Income. The ordinance defines non-profit organization as either: (1) a non-profit corporation as provided by the State law, or (2) a joint venture or partnership between a nonprofit corporation and a non-profit corporation or other non-profit legal entity composed of residents or property owners in the community or neighborhood in which the land subject to a purchase proposal under the ordinance is located.

Housing units require a 5-year deed restriction for single-family properties and a 15-year deed restriction for multi-family properties developed under this program. Rental property to be developed that contains more than 25 housing units will also be deed-restricted to require that social services be provided to residents based on the needs of the residents.

Non-profit organizations are allowed to purchase the property for a fixed sum of \$1,000 for up to 7,500 square feet of land purchased under the single proposal plus \$0.133 for each additional square foot of land purchased under the proposal. This revenue is paid first for court costs and maintenance costs and then any excess to taxing units in proportion to their share of taxes on the property. An additional sum will be paid to the City for costs of recording legal documents associated with the transaction. The purchase of properties is subject to any redemption rights of the owners. Approval by the City Council and the other taxing units will be required for all land transactions under this ordinance. The affordable housing unit(s) must be constructed within 3 years from the date on which the City conveys the quitclaim deed, unless City Council extends the time line.

## **PRIOR ACTION/REVIEW (Council, Boards, Commissions)**

On November 13, 1996, the City Council authorized the development of procedures to allow for the private sale of tax foreclosed or seized properties to qualified non-profit organizations by Resolution No. 96-3691.

On May 14, 1997, the City Council authorized implementation of the procedures for the Land Assembly Program by Resolution No. 97-1504.

On November 11, 1998, the City Council authorized an ordinance amending Chapter 2 of the Dallas City Code to allow for an alternate manner of sale for tax foreclosed property to non-profit housing corporations and non-profit organizations by Ordinance No. 23713.

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

On September 22, 1999, the City Council authorized an ordinance amending Chapter 2 of the Dallas City Code to authorize and provide requirements, qualifications, restrictions, and procedures for an alternate manner of sale of seized real property to nonprofit organizations for the development of affordable housing by Ordinance No. 24046.

On May 9, 2001, the City Council authorized implementation of the procedures contained in the Land Transfer Program Statement and consolidate all land assembly processes under the Land Transfer Program Statement to allow for the private sale of City surplus, tax foreclosed and seized property to qualified, non-profit organizations for the public purpose of creating or preserving affordable housing by Resolution No. 01-1411.

On June 27, 2001, the City Council authorized implementation of policies and procedures contained in the adopted Housing Policy and to allow for modifications to Housing Program Statements under the adopted Housing Policy by Resolution No. 01-2049.

On December 8, 2003, the City Council authorized an ordinance amending Chapter 2 of the Dallas City Code to allow for changes in and extension of the development periods under H.B. 110 proposals and update references to applicable state law by Ordinance No. 25443.

On December 8, 2003, the City Council authorized an amendment to the program statement of the Land Transfer Program Policy to reflect the December 8, 2003 Ordinance change and changes to Section V. of the program statement by Resolution No. 03-3355.

On November 10, 2004, the City Council authorized an amendment to the program statement of the House Bill 110 Program to prohibit the placement of industrialized housing on properties sold by the City by Resolution No. 04-3193.

## **FISCAL INFORMATION**

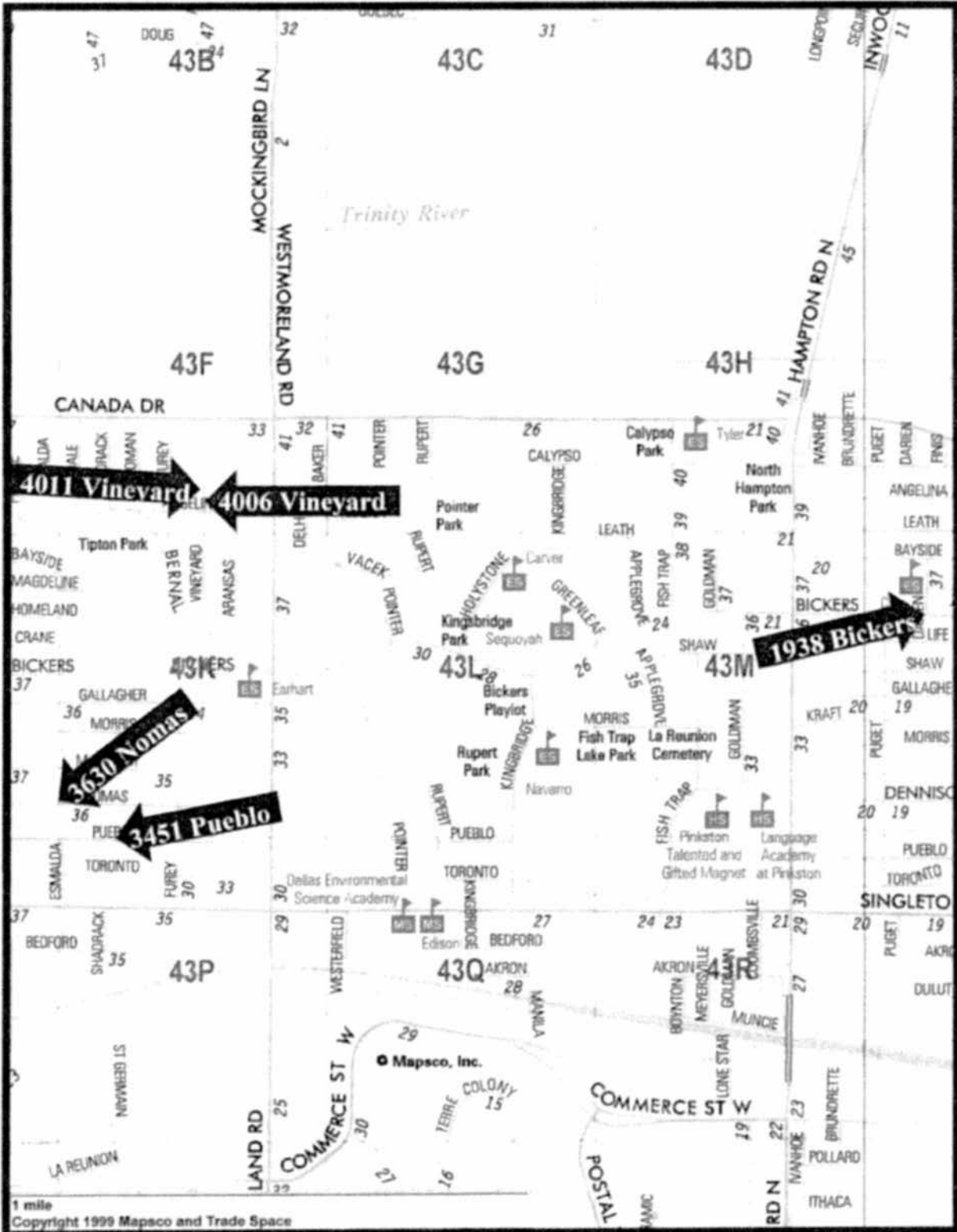
No cost consideration to the City.

## **MAP**

Attached

### Tax Foreclosure and Seizure Property Resale

<u>Parcel No.</u>	<u>Address</u>	<u>Non-Profit Organization</u>	<u>Mapsco</u>	<u>DCAD Value</u>	<u>Sale Amount</u>	<u>Vac/ Imp Zoning</u>	<u>Council District</u>
1.	3541 Pueblo	Builders of Hope Community Development Corporation	43K	\$10,200	\$1,000	V R-5(A)	3
2.	3630 Nomas	Builders of Hope Community Development Corporation	43K	\$12,000	\$1,000	V R-5(A)	3
3.	4011 Vineyard	Builders of Hope Community Development Corporation	43F	\$12,000	\$1,000	V R-5(A)	3
4.	4006 Vineyard	Builders of Hope Community Development Corporation	43F	\$10,000	\$1,000	V R-5(A)	3
5.	1938 Bickers	Builders of Hope Community Development Corporation	44J	\$12,000	\$1,000	V R-5(A)	3



**MAPSCO 43K, 43F & 44J**

February 24, 2010

**WHEREAS**, on November 13, 1996, the City Council authorized the development of procedures to allow for the private sale of tax foreclosed or seized properties to qualified non-profit organizations by Resolution No. 96-3691; and

**WHEREAS**, on May 14, 1997, the City Council authorized implementation of the procedures for the Land Assembly Program by Resolution No. 97-1504; and

**WHEREAS**, on November 11, 1998, the City Council authorized an ordinance amending Chapter 2 of the Dallas City Code to allow for an alternate manner of sale for tax foreclosed property to non-profit housing corporations and non-profit organizations by Ordinance No. 23713; and

**WHEREAS**, on September 22, 1999, the City Council authorized an ordinance amending Chapter 2 of the Dallas City Code to authorize and provide requirements, qualifications, restrictions, and procedures for an alternate manner of sale of seized real property to nonprofit organizations for the development of affordable housing by Ordinance No. 24046; and

**WHEREAS**, on May 9, 2001, the City Council authorized implementation of the procedures contained in the Land Transfer Program Statement and consolidated all land assembly processes under the Land Transfer Program Statement to allow for the private sale of City surplus, tax foreclosed and seized property to qualified, non-profit organizations for the public purpose of creating or preserving affordable housing by Resolution No. 01-1411; and

**WHEREAS**, on June 27, 2001, the City Council authorized implementation of policies and procedures contained in the adopted Housing Policy and to allow for modifications to Housing Program Statements under the adopted Housing Policy by Resolution No. 01-2049; and

**WHEREAS**, on December 8, 2003, the City Council authorized an ordinance amending Chapter 2 of the Dallas City Code to allow for changes in and extension of the development periods under H.B. 110 proposals and update references to applicable state law by Ordinance No. 25443; and

**WHEREAS**, on December 8, 2003, the City Council authorized an amendment of the program statement of the Land Transfer Program Policy to reflect the December 8, 2003 Ordinance change and changes to the program statement by Resolution No. 03-3355; and

**WHEREAS**, on November 10, 2004, the City Council authorized an amendment of the program statement of the House Bill 110 Program to prohibit the placement of industrialized housing on properties sold by the City by Resolution No. 04-3193; and

February 24, 2010

**WHEREAS**, on January 21, 2010, the City received five proposals from Builders of Hope Community Development Corporation to purchase five (5) properties shown on Exhibit "A" for construction of five (5) single-family homes for purchase by low to moderate income homebuyers; **NOW, THEREFORE**,

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

**Section 1.** That the public hearing shall be held at 1:00 p.m. on March 10, 2010 in the City Council Chambers, Dallas City Hall, 6th floor, 1500 Marilla Street, Dallas, Texas, at which time any interested person may appear and speak for or against the proposed private sale by quitclaim deed of five (5) unimproved properties acquired by the taxing authorities from the Sheriff's Sale to a qualified non-profit organization; and, at the close of the public hearing, consider approval of the sale of the properties to the nonprofit organization, all as shown on Exhibit "A".

**Section 2.** That notice of such public hearing shall be published in the newspaper of record not later than ten (10) days prior to the date of such hearing. Written notice of such hearing shall be sent to all owners of real property lying within 200 feet of the boundary of the area subject to the purchase and notice of the hearing along with a copy of this resolution shall be delivered in writing to the presiding officer of the governing body of each taxing unit that includes in its boundaries real property that is to be included in the proposed purchase.

**Section 3.** 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  
City Attorney's Office  
Office of Financial Services/Community Development, 4FN  
Office of Property Management

**EXHIBIT "A"**

**TAX FORECLOSURE PROPERTY SALE**

<b>PARCEL NO.</b>	<b>Address</b>	<b>Mapsco</b>	<b>Non-Profit Organization</b>	<b>Sale Amount</b>	<b>Council District</b>
1.	3541 Pueblo	43K	Builders of Hope Community Development Corporation	\$1,000.00	3
2.	3630 Nomas	43K	Builders of Hope Community Development Corporation	\$1,000.00	3
3.	4011 Vineyard	43F	Builders of Hope Community Development Corporation	\$1,000.00	3
4.	4006 Vineyard	43F	Builders of Hope Community Development Corporation	\$1,000.00	3
5.	1938 Bickers	44J	Builders of Hope Community Development Corporation	\$1,000.00	3

**KEY FOCUS AREA:** A Cleaner, Healthier City Environment  
**AGENDA DATE:** February 24, 2010  
**COUNCIL DISTRICT(S):** 3, 4, 7  
**DEPARTMENT:** Housing/Community Services  
**CMO:** A. C. Gonzalez, 671-8925  
**MAPSCO:** 44N 55U 65A

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### **SUBJECT**

Authorize the reconstruction on-site of three homes in accordance with the Reconstruction/SHARE Program Statement requirements for properties located at 2029 East Illinois Avenue in the amount of \$93,400, 3322 Alaska Avenue in the amount of \$93,400 and 2612 Harston Street in the amount of \$93,400 – Total not to exceed \$280,200 - Financing: 2008-09 Home Funds (\$238,076) and 2008-09 Community Development Block Grant Funds (\$42,124)

### **BACKGROUND**

On November 12, 2007, City Council approved an amendment to the Program Statement for the Home Repair Program which authorizes loans for reconstruction on site of new homes to low-income homeowners in Dallas earning less than 50% Citywide and 80% in NIP areas of Area Median Family Income (AMFI).

On December 9, 2009, City Council approved an amendment to the Program Statement for the Reconstruction/SHARE program to provide to the homeowners a maximum of \$93,400 for a new home on-site of approximately 1,200 sq ft.

City Council authorization is also required prior to proceeding with reconstruction on site when all of the following conditions exist: (a) repairs necessary to meet the City's locally adopted Housing Rehabilitation Standards or Federal Housing Quality Standards and all applicable codes cannot be accomplished within the program funding limits; (b) the conditions of the home create an imminent danger to the life, health and/or safety of the residents and/or the neighborhood; and (c) repairs are not feasible in that they will not extend the life of the repaired structure beyond 15 years.

## **BACKGROUND (continued)**

On October 8, 2008, City Council approved an amendment to the Program Statement for the Home Repair Program which authorizes loans for reconstruction on site of new homes to low-income homeowners in Dallas earning less than 80% of Area Median Family Income (AMFI) and who are older than 62 years of age or disabled and provide assistance with one (1) tax and insurance payment.

The following homeowners are at 80% and below AMFI, are eligible for a loan to reconstruct the homes on-site and the properties described are eligible: an elderly female, Durene Davis, 76 years old, resides at 2029 E. Illinois Avenue; an elderly female, Shirley Thomas, 72 years old, resides at 3322 Alaska Avenue and an elderly female, Ella L. Thompson, 81 years old, resides at 2612 Harston Street.

This action provides authority to proceed with reconstruction of three (3) single-family homes on-site, as all conditions noted above have been met.

## **PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On October 28, 1998, the City Council approved the Program Statement authorizing the Housing Department to implement the Home Improvement Loan Program and included clarification of procedures for reconstruction on-site under certain conditions by Council Resolution No. 98-3157.

On August 23, 2000, the City Council authorized approval of the Program Statement for the Home Improvement Loan Program by Resolution No. 00-2656.

On June 27, 2001, the City Council authorized approval of a Program Statement for the Home Repair Program by Resolution No. 01-2049.

On August 14, 2002, the City Council authorized the Program Statement for the Home Repair Program by Resolution No. 02-2272.

On October 23, 2002, the City Council authorized the Program Statement for the Home Repair Program by Resolution No. 02-3047.

On October 22, 2003, the City Council authorized the Program Statement for the Replacement and SHARE Housing Program by Resolution No. 03-2833.

On June 23, 2004, the City Council authorized an amendment to the Program Statement for the Replacement and SHARE Housing Program by Resolution No. 04-2097.

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

On October 18, 2004, the Housing and Neighborhood Development Committee recommended increasing the Maximum loan for a replacement home to \$70,000.

On November 10, 2004, the City Council authorized an amendment to the Program Statement for the Replacement and SHARE Housing Program to increase the maximum amount to \$70,000 by Resolution No. 04-3194.

On November 12, 2007, the City Council approved the Program Statement authorizing the Housing Department to implement the Reconstruction/SHARE Program Statement for reconstruction on-site under certain conditions for assistance up to \$87,500 by Resolution No. 07-3307.

On April 23, 2008, the City Council authorized an amendment to the Reconstruction/SHARE Program Statement to add an amenities package up to \$5,900 by Resolution No. 08-1266.

On October 8, 2008, the City Council authorized an amendment to the Reconstruction/SHARE Program Statement to assist low-income homeowners in Dallas earning less than 80% of Area Median Family Income (AMFI) and who are older than 62 years of age or disabled and provide assistance with one (1) tax and insurance payment in Resolution No. 08-2768.

On December 9, 2009, the City Council authorized an amendment to the Reconstruction/SHARE Program Statement to increase the maximum Reconstruction Program Assistance Type One loan amount from \$87,500 to \$93,400 in Resolution No. 09-2951.

## **FISCAL INFORMATION**

2008-09 Home Funds - \$238,076

2008-09 Community Development Block Grant Funds - \$42,124

Council District 3 - \$93,400

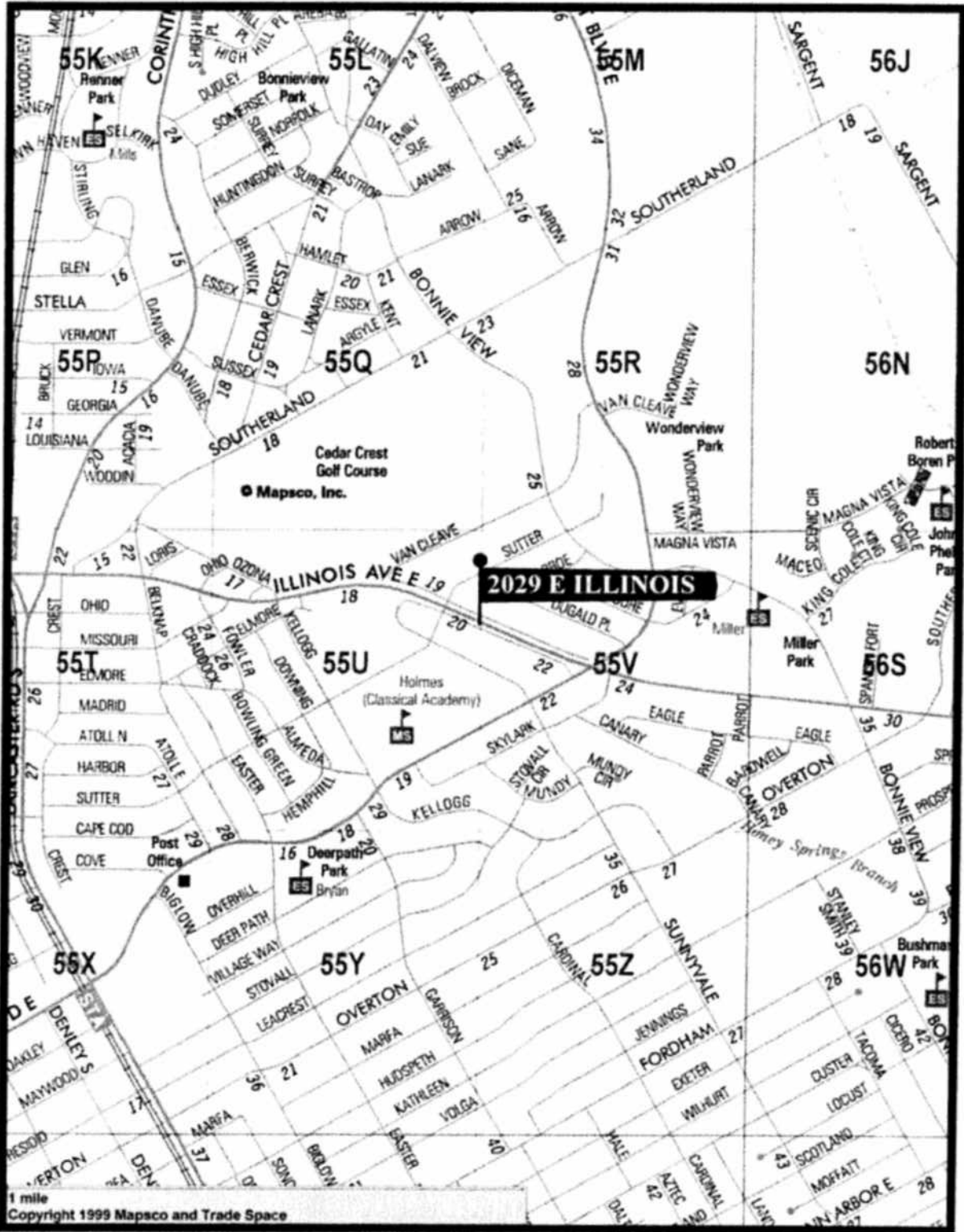
Council District 4 - \$93,400

Council District 7 - \$93,400

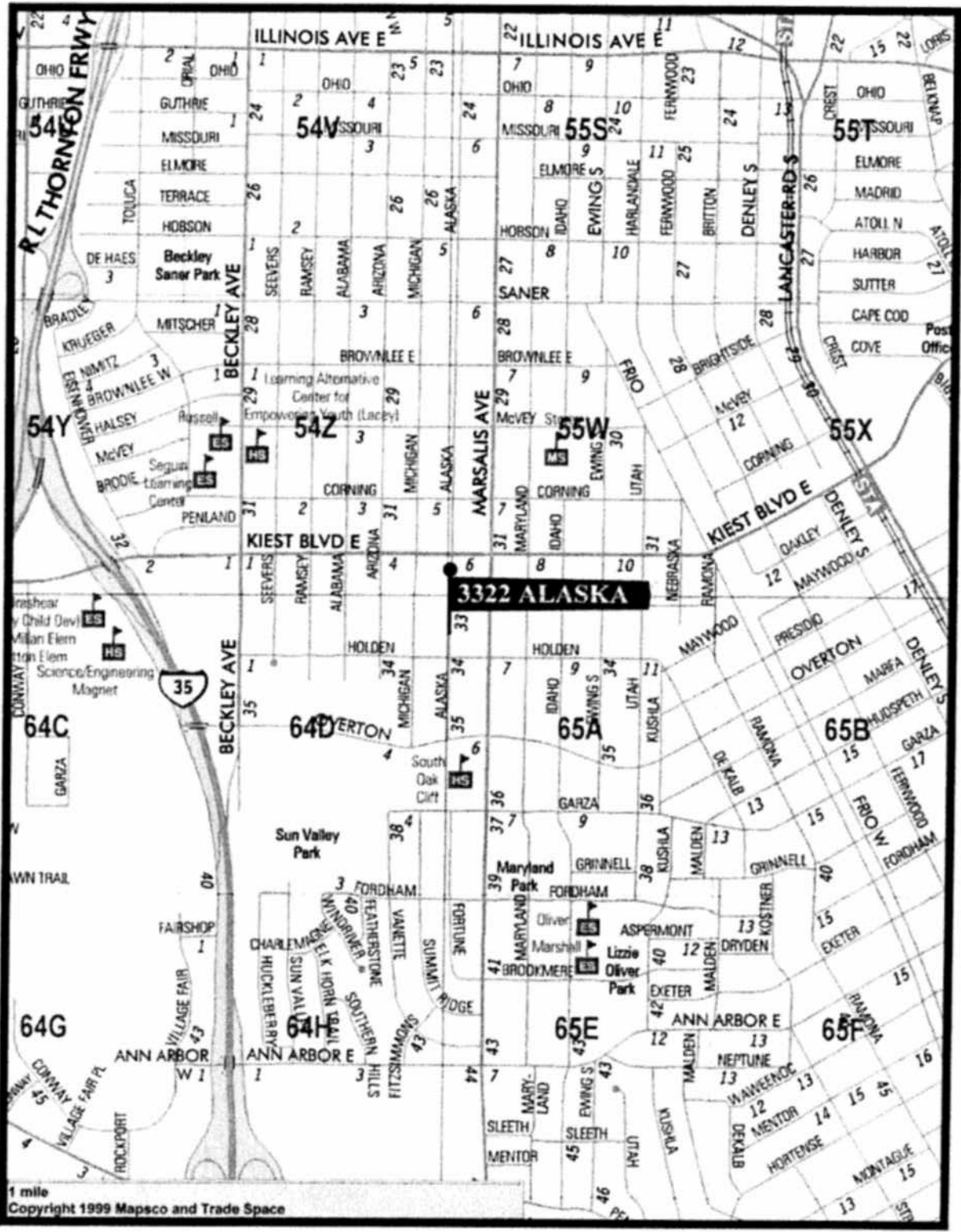
## **MAP(S)**

Attached





**MAPSCO 55U**



**MAPSCO 65A**

February 24, 2010

**WHEREAS**, on October 28, 1998, the City Council approved the Program Statement authorizing the Housing Department to implement the Home Improvement Loan Program and included clarification of procedures for reconstruction on-site under certain conditions by Resolution No. 98-3157; and

**WHEREAS**, on August 23, 2000, the City Council authorized approval of the Program Statement for the Home Improvement Loan Program by Resolution No. 00-2656; and

**WHEREAS**, on June 27, 2001, the City Council authorized approval of a Program Statement for the Home Repair Program by Resolution No. 01-2049; and

**WHEREAS**, on August 14, 2002, the City Council authorized the Program Statement for the Home Repair Program by Resolution No. 02-2272; and

**WHEREAS**, on October 23, 2002, the City Council authorized the Program Statement for the Home Repair Program by Resolution No. 02-3047; and

**WHEREAS**, on October 22, 2003, the City Council authorized the Program Statement for the Replacement and SHARE Housing Program by Resolution No. 03-2833; and

**WHEREAS**, on June 23, 2004, the City Council authorized an amendment to the Program Statement for the Replacement and SHARE Housing Program by Resolution No. 04-2097; and

**WHEREAS**, on October 18, 2004, the Housing and Neighborhood Development Committee recommended increasing the Maximum loan for a replacement home to \$70,000; and

**WHEREAS**, on November 10, 2004, the City Council authorized an amendment to the Program Statement for the Replacement and SHARE Housing Program to increase the maximum amount to \$70,000 by Resolution No. 04-3194; and

**WHEREAS**, on November 12, 2007, the City Council approved the Program Statement authorizing the Housing Department to implement the Reconstruction/SHARE Program Statement for reconstruction on-site under certain conditions for assistance up to \$87,500 by Resolution No. 07-3307; and

**WHEREAS**, on April 23, 2008, the City Council authorized an amendment to the Reconstruction/SHARE Program Statement to add an amenities package up to \$5,900 by Resolution No. 08-1266; and

February 24, 2010

**WHEREAS**, on October 8, 2008, the City Council authorized an amendment to the Reconstruction/SHARE Program Statement to assist low-income homeowners at 80% of AMFI who are older than 62 years old or disabled and to provide assistance with one (1) tax and insurance payment; and

**WHEREAS**, on December 9, 2009, the City Council authorized an amendment to the Reconstruction/SHARE Program Statement to increase the maximum Reconstruction Program Assistance Type One loan amount from \$87,500 to \$93,400 by Resolution No. 09-2951; and

**WHEREAS**, the homeowners described made application to the Home Repair Program; Durene Davis, at 2029 E. Illinois Avenue; Shirley Thomas, at 3322 Alaska Avenue and Ella L. Thompson, at 2612 Harston Street; and

**WHEREAS**, all three conditions outlined in the Reconstruction/SHARE Program Statement for reconstruction of a home on-site have been met for the property owners Durene Davis, Shirley Thomas and Ella L. Thompson; **NOW THEREFORE**,

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

**SECTION 1.** That the application and property from homeowners described for a reconstruction loan be approved under the Reconstruction/SHARE Program: Durene Davis, 2029 E. Illinois Avenue; Shirley Thomas, 3322 Alaska Avenue and Ella L. Thompson, 2612 Harston Street, all in the amounts shown in Section 3 hereof.

**SECTION 2.** That the City Manager, upon approval as to form by the City Attorney, is authorized to execute loan documents with Durene Davis, Shirley Thomas and Ella L. Thompson for reconstruction on-site of the homes to be located at 2029 E. Illinois Avenue, 3322 Alaska Avenue and 2612 Harston Street.

**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 CD08 Dept HOU, Unit 304A, Obj 3100 CT HOU305AD351 (\$42,124)

Fund HM08 Dept HOU, Unit 322A, Obj 3100 (\$51,276)

Vendor # VS0000040190 – Altura Homes DFW, LP. – 2029 E. Illinois Avenue

Fund HM08 Dept HOU, Unit 322A, Obj 3100 CT HOU322AD352 (\$93,400)

Vendor # 337798 – Torres Construction – 3322 Alaska Avenue

Fund HM08 Dept HOU, Unit 322A, Obj 3100 CT HOU322AD353 (\$93,400)

Vendor # VS0000040190 – Altura Homes DFW, LP – 2612 Harston Street

February 24, 2010

**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

City Attorney's Office

Office of Financial Services/Community Development, 4FS

**KEY FOCUS AREA:** Economic Vibrancy  
**AGENDA DATE:** February 24, 2010  
**COUNCIL DISTRICT(S):** 7  
**DEPARTMENT:** Housing/Community Services  
**CMO:** A. C. Gonzalez, 671-8925  
**MAPSCO:** 56C

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### **SUBJECT**

Authorize **(1)** an amendment to Resolution No. 07-3305, previously approved on November 12, 2007, to increase the economic development loan amount from \$300,000 to \$550,000 with Kaminski Holdings, Inc. and change the terms to allow \$150,000 to be forgivable over a five year period and \$400,000 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; and **(2)** a housing development loan agreement with Kaminski Holdings, Inc. in the amount of \$550,000 for construction of six affordable rental housing units at 5208 Bexar Street as part of a mixed-use building - Not to exceed \$800,000 - Financing: 2006-07 Community Development Block Grant Reprogramming Funds (\$250,000), 2009-10 HOME Investment Partnership Program Grant Funds (\$550,000)

### **BACKGROUND**

The Bexar Street Mixed-Use 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 Mixed-Use project. 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.

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.

## **BACKGROUND (continued)**

Due to market lending conditions, the developer has been unable to secure financing for the full development of the mixed-use building.

On January 7, 2010, the City Council Housing Committee was briefed on the project and the need for additional loan funds from the City of Dallas for the full development to be completed.

This action authorizes additional loan funds for the complete construction of the mixed-use facility at 5208 Bexar. The economic development loan will total \$550,000 with \$150,000 being forgiven over a five year period and \$400,000 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 will total \$550,000 to be repaid over a 20 year period with 3% interest. Housing units will be affordable rental units for 20 years and will be deed restricted. The entire property will carry a first lien from the City of Dallas for the full amount of both loans.

## **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.

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, 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 January 7, 2010, the City Council Housing Committee was briefed on the project and the need for additional loan funds from the City of Dallas for the full development to be completed.

## **FISCAL INFORMATION**

2006-07 Community Development Block Grant Reprogramming Funds - \$250,000  
2009-10 HOME Investment Partnership Program Grant Funds - \$550,000

**OWNERS(S)**

**Kaminski Holdings, Inc.**

Bruce Kaminski, President

**MAP(s)**

Attached



February 24, 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, 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**, the City of Dallas desires to provide 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; and

**WHEREAS**, the City of Dallas desires to provide a housing development loan from HOME Investment Partnership (HOME) grant funds in the amount of \$550,000 for construction of six affordable rental housing units in the mixed-use building at 5208 Bexar Street; **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 economic development loan amount from \$300,000 to \$550,000 with Kaminski Holdings, Inc. ("Borrower") and change the terms to allow \$150,000 to be forgivable over a five year period and \$400,000 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.

The terms of the agreement include:

- a. The Borrower must execute a note payable to the City of Dallas for \$550,000 for the economic development loan. Of the \$550,000, \$150,000 will be forgiven over a five year period while \$400,000 will be repaid 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.

February 24, 2010

- c. Borrower will execute a Deed of Trust and Deed Restrictions on the property for a period of 20 years.
- d. Borrower will be released from 1/5<sup>th</sup> 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 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.
- g. Kaminski Holdings, Inc. must provide source documentation for the developer's equity for the balance of the construction funds.

**Section 2.** That the City Manager is hereby authorized to execute a housing development loan agreement with Kaminski Holdings, Inc. in the amount of \$550,000 for construction of six affordable rental housing units at 5208 Bexar Street as part of a mixed-use building.

The terms of the agreement include:

- a. The Borrower must execute a note payable to the City of Dallas for \$550,000.
- b. The loan of \$550,000 will carry a 3% interest rate and will be repaid monthly upon initial lease up of the units and for 20 years thereafter.
- c. The Borrower must execute and file in County Records a Deed of Trust and Deed Restriction for 20 years.
- d. Borrower must build and rent six units within 3 years.
- 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.

February 24, 2010

**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>
09R1	HOU	631B	3015	HOU631BE359	\$250,000
HM09	HOU	654B	3015	HOU654BE359	\$550,000

**Section 4.** That the City Controller is hereby authorized to set up receivable balance sheet account (033F) in funds 09R1 and HM09 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  
City Attorney's Office - Michael Bostic  
Office of Financial Services/Community Development, 4FS

**KEY FOCUS AREA:** Economic Vibrancy  
**AGENDA DATE:** February 24, 2010  
**COUNCIL DISTRICT(S):** 7  
**DEPARTMENT:** Housing/Community Services  
**CMO:** A. C. Gonzalez, 671-8925  
**MAPSCO:** 56C

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### **SUBJECT**

Authorize **(1)** an amendment to Resolution No. 09-1924, previously approved on August 12, 2009, to increase the economic development loan amount from \$455,000 to \$530,800 and change the terms to a five-year forgivable loan with Hai Tak Enterprises, Inc. for predevelopment costs and development financing for the construction of the retail component of a mixed-use building at 5203 Bexar Street; and **(2)** a housing development loan agreement with Hai Tak Enterprises, Inc. in the amount of \$796,200 for the construction of nine affordable rental housing units at 5203 Bexar Street as part of a mixed-use building - Not to exceed \$872,000 - Financing: 2006-07 Community Development Block Grant Reprogramming Funds (\$75,800), 2009-10 HOME Investment Partnership Program Grant Funds (\$796,200)

### **BACKGROUND**

The Bexar Street Mixed-Use project is being implemented under the City's Neighborhood Investment Program (NIP) and is located within NIP target area CT 39.02/115.00. 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 Hai Tak Enterprises, Inc. and is located at 5203 Bexar, within the Bexar Street Mixed-Use project. An existing building on the property was demolished and will be replaced by a new two-story mixed-use building containing 6,000 square feet of commercial/retail space and 9 apartment units.

## **BACKGROUND** (continued)

On August 12, 2009, the City Council authorized a loan with Hai Tak Enterprises, Inc., ("The Borrower") in an amount not to exceed \$455,000, with a fixed interest rate of 1% per annum to facilitate the construction of a mixed-use two-story building at 5203 Bexar Street, by Resolution 09-1924.

On January 7, 2010, the City Council Housing Committee was briefed on the project and the need for additional loan funds from the City of Dallas for the full development to be completed.

This action authorizes additional loan funds for the complete construction of the mixed-use facility at 5203 Bexar. The economic development loan will total \$530,800 and will be forgivable over a five year period. The retail space must be used by neighborhood serving businesses for a five year period. The housing development loan will total \$796,200 with \$174,200 forgivable amount over a five year period and \$622,000 repaid over a 20 year period with 3% interest. Housing units will be affordable rental units for 20 years and will be deed restricted. The entire property will carry a first lien from the City of Dallas for the full amount of both loans.

## **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.

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 December 13, 2006, the City Council approved an economic development loan to Hai Tak Enterprises, Inc. in an amount not to exceed \$305,000 to facilitate the construction of a mixed-use two-story building at 5203 Bexar Street, by Resolution No. 06-3362.

On August 12, 2009, the City Council authorized a loan to Hai Tak Enterprises, Inc., ("The Borrower") in an amount not to exceed \$455,000, with a fixed interest rate of 1% per annum to facilitate the construction of a mixed-use two-story building at 5203 Bexar Street, by Resolution No. 09-1924.

On January 7, 2010, the City Council Housing Committee was briefed on the project and unanimously approved the project.

**FISCAL INFORMATION**

2006-07 Community Development Block Grant Reprogramming Funds - \$75,800  
2009-10 HOME Investment Partnership Program Grant Funds - \$796,200

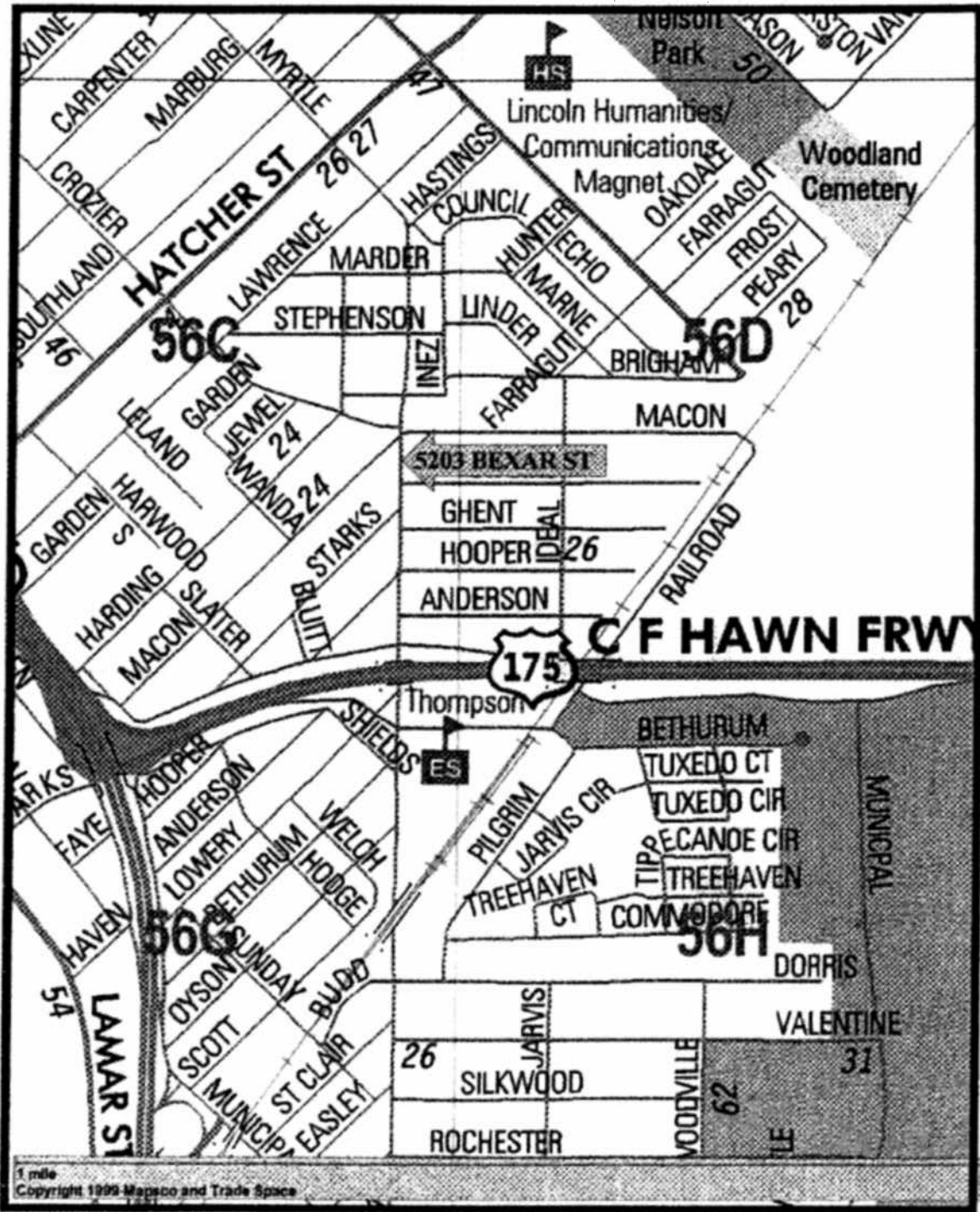
**OWNERS(S)**

**Hai Tak Enterprises, Inc.**

Hailu Ejigu, President

**MAP(s)**

Attached



MAPSCO 56 C

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**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 December 13, 2006, the City Council approved an economic development loan to Hai Tak Enterprises, Inc. in an amount not to exceed \$305,000 to facilitate the construction of a mixed-use two-story building at 5203 Bexar Street, by Resolution No. 06-3362; and

**WHEREAS**, on August 12, 2009, the City Council authorized a loan to Hai Tak Enterprises, Inc., ("The Borrower") in an amount not to exceed \$455,000, with a fixed interest rate of 1% per annum to facilitate the construction of a mixed-use two-story building at 5203 Bexar Street, by Resolution No. 09-1924; and

**WHEREAS**, the City of Dallas desires to provide an amendment to Resolution No. 09-1924 to increase the economic development loan agreement with Hai Tak Enterprises, Inc. for predevelopment costs, demolition and development financing for the construction of the retail component of a mixed-use building at 5203 Bexar Street; and

**WHEREAS**, the City of Dallas desires to provide a housing development loan to Hai Tak Enterprises, Inc. from HOME Investment Partnership Program (HOME) loan in the amount of \$796,200 for construction of nine affordable rental housing units in the mixed-use building at 5203 Bexar Street; **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 economic development loan amount from \$455,000 to \$530,800 and change the terms to a five-year forgivable loan with Hai Tak Enterprises, Inc. ("Borrower") for predevelopment costs and development financing for the construction of the retail component of a mixed-use building at 5203 Bexar Street.

The terms of the agreement include:

- a. The Borrower must execute a note payable to the City of Dallas for \$530,800 with 0% interest.

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- 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 Deed of Trust and Deed Restrictions on the property for a period of 20 years.
- d. Borrower will be released from 1/5<sup>th</sup> of liability on the Note annually, provided that there are no defaults under the loan agreement.
- e. Borrower will begin construction no later than 12 months from contract execution and obtain Certificate of Occupancy no later than three 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.
- g. Hai Tak Enterprises, Inc. must provide source documentation for the developer's equity for the balance of the construction funds.

**Section 2.** That the City Manager is hereby authorized to execute a housing development loan agreement with Hai Tak Enterprises, Inc. in the amount of \$796,200 for the construction of nine affordable rental housing units at 5203 Bexar Street as part of a mixed-use building.

The terms of the agreement include:

- a. The Borrower must execute a note payable to the City of Dallas for \$796,200. Of the loan amount, \$174,200 will be forgiven over a five year period provided that there are no defaults under the loan agreement.
- b. The balance of the loan, \$622,000, will carry a 3% interest rate and will be repaid monthly upon initial lease up of the units and for 20 years thereafter.
- c. The Borrower must execute and file in County Records a Deed of Trust and Deed Restriction for 20 years.
- d. Borrower must build and rent nine units within 3 years.
- e. 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.

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f. Borrower will document and report ongoing occupancy requirements on a monthly basis for the residential tenants for 20 years.

**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 Hai Tak Enterprises, Inc. as follows:

<u>FUND</u>	<u>DEPT</u>	<u>UNIT</u>	<u>OBJ</u>	<u>CT</u>	<u>AMOUNT</u>
09R1	HOU	631B	3015	HOU631BE360	\$ 75,800
HM09	HOU	654B	3015	HOU654BE360	\$796,200

**Section 4.** That the City Controller is hereby authorized to set up receivable balance sheet account (033F) in funds 09R1 and HM09 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  
 City Attorney's Office - Michael Bostic  
 Office of Financial Services/Community Development, 4FS

**KEY FOCUS AREA:** Economic Vibrancy  
**AGENDA DATE:** February 24, 2010  
**COUNCIL DISTRICT(S):** All  
**DEPARTMENT:** Housing/Community Services  
**CMO:** A. C. Gonzalez, 671-8925  
**MAPSCO:** N/A

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## **SUBJECT**

A public hearing to receive comments on Substantial Amendment No. 2 to the FY 2009-10 Consolidated Plan for the Reprogramming of **(a)** 2006-07 Community Development Block Grant Reprogramming Funds from Downtown Mortgage Assistance program to Bexar Street Mixed-Use Project \$475,800 and Reconstruction/SHARE Program \$1,474,200; and **(b)** 2009-10 HOME Investment Partnership Program Grant Funds from Reconstruction/SHARE program to Bexar Street Mixed-Use Project \$1,346,200; and at the close of the hearing, authorize final adoption of Substantial Amendment No. 2 to the FY 2009-10 Consolidated Plan - Total not to exceed \$3,296,200 - Financing: 2006-07 Community Development Block Grant Reprogramming Funds (\$1,950,000) and 2009-10 HOME Investment Partnership Program Grant Funds (\$1,346,200)

## **BACKGROUND**

On June 24, 2009, the City Council approved and adopted the FY 2009-10 Consolidated Plan and FY 2008-09 Reprogramming budgets, in an estimated amount of \$34,904,780 by Resolution No. 09-1635.

On December 7, 2009, the Housing Committee of the City Council was briefed on the reprogramming of funds in favor of the Bexar Street Mixed-Use Project.

On January 13, 2010, the City Council authorized a preliminary adoption of Substantial Amendment No. 2 to the FY2009-10 Consolidated Plan and a public hearing to be held.

This action would, at the close of the public hearing, authorize final adoption of the Substantial Amendment No. 2 to reprogram 2006-07 Community Development Block Grant Reprogramming Funds from Downtown Mortgage Assistance program to Bexar Street Mixed-Use Project in an amount of \$475,800 and 2009-10 HOME Investment Partnership Funds from Reconstruction/SHARE Program to Bexar Street Mixed-Use Project in an amount of \$1,346,200.

## **BACKGROUND (continued)**

Also, in order to replace funding for the Reconstruction/SHARE Program, 2006-07 Community Development Block Grant Reprogramming Funds would be reprogrammed from Downtown Mortgage Assistance program to the Reconstruction/SHARE Program in the amount of \$1,474,200.

The Bexar Street Mixed-Use Project will fund two mixed use developments to Hai Tak Enterprises, Inc. and to Kaminski Holdings, Inc. to develop 12,400 sq ft. of retail space and 15 affordable apartment units at the 5200 block of Bexar Street. Each project contract will be presented for final approval by the City Council on February 24, 2010 provided that reprogramming funding is approved.

## **PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On June 24, 2009, the City Council approved and adopted the FY 2009-10 Consolidated Plan and FY 2008-09 Reprogramming budgets, in an estimated amount of \$34,904,780 by Resolution No. 09-1635.

On December 7, 2009, the Housing Committee approved the reprogramming of funds in favor of the Bexar Street Mixed Use Project.

On January 13, 2010, the City Council authorized preliminary adoption of Substantial Amendment No. 2 to the FY 2009-10 Consolidated Plan by Resolution No. 10-0186.

## **FISCAL INFORMATION**

2006-07 Community Development Block Grant Programming Funds \$1,950,000  
2009-10 HOME Investment Partnership Program Grant Funds \$1,346,200

February 24, 2010

**WHEREAS**, On June 24, 2009, the City Council approved and adopted the FY 2009-10 Consolidated Plan and FY 2008-09 Reprogramming budgets, in an estimated amount of \$34,904,780 by Resolution No. 09-1635; and

**WHEREAS**, On October 28, 2009, the City Council approved Substantial Amendment No. 1 to the FY 2009-10 Consolidated Plan by Resolution No. 09-2667; and

**WHEREAS**, On December 7, 2009, the Housing Committee was briefed on this reprogramming and the projects to be funded; and

**WHEREAS**, On January 13, 2010, the City Council authorized preliminary adoption of Substantial Amendment No. 2 to the FY 2009-10 Consolidated Plan and authorized a public hearing to be held on February 24, 2010 by Resolution No. 10-0186; and

**WHEREAS**, federal regulations and City's Citizen Participation Plan requires not less than a 30 day public comment period and public hearing be held on any substantial amendment; **NOW, THEREFORE,**

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

**SECTION 1.** That a public hearing is held on February 24, 2010 to receive comments on the proposed Substantial Amendment No. 2 to the FY 2009-10 Consolidated Plan, and at the close of the hearing, authorize the final adoption for the Reprogramming of funds as follows:

**Source of funds:**

<b>FY</b>	<b>Fund/Unit</b>	<b>Project/Program Title</b>	<b>Amount</b>
<b>CDBG</b>			
2006-07	06R1/4463	Downtown Mortgage Assistance Program (DMAP)	\$1,950,000
<b>HOME</b>			
2009-10	HM09/663B	Reconstruction/SHARE Program	<u>\$1,346,200</u>
			<b>\$3,296,200</b>

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**Use of funds:****CDBG**

2006-07	09R1/631B	Bexar Street Mixed –Use Project	\$ 475,800
	09R1/653B	Reconstruction/SHARE Program	<u>\$1,474,200</u>
			<b>\$1,950,000</b>

**HOME**

2009-10	HM09/654B	Bexar Street Mixed-Use Project	\$1,346,200
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**SECTION 2.** That the City Manager be authorized to establish appropriations and disburse funds up to \$1,950,000 of reprogrammed **(a)** 2006-07 Community Development Block Grant Reprogramming Funds from Downtown Mortgage Assistance program to Bexar Street Mixed-Use Project \$475,800 and Reconstruction/SHARE Project \$1,474,200; and **(b)** 2009-10 HOME Investment Partnership Program Grant Funds from Reconstruction/SHARE program to Bexar Street Mixed-Use Project \$1,346,200.

**SECTION 3.** That the City Manager be authorized to release \$1,950,000 of 2006-07 Community Development Block Grant Reprogramming Funds and \$1,346,200 of HOME Funds previously allocated to Downtown Mortgage Assistance Program and Reconstruction/SHARE Program respectively.

**SECTION 4.** That the City Controller is authorized to transfer funds up to \$1,950,000 of 2006-07 Community Development Block Grant Reprogramming Funds from the Downtown Mortgage Assistance Program to Bexar Street Mixed-Use Project \$475,800 and Reconstruction/SHARE Project \$1,474,200; and 2009-10 HOME Investment Partnership Program Grant Funds from Reconstruction/SHARE program to Bexar Street Mixed-Use Project \$1,346,200.

**SECTION 5.** That the City Manager be authorized to take actions necessary to amend the FY2009-10 Action Plan as submitted to HUD and to provide additional information, make adjustments and take other actions necessary to satisfy HUD Requirements.

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**SECTION 6.** 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

City Attorney's Office

Office of Financial Services/Community Development, 4FS