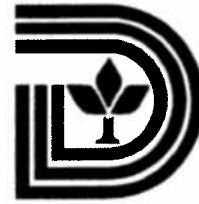


Memorandum



CITY OF DALLAS

DATE April 16, 2010

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

SUBJECT Hillside West Seniors Housing Development (Davis Garden TIF District)

On Monday, April 19, 2010, you will be briefed on Hillside West Seniors Housing Development (Davis Garden TIF District). A copy of the briefing is attached.

Please let me know if you have any questions.

A handwritten signature in black ink, appearing to read 'A.C. Gonzalez'.

A.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

Hillside West Seniors Housing Development (Davis Garden TIF District)

Housing Committee

April 19, 2010



Office of Economic Development
WWW.DALLAS-ECODEV.ORG

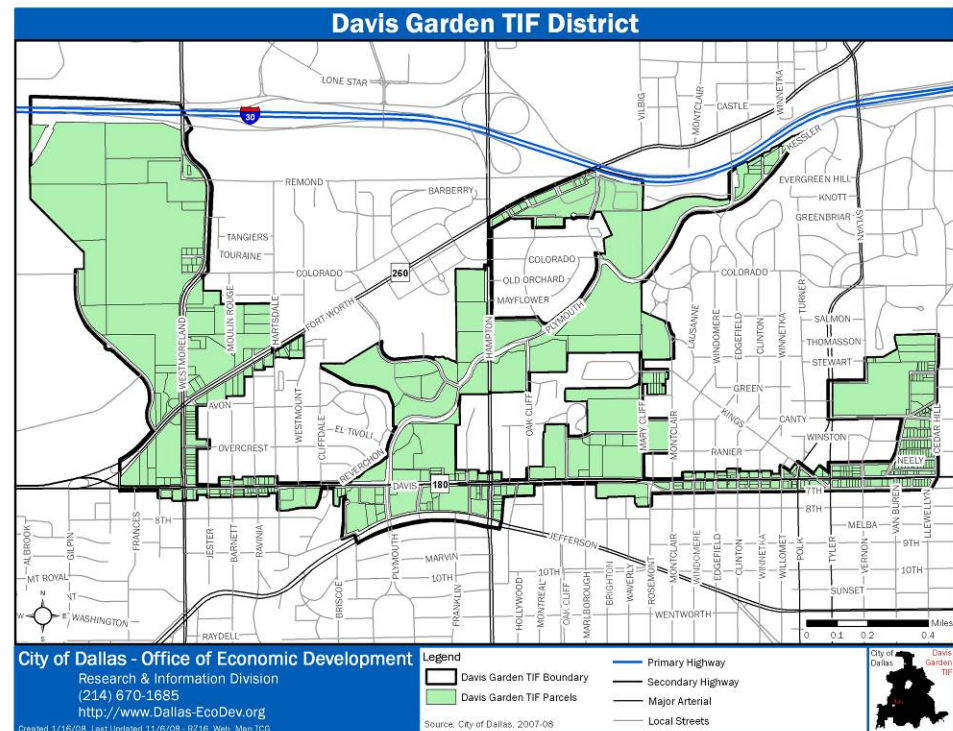


Purpose

- ◆ Review the Hillside West project proposal for TIF funding in the Davis Garden TIF District.
- ◆ Obtain Economic Development Committee approval for consideration of the project by City Council on April 28, 2010.

Davis Garden TIF District Overview: Background

- ◆ The Davis Garden TIF District was created June 13, 2007.
- ◆ This area is located south of I-30 in the North Oak Cliff area, approximately 4.0 miles southwest of downtown Dallas
- ◆ The TIF District contains commercial property along Davis Street, several large vacant parcels where aging apartment complexes were demolished and the 200 acre 'Urban Campus' area, located between I-30 and Fort Worth Avenue west of Westmoreland Road.



Davis Garden TIF District Overview: Background (continued)

- ◆ Assets in and near the District include Pinnacle Park, Kessler Park Conservation District, Kidd Springs Park, Stevens Park Golf Course, Winnetka Heights Historic District, and the Bishop Arts District.
- ◆ The District expires on December 31, 2029 or when approximately \$60 million has been collected. TIF funding is used to offset the infrastructure and other development costs in an effort to encourage redevelopment of the area.
- ◆ Both the Davis Street corridor and the Urban Campus area provide great potential for redevelopment.

Davis Garden TIF District Overview: Current Status

◆ District Development Goals

- **Encourage needed horizontal improvements and site preparation in the District**
 - *6 sites comprising 1,503 units have been demolished and cleared for future redevelopment*
- **Create additional taxable value attributed to new private projects in the Davis Garden TIF District and appreciation totaling approximately \$1.0 billion**
 - The total appraised value of property in the District has increased by \$18,187,206 since its creation (1.8% of the goal).
- **Attract new private development by replacing approximately 1,969 residential units with a more sustainable mix of for-sale and rental units; add approximately 700 residential units to increase the area's population density; and redevelop approximately 472,000 square feet of commercial and retail space.**
 - 6 sites have been prepared for redevelopment activities. However, to date no construction has occurred.
- **Diversify housing options by increasing homeownership opportunities while maintaining an affordable housing component of 20% of all new units built.**
 - TF Development, LP's Taylor Farms project was approved by Council on November 9, 2009. Upon its completion the project will satisfy 29% (160 units) of the District's goal of providing 550 affordable housing units.
- **Maintain the stability of local schools while redevelopment activities occur within the area's neighborhoods by encouraging strong communication between the Dallas Independent School District and area developers**
 - *Staff is working closely with neighborhood schools to coordinate redevelopment activities with school needs.*

Davis Garden TIF District Overview:

Current Status (continued)

◆ District Development Goals

- **Diversify commercial and retail uses in the District by restoring historic commercial buildings and finding redevelopment options for commercial structures that are architecturally less significant.**
 - The Settles and Kemp Garages on West Davis Street are properties with historic significance that have been converted for commercial use since the District's creation.
- **Encourage the redevelopment of properties along the Davis Street, Fort Worth Avenue, and Hampton Road corridors for new residential and commercial uses that feature enhanced urban design standards which are complementary to the historic and conservation districts in the immediate area.**
 - INCAP's Development Agreement with the City includes site preparation that will allow for the redevelopment of property at six sites throughout the District. This includes three sites that are located along West Davis Street.
- **Improve recreational opportunities and connections to City trails and open space within the District while providing better connections to County trails and other recreational amenities in the area.**
 - The Twelve Hills Nature Center's Urban Prairie Trailhead project was approved by Council on October 14, 2009.
- **Generate approximately \$38.3 million (2006 dollars) in increment over 20 years of collections.**
 - To date \$94,901 in Tax Increment is anticipated for the District. Increment collection began with the 2009 tax year.



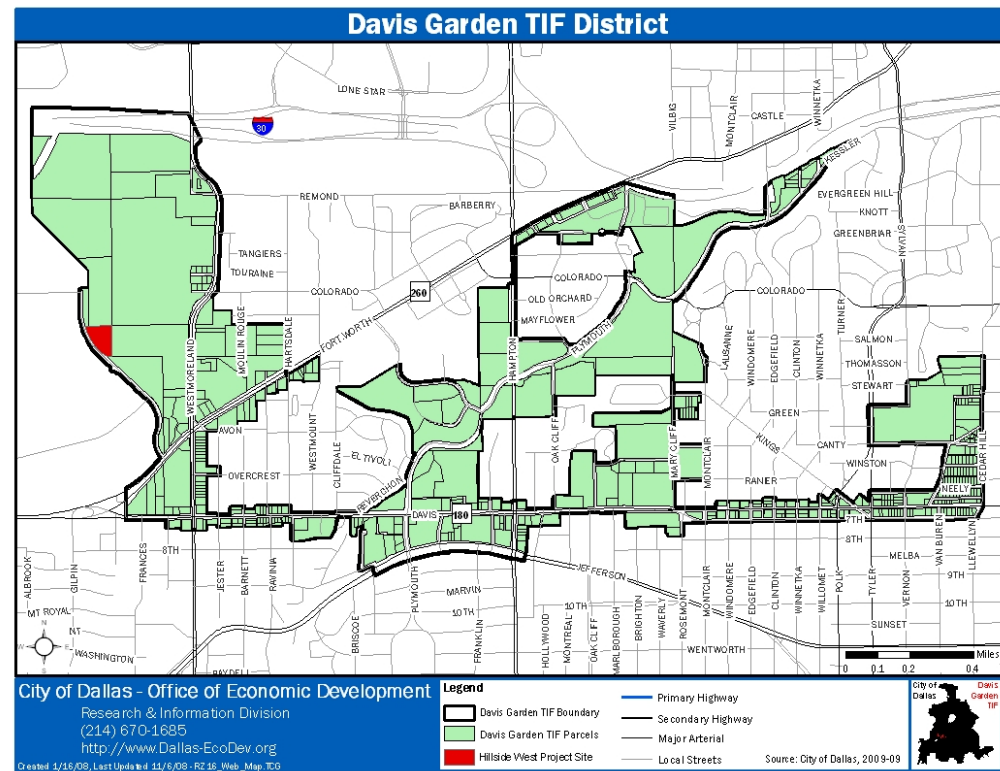
Davis Garden TIF District Overview: Budget

Davis Garden TIF District Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget	Allocated	Balance
Environmental Remediation/Demolition	\$9,635,310	\$3,634,952	\$6,000,358
Infrastructure Improvements	\$34,687,115	\$4,625,194	\$30,061,921
Open Space, Parks, Streetscapes and Trails	\$2,047,504	\$88,145	\$1,959,359
Historic Façade Restoration	\$843,090	\$86,535	\$756,555
Affordable Housing	\$11,114,014	\$0	\$11,114,014
Administration and Implementation**	\$1,803,922	\$128,719	\$1,675,203
Total Project Costs	\$60,130,955	\$8,563,545	\$51,567,410
<p><i>** All values are estimated expenditures based on Annual TIF Project Costs and Debt Service schedules. These values depend on timing of projects and will fluctuate. An interest rate of 5% is used throughout the TIF term.</i></p>			

Hillside West Project

Project Location

- The project is located in the Urban Campus area.
- The site consists of 3.9 acres located off Pinnacle Park Boulevard.
- Development of the site is compatible with the overall master development plan for the Urban Campus area.

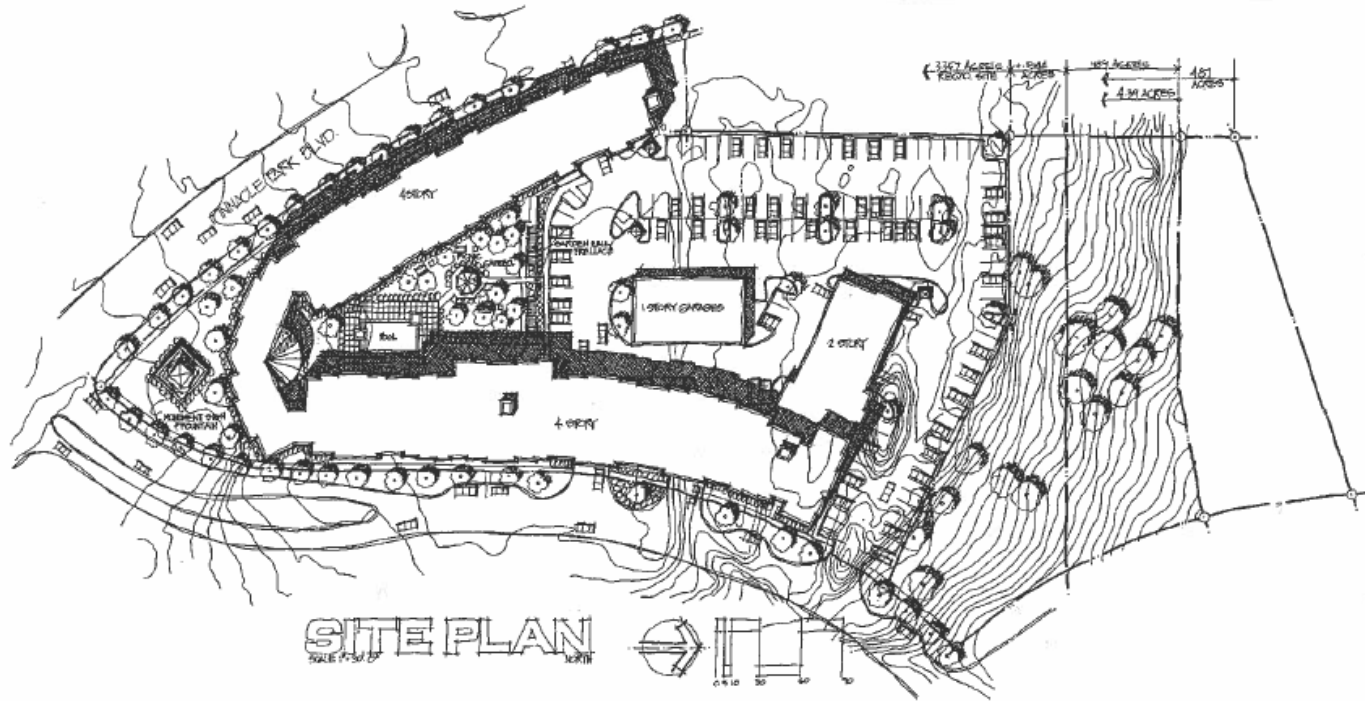


Hillside West Project (continued)

◆ Project Description

- The project consists of one 4-story, senior housing development with 130 residential units. The building will contain a minimum of 100,000 square feet of residential space and approximately 32,719 square feet of common space.
- The estimated private investment for the project is \$16.6M.
- The recommended TIF subsidy for the project is \$1,600,000.
- All 130 units will meet affordable housing requirements.
- GFD Opportunity II, LLC is requesting a Tax Credit from the Texas Department of Housing and Community Affairs for the Hillside West project.
 - 10-year Tax Credit
 - Total 10-year Tax Credit – \$16M
- On-site amenities for the project include a leasing office, business center, fitness center and swimming pool.

Hillside West Project – Site Plan



Hillside West Project – Funding Sources & Uses

- ◆ Funding Sources and Uses
 - Dougherty Mortgage (FA loan) – Construction loan
 - Texas Department of Housing and Community Affairs – Tax Credit Equity
 - Deferred Developer Fee – Private Equity

Funding Source	Amount	Use
Dougherty Mortgage (FA loan)	\$4,635,000	Construction Loan
Texas Department of Housing and Community Affairs	\$11,205,288	Tax Credit Equity
Deferred Developer Fee	\$795,520	Private Equity
Total	\$16,635,808	

Hillside West Project – Summary

Total square footage required A) Residential Rental Space B) Common Area	N/A 100,000 square feet 30,000 square feet
* Developer fee	11%
Required private investment – site acquisition and hard costs of construction	\$11,500,000
Total project cost including site acquisition, hard costs of construction, all soft costs, and TIF expenses/other public.	\$16,635,808
TIF funding	\$1,600,000
% TIF funds to total project cost	9.62%
Return on Cost with TIF funds	5.28%
Return on Cost without TIF funds or other public assistance	4.75%
Deadline to purchase properties	N/A
Deadline to complete environmental remediation activities	September 21, 2011
Deadline to complete and receive a Certificate of Occupancy	July 2, 2012
Deadline to complete public infrastructure improvements	May 1, 2012

* Developer fee reflects the administration fee that is required to administer the project's tax credits over a 10 year period

Recommendations

- ◆ The following actions are recommended:
 - Approval of a Development Agreement with GFD Opportunity II, LLC for TIF reimbursement for the Hillside West project

◆ Appendices

Appendix 1: Davis Garden TIF Increment Chart

PROJECTED TIF INCREMENT SCHEDULE										
Tax Year	Property Value	Property Value	Property	Anticipated	City of Dallas	TIF	Dallas County	TIF	Total	TOTAL TIF
	Estimate	Estimate	Value Total	Captured	Participation	Contribution	Participation	Contribution	TIF	2008 NPV @
	(2.0% Appreciation)	(New Development)		Value	Rate	City of Dallas	Rate	Dallas County	Contribution	5.00%
2007	\$120,414,462		\$120,414,462							
Adj Base 08	\$137,853,667									
2008	\$146,619,100	\$0	\$146,619,100	\$8,765,433	0.0%	\$0	0.0%	\$0	\$0	\$0
2009	\$154,396,105	\$0	\$155,532,631	\$17,678,964	55.0%	\$72,722	55.0%	\$22,179	\$94,901	\$86,078
2010	\$158,643,284	\$45,710,956	\$204,354,239	\$66,500,572	55.0%	\$273,547	55.0%	\$83,428	\$356,975	\$394,446
2011	\$208,441,324	\$48,545,446	\$256,986,770	\$119,133,103	70.0%	\$629,698	55.0%	\$149,458	\$773,156	\$1,030,524
2012	\$262,126,506	\$61,260,508	\$323,387,013	\$185,533,346	70.0%	\$971,323	55.0%	\$232,761	\$1,204,084	\$1,973,955
2013	\$329,854,754	\$174,079,007	\$503,933,761	\$366,080,094	70.0%	\$1,916,539	55.0%	\$459,266	\$2,375,805	\$3,746,817
2014	\$514,012,436	\$185,497,799	\$699,510,235	\$561,656,568	85.0%	\$3,570,535	55.0%	\$704,626	\$4,275,161	\$6,785,094
2015	\$713,500,440	\$186,359,613	\$899,860,053	\$762,006,386	85.0%	\$4,844,189	55.0%	\$955,975	\$5,800,164	\$10,710,873
2016	\$917,857,254	\$232,564,514	\$1,150,421,769	\$1,012,568,102	85.0%	\$6,437,047	55.0%	\$1,270,317	\$7,707,365	\$15,679,109
2017	\$1,173,430,204	\$77,060,434	\$1,250,490,638	\$1,112,636,971	85.0%	\$7,073,200	55.0%	\$1,395,859	\$8,469,059	\$20,878,377
2018	\$1,275,500,451	\$52,410,127	\$1,327,910,578	\$1,190,056,911	85.0%	\$7,565,370	55.0%	\$1,492,986	\$9,058,356	\$26,174,610
2019	\$1,354,468,790	\$41,480,683	\$1,395,949,473	\$1,258,095,806	85.0%	\$7,997,904	55.0%	\$1,578,344	\$9,576,248	\$31,507,023
2020	\$1,423,868,462	\$60,915,781	\$1,484,784,243	\$1,346,930,576	85.0%	\$8,562,640	55.0%	\$1,689,792	\$10,252,431	\$36,944,106
2021	\$1,514,479,928	\$15,029,697	\$1,529,509,625	\$1,391,655,958	70.0%	\$2,113,047	55.0%	\$506,356	\$2,619,403	\$38,267,083
2022	\$1,560,099,817	\$0	\$1,560,099,817	\$1,422,246,150	70.0%	\$0	55.0%	\$0	\$0	\$38,267,083
2023	\$1,591,301,814	\$0	\$1,591,301,814	\$1,453,448,147	70.0%	\$0	55.0%	\$0	\$0	\$38,267,083
2024	\$1,623,127,850	\$0	\$1,623,127,850	\$1,485,274,183	55.0%	\$0	55.0%	\$0	\$0	\$38,267,083
2025	\$1,655,590,407	\$0	\$1,655,590,407	\$1,517,736,740	55.0%	\$0	55.0%	\$0	\$0	\$38,267,083
2026	\$1,688,702,215	\$0	\$1,688,702,215	\$1,550,848,548	55.0%	\$0	55.0%	\$0	\$0	\$38,267,083
2027	\$1,722,476,259	\$0	\$1,722,476,259	\$1,584,622,592	55.0%	\$0	55.0%	\$0	\$0	\$38,267,083
2028	\$1,756,925,784	\$0	\$1,756,925,784	\$1,619,072,117	55.0%	\$0	55.0%	\$0	\$0	\$38,267,083
2029	\$1,792,064,300	\$0	\$1,792,064,300	\$1,654,210,633	55.0%	\$0	0.0%	\$0	\$0	\$38,267,083
2030	\$1,827,905,586	\$0	\$1,827,905,586	\$1,690,051,919	0.0%	\$0	0.0%	\$0	\$0	\$38,267,083
2031	\$1,864,463,698	\$0	\$1,864,463,698	\$1,726,610,031	0.0%	\$0	0.0%	\$0	\$0	\$38,267,083
2032	\$1,901,752,972	\$0	\$1,901,752,972	\$1,763,899,305	0.0%	\$0	0.0%	\$0	\$0	\$38,267,083
2033	\$1,939,788,031	\$0	\$1,939,788,031	\$1,801,934,364	0.0%	\$0	0.0%	\$0	\$0	\$38,267,083
2034	\$1,978,583,792	\$0	\$1,978,583,792	\$1,840,730,125	0.0%	\$0	0.0%	\$0	\$0	\$38,267,083
2035	\$2,018,155,468	\$0	\$2,018,155,468	\$1,880,301,801	0.0%	\$0	0.0%	\$0	\$0	\$38,267,083
2036	\$2,058,518,577	\$0	\$2,058,518,577	\$1,920,664,910	0.0%	\$0	0.0%	\$0	\$0	\$38,267,083
2037	\$2,099,688,949	\$0	\$2,099,688,949	\$1,961,835,282	0.0%	\$0	0.0%	\$0	\$0	\$38,267,083
2038	\$2,141,682,728	\$0	\$2,141,682,728	\$2,003,829,061	0.0%	\$0	0.0%	\$0	\$0	\$38,267,083
2039	\$2,184,516,382	\$0	\$2,184,516,382	\$2,046,662,715	0.0%	\$0	0.0%	\$0	\$0	\$38,267,083
2040	\$2,228,206,710	\$0	\$2,228,206,710	\$2,090,353,043	0.0%	\$0	0.0%	\$0	\$0	\$38,267,083
2041	\$2,272,770,844	\$0	\$2,272,770,844	\$2,134,917,177	0.0%	\$0	0.0%	\$0	\$0	\$38,267,083
2042	\$2,318,226,261	\$0	\$2,318,226,261	\$2,180,372,594	0.0%	\$0	0.0%	\$0	\$0	\$38,267,083
TOTAL thru 2037		\$1,180,914,566				\$52,021,760		\$10,541,347	\$62,563,107	\$38,267,083
2008 NPV						\$31,799,576		\$6,467,507	\$38,267,083	

Appendix 2: GFD Opportunity II, LLC

- ◆ The principals of GFD Opportunity II, LLC include Brandon Bolin and Alan McDonald
 - Brandon Bolin – previously worked with INCAP as a Director of Acquisitions for a 300 acre, \$200M North Oak Cliff land portfolio. The Hillside West is the second development project that he will oversee.
 - Alan McDonald – currently a *Senior Managing Director for INCAP*. Alan founded CityHomes, the nation’s largest inner-city homebuilder. Alan has also served as the President and CEO of Parkwood Development Corporation, the largest inner-city, multi-family adaptive re-use developer in Dallas.

Appendix 3:

Development Assumptions for Davis Garden TIF District

Project	Use	Projected Increased Value	Projected Completion Date
Acorn Tree & Gulf Latin	Multi-Family Housing	\$36,890,480	2014
Bahama Glen	Multi-Family Housing	\$248,357,690	2016
Brookwood	Multi-Family Housing	\$34,175,840	2015
Chateau Crete & Sebastian	Multi-Family Housing	\$22,794,630	2013
Cliffwood	Multi-Family Housing	\$26,165,410	2014
Country Green	Multi-Family Housing	\$25,003,130	2016
Emory Park & Virginia Manor	Multi-Family Housing	\$68,666,920	2015
Holiday Hills 1	Multi-Family Housing	\$87,414,000	2017
Holiday Hills 2	Multi-Family Housing	\$37,291,000	2018
Kidd Springs	Multi-Family Housing	\$34,780,590	2014
King's Highway	Multi-Family Housing	\$8,778,117	2013
TT Apartments	Multi-Family Housing	\$4,738,310	2013
Veterans Apartments	Multi-Family Housing	\$12,894,710	2016
Cantera Crossing	Multi-Family Housing	\$18,870,060	2013
North Hills	Multi-Family Housing	\$31,210,000	2013
Plymouth	Multi-Family Housing	\$4,820,000	2014

Appendix 3: Development Assumptions for Davis Garden TIF District (continued)

Project	Use	Projected Increased Value	Projected Completion Date
Fort Worth Avenue commercial	Commercial/Retail	\$6,200,071	2014
North Hills retail	Commercial/Retail	\$2,576,370	2014
Veterans retail	Commercial/Retail	\$421,740	2015
2800 W. Davis apartments	Multi-Family Housing	\$9,328,990	2018
2717 W. Jefferson apartments	Multi-Family Housing	\$5,119,319	2018
411 Plymouth apartments	Multi-Family Housing	\$2,177,793	2019
515 Plymouth apartments	Multi-Family Housing	\$2,159,292	2019
701 W. Davis block retail	Commercial/Retail	\$1,524,350	2014
Townhome Construction	Single Family Housing	\$16,994,965	2018
Future single-family residences	Single Family Housing	\$49,682,000	2021
New retail w. of Westmoreland	Commercial/Retail	\$4,883,831	2019
Westmoreland/FWA shopping	Commercial/Retail	\$7,284,730	2020
Taylor Farms	Multi-Family Housing	\$11,061,343	2012
Kessler Theater	Commercial/Retail	\$603,770	2011
Hillside West	Senior Housing	\$8,574,650	2012
Urban Campus Land	Land	\$68,762,540	2014
Total		\$900,206,641	