

- 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
 - A.C. Gonzalez, Assistant City Manager
 - Forest Turner, Assistant City Manager
 - Jill A. Jordan, P.E., Assistant City Manager
 - Jeanne Chipperfield, Chief Financial Officer
 - Helena Stevens-Thompson, Assistant to the City Manager

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. Contemplated or pending litigation, or matters where legal advice is requested of the City Attorney. Section 551.071 of the Texas Open Meetings Act.
2. The purchase, exchange, lease or value of real property, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.072 of the Texas Open Meetings Act.
3. A contract for a prospective gift or donation to the City, if the deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. Section 551.073 of the Texas Open Meetings Act.
4. Personnel matters involving the appointment, employment, evaluation, reassignment, duties, discipline or dismissal of a public officer or employee or to hear a complaint against an officer or employee. Section 551.074 of the Texas Open Meetings Act.
5. The deployment, or specific occasions for implementation of security personnel or devices. Section 551.076 of the Texas Open Meetings Act.
6. Deliberations regarding Economic Development negotiations. Section 551.087 of the Texas Open Meetings Act.

Housing Committee

Meeting Record June 7, 2010

The Housing Committee meetings are recorded. Agenda materials and audiotapes may be reviewed/copied by contacting the Housing Department, Staff Coordinator at 214-670-3906.

Meeting Date: June 7, 2010

Meeting Start time: 2: 06 p.m.

<p><u>Committee Members Present:</u> Steve Salazar (Chair) Carolyn R. Davis (Vice-Chair) Tennell Atkins Dwaine Caraway Ann Margolin Pauline Medrano</p>	<p><u>Staff Present:</u> Ryan Evans- First Asst. City Manager Jerry Killingsworth-Director/HOU Jack Ireland-Director/CMO Jeanne Chipperfield-Chief Financial Officer/BMS Rick Galceran-Director/PWT Theresa O'Donnell-Director/DEV Charles Brideau-Asst Director/HOU Les Allen-Asst. Director/HOU Bernadette Mitchell-Asst. Director/HOU Patrick Inyabri-HOU Cynthia Rogers-Ellickson-HOU Rick Robin-HOU Michael Bostic-CAO John Rogers-CAO Christopher W. O'Brien- ECO Alan Hendrix-PWT Stephanie McHenry-PWT Vernon Young-DEV Brittany Burrell-CMO Rhonn Ramirez-CSO Cassandra Luster-HOU Alida Allen-HOU</p>
<p><u>Other Councilmember's Present:</u> Delia Jasso</p>	<p><u>Other Attendees</u> Veletta Forsythe Lill</p>
<p><u>Committee Members Absent:</u></p>	

AGENDA:

Housing Committee Meeting Called to Order by CM Steve Salazar

1. Approval of May 17, 2010 Minutes of the Housing Committee

Presenter(s): Council Member Steve Salazar

Action Taken/Committee Recommendation(s):

Motion made by: DMPT Pauline Medrano	Motion seconded by: CM Tennell Atkins
Item passed unanimously: <input checked="" type="checkbox"/>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

2. **FY 2010-11 Economic Vibrancy Key Focus Area- Preliminary Ranking of Bids**
Presenter(s): Ryan Evans, First Asst. City Manager/Jeanne Chipperfield, Chief Financial Officer/Rick Galceran, Director/Jerry Killingsworth, Director
Information Only: X

Action Taken/Committee Recommendation(s)

Motion made by:	Motion seconded by:
Item passed unanimously: _____	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

3. **Demolition Process for Urban Nuisances in Existing and Proposed Historic District**
Presenter(s): Ryan Evans, First Asst. City Manager/Theresa O'Donnell, Director/Jerry Killingsworth, Director/Chris Bower, Asst. City Attorney/Debra K. Carlin, Asst. Chief, Fire Marshal/Katherine Seale, Preservation Dallas
Information Only: X

Action Taken/Committee Recommendation(s)

Motion made by:	Motion seconded by:
Item passed unanimously: _____	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

4. **Neighborhood Stabilization Program Update**
Presenter(s): Ryan Evans, First Asst. City Manager/Jerry Killingsworth, Director/Bernadette Mitchell, Asst. Director
Information Only: X

Action Taken/Committee Recommendation(s)

Motion made by:	Motion seconded by:
Item passed unanimously: _____	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

Meeting Adjourned by CM Carolyn R. Davis

Motion made by:	Motion seconded by:
Item passed unanimously: _____	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Meeting Adjourned: 3: 52 P.M.

Approved By: _____

Memorandum



CITY OF DALLAS

DATE June 18, 2010

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

SUBJECT Housing Programs Update and Recommendations

On Monday, June 21, 2010, you will be briefed on Housing Programs Update and Recommendations. 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

Housing Programs Update and Recommendations

A Briefing To The
Housing Committee
June 21, 2010

Housing/Community Services
Department



Purpose

- Review the city's housing programs and seek the committee's recommendations regarding proposed changes

- The Housing/Community Services Department delivers services through two types of programs
 - Development
 - Preservation

Development Programs

- Community Based Development Organizations (CBDO)
- Community Housing Development Organizations (CHDOs)
- Comprehensive Homeless Services
- Land Transfer Program
- Mortgage Assistance Program (MAP)
- Multifamily Bond Program - Dallas Housing Finance Corporation (DHFC)
- Single Family Bond Program (DHFC)
- Neighborhood Stabilization Program (NSP)
- Proposition 8 Bond Program
- Residential Development Acquisition Loan Program
- Section 108 Guarantee Loan Program
- Urban Land Bank Demonstration Program – Dallas Acquisition and Development Corporation

Community Based Development Organizations (CBDO)

- Provides eligible community based development nonprofits with interim construction financing for building new homes in Neighborhood Investment Program areas.
- Expenditures
 - Approximately \$700K annually
- Production
 - 7 units in this “Pilot” year
- Challenges
 - At this point, CDBG regulations only allow this program to be offered in NIP areas
- Recommendations
 - No changes recommended at this time because the program is new this year and we do not have any results to review yet

Community Housing Development Organizations (CHDOs)

- Provides community-based housing development organizations with loans/grants for operating assistance and development funding, including but not limited to pre-development costs, development costs, construction subsidies, relocation costs, demolition costs, acquisition costs, related acquisition costs, home repair, home replacement, rental rehabilitation, lease purchase, and homebuyer subsidies.
- Expenditures
 - Approximately \$2.5M for development loans and \$400K for operating grants
- Production: History/Ongoing
 - Approximately 100 homes/units per year

Community Housing Development Organizations (CHDOs) (Cont'd)

- Challenges
 - Obtaining funding for ongoing operations and bank financing of projects
 - Measures of success
 - Working in the inner-city neighborhoods which lack infrastructure, services, outside investment, and have high levels of crime
 - Marketing of Developments & Name recognition
 - Training & Education of their staff
 - Specific needs for each project that is undertaken
- Recommendations
 - No additional recommendations at this time because 10 recommendations were presented in August 2009 based on input from the CHDO's and those continue to be implemented and updated quarterly

Comprehensive Homeless Services

- This program has two major components
 - The Bridge
 - Supportive Housing

Comprehensive Homeless Services (Cont'd)

THE BRIDGE

- Supports the City's homeless outreach initiative at The Bridge. Services include, but are not limited to:
 - shelter
 - health care
 - ID assistant
 - food
 - employment
 - benefit
 - legal counseling
- Average daily guest count: 1,200
- Expenditure
 - \$5,930,682 (includes General Fund, TDHCA and the County)
- Challenges
 - Primary provider of daytime shelter and services for individuals not enrolled in other programs
 - Increase in "newly homeless" seeking assistance. The Bridge was built to accommodate 500-600 people a day. The Bridge now serves 1,200+ per day

Comprehensive Homeless Services (Cont'd)

- Long lines for meals, case management, cots
- Stress on facility during extreme weather, restrooms, Pavilion not air-conditioned
- Expansion of services & programs to meet the needs of the “newly homeless”
- Increase in # of on-site services such as healthcare, employment, legal aid, etc.
- Operational Costs have increased:
 - 2009 budget \$7,000,000
 - 2010 budget \$8,154,000Increase due to cost to provide adequate Security, Meals, and Staff to serve increased #s

Comprehensive Homeless Services (Cont'd)

- Recommendations
 - Continue funding The Bridge at current level to avoid a reduction in services
 - Continue legislative advocacy for homeless services (housing, mental health, substance abuse, etc.)
 - Council support and implementation of permanent supportive housing initiatives

Comprehensive Homeless Services (Cont'd)

SUPPORTIVE HOUSING

- Provide 473 (235 permanent/238 transitional) units of housing to the homeless and formerly incarcerated through transitional (24 months) and permanent housing, as well as wrap-around case management support services, transportation assistance and the basic essentials necessary to re-establish themselves in housing.
- Coordinate and manage, in partnership with the Metro Dallas Homeless Alliance, the City of Dallas 10-year Plan to End Homelessness
- Production
 - Goal: Develop 700 Units of Permanent Supportive Housing (PSH) for the Chronically Homeless by 2014
 - 200 Tenant Based Units
 - 93 Units Achieved (See Schedule A1)
 - 500 Long-Term 5 to 10+ Year Units
 - 168 Units Achieved (See Schedule A2)
 - 266 Units In Pipeline (See Schedule A3)

Comprehensive Homeless Services (Cont'd)

- Expenditure
 - \$5,409,808 (includes Federal, state grants and General Fund)
- Challenges
 - Overcoming barriers that suppress the provision of supportive housing opportunities for the homeless and formerly incarcerated (i.e. lack of community's understanding and acceptance of PSH; inability of proposed funding applications to achieve community support for new or rehabbed PSH units; inability to achieve necessary zoning variances to support development)

Comprehensive Homeless Services (Cont'd)

- Recommendations
 - Community Task Force on PSH recommendations
 - General Community Outreach and Education Campaign
 - Project specific Sponsor/Neighborhood Engagement
 - Related City of Dallas Planning Efforts
 - Housing/Community Services Department recommendations
 - Any project seeking City funds will require commitment of 10% of the project be designated as Permanent Supportive Housing. The following procedures apply:
 - Developer meets with appropriate Councilmembers to reviews project
 - Obtain list of Community groups to meet and review project
 - Housing Committee briefed and recommendations given after community meetings

Comprehensive Homeless Services (Cont'd)

- If City Council approves financial support, the following will apply
 - \$40K per unit of PSH
 - Identify and obtain rental vouchers
 - Identify and connect Service Providers
 - If City unable to provide, then requirement for 10% PSH is dropped
- MDHA / City will execute a Memorandum of Understanding (MOU) for Projects over 25 units and not seeking City funds will follow these procedures:
 - MDHA / City / Developer meet with appropriate Councilmembers to review project
 - MDHA / City / Developer meet with community groups suggested by Councilmember
 - Brief Housing Committee

Land Transfer Program

- Provides nonprofit developers tax-foreclosed property, surplus property under the control of the City of Dallas, and release of non-tax City liens on private properties that will be acquired for affordable housing development.
 - Release of non-tax liens is also available to for-profit entities.
- Expenditures
 - No annual budget
- Production
 - 6-12 lots per year (Most of the previous activity through this program has been absorbed by the Land Bank Program.)
- Challenges
 - The CHDO's still have challenges finding qualified homebuyers and obtaining interim construction financing.

Land Transfer Program (Cont'd)

- Recommendation
 - Continue to work with CHDO's to help with buyers and creative financing. As market conditions improve, lenders should loosen their requirements.

Mortgage Assistance Program (MAP)

- Provides up to \$12,000 Citywide zero-interest, forgivable, second lien loan to first-time homebuyers for down payment, closing costs and principle reduction, plus up to \$1,500 for minor repairs needed for the home to qualify. The MAP also provides up to \$25,000 for homes built by nonprofit Community Housing Development Organizations or homes rehabilitated as the result of city sponsored foreclosure programs. The Enterprise Community Partners implements this program on behalf of the City of Dallas.
- Expenditures
 - Approximately \$4M annually
- Production: History/Goal
 - Approximately 400 units annually
- Challenges
 - This program is popular and can run out of money quickly

Mortgage Assistance Program (MAP) (Cont'd)

- Recommendations
 - No changes recommended at this time since policy changes were made in 2009 and are being implemented at this time

Multifamily Bond Program – Dallas Housing Finance Corporation

- Provides tax-exempt mortgage revenue bond financing for acquisition and rehabilitation/construction of multifamily housing for low-to-moderate income tenant households.
- Expenditures
 - No specific allocated funds
- Production
 - None in the past fiscal year
 - Has issued \$116 M bonds in the last 15 years
- Challenges
 - Market conditions dictate whether bond issuances are the most appropriate financing mechanism

Multifamily Bond Program – Dallas Housing Finance Corporation (Cont'd)

- Recommendations
 - Dallas Housing Finance Corporation to consider establishing a single asset Limited Liability Corporation (LLC) for creating and maintaining affordable housing while developing an income stream
 - Continue allowing the Dallas Housing Finance Corp. to consider Bond financing for single family and multifamily affordable housing

Single-Family Bond Program – Dallas Housing Finance Corporation

- Provides mortgage and down payment assistance funds to participating lenders through sale of tax-exempt single-family mortgage revenue bonds.
- Expenditures
 - \$25M in Bonds converted to Mortgage Credit Certificates
 - Has issued \$197 M bonds in the last 20 years
- Production
 - One year Mortgage Credit Certificate program will assist 178 homebuyers
 - Approximately 2500 homebuyers have been assisted historically
- Challenges
 - Market conditions for lending dictate the success of issuances

Single-Family Bond Program – Dallas Housing Finance Corporation (Cont'd)

- Recommendation
 - If current \$25M runs out by July 2010, DHFC will consider issuing additional bonds for mortgage credit certificates this year with HERA bonds

Neighborhood Stabilization Program (NSP)

- Consists of three parts
 - Part A of the program allows the City of Dallas to purchase foreclosed property and land bank it for future redevelopment.
 - Part B of the program provides funds to subcontractors to purchase, rehabilitate, and sell improved property that has been foreclosed.
 - Part C of the program provides funds to subcontractors to redevelop foreclosed and vacant property.
- Expenditures
 - One time funding of \$7.9M
- Production:
 - Goal: 50 single family homes within 3 years
- Challenges
 - Market has sold most improved and foreclosed properties

Neighborhood Stabilization Program (NSP) (Cont'd)

- Recommendations
 - Substantial amendment to the consolidated plan to allow for construction on vacant lots within the NSP action plan
 - June 23, 2010 final adoption will be presented to City Council

Proposition 8 Bond Program

- Promotes economic development in the Southern area of the city and promotes economic development in other areas of the city in connection with transit oriented development, through planning, designing, constructing, improving, extending and expanding public street, utility and other infrastructure facilities, including the acquisition of land and improved properties, demolition, retail, commercial, industrial, residential and mixed use development loans and grants.
- Expenditures
 - Approximately \$5M has been issued for 2010
- Production: History/Ongoing/Goal
 - Bexar Street- Acquisitions are still underway on Phase II
 - Spring Street-Acquisitions are still underway
 - EDCO Bexar –Four townhomes were built with Prop 8 Funds

Proposition 8 Bond Program (Cont'd)

- Bottom Project-Acquisitions are still underway
- Lancaster-CityWide- Acquisitions are still underway
- Jubilee Park-Acquisitions are still underway
- Lancaster-Sapphire-Acquisitions are still underway
- Jubilee Congo Project- Two homes have been built; One is underway
- La Reunion Project- Demolition has been completed
- My Tran Renovation Bexar Street-Contract in process
- JB Jackson Project-Acquisitions being planned
- Challenges
 - Not enough funds to meet gap requirements of many viable projects that are presented for consideration
- Recommendation
 - Bond Proposition for \$100M for Housing and Economic Development be included in the next bond propositions

Residential Development Acquisition Loan Program (RDALP)

- Provides nonprofit developers with loans/grants for acquisition of vacant and improved properties, related acquisition costs, environmental costs, relocation costs, and demolition costs for the development of affordable housing.
- Expenditures
 - Approximately \$900K per year
- Production: History/Ongoing
 - 30 single family units complete
 - 200 SRO units being finished out and leased
 - 120 multifamily units under construction
 - 10 single family units under construction
- Challenges
 - Holding lots for vacant lots are a challenge to the nonprofit
 - Build outs are slow due to market conditions for buyers and lenders

Residential Development Acquisition Loan Program (RDALP) (Cont'd)

- Recommendation
 - No changes recommended because the program provides an effective financing opportunity for nonprofits and the City to strategically purchase properties for neighborhood revitalization

Section 108 Guarantee Loan Program

- Provides the City of Dallas with a source of financing for mixed-use, housing and economic development projects including large-scale physical development projects. To provide project gap financing or mezzanine debt necessary to move targeted development projects forward in today's financial market while minimizing the risk of needing future Community Development Block Grant entitlement funds to make Section 108 loan payments.
- Expenditures
 - The City can apply to HUD for up to \$75,000,000 in CDBG Section 108 Guarantee Loan funds with a minimum of \$37,500,000 reserved for the Southern Sector

Section 108 Guarantee Loan Program (Cont'd)

- Production
 - Status of applications
 - 6 applications under review at HUD Fort Worth office
 - 5 City Council public hearings scheduled for June 23rd
 - 1 proposal pending TIF approval prior to review
 - Estimated production for 12 projects
 - 109,200 square feet of retail and/or commercial
 - 2,308 multifamily units (1,242 affordable units)
 - Section 108 funds will be used in developments totaling \$358.4M
- Challenges
 - HUD has yet to approve the use of Section 108 for any costs associated with new construction residential
 - Application and approval process are time consuming
 - Uses of funds are limited by federal statute and regulation

Section 108 Guarantee Loan Program (Cont'd)

- Recommendations
 - Maintain an ongoing Section 108 program to assist with projects even when the market recovers

Urban Land Bank Demonstration Program – Dallas Acquisition and Development Corporation

- Acquires vacant tax-delinquent lots through tax-foreclosure lawsuits for re-sale at below market pricing to nonprofit and for-profit developers of single-family homes for sale to low-to-moderate income homebuyers.
- Expenditures
 - \$1.9M total
 - \$1.2M (Bond Funds) (\$2.0M remaining with an additional \$1.5M to be sold in 2011)
 - acquisition costs, environmental costs, legal costs & title costs
 - \$0.7M
 - salaries, maintenance & miscellaneous expenses

Urban Land Bank Demonstration Program – Dallas Acquisition and Development Corporation (Cont'd)

- Production
 - 300 lots submitted for foreclosure annually (1683 lots submitted since 2003)
 - Budget
 - FY09-10 --- 125 lots acquired and 75 lots sold.
 - FY10-11 --- 150 lots acquired and 150 lots sold
 - 564 lots acquired since inception
 - 92 sold, 152 pending sale
- Challenges
 - Ability to sell enough lots to cover overhead
 - Trinity River Levee pump replacement and flood plain uncertainty
 - Need for additional General Obligation bonds in next election now that costs for title company and tax collector law firm are no longer pro bono

Urban Land Bank Demonstration Program – Dallas Acquisition and Development Corporation (Cont'd)

- Recommendations
 - Increase marketing efforts to include for-profit organizations
 - Expedite approval of corrective actions for Trinity River levee and pump replacements
 - Recommend \$2M in General obligation bonds

Preservation Programs

- Home Reconstruction Program
- Home Repair – South Dallas/Fair Park
- Major Systems Repair Program (MSRP)
- Neighborhood Investment Program
- People Helping People
- Weatherization

Home Reconstruction Program

- Provides up to \$93,400 zero-interest, deferred payment loan for demolition and on-site reconstruction of structures beyond economic feasibility for repair.
- Expenditures
 - The annual budget for this program is \$5,137,000.
- Production: History/Ongoing
 - 55 homes per year.
- Challenges
 - Recycling program requirements every 2-3 years
 - Age and disability restrictions
 - Lien terms

Home Reconstruction Program (Cont'd)

- Recommendations
 - The recommendation is to leave the program as is
 - Minimum age 62 or disabled
 - Lien terms – no expiration of lien with one assumption
 - Revise program requirements to include reconstruction on homes with failure of 3 systems and foundation and life, safety and health concerns

Major Systems Repair Program (MSRP)

- Provides up to \$15,000 grant for replacement of up to two major systems from among: electrical, plumbing, HVAC and roof, performed by certified contractors.
- Expenditures
 - The annual budget is \$1,501,500.
- Production: History/Ongoing
 - The average annual production rate is 145 repair projects.
- Challenges
 - Not being able to offer assistance to homeowners who have received previous assistance.
- Recommendation is to allow homeowners who received prior assistance to be eligible for assistance
 - provided it has been at least 10 years and
 - the new assistance being sought is not for the same repair type previously completed.

Neighborhood Investment Program

- The Neighborhood Investment Program acts as a vehicle for focusing Housing Department programs, as well as public improvements, code enforcement and City Attorney resources, within specific geographic areas of the city.
- Planning, land banking, land acquisition for redevelopment, infrastructure improvements and other quality of life enhancements/initiatives are ongoing in NIP target areas.
- Listed below are the 5 current designated NIP target neighborhoods:
 - South Dallas – Jubilee, Owenwood, Dolphin Heights & Frazier Courts neighborhoods
 - West Dallas
 - South Dallas – Ideal and Rochester Park neighborhoods
 - Lancaster Corridor / Cigarette Hill

Neighborhood Investment Program (Cont'd)

- Expenditures
 - CDBG Public Improvements
 - FY 09-10 \$1.7M
 - FY 10-11 \$2.7M*
- Challenges
 - There is a limit on the number of NIPs and can't focus on the entire area due to lack of resources
- Recommendations
 - Continue in existing 5 NIP areas and continue to report progress on concentrated development

*Proposed

People Helping People Program

- Provides up to \$5,000 as a grant in materials and supplies for minor *exterior* repair provided by volunteer organizations
- Expenditures
 - \$1.1M annually
- Production: History/Ongoing
 - 200 homes annually
- Challenges
 - Projects are now being funded with CDBG
 - This increases the costs per project and reduces the number of families that can be assisted
- Recommendation
 - In future years, when the economy recovers, place the project back in the General Fund
 - Reduces costs and allows assistance to more families

Weatherization

- Provides weatherization assistance to low-income families with a priority given to elderly, disabled and families with children 5 years and younger
- Expenditures
 - \$6.5M
- Production
 - Goal: 745 homes by 12/31/2010; 2,050 homes by 8/31/2011
- Challenges
 - Capacity of contractors and short timeframes to complete work and expend funds

Weatherization (Cont'd)

- Recommendations
 - Contractors to hire additional crews
 - One additional contractor to be added to the program
 - Energy assessment companies to be hired directly by the City
 - Apartment complexes to be included in the program
 - Add staff – 1 assistant and 2 inspectors

Next Steps

- Recommend adoption of Part C for the Neighborhood Stabilization Program (NSP) on the June 23rd Council agenda
- Brief Housing committee on Renewal requirements on Neighborhood Investment Program (NIP) in August 2010
- Recommend approval of Permanent Supportive Housing Procedures in August 2010
- Recommend approval of changes to Reconstruction/SHARE program statement in August 2010

Attachments

Schedule A1

Goal: 200 Tenant Based Units

Project Name	Sponsor	Total Units	Chronic Placed	Available Units
Supportive Housing: GATEWAY 3550 E. Overton Road CCD:7 CCM: Davis	City of Dallas Continuum of Care	14	14	0
Permanent Housing Services 7550 Cliff Creek Crossing CCD:8 CCM: Atkins	Housing Crisis Center	30	30	0
Gaston Avenue 5650 Gaston CCD:14 CCM: Hunt	Citywide CDC ABC Behavioral	22	0	22
Providence @ Mockingbird 1893 W. Mockingbird Lane CCD:2 CCM: Medrano	CDM	27	0	27
	TOTAL:	93	44	49

Schedule A2

Goal: 500 Long Term Contract Units

Project Name	Project Based	Sponsor	Total Units	Chronic Placed	Available
Cliff Manor 2423 Ft. Worth Avenue CCD:3 CCM: Neuman	5 year	DHA	100	0	100
Senior Project 1205 Walton Walker CCD:6 CCM Salazar	5-year	MDHA	44	20	24
TOTAL 5-YEAR			144	20	124
Pebbles Park Apartments 8320 Park Lane CCD:13 CCM: Margolin	10-year	MDHA	24	23	1
TOTAL 10 YEAR			24	23	1
GRAND TOTAL			168	43	125

Schedule A3 Pipeline Units

Project Name	Sponsor	TOTAL Long-Term Units	TOTAL Tenant Based Units
DHA Project Based Vouchers 10- year CCD: City-wide Locations Awards Pending	DHA	200	
Taylor Farms 10- year 32 Pinnacle Park Blvd CCD:3 CCM: Neuman	LIHTC w/ 10% set aside – 2011 Bonus Project Continuum of Care	16	
Cottages at Hickory 10-year CCD: 2 CCM: Medrano	Caruth Foundation Central Dallas CDC MDHA	50	
	Total:	266	0

Memorandum



CITY OF DALLAS

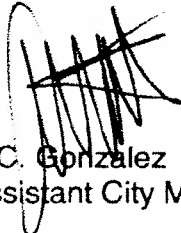
Date: June 18, 2010

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

Subject: Demolition Process for Urban Nuisances in Existing and Proposed Historic Districts

On Monday, June 21, the Housing Committee will be briefed on the "Demolition Process for Urban Nuisances in Existing and proposed Historic Districts". A copy of the briefing material is attached.

If you need further information please call Theresa O'Donnell at 214 670-4127.


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
Thomas Perkins, City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Judiciary
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
Theresa O'Donnell, Director Sustainable Development & Construction
Jerry Killingsworth, Director, Housing/Community Services
Helena Stevens-Thompson, Assistant to the City Manager



Demolition Process for Urban Nuisances in Existing and Proposed Historic Districts

Housing Committee Briefing
June 21, 2010





Background

- In spring of 2008, Mayor Pro Tem Caraway and Councilmember Davis requested that the City Attorney's Office work with Code Enforcement, Development Services and the Fire Marshal to strengthen the City's ability to abate and remove dangerous and blighted structures from our historic neighborhoods.



Background

- Landmark Commission held 6 ad-hoc committee meetings and 7 public hearings / briefings on proposed ordinance changes.
- ZOAC held 2 meetings
- CPC recommended ordinance revisions in October of 2009.
- Public Safety Committee has had 4 separate briefings on this matter.
- On May 26th, City Council referred this item to the Housing Committee.



Balancing 2 worthy goals

- Neighborhood Protection and Ensuring Public Safety
 - Dilapidated structures pose a significant public safety threat to neighborhood residents and citizens
- Demolition of structures that may create a loss to the architectural fabric of an historic neighborhood



Current Ordinance

- Current demolition regulations only address the situation when a private property owner desires to demolish an historic structure.
- Current demolition regulations do not address city-initiated, court-ordered demolitions for a dilapidated and dangerous structure that pose a public safety threat

Structures currently in litigation



Structures currently in litigation





Necessity of a New Ordinance for Public Safety

- Only dilapidated and dangerous structures that pose a significant public safety threat to the neighborhood are the focus of this new ordinance process
- This new ordinance process can only be used for City-initiated, Court-ordered demolitions.

Example #1



104 S. Edgefield

City filed lawsuit on 10/4/07. Court signed agreed demolition order on 11/13/07. Owner requested demolition. Landmark Commission denied application on 3/3/08 due to incomplete engineering report. Owner re-filed application after obtaining engineering report. Landmark Commission approved demolition on 9/8/08.

Example #2



2807 Tanner

City filed lawsuit on 8/10/07. Court signed agreed order for demolition on 1/8/08. City filed request for demolition with Landmark Commission 10/2/08. At hearing on 11/3/08, Commission held case for 30 days. Denied CD without prejudice on 12/1/08. Preservation Dallas tried to work with owner. Application for CD re-filed 3/4/10. Preservation Dallas determined property not viable to save. Commission approved demolition on 4/5/10.



New Process for Court Ordered Demolitions

- Creates a new category of “court-ordered” demolitions
- Specifically for structures in Historic Districts that have been ordered demolished by a Judge
- Allows either the City or the property owner to request a certificate of demolition



New Process for Court Ordered Demolitions

- Establishes application criteria
- Establishes timeline to ensure Landmark Commission holds public hearing within reasonable period
- Establishes standard for approval for the Landmark Commission
- Creates presumption that demolition should be approved



New Process for Court Ordered Demolitions

- Establishes 2 different grace periods that allow an interested party to renovate the structure
- Requires the person repairing structure to make reasonable and continuous progress



New Process for Court Ordered Demolitions

- Allows expedited appeals to CPC
 - Hearing will be limited to same evidence reviewed by Landmark Commission
 - CPC may not consider new evidence unless it corrects misstatements or material omissions or involves changed conditions
- Clarifies that Fire Marshal has authority to demolish a structure, without Landmark Commission approval, if conditions are hazardous to life and property



Three outstanding issues

- Should this new process be available for use by the City Attorney's Office for all unsafe and dangerous properties that are city-initiated, court ordered demolitions?
- Should deference be given to the court order or to the Landmark Commission decision in appeals to the CPC?
- Should the Fire Marshal's current authority to order the immediate demolition of dangerous and unsafe structures that are hazardous to life and property be restricted?



Should Council limit the use of this new tool?

- City Plan Commission recommended this process *only* be used for residential structures 3000 s.f. or less. The City Attorney's Office could *not* use this process on non-residential properties or large residential properties
- Public Safety Committee recommended this new process should be available for the City Attorney's Office to use for any city-initiated, court ordered demolition.



Concerns with CPC Recommendation

Non-residential structures and all structures larger than 3000 s.f. will fall under old regulations. Problems that created the need for new process are left unaddressed. These problems are significant.

- Landmark Commission can continue to deny demolition permits even if no one is interested in saving the property.
- The City must pay for expensive and time consuming engineering studies are required.
- The blight and public safety hazards created in neighborhoods by these dangerous and dilapidated structures is perpetuated when Landmark Commission denies the demolition certificate.
- The Neighborhood has no certainty that the dangerous condition will be remedied.



Court Ordered Demolitions

- Staff has recommended that large residential structures and non-residential structures fall under the new process that has benchmarks and timeframes that -
- Establish reasonable timeframes:
 - Historic preservation advocates have up to 4 months to find an interested party to restore the structure.
 - Person seeking to restore structure have up to 8 months to prepare a plan, and
 - Make reasonable and continuous progress on the restoration of the structure
- This new process gives the neighborhood predictability that the structure can and will be saved or an understanding of when the City may demolish the structure



Second outstanding issue

- Should cases on appeal to the CPC give deference to Municipal Court Order or to the Landmark Commission decision?
 - City Plan Commission recommends that deference should be given to the Landmark Commission decision instead of the Judge's order
 - Public Safety Committee recommended that deference be given to the Judge's order



Third outstanding issue

Currently, the Fire Marshal has the authority to *“abate summarily such hazardous conditions that are in violation of the code”* when *“conditions exist that are deemed hazardous to life and property”*

- City Plan Commission recommended removing this authority from the Fire Marshal for all historic structures except small residential buildings.
- Public Safety Committee recommended that the Fire Marshal did not need to obtain Landmark Commission approval to demolish any historic structure when hazardous conditions exist.



In Summary

- There are three outstanding issues for the City Council to consider.
- After 4 briefings and lengthy discussion the City Council Committee on Public Safety Committee made the following recommendations on each of these issues -



Public Safety Committee Recommendation

- This new process be available for the City Attorney's office to use on any City-initiated, Court Ordered Demolition of a dilapidated and dangerous structure to protect the neighborhood and ensure public safety.
- That deference be given to a Judge's order in cases on appeal to the City Planning Commission
- Clarifies that the Fire Marshal may demolish historic structures when hazardous conditions exist without obtaining Landmark Commission approval.

QUESTIONS?



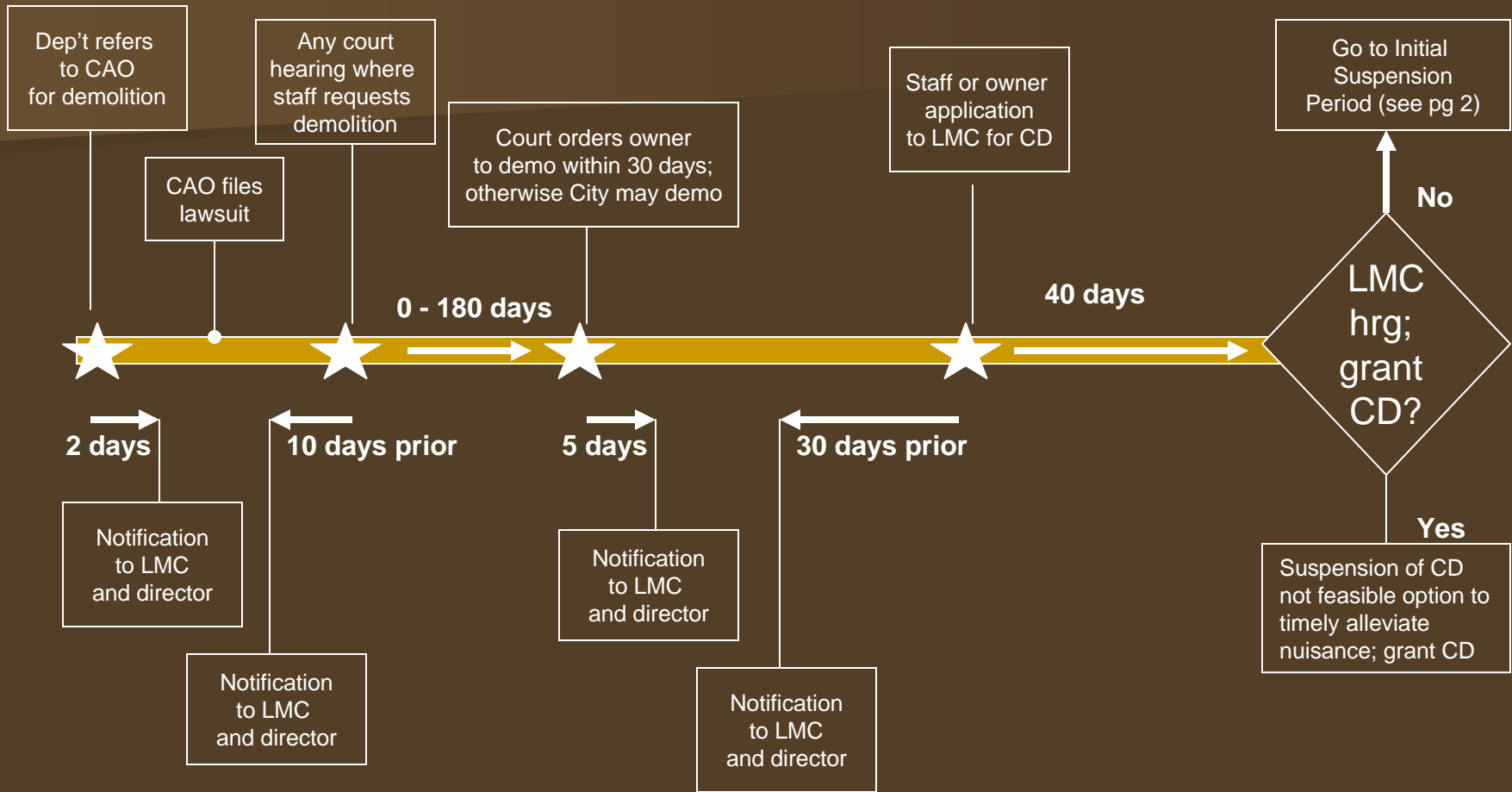
Appendix

- Past demolitions of urban nuisances in historic districts
- Timeline for Certificate of Demolition
- Q & A

Past demolitions of urban nuisances in historic districts

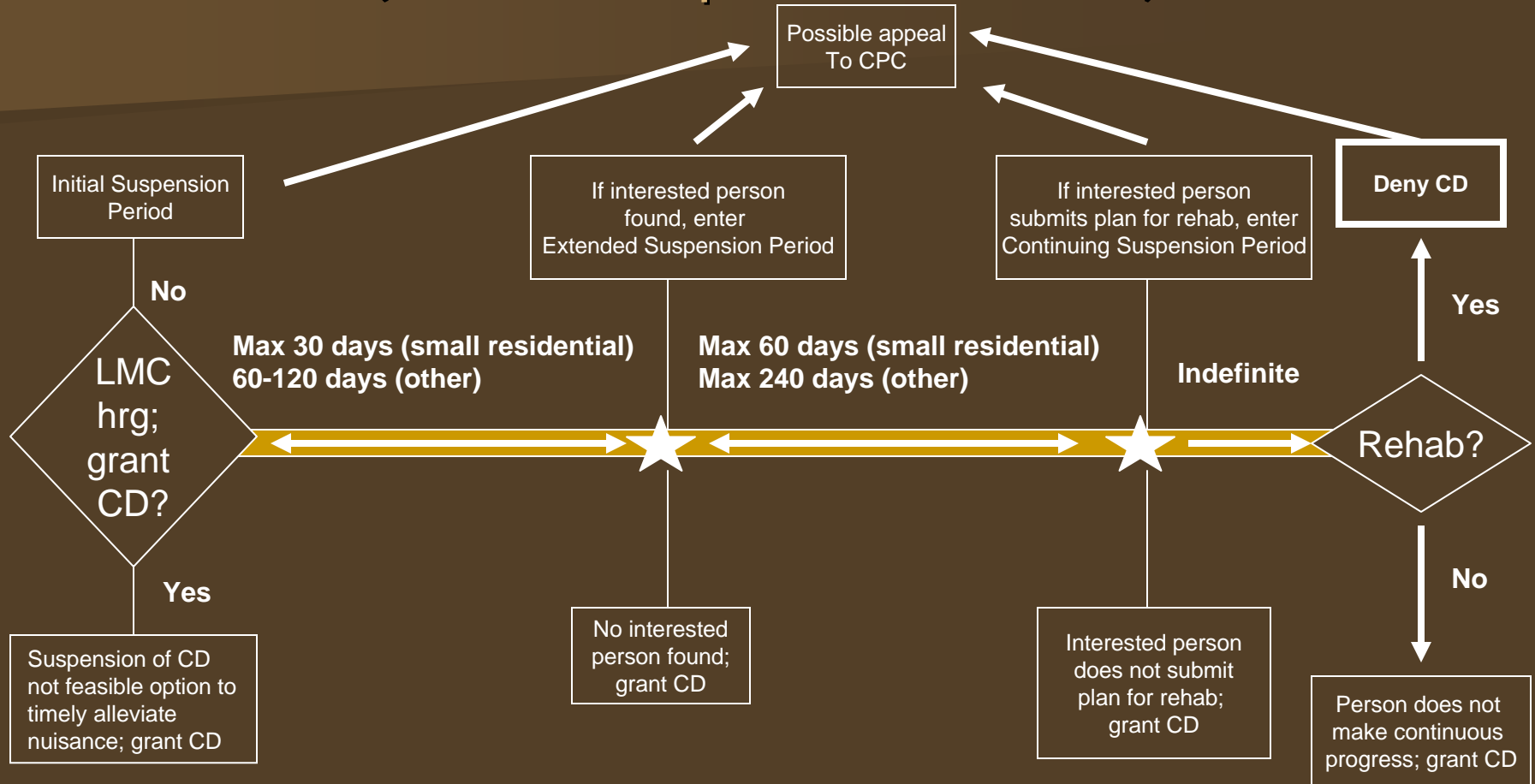
- In past 6 years, City has demolished roughly 1,200 structures citywide
- CAO and property owners have filed 43 applications for certifications of demolition with the Landmark Commission involving 35 structures in cases where City obtained demolition order
- Of the 43 applications, Landmark Commission has denied 13
- Landmark Commission has thereafter approved 10 of 13 applications
- Staff is re-evaluating need to demolish remaining 3 structures
- Staff will soon file more requests to demolish to Landmark Commission
- **None of the 35 structures** have been brought up to code

Timeline for Certificate of Demolition (CD) (Part 1: Referral to Landmark Comm'n)



Footnote: These timelines would exist under the Public Safety Committee recommendation. They are not in the current ordinance.

Timeline for Certificate of Demolition (CD) (Part 2: Suspension Periods)



Footnote: These timelines would exist under the Public Safety Committee recommendation. They are not in the current ordinance.

Q & A

Q: Was the CPC recommendation unanimous?

A: No. The final vote at CPC was split 7 to 5.

Q: Were the CPC recommendation and the Landmark Commission recommendation the same?

A: No. Landmark Commission, Preservation Dallas and Staff had come to consensus before the CPC recommendation

Q: Does this new process cut the Landmark Commission out of the process?

A: No. Landmark Commission and Municipal Court will review all requests for demolition except for Fire Marshal orders

Q & A

Q: Will every building with a code violation now be at risk of demolition?

A: No. Landmark Commission and Municipal Court will review all requests for demolition except for Fire Marshal orders

Q: Does the CPC recommendation limit the Fire Marshal's current authority

A: Yes. CPC recommendation would limit the Fire Marshal's authority by requiring Landmark Commission approval to demolish any historic structure other than small residential structures.

Q: Would this new process have allowed the demolition of important landmark structures such as: 6015 Bryan Parkway, 4949 Swiss, Crozier Tech, Statler Hilton, or East Dallas YMCA

A: No. None of these structures were ever the subject of a court-ordered demolition. This process can only be used for city-initiated, court-ordered demolitions.

Q & A

Q: Have Historic Preservation Advocates been successful in saving endangered buildings?

A: Yes and No. Preservationist have enjoyed many high profile successes in Dallas. However, not a single structure that has been the subject of a Court-ordered demolition structure has ever been saved despite years of delay.

Q: Isn't this a relatively small number of properties?

A: Yes. Over the past 6 years, the City Attorney's Office has sought Court-ordered demolitions on 34 historic structures. Of these, Landmark Commission denied 12 cases. Those properties continued to decline and become more dangerous. None of 34 historic structures were saved by preservationists.

Q: Has staff introduced "last minute" changes?

A: No. Staff's position has remained the same since the consensus was reached with the Landmark Commission in October of 2009.

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: June 23, 2010
COUNCIL DISTRICT(S): 5, 6, 7, 8
DEPARTMENT: Housing/Community Services
CMO: A. C. Gonzalez, 671-8925
MAPSCO: 42M 46Y 56X 66J

SUBJECT

Authorize the reconstruction on-site of four homes in accordance with the Reconstruction/SHARE Program Statement requirements for the properties located at 3503 Weisenburger Drive in the amount of \$93,400; 5180 Lauderdale Street in the amount of \$93,400; 2616 Eugene Street in the amount of \$93,400; and 3027 Seaton Drive in the amount of \$93,400 - Total not to exceed \$373,600 - Financing: 2008-09 Community Development Block Grant Funds

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 homeowners a maximum of \$93,400 for a new home on-site of approximately 1,200 sq ft.

City Council authorization is 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 so as to 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 to provide assistance with one (1) tax and insurance payment.

The homeowners herein described and their properties are eligible for a reconstruction/SHARE Program loan. The homeowners are 80% and below AMFI and their names, ages and property addresses are as follows: Ruby Yerena, an elderly female, 77 years old and residing at 3503 Weisenburger Drive; Deloris Herron, an elderly female, 67 years old residing at 5180 Lauderdale Street; Synora McCraw Smith, 51 years old, a disabled female residing at 2616 Eugene Street; and Joyce M. Fry, an elderly female, 72 years old, residing at 3027 Seaton Drive.

This action provides authority to proceed with reconstruction of four (4) single-family homes on-site, as all conditions noted above are met.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

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

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

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

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

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

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

On June 23, 2004, 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 to increase the Maximum loan for a replacement home to \$70,000.

On November 10, 2004, 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, City Council approved the Program Statement authorizing the Housing Department to implement the Reconstruction/SHARE Program Statement for reconstruction on-site pursuant to certain conditions for assistance up to \$87,500 by Resolution No. 07-3307.

On April 23, 2008, 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, 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 to provide assistance with one (1) tax and insurance payment in Resolution No. 08-2768.

On December 9, 2009, 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 Community Development Block Grant Funds - \$373,600

Council District 5 - \$93,400

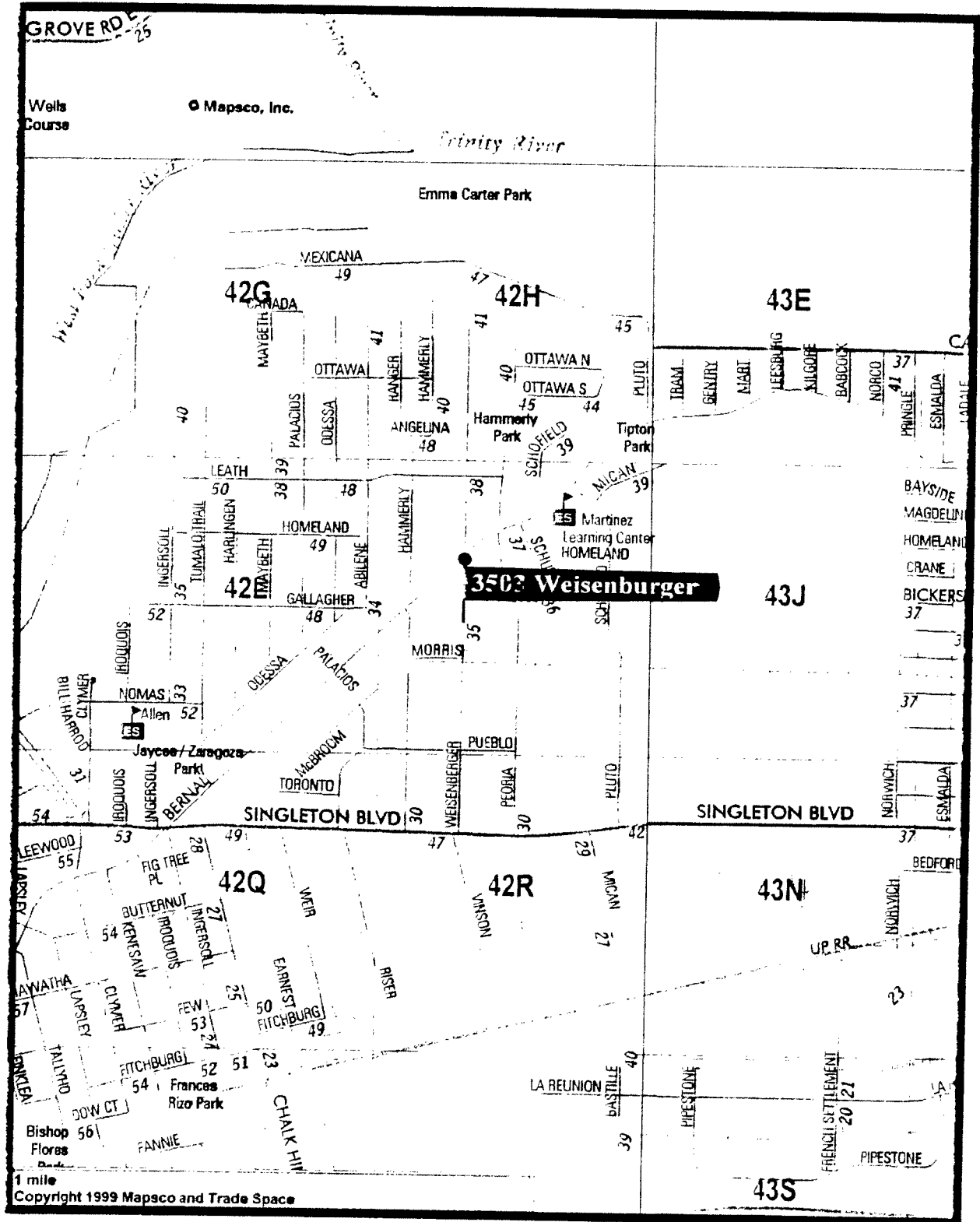
Council District 6 - \$93,400

Council District 7 - \$93,400

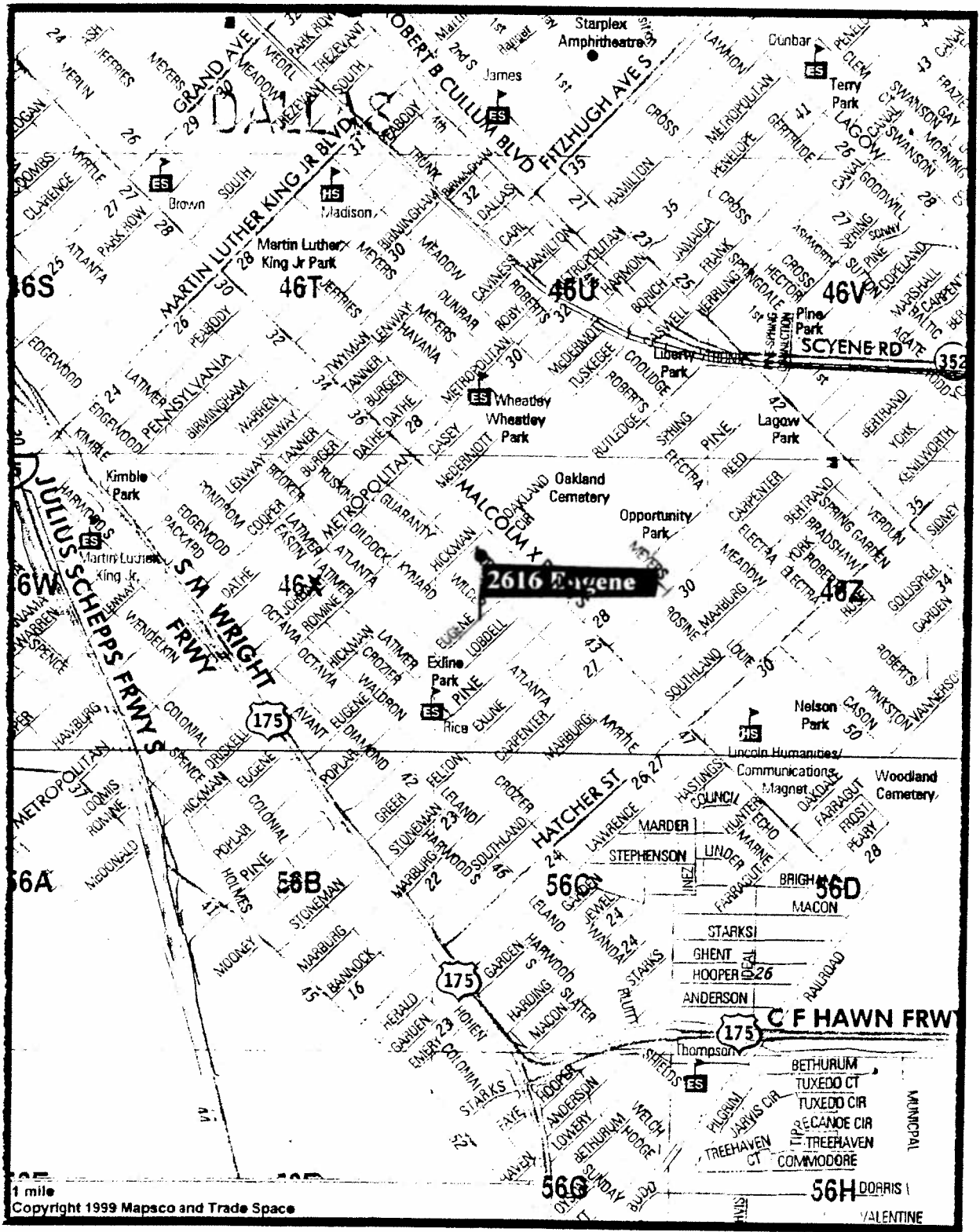
Council District 8 - \$93,400

MAP(S)

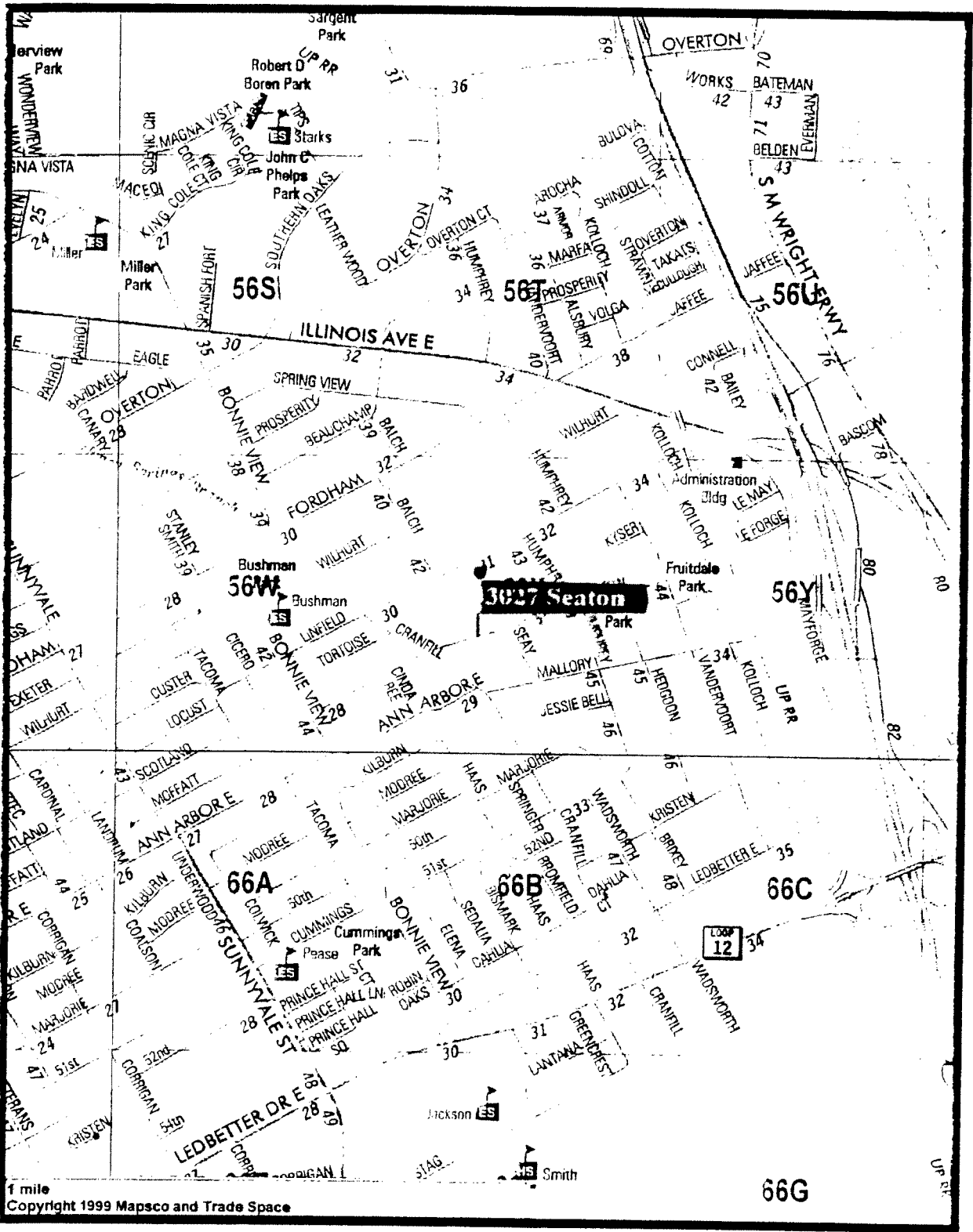
Attached



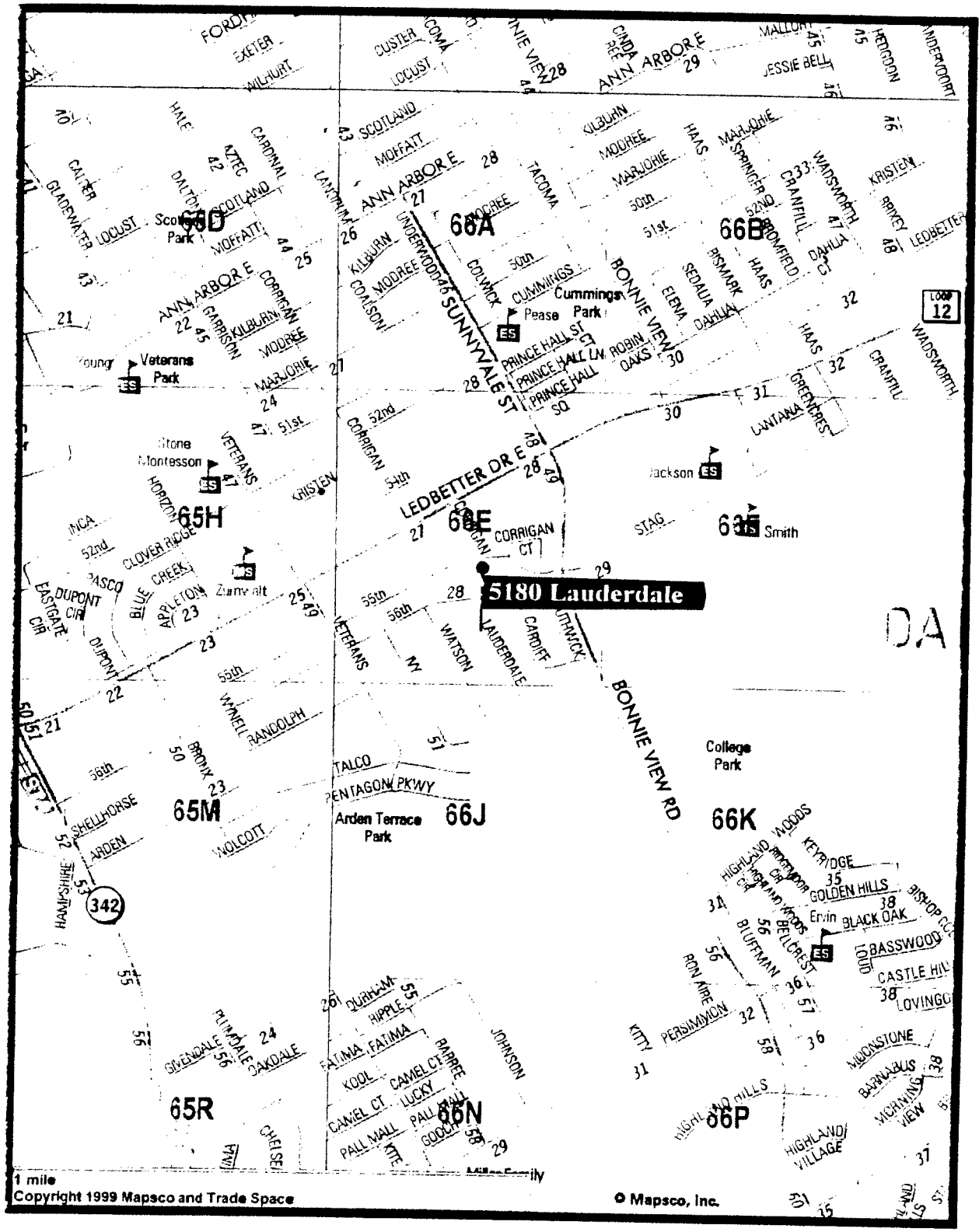
MAPSCO 42M



MAPSCO 46Y



MAPSCO 56X



5180 Lauderdale

MAPSCO 66J

June 23, 2010

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

WHEREAS, on August 23, 2000, 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, City Council authorized approval of a Program Statement for the Home Repair Program by Resolution No. 01-2049; and

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

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

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

WHEREAS, on June 23, 2004, 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, 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, City Council approved the Program Statement authorizing the Housing Department to implement the Reconstruction/SHARE Program Statement for reconstruction on-site pursuant to certain conditions for assistance up to \$87,500 by Resolution No. 07-3307; and

WHEREAS, on April 23, 2008, 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

June 23, 2010

WHEREAS, on October 8, 2008, 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, 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 herein described made application to the Home Repair Program: Ruby Yerena at 3503 Weisenburger Drive; Deloris Herron at 5180 Lauderdale Street; Synora McCraw Smith at 2616 Eugene Street; and Joyce M. Fry at 3027 Seaton Drive 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 Ruby Yerena, Deloris Herron, Synora McCraw Smith; and Joyce M. Fry **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: Ruby Yerena at 3503 Weisenburger Drive; Deloris Herron at 5180 Lauderdale Street; Synora McCraw Smith at 2616 Eugene Street; and Joyce M. Fry at 3027 Seaton Drive. All loans are 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 Ruby Yerena, Deloris Herron, Synora McCraw Smith, and Joyce M. Fry for reconstruction on-site of the homes to be located at: 3035 Weisenburger Drive; 5180 Lauderdale Street; 2616 Eugene Street, and 3027 Seaton Drive.

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 HOU304AH419 (\$93,400)
Vendor # VC0000005552 – Eric Miller Homes, Inc. – 3503 Weisenburger Drive

Fund CD08 Dept HOU, Unit 304A, Obj 3100 CT HOU304AH422 (\$93,400)
Vendor # VS0000024909 – JB's Kool Air & Painting Service – 5180 Lauderdale Street

June 23, 2010

Fund CD08 Dept HOU, Unit 304A, Obj 3100 CT HOU304AH420 (\$93,400)
Vendor # VS0000024909 – JB's Kool Air & Painting Service – 2616 Eugene Street

Fund CD08 Dept HOU, Unit 304A, Obj 3100 CT HOU304AH421 (\$93,400)
Vendor # VS0000039918 – Lincoln House Building – 3027 Seaton Drive

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: June 23, 2010
COUNCIL DISTRICT(S): All
DEPARTMENT: Housing/Community Services
CMO: A. C. Gonzalez, 671-8925
MAPSCO: N/A

SUBJECT

A public hearing to receive comments on Substantial Amendment No. 5 to the FY 2008-09 Consolidated Plan; and at the close of the hearing, authorize the final adoption of Substantial Amendment No. 5 to the FY2008-09 Consolidated Plan for the Neighborhood Stabilization Program (NSP) to (1) amend the Program Statement to include a new Activity 4 - Acquisition, Redevelopment and Sale of Foreclosed/Abandon Properties; (2) Reprogram \$2,500,000 from Activity 2 - Acquisition, Rehabilitation and Sell/Rent Foreclosed Properties Program (ARSR) to Activity 4 - Acquisition, Redevelopment and Sale of Foreclosed Properties; and (3) Reprogram \$1,300,000 from Activity 2 - (ARSR) to Activity 1 - Acquisition, Demolition, Maintenance, Redevelopment and Sale for Land Banking Program (ADR) – Financing: No cost consideration to the City

BACKGROUND

In July 2008, the Housing and Economic Recovery Act of 2008 (HERA) was enacted into law. HERA appropriated \$3.92 billion to assist states and localities in redevelopment efforts, particularly for foreclosed or abandoned housing properties. The Program is referred to as the Neighborhood Stabilization Program (NSP) and is considered a Special Allocation of 2008 Community Development Block Grant Funds.

On September 26, 2008, the City of Dallas was notified of its allocation of \$7,932,555 of NSP funds. Allocations to states and localities were based on percentage and number of home foreclosures, homes financed by sub prime mortgage related loans, and homes in default or delinquency.

Localities who wished to accept the allocation of NSP funds submitted an amendment to their Consolidated Plan on December 1, 2008. The City of Dallas amendment included identification of the "Areas of Greatest Need" based upon the greatest percentage of home foreclosures, the highest percentage of homes financed by subprime mortgage loans, and areas identified as likely to face a significant rise in foreclosures.

BACKGROUND (continued)

The NSP funds may benefit low, moderate and middle income persons up to 120% Area Median Family Income (AMFI) for Dallas and 25% of the NSP funds must benefit low income persons up to 50% AMFI. The use of the funds must comply with the requirements under the HERA; the Community Development Block Grant regulations; the Uniform Relocation Assistance Real Property Acquisition Policies Act of 1970, and other federal requirements.

Notice of the allocation of NSP funds was provided to the public on October 23, 2008 and comments as to the use of funds were requested. On November 17, 2008, the Housing Committee of the City Council was briefed on the NSP and reviewed recommendations for the use of funds. On November 19, 2008, City Council authorized the FY2008-09 Consolidated Plan Reprogramming Budget #1 for the NSP funds, which included \$2.5 million for Acquisition, Demolition, and Redevelopment of Foreclosed and Abandoned Properties (ADR), \$4,639,300 for Acquisition, Rehabilitation, and Sell or Rent Foreclosed Properties (ARSR), and \$793,255 to provide for the administration, planning, oversight, reporting and implementation of projects to be funded by NSP over a four year period.

This Council action would provide final approval to amend the current program statement to include a new Activity 4-Acquisition, Redevelopment, & Sale of Foreclosed Properties, reprogram \$2,500,000 from Activity 2 to this new activity, and reprogram \$1,300,000 from Activity 2 to Activity 1 - Acquisition, Demolition, Maintenance, Redevelopment, and Sale for Lank Banking Program.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On September 2, 2008, the Housing Committee was briefed on the City of Dallas foreclosure activity.

On November 3, 2008, the Housing Committee was briefed on Dallas Foreclosure and Code Compliance Updates which included information regarding the pending Neighborhood Stabilization Program (NSP) allocations.

On November 17, 2008, the Housing Committee was briefed on the NSP allocation and reviewed recommendations for the use of funds.

On November 19, 2008, the City Council authorized the FY2008-09 Consolidated Plan Reprogramming Budget #1 for the NSP funds by Council Resolution No. 08-3195.

On February 25, 2009, the City Council authorized the acceptance of the NSP funds by Council Resolution No. 09-0530.

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

On December 9, 2009, the City Council authorized substantial amendment No. 4 to the FY2008-09 Consolidated Plan for the NSP Program by Council Resolution No. 09-3019.

On May 26, 2010, the City Council authorized a public hearing on June 23, 2010 to receive comments on Substantial Amendment No. 5 to the FY 2008-09 Consolidated Plan for the Neighborhood Stabilization Program by Resolution No. 10-1298.

FISCAL INFORMATION

No cost consideration to the City.

June 23, 2010

WHEREAS, on September 2, 2008, the City Council Housing Committee was briefed on the City of Dallas foreclosure activity; and

WHEREAS, on November 3, 2008, the City Council Housing Committee was briefed on Dallas Foreclosure and Code Compliance Updates which included information regarding the pending Neighborhood Stabilization Program (NSP) allocations; and

WHEREAS, on November 17, 2008, the City Council Housing Committee was briefed on the NSP allocation and reviewed recommendations for the use of funds; and

WHEREAS, on November 19, 2008, the City Council authorized the FY 2008-09 Consolidated Plan Reprogramming Budget #1 for the NSP funds; and

WHEREAS, on February 25, 2009, the City Council authorized the acceptance of the NSP funds; and

WHEREAS, on December 9, 2009, the City Council authorized Substantial Amendment No.4 to the FY 2008-09 Consolidated Plan for the Neighborhood Stabilization Program; and

WHEREAS, on May 26, 2010, the City Council authorized a public hearing on June 23, 2010 to receive comments on Substantial Amendment No. 5 to the FY 2008-09 Consolidated Plan for the Neighborhood Stabilization Program by Resolution No. 10-1298; and

WHEREAS, federal regulations and City's Citizen Participation Plan requires not less than a 15 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. authorize the final adoption of Substantial Amendment No. 5 to the FY2008-09 Consolidated Plan for the Neighborhood Stabilization Program (NSP) to: (1) amend the Program Statement (Attachment A) to include a new Activity 4- Acquisition, Redevelopment, & Sale of Foreclosed/Abandon Properties; (2) Reprogram \$2,500,000 from Activity 2-Acquisition, Rehabilitation, & Sell/Rent Foreclosed Properties Program (ARSR) to Activity 4-Acquisition, Redevelopment, & Sale of Foreclosed Properties; and (3) Reprogram \$1,300,000 from Activity 2 - (ARSR) to Activity 1 - Acquisition, Demolition, Maintenance, Redevelopment, and Sale for Land Banking Program (ADR).

June 23, 2010

SECTION 2. 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

ATTACHMENT A

PROGRAM STATEMENT NEIGHBORHOOD STABILIZATION PROGRAMS (NSP)

Program Purpose: To provide Neighborhood Stabilization Program (NSP) funding for the establishment of financing mechanisms for 1) the acquisition, demolition, maintenance, & redevelopment and sale of foreclosed or abandoned single-family homes and multi-family properties, and the acquisition of vacant, abandoned or foreclosed land operated by the Dallas Housing Acquisition and Development Corporation (DHADC); ~~and~~ 2) the acquisition, rehabilitation, and sale/rent of improved properties that have been foreclosed, on a bulk sales basis; 3) program administration; and 4) the acquisition, redevelopment, and sale of foreclosed/abandoned and vacant properties.

Acquisitions could include duplexes and four-plexes, multifamily properties for Permanent Supportive Housing redevelopment, including Homeless rental units, to achieve affordability for low and moderate-income homebuyers and renters. To benefit NSP designated neighborhoods through the making of loans/grants that promote activities that contribute to the development of viable neighborhood communities by providing decent housing and a suitable living environment. Both components will increase the supply of existing and new affordable single-family housing, workforce housing and multifamily development.

Funding: \$7,139,300 – NSP/Community Development Block Grant Funds (CDBG)

Twenty-five percent (25%) of the NSP funds must be used for housing individuals and families whose incomes do not exceed 50 percent of AMFI. NSP funds will be made available to interested parties via Request for Application (RFA), under ~~activity #2~~ all development activities

NSP Areas: NSP areas are identified as “Areas of Greatest Need” (AGN). Areas were selected based on the greatest percentage of home foreclosures; highest percentage of homes financed by a subprime mortgage related loan; and identified as likely to face a significant rise in the rate of home foreclosures. Each AGN is identified by a MAPSCO page because they represent smallest areas in foreclosure data base. There are a total of 13 AGN authorized by the City.

Activity 1: Available Funding: ~~\$2,500,000~~ \$3,800,000- Acquisition, Demolition, Maintenance & Redevelopment and Sale for Land Banking Program (ADR)
Description:

The City Housing Department, through the Land Bank section of the DHADC, will purchase improved properties that have been foreclosed upon, identified as abandoned or blighted structures and/or improved properties which are unoccupied.

ATTACHMENT A

PROGRAM STATEMENT NEIGHBORHOOD STABILIZATION PROGRAMS (NSP)

and vacant, abandoned or foreclosed land within the designated “Areas of Greatest Need.”

- Abandoned - A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, the property has been unoccupied for at least 90 days, and/or no mortgage or tax payments have been made by the property owner for at least 90 days.
- Properties will be demolished and land banked for up to 10 years, pursuant to NSP federal guidelines. The vacant properties will be maintained by the City and held for future sale to developers for development of new affordable and workforce single-family housing and for development of multifamily projects.
- The City of Dallas may demolish up to 50 units under the land bank portion of the NSP
 - Under the NSP, one-for-one replacement requirements under CDBG regulations have been waived
 - The City of Dallas will not use eminent domain or allow for involuntary sales in its NSP
- ~~Foreclosed properties acquired in the NSP areas will be assembled by the DHADC Land Bank Program (LB) and made available for resale to developers to acquire vacant single-family lots in the NSP under a bulk sales agreement.~~
- ~~The City Housing Department will solicit proposals via a Request for Proposal (RFP) and will include a list of available properties, project and selection criteria for acquisition and redevelopment of properties.~~
 - ~~Developers acquiring properties will be required to maintain properties in order to avoid City Code Compliance Department (CCD) violations.~~
 - ~~All NSP property addresses have been provided to the CCD for monitoring purposes~~
- ~~Vacant properties will be sold to qualified developers at a discount and may also be combined with other City owned lots being sold in the same NSP neighborhood.~~

ATTACHMENT A

PROGRAM STATEMENT NEIGHBORHOOD STABILIZATION PROGRAMS (NSP)

~~The sales proceeds from these single-family lot sales will be used for future NSP foreclosed single-family home purchases.~~

- ~~● Developers will be required to redevelop the vacant property and sell the newly constructed home within three years.~~
- ~~● The NSP LB lots, once redeveloped, will be subject to affordability requirements at or below 120% of Area Median Family Income (AMFI). The City require that twenty-five percent (25%) of the NSP funds used for the acquisition of NSP LB lots that will be redeveloped, be sold to homebuyers at or below fifty percent (50%) of AMFI. The latter requirement will be negotiated with the Developer on an individual basis.~~
- ~~● Additional consideration will be given to those Developers proposing to build "Green", environmentally friendly homes which conserve energy and reduce utility costs. Homes must meet energy star requirements, at minimum.~~

Redevelopment of Properties

1. The Housing Department will provide non-profit & for profit entities (the "Developer") loans/grants for the purchase, redevelopment, and sale of foreclosed/abandoned and vacant residential properties for sale to families at 120% or below of AMFI.
2. All acquisition/redevelopment must be with land banked properties.
3. Eligibility requirements will be observed in accordance with federal guidelines.
4. The City Housing Department will solicit applications via a Request for Application (RFA) that includes project and selection criteria.
5. Development experience, financial capacity, and production timeline will all be considered in contract awards.
6. Housing/Community Services Department Director (or designee) will provide approval of individual applications for funding under this program.
7. The City Housing/Community Services Department is responsible for implementation, monitoring, and evaluation under this program.

Additional Provisions for AR Program

- Require a minimum of 4 foreclosed/abandoned and vacant property acquisitions per application
- Require an environmental assessment report on each property acquired
- Redeveloped properties will carry a 15 year affordability deed restriction
- Proceeds from the sale of the redeveloped property will be returned to the City of Dallas for reuse on additional Land Bank program properties
- Terms for grants and loans are as follows:

Homebuyer Income	Grant
50% or Below AMFI	Up to 50% of total costs
51% to 80% AMFI	Up to 25% of total costs
81% to 120% AMFI	Up to 10% of total costs

- Developer must sell redeveloped properties for total cost (acquisition & redevelopment) minus amount of grant from City of Dallas
- AR Program homebuyers will be eligible for up to a maximum of \$5,000 for down payment and closing costs

Activity 2: Available Funding: ~~\$4,639,300~~ \$839,300- Acquisition, Rehabilitation, & Sell/Rent Foreclosed Properties Program (ARSR) Description

The City of Dallas Housing Department will provide funds to qualified non-profit and for-profit developers to assist with acquisition and rehabilitation costs of single-family and multi-family properties that have been foreclosed. Acquired properties must be rehabilitated, sold or rented to achieve affordability for low and moderate-income homebuyers and renters. The ARSR program funds will benefit NSP neighborhoods by making of loans/grants that promote activities which contribute to the development of viable communities by providing decent housing and a suitable living environment, and to increase the supply of new affordable housing for individuals and families.

- The Housing Department will provide non-profit and for-profit entities (the "Developer") loans/grants for the purchase and rehabilitation of foreclosed homes and residential properties for sale or rent to families at 120% or below of AMFI. ~~The City will require that twenty-five percent (25%) of the NSP funds used for the purchase of foreclosed upon homes and redeveloped must be sold or rented to homebuyers at or below fifty percent (50%) of AMFI.~~

ATTACHMENT A

PROGRAM STATEMENT NEIGHBORHOOD STABILIZATION PROGRAMS (NSP)

- The City Housing Department will solicit proposals via a Request for Application (RFA) that includes project and selection criteria for acquisition and rehabilitation of properties.
- At a minimum, the project must meet applicable City Codes, and locally adopted Minimum Housing Standards (MHS).
- Affordability requirements and eligibility requirements will be observed in accordance with federal guidelines.
- The RFA will include a listing of properties that have been foreclosed for each of the MAPSCO pages designated as an AGN by the City Council. The foreclosure listing will be the most recently updated data available to the City; however, there may be properties on the foreclosure listing that have already been sold by the lender/owner.
- All acquisition of foreclosed properties must be located in the following designated MAPSCO pages that included the highest number of foreclosure concentrations, corresponding Foreclosure Needs Score (FNS), as published by the LISC Foreclosure Response Project issued October 2008 (FNS with a score of 100 being the highest needs category) and corresponding ZIP Codes.

AREAS OF GREATEST NEED

No.	MAPSCO Page	# of Foreclosures	City Council Districts
1	65	161	8,5,4
2	59	151	8,5
3	46	135	7
4	55	132	4
5	54	127	3,4,1
6	56	127	4,5,7
7	64	124	5,8,4
8	58	102	5,8,4
9	66	100	8,5
10	48	90	7,4
11	53	89	8,5,3,1
12	69	68	8
13	69A	50	8
Total		1456	

ATTACHMENT A

PROGRAM STATEMENT NEIGHBORHOOD STABILIZATION PROGRAMS (NSP)

RFP Foreclosure List will be made available for the following MAPSCO Pages

- 65:** 161 foreclosures includes ZIP Codes 75216 that has a 48.4 FNS (48.1 Subprime, 32.6 foreclosure and 30.9 delinquency scores), and 75241 with a 58.6 FNS (59.1 Subprime, 68.2 foreclosure and 50.8 delinquency scores)
- 59:** 151 foreclosures includes ZIP Codes 75217 with an 81.2 FNS (71.9 Subprime, 45.4 foreclosure and 63.0 delinquency scores), the highest in the City of Dallas, and 75227 that has a 52.6 FNS (49.9 Subprime, 45.7 foreclosure and 53.3 delinquency scores)
- 46:** 135 foreclosures includes ZIP Codes 75215 with an 11.6 FNS; 75223 with a 2.3 FSN; 75210 with a 5.2 FSN; 75204 with a 1.1 FSN; 75214 with a 1.1; 75246 with a 1.1 FSN having the 3rd highest number of foreclosures
- 55:** 132 foreclosures includes ZIP Codes 75215 with a 11.6 FNS; 75203 with a 5.5 FNS; 75216 with 48.4 FNS (48.1 Subprime, 32.6 foreclosure and 30.9 delinquency scores)
- 54:** 127 foreclosures includes ZIP Codes 75208 with a 5.6 FNS and 75224 with a 16.2 FNS (16.0 Subprime, 9.4 foreclosure and 17.2 delinquency scores)
- 56:** 127 foreclosures includes ZIP Codes 75215 with 11.6 FNS and 75216 with 48.4 FNS (48.1 Subprime, 32.6 foreclosure and 30.9 delinquency scores)
- 64:** 124 foreclosures includes ZIP Codes 75224 with a 16.2 FNS (16.0 Subprime, 9.4 foreclosure and 17.2 delinquency scores) and 75232 with a 39.1 (37.6 Subprime, 38.7 foreclosure and 37.6 delinquency scores)
- 58:** 102 foreclosures includes ZIP Codes 75227 with a 52.6 FNS (49.9 Subprime, 45.7 foreclosure and 53.3 delinquency scores) and 75217 with an 81.2 FNS (71.9 Subprime, 45.4 foreclosure and 63.0 delinquency scores), the highest in the City of Dallas
- 66:** 100 foreclosures includes ZIP Codes 75216 with a 48.4 FNS (48.1 Subprime, 32.6 foreclosure and 30.9 delinquency scores) and 75241 with a 58.6 FNS (59.1 Subprime, 68.2 foreclosure and 50.8 delinquency scores)

ATTACHMENT A
PROGRAM STATEMENT
NEIGHBORHOOD STABILIZATION PROGRAMS
(NSP)

48: 90 foreclosures includes ZIP Codes 75228 with a 20.8 FSN (24.1 Subprime, 12.4 foreclosure and 18.9 delinquency scores) and 75227 with a 52.6 FNS (49.9 Subprime, 45.7 foreclosure and 53.3 delinquency scores)

53: 89 foreclosures includes ZIP Codes 75211 with an 30.0 FNS (31.6 Subprime, 15.0 foreclosure and 31.0 delinquency scores) and 75233 that has a 12.6 FNS (8.8 Subprime, 6.9 foreclosure and 12.1 delinquency scores)

69: 68 foreclosures includes ZIP Codes 75217 with an 81.2 FNS (71.9 Subprime, 45.4 foreclosure and 63.0 delinquency scores), the highest in the City of Dallas; and 75253 that has a 10.2 FNS (8.7 Subprime, 17.1 foreclosure and 8.6 delinquency scores)

69A: 50 foreclosures includes ZIP Code 75253 that has a 10.2 FNS (8.7 Subprime, 17.1 foreclosure and 8.6 delinquency scores)

Program Operations:

- ARSR Activities will proceed as follows:
- ARSR Request for Applications (RFA) are made when available funding is sufficient to support a NSP project request according to the requirements of this program statement.
- ARSR contract awards will be made through an RFA that will be mailed to interested entities for the acquisition, rehabilitation and sale of foreclosed properties as follows:
 - Prior to mail out of any RFA, a letter will be sent to entities on City's non-profit, for-profit mailing list and an ad placed in the Dallas Morning News announcing NSP funding availability

ATTACHMENT A

PROGRAM STATEMENT NEIGHBORHOOD STABILIZATION PROGRAMS (NSP)

- The letter outlining the terms, process and requirements of the City of Dallas' NSP will include MAPSCO pages identifying "Areas of Greatest Need" that have been approved by the City Council
- Interested entities will be required to respond within 2 weeks identifying one or all of the MAPSCO pages if they intend to participate
- RFA package will be sent to each interested applicant, detailing all the requirements for participation in the NSP
 - Capacity, development experience, financials and production will all be considered in recommending a contract award
- RFA will include list of all known foreclosed properties in each MAPSCO area selected by proposer
 - Applicants will have 30-days to respond to the RFA
 - Proposer will identify proposed foreclosure acquisitions by address
- Those applicants receiving an award will be provided a letter from City that can be used in negotiating the acquisition of properties with the owner of the property (lender), and with a commitment to advance funds for a period of 90 days
- Applicant will have 90 days to submit sales contracts to City
- Once sales contract(s) are received, Applicant will have up to 90 days to complete each environmental, appraisal, title commitment, survey and close on the property
- City staff is responsible for reviewing completeness of funding ARSR/ADR proposals and determining if the applicant meets the minimum requirements, prior to briefing and a recommendation for funding to the Dallas City Council's Housing Committee. Those applications not meeting the RFP criteria will not be sent to the Housing Committee for consideration.
- The City Housing Department is responsible for seeking Housing Committee and City Council approval, timing of the RFA, entering into a contract with the successful Developer, and monitoring of the loan.

ATTACHMENT A

PROGRAM STATEMENT NEIGHBORHOOD STABILIZATION PROGRAMS (NSP)

- The City reserves the right to reject all proposals/applications.
- The Developer who purchases foreclosed properties from lenders/owners in the designated NSP Areas will be responsible for: 1) providing documentation of purchase of the foreclosed single-family or multi-family properties in the NSP Areas; 2) securing primary financing with guarantees where required; 3) securing commitment(s) from home builders (if applicable); 4) completing the project on time and within budget; and 5) managing the rehabilitation and/or build-out of the development.
- The ARSR Activity will:
 - Require a minimum of 10 foreclosed property acquisitions per NSP proposal
 - Restrict the acquisition and rehabilitation to homes built after 1978
 - Require a 1 % or greater discount off appraised value on the acquisition of a property from a lender
 - Require an environmental assessment report on each property acquired
 - Require an appraisal no more than 60 days prior to date of acquisition (lender may provide current appraisal)
 - Provide 50% of the acquisition cost for homes to be acquired by qualified entities @ 0% interest loan
 - Provide up to \$20,000 in a deferred loan, for rehabilitation cost, to bring the home up to minimum housing standards
 - Require full insurance coverage to protect against theft, vandalism and other losses until home is sold
 - Allow the contractor a maximum developer fee of 20% on the sale or rental of each home
 - Apply affordability period pursuant to HOME regulations, will be a 15 year deed restriction
 - Require the Developer to pay City's acquisition loan in full, upon sale and closing of permanent loan to homebuyer
 - Require Developers to maintain properties in order to avoid City Code Compliance Department (CCD) violations.
 - All NSP property addresses have been provided to the CCD for monitoring purposes

ATTACHMENT A

PROGRAM STATEMENT NEIGHBORHOOD STABILIZATION PROGRAMS (NSP)

- ARSR Loans may be negotiated as a rental/lease with option to buy, with home sold to qualified homebuyer no later than 5 years of acquisition from lender with a balloon payment made to the City for 50% of the initial acquisition cost. Homes not sold within the 5 year period will convert to rental units and will remain affordable for a period not to exceed a total of 15 years.

Provisions for Insurance and Maintenance will be required until home is sold

Additional Requirements

- The Developer or any of its associated companies must not have any outstanding compliance issues, delinquent taxes, or code violations with the City of Dallas.
- The Developer, or any of its associated companies, must not have had any bankruptcies in the last seven (7) years.

Activity 3: Available Funding: \$793,255- Program Administration

- General administration and planning activities for the City of Dallas

Activity 4: Available Funding: \$2,500,000- Acquisition, Redevelopment, & Sale of Foreclosed/Abandoned Properties (AR) Description

The City of Dallas Housing Department will provide funds to qualified non-profit developers that are also certified Community Housing Development Organizations (CHDOs) to acquire, redevelop (construct), and sell single-family homes on foreclosed/abandoned and vacant properties.

1. The Housing Department will provide non-profit entities (the "Developer") loans/grants for the purchase, redevelopment, and sale of foreclosed/abandoned and vacant residential properties for sale to families at 50% or below of AMFI.
2. All acquisition of foreclosed/abandoned and vacant properties must be located in the City designated Areas of Greatest Need (AGN)
3. Eligibility requirements will be observed in accordance with federal guidelines.
4. The City Housing Department will solicit applications via a Request for Application (RFA) that includes project and selection criteria.

ATTACHMENT A

PROGRAM STATEMENT NEIGHBORHOOD STABILIZATION PROGRAMS (NSP)

5. Development experience, financial capacity, and production timeline will all be considered in contract awards.
6. Housing/Community Services Department Director (or designee) will provide approval of individual applications by CHDOs for funding under this program.
7. The City Housing/Community Services Department is responsible for implementation, monitoring, and evaluation under this program.

Additional Provisions for AR Program

- Require a minimum of 4 foreclosed/abandoned and vacant property acquisitions per application
- Require an environmental assessment report on each property acquired
- Provide up to 50% of the redevelopment costs as a grant to the homebuyer
- Redeveloped properties will carry a 15 year affordability deed restriction
- CHDO developer must sell redeveloped property for 50% of redevelopment cost, including acquisition costs
- Proceeds from the sale of the redeveloped property will be returned to the City of Dallas for reuse on additional AR program properties
- CHDO developer must sell redeveloped property to a household with income at or below 50% of Area Median Family Income (AMFI)
- AR Program homebuyers will be eligible for up to a maximum of \$5,000 for down payment and closing costs

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: June 23, 2010
COUNCIL DISTRICT(S): 7
DEPARTMENT: Housing/Community Services
CMO: A. C. Gonzalez, 671-8925
MAPSCO: 46W

SUBJECT

A public hearing to receive comments on the proposed private sale by quitclaim deed of one unimproved property acquired by the taxing authorities from the Sheriff's Sale to Forest Heights Neighborhood Development Corporation a qualified non-profit organization; and at the close of the public hearing, authorize **(1)** the private sale under the HB110 process through the Land Transfer Program, as provided for by Section 253.010 of the Texas Local Government Code, by quitclaim deed of one (1) unimproved property acquired by the taxing authorities from the Sheriff's Sale to Forest Heights Neighborhood Development Corporation, a qualified non-profit organization; and **(2)** execution of a release of non-tax liens included in the foreclosure judgment and post-judgment non-tax liens, if any (list attached) - Revenue: \$2,230

BACKGROUND

This item calls for a public hearing to allow the public an opportunity to comment on the proposed private sale of one (1) unimproved property and authorizes the private sale under the HB110 process through the Land Transfer Program, as provided for by Section 34.015 of the Texas Property Tax Code, which section was subsequently redesignated as Section 253.010 of the Texas Local Government Code, by quitclaim deed of one (1) unimproved property. This property was foreclosed by the Sheriff's Department for unpaid taxes pursuant to judgments or seizure warrants from a District Court. This property is being sold to a qualified non-profit organization that provides affordable housing. Forest Heights Neighborhood Development Corporation will construct three (3) duplexes containing approximately 1,300 square feet each for lease by low to moderate income families at the proposed rental price of \$410 - \$500 each. The anticipated commencement date of construction is July 2010.

BACKGROUND (continued)

The 1997 Texas State Legislature amended Chapter 34 of the Texas Property Tax Code to provide for an alternative manner of sale of tax foreclosed and seized properties to qualified non-profit organizations. Subsequently, Texas Property Tax Code Section 34.015 was redesignated as Local Government Code Section 253.010. In 1998, City Council amended the City Code by adding provisions to Section 2-26 that provided for implementation of this program.

A sign indicating the time and place of the public hearing and private sale was placed on the property three weeks prior to the public hearing. Notification of the public hearing and private sale was mailed to property owners within 200 feet of the property two weeks prior to the public hearing. A notice of the public hearing and private sale was published in the Dallas Morning News ten days prior to the public hearing.

The quitclaim to this property will include deed restrictions which prohibit the placement of industrialized housing on the property.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

Authorized a public hearing and proposed sale of one (1) unimproved property on May 26, 2010 by Resolution No. 10-1299.

FISCAL INFORMATION

Revenue:
\$2,230.25

OWNER

Forest Neighborhood Development Corporation

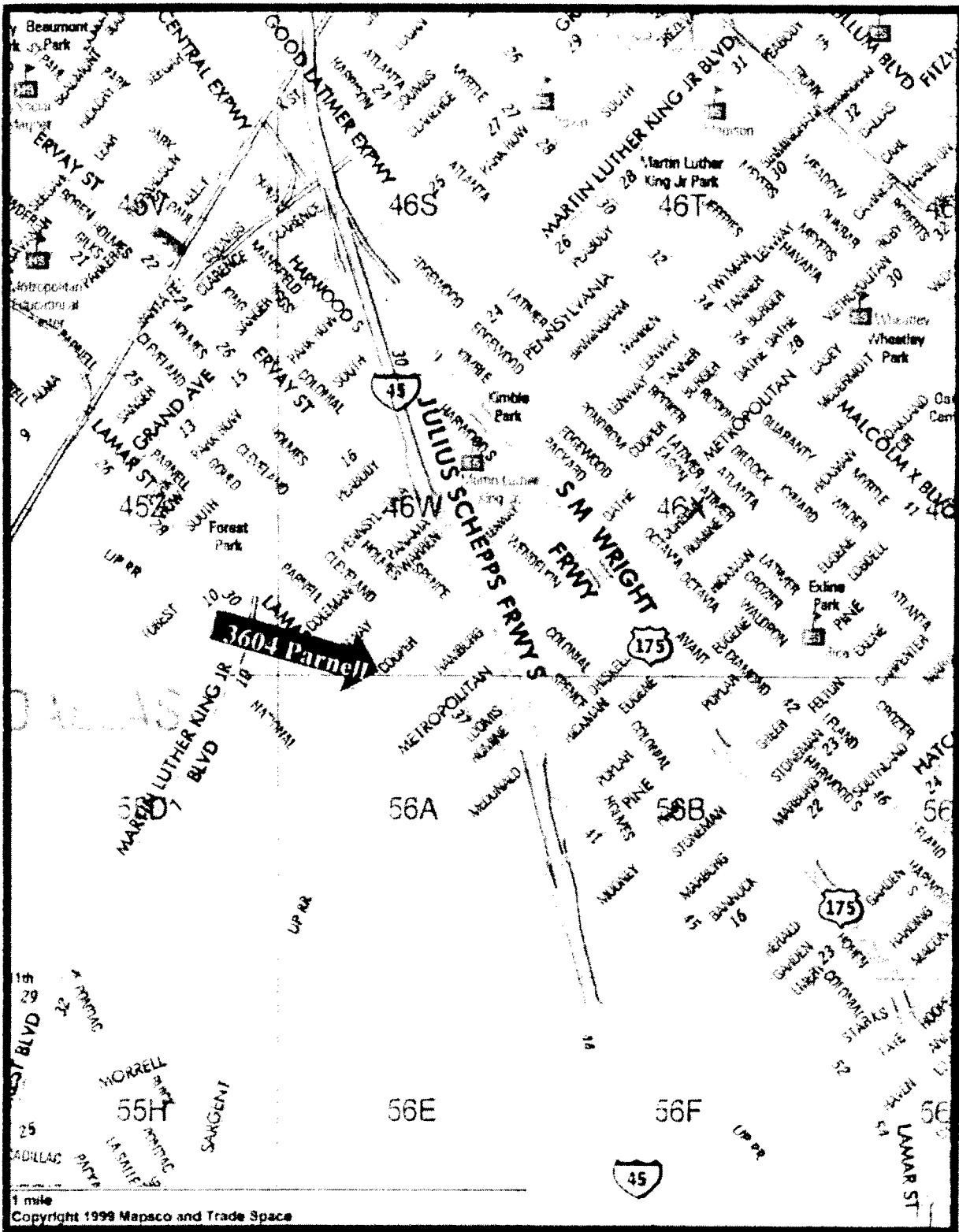
David Gleeson, President

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.	3604 Parnell	Forest Heights Neighborhood Development Corporation	46W	\$25,130	\$2,230.25	V PD-595	7



MAPSCO 46W

June 23, 2010

WHEREAS, the City of Dallas, for itself and as trustee, on behalf of the taxing units named as a party to a judgment or in an application for a seizure warrant for delinquent taxes ("Taxing Units"), received tax title to certain properties by Sheriff's Deed, identified on "Exhibit A", attached hereto and made a part hereof, by legal description and the volume and page number of said deed recorded in the real property records of the county in which the property is located, ("Property"); and

WHEREAS, pursuant to the provisions of Chapters 33 and 34 of the Texas Property Tax Code, the City of Dallas ("City") may resell the tax foreclosed Property by private sale, subject to the consent of the other taxing units; and

WHEREAS, the City has given thirty (30) days notice to Dallas County and the Dallas Independent School District that the Property was acquired by said Sheriff's Deed and is proposed for resale to a nonprofit organization for the development of low-income housing; and

WHEREAS, as authorized by Section 253.010 of the Texas Local Government Code, the City desires to sell the Property to a qualified "nonprofit organization" for the development of "affordable housing" for low income persons, as those terms are defined for the purposes of this resolution in Section 2-26.5 of the Dallas City Code ("Code"); and

WHEREAS, the City has received written proposals which contain proposed end uses and time frames from the qualified nonprofit organization to purchase the Property by private sale ("Proposal") at a fixed price of \$1,000.00 for up to 7,500 square feet of land purchased under a single Proposal, plus \$0.133 for each additional square foot of land purchased under the Proposal, all as indicated on "Exhibit A";

WHEREAS, the City Council has previously approved the resale of other properties where funds were not received and have not been disbursed prior to the April 1, 2001 Tax Collection Consolidation with Dallas County; and

WHEREAS, the proceeds of the resale will be distributed in accordance with Chapter 34, section 34.06 of the Texas Property Tax Code; **NOW, THEREFORE,**

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

Section 1. That the Proposal identified on Exhibit "A" is approved by the City.

June 23, 2010

Section 2. That upon receipt of the monetary consideration from the qualified nonprofit organization ("Requestor") for the Property on the list as specified on Exhibit "A", and upon approval of Requestor's Proposal by the governing bodies of the other affected Taxing Units which own the Property, the City Manager is hereby authorized to execute a Quitclaim Deed, upon approval as to form by the City Attorney and attested by the City Secretary, quitclaiming the Property to the Requestor, subject to the right of redemption, if any, and the possibility of reverter with right of re-entry, and to the terms and conditions of Code Section 2-26.10 through 2-26.12 and the Proposal.

Section 3. That the quitclaim deeds to this Property will contain deed restrictions requiring the purchaser to:

- (1) Restrict the sale and resale of owner-occupied property to low-income individuals or families for five (5) years after the date of filing,
- (2) Require the nonprofit organization to develop the proposed housing unit within three (3) years after receiving the quitclaim deed, and
- (3) Require any low-income individual or family to maintain each housing unit and all improvements on the land during the five (5) year period.

Section 4. That the quitclaim deeds to this Property will contain a condition that the quitclaim is also subject to Grantee's representation and agreement that Grantee did not purchase the Property on behalf of a Prohibited Person, as hereinafter defined, and that Grantee will not sell or lease the Property to a Prohibited Person. A "Prohibited Person" shall mean any party who was named as a defendant in the legal proceedings at which the City obtained a final judgment in a District Court in the county in which the land is located for delinquent taxes and an order to foreclose its tax lien on the property or person in the Judgment or Seizure Tax Warrant, issued in a District Court in the county in which the land is located, or the Sheriff's Deed as the owner of the Property, authorized seized and ordered sold for delinquent taxes and any municipal health and safety liens (as applicable). Grantee's agreement shall be for five (5) years from execution of the quitclaim deed, and any breach or violation thereof may be enforced by Grantor against Grantee at law or in equity to require the correction of the violation. Grantee further agrees that if Grantor substantially prevails in a legal proceeding to enforce these terms, conditions and restrictions, Grantor shall be entitled to recover damages, reasonable attorney fees, and court costs from Grantee. Grantee's agreement to those terms, conditions and restrictions is a material representation and part of the consideration for this transaction.

Section 5. That the City Manager is authorized to execute instruments, approved as to form by the City Attorney, releasing the City's possibility of reverter with right of re-entry and terminating the deed restrictions to the Property upon compliance with all terms and conditions of Code Section 2-26.10 through 2-26.12, the Proposal, and the deed restrictions.

June 23, 2010

Section 6. That the consideration received shall be distributed pursuant to Chapter 34, section 34.06 of the Texas Property Tax Code and applied to the payment of the judgment, court costs, interest, and cost of sale and resale owed to the Taxing Units by the delinquent taxpayer or the amount of delinquent taxes, penalties, the amount secured by any municipal health or safety liens on the Property included in the Warrant application, court costs, interest and cost of seizure and sale owed to the Taxing Units as set forth in the Warrant; any such amount(s) still owed by the delinquent taxpayer to any of the Taxing Units shall remain the personal obligation of the delinquent taxpayer,

Section 7. That the purchaser shall be responsible for the pro rata property taxes assessed from the date of closing for the remaining part of the then current calendar year. This Property shall be placed back on the tax rolls effective as of the date of execution of the deed.

Section 8. 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 and any non-tax liens that may have been filed by the City post-judgment on the Property.

Section 9. That any and all proceeds for the resale of the Property listed on Exhibit A and for the properties previously approved for resale by the City Council where funds were not received and have not been disbursed prior to the April 1, 2001 Tax Collection Consolidation with Dallas County be deposited to General Fund 0001, Agency DEV, Balance Sheet Account 0519.

Section 10. That upon receipt of the consideration, the City Controller is authorized to disburse proceeds of the resale of the Property listed on Exhibit A, in accordance with Chapter 34, section 34.06 of the Texas Property Tax Code, which calculations for disbursement shall be provided by the Director of Sustainable Development and Construction, to the City of Dallas Land Based Receivables, the Dallas County District Clerk and the Dallas County Tax Office from the account specified in Section 9 above.

Section 11. That upon receipt of the distribution amounts, the City Controller is authorized to disburse proceeds pursuant to Chapter 34, section 34.06 of the Texas Property Tax Code, which calculations for disbursement shall be provided by the Director of Sustainable Development and Construction, for properties previously approved for resale by the City Council where funds have not been disbursed prior to the April 1, 2001 Tax Collection Consolidation with Dallas County from the account specified in Section 9 above.

Section 12. That any procedures required by Code Section 2-24 that are not required by state law are hereby waived with respect to these conveyances.

June 23, 2010

SECTION 13. 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 Department
City Attorney's Office
Office of Financial Services/Community Development, 4FN
Office of Property Management

EXHIBIT A

TAX-FORECLOSED (TF) AND/OR SEIZURE WARRANT (SW) PROPERTY RESALE

June 23, 2010

PARCEL NO.	STREET ADDRESS/ LEGAL DESCRIPTION	TF/SW	VACANT/ IMPROVED	VOLUME AND PAGE	QUALIFIED NON-PROFIT PURCHASER	HOMEOWNER RENTAL LEASE PURCHASE	NUMBER OF DWELLING UNITS	SALE AMOUNT
1	3604 PARNELL Lot 7 & 8, Parnell & Cooper Block 4/1192	TF	V	2003180 05871	Forest Heights Neighborhood Development Corporation	Homeowner	6	\$2,230.25
TOTAL								\$2,230.25

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: June 23, 2010
COUNCIL DISTRICT(S): 5
DEPARTMENT: Housing/Community Services
CMO: A. C. Gonzalez, 671-8925
MAPSCO: 65G

SUBJECT

A public hearing to receive comments on the proposed City of Dallas submission of an application to the U.S. Department of Housing and Urban Development (HUD) for a Community Development Block Grant Section 108 Guarantee Loan Program loan in the amount of \$7,400,000 to fund Lancaster Urban Commercial LLC for land acquisition at the southwest quadrant of the intersection of South Lancaster Road and Ann Arbor Avenue and to fund sitework, a loan interest reserve, and commercial development for a mixed-use, transit-oriented development along the South Lancaster Road corridor across from the Veterans Affairs Medical Center (V.A.); and at the close of the public hearing, authorize (1) submission of the application to HUD for a CDBG Section 108 Guarantee Loan Program loan for Lancaster Urban Commercial LLC in an amount not to exceed \$7,400,000; and (2) the City Manager to submit the application and take necessary actions in connection with the application submission - Financing: No cost consideration to the City

BACKGROUND

This item calls for a public hearing to allow the public an opportunity to comment on the proposed City of Dallas submission of an application to the U.S. Department of Housing and Urban Development (HUD) for a Community Development Block Grant (CDBG) Section 108 Guarantee Loan Program loan (Section 108 Loan) in the amount of \$7,400,000 to fund a loan for Lancaster Urban Commercial LLC (Section 108 Lancaster Urban Village Loan) for land acquisition at the southwest quadrant of the intersection of South Lancaster Road and Ann Arbor Avenue and to fund sitework, a loan interest reserve, and commercial development for a mixed-use, transit-oriented development along the South Lancaster Road corridor across from the Veterans Affairs Medical Center (V.A.).

BACKGROUND (continued)

In pursuit of programs to help fill the gap in financing for development projects during the economic downturn beginning since the fall of 2008, City staff has researched, and in November 2008, briefed the City Council Economic Development and Housing Committees.

The Committees gave preliminary approval for application to U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grant (CDBG) Section 108 Guarantee loan funds for individual projects with the total of all applications not to exceed \$75,000,000.

The City seeks to fund projects that increase the level of affordable housing in the project area and increase the level of business activity by expanding economic activities. It is also important to the City that Section 108 loan repayments from borrowers match the City's required repayments to HUD on the Section 108 Guarantee Loan. Annual repayments of Section 108 Guarantee loans should be credit enhanced to eliminate risk of City making payments from annual CDBG allocations.

The City has received a proposal from Lancaster Urban Commercial LLC for a loan in the amount of \$7,400,000 in Community Development Block Grant Section 108 Guarantee Loan funds for acquisition of 3.5 acres of land located at the southwest quadrant of the intersection of South Lancaster Road and Ann Arbor Avenue that will be developed into 14,131 square feet of retail/office space to create employment opportunities and provide community-serving businesses for the area funded with Section 108 loan funds. Additionally, the development will provide 193 apartment units with 20% (39) of the units deed restricted for 15 years for affordability to families with incomes at 80% or less of Area Median Family Income as established by U.S. Department of Housing and Urban Development (HUD). The total development will also include a 395-space parking garage and will be completed in conjunction with a proposed expansion of the Dallas Urban League Campus directly north of the project. The Lancaster Urban Village Development site is located in CDBG-eligible Census Tract 57.00.

The City held a neighborhood public hearing at the Dallas Urban League on May 13, 2010. Comments from the neighborhood public hearing are being compiled.

Total project costs to acquire property, and to fund sitework, demolition, infrastructure improvements, interest reserve, and development of the Lancaster Urban Village mixed-use, transit-oriented development consisting of commercial/retail/office space and 193 apartment units at southwest quadrant of intersection of South Lancaster Road and Ann Arbor Boulevard are approximately \$25.8M. Funding for the project will come from the proposed \$7.4M Section 108 Loan funds and from a first lien note of \$12.4, Tax Increment Financing District (TIF) TOD funding of \$3.2M, and new market tax credits of \$2.8M.

BACKGROUND (continued)

The Section 108 loan application will request \$7,400,000 for the project at an interest rate determined by the 3 month London Interbank Offered Rate (LIBOR), with three years of interest reserve escrowed at the construction loan closing.

Tax Increment Financing District (TIF) proceeds will be used to make the Section 108 Lancaster Urban Village Loan payments for the five years starting in 2012 until the Section 108 Lancaster Urban Village Loan is paid.

The interest rate on the Section 108 Lancaster Urban Village Loan will be .5% higher than the Section 108 from HUD and both loans will have matching amortization. All loan payments by borrower will provide adequate funds for the City to make its payments on the Section 108 Loan from HUD.

The Section 108 Loan funds will be used to acquire property and to fund interest reserve, sitework including demolition of existing structures, site and infrastructure improvements, and commercial development. The project will meet the statements of community development objectives in the City's Consolidated Plan dealing with creation of employment opportunities.

The City Council public hearing being held on this date complies with HUD regulations and City's Citizen Participation Plan of 30 days comment period from date of call of public hearing. With submission of the application the City must certify that the City Manager is authorized to submit the application and all related documents and take necessary actions in connection with the application submission.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On November 17, 2008, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Loan Application authorization for the use of Section 108 Guarantee Loan funds to provide project gap financing or mezzanine debt necessary to move projects forward in today's financial market, to minimize, if not eliminate, the risk to the CDBG program revenue and set guidelines by which the funds would be used.

On January 5, 2009, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Guarantee Loan fund application requirements and proposed Program Guidelines for City to apply for up to a total of \$75,000,000 in guarantee loans.

On January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement, setting out the program purpose, description, operations and project criteria by Resolution No. 09-0291.

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

On May 3, 2010, the Housing Committee was briefed on the Community Development Block Grant Section 108 Guaranteed Loan Application to HUD for the Lancaster Urban Village Development and voted to favorably recommend that the City apply for Section 108 Guarantee Loan funds for the project.

On May 12, 2010, the City Council authorized a public hearing to be held on June 23, 2010 to receive comments on the proposed City of Dallas submission of an application to HUD for a Section 108 loan not to exceed \$7,400,000 for the Lancaster Urban Village project by Resolution No. 10-1265.

FISCAL INFORMATION

No cost consideration to the City.

OWNER

City Wide Community Development Corporation

Sherman Roberts, President/CEO

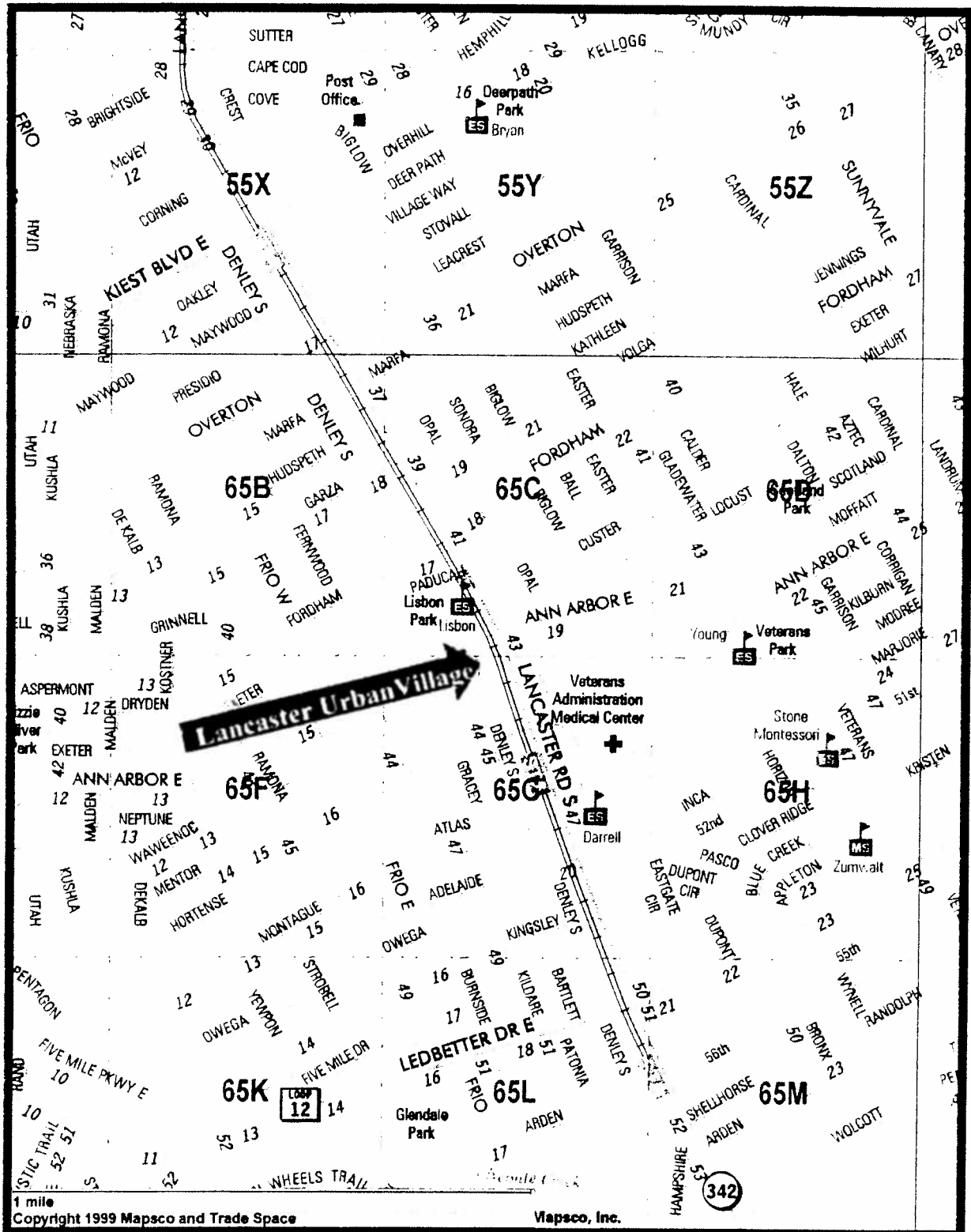
DEVELOPER

Catalyst Urban Development

Paris Rutherford, Member
Rhys Heinsch, Member

MAP

Attached



MAPSCO 65G

June 23, 2010

WHEREAS, the City of Dallas seeks to keep momentum going in growth prone areas and stimulate investment in more challenged areas by providing a substitute for declining availability of capital funding while banks are not willing to loan as much against collateral, interest rates for available funding have increased and proceeds from sales of tax credits has declined; and

WHEREAS, on November 17, 2008, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Loan Application authorization for the use of Section 108 Guarantee Loan funds to provide project gap financing or mezzanine debt necessary to move projects forward in today's financial market, to minimize, if not eliminate, the risk to the CDBG program revenue and set guidelines by which the funds would be used; and

WHEREAS, on January 5, 2009, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Guarantee Loan fund application requirements and proposed Program Guidelines for the City to apply for up to a total of \$75,000,000 in guarantee loans; and

WHEREAS, on January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement, setting out the program purpose, description, operations and project criteria by Resolution No. 09-0291; and

WHEREAS, on May 3, 2010, the Housing Committee was briefed on the amended Community Development Block Grant Section 108 Guaranteed Loan Application to HUD for the Lancaster Urban Village Development and voted to favorably recommend that the City apply for Section 108 Guarantee Loan funds for the project; and

WHEREAS, on May 12, 2010, the City Council authorized a public hearing to be held on June 23, 2010 to receive comments on the proposed City of Dallas submission of an application to HUD for a Section 108 loan not to exceed \$7,400,000 for the Lancaster Urban Village project by Resolution No. 10-1265; and

WHEREAS, the City of Dallas desires to apply to HUD for Community Development Section 108 Guarantee Loan funds in the amount of \$7,400,000 for the development of the Lancaster Urban Village, a mixed-use, transit-oriented project at southwest quadrant of intersection of South Lancaster Road and Ann Arbor Boulevard including commercial, retail and office space and 193 multi-family residential units with 20% (39) of the units to be deed restricted for 15 years for affordability to families with incomes 80% or less of Area Median Family Income, and consisting of property acquisition, funding of interest reserve, sitework including demolition and site and infrastructure improvement, and commercial development; and

June 23, 2010

WHEREAS, HUD requires the City to certify that its governing body has duly adopted a resolution (a) authorizing the person identified as the official representative of the public entity to submit the application and amendments thereto and all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the public entity to act in connection with the application to provide such additional information as may be required; and (b) authorizing such official representative to execute such documents as may be required in order to implement the application and issue debt obligations pursuant thereto (provided that the authorization required by this paragraph may be given by the local governing body after submission of the application but prior to execution of the contract required by §570.705(b)); **NOW THEREFORE**,

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

SECTION 1. That the City Council hereby authorizes the submission of the application to the U.S. Department of Housing and Urban Development (HUD) for a CDBG Section 108 Guarantee Loan Program loan in an amount not to exceed \$7,400,000 to fund a loan for Lancaster Urban Commercial LLC for property acquisition and to fund an interest reserve, demolition, site improvements, public infrastructure, and commercial development to develop a mixed-use project at southwest quadrant of intersection of South Lancaster Road and Ann Arbor Boulevard including commercial, retail and office space and 193 multi-family residential units with 20% (39) of the units to be deed restricted for 15 years for affordability to families with incomes at 80% less of Area Median Family Income as established by HUD.

SECTION 2. That the Section 108 loan application will request an amount not to exceed \$7,400,000 with interest payments for the first three years of the loan funded out of three years of interest reserve and with Tax Increment Financing District (TIF) reimbursements to be used to make the Section 108 Lancaster Urban Village Loan payments until the Section 108 Lancaster Urban Village Loan is paid in full. Both the Section 108 Loan from HUD and the Section 108 Lancaster Urban Village Loan will have matching amortization, and the Section 108 Lancaster Urban Village Loan will have an interest rate which is .5% higher than the Section 108 Loan from HUD. All loan payments by borrower will provide adequate funds for City to make its payment on the Section 108 Loan from HUD.

SECTION 3. That the City Manager is authorized to submit the application and amendments thereto and all understandings and assurances contained therein, and the City Manager is the official representative of the City of Dallas authorized to act in connection with the application to provide such additional information as may be required.

June 23, 2010

SECTION 4. That the City Manager is authorized to take necessary actions as may be required in connection with the submission of the Section 108 application.

SECTION 5. 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
Economic Development Department
City Attorney's Office
Office of Financial Services/Community Development, 4FS

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: June 23, 2010
COUNCIL DISTRICT(S): 2
DEPARTMENT: Housing/Community Services
CMO: A. C. Gonzalez, 671-8925
MAPSCO: 34U

SUBJECT

A public hearing to receive comments on the proposed City of Dallas submission of an application to the U.S. Department of Housing and Urban Development (HUD) for a Community Development Block Grant Section 108 Guarantee Loan Program loan in the amount of \$1,000,000 for demolition of existing buildings, site improvements, and loan interest reserve to aid Chicory Court IX, LP, in the development of mixed-use, transit-oriented project located at 5602 Maple Avenue including construction of 107 apartment units deed restricted for persons with incomes at 80% or less of Area Median Family Income as established by HUD and, retail space; and, at the close of the public hearing, subject to the Texas Department of Housing and Community Affairs' approval of 2010 Low Income Tax Credits for the Champion Homes at Copperidge project, authorize **(1)** submission of the application to HUD for a CDBG Section 108 Guarantee Loan Program loan with Chicory Court IX, LP, for the Champion Homes at Copperridge project in an amount not to exceed \$1,000,000; and **(2)** the City Manager to submit the application and take necessary actions in connection with the application submission - Financing: No cost consideration to the City

BACKGROUND

This item calls for a public hearing to allow the public an opportunity to comment on the proposed City of Dallas submission of an application to the U.S. Department of Housing and Urban Development (HUD) for a Community Development Block Grant (CDBG) Section 108 Guarantee Loan Program loan (Section 108 Loan) in the amount of \$1,000,000 to fund a loan to Chicory Court IX, LP (Chicory Court IX Loan) for demolition of existing buildings, site improvements, and loan interest reserve for development of 107 apartment units and retail space, with all apartment units deed restricted for 15 years for affordability to persons with incomes at 80% or less of Area Median Family Income as established by HUD.

BACKGROUND (continued)

In pursuit of programs to help fill the gap in financing for development projects during the economic downturn beginning since the fall of 2008, City staff has researched, and in November 2008, briefed the City Council Economic Development and Housing Committees.

The Committees gave preliminary approval for application to U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grant (CDBG) Section 108 Guarantee loan funds for individual projects with the total of all applications not to exceed \$75,000,000.

The City seeks to fund projects that increase the level of affordable housing in the project area and increase the level of business activity by expanding economic activities. It is also important to the City that Section 108 loan repayments from borrowers match the City's required repayments to HUD on the Section 108 Guarantee Loan. Annual repayments of Section 108 Guarantee loans should be credit enhanced to eliminate risk of City making payments from annual CDBG allocations.

In January 2010, Saleem Jafar, Developer, submitted an application to the City of Dallas on behalf of Chicory Court IX, LP, for support of their application to the Texas Department of Housing and Community Affairs (TDHCA) for the 2010 Low Income Housing Tax Credit (LIHTC) Program. Developer is expecting final determination of award of 2010 Low Income Housing Tax Credits from TDHCA on July 31st.

On February 24, 2010, the City Council granted an approval of the Chicory Court IX, LP LIHTC application to TDHCA for the Champion Homes at Copperridge project.

On April 19, 2010, the Housing Committee was briefed on the status of the LIHTC application for the Champion Homes at Copperridge project, and staff recommendation to move forward to full City Council with the developer's request for additional financial aid for the project. The Housing Committee voted to recommend moving the developer's request for application to HUD for \$1,000,000 in Section 108 Guarantee Loan funds forward to full City Council.

The City has received a proposal from Chicory Court IX, LP, for a loan in the amount of \$1,000,000 in Community Development Block Grant Section 108 Guarantee Loan funds for demolition of existing buildings, site improvements, and loan interest reserve for property located at 5602 Maple Avenue that will be developed into 107 apartment units including all units that will be deed restricted for 15 years for affordability to persons with incomes at 80% or less of Area Median Family Income as established by HUD. The Champion Homes at Copperridge project site is located in CDBG eligible Block Group 4.042.

BACKGROUND (continued)

On February 26, 2010 the City provided a letter of support of the LIHTC application including providing \$1,000,000 in financial support for the project.

The City held a neighborhood public hearing at the Grauwylers Recreation Center on May 27, 2010. Comments from the neighborhood public hearing are being compiled.

Total project costs for demolition of existing buildings, site improvements and construction for the Champion Homes at Copperridge project of 107 apartment units at 5602 Maple Avenue are approximately \$14M. Funding for the project will come from the proposed \$1,000,000 Section 108 Loan funds and from a first lien note of approximately \$3.2M, tax credit equity of approximately \$9.7M and developer equity of approximately \$150,000.

The Section 108 Loan application will request \$1,000,000 for the project at an interest rate determined by the 3 month London Interbank Offered Rate (LIBOR), with three years of interest reserve escrowed at the construction loan closing. Net operating income starting four years after commencement of construction will be used to make the Chicory Court IX Loan payments until the Section 108 Loan is paid in full.

Interest will be paid by a Section 108 interest reserve for three years from 2010 to 2013. The interest rate on the Chicory Court IX Loan will be .5% higher than the Section 108 from HUD and both loans will have matching amortization. All loan payments by borrower will provide adequate funds for the City to make its payments on the Section 108 Loan from HUD.

Section 108 Loan funds will be used for demolition of existing buildings, site improvements and loan interest reserve. The project will meet the statements of community development objectives in the City's Consolidated Plan dealing with creation of affordable housing that is decent, safe and sanitary when the 107-unit project is completed. The project also complies with a HUD National Objective as a housing activity benefitting low and moderate-income persons through acquisition of property for the construction of affordable housing units. 100% of the project's 107 units will be affordable for low and moderate-income persons.

The City Council public hearing being held on this date complies with HUD regulations and City's Citizen Participation Plan of 30 days comment period from date of call of public hearing. With submission of the application the City must certify that the City Manager is authorized to submit the application and all related documents and take necessary actions in connection with the application submission.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On November 17, 2008, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Loan Application authorization for the use of Section 108 Guarantee Loan funds to provide project gap financing or mezzanine debt necessary to move projects forward in today's financial market, to minimize, if not eliminate, the risk to the CDBG program revenue and set guidelines by which the funds would be used.

On January 5, 2009, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Guarantee Loan fund application requirements and proposed Program Guidelines for City to apply for up to a total of \$75,000,000 in guarantee loans.

On January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement, setting out the program purpose, description, operations and project criteria by Resolution No. 09-0291.

On February 16, 2010, the Housing Committee was briefed on and gave support of an application from Champion Homes at Copperridge project to Texas Department of Housing and Community Affairs (TDHCA) for approval of a 9% Low Income Housing Tax Credit (LIHTC) allocation.

On February 24, 2010, the City Council approved support of the TDHCA 9% LIHTC allocation for Champion Homes at Copperridge project by Resolution No. 10-0584.

On April 19, 2010, the Housing Committee was briefed on the status of the LIHTC application for the Champion Homes at Copperridge project, and staff recommendation to move forward to full City Council with the developer's request for additional financial aid for the project, and voted to recommend moving the developer's request for application to HUD for \$1,000,000 in Section 108 Guarantee Loan funds forward to full City Council.

On May 12, 2010, the City Council authorized a public hearing to be held on June 23, 2010, to receive comments on the proposed City of Dallas submission of an application to HUD for a Section 108 loan not to exceed \$1,000,000 for the Champion Homes at Copperridge project by Resolution No. 10-1261.

FISCAL INFORMATION

No cost consideration to the City.

OWNER(S)

Chicory Court IX, LP

Saleem Jafar, President & CEO
Bill Fisher, Vice President

Odyssey Residential Holdings, LP

Saleem Jafar, President & CEO
Bill Fisher, Vice President

DEVELOPER(S)

Chicory Court IX, LP

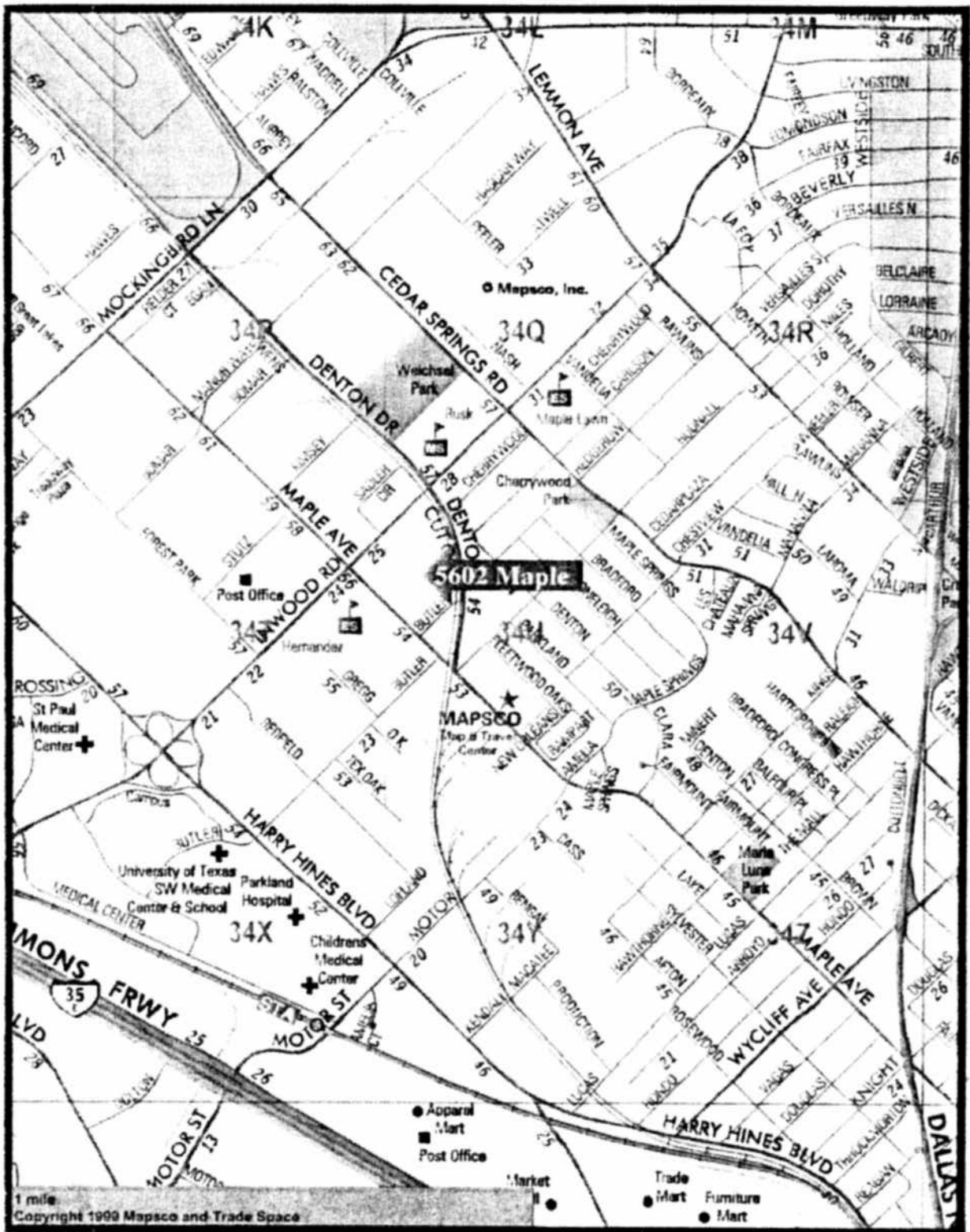
Saleem Jafar, President and CEO
Bill Fisher, Vice President

Odyssey Residential Holdings, LP

Saleem Jafar, President and CEO
Bill Fisher, Vice President

MAP

Attached



MAPSCO 34U

June 23, 2010

WHEREAS, the City of Dallas seeks to keep momentum going in growth prone areas and stimulate investment in more challenged areas by providing a substitute for declining availability of capital funding while banks are not willing to loan as much against collateral, interest rates for available funding have increased and proceeds from sales of tax credits has declined; and

WHEREAS, on November 17, 2008, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Loan Application authorization for the use of Section 108 Guarantee Loan funds to provide project gap financing or mezzanine debt necessary to move projects forward in today's financial market, to minimize, if not eliminate, the risk to the CDBG program revenue and set guidelines by which the funds would be used; and

WHEREAS, on January 5, 2009, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Guarantee Loan fund application requirements and proposed Program Guidelines for the City to apply for up to a total of \$75,000,000 in guarantee loans; and

WHEREAS, on January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement, setting out the program purpose, description, operations and project criteria by Resolution No. 09-0291; and

WHEREAS, on February 16, 2010, the Housing Committee was briefed on and gave support of an application from Champion Homes at Copperridge project to Texas Department of Housing and Community Affairs (TDHCA) for approval of a 9% Low Income Housing Tax Credit (LIHTC) allocation; and

WHEREAS, on February 24, 2010, the City Council approved support of the TDHCA 9% LIHTC allocation for Champion Homes at Copperridge project by Resolution No. 10-0584;3 and

WHEREAS, on April 19, 2010, the Housing Committee was briefed and gave favorable approval for the developer's request for application to HUD for \$1,000,000 in Section 108 Guarantee Loan funds; and

WHEREAS, on May 12, 2010, the City Council authorized a public hearing to be held on June 23, 2010 to receive comments on the proposed City of Dallas submission of an application to HUD for a Section 108 loan not to exceed \$1,000,000 for the Champion Homes at Copperridge project by Resolution No. 10-1261; and

June 23, 2010

WHEREAS, the City of Dallas desires to apply to The U.S. Department of Housing and Urban Development (HUD) for Community Development Section 108 Guarantee Loan funds in the amount of \$1,000,000 for the development of Champion Homes at Copperridge, a residential project at 5602 Maple Avenue, of 107 multi-family residential units with all units deed restricted for 15 years for affordability to persons with incomes 80% or less of Area Median Family Income, and consisting of property acquisition, and funding of interest reserve, and site improvements; and

WHEREAS, the City will not submit a Section 108 Guarantee Loan application to HUD until TDHCA approves the Champion Homes at Copperridge 2010 LIHTC application; and

WHEREAS, HUD requires the City to certify that its governing body has duly adopted a resolution (a) authorizing the person identified as the official representative of the public entity to submit the application and amendments thereto and all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the public entity to act in connection with the application to provide such additional information as may be required; and (b) authorizing such official representative to execute such documents as may be required in order to implement the application and issue debt obligations pursuant thereto (provided that the authorization required by this paragraph may be given by the local governing body after submission of the application but prior to execution of the contract required by §570.705(b)); **NOW THEREFORE**,

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

SECTION 1. That the City Council hereby authorizes the submission of the application to the U.S. Department of Housing and Urban Development (HUD) for a CDBG Section 108 Guarantee Loan Program loan in an amount not to exceed \$1,000,000 to fund a loan for Chicory Court IX, LP, for demolition of existing buildings, site improvements and loan interest reserve to develop a residential project at 5602 Maple Avenue for persons containing 107 multi-family residential units with all units deed restricted for 15 years for affordability to persons with incomes less than 80% Area Median Family Income as established by HUD.

June 23, 2010

SECTION 2. That the Section 108 loan application will request an amount not to exceed \$1,000,000 for the Champion Homes at Copperridge project with interest payments for the first three years of the loan funded out of three years of interest reserve and with net operating income to be used to make the Chicory Court IX Loan payments starting four years after the start of project construction until the Section 108 Loan is paid in full. Both the Section 108 Loan from HUD and the Section 108 Loan will have matching amortization and the Section 108 Chicory Court Loan will have an interest rate which is .5% higher than the Section 108 Loan from HUD. All loan payments by borrower will provide adequate funds for City to make its payment on the Section 108 Loan from HUD.

SECTION 3. That the City's submission of the Section 108 loan application to HUD is contingent upon the Texas Department of Housing and Community Affairs' approval of the allocation of 2010 Low Income Housing Tax Credits for the Champion Homes at Copperridge project.

SECTION 4. That the City Manager is authorized to submit the application and amendments thereto and all understandings and assurances contained therein, and the City Manager is the official representative of the City of Dallas authorized to act in connection with the application to provide such additional information as may be required.

SECTION 5. That the City Manager is authorized to take necessary actions as may be required in connection with the submission of the Section 108 application.

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

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: June 23, 2010
COUNCIL DISTRICT(S): 8
DEPARTMENT: Housing/Community Services
CMO: A. C. Gonzalez, 671-8925
MAPSCO: 69A-P

SUBJECT

A public hearing to receive comments on the proposed City of Dallas submission of an application to the U.S. Department of Housing and Urban Development (HUD) for a Community Development Block Grant Section 108 Guarantee Loan Program loan in the amount of \$1,500,000 to fund the acquisition of property at 12700 Kleberg Road, and to fund interest reserve, and site improvements for development of 200 apartment units for the Kleberg Leased Housing project, with all apartment units deed restricted for 15 years for affordability to seniors with incomes at 80% or less of Area Median Family Income as established by HUD; and, at the close of the public hearing, subject to the Texas Department of Housing and Community Affairs' approval of 2010 Low Income Tax Credits for the Kleberg Leased Housing project, authorize **(1)** submission of the application to HUD for a CDBG Section 108 Guarantee Loan Program loan with Kleberg Leased Housing LP for the Kleberg Leased Housing project in an amount not to exceed \$1,500,000; and **(2)** the City Manager to submit the application and take necessary actions in connection with the application submission - Financing: No cost consideration to the City

BACKGROUND

This item calls for a public hearing to allow the public an opportunity to comment on the proposed City of Dallas submission of an application to the U.S. Department of Housing and Urban Development (HUD) for a Community Development Block Grant (CDBG) Section 108 Guarantee Loan Program loan (Section 108 loan) in the amount of \$1,500,000 to fund a loan to Kleberg Leased Housing LP (Section 108 Kleberg Loan) for the acquisition of property located at 12700 Kleberg Road and to fund interest reserve, and site improvements for development of 200 apartment units with all apartment units deed restricted for 15 years for affordability to seniors with incomes at 80% or less of Area Median Family Income as established by HUD.

BACKGROUND (continued)

In pursuit of programs to help fill the gap in financing for development projects during the economic downturn beginning since the fall of 2008, City staff has researched, and in November 2008, briefed the City Council Economic Development and Housing Committees.

The Committees gave preliminary approval for application to U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grant (CDBG) Section 108 Guarantee loan funds for individual projects with the total of all applications not to exceed \$75,000,000.

The City seeks to fund projects that increase the level of affordable housing in the project area and increase the level of business activity by expanding economic activities. It is also important to the City that Section 108 loan repayments from borrowers match the City's required repayments to HUD on the Section 108 Guarantee Loan. Annual repayments of Section 108 Guarantee loans should be credit enhanced to eliminate risk of City making payments from annual CDBG allocations.

In January 2010, Jeffrey Spicer, consultant to Dale Lancaster, President, Arrington Developers, LLC, Developer, submitted an application to the City of Dallas on behalf of Kleberg Leased Housing, LP, for support of their application to the Texas Department of Housing and Community Affairs (TDHCA) for the 2010 Low Income Housing Tax Credit (LIHTC) Program. Developer is expecting final determination of award of 2010 Low Income Housing Tax Credits from TDHCA on July 31st.

On February 24, 2010, the City Council granted an approval of the application to TDHCA for the Kleberg Leased Housing project for the LIHTC program.

On April 19, 2010, the Housing Committee was briefed on the status of the LIHTC application for the Kleberg Leased Housing project, and staff recommendation to move forward to full City Council with the developer's request for additional financial aid for the project. The Housing Committee voted to recommend moving the developer's request for application to HUD for \$1,500,000 in Section 108 Guarantee Loan funds forward to full City Council.

The City has received a proposal from Kleberg Leased Housing, LP, for a loan in the amount of \$1,500,000 in Community Development Block Grant Section 108 Guarantee Loan funds for acquisition of property located at 12700 Kleberg Road that will be developed into 200 apartment units including all units that will be deed restricted for 15 years for affordability to seniors with incomes at 80% or less of Area Median Family Income as established by HUD. The Kleberg Leased Housing project site is located in CDBG eligible Census Tract 171.02.

BACKGROUND (continued)

On February 26, 2010 the City provided a letter of support of the LIHTC application including providing \$1.5M in financial support for the project.

The City held a neighborhood public hearing at the Kleberg Rylie Branch Library on May 25, 2010. Comments from the neighborhood public hearing are being compiled.

Total project costs to acquire property, fund interest reserve, make site improvements and construct the Kleberg project of 200 apartment units at 12700 Kleberg Road are approximately \$19.9M. Funding for the project will come from the proposed \$1.5M Section 108 Loan funds and from a first lien note of approximately \$3.2M, tax credit equity of approximately \$14.3M and developer equity of approximately \$1M.

The Section 108 loan application will request \$1.5M for the project at an interest rate determined by the 3 month London Interbank Offered Rate (LIBOR), with three years of interest reserve escrowed at the construction loan closing. Net operating income starting four years after commencement of construction will be used to make the Section 108 Kleberg Loan payments until the Section 108 Kleberg Loan is paid in full.

Interest will be paid by a Section 108 interest reserve for three years from 2010 to 2013. The interest rate on the Section 108 Kleberg Loan will be .5% higher than the Section 108 from HUD and both loans will have matching amortization. All loan payments by borrower will provide adequate funds for the City to make its payments on the Section 108 Loan from HUD.

Section 108 Loan funds will be used to acquire property and fund interest reserve, and site improvements. The project will meet the statements of community development objectives in the City's Consolidated Plan dealing with creation of affordable housing that is decent, safe and sanitary when the 200-unit project is completed. The project also complies with a HUD National Objective as a housing activity benefitting low and moderate-income persons through acquisition of property for the construction of affordable housing units. 100% of the project's 200 units will be affordable for low and moderate-income seniors.

The City Council public hearing being held on this date complies with HUD regulations and City's Citizen Participation Plan of 30 days comment period from date of call of public hearing. With submission of the application the City must certify that the City Manager is authorized to submit the application and all related documents and take necessary actions in connection with the application submission.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On November 17, 2008, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Loan Application authorization for the use of Section 108 Guarantee Loan funds to provide project gap financing or mezzanine debt necessary to move projects forward in today's financial market, to minimize, if not eliminate, the risk to the CDBG program revenue and set guidelines by which the funds would be used.

On January 5, 2009, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Guarantee Loan fund application requirements and proposed Program Guidelines for City to apply for up to a total of \$75,000,000 in guarantee loans.

On January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement, setting out the program purpose, description, operations and project criteria by Resolution No. 09-0291.

On February 16, 2010, the Housing Committee was briefed on and gave support of an application from Kleberg Leased Housing project to Texas Department of Housing and Community Affairs (TDHCA) for approval of a 9% Low Income Housing Tax Credit (LIHTC) allocation.

On February 24, 2010, the City Council approved support of the TDHCA 9% LIHTC allocation for Kleberg Leased Housing project by Resolution No. 10-0591.

On April 19, 2010, the Housing Committee was briefed on the status of the LIHTC application for the Kleberg Leased Housing project, and staff recommendation to move forward to full City Council with the developer's request for additional financial aid for the project, and voted to recommend moving the developer's request for application to HUD for \$1,500,000 in Section 108 Guarantee Loan funds forward to full City Council.

On May 12, 2010, the City Council authorized a public hearing to be held on June 23, 2010 to receive comments on the proposed City of Dallas submission of an application to HUD for a Section 108 loan not to exceed \$1,500,000 for the Kleberg Leased Housing project by Resolution No. 10-1262.

FISCAL INFORMATION

No cost consideration to the City.

OWNER(S)

Kleberg Leased Housing, LP

Arrington Developers, LLC
Dale Lancaster, President

MAP

Attached

DEVELOPER(S)

Kleberg Leased Housing, LP

Arrington Developers, LLC
Dale Lancaster, President

June 23, 2010

WHEREAS, the City of Dallas seeks to keep momentum going in growth prone areas and stimulate investment in more challenged areas by providing a substitute for declining availability of capital funding while banks are not willing to loan as much against collateral, interest rates for available funding have increased and proceeds from sales of tax credits has declined; and

WHEREAS, on November 17, 2008, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Loan Application authorization for the use of Section 108 Guarantee Loan funds to provide project gap financing or mezzanine debt necessary to move projects forward in today's financial market, to minimize, if not eliminate, the risk to the CDBG program revenue and set guidelines by which the funds would be used; and

WHEREAS, on January 5, 2009, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Guarantee Loan fund application requirements and proposed Program Guidelines for the City to apply for up to a total of \$75,000,000 in guarantee loans; and

WHEREAS, on January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement, setting out the program purpose, description, operations and project criteria by Resolution No. 09-0291; and

WHEREAS, on February 16, 2010, the Housing Committee was briefed on and gave support of an application from Kleberg Leased Housing project to Texas Department of Housing and Community Affairs (TDHCA) for approval of a 9% Low Income Housing Tax Credit (LIHTC) allocation; and

WHEREAS, on February 24, 2010, the City Council approved support of the TDHCA 9% LIHTC allocation for Kleberg Leased Housing project by Resolution No. 10-0591; and

WHEREAS, on April 19, 2010, the Housing Committee was briefed and gave favorable approval for the developer's request for application to HUD for \$1,500,000 in Section 108 Guarantee Loan fund; and

WHEREAS, on May 12, 2010, the City Council authorized a public hearing to be held on June 23, 2010 to receive comments on the proposed City of Dallas submission of an application to HUD for a Section 108 loan not to exceed \$1,500,000 for the Kleberg Leased Housing project by Resolution No. 10-1262; and

June 23, 2010

WHEREAS, the City of Dallas desires to apply to The U.S. Department of Housing and Urban Development (HUD) for Community Development Section 108 Guarantee Loan funds in the amount of \$1,500,000 for the development of Kleberg Leased Housing, a residential project at 12700 Kleberg Road, of 200 multi-family residential units with all units deed restricted for 15 years for affordability to seniors with incomes 80% or less of Area Median Family Income, and consisting of property acquisition, and funding of interest reserve, and site improvements; and

WHEREAS, the City will not submit a Section 108 Guarantee Loan application to HUD until TDHCA approves the Kleberg Leased Housing 2010 LIHTC application; and

WHEREAS, HUD requires the City to certify that its governing body has duly adopted a resolution (a) authorizing the person identified as the official representative of the public entity to submit the application and amendments thereto and all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the public entity to act in connection with the application to provide such additional information as may be required; and (b) authorizing such official representative to execute such documents as may be required in order to implement the application and issue debt obligations pursuant thereto (provided that the authorization required by this paragraph may be given by the local governing body after submission of the application but prior to execution of the contract required by §570.705(b)); **NOW THEREFORE**,

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

SECTION 1. That the City Council hereby authorizes the submission of the application to the U.S. Department of Housing and Urban Development (HUD) for a CDBG Section 108 Guarantee Loan Program loan in an amount not to exceed \$1,500,000 to fund a loan for Kleberg Leased Housing, LP, for property acquisition and to fund an interest reserve, and site improvements to develop a residential project for seniors at 12700 Kleberg Road containing 200 multi-family residential units with all units deed restricted for 15 years for affordability to seniors with incomes less than 80% Area Median Family Income as established by HUD.

June 23, 2010

SECTION 2. That the Section 108 loan application will request an amount not to exceed \$1,500,000 for the Project with interest payments for the first three years of the loan funded out of three years of interest reserve and with net operating income to be used to make the Section 108 Kleberg Loan payments starting four years after the start of project construction until the Section 108 Kleberg Loan is paid in full. Both the Section 108 Loan from HUD and the Section 108 Kleberg Loan will have matching amortization and the Section 108 Kleberg Loan will have an interest rate which is .5% higher than the Section 108 Loan from HUD. All loan payments by borrower will provide adequate funds for City to make its payment on the Section 108 Loan from HUD.

SECTION 3. That the City's submission of the Section 108 loan application to HUD is contingent upon the Texas Department of Housing and Community Affairs' approval of the allocation of 2010 Low Income Housing Tax Credits for the Kleberg Leased Housing project.

SECTION 4. That the City Manager is authorized to submit the application and amendments thereto and all understandings and assurances contained therein, and the City Manager is the official representative of the City of Dallas authorized to act in connection with the application to provide such additional information as may be required.

SECTION 5. That the City Manager is authorized to take necessary actions as may be required in connection with the submission of the Section 108 application.

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

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: June 23, 2010
COUNCIL DISTRICT(S): 7
DEPARTMENT: Housing/Community Services
CMO: A. C. Gonzalez, 671-8925
MAPSCO: 47Q

SUBJECT

A public hearing to receive comments on the proposed City of Dallas submission of an application to the U.S. Department of Housing and Urban Development (HUD) for a Community Development Block Grant Section 108 Guarantee Loan Program loan in the amount not to exceed \$1,600,000 for site acquisition, site improvements, and loan interest reserve to aid SDC Lawnview Villas, LP in the construction of 130 apartment units at 4120 Lawnview Avenue with all apartment units deed restricted for 15 years for affordability to seniors with incomes at 80% or less of Area Median Family Income as established by HUD; and, at the close of the public hearing, subject to the Texas Department of Housing and Community Affairs' approval of 2010 Low Income Tax Credits for the Sphinx at Lawnview project, authorize **(1)** submission of the application to HUD for a CDBG Section 108 Guarantee Loan Program loan with SDC Lawnview Villas, LP for the Sphinx at Lawnview project in an amount not to exceed \$1,600,000; and **(2)** the City Manager to submit the application and take necessary actions in connection with the application submission - Financing: No cost consideration to the City

BACKGROUND

This item calls for a public hearing to allow the public an opportunity to comment on the proposed City of Dallas submission of an application to the U.S. Department of Housing and Urban Development (HUD) for a Community Development Block Grant (CDBG) Section 108 Guarantee Loan Program loan (Section 108 Loan) in the amount of \$1,600,000 to fund a loan to SDC Lawnview Villas, LP (Section 108 Sphinx Loan) for site acquisition, site improvements, and loan interest reserve to aid SDC Lawnview Villas, LP in the construction of 130 apartment units at 4120 Lawnview Avenue with all apartment units deed restricted for 15 years for affordability to seniors with incomes at 80% or less of Area Median Family Income as established by HUD.

BACKGROUND (continued)

In pursuit of programs to help fill the gap in financing for development projects during the economic downturn beginning since the fall of 2008, City staff has researched, and in November 2008, briefed the City Council Economic Development and Housing Committees.

The Committees gave preliminary approval for application to U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grant (CDBG) Section 108 Guarantee loan funds for individual projects with the total of all applications not to exceed \$75,000,000.

The City seeks to fund projects that increase the level of affordable housing in the project area and increase the level of business activity by expanding economic activities. It is also important to the City that Section 108 loan repayments from borrowers match the City's required repayments to HUD on the Section 108 Guarantee Loan. Annual repayments of Section 108 Guarantee loans should be credit enhanced to eliminate risk of City making payments from annual CDBG allocations.

In January 2010, Jay Oji, Sphinx Development, Developer, submitted an application to the City of Dallas on behalf of SDC Lawnview Villas, LP for support of their application to the Texas Department of Housing and Community Affairs (TDHCA) for the 2010 Low Income Housing Tax Credit (LIHTC) Program. Zoning approvals will be brought to City Council separately by August 15, 2010.

On February 24, 2010, the City Council granted an approval of the application to TDHCA for Sphinx at Lawnview project for the LIHTC program.

On April 19, 2010, the Housing Committee was briefed on the status of the LIHTC application for the Sphinx at Lawnview project, and staff recommendation to move forward to full City Council with the developer's request for additional financial aid for the project. The Housing Committee voted to recommend moving the developer's request for application to HUD for \$1,600,000 in Section 108 Guarantee Loan funds forward to the full City Council.

The City has received a proposal from SDC Lawnview Villas, LP for funding in the amount of \$1,600,000 in Community Development Block Grant Section 108 Guarantee Loan funds for site acquisition, site improvements, and loan interest reserve to aid SDC Lawnview Villas, LP in the construction of 130 apartment units at 4120 Lawnview Avenue with all apartment units deed restricted for 15 years for affordability to seniors with incomes at 80% or less of Area Median Family Income as established by HUD. The Sphinx at Lawnview project site is located in CDBG eligible Census Tract 84.00.

BACKGROUND (continued)

On February 26, 2010 the City provided a letter of support of the LIHTC application including providing \$1.6M in financial support for the project.

Total project costs to acquire property, fund interest reserve, make site improvements and construct the Sphinx project of 130 apartment units at 4120 Lawnview Avenue are approximately \$16M. Funding for the project will come from the proposed \$1.6M Section 108 Loan funds and from a first lien note of approximately \$3.3M, tax credit equity of approximately \$10.5M and developer equity of approximately \$.6M.

The Section 108 loan application will request \$1.6M for the project at an interest rate determined by the 3 month London Interbank Offered Rate (LIBOR), with three years of interest reserve escrowed at the construction loan closing. Net operating income starting four years after commencement of construction will be used to make the Section 108 Sphinx Loan payments until the Section 108 Sphinx Loan is paid in full.

Interest will be paid by a Section 108 interest reserve for three years from 2011 to 2014. The interest rate on the Section 108 Sphinx Loan will be .5% higher than the Section 108 from HUD and both loans will have matching amortization. All loan payments by borrower will provide adequate funds for the City to make its payments on the Section 108 Loan from HUD.

Section 108 Loan funds will be used to acquire property and fund interest reserve, and site improvements. The project will meet the statements of community development objectives in the City's Consolidated Plan dealing with creation of affordable housing that is decent, safe and sanitary when the 130-unit project is completed. The project also complies with a HUD National Objective as a housing activity benefitting low and moderate-income persons through acquisition of property for the construction of affordable housing units. 100% of the project's 130 units will be affordable for low and moderate-income seniors.

The City Council public hearing being held on this date complies with HUD regulations and City's Citizen Participation Plan of 30 days comment period from date of call of public hearing. With submission of the application the City must certify that the City Manager is authorized to submit the application and all related documents and take necessary actions in connection with the application submission.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On November 17, 2008, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Loan Application authorization for the use of Section 108 Guarantee Loan funds to provide project gap financing or mezzanine debt necessary to move projects forward in today's financial market, to minimize, if not eliminate, the risk to the CDBG program revenue and set guidelines by which the funds would be used.

On January 5, 2009, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Guarantee Loan fund application requirements and proposed Program Guidelines for City to apply for up to a total of \$75,000,000 in guarantee loans.

On January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement, setting out the program purpose, description, operations and project criteria by Resolution No. 09-0291.

On February 16, 2010, the Housing Committee was briefed on and gave support of an application from Sphinx at Lawnview project to Texas Department of Housing and Community Affairs (TDHCA) for approval of a 9% Low Income Housing Tax Credit (LIHTC) allocation.

On February 24, 2010, the City Council approved support of the TDHCA 9% LIHTC allocation for Sphinx at Lawnview project by Resolution No. 10-0593.

On April 19, 2010, the Housing Committee was briefed on the status of the LIHTC application for the Sphinx at Lawnview project, and staff recommendation to move forward to full City Council with the developer's request for additional financial aid for the project, and voted to recommend moving the developer's request for application to HUD for \$1,600,000 in Section 108 Guarantee Loan funds forward to full City Council.

On May 12, 2010, the City Council authorized a public hearing to be held on June 23, 2010 to receive comments on the proposed City of Dallas submission of an application to HUD for a Section 108 loan not to exceed \$1,600,000 for the Sphinx at Lawnview project by Resolution No. 10-1264.

FISCAL INFORMATION

No cost consideration to the City.

OWNER(S)

SDC Lawnview Villas, LP

Sphinx Development
Jay Oji, General Partner

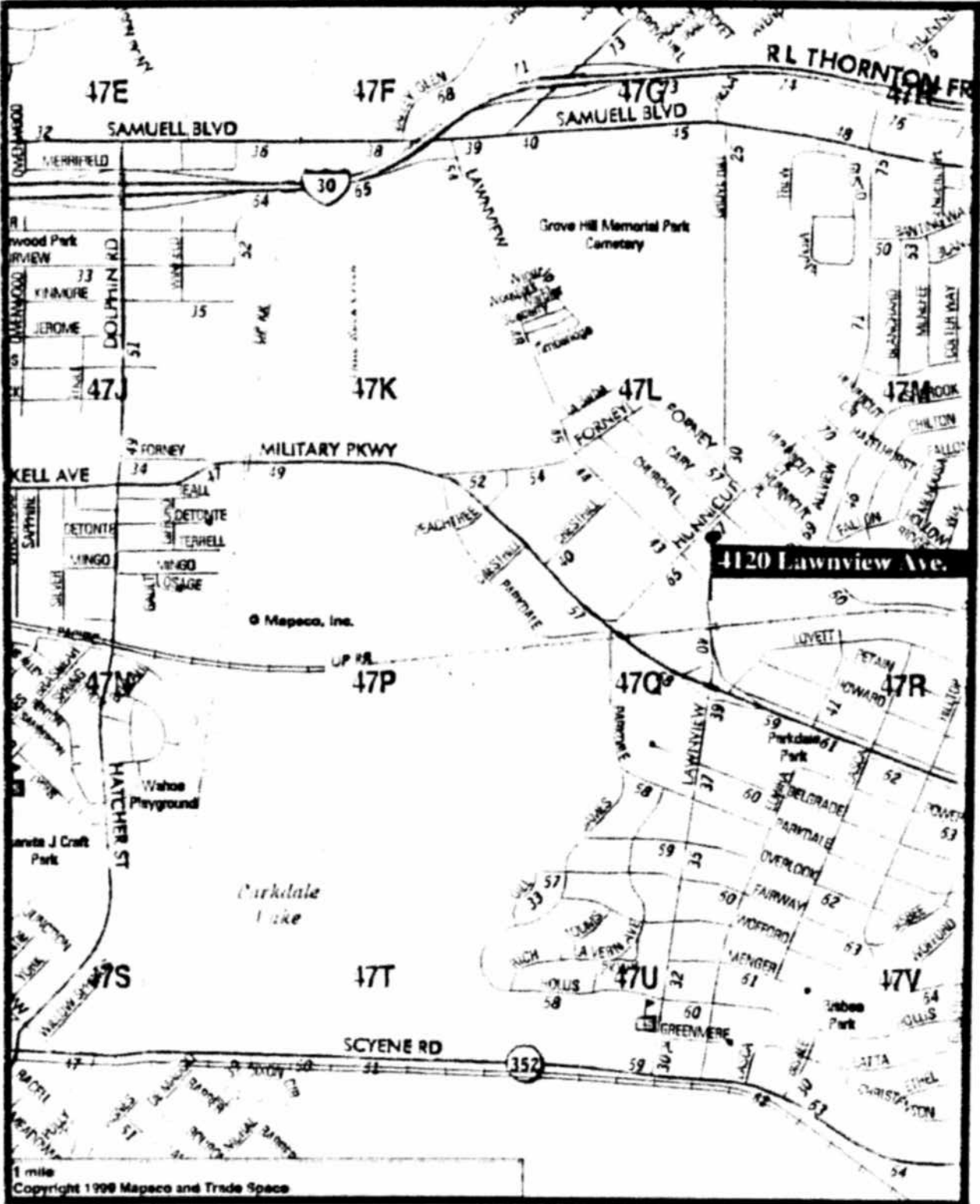
MAP

Attached

DEVELOPER

SDC Lawnview Villas, LP

Sphinx Development
Jay Oji, General Partner



1 mile
 Copyright 1998 Mapaco and Trade Space

June 23, 2010

WHEREAS, the City of Dallas seeks to keep momentum going in growth prone areas and stimulate investment in more challenged areas by providing a substitute for declining availability of capital funding while banks are not willing to loan as much against collateral, interest rates for available funding have increased and proceeds from sales of tax credits has declined; and

WHEREAS, on November 17, 2008, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Loan Application authorization for the use of Section 108 Guarantee Loan funds to provide project gap financing or mezzanine debt necessary to move projects forward in today's financial market, to minimize, if not eliminate, the risk to the CDBG program revenue and set guidelines by which the funds would be used; and

WHEREAS, on January 5, 2009, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Guarantee Loan fund application requirements and proposed Program Guidelines for the City to apply for up to a total of \$75,000,000 in guarantee loans; and

WHEREAS, on January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement, setting out the program purpose, description, operations and project criteria by Resolution No. 09-0291; and

WHEREAS, on February 16, 2010, the Housing Committee was briefed on and gave support of an application from Sphinx at Lawnview project to Texas Department of Housing and Community Affairs (TDHCA) for approval of a 9% Low Income Housing Tax Credit (LIHTC) allocation; and

WHEREAS, on February 24, 2010, the City Council approved support of the TDHCA 9% LIHTC allocation for Sphinx at Lawnview project by Resolution No. 10-059; and

WHEREAS, on April 19, 2010, the Housing Committee was briefed and gave favorable approval for the developer's request for application to HUD for \$1,600,000 in Section 108 Guarantee Loan funds; and

WHEREAS, on May 12, 2010, the City Council authorized a public hearing to be held on June 23, 2010 to receive comments on the proposed City of Dallas submission of an application to HUD for a Section 108 loan not to exceed \$1,600,000 for the Sphinx at Lawnview project by Resolution No. 10-1264; and

June 23, 2010

WHEREAS, the City of Dallas desires to apply to The U.S. Department of Housing and Urban Development (HUD) for Community Development Section 108 Guarantee Loan funds in the amount of \$1,600,000 for the development of Sphinx at Lawnview, a residential project at 4120 Lawnview Avenue, of 130 multi-family residential units with all units deed restricted for 15 years for affordability to seniors with incomes at 80% or less of Area Median Family Income, and consisting of property acquisition and funding of interest reserve and site improvements; and

WHEREAS, the City will not submit a Section 108 Guarantee Loan application to HUD until TDHCA approves the Sphinx at Lawnview 2010 LIHTC application; and

WHEREAS, HUD requires the City to certify that its governing body has duly adopted a resolution (a) authorizing the person identified as the official representative of the public entity to submit the application and amendments thereto and all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the public entity to act in connection with the application to provide such additional information as may be required; and (b) authorizing such official representative to execute such documents as may be required in order to implement the application and issue debt obligations pursuant thereto (provided that the authorization required by this paragraph may be given by the local governing body after submission of the application but prior to execution of the contract required by §570.705(b)); **NOW THEREFORE**,

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

SECTION 1. That the City Council hereby authorizes the submission of the application to the U.S. Department of Housing and Urban Development (HUD) for a CDBG Section 108 Guarantee Loan Program loan in an amount not to exceed \$1,600,000 to fund a loan for SDC Lawnview Villas, LP, for property acquisition and to fund an interest reserve, and site improvements to develop a residential project for seniors at 4120 Lawnview Avenue containing 130 multi-family residential units with all units deed restricted for 15 years for affordability to seniors with incomes at 80% or less of Area Median Family Income as established by HUD.

June 23, 2010

SECTION 2. That the Section 108 loan application will request an amount not to exceed \$1,600,000 for the Project with interest payments for the first three years of the loan funded out of three years of interest reserve and with net operating income to be used to make the Section 108 Sphinx Loan payments starting four years after the start of project construction until the Section 108 Sphinx Loan is paid in full. Both the Section 108 Loan from HUD and the Section 108 Sphinx Loan will have matching amortization and the Section 108 Sphinx Loan will have an interest rate which is .5% higher than the Section 108 Loan from HUD. All loan payments by borrower will provide adequate funds for City to make its payment on the Section 108 Loan from HUD.

SECTION 3. That the City's submission of the Section 108 loan application to HUD is contingent upon the Texas Department of Housing and Community Affairs' approval of the allocation of 2010 Low Income Housing Tax Credits for the Sphinx at Lawnview project.

SECTION 4. That the City Manager is authorized to submit the application and amendments thereto and all understandings and assurances contained therein, and the City Manager is the official representative of the City of Dallas authorized to act in connection with the application to provide such additional information as may be required.

SECTION 5. That the City Manager is authorized to take necessary actions as may be required in connection with the submission of the Section 108 application.

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

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: June 23, 2010
COUNCIL DISTRICT(S): 3
DEPARTMENT: Housing/Community Services
CMO: A. C. Gonzalez, 671-8925
MAPSCO: 54Q

SUBJECT

A public hearing to receive comments on the proposed City of Dallas submission of an application to the U.S. Department of Housing and Urban Development (HUD) for a Community Development Block Grant Section 108 Guarantee Loan Program loan in the amount of \$1,500,000 for the demolition of existing buildings, site improvements, relocation costs and loan interest reserve to aid Wynnewood Seniors Housing, LP in the construction of 140 apartment units at 1500 South Zang Boulevard with all apartment units deed restricted for 15 years for affordability to seniors with incomes at 80% or less of Area Median Family Income as established by HUD; and, at the close of the public hearing, subject to the Texas Department of Housing and Community Affairs' approval of 2010 Low Income Tax Credits for the Wynnewood Seniors Housing project, authorize (1) submission of the application to HUD for a CDBG Section 108 Guarantee Loan Program loan with Wynnewood Seniors Housing, LP for the Wynnewood Seniors Housing project in an amount not to exceed \$1,500,000; and (2) the City Manager to submit the application and take necessary actions in connection with the application submission - Financing: No cost consideration to the City

BACKGROUND

This item calls for a public hearing to allow the public an opportunity to comment on the proposed City of Dallas submission of an application to the U.S. Department of Housing and Urban Development (HUD) for a Community Development Block Grant (CDBG) Section 108 Guarantee Loan Program loan (Section 108 Loan) in the amount of \$1,500,000 to fund a loan to Wynnewood Seniors Housing, LP (Section 108 Wynnewood Loan) for the demolition of existing buildings, site improvements, relocation costs and loan interest reserve to aid Wynnewood Seniors Housing, LP in the construction of 140 apartment units at 1500 South Zang Boulevard with all apartment units deed restricted for 15 years for affordability to seniors with incomes at 80% or less of Area Median Family Income as established by HUD.

BACKGROUND (continued)

In pursuit of programs to help fill the gap in financing for development projects during the economic downturn beginning since the fall of 2008, City staff has researched, and in November 2008, briefed the City Council Economic Development and Housing Committees.

The Committees gave preliminary approval for application to U.S. Department of Housing and Urban Development (HUD) for Community Development Block Grant (CDBG) Section 108 Guarantee loan funds for individual projects with the total of all applications not to exceed \$75,000,000.

The City seeks to fund projects that increase the level of affordable housing in the project area and increase the level of business activity by expanding economic activities. It is also important to the City that Section 108 loan repayments from borrowers match the City's required repayments to HUD on the Section 108 Guarantee Loan. Annual repayments of Section 108 Guarantee loans should be credit enhanced to eliminate risk of City making payments from annual CDBG allocations.

In January 2010, Brian Roop, Developer, submitted an application to the City of Dallas on behalf of Wynnewood Seniors Housing, LP, for support of their application to the Texas Department of Housing and Community Affairs (TDHCA) for the 2010 Low Income Housing Tax Credit (LIHTC) Program.

On February 24, 2010, the City Council granted an approval of the application to TDHCA for Wynnewood Seniors Housing for the LIHTC program.

On April 19, 2010, the Housing Committee was briefed on the status of the LIHTC application for the Wynnewood Seniors Housing, LP project, and staff recommendation to move forward to full City Council with the developer's request for additional financial aid for the project. The Housing Committee voted to deny approval for moving the developer's request for application to HUD for \$1,500,000 in Section 108 Guarantee Loan funds forward to the full City Council.

The City has received a proposal from Wynnewood Seniors Housing, LP for funding in the amount of \$1,500,000 in Community Development Block Grant Section 108 Guarantee Loan funds for the demolition of existing buildings, site improvements, relocation costs and loan interest reserve to aid Wynnewood Seniors Housing, LP in the construction of 140 apartment units at 1500 S. Zang Boulevard with all apartment units deed restricted for 15 years for affordability to seniors with incomes at 80% or less of Area Median Family Income as established by HUD. The Wynnewood Seniors Housing project site is located in CDBG eligible Block Group 62.001.

BACKGROUND (continued)

On February 26, 2010 the City provided a letter of support of the LIHTC application including providing \$1.5M in financial support for the project.

The City held a neighborhood public hearing at the Kiest Recreation Center on June 14, 2010. Comments from the neighborhood public hearing are being compiled.

Total project costs to fund interest reserve, site improvements, demolition, and relocation costs and construct the Wynnewood project of 140 apartment units at 1500 South Zang Boulevard are approximately \$16.7M. Funding for the project will come from the proposed \$1.5M Section 108 Loan funds, a first lien note of approximately \$1.9M, tax credit equity of approximately \$12.1M, and developer equity of approximately \$1.2.

The Section 108 loan application will request \$1.5M for the project at an interest rate determined by the 3 month London Interbank Offered Rate (LIBOR), with three years of interest reserve escrowed at the construction loan closing. Net operating income will be used to make the Section 108 Wynnewood Loan interest payments for the first seven years of the project and principal and interest payments starting in year eight of the project until the Section 108 Wynnewood Loan is paid in full.

Interest will be paid by a Section 108 interest reserve for three years from 2011 to 2014. The interest rate on the Section 108 Wynnewood Loan will be .5% higher than the Section 108 from HUD and both loans will have matching amortization. All loan payments by borrower will provide adequate funds for the City to make its payments on the Section 108 Loan from HUD.

Section 108 Loan funds will be used for demolition of existing buildings, site Improvements, relocation costs, and to fund interest reserve. The project will meet the statements of community development objectives in the City's Consolidated Plan dealing with creation of affordable housing that is decent, safe and sanitary when the 140-unit project is completed. The project also complies with a HUD National Objective as a housing activity benefitting low and moderate-income persons through construction of affordable housing units. 100% of the project's 140 units will be affordable for low and moderate-income seniors.

The City Council public hearing being held on this date complies with HUD regulations and City's Citizen Participation Plan of 30 days comment period from date of call of public hearing. With submission of the application the City must certify that the City Manager is authorized to submit the application and all related documents and take necessary actions in connection with the application submission.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On November 17, 2008, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Loan Application authorization for the use of Section 108 Guarantee Loan funds to provide project gap financing or mezzanine debt necessary to move projects forward in today's financial market, to minimize, if not eliminate, the risk to the CDBG program revenue and set guidelines by which the funds would be used.

On January 5, 2009, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Guarantee Loan fund application requirements and proposed Program Guidelines for City to apply for up to a total of \$75,000,000 in guarantee loans.

On January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement, setting out the program purpose, description, operations and project criteria by Resolution No. 09-0291.

On February 16, 2010, the Housing Committee was briefed on and gave support of an application from Wynnewood Seniors Housing project to Texas Department of Housing and Community Affairs (TDHCA) for approval of a 9% Low Income Housing Tax Credit (LIHTC) allocation.

On February 24, 2010, the City Council approved support of the TDHCA 9% LIHTC allocation for Wynnewood Seniors Housing project by Resolution No. 10-0594.

On April 19, 2010, the Housing Committee was briefed and voted to deny approval for the developer's request for application to HUD for \$1,500,000 in Section 108 Guarantee Loan funds.

On May 12, 2010, the City Council authorized a public hearing to be held on June 23, 2010 to receive comments on the proposed City of Dallas submission of an application to HUD for a Section 108 loan not to exceed \$1,500,000 for the Wynnewood Seniors Housing project by Resolution No. 10-1263.

FISCAL INFORMATION

No cost consideration to the City.

OWNER(S)

**Wynnewood Seniors Housing, LP
Central Dallas CDC**

John Greenan, Executive Director

Banc of America CDC

Brian Roop, Senior Vice President

MAP

Attached

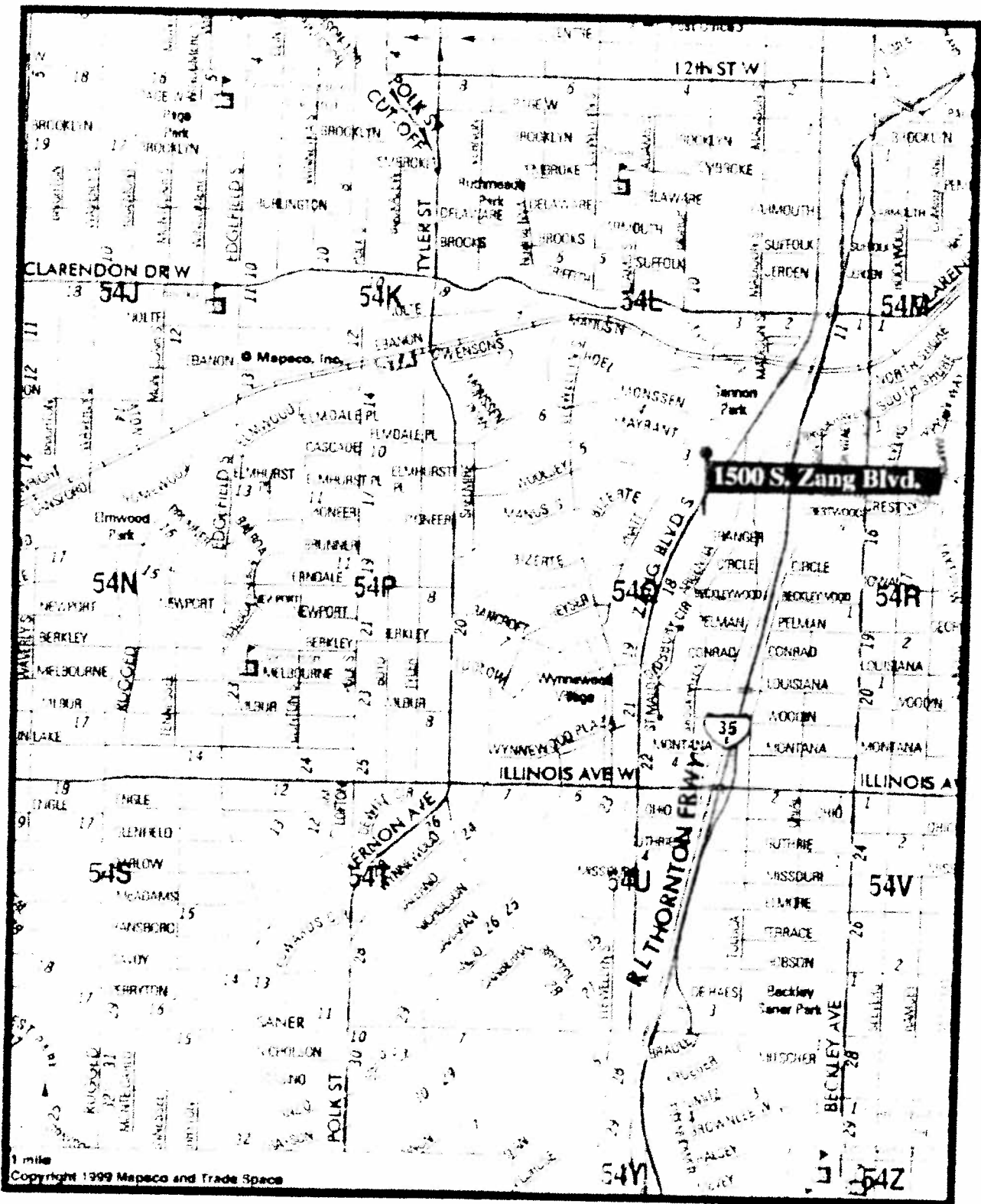
DEVELOPER

**Wynnewood Seniors Housing, LP
Central Dallas CDC**

John Greenan, Executive Director

Banc of America CDC

Brian Roop, Senior Vice President



1 mile
 Copyright 1999 Mepeco and Trade Space

June 23, 2010

WHEREAS, the City of Dallas seeks to keep momentum going in growth prone areas and stimulate investment in more challenged areas by providing a substitute for declining availability of capital funding while banks are not willing to loan as much against collateral, interest rates for available funding have increased and proceeds from sales of tax credits has declined; and

WHEREAS, on November 17, 2008, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Loan Application authorization for the use of Section 108 Guarantee Loan funds to provide project gap financing or mezzanine debt necessary to move projects forward in today's financial market, to minimize, if not eliminate, the risk to the CDBG program revenue and set guidelines by which the funds would be used; and

WHEREAS, on January 5, 2009, the Economic Development Committee and the Housing Committee were briefed and gave favorable approval on CDBG Section 108 Guarantee Loan fund application requirements and proposed Program Guidelines for the City to apply for up to a total of \$75,000,000 in guarantee loans; and

WHEREAS, on January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement, setting out the program purpose, description, operations and project criteria by Resolution No. 09-0291; and

WHEREAS, on February 16, 2010, the Housing Committee was briefed on and gave support of an application from Wynnewood Seniors Housing project to Texas Department of Housing and Community Affairs (TDHCA) for approval of a 9% Low Income Housing Tax Credit (LIHTC) allocation; and

WHEREAS, on February 24, 2010, the City Council approved support of the TDHCA 9% LIHTC allocation for Wynnewood Seniors Housing project by Resolution No. 10-059; and

WHEREAS, on April 19, 2010, the Housing Committee was briefed and voted to deny approval for the developer's request for application to HUD for \$1,500,000 in Section 108 Guarantee Loan funds; and

WHEREAS, on May 12, 2010, the City Council authorized a public hearing to be held on June 23, 2010 to receive comments on the proposed City of Dallas submission of an application to HUD for a Section 108 loan not to exceed \$1,500,000 for the Wynnewood Seniors Housing project by Resolution No. 10-1263; and

June 23, 2010

WHEREAS, the City of Dallas desires to apply to The U.S. Department of Housing and Urban Development (HUD) for Community Development Section 108 Guarantee Loan funds in the amount of \$1,500,000 for the development of Wynnewood Seniors Housing, a residential project at 1500 South Zang Boulevard, of 140 multi-family residential units with all units deed restricted for 15 years for affordability to seniors with incomes at 80% or less of Area Median Family Income, and consisting of demolition of existing buildings, site improvements, relocation costs, and funding of interest reserve; and

WHEREAS, the City will not submit a Section 108 Guarantee Loan application to HUD until TDHCA approves the Wynnewood Seniors Housing 2010 LIHTC application; and

WHEREAS, HUD requires the City to certify that its governing body has duly adopted a resolution (a) authorizing the person identified as the official representative of the public entity to submit the application and amendments thereto and all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the public entity to act in connection with the application to provide such additional information as may be required; and (b) authorizing such official representative to execute such documents as may be required in order to implement the application and issue debt obligations pursuant thereto (provided that the authorization required by this paragraph may be given by the local governing body after submission of the application but prior to execution of the contract required by §570.705(b)); **NOW THEREFORE**,

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

SECTION 1. That the City Council hereby authorizes the submission of the application to the U.S. Department of Housing and Urban Development (HUD) for a CDBG Section 108 Guarantee Loan Program loan in an amount not to exceed \$1,500,000 to fund a loan for Wynnewood Seniors Housing, LP, to fund an interest reserve, relocation costs, and demolition and site improvements to develop a residential project for seniors at 1500 South Zang Boulevard containing 140 multi-family residential units with all units deed restricted for 15 years for affordability to seniors with incomes at 80% or less of Area Median Family Income as established by HUD.

June 23, 2010

SECTION 2. That the Section 108 loan application will request an amount not to exceed \$1,500,000 for the Project with interest payments for the first three years of the loan funded out of three years of interest reserve and with net operating income used to make the Section 108 Wynnewood Loan interest payments for the first seven years of the project and principal and interest payments starting in year eight of the project until the Section 108 Wynnewood Loan is paid in full. Both the Section 108 Loan from HUD and the Section 108 Wynnewood Loan will have matching amortization and the Section 108 Wynnewood Loan will have an interest rate which is .5% higher than the Section 108 Loan from HUD. All loan payments by borrower will provide adequate funds for City to make its payment on the Section 108 Loan from HUD.

SECTION 3. That the City's submission of the Section 108 loan application to HUD is contingent upon the Texas Department of Housing and Community Affairs' approval of the allocation of 2010 Low Income Housing Tax Credits for the Wynnewood Seniors Housing project.

SECTION 4. That the City Manager is authorized to submit the application and amendments thereto and all understandings and assurances contained therein, and the City Manager is the official representative of the City of Dallas authorized to act in connection with the application to provide such additional information as may be required.

SECTION 5. That the City Manager is authorized to take necessary actions as may be required in connection with the submission of the Section 108 application.

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