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CITY SECRETARY
DALLAS, TEXAS



CITY OF DALLAS

Memorandum

DATE February 3, 2012

TO Housing Committee Members: Scott Griggs, Vice-Chair, Dwaine Caraway, Linda Koop, and Pauline Medrano

SUBJECT February 6, 2012 Housing Committee Agenda

We will have a meeting of the Housing Committee on Monday, February 6, 2012, City Hall, 1500 Marilla - Room 6ES, Dallas, Texas, 75201, from 11:00 a.m. – 12:30 p.m. The agenda is as follows:

1. Approval of January 17, 2012 Minutes
Councilmember Carolyn R. Davis
2. Consolidated Plan Substantial Amendment #13
Mitchell/Killingsworth
(Estimated time 20 minutes)
3. 2012 Low Income Housing Tax Credit Program
Mitchell/Killingsworth
(Estimated time 30 minutes)
4. Providence at Mockingbird
Zavitkovsky/Evans
(Estimated time 20 minutes)
5. Upcoming Agenda Items
Information Only
 - a. Catholic Housing Project
 - b. Sapphire-Lancaster Contract Modification
6. Upcoming Housing Committee Items
 - a. 2012 Low Income Housing Tax Credit Program – Part 2
 - b. Housing Tool Kits
 - c. Housing Newsletter
 - d. Permanent Supportive Housing



Carolyn R. Davis, Chair
Housing Committee

- c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa A. Rios, Acting City Secretary
Tom P. Perkins, Jr., City Attorney
Craig Kinton, City Auditor
Judge C. Victor Lander, Administrative Judge, Municipal Court
A.C. Gonzalez, First Assistant City Manager
Ryan S. Evans, Assistant City Manager
Forest Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Stephanie Pegues-Cooper, 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 January 17, 2012

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: January 17, 2012 Meeting Start time: 11:05 A.M.

<p><u>Committee Members Present:</u> Carolyn R. Davis-(Chair) Scott Griggs (Vice-Chair) Dwaine Caraway Linda Koop Pauline Medrano</p>	<p><u>Staff Present:</u> Ryan Evans-Asst. City Manager Jerry Killingsworth-Director/HOU Charles Brideau-Asst. Director/HOU Bernadette Mitchell-Asst. Director/HOU Suanne Durham-HOU Patrick Jackson-HOU Doris Edmon-HOU Cassandra Luster-HOU Jesse Salazar-CSO Joseph Escobedo II-CSO Alida Allen-HOU</p>
<p><u>Other Council Members Present:</u> Ann Margolin</p>	
<p><u>Committee Members Absent:</u></p>	<p><u>Other Attendees</u> John Castle-The Bridge Jay Dunn-The Bridge Gregory Scales</p>

AGENDA:

Housing Committee Meeting Called to Order by CM Carolyn R. Davis

1. Approval of October 17, 2011 Minutes of the Housing Committee
 Presenter(s): Council Member Carolyn R. Davis

Action Taken/Committee Recommendation(s)

<p>Motion made by: CM Linda Koop</p>	<p>Motion seconded by: CM Scott Griggs</p>
<p>Item passed unanimously: <u>X</u></p>	<p>Item passed on a divided 0vote: _____</p>
<p>Item failed unanimously: _____</p>	<p>Item failed on a divided vote: _____</p>

Follow-up (if necessary):

2. Tour of The Bridge

Presenter(s): Ryan Evans, Asst. City Manager/Jerry Killingsworth, Director/John Castle, Board Chair/Jay Dunn, President & CEO

Information Only: X

Action Taken/Committee Recommendation(s) CM Davis recommended visiting the Haven for Hope homeless center in San Antonio, Texas for ideals to improve functions at The Bridge.

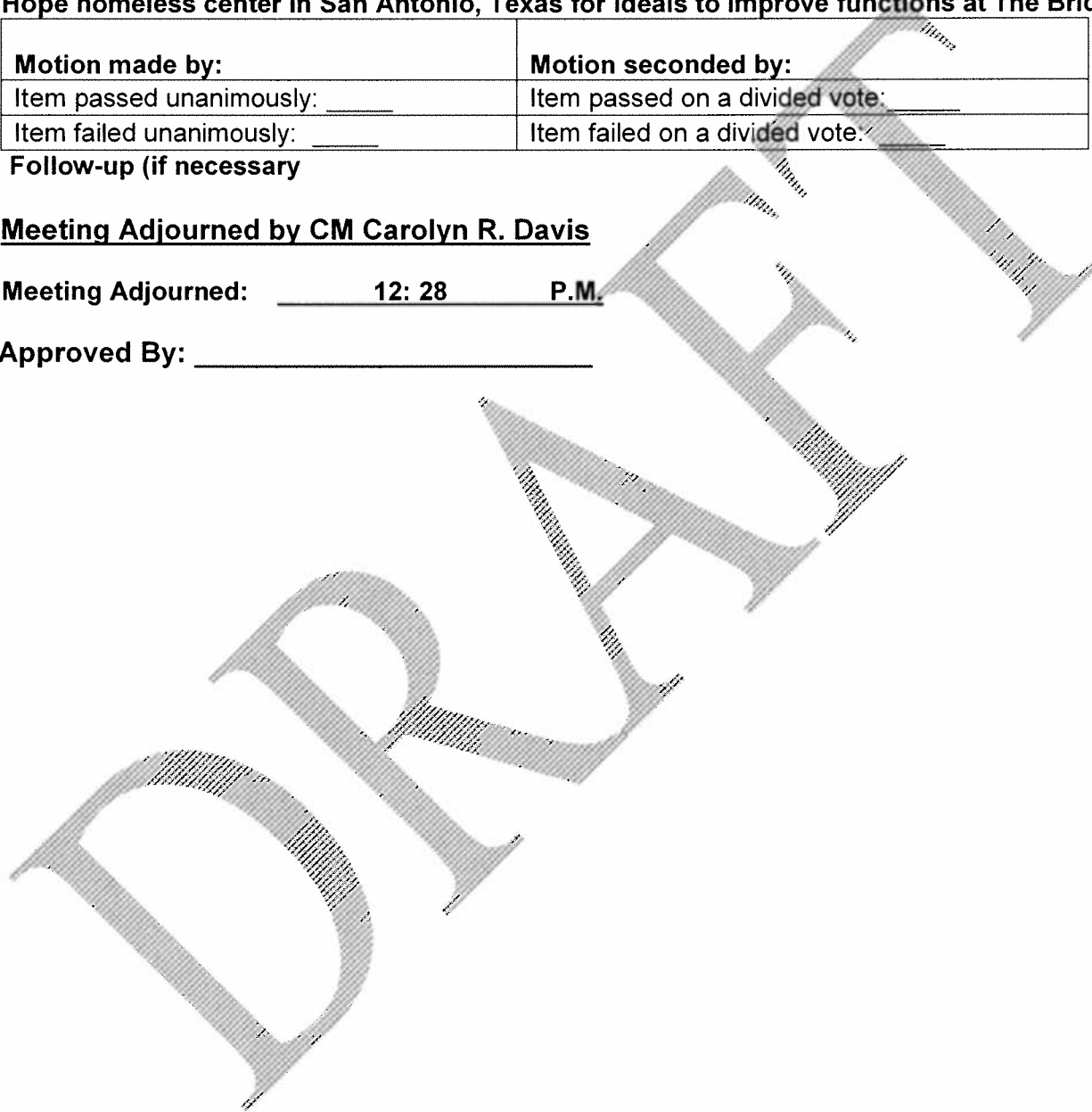
Motion made by:	Motion seconded by:
Item passed unanimously: _____	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary)

Meeting Adjourned by CM Carolyn R. Davis

Meeting Adjourned: 12: 28 P.M.

Approved By: _____



Memorandum



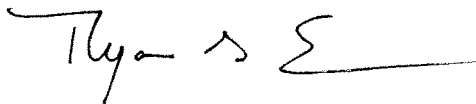
DATE February 3, 2012

TO Housing Committee Members: Carolyn R. Davis, Chair, Scott Griggs, Vice-Chair, Dwaine Caraway, Linda Koop, and Pauline Medrano

SUBJECT Consolidated Plan Substantial Amendment #13

On Monday, February 6, 2012, you will be briefed on the Consolidated Plan Substantial Amendment #13. A copy of the briefing is attached.

Please let me know if you have any questions.



Ryan S. Evans
Assistant City Manager

c: The Honorable Mayor and Members of the City Council
Mary K. Suhm, City Manager
Rosa A. Rios, Acting City Secretary
Tom P. Perkins, Jr., City Attorney
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Stephanie Pegues-Cooper, Assistant to the City Manager

Consolidated Plan Substantial Amendment #13

Briefing to the Housing Committee

**Housing/Community Services Department
February 6, 2012**



Purpose

- To recommend amendments to the FY 2008-12 Consolidated Plan including:
 - Accepting \$433,200 in HUD Emergency Solutions Grant Funding
 - Realigning Emergency Shelter Grant allocations to match federal regulations
 - Reprogramming of \$1,000,000 of Community Development Block Grant (CDBG) Funds from Residential Development/Acquisition Loan Program (RDALP) to the Mortgage Assistance Program (MAP)
 - Adopting an overall maximum standard for determining affordable rents and the maximum HOME Program rent levels for accomplishment and goal requirements for the Consolidated Plan
- To seek approval from the Housing Committee for these amendments



Emergency Shelter Grant

- The Homeless Emergency Assistance and Rapid Transition to Housing Act of 2009 (HEARTH Act) amended the McKinney-Vento Homeless Assistance Act and made major revisions to the provision of Emergency Shelter Grants
- One of the revisions to the grant program was the renaming to Emergency **Solutions** Grants (ESG), noting a desire of the administration to solve homelessness
- HEARTH Act also formally acknowledged the Continuum of Care as a group of nonprofit homeless service providers who will utilize planning processes to coordinate services and address the needs of the homeless.

ESG - Continued

- In 2011, HUD notified the City of Dallas that it would receive \$770,133 in Emergency Shelter Grant funds as a first allocation until the Emergency Solutions Grant regulations were finalized.
- On June 22, 2011, City Council approved the FY 2011-12 Emergency Shelter Grant based on the old regulations as instructed by HUD until the final rule for the Solutions grant was finalized.
- Eligible activities include: operations, essential services, homelessness prevention, and administration.

ESG - Continued

- On December 5, 2011, HUD released the interim rule for the new Emergency Solutions Grant program and Consolidated Plan Conforming Amendments
- The City of Dallas was notified that it would receive an additional \$433,200 under the Emergency Solutions Grant for FY 2011-12
- Eligible activities under the Solutions grant allocation include: operations, essential services, homelessness prevention, rapid re-housing, data management, and administration

ESG Regulations

- Transitional housing programs are no longer an eligible activity under Emergency Solutions Grant
- HUD placed heavy emphasis on allocating funds for Rapid Re-housing
- 30% cap on Essential Services and Prevention was removed
- 60% cap on Street Outreach and Emergency Shelter Services was put in effect
- Clients must have income at or below 30% of Area Median Family Income to be assisted
- HUD mandated the use of the database system, Homeless Management Information System (HMIS), to track client level data
- Increased allowable costs for administration from 5% to 7.5%
- Required consultation with the Continuum of Care group of providers

Recommended FY 2011-12 Budget Amendment

Program Description	FY 2011-12 Council Adopted Budget	Changes Increase (+) Decrease (-)	Total
Homeless Prevention ¹	-	91,000	91,000
Rapid Re-housing ²		275,456	275,456
Homeless Mgt Information System ³	-	25,000	25,000
Contracts - Essential Services	88,362	-	88,362
Contracts - Facilities Operations	142,200	-	142,200
The Bridge - Essential Services	122,786	-7,900	114,886
The Bridge - Operations	378,279	-2,100	376,179
Administrative Costs	<u>38,506</u>	<u>51,744</u>	<u>90,250</u>
Total	<u>770,133</u>	<u>433,200</u>	<u>1,203,333</u>

1. Services will be provided through the Martin Luther King, Jr. and West Dallas Multipurpose Centers

2. Service providers will be solicited via RFP

3. Services are provided through MDHA as lead agency for the Continuum of Care

Recommendation for Reprogramming CDBG Funds

- Reprogram \$1,000,000 in CDBG funds from the Residential Development/Acquisition Loan Program (RDALP) to the Mortgage Assistance Program (MAP)
 - In September 2011, the City Council approved changes to the categories of assistance provided under the MAP program to include Existing Homes and New Construction
 - At that time, Housing staff began considering requests to add a third category for Infill Housing
 - The Housing staff is now recommending a third category of MAP assistance for Infill Housing defined as newly constructed homes in the Neighborhood Investment Program (NIP) areas and allocating \$1,000,000 to that category with all other program policies remaining the same



Recommendation for Affordable Rent Schedule

- The Department of Housing & Urban Development (HUD) has asked the City of Dallas to formally adopt and include an Affordable Rent Schedule as the City's overall maximum standard for determining affordable rents and the maximum HOME Investment Partnership ACT (HOME) rent levels for accomplishment and goal requirements required in the Consolidated Plan (Exhibit A and Exhibit B attached)

Staff Recommendation

- We recommend the Housing Committee approve the Consolidated Plan Substantial Amendment #13:
 - Accepting \$433,200 in HUD Emergency Solutions Grant Funding
 - Realigning Emergency Shelter Grant allocations to match federal regulations
 - Reprogramming of \$1,000,000 of Community Development Block Grant (CDBG) Funds from Residential Development/Acquisition Loan Program (RDALP) to the Mortgage Assistance Program (MAP)
 - Adopting an overall maximum standard for determining affordable rents and the maximum HOME Program rent levels for accomplishment and goal requirements for the Consolidated Plan

Next Steps

- February 22 - March 28, 2012 public comment period
- February 22, 2012 - City Council will consider preliminary adoption of the substantial amendment and call the public hearing
- February 22, 2012 – City Council will consider an amendment to the Mortgage Assistance Program Statement to add the category of Infill Housing with an allocation of \$1,000,000 and an amendment to the contract with Enterprise Community Partners for the additional funds
- March 28, 2012 – City Council will hold a public hearing and consider final approval of substantial amendment
- April 1 – Implementation of program changes



Exhibits A & B

Exhibit A

City of Dallas Affordable Rent Schedule (Effective December 1, 2011)

Area Median Family Income (AMFI) for a Household of Four (4) for the Dallas Area for 2012: \$70,100

<u>Household Size</u>	<u>¹ 80% of Dallas AMFI (Maximum Allowable Qualifying Income)</u>
1 Person	\$39,300
2 Persons	\$44,900
3 Persons	\$50,500
4 Persons	\$56,100
5 Persons	\$60,600

<u>Unit Type</u>	<u>² Monthly Maximum Rents 30% of 80% of AMFI (Including Utilities)</u>	<u>³ Utility Allowance</u>	<u>Monthly Maximum Rent (Excluding Utilities)</u>
Efficiency	\$ 983.00	\$106	\$ 877.00
1 Bedroom	\$1,053.00	\$130	\$ 923.00
2 Bedroom	\$1,263.00	\$162	\$1,101.00
3 Bedroom	\$1,459.00	\$186	\$1,273.00

¹ Income limits are for 2012 and are subject to change annually upon notification from HUD. HUD allows for rounding up to the nearest \$50 in determining eligibility.

² Rents assume 1.5 persons per bedroom

³ Utility allowances are based on HUD's Section 8 allowances and assume that units are all electric; tenant pays for electric and water/sewer/trash collection; and the landlord furnishes the kitchen range and refrigerator.

Exhibit B

Rent Limits for 2012 HOME and Fair Market Rents (FMR)

HOME definitions are effective: **July 13, 2011 through July 13, 2012¹**

FMR definitions are effective: **Sept. 2011 through Sept. 2012¹**

HUD Metro FMR Area (HMFA) estimate of the median family income for the Dallas area is:

\$70,100

Number of Bedrooms In Unit	Nominal Household Size ²	HOME Rents		Fair Market Rents (FMR)
		"Low" 4	"High" 5	Total Rent
0	1	\$605	\$671*	\$649
1	1	\$648	\$744*	\$719
2	3	\$777	\$905*	\$868
3	4	\$898	\$1,134	\$1,130
4	6	\$1,002	\$1,245	\$1,337
5	7	\$1,106	\$1,356	\$1,538
6	9	\$1,209	\$1,466	\$1,738

¹ Ending date is depended upon HUD's release of the new rent limits for the Federal Fiscal Year.

² "Nominal Household Size" estimates are derived by multiplying the number of bedrooms in a unit by 1.5 persons, (HUD's recommended "rule of thumb") and then rounding down to the nearest whole integer.

The HUD "HOME" Program rents published June 28, 2011, effective July 13, 2011:

"Low" 4 = 30% of 50% of AMFI (cannot exceed the High HOME Rents)

"High" 5 = 30% of 65% of AMFI

* (High 5) - HOME Program Rent held at last year' (2010) level. For all HOME projects, the maximum allowable rent is the HUD calculated High HOME Rent Limit and/or Low HOME Rent Limit.

Updated on 1/12/12

Memorandum



CITY OF DALLAS

DATE February 3, 2012

TO Housing Committee Members: Carolyn R. Davis, Chair, Scott Griggs, Vice-Chair, Dwaine Caraway, Linda Koop, and Pauline Medrano

SUBJECT 2012 Low Income Housing Tax Credit Program

On Monday, February 6, 2012, you will be briefed on 2012 Low Income Housing Tax Credit Program. 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 'Ryan S. Evans'.

Ryan S. Evans
Assistant City Manager

c: The Honorable Mayor and Members of the City Council
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2012 Low Income Housing Tax Credit Program

A Briefing to the
Housing Committee

Housing/Community Services Department
February 6, 2012



Key Focus Area: Economic Vibrancy

Purpose

- Update Housing Committee on 2011 Low Income Housing Tax Credit (LIHTC) awards
- Provide information regarding the Texas Department of Housing & Community Affairs LIHTC Program for 2012
- Provide information on 2012 applications

Texas Department of Housing & Community Affairs (TDHCA) Low Income Housing Tax Credit (LIHTC) Program

- The Housing Tax Credit (HTC) Program was created by the Tax Reform Act of 1986. Section 42 of the Internal Revenue Code of 1986, as amended (the Code), is the federal law that governs the HTC program.
- For 2011, the estimated tax credit availability was approximately \$9.1 million for the region.
- For 2012, the estimated tax credit availability is approximately \$7.6 million for the region.
- The Region includes Dallas, Denton, Collin, Tarrant, and Grayson Counties
- The Texas Department of Housing and Community Affairs (TDHCA) is the only entity in the state of Texas with the authority to allocate tax credits under this program.

LIHTC Program

- The tax credit program is one of the primary means of directing private capital toward the creation of affordable rental housing.
- The tax credits provide investors of affordable rental housing with a benefit that is used to offset a portion of their federal tax liability in exchange for the production of affordable rental housing.
- The Tax Credit Program allows qualified families to lease the developed units at below market rate rents.

2011 LIHTC Results for Dallas

Project Name	Address	Council District	# of Units	Unit Types	Result
Park Creek Manor	2520 Coombs Creek St.	1	322	Families-Rehab	Withdrew application
Tyler Street Manor	922 W. 9 th St.	1	180	Seniors-Rehab	Withdrew application
1400 Belleview	1401 Browder St.	2	164	Families-New	Did not receive award
Champion Homes at Copperridge	5542 Maple Ave.	2	200	Families-New	Did not receive award
Deaf Action Center	3115 Crestview Dr.	2	36	Families-Rehab	Withdrew application
Greenhaus at East Side	4611 East Side Ave.	2	24	Families-New	Received Tax Credit Forward Commitment
St. Paul Apartments	1801 Young St	2	149	Families-New	Did not receive award
Peoples El Shaddai	2836 E. Overton Rd.	4	100	Families-Rehab	Did not receive award
Veteran's Place	4623 S. Lancaster Rd	5	147	Families-New	Did not receive award
Hatcher Square	4600 Scyene Rd.	7	136	Families-New	Did not receive award
Sphinx at Lawnview	4120 Lawnview	7	120	Senior-New	Withdrew application
Kleberg Commons	12700 Kleberg Rd.	8	200	Senior-New	Withdrew application
Brook Village Apts.	6852 Shady Brook Ln.	13	262	Families-Rehab	Withdrew application
E-2 Flats	211 N. Ervay	14	187	Families-Reuse	Did not receive award

Previous Tax Credit Projects in the City of Dallas

- From 1990 to 2011, there have been a total of 120 projects awarded tax credits with a total of 19,618 affordable housing units
- Three projects which received forward commitments will be under construction this year:
 - Hillside West Seniors
 - Wynnewood Village
 - Greenhaus at East Side

LIHTC Qualified Allocation Plan for 2012

- TDHCA develops an annual plan for the selection of eligible developments known as the Qualified Allocation Plan (QAP)

- The 2012 QAP includes a point based scoring system with the following criteria:
 - Financial Feasibility
 - Quantifiable Community Participation
 - Income Levels of Tenants of the Development
 - Size & Quality of the Units
 - Commitment of Development Funding by a Unit of General Local Government or Government Instrumentality
 - Community Support from State Representative or State Senator
 - Rent Levels of the Units
 - Cost of the Development by Square Foot
 - Tenant Services

LIHTC QAP (continued)

- QAP Criteria (continued)
 - Declared Disaster Area
 - Community Input other than Quantifiable Community Participation
 - Community Revitalization or Historic Preservation
 - Pre-app Participation
 - Development Location
 - Economic Development Initiatives
 - Developments in Census Tracts with Limited Existing HTC Developments
 - Tenant Populations with Special Housing Needs
 - Length of Affordability Period
 - Site Characteristics
 - Sponsor Characteristics
 - Qualified Census Tracts with Revitalization
 - Development Intended for Eventual Tenant Ownership
 - Leveraging of Private, State, and Federal Resources
 - Additional Evidence of Preparation to Proceed
 - Repositioning of Existing Developments

Significant Changes in QAP from 2011 to 2012

- No forward commitments will be allowed this year
- Development awards within the same year must be a minimum of two miles apart
- Rehabilitation of a building more than 40 years old is ineligible unless it is a historic project or an adaptive reuse (excluding reconstruction)
- Priority to Supportive Housing, Downtown Developments, High Opportunity Area Developments, and non-Qualified Elderly Developments that receive local funding
 - High Opportunity Areas (new term)-census tracts with median income above that of the County and with 15% or less poverty rate
- Greater emphasis on leveraging of funds and project being “shovel ready”

City of Dallas Participation in LIHTC Program

- TDHCA asks for the Governing Body to provide the following approvals for any proposed project located within the boundaries of the jurisdiction:
 - When the number of tax credit units previously approved exceeds two times the state average
 - When projects involving new construction or adaptive reuse are located less than a mile from another project funded within the prior 3 years and served the same type of household
 - When a proposed project is to be located in a census tract that has more than 30% Housing Tax Credit Units per total households in the census tract

- Additional support
 - Formal resolution of support from the City Council
 - Provide gap funding for certain projects that meet the City Council goals & objectives
 - Letters confirming zoning, location, and inclusion in revitalization areas

LIHTC Process

- All LIHTC applicants must submit:
 - a proposal to the City of Dallas which:
 - Describes the project
 - Details the sources & uses for the project
 - Discloses the principal parties
 - A \$1,000 fee for processing
 - May be waived by the Housing/Community Services Director for nonprofit organizations

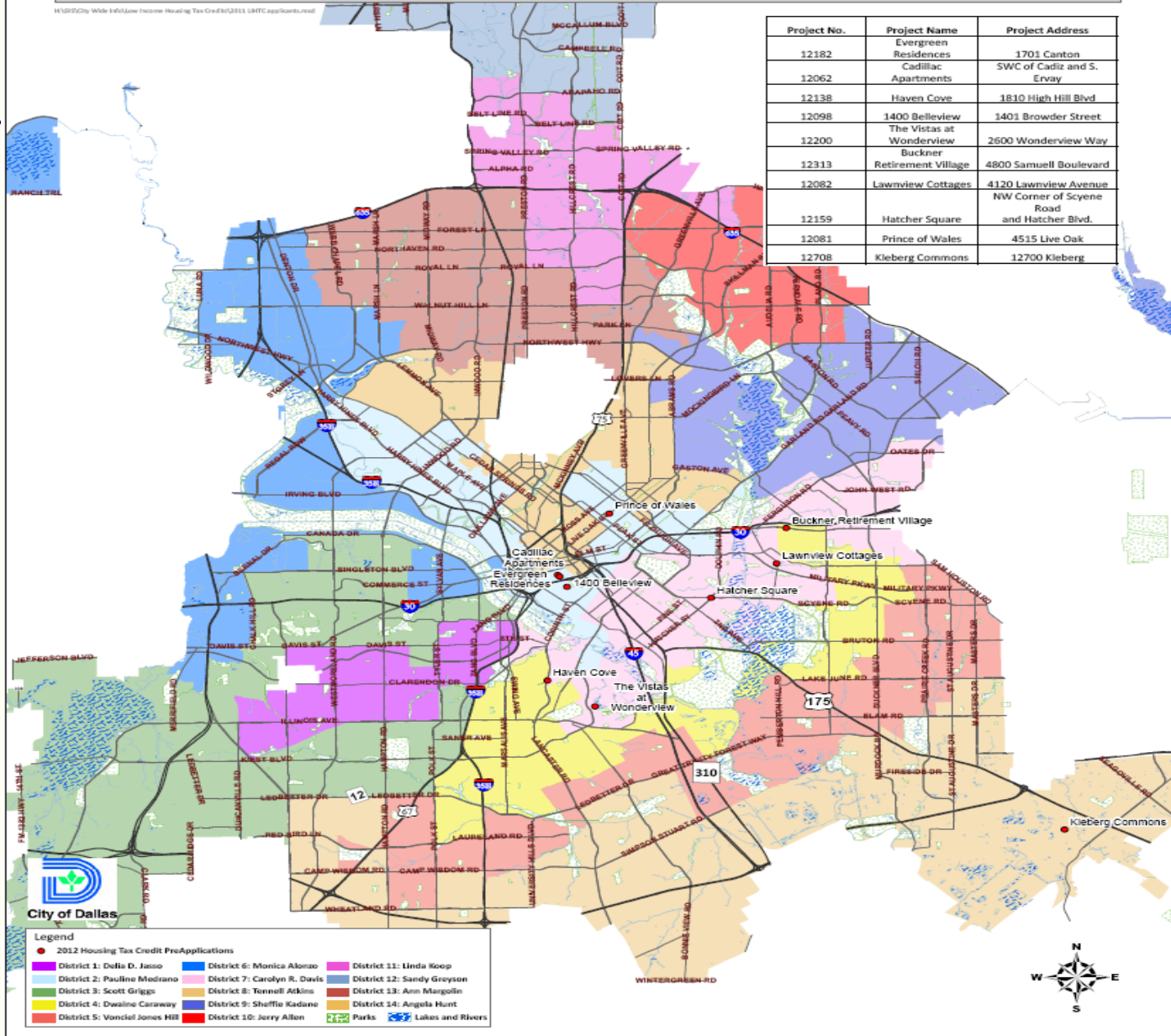
LIHTC Applications Submitted to City of Dallas for 2012

Project Name	Address	Council District	# of Units	Unit Types	Developer/ Owner
1400 Belleview	1401 Browder St.	2	164	Families-New	Matthews CCH Partners
Cadillac Apartment	Cadiz & South Ervay	2	164	Supportive Housing	Ted Hamilton
Evergreen Residences	1701 Canton	2	130	Supportive Housing for Families	Graham Greene
Prince of Wales	4515 Live Oak	2	63	Supportive Housing	LifeNet
Buckner Retirement Village	4800 Samuell Blvd.	4	202	Elderly	Charlie Wilson
Hatcher Square	4600 Scyene Rd.	7	136	Families-New	Frazier HS, LP
Haven Cove	1810 High Hill Blvd.	7	250	Families-New	Rene Sierra
Lawnview Cottages	4120 Lawnview Ave.	7	120	Elderly	Jay Oji
The Vistas at Wonderview	2600 Wonderview Way	7	120	Elderly	Donald Paxton
Kleberg Commons	12700 Kleberg Rd.	8	200	Families-New	Neil Toller

Low Income Housing Tax Credit Applications Submitted to City of Dallas for 2012

H:\GIS\City Wide Info\Low Income Housing Tax Credit\2011 LHTC applications.mxd

Project No.	Project Name	Project Address
12182	Evergreen Residences	1701 Canton
12062	Cadillac Apartments	SWC of Cadiz and S. Ervay
12138	Haven Cove	1810 High Hill Blvd
12098	1400 Bellevue	1401 Browder Street
12200	The Vistas at Wonderview	2600 Wonderview Way
12313	Retirement Village	4800 Samuel Boulevard
12082	Lawview Cottages	4120 Lawnview Avenue
12159	Hatcher Square	NW Corner of Scyene Road and Hatcher Blvd.
12081	Prince of Wales	4515 Live Oak
12708	Kleberg Commons	12700 Kleberg



- Legend**
- 2012 Housing Tax Credit PreApplications
 - District 1: Della D. Jasso
 - District 2: Pauline Medrano
 - District 3: Scott Griggs
 - District 4: Dawaine Caraway
 - District 5: Vonciel Jones Hill
 - District 6: Monica Alonzo
 - District 7: Carolyn R. Davis
 - District 8: Tennell Atkins
 - District 9: Sheffield Kadane
 - District 10: Jerry Allen
 - District 11: Linda Koop
 - District 12: Sandy Greyson
 - District 13: Ann Margollin
 - District 14: Angela Hunt
 - 🌳 Parks
 - 🌊 Lakes and Rivers



Staff Recommendations

- In past years, staff has recommended projects without ranking the projects
- In 2012, staff will provide rankings for the projects to the Housing Committee on February 21, 2012
- Based on the available tax credits and the number of application in the Region, only one or two projects for Dallas will be successful
 - There were 63 pre-applications totaling \$102M in requests for tax credits for the Regional allocation

Next Steps

- ❑ February 21, 2012 - Briefing to the Housing Committee on the LIHTC projects submitted to the City of Dallas for support and funding with staff recommendations
- ❑ February 22, 2012 - City Council approval for the support of the LIHTC applications
- ❑ March thru September 2012 – City funding or zoning approvals for specific applications as needed
- ❑ July 26, 2012- TDHCA Board provides LIHTC awards

Memorandum



CITY OF DALLAS

DATE February 3, 2012

TO Housing Committee Members: Carolyn R. Davis, Chair, Scott Griggs, Vice-Chair, Dwaine Caraway, Linda Koop, and Pauline Medrano

SUBJECT Providence at Mockingbird

On Monday, February 6, 2012, you will be briefed on Providence at Mockingbird. A copy of the briefing is attached.

Briefing material is attached.

Should you have any questions, please contact me at (214) 670-3296.

A handwritten signature in black ink, appearing to read 'Ry - S. Evans'.

Ryan S. Evans
Assistant City Manager

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Karl Zavitkovsky, Director, Office of Economic Development
J. Hammond Perot, Assistant Director, Office of Economic Development
Jiroko Rosales, Assistant Director, Office of Economic Development
Stephanie Pegues-Cooper, Assistant to the City Manager

Providence at Mockingbird

Briefing for the
Housing Committee
February 6, 2012





PURPOSE

- To seek Committee Approval for Council Consideration of:
 - The Dallas Housing Finance Corporation (DHFC) purchase of a General Partnership interest (through a single purpose Limited Liability Corporation) in a project named Providence at Mockingbird, a 251 unit senior and family project
 - A grant by the City to the DHFC in the amount of \$625,000 to capitalize the single purpose LLC's entrance to the partnership

Background

- Providence at Mockingbird

Located at 1893/1853 W. Mockingbird Lane:

- 251 Units
- 155 senior and 96 family units
- Received 4% tax credits in 2005
- Project came online August 2006

Background

- Hines 68, L.P. is the owner of the Mockingbird Project:
 - General Partner is the Hines 68, GP, LLC, Leon Backes 100% shareholder/Owner
 - Limited Partner is LBJ Holdings, Ltd.
 - Owner's Representatives:
 - Primary contact Doug Backes, Provident Realty Advisors
 - Matt Harris, V.P., Provident Realty Advisors

Background

- Project has been a cash drain on developer due to the following:
 - Size of tax exempt bond debt
 - Rate on tax exempt bonds
 - Ad valorem tax burden
 - Maintaining occupancy above 90%
- If DHFC purchases the GP interest:
 - Bonds reduced by \$3.36M
 - Pay rate reduced from 6.4% to 5.4%
 - Accrual rate remains at 6.4% with unpaid accrual forgiven annually
 - Property becomes tax exempt
 - CitySquare Continuum Of Care vouchers reduce vacancy loss
- Property generates positive net operating income
- After 1st lien debt bond payment made, DHFC receives a fee

Background

- Due diligence provided to DHFC Board:
 - Capital Needs Assessment was performed by Property Condition Assessment Company October 2010 indicating \$27,500 in non-critical repairs and 0 in critical repairs
 - The Law firm, Shackelford, Melton, & McKinley LLP prepared an opinion for the DHFC on transaction that was presented to the DHFC Board

Key Deal Points

- Bond Debt Reduced from \$14.6M to approx \$11M through sponsorship contributions
- Bond rate reduced from 6.4% to 5.4% pay rate and 6.4% accrual rate with accrual not collected forgiven annually
- Property becomes tax exempt through DHFC ownership
- DHFC will receive a set fee starting at \$160K per year on a first in line payment after bond debt service
- Central Dallas CDC will receive \$50K annually as Asset Management Fee paid from the DHFC fee collected
- DHFC will split any remaining net operating income, after bond accrual paid,
50/50 with Central Dallas CDC
- CitySquare will furnish up to 28 Continuum of Care vouchers for homeless tenants as vacancies occur
- Central Dallas CDC will serve as the Asset Manager

Key Deal Points

- ✓ City grants \$625K to the DHFC
 - DHFC establishes single asset LLC
 - LLC becomes GP in the existing tax credit partnership through transfer of ownership from existing GP
 - DHFC loans \$625K to LLC for the LLC equity entry into the partnership
 - The Grant of \$625K is used to establish Debt Service Reserve (11+ months debt service) (Property Level Reserve)
 - Funding Provided by \$625K TIF Grant and requires City Center TIF Board Approval

- ✓ City will require a contractual commitment between DHFC and City ensuring DHFC Project Fees (Net of Asset Management Fee and Replacement Reserve set asides) must be committed directly to providing additional affordable housing

Key Deal Points

- Central Dallas CDC will have right of first refusal to purchase the DHFC LLC GP interest and replace DHFC LLC as the GP for the original investment of \$625K
- The DHFC LLC will then repay the \$625K loan to the DHFC and then most likely be liquidated



Financial Effect of Restructure

- 28 Continuum of Care (C of C) vouchers available to help maintain occupancy at 93% effective rents projected in pro forma
 - 231 units occupied at 01/31/2012 – need occupancy of 233 units to meet 93% occupancy in pro forma
 - 148 eligible 1 bedroom units in senior's section
 - 12 vacant eligible units at 01/31/2012
 - As more eligible units become vacant, they will be filled with eligible C of C voucher eligible tenants
- Ad Valorem tax exemption decrease expenses \$105K
- Bond restructure reduces debt service by \$325K
- Net impact converts property from a net loss to a net income producing project

Financial Summary

- Hard Debt Service (5.4%) is fixed at \$672K/year
- Pro-forma Cash Flow after Hard Debt Service D/S = \$327K (2012) to \$437 K (2022) (Debt Coverage Ratio Ranges from 1.5 to 1.65 dcr)
- Annual Fee to DHFC escalates from \$160K to \$200K over 5 years and continues at \$200K
 - Central Dallas CDC receives \$50K Annual Asset Management Fee from this amount
- Cash Flow before Soft Debt Service = \$167K (2012) to \$237K (2022)
- Soft Debt Service (forgivable annually) = \$92K/year (forgiven annually if no cash flow is available)
- Remaining pro forma Cash Flow to DHFC (split 50/50 with Central Dallas CDC) = \$75K (2012) to \$145K (2022)
- Property Level Reserve (Debt Service Reserve) \$625K (Housing Grant to DHFC)
- DHFC loans \$625k to LLC
- LLC Deposits as Reserve
- Central Dallas CDC has the first option to purchase at \$625K (subject to approval by TDHCA and conformity to structure necessary for the DHFC to compel title and retain the ad valorem tax exemption)

DHFC Incentive Fee

- Fee to DHFC

- \$160K (year-1), \$170K (year-2), \$180K (year-3), \$190K (year-4), \$200K(year-5), \$200K (each year thereafter) (\$40K/yr set aside deducted from annual project fee until a minimum supplemental replacement reserve is established)
- Central Dallas CDC receives \$50K annual Asset Management Fee in return for furnishing up to 28 Continuum of Care Vouchers for Seniors valued at \$671 including utilities per voucher per month (\$625 net approximately)
- DHFC pays Asset Management Fee from the annual project fee
- DHFC and Central Dallas CDC split 50/50 any net income after annual accrued interest paid



Replacement Reserve

- The Replacement Reserve on the project pro forma allocates \$60,000 (\$239/per unit) annually.
- An additional set aside of \$40,000/year will be deducted from annual DHFC Project Fee until a minimum \$100,000 Supplemental Replacement Reserve is established.



Value of Continuum of Care Grants

- Continuum of Care Grants issued by HUD
 - Supportive Housing for Homeless
 - Administered in Dallas by Metro Dallas Homeless Alliance
 - Central Dallas CDC has 28 C of C vouchers
 - Gross rent value per year net of utilities is \$210,000 ($\$625 \times 28 \times 12$ months)



Asset Management Fee Structure

- The annual Asset Management fee of \$50,000 per year will be paid in full provided that all 28 PSH vouchers are available for use by tenants residing at the Mockingbird property, and will not to be contingent on all the 28 vouchers actually being utilized at the Mockingbird property during each particular year.
- Should available voucher allocation be reduced, there would be a pro rata fee reduction, but minimum annual Asset Management Fee to Central Dallas CDC is \$10,000



Next Steps

- Obtain City Center TIF Board Approval of \$625K Grant to the DHFC (February 2012)
- Seek Council Approval (February 22, 2012)
- Close (March/April 2012)

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: February 8, 2012
COUNCIL DISTRICT(S): 1
DEPARTMENT: Housing/Community Services
CMO: Ryan S. Evans, 670-3314
MAPSCO: 54L

SUBJECT

Authorize a loan in the amount of \$318,000 to Notre Dame Place, Inc. for the development of unimproved property located at 800 South Madison into affordable housing for seniors – Not to exceed \$318,000 - Financing: 2010-11 HOME Investment Partnership Program Funds

BACKGROUND

In July 2011, Catholic Housing Initiative (CHI) submitted a proposal to the City of Dallas for the development of eight (8) affordable housing units for seniors at 800 S. Madison. The Catholic Diocese owns a 16 acre tract at the southwest corner of Pembroke Road and Madison Avenue. This tract contains three uses: 1) Notre Dame Court, 2) St. Joseph's Residence, and the 3) Catholic Conference and Retreat Center. Notre Dame Court is a sixty-eight (68) unit apartment complex for independent low income seniors. Notre Dame Court is fully occupied. St. Joseph's Residence is an eighty (80) unit assisted living facility and is occupied as well. The Catholic Conference and Retreat Center consists of several small residential buildings and a meeting/dining building.

In January 2011, CHI acquired a 9,112 square foot lot at 800 S. Madison in order to create additional affordable housing units for independent seniors. This property is across the street from the Notre Dame Court apartments. The eight (8) units will be developed with one bedroom, one bath, and a total of 630 square feet per unit. The total development costs are estimated to be \$636,000.

The predevelopment and construction work should be complete within a year, Lease-up expected to take an additional six (6) months.

BACKGROUND (continued)

The loan will be provided through 2010-11 HOME Investment Partnership Program Funds from the Department of Housing and Urban Development (HUD) which the City Council appropriated in 2010 for housing developments. The loan for \$318,000 will carry a 20 year affordability requirement. The property will be liened and deed restricted in accordance with federal regulations for new construction of rental property. CHI (dba Notre Dame Place, Inc) will not be required to repay the loan provided that they comply with the affordability requirements and other City requirements (e.g. insurance, codes). The loan will be forgiven 1/20th annually following the completion of construction and the lease up of at least four (4) of the units to seniors with incomes at or below 80% of the Area Median Family Income (AMFI).

City Council approval of this agenda item will authorize the City Manager to execute the loan agreement with CHI (dba Notre Dame Place, Inc) for these HOME Investment Partnership Funds, subject to environmental review by the City of Dallas and HUD. The loan agreement will provide two (2) years for the construction and lease up of the units.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

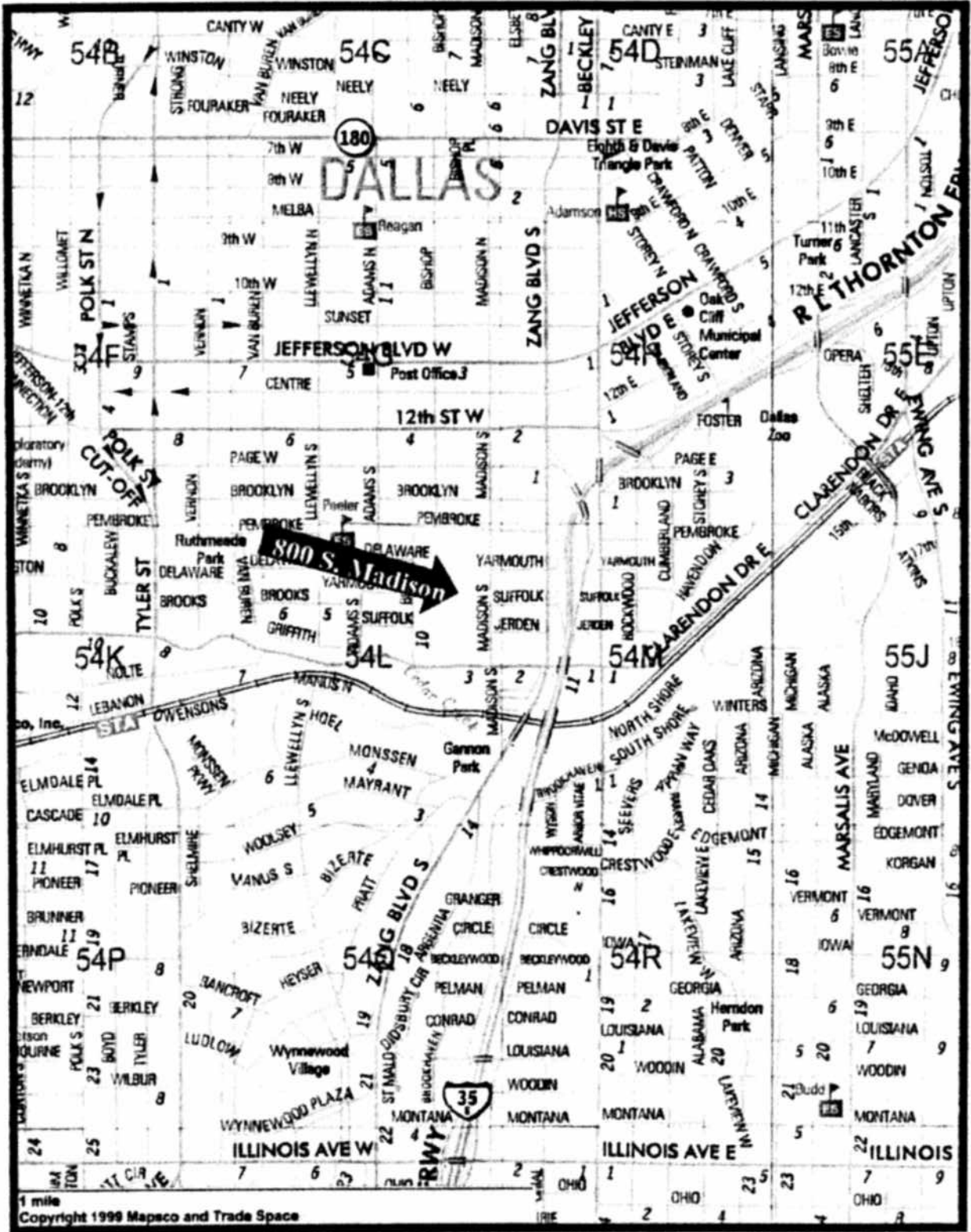
On June 23, 2010, the City Council approved the City of Dallas FY2010-11 Consolidated Plan Budget which included the HOME Investment Partnership Funds, by Resolution No. 10-1594.

FISCAL INFORMATION

2010-11 HOME Investment Partnership Program Funds - \$318,000

MAP

Attached



MAPSCO 54L

February 8, 2012

WHEREAS, affordable housing for seniors is a high priority of the City of Dallas; and

WHEREAS, on June 23, 2010, the City Council approved the FY10-11 Consolidated Plan Budget which included the HOME Investment Partnership Program Funds by Resolution No. 10-1594; and

WHEREAS, CHI (dba Notre Dame Place, Inc. proposed to work with the City of Dallas to undertake the development of the eight (8) affordable units for seniors at 800 S. Madison; and

WHEREAS, the City desires for CHI to develop affordable units for seniors, **NOW THEREFORE**,

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

Section 1. That following approval as to form by the City Attorney, the City Manager is authorized to execute a loan in the amount of \$318,000 to Notre Dame Place, Inc. for the development of unimproved property located at 800 South Madison into affordable housing for seniors

Section 2. The terms of the loan agreement include:

- (a) Notre Dame Place, Inc. must execute a note payable to the City of Dallas for \$318,000 for the loan.
- (b) Notre Dame Place, Inc. must build and rent the affordable units to seniors with incomes at or below 80% of area median family income.
- (c) Notre Dame Place, Inc. will execute a Deed of Trust Lien and a Deed Restriction on the property which will carry a 20 year term for the affordable units.
- (d) Notre Dame Place, Inc. will have two (2) years to fully complete the project.

Section 3. That the City Controller is hereby authorized to disburse funds in accordance with this resolution and the terms and conditions of the loan agreement with Notre Dame Place, Inc. as follows:

<u>FUND</u>	<u>DEPT</u>	<u>UNIT</u>	<u>OBJ</u>	<u>CT</u>	<u>VENDOR</u>	<u>AMOUNT</u>
HM10	HOU	463C	3015	HOU463CD651	68164	\$318,000

Section 4. That the City Controller is hereby authorized to set up receivable balance sheet account (033F) and an allowance for uncollectible debt (022D) in fund HM10 for the amount of the loan.

February 8, 2012

Section 5. That nothing in this resolution shall be construed as a binding contract or agreement upon the City and there will be no liability or obligation on the City until final contract documents are approved and executed.

Section 6. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: February 8, 2012
COUNCIL DISTRICT(S): 5
DEPARTMENT: Housing/Community Services
CMO: Ryan S. Evans, 670-3314
MAPSCO: 65G

SUBJECT

Authorize an amendment to Resolution No. 11-1759, previously approved on June 22, 2011, to increase the loan amount by \$100,000 on an existing Chapter 380 economic development forgivable loan with Sapphire Road Development, LLC for the acquisition of improved and unimproved properties, located along the Lancaster Corridor Neighborhood Investment Program Area, including associated closing costs, relocation, environmental remediation, demolition, and/or predevelopment costs for the purpose of constructing residential, retail, commercial, or mixed-use redevelopment as part of the Economic Development Plan for the area – Not to exceed \$100,000 from \$4,300,000 to \$4,400,000 - Financing: 2006 Bond Funds

BACKGROUND

The Lancaster Corridor in the Lancaster Road community of Dallas is a main artery for South Central Dallas. The Corridor combines transit, commercial, retail, and residential assets and is a City Council priority for economic development and redevelopment options that will improve neighborhoods all along the corridor. Sapphire Road Development, LLC is currently working on the redevelopment of a site to the east of the Veterans Administration Hospital. The development is anticipated to include a two level facility combining retail and residential components. Public assistance is required for the development of this site and other properties in the Lancaster Corridor Neighborhood Investment Program (NIP) Area.

The City Council is asked to consider adding \$100,000 to an existing Chapter 380 economic development forgivable loan with Sapphire Road Development, LLC to assist with acquisition costs, associated closing costs, relocation, environmental remediation, demolition, and/or predevelopment costs for the purpose of constructing residential, retail, commercial, or mixed-use redevelopment. Sapphire Road Development, LLC has shown progress in acquiring properties and preparing to develop those properties but additional funds are needed to complete demolition and clearance to begin the predevelopment stages.

BACKGROUND (continued)

The loan is forgiven provided that demolition occurs within one year from the date of the initial advance, development within five years from the date of the initial advance, and construction completion with Certificate of Occupancy not later than seven years from the date of the initial advance under the Loan Agreement. If the Developer/Borrower fails to comply with these requirements, the City has the option to require conveyance of lien free, fee simple title to the City of Dallas.

Sapphire Road Development, LLC has been in real estate development for over 15 years in Dallas and has built several hundred homes. Yigal Lelah, company president, has previously worked with the City of Dallas on the Pleasant Oaks affordable housing community. Sapphire has made good progress with its work on this contract and needs these additional funds to further its first phase efforts. Sapphire has also submitted a Low Income Housing Tax Credit application for this project.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On April 20, 2009, a briefing was presented to the Economic Development Committee regarding authorization of the proposed Chapter 380 economic development forgivable loan with Sapphire Road Development, LLC.

On April 20, 2009, a briefing was presented to the Housing Committee regarding authorization of the proposed Chapter 380 economic development forgivable loan with Sapphire Road Development, LLC.

On May 12, 2010, City Council approved an increase to the economic development loan for a total of \$2,700,000 by Resolution No. 10-1239.

On October 26, 2010, City Council approved an increase to the economic development loan for a total of \$4,000,000 by Resolution No. 10-2771.

On June 22, 2011, City Council approved an increase to the economic development loan for a total of \$4,300,000 by Resolution No. 11-1759.

FISCAL INFORMATION

2006 Bond Funds - \$100,000

OWNERS

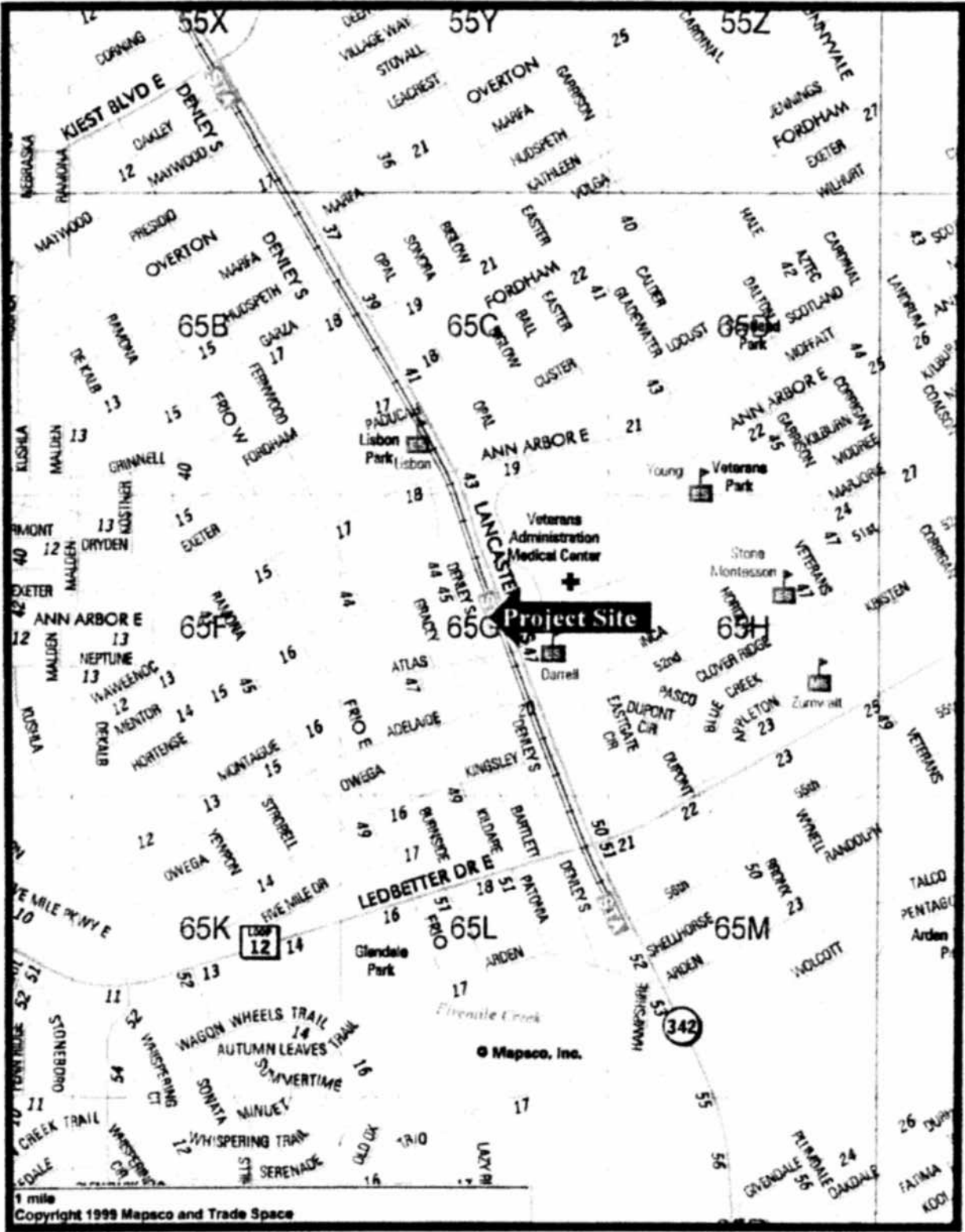
Sapphire Road Development, LLC
Yigal Lelah, President

DEVELOPER

Sapphire Road Development, LLC
Yigal Lelah, President

MAP(S)

Attached



MAPSCO 65G

February 8, 2012

WHEREAS, the City recognizes the importance of its role in local economic development; and

WHEREAS, the City seeks to stimulate redevelopment of certain areas in the southern sector, including the Lancaster Corridor Neighborhood Investment Program Area, to foster the public purpose of economic development; and

WHEREAS, on August 9, 2006, the City Council authorized an ordinance ordering a bond election to be held in the City of Dallas on November 7, 2006 for the purpose of submitting propositions for the issuance of general obligation bonds for funding permanent public improvements; and

WHEREAS, on November 7, 2006, the voters of Dallas approved a \$1.35 billion General Obligation Bond Program of which \$45,495,000 was set aside for the purpose of providing funds for promoting economic development in the Southern area of the city, and promoting economic development in other areas of the city in connection with transit-oriented development; and

WHEREAS, on December 12, 2007, the City Council approved an amendment to the Public/Private Partnership Program to include a special category for an Economic Development General Obligation Bond Program for Southern Dallas; and

WHEREAS, On April 22, 2009, the City Council authorized a Chapter 380 economic development forgivable loan with Sapphire Road Development, LLC for development and related cost including the acquisition of improved and unimproved properties along the Lancaster Corridor Neighborhood Investment Program (NIP) area, including associated closing costs, relocation, environmental remediation, or demolition costs for the purpose of constructing residential, retail, commercial, or mixed-use redevelopment in accordance with the Economic Development Master Plan for the area; and

WHEREAS, on May 12, 2010, the City Council authorized an increase to the economic development loan for a total of \$2,700,000 by Resolution No. 10-1239; and

WHEREAS, on October 26, 2010, the City Council authorized an increase to the economic development loan for a total of \$4,000,000 by Resolution No. 10-2771; and

WHEREAS, on June 22, 2011, the City Council authorized an increase to the economic development loan for a total of \$4,300,000 by Resolution No. 11-1759; and

WHEREAS, Sapphire Road Development, LLC proposes to continue to work with the City of Dallas for the Lancaster Corridor Neighborhood Investment Program Area project; **NOW, THEREFORE,**

February 8, 2012**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

Section 1. That the City Manager or designee, upon approval as to form by the City Attorney, is hereby authorized to increase the loan amount by \$100,000 on an existing Chapter 380 economic development forgivable loan with Sapphire Road Development, LLC for the acquisition of improved and unimproved properties, located along the Lancaster Corridor Neighborhood Investment Program Area, including associated closing costs, relocation, environmental remediation, demolition and/or predevelopment costs for the purpose of constructing residential, retail, commercial, or mixed-use redevelopment as part of the Economic Development Plan for the area

Section 2. That the other terms of the loan documents shall include:

- a. Borrowers notes payable to the City of Dallas will have a maturity date of 7 years; provided however, if the Borrower fails to commence redevelopment of the acquired properties within 5 years from the date of initial advance under the Loan Agreements, commence demolition if necessary within 1 year or complete construction evidenced by a certificate of occupancy having been obtained from the City of Dallas within 7 years from the date of initial advance under the Loan Agreements, the entire amount of each loan becomes due and payable.
- b. If Borrower fails to timely comply with requirements in Section 2 (a) hereof, the City of Dallas has the option to require Borrower to convey to the City of Dallas fee simple title to the properties acquired with funds under the loan from the City of Dallas, free of any liens or encumbrances not acceptable to the City.
- c. Borrower shall execute a first lien deed of trust on each property acquired for which acquisition, closing costs, demolition, and predevelopment costs have been expended from loan proceeds.
- d. For Borrower to receive approval from the City to purchase a property or expend funds for other allowable costs, borrower must provide a property survey, title commitment, environmental assessment, and appraisal performed by an independent fee appraiser, acceptable to the City in the City's sole discretion. The City retains the right to conduct a review of the appraisal of the property for which approval is sought, and in no event will the City loan in excess of the appraised value of the property as determined by the City.
- e. No approval by the City of the expenditure of any loan funds shall bind or obligate the City to approve any zoning or re-plat change that Borrower may request for the properties.

February 8, 2012

- f. Borrower shall obtain approval from the City for permitted uses of the properties. "Permitted uses" includes those uses that are permitted under the Dallas Development Code on the property, but in no event may they include any use that requires a sexually oriented business license under Chapter 41A of the Dallas City Code, or a liquor store, a pawn shop, a body piercing studio, or a tattoo studio as those terms are defined by the Dallas Development Code.
- g. As a certificate of occupancy has been obtained for a constructed structure or project on a property, Borrower will be released from the indebtedness on the note for the corresponding loan proceeds advanced.
- h. Deed Restrictions to prevent property sale or transfer of ownership without consent and approval of the City.
- i. Intermediate benchmarks for progress acceptable to the City of Dallas may be established in the loan documents.

Section 3. That the loan(s) (secured by liens on the real property) will provide for 0% annual interest and repayment in 7 years from the date of the initial advance under each Loan Agreement, each portion forgivable if development of sites purchased is commenced within 5 years of the date of the initial advance under each Loan Agreement and demolition is completed within 1 year of the initial advance under each Loan Agreement and all development is complete with certificates of occupancy issued within 7 years from the date of the initial advance under the Loan Agreement unless the time is extended by the Director of the City of Dallas Housing/Community Services Department.

Section 4. That the City Controller is hereby authorized to encumber and disburse funds from Fund 9T52, Department HOU, Unit T808 Object 3015, Activity HOIN, Encumbrance No. HOUT808D656, Vendor No. VS0000054745, in an amount not to exceed \$100,000.

Section 5. That the City Controller is hereby authorized to set up receivable balance sheet account (033F) and an allowance for uncollectible debt (022D) in fund 9T52 for the amount of the loan.

Section 6. That nothing in this resolution shall be construed as a binding contract or agreement upon the City and there will be no liability or obligation on the City until final contract documents are approved and executed.

Section 7. 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.