

Memorandum



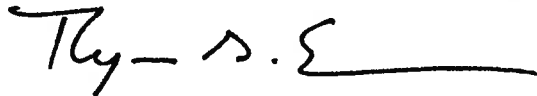
DATE August 1, 2014

TO Members of the Economic Development Committee: Tennell Atkins (Chair), Rick Callahan (Vice Chair) Scott Griggs, Adam Medrano, Jerry R. Allen, Lee Kleinman

SUBJECT **Cedar Branch Townhouse and Bridge Project Southwestern Medical TIF District**

On Monday August 4, 2014, you will be briefed on Cedar Branch Townhouse and Bridge Project Southwestern Medical TIF District. A copy of the briefing is attached.

Please let me know if you have any questions.



Ryan S. Evans,
Interim First Assistant City Manager

c: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, City Manager
Rosa A. Rios, City Secretary
Warren M.S. Ernst, City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge
Forest E. Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Shawn Williams, Interim Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council
Karl Zavitkovsky, Director, OED
J. Hammond Perot, Assistant Director, OED

Cedar Branch Townhouse and Bridge Project Southwestern Medical TIF District

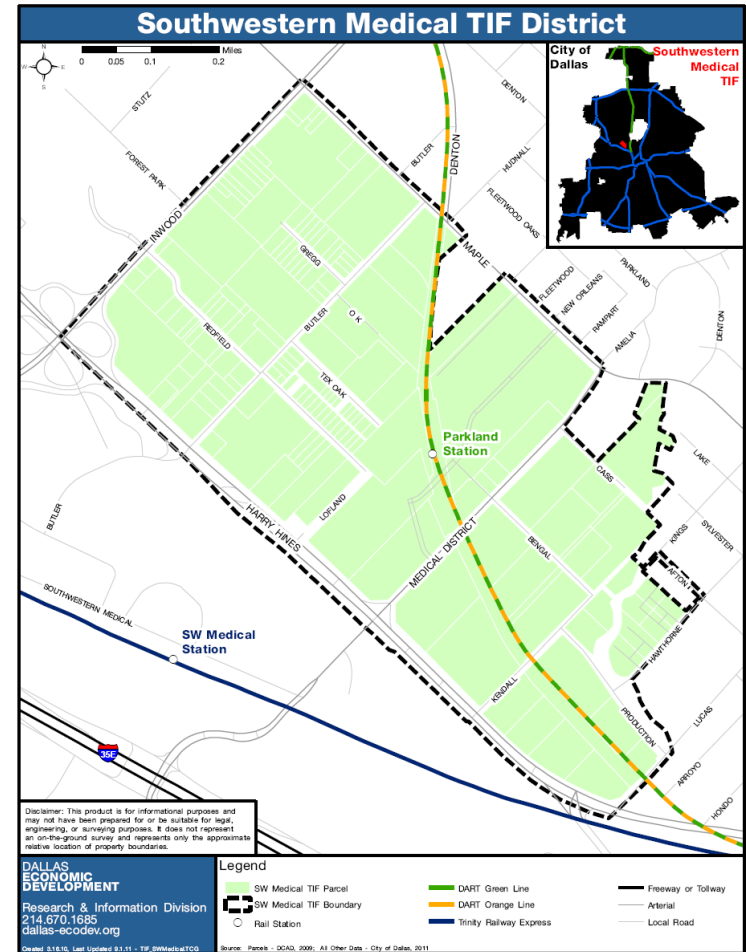
Economic Development Committee
August 4, 2014

Purpose

- Review TIF funding request for Cedar Branch Townhome and Bridge Projects in the Southwestern Medical TIF District
- Discuss implementation of a Pilot Program which involves using TIF funds to support mixed income, for-sale housing
- Seek Economic Development Committee approval for City Council consideration of related items on August 13, 2014

Southwestern Medical TIF District: Background

- Created April 27, 2005
- Located approximately 2.5 miles northwest of downtown, in area bounded by Stemmons Freeway between Harry Hines Boulevard, Inwood Road and Maple Avenue
- Adjacent to Southwestern Medical District, a 390 acre employment center including UT Southwestern Medical Center, Parkland Health and Hospital System, and Children's Medical Center



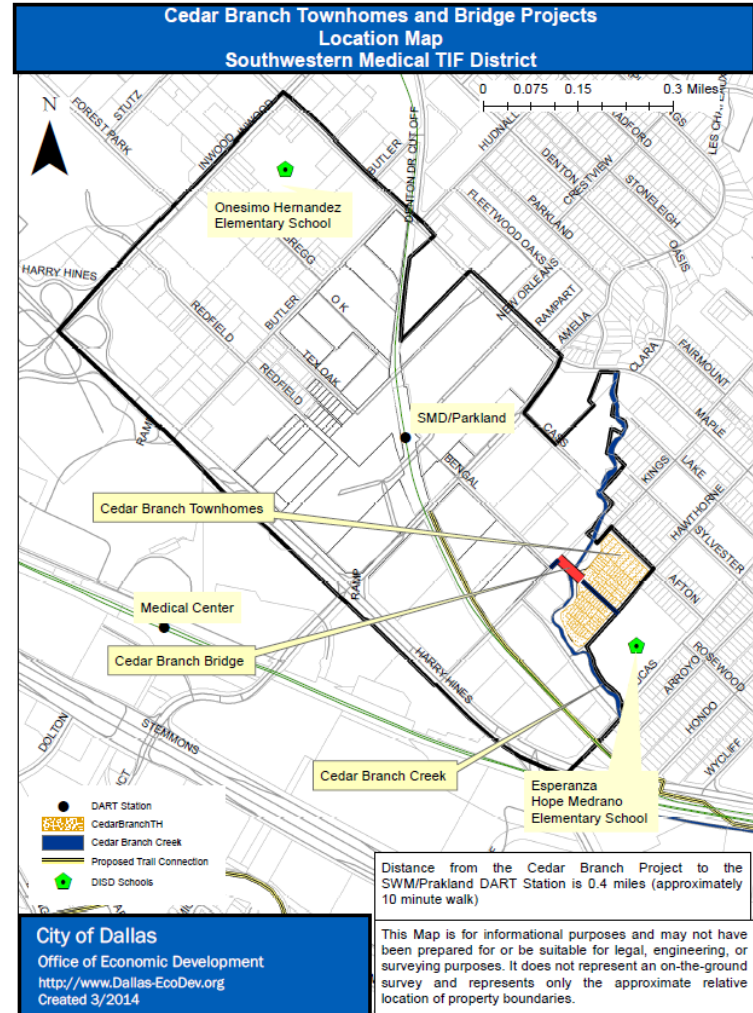
Southwestern Medical TIF District: Background (continued)

- Southwestern Medical District scheduled to terminate on December 31, 2027 (including collection of the 2027 increment in calendar year 2028) or when the approximately \$49.9 million in incremental revenue is collected (see Appendices 1 and 2).



Cedar Branch Project

- Cedar Branch Project consists of:
 - 112 Townhomes – 89 market rate/23 affordable
 - Bridge connecting Hawthorne Avenue to Parkland light rail station
- Located at the corner of Production Drive and Hawthorne Avenue (see map on right)
- Texas Intownhomes LLC, managed by Frank Liu will complete the Cedar Branch Projects. Liu is an award winning townhome developer, with projects in Houston and Dallas (see Appendix 10). Recent work includes Farmers Market Square Townhomes, adjacent to the Dallas Farmers Market.



Cedar Branch Townhomes

- Project Description: 112 townhomes/2 phases
 - 89 market rate homes
 - price range from \$300,000 to \$400,000
 - 23 affordable homes (20% of the total units)
 - Sold to the Qualified Buyers at \$150,000
 - TIF subsidy of \$150,000 per home offsets difference between market and affordable sales price
- Provides high quality, well designed, for-sale housing to moderate income families
- Well situated site – close to employment center & light rail station; 2.5 miles from downtown Dallas
- Estimated project cost - \$39M
- Construction Start – 12/31/15
- Project Completion – 12/31/17
- Financing – 100% Developer Equity



TIF Affordable Housing Policy

- All Active TIFs have an Affordable Housing component
- Applies to residential or residential mixed-use projects receiving TIF assistance (10% Downtown, 20% Citywide; residents must not exceed 80% of AMI for a period of 15 years)
- Implementation of affordability requirements for multi family rental projects is straight forward
- Utilization of TIF assistance to support for-sale housing is more complex
 - Developer unwilling to assume risk
 - Delayed sales (high volume business)
 - High subsidy requirements
 - Deed restriction/compliance monitoring
- Austin's Mueller Airport Development provides successful for-sale mixed-income support model
- Cedar Branch Townhomes Project an ideal Pilot Program for Dallas
 - Experienced Developer
 - Available TIF funds
 - Proximity to job center and light rail station
 - Located in mixed income environment

Cedar Branch Townhomes TIF Funding Request

Cedar Branch Townhomes TIF reimbursement:

- (1) Public Infrastructure expenditure not to exceed \$2,888,366
 - Public improvement costs - paving, streetscape and pedestrian lighting – **typical TIF reimbursement for infrastructure that benefits community as a whole**
- (2) Pilot Program - TIF Grant to allow Developer to provide Affordable For-Sale Housing – **modeled after Austin program**
 - City to subsidize affordable homes and place lien on homes to require resale to future income qualified buyers.
 - Phase II subsidy for affordable homes contingent on successful sale of Phase I product
 - Total TIF reimbursements for affordable homes not to exceed **\$5,010,000** (see Appendix 6) – **a portion of this amount potentially not spent (if developer sells homes to qualified buyers) or reimbursed by home sales (if City sells properties)**
 - Southwestern Medical TIF District has accumulated funds which are available to offset the difference between market rate and affordable sales price (see Appendix 7)

Cedar Branch Townhomes TIF Budget

<u>Cedar Branch TH Public Improvements and Affordable Housing</u>		
Public Improvements:	Amount	Amount
Environmental	\$10,000	
Demolition	\$600,000	
Paving /Streetscape, water, sanitary and sewer	\$975,000	
Landscaping and Pedestrian Facilities	\$608,366	
Utility	\$695,000	
TIF funding for the Public Improvements		\$2,888,366
TIF Grant for Affordable Housing*		\$5,010,000
TIF funding up to		\$7,898,366

*Note: The Maximum Affordable Housing expenditure is \$5,010,000 (See Appendix 6):

Developer sells Phase I affordable homes – receives grant of \$150,000 per home	\$1,650,000
City purchases 12 townhomes (Phase II @ \$280,000/home	<u>\$3,360,000</u>
Total	\$5,010,000

Cedar Branch Townhomes Project Elevations Hawthorne Avenue



Cedar Branch Townhomes Project

Location of the Affordable Homes

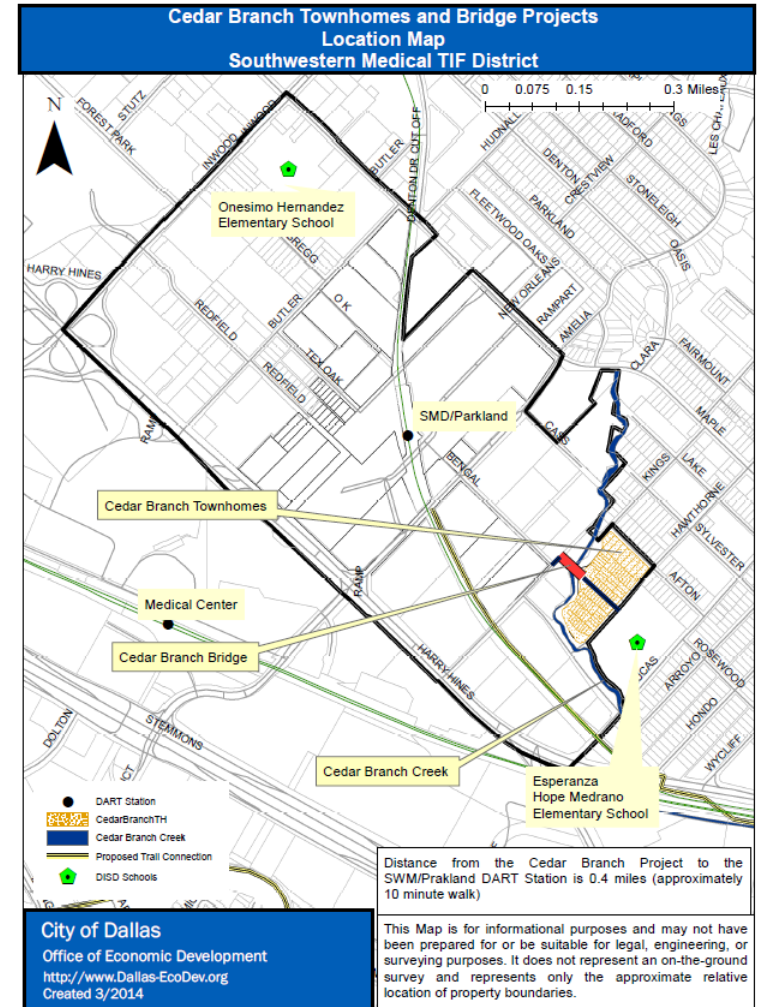
Hawthorne Avenue



Affordable units scattered throughout site

Cedar Branch Bridge

- Cedar Branch Bridge provides connectivity with neighborhood south of creek and employment center/DART light rail station
- Construction of the Bridge may require a small parcel of land (City currently owns most of the ROW for the bridge)
- Public dedication of the bridge after completion



Cedar Branch Bridge TIF Funding

- Public infrastructure expenditure in an amount not to exceed \$826,500 for bridge and potentially a small amount of additional right-of-way
- City owns right-of-way for bridge. Final design work is needed to determine if a small amount of additional right-of-way will be needed (some additional funding for land is included in the budget below)

Cedar Branch Public Improvement Cost	
Acquisition Costs	\$100,000
Infrastructure cost	\$566,500
Architects/Engineers/Consultants Total	\$100,000
Legal & Accounting	\$10,000
Soft cost and contingency	\$50,000
	\$826,500

Note: Developer is responsible for maintaining the Cedar Branch Bridge for 20 years from the time of completion.

Cedar Branch Bridge



Cedar Branch Townhomes

Affordable For-Sale Home Pilot Program

- Pilot Project modeled after successful program implemented at Austin's Mueller Airport site (see Appendix 11)
- It will be used to evaluate the City's ability to promote for-sale, affordable housing in projects utilizing future TIF reimbursements as part of mixed-income neighborhood near transit and employment opportunities
- If any affordable units do not sell within 3 months of Green Tag issuance, City has option to purchase at \$280,000 per unit and re-market to Qualified Buyers. If Developer fails to sell Phase I affordable units, no eligibility for Phase II subsidy
- To minimize City risk, if Phase I affordable units do not sell, City may waive option to purchase Phase II affordable units
- Southwestern Medical District Funds (on hand) will be used to purchase affordable units if developer unsuccessful in selling units – rare case where a TIF District has surplus, unallocated funds
- Affordable units are deed restricted so that they can only be sold to qualified buyers for period of 20 years from initial sale. City will retain a lien on the property to insure compliance.
- Since initial purchase is below market rate, appreciation on re-sale prices of the units will be limited
- OED will seek assistance from lenders and the Dallas Housing Finance Corporation to identify Qualified Buyers
- OED responsible for ongoing program monitoring and implementation

Cedar Branch Townhomes Project Phasing/Commitments

Cedar Branch Townhomes Project - Phasing:

- Phase I (11 affordable/39 market rate townhomes) and related public improvements:
 - OED and Developer will jointly promote the program and develop a list of potential qualified buyers
 - OED, DHFC and lenders will verify income levels of potential buyers and prepare a list of pre-qualified buyers
 - Developer will market affordable homes to pre-qualified buyers
 - If Developer cannot sell affordable homes to the pre-qualified buyer (3 months from Green Tag date), City of Dallas will buy the units (at \$280,000/home using available funding from Southwestern Medical TIF District and re-sell the homes to buyers from pre-qualified list)
 - (Note: follows successful implementation model developed for Mueller redevelopment)

Cedar Branch Townhomes

Project Phasing/Commitments (cont.)

- Phase II (12 affordable/50 market rate townhomes) and related public improvements:
 - Funding subsidy for Phase II affordable homes contingent on sale of Phase I affordable homes. This is pilot program. If Phase I units are not marketable, program will be discontinued
 - Developer will use list of pre-qualified buyers to market Phase II homes
 - If Developer cannot sell affordable homes to qualified buyers (3 months from Green Tag date), City of Dallas has option of buying the units (using available funding from Southwestern Medical TIF District)
 - **If City is unwilling to buy the Phase II homes**, Developer can sell the homes at market rate and no TIF funding will be provided for Phase II affordable housing

Affordable For-Sale Home Pilot Program Definitions

- **Qualified Buyer** means a household or individual with income at or below 80% of area median income (AMI) for the Dallas area standard Metropolitan Statistical Area, adjusted for household size, as determined annually by the Department of Housing and Urban Development (additional requirements are included in Appendix 8)
- **Affordability Period** is 20 years and begins on date that deed transferring title from Developer to initial Qualified Buyer is recorded. Affordability Period will be enforced by deed restrictions filed on each of Affordable Home lots.

Affordable For-Sale Home Pilot Program Clarifications

- Affordable Sales Price for the Cedar Branch Townhomes is \$150,000 initially
- Sales price is deed-restricted and City will attach lien to property limiting re-sale
- Affordable units may be sold
 - No appreciation in value allowed if home re-sold within 12 months
 - Required to resell home to qualified buyer – lenders, OED, DHFC will assist in providing list of potential buyers
 - (Note: resale process mirrors successful implementation of similar program in Mueller redevelopment)

Affordable For-Sale Home Pilot Program Clarifications

- TIF Grant offsets the initial the difference between market rate (\$300,000) and affordable sale price (\$150,000)
 - Lien filed by City of Dallas against each of Affordable Homes in amount of TIF Subsidy
 - No payments are required to be made by any Qualified Buyer with respect to TIF Lien
 - After the affordable period (20 years) TIF Lien is released
 - Affordable Homes HOA fees will be set at half the amount of HOA fees for market rate units (Developer is responsible for restrictions)
 - City of Dallas will notify Dallas Central Appraisal District of Deed Restrictions on homes upon initial sale
 - Qualified buyer will need to work with the Dallas Central Appraisal District to insure appraised value of the property reflects restricted sales price mandated by deed restrictions (DCAD has indicated that deed restrictions limiting resale value, will reduce appraised property value for these units)
 - Developer would not build homes without a City “Buy-Back” provision

Mixed Income For-Sale Housing Pilot Program Benefits

- Facilitates mixed-income housing development in close proximity to major employment area (Medical District) with light rail access (Parkland station)
- Provides opportunity for moderate income professionals (teachers, police, firemen, medical professionals) to purchase high quality homes at an affordable price, with long term investment upside
- Limited Risk:
 - Based on successful Austin program model
 - Experienced, high quality Developer
 - If Developer fails to sell Phase I units to Qualified Buyers, program discontinued

Previous & Recommended Actions

- Peer Review Committee reviewed Conceptual Site Plan and Renderings for Cedar Branch Townhomes Project
- On June 4, 2014, Southwestern Medical TIF Board of Directors reviewed and approved recommendation for TIF funding for Cedar Branch Project (Townhomes and Bridge)
- **Recommended Action:** Approval of a development agreement with IntownHomes LLC. to:
 1. Facilitate Cedar Branch Townhomes project and Pilot Program related to the provision of affordable, for-sale homes, in an amount not to exceed \$7,898,366
 2. Reimburse the Developer for the construction of Cedar Branch Bridge, in an amount not to exceed \$826,500.

- Appendices

Appendix 1: Southwestern Medical TIF Budget

Southwestern Medical TIF District Projected Increment Revenues to Retire TIF Fund Obligations			
Category	TIF Budget*	Allocated**	Balance**
Paving, streetscape, utilities, public-use improvements, design & engineering	\$18,346,136	\$0	\$18,346,136
Environmental remediation and demolition	\$5,181,912	\$0	\$5,181,912
Utility burial	\$9,559,075	\$0	\$9,559,075
Economic Development Grant	\$14,953,805	\$0	\$14,953,805
Administration and implementation***	\$1,809,418	\$207,889	\$1,601,529
Total Project Costs	\$49,850,346	\$207,889	\$49,642,457
<p>* Budget shown above in current dollars; TIF Project Plan shows the budget in net present value. ** Includes money expended and committed for existing and future projects including interest accrued on advanced funds as of the end of FY2013. *** TIF administration fee include funds expended or committed through FY 2013.</p>			

Appendix 2: Southwestern Medical TIF District Increment Projection Chart

Tax Year	Property Value Estimate Existing	Property Value Estimate New Projects	Property Value Total	Property Value	Property Value	Anticipated Captured Value	TIF Contribution City of Dallas	TIF Contribution Dallas County	Total TIF Contribution	TOTAL
				Growth Annual	Growth Cumulative					TIF Fund 2006 NPV @ 4.00%
Base 2005	\$20,936,690	\$0	\$20,936,690							
1 2006	\$21,250,740	\$0	\$23,719,720	13.3%	13.3%	\$2,783,030	\$0	\$0	\$0	\$0
2 2007	\$24,075,516	\$30,951,000	\$40,179,430	69.4%	91.9%	\$19,242,740	\$0	\$0	\$0	\$0
Adjustment to base		\$46,474,364								
New Base Value		\$67,411,054								
3 2008	\$87,256,485	\$0	\$65,570,940	63.2%	213.2%	\$44,634,250	\$267,057	\$55,837	\$322,893	\$287,051
4 2009	\$120,888,531	\$0	\$120,888,531	84.4%	477.4%	\$53,477,477	\$318,029			\$287,051
County			\$120,881,681					\$64,672	\$382,701	
5 2010	\$126,280,275	\$0	\$125,601,603	3.9%	499.9%	\$58,190,549	\$372,960			\$614,186
County			\$125,596,603					\$76,240	\$449,201	
6 2011	\$109,399,401	\$10,609,000	\$109,399,401	-12.9%	422.5%	\$41,988,347	\$266,860			\$983,396
County			\$109,394,401					\$47,062	\$313,923	
7 2012	\$139,196,520	\$0	\$127,779,825	16.8%	510.3%	\$60,368,771	\$384,911			\$1,231,494
County			\$127,774,825			\$60,363,771		\$80,709	\$465,621	
8 2013	\$152,408,068	\$0	\$152,408,068	19.3%	627.9%	\$84,997,014	\$541,941	\$113,645	\$655,586	\$2,064,358
9 2014	\$154,694,189	\$36,167,264	\$190,861,453	25.2%	811.6%	\$123,450,399	\$787,120	\$165,059	\$952,179	\$2,733,346
10 2015	\$193,724,375	\$85,971,765	\$279,696,141	46.5%	1235.9%	\$212,285,087	\$1,353,530	\$283,836	\$1,637,365	\$3,839,491
11 2016	\$283,891,583	\$43,167,343	\$327,058,926	16.9%	1462.1%	\$259,647,872	\$1,655,515	\$347,162	\$2,002,677	\$5,140,392
12 2017	\$331,964,809	\$121,609,928	\$453,574,737	38.7%	2066.4%	\$386,163,683	\$2,462,180	\$516,320	\$2,978,500	\$7,000,754
13 2018	\$460,378,358	\$59,758,873	\$520,137,231	14.7%	2384.3%	\$452,726,177	\$2,886,582	\$605,318	\$3,491,900	\$9,097,899
14 2019	\$527,939,290	\$63,164,070	\$591,103,359	13.6%	2723.3%	\$523,692,305	\$3,339,062	\$700,203	\$4,039,265	\$11,430,474
15 2020	\$599,969,910	\$47,756,069	\$647,725,978	9.6%	2993.7%	\$580,314,924	\$3,700,088	\$775,910	\$4,475,998	\$13,915,836
16 2021	\$657,441,868	\$42,772,827	\$700,214,695	8.1%	3244.4%	\$632,803,641	\$4,034,756	\$846,090	\$4,880,846	\$16,521,760
17 2022	\$710,717,915	\$44,056,011	\$754,773,926	7.8%	3505.0%	\$687,362,872	\$4,382,626	\$919,039	\$5,301,664	\$19,243,493
18 2023	\$766,095,535	\$45,377,692	\$811,473,227	7.5%	3775.8%	\$744,062,173	\$4,744,140	\$994,848	\$5,738,989	\$22,076,419
19 2024	\$823,645,325	\$0	\$823,645,325	1.5%	3834.0%	\$756,234,271	\$4,821,750	\$1,011,123	\$5,832,873	\$24,844,948
20 2025	\$836,000,005	\$0	\$836,000,005	1.5%	3893.0%	\$768,588,951	\$4,900,523	\$1,027,642	\$5,928,165	\$27,550,485
21 2026	\$848,540,005	\$0	\$848,540,005	1.5%	3952.9%	\$781,128,951	\$0	\$0	\$0	\$27,550,485
22 2027	\$861,268,105	\$0	\$861,268,105	1.5%	4013.7%	\$793,857,051	\$0	\$0	\$0	\$27,550,485
2028	\$874,187,127	\$0	\$874,187,127	1.5%	4075.4%	\$806,776,073	\$0	\$0	\$0	\$27,550,485
2029	\$887,299,934	\$0	\$887,299,934	1.5%	4138.0%	\$819,888,880	\$0	\$0	\$0	\$27,550,485
2030	\$900,609,433	\$0	\$900,609,433	1.5%	4201.6%	\$833,198,379	\$0	\$0	\$0	\$27,550,485
2031	\$914,118,574	\$0	\$914,118,574	1.5%	4266.1%	\$846,707,520	\$0	\$0	\$0	\$27,550,485
2032	\$927,830,353	\$0	\$927,830,353	1.5%	4331.6%	\$860,419,299	\$0	\$0	\$0	\$27,550,485
TOTAL During TIF		\$631,361,841				\$41,219,630	\$8,630,716	\$49,850,346		\$27,550,485

Appendix 3: Cedar Branch Townhomes Project Summary

Square footage	200,000 sf
Required private investment for the project - acquisition, design costs, and infrastructure improvements	\$25,000,000
Total project cost including actual investment, land acquisition, all soft costs, debt expenses, etc.	\$39,000,000
Construction Costs per square foot	\$195
Average sale price of the Townhomes	\$350,000
TIF funding (for infrastructure and affordable homes)	\$7,893,666
Return on Cost with TIF reimbursement	8%
Return on Cost without TIF reimbursement	-9%
% TIF Funds to required project cost	20%
% TIF Funds to total project cost	31.5%
Construction Start Date	December 31, 2015
Project Completion	December 31, 2017
Funding Source	100% Developer Equity

Appendix 4: Cedar Branch Townhomes Project Pro-Forma

Incentives Requested				
TIF related reimbursements (requested)				\$ 2,888,366
Historic tax credits (if any)				\$ -
Other grants (if any)	% affordable housing	23 homes	\$270,000-15000	\$ 2,760,000
Total Incentives requested				\$ 5,648,366
Analysis:				
TIF as % of total costs				17.4%
Total cost PSF (all costs)				\$ 136
Hard construction only PSF				\$ 103
Finance Costs:				
Net Interest			4.00%	\$ 1,299,449
Loan Commitment Fee	1.00%	of Loan Amount		\$ 324,862
Interest Expenses & Loan Fees		of Total Costs		\$ 50,000
Total Finance				\$ 1,674,311
Income Analysis				
Projected ROI				
Income				
Sales Income		300k*88 units	150k*23 units	\$ 31,170,000
Subsidy income (ex: TIF Reimbursement)				\$ 5,648,366
Gross Income (exclusive of sales expenses)				\$ 36,818,366
Expenses				
Cost of Sales				\$ 32,489,225
Other Costs (specify)				\$ 1,674,311
Total Expenses				\$ 34,163,536
Net Income without TIF Reimbursement				\$ (2,993,536)
Net Income with TIF Reimbursement				\$ 2,654,830
Return on Cost without TIF Reimbursement				-9%
Return on Cost with TIF Reimbursement				8%

Note: Cedar Branch Townhomes price will range between \$300,000 to \$400,000. Based on the future market conditions (2017). Return on cost for the market rate units calculations are based on a \$315,000 sales price per unit.

Appendix 5: Cedar Branch Townhomes Project Requirements for TIF Funding

1. Begin construction - December 31, 2015;
2. Build a minimum of 100 townhomes/200,000 square feet minimum for residential use by December 31, 2019;
3. Description of Phases for Project:
 - **Phase I:** Construction of a minimum of 50 townhomes (85,000 square feet/minimum investment of \$10,000,000) and completion of all public improvement associated with the Cedar Branch Townhomes Project;
 - **Phase II:** Construction of balance of 100 townhomes (balance of minimum 200,000 square feet of residential space and the balance of minimum investment of \$25,000,000);
4. Invest a minimum of \$25,000,000 (validated by post construction audit of expenditures) for property acquisition cost (entire site) and hard and soft costs related to the construction of Cedar Branch Townhomes by December 31, 2019;
5. Complete Phase I by December 31, 2017 and Phase II by December 31, 2019;
6. Complete the infrastructure improvements associated with the Cedar Branch Townhomes Project and obtain a final certificate of acceptance for 50 townhomes by the Department of Public Works and Transportation by December 31, 2017;
7. Execute an operating and maintenance agreement for the public infrastructure improvements associated with the project by December 31, 2017, for a period of 20 years (2017 – 2037);

Appendix 5: Cedar Branch Townhomes Project Requirements for TIF Funding (continued)

9. Comply with the Business Inclusion and Development (“BID”) goal of twenty-five percent (25%) for the TIF reimbursable improvements and a goal of ten percent (10%) of total private expenditure for the private improvement construction, and meet all reporting requirement for each;
10. Submit quarterly (once in every three months, starting from the construction start date) project status reports to the OED Staff, from August 31, 2014;
11. Market the townhomes pursuant to an affirmative fair housing marketing plan approved by the City;
12. Construct public and private improvements that conform design and materials shown in elevations and site plans approved by OED staff and the City of Dallas Design Studio, subjected to the zoning changes, if any;
13. Mixed Income Housing Requirements: A TIF Grant in an amount of \$150,000 per affordable unit up to \$3,450,000 will be available to offset the cost of affordable units (20%). Developer will provide a detailed description of affordable units and the market rate units within the Cedar Branch Townhomes Project ;
14. If required, the project deadline will be extended up to 6 months by the Director of Office of Economic Development upon recommendation from the Southwestern Medical TIF District Board.

Appendix 6: Affordable Homes Sale Scenarios

- Best case scenario: City will reimburse Developer for selling the 23 Affordable Homes to Qualified Buyers (\$150,000 per townhome) \$3,450,000.
- Worst case scenario: In Phase I, City will reimburse Developer for selling the 11 Affordable Homes to Qualified Buyers (11 units at \$150,000 per townhome - \$1,650,000) and in Phase II, City buys 12 Affordable Homes (12 townhomes at \$280,000 - \$3,360,000) - \$5,010,000. If needed (based on market conditions) City may sell units at a reduced price.

Appendix 7: Funding source for the Cedar Branch Townhomes Project

Funding to purchase Phase I (11) units	Amount
Southwestern Medical TIF Funds as of September 30,2013	\$1,624,779
Increment Collection (2014 through 2015)	\$1,605,066
Total collections as of December 31, 2015	\$3,229,845
Required funding to buy 11 townhomes by December 31, 2015 (worst case scenario)	\$3,080,000

Funding to purchase Phase II (12) units	Amount
Remaining funds after buying Phase I units	\$149,845
Increment collection (2016-2017)	\$2,765,750
Sale proceedings from Phase 1 units	\$1,650,000
Total collections as of December 31, 2017 and potential sale proceeds	\$4,565,595
Required funding to buy 12 townhomes by December 31, 20 17 (worst case scenario)	\$3,360,000
Increment collection from 2018 will be used to reimburse for the Cedar Branch Infrastructure Improvement cost (\$2,888,366).	

*Note: The Maximum expenditure for Affordable Housing is \$5,010,000

Developer sells initial 11 affordable homes – receives grant of \$150,000 per home	\$1,650,000
City purchase s12 townhomes (Ph. II @ \$280,000/home	<u>\$3,360,000</u>
Total	\$5,010,000

Appendix 8: Pilot Program - Mixed Income Housing Guidelines For-Sale Housing

Qualified Buyer Required to:

- Annually submit the following documents to Director of OED:
 - A copy of two utility bills
 - A written statement confirming that the Qualified Buyer is occupying the Affordable Home as his/her primary residence.
- If Qualified Buyer moves from, sells, transfers, or conveys its Affordable Home during the Affordability Period, it must sell, transfer or convey the Affordable Home only upon approval of the Director of Economic Development (ED)

Affordability Period is 20 years and begins on date that deed transferring title from Developer to initial Qualified Buyer is recorded. Affordability Period will be enforced by deed restrictions filed on each of Affordable Home lots.

Appendix 8: Pilot Program - Mixed Income Housing Guidelines For-Sale Housing (continued)

- Affordable Homes can be resold only to Qualified Buyers (80% of AMI) during the Affordability Period (20 years)
- Responsibility of each Qualified Buyer to notify prospective purchasers of the existence of Affordability Period and deed restrictions, as well as requirement that purchaser of any Affordable Home assume the TIF Lien.
- Proceeds of resale:
 - First, proceeds must be used to pay first lien holder's balance
 - Second, proceeds must be used to pay all of seller's closing costs, such as broker fees, escrow fees, and other title company expenses. For purposes of this section, term "closing costs" does not include any taxes, insurance, or HOA fees paid by seller at closing
 - Finally, any remaining proceeds are divided equally between seller and City. Any payment received by City will be applied to the TIF Lien balance

Appendix 8: Pilot Program - Mixed Income Housing Guidelines For-Sale Housing (continued)

Qualified Buyer means a household or individual with income at or below 80% of area median income (AMI) for the Dallas area standard Metropolitan Statistical Area, adjusted for household size, as determined annually by the Department of Housing and Urban Development.

Qualified Buyer requirements:

- Principal residence (not rental or investment property)
- U.S. citizen or permanent legal resident
- Complete a group or face-to-face homebuyer education
- Qualify for loan from a private lender
- Valid will and confirm whom City should contact in event of Qualified Buyer's death

Appendix 8: Pilot Program - Mixed Income Housing Guidelines For-Sale Housing (continued)

- Affordable Homes shall be materially similar to market rate homes
- Affordable Homes shall be dispersed throughout the development, and shall not be segregated into a particular section of the development
- Work with Dallas Housing Finance Corporation to locate prospective buyers and qualify them as Qualified Buyers.
- Begin marketing the Affordable Homes as soon as construction permit is issued
- Sell all Affordable Homes to the Qualified Buyers
- If any Affordable Homes remain unsold 3 months after Green Tag is issued, Developer must submit to City, in writing, a statement demonstrating Developer's good faith in marketing to and attracting Qualified Buyers. In such scenario, the Director of the Office of Economic Development can choose one of following options:
 - City of Dallas and/or the Dallas Housing Finance Corporation shall have the option to purchase the home from the Developer for the Affordable Sales Price. Existing Southwestern Medical TIF Funds will be used to buy the affordable homes.
 - Developer shall pay all closing costs associated with such transaction.
- Impose recorded restrictions ensuring that HOA fees for Affordable Homes are no more than half the amount of HOA fees for market rate units.

Appendix 9: Affordable Housing Grant Requirements

Affordable Housing Grant: (\$5,010,000):

Phase I (11 affordable units)

- If any Affordable Homes remain unsold 3 months after issuance of the Green Tag, Developer must submit to City in writing a statement demonstrating Developer's good faith in marketing to and attracting Qualified Buyers.
- City of Dallas or Dallas Housing Finance Corporation shall have the option to purchase some of or all of the affordable units from the Developer: (i) each Affordable Units at \$280,000 per unit; and (ii) Developer shall pay all closing costs associated with such transaction. City of Dallas or the Dallas Housing Finance Corporation will attempt to find Qualified Buyers and sell these units.

Phase II (12 affordable units)

- If any Affordable Homes remain unsold 3 months after issuance of Green Tag, Developer must submit to the City in writing a statement demonstrating Developer's good faith in marketing to and attracting Qualified Buyers.
- City of Dallas or the Dallas Housing Finance Corporation shall have the option to purchase some of or all of the affordable units from the Developer: (i) each Affordable Units at \$280,000 per unit; and (ii) Developer shall pay all closing costs associated with such transaction. City of Dallas or the Dallas Housing Finance Corporation will attempt to find Qualified Buyers and sell these units.
- If the City is not willing to buy the Affordable Homes from the Developer, then:
 - ❑ Developer can sell these units at market rate.
 - ❑ If Developer sells some of affordable units at the Affordable Sales Price
 - ❑ Developer shall receive \$150,000 per affordable units sold.

Note: Southwestern Medical TIF funds will be used to purchase the affordable homes. Developer will be reimbursed at the closing of each unit to the Qualified Buyer.

Appendix 9: Cedar Branch Bridge Project Requirements for TIF Funding

1. Begin property acquisition process by December 31, 2014 as evidenced by good faith offer letters to the property owners;
2. Acquire property for no more than fair market value, if Developer cannot buy the property at fair market value;
3. Complete a post construction audit to show the total project investment up to \$826,500;
4. Obtain approval from the Urban Design Peer Review Committee on the Cedar Branch Bridge design;
5. Construct public improvements that conform in design and materials shown in elevations and site plans approved by Public Works and Transportation, OED staff and the City of Dallas Design Studio;
6. Comply with the Business Inclusion and Development (“BID”) goal of twenty-five percent (25%) for the TIF reimbursable improvements, the Owner shall make a good faith effort to achieve the 25% goal;
7. Dedicate the bridge to the City (at no cost), in a form acceptable to City, after its completion. The non standard improvements associated with the bridge will be maintained by the Developer for a period of 20 years from the date of completion of the bridge;
8. Participate in ongoing progress meetings with OED, PW&T and Real Estate Staff;
9. Construct bridge that conform in design and materials shown in renderings and specifications approved by OED staff, PWT staff and the City of Dallas Design Studio;
10. Submit quarterly (once in every three months, starting from the construction start date) project status reports to the OED Staff (see Exhibit A for format);
11. Complete construction of the bridge and its associated public improvements by December 31, 2019; and
12. Cedar Branch Bridge will be a public bridge (open to the public 24/7).

Appendix 10: Texas Intownhomes LLC

Frank Liu

Frank Liu founded Lovett Homes in 1980. He has 34 years of experience in commercial/residential developments, completed more than 3,000 residential homes and developed over 70 retail, industrial buildings.

Professional Activities

- Lovett Homes – Founded 1980 , Residential Urban Real Estate
- InTownHomes, Ltd. – Founded 2003 - Residential Urban Real Estate
- Lovett Commercial
- Sage Interests, Inc. – Founded 1995 - Commercial Real Estate Development

Awards

- 2011 ULI Development Distinction Award – 1st Place
- Rice University Lovett College Distinctive Associate of 2011

Education, Credentials and Community Involvement

- Rice University – BS Civil Engineering, 1978
- Rice University – Advisory Director of Asian Studies Program
- Rice University – Community Associate at Lovett College
- Spring Branch Revitalization Association, ex-President
- Mayor Anise Parker 2010 – one of the co-chairs of the Transition Team
- Congress for New Urbanism Houston – Founding Board of Trustee

Appendix 10: Texas Intownhomes LLC (continued)



Texas Intownhomes
LLC., Development
near Dallas Farmers
Market

Interior Pictures



Appendix 11: Austin's Mueller Redevelopment

Program Highlights

Investment in workforce housing at Mueller has grown to more than **\$17 million and 238 affordable homes**, during the six-year of operations for the Mueller Affordable Housing Program.

“It’s a good story of promises made and promises kept,” said longtime advocate and Mueller Foundation board member Jim Walker. “The goal of making 25 percent of all Mueller homes available to those who earn 80 percent or less than the median family income (MFI) is a goal being met. This \$17 million milestone translates to 272 working families in Central East Austin who have successfully qualified for and purchased a home at Mueller.”

Progress to date

\$17,003,717 million in value has been captured to ensure home affordability;

238 affordable homes have been sold;

272 working individuals and families served;

Sustained affordability with **24 re-sales of affordable homes**;

Exceeding stated goal of 25% of home sales at 80% median family income (MFI), currently performing at:

2% at 41-49% MFI

8% at 50-59% MFI

24% at 60-69% MFI

59% at 70-80% MFI

7% at 81-120% MF

Phase III at Mueller will include **97 new affordable homes and 14 unsold/available**.

Appendix 11: Austin's Mueller Redevelopment

THE AUSTIN CHRONICLE

<http://www.austinchronicle.com/news/2007-03-23/458463/>

Developing Stories: Pioneering at Mueller

Affordable Housing Ready for Takeoff

BY KATHERINE GREGOR, MARCH 23, 2007, NEWS

Did you ever hear of sweet Betsy from Pike,

Who crossed to the old airport with her husband, Ike,

With three stars for Green Building, onward through the fog,

A bus pass, Ikea couch, and an old yeller dog?

For inner-city pioneers priced out of Downtown condos, Mueller – the new community on the site of Austin's former municipal airport – could offer an affordable abode that beats the pine tar off a log cabin. Homesteaders adventurous enough to settle this new territory can register – through April 30 – to become one of the "Mueller Pioneers," the first 340 households to stake a claim at Mueller. Already, more than 4,500 Austinites enticed by the future New Urbanist community – on a 711-acre site east of I-35 near 51st Street that today looks like, well, an abandoned airport – have registered to receive information about possibly living at Mueller. Eventually, the development will include more than 4,000 homes, parks and trails, a hospital and doctors, a school, shopping, offices, employers, and hopefully rail transit. Appropriate to the Mueller Pioneer concept promoted by master developer Catellus, folks long on gumption but short on cash can stake a claim at Mueller, too, thanks to its affordable-housing program.

In all, about 2,200 homes will be built for sale at Mueller (pronounced "miller") over the next decade or so. The market-rate housing in phase one is priced from the \$180,000s for a 900-square-foot home, to the \$600,000s for a 3,700-square-foot home. For that you also could get a swanky new condo Downtown. But as Austin's largest public-private venture, Mueller serves the public interest by providing 25% "affordable housing" reserved for households of lower-than-median income. That translates to 550 affordable-program homes over time. In addition, Mueller is planned for 2,400 rental units, again with 25% reserved for families of (even more) modest means. The guarantees of affordability are written into the Master Development Agreement between the city of Austin and Catellus Development Corporation. Mueller is particularly significant because it represents the single largest addition to the city's stock of new affordable housing, according to Margaret Shaw in the Neighborhood Housing and Community Development office. As such, and given the city's huge public investment at Mueller, its affordable-housing program is relevant to all Austinites – rich, poor, or slacker.

In phase one, the 71 affordable-program residences at Mueller will be built by David Weekley Homes in two styles: attached row houses, and detached yard houses, with two or three bedrooms. To ensure a truly income-integrated community, the affordable-program homes will be sprinkled throughout the development. David Weekley also is building and selling market-rate housing right across the street, said Weekley's Jim Rado, providing every incentive to make the affordable-program homes of equal quality and indistinguishable from the

Appendix 11: Austin's Mueller Redevelopment(continued)

Affordability is a key element in the Mueller vision. The Mueller master plan calls for more than 1,150 of Mueller's new homes (25% of the total) to be affordable to families with lower than median incomes. The homes, both for sale and for rent, will be fully integrated into the neighborhood, enhancing its vitality and sense of community. Mueller's affordable homes program will feature:

- Affordable home choices that include yard houses, row houses, Mueller Houses, condominiums and rental apartments all mixed in throughout the community
- Affordable for-sale homes will be available for households with incomes at or below 80% Austin median family income (MFI); these homes will be part of each development phase and integrated into the community
- Affordable for-rent homes will be available for households with incomes at or below 60% MFI; these will include both units integrated with market-rate housing as well as stand-alone projects for seniors and families; at least 10% of the units in every Mueller multi-family development are planned to be affordable
- As of March 2007, the 80% MFI in Austin/Round Rock for a family of two is \$45,500 and for a family of four is \$56,900
- Affordable homes will have the same architectural quality and aesthetics of the market rate units
- An innovative shared-equity program to help ensure longer and deeper affordability at Mueller



Appendix 11: Austin's Mueller Redevelopment (continued)



The ambitious effort to redevelop Robert Mueller Municipal Airport (700 acre) into a mixed-use urban village in the heart of the city has helped Austin chart new directions. Mueller is envisioned as a sustainable community that is meeting extensive goals in housing and economic development. The award-winning Mueller master plan and the innovative Master Development Agreement with Catellus Development Group and the City of Austin are the culmination of decades of community planning efforts from visionary neighbors and active citizens.

Source:

<http://www.muelleraustin.com>

