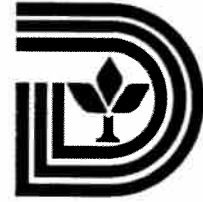


Memorandum



CITY OF DALLAS

DATE November 1, 2013

TO Housing Committee Members: Carolyn R. Davis, Chair, Scott Griggs, Vice-Chair, Monica Alonzo, Rick Callahan, Dwaine Caraway, and Philip Kingston

SUBJECT Grand Park Place Apartments

On Monday November 4, 2013, you will be briefed on Grand Park Place Apartments. 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 'Theresa O'Donnell'.

Theresa O'Donnell
Interim Assistant City Manager

c: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, Interim City Manager
Rosa A. Rios, City Secretary
Warren M.S. Ernst, City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge
Ryan S. Evans, Interim First Assistant City Manager
Forest E. Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Frank Libro, Public Information Officer
Bernadette Mitchell, Housing/Community Services, Interim Director
Elsa Cantu, Assistant to the City Manager – Mayor and Council

GRAND PARK PLACE APARTMENTS

A BRIEFING TO THE
HOUSING COMMITTEE
November 4, 2013

Key Focus Area



Economic Vibrancy

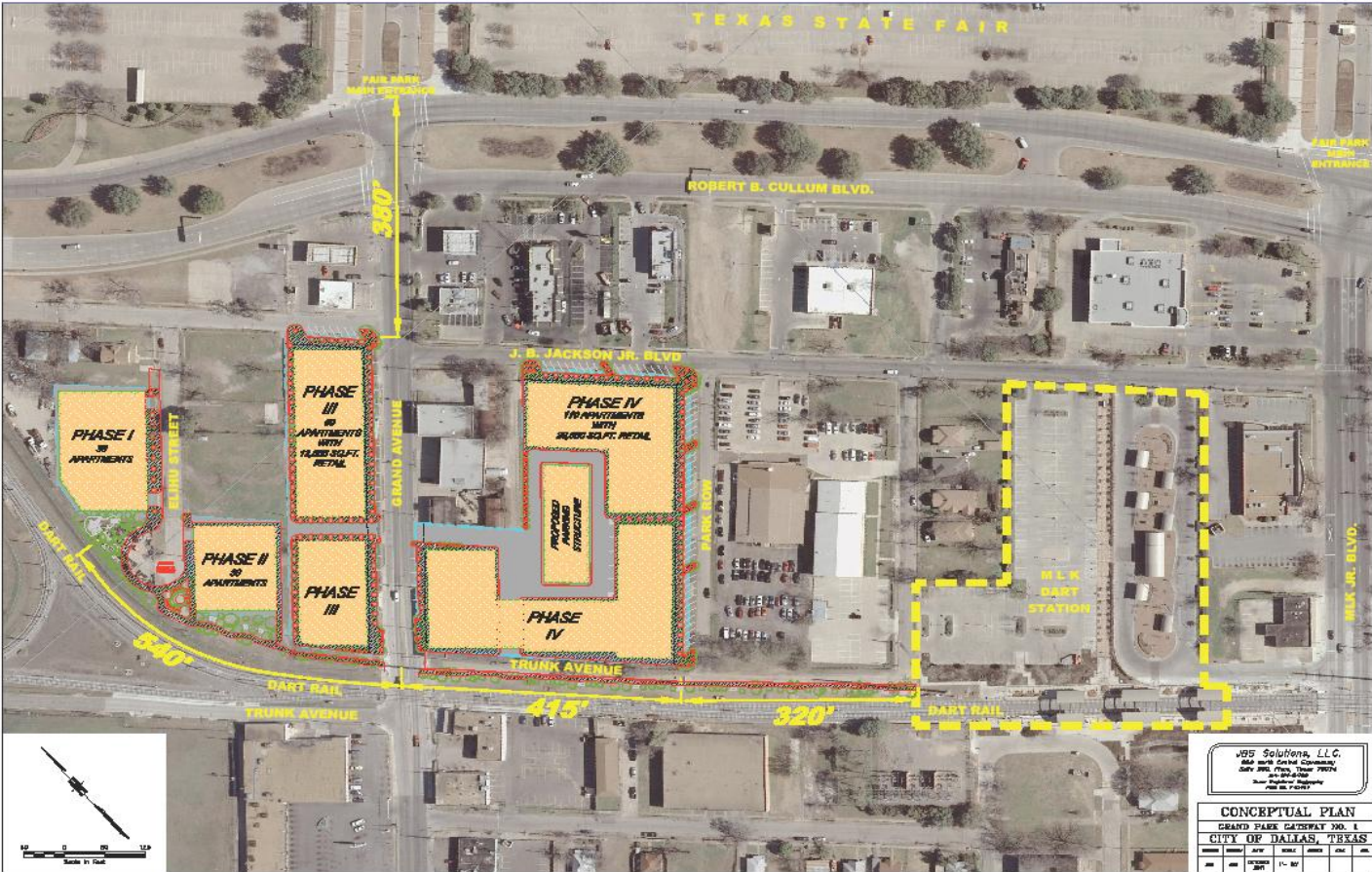
Purpose

- ▶ To present a Transit Oriented Development project which will provide new housing opportunities for families in Dallas
- ▶ To request consideration for a \$650,000 subordinate loan using Proposition 3 – 2012 Bond Funds

Project

- Grand Park Place Apartments located at 3221 Elihu Street
- Council District 7
- 38 Urban style apartment units
 - 6 one-bedroom units approximately 722 sf/unit
 - 32 two-bedroom units approximately 1024 sf/unit
- Within walking distance of DART MLK and Fair Park light rail stations
- Amenities include hardwood floors, granite counter tops & pre-wired high speed internet

SITE PLAN - Phase 1 Grand Park Place Apartments



Background

- ▶ Briefing to the Housing Committee October 17, 2011
- ▶ City Council approval of Economic Development HUD Planning Challenge Grant on January 11, 2012
- ▶ City Council authorized the commitment of \$500,000 in Proposition 8 General Obligation Bond Funds for assistance in developing Grand Park Place in the area around the MLK DART Station on January 11, 2012
- ▶ The Hall Family sought Lender financing and was able to secure \$2 million with a gap of \$650,000
- ▶ In October 2013, the Hall Family approached the City of Dallas for the additional \$650,000 to begin the project

Developer, Urban Mixed Use, LLC

- ▶ Urban Mixed Use, LLC is owned in majority by Mrs. Floydell Hall, with Devin Hall and Durand Hall as minority owners. Devin Hall is the General Manager
- ▶ The Hall family has been in the demolition, asbestos abatement, commercial construction, planning and development business in Dallas for over 30 years
- ▶ Over the last 5 years, the Hall family has constructed multifamily complexes and provided construction management services:
 - 5914/16 Hudson Street, Dallas, Texas; 26,000 sf of construction
 - 5922 Hudson Street, Dallas, Texas; 7,800 sf of construction
 - 5924 Hudson Street, Dallas, Texas; 12,600 sf of construction
 - Texas Instruments; Complex foundations for a remediation facility

Proposed Ownership, Developer and Management Company

- ▶ Owner/Developer
 - ▶ Urban Mixed Use Limited Liability Company: Single Asset Ownership Structure
 - ▶ Floydell Hall is 98% owner
 - ▶ Devin Hall is 1% owner and general manager
 - ▶ Durand Hall is 1% owner
- ▶ General Contractor:
 - ▶ An as yet to be formed company, with same ownership structure as Urban Mixed Use, LLC., will be the General Contractor
- ▶ Management Company:
 - ▶ Capstone Real Estate Services, Inc. will provide lease-up and management of apartments

Rendering of Grand Park Place Site



SOURCES AND USES

Sources:

Hall Family Equity	\$ 800,160
City of Dallas – Housing Dept. Grant	\$ 500,000
City of Dallas – Conditional Loan	\$ 650,000
Private Lender (Spirit of Texas Bank)	<u>\$ 2,000,000</u>
Total	\$ 3,950,160

Uses:

Land	\$ 300,000
Planning, Zoning, Platting, Architecturals	\$ 267,943
Construction Costs	\$ 3,242,217
Interest	\$ 130,000
Marketing	\$ 10,000
Total	\$ 3,950,160

Stabilized Proforma

Revenue	\$459,720
Vacancy Loss	(43,051)
Other Income	<u>18,620</u>
Total Revenue	\$435,289
Operating Expenses	(\$169,749)
Replacement Reserves	<u>(\$9,500)</u>
Net Operating Income	\$256,040
Debt Service	<u>(\$158,389)</u>
Net Cash Flow	\$97,651

- ▶ Net Rents
 - Approximately \$ 1.04 per sf for one bedrooms
 - Approximately \$ 1.03 per sf for two bedrooms

Utilization Rates at DISD Public Schools in the Area

- ▶ DISD Schools assigned to the address of 3221 Elihu Street and their utilization percentages:
 - Martin Luther King, Jr. Elementary School located at 1817 Warren Ave. is currently 73% utilized
 - The new Billy Earl Dade Middle School located at 2727 Grand Ave is currently 38% utilized
 - James Madison High School located at 3000 Martin Luther King, Jr. Blvd. is currently 55% utilized

◦ As of Fall 2013

Benefits to the City

- ▶ 38 high quality new affordable units provided by locally recognized developer, builder and property manager
- ▶ In conjunction with other Phases, the project will bring a pedestrian friendly community of residential, commercial, retail, office and restaurants to the area.
- ▶ This would be the first new apartment building constructed in the area in the last 15 years

Next Steps

- December 11, 2013 – Council to consider approval of a conditional \$650,000 forgivable loan
 - Deed Restrictions for 10 years to rent to families at or below 140% Area Median Family Income