

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: September 24, 2014
COUNCIL DISTRICT(S): 6
DEPARTMENT: Housing/Community Services
CMO: Theresa O'Donnell, 671-9195
MAPSCO: 43E 43F 43K 43P 44J 44K 44N

SUBJECT

Authorize **(1)** an extension of the development loan agreement with Builders of Hope CDC, West Dallas Project to December 31, 2015, for acquisition and related acquisition costs of 22 unimproved properties; and **(2)** a development loan in the amount of \$521,400 for the construction of the final eleven homes – Financing: 2013-14 HOME Investment Partnership Program Grant Funds

BACKGROUND

In August 2009, Builders of Hope CDC (BOH) and the City of Dallas entered into a loan agreement for funding for the West Dallas Project for \$500,000 to acquire 22 improved and unimproved properties for construction of single family homes available to low-to-moderate income families scattered throughout West Dallas.

Pursuant to the CHDO Program Statement for June 27, 2001, Council Resolution No. 01-2049, the City of Dallas Housing Director was authorized to approve development funding for projects with fewer than 100 units. The West Dallas Project was approved by this method. As of the notice from the City Manager dated February 28, 2014 requiring more transparency, this and similar projects must now be presented for City Council approval.

As of August 1, 2014, BOH has built or rehabilitated and sold eleven single family homes to low-to-moderate income families at or below 80% AMFI. Eleven homes remain to be built. The total approximate cost of development per unit is \$157,879 for a 1,350 square foot home. The recent sales are valued at \$100,000. BOH has obtained private financing for a portion of the construction costs with Inwood Bank and has requested a \$521,400 development loan from the City. The City funds will be used to pay for a portion of the total development costs including soft costs, construction costs and developer fee. The average subsidy is anticipated to be \$57,879 per unit.

BACKGROUND (continued)

The loan terms will be zero percent interest with a maturity date of December 31, 2015. BOH will be forgiven a prorated portion of the loan as homes are sold. Homebuyers will assume a 15-year resale restriction. Proceeds from the sale of units will be repaid to the first lender then the City less related and approved closing costs.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 27, 2001, the City Council approved the CHDO Loan Program Statement that authorized the Housing Director to approve development funding for projects with fewer than 100 units, by Resolution No. 01-2049.

On June 26, 2013, the City Council approved the City of Dallas Consolidated Plan Budget for FY 2013-14 federal funds which included the HOME Investment Partnership Funds for Housing Development Loan Program, by Resolution No. 13-1142.

September 2, 2014, the Housing Committee was briefed on Builders of Hope CDC organization and the West Dallas project.

FISCAL INFORMATION

2013-14 HOME Investment Partnership Program Grant Funds - \$521,400

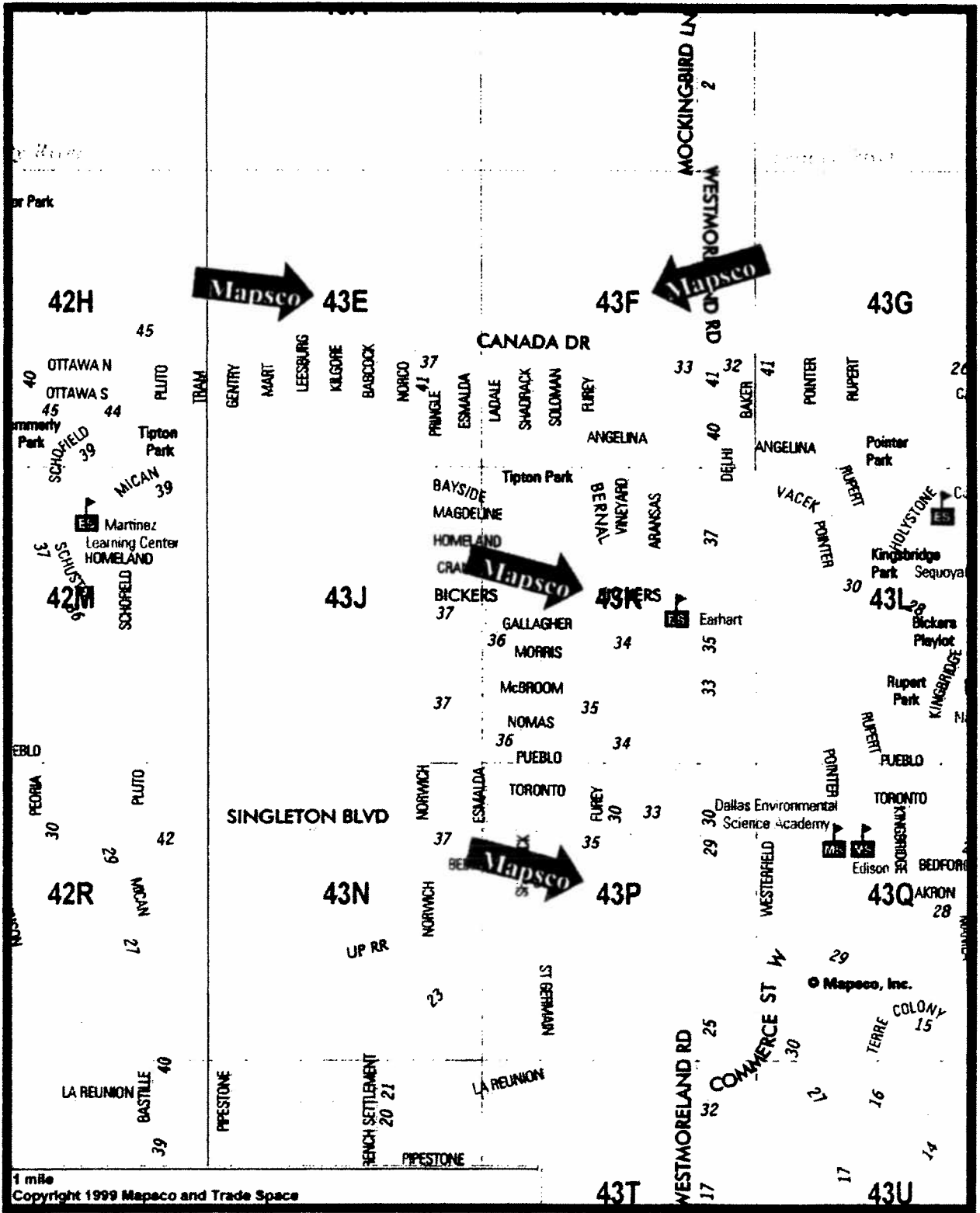
OWNER

Builders of Hope CDC

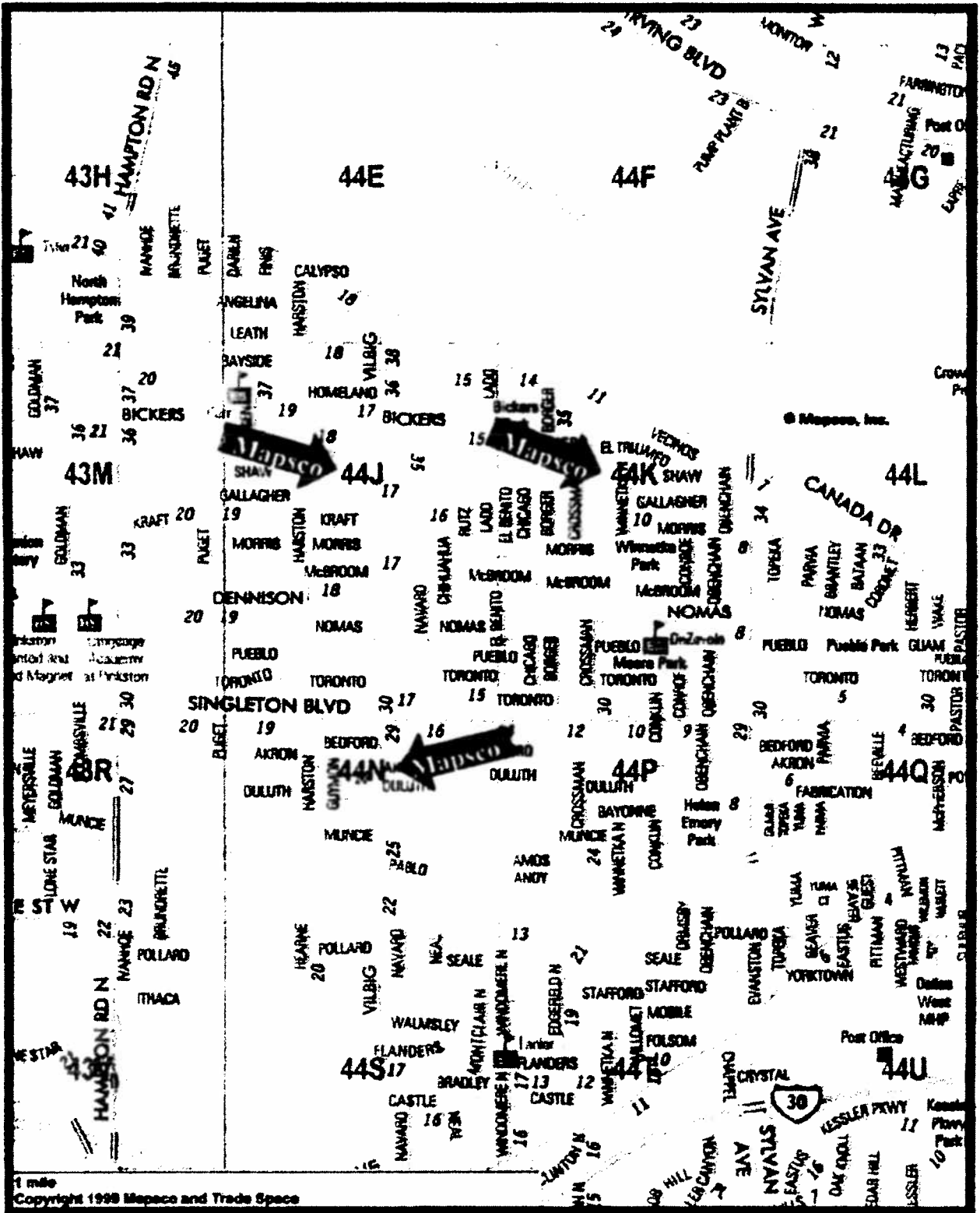
Norman Henry, President

MAP(S)

Attached



MAPSCO 43E, F, K & P



MAPSCO 44J, K & N

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WHEREAS, on June 27, 2001, the City Council approved the CHDO Loan Program Statement that authorized the Housing Director to approve development funding for projects with fewer than 100 units, by Resolution No. 01-2049; and

WHEREAS, on June 26, 2013, the City Council approved the City of Dallas Consolidated Plan Budget for FY 2013-14 federal funds which included the HOME Investment Partnership Funds for Housing Development Loan Program, by Resolution No. 13-1142; and

WHEREAS, on September 2, 2014, the City Council Housing Committee was briefed on Builders of Hope CDC and the West Dallas project; and

WHEREAS, Builders of Hope has requested an extension of time to the development loan agreement to allow them to continue their efforts to construct the final eleven units to sell or rent to low-to-moderate income families; **NOW, THEREFORE**,

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 (1) an extension of the development loan agreement with Builders of Hope CDC, West Dallas Project for acquisition and related acquisition costs of 22 unimproved properties to December 31, 2015; and (2) a development loan in the amount of \$521,400 for the construction of the final eleven homes.

Section 2. The terms of the agreement include:

- (a) Borrower must execute a Notes Payable and Deed Restrictions.
- (b) BOH must complete and sell or rent the remaining homes to low-to-moderate income families whose incomes are 80% or less of Area Median Family Income (AMFI) by the maturity date.
- (c) Borrower will be released from liability on the Note at the same time the low-to-moderate income family closes the purchase or executes a lease on the home.
- (d) Properties will be deed restricted for affordability at 80% or less of AMFI for sale and resale to eligible homebuyers for a period of fifteen years. In the case of rental, properties are deed restricted for 20 years.

Section 3. That the City Manager, upon approval as to form by the City Attorney, is authorized to execute a subordination of lien to a lender who is providing construction financing on the property.

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Section 4. That the City Manager, upon approval as to form by the City Attorney, is authorized to execute releases of liens and terminate deed restrictions on the 22 properties upon compliance with the loan terms and deed restrictions.

Section 5. That the City Controller is hereby authorized to disburse funds in accordance with this Resolution and the terms and conditions of the loan agreement as follows:

Builders of Hope CDC Vendor # 337558

<u>FUND</u>	<u>DEPT</u>	<u>UNIT</u>	<u>OBJ</u>	<u>CT</u>	<u>AMOUNT</u>
HM13	HOU	236F	3015	HOU236FK130	\$521,400

Section 6. That the City Controller is hereby authorized to modify receivable balance sheet account (033F) and an allowance for uncollectible debt (022D) in fund HM13 for the amount of the loan.

Section 7. That nothing in this resolution shall be construed as a binding contract or agreement upon the City, that it is subject to available HOME funds and there will be no liability or obligation on the City until final contract documents are approved, executed, and final closing completed.

Section 8. 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.