

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: November 12, 2013
COUNCIL DISTRICT(S): 4
DEPARTMENT: Housing/Community Services
CMO: Theresa O'Donnell, 671-9195
MAPSCO: 55X

SUBJECT

A resolution authorizing conveyance of 6 unimproved properties by Deed without Warranty to City Wide Community Development Corporation or an affiliate or subsidiary, for \$10 and the purchaser's agreement to construct 45 permanent supportive housing units for women with children on the properties within 3 years of execution of the deed (list attached) – Financing: No cost consideration to the City

BACKGROUND

The Serenity Place Apartments will be developed for permanent supportive housing for women with children. City Wide Community Development Corporation (City Wide) has proposed 45 permanent supportive housing units with 40 two bedroom units and 5 three bedroom units. Each of the rental units will rent to women with children with incomes at or below 80% of Area Median Family Income.

The City acquired 6 unimproved properties for inclusion in the Serenity Place Apartments (Property). This item authorizes conveyance of the Property to City Wide or an affiliate or subsidiary for \$10, less than fair market value, for City Wide's covenant to provide a permanent supportive housing development on the Property within 3 years of execution of the Deed without Warranty. City Wide will seek to replat the Property and agrees to develop permanent supportive housing on the replatted Property. Construction of permanent supportive housing will require successful replat of the Property by City Wide. Approval to sell City Wide the Property does not constitute approval of replatting, which approval may be granted or withheld. The construction of the permanent supportive housing development shall be completed within three (3) years from the execution date of the deed. The Deed without Warranty to City Wide will contain a reverter that returns the Property to the City if the Property is not replatted within twelve months or not developed within 3 years of execution of the Deed without Warranty. The Property will be deed restricted to remain affordable to low and moderate income women with children for 5 years after initial occupancy.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

This item has no prior action.

FISCAL INFORMATION

No cost consideration to the City

OWNER

City Wide Community Development Corporation

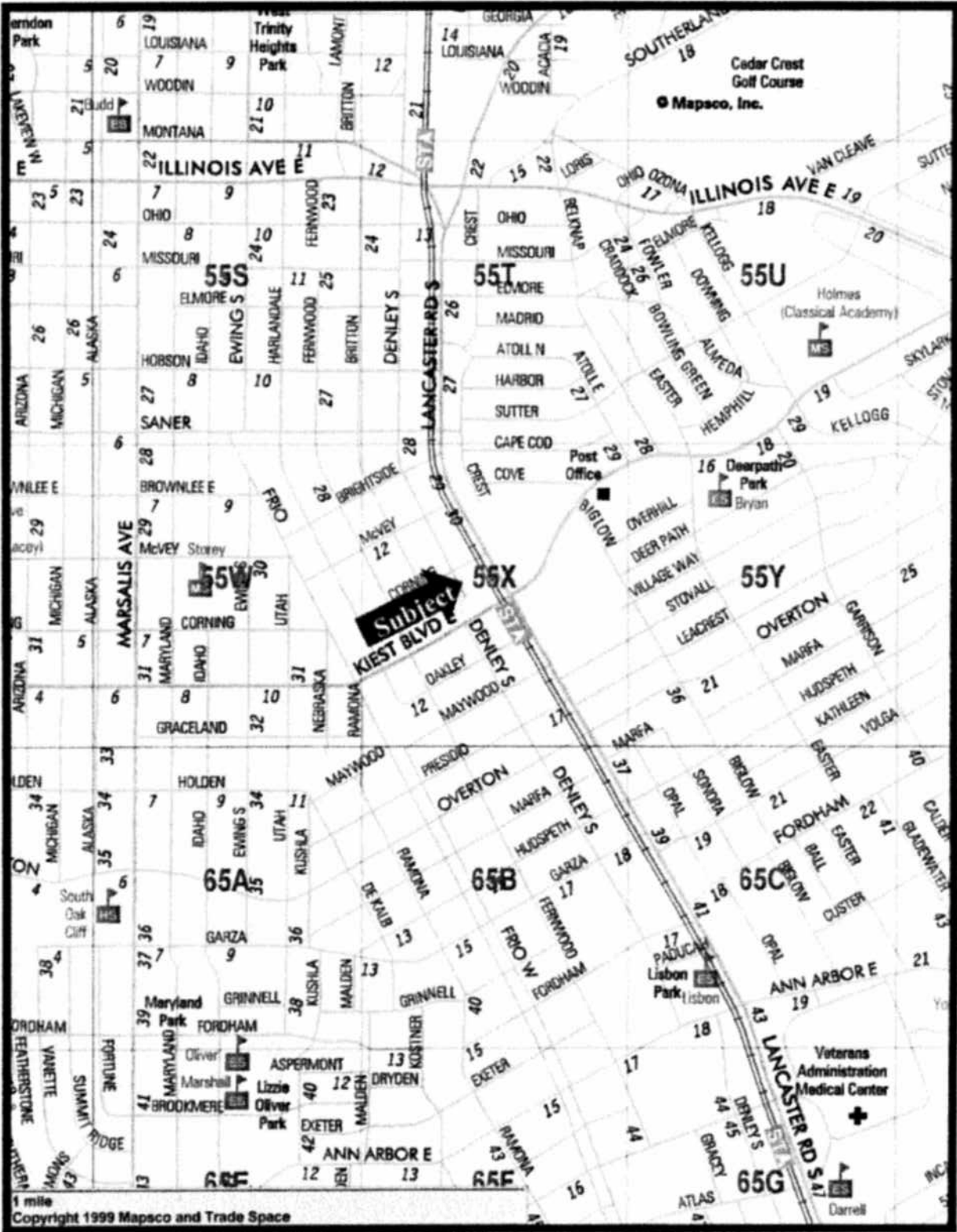
Sherman Roberts, President

MAP

Attached

**Lots to be Conveyed to
City Wide Community Development Corporation**

<u>Parcel No.</u>	<u>Address</u>	<u>DCAD Amount</u>
1	1310 E. Corning	\$24,000
2	3106 S. Denley	\$11,000
3	3110 S. Denley	\$26,490
4	3114 S. Denley	\$23,430
5	3118 S. Denley	\$26,700
6	3122 S. Denley	\$38,990



MAPSCO 55X

November 12, 2013

WHEREAS, the City of Dallas acquired six tracts of land identified by legal description ("Property") on Exhibit "A", attached hereto and made a part hereof; and

WHEREAS, as authorized by Section 272.001(g) of the Texas Local Government Code, the City desires to sell the Property to a developer for the development of permanent supportive housing; and

WHEREAS, the Deed without Warranty to this Property will contain:

- (1) a requirement that the purchaser seek to replat the Property within twelve months of execution of the Deed without Warranty, which consent may be withheld,
- (2) a requirement that within 3 years of execution of the Deed without Warranty, the purchaser develop the replatted Property with a permanent supportive housing development for rent to low and moderate income women with children with incomes at or below 80% of Area Median Family Income,
- (3) a requirement that the purchaser sign and record deed restrictions on the Property, acceptable to the City, requiring the Property to remain affordable to low and moderate income women with children for 5 years after initial occupancy, and
- (4) a right of reverter to be exercised by the City if the conditions in (1), (2) and (3) are not met; and

WHEREAS, the City Council desires to authorize conveyance of the Property to City Wide Community Development Corporation ("Purchaser") for \$10 and the Purchaser's agreement to construct a permanent supportive housing development on the Property;
NOW, THEREFORE,

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

Section 1. That the Property identified on Exhibit "A" was purchased by the City for inclusion in the Serenity Place Apartments, and is being conveyed to City Wide Community Development Corporation (City Wide) or an affiliate or subsidiary for development of permanent supportive housing.

Section 2. That the Deed without Warranty to the Property will contain:

- (1) a requirement that the purchaser seek to replat the Property within twelve months of execution of the Deed without Warranty, which consent may be withheld,
- (2) a requirement that within 3 years of execution of the Deed without Warranty, the purchaser develop the replatted Property with a permanent supportive housing development for rent to low and moderate income women with children with incomes at or below 80% of Area Median Family Income,

November 12, 2013

(3) a requirement that the purchaser sign and record deed restrictions on the Property, acceptable to the City, requiring the Property to remain affordable to low and moderate income women with children for 5 years after initial occupancy, and

(4) a right of reverter to be exercised by the City if the conditions in (1), (2) and (3) are not met.

Section 3. That the conveyance of the Property shall be subject to any visible and apparent easements, any encroachments, and any restrictions, easements, rights-of-way, or other instruments of record.

Section 4. That upon receipt of the monetary consideration from City Wide or an affiliate or subsidiary for the Property, the City Manager is hereby authorized to execute a Deed without Warranty, upon approval as to form by the City Attorney and attested by the City Secretary, conveying the Property to City Wide, subject to the requirements and restrictions listed in the aforesaid Section 2 and the City's right of reverter and deed restrictions.

Section 5. That the City Manager is authorized to execute an instrument, approved as to form by the City Attorney, releasing the City's reverter rights and terminating the deed restrictions to the Property upon compliance with all terms and conditions of the deed restrictions.

Section 6. That any procedures required by Code Section 2-24 that are not required by state law are hereby waived with respect to this conveyance.

Section 7. 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.

EXHIBIT A

<u>Parcel No.</u>	<u>Property Address</u>	<u>Legal Lot</u>	<u>Description Block</u>
1	1310 E. Corning	1	D/3891
2	3106 S. Denley	2	D/3891
3	3110 S. Denley	3	D/3891
4	3114 S. Denley	4	D/3891
5	3118 S. Denley	5	D/3891
6	3122 S. Denley	6	D/3891

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: November 12, 2013
COUNCIL DISTRICT(S): 4
DEPARTMENT: Housing/Community Services
CMO: Theresa O'Donnell, 671-9195
MAPSCO: 55N

SUBJECT

Authorize **(1)** the sale of one vacant lot located at 1907 Harlandale Avenue from the Dallas Housing Acquisition and Development Corporation to Victor Trezvant and Barbara Trezvant; and **(2)** the execution of a release of lien for any non-tax liens that may have been filed by the City – Financing: No cost consideration to the City

BACKGROUND

On June 18, 2003, Governor Perry signed the Urban Land Bank Demonstration Program Act. The Act allows the governing body of a municipality to adopt an Urban Land Bank Demonstration Program in which the officer charged with selling real property ordered sold pursuant to foreclosure of a tax lien may sell certain eligible real property by private sale to a land bank for the purpose of affordable housing developments. In 2004, the Dallas City Council established the Dallas Housing Acquisition and Development Corporation (“DHADC”) as its land bank.

If a land bank determines that a property it owns is not appropriate for residential development, Section 379C.0106 of the Texas Local Government Code (“Code”) requires that the land bank first offer the property for sale to an eligible adjacent property owner for the lower of the fair market value of the property as determined by the appraisal district in which the property is located or the sales price recorded in the annual plan.

Victor Trezvant and Barbara Trezvant are eligible adjacent property owners, as defined in the Code, and have submitted a proposal to purchase the DHADC-owned lot located at 1907 Harlandale Avenue for \$5,000.00, which amount is the sales price of the property recorded in the annual plan. The DHADC Board has approved the sale, subject to City Council approval.

BACKGROUND (continued)

This item will authorize the sale of one lot from DHADC to Victor Trezvant and Barbara Trezvant and the release of lien for any non-tax liens that may have been filed by the City. The vacant lot was purchased by DHADC from a Sheriff's sale pursuant to foreclosure of tax liens and any non-tax liens in accordance with the Code. The instrument conveying the property will include a restriction limiting the purchaser's ability to lease, sell, or transfer the property for a period of three years in accordance with the Code.

PRIOR ACTION/REVIEW (Council, Boards, Commissions)

On January 28, 2004, by Resolution No. 04-0458, the City Council established DHADC as its land bank for the purpose of acquiring, holding and transferring unimproved real property for the purpose of promoting the development of affordable housing as allowed under Chapter 379C of the Texas Local Government Code.

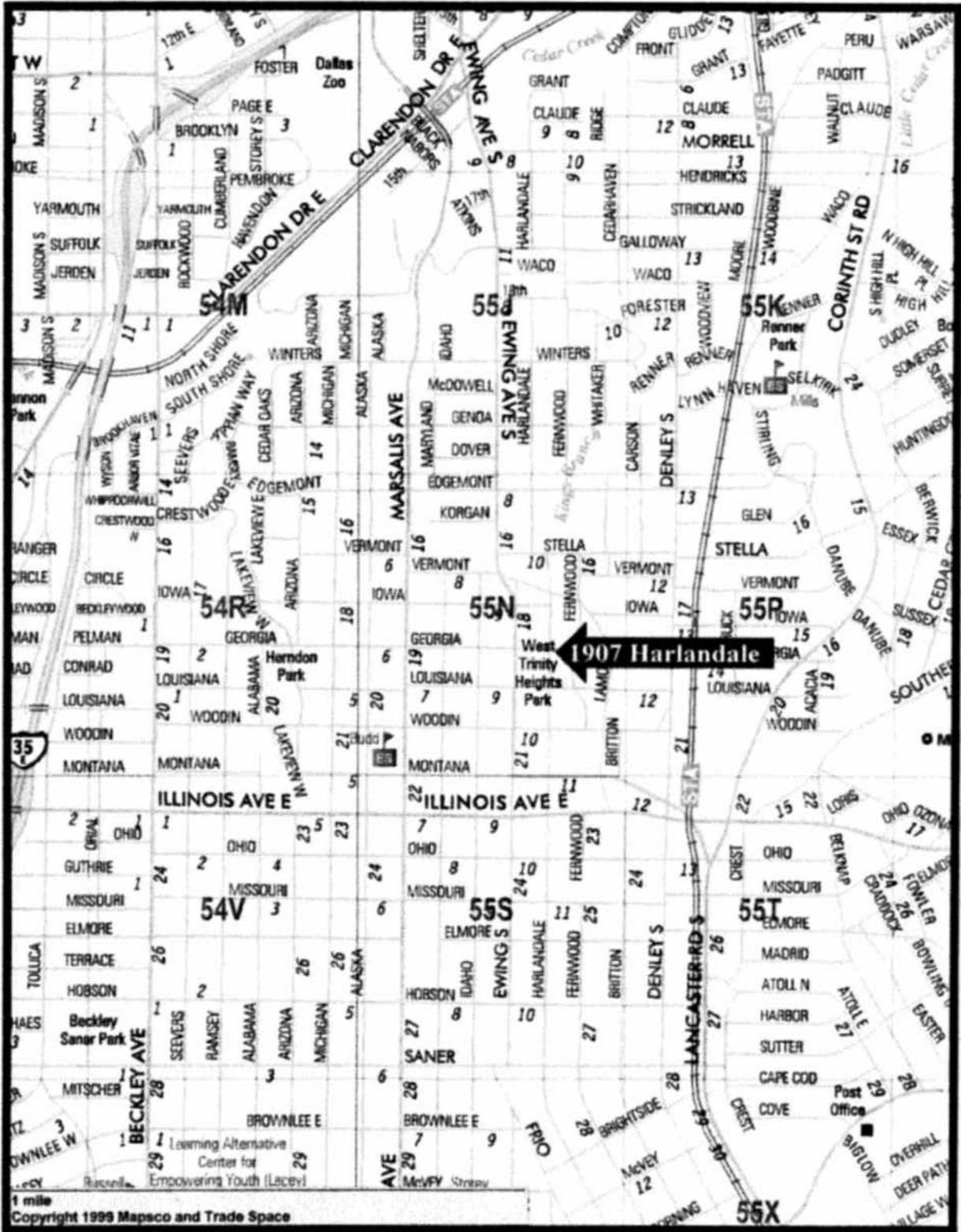
On October 17, 2013, the DHADC Board approved the sale to Victor Trezvant and Barbara Trezvant, subject to City Council approval.

FISCAL INFORMATION

No cost consideration to the City

MAP

Attached



MAPSCO 55N

November 12, 2013

WHEREAS, on January 28, 2004, the City Council established the Dallas Housing Acquisition and Development Corporation (“DHADC”) as its land bank for the purpose of acquiring, holding and transferring unimproved real property for the purpose of promoting the development of affordable housing as allowed under Chapter 379C of the Texas Local Government Code (“Code”) by Resolution No. 04-0458; and

WHEREAS, if a land bank determines that a property it owns is not appropriate for residential development, Section 379C.0106 of the Code requires that the land bank first offer the property for sale to an eligible adjacent property owner for the lower of the fair market value of the property as determined by the appraisal district in which the property is located or the sales price recorded in the annual plan; and

WHEREAS, Victor Trezvant and Barbara Trezvant are eligible adjacent property owners, as defined in the Code, and have submitted a proposal to purchase the DHADC-owned lot located at 1907 Harlandale Avenue for \$5,000.00, which amount is the sales price of the property recorded in the annual plan; and

WHEREAS, the instrument conveying the property will include a restriction limiting the purchaser’s ability to lease, sell, or transfer the property for a period of three years in accordance with the Code; and

WHEREAS, on October 17, 2013, the DHADC Board approved the sale to Victor Trezvant and Barbara Trezvant, subject to City Council approval; **NOW, THEREFORE**,

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

Section 1. That the sale of the lot located at 1907 Harlandale Avenue from DHADC to Victor Trezvant and Barbara Trezvant is approved.

Section 2. That the City Manager, upon approval as to form by the City Attorney, is authorized to execute a release of lien for any non-tax liens that may have been filed by the City on the lot located at 1907 Harlandale Avenue.

Section 3. 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: November 12, 2013
COUNCIL DISTRICT(S): All
DEPARTMENT: Housing/Community Services
CMO: Theresa O'Donnell, 671-9195
MAPSCO: N/A

SUBJECT

Authorize the endorsement of the Dallas Area Permanent Supportive Housing Plan for 2013-16 to implement three key strategies which will prioritize homeless and disabled people being placed in permanent supportive housing by **(1)** increasing Permanent Supportive Housing capacity; **(2)** increasing supportive services capacity; and **(3)** preventing the number of new homeless persons with disabilities from increasing - Financing: No cost consideration to the City

BACKGROUND

The Metro Dallas Homeless Alliance (MDHA) staff and volunteers developed the Permanent Supportive Housing (PSH) Plan over the past two years with guidance from the Greater Dallas Homeless Policy Alliance which is a collaboration of key community stakeholders with a history of advocating for improved services for homeless people. Leaders from the City of Dallas, Dallas Housing Authority, Dallas County, and North Texas Behavioral Health Authority (NTBHA), have all taken a committed role in this process.

On September 3, 2013, the Housing Committee was briefed on the Dallas Area Permanent Supportive Housing Plan for 2013-16. The plan estimates an unmet need of 1,800 additional units of PSH during this period. The Dallas Housing Authority would avail three-hundred (300) units on an annual basis, MDHA would seek Continuum of Care units of fifty (50) units on an annual basis, and the Veteran's Administration would create one-hundred (100) units on an annual basis.

Regarding supportive services, the plan calls for the City of Dallas and Dallas County to continue to support case management through Emergency Solutions Funds and for Parkland and NorthStar to continue their support services efforts. Finally, with regard to prevention, the plan calls for NorthStar to increase data collection, analysis, and program strategies to better assist those with mental illness and addictions.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On January 28, 2009, the City Council authorized approval of a PSH Program Statement and 5-year plan endorsing city-wide implementation for the creation of 700 PSH units for chronically homeless individuals and use of federal grants, general obligation bonds and certificates of obligation subject to future Council approval, to fund project gap requirements to the extent permissible from each funding source by Resolution No. 09-0344.

On September 7, 2010, the Housing Committee was briefed on the status of current PSH units, the status of the 700 PSH unit goals, on PSH unit production in comparison to the goal and on recommendations to determine the need for PSH units in 2011.

On October 4, 2010, the Housing Committee was given a PSH update by the Metro Dallas Homeless Alliance and the Dallas Housing Authority.

On May 21, 2013, the Dallas County Commissioners Court endorsed the plan at its meeting. The plan has also been endorsed by the North Texas Behavioral Health Authority and the Dallas Housing Authority.

On September 3, 2013, the Housing Committee was briefed on the Dallas Area Plan for Permanent Supportive Housing 2013-16 by Metro Dallas Homeless Alliance and endorsed the plan.

FISCAL INFORMATION

No cost consideration to the City.

November 12, 2013

WHEREAS, the development of Permanent Supportive Housing (PSH) and support services continues to be a high priority for the City of Dallas; and

WHEREAS, Metro Dallas Homeless Alliance staff and volunteers developed the PSH Plan over the past two years, with guidance from the Greater Dallas Homeless Policy Alliance; and

WHEREAS, leaders from the City of Dallas, Dallas Housing Authority, Dallas County, and North Texas Behavioral Health Authority (NTBHA), have all taken a committed role in this process; and

WHEREAS, on September 3, 2013, the Housing Committee was briefed on the Dallas Area Permanent Supportive Housing Program 2013-16; and

WHEREAS, the City of Dallas now desires to endorse the Dallas Area Permanent Supportive Housing Plan 2013-16 attached as Attachment A; **NOW, THEREFORE,**

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

SECTION 1. That the City Council authorizes the endorsement of the Dallas Area Permanent Supportive Housing Plan (PSH) for 2013-16 to implement three key strategies which will prioritize homeless and disabled people being placed in permanent supportive housing by **(1)** increasing PSH housing capacity; **(2)** increasing supportive services capacity; and **(3)** preventing the number of new homeless persons with disabilities from increasing.

SECTION 2. 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.

ATTACHMENT A

DALLAS AREA PERMANENT SUPPORTIVE HOUSING PROGRAM (PSH) PLAN

Program Purpose: To establish a system capacity necessary to overtake existing chronic homelessness and prevent new cases of chronic homelessness (disabled and homeless for a year or more). With adequate permanent housing stock and supportive services in place, the vast majority of formerly homeless disabled residents succeed in maintaining housing stability and living productive and health lives. The Metro Dallas Homeless Alliance (MDHA) and partners view the Dallas Area Permanent Supportive Housing (PSH) Plan 2013-16 as a blueprint to end chronic homelessness in metropolitan Dallas.

Strategies: The PSH Plan has three key strategies which will lead to people who are homeless and disabled being placed in permanent supportive housing within one year and provide access to permanent housing with support services for the most challenged disabled guests of The Bridge and other shelters. MDHA believes that implementing this PSH Plan could end chronic homelessness in the Dallas area by 2016.

Increase PSH Housing Capacity by 1,800 units (Apartments)

- Increase capacity from the current 1,900 units to 3,700 units
- Dallas Housing Authority to provide 1,200 additional units
- The Veterans Administration to provide 400 additional units
- HUD Continuum of Care (CoC) grants coordinated by MDHA to provide 200 additional units

Increase Support Services for Expanded Housing Capacity

MDHA recognizes the critical importance of providing adequate support services to new units that will be available. This support includes on-site case managers and the full range of behavioral health services that are required.

City of Dallas: Requested to apply a portion of the HUD Emergency Solutions Grant funds to provide case management support to PSH projects each year through 2016.

Dallas County: Requested to apply a portion of HUD Emergency Solutions Grant funds to provide case management support to new PSH consumers.

North Texas Behavioral Health Authority (NTBHA): Requested to ensure that behavioral health services remain available to persons in PSH projects.

Value Options/NorthSTAR: Requested that any requests for additional NorthSTAR funding for services to PSH be jointly reviewed and evaluated by MDHA and Value Options to ensure that any additional funding is targeted to support the PSH plan.

Increase Support Services for Expanded Housing Capacity

In order to make progress towards ending homelessness in the Dallas area, there needs to be a focus on ensuring that persons with disabilities and who are currently receiving NorthSTAR services do not lose their housing. The plan specifically calls for NTHBA to coordinate services so that no more than 200 existing consumers become homeless each year and that any homeless NorthSTAR consumer is permanently housing within a year.

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: November 12, 2013
COUNCIL DISTRICT(S): 10
DEPARTMENT: Housing/Community Services
CMO: Theresa O'Donnell, 671-9195
MAPSCO: 27P

SUBJECT

Authorize **(1)** the acceptance of \$13,350,000 of Community Development Block Grant Section 108 Guarantee Loan Program Funds (Section 108 Loan Funds) from the U.S. Department of Housing and Urban Development (HUD) for Lake Highlands Town Center Phase I commercial development project; **(2)** a loan agreement with PC LH Land Partners LP (the Section 108 Borrower), its affiliates or assigns in the amount of \$13,350,000 of Section 108 Loan Funds for development of the Lake Highlands Town Center Phase I project (the Section 108 Borrower Loan) including construction of commercial buildings with approximately 145,000 square feet of space and parking structure with approximately 1,069 parking spaces, sitework, loan interest reserve, and financing costs for public offering for the transit-oriented development located in the 7140 to 7160 blocks of Skillman Street; **(3)** the City Manager to enter into all necessary agreements with HUD including a Funding Approval/Agreement, a Fiscal Agency Agreement, a Promissory Note, up to two letters of agreement for establishment of a custodial account, documents relating to additional security if required by HUD, and a letter requesting advance funds for interim financing; **(4)** the City Manager to establish appropriations for Section 108 Loan Funds for a commercial development loan; and **(5)** the City Controller to deposit and disburse funds from an identified account for Section 108 Loan Funds - Not to exceed \$13,350,000 - Financing: Community Development Block Grant Section 108 Guarantee Loan Funds

BACKGROUND

In January 2009, the City Council adopted the Community Development Block Grant Section 108 Guarantee Loan Fund Program to provide up to a total of all Section 108 projects of \$75,000,000, primarily to increase the amount of funding available for economic development through making of loans that promote activities which contribute to the development of viable communities by providing decent housing and a suitable living environment, and by promoting local economic development to stimulate business and commercial activity in the City of Dallas leading to creation of permanent jobs and provision of goods and services to project areas.

BACKGROUND (continued)

The City seeks to fund projects that increase the level of business activity by expanding economic activities. It is also important to the City that Section 108 loan repayments from borrowers match the City's required repayments to HUD on the Section 108 Guarantee Loan. Annual repayments of Section 108 Guarantee loans should be credit enhanced to eliminate risk of City making payments from annual CDBG allocations, to the extent reasonably possible. The City applied to HUD for five years of interest reserve to cover the interest payments on the Section 108 Borrower Loan during the construction and lease-up period and through stabilization of the project. Lake Highlands Town Center Phase I (Lake Highlands) project is in a transit-oriented development area in the Skillman Corridor Tax Increment Financing (TIF) District, and an estimated \$17,500,000 in future TIF funds available to the project will be used to repay the Section 108 Borrower Loan for the project.

The City received a proposal from PC LH Land Partners, LP for a loan in the amount of \$13,350,000 in Community Development Block Grant Section 108 Guarantee Loan funds for eligible activities which may include construction of commercial buildings and parking structure, sitework, loan interest reserve, and financing costs for public offering to assist with development of Lake Highlands Town Center Phase I project. The project is a commercial development including construction of approximately 145,000 square feet of commercial space containing seven buildings that will be occupied by a grocery anchor, retail, office, restaurant, and service-oriented businesses and a structured multi-level parking deck with approximately 1,069 parking spaces located in the 7140 to 7160 blocks of Skillman Street. The project will create an estimated 475 permanent jobs including an estimated 394 jobs held by individuals with incomes at 80% or less of Area Median Family Income as established by HUD.

Phase I is part of a multi-phase Lake Highlands Town Center development, which at full completion will include 1.9 million square feet of mixed-use commercial space for office, restaurant, and service-oriented businesses, and approximately 1,200 units comprised of multi-family rental units and for-sale units for mixed-income households with 20% of the units reserved for affordable housing. The project is in a transit-oriented development area located in the Skillman Corridor TIF District. 100% of the infrastructure on the site has been completed and the development is "shovel ready" to start Phase I of the vertical commercial development, which will be funded with Section 108 loan funds. None of the Section 108 loan funds will be used for any aspect of the construction of residential units.

The project is part of a public/private partnership in which proposed funding will be provided from Tax Increment Financing (TIF) District funding and City funding. The City Council approved a TIF development agreement with PC LH Land Partners, LP to provide TIF funds for development of the Lake Highlands Town Center project on June 13, 2007, for funding not to exceed \$23,000,000.

BACKGROUND (continued)

The Economic Development Committee was briefed on a proposed amendment to the TIF development agreement to increase the TIF funding and voted favorably to recommend the funding increase on June 20, 2011. The City Council approved the amendment to the TIF development agreement with PC LH Land Partners, LP to increase funding for development of the multi-phase Lake Highlands Town Center development from \$23,000,000 to \$40,000,000 on June 22, 2011.

Total project costs to develop the commercial portion of Phase I of the development including construction of commercial buildings with approximately 145,000 square feet of space for a grocery anchor, retail, office, restaurant, and service-oriented businesses and 1,069-space structured parking garage is approximately \$46.2M with the City contributing 28.9%. Funding for the project will come from the \$13.35M Section 108 Loan funds and from a first lien note of \$25.9M and owner/developer equity of \$6.9M.

The Economic Development Committee was briefed on the Community Development Block Grant Section 108 Guarantee Loan proposed application for submission to HUD for development of Lake Highlands Town Center Phase I project on December 5, 2011. The Committee gave favorable recommendation for the City to apply for Section 108 Guarantee Loan funds for the project. The City held a neighborhood public hearing at the Audelia Road Library Branch at 10045 Audelia Road on January 12, 2012, and received favorable comments on the application to be submitted to HUD for the Lake Highlands project. On December 14, 2011, the City Council authorized a public hearing to be held on January 25, 2012, which complies with HUD regulations and the City's Citizen Participation Plan of 30 days comment period from date of call for public hearing.

After the City Council public hearing held on January 25, 2012, the City Council approved submission of the Section 108 Loan funds application to HUD for the Lake Highlands project, and the City submitted the application to HUD on February 2, 2012. The City submitted an amended application to HUD on March 23, 2012, in conformance with revisions required by HUD following its preliminary review of the application. HUD approved an award of \$13,350,000 in Section 108 funds for the Lake Highlands project on July 17, 2012.

The Section 108 loan application requested \$13,350,000 for Lake Highlands Town Center Phase I project. The loan term will be for twenty (20) years with interest only payments for the first five (5) years and principal and interest payments due for years six (6) through twenty (20). The Section 108 Borrower will repay principal and pay interest on the City's Section 108 Lake Highlands Loan with a pledge of future TIF reimbursements beginning in 2015.

BACKGROUND (continued)

The interest rate for the City's Section 108 loan from HUD will be determined by the 3 month London Interbank Offered Rate (LIBOR) plus twenty (20) basis points before the loan is required by HUD to be sold at public offering. HUD public offerings are usually held in the fall of every year, at which time the full balance of the loan will be advanced by HUD at a permanent interest rate determined by yields on U.S. Treasury obligations of similar maturity plus a small additional basis point spread.

Interest will be paid by Prescott Realty Group, Inc., the developer, through a combination of interest reserve built into the construction loan, and a pledge of partnership distributions until the TIF reimbursements start in 2015. The interest rate on the loan to the developer will be .50% higher than the Section 108 Loan from HUD and both loans will have matching amortization. The pledge of an income stream and/or a guaranty by the borrower may be pledged as a backstop guaranty, if required, for the loan repayment. All loan payments by borrower will provide adequate funds for the City to make its payments on the Section 108 Loan from HUD.

The Section 108 Loan funds will be used to fund construction of approximately 145,000 square feet of commercial space that will be occupied by a grocery anchor, retail, office, restaurant, and service-oriented businesses and a 1,069-space structured parking structure and to fund sitework, loan interest reserve, and financing costs related to public offering. The commercial development of the project will meet the statements of community development objectives in the City's Consolidated Plan dealing with creation of employment opportunities by creating approximately 394 jobs that will be held by low to moderate-income employees. The job creation also meets a HUD National Objective of providing jobs to low- to moderate-income persons.

This action item requests authorization for the City Manager to execute the documents necessary to enter into a \$13,350,000 Section 108 loan agreement with HUD; to appropriate the Section 108 loan funds to the proper account; to execute a loan agreement with the Section 108 Borrower in the amount of \$13,350,000 of Section 108 loan funds for Lake Highlands Town Center Phase I project including construction of commercial buildings with approximately 145,000 square feet of space and a 1,069-space parking structure, sitework, loan interest reserve, and financing costs for public offering.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 13, 2007, the City Council approved a TIF development agreement with PC LH Land Partners, LP to provide TIF funds for development of the Lake Highlands Town Center project for funding in an amount not to exceed \$23,000,000 by Resolution Nos. 07-1739 and 07-1740.

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

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

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

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

On June 20, 2011, the Economic Development Committee was briefed on a proposed amendment to the TIF development agreement with PC LH Land Partners, LP for development of the Lake Highlands Town Center project to increase TIF funding from \$23,000,000 to \$40,000,000 and voted favorably to recommend the increase in funding.

On June 22, 2011, the City Council approved an amendment to the TIF development agreement with PC LH Land Partners, LP to increase funding for development of the Lake Highlands Town Center project from \$23,000,000 to an amount not to exceed \$40,000,000 by Resolutions Nos. 11-1744 and 11-1745.

On December 5, 2011, the Economic Development Committee was briefed on the Community Development Block Grant Section 108 Guaranteed loan application to HUD for development of the Lake Highlands Town Center project and voted to favorably recommend that the City apply for Section 108 Guarantee Loan funds for the project.

On December 14, 2011, the City Council authorized a public hearing to be held on January 25, 2012, to receive comments on the proposed City of Dallas submission of an application to HUD for a Section 108 loan not to exceed \$13,350,000 for the Lake Highlands Town Center project by Resolution No. 11-3306.

On January 25, 2012, the City Council held a public hearing and following the public hearing authorized submission of a Section 108 Guarantee Loan Funds application to HUD for a Community Development Block Grant Section 108 loan in the amount of \$13,350,000 by Resolution No. 12-0337.

On June 26, 2013, this item was deferred by Councilmember Allen.

FISCAL INFORMATION

Community Development Block Grant Section 108 Guarantee Loan Funds -
\$13,350,000

OWNER

PC LH Land Partners, LP

Judson L. Pankey, Manager
& Co-General Partner

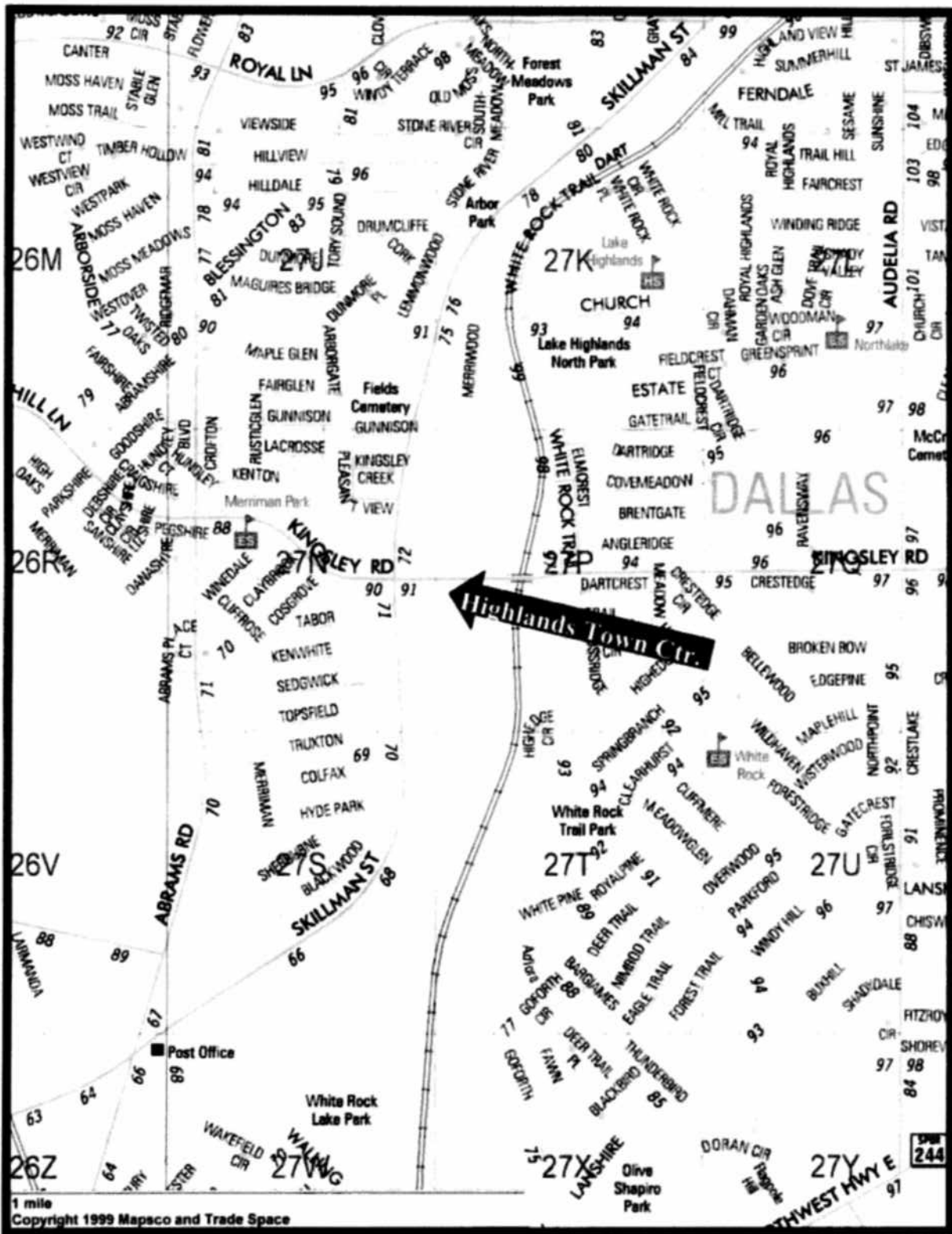
DEVELOPER

Prescott Realty Group, Inc.

Judson L. Pankey, Chief Executive Officer

MAP

Attached



MAPSCO 27P

November 12, 2013

WHEREAS, the City of Dallas seeks to increase the amount of funding available for economic development through making loans that promote activities which contribute to the development of viable communities by providing decent housing and a suitable living environment, by promoting local economic development to stimulate business and commercial activity in the City of Dallas leading to creation of permanent jobs and provision of goods and services to project areas, and by providing for elimination of specific conditions of blight, physical decay, or environmental contamination to protect the health and safety of the public; and

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

WHEREAS, on June 13, 2007, the City Council authorized a development agreement with PC LH Land Partners, LP ("PC LH") to provide TIF funding not to exceed \$23,000,000 related to the development of the Lake Highlands Town Center by Resolution Nos. 07-1739 and 07-1740; and

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

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

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

WHEREAS, on June 20, 2011, the Economic Development Committee was briefed and gave favorable approval on a proposed amendment to the TIF development agreement with PC LH Land Partners, LP for development of the Lake Highlands Town Center project to increase TIF funding from \$23,000,000 to \$40,000,000; and

November 12, 2013

WHEREAS, on June 22, 2011, the City Council authorized an amendment to the TIF development agreement with PC LH Land Partners, LP ("PC LH") to provide an increase in funding related to the development of the Lake Highlands Town Center project from \$23,000,000, not to exceed \$40,000,000 by Resolutions Nos. 11-1744 and 11-1745; and

WHEREAS, Prescott Realty Group, Inc., the developer, submitted a proposal to the City for CDBG Section 108 Guarantee Loan Program funds (Section 108 Loan funds) for eligible economic development activities related to the development of Lake Highlands Town Center Phase I project; and

WHEREAS, on December 5, 2011, the Economic Development Committee was briefed on the developer's request for Section 108 Loan funds in the amount of \$13,350,000 for development of Lake Highlands Town Center Phase I project and voted to favorably recommend that the City apply for Section 108 Loan funds for the project; and

WHEREAS, On December 14, 2011, the City Council authorized a public hearing to be held on January 25, 2012, to receive comments on the proposed City of Dallas submission of an application to the U.S. Department of Housing and Urban Development (HUD) for a CDBG Section 108 Loan funds loan not to exceed \$13,350,000 for Lake Highlands Town Center Phase I project by Resolution No. 11-3306; and

WHEREAS, on January 25, 2012, the City Council held a public hearing and following the public hearing authorized submission of an application to HUD for a CDBG Section 108 Guarantee Loan Funds loan in an amount not to exceed of \$13,350,000 for development of Lake Highlands Town Center Phase I project by Resolution No. 12-0337; and

WHEREAS, on February 2, 2012, the City of Dallas applied to HUD for a CDBG Section 108 Loan funds loan for PC LH Land Partners, LP, its affiliates or assigns, for a commercial development project in the 7140 to 7160 blocks of Skillman Street including construction of approximately 145,000 square feet of commercial space and 1,069-space parking structure, sitework, loan interest reserve, and financing costs for public offering for development of Lake Highlands Town Center Phase I project; and

WHEREAS, on July 17, 2012, HUD approved an award of \$13,350,000 for a CDBG Section 108 Guarantee Loan Funds loan for development of Lake Highlands Town Center Phase I project; **NOW, THEREFORE,**

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

November 12, 2013

SECTION 1. That the City Manager, upon the U.S. Department of Housing and Urban Development's (HUD's) approval of Lake Highlands Town Center Phase I project and the use of Community Development Block Grant Section 108 Guarantee Loan funds (Section 108 Loan funds) for the project, and upon approval as to form by the City Attorney, is hereby authorized to accept \$13,350,000 in Section 108 funds for Lake Highlands Town Center Phase I project located in the 7140 to 7160 blocks of Skillman Street in the Skillman Tax Increment Financing (TIF) District to fund construction of approximately 145,000 square feet of commercial space including grocery anchor, retail, office, restaurant, and service-oriented businesses and 1,069-space parking structure, and to fund sitework, loan interest reserve, and financing costs for public offering.

SECTION 2. that the City Manager, subject to approval as to form by the City Attorney, is authorized to enter into a Fiscal Agency Agreement with the local fiscal agent selected by HUD, a Contract for Loan Guarantee Assistance with HUD, a Promissory Note for either interim or permanent financing, two letters of agreement with a custodian and establishment of custodial accounts at a financial institution, other documents relating to additional security which are required by HUD when the term of the loan is ten years or more, and if funds are needed immediately, a letter requesting advance funds for interim financing.

SECTION 3. That, in connection with this Section 108 Loan, the City Manager is further authorized to execute any other necessary documents, upon approval as to form by the City Attorney, including, but not limited to, a Funding Approval/Agreement, assignment of lien to HUD, blank endorsement of note to HUD, Co-lenders agreement, a request for project funding, and Community Development Block Grant Contract.

SECTION 4. That the City Manager is authorized to enter into loan agreements and execute, subject to approval as to form by the City Attorney, all necessary loan documents with PC LH Land Partners LP, its affiliates or assigns for development of Lake Highlands Town Center Phase I project in the 7140 to 7160 blocks of Skillman Street in the Skillman Corridor Tax Increment Financing (TIF) District to fund construction of approximately 145,000 square feet of commercial space including grocery anchor, retail, office, restaurant, and service-oriented businesses and 1,069-space parking structure, and to fund sitework, loan interest reserve, and financing costs for public offering.

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SECTION 5. That the terms of the loan documents for the \$13,350,000 Section 108 Borrower Loan fund loan include:

- a. The Borrower must execute a Note payable to the City of Dallas for no more than \$13,350,000 for the economic development loan for Lake Highlands Town Center Phase I project and will execute a Deed of Trust for the period of HUD's Section 108 loan with the City and Use Restrictions on the property for a period of fifteen (15) years from the closing date of the loan. The interest payments for the first five years of the loan will be funded out of five years of interest reserve and Tax Increment Financing District (TIF) reimbursements to be used to make City Loan payments of principal and interest due for years 6 through 20 until the City Loan is paid in full. Both the Section 108 Loan from HUD and the City Loan to the Borrower will have matching amortization and maturity dates, and the Section 108 Lake Highlands Town Center Phase I Loan will have an interest rate which is .5% higher than the Section 108 Loan from HUD. Based on projections, all loan payments by borrower will provide adequate funds for City to make its payment on the Section 108 Loan from HUD.
- b. The Section 108 Borrower must use Section 108 Borrower Loan funds to complete construction of approximately 145,000 square feet of commercial space including grocery anchor, retail, office, restaurant, and service-oriented businesses and 1,069-space parking structure, and fund sitework, loan interest reserve, and financing costs for public offering for Lake Highlands Town Center project located at 7140 to 7160 Skillman Street.
- c. The grocery anchor, retail, office, restaurant, and service-oriented businesses in the commercial space must produce a minimum of 394 jobs held by low/moderate income individuals.
- d. Borrower will begin construction no later than twelve (12) months from contract execution and obtain Certificate of Occupancy no later than three (3) years of the closing of Section 108 Borrower Loan and will expend all of the funds for approved construction line items, except interest reserve funds, within three (3) years of the closing of the Section 108 Borrower Loan and will expend all of the funds except those necessary to meet debt service requirements.
- e. Borrower will document and report ongoing occupancy requirements on a monthly basis for the commercial tenants and will report on the incomes of low- and moderate-income persons occupying jobs created by the project. Borrower will also document job creation as necessary to meet the HUD requirements for public benefit and the National Objectives of the Section 108 Program.
- f. Borrower must provide source documentation for all other sources of funds necessary to complete Lake Highlands Town Center Phase I commercial development project.

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SECTION 6. That the City Manager, upon approval as to form by the City Attorney, is authorized to execute loan agreements, co-funding agreements, subordination of lien, intercreditor agreements, HUD regulatory agreement and any other documents necessary to document the Section 108 Borrower Loan.

SECTION 7. That the City Manager, upon approval as to form by the City Attorney is authorized to execute releases of liens on the property and other collateral upon compliance with the terms of the loans.

SECTION 8. That the City Manager is authorized to establish appropriations in the amount of \$13,350,000 in Fund 0J54, Unit 0J5D, Obj 3090 for project costs and those necessary to make repayments to HUD.

SECTION 9. That the City Controller is authorized to accept and deposit Section 108 loan funds in the amount of \$13,350,000 in Fund 0J54, Unit 0J5D, Revenue Source 8461, for project costs and those necessary to make repayments to HUD.

SECTION 10. That the City Controller is hereby authorized to encumber and disburse funds in accordance with the terms and conditions of the loan documents authorized in Section 5 as follows:

PC LH Land Partners, LP C/O Prescott Realty Group Vendor # VS0000021277

Fund 0J54, Dept HOU, Unit 0J5D, Obj 3075, Program # LKHighland
HOU0J5DH123 – in an amount not to exceed \$13,350,000

SECTION 11. That the City Controller is hereby authorized to set up receivable balance sheet account (033F) and deferred revenue (088M) in Fund 0J54 for the amount of the Section 108 Borrower loan.

SECTION 12. That the City Controller is authorized to accept and deposit TIF reimbursements into Fund 0J54 necessary to make HUD repayments. Principal amounts to be deposited into Revenue Source 8503 and interest amounts of the loan to be deposited into Revenue Source 8556.

SECTION 13. That the City Controller is authorized to accept and deposit repayments from the Section 108 Borrower into Fund 0J54 necessary to make HUD repayments. Principal amounts to be deposited into Revenue Source 8503 and interest amounts to be deposited into Revenue Source 8556.

SECTION 14. That the City Controller is hereby authorized to reverse the receivable balance sheet account (033F) and deferred revenue (088M) in Fund 0J54 for repayments of all principal amounts of loans.

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SECTION 15. That the City Controller is authorized to encumber and disburse loan payments to HUD in accordance with the terms and conditions of the loan documents authorized in Section 2 from Fund 0J54 - Vendor # 263304. Principal amounts to be disbursed from Object Code 3077 and interest amounts to be disbursed from Object Code 3076.

SECTION 16. That nothing in this resolution shall be construed as a binding contract or agreement upon the City; that it is subject to HUD approval of the Lake Highlands Phase I project, compliance with all HUD regulations and requirements, and available HUD funding; approval of the final loan terms and loan documents by the City Manager and City Attorney; and there will be no liability or obligation on the City until the final contract documents are approved, executed, and final closing completed.

SECTION 17. 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.

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: November 12, 2013
COUNCIL DISTRICT(S): 9
DEPARTMENT: Housing/Community Services
CMO: Theresa O'Donnell, 671-9195
MAPSCO: 47C

SUBJECT

Authorize an amendment to Resolution No. 12-2706, previously approved on October 24, 2012, to: **(1)** increase a housing development loan for 2122 Highland, LLC, from \$400,000 to \$550,000; **(2)** extend the term of the contract from October 24, 2013 to January 31, 2014; and **(3)** require that the additional \$150,000 be repaid at 0% interest over 20 years – Not to exceed \$150,000 - Financing: FY 2013-14 HOME Investment Partnership Program Grant Funds

BACKGROUND

In March 2012, Gary Hasty, partner in 2122 Highland, LLC, submitted a proposal to the City of Dallas for the rehabilitation of twenty four (24) affordable housing units for veterans at 2122 Highland Road. The two-story apartment complex which was built in 1964 was budgeted for a full rehabilitation for approximately \$943,000.

On August 20, 2012, the Housing Committee was briefed on this project and a forgivable development loan for the rehabilitation of the units was approved by the City Council on October 24, 2012, in the amount of \$400,000. Veritex Bank provided the balance of funding needed for the project.

After the start of rehabilitation, a fire occurred and increased the total cost for the full rehabilitation of the units. The developer approached the first lender for the additional funds but was turned down. In order to complete the units, the developer has requested that the City of Dallas increase its loan and has agreed to repay the additional funds.

City Council action on this item will allow for the development loan to be increased to \$550,000 and set repayment terms for \$150,000 of the loan to 0% for 20 years. The approval will also provide additional time to complete the rehabilitation through January 31, 2014.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

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

On June 22, 2011, the City Council approved the City of Dallas Consolidated Plan Budget for FY 2011-12 federal funds which included the HOME Investment Partnership Funds, by Resolution No. 11-1679.

On October 24, 2012, the City Council approved a housing development loan in the amount of \$400,000 to 2122 Highland, LLC, for the development of affordable housing to be located at 2122 Highland Road for veterans, by Resolution No. 12-2706.

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, by Resolution No. 13-1142.

FISCAL INFORMATION

2013-14 – HOME Investment Partnership Program Grant Funds - \$150,000

Original Contract Amount	\$400,000
Amendment No. 1 (this action)	<u>\$150,000</u>
Total	\$550,000

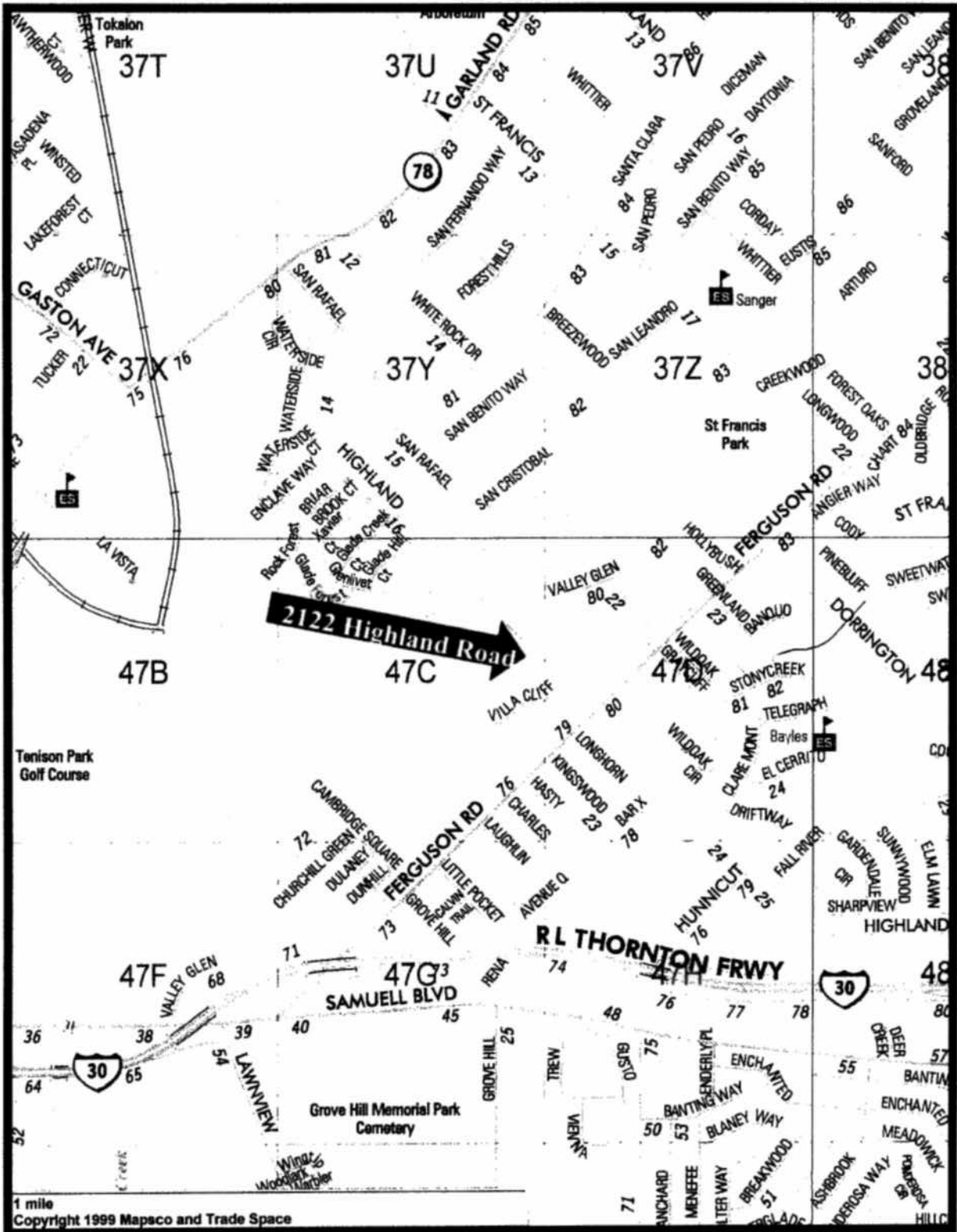
DEVELOPERS

2122 Highland, LLC

Gary Hasty, Partner
Bryan Brown, Partner

MAP(s)

Attached



MAPSCO 47C

November 12, 2013

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

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

WHEREAS, on June 22, 2011, the City Council approved the City of Dallas Consolidated Plan Budget for FY 2011-12 federal funds which included the HOME Investment Partnership Funds, by Resolution No. 11-1679; and

WHEREAS, on October 24, 2012, the City Council approved a housing development loan in the amount of \$400,000 to 2122 Highland LLC for the development of affordable housing to be located at 2122 Highland Road for veterans, by Resolution No. 12-2706; 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, by Resolution No. 13-1142; and

WHEREAS, 2122 Highland, LLC requests an increase in the budget for \$150,000 and an extension of time to complete the project to continue to work with the City of Dallas to undertake the rehabilitation of 24 affordable multifamily units at 2122 Highland Road; and

WHEREAS, the City desires for 2122 Highland, LLC to continue to develop the affordable units for veterans;

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 to authorize to amend to Resolution No. 12-2706, previously approved on October 24, 2012, to: **(1)** increase a housing development loan for 2122 Highland, LLC from \$400,000 to \$550,000; **(2)** extend the term of the contract from October 24, 2013 to January 31, 2014; and **(3)** require that the additional \$150,000 be repaid at 0% interest over 20 years.

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Section 2. The terms of the loan agreement include:

- (a) 2122 Highland, LLC must execute a note payable to the City of Dallas for \$150,000 for the loan.
- (b) The loan will be repaid at 0% interest for 240 months at \$625 per month.
- (c) 2122 Highland, LLC must rehabilitate and occupy the affordable units to veterans with incomes at or below 80% of area median family income with 20% of the units at or below 50% of area median family income.
- (d) 2122 Highland, LLC will execute a Deed of Trust Lien and a Deed Restriction on the property which will carry a 10 year term for the affordable units.
- (e) 2122 Highland, LLC will have until January 31, 2014 to fully complete the rehabilitation.

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 2122 Highland, LLC as follows:

<u>FUND</u>	<u>DEPT</u>	<u>UNIT</u>	<u>OBJ</u>	<u>CT</u>	<u>VENDOR</u>	<u>AMOUNT</u>
HM13	HOU	236F	3015	HOU236FA032	VC0000011350	\$150,000

Section 4. That the City Controller is hereby authorized to modify receivable balance sheet account (033F) and make provision for an allowance for uncollectible debt (022D) in fund HM13 for the amount of the loan.

Section 5. That this resolution shall take effect immediately from and after its passage in accordance with the Charter of the City of Dallas, and it is accordingly so resolved.