

Memorandum



DATE February 13, 2015

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

SUBJECT Section 108 Guaranteed Loan Program Update

On Tuesday, February 17, 2015, you will be briefed on Section 108 Guaranteed Loan Program Update. A copy of the briefing is attached.

Please let me know if you have any questions.



Theresa O'Donnell
Chief Planning Officer

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
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Eric D. Campbell, Assistant City Manager
Jill A. Jordan, P. E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

Section 108 Guaranteed Loan Program Update

A Briefing to the Housing Committee
February 17, 2015

Housing/Community Services Department



Purpose

Provide information and update status of
Community Development Block Grant
Section 108 Guaranteed Loan Program

Background

- January 5, 2009, City Council Economic Development and Housing Committees were briefed on application requirements and proposed guidelines for up to a total of \$75,000,000 in Section 108 loan applications
- January 28, 2009, the City Council adopted CDBG Section 108 Guarantee Loan Program Statement
- From May 2009 to December 2011, projects were individually briefed to City Council Housing Committee and/or Economic Development Committee
- City Council has given approval for submission of 12 applications

Section 108 Program

□ Program Purpose

- Keep development momentum going in growth prone areas
- Stimulate investment in more challenged areas
- Provide City with a source of financing for mixed-use housing and economic development projects including large-scale physical development projects
- Use Section 108 funding to provide project gap financing or mezzanine debt necessary to move targeted development projects forward while minimizing the risk of needing future CDBG entitlement funds to make Section 108 loan payments
- Support production of housing and jobs for low and moderate income persons

Section 108 Program (continued)

□ Eligible Activities

- Commercial or industrial improvements by nonprofits
- Grants, loans, loan guarantees for nonprofits and for profits for commercial or industrial improvements
- Planning for economic development projects
- Housing rehabilitation
- Housing construction as part of community economic development
- Construction of public facilities, public streets, sidewalks, site improvements and public utilities
- Debt service, payment of interest on the guaranteed loan and issuance costs of public offerings

Maximum Funds Allowed

- General Rule
 - 5 times the amount of the most recent CDBG Entitlement Grant, currently \$67,862,480
 - Amount in any one year
 - After HUD issues loan commitments equal to 50% of the year's total entitlement
 - HUD may limit any further commitments to \$35M
 - HUD would not decrease the commitments already issued
- City Council authorized \$75M at the start of the program

Application History

CITY COUNCIL APPROVAL OF SECTION 108 LOAN APPLICATIONS

PROJECT	Address	Construction	Loan Amount	Total Units	Total Affordable	Council Approval
Atmos Lofts	1900 Jackson St.	Rehab	11,750,000	123	63	6/24/2009 and 4/13/2011*
Shamburger Development	5630 SMU Blvd.	New	15,254,000	417	104	6/24/2009 and 10/28/2009**
Continental Building	1810 Commerce St.	Rehab	7,600,000	203	41	1/13/2010
Champion Homes at Copperridge	5602 Maple Ave.	New	1,000,000	107	107	6/23/2010
Lake Highlands Town Center	7140 Skillman St.	New	13,350,000	N/A	Commercial	1/25/2012
TOTAL NORTHERN SECTOR			48,954,000			
Courtyards at La Reunion	2201 Fort Worth Ave.	New	5,300,000	95	59	6/24/2009 and 12/9/2009***
Orleans at La Reunion	2300 Fort Worth Ave.	New	10,350,000	240	49	12/9/2009
Zang Triangle	1340 Plowman Ave.	New	5,500,000	260	52	1/13/2010
Lancaster Urban Village	4300 S. Lancaster Rd.	New	8,492,000	193	93	6/23/2010 and 11/17/2010****
Kleberg Commons	12700 Kleberg Rd.	New	1,500,000	200	200	6/23/2010
Wynnewood Seniors Housing	1500 S. Zang	New	1,500,000	140	140	6/23/2010
Plaza Hotel	1011 S. Akard	Rehab	11,000,000	N/A	Commercial	1/24/2013
TOTAL SOUTHERN SECTOR			43,642,000			

*increased loan amount from \$9M to \$11.75M and increased number of affordable units from 41 to 63

**refined the description of the uses of Section 108 funds

***increased loan amount from \$5.1M to \$5.3M and changed use from rehabilitation to demolition and new construction

****increased loan amount from \$7.4M to \$8.5M and increased number of affordable units from 39 to 98

Status of Section 108 Loan

STATUS OF SECTION 108 LOAN APPLICATIONS

PROJECT	Address	Application Submitted to HUD	Project Status
Northern Sector			
Atmos Lofts	1900 Jackson St.	5/11/2010 (Amended 7/1/11)	Loan closed - construction complete
Shamburger Development	5630 SMU Blvd.	11/3/2009	Developer withdrew application
Continental Building	1810 Commerce St.	6/8/2010	Loan closed - construction complete
Champion Homes at Copperridge	5522 Maple Ave.	N/A	Did not receive 2010 tax credits
Lake Highlands Town Center	7140 Skillman St.	2/3/2012	Loan approved - developer refused funding
Southern Sector			
Courtyards at La Reunion	2201 Fort Worth Ave.	12/22/2009	Application withdrawn
Orleans at La Reunion	2300 Fort Worth Ave.	12/22/2009	Application withdrawn
Zang Triangle	1340 Plowman Ave.	1/15/2010	Developer withdrew application
Lancaster Urban Village	4300 S. Lancaster Rd.	11/23/2010 (Amended 1/13/12)	Loan closed - construction complete
Kleberg Commons	12700 Kleberg Rd.	N/A	Did not receive 2010 tax credits
Wynnewood Seniors Housing	1500 S. Zang	N/A	Financing restructured - applicaation withdrawn
Plaza Hotel	1011 S. Akard	2/11/13 (Amended 4/8/14)	Loan approved - closing pending

Projects Ultimately Funded

TOTAL AVAILABLE NORTHERN SECTOR \$37,500							
Continental Building	1810 Commerce St.	Downtown	Rehab	7,600,000	203	41	Construction started October 2011
Atmos Lofts	1900 Jackson St.	Downtown	Rehab	11,750,000	123	63	Under review HUD Headquarters DC
TOTAL NORTHERN SECTOR				19,350,000			
BALANCE NORTHERN SECTOR				\$18,150,000			
TOTAL AVAILABLE SOUTHERN SECTOR \$37,500							
Lancaster Urban Village	4300 S. Lancaster Rd.	So. Oak Cliff	New	8,492,000	193	100	Construction completed May 2014
Plaza Hotel	1011 S. Akard St.	Cedars	Rehab	11,000,000	N/A	Commercial	Loan Approved 12/16/14
TOTAL SOUTHERN SECTOR				19,492,000			
BALANCE SOUTHERN SECTOR				\$18,008,000			

Accomplishment Summary

- ❑ Continental Building construction completed March 2013. Apartment units rented to 94% stable occupancy in May 2014.

- ❑ Atmos Lofts construction completed August 2014. 84% of apartment units rented (98% of affordable units rented). Commercial space 100% leased.

- ❑ Lancaster Urban Village construction completed August 2014. 71% apartment units rented. Commercial space 13% leased and 87% pre-leased.

- ❑ Plaza Hotel Project estimated loan closing by March 1, 2015. Construction estimated to start Mar/Apr of this year.

Future Projects

- Continue to use this tool where feasible for creation of:
 - Affordable housing
 - Job creation

- Use Section 108 funds as an enumerated resource for NOFAs
 - Continue requirement of identification of repayment source to minimize risk to future CDBG entitlement funding
 - Emphasize affordability requirement of 51% at 80% AMFI

Attachment A

Project Information Summaries

Continental Building

□ **Description**

- Conversion of a vacant commercial building to create 203 multi-family apartment units and 5,000 square feet of retail space
- 145 one-bedroom units and 58 two-bedroom units
- 41 affordable units
 - 29 one-bedroom
 - 12 two-bedroom
- Located at 1810 Commerce Street

□ **Owner** – FC Continental Landlord, LLC

- Partners
 - General Partner, FC Continental GP, Inc.
 - Limited Partner Forest City Residential, Inc.

□ **Developer** – Forest City Residential Group, Inc. has sponsored developments in downtown Dallas:

- The Mercantile Tower, 1800 Main Street - 366 apartment units, 13,770 square feet of ground floor retail and 423 below grade parking spaces
- The Wilson Building, 1623 Main – 143 apartment units and 14,000 square feet of ground floor retail

Continental Building Exterior

Continental Building - North Side



Continental Building – South/West Side



Continental Building Amenities

Residential Unit Amenities

- Granite Countertops
- Stainless Steel Appliances
- Custom Wood Cabinets
- Custom Backsplash
- Laminate Wood Floors in Living Areas
- Ceramic Tile Flooring in Bathrooms
- Washer and Vent-less Dryer in each unit

Community Amenities

- Wet Sauna
- Dry Sauna
- Hot Tub
- Fitness Room
- Yoga Room
- Massage Treatment Room
- Tanning Bed
- Community Room
- Rooftop Deck with Grill and Seating Areas

Continental Building Apartment Interior



Continental Building Community Amenities



Atmos Lofts

Description:

- Conversion of three office buildings to create 123 multi-family units for families, 9,500 square feet of retail space, and a 199-space parking garage
- 26 efficiencies, 75 one-bedroom units, 19 two-bedroom units, 3 three-bedroom units
- 63 affordable units at or below 80% area median family income
 - 13 efficiency units
 - 34 one-bedroom units
 - 12 two-bedroom units
- Located at 301 S. Harwood, 1915 Wood St., and 1815 Wood St.

Owner –Hamilton Atmos LP

- **Partners:**
 - Hamilton Atmos GP LLC, Lawrence E. Hamilton and Lawrence E. Hamilton III
 - Central Dallas Community Development Corp., John Greenan , Executive Director

Developer – Hamilton Development

Property Manager – Pinnacle, an American Management Services Central Co.

Atmos Lofts Exterior



Atmos Lofts Amenities

Residential Unit Amenities

- Granite Countertops
- Hardwood Cabinets
- Kitchen Islands
- Side by Side Refrigerators with Ice and Water Dispensers
- Microwave
- Large Walk-in Closets
- Garden-style Tubs
- Washer and Dryer in each unit
- Mecho Shade Window Coverings

Community Amenities

- Outdoor Pool
- Lounge with Grilling Area
- Fitness Center
- Community Room
- Limited Access Garage Parking
- Walk to DART Rail
- 1 Block From Main Street Garden and its Fenced Dog Park

Atmos Lofts Apartment Interior



Atmos Lofts Community Amenities



Lancaster Urban Village

Description

- Construction of commercial/retail space and multi-family apartment units
- 13,926 square feet of retail/office space
- Creation of employment opportunities
- Provision of community-serving businesses for the area
- 193 multi-family apartment units with studio and one, two, and three-bedroom unit floor plans and including 98 affordable apartment units
- Located at 4300 S. Lancaster Road

Owner – Lancaster Urban Village Commercial LLC

Developer – Lancaster Urban Village Development Partners, LP

Property Manager – Capstone Real Estate Services, Inc.

Commercial Tenants- Subway & Papa Johns

Lancaster Urban Village Exterior Views



Lancaster Urban Village Amenities

Residential Unit Amenities

- Granite Countertops
- Stainless Steel Appliances
- Kitchen Island
- Microwave
- Faux Hardwood Flooring
- Garden Tubs
- Walk-in Closets
- Washer and Dryer in each unit
- Track Lighting

Community Amenities

- Internet Cafe
- Dog Park
- Fitness Center
- Two Resort Style Open Courtyards
 - Pool
 - Grilling Pavilion
- Ground Level Retail Shops
- Security Pedestrian and Parking Entries
- Walking Distance to DART

Lancaster Urban Village Interior Courtyard View



Lancaster Urban Village Apartment Interior



Plaza Hotel Project

Description

- 1011 South Akard Street
- Rehabilitation of blighted vacant hotel to eliminate conditions hazardous to health and safety
- Convert existing vacant hotel into a 237 room full service hotel with outdoor pool and amenity area
- Creation of minimum of 220 jobs
- Scope of TIF Improvements
 - Create gateway into Cedars Neighborhood on South Akard
 - Streetscape and landscaping improvements on South Akard and West Griffin
 - Addition of bike lanes on South Akard
 - Neighborhood Plaza anchored with new retail space at corner of South Akard and West Griffin
 - Infrastructure improvements – Street construction, streetscape, water/wastewater, drainage improvements, East-West corridor construction, and public open spaces

Plaza Hotel Project

□ **Non-profit Owner**

- Texas Educational Opportunity Fund (TEOF Hotel, L.P.) affiliated with Central Dallas Community Development Corp., developer of workforce and permanent supportive housing
- John Greenan, Executive Director
 - CityWalk @Akard, adapted/rehabilitated 15-story building into 200 apartment units, 6 for-sale condos, ground floor retail, two floors of offices and permanent supportive housing completed in 2010
 - Ashby Commons, construction of 21-unit apartment complex in 2004
 - Gaston Commons, rehabilitation of 11-unit apartment complex in 2004
 - Reiger Commons, rehabilitation of 16-unit apartment complex in 2006
 - 5517 Columbia, construction of 4-unit apartment complex in 2008

□ **Developer**

- Hamilton Properties Corporation downtown developments include:
 - The Davis Building, 1309 Main Street, 183 loft apartments, 20,000 square feet of retail and 12 story parking garage for 608 vehicles
 - Dallas Power & Light, 1508 Commerce, 158 loft apartments, 25,000 square feet of retail and structured parking for 160 vehicles
 - Mosaic, 300 N. Akard, 440 lot apartments, 20,000 square feet of retail and an 8 story parking structure for 650 vehicles
 - Santa Fe IV, 1033 Young, 193 room Aloft Hotel
 - Atmos Lofts Phase I and II, 1900 Jackson St, 230 apartment units, 9,500 square feet of retail and parking structure for 199 vehicles

Plaza Hotel Project

Hotel Management – 4G Hospitality LLC

- Affiliate of Sava Holdings/Aquila Management
- Manages 745 rooms in the Dallas area
 - Aloft Hotel – Young Street downtown Dallas
 - Staybridge Suites – Plano/Richardson
 - Candlewood Suites – DFW Airport South
 - Holiday Inn – DFW Airport South
 - Element by Westin – DFW Airport North

Business Franchise

- Choice Hotels International, Choice Hotels Circle, Suite 400, Rockville, MD 20850
- Locations
 - 6,372 hotels worldwide
 - 500,000 rooms
 - 84 new hotels (7,200 rooms) under construction in 15 other countries
- Ascend Collection
 - Network of historic, boutique and one-of-a-kind hotels
 - Rated at a minimum 3 Star (diamond) rating
 - Plaza Hotel Project will be seeking 4 star rating

Project Aerial View



Current Condition

