

ECONOMIC DEVELOPMENT & HOUSING COMMITTEE
DALLAS CITY COUNCIL COMMITTEE AGENDA

RECEIVED

2018 MAY -3 PM 3:07

CITY SECRETARY
DALLAS, TEXAS

MONDAY, MAY 7, 2018
CITY HALL
COUNCIL BRIEFING ROOM, 6ES
1500 MARILLA STREET
DALLAS, TEXAS 75201
9:00 A.M.–10:30 A.M.

Chair, Councilmember Tennell Atkins
Vice Chair, Councilmember Rickey D. Callahan
Councilmember Lee M. Kleinman
Councilmember Scott Griggs
Councilmember Casey Thomas, II
Councilmember B. Adam McGough
Councilmember Mark Clayton
Councilmember Kevin Felder
Councilmember Omar Narvaez

Call to Order

1. Approval of April 16, 2018 Minutes

BRIEFINGS

2. Housing Development Contract Amendments to Extend Project Completion Dates and Include Additional Performance Thresholds and Requirements
Avis F. Chaisson, Assistant Director
Housing & Neighborhood Revitalization
 - a. Citywide Community Development Corporation Agreement for Single Family Homes – Runyon Springs Project
 - b. East Dallas Community Organization (EDCO) Agreement for Single Family Homes - Scattered Sites in the Jubilee and Dolphin Heights Neighborhoods
 - c. Greenleaf Ventures, LLC Agreement for Infrastructure Development for Single Family Homes – Located in East Dallas on Chariot Drive
 - d. Greenleaf Ventures, LLC Agreement for Infrastructure Development for Single Family Homes – Located in West Dallas on Singleton Boulevard
 - e. Greenleaf Ventures, LLC Agreement for Infrastructure Development for Single Family Homes – Located on North Prairie Creek Road
 - f. KAH Holdings dba Karrington & Company Agreement for Single Family Homes –Ferguson Townhomes Project (Proposed Amendment may also include Funding Increase)
 - g. St. Jude, Inc. Agreement for Permanent Supportive Housing Project – located at 2920 Forest Lane (Proposed Amendment will also include Change in Repayment Terms and Possible Funding Increase)
3. Deep Ellum and Prestonwood Public Improvement District Update & Renewal
Courtney Pogue, Director
Office of Economic Development

A quorum of the City Council may attend this Council Committee meeting

- | | | |
|----|---|--|
| 4. | Historic Preservation Tax Exemption for Knights of Pythias/Union Bankers Building | David Cossum, Director
Sustainable Development & Construction |
| 5. | Accessory Dwelling Units | David Cossum, Director
Sustainable Development & Construction |

Adjourn



Tennell Atkins, Chair
Economic Development & Housing Committee

EXECUTIVE SESSION NOTICE

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex. Govt. Code §551.089]

HANDGUN PROHIBITION NOTICE FOR MEETING OF GOVERNMENTAL ENTITIES

"Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."

"De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola oculta."

"Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."

"De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista."

Economic Development & Housing Committee

Meeting Record April 16, 2018

The Economic Development & Housing Committee meetings are recorded. Agenda materials and audiotapes may be reviewed/copied by contacting the Committee Coordinator at 214-670-3906 or 214-670-1686.

Meeting Date: April 16, 2018

Meeting Start time: 9:07 A.M.

<p>Committee Members Present: Councilmember Tennell Atkins (Chair) Councilmember Rickey D. Callahan (Vice-Chair) Councilmember Casey Thomas, II Councilmember Lee M. Kleinman Councilmember Scott Griggs Councilmember B. Adam McGough Councilmember Mark Clayton Councilmember Kevin Felder Councilmember Omar Narvaez</p> <p>Other Council Members Present:</p> <p>Committee Members Absent</p>	<p>Staff Present: Raquel Favela, Chief of Economic Development & Neighborhood Services David Noguera, Director of Housing & Neighborhood Revitalization Avis F. Chaisson, Assistant Director of Housing & Neighborhood Revitalization</p> <p>Other Presenters:</p>
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AGENDA:

Housing Committee Meeting Called to Order by CM Tennell Atkins

- Approval of April 2, 2018 Economic Development/Housing Committee Minutes**
Presenter(s): CM Tennell Atkins

Action Taken/Committee Recommendation(s): Motion made to approve the minutes.

Motion made by: CM Casey Thomas, II	Motion second by: CM Lee Kleinman
Item passed unanimously: <input checked="" type="checkbox"/>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

Approval of April 5, 2018 Special Call Economic Development/Housing Committee Minutes
Presenter(s): CM Tennell Atkins

Action Taken/Committee Recommendation(s): Motion made to approve the minutes.

Motion made by: CM Casey Thomas, II	Motion second by: CM Rickey D. Calhan
Item passed unanimously: <input checked="" type="checkbox"/>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

2. **Housing Development Contract Amendments to Extend Project Completion Dates and Include Additional Performance Thresholds and Requirements**

Presenter(s): Raquel Favela, Chief of Economic Development & Neighborhood Services

David Noguera, Director of Housing & Neighborhood Revitalization

Avis Chaisson, Assistant Director of Housing & Neighborhood Revitalization

Information Only: __

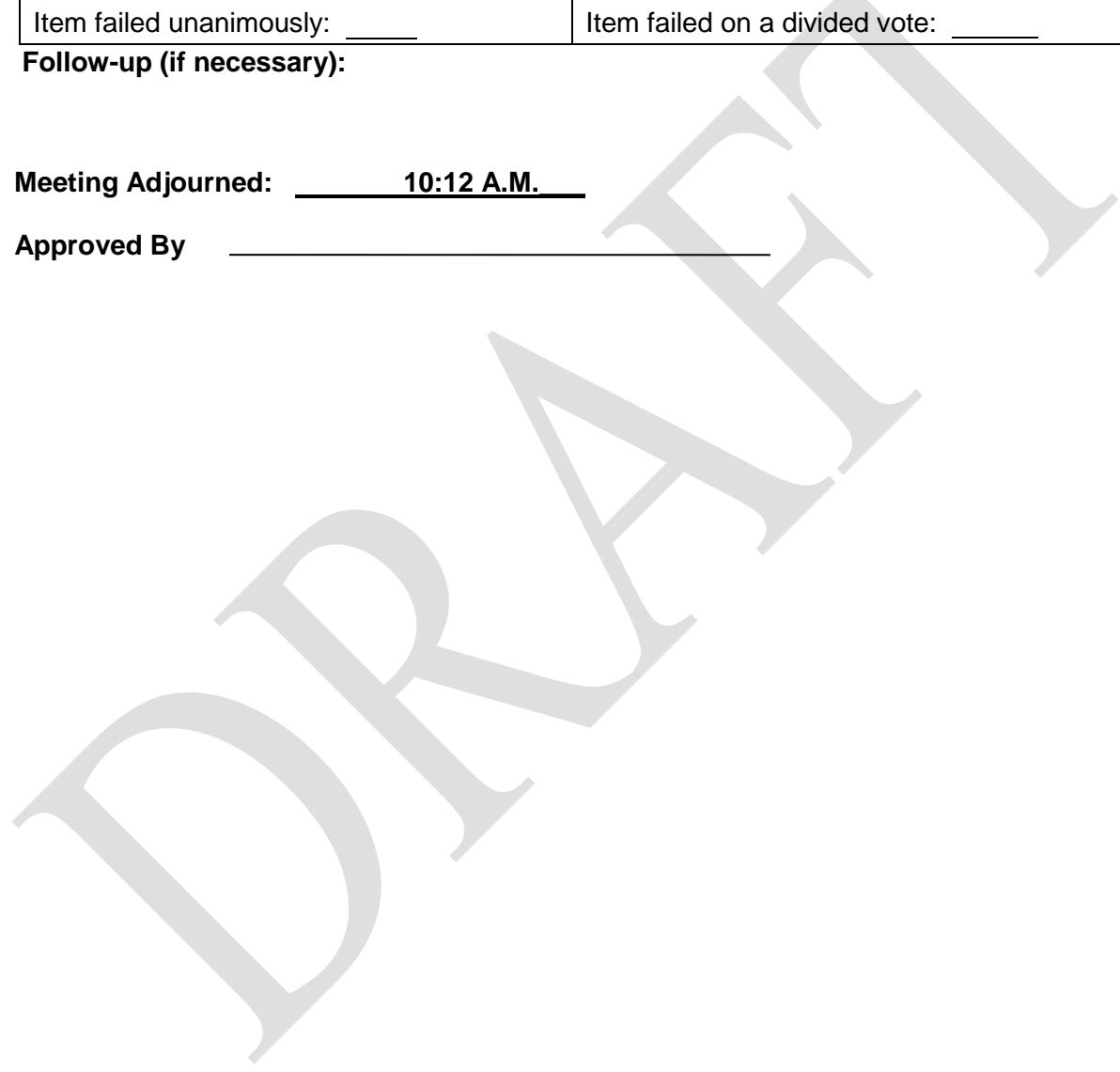
Action Taken/Committee Recommendation(s): Motion made to move forward to full Council with the amendment that full Council be briefed with the status of the OIG Survey before the May 9, 2018 Council Agenda

Motion made by: CM Scott Griggs	Motion seconded by: CM Rickey D. Callahan
	Opposed by: CM Lee M. Kleinman
Item passed unanimously: <u>X</u>	Item passed on a divided vote: _____
Item failed unanimously: _____	Item failed on a divided vote: _____

Follow-up (if necessary):

Meeting Adjourned: 10:12 A.M.

Approved By _____



Memorandum



DATE May 7, 2018

TO Members of the Economic Development & Housing Committee:
Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman,
Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder,
Omar Narvaez

SUBJECT **Housing Development Contract Amendments**

Summary

In a presentation to the Economic Development and Housing Committee (EDHC) on April 16, 2018, the Housing and Neighborhood Revitalization Department (HNR) informed the EDHC of **17** housing development contracts, in varying stages of the development process, that are about to expire, have already expired, or require revisions. The presentation provided details about **10** contract amendments that are scheduled for the May 9, 2018 City Council agenda. Included in this memo is information for the remaining **7** housing development contracts requiring amendments. Staff is working with the developers to obtain reasonable completion deadlines, revise the scope of work, and set performance milestones. Staff are implementing project management practices that are intended to assist developers with timely completion and delivery within budget.

Background

Each housing development contract has different terms such as repayment versus grant and/or deferred forgivable, in addition to, different affordability requirements based on the funding source. Funding sources can include HOME Investment Partnership Program (HOME) funds, Community Development Block Grant (CDBG) funds, Neighborhood Stabilization Program (NSP) funds, and General Obligation Bonds (GO Bonds). A list of the **7** development contracts and a brief description of each are provided in addition to a map (**Attachment 1 and 2**).

Staff has obtained the necessary information to recommend a contract amendment for the following **4** agreements. A summary of each development and the proposed contract amendments are outlined below:

1. East Dallas Community Organization (EDCO) – Council District 2,4,7:
On May 25, 2016, City Council approved a loan agreement with East Dallas Community Organization (EDCO) for a loan in the amount of **\$707,208.00** (**\$55,020.00** in NSP and **\$652,188.00** in HOME funds), for the Scattered Sites Project located in the Jubilee and Dolphin Heights neighborhoods for construction of **10** houses for households at or below **120%** of Area Median Family Income (AMFI).

To date, **1** of the **10** houses has been built and sold. In March 2018, EDCO requested an extension to the loan agreement for the completion of the remaining **9** houses. Two (**2**) of the remaining **9** house are **90%** complete to be finished out in **60** days. Construction is

due to begin on **4** of the remaining **7** houses by June 2018. EDCO expended **\$46,882.00** in NSP and **\$86,786.50** in HOME funds. Remaining is the balance of **\$573,539.50** for the **7** houses. In January 2018, EDCO experienced delays in closing on its private financing for the interim construction loan. During the month of February, heavy rain caused the builder delays in start of the construction of the remaining **7** houses.

The proposed contract amendment contemplates **(1)** extending the HOME and NSP loan agreement completion date from May 25, 2018 to November 30, 2019 and **(2)** amending the agreement to include milestones.

Funding Source	Amount
HOME Funds	\$ 652,188.00
NSP Funds	\$ 55,000.00
Private Financing	\$1,655,560.00
Total Development Costs	\$2,362,748.00

2. Greenleaf Ventures, LLC - Council District 7:

On May 13, 2015, City Council approved a conditional grant agreement with Greenleaf Ventures, LLC for infrastructure costs in the amount of **\$450,000** in 2012 GO Bond funds, for the development of **27** single family houses to be sold to households at or below **140%** of Area Median Family Income, on vacant land located in East Dallas on Chariot Drive. The overall development has a total of **54** homes to be constructed.

In July 2017, Greenleaf Ventures, LLC requested an extension to the conditional grant agreement to complete construction of **27** homes. The agreement was for infrastructure costs associated with the development of the **27** lots to sell to a builder for the construction of the houses. Dallas Neighborhood Alliance (DNA) purchased the lots in August 2017 and construction is underway for **4** of the **27** lots. Five **(5)** additional lots have permits to start construction. Greenleaf Ventures, LLC is working with additional private developers to build homes in the subdivision.

DNA is the general contractor and obtained private financing with Tolleson Private Bank for construction costs. The units will be **3** and **4** bedrooms at approximately **1900** to **2700** sq. ft. with average sale prices in around **\$212,000 - \$250,000**. Upon sale, the lien will be released on a prorata basis as each lot is built and sold. Greenleaf Ventures, LLC has expended **\$405,000** in 2012 Go Bond funds. The remaining balance is **\$45,000** in retainage.

Greenleaf Ventures, LLC experienced delays due to unforeseen water and wastewater line repairs and civil plans approval. The original grant agreement did not account for the time to build the homes and sale to eligible homebuyers.

The proposed contract amendment contemplates **(1)** extending the conditional grant agreement completion date from October 30, 2017 to December 31, and **(2)** amending the contract to include milestones.

Funding Source	Amount
GO Bond Funds	\$450,000.00
Private Financing	\$900,000.00
Total Development Costs	\$1,350,000.00

3. Greenleaf Ventures, LLC - Council District 6:

On May 13, 2015, City Council approved a conditional grant agreement with Greenleaf Ventures, LLC for infrastructure costs in the amount of **\$1,275,000** in 2012 Go Bond funds, for the development of **58** single family homes to be sold to households at or below **140%** of Area Median Family Income on vacant land located on Singleton Boulevard.

In July 2017, Greenleaf Ventures, LLC requested an extension to the conditional grant agreement to complete construction of **58** homes. The agreement was for infrastructure costs associated with the development of the **58** lots to sell to a builder for the construction of the homes. Greenleaf Ventures, LLC has completed engineering and survey. It is pending a zoning review scheduled for May 3, 2018. Utility work will begin in July 2018 and paving to begin in December 2018. Once the paving is complete, the lots will be sold to builders for construction of the homes. Greenleaf Ventures, LLC has expended **\$278,761** in 2012 GO Bond funds. Remaining is the balance of **\$996,239** in retainage.

Greenleaf Ventures, LLC experienced delays due to the time it took for zoning that requires a new intersection at Singleton and engineering to address drainage issues.

The proposed contract amendment contemplates **(1)** extending the conditional grant agreement completion date from October 30, 2017 to December 30, 2020 and **(2)** amending the contract to include milestones.

Funding Source	Amount
GO Bond Funds	\$1,275,000.00
Private Financing	\$2,550,000.00
Total Development Costs	\$3,825,000.00

4. Greenleaf Ventures, LLC - Council District 7:

On May 13, 2015, City Council approved a conditional grant agreement with Greenleaf Ventures, LLC for infrastructure costs in the amount of **\$844,192** in 2012 Go Bond funds, for the development of **36** single family homes to be sold to households at or below **140%** of Area Median Family Income, on vacant land located on at 3831 North Prairie Creek Road.

In July 2017, Greenleaf Ventures, LLC requested an extension to the conditional grant agreement to complete construction of **36** homes. The agreement was for infrastructure costs associated with the development of the **36** lots to sell to a builder for the construction of the homes. To date, Greenleaf Ventures, LLC has completed platting and grading on the lots. Utilities are expected to be in during the month of May 2018. Paving will start in August 2018. Immediately following the completion of the paving, the developer will sell

the lots to homebuilders. Greenleaf Ventures, LLC is working with private developers to build homes in the subdivision. Greenleaf Ventures, LLC has expended **\$60,461** in 2012 Go Bond funds. Remaining is the balance of **\$783,731** in construction funds.

Greenleaf Ventures, LLC experienced delays due to platting approval. The original grant agreement did not account for the time to build the homes and sell to eligible homebuyers.

The proposed contract amendment contemplates **(1)** extending the conditional grant agreement completion date from May 25, 2018 to May 31, 2020 and **(2)** amending the contract to include milestones.

Funding Source	Amount
HOME Funds	\$ 844,192.00
Private Financing	\$1,688,384.00
Total Development Costs	\$2,532,576.00

Staff is pending receipt of the necessary information to support the request for a contract amendment for the following **3** housing development contracts. A summary of each development and the proposed contract amendments are outlined below:

5. City Wide Community Development Corporation (CWCDC) – Council District 4 & 8:

On May 25, 2016, City Council approved a loan agreement with CWCDC for a housing development loan in the amount of **\$225,000.00** in HOME funds for the development of **5** single family homes for the Runyon Springs Project located on scattered sites in the Lancaster Corridor area. On September 14, 2016, City Council approved an amendment to the housing development loan to (1) increase the number of units from **5** to **11**; and (2) increase funds from **\$225,000** to **\$975,000** (**\$90,000.00** in NSP and **\$885,000.00** in HOME funds), for construction of single family homes on scattered sites.

The contract has not been executed and construction has not started. The developer is considering additional lots for the project. The environmental review and plans have been completed for **5** of the **11** homes.

Funding Source	Amount
HOME Funds	\$ 885,000.00
NSP Funds	\$ 90,000.00
Private Financing	\$ 549,000.00
Total Development Costs	\$1,524,000.00

6. KAH Holdings dba Karrington & Company – Council District 9:

On May 25, 2016, City Council approved a loan agreement with KAH Holdings dba Karrington & Company (Karrington) for a housing development loan in the amount of **\$450,000** in HOME funds for the development of **10** single family homes for the Ferguson Road Townhomes development located at 7839 Ferguson Road.

In March 2018, Karrington requested an increase in funding and an extension to the HOME loan agreement to begin construction of **10** homes. Karrington is awaiting a new underwrite for financial review by the City and completion of the plans review to pull permits to start construction. Karrington expended **\$67,904.75** in HOME funds. Remaining is the balance of **\$382,095.25** for the homes.

KAH Holdings dba Karrington & Company experienced delays due to the time taken to complete the environmental review and plans review; it has taken over **12** months for the review process to prepare to pull permits.

Funding Source	Amount
HOME Funds	\$ 450,000.00
Private Financing	\$1,325,000.00
Total Development Costs	\$1,775,000.00

7. St. Jude, Inc. – Council District 12:

On February 22, 2017, City Council approved a loan agreement with St. Jude, Inc. for a housing development loan for permanent supportive in the amount of **\$2,000,000.00** in HOME funds for the acquisition of a **100** unit multifamily apartment complex located at 2920 Forest Lane. St. Jude, Inc. obtained private financing for the rehabilitation of the units.

In February 2018, St. Jude, Inc. requested an increase in funding and changes to the terms of the HOME loan agreement. St. Jude, Inc. has acquired the property and is currently underway with the rehabilitation work in the units. St. Jude, Inc. has expended **\$1,998,000.00** in HOME funds. Remaining is the balance of **\$2,000.00**.

Funding Source	Amount
HOME Funds	\$2,000,000.00
Private Financing	\$4,550,000.00
Total Development Costs	\$6,550,000.00

Issues

There have been several issues and challenges to complete these developments outside of normal construction delays. First, many of the contract deadlines did not anticipate the time it takes to go through the City's development processes such as platting, zoning, and/or infrastructure plans review. Second, many of the contracts were brought forward to Council for consideration and executed prematurely. For example, underwriting was not performed, the contract was not drafted in advance of Council action, and environmental clearance was not complete for federally funded developments.

Alternatives

If Council does not amend the contracts, then development will halt. There will be incomplete houses. The City will be liable for repayment in instances where federal funds were utilized. Further, the City could be required to initiate foreclosure actions.

Fiscal Impact

There are no cost considerations to the City for contract amendments **1-4** listed above. The developers have requested funding amendments for contracts **5-7** that may include funding increases and decreases.

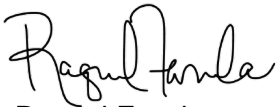
Department/Committee Coordination

HNR staff will coordinate with Sustainable Development and Construction for shepherding developers through the development process such as permitting and zoning. The City Attorney's Office will be consulted in advance to assist with contract development and revisions.

Staff Recommendation and Next Steps

Staff recommends approval by the EDHC on contracts **1-4**, and once approved HNR staff plans to move forward these **4** amendments for City Council consideration on June 13, 2018. If approved by City Council, then HNR staff will work with the developers to ensure timely completion of the development and limit the need for an extension. The remaining **3** contract amendments will be underwritten, final due diligence items such as environmental reviews completed and HNR staff will decide if amendments should move forward for consideration on a future Council agenda.

Should you have any questions, please contact me at (214) 671-5257.



Raquel Favela
Chief of Economic Development & Neighborhood Services

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|----|--|--|
| c: | T.C. Broadnax, City Manager | Jon Fortune, Assistant City Manager |
| | Larry Casto, City Attorney | Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim) |
| | Craig D. Kinton, City Auditor | Joey Zapata, Assistant City Manager |
| | Billerae Johnson, City Secretary | M. Elizabeth Reich, Chief Financial Officer |
| | Daniel F. Solis, Administrative Judge | Nadia Chandler Hardy, Chief of Community Services |
| | Kimberly Bizer Tolbert, Chief of Staff to the City Manager | Theresa O'Donnell, Chief of Resilience |
| | Majed A. Al-Ghafry, Assistant City Manager | Directors and Assistant Directors |

c: T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizar Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Jo M. (Jody) Puckett, P.E., Assistant City Manager (Interim)
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Nadia Chandler Hardy, Chief of Community Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

**Attachment 1
Development Contracts**

CDs	PROJECT	PROPOSED UNITS	COMPLETED UNITS	SOLD UNITS	CITY CONTRACT AMOUNT	DRAWN AMOUNT	BALANCE	% DRAWN	Fund Type	TOTAL PROJECT BUDGET	TERM OF CONTRACT		STATUS
4	City Wide Community Development Corporation	11	0	0	\$885,000.00 \$90,000.00 \$88,636.36 subsidy per unit 63% subsidy per unit	\$0.00	\$885,000.00 \$90,000.00	0%	2014 HOME 2010 NSP Private construction loans and lines of credit	\$1,524,000.00 \$138,545.45 cost per unit	5/25/2016	5/25/2018	City Wide CDC has completed plans and plats on 5 of 11 lots. Selection of lots is underway. Prior to construction start, need to complete the environmental review. The extension will allow the build out of the homes and sales to eligible homebuyers.
2,4,7	East Dallas Community Organization (EDCO) Scattered Sites - Funds for hard and soft construction costs.	10	3	0	\$652,188.00 \$55,020.00 \$70,720.80 subsidy per unit 29% subsidy per unit	\$86,786.50 \$46,882.00	\$565,401.50 \$46,882.00	13% 85%	2014 HOME 2010 NSP Private construction loans and lines of credit	\$2,362,748.00 \$236,274.80 cost per unit	5/25/2016	5/25/2018	One of the ten units is built and sold. Two of the 9 units are 90% complete to be finished out in 60 days. Construction is due to begin on 4 of the remaining 7 units by June 2018. The extension will allow the build out of the homes and sales to eligible homebuyers.
7	Greenleaf Ventures, LLC Chariot	27	0	0	\$450,000.00	\$405,000.00	\$45,000.00	90%	2012 GO BOND	\$1,350,000.00	5/13/2015	10/30/2017	Dallas Area Habitat for Humanity (DAHfH) purchased the lots in August 2017 and construction is underway for 3 of the 27 lots. Five additional lots are awaiting permits to start construction. Greenleaf

CDs	PROJECT	PRO P- OSE D UNIT S	COM P- LETE D UNIT S	SOL D UNIT S	CITY CONTRACT AMOUNT	DRAWN AMOUNT	BALANCE	% DRAWN	Fund Type	TOTAL PROJECT BUDGET	TERM OF CONTRACT	STATUS	CDs
													Ventures, LLC is working with additional private developers to build homes in the subdivision. The extension will allow the build out of the homes and sales to eligible homebuyers.
6	Greenleaf Ventures, LLC Singleton	58	0	0	\$1,275,000.00	\$278,761.00	\$996,239.00	21%	2012 GO BOND	\$3,825,000.00	5/13/2015	10/30/2017	Completed engineering and survey. It is pending a zoning review scheduled for May 3, 2018. Utility work will begin in July 2018 and paving to begin in December 2018. The extension will allow the build out of the homes and sales to eligible homebuyers.
7	Greenleaf Ventures, LLC Prairie Creek	36	0	0	\$844,192.00.00	\$60,461.00	\$783,731.00	90%	2012 GO BOND	\$2,532,576.00	5/25/2016	05/25/2018	Platting and grading have been completed on the lots. Utilities are expected to be in during the month of May 2018. Paving will start in August 2018. Immediately following

													the completion of the paving, the developer will sell the lots to homebuilders. The extension will allow the build out of the homes and sales to eligible homebuyers.
KAH Holdings dba Karrington & Company	10	0	0	\$450,000.00 \$45,000 subsidy per unit % subsidy per unit	\$67,904.75	\$382,095.25	15%	2015 HOME Private construction loans and lines of credit	\$ \$cost per unit	5/25/2016	5/25/2018	Engineering, zoning, plans review and loan closing for private financing for construction are complete. KAH experienced delays in development as a result of the time it has taken to complete the environmental review and plans review; it has taken over 12 months for the review process to prepare to pull permits. The extension will allow the build out of the homes and sales to eligible homebuyers.	

Community Housing Development Organizations
 May 7, 2018
 Page 11 of 11

12	St Jude, Inc 2920 Forest Lane	100	0	0	\$	\$127,847.00	\$614,820.00	17%	2014 HOME	\$1,110,000.00	8/31/2018	8/31/2018	Acquisition of the property is complete. Rehabilitation on the 100 units is underway. The developer requested a change in the terms to allow forgiveness of the loan and possible funding change.
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Housing Development Contract Amendments

**Economic Development &
Housing Committee
May 7, 2018**

**Avis F. Chaisson, Assistant Director
Housing and Neighborhood Revitalization
City of Dallas**



Presentation Overview

- Summary
- Background
- Issues
- Alternatives
- Staff Recommendation and Next Steps



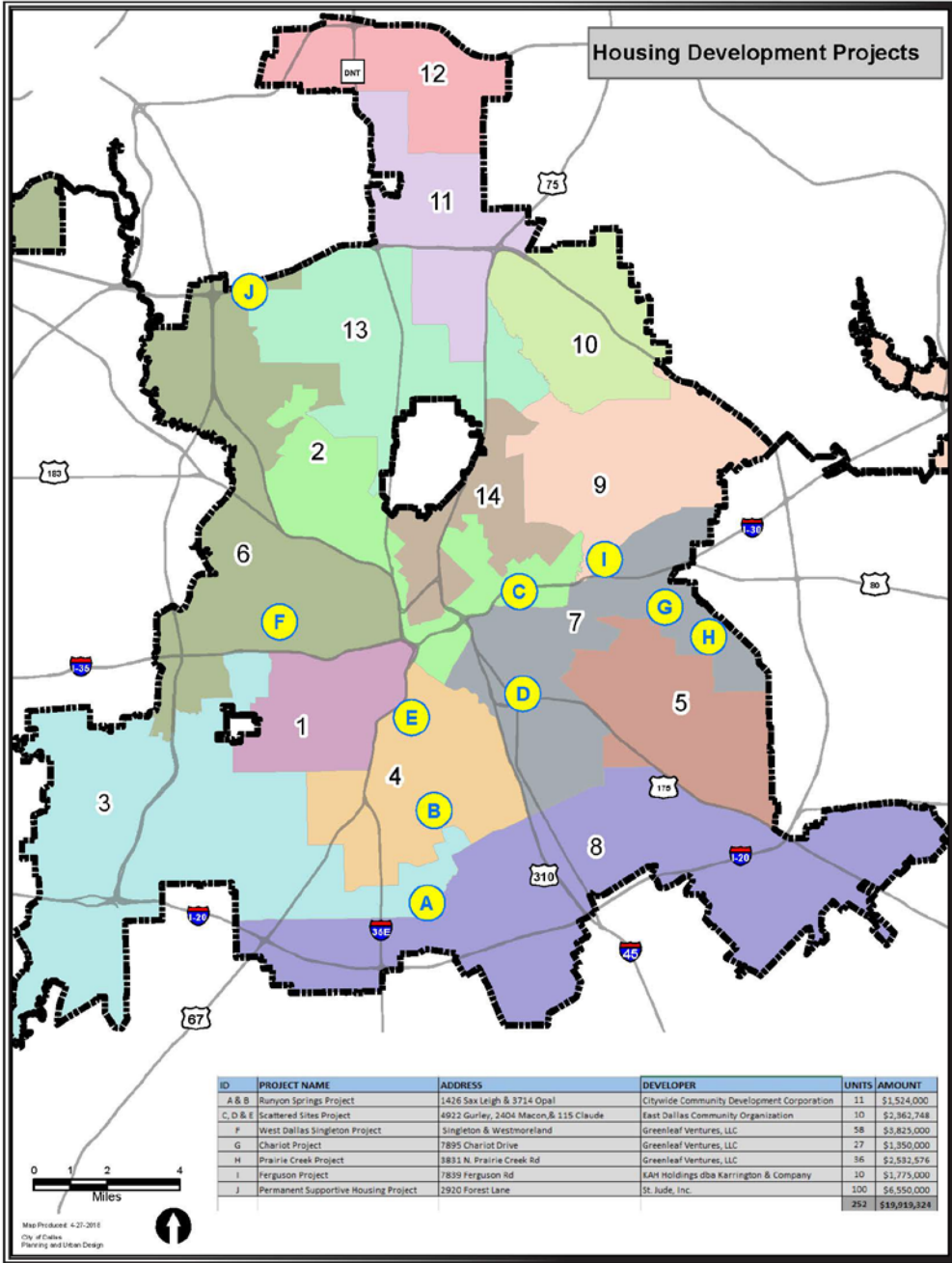
Summary

- Housing and Neighborhood Revitalization (HNR) Department oversees contracts to produce quality workforce housing throughout the City
- At the April 16th Economic Development & Housing Committee meeting, the HNR presented **10** of the **17** development contracts in varying stages of the development process, that are about to expire, have already expired, or require revisions
- Staff are implementing project management practices that are intended to assist developers with timely completion and within budget

Background

- Contract loan terms dependent on funding source
- Funding sources include:
 - ✓ HOME funds
 - ✓ CDBG funds
 - ✓ NSP funds
 - ✓ GO Bonds
- A summary of the remaining **7** of the developments and the proposed contract amendments are outlined in this briefing

Map



Background – cont'd

- **Development Name:** Scattered Sites Project
- **Council District/Location:** 2,4,7 / Jubilee and Dolphin Heights Neighborhood
- **Developer/Builder:** East Dallas Community Organization
- **Description:** New construction of **10** single family homes
- **Total Development Costs:** \$2,362,748
- **City Funds:** \$652,188 (HOME) \$55,020 (NSP) for hard and soft construction costs
- **Reason for Delays:** Closing on its private financing for the interim construction loan and in February heavy rain caused the builder delays in start of construction
- **Status:** **1** home was built and sold; **2** homes are 90% complete with pending homebuyers; Construction on **4** homes to begin before June 2018; Final **3** homes built and sold by October 2019
- **Amendment:** **(1)** extend the loan agreement from May 25, 2018 to November 30, 2019 and **(2)** amend the contract to include milestones

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Background – cont'd

- **Development Name:** Chariot Project
- **Council District/Location:** 7 / East Dallas on Chariot Drive
- **Developer/Builder:** Greenleaf Ventures, LLC
- **Description:** Infrastructure for **27** single family homes; Part of a larger development of 54 lots
- **Total Development Costs:** \$1,350,000
- **City Funds:** \$450,000 (2012 GO Bond) for infrastructure costs
- **Reason for Delays:** Due to unforeseen water and wastewater line repairs and civil plans approval; Original grant agreement did not account for the time to build the homes and sell to eligible homebuyers
- **Status:** Infrastructure is complete; Dallas Neighborhood Alliance (DNA) purchased the lots in August 2017 and construction is underway for **4** of the **27** lots; **5** additional lots have permits to start construction; Greenleaf Ventures, LLC is working with additional private developers to build homes in the subdivision
- **Amendment:** **(1)** extend the 2012 GO Bond conditional grant agreement completion date from October 30, 2017 to December 31, 2019 and **(2)** amend the contract to include milestones

Background – cont'd

- **Development Name:** Singleton Project
- **Council District/Location:** 6 / Singleton Blvd. and Westmoreland Rd.
- **Developer/Builder:** Greenleaf Ventures, LLC
- **Description:** Infrastructure for **58** single family homes; Part of a larger development with 116 total lots
- **Total Development Costs:** \$3,825,000
- **City Funds:** \$1,275,000 (2012 GO Bond) for infrastructure costs
- **Reason for Delays:** Due to the time it took to address the engineering for drainage issues and zoning for the new intersection at Singleton
- **Status:** Completed engineering and survey; Zoning Commission review scheduled for May 3, 2018; Utility work to begin in July 2018 and paving to begin in December 2018; Once paving is complete, lots will be sold to builders for construction of the homes
- **Amendment:** **(1)** extend the 2012 GO Bond conditional grant agreement completion date from October 30, 2017 to December 31, 2020 and **(2)** amend the contract to include milestones

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Background – cont'd

- **Development Name:** Prairie Creek Project
- **Council District/Location:** 7 / 3831 N. Prairie Creek Road
- **Developer/Builder:** Greenleaf Ventures, LLC
- **Description:** Infrastructure for **36** single family homes; Part of a larger development with 72 total lots
- **Total Development Costs:** \$2,532,576
- **City Funds:** \$844,192 (2012 GO Bond) for infrastructure costs
- **Reason for Delays:** Due to platting approval; the original grant agreement did not account for the time to build the homes and sell to eligible homebuyers
- **Status:** Completed platting and grading on the lots; Utilities completed by May 2018; Paving to start in August 2018; Immediately following the completion of the paving, the developer will sell the lots to homebuilders; Greenleaf Ventures, LLC is working with private developers to build homes in the subdivision
- **Amendment:** **(1)** extend the 2012 GO Bond conditional grant agreement completion date from May 25, 2018 to May 31, 2020 and **(2)** amend the contract to include milestones

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Background, cont'd

- **Development Name:** Runyon Springs II Project
- **Council District/Location:** 8 / Lancaster Corridor
- **Developer/Builder:** Citywide Community Development Corporation
- **Description:** New construction of **11** homebuyer units for low-income households
- **Total Development Costs:** \$1,524,000
- **City Funds:** \$90,000 (NSP) and \$885,000 (HOME) to pay for soft and hard construction costs
- **Reason for Delays:** Developer is considering additional lots for the project
- **Status:** Contract has not been executed and construction has not started; Environmental review and plans have been completed for **5** of the **11** homes
- **Amendment:** Staff does not recommend an amendment at this time due to the status of the project and will present the item once due diligence is complete

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Background, cont'd

- **Development Name:** Ferguson Townhomes Project
- **Council District/Location:** 9 / 7839 Ferguson Road
- **Developer/Builder:** KAH Holdings dba Karrington & Company
- **Description:** New construction of **10** townhomes for sale to low-income households
- **Total Development Costs:** \$1,775,000
- **City Funds:** \$450,000 (HOME) to pay for soft and hard construction costs
- **Reason for Delays:** Result of the time it has taken to complete the environmental review and plans review; It has taken over 12 months for the review process to prepare to pull permits
- **Status:** Karrington is awaiting a new underwrite for financial review by the City and completion of the plans review to pull permits to start construction
- **Amendment:** Staff does not recommend an amendment at this time due to the status of the project and will present the item once due diligence is complete

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Background, cont'd

- **Development Name:** St. Jude Permanent Supportive Housing Project
- **Council District/Location:** 12 / 2920 Forest Lane
- **Developer/Builder:** St. Jude, Inc.
- **Description:** Acquisition and rehabilitation of a 100-unit apartment complex for homeless.
- **Total Development Costs:** \$6,550,000
- **City Funds:** \$2,000,000 (HOME) to pay for acquisition costs
- **Reason for Delays:** N/A
- **Status:** Requested an increase in funding and changes to the terms of the HOME loan agreement; Property has been acquired; Rehabilitation on the units is underway
- **Amendment:** Staff does not recommend an amendment at this time due to the status of the project and will present the item once due diligence is complete

Issues

- There have been several issues and challenges to complete these developments outside of normal construction delays
- Delays include:
 - Contract deadlines did not anticipate timing for the City's development processes such as platting, zoning, and/or infrastructure plans review;
 - Some lots acquired were either tax foreclosures or land bank lots and clearing title was a challenge due to lien releases or issues with heirship; or
 - Contracts were brought forward to Council for consideration and executed prematurely

Alternatives

If Council does not amend the contracts, then the following could occur:

1. Development will halt;
2. There will be incomplete houses;
3. City will be liable for repayment in instances where federal funds were utilized; or
4. Further, the City could be required to initiate foreclosure actions

Staff Recommendations and Next Steps

1. HNR staff will add milestones to the amended development contracts and developers that fail to meet milestones shall be in default of contract and will have **30** days to cure;
2. HNR staff will be proactive and shepherd developers faced with challenges in the development process;
3. Prior to Council action and contract execution, HNR staff will ensure all development due diligence is complete including certifying/recertifying CHDOs in accordance with federal regulations and drafting contracts in advance to minimize delays to issuance of a notice to proceed or construction commencement

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Staff Recommendations and Next Steps – cont'd

Action	Date
4 of 7 Proposed Contract Amendments to Council	June 13, 2018
Staff recommends approval by the EDHC, and once approved HNR staff plans to move forward these 4 amendments for City Council consideration on June 13, 2018	



Housing Development Contract Amendments

**Economic Development &
Housing Committee
May 7, 2018**

**Avis F. Chaisson, Assistant Director
Housing and Neighborhood Revitalization
City of Dallas**



Memorandum



DATE May 7, 2018

TO The Honorable Members of the Economic Development & Housing Committee:
Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman,
Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder,
Omar Narvaez

SUBJECT **Deep Ellum and Prestonwood Public Improvement District Renewals**

Summary

The managers for the Deep Ellum and Prestonwood Public Improvement Districts have each submitted renewal petitions. The Prestonwood PID is scheduled to expire in 2018. The Deep Ellum PID is renewing early to change the PID boundary and to increase the PID budget. In accordance with Chapter 372 of the Texas Local Government Code, this committee will be asked to forward two items to council for each PID – a call for a public hearing on May 9, and a public hearing and consideration of renewal on May 23.

Background

DEEP ELLUM: The Deep Ellum PID was established in 1999, and was renewed in 2006 and 2013. The PID is scheduled to expire in 2020, but its manager, Deep Ellum Foundation, initiated an early renewal petition for two reasons:

1. To amend the PID district boundary. Properties on the far southeast edge of the PID were removed at the request of the property owners, and recent new developments were added.
2. To amend the PID budget. The management entity underestimated the costs for insurance and audits. Without an amendment to increase the budget, the PID would have gone over-budget next year.

Deep Ellum Foundation delivered a petition to renew the PID in accordance with Chapter 372 of the Texas Local Government Code. The proposed boundary in the petition is larger than the version presented for approval today. Based on a lack of property owner participation on the southeastern edge of the proposed boundary, the proposed district boundary was reduced in conformance with Section 372.012 of the Texas Local Government Code.

City staff reviewed the petition and determined that the owners of more than sixty percent of the property value (61.8%) and more than sixty percent of the land area (60.8%) in the revised boundary area supported renewal of the Deep Ellum PID, exceeding the requirements of state law and the city's policy.

Staff has also evaluated the service plan and recommended that the services be provided as proposed by the proposed service plan and find that the plan is viable.

PRESTONWOOD: The Prestonwood PID is the only existing single-family PID in Dallas. The District was first established in 1997 and renewed in 2004 and 2011. The district is scheduled to expire at the end of this year. The primary purpose of the District is to enhance public safety and security related improvements in the Prestonwood area.

Prestonwood Homeowners Association, the PID manager, delivered a petition to renew the Prestonwood Public Improvement District. The petition does not amend the service plan or boundary of the PID. It simply extends the term and establishes a new budget.

The terms of the renewed districts are 2019 to 2025. Each of the renewed districts shall terminate on December 31, 2025, unless renewed or terminated early by petition.

Issue

The Prestonwood PID is scheduled to terminate at the end of 2018, and this petition seeks to renew their existing boundary and service and improvement categories. The Deep Ellum PID is not scheduled to terminate until 2020, but has submitted a petition to renew early in order to amend the PID boundary and to increase the budget. The boundary change will accommodate requests of property owners on the southeast edge to be removed from the PID, and will allow the managers of the PID to budget sufficient funds to continue insurance coverage and to fulfill the audit requirements of the City.

Alternatives

If the PIDs are not renewed, the Prestonwood PID will expire at the end of this year and the Deep Ellum PID will have the option to either halt operations at the end of the year, or to continue operations in the existing boundary and over-collect their budget.

Financing

No cost consideration to the City.

Coordination

Staff has coordinated with the managers of the two PIDs and with the City Attorney's Office to ensure that the two petitions conform with state law and the City's current public improvement district policy.

Recommendation

Staff recommends that City Council call the public hearings on May 9, and after close of the public hearings on May 23, approve both district renewals.

Should you have any questions, please contact me at (214) 671-5257.



Raquel Favela
Chief of Economic Development & Neighborhood Services

- c: The Honorable Mayor and the Members of City Council
 T.C. Broadnax, City Manager
 Larry Casto, City Attorney
 Craig D. Kinton, City Auditor
 Billerae Johnson, City Secretary
 Daniel F. Solis, Administrative Judge
 Kimberly Bizzor Tolbert, Chief of Staff to the City Manager
 Majed A. Al-Ghafry, Assistant City Manager
- Jon Fortune, Assistant City Manager
 Jo M. (Jody) Puckett, Assistant City Manager (Interim)
 Joey Zapata, Assistant City Manager
 M. Elizabeth Reich, Chief Financial Officer
 Nadia Chandler Hardy, Chief of Community Services
 Theresa O'Donnell, Chief of Resilience
 Directors and Assistant Directors

Deep Ellum and Prestonwood Public Improvement District Renewals

**Economic Development &
Housing Committee
May 7, 2018**

**Courtney Pogue, Director
Office of Economic Development
City of Dallas**



Purpose

1. Overview of Public Improvement Districts
2. Request Committee approval for Council actions to renew the Deep Ellum and Prestonwood PIDs:
 - Call public hearing at May 9 Council meeting
 - Hold public hearing and consider renewals on May 23



Overview

- A public improvement district (PID) is a special assessment area created by petition of property owners in the district. A PID is not a legal entity. The petition merely creates authority for the City to levy the assessment in the area.
- PID assessments are a first and prior lien against the property assessed superior to all liens except tax liens.
- The manager of each PID uses the assessments for services above and beyond existing City services
- Each PID has a program of eligible activities, such as marketing, security, landscaping, lighting, etc.
- The total assessment amount is limited by the budget approved by property owners in the petition.



Authority

- PIDS are governed by state law (Chapter 372 of the Texas Local Government Code) and by the current City of Dallas PID Policy (adopted in December 2005 and last amended on October 23, 2013).
- A revision to this policy is underway, and will be brought to this Committee for review and approval.



Creation

- PIDS are created by petition. State law sets the minimum petition requirements, including:
 - The general nature of proposed improvements,
 - The estimated cost of the proposed improvements,
 - The boundaries of the proposed district (can be non-contiguous),
 - Apportionment of cost between the district and the City,
 - The proposed method of assessment,
 - That persons signing the petition want to the district to be created, and
 - The method of management of the district.



Creation

STATE LAW:

- Under state law, petitions are sufficient if signed by owners of taxable real property representing:
 - More than **50%** of the **appraised value** of the district, and either
 - More than **50%** of all **record owners** of assessible property, or
 - More than **50%** of the taxable property **area**.
- For PIDs consisting entirely of hotels, all petition limits are increased to **60%**.

Creation

CITY POLICY:

- Commercial and Mixed Use PIDs:
 - The City policy increases all percentages to **60%** for commercial and mixed-use PIDs.
- Single Family PIDs:
 - The City policy increases all percentages to **66.7%** for single-family PIDs.
 - Single family PIDs are only allowed if 80% of the single family lots have been developed. Districts are not permitted in undeveloped subdivisions.
 - For single family PIDs, the only allowed uses of the assessments are “screening wall improvements, park improvements and maintenance, landscaping, and other public improvements and additional security if less than 50% of the total PID budget.”

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Management

- Under state law, PID management can be by the City, the private sector, or a partnership of the City and private sector.
- All of our PIDs are managed by private sector entities such as non-profit organizations or homeowners' associations, and each PID has an owner-elected board.
- The City Policy additionally requires that each PID manager:
 - Submit quarterly reports of all activities and expenditures
 - Submit an annual independent audit of all PID expenditures
 - Hold an annual meeting open to all property owners in a public meeting space with written notice to all property owners at least two weeks prior to this meeting to provide an opportunity for property owner questions, comments, and input to be considered during the PID Budget and Service Plan approval process

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Use of Assessment

The following are eligible uses of the PID assessment:

1. Landscaping;
2. Erection of fountains, distinctive lighting, and signs;
3. Acquiring, constructing, improving, widening, narrowing, closing, or rerouting of sidewalks or of streets, any other roadways, or their rights-of-way;
4. Construction or improvement of pedestrian malls;
5. Acquisition and installation of pieces of art;
6. Acquisition, construction, or improvement of libraries;
7. Acquisition, construction, or improvement of off-street parking facilities;
8. Acquisition, construction, improvement, or rerouting of mass transportation facilities;

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Use of Assessment

9. Acquisition, construction, or improvement of water, wastewater, or drainage facilities or improvements;
10. Establishment or improvement of parks;
11. Projects similar to those listed in (1)-(10);
12. Acquisition, by purchase or otherwise, of real property in connection with an authorized improvement;
13. Special supplemental services for improvement and promotion of the district, including services relating to advertising, promotion, health and sanitation, water and wastewater, public safety, security, business recruitment, development, recreation, and cultural enhancement;
14. Payment of expenses incurred in the establishment, administration, and operation of the district (limited to 15% of budget per City Policy); and
15. Development, rehabilitation, or expansion of affordable housing.¹⁰



Budget and Assessment

- The particular uses of the PID assessment for each District are determined by the petition to create or renew the PID, which describes the specific uses planned for the district and the budget for each use.
- Once established, each PID manager creates and maintains a five-year service plan which identifies the projected costs of the improvements. The City approves this plan each year.
- The plan must also detail how assessments will be made (i.e. by front footage, by square footage, by assessed value, or by any other means that results in the imposition of equal shares of the cost on similarly benefitted properties).
- With the exception of the Tourism PID which is apportioned based on room nights sold, all Dallas PID assessments are based on an allocation of the budget by property value. Per the City Policy, in no event may this allocation result in an assessment greater than \$0.15 per \$100 valuation.

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Boundaries

- Boundaries of existing PIDs can only be modified as part of a renewal process
- An existing PID may petition City to be dissolved and re-created with a new boundary subject to petition requirements and approval by City Council
- Boundary of the Tourism PID includes all hotels located in Dallas that contain 100 or more rooms at time of creation. Hotels that drop below 100 room level will be removed from Tourism PID assessment rolls. New hotels may only be added as part of renewal process



Dallas PIDS

1. Dallas Downtown Improvement District
2. Deep Ellum PID
3. Klyde Warren Park/Dallas Arts District PID
4. Knox Street PID
5. North Lake Highlands PID
6. Lake Highlands PID
7. Oak Lawn-Hi Line PID
8. Prestonwood PID
9. South Dallas/Fair Park PID
10. South Side PID
11. Tourism PID
12. University Crossing PID
13. Uptown PID
14. Vickery Meadow PID



Renewals

- In Dallas, PIDs are typically authorized for a period of up to seven (7) years with option of renewal.
- The renewal process is the same as the creation process, and requires preparing a budget, service plan, and assessment plan for the district and re-petitioning the property owners.

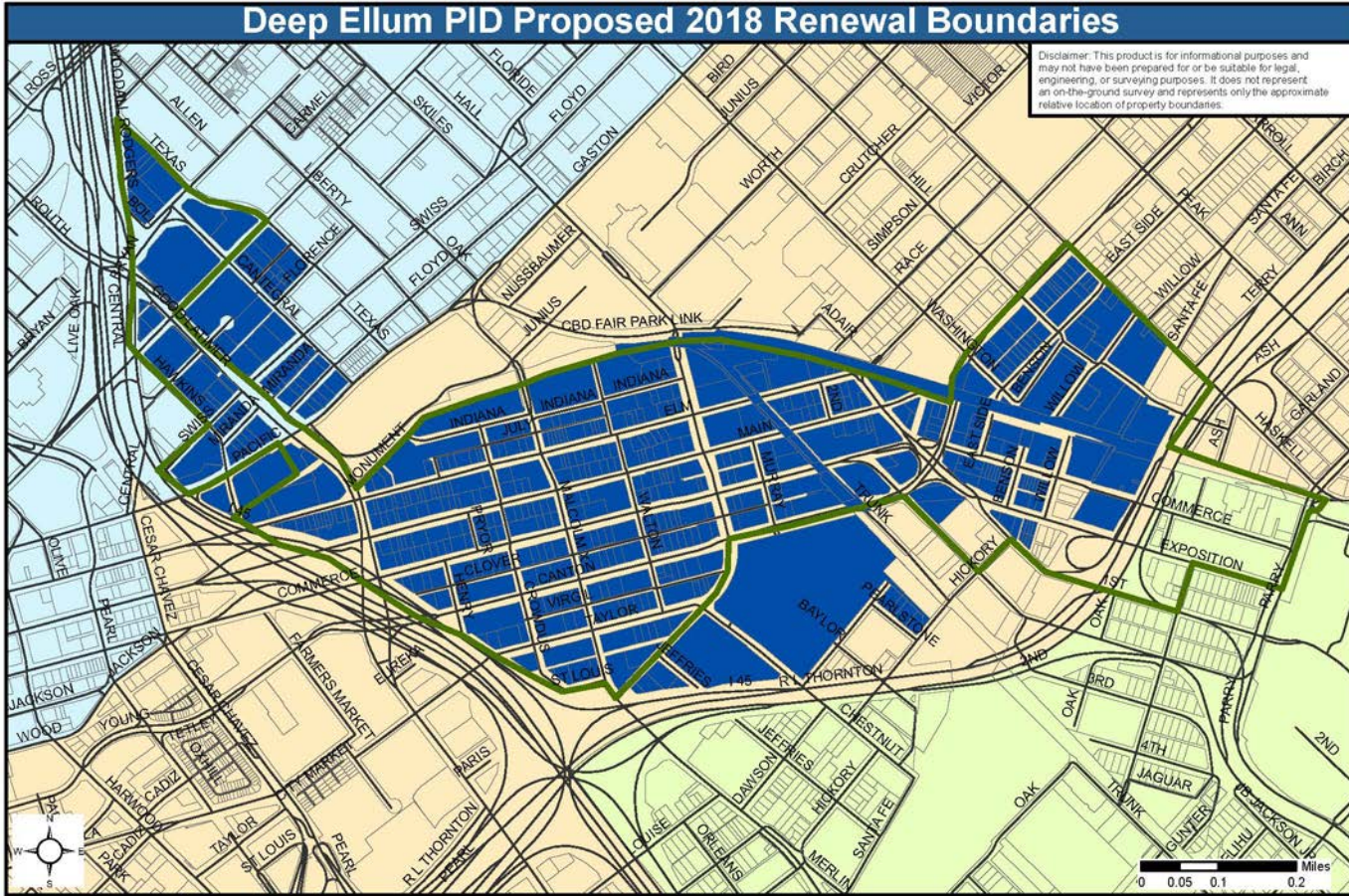
Deep Ellum PID Renewal

- The Deep Ellum PID was established in 1999, and was renewed in 2006 and 2013.
- The PID is scheduled to expire in 2020, but its manager initiated an early renewal petition for two reasons:
 - **To amend the PID district boundary.** Properties on the far southeast edge were removed, and recent new developments were added.
 - **To amend the PID budget.** The management entity underestimated the costs for insurance and audits. Without an amendment to increase the budget, the PID would have gone over-budget next year.

Deep Ellum PID Renewal

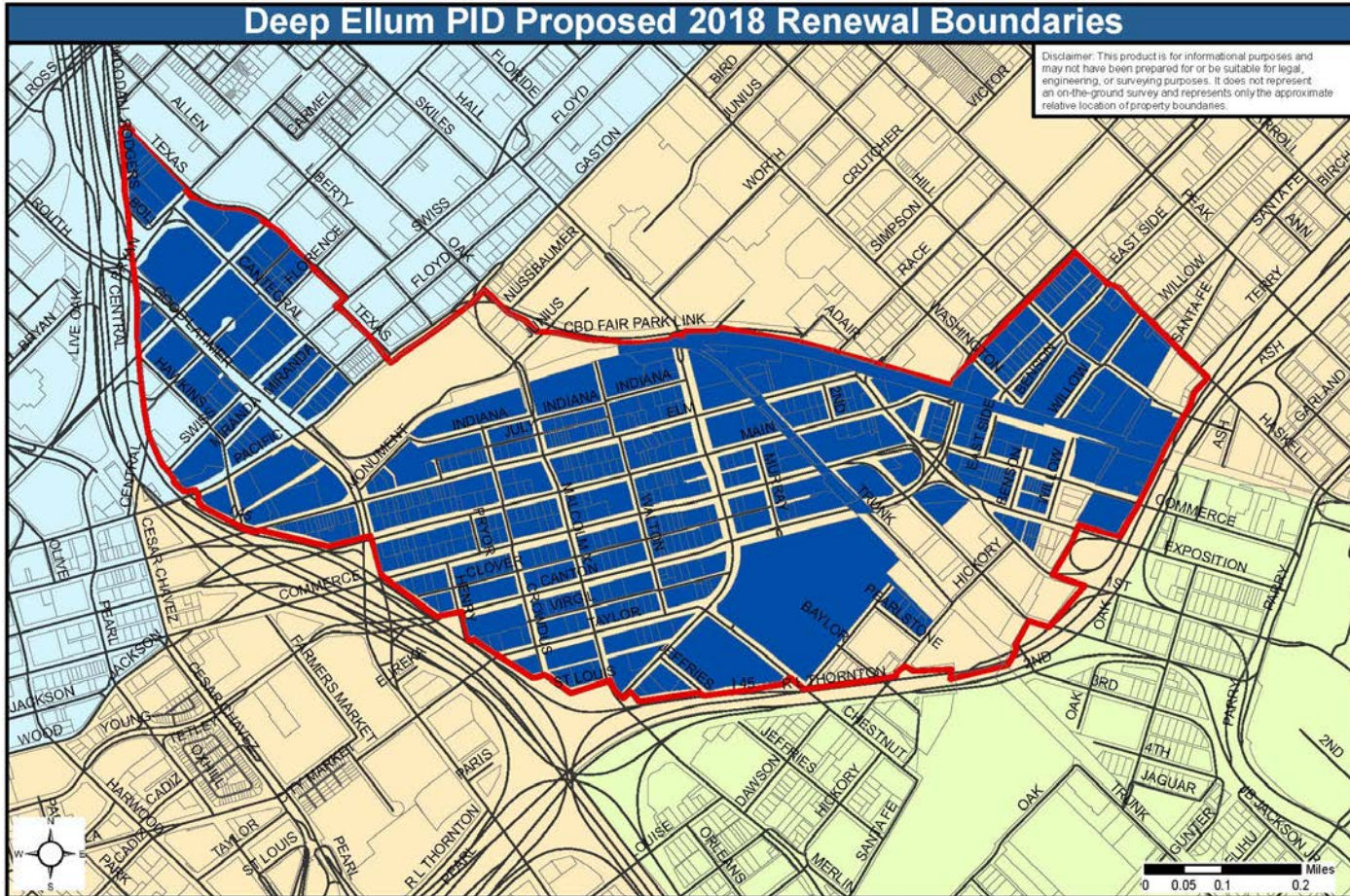
- Deep Ellum Foundation, the PID manager, delivered a petition to renew the PID in accordance with Chapter 372 of the Texas Local Government Code.
- The proposed boundary in the petition is larger than the version presented for approval today. Based on a lack of property owner participation on the southeastern edge of the proposed boundary, the proposed district boundary was reduced in conformance with Section 372.012 of the Texas Local Government Code.
- City staff reviewed the petition and determined that the owners of more than sixty percent of the property value (61.8%) and more than sixty percent of the land area (60.8%) in the revised boundary area supported renewal of the Deep Ellum PID, exceeding the requirements of state law and the city's policy.
- Staff has also evaluated the service plan and recommended that the services be provided as proposed by the proposed service plan and find that the plan is viable.

Deep Ellum PID Renewal



Economic and Neighborhood Vitality

Deep Ellum PID Renewal



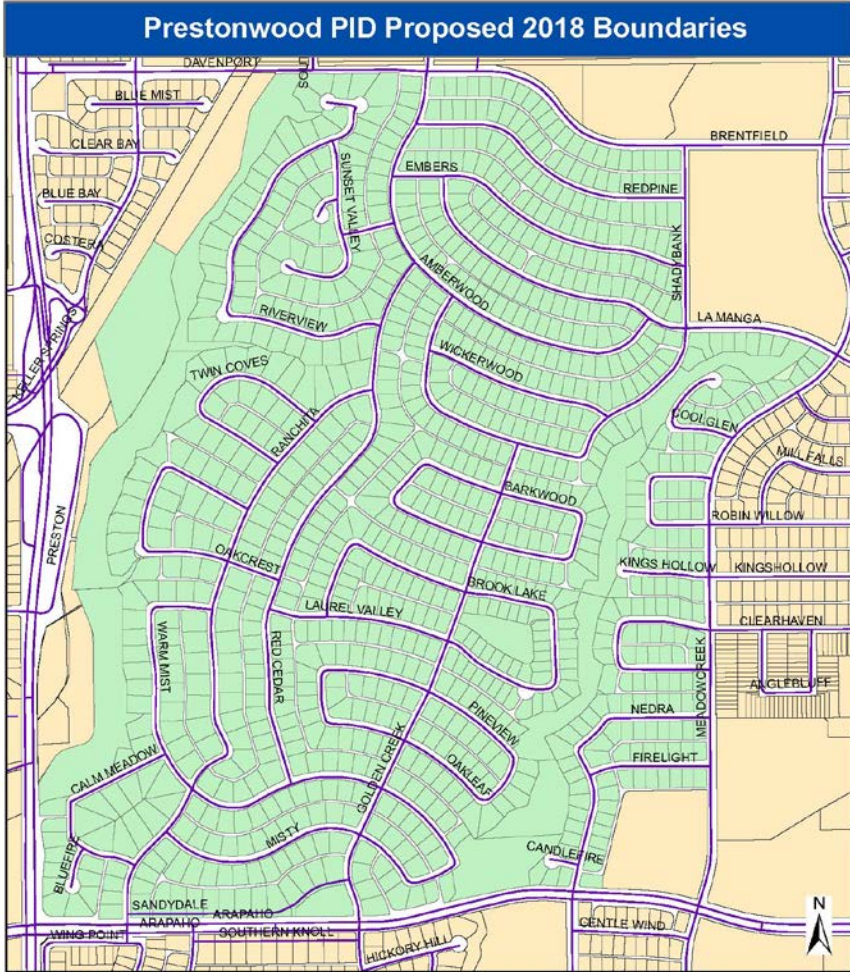
Deep Ellum PID Renewal

- On the May 9 agenda Council will be asked to call a public hearing for May 23, to allow property owners to speak for or against the renewal of the PID.
- After the public hearing on May 23, Council will be asked to approve renewal of the PID. Subject to City Council approval, the renewed PID will operate for seven years beginning on January 1, 2019.
- The District will be continue to be managed by the Deep Ellum Foundation, a 501(c)(3) nonprofit corporation.
- The Dallas City Council will continue its annual reviews of the service and assessment plans for the PID, and will continue to determine and levy assessments in accordance with those plans.

Prestonwood PID Renewal

- The Prestonwood PID is the only existing single-family PID in Dallas. The District was first established in 1997 and renewed in 2004 and 2011. The district is scheduled to expire in 2019.
- The primary purpose of the District is to enhance public safety and security related improvements in the Prestonwood area.
- Prestonwood Homeowners Association, the PID manager, delivered a petition to renew the Prestonwood Public Improvement District.
- The petition does not amend the service plan or boundary of the PID. It simply extends the term and established a new budget.

Prestonwood PID Renewal



Prestonwood PID Renewal

- City staff reviewed the petition and determined that the owners of more than 66.7 percent of the property value (81%) and more than 66.7 percent of the land area (80.5%) had supported the renewal of the Deep Ellum PID, exceeding the requirements of state law and the city's policy.
- Staff has also evaluated the service plan and recommended that the services be provided as proposed by the proposed service plan and find that the plan is viable.

Prestonwood PID Renewal

- On the May 9 agenda Council will be asked to call a public hearing for May 23, to allow property owners to speak for or against the renewal of the PID.
- After the public hearing on May 23, Council will be asked to approve renewal of the PID. Subject to City Council approval, the renewed PID will operate for seven years beginning on January 1, 2019.
- The District will be continue to be managed by Prestonwood Homeowners Association, Inc., a 501(c)(3) nonprofit corporation.
- The Dallas City Council will continue its annual reviews of the service and assessment plans for the PID, and will continue to determine and levy assessments in accordance with those plans.

Staff Recommendation

Staff recommends that the Economic Development and Housing Committee approve the following actions by the City Council:

- ✓ Call public hearings to consider the renewal of the Deep Ellum and Prestonwood Public Improvement Districts on May 9.
- ✓ Hold the public hearings on May 23, and at the close of each hearing approve the renewal of the Deep Ellum and Prestonwood Public Improvement Districts.

Deep Ellum and Prestonwood Public Improvement District Renewals

**Economic Development &
Housing Committee
May 7, 2018**

**Courtney Pogue, Director
Office of Economic Development
City of Dallas**



Memorandum



CITY OF DALLAS

DATE May 7, 2018

MEMORANDUM FOR
TO Members of the Economic Development & Housing Committee: Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman, Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **Historic Preservation Tax Exemption for Knights of Pythias/Union Bankers Building at 2557 Elm Street**

Summary

Westdale Properties and Epic Dallas have applied for a 100% tax exemption through the Historic Preservation Tax Incentive Program. Westdale Properties has invested \$407,974.00 in the formerly vacant Knights of Pythias/Union Bankers property and has begun working to reposition it into a boutique hotel and restaurant space with a 100,000 square foot addition. This hotel and addition are part of a large mixed-use hotel, office, retail, and residential project currently under construction called Epic Deep Ellum. On March 5, 2018, the Landmark Commission recommended approval of the Certificate of Eligibility and approval of \$407,974 in eligible expenditures spent on rehabilitation prior to the issuance of the Certificate of Eligibility. Certificate of eligibility means that the Landmark Commission designated the historic property as a historically significant site in need of tax relief to encourage its preservation

Background

Article XI of the Dallas Development Code established the Historic Preservation Tax Incentive Program, which allows property owners to receive tax exemptions for restorations of historic properties. Dallas Development Code Section 11.201(e) requires that City Council review any exemption over \$50,000.

The Knights of Pythias building was constructed in 1915-1916 as the state headquarters of the Black Knights of Pythias, and it was a center for social services and activities for the organization. It was designed by William Sidney Pittman, the first African-American architect to practice in the City of Dallas. The Knights of Pythias site was designated a City of Dallas Landmark in 1989. The property owner is currently restoring the historic Knights of Pythias building and redeveloping the site into a hotel. The discussion and planning of this project, and the possible use of TIF funds for it, began in October 2015.

The Office of Economic Development and the Sustainable Development and Construction Department coordinate on incentives provided to historic properties in the City's TIF districts.

Westdale Properties and Epic Dallas initially inquired about TIF funds in December 2015 for the hotel component of the Epic Deep Ellum project. A follow up conversation occurred in October 2016 and it was determined by Fair Housing and the City Attorney's Office that in order for the applicant to get TIF funding, they would either have to add deed restrictions requiring a certain percentage of affordable housing units for the multifamily portion of the project or Westdale Properties and Epic Dallas would have to sell the hotel property. Staff viewed the development of the hotel and other structures as one project from one owner, even though the components are on separately platted lots.

DATE May 7, 2018
SUBJECT Historic Preservation Tax Exemption for Knights of Pythias/Union Bankers Building at 2557 Elm Street

On April 13, 2017, the property owner submitted a zoning change application requesting an amendment to the preservation criteria and reduction of the boundary of the historic designation so that it would exclude the future hotel addition. Another meeting was conducted in September 2017 with Economic Development staff to discuss the project and the guidance previously given. The Urban Design Peer Review meeting was held on October 20, 2017, with comments given for the entire project, including the Knights of Pythias component. This meeting is a requirement that must occur before a TIF fund applicant may submit an application for consideration.

In December 2017, after the property owner decided not to pursue TIF funds, they amended their zoning application to expand the boundary of the historic district to include the hotel addition, and applied for the historic tax exemption for both the historic building and the addition. City Council approved the amendments to the preservation criteria and expanded boundary on April 11, 2018.

Knights of Pythias Hotel Project Description

Westdale Properties and Epic Dallas intend to reposition the unused historic building as part of a larger boutique hotel project with restaurant uses. On March 8, 2018, Landmark Commission approved minor window and door modifications and the construction of the seven-story addition and glass connector. The renovation work includes repairing and replacing key exterior components including; paint removal from the historic exterior masonry facades, repointing of the exterior brick, repair of historic cast stone elements, and restoration of the window and door openings. All interior and exterior work, including the new additions, have been reviewed and approved by the Texas Historical Commission and the National Park Service, in compliance with national historic renovation guidelines as part of those federal tax credit and state programs. Although the entire project, including the new additions, have been reviewed by the National Park Service, only the historic component of the structure will be allowed to claim the Federal historic tax credits.

The building qualifies under the "Urban Historic District" exemption which allows for an exemption up to 100 percent of the City portion of the property taxes for up to a ten-year period. To qualify for this exemption, the cost of rehabilitation must exceed 75 percent of the pre-rehabilitation value of the structure. The 2017 Dallas Central Appraisal District (DCAD) appraised value for the 2557 Elm Street account is \$1,328,840, with an improvement value of \$148,040 and land value of \$1,180,800. The applicant is therefore required to invest approximately \$111,030 into the property to qualify for the exemption. As of March 5, 2018, the applicant has spent \$407,974 on eligible items.

After Landmark Commission review, staff refined the future estimated taxable values for this project. Staff used the DCAD values of comparably renovated historic hotel properties near downtown and an inflation rate of 3% to estimate \$1,930,414 in revenue forgone over the next ten years if both the historic building and the new construction are approved for the historic preservation tax exemption program (see table below). Currently, the City is expected to collect \$12,028 in revenue for tax year 2018.

DATE May 7, 2018

SUBJECT Historic Preservation Tax Exemption for Knights of Pythias/Union Bankers Building at 2557 Elm Street

Building Name	Taxable value before completion	Taxable value after completion	Revenue Forgone (First Year)	Revenue Foregone (10 years)
Knights of Pythias historic building	\$1,328,840	\$7,208,663	\$56,256	\$644,917
New Construction	0	\$14,368,858	\$112,135	\$1,285,497
Total	\$1,328,840	\$21,577,521	\$168,391	\$1,930,414

Previously approved projects

The City previously approved two tax exemption applications for projects that included additional buildings and new construction. However, in both cases, the exemption was only for the historic buildings within the larger project.

In 2007, Council approved a historic tax exemption for the Old Parkland Hospital, built in 1925. In 2010, Council approved a historic tax exemption for the adjacent Nurses' Building, built in 1922. Both historic buildings are now part of a multi-building office campus constructed by Crow Holdings. Only the two historic buildings receive the historic tax exemption. The remaining non-historic, non-contributing buildings in the office campus are valued on the tax rolls at \$94 million.

In 2016, Council approved a historic tax exemption for the renovation of the Adolphus Hotel. Only the historic hotel and the subsequent additions, built between 1912 and 1951 and determined to be 'contributing' additions to the expanded historic overlay district by Landmark Commission, is included in the tax exemption. The remaining buildings on the block are on the City's tax rolls for \$18 million.

Program Issues

The Historic Preservation Tax Exemption allows the Landmark Commission to make a determination if a building is "contributing". Only "contributing" structures are eligible for the incentives. A contributing structure means a structure that retains its essential architectural integrity of design and whose architectural style is typical of or integral to a historic district (Sec. 51A-11.102(4) of Dallas Development Code). The Landmark Commission approved the historic tax exemption with the new seven-story hotel addition (over 100,000 square feet) because they believed the construction of the addition makes the restoration of the historic structure possible. The applicant believes that the intent of the tax exemption program is for the economic investment in a district and to encourage the rehabilitation of historic structures. The Applicant stated that the proposed addition is potentially contributing to the historic overlay for the Knights of Pythias site, and would not have an adverse effect on the property. The Landmark Commission was satisfied with the fact that any alterations to or demolition of the new addition or the historic structure would require their oversight.

Staff is concerned that identifying the new addition as "contributing" to take advantage of the historic tax exemption is contrary to the purpose of the Historic Preservation Tax Incentive Program and contrary to National Park Service guidance that provides that only buildings older than 50 years are eligible for 'contributing' status. The purpose of the program is to encourage economic development through the revitalization and preservation of historic properties.

DATE May 7, 2018
SUBJECT Historic Preservation Tax Exemption for Knights of Pythias/Union Bankers Building at 2557 Elm Street

Next Steps

The Certificate of Eligibility will be reviewed by City Council on Wednesday, May 23, 2018.

Alternatives

The City established the historic tax exemption program to support restoration and adaptive reuse of the City's historic properties. If Council is inclined to make the historic tax exemption only for existing historic structures and not allow new construction to be part of the program, staff could work on a code amendment to clarify the regulations. The applicant included the large new hotel addition in the request for the historic tax exemption and staff is concerned that a property owner may meet their required investment amount only through, or primarily through, new construction on a site instead of through restoration of the historic resource itself.

Fiscal Impact

The first year of tax revenue foregone is estimated at \$56,256 for the historic building and \$112,135 for the addition. Over ten years, the estimate is a total of \$644,917 for the historic building and \$1,285,479 for the addition, for an overall total of \$1,930,414. This is contingent on the Applicant completing the rest of the historic tax exemption program requirements. Since the Applicant has already spent the required eligible expenditure amount of \$111,030, a Certificate of Occupancy will have to be submitted and a Commitment to Repay filed with the County deed records before the Certificate of Eligibility expiration date of March 5, 2021.

Landmark Commission Recommendation

On March 5, 2018, the Landmark Commission made a recommendation of approval of the Certificate of Eligibility and approval of \$407,974.00 in eligible expenditures spent on rehabilitation prior to the issuance of the Certificate of Eligibility with the finding of fact that the addition makes the viability of the restoration of the historic structure possible, that the intent of the tax exemption is for economic investment in a district and to encourage the rehabilitation of the historic structures into new uses, and with the finding of fact that the addition is potentially contributing to the historic overlay property that includes the original structure and the connecting property; and with the finding that the addition does not have an adverse effect on the property at 2557/2551 Elm Street, and any changes or demolition of the addition or existing structure will have to be reviewed by the Landmark Commission.

Staff Recommendation

Staff recommends the Economic Development and Housing Committee approve the historic preservation tax exemption for the Knights of Pythias/Union Bankers project at 2557 Elm Street for a ten-year period on 100% of the land and structure value to be applied to the existing, historic component of the project only and exclude the new addition.

DATE May 7, 2018
SUBJECT Historic Preservation Tax Exemption for Knights of Pythias/Union Bankers Building at 2557
Elm Street

Should you have any questions, please contact David Cossum, Director of the Department of Sustainable Development and Construction, or myself.



Majed A. Al-Ghafry
Assistant City Manager

- c: T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager
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M. Elizabeth Reich, Chief Financial Officer
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Historic Preservation Tax Exemption for Knights of Pythias/Union Bankers Building

Economic Development &
Housing Committee

May 7, 2018

David Cossum, Director,
Sustainable Development and
Construction



City of Dallas

Presentation Overview

- Summary
- Background
- Timeline
- Revenue Forgone
- Previously approved projects
- Issues
- Recommendations
- Next steps

Summary

- Westdale Properties and Epic Dallas applied for a 100% tax exemption through the Historic Preservation Tax Incentive Program.
- The building qualifies under the “Urban Historic District” exemption, which allows for an exemption up to 100 percent of the City portion of the property taxes for up to a ten-year period. To qualify for this exemption, the cost of rehabilitation must exceed 75 percent of the pre-rehabilitation value of the structure.
- Dallas Development Code Section 11.201(e) requires City Council to review any exemption over \$50,000.
- Proposed development is a boutique hotel and restaurant space with a 100,000 square foot addition as part of a large mixed-use hotel, office, retail, and residential project currently under construction called Epic Deep Ellum.

Summary

- The 2017 Dallas Central Appraisal District (DCAD) appraised value for the 2557 Elm Street account is \$1,328,840, with an improvement value of \$148,040 and land value of \$1,180,800.
- The applicant is required to invest approximately \$111,030 into the property to qualify for the exemption.
- As of March 5, 2018, the applicant has spent \$407,974 on eligible items.

Background of Historic Structure

- The Knights of Pythias building was constructed in 1915-1916 as the state headquarters of the Black Knights of Pythias, and it was a center for social services and activities for the organization. Union Banker Insurance Company purchased the building in 1959.
- It was designed by William Sidney Pittman, the first African-American architect to practice in the City of Dallas.
- The Knights of Pythias site was designated a City of Dallas Landmark in 1989.



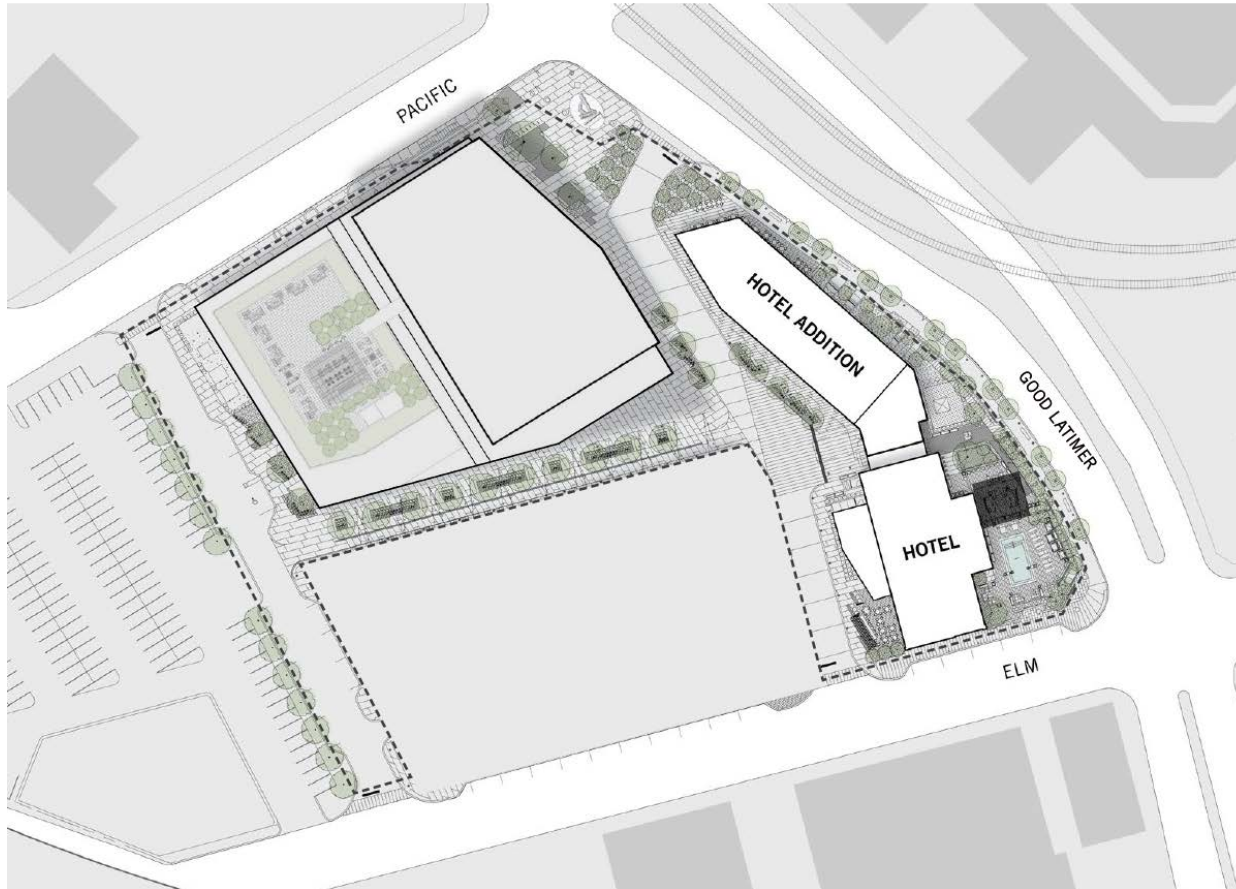
Background

- On March 5, 2018, Landmark Commission approved minor window and door modifications to the existing building and the construction of the seven-story addition and glass connector.
- The renovation work includes repairing and replacing key exterior components including; paint removal from the historic exterior masonry facades, repointing of the exterior brick, repair of historic cast stone elements, and restoration of the window and door openings.
- All interior and exterior work, including the new additions, have been reviewed and approved by the Texas Historical Commission and the National Park Service, in compliance with national historic renovation guidelines as part of those federal tax credit and state programs.



Background

- Knights of Pythias/Union Bankers Overall Project map



Timeline

- December 2015 – Applicant inquired about TIF funds for the hotel component of the Epic Deep Ellum project.
- TIF funding required certain percentage of affordable housing units for the multifamily portion of the project.
- Applicant decided not to pursue TIF funding.
- April 13, 2017 - Applicant submitted a zoning application to amend the preservation criteria and reduce the boundary of the historic designation overlay.
- December 2017 - Applicant amended their zoning application to expand the boundary of the historic district to include the hotel addition, and applied for the historic tax exemption for both the historic building and the addition.

Timeline

- March 5, 2018 - Landmark Commission recommended approval of the Certificate of Eligibility and approval of \$407,974 in eligible expenditures spent on rehabilitation prior to the issuance of the Certificate of Eligibility and determined the proposed new construction was a 'contributing' structure to the historic overlay district.
- March 5, 2018 - Landmark Commission approved minor window and door modifications to the existing building and the construction of the seven-story addition and glass connector.
- April 11, 2018 - City Council approved the amendments to the preservation criteria and expanded boundary of the historic overlay district.

Revenue Forgone

- The amount forgone for the addition is estimated to be \$112,135.
- Over ten years, the estimate is a total of \$644,917 for the historic building and \$1,285,479 for the addition, for an overall total of \$1,930,414.
 - This is contingent on the Applicant completing the rest of the historic tax exemption program requirements before the exemption expires in March 5, 2021.

Revenue Forgone

- Staff used the DCAD values of comparably renovated historic hotel properties near downtown and an inflation rate of 3% to estimate \$1,930,414 in revenue forgone over the next ten years if both the historic building and the new construction are approved for the historic preservation tax exemption program.

Building Name	Taxable value after completion	Revenue Forgone (First Year)	Revenue Foregone (10 years)
Knights of Pythias historic building	\$7,208,663	\$56,256	\$644,917
New Construction	\$14,368,858	\$112,135	\$1,285,497
Total	\$21,577,521	\$168,391	\$1,930,414

Previously approved projects

- The City previously approved two tax exemption applications for projects that included additional buildings and new construction.
- However, in both cases, the exemption was only for the historic buildings within the larger project.
- In 2007, Council approved a historic tax exemption for the Old Parkland Hospital, built in 1925.
 - In 2010, Council approved a historic tax exemption for the adjacent Nurses' Building, built in 1922.
 - Both historic buildings are now part of a multi-building office campus constructed by Crow Holdings.
 - Only the two historic buildings receive the historic tax exemption.
- In 2016, Council approved a historic tax exemption for the renovation of the Adolphus Hotel.
 - Only the historic hotel and the subsequent additions, built between 1912 and 1951 and determined to be 'contributing' additions to the expanded historic overlay district by Landmark Commission, is included in the tax exemption.

Issues

- A contributing structure means a structure that retains its essential architectural integrity of design and whose architectural style is typical of or integral to a historic district
- Identifying the new addition as ‘contributing’ to take advantage of the historic tax exemption seems to be contrary to the purpose of the Historic Preservation Tax Incentive Program.
- The purpose of the historic tax exemption program to support restoration and adaptive reuse of the City’s historic properties.
- Staff recommends mirroring the Federal historic tax credits and have the historic tax exemption apply only to the contributing structure.

Recommendations

- The Landmark Commission approved the historic tax exemption with the new seven-story hotel addition (over 100,000 square feet) for the stated reason that the construction of the addition makes the restoration of the historic structure possible:
 - The Landmark Commission also determined that the addition is now a 'contributing' feature of the historic overlay.
- Staff recommends the Economic Development and Housing Committee only approve the historic preservation tax exemption for the Knights of Pythias/Union Bankers building and exclude the new addition.

Next Steps

- The Certificate of Eligibility is scheduled for consideration by City Council on Wednesday, May 23, 2018.

Historic Preservation Tax Exemption for Knights of Pythias/Union Bankers Building

Economic Development &
Housing Committee

May 7, 2018

David Cossum, Director,
Sustainable Development
and Construction



City of Dallas

Memorandum



CITY OF DALLAS

DATE May 7, 2018

Honorable Members of the Economic Development and Housing Committee:
TO Tennell Atkins (Chair), Rickey D. Callahan (Vice Chair), Lee M. Kleinman, Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **Accessory Dwelling Units**

On Monday, May 7, 2018 the Economic Development and Housing Committee will be briefed on proposed amendments to the Development Code to allow for Accessory Dwelling Units. The City Plan Commission recommended no change to the Development Code on June 22, 2017. The briefing material is attached for your review.

Please feel free to contact either myself or David Cossum if you have any questions or need additional information.

A handwritten signature in blue ink, appearing to read 'Majed A. Al-Ghafry'.

Majed A. Al-Ghafry
Assistant City Manager

c: Honorable Mayor and Members of City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
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Accessory Dwelling Units

**Economic Development and
Housing Committee**

May 7, 2018

**David Cossum, Director
Sustainable Development
and Construction**



City of Dallas

Presentation Overview

- Purpose
- Background
- Proposal
- Next Steps
- Appendix



Purpose

- Brief Committee on proposed amendments to the Dallas Development Code to allow accessory dwelling units.
- Seek Committee approval to forward amendments to City Council for consideration.



Background

- On October 19, 2015, the City Council Housing Committee was briefed on accessory dwelling units in single family neighborhoods and how accessory structures are currently addressed in the City code.
- On December 15, 2015, staff held a public meeting with Dallas residents to receive comments.
 - 900 plus email invitations sent that included City Council member offices, homeowner associations, neighborhood groups and individuals, Dallas Homeowners League representatives, and Dallas Builder Association Representatives;
 - 24 people attended with comments both in support of and in opposition to accessory dwelling units.

Background

- On February 16, 2016, the City Council Housing Committee was again briefed.
 - Reviewed comments received at the public meeting from Dallas residents.
 - Reviewed Neighborhood Plus recommendations
 - **Policy 5.1** Encourage a wider range of well-designed and affordable housing types as a response to emerging homeownership preferences.
 - **Policy 6.2** Expand affordable housing options and encourage its distribution throughout the city and region.
 - Options presented to the Housing Committee
 - Sent the item to the Zoning Ordinance Advisory Committee (ZOAC)



Background

- ZOAC considered this issue at five meetings: January 19, 2017; February 16, 2017; March 16, 2017; April 6, 2017 and on April 27, 2017 recommended “no change.”
 - At each of the meetings; other cities (index cities, surrounding cities) were reviewed, staff proposal was discussed, and public comments were taken;
 - Public comments (both in support and opposition) were similar to the comments received during the public meeting;
 - Formulated proposal based on best practices and input
 - Recommendation of “no change”:
 - ZOAC members expressed concerns that they were unsure of the Council Committee’s policy objectives in considering accessory dwelling units.
 - No consensus among neighborhood representatives that spoke, as to whether the proposal was desirable.

Background

- On June 22, 2017, City Plan Commission (CPC) considered this item and recommended “no change.”
 - Proposal was briefed, other cities (index cities, surrounding cities) were reviewed, and public comments were taken;
 - Comments from the public were both in support and opposition;
 - Recommendation of “no change.”
 - Some of the CPC members expressed concerns similar to those expressed by ZOAC members, that they were unsure of the Council Committee’s policy objectives in considering accessory dwelling units.
 - Concern that the process proposed, similar to a Neighborhood Stabilization Overlay (NSO), would divide the neighborhood trying to implement.

Background

- ZOAC and staff worked through several options and the final proposal was developed based on public input and ZOAC comments; these were presented at ZOAC and CPC.
- Existing regulations and restrictions on accessory buildings (not specifically dwelling units) were used as a base to develop proposal from. Those regulations are identified in the following proposal.

Proposal

- Recommend a two-pronged approach:
 1. Amend the existing Board of Adjustment (BDA) special exception process to authorize an additional dwelling unit to allow the option of a rental accommodation.
 2. Create an Accessory Dwelling Unit Overlay whereby accessory dwelling units could be allowed by right within a specific geographical area.

Board of Adjustment (BDA) Special Exception

Proposed Regulations

- Special exception to allow an additional dwelling unit as a rental accommodation.
 - Require owner occupancy on the premises;
 - Board may determine if additional parking is required; and
 - Remove the current requirement for a restriction that prohibits rental.

Accessory Dwelling Unit Overlay

Initiation

- Neighborhood driven petition process
 - Similar to a neighborhood stabilization overlay and Conservation District process
- City Council or City Plan Commission authorized hearing to initiate.

Accessory Dwelling Unit Overlay

Proposed Regulations (in general)

- Accessory Dwelling Unit (ADU) means an additional dwelling unit, subordinate to the main unit, located on a building site with a single family use.
- May be attached or detached;
- Allowed in:
 - Residential “R” single family districts and Agricultural districts;
 - Conservation district, historic overlay, neighborhood stabilization overlay, and single family planned development district.
- Not allowed on a lot with a non-single family use.

Accessory Dwelling Unit Overlay

Proposed Regulations (in general)

- Unit cannot be sold separately (by metes and bounds);
- Allow additional water, sewer and electrical utility service on a lot.
 - **Current Restriction**: Board of Adjustment must approve additional electrical service.

Accessory Dwelling Unit Overlay

Proposed Regulations (in general)

- Owner occupancy on the premises:
 - Property must be the homestead and owner shall reside on the lot, occupying either the primary dwelling unit or the ADU
- Non-owner occupied unit on the lot (ADU or primary dwelling unit) must be registered under the single family Non-Owner Occupied Rental Program of the City annually if rented.



Accessory Dwelling Unit Overlay

Proposed Regulations (in general)

Parking:

- At least one off-street parking space is required; except
- No additional parking is required if ADU is located within 1200 feet of a DART bus or transit stop.

Accessory Dwelling Unit Overlay

Proposed Regulations

If detached:

- Cannot be located in front of the main structure;
- Minimum of 200 square feet;
- Floor area of the structure containing ADU cannot exceed 700 sq. ft. or 25 percent of the floor area of the main building, whichever is greater;
 - **Current restriction:** Accessory buildings may not exceed 25% of the floor area of the main building, unless parking area

Accessory Dwelling Unit Overlay

Proposed Regulations

- Options for height relative to main building
 - If ADU is located above the garage, the height of the structure containing ADU cannot exceed the zoning district height
 - **Current restriction**: Accessory buildings may not exceed the height of the main building
- Height of the ADU
 - If over 15 feet, setbacks of the zoning district;
 - If less than 15 feet and located in rear 30%, 3 foot side yard setback;
 - If less than 15 feet, 3 foot rear yard setback.

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Accessory Dwelling Unit Overlay

Proposed Regulations

- Compatible with the main building: similar in color, materials, exterior siding, roofing, roof pitch, foundation fascia, and fenestration (mirrors current restrictions for accessory structure);
- If an attached unit, same floor area restrictions apply, ADU cannot exceed 700 sq. ft. or 25 percent of the floor area of the main building, whichever is greater

Benefits of Accessory Dwelling Unit

- ADU's can assist in addressing existing gaps in affordable housing in Dallas
- Owner's can "age in place" by choosing to stay in the neighborhood and renting either the ADU or their main dwelling unit

Recommendation

- ZOAC – no change
- CPC – no change
- Staff – approval of staff proposal

Next Steps

Staff recommends Committee approval to advance the amendments for City Council consideration.

Accessory Dwelling Units

Economic Development and
Housing Committee

May 7, 2018

David Cossum, Director
Sustainable Development
and Construction



City of Dallas

Appendix



Appendix-1

Research – Surrounding Cities

	Allen	Arlington	Cedar Hill	Duncanville	Garland	Grand Prairie	Irving	Mesquite	McKinney	Plano	Richardson	University Park	Highland Park
Additional Dwelling Unit allowed in Single Family District by right	X	√	√	√	√	√	√	√	√	√	√	√	√
Rental Allowed in Single Family District by right	X	X	X	X	X	X	X	X	X	X	X	X	X
<p>Note: Surrounding cities except Allen, allow an additional dwelling unit. Per the respective City Codes, the additional dwelling unit can be used for family or as a servant quarter, not for income/rental purpose.</p> <p>ADU- Accessory Dwelling Unit</p> <p>√ - Yes</p> <p>X - No</p> <p>Empty - Unknown</p>													

Appendix-2

Research – Index Cities

	Austin	Baltimore	Boston	Columbus	El Paso	Fort Worth ²	Philadelphia	Phoenix ¹	San Antonio	San Jose	San Diego	*Vancouver, Canada	* Atlanta	* Birmingham
Additional Dwelling Unit allowed in Single Family District by right	√	x	x	√	√	√	√	√	√	√	√	√	√	√
ADU in Rental Allowed in Single Family District	√	x	x	√	√	x	√	x	√	√	√	√	x	x
If allowed:														
Owner Occupancy on same lot	x			√	√		√		√	√	√	x		
ADU size regulations	√			√	√		√		√	√	√	√		
Lot size, set back requirements	√			√	√		√		√	√	√	√		
Additional or separate utility and sewer connections allowed				x			x		x					
Parking requirements	√			√	√		x		√	√	√	√		
Design requirements	x			x	√				√	√	√	√		
ADU - Accessory Dwelling Unit														
* Not an Index City														
Empty - Unknown														
√ - Yes														
X - No														
1. Phoenix City Code states that a guest room may not contain any cooking facility.														
2. Accessory Dwelling Unit cannot be rented in a one family district. In Urban Residential District (UR), a transition zone between low density single-family neighborhoods and high-density commercial area, a range of housing options are allowed.														

Appendix-3

December 15, 2015 public meeting comments

- Comments in support included:
 - Accessory Dwelling Units (ADUs) can help slow down gentrification, increase density, and optimize existing infrastructure utilization
 - ADUs can provide additional income to seniors and help them to remain in their homes (aging in place)
 - ADUs should be allowed with restrictions, such as number of people allowed in ADU, parking, lot size, etc.

Appendix-3

December 15, 2015 public meeting comments (cont.)

- Comments opposing included:
 - Code enforcement is already overwhelmed and has difficulty enforcing ADUs being rented now
 - ADUs create additional burden on existing infrastructure (water, sewer, sanitation, schools, road capacity, etc.)
 - Excess on-street parking will reduce access for emergency vehicles and increase congestion
 - Some neighborhoods have worked hard to remove multifamily properties. Allowing ADUs in single family neighborhoods will un-do this work
 - ADUs will decrease property values
 - Too many illegal garage/shed conversions already
 - Construction quality for ADUs may be poor

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Accessory Dwelling Units

**Economic Development and
Housing Committee**

May 7, 2018

**David Cossum, Director
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and Construction**



City of Dallas