

KEY FOCUS AREA: Economic Vibrancy
AGENDA DATE: October 28, 2015
COUNCIL DISTRICT(S): 4
DEPARTMENT: Housing/Community Services
CMO: A. C. Gonzalez, 670-3297
MAPSCO: Various

SUBJECT

Authorize a housing development grant in an amount not to exceed \$1,500,000 to the Dallas Housing Acquisition and Development Corporation for construction of ten single family homes on land bank properties - Not to exceed \$1,500,000 - Financing: FY 2014-15 HOME Program Income #1

BACKGROUND

The City Council has been briefed on the City of Dallas Neighborhood Plus Plan that includes a strategy for retaining middle income families and developing single family units for mixed-income neighborhoods. The Dallas Housing Acquisition and Development Corporation (DHADC), a nonprofit entity, pursuant to the provisions of Article 4.03 of the Texas Non-Profit Corporation Act, acts on behalf of and as directed and ordered by the City of Dallas for this purpose.

The City of Dallas will provide interim construction financing for ten (10) units to be built and sold to eligible low and moderate income families at or below 80% of Area Median Family Income. Eligible costs include land reimbursement, soft costs, construction costs, and allowable closing costs. The construction work will be completed within two years including occupancy. As each unit is sold, the proceeds from the sales of the affordable units will be used to build additional homes. Lots will be selected based on economies of scale for building and timing of lots expiring from land bank control. Deed restrictions for the affordable units will remain on the property for 15 years with forgiveness of the debt to the DHADC prorata per house.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On December 10, 2014, City Council held a public hearing and authorized final adoption of Substantial Amendment No. 1 to amend the FY 2014-15 Action Plan for the Community Development Block Grant, HOME Investment Partnerships Program, and the Housing Opportunities for Persons with AIDS grant, which included funding for housing development, by Resolution No. 14-2182.

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

On September 22, 2015, this item was remanded to Housing Committee By Councilmember Carolyn King Arnold.

On October 5, 2015, this item was briefed to Housing Committee.

Information about this item was provided to the Housing Committee on September 21, 2015.

FISCAL INFORMATION

FY 2014-15 HOME Program Income #1 - \$1,500,000

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WHEREAS, affordable housing for low and moderate income families is a high priority of the City of Dallas; and

WHEREAS, on December 10, 2014, City Council held a public hearing and authorized final adoption of Substantial Amendment No. 1 to amend the FY 2014-15 Action Plan for the Community Development Block Grant, HOME Investment Partnerships Program, and the Housing Opportunities for Persons with AIDS grant, which included funding for housing development, by Resolution No. 14-2182; and

WHEREAS, on September 22, 2015, this item was remanded to Housing Committee By Councilmember Carolyn King Arnold; and

WHEREAS, on October 5, 2015, this item was briefed to Housing Committee; and

WHEREAS, Dallas Housing Acquisition and Development Corporation (DHADC) proposes to work with the City of Dallas to undertake the development of ten (10) units located on scattered sites; and

WHEREAS, the City desires for DHADC to develop affordable units for low and moderate income families; **NOW, THEREFORE,**

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

Section 1. That following approval as to form by the City Attorney, the City Manager is hereby authorized to execute a housing development grant in an amount not to exceed \$1,500,000 to the DHADC for construction of ten (10) single family homes on land bank properties.

Section 2. The terms of the loan agreement include:

- (a) DHADC must execute a note payable for \$1,500,000 to the City of Dallas for the loan.
- (b) DHADC will execute a lien through a Deed of Trust and deed restriction for a 15-year term for the affordable units.
- (c) DHADC will use funds for land reimbursement, soft costs, construction costs, and allowable closing costs.
- (d) DHADC will utilize proceeds from the sales of homes to build additional homes with the same 15 year affordability restrictions.
- (e) DHADC will have two (2) years to fully complete the project.

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- (f) DHADC must build and occupy the affordable units to low and moderate income families with incomes at or below 80% of area median family income (AMFI).
- (g) The City will release DHADC's lien and forgive the debt on a prorata basis as each unit is sold to a low-income household at or below 80% AMFI.

Section 3. That the City Manager, upon approval as to form by the City Attorney, is hereby authorized to execute releases of liens, forgive the debt and terminate deed restrictions on the property upon compliance with the loan terms and deed restrictions.

Section 4. That the Chief Financial Officer is hereby authorized to disburse funds in accordance with this resolution as follows:

Dallas Housing Acquisition and Development Corporation Vendor # 516925

<u>Fund</u>	<u>Dept</u>	<u>Unit</u>	<u>Object Code</u>	<u>Program #</u>	<u>Encumbrance</u>	<u>Amount</u>
14M1	HOU	489G	3015	14M1489G	HOU489GK181	\$1,500,000

Section 5. That the City Controller is hereby authorized to record notes receivable in balance sheet account (033F) and deferred revenue-home loan in (0859) in fund 14M1 for the amount of the loan.

Section 6. That this resolution does not constitute a binding agreement upon the City or subject the City to any liability or obligation with respect to the loan, until such time as the loan documents are duly approved by all parties and executed.

Section 7. That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.