

Memorandum

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CITY SECRETARY
DALLAS, TEXAS

CITY OF DALLAS

DATE August 1, 2014

TO Rosa A. Rios
City SecretarySUBJECT Notice of Release of Funds
La Reunion TX
Flora Street Lofts (HOME - \$1,100,000)

The City of Dallas approved a loan in the amount of \$1,100,000 with La Reunion TX for the development of a multifamily residential unit. The activities have been delayed.

Funding for the following HOME activity was encumbered as shown below. Please release the encumbrances.

Vendor	Fund	Unit	Object	Encumbrance	Amount
VS0000026463	HM10	463C	3015	CTHOU463CE092	\$915,235
	HM12	893E	3015	CTHOU463CE092	\$184,765

Please contact Cynthia Rogers-Ellickson at 670-3601 for further assistance.

Bernadette Mitchell, Interim Director
Housing / Community Services Department

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WHEREAS, on February 10, 2010, the City Council approved a modification to the policy for the acceptance of applications seeking City of Dallas support for low income housing tax credit financing, when the State of Texas does not require direct City of Dallas approval by Resolution No. 10-0498; and

WHEREAS, the President, Graham Greene of GREENarc Corporation, submitted an application to the City of Dallas on behalf of Flora Street Lofts, Ltd. ("the Applicant"), for support of their application to TDHCA for the 2013 Low Income Housing Tax Credit Program; and

WHEREAS, the Applicant requested a waiver of the one mile three year rule for the Flora Street Lofts' project; and

WHEREAS, on February 4, 2013 and February 19, 2013, the Flora Street Lofts' Housing Tax Credit multifamily project were briefed to the Housing Committee; and

WHEREAS, the applicant has submitted a request for gap funding of \$1.1M from the City of Dallas which has been reviewed; and

WHEREAS, as a condition for being considered for the award of the 9% tax credit, the Applicant has committed to renting 4 units or 9% of the units to tenants with household incomes capped at 30% or below the area median family income (AMFI) with rents affordable to tenants whose household incomes are 30% or below the AMFI and 16 units or 34% of the units to tenants with household incomes capped at 50% or below the area median family income (AMFI) with rents affordable to tenants whose household incomes are 50% or below the AMFI and 19 units or 40% of the units to tenants with household incomes capped at 60% or below the area median family income (AMFI) with rents affordable to tenants whose household incomes are 60% or below the AMFI and 8 units or 17% of the units as Market Rate Units; and

WHEREAS, as with the City of Dallas' funding and endorsement of the TDHCA LIHTC application for Flora Street Lofts, the owner of the project will provide social services with the project approved by the Housing/Community Services Department, if the Project Owner is utilizing City funding in the financing of the low income housing units under the tax credit project; and

WHEREAS, the City of Dallas desires to provide approval of the TDHCA LIHTC application for the Flora Street Lofts' project located at 2121 Flora Street; **NOW, THEREFORE**,

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

SECTION 1. That the City of Dallas supports the Texas Department of Housing and Community Affairs (TDHCA) 9% low-income housing tax credit allocation for Flora Street Lofts' project located at 2121 Flora Street for the acquisition and new construction of the proposed 47-unit multifamily residential development for mixed income families.

SECTION 2. That the City Manager or designee, upon approval as to form by the City Attorney, is hereby authorized to execute a loan in an amount of \$1,100,000 to La Reunion TX for the development at 2121 Flora Street with the following terms:

- a. La Reunion TX must adhere to all applicable HOME Program requirements.
- b. La Reunion TX must execute a note, deed of trust, and deed restrictions for a thirty-five year affordability period.
- c. The outstanding principal balance of the City's \$1,100,000 loan shall bear an interest rate of zero percent 0% per year forgivable in equal amounts annually over a thirty-five year period.
- d. The balance will be due and payable upon the sale or refinancing of the project.

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

SECTION 4. That the City of Dallas waives the one mile three year rule for Flora Street Lofts' project, pursuant to §11.3 (c)((2)(G) of the 2013 Housing Tax Credit Qualified Allocation Plan.

SECTION 5. That the City of Dallas' funding and endorsement of the TDHCA LIHTC application for Flora Street Lofts will be contingent on the following if the owner is utilizing City funding in financing of the low income housing units under the tax credit project: (1) the Project Owner expending a minimum of \$40,000 (a minimum of \$40,000 or \$200 per unit per year, whichever is greater) for social services for, and at no cost, to the residents of the development, based on a survey of residents needs, to be implemented within three months of project completion; (2) inclusion of this requirement in the Land Use Restriction Agreement (LURA) by the Texas Department of Housing and Community Affairs (TDHCA) and the City's Deed Restrictions containing the social services requirement; and, (3) if the LURA does not require the social services expenditures to be made prior to debt service payment, a separate guarantee by an entity or individual acceptable to the City that the social services expenditures will be made. Up to 50% of the social service requirement can be fulfilled with in kind social services provided the Housing/Community Services Department gives prior approval of the social service plan.

SECTION 6. That prior to receiving a conditional City of Dallas building permit required by TDHCA prior to closing on the tax credits, the Project Developer will consult with the City of Dallas Sustainable Development and Construction Department with regard to security related design standards.

SECTION 7. That the City of Dallas' funding and endorsement for this project will be contingent on the Project Owner paying to the City an annual monitoring review fee in the amount of \$500, beginning on the anniversary of the closing on the 9% tax credits and ending at the end of the tax credit compliance period, for the cost of monitoring compliance with the social service requirement, if the Project Owner is utilizing City funding in the financing of the low income housing units under the tax credit project.

SECTION 8. That the City Controller be authorized to disburse funds in accordance with this resolution as follows:

La Reunion TX Vendor # VS0000026463

Fund HM10 Dept HOU Unit 463C Obj 3015 Amount \$915,235

Fund HM12 Dept HOU Unit 893E Obj 3015 Amount \$184,765

Section 9. That the City Controller is hereby authorized to modify receivable balance sheet account (033F) and an allowance for uncollectible debt (022D) in funds HM10 and HM12 for the amount of the loan.

SECTION 10. 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.

