

RESOLUTION NO. R-2012-4

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TYLER, TEXAS SUPPORTING THE APPLICATION OF KOLT DEVELOPMENT FOR THE HOUSING TAX CREDIT PROGRAM WITH THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (TDHCA) IN CONNECTION WITH THE DEVELOPMENT OF THE BROWNSTONES, A LOW TO MODERATE INCOME MULTI-FAMILY RENTAL HOUSING DEVELOPMENT TO BE DEVELOPED IN THE CITY OF TYLER; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City of Tyler recognizes the need for affordable housing within the North End Revitalization Area, as described in the Tyler 21 Comprehensive Plan; and

WHEREAS, The Brownstones, a proposed low to moderate income multi-family rental housing development comprising of approximately one-hundred rental apartment homes, to be constructed on the north side of Gentry Parkway, east side of Palace Avenue, south of Loop 323, in the City of Tyler, is located within the North End Revitalization Area and is intended to be developed as affordable housing; and

WHEREAS, the City, pursuant to authority provided by 24 CFR Part 570.604 and 24 CFR Part 58, hereby agrees to enter a Conditional Commitment Agreement of CDBG funds in support of and toward the on-site development costs (infrastructure) of The Brownstones project.; and

WHEREAS, the City and representatives of Kolt Development acknowledge that the Conditional Commitment Agreement supported herein does not constitute a commitment of funds and that such commitment of funds or approval may occur only upon satisfactory completion of environmental review and receipt by the City of Tyler, Texas of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58; and

WHEREAS, the parties agree that the provision of any funds to the project is conditioned on the City's determination to proceed with, modify, or cancel the project based on the results of the environmental review; and

WHEREAS, Kolt Development agrees to assist the City of Tyler, Texas in gathering information used to complete the environmental review process and understands that the City is responsible for conducting and making determinations with regard to the environmental review process.

WHEREAS, it is to the benefit of the City of Tyler that the Brownstones be developed as affordable housing within the North End Revitalization Area; and

WHEREAS, the City has been advised that Kolt Development will soon be submitting an application to the Texas Department of Housing and Community Affairs (TDHCA) for an allocation of Housing Tax Credits in connection with the proposed development of the Brownstones.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TYLER, TEXAS:

Part 1: That the City Council of the City of Tyler, Texas supports the TDHCA Application to be submitted by Kolt Development for an allocation of Housing Tax Credits in connection with the Brownstones development.

PART 2. That, if Kolt Development receives an allocation of low-income housing tax credits for the development of the aforementioned project, the City conditionally commits CDBG funding for on-site development costs in the amount not to exceed \$200,000 and pursuant to a Conditional Commitment Agreement attached here and fully incorporated as part of this Resolution, and further subject to the City receiving a release of funds from the U.S. Department of Housing and Urban Development.


PART 3. That such funding from the City is intended to satisfy the provisions of Section 50.9(i)(5) of the 2006 Qualified Allocation Plan regarding low-income housing tax credits.

PART 4. That the City supports the development of approximately one-hundred (100) affordable rental units located at the north side of Gentry Parkway, east side of Palace Avenue, south of Loop 323, in the City of Tyler, located within the North End Revitalization Area that will be built to specifications sufficient to obtain a City of Tyler Certificate of Occupancy and that will be made affordable to and occupied by low-moderate income households as defined and determined per the State of Texas Low Income Housing Tax Credit program.

PART 5. That the City Manager is designated as the City's Chief Executive Officer and Authorized Representative to act in all matters in connection with this resolution and in connection with this Conditional Commitment for CDBG funds in the amount not to exceed \$200,000 and consistent with terms included in the Conditional Commitment Agreement incorporated herein, if an award of low-income housing tax credits is received and if the City of Tyler receives authority to release said funds from the U.S. Department of Housing and Urban Development.

PART 6: That this resolution shall take effect immediately upon adoption.

ADOPTED this 25th day of January, 2012.


BARBARA BASS, MAYOR
CITY OF TYLER, TEXAS

ATTEST:


CASSANDRA BRAGER, CITY CLERK

APPROVED:


GARY C. LANDERS, CITY ATTORNEY



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City of Tyler, Texas
Conditional CDBG Commitment
To The Kolt Development

On this the _____ day of _____, 2012, the City of Tyler, Smith County, Texas, as an Entitlement Community under The Community Development Act of 1974, 42 USC 5301 et. seq. and with authority defined in the Community Development Block Grant Program at 24 CFR Part 570, Sections 570.200 (a) (4) and 570.604 does hereby make a conditional commitment of CDBG funds in the amount not to exceed \$200,000 to The Kolt Development related to a project to develop approximately one-hundred (100) affordable rental units located at the north side of Gentry Parkway, east side of Palace Avenue, south of Loop 323, in the City of Tyler, located within the North End Revitalization Area that will be built to specifications sufficient to obtain a City of Tyler Certificate of Occupancy and that will be made affordable to and occupied by low-moderate income households as defined and determined per the State of Texas Low Income Housing Tax Credit Program. The CDBG funds conditionally committed will provide funding including, but not limited to, the following conditions:

1. Developer must meet all CDBG compliance requirements at time of the initial occupancy;
2. Developer must comply with requests for information as needed throughout any compliance monitoring period;
3. Applicable deed restrictions must be in place including the requirement for low-moderate income household occupancy in compliance with the State of Texas Low Income Housing Tax Credit Program;
4. The housing units must be built to specifications sufficient to obtain a City of Tyler Certificate of Occupancy;

CDBG regulations at 24 CFR Part 570.604 and 24 CFR Part 58 require that the Entitlement Community assess the environmental effects of each activity carried out with CDBG funds by conducting and completing an environmental review process prior to making a commitment of funds. The appropriate level of environmental analysis could include a compliance determination, an environmental assessment or an environmental impact statement.

Kolt Development agrees to assist the City of Tyler, Texas, in gathering information used in completing the environmental review process; however, the parties understand that the City is the responsible entity for conducting and making determinations with regard to the environmental review process.

The parties agree and acknowledge that this Conditional Commitment Agreement does not constitute a commitment of funds or site approval, and that such commitment of funds or approval may occur only upon satisfactory completion of the environmental review and receipt by the City of Tyler, Texas of a release of funds from the U.S. Department of Housing and Urban Development under 24 CFR Part 58. The parties further agree that the provision of any funds to the project is conditioned on the City's determination to proceed with, modify, or cancel the project based on the results of a subsequent environmental review.

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Further, Kolt Development is prohibited from undertaking or committing any funds to physical or choice-limiting actions, including property acquisition, demolition, movement, rehabilitation, conversion, repair or construction prior to environmental clearance. A violation of this provision may result in the denial of any funds under the Agreement.

Mark McDaniel
City Manager
City of Tyler, Texas

C. W. Fields
Principal
Kolt Development
5646 Milton Street
Suite 810
Dallas, Texas 75206

Approved:

City Attorney's Office

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The Brownstones

LUXURY WORKFORCE HOUSING

KOLT DEVELOPMENT

5646 Milton Street
Suite 810
Dallas, Texas 75206
214.543.7146
koltdevelopment.com

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I. KOLT DEVELOPMENT

Kolt Development creates luxurious and enduring communities for Texas' workforce families. Kolt partners with cities to advance their long term planning and growth goals by injecting fresh capital, development, and life into dynamic downtown areas. The company has a proven track record of developing multifamily communities that are unmatched in quality, architectural design, and economic contribution.

Once construction is completed, Kolt takes an active role in the property's management to ensure the social integrity of the community. The key management strategy that Kolt employs is a rigorous resident screening and selection process. Once the right residents are in place Kolt actively challenges families to become engaged in the property's wellness and educational training courses that are designed to strengthen the residents' educational scope and their physical and financial well being.

Training Courses Offered at each Property

- ESL Classes
- Nutritional Courses
- Weekly Exercise Classes
- Annual Health Fair
- Financial Planning Courses
- Tax Preparation Services

With each development Kolt makes a long term commitment to its partner city to provide a safe, well maintained, and enduring environment for all stakeholders. To ensure its commitments are met, Kolt pledges to own and actively manage each property for a minimum of 30 years.

Kolt's development model leverages the experience gained through the successful development of more than 4,071 multifamily units. The company's Leadership has constructed and operated 2 and 3 story garden style properties as well as 4 and 5 story wrap properties with structured parking. Despite the historic meltdown in the capital markets Kolt continues to have direct access to capital due to its extensive industry relationships.

II. WORKFORCE HOUSING OVERVIEW

Design & Construction. Workforce housing communities are Class A multifamily properties that are designed and constructed in accordance with the same architectural and quality standards of today's market rate properties.

Residents. Workforce housing communities provide luxurious and enduring living environments for low to moderate earning families. EVERY tenant must provide evidence of employment, pass a criminal background check, a credit check, and earn 3 times the amount of their monthly rent to qualify for a Kolt owned property. The workforce housing program is NOT intended for families that are dependent upon government subsidies.

Financing. From the outside, a workforce housing development, when built and managed properly, is not distinguishable from a market rate deal in the same market. However, such a high level of construction quality is infeasible at rental rates that are affordable for workforce families, thus the owner must either raise rents or lower costs (quality). Thus, the Texas Department of Housing and Community Affairs (TDHCA) steps in to bridge the gap. TDHCA awards Tax Credits to selected developments. The Tax Credits are subsequently syndicated (sold) to raise development equity. The proceeds from the Tax Credits provide Kolt with 70 – 85% of the developments cost in equity, allowing the company to maintain construction quality and simultaneously offer the units at affordable rental rates.

III. BROWNSTONES TYLER EXECUTIVE SUMMARY

ECONOMIC & SOCIAL IMPACT

Once completed, the Brownstones Tyler will increase the city, county, and school tax rolls by \$10.5MM, and the property's quality, affordability, and resident development programs will play a pivotal role in attracting and retaining companies that require high-quality housing for their workforce employees. The development will also provide considerable stimulation to the local economy during its 12 to 14 month construction period.

The Brownstones will provide 100 existing workforce households the opportunity to re-locate from physically and socially distressed neighborhoods into a community environment that offers a variety of programs to advance their educational scope and their physical and financial well being. Residents will be encouraged to become actively engaged with other families in the community and to enroll in the properties self-development programs. By strategically providing residents with the training and resources they need to build a better life, Kolt cultivates a sense of loyalty within its communities, thus tying each property's success directly to the social and economic value it offers its residents. Through the workforce housing program this increase in housing quality and access to self-development tools and training can be offered to families at little or no increase in their monthly living costs.

Educational, Physical, and Financial Training

- ESL Classes
- Nutritional Courses
- Weekly Exercise Classes
- Annual Health Fair
- Financial Planning Courses
- Tax Preparation Services

PROPERTY SUMMARY

Population Served	Tyler's <u>existing</u> workforce families
Number of Units	100
Total Development Cost	\$10,500,000
Annual Property Tax Revenue	\$180,000 (at a 2.45% mill rate and 70% appraised value)
Average Unit Size	945
Average Rent Per Unit	\$535
Unit Mix	
1 Bedroom	48%
2 Bedroom	34%
3 Bedroom	18%
Product Type	Two story stick framing with brick & hardi facade

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TYLER MARKET SUMMARY

Median Market Rent	\$725
Households that Rent	42%
Median Household Income	\$40,829
Qualified Rental Demand (QRD)	4,505 households (18% of all households)
Annual Increase in QRD Since 2000	46 households per year

Source: 2009 American Community Survey – U.S. Census Bureau

RESIDENT INCOME LEVELS

Tyler Median Household Income	\$40,829
Average Resident Household Income	\$27,839
Average Resident Household Income as a Percentage of Tyler Median Household Income	68%

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IV. DEVELOPMENT DESCRIPTION

The Brownstones will consist of 100 rental units. The planned density for the project is 23 units per acre. The average unit is 945 square feet and leases for \$585 per month. The property consists of 48% 1 bedroom units, 34% two bedroom, and 18% 3 bedroom units.

UNIT MIX				
Income Level	Unit Type	SF	Number of Units	Rent Per Unit
30%	1 BR	740	4	\$226
30%	2 BR	1,100	3	\$276
30%	3 BR	1,200	0	\$321
50%	1 BR	740	10	\$443
50%	2 BR	1,100	8	\$537
50%	3 BR	1,200	0	\$623
60%	1 BR	740	34	\$552
60%	2 BR	1,100	23	\$669
60%	3 BR	1,200	18	\$773
Total		94,820	100	\$58,504
Avg		945		\$585

Unit Features

- Faux Granite Countertops
- Faux Hardwood Flooring Throughout
- 42" Garden Tubs
- 9" Ceilings Throughout
- Private Balconies/Patios
- Black Appliances
- Full-Size Washer and Dryer
- Oversized Walk-In Closets
- High Speed Internet Service
- Ceiling Fans with Light Kits in all Bedrooms
- Energy Efficient Plumbing and Electrical Fixtures

Community Amenities

- Resort Style Swimming Pool with Sun Deck
- Remote Controlled Entry Access Gate
- Wi-Fi Available at Clubhouse and Pool Area
- State of the Art Fitness Center
- Business Center with Dell Computers & Printer
- BBQ Pits, Picnic Tables, and a Tot-Lot

V. CONCEPTUAL ELEVATIONS & FINISHES

Clubhouse



Clubhouse Greatroom



Business Center



Resort Style Pool



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Kitchen



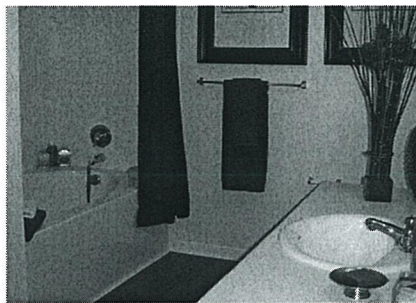
Living Room



Bedroom



Bathroom



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THE HERITAGE PARK APARTMENTS – CONSTRUCTION PHOTOS

Clubhouse



Clubhouse



Clubhouse Greatroom



Exterior Elevations



Exterior Elevations

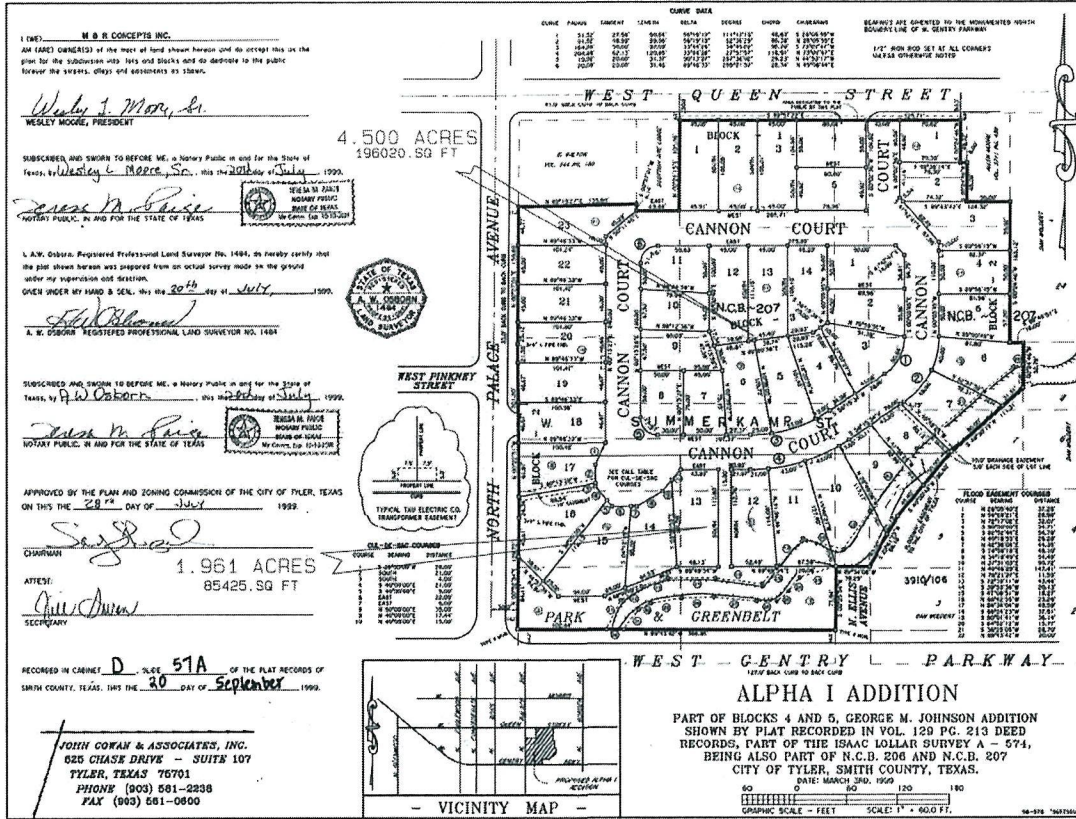


Exterior Elevations



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VI. DEVELOPMENT LOCATION



VII. COMMUNITY SUPPORT

1. **Financial Contribution.** The workforce housing program requires that developments receive funding from local government entities. This funding can come in the form of loans, grants, and several other types of contribution. The minimum amount of funding required for the Brownstones is \$2,000 per unit (\$200,000 total).

Forms of Funding

- Community Development Block Grant (CDBG)
 - Loans from the City or EDC
 - Any funds through city, county, state or federal sources
 - HOME funds
 - Grants
 - Land grants
 - Other
2. **Development Endorsement.** Need Mayoral endorsement to help procure support from the State Rep or State Senator.
 3. **Site Location.** Coordinate with planning department to identify sites that lie within the city's targeted revitalization areas.
 4. **Community Organization and/or Neighborhood Support.** Written statements of support from local Community Organizations and/or Neighborhood Organizations on record with the state or county.

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VIII. TYLER DEMOGRAPHICS OVERVIEW

DEMOGRAPHIC PROFILE

2009 American Community Survey (U.S. Census Bureau)

POPULATION	Total	Percent
2009 Population	95,307	
2000 - 2009 Population Growth	11,657	
2000 - 2009 Population Growth %age		14%
Median Age	34	
White		84%
Black		26%
Hispanic		19%
<u>HOUSING</u>		
Median Home Value	\$117,600	
Home Value to Income Multiple	2.9x	
Housing Units	38,318	
Occupied	34,603	90%
Vacant	3,715	10%
Vacnacy Rate - Own		2%
Vacnacy Rate - Rent		9%
Housing Units Built Since 2000	3,413	
Household Increase Since 2000	4,232	
Housing Unit Surplus/Deficit	-819	
Housing Tenure		
Own		58%
Rent		42%
Median Rent	\$725	
Average Household Size	2.75	
Own	2.82	
Rent	2.54	
<u>INCOME & EMPLOYMENT</u>		
Median Household Income	\$40,829	
30% AMGI	\$12,249	
50% AMGI	\$20,416	
60% AMGI	\$24,497	
Unemployment Rate		8%
<u>QUALIFIED RENTAL DEMAND</u>		
Total Households	34,603	
Rental Households	14,533	42%
30% AMGI Qualified	2,036	6%
50% AMGI Qualified	1,599	5%
60% AMGI Qualified	872	3%
Qualified Rental Demand	4,505 Households	
Qualified Rental Demand as a % of Total Households	13%	
Annual Increase in Qualified Rental Demand Since 2000	46 Households	

IX. DEVELOPMENT TEAM

C.W. Fields

C.W. Fields has been involved in the development of more than 2,900 luxury multifamily units totaling more than \$353MM in total capitalization. Since 2008 Mr. Fields has successfully acquired and entitled 52 acres of land for multifamily development and arranged more than \$70MM in new construction capital. Mr. Fields has a proven track record of partnering with city leadership to develop multifamily communities that are unmatched in quality, architectural design, and economic contribution.

Prior to forming Kolt Development Mr. Fields served as the Director of NE Development where he was responsible for long-term strategic planning and day to day operations including market selection, site acquisition, debt/equity financing, and construction oversight for more than 800 units throughout the Southwest. Prior to joining NE Development Mr. Fields was with Trammell Crow Residential, the nation's largest multifamily developer, where he played an integral role in the development of a portfolio of 2,100 units. Prior to TCR Mr. Fields was an Investment Sales Broker with Magellan Commercial Realty.

Mr. Fields received a B.B.A. in Finance, cum laude, from Texas State University and is a licensed Texas Real Estate Broker.

Robert T. Gunby

Robert T. Gunby is a Principal in Kolt Development and the Founder of RTG Capital. Since its inception in 2010 RTG Capital has assisted developers in obtaining over \$90MM in equity and debt financing. RTG Capital has also arranged the acquisition of several bank notes and distressed REO properties throughout Texas. RTG Capital currently holds a portfolio of more than 300 multifamily units in the Dallas and San Antonio markets.

Prior to RTG Capital Mr. Gunby was Vice President of Commercial Real Estate at American National Bank of Texas. While there, Mr. Gunby originated over \$1B in commercial real estate loans. Mr. Gunby managed a real estate loan portfolio that averaged \$400MM and primarily consisted of new construction assets. Prior to ANBTX, Mr. Gunby was a commercial real estate lender at Colonial Bank. While at Colonial Bank, Mr. Gunby was involved in over \$350MM in loan originations.

Mr. Gunby received a B.B.A. from Mercer University, and a MBA from Southern Methodist University. Mr. Gunby is a CCIM and holds a Texas Real Estate License.

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Roger C. Gault

Roger C. Gault serves as a member of Kolt's Investment Committee and actively participates in the development and ownership of select properties. Mr. Gault also plays an active role in the long-term strategic planning of the company.

Since 1989, Mr. Gault has successfully developed a variety of property types including 4 corporate headquarters totaling 950,000 square feet, 1,171 multifamily/townhome units, 821 singlefamily lots, a 1,000 room resort hotel, 675,000 square feet of retail, and 500,000 square feet of industrial properties.

Prior to founding Gault Company, Mr. Gault served as Vice President of Development with Koll Development, Cityplace Company, Nansay Hawaii, National Retail Properties Corporation, and as a Development Partner at Hines Industrial.

Prior to beginning his career in real estate development Mr. Gault worked as an architect for Robert Sears Associates.

Mr. Gault is a graduate of Texas Tech University and is a licensed Texas Real Estate Broker.

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X. PREVIOUS DEVELOPMENTS

Since 2004 Kolt's Principals and affiliates have developed over 3,100 multifamily units throughout the southwest including the Heritage Park Apartments, a 176 unit workforce housing development in Denison Texas. The Heritage Park Apartments are currently at full operating occupancy and remain under the ownership Kolt's affiliate.

Heritage Park Apartments

City	Denison
Company	Cross Development
Year Completed	2004
Number of Units	176

Alexan Fitzhugh

City	Dallas
Company	Trammell Crow Residential
Year Completed	2008
Number of Units	452

Alexan Parkway

City	McKinney
Company	Trammell Crow Residential
Year Completed	2008
Number of Units	366

Wynhaven at Westpoint

City	Fort Worth
Company	Trammell Crow Residential
Year Completed	2008
Number of Units	300

Alexan Design District

City	Dallas
Company	Trammell Crow Residential
Year Completed	2009
Number of Units	363

Alexan Southwestern

City	Dallas
Company	Trammell Crow Residential
Year Completed	2009
Number of Units	332

Alexan City North

City	Dallas
Company	Trammell Crow Residential
Year Completed	2009
Number of Units	354

The Boulevard

City	Corinth
Company	NE Development
Year Completed	Under Construction
Number of Units	192

Reflections at Oakwood

City	Midwest City, OK
Company	NE Development
Year Completed	Under Construction
Number of Units	84

Lotus Village

City	Austin
Company	NE Development
Year Completed	Under Construction
Number of Units	220

The Boulevard San Angelo

City	San Angelo
Company	NE Development
Year Completed	Construction to begin 4Q 2011
Number of Units	198

The Brownstones

City	Uvalde
Company	NE Development
Year Completed	Construction to begin 4Q 2011
Number of Units	120

XI. REFERENCES



The City Of

San Angelo, Texas

P.O. Box 1751 - Zip 76902

Planning Division

August 4, 2011

To Whom It May Concern:

I have had the pleasure of working closely on a large development project in our city with C.W. Fields. During the long-term process of this project, I have become well acquainted with Mr. Fields and have watched him develop a considerable, and genuine, interest in San Angelo. My frequent interactions with him have been positive, and he exhibits a fundamental understanding of the nuances involved in project development and management. I have found Mr. Fields to be reliable, attentive and responsive to issues as they arise, and his ideas are progressive. He has been a pleasure to work with and believes in the potential of San Angelo. In my experience working daily with development professionals, I have found him refreshing to work with, personable, and effective. I would be happy to discuss my experience in further detail upon request.

Sincerely,

A handwritten signature in cursive script, appearing to read "A J Fawver".

A J Fawver,
Planning Manager

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940-498-3200
www.cityofcorinth.com

City of Corinth
3300 Corinth Parkway

Fax: 940-498-3266
Corinth, TX 76208

August 3, 2011

To Whom It May Concern:

We are pleased to write this letter of recommendation for C.W. Fields. Mr. Fields worked with the city leadership and city staff on the Boulevard Apartments which are currently under construction here in Corinth. From the beginning C.W. was willing to work with the city to ensure that his development was consistent with the city's long term goals and has continued to deliver on the commitments he made during the zoning and permitting stages.

Mr. Fields exhibited his expertise as a developer through his handling of the zoning process during which he created a new Planned Development (PD) specifically for his property. The PD replaced a handful of infeasible zoning requirements with a list of improved design and functionality standards. The value of his project can be witnessed by unanimous vote he received at the city council meeting to award his zoning change.

We are grateful for the involvement Mr. Fields has had in our community and highly recommend his services for future developments.

Sincerely,


Fred Gibbs, Planning Director


Justin Brown, P.E. Director of Public Works