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TO: Downtown Living Initiative Program Applicant
FROM: Ryan Leach, General Counsel, HDMD/DRA/CHI
RE: DLI Program Closeout Procedures
DATE: January 12, 2015

Dear Applicant,

In August 2012 the Downtown Living Initiative (DLI) program was created and approved by the Houston City Council. That approval granted the authority to manage and implement the program to the Houston Downtown Management District (HDMD). Through this program the HDMD or Downtown Redevelopment Authority (DRA) Boards may respectively approve economic development grants to qualifying projects. The grant is equal to 75% of the combined Program Tax Increments and Program Assessment Increments for the qualifying project of the owner, computed annually for a period of up to 15 years, and up to a maximum reimbursement to the owner of \$15,000 per unit.

City Council set a unit cap limit to this program initially at 2,500 units. In April 2014, this cap was then amended to 5,000 units.

Since its implementation the program has been successful. At the time of this memo, there are 45 units still available for grants. Based on the level of interest that has been communicated to the HDMD/DRA, we feel confident that the cap of 5,000 units will be reached before the program expiration date. As HDMD approaches this cap, it is important that we communicate procedures for project approval and participation as we near the 5,000 unit cap.

1. **Grant Authorization** - Participation in the program will commence upon HDMD/DRA Board Authorization. *Completed* applications will be date and time stamped and then placed into a queue for the Boards' consideration. HDMD/DRA staff shall determine if an application is complete. Completed applications will be eligible for program approval on a first come basis, determined by the date and time stamp noting a completed application. This will also determine the project's position in the queue.
2. **Project Cancellation** - The DLI program will end effective June 30, 2016, per City Council directive. In the event that the 5,000 unit cap is reached through board approval prior to the June 30, 2016 date the program will be *closed*. In the event that an approved project is cancelled for any reason,

the units previously assigned to that project by the Board will not be reassigned to other approved or unapproved projects.

3. **Board Approval Procedures** - The date and time of the completed applications will be noted on the application as well as on the action items for Board approval. By submitting an application to the program, applicants communicate that they understand and accept the terms of the DLI program closeout procedures.
4. **Cap Limit** - Once the cap of 5,000 units is met, no more units will be eligible for program participation absent City Council approval. If an approved project has **applied** for a number of units in excess of the 5,000 unit cap only the number of units remaining prior to 5,000 units will be available for approval under the grant.

For example: *If Project X has 300 units in its plan and there are only 250 units available under the program before it hits 5,000 units, then Project X will only receive benefit of the grant for up to 250 units. The remaining 50 units will not be eligible.*

If you have any questions relating to these procedures please feel free to contact me at rleach@centralhouston.org or call (713) 752-0827. We look forward to working with you.

Sincerely,



Ryan M. Leach
General Counsel
HDMD/DRA/CHI