

Memorandum



CITY OF DALLAS

DATE March 24, 2025

Honorable Members of the City Council Housing and Homelessness Solutions
TO Committee: Jesse Moreno (Chair), Cara Mendelsohn (Vice Chair), Zarin Gracey, Chad West, Gay Donnell Willis

SUBJECT **Upcoming Agenda Item: NOFA Development Project – Braniff Lofts**

This memorandum is to inform the Housing and Homelessness Solutions Committee of an upcoming agenda item on April 23, 2025 to authorize the execution of a development loan agreement in the amount of \$7,000,000.00 in American Rescue Plan Act Coronavirus Local Fiscal Recovery Funds (ARPA) for the development Braniff Lofts, with Sycamore Strategies, LLC, or its affiliate (Developer), in conjunction with Aids Services of Dallas, for the development of Braniff Lofts (Project), a 48-unit permanent supportive housing complex located 2801 Wycliff Avenue, Dallas, Texas 75219.

BACKGROUND

Sycamore Strategies, LLC submitted a proposal under the City's Notice of Funding Availability (NOFA), as amended, to receive gap financing in the form of a cash flow loan to support the construction of a 48-unit permanent supportive housing complex known as Braniff Lofts. The NOFA was issued by the Department of Housing and Community Development (Housing) in accordance with the City's Comprehensive Housing Policy (CHP), as amended by the Dallas Housing Policy 2033 (DHP33) and Dallas Housing Resource Catalog (DHRC). Braniff Lofts received a fundable score of 98.5 points.

Housing proposes to authorize the supplemental NOFA funding request of \$7,000,000.00 in American Rescue Plan Act Coronavirus Local Fiscal Recovery Funds (ARPA) for the Project.

Sycamore Strategies, LLC, or its affiliate, will serve as the developer and guarantor of the project, while Aids Services of Dallas will own and operate the facility. Sycamore Strategies, LLC, specializes in the development of mixed-income and affordable housing and is a Texas-certified Historically Underutilized Business (HUB). The Applicant has decades of experience working in the public and private sectors and has been involved in multiple affordable housing developments from land purchase through development and asset management. Sycamore Strategies, LLC is located in Dallas with 1,200 units under development across Texas, of which four developments totaling 647 units are located in Dallas.

The Developer proposes to develop 48 units, to include 12 studio-bedroom and 36 one-bedroom units. The Project will be a five-story adaptive reuse construction product providing permanent supportive housing to formerly unsheltered individuals. The units will feature full electric kitchen appliances, nine-foot ceilings, porches or balconies with storage, decorative lighting, garden tubs and walk-in showers, full size washers and dryer connections, high-speed internet, and cable tv access, and other TDHCA-required features. The plans also include elevators in each building, community kitchen, full fitness studio, billiards room, movie theatre, business center, laundry facilities, barbeque stations, picnic areas, pavilion with seating and outdoor fans, and a resort style pool. Planned resident services will include social events, income tax preparation, food pantry services, annual health fair, weekly classes, notary services, recreational activities, and part-time resident services coordinator.

The property will provide onsite resident services including:

- Free health and wellness classes;
- Annual income tax preparation;
- Food pantry;
- Annual health fair;
- Weekly exercise class
- Community events and social gatherings;
- Financial literacy classes

Total development costs are anticipated to be approximately \$32,435,734.00 which includes the acquisition price for the land. The construction budget is anticipated to be approximately \$13,985,880.00 which is \$291,372.50 per unit.

Proposed Financing Sources	Amount
Permanent Loan	\$ 6,000,000.00
Tax Credit Equity	\$ 8,053,444.00
Historic Tax Credit Equity	\$ 8,018,944.00
City of Dallas ARPA Loan	\$ 7,000,000.00
Deferred Developer Fee	\$ 3,363,346.00
Total	\$ 32,435,734.00

Proposed Uses	Costs
Acquisition	\$ 8,000,000.00
Hard Construction Costs	\$ 13,985,880.00
Soft Costs & Financing Fees	\$ 4,948,495.00
Developer Fees	\$ 5,014,476.00
Reserves	\$ 486,883.00

Total	\$ 32,435,734.00
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After the development is complete, all 48 units will be made available to households earning 0.00%-60.00% Area Median Income (AMI).

On September 22, 2021, the City Council authorized the final reading and adoption of the appropriation ordinance for the FY2021-22 City of Dallas Operating, Capital, and Grant & Trust Budgets, which included the ARPA funds from the U.S. Department of Treasury (Treasury) for the Coronavirus Local Fiscal Recovery Funds by Resolution No. 21-1590. In prior actions by the City Council, ARPA funds have been approved for eligible affordable housing investments as a response to the negative economic impacts of the pandemic.

According to Treasury guidance, a project is an eligible affordable housing investment as a response to the negative economic impacts of the pandemic if: (1) a project is eligible for funding under an expanded list of federal housing programs; or (2) a project is for the development, repair, or operation of affordable rental housing with certain income and affordability requirements. Treasury will presume that any project that is eligible to be funded under the HOME Investment Partnerships Program is an eligible use of Coronavirus State and Local Fiscal Recovery Funds as response to the negative economic impacts of the pandemic. Detailed provisions for ARPA funds can be found at 2 CRF, Part 200 (Appendix II to 2 CRF, Part 200); HOME funds are at 24 CFR, Part 92.

The development has been found to affirmatively further fair housing by the Office of Equity and Inclusion Fair Housing Division. Staff recommends approval of this item as it furthers the mixed-income housing goals of the DHP33, meets the threshold requirements of the NOFA, and the financial gap confirmation is under review by third-party underwriting.

Staff confirmed that this Project would not be feasible but for the City’s participation and that the Project furthers the goals of the DHP33. Staff recommends approval of this item to allow this mixed-income housing development to move forward.

Should you have any questions or require any additional information, please Cynthia Rogers-Ellickson, Director, Housing and Community Development at Cynthia.rogersellic@dallas.gov or 214-670-3601.

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Robin Bentley
Assistant City Manager

c: Kimberly Bizer Tolbert, City Manager
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