

Memorandum



DATE January 20, 2023

CITY OF DALLAS

Honorable Members of the City Council Housing and Homelessness Solutions
TO Committee: Casey Thomas II (Chair), Jesse Moreno (Vice Chair), Carolyn King Arnold,
Paula Blackmon, Cara Mendelsohn, Paul Ridley, Jaynie Schultz

SUBJECT **Upcoming Agenda Item: Authorize a Resolution of Support for Competitive 9%
Low Income Housing Tax Credits and \$500.00 line of credit for JES Dev Co. Inc., -
Shiloh Commons**

This memorandum is to inform the Housing and Homelessness Solutions Committee (HHSC) of an upcoming agenda item on February 22, 2023 to authorize **(1)** the adoption of a Resolution of Support for JES Dev Co, Inc. or its affiliate (Applicant), related to its application to the Texas Department of Housing and Community Affairs (TDHCA) for 9% Low Income Housing Tax Credits for the development of Shiloh Commons, and **(2)** an agreement with the Applicant for a line of credit in the amount of \$500.00 for the proposed multifamily development – Not to exceed \$500.00 – Financing: General Fund

BACKGROUND

The Applicant submitted a pre-application to TDHCA for 2023 9% Competitive Housing Tax Credits (9% HTC) for the development of Shiloh Commons, a ground-up development of a 48-unit mixed-income multifamily complex located at 10806 and 10810 Shiloh Road, Dallas, TX 75228 (Project). JES Dev Co, Inc., has executed a purchase contract with HRS Build LLC, the current property owner. The Applicant may transfer the purchase contract to an affiliate.

In the administration of its **9%** HTC Program, TDHCA awards application points for a resolution from a governing body of a local municipality on the following basis:

Within a municipality, the application will receive:

- § **17** points for a resolution from the governing body of that municipality expressly setting forth that the municipality supports (Resolution of Support) the application or development; or
- § **14** points for a resolution from the governing body of that municipality expressly setting forth that the municipality has no objection (Resolution of No Objection) to the application or development.
- § **1** point for a commitment of development funding by a local political subdivision in the form of a loan, grant, reduced fees, or contribution of value that equals \$500.00 or more for applications in urban subregions.

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Within the extraterritorial jurisdiction of a municipality, the Application may receive:

- § **8.5** points for a resolution from the governing body of that municipality expressly setting forth that the municipality supports (Resolution of Support) the Application or Development; or
- § **7** points for a resolution from the governing body of that municipality expressly setting forth that the municipality has no objection (Resolution of No Objection) to the Application or Development

The Applicant specializes in the development of mixed-income and affordable housing and plans to partner with a Historically Underutilized Business (HUB) as part of this development. The Applicant has decades of experience working in the public and private sectors and will act as the developer of the ownership structure. JES Dev Co, Inc., is a mid-sized vertically integrated commercial real estate company headquartered in Columbia, Missouri. The Applicant specializes in the development, construction, management, and ownership of high-quality apartment home communities in urban areas of Texas and has a proven 30-year track record with a portfolio of 5,000+ apartments and will operate under a long-term ownership model and has never had to return an allocation of tax credits in its history. The Applicant has over 700 units in various stages of production across Texas. Fairway Construction, an affiliate of Applicant, has a strong track record of completing development on time and on budget and has built over 8,200 units in 200 communities. Affordable Equity Partners, an affiliate of Applicant, has syndicated and provided asset management services for over \$4 billion in tax credits that have been invested in 250 cities across the country resulting in the construction of over 500 communities and 8,000 units. Affordable Equity Partners has never had an instance of tax credits being recaptured.

The Applicant proposes to develop 48 units, to include 30 two-bedroom, and 18 three-bedroom units. The units will include energy efficient appliances and lighting and other TDHCA-required features. The plans also include community building, leasing office with onsite property manager, fitness center, business center, reading area, and warming kitchen. The design also features targeted resident services including annual income tax preparation services, food pantry, annual health fair, weekly exercise classes, arts and crafts, notary services, social events/activities, and chore services for elderly residents. The development is in a High Opportunity Census Tract and has access to services and transportation within one mile including high frequency transit, Casa View Park, Super Mercado El Cerrito (full scale grocery store), Walmart Neighborhood Market, and the Casa View Shopping Center.

If awarded tax credits by TDHCA, Applicant will work with the Office of Integrated Public Safety Solutions throughout the planning and design process for security input, community activities, and incorporate best practices of Crime Prevention Through Environmental Design (CPTED). Additionally, the Applicant will provide modern security features to include a full camera system, controlled access, a community crime watch

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program, and participation in National Night Out to ensure a safe living environment for all residents and staff.

Total development costs are anticipated to be approximately \$19,094,344.00 which includes the acquisition price for the land. The hard cost construction budget is anticipated to be \$12,184,784.00 which is \$253,849.66 per unit. The total construction amount includes a 7.0% contingency.

Proposed Financing Sources	Amount
Permanent Loan	\$ 3,490,000.00
Housing Tax Credits Equity	\$15,290,701.00
Limited and General Partner Equity	\$ 110.00
Deferred Developer Fee	\$ 313,533.00
Total	\$19,094,344.00

Proposed Uses	Costs
Acquisition	\$ 1,500,000.00
Hard Construction Costs	\$12,184,784.00
Soft Costs & Financing Fees	\$ 2,344,070.00
Developer Fees	\$ 2,795,509.00
Reserves	\$ 269,981.00
Total	\$19,094,344.00

Upon completion of the development, 5 of the 48 units will be made available to households earning 0%-30% of Area Median Income (AMI), 17 of the 48 units will be made available to households earning between 31%-50% of AMI, 23 of the 48 units will be made available to households earning between 51%-60% of AMI and 3 of the 48 units will be made available to 61%-80% of the AMI.

The Dallas City Council on May 9, 2018, adopted the Comprehensive Housing Policy (CHP), Resolution Nos. 18-0704 and 18-1680, as amended on November 28, 2018, which provided a policy including evaluation criteria for developers requiring Resolutions of Support or No Objection for rental housing developments seeking HTC through TDHCA.

On June 12, 2019, City Council authorized an amendment to the CHP to modify the evaluation criteria for developers requiring Resolutions of Support or No Objection for rental housing development seeking HTC through TDHCA by Resolution No. 19-0884. The modified evaluation criteria include standard thresholds for both 4.00% and 9% HTC applications such as evidence of site control, TDHCA minimum site standards, affirmatively further fair housing, and other requirements.

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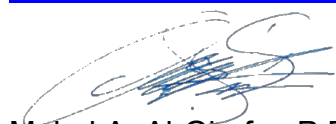
The evaluation criteria for 9% HTC applications seeking a Resolution of Support also requires applications meet a priority housing need of the City. The applications must meet at least one of the following six priorities:

1. The project has been selected to receive City funding such as Community Development Block Grants, Home Investment Partnerships Program, or General Obligation Bond funding,
2. The applicant intends to partner with the Dallas Housing Finance Corporation or Public Facility Corporation,
3. The proposal involves the redevelopment of public housing owned by the Dallas Housing Authority under the Choice Neighborhoods, Rental Assistance Demonstration, HOPE IV, or other similar U.S. Department of Housing and Urban Development programs that may be created,
4. The project is located in a census tract with a poverty rate below 20.00%,
5. The project located in a Redevelopment Reinvestment Strategy Area (RSA) or Stabilization RSA; and
6. A 50-unit project dedicating 20.00% of the units for tenants referred from the Continuum of Care list.

Applications that do not qualify as a priority housing need must score at least 50 points based on if the proposed project is mixed-income, includes a non-profit or historically underutilized business, its proximity of amenities to the development site, and resident services to be provided.

The Project is qualified to receive a staff recommendation for a Resolution of Support as it is a priority housing need development located in a census tract with a poverty rate below 20% (11.1%), is located in the Casa View Stabilization RSA, and met the required application thresholds. The proposed site is located in a Market Value Analysis market type 'F'.

Should you have any questions or require any additional information, please contact David Noguera, Director, Department of Housing & Neighborhood Revitalization at David.Noguera@Dallas.gov or 214-670-3619.



Majed A. Al-Ghafry, P.E.
Assistant City Manager

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Chris Caso, City Attorney
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Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors