### RECEIVED

2020 NOV -6 AM 9:00 CITY SECRETARY DALLAS. TEXAS

### **City of Dallas**

1500 Marilla Street Dallas, Texas 75201

### Public Notice

200858

POSTED CITY SECRETARY DALLAS, TX



### **Housing & Homelessness Solutions Committee**

9:00 AM

This Housing and Homelessness Solutions Committee meeting will be held by videoconference. The meeting will be broadcast live on Spectrum Cable Channel 95 and Online at <a href="bit.ly/cityofdallastv.">bit.ly/cityofdallastv.</a>
The public may also listen to the meeting as an attendee at the following videoconference link: <a href="https://dallascityhall.webex.com/dallascityhall/onstage/g.php?MTID=ef765b7f29d46cf2a5a1079b0fbf1a288">https://dallascityhall.webex.com/dallascityhall/onstage/g.php?MTID=ef765b7f29d46cf2a5a1079b0fbf1a288</a>

### Call to Order

### **MINUTES**

1. <u>20-2225</u> Approval of the October 26, 2020 Housing and Homelessness Solutions

Committee Meeting Minutes

**Attachments:** Minutes

### **BRIEFING MEMORANDUMS WITHOUT ACTION**

A. <u>20-2227</u> Housing and Homelessness Solutions Committee Forecast

[Chad West, Chair, Housing and Homeless Solutions Committee]

<u>Attachments:</u> Forecast

### BRIEFING ITEMS WITHOUT ACTION

B. 20-2230 Department of Housing and Neighborhood Revitalization Performance

Report Update

[David Noguera, Director, Department of Housing and Neighborhood

Revitalization]

**Attachments:** Presentation

C. 20-2231 Housing Program Overview - Notice of Funding Availability Assisted

Projects; Process and Performance Update

[David Noguera, Director, Department of Housing and Neighborhood

Revitalization]

<u>Attachments:</u> <u>Presentation</u>

D. 20-2241 The Real Estate Council Quarterly Update

[Linda McMahon, President and CEO, The Real Estate Council]

**Attachments:** Presentation

### BRIEFING MEMORANDUMS WITH ACTION

Ε. 20-2232

Upcoming Agenda Item: Second Amendment to the Conditional Grant Agreement with Greenleaf Ventures LLC for Construction of 58

Single-Family Homes to Extend the Completion Date

[David Noguera, Director, Department of Housing and Neighborhood

Revitalization]

Attachments: Memo

F. <del>20-</del>2233 Upcoming Agenda Item: Tax Equity and Fiscal Responsibility Act Approvals

for Bond Issuance by the City of Dallas Housing Finance Corporation for Ridgecrest Terrace Apartments (\$40,000,000) and Ridge at Lancaster

Apartments (\$50,000,000)

[Kyle Hines, Assistance Director, Department of Housing and

Neighborhood Revitalization]

<u>Attachments:</u> Memo

G. 20-2234 Upcoming Agenda Item: First Amendment to the Conditional Grant

Agreement with AAA Homebuilder, LLC for Construction of 20

Single-Family Homes to Extend the Completion Date

[Kyle Hines, Assistant Director, Department of Housing and Neighborhood

Revitalization]

Attachments: <u>Memo</u>

<u>ADJOURNMENT</u>

### **EXECUTIVE SESSION NOTICE**

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

- 1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
- deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
- 3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
- 4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
- 5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
- discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
- 7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex Govt. Code §551.089]



### City of Dallas

### Agenda Information Sheet

File #: 20-2225 Item #: 1.

Approval of the October 26, 2020 Housing and Homelessness Solutions Committee Meeting Minutes

# Housing and Homelessness Solutions Committee Meeting Record

The Housing and Homelessness Solutions Committee meetings are recorded. Agenda materials are available online at <a href="https://dallastx.swagit.com/ad-hoc-committees">www.dallascityhall.com</a>. Recordings may be reviewed online at <a href="https://dallastx.swagit.com/ad-hoc-committees">https://dallastx.swagit.com/ad-hoc-committees</a>.

Note: This meeting was conducted via videoconference to comply with a social distancing mandate during a declared state of disaster.

Other Council Members Present:

Meeting Date: October 26, 2020 Convened: 9:05 a.m. Adjourned: 11:53 a.m.

Committee Members Present: Committee Members Absent:

Chad West, Chair N/A

Casey Thomas II, Vice Chair

Carolyn King Arnold Paula Blackmon

Cara Mendelsohn Lee Kleinman Jaime Resendez

### **AGENDA**

### **CALL TO ORDER**

#### **BRIEFINGS**

1. Approval of the September 22, 2020 Housing and Homelessness Solutions Committee Meeting Minutes Action Taken/Committee Recommendation(s): A motion was made to approve the minutes for the September 22, 2020 Housing and Homelessness Solutions. The motion passed unanimously.

Motion made by: Casey Thomas II Motion seconded by: Paula Blackmon

2. Housing and Homelessness Solutions Committee Forecast

Presenter(s): Chad West. Chair

Action Taken/Committee Recommendation(s): Information only.

3. Housing and Homelessness Solutions Interagency Report

**Presenter(s):** David Noguera, Director of Housing and Neighborhood Revitalization; Kevin Oden, Interim Director, Office of Homeless Solutions

Action Taken/Committee Recommendation(s): Information Only.

4. Strategic Planning to End Homelessness in Dallas Project Update

Presenter(s): Kevin Oden, Interim Director, Office of Homeless Solution.

**Action Taken/ Committee Recommendations(s):** The Committee was briefed on the initiative to effectively end homelessness among veterans by December 2021. Information Only.

5. Department of Housing and Neighborhood Revitalization Performance Report Update

**Presenter(s):** David Noguera, Director, Department of Housing and Neighborhood Revitalization **Action Taken/Committee Recommendation(s):** The Committee was briefed on an overview of the program metrics from the Department of Housing and Neighborhood Revitalization. Information only.

6. Introduction to the Nexus Study- Expanding the Creation of Affordable Housing

Presenter(s): Matt Kowta, BAE Urban Economics.

**Action Taken/ Committee Recommendations(s):** The Committee was briefed on the Housing Nexus Study which identifies the relationship between new development and increased affordable housing demand. Information Only.

### 7. 1,000 Unit Affordable Housing Challenge Update

Presenter(s): Peer F. Chacko, Director, Planning and Urban Design.

Action Taken/ Committee Recommendation(s): This item was deferred to a later committee date.

### 8. Briefing on proposed amendments to Chapter 45, 51, and 51A of the Dallas Code to provide general provisions and permit requirements for the operation of temporary inclement weather shelters

Presenter(s): Kevin Oden, Interim Director, Office of Housing and Homeless Solutions

**Action Taken/ Committee Recommendation(s):** The Committee was briefed on chapters which establish standards for the operation of temporary inclement weather shelters so that Dallas residents are provided a safe place to stay when weather conditions are dangerously cold or hot. Staff recommended support for the revised Chapter 45 Ordinance through vote of committee, support Office of Homeless Solutions' plans for winter weather non-congregate sheltering and assist in promoting ordinances throughout the community once approved by City Council. A motion was made to made to move this item to Council with committee recommendation.

Motion made by: Lee Kleinman Item passed unanimously: X Item failed unanimously:

Motion seconded by: Paula Blackmon Item passed on a divided vote: Item failed on a divided vote:

### 9. Upcoming Agenda Item: Resolution of No Objection for Midpark Towers, LP for 4% Low Income Housing Tax Credits

Presenter(s): Kyle Hines, Assistant Director, Department of Housing and Neighborhood Revitalization Action Taken/ Committee Recommendation(s): The Committee was briefed on the 4% Non-Competitive Housing Tax Credits which will be used for the acquisition, renovation and rehabilitation of Midpark Towers, an existing 202-unit multifamily complex built in 1978 located at the 8550 Midpark Road, Dallas, Texas 75240. A motion was made to move this item to Council with committee recommendation.

Motion made by: Lee Kleinman Item passed unanimously: X Item failed unanimously:

Motion seconded by: Paula Blackmon Item passed on a divided vote: Item failed on a divided vote:

### 10. Interlocal Agreement between the City of Dallas and Dallas County for COVID-19 and Supportive Housing

Presenter(s): Kevin Oden, Interim Director, Office of Homeless Solutions

**Action Taken/ Committee Recommendation(s):** The Committee was briefed on the Interlocal Agreement with Dallas County ("County") to provide funding for COVID-19 supportive housing at 8102 LBJ Freeway, Dallas, Texas 75251 for the housing of persons experiencing homelessness related to the COVID-19 pandemic. A motion was made to move this item to Council with committee recommendation.

Motion made by: Lee Kleinman Item passed unanimously: X Item failed unanimously:

Motion seconded by: Paula Blackmon Item passed on a divided vote: Item failed on a divided vote:

### 11. Special Projects

**Presenter(s):** Chad West, Chair, Housing and Homelessness Solutions Committee **Action Taken/ Committee Recommendation(s):** Committee members provided updates on projects they are working on/ helping. Information only.

**APPROVED BY:** 

**ATTESTED BY:** 

Chad West, Chair Housing and Homelessness Solutions Committee Gabriela Castillo, Coordinator Housing and Homelessness Solutions Committee





### City of Dallas

### Agenda Information Sheet

File #: 20-2227 Item #: A.

Housing and Homeless Solutions Committee Forecast [Chad West, Chair, Housing and Homeless Solutions Committee]

Hous	Housing & Homelessness Solutions Council Committee FY20 & FY21 Agenda Forecast						
	B- Department of Housing and Neighborhood Revitalization Performance Report Update	David Noguera Director Department of Housing & Neighborhood Revitalization					
	B- Upcoming Agenda Item: TREC Quaterly Update	Linda McMahon President & CEO The Real Estate Council					
	B - Housing Program Overview: Development – Notice Of Funding Availability Assisted Projects; Process and Performance Update	David Noguera Director Department of Housing & Neighborhood Revitalization					
November 10, 2020	BM/A- Upcoming Agenda Item: Greenleaf Ventures/Singleton Amendment	David Noguera Director Department of Housing & Neighborhood Revitalization					
	BM/A - TEFRA Approval/ Ridgecrest Terrace Apartments & Ridge at Lancaster Apartments	Kyle Hines Assistant Director Department of Housing and Neighborhood Revitalization					
	BMA- Upcoming Agenda Item: AAA Contract Extension	Kyle Hines Assistant Director Department of Housing and Neighborhood Revitalization					
	B- 1000 Affordable Housing Units Challenge Update	Peer Chacko Director Planning and Urban Development					
	B- CHC Formation	Kevin Oden Interim Director Office of Homeless Solutions					
	BM- HUD Audits	Cynthia Rogers-Ellickson Assistant Director Department of Housing & Neighborhood Revitalization					
Special Called Meeting	B- Strategic Planning to End Homelessness in Dallas Project Update	Kevin Oden Interim Director Office of Homeless Solutions Mandy Chapman Semple CEO Clutch Consulting					
	BM/A: Upcoming Agenda Item: Gateway Oak Cliff- Resolution of No Objection Modification	Kyle Hines Assistant Director Department of Housing and Neighborhood Revitalization					

Но	Housing & Homelessness Solutions Council Committee FY20 & FY21 Agenda Forecast						
	BM- Inter-Agency Report - MDHA, DHA & DAP	David Noguera Director Department of Housing & Neighborhood Revitalization Kevin Oden Interim Director Office of Homeless Solutions					
	B- Department of Housing and Neighborhood Revitalization Performance Report Update	David Noguera Director Department of Housing & Neighborhood Revitalization					
	B- Strategic Planning to End Homelessness in Dallas Project Update	Kevin Oden Interim Director Office of Homeless Solutions Mandy Chapman Semple CEO Clutch Consulting					
December 15, 2020	B- Housign Programs Overview MRAP (if not sheduled for AdHoc Committee on COVID19 Recovery and Assistance)	David Noguera Director Department of Housing & Neighborhood Revitalization					
	BM/A - Upcoming Agenda Item: Preliminary Adoption and Approval of Substantial Amendment No. 7 to the FY 2019-20 Consolidated Plan for the Neighborhood Stabilization Programs (NSP) One and Three to expand the target areas in the Action Plan	Cynthia Rogers-Ellickson Assistant Director Department of Housing & Neighborhood Revitalization					
	BM/A- Upcoming Agenda Items: Land Transfer Lot Proposals	David Noguera Director Department of Housing & Neighborhood Revitalization					
	BM/A - Upcoming Agenda Items: LIHTC Art House Lofts/ Standard at Royale	Kyle Hines Assistant Director Department of Housing and Neighborhood Revitalization					
	BM/A- Upcoming Agenda: Neighborly Amendment	David Noguera Director Department of Housing & Neighborhood Revitalization					

Housing & Homelessness Solutions Council Committee FY20 & FY21 Agenda Forecast						
	BM- Inter-Agency Report - MDHA, DHA & DAP	David Noguera Director Department of Housing & Neighborhood Revitalization Kevin Oden Interim Director Office of Homeless Solutions				
	B- Department of Housing and Neighborhood Revitalization Performance Report Update	David Noguera Director Department of Housing & Neighborhood Revitalization				
January 25, 2020	B- Strategic Planning to End Homelessness in Dallas Project Update	Kevin Oden Interim Director Office of Homeless Solutions Mandy Chapman Semple CEO Clutch Consulting				
	B- Regulatory Incentives- MIHDB, Nexus Study, Ch. 20A	David Noguera Director Department of Housing & Neighborhood Revitalization				

To Be Considered	Date
TAPA Update	TBD
Executive Session	TBD
Development Code Amendments for Accessory Dwelling Units	TBD
Amendment to Chapter 20A	TBD
9% LIHTC	TBD

**Abbreviation Legend** 

B - Briefing Item	A - Action Item	BM - Briefing by Memorandum
		4.4.4.10.000

11/4/2020



### City of Dallas

### Agenda Information Sheet

File #: 20-2230 Item #: B.

Department of Housing and Neighborhood Revitalization Performance Report Update [David Noguera, Director, Department of Housing and Neighborhood Revitalization]



# Department of Housing Performance Measure Update

Housing and Homelessness Solutions November 10, 2020

David Noguera, Director Housing & Neighborhood Revitalization City of Dallas

# Production Chart (data as of 11/3/2020)



	Program Budget	Full Time Em	ployees	Applied	d Denied/ Cancelled Benchmark		FY 2020 Totals	Oct 2020	FY 2021 Projections
nent	\$2.5 m CDBG		ion, f,			Units Approved	1,094	500	2,742
Development	\$4.1 m HOME	4 Employees	9 Inspection, gram Staff, rector	734	0	Units Permitted	1,522	1	1,686
Deve	\$965k CHDO		<u> </u>			Units Completed	130	9	405
Repair	\$2.9 m CDBG	2 Employees	ω.	543	0	Households Approved	49	0	360
Rep	\$1.4 m Lead	2 Employees	, 2 FF Sire	343	U	Units Repaired	11	0	410
АР	\$500k CDBG	2 Francisco	4 Finance oliance, 4 Assistant D	2	1	Loans Approved	22	2	25
DHAP	\$767k HOME	2 Employees	Imin, 4 Finan Compliance, 2 Assistan	2		Loans Provided	8	0	10
MRAP	\$10.5 m HOU \$8.2 m OCC	2 Employees	3 Admin, 7 Comp	N/A	N/A	Households Served	1,225	1,384	2,555
Other	N/A	N/A		N/A	N/A	Units Supported by Other Depts*	3,256	0	N/A
<del>I</del> O	IV/A	IV/A		IV/ A	IV/A	All Units Permitted	8,173	311	N/A



# Development Chart (data as of 11/3/2020)



	NOFA	Land Programs	MIHDB	LIHTC/ DHFC	NEZ	Multiple Programs	Total
Program Budget	\$6.7 m	N/A	N/A	N/A	N/A	N/A	\$6.7 m
Units Applied	719	15	N/A	0	0	0	734
Units Cancelled	0	0	N/A	0	0	0	0
Units Approved	50	0	N/A	450	0	0	500
Units Permitted*	0	1	0	0	0	0	1
Units Completed*	8	1	0	0	0	0	9



<sup>\*</sup>Due to the length of construction timelines, units permitted often reflects work done a year prior, and units completed may reflect staff work completed up to 3 years prior depending on the project

# Repair Chart (data as of 11/3/2020)



	HIPP	West Dallas	Tenth Street	Lead/ Healthy Homes	NEZ	Total
Program Budget	\$2.9 m	\$2 m	\$750k	\$1.4 m	N/A	\$7.05 m
Units Applied	543	0	0	0	0	543
Units Cancelled	0	0	0	0	0	0
Households Approved	0	0	0	0	0	0
Units Repaired	0	0	0	0	0	0



# Other Programs (data as of 11/3/2020)



	DHAP
Program Budget	\$1.27 m
Units Applied	2
Units Cancelled	1
Loans Approved	2
Loans Provided	0

	MRAP		TAPA*
Program Budget	\$18.7 m		\$200k
	Sep	Oct	
Households Served	1,225	1,384	0





Department of Housing Performance Measure Update

Housing and Homelessness Solutions November 10, 2020

David Noguera, Director Housing & Neighborhood Revitalization City of Dallas



### City of Dallas

### Agenda Information Sheet

File #: 20-2231 Item #: C.

Housing Program Overview - Notice of Funding Availability Assisted Projects; Process and Performance Update [David Noguera, Director, Department of Housing and Neighborhood Revitalization]



# Development – Notice of Funding Availability (NOFA)-Assisted Projects

Housing and Homelessness Solutions November 10, 2020

David Noguera, Director
T. Daniel Kalubi, Area
Redevelopment Manager
Department of Housing &
Neighborhood Revitalization
City of Dallas

### **Presentation Overview**



- Purpose
- Background/History
- Staff Activity Snapshot
- Process Overview
- Efficiency Enhancements
- Cost Analysis
- Program Value
- Staff Recommendations
- Next Steps



## Purpose



- The purpose of the NOFA is to serve as an evaluation tool for all residential development projects seeking city subsidy
- NOFA evaluates eligibility of affordable housing proposals
- Standing NOFA allows applicants to submit shovelready projects for evaluation at any point during the year



# Background/History



- Since 2018, the Department of Housing and Neighborhood Revitalization has issued 3 NOFA solicitations:
  - 2018 Multi & Single-Family NOFA
  - 2019 Single-Family NOFA
  - 2020 Standing NOFA Solicitation for Multi & Single-Family Development



# Background/History

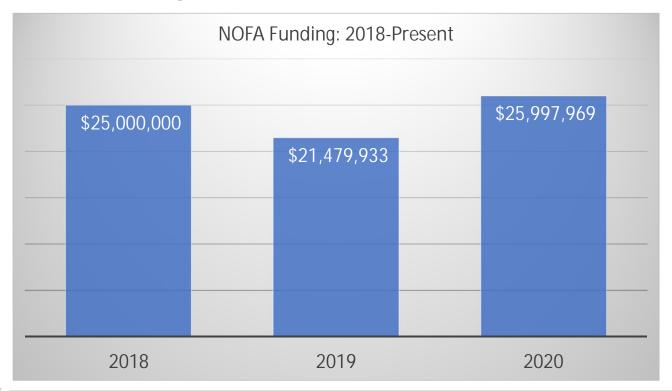


- NOFA Funding sources vary, but since 2018 have included the following:
  - HOME
  - CDBG
  - Neighborhood Stabilization Program (NSP)
  - Bond Funding (Citywide and Council District-specific)
  - Miscellaneous Funds from Proceeds of Sales of City-Owned Assets
  - Land\*



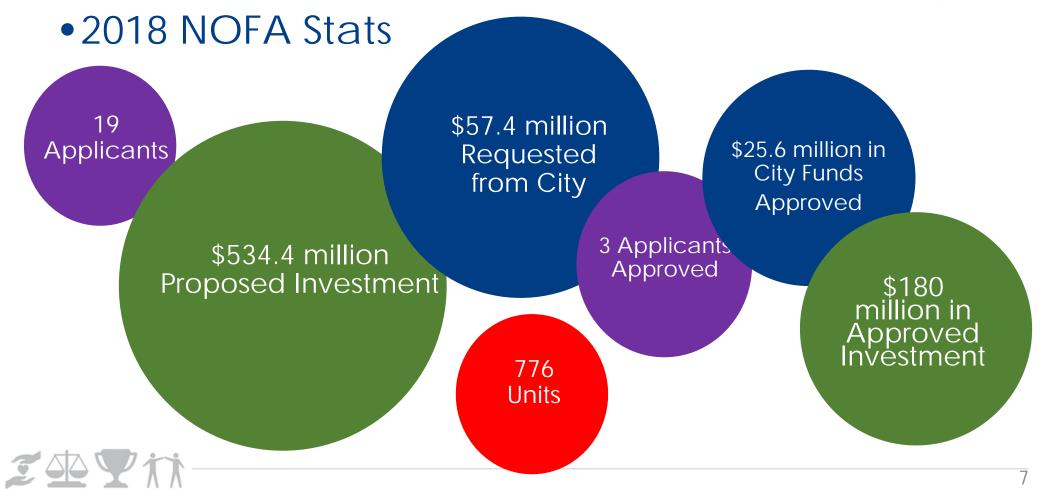


 From 2018 – Present, Housing has issued 3 unique solicitations offering over \$72.4 million in available funds.



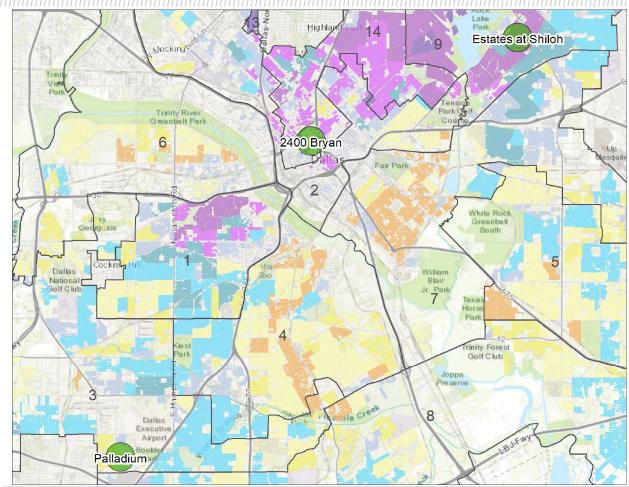






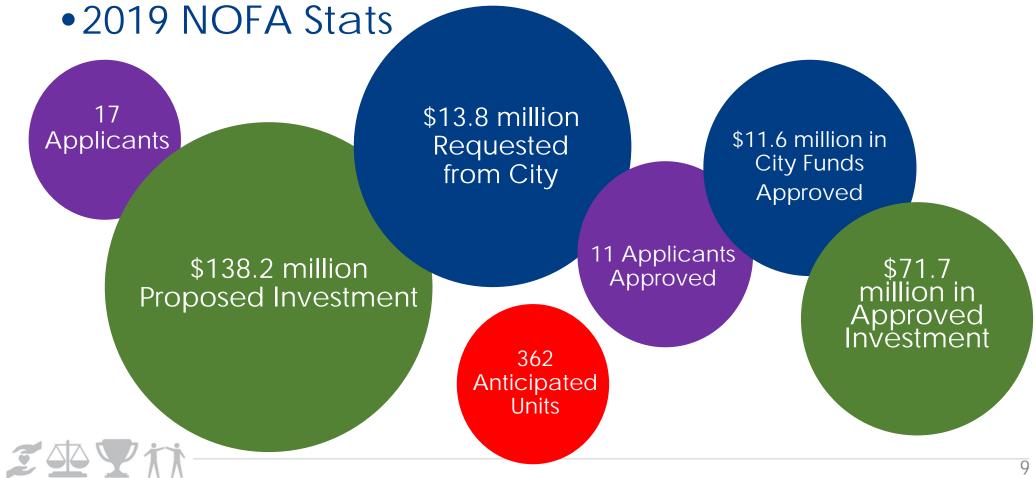


2018 NOFA



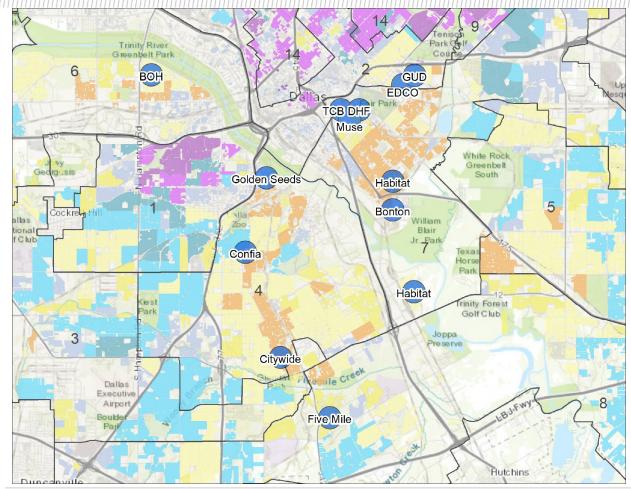








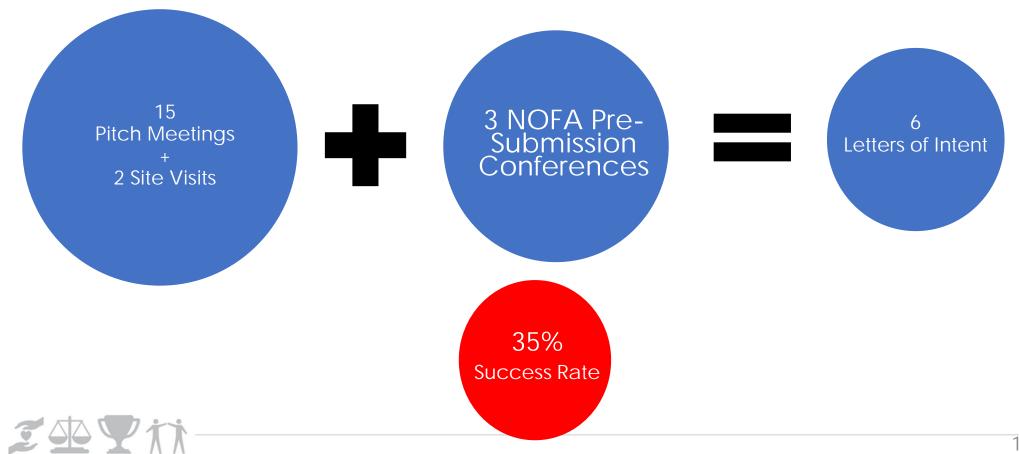
2019 NOFA





# Staff Activity Snapshot: August 1st - November 2nd





### **NOFA Process**







# **Efficiency Enhancements**



	2018 & 2019 NOFA	Standing NOFA
Funding	\$23.2 Million (avg)	\$31.9 Million
Solicitation Length	45-60 Days	Rolling/Continuous
Scoring	By Committee	Self-Scoring Mechanism
Evaluation Period	2-3 months	1 month
Application Submission to Council Committee	6-8 months	3 months



# Efficiency Enhancements (cont'd)



- Staff is committed to constant improvement of the NOFA process and has taken the following steps to build upon previous experiences:
  - Monthly pre-submission meetings
  - Dedicated NOFA "FAQ" email address
  - Enhanced NOFA webpage on Housing website that is updated weekly
  - Self-scoring mechanism to help developers



# Cost Analysis



- Benefits of affordable housing extend beyond just physical units
- 2018 & 2019 NOFA projects create nearly 3100 jobs during construction and support over 230 long-term positions in the workforce
- Each time the City invests \$12,000 in an affordable housing project, 1 construction job is created

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Estimated* Job Creation	2010	1086	TBD
Estimated* Jobs Supported	159	75	TBD

<sup>\*</sup>Note: Estimates based on information gathered from other municipalities. Inputs include (1) building-type, (2) number of stories, & (3) hard construction costs

# Program Value



- Higher quality housing improves health outcomes for residents
- Increase in disposable income/savings for households
- Increase in job creation (construction, building management)
- Increase in tax revenue for the City
- Decrease in vacant land in urban infill areas
- Decrease in land holding/maintenance costs for City



## Program Value: Anticipated Tax Revenue from 2019 NOFA



Developer	Total Project Cost	Re	Funding ecommended	No. of Lots	Units	Leve	erage	Subsidy/Unit	Up to 80%	Up to 120%	Tax Revenue to City of Dallas
Confia Homes, LLC	\$ 3,600,000.00	\$	-	19	19				9	10	\$ 24,039.96
Texas Community Builders	\$ 2,545,590.00	\$	741,730.00	11	12	\$	2.43	\$ 61,810.83	12	0	\$ 15,212.24
Dallas Area Habitat for Humanity	\$ 3,200,000.00	\$	-	33	33			\$ -	33	0	\$ 41,005.01
Dallas Housing Foundation	\$ 6,367,368.00	\$	1,427,000.00	17	34	\$	3.46	\$ 41,970.59	8	26	\$ 59,418.44
EDCO	\$ 1,039,432.00	\$	502,200.00	0	5	\$	1.07	\$ 54,000.00	5	0	\$ 6,209.53
Builders of Hope	\$ 3,636,872.00	\$	1,141,922.00	20	20	\$	2.18	\$ 57,096.10	20	0	\$ 28,035.62
Muse Family Foundation	\$ 4,120,100.00	\$	1,172,000.00	11	13	\$	2.52	\$ 90,153.85	5	8	\$ 21,017.40
The Golden S.E.E.D.S Foundation	\$ 5,187,672.00	\$	1,400,000.00	24	22	\$	2.71	\$ 63,636.36	22	0	\$ 30,870.25
City Wide CDC	\$ 3,667,500.00	\$	1,150,000.00	0	20	\$	2.19	\$ 57,500.00	5	15	\$ 31,232.71
Notre Dame Place (Bonton)	\$ 3,406,000.00	\$	730,000.00	17	35	\$	3.67	\$ 20,857.14	21	14	\$ 26,451.34
Good Urban Development	\$ 9,327,651.00	\$	2,000,000.00	25	50	\$	3.66	\$ 40,000.00	15	35	\$ 75,175.86
Notre Dame Place (Five Mile)	\$ 20,965,000.00	\$	1,600,000.00	99	99	\$	12.10	\$ 16,161.62	40	59	\$ 149,924.58
Total	\$ 67,063,185.00	\$	11,864,852.00	276	362	\$	4.65		195	167	\$ 508,592.94



#### Staff Recommendations



- Process recommendations:
  - Find efficiencies in the Council approval process to streamline development timelines
- Technical recommendations:
  - Adoption of recommended adjustments to debt structuring in the Comprehensive Housing Policy to allow for a wider range of City investment in projects



#### **Next Steps**



- Nexus Study
- Enhance Housing Policy to keep it relevant to today's market
- Housing staff anticipates recommending 4 projects from 2020 NOFA in January/February of 2021





## Development – Notice of Funding Availability (NOFA)-Assisted Projects

Housing and Homelessness Solutions November 10, 2020

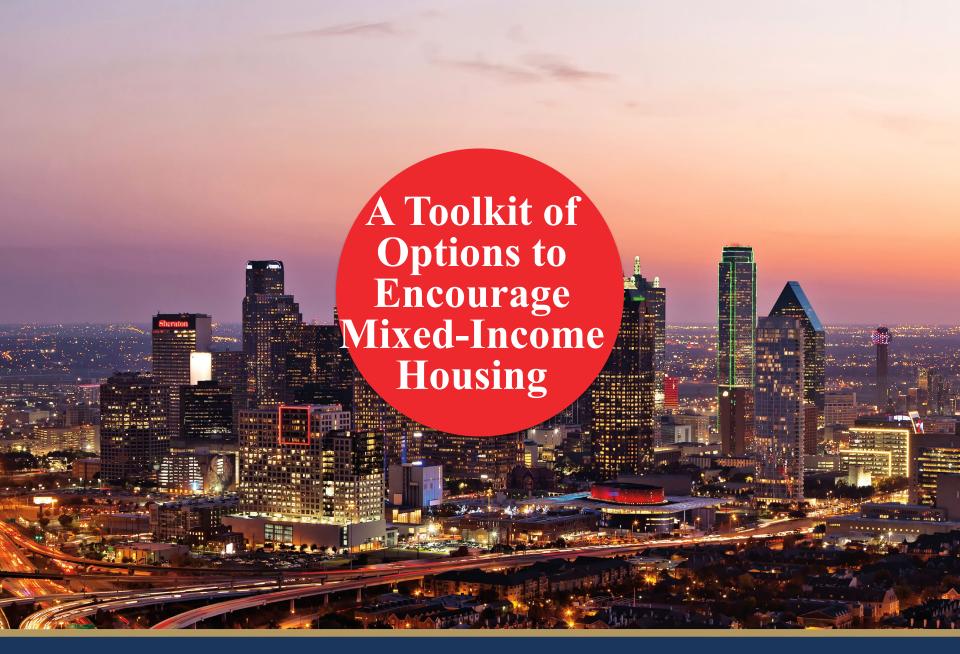
David Noguera, Director
T. Daniel Kalubi, Area
Redevelopment Manager
Department of Housing &
Neighborhood Revitalization
City of Dallas



#### City of Dallas

#### Agenda Information Sheet

The Real Estate Council Quarterly Update [Linda McMahon, President and CEO, The Real Estate Council]





#### The Challenge

Can we address a regional issue through a local solution?

#### The Response

Dallas can be a leader in solving this challenge, but it cannot be done alone.

#### Our Strategy

Create a toolkit of options designed to encourage mixed-income housing.

#### The Result

A predictable process for creating a vibrant community that is more inclusive and sustainable over time.

### **Executive Summary**

The housing crisis is a complex and challenging issue facing our city. There is no magic bullet nor a one-size-fits-all solution. The preliminary findings of the Housing Nexus Study outlined the ongoing challenges – and vast need – for affordable housing in the City of Dallas.

Addressing the crisis and providing affordable housing to our community will require a variety of tools. Recognizing the constraints, we suggest a set of recommendations that prioritize providing options, flexibility and predictability, as we believe this will ultimately produce the greatest number of affordable units. These options may be used independently or in tandem since gap financing is necessary to produce affordable units.

Our recommendations focus on multifamily housing and offer a toolkit of options to encourage mixed income housing and affordable housing targeted to households with incomes between 60% to 120% of AMI.



#### Overview of TREC Process

- Formed working group of industry experts
- Compared and analyzed best practices of cities across the country
- Consulted with the Ron Terwilliger Foundation, National Multifamily Housing Council, City staff, and Councilmembers
- Identified current location of affordable housing properties, relevant zoning designations and city-owned land through interactive regional and local maps
- Compiled recommendations and tested them using real-life examples
- Reviewed policy implementation, current conditions, & revised recommendations



What Does "Affordable" Mean?

## What Is Affordable Housing?

- Affordable housing is commonly defined as housing for which the occupants
  are paying no more than 30% of their gross income for housing costs, including
  utilities, as defined by HUD.
- According to ACS Census data, almost 50% of Dallas households pay more than 30% of their income on housing and more than 20% of households spend more than 50% of income on housing costs.
- Affordability assumptions are based on Dallas Metropolitan Statistical Area Median Income (see Addendum for definition of AMI) for a family of 4, as established by HUD. FY 2019 AMI is \$86,200.



## What is Mixed-Income Housing?

- Mixed income housing contributes to the diversity and stability of American communities.
- According to HUD, a mixed-income housing development is generally comprised of housing units with a mix of market-rate housing and varying levels of affordable housing (at or below 140% AMI).
- The "mix" can differ from community to community based on the local housing market and marketability of the units themselves.
- In the recent Guide to Reducing Child Poverty in Dallas, the Child Poverty Action Lab affirmed: "Children who grow up in housing that is healthy and safe, affordable, stable, and in a community that begets opportunity are more likely to realize better education, health, and economic outcomes over the course of their lifetimes."
- In 2019, Council retitled Chapter 20A as "Fair Housing and Mixed Income Housing" and defined mixed-income housing program as "a program administered by the department in which each owner using a development bonus participates."



## 2019 Average Median Family Income

#### Fiscal Year 2019 Average Median Family Income

#### Dallas Region

Area Median	Income Level	Dollar Amount by Family Size					
Income (AMI)		1	2	3	4		
30%	Extremely Low Income	\$ 17,500	\$ 20,000	\$ 22,500	\$ 25,850		
50%	Low Income	\$ 30,150	\$ 34,500	\$ 38,800	\$ 43,100		
60%		\$ 34,920	\$ 39,900	\$ 44,880	\$ 49,860		
70%	Moderate Income	\$ 42,238	\$ 48,272	\$ 54,306	\$ 60,340		
80%		\$ 48,250	\$ 55,150	\$ 62,050	\$ 68,950		
100%	Average	\$ 60,340	\$ 68,960	\$ 77,580	\$ 86,200		
120%	Middle Income	\$ 72,408	\$ 82,752	\$ 93,096	\$ 103,440		
140%	Middle income	\$ 84,476	\$ 96,544	\$ 108,612	\$ 120,680		

Source: https://www.huduser.gov/portal/datasets/il.html#2019 query

Note: "Dallas Region" indicates the Dallas, TX HUD Metro FMR Area, so all information presented here applies to all of the Dallas, TX HUD Metro FMR Area. The Dallas, TX HUD Metro FMR Area contains the following areas: Collin County, TX; Dallas County, TX; Delta County, TX; Denton County, TX; Ellis County, TX; Hunt County, TX; Kaufman County, TX; and Rockwall County, TX.



## How Does AMI Apply?

It is important to note that in higher density areas like Uptown and Downtown Dallas, most apartments are studio, 1-bedroom and 2-bedroom units.

Generally, these units are intended for up to three persons. Therefore, the income levels in the next slide reflect the actual income of the rental population.



## Example Occupations by Income

City of Dallas Example Wage Ranges by Occupation					
Occupation	Minimum wage - Maximum Wage	IATTOROGODIA RANT	AMI Range (Family of 3)		
Teacher	\$52,000 - \$103,476	\$1,300-\$2,587	>80% to >140%		
Fire	\$60,000 - \$115,361	\$1,500-\$2,884	>100% to >140%		
Police	\$60,000 - \$115,361	\$1,500-\$2,884	>100% to >140%		

#### Sources:

https://dallascityhall.com/departments/humanresources/DCH%20Documents/pdf/CompClass\_FirePaySchedule\_AttachB.pdf https://dallascityhall.com/departments/humanresources/DCH%20Documents/pdf/CompClass\_PolicePaySchedule\_AttachB.pdf https://www.dallasisd.org/cms/lib/TX01001475/Centricity/Domain/110/2018-2019%20Compensation%20Handbook.pdf



# Average Rents In Dallas Vary by Area One Size Does Not Fit All

The average rent in Dallas for a 2-bedroom apartment is \$1,369 as of Q2 2020.

YTD 2020 MF Rental Data						
Submarket	Effective Rent	Studio Rent	1BR Rent	2BR Rent	3BR Rent	
Downtown/Uptown	\$1,734	\$1,288	\$1,531	\$2,167	\$3,343	
Oak Lawn/Knox	\$1,799	\$1,273	\$1,555	\$2,292	\$4,629	
North Oak Cliff	\$1,247	\$1,094	\$1,180	\$1,346	\$1,335	
Zang/Cedars/Fair Park	\$1,158	\$1,115	\$1,104	\$1,193	\$1,283	
	2019 MF R	Rental Data				
Submarket	Effective Rent	Studio Rent	1BR Rent	2BR Rent	3BR Rent	
Downtown/Uptown	\$1,774	\$1,309	\$1,572	\$2,247	\$3,212	
Oak Lawn/Knox	\$1,713	\$1,289	\$1,486	\$2,217	\$4,257	
North Oak Cliff	\$1,149	\$974	\$1,104	\$1,211	\$1,269	
Zang/Cedars/Fair Park	\$1,172	\$1,155	\$1,097	\$1,231	\$1,269	
	2018 MF Rental Data					
Submarket	Effective Rent	Studio Rent	1BR Rent	2BR Rent	3BR Rent	
Downtown/Uptown	\$1,695	\$1,235	\$1,504	\$2,112	\$3,014	
Oak Lawn/Knox	\$1,571	\$1,121	\$1,353	\$2,038	\$3,458	
North Oak Cliff	\$1,089	\$932	\$1,030	\$1,147	\$1,195	
Zang/Cedars/Fair Park	\$1,157	\$1,081	\$1,011	\$1,120	\$1,201	

Source: REIS and MPF/Yieldstar



Working Group Recommendations: A Focus on Mixed-Income Housing

## **Policy Wins**

- Council adopted the City of Dallas Comprehensive Housing Policy, including Community Land Trusts, the Housing Trust Fund, and Market Value Analysis.
- From October 2019 to now, the City has passed 4 new housing policies and confirmed production (built or under construction or rehabilitation) of 2,626 affordable homes.
- From July 2019 through June 2020, Council approved 8 zoning cases with a mixed-income development bonus element. The cases generally exchanged height, FAR, and maximum dwelling units per acre for between 5% and 15% of the units being reserved for households between 51% and 100% of AMI.
- Council established a **Public Facilities Corporation** in June 2020 to support the growth and development of mixed-income housing.
- Launched a 1,000-Unit Affordable Housing Challenge to catalyze opportunities on public land adjacent to transit.



# Current Affordable Housing Policy Tools within City of Dallas

Existing Government Support By Income Group					
	Low Income Housing Tax Credit,				
	Project-based Vouchers,				
	City of Dallas G.O. Bonds,				
	Section 8 Vouchers,				
Up to 80% AMI	Community Development Block Grant (CDBG) / HOME Funds,				
	TIF/Tax Abatements,				
	Land Bank,				
	Mixed-Use Development Bonus				
9007 AAAL+a 14007 AAAL	G.O. Bonds,				
80% AMI to 140% AMI	Mixed-Use Development Bonus				



#### Overview of Recommendations

Initial Recommendations	Status	Future Recommendations		
Create area plans	✓ Reinvestment Strategy Areas			
Create a variety of incentive opportunities & tools	✓ Mixed Income Housing Development Bonuses	Enhance incentive opportunities; expand TIF eligibility; expand Ch. 20A tools; amend Community Land Trust program		
Establish dedicated funding streams	✓ Housing Trust Fund	Dedicate funding stream for HTF		
Amend Ch. 51 and 51A	✓ Mixed Income Housing Development Bonuses	Expand eligibility beyond current zoning categories		
Offer alternatives to on-site affordable housing		Establish fee-in-lieu program		
		Increase LIHTC market rate units		
Implementation and Timing		Phase-in programs over time		



Future Recommendations: Enhance Incentive Tools

## The Problem of the Funding Gap Explained

- Projects that offer affordable units struggle to obtain financing through traditional means.
- Investor partners will currently invest in projects only with the following yields of return:
  - Stick Construction 6.75% to 7% yield
  - High-rise construction 6.50% to 6.75% yield

#### Net Operating Income (NOI) / Project Cost = Yield

- Net operating income (NOI) per unit significantly decreases when affordable housing is included. This is what makes a project difficult to finance.
  - Cost of building a unit is the same whether it is rented at market rate or below market rate.
  - Adding affordable units lowers yield because of below-market rents.
- BOTTOM LINE: Incentives must be available to offset the economic impact of each unit
  offered below market rents.



## Funding Gap Examples

When a development project incorporates affordable units, the revenue for the project decreases but the costs remain the same. This typically lowers the yield below what investors are willing to accept in achieving a return on their investment.

The funding gap ranges widely based upon the type of development, the level of household income (AMI) targeted, and the percentage of units rented at those targeted affordable rates.

Stick (Low Rise) Building Development Example							
338 Units, \$67.60 M total project cost							
	20% of Units Affordable	5% of Units Affordable					
No. of Units	68	17					
	60% AMI						
Total Funding Gap	\$12,590,018	\$3,147,504					
Funding Gap Per Unit	\$185,147						
	120% AMI						
Total Funding Gap	\$560,575 \$140,144						
Funding Gap Per Unit	\$8,244						

High Rise Building Development Example						
350 Units, \$140.00 M total project cost						
	20% of Units Affordable	5% of Units Affordable				
No. of Units	70	18				
	60% AMI					
Total Funding Gap	\$32,829,879	\$8,441,969				
Funding Gap Per Unit	\$468,998					
120% AMI						
Total Funding Gap	\$18,482,390 \$4,752,614					
Funding Gap Per Unit	\$264,034					



# Filling the Gap: Offer a Variety of Incentive Opportunities

#### **Incentive Opportunities:**

- Reductions in Parking Requirements
- Fee Waivers (Building Permit & Water)
- Tax Abatements
- TIFs (potential expansion beyond 80% AMI)
- Implementation of Public Facilities Corporations
- Reduce Land Costs
- Housing Trust Fund or Other Dedicated Revenue Source
- G.O. Bonds
- 1,000 Unit Housing Challenge



## Enhance Incentive Opportunities

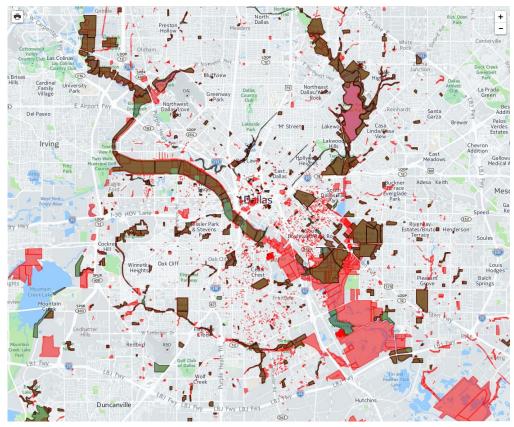
- Modify Current Incentive Policies:
  - Amend existing TIF Policies to encourage a greater range of mixed-income housing. Allow TIF eligibility for 80% + AMI.
  - Amend Public Private Partnership Program to expand existing areas
  - Tax Abatement, Fee Waivers, and Parking Reductions.
  - Amend Community Land Trust Program
- Offer Incentives to All Zoning Districts: All zoning districts, including planned development districts, should be allowed to earn incentives to apply toward building affordable units if needed.



#### Reduce Land Costs

#### **Amend Community Land Trust**

- This nonprofit entity may execute 99-year ground leases with developers targeting affordable residential units. Allowing the Trust to lease the land for development, lowers the overall project costs as the developer pays only for the structure built and not the underlying land. The lease agreement also ensures the inclusion of mixed income and affordable housing.
- Amend Community Land Trust by restructuring property tax rebate opportunity. City of Dallas presently has opted out of state statute exempting non-profits from property taxes on land trust projects.

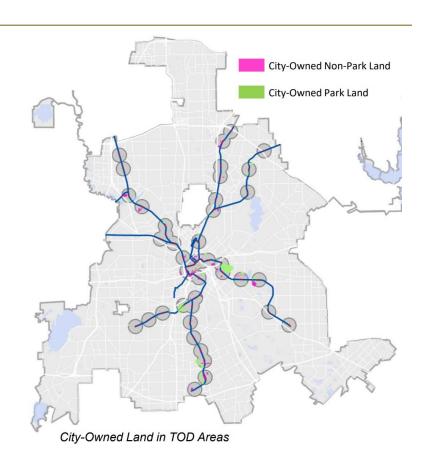




#### **Reduce Land Costs**

## Utilize Government-Owned Land Write Downs

- Texas State Law allows
   government entities, including
   cities and counties, to sell their
   land at a price that is much lower
   than fair market value if it serves
   a public purpose.
- A public purpose can include Affordable Housing.
- e.g. 1000-Unit Affordable Housing Challenge





Future Recommendations:
Establish Dedicated Funding Streams

## Housing Trust Fund

#### What Does the Housing Trust Fund Do?

- Established in 2019 Comprehensive Housing Plan
- Funding can be awarded by a Housing Trust Fund to a private or non-profit developer to be used for the production of affordable single family and multifamily housing.
  - Funds can be available in grant or loan form to offer gap financing for projects complying with affordable housing requirements.
  - Funds can be used to initiate projects in specified areas of need.

#### **Trust Fund Management**

City issued an RFP for a qualified non-profit entity to manage Housing Trust Fund.

#### **Examples Across the US**

Cities including Austin, Boston, and D.C. have Housing Trust Funds.



#### G.O. Bonds

Establish a bond program prioritizing investment in affordable housing. The program may set primary investment areas including:

- Rental Housing Development Assistance
- Home Ownership Programs

The City of Austin has approved **\$370 million** in G.O. bonds for affordable housing since 2006.

TREC recommends funding HTF through general obligation bonds.



Future Recommendations:

Expand Eligibility for Development

Bonuses under Ch. 51 and 51A

# Mapping Zoning Districts Impacted by Amendments

MF-1(A)

MF-2(A)

MF-2

MU-1

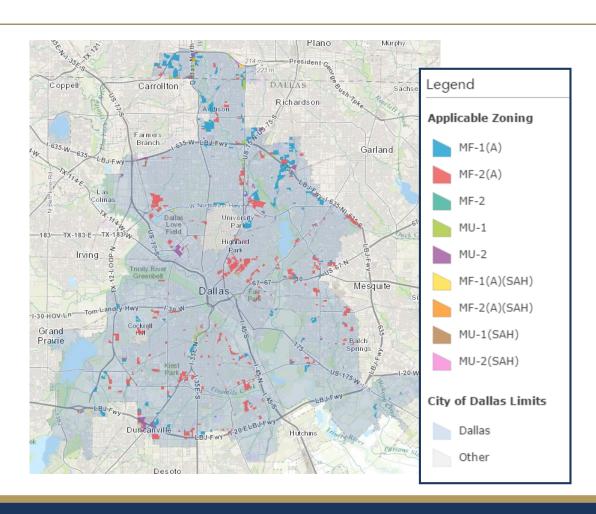
MU-2

MF-1(A)(SAH)

MF-2(A)(SAH)

MU-1 (SAH)

MU-2(SAH)





Future Recommendations:
Offer Flexible Alternatives

## Payment of Fee in Lieu Option

The City of Dallas already has an option for a Payment of Fee in Lieu in Chapter 51A-4.900, the section on Affordable Housing. The use should be expanded for a variety of Multi-Family Developments to participate and pay a fee as an alternative to providing affordable units.

#### How Will the Payment of Fee in Lieu Work?

- It can be assessed at the Building Permit stage for all new Multifamily
   Residential projects requesting density bonuses of greater than 50 units.
- Update Assessment for Multifamily = \$8-\$10 per net rentable square foot.
- Consider expanding the taxable base beyond Multifamily to broaden possible impact and revenue potential.
- The fee can be paid into a Housing Trust Fund.



## Off-Site Linkage Option

- A developer should have the option to satisfy any affordable housing requirements through off-site development of affordable units.
- A development project in Dallas can comply with all or part of affordable housing requirements if it links its project to another project located in one of the city-designated area plans developing affordable units as approved by the City of Dallas.
- Funds may be used from a Housing Trust Fund to close the gap of funding needed for the off-site project.

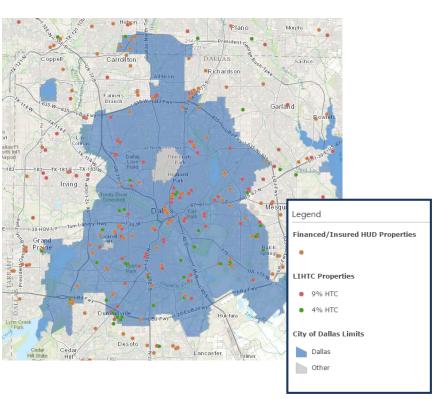


Future Recommendations:
Increase Market Rate Units
through LIHTC

# LIHTC &

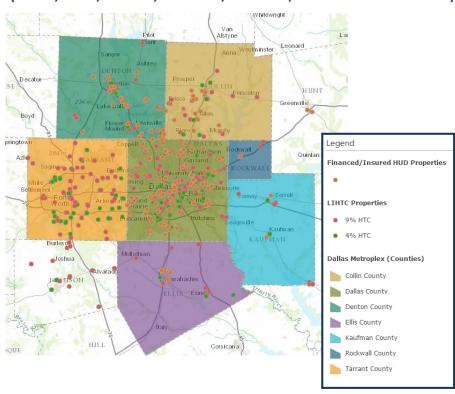
# Financed/Insured HUD Properties (2016)

# **City of Dallas**



# Region

(Dallas, Colin, Denton, Kaufman, Rockwall, Hunt and Ellis Counties)





Future Recommendations:
Timing and Implementation

# Implementation & Timing Recommendations

# Phased-in Over Time

- Work with stakeholders to determine implementation of policy tools in the short-term, medium-term and long-term.
- Careful consideration must be given to the timing of implementation in order to give developers and land owners sufficient time to assess the impact on land prices. It is important to note that timing between land acquisition and the commencement of the development is typically a 3year process.

# Term of Affordability in Area Plans

 The term of affordability should be based upon the needs outlined in individual area plans and range from 5 to 15 years.



Questions?

Addendum

# Definition of AMI

Area median income (AMI) is the average income for a defined geographical area. This average is based on the American Community Survey conducted by the US Census Bureau. AMI is frequently used in government programs. HUD uses AMI to set income limits determining eligibility for many of its programs.

According to HUD, "(Median family income (MFI) estimates for Fiscal Year (FY) 2015) are calculated for each metropolitan and nonmetropolitan area using the Fair Market Rent (FMR) area definitions applied in the Section 8 Housing Choice Voucher Program.

The 2008-2012, 5-year American Community Survey (ACS) and Puerto Rico Community Survey (PRCS) income data are the basis of FY 2015 Income Limits for all areas of geography, except for the U.S. Virgin Islands and the Pacific Islands.

Separate HUD MFI estimates are calculated for all Metropolitan Statistical Areas (MSAs), HUD Metro FMR Areas, and nonmetropolitan counties."

Source: US Department of Housing and Urban Development, March 2015 <a href="https://www.huduser.gov/portal/datasets/il/il15/Medians2015.pdf">https://www.huduser.gov/portal/datasets/il/il15/Medians2015.pdf</a>



# Average Dallas Rents (2011, 2013, 2015)

The average rent in Dallas for a 2-bedroom apartment is \$1,560, as of February 2016.

2015 MF Rental Data					
Submarket	Effective Rent	1BR Rent	2BR Rent	3BR Rent	4BR Rent
Downtown/West End Historic	\$1,999	\$1,714	\$2,415	\$3,168	N/A
Uptown/Oak Lawn	\$1,448	\$1,156	\$1,813	N/A	N/A
North/Oak Cliff	\$770	\$671	\$834	\$867	N/A
Fair Park/South Dallas	\$627	\$548	\$653	\$780	N/A
2013 MF Rental Data					
Submarket	Effective Rent	1BR Rent	2BR Rent	3BR Rent	4BR Rent
Downtown/West End Historic	\$1,542	\$1,303	\$1,926	\$2,308	N/A
Uptown/Oak Lawn	\$1,290	\$1,014	\$1,661	\$2,514	N/A
North/Oak Cliff	\$727	\$611	\$767	\$903	N/A
Fair Park/South Dallas	\$690	\$588	\$713	\$858	N/A
2011 MF Rental Data					
Submarket	Effective Rent	1BR Rent	2BR Rent	3BR Rent	4BR Rent
Downtown/West End Historic	\$1,445	\$1,233	\$1,778	\$2,057	N/A
Uptown/Oak Lawn	\$1,312	\$1,055	\$1,617	\$2,141	N/A
North/Oak Cliff	\$690	\$594	\$732	\$864	N/A
Fair Park/South Dallas	\$672	\$555	\$700	\$837	N/A

Source: REIS and MPF/Yieldstar



# Expanded Funding Gap Examples

<u> Total Funding Gap - Wrap</u>						
Area AMI Percentage						
	30%	60%	80%	100%	120%	
5%	\$4,652,133	\$3,147,504	\$2,144,467	\$1,142,908	\$140,144	
10%	\$9,304,265	\$6,295,009	\$4,288,933	\$2,285,817	\$280,288	
15%	\$13,956,398	\$9,442,513	\$6,433,400	\$3,428,725	\$420,431	
20%	\$18,608,530	\$12,590,018	\$8,577,866	\$4,571,634	\$560,575	
Per Unit Funding Gap - Wrap						
Area AMI Percentage						
	30%	60%	80%	100%	120%	
All	\$273,655	\$185,147	\$126,145	\$67,230	\$8,244	



Units

# Expanded Funding Gap Examples

	<u> Total Funding Gap - Tower</u>					
	Area AMI Percentage					
		30%	60%	80%	100%	120%
	5%	\$10,287,809	\$8,441,969	\$7,211,467	\$5,982,781	\$4,752,614
Units	10%	\$20,004,073	\$16,414,940	\$14,022,297	\$11,633,185	\$9,241,195
_	15%	\$30,291,882	\$24,856,909	\$21,233,765	\$17,615,966	\$13,993,809
	20%	\$40,008,145	\$32,829,879	\$28,044,595	\$23,266,371	\$18,482,390
Doy Holt Frue die er Core Tours						
	<u>Per Unit Funding Gap - Tower</u> Area AMI Percentage					
		30%	60%	80%	100%	120%
	All	\$571,545				





# City of Dallas

# Agenda Information Sheet

File #: 20-2232 Item #: E.

Upcoming Agenda Item: Second Amendment to the Conditional Grant Agreement with Greenleaf Ventures LLC for Construction of 58 Single-Family Homes to Extend the Completion Date [David Noguera, Director, Department of Housing and Neighborhood Revitalization]

# Memorandum



DATE November 5, 2020

Honorable members of the Housing and Homelessness Solutions Committee: Chad To West (Chair), Casey Thomas II (Vice Chair), Carolyn King Arnold, Paula Blackmon, Lee Kleinman, Cara Mendelsohn, Jaime Resendez

Upcoming Agenda Item: Second Amendment to the Conditional Grant
Agreement with Greenleaf Ventures LLC for Construction of 58 Single-Family
Homes to Extend the Completion Date

This memorandum is to inform you of an upcoming agenda item on December 9, 2020 to authorize the second amendment to the conditional grant agreement for infrastructure construction related to the development of 58 single-family homes in West Dallas located on Singleton Boulevard with Greenleaf Ventures, LLC and extend the agreement completion date from December 31, 2020 to December 31, 2022. There is no cost consideration to the City.

- The project experienced delays due to unforeseen zoning and civil plans approvals, as well as the COVID pandemic. The rezoning application was submitted September 29, 2017 and was not approved until 11 months later in October 2018.
- Development plans were submitted on February 25, 2019 and were not approved until October 2019.
- During the months of March through May of 2020 the developer experienced delays due to the COVID pandemic because it caused builder commitments to be in question during that time.
- All these delays were due to circumstances out of the ordinary, thus necessitating a further extension to the agreement.

#### **Project Details:**

A single-family development for at least 58 homes in West Dallas located on Singleton Blvd. The 2012 General Obligation Bond Funds were used for the development of single-family homes to be sold to households at or below 140 percent of Area Median Family Income, on vacant land located in West Dallas on Singleton Blvd. The overall development has a total of 116 homes to be constructed.

### Timeline:

May 13, 2015 – Original Resolution

City Council authorizes the contracts to be executed

November 5, 2020

SUBJECT

Upcoming Agenda Item: Second Amendment to the Conditional Grant Agreement with Greenleaf Ventures LLC for Construction of 58 Single-Family Homes to Extend the Completion Date

#### June 2018 – 1st Amendment to the Resolution

June 2018, Greenleaf Ventures, LLC, the developer, was granted an extension to the conditional grant agreement from October 30, 2017 to December 30, 2020 by Resolution No. 18-0832. The agreement was for infrastructure cost associated with the development of the lots to sell to a builder for the construction of the homes.

# July 2020 - Paving Completed

Substantial completion is planned for October 2020 with home starts expected on November 1, 2020.

# July 2021 -

Anticipated project completion and occupancy

### Sources of Funds:

Fund Sources	Approved Total:	Proposed Adjustment:
City 2012 GO BONDS	\$1,275,000.00	\$0.00
	\$1,275,000.00	\$0.00

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

Dr. Eric Anthony Johnson

Chief of Economic Development & Neighborhood Services

Honorable Mayor and City Council
T.C. Broadnax, City Council
Chris Caso, City Attorney
Mark Swann, City Auditor
Bilierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizor Tolbert, Chief of Staff to the City Manager

Majed A. Al-Ghafry, Assistant City Manager Jon Fortune, Assistant City Manager Joey Zapata, Assistant City Manager M. Elizabeth Reich, Chief Financial Officer M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion Directors and Assistant Directors



# City of Dallas

# Agenda Information Sheet

File #: 20-2233 Item #: F.

Upcoming Agenda Item: Tax Equity and Fiscal Responsibility Act Approvals for Bond Issuance by the City of Dallas Housing Finance Corporation for Ridgecrest Terrace Apartments (\$40,000,000) and Ridge at Lancaster Apartments (\$50,000,000)

[Kyle Hines, Assistance Director, Department of Housing and Neighborhood Revitalization]

# Memorandum



DATE November 5, 2020

Honorable members of the Housing and Homelessness Solutions Committee: Chad To West (Chair), Casey Thomas II (Vice Chair), Carolyn King Arnold, Paula Blackmon, Lee Kleinman, Cara Mendelsohn, Jaime Resendez

Upcoming Agenda Item: Tax Equity and Fiscal Responsibility Act Approvals for Bond Issuance by the City of Dallas Housing Finance Corporation for Ridgecrest Terrace Apartments (\$40,000,000) and Ridge at Lancaster Apartments (\$50,000,000)

This memorandum is to inform you of an upcoming agenda item on December 9, 2020 to authorize approval of the City Council of the City of Dallas, to act as the applicable elected representative, as defined by Section 147(f)(2)(E) of the Internal Revenue Code of 1986, as amended ("Code"), of the issuance of multifamily residential mortgage revenue bonds ("Bonds") issued by the City of Dallas Housing Finance Corporation in one or more series of tax-exempt bonds in an amount not to exceed \$40,000,000 where proceeds of the Bonds will be loaned to Ridgecrest Terrace, LP to finance a portion of the cost for the acquisition of land and rehabilitation of 250 existing units for an affordable multifamily complex to be known as the Ridgecrest Terrace Apartments and located at 526 South Walton Walker Boulevard, Dallas, Texas 75211 ("Development") and \$50.000.000 where proceeds of the Bonds will be loaned to LDG The Ridge at Lancaster, LP to finance a portion of the cost for the acquisition of land and new construction of units for a mixed-income multifamily complex to be known as the Ridge at Lancaster and located at 5995 Crouch Road, Dallas, Texas ("Development"); a public hearing with respect to the Bonds and the Development was held on October 28, 2020. after reasonable public notice was published in a newspaper of general circulation in the City of Dallas all in compliance with Section 147(f) of the Code - Financing.

## Background:

In order for the DHFC to issue tax-exempt bonds for a project, a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing must held where individuals can voice their opinions or concerns regarding the issuance of such bonds for the project to be financed. This requirement originated under the Tax Equity and Financial Responsibility Act of 1982, so the industry term for this requirement is "TEFRA."

Since the Developments are located within the City of Dallas, Section 147 (f) of the Internal Revenue Code requires that in order for the bonds to be tax exempt, the City Council or the applicable elected representative of the City of Dallas, must approve the issuance of the bonds by the Issuer following an appropriate public hearing. The City of Dallas is not asked to issue bonds. The bonds shall not be a debt, liability, or an obligation of the City nor shall any of the City's assets be pledged for payment of the

SUBJECT

#### **TEFRA Approval Ridgecrest Terrace Apartments and Ridge at Lancaster Apartments**

bonds. The City's name will not appear on the bonds. The approval is being requested is only for the purpose of complying with federal law and with regard to tax exempt debt.

Per the requirements of TEFRA, a hearing was published in the Dallas Morning News on October 20, 2020. On October 28, 2020, the public hearings were held with no outside participants in attendance, and thus, no comments made. Under applicable federal income tax law, the TEFRA approvals are only valid for a one-year term. Therefore, the public hearings for the Developments have a validity date through October 27, 2021. It is anticipated that the tax-exempt bonds to fund a portion of the costs for the Development will close on or about December 16, 2020 for Ridgecrest and June 1, 2021for the Ridge at Lancaster.

On May 12, 2020, the City of Dallas Housing Finance Corporation ("Issuer") authorized an inducement in an amount not to exceed \$40,000,000 for Ridgecrest and \$50,000,000 for the Ridge at Lancaster. An application for the allocation of \$40,000,000 and another for \$50,000,000 in private activity bonds was submitted to the Texas Bond Review Board ("TBRB") and a reservation was received for both applications on August 18, 2020.

# **Project Summary - Ridgecrest:**

Ridgecrest Terrace, LP ("RTLP") proposes to acquire land a portion which has existing improvements. The development includes rehabilitation of all 250 existing units to be located at 526 South Walton Walker Boulevard, Dallas, Texas 75211 ("Property") and to be known as Ridgecrest Terrace Apartments ("Development"). The 250 units are comprised of 18 1-bedroom, 184 2-bedroom, and 48 3-bedroom units. Interior renovations include upgrades to kitchens and bathrooms, new flooring, interior drywall and paint, cabinets, countertops, and brand new, energy efficient appliances. RTLP will construct a brand-new community center including space for after school tutoring, arts and crafts room, game room, community dining and gathering spaces, and a first responders resource and break room. Outdoor community spaces will include new playgrounds and sports court. Upgrades will be made to the building envelope and systems including new roofs, siding, insulation, and HVAC system.

RTLP will make operational improvements to provide better management and more access to opportunity for residents of the Property. The comprehensive security upgrades are designed with input from DPD including, increased security patrols during construction and after stabilization, a new modern security camera system with DPD access, new LED lighting throughout the Property, a first responders resource and break room, and perimeter fencing repairs and full replacement of unit exterior doors.

RTLP has an experienced management team with six affordable Section 8 properties in the Dallas-Fort Worth submarket and will include six full-time, on-site staff, Housing and Urban Development (HUD) file review by third-party specialists to ensure tenant compliance, and District and regional management staff who are well versed in managing large multifamily communities similar to the Property.

November 5, 2020

### SUBJECT TEFRA Approval Ridgecrest Terrace Apartments and Ridge at Lancaster Apartments

RTLP will provide, through an experienced third-party operator, 70 hours per month of resident services including:

- 1. After-school tutoring and computer training for kids;
- 2.Arts & crafts programs;
- 3. Family literacy programs;
- 4. Addiction recovery resources:
- 5. Healthy eating habits on a budget;
- 6.Legal assistance resources;
- 7. Organized team sports; and
- 8. Health screening services.

## **Project Summary – Ridge at Lancaster:**

LDG The Ridge at Lancaster, LP ("Developer") proposes to acquire land and construction of 300 new units to be located at 5995 Crouch Road and to be known as the Ridge at Lancaster ("Development"). The 300 units are comprised of 48 1-bedroom, 120 2-bedroom, 108 3-bedroom units, 24 4-bedroom units. The units will include energy efficient appliances, washer/dryer hookups, covered entries/patios, and other Texas Department of Housing & Community Affairs ("TDHCA")-required features. The Development will also include controlled gate access, a multipurpose community room, swimming pool, fitness center, theater room, children's playscape, and landscaped walking paths. Developer proposes to provide on-site resident services including:

- 1.12 hours per week of after school tutoring;
- 2.4 hours per week of adult financial literacy courses;
- 3.Food pantry;
- 4. Annual health fair and flu shots:
- 5. Notary services;
- 6.Arts and crafts programming twice a month;
- 7. Organized social gatherings twice a month; and
- 8. Weekly chore and preventative maintenance for elderly and disabled residents.

#### Timeline:

On May 4, 2020, the Economic Development Committee (EDC) was briefed on both the developments and proposed bond issuance. The EDC approved moving forward to Council for consideration for both properties.

On May 12, 2020, the Issuer authorized an inducement in an amount not to exceed \$40,000,000. The Issuer also authorized 1) the negotiation of a master agreement with DHFC Ridgecrest, LLC, 2) an ownership interest as the general partner of DHFC Ridgecrest, LLC, 3) serving as the co-developer of the project, 4) the acquisition of the land, 5) entering into a long-term ground lease with DHFC Ridgecrest, LLC, and 6) serving as the General Contractor.

On May 12, 2020, the Issuer authorized an inducement in an amount not to exceed \$50,000,000. The Issuer also authorized 1) the negotiation of a master agreement with

SUBJECT

#### **TEFRA Approval Ridgecrest Terrace Apartments and Ridge at Lancaster Apartments**

LDG The Ridge at Lancaster, LP, 2) an ownership interest as the general partner of LDG The Ridge at Lancaster, LP, 3) serving as the co-developer of the project, 4) the acquisition of the land, 5) entering into a long-term ground lease with LDG The Ridge at Lancaster, LP, and 6) serving as the General Contractor.

On May 25, 2020, the Housing & Homelessness Solutions Committee (HHSC) was briefed on the development and proposed bond issuance. The HHSC approved moving forward to Council for consideration of both properties.

On May 27, 2020, following a public hearing, City Council adopted a Resolution of No Objection for both properties related to the Development and Developer's 4% Non-Competitive Low-Income Housing Tax Credits application to TDHCA by Resolution No. 20-0867 and 20-0868.

On October 28, 2020, City Council approved the Developer's application for a zoning change for the Ridge at Lancaster.

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

Dr. Eric Anthony Johnson

Chief of Economic Development & Neighborhood Services

Honorable Mayor and City Council
T.C. Broadnax, City Council
Chris Caso, City Attorney
Mark Swann, City Auditor
Bilierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizor Tolbert, Chief of Staff to the City Manager

Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors



# City of Dallas

# Agenda Information Sheet

File #: 20-2234 Item #: G.

Upcoming Agenda Item: First Amendment to the Conditional Grant Agreement with AAA Homebuilder, LLC for Construction of 20 Single-Family Homes to Extend the Completion Date [Kyle Hines, Assistant Director, Department of Housing and Neighborhood Revitalization]

# Memorandum



DATE November 5, 2020

Honorable members of the Housing and Homelessness Solutions Committee: Chad West (Chair), Casey Thomas II (Vice Chair), Carolyn King Arnold, Paula Blackmon, Lee Kleinman, Cara Mendelsohn, Jaime Resendez

Upcoming Agenda Item: First Amendment to the Conditional Grant Agreement with AAA Homebuilder, LLC for Construction of 20 Single-Family Homes to Extend the Completion Date

This memorandum is to inform the Council of an upcoming agenda item on December 9, 2020 to authorize the first amendment to the conditional grant agreement for infrastructure and construction related to the development of 20 single-family homes in Oak Cliff as part of the Shady Hollow project located on Blue Ridge Boulevard with AAA Home Builder, LLC and extend the agreement completion date from October 31, 2020 to October 31, 2021. There is no cost consideration to the City.

- The project experienced delays due to unforeseen zoning and civil plans approvals, as well as the COVID pandemic. The rezoning application was submitted September 29, 2017 and was not approved until 11 months later in October 2018.
- Development plans were submitted on February 25, 2019 and were not approved until October 2019.
- During the months of March through May of 2020 the developer experienced delays due to the COVID pandemic because it caused builder commitments to be in question during that time.
- All these delays were due to circumstances out of the ordinary, thus necessitating a further extension to the agreement.

### **Project Details:**

A single-family development of 20 homes in Oak Cliff located on Blue Ridge Boulevard. The 2012 General Obligation Bond Funds were used for the development of single-family homes to be sold to households at or below 140 percent of Area Median Family Income. **Timeline:** 

May 25, 2016 – Original Resolution

City Council authorizes the contracts to be executed

October 31, 2018 – Executed Development Agreement

November 5, 2020

SUBJECT

Upcoming Agenda Item: First Amendment to the Conditional Grant Agreement with AAA Homebuilder, LLC for Construction of 20 Single-Family Homes to Extend the Completion Date

The conditional grant agreement was for infrastructure and constructions costs associated with the development is executed.

# **April 22, 2020 – Floodway Easement Abandonment**

City Council approved floodway-related easement on property allowing for completion of infrastructure installation.

## September 2020 - 17 of 20 homes Completed

17 of the 20 homes in the Shady Hollow development are completed—5 of which are under contract to be sold.

## October 2020 - First home sold

The first home in the development sold to eligible homebuyer

#### October 2021

Anticipated project completion and occupancy

### **Sources of Funds:**

Fund Sources	Approved Total:	Proposed Adjustment:
City 2012 GO BONDS	\$971,130.00	\$0.00
	\$971,130.00	\$0.00

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

Dr. Eric Anthony Johnson

C:

Chief of Economic Development & Neighborhood Services

Honorable Mayor and Members of the Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Bilierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizor Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager Joey Zapata, Assistant City Manager M. Elizabeth Reich, Chief Financial Officer M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion Directors and Assistant Directors