

Memorandum



DATE June 27, 2022

CITY OF DALLAS

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

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

This memorandum is to inform the Housing and Homelessness Solutions Committee (HHSC) of an upcoming agenda item on August 10, 2022 to authorize the execution of a development loan agreement in an amount not to exceed \$2,500,000.00 in HOME Investment Partnerships Program (HOME) with Jaipur Lofts, LLC or its affiliate (Applicant), conditioned upon Jaipur Lofts, LLC receiving a 2022 9% Housing Tax Credit award for the development of Jaipur Lofts, a 71-unit mixed-income multi-family complex located at 2102, 2108, 2202, 2206, and 2208 Annex Avenue. The Applicant received a fundable score through the Notice of Funding Availability (NOFA) application process and a third-party underwrite of the project is underway to confirm the funding gap associated with the development.

BACKGROUND

Jaipur Lofts, LLC submitted a proposal under the City's NOFA, as amended, to receive gap financing in the form of a loan to support the construction of a 71-unit mixed-income multi-family complex. The NOFA was issued by the Department of Housing & Neighborhood Revitalization (Housing) in accordance with the City's Comprehensive Housing Policy (CHP). Jaipur Lofts received a fundable score of 94 points.

In addition to NOFA funding, Jaipur Lofts, LLC plans to utilize 2022 9% Competitive Low Income Housing Tax Credits (HTC) from the Texas Department of Housing and Community Affairs (TDHCA) to acquire and construct the property. The Resolution of Support for the development has already received City Council approval. The requested NOFA funds, if approved, will cover the gap created by recent market conditions, increased construction costs, and stabilize the viability and economics of the development. TDHCA requires all 9% Competitive HTC projects have final commitment of all funding sources by the August tax credit cycle deadline. NOFA funding is contingent upon completion of third-party underwriting report and confirmation of the \$2,500,000.00 funding gap. Due to the timing of the City Council Recess, future HHSC meetings, and TDHCA's deadlines, this item is presented to the HHSC prior to final underwriting. Should the third-party underwrite of the project not identify a funding gap, no City funding will be provided, and this item will not be placed on the August 2022 City Council Agenda.

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O-SDA Industries, or its affiliate, will serve as the developer and guarantor of the project. O-SDA Industries has successfully completed over 5,000 quality safe energy efficient affordable homes, both infill and subdivision developments. O-SDA Industries has contracted with Accolade Property Management as the property manager and provide consulting services for the proposed development. Accolade Property Management is a professional management company based in Coppell, TX with over 35 years of extensive experience in Real Estate Management.

The Applicant proposes to develop 71 mixed-income multi-family units on 1.1 acres. The 71 units are comprised of 26 1-bedroom, 37 2-bedroom, and 8 3-bedroom units. The project will include common area amenities, such as on-site leasing center, fitness center, cyber lounge/computer center, community kitchen and multipurpose room. Free WiFi will be available in the clubhouse for residents to use. The development will include modern security features based on best practices of the multi-family sector and Crime Prevention Through Environmental Design (CPTED).

The property will provide onsite resident services including:

- Contracted career training and placement partnerships with local employers;
- Annual income tax prep;
- Food pantry accessible to residents;
- Annual Health fair;
- Weekly exercise classes;
- Partnership with local law enforcement to provide quarterly activities with tenants;
- Notary services for residents;
- Twice monthly arts, crafts, or other recreational activities;
- Twice monthly social events.

The proposed development is only 0.2 miles from the nearest high frequency public transit stop, and 0.21 miles from Monarch Park. Kroger, a full-scale grocery store and pharmacy, and licensed day care facility are all within a mile of the site. The development of workforce housing in this location helps the City of Dallas to meet its housing goals and provide 71 households with high quality housing in a neighborhood currently underserved with affordable housing availability and prevent continued displacement in the area.

Total development costs are anticipated to be approximately \$22,540,013.00 which includes the acquisition price for the land. The construction budget is anticipated to be approximately \$10,650,049.00 which is \$150,001.00 per unit.

Proposed Financing Sources	Amount
Permanent Loan	\$ 3,900,000.00
Investor Equity	\$ 15,379,282.00
City of Dallas HOME Loan	\$ 2,500,000.00
Deferred Developer Fee	\$ 760,730.00
Total	\$ 22,540,012.00

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Proposed Uses	Costs
Acquisition	\$ 4,950,000.00
Off-site Improvements	\$ 15,000.00
Total Construction Costs	\$10,650,049.00
Financing Fees, Soft Costs	\$ 4,443,186.00
Developer Fee	\$ 2,152,518.00
Reserves	\$ 329,259.00
Total	\$22,540,012.00

After the development is complete, 13 of the 71 units will be made available to households earning 0%-30% of Area Median Income (AMI), 26 of the 71 units will be made available to households earning 31%-50% of AMI, and 21 of the 71 units will be made available to households earning between 51%-60% of AMI, 11 of the 71 units will be made available to households earning 61%-80% of AMI. The affordable units must remain affordable for a minimum of 20 years, per federal and CHP requirements. A land use restrictive agreement (LURA) associated with the competitive 9% housing tax credits will also be recorded on the property to maintain affordability at the property for 45 years per the requirements of TDHCA's Qualified Allocation Plan (QAP).

The Development has been found to affirmatively further fair housing by the Office of Fair Housing. Staff recommend approval of this item, subject to third-party underwriting, as it furthers the mixed-income housing goals of the CHP and meets the threshold requirements of the NOFA.

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@Dallas.gov or 214-670-3619.



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

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Billieae Johnson, City Secretary
Preston Robinson, Administrative Judge
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M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
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