

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 – Skyline at Cedar Crest**

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 \$3,750,000.00 in HOME Investment Partnerships Program (HOME) with Brompton Community Housing Development Corporation (BCHDC) or its affiliate (Applicant) for the development of Skyline at Cedar Crest, a 107-unit mixed-income multi-family complex located 2720 East Kiest Blvd Dallas. The applicant was awarded 2021 9% competitive housing tax credits from TDHCA and received a fundable score through the Notice of Funding Availability (NOFA) application process. A third-party underwrite of the Project is underway to confirm the funding gap associated with the development.

BACKGROUND

BCHDC submitted a proposal under the City's Notice of Funding Availability (NOFA), as amended, to receive gap financing in the form of a loan to support the construction of a 107-unit affordable multi-family complex located within the City limits. The NOFA was issued by the Department of Housing & Neighborhood Revitalization (Housing) in accordance with the City's Comprehensive Housing Policy (CHP). The Skyline at Cedar Crest development received a fundable score of 114 points.

In addition to NOFA funding, BCHDC plans to utilize 2021 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 received City Council approval on February 24, 2021 during the 2021 tax credit cycle. 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 \$3,750,000.00 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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BCHDC or its affiliate will serve as the developer and guarantor of the project. Created in 1996, BCHDC has twenty-six years of successful affordable housing development experience, which includes two other Dallas mixed-income properties: Taylors Farm and Hillside West. BCHDC has contracted with Texas Inter-Faith Management Corporation/Portfolio Resident Services as the property manager and provide consulting services for the proposed development. Texas Inter-Faith Management Corporation has over 50 years of experience delivering affordable housing development, asset, and property management.

The Applicant proposes to develop 107 mixed-income multi-family units on 6+ acres. The 107 units are comprised of 41 1-bedroom, 50 2-bedroom, and 16 3-bedroom units. The project will include common area amenities, such as on-site leasing center, fitness center, swimming pool, business/computer center, multifunctional learning center, BBQ grills and picnic tables. The development will include modern security features based on best practices of the multi-family sector and Crime Prevention Through Environmental Design (CPTED).

The proposed development is only 0.5 miles from the nearest high frequency public transit stop, and 1/4 miles from three different public parks. Fiesta Mart, a full-scale grocery store, pharmacy, and John Neely Bryan Elementary School 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 new, high-quality housing in a neighborhood that has a lack of investment in new housing.

Resident services will include:

- Monthly transportation to community/social events;
- 3x weekly transportation to grocery and big box retail;
- 4 hours/week adult education (GED, ESL, financial literacy, etc.);
- 12 hours/week K12 after school programming;
- Partnership with local law enforcement for community activities;
- Annual income tax prep;
- Annual Health fair;
- Weekly exercise classes;
- Notary services for residents;
- Twice monthly arts, crafts, or other recreational activities;
- Twice monthly social events;
- Education/tuition savings and scholarship match program.

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Total development costs are anticipated to be approximately \$27,715,109.00 which includes the acquisition price for the land. The construction budget is anticipated to be approximately \$17,508,094.00 which is \$163,627.00 per unit.

Proposed Financing Sources	Amount
Regions Capital Markets Loan	\$ 7,935,000.00
GP Capital	\$ 100.00
Regions Affordable Housing Equity	\$ 13,498,650.00
City of Dallas Loan	\$ 3,750,000.00
Deferred Developer Fee	\$ 1,413,936.00
Total	\$ 26,597,686.00

Proposed Uses	Costs
Acquisition	\$ 1,401,120.00
Construction Costs	\$18,049,981.00
Indirect Construction Costs	\$ 801,165.00
Financing, Soft Costs	\$ 2,162,082.00
Developer Fee	\$ 3,204,784.00
Reserves	\$ 978,554.00
Total	\$26,597,686.00

After the development is complete, 9 of the 107 units will be made available to households earning 0%-30% of Area Median Income (AMI), 34 of the 107 units will be made available to households earning 31%-50% AMI, 42 of the 107 units will be made available to households earning 51%-60% AMI, and the remaining 22 units will remain market rate. 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.

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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.



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Assistant City Manager

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
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Preston Robinson, Administrative Judge
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Jon Fortune, Deputy City Manager

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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