

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 Brinshore Development, LLC - Dallas Scholar House at Hampton Station**

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 Brinshore Development, LLC 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 Dallas Scholar House at Hampton Station, 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 Dallas Scholar House at Hampton Station, a ground-up development of a 67-unit mixed-income multifamily complex located at the DART Hampton Road Station 2002 S. Hampton Road Dallas, TX (Project). Through a public request for proposal (BVZ22-00020234) process wherein the property site was marketed to the public as a transit-oriented development, Brinshore Development, LLC, an affiliate of the Applicant, has applied for ownership of the property from the City of Dallas, 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.

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- § 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.

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

Brinshore Development, LLC, is an experienced national real estate developer with a development office located in Grapevine, TX, committed to revitalizing and transforming communities by creating and delivering quality, opportunity-rich, mixed-income housing as a key component of comprehensive master planning. Their goal is to create outcomes beyond housing that include economic opportunities and community development to catalyze future investment in communities

The Applicant proposes to develop 67 units, to include 10 one-bedroom, 48 two-bedroom, and 9 three-bedroom units. The Project consist of four 3 and 4-story mixed-use buildings with 5,000 square feet of commercial space and the DART station incorporated into the ground floor of one of the buildings. The residential units will include energy efficient appliances and lighting and other TDHCA-required features. The plans also include an on-site leasing center, community room, study rooms, business center, children's playroom, outdoor recreation areas, and ground floor retail/commercial space. Plans also feature targeted resident services including classes, social events, children's activities, and tutoring. Additionally, the project will be designated permanent supportive housing with wraparound services in its application to TDHCA and will include a multigeneration educational program for residents. Since the development is located at the Hampton Road DART station, it will serve the residents of the building as a true transit-oriented development, providing convenient access to the light rail line at the site. Along with direct access to the DART station, the property will be located less than one mile to the Hampton Medical Center, another City-owned investment slated for repurposing into affordable housing.

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

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Total development costs are anticipated to be approximately \$27,704,040.00 which includes the acquisition price for the land. The hard cost construction budget is anticipated to be \$18,460,775.00 which is \$275,533.95 per unit. The total construction amount includes a 7.0% contingency.

Proposed Financing Sources	Amount
Permanent Loan	\$ 6,311,000.00
Housing Tax Credits Equity	\$17,998,200.00
TBD City Loan	\$ 3,000,000.00
Deferred Developer Fee	\$ 394,840.00
Total	\$27,704,040.00

Proposed Uses	Costs
Acquisition	\$ 2,000,000.00
Hard Construction Costs	\$18,460,775.00
Soft Costs & Financing Fees	\$ 3,934,904.00
Developer Fees	\$ 2,834,288.00
Reserves	\$ 474,073.00
Total	\$27,704,040.00

Upon completion of the development, 20 of the 67 units will be made available to households earning 0.00%-30.00% of Area Median Income (AMI), 21 of the 67 units will be made available to households earning between 31.00%-50.00% of AMI, and 19 of the 67 units will be made available to households earning between 51.00%-60.00% of AMI. 7 units will remain as non-income-restricted market-rate units.

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.

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:

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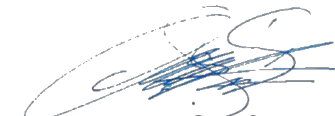
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1. The project has been selected to receive City funding such as Community Development Block Grants, Home Investment Partnerships Program, or General Obligation Bond funding,
2. The applicant intends to partner with the Dallas Housing Finance Corporation 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% (11.3%) and met the required application thresholds. The proposed site is located in a Market Value Analysis market type 'D' and is surrounded by 'F' and 'G' market types.

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

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer 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