

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 Sycamore
Strategies, LLC-Cabana Design District Apartment Homes**

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 Sycamore Strategies, 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 Cabana Design District Apartment Homes, 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 the Cabana Design District Apartment Homes, a ground-up development of a 200-unit mixed-income multifamily complex located at 899 N Stemmons Freeway, Dallas, TX 75207 (Project). Anthem Interests, LLC, an affiliate of the Applicant, has executed a purchase contract with Cabana Development, 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.

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

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- § **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

Sycamore Strategies, LLC specializes in planning and developing multifamily projects for both public and private sector clients. Additionally, they specialize in environmental, social, and corporate governance, strategic communications, and public diplomacy. Sycamore Strategies is a Texas-certified Historically Underutilized Business (HUB) and has decades of experience working in the public and private sectors. Sycamore Strategies will act as the general partner of the ownership structure. Once fully built out, Bonner Carrington Property Management will oversee property management of site. Bonner Carrington (BC) is a mid-sized vertically integrated commercial real estate company headquartered in Austin, Texas. BC specializes in the development, construction, management, and ownership of high-quality apartment home communities in urban areas of Texas. Their 20-year track record has been proven with a portfolio of 4,500+ apartment and operate under a long-term ownership model and have not sold any of their affordable housing developments. BC partners with 'Apartment Life,' a faith based, non-profit organization that engages residents through actives and support in each development. BC has completed Class A age and non-age restricted in/near Amarillo, Austin, Dallas-Ft. Worth, and Houston.

Sycamore Strategies, LLC proposes to develop 200 units, to include 59 one-bedroom, 121 two-bedroom, and 20 three-bedroom units. The Project will be a 12-story wrap construction product. The units will include full electric kitchen appliances, full size washer and dryer connections, high-speed internet, cable tv access, and other TDHCA-required features. The plans also include a community kitchen, community activity center, resort style pool, Bocce court, dog park, and beauty and barber salon for residents. In addition to Cabana Design District being located minutes from three major highways, the development will be located 1.8 miles from the Baylor Scott & White Medical Center, and less than one mile to DART station transportation, Tom Thumb grocery store, Trammell Crow Park, Reverchon Park, a licensed childcare center, and Downtown Dallas retail shops.

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.

Total development costs are anticipated to be approximately \$90,121,878.00 which includes the acquisition price for the land. The hard cost construction budget is anticipated to be \$43,452,776.00 which is \$217,263.88 per unit. The total construction amount includes a 5.0% contingency.

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Proposed Financing Sources	Amount
Permanent Loan	\$26,000,000.00
Historic Tax Credit Equity	\$21,000,000.00
Tax Credit Equity	\$17,998,200.00
Deferred Developer Fee	\$ 5,044,548.00
TBD City Loan	\$20,079,130.00
Total	\$90,121,878.00

Proposed Uses	Costs
Acquisition	\$28,000,000.00
Hard Construction Costs	\$43,452,776.00
Soft Costs & Financing Fees	\$ 6,919,621.00
Developer Fees	\$10,092,114.00
Reserves	\$ 1,657,367.00
Total	\$90,121,878.00

Upon completion of the development, 7 of the 200 units will be made available to households earning 0.00%-30.00% of Area Median Income (AMI), 33 of the 200 units will be made available to households earning between 31.00%-50.00% of AMI, and 26 of the 200 units will be made available to households earning between 51.00%-60.00% of AMI. 134 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% 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:

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

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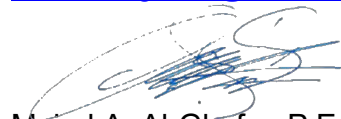
Demonstration, HOPE IV, or other similar U.S. Department of Housing and Urban Development programs that may be created,

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 scored a total of 53 points due to targeting mixed-income population, includes a non-profit organization, its proximity of amenities to the development site, and resident services to be provided. The construction of this property will provide a much-needed source of affordable housing in this area. Those populations who rely on public transportation and other services for transit to and from employment centers will benefit from the location of this development since the city center is only minutes away. These factors, combined with the extensive number of resident services including the educational, financial, and employment opportunities and activities being provided by the operator will uplift the community and help residents achieve greater economic independence over the long-term.

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 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