

Memorandum



DATE March 17, 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: NOFA Development Project – The Park at Northpoint**

This memorandum is to inform the Housing and Homelessness Solutions Committee (HHSC) of an upcoming agenda item on April 12, 2023 to authorize **(1)** a development loan agreement and security documents with the City of Dallas Public Facility Corporation (DPFC), or an affiliate thereof in an amount not to exceed \$10,000,000.00 in Community Development Block Grant (CDBG) funds to acquire and own the development of a mixed-income affordable multifamily complex known as The Park at Northpoint (Project), located at 9999 Technology Boulevard West, Dallas, Texas (Property); and **(2)** the DPFC to enter into a 75-year ground lease with LDG The Park at Northpoint, LP (Developer) and/or its affiliate, for the development of Project pursuant to 24 CFR 570.204(a) and (b) – Not to exceed \$10,000,000.00 in Community Development Block Grant Funds.

BACKGROUND

LDG The Park at Northpoint, LP and/or its affiliate (Applicant) submitted a Proposal under the City's Notice of Funding Availability (NOFA), issued on August 7, 2020, as amended, to receive gap financing in the form of a cashflow loan to support the acquisition and development of affordable housing units 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).

Housing administers programs to appropriately incentivize private investment for the development of quality, sustainable housing that is affordable to the residents of the City. Specifically, Housing administers the New Construction and Substantial Rehabilitation Program which where necessary seeks to provide financial assistance to new developments or substantially rehabilitate existing developments. All projects seeking financial assistance are required to submit a Notice of Intent to apply for financial assistance through NOFA to develop affordable homeownership and rental housing. As outlined in the NOFA, multiple sources of funding are available. However, proposed projects must meet specific thresholds to qualify for the use of a specific funding source. At minimum, each proposed project must be composed of at least five affordable units and must achieve a fundable score as outlined in the NOFA solicitation. The applicant received a fundable score of 99 points out of 143.

The DPFC or its affiliate will acquire the site at 9999 Technology Boulevard West and subsequently enter into a 75-year ground lease with the Developer using CDBG funds.

The Project is a two-phase 615-unit mixed-income Class A workforce development located on fifteen acres in northwest Dallas approximately fifteen minutes from downtown. The proposed development will be constructed as garden style apartments with affordable and market rate units. A total of 339 units will be included in phase one comprised of 151 1-bedroom/1-bathroom, 154 2-bedroom/2-bathroom, and 34 3-bedroom/2-bathroom units. The second phase will include a total of 276 units comprised of 125 1-bedroom/1-bathroom, 121 2-bedroom/2-bathroom, and 30 3-bedroom/2-bathroom units. Units will be set aside for residents with disabilities and special needs. The units will include energy efficient appliances, washer/dryer hookups, covered entries/patios, other Class A features, and provide ADA accessibility. The Project will also include controlled gate access, a multipurpose community room, swimming pool, fitness center, theater room, children's playscape, full perimeter fencing, a gazebo area, picnic areas with grills, and landscaped walking paths. The Applicant will contract with Portfolio Resident Services, LLC (PRS) to provide residential services. All residents will have free, non-compulsory access to the Good Neighbor Program offered by PRS.

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. 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.

The proposed development is located minutes away from DART bus stops, Walmart Supercenter, Sam's Club, Village at Bachman Lake, Las Colinas Plaza, and the Texas Health Family Care facility as well as William P. Clements Jr. Hospital. The proposed development provides residents with access to a variety of amenities and the location is within minutes of downtown Dallas employment centers.

The phase one unit mix and rents are as follows:

Unit Type	AMI	Units	Rents
1BR	60.00%	15	\$1,030.00
1BR	80.00%	60	\$1,300.00
1BR	Market	76	\$1,385.00
2BR	60.00%	15	\$1,239.00
2BR	80.00%	64	\$1,678.00
2BR	Market	75	\$1,950.00
3BR	60.00%	4	\$1,436.00
3BR	80.00%	15	\$1,943.00
3BR	Market	15	\$2,650.00

The phase two unit mix and rents are as follows:

Unit Type	AMI	Units	Rents
1BR	60.00%	15	\$1,030.00
1BR	80.00%	48	\$1,300.00
1BR	Market	62	\$1,385.00
2BR	60.00%	10	\$1,239.00
2BR	80.00%	52	\$1,678.00
2BR	Market	59	\$1,950.00
3BR	60.00%	4	\$1,436.00
3BR	80.00%	12	\$1,943.00
3BR	Market	14	\$2,650.00

The general partner of the Applicant will be LDG The Park at Northpoint GP, LLC, a to be formed single asset entity with Texas Bluegrass, LLC, a Texas limited liability company as 100% owner. An amended and restated agreement of limited partnership will be executed to admit an equity investor once identified. LDG Multifamily, LLC (LDG), or its affiliate, will serve as the developer and LDG Athena Capital, LLC, will serve as guarantor of the project. The Applicant has successfully completed over 77 multifamily properties totaling 13,673 units and is currently developing one other workforce housing development in partnership with the City and the DPFC totaling 300 units. The proposed property manager is Solidago Residential Services. Solidago is a professional management company based in Austin, Texas that currently manages 6,600 multifamily units including over 6,300 affordable units.

The Applicant 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.

Total development costs are anticipated to be approximately \$104,458,959.00 for phase one which includes the acquisition price for the land and \$72,782,091.00 for phase two. The phase one construction budget is anticipated to be approximately \$77,684,264.00 which is \$229,688.09 per unit, and the phase two construction budget is \$60,109,046.00 which is \$217,786.40 per unit.

Phase One Proposed Financing Sources	Amount
Construction Loan Financing	\$ 59,768,000.00
Investor Equity	\$ 34,690,959.00
City of Dallas CDBG Loan	\$ 10,000,000.00
Total	\$104,458,959.00

Phase One Proposed Uses	Costs
Acquisition	\$ 10,000,000.00
Total Construction Costs	\$ 80,195,264.00
Financing Fees, Soft Costs	\$ 11,129,695.00
Developer Fee	\$ 3,134,000.00
Total	\$104,458,959.00

Phase Two Proposed Financing Sources	Amount
Construction Loan Financing	\$47,292,000.00
Investor Equity	\$25,490,091.00
Total	\$72,782,091.00

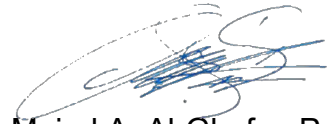
Phase Two Proposed Uses	Costs
Total Construction Costs	\$62,140,046.00
Financing Fees, Soft Costs	\$ 8,459,045.00
Developer Fee	\$ 2,183,000.00
Total	\$72,782,091.00

After the phase one development is complete, 173 of the 339 units will be made available to households earning 0.00%-80.00% of Area Median Income (AMI) and affordable for a minimum of 20 years, and 166 of the 339 units will not be income restricted. After the phase two development is complete, 141 of the 276 units will be made available to households earning 0.00%-80.00% of Area Median Income (AMI) and affordable for a minimum of 20 years, and 135 of the 276 units will not be income restricted.

The Development is under review by the Office of Equity and Inclusion Fair Housing Division to determine if affirmatively furthers fair housing. Staff recommends approval of this item as it furthers the mixed-income housing goals of the CHP, meets the threshold requirements of the NOFA, and the financial gap has been confirmed by third-party underwriting.

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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

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Tammy Palomino, Interim City Attorney
Mark Swann, City Auditor
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Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Deputy City Manager
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