

Memorandum



CITY OF DALLAS

DATE May 19, 2023

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 2022 9% LIHTC – Jaipur Lofts
Supplemental Funding and Change in Funding Source**

This memorandum is to inform the Housing and Homelessness Solutions Committee of an upcoming agenda item on June 28, 2023 to authorize an increase in the amount of \$2,520,000.00 in American Rescue Plan Act Coronavirus Local Fiscal Recovery Funds (ARPA) for the execution of a development loan agreement with Jaipur Lofts, LLC, or its affiliate (Applicant), conditioned upon the completion of a third-party underwriting of the development Jaipur Lofts (Project), a 71-unit affordable 2022 9% Competitive Low Income Housing Tax Credit multifamily complex located at 2102, 2108, 2202, 2206, and 2208 Annex Avenue, Dallas, Texas 75204 not to exceed \$5,020,000.00 from \$2,500,000.00; – Financing \$2,520,000.00 (ARPA) and 2,500,000.00 (HOME).

Background

On April 1, 2022 Jaipur Lofts, LLC submitted an initial proposal under the City's Notice of Funding Availability (NOFA), as amended, to receive gap financing in the form of a HOME loan to support the construction of a 71-unit affordable multifamily 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), as restated in the Dallas Housing Policy 2033 (DHP33). Jaipur Lofts received a fundable score of 94 points. On August 24, 2022, by Resolution No. 22-1193, City Council authorized the execution of a development loan agreement in an amount not to exceed \$2,500,000.00 in HOME funds, of which the Applicant plans to only use \$2,480,000.00. In addition to NOFA funding, Jaipur Lofts, LLC received 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.

On March 31, 2023, due to continued increases in construction cost and construction loan interest rates, the Applicant submitted a subsequent proposal under the City's Notice of Funding Availability (NOFA), as amended, to receive additional funds to fill this most recent funding gap. The requested additional NOFA funds, if approved, will cover the gap created by recent market conditions. Additional NOFA funding is contingent upon completion of the third-party underwriting report and confirmation of the \$5,000,000 funding gap for the Project.

Housing proposes to authorize the supplemental NOFA funding request of \$2,520,000.00 in American Rescue Plan Act Coronavirus Local Fiscal Recovery Funds (ARPA) for the Project in addition to the \$2,500,000.00 in HOME funds authorized by the City Council by Resolution No. 22-1193 for the Project in a total amount not to exceed \$5,020,000.00.

O-SDA Industries, or its affiliate, will serve as the developer and guarantor of the project. O-SDA Industries has successfully completed over 500 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 multifamily 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 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 would help 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 help prevent the effects of gentrification occurring in the area.

Total development costs are anticipated to be approximately \$27,718,076.00 which includes the acquisition price for the land. The construction budget is anticipated to be approximately \$11,823,029.00 which is \$166,521 per unit.

Proposed Financing Sources	Amount
TDHCA HOME ARP	\$ 2,060,000.00
LISC Loan	\$ 5,000,000.00
Investor Equity	\$ 14,872,273.00
City of Dallas Loan	\$ 5,020,000.00
Deferred Developer Fee	\$ 765,803.00
Total	\$ 27,718,076.00

Proposed Uses	Costs
Acquisition	\$ 5,285,750.00
Off-site Improvements	\$ 125,000.00
Total Construction Costs	\$11,843,029.00
Contingency	\$ 1,012,668.00
Financing Fees, Soft Costs	\$ 6,918,379.00
Developer Fee	\$ 1,952,518.00
Reserves	\$ 580,732.00
Total	\$27,718,076.00

On September 22, 2021, City Council authorized the final reading and adoption of the appropriation ordinance for the FY2021-22 City of Dallas Operating, Capital, and Grant & Trust Budgets, which included the ARPA funds from the U.S. Department of Treasury for the Coronavirus Local Fiscal Recovery Funds by Resolution No. 21-1590. In prior actions by the City Council, ARPA funds have been approved for eligible affordable housing investments as a response to the negative economic impacts of the pandemic.

According to Treasury guidance, a project is an eligible affordable housing investment as a response to the negative economic impacts of the pandemic if: (1) a project is eligible for funding under an expanded list of federal housing programs; or (2) a project is for the development, repair, or operation of affordable rental housing with certain income and affordability requirements. Treasury will presume that any project that is eligible to be funded under the HOME Investment Partnerships Program is an eligible use of Coronavirus State and Local Fiscal Recovery Funds as response to the negative economic impacts of the pandemic.


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. These affordable units must remain affordable for a minimum of 20 years, per federal and DHP33 requirements.

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The Development has been found to affirmatively further fair housing by the Office of Fair Housing. Staff recommends approval of this item as it furthers the mixed-income housing goals of the DHP33, meets the threshold requirements of the NOFA, and the financial gap confirmation is under review by third-party underwriting.

Staff confirmed that this Project would not be feasible but for the City's participation and that the Project furthers the goals of the DHP33. Staff recommends approval of this item to allow this mixed-income housing development to move forward.

Should you have any questions or require any additional information, please 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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