

Request for Resolutions for 4% Housing Tax Credits Allocated through Texas Department of Housing and Community Affairs and Proposed Recommendations

**Economic Development Committee
May 4, 2020**

**Kyle Hines, Economic Development Manager
Office of Economic Development
City of Dallas**



Presentation Overview

- Background
- Summary
- Request for Application Results
- Benefit to the City
- Recommendations and Next Steps

Background

- **May 9, 2018:** City Council adopted the Comprehensive Housing Policy (CHP), Resolution No. 18-0704 and 18-1680, as amended on November 28, 2018
- CHP contains scoring criteria and a timeframe for reviewing housing developments seeking Housing Tax Credits (HTCs) through Texas Department of Housing and Community Affairs (TDHCA)
- **June 12, 2019:** City Council adopted an amendment to the CHP updating the terms by which the City will receive, score, and approve HTC developments
- **No** City funds required for HTC developments

Background

- 4% HTC program
 - **Non-competitive**
 - Submitted year round and must obtain private activity bond financing
 - Resolution of No Objection required and if provided it cannot be changed or withdrawn once provided
- 9% HTC program
 - **Competitive** and can submit application 1x/year
 - Resolution of Support – 17 points
 - Resolution of No Objection – 14 points
 - Commitment of Development Funding – 1 point
 - Concerted Revitalization Plan (CRP) – up to 7 points

Background

- CHP applies to developers requesting a Resolution of Support or No Objection for multifamily rental developments
 - **Timeline:**
 - Request for Applications (RFA) deadlines spread quarterly throughout the calendar year
 - Staff reviews both 4% and 9% application for completion, threshold requirements, and fair housing
 - Provides recommendation to Committee/Council based solely on application completion, threshold requirements, and fair housing review
 - TDHCA determines HTC allocations using scoring criteria listed in its Qualified Action Plan
 - Threshold requirements listed in the CHP, as amended

Background

- **Application Threshold Requirements**
 - Submission of a complete application
 - Must have site control
 - If rezoning is required, Applicant must complete consultation with City Planning Staff
 - Must meet TDHCA minimum site and development requirements or provide a mitigation plan to meet requirements
 - Must meet TDHCA underwriting standards
 - Must meet Fair Housing requirements

Background

- **Application Threshold Requirements**

- Any affected residents must be notified within 45 days of application
 - If relocation is required, subject to Uniform Relocation Act (URA)
- Any renovation of existing space must submit a plan and cost review
 - Housing & Neighborhood Revitalization Inspectors visit site to confirm project scope
- Applicant not eligible if they are a) in debt to the City, b) is currently in litigation with the City, or c) in violation of Fair Housing or Human Rights and Sexual Orientation sections of the Dallas City Code

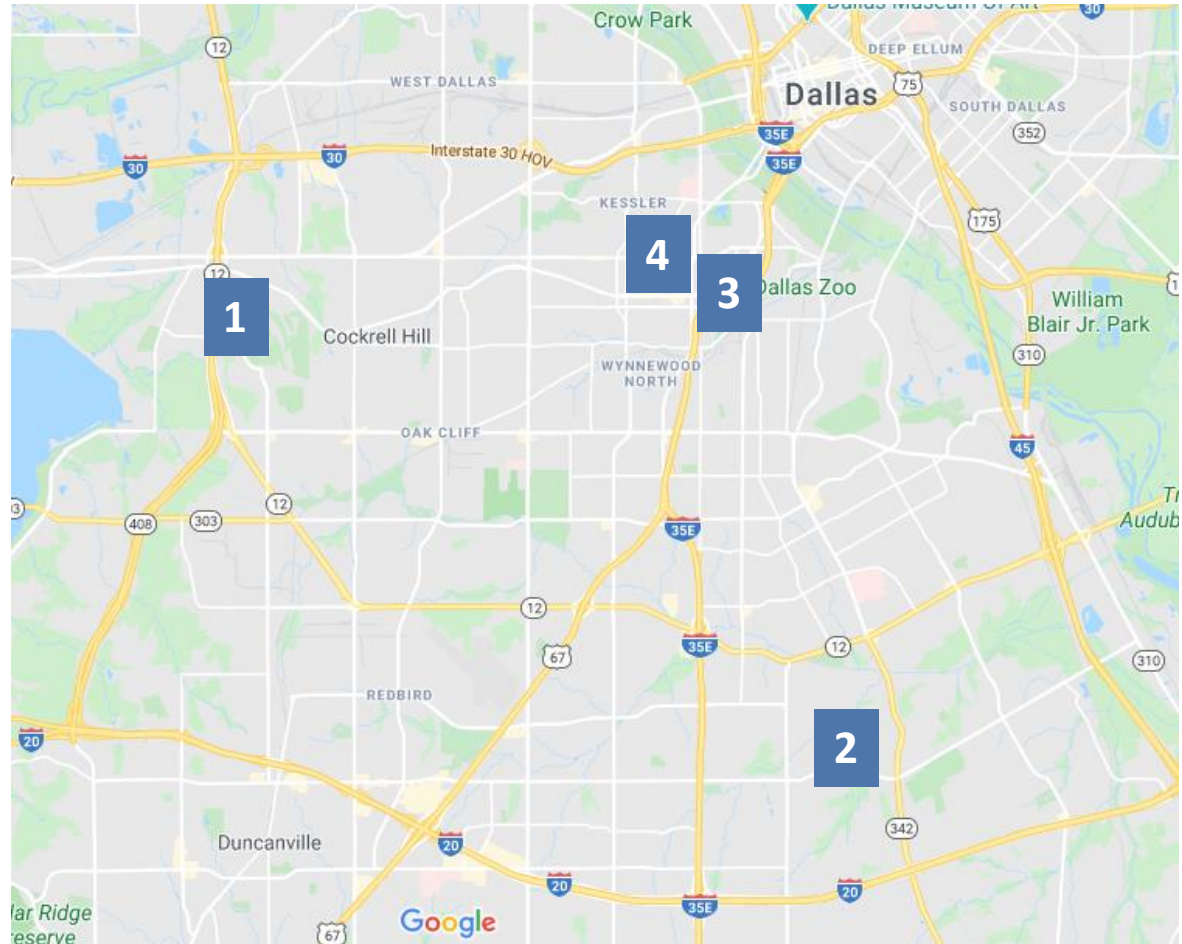
Summary

Development Name	Council District	Address	Units	Income Bands Served	Request Type	Total Development Cost	DHFC Partnership?
Ridgecrest Terrace Apartments	3	526 S. Walton Walker Blvd.	250 Multifamily	225 @ 31%-60% AMI 25 @ 0%-30% AMI	Resolution of No Objection (4%)	\$57,361,222.00	Yes
The Ridge at Lancaster	8	5995 Crouch Road	300 Multifamily	300 @ 0%-60% AMI	Resolution of No Objection (4%)	\$59,560,307.00	Yes
Gateway Oak Cliff	1	400 S. Beckley Ave.	230 Multifamily	172 @ 0%-60% AMI 58 @ Market Rate	Resolution of No Objection (4%)	\$47,131,511.00	No
The Oaks	1	630 S. Llewellyn Ave.	260 Multifamily (Elderly)	113 @ 51%-60% AMI 103 @ 31%-50% AMI 27 @ 0%-30% AMI 17 @ Market Rate	Resolution of No Objection (4%)	\$44,053,609.00	No
TOTALS:			1,040 Multifamily	810 @ 60% AMI 103 @ 50% AMI 52 @ 30% AMI 75 @ Market Rate	4 Resolutions of No Objection	\$208,106,649.00	2 Requesting DHFC Partnership

4/1/2020 Deadline RFA Applications

Application Map

1. Ridgecrest Terrace Apartments
2. The Ridge at Lancaster
3. Gateway Oak Cliff
4. The Oaks



Ridgecrest Terrace Apartments











- **526 South Walton Walker Boulevard**
- **Council District: 3**
- **Applicant:** Ridgecrest Terrace, LP
- **Co-Developers:** Steele Properties III, LLC and the Dallas Housing Finance Corporation
 - Steele has developed/acquired over 70 affordable properties totaling over 6,000 units (over \$1B in investments)
- **Total Units:** 250 affordable units
 - 225 Units @ 31%-60% AMI
 - 25 Units @ 0%-30% AMI
- **Total Acquisition & Renovation Budget: \$57,361,222**

Ridgecrest Terrace Apartments

G MVA Market Type

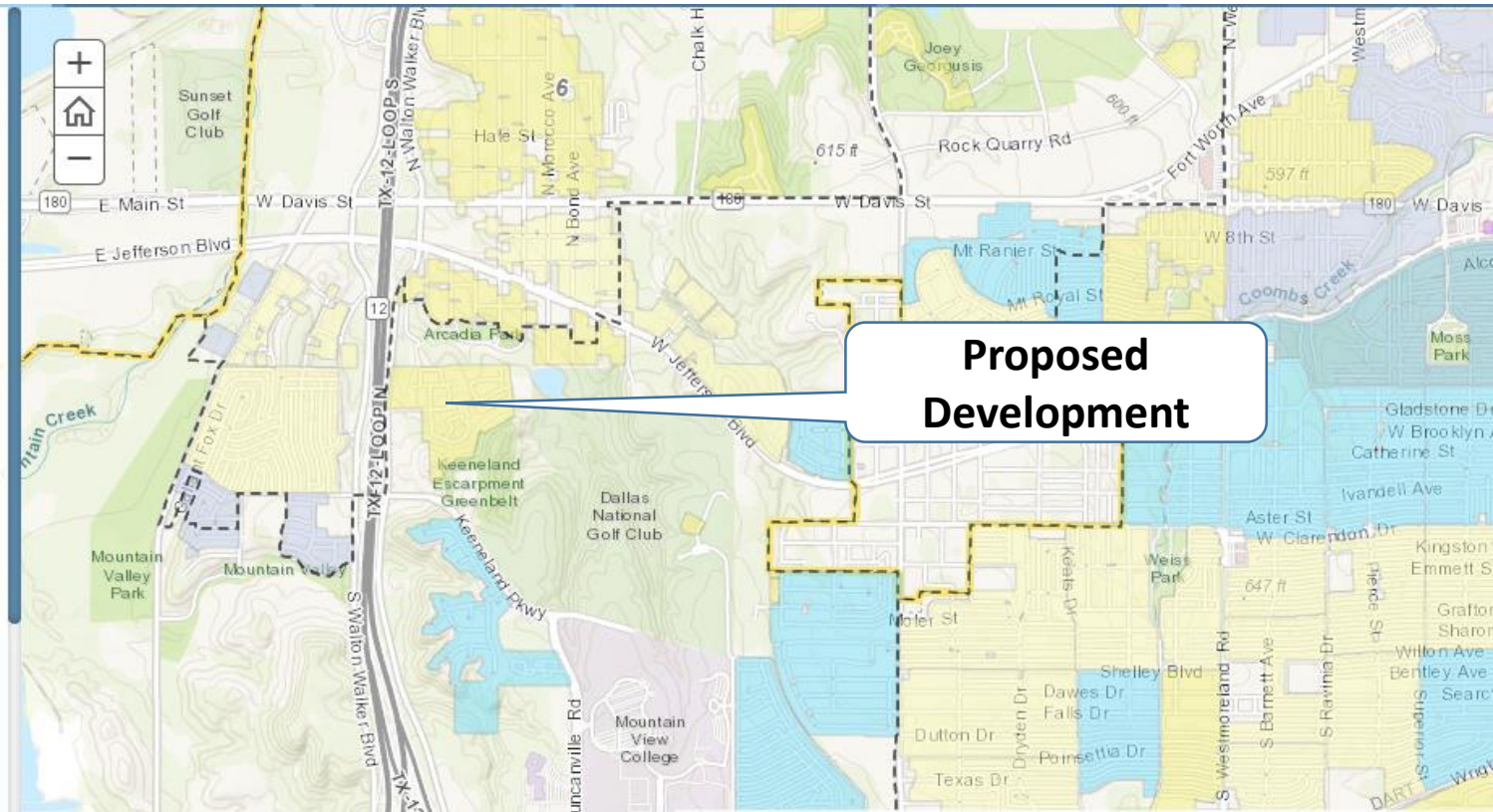
Near E, F, G MVA Market Types

MVA Legend

	A		F
	B		G
	C		H
	D		I
	E		NA

Dallas MVA

The Market Value Analysis (MVA) is a tool to assist residents and policy-makers identify and understand the elements of their local real estate markets. Similarly colored area represent neighborhood areas of similar market type. Because this analysis is for residential market



Ridgecrest Terrace Apartments



Ridgecrest Terrace Apartments

- **Interior Renovations will include:**
 - New kitchens and bathrooms
 - New flooring, interior drywall and paint
 - Cabinets and countertops
 - Energy efficient appliances
- **Exterior Renovations will include:**
 - New playgrounds and sports court
 - Upgrades to the building envelop
 - New roofs, siding, insulation
 - HVAC system
- **Construction** of a community center to include space for after school tutoring, arts and crafts room, game room, community dining and gathering spaces, and a Dallas Police Department (DPD) Substation

Ridgecrest Terrace Apartments

- **Security upgrades to be implemented based on Dallas Police Department recommendations:**
 - Increased security patrols during construction and after stabilization
 - New modern security camera system with DPD access
 - New LED lighting throughout the Property
 - On-site DPD substation in new community building
 - Perimeter fencing repairs and full replacement of unit exterior doors
- **Management will include:**
 - Six full-time, on-site staff
 - District and regional management staff who are well versed in managing large multifamily communities similar to the Property
 - Housing and Urban Development (HUD) file review by third-party specialists to ensure tenant compliance

Ridgecrest Terrace Apartments

- **70 hours per month of resident services will be provided including:**
 - After-school tutoring and computer training for kids
 - Arts & crafts programs
 - Financial literacy programs
 - Addiction recovery resources
 - Healthy eating habits on a budget
 - Legal assistance resources
 - Organized team sports
 - Health screening services

The Ridge at Lancaster

- **5995 Crouch Road**
- **Council District: 8**
- **Applicant:** LDG The Ridge at Lancaster, LP
- **Co-Developers:** LDG Multifamily, LLC and the Dallas Housing Finance Corporation
 - LDG has developed over 77 multifamily properties totaling over 13,000 units
- **Total Units:** 300 affordable units
 - 300 Units @ 0%-60% AMI
 - LDG will implement income averaging at the property during the compliance period when area market rents are higher than 60% AMI.
- **Total Development Budget: \$59,560,307**











The Ridge at Lancaster

Uncategorizable MVA Market Type

F, G MVA Market Types

University Hills Emerging Market RSA

MVA Legend

	A		F
	B		G
	C		H
	D		I
	E		NA

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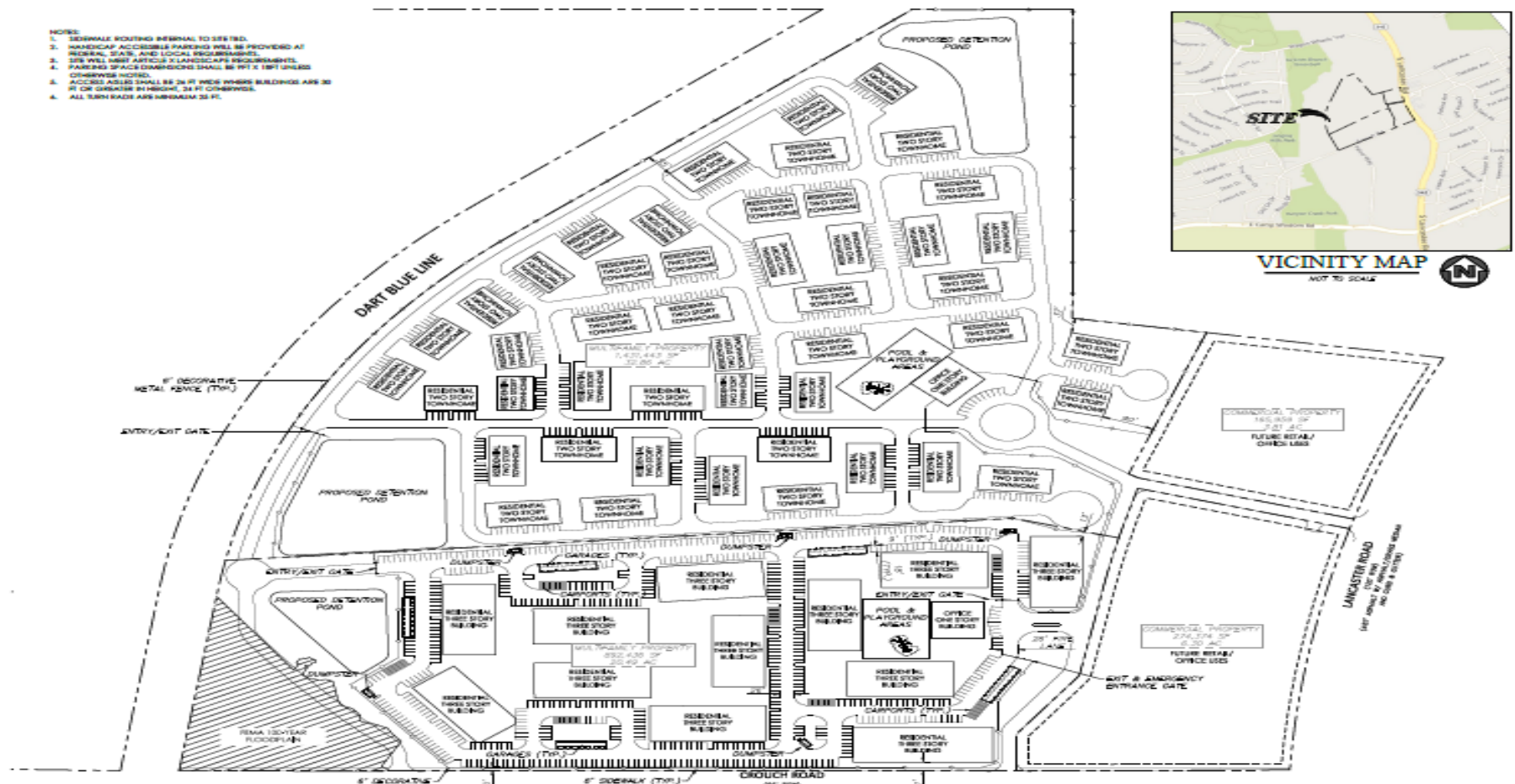


The Ridge at Lancaster



Economic Development Committee

The Ridge at Lancaster



The Ridge at Lancaster

- **Unit amenities will include:**
 - TDHCA required unit amenities
 - Washer and dryer hookups
 - Energy star appliances and lighting
 - Pre-wired for cable
- **Community Amenities will include:**
 - Controlled access gates
 - Multipurpose community room
 - Swimming pool
 - Business center
 - Children's playscape
 - Landscaped grounds with walking paths

The Ridge at Lancaster

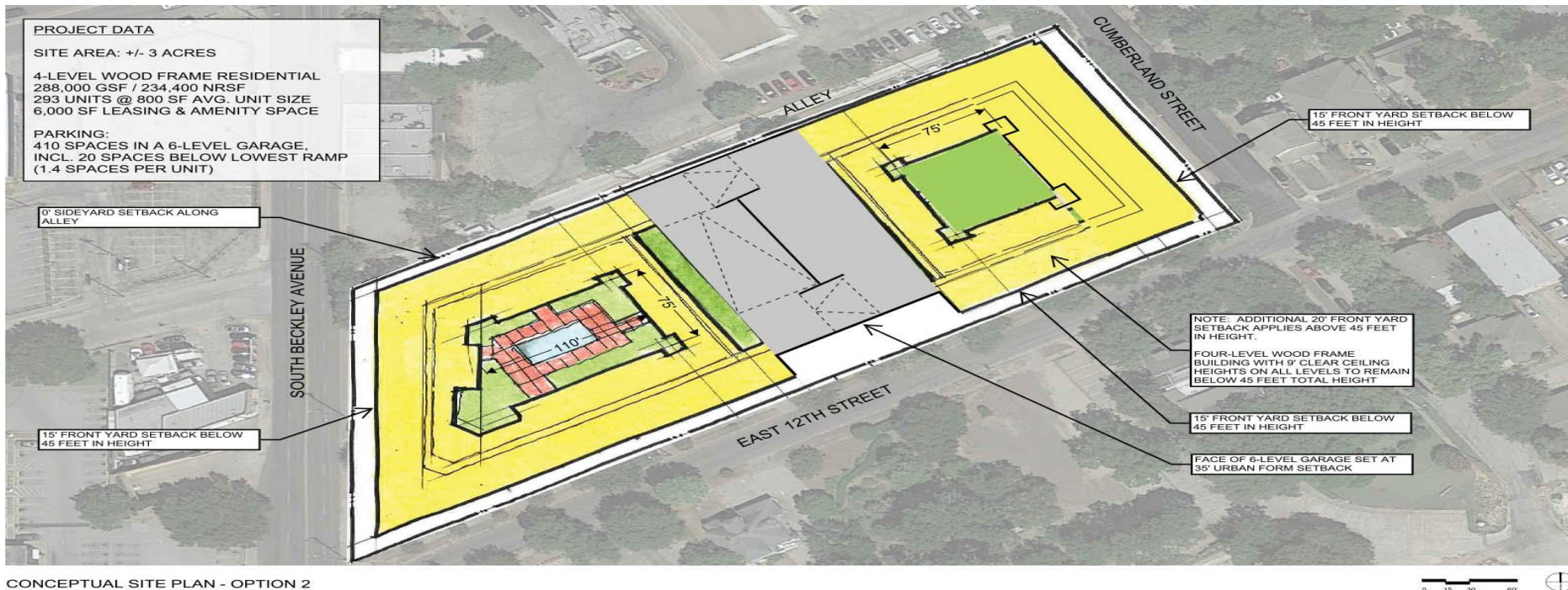
- **Resident services will include:**
 - After-school tutoring and computer training for kids
 - Food pantry
 - Financial literacy programs
 - Annual health fair
 - Notary services
 - Arts and crafts programs
 - On-site social programming
 - Weekly home chore and quarterly preventive maintenance for elderly and disabled residents

Gateway Oak Cliff

- **400 South Beckley Avenue**
- **Council District: 1**
- **Applicant:** Gateway Oak Cliff, LP
- **Co-Developers:** St. Margaret, Inc., a member of the Catholic Housing Initiative & Dallas County as Landowner
- **Total Units:** 230 mixed income units
 - 172 Units @ 0%-60% AMI
 - 58 Units @ Market Rate
- **Total Development Budget: \$47,131,511**
- Previously received a Resolution of Support for a 9% Application to TDHCA from Council on February 12, 2020

Gateway Oak Cliff

Design is currently under review by the Urban Design Peer Review Panel



Gateway Oak Cliff

- **Unit amenities will include:**
 - TDHCA required unit amenities
 - Washer and dryer hookups
 - Energy star appliances and lighting
 - Pre-wired for cable
- **Community Amenities will include:**
 - Controlled access
 - Multipurpose community room
 - Structured parking
- **Resident Services will include:**
 - Bimonthly community events and programs
 - Partnership with DPD to provide quarterly activities
 - Case Management for elderly, disable, and special needs tenants











The Oaks

- **630 South Llewellyn Avenue**
- **Council District: 1**
- **Applicant:** Brooks Manor, LP
- **Co-Developers:** Volunteers of America and DHA Housing Solutions for North Texas
- **Total Units:** 260 mixed income units for seniors
 - 113 Units @ 51%-60% AMI
 - 103 Units @ 31%-50% AMI
 - 27 Units @ 0%-30% AMI
 - 17 Units @ Market Rate
- **Total Development Budget: \$44,053,609**
- **Redevelopment** of DHA's former Brooks Manor site

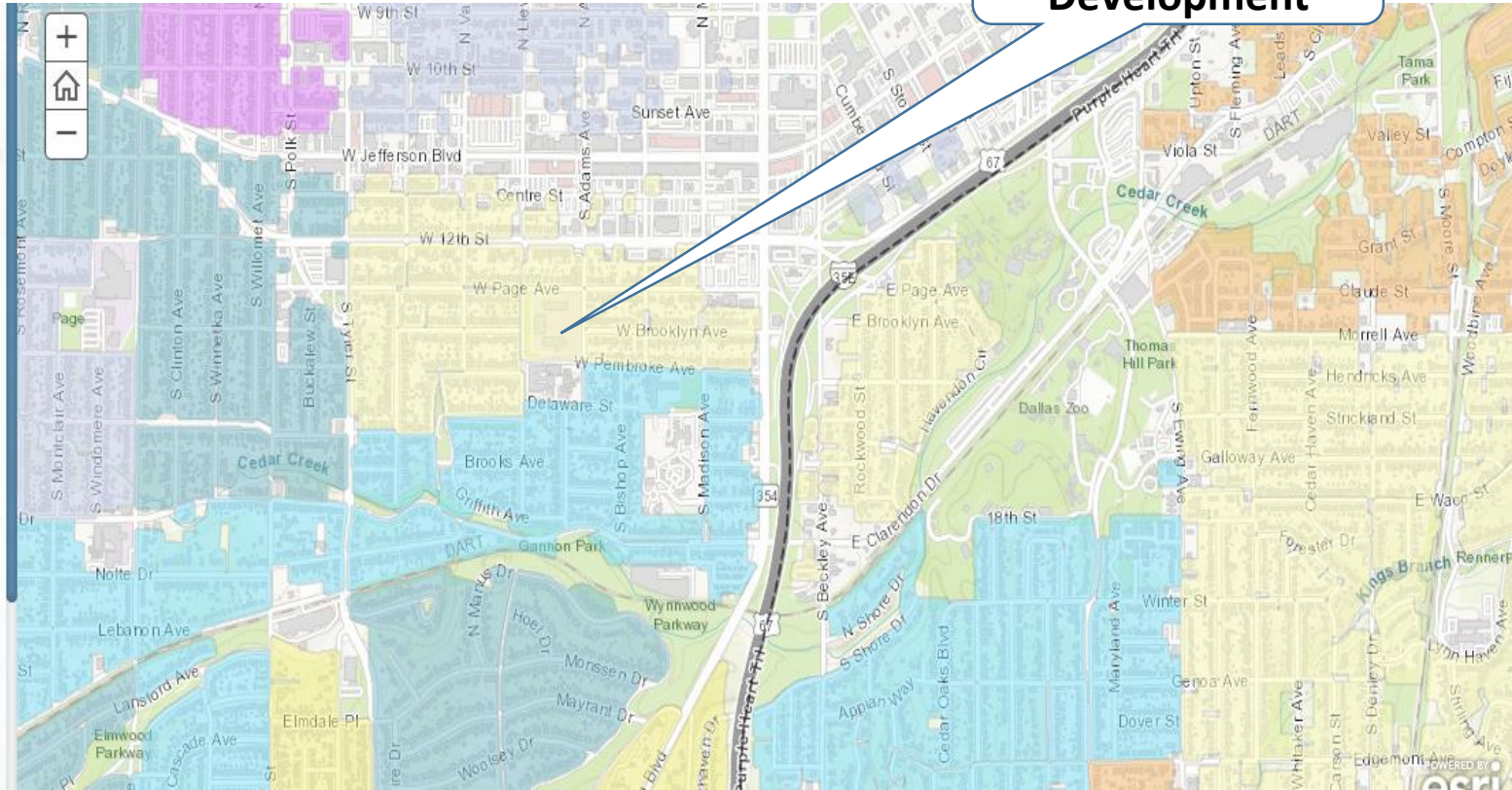
MVA Market Type H

Near C, D, E, and H MVA Market Types

Proposed Development

	A		F
	B		G
	C		H
	D		I
	E		NA

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The Oaks

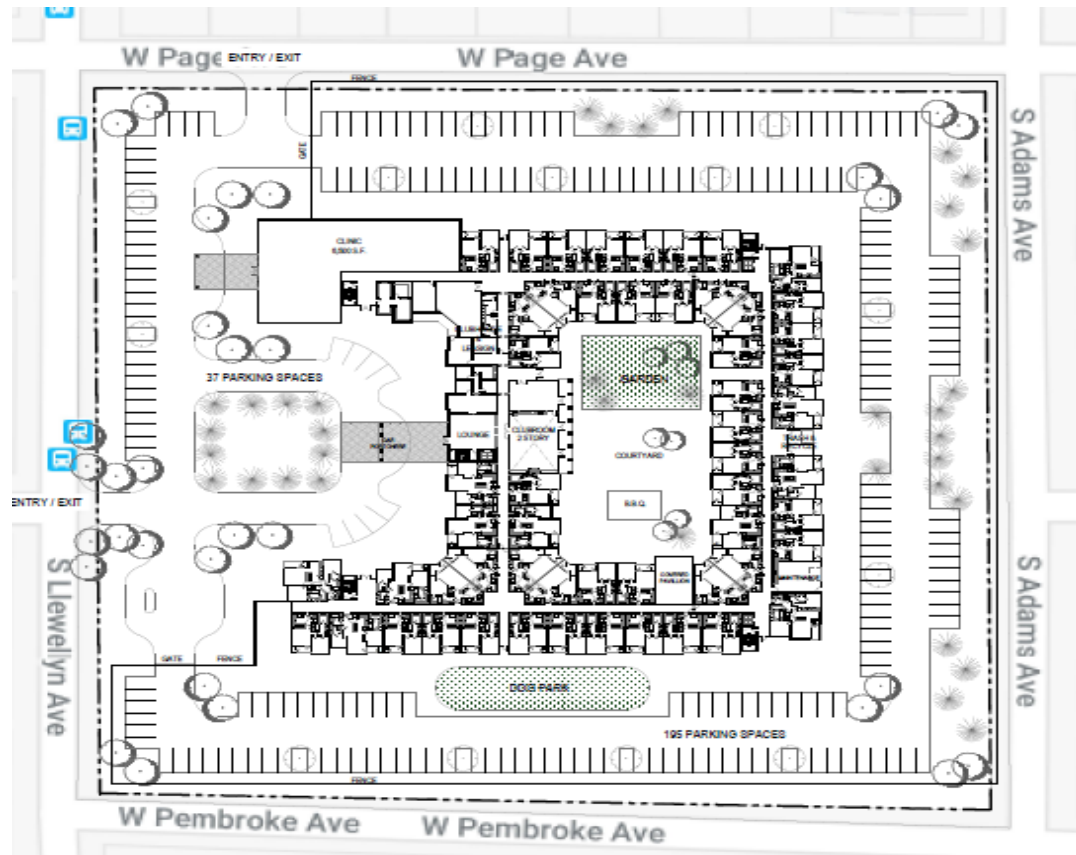


EAST ELEVATION



NORTH ELEVATION

The Oaks



The Oaks

- **Unit amenities will include:**
 - TDHCA required unit amenities
 - Washer and dryer hookups
 - Energy star appliances and lighting
- **Community Amenities will include:**
 - 2 Rooftop terraces
 - Fitness center
 - Business center
 - Community room with kitchen
 - Property-wide Wi-Fi
 - Grill and picnic area
- **Property will include a 6,500 SF Health Clinic for both residents and surrounding community**

The Oaks

- **Resident services will include:**
 - On-site resident coordinator
 - Health services
 - Meal programs
 - Exercise classes
 - Bimonthly social activities
 - Educational programs
 - Transportation services
 - Food pantry
 - Notary services

Benefit to the City

- Contribute toward production goals under the CHP
- Ridgcrest Terrace Apartments will provide renovated and modern housing to current residents and provide access to opportunity through extensive on-site programming and management
- Ridge at Lancaster will serve as catalyst in the University Hills RSA and future residential and commercial development on site
- Gateway at Oak Cliff maintains affordability in an area that is experiencing reinvestment and threats of displacement
- The Oaks also maintains affordability in an area that is experiencing reinvestment and threats of displacement for elderly residents as well as provides access to additional health care options and services in the area

Recommendation

Staff recommends the Economic Development Committee recommend approval of the following items for Council consideration at the **May 27, 2020** meeting:

- Conduct a public hearing and adopt a Resolution of No Objection related to the applications to TDHCA for 4% Non-Competitive Housing Tax Credits for Ridgecrest Terrace Apartments, Ridge at Lancaster, Gateway Oak Cliff, and The Oaks

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Appendix

Additional Project Information



Ridgecrest Terrace Apartments

Proposed Financing Sources	Amount
Private Activity Bonds	\$34,200,000
Housing Tax Credits Equity	\$18,211,373
Deferred Developer Fee	\$3,403,995
NOI During Renovation	\$1,545,855
Total	\$57,361,223

Proposed Uses	Costs
Acquisition	\$22,640,000
Construction Costs	\$20,177,535
Cost of Financing	\$5,434,842
Fees, Reserves, Soft Costs	\$9,108,846
Total	\$57,361,223

The Ridge at Lancaster

Proposed Financing Sources	Amount
Private Activity Bonds	\$39,877,000
Housing Tax Credits Equity	\$19,067,232
Deferred Developer Fee	\$616,075
Total	\$59,560,307

Proposed Uses	Costs
Acquisition	\$3,200,000
Construction Costs	\$36,318,120
Soft Costs & Financing Fees	\$13,450,562
Developer Fees	\$6,591,625
Total	\$59,560,307

Gateway Oak Cliff

Proposed Financing Sources	Amount
Private Activity Bonds	\$27,500,000
Housing Tax Credits Equity	\$13,397,794
Deferred Developer Fee	\$1,233,717
TBD Gap Funding	\$5,000,000
Total	\$47,131,511

Proposed Uses	Costs
Construction Costs	\$34,342,875
Soft Costs	\$2,445,690
Financing Fees	\$3,609,083
Developer Fees	\$5,829,953
Reserves	\$903,910
Total	\$47,131,511

The Oaks

Proposed Financing Sources	Amount
Private Activity Bonds	\$21,400,000
Housing Tax Credits Equity	\$14,555,634
Deferred Developer Fee	\$1,097,975
DHA RHF Funds	\$4,500,000
Federal Home Loan Bank	\$500,000
TBD Gap Funding	\$2,000,000
Total	\$44,053,609

Proposed Uses	Costs
Construction Costs	\$35,346,096
Soft Costs/Financing	\$1,914,107
Developer Fee	\$5,329,150
Reserves	\$1,464,256
Total	\$44,053,609