

Memorandum



CITY OF DALLAS

DATE November 4, 2021

Honorable members of the Housing and Homelessness Solutions Committee: Casey Thomas (Chair), Jesse Moreno (Vice Chair), Carolyn King Arnold, Paula Blackmon, Cara Mendelsohn, Paul Ridley, Jaynie Schultz

SUBJECT **Request for a Resolution of No Objection for 4% Non-Competitive Housing Tax Credits – Estelle Village Apartments**

Estelle Community Partners, LP (Applicant), a to be formed Texas limited partnership, submitted a Request for Resolution application to the City for a Resolution of No Objection for its application to TDHCA for 2021 4% Non-Competitive Housing Tax Credits (4% Housing Tax Credits). The 4% Housing Tax Credits will be used for the acquisition and renovation of the Estelle Village Apartments, an existing 291-unit affordable multifamily complex located at 5969 Highland Village Drive, Dallas, TX 75241 (Property). A Resolution of No Objection is required for the Applicant to receive 4% Housing Tax Credits from TDHCA. To receive a staff recommendation for a resolution of no objection, the Applicant must satisfy all threshold requirements, rehabilitation requirements, and affirmatively further fair housing as described in the Comprehensive Housing Policy (CHP). After review, the Applicant has satisfied all application requirements and staff recommend a Resolution of No Objection.

Background

Community Preservation Partners (CPP), or its affiliate, will serve as the developer and guarantor of the project. CPP has successfully acquired, developed and renovate over 11,000 affordable multifamily units. The proposed property manager is WinnResidential, a professional management company that currently manages more than 100,000 multifamily units including over 50,000 affordable units. Estelle Community Partners, LP will be a partnership that includes an affiliate of CPP and an affiliate of the Dallas Housing Authority (DHA). DHA is the current landowner and will remain the landowner in order to continue to receive a property tax exemption. A to be determined tax credit equity investor will be admitted as an investor partner once identified.

The Applicant proposes to renovate all 291 units. The 291 units are comprised of 72 1-bedroom, 134 2-bedroom, 76 3-bedroom units, and 9 4-bedroom units. The renovation is focused on the following: (1) life safety including security, (2) energy efficiency, (3) physical and functional obsolescence, (4) neighborhood stabilization, (5) accessibility. But for the investment of 4% non-competitive housing tax credits, this property would continue to deteriorate, add blight to the neighborhood, and provide substandard housing to the existing residents.

Planned unit renovations will include:

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- Unit signage
- Accessibility UFAS upgrades
- New cabinets
- New solid surface countertops
- New entry doors, hardware and weather stripping
- New mechanical and storage doors
- New vinyl plank flooring
- New cove base
- Paint in the kitchens and bathrooms
- New appliances
- New vertical blinds
- New kitchen sinks, faucets, and supplies
- New bathroom faucets and supplies
- New angle stops
- New low flow toilets
- New low flow shower heads, valves and trim kits
- Refinish tubs and showers
- New AC/ heat packages as needed based on condition
- Duct cleaning and sealing
- Programmable thermostats
- New LED light fixtures throughout
- New energy smart bathroom fans

Planned property renovations will include:

- Security camera system upgrade, as needed
- Asphalt repairs (seal and restripe)
- Storage amenity space
- Site signage
- New paint scheme
- Repairs of insulated vinyl siding
- New mailboxes
- ADA path of travel
- Laundry room improvements (flooring, lighting, folding table)
- Landscaping and tree trimming per security plan
- Pedestrian gates
- Motorized gates
- Complete fencing
- Trash enclosures
- Waterproof and repair stair and landings
- New 20 Yr. roof coating
- Gutter and downspout repairs
- Sandblast exterior of buildings

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- New water heaters
- Hydro jet sewer lines
- New breezeway LED ceiling lights with cage and photocell
- Property wide WIFI
- Playground and amenity upgrades, seating areas and BBQs
- New roof mounted LED wall packs with photocells

The Applicant proposes to provide on-site resident services including:

- 12 hours per week of after school tutoring;
- 4 hours per week of adult financial literacy courses;
- Career training and placements partnerships;
- Food pantry;
- Annual health fair and flu shots;
- Notary services;
- Arts and crafts programming twice a month;
- Organized social gatherings twice a month;
- Partnership with local law enforcement for quarterly activities;
- Weekly chore and preventative maintenance for elderly and disabled residents;
- Education/tuition savings match/scholarship program for residents; and
- Property-wide wireless internet.

CPP will also work with the Office of Innovative Public Safety Solutions for security input, community activities and the Crime Prevention Through Environmental Design (CPTED). Total development costs are anticipated to be approximately \$73,453,904.00 which includes the acquisition price for the property. The hard construction budget is anticipated to be approximately \$16,085,491.00 which is \$55,277.00 per unit.

Proposed Financing Sources	Amount
Private Activity Bonds	\$38,552,720.00
Housing Tax Credits Equity	\$26,991,867.00
Income Through Completion	\$3,846,299.00
Deferred Developer Fee	\$4,063,018.00
Total	\$73,453,904.00

Proposed Uses	Costs
Acquisition	\$38,000,000.00
Total Const. Costs	\$16,085,491.00
Financing, Reserves, Soft Costs	\$8,648,468.00
Interim Interest	\$1,710,000.00
Developer Fee	\$9,009,944.00
Total	\$73,453,904.00

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After the development is complete, all 291 units will be made available to households earning 0%-50% of Area Median Income (AMI) based on an existing Land Use Restrictive Agreement. The Property currently has a Project-Based Section 8 Housing Assistance Payments (HAP) Contract and the Applicant intends to extend the HAP Contract for a period of 20 years to continue to provide housing options to the extremely low-income tenants that current reside at the Property. This will ensure that no residents will be displaced.

The Development is within one mile of the Palladium Simpson Stuart, a recently awarded 4% housing tax credit project located at 3380 Simpson Stuart Road. Per the requirements of TDHCA's Qualified Action Plan and 10 TAC § 11.3(d), City Council must vote to specifically approved the construction of a new tax credit development within one linear mile of a tax credit development authorized within the past three years. The agenda item includes language acknowledging this proximity.

The Development is located within a census tract with a poverty rate over 40%. Per the requirements of TDHCA's Qualified Action Plan and 10 TAC §11.101(a)(3), City Council must specifically approve the construction of a new tax credit development in such a census tract. The agenda item includes language acknowledging this proximity.

The Development has been found to affirmatively further fair housing by the Office of Fair Housing. While the property has seen some recent improvements, a substantial renovation is still needed to provide the existing residents with the safe, decent and affordable housing they deserve. The introduction of additional safety measures and a robust menu of resident services will ensure that the residents have access to additional onsite opportunities they currently do not receive.

The Dallas City Council on May 9, 2018, adopted the Comprehensive Housing Policy (CHP), Resolution No. 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 Housing Tax Credits through TDHCA. On June 12, 2019, Council Resolution No. 19-0884 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 Housing Tax Credits through TDHCA. 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.

For developments involving rehabilitation of existing housing, the proposed scope of work must be informed by a capital needs assessment ("CNA"), prepared by a qualified third-party professional that is independent from the development's architect or engineer, builder/general contractor, or other member of the development team. The City will review the CNA and conduct a site visit. The CNA must demonstrate to the City's

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satisfaction that the initial scope of work is sufficient to address all City code violations (whether formally cited or not). Further, the scope of work, combined with planned replacement reserve funding, must be determined sufficient to address all projected repairs or replacements of the following items through the entire term of the development's affordability period:

- All major systems including roof, foundation, electrical, HVAC, and plumbing;
- Interior and exterior windows and doors;
- The interiors of all units including the kitchen and bathroom and all major appliances;
- The exterior of the development, including balconies, walkways, railings, and stairs;
- Communal facilities such as community rooms, fitness centers, business centers, etc.;
- Security features including gates and security cameras; and
- Accessibility

To receive a staff recommendation for a resolution of no objection, the Applicant must satisfy all threshold requirements outlined in the CHP and affirmatively further fair housing.

Recommendation

The Development satisfies the threshold requirements of the Comprehensive Housing Policy and Staff recommends City Council authorize a Resolution of No Objection for Estelle Community Partners, LP's application to the Texas Department of Housing and Community Affairs for Non-Competitive 4% Housing Tax Credits.

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@DallasCityHall.com or 214-670-3619



Dr. Eric Anthony Johnson
Chief of Economic Development & Neighborhood Services

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizar Tolbert, Chief of Staff to the City Manager

Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager
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M. Elizabeth Reich, Chief Financial Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
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