



Legislation Details (With Text)

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Title: Authorize (1) the adoption of a Resolution of Support for Villas at WH 20, LP, or its affiliate (Applicant), related to its application to the Texas Department of Housing and Community Affairs for 9% Low Income Housing Tax Credits for the development of Villas at Western Heights; and (2) an agreement with the Applicant for a line of credit in an amount not to exceed \$500.00 for the proposed multifamily development - Not to exceed \$500.00 - Financing: Public/Private Partnership Fund

Sponsors:

Indexes: 6

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Attachments: 1. Resolution

Date	Ver.	Action By	Action	Result
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STRATEGIC PRIORITY: Economic and Neighborhood Vitality

AGENDA DATE: February 12, 2020

COUNCIL DISTRICT(S): 6

DEPARTMENT: Office of Economic Development

EXECUTIVE: Michael Mendoza

SUBJECT

Authorize (1) the adoption of a Resolution of Support for Villas at WH 20, LP, or its affiliate (Applicant), related to its application to the Texas Department of Housing and Community Affairs for 9% Low Income Housing Tax Credits for the development of Villas at Western Heights; and (2) an agreement with the Applicant for a line of credit in an amount not to exceed \$500.00 for the proposed multifamily development - Not to exceed \$500.00 - Financing: Public/Private Partnership Fund

BACKGROUND

Villas at WH 20, LP (Applicant) submitted a pre-application to the Texas Department of Housing and Community Affairs (TDHCA) for 2020 9% Competitive Housing Tax Credits (HTC) (9% HTC) for the development of Villas at Western Heights, the ground-up development of a 130-unit mixed income multifamily complex for seniors located at 1515 Fort Worth Avenue, Dallas, Texas 75208. HTC Land Holdings, LLC, an entity of the development team, has executed a purchase contract with ADC Fort Worth, LLC the current property owner.

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.
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- **7** points if the development is located in an area with a Concerted Revitalization Plan (CRP) such as a Tax Increment Finance (TIF) district or Land Use Plan and receives (1) a letter from a local official documenting measurable improvements within the area and (2) a resolution by the municipality that affirms the development contributes more than any other development to the concerted revitalization efforts of area.

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

- **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

The Applicant, a to be formed Texas limited partnership, is proposing to develop Villas at Western Heights. The Applicant will include a to be determined limited liability company as general partner to be owned by a to be determined entity or entities. The Applicant will also admit a to be determined investor limited partner to the limited partnership. Sycamore Strategies, LLC and Texas Grey Oaks, LLC will act as co-developers of the project.

The proposed property manager is Alpha Barnes Real Estate Service, a full-service real estate firm with over 30 years of property management experience. The development team has extensive experience in developing, building, and managing quality multifamily and senior rental communities throughout Texas totaling over \$320,000,000.00 in tax credits since 2006 which has generated over 3,600 units.

The Applicant proposes to develop 130 units. The 130 units will be comprised of 88 1-bedrooms and 42 2-bedrooms ranging from 650 square feet to 1,050 square feet. Planned amenities include outdoor pool, clubhouse, fitness center, and community a room with kitchen.

Total development costs are anticipated to be approximately \$32,888,449.00 which includes the acquisition price for the land. The hard cost construction budget is anticipated to be \$17,951,065.00

which is \$138,085.00 per unit. The total construction amount includes a 5.7% contingency.

Proposed Financing Sources	Estimated Amount
Permanent Loan	\$8,700,000.00
Housing Tax Credits Equity	\$13,948,605.00
Deferred Developer Fee	\$1,343,156.00
Fort Worth Avenue TIF Funds	\$8,896,688.00
Total	\$32,888,449.00

Proposed Uses	Estimated Costs
Acquisition	\$7,500,000.00
Hard Construction Costs	\$17,951,065.00
Soft Costs & Financing Fees	\$3,797,685.00
Developer Fees	\$2,984,792.00
Reserves	\$654,907.00
Total	\$32,888,449.00

After the development is complete, 11 of the 130 units will be made available to households earning 0%-30% of Area Median Income (AMI), 42 of the 130 units will be made available to households earning between 31%-50% of AMI, 51 of the 130 units will be made available to households earning between 51%-60% of AMI, and 26 of the 130 units will be market rate.

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 Housing Tax Credits 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:

- The project has been selected to receive City funding such as Community Development Block Grant, Housing and Urban Development HOME Funds, or General Obligation Bond Funding;
- The applicant intends to partner with the Dallas Housing and Finance Corporation or Public Facility Corporation (if created);
- The proposal involves the redevelopment of public housing owned by the Dallas Housing Authority under the Choice Neighborhoods, Rental Assistance Demonstration, HOPE IV, or

- other similar Housing and Urban Development programs that may be created;
- The project is located in a census tract with a poverty rate below 20%;
- The project located in a Redevelopment Reinvestment Strategy Area (RSA) or Stabilization RSA; and
- A 50-unit project dedicating 20% 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 ongoing investment and redevelopment of the West Dallas area requires the City support affordable housing development to ensure low- to moderate-income residents are not displaced. Villas at Western Heights is qualified to receive a staff recommendation for a resolution of support as it is a priority housing need development located in the West Dallas Stabilization area and met all application thresholds. The development site is an H market type adjacent to B, C, D, and E market types per the Market Value Analysis. The Applicant also scored over 50 points using non-priority housing criteria.

Villas at Western Heights is located in the Fort Worth Avenue TIF District, adopted by City Council on June 13, 2007 by Resolution No. 07-1805; Ordinance No. 26798, as amended, and is qualified to receive additional CRP points from TDHCA. Staff also recommend Council affirms within the Resolution of Support that the development contributes most significantly to the concerted revitalization efforts of the area.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Housing and Homelessness Solutions Committee will be briefed regarding this matter on February 4, 2020.

FISCAL INFORMATION

Fund	FY 2020	FY 2021	Future Years
Public/Private Partnership Fund	\$500.00	\$0.00	\$0.00