



Legislation Text

File #: 23-1590, Version: 1

STRATEGIC PRIORITY: Housing & Homelessness Solutions
AGENDA DATE: June 28, 2023
COUNCIL DISTRICT(S): 2
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize an increase in the development loan agreement with Jaipur Lofts, LLC., or its affiliate, conditioned upon the completion of a third-party underwriting for the development of Jaipur Lofts, 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, TX 75204 - Not to exceed \$2,520,000.00, from \$2,500,000.00 to \$5,020,000.00 - Financing: Coronavirus Local Fiscal Recovery Funds

BACKGROUND

On April 1, 2022, Jaipur Lofts, LLC. (Applicant) 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 (Project) 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 Investment Partnership Program funds (HOME), of which the Applicant plans to only use \$2,480,000.00. In addition to NOFA funding, the Applicant 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 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. This additional NOFA funding is contingent upon completion of the third-party underwriting report and confirmation of the \$5,020,000.00 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 (ARPA) funds 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, Texas with over 35 years of extensive experience in Real Estate Management.

The Applicant proposes to develop 71 mixed-income multi-family units on 1.1 acres. The 71 units are comprised of 26 one-bedroom, 37 two-bedroom, and 8 three-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. Unit amenities will include Energy Star Appliances, dishwasher, ceiling fans, laundry connections, high-efficiency heating ventilation and air conditioning, tile or luxury vinyl tile flooring, hard surface countertops, low-e windows, low-flow fixtures, covered entries, microwave ovens, and ample storage. Additionally, the Applicant will provide modern security features to include a camera system and controlled access in accordance with the NOFA criteria and the Office of Equity and Inclusion Fair Housing Division recommendations to ensure a safe living environment for all residents and staff. The project also features targeted resident services including career training and placement partnerships with local employers, weekly classes, social events, children's activities, or food pantry access. The project also features targeted resident services including career training and placement partnerships with local employers, weekly classes, social events, children's activities, or food pantry access.

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.

The unit mix and rental rates are as follows:

Unit Type	AMI	Units	Rent
1BR	30%	3	\$ 428.00
1BR	50%	11	\$ 762.00
1BR	60%	9	\$ 929.00
1BR	80%	3	\$1,263.00
2BR	30%	9	\$ 507.00
2BR	50%	11	\$ 908.00
2BR	60%	10	\$1,108.00
2BR	80%	7	\$1,509.00
3BR	30%	1	\$ 508.00
3BR	50%	4	\$1,043.00
3BR	60%	2	\$1,275.00
3BR	80%	1	\$1,738.00

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 \$ 11,843,029.00 which is \$166,803.00 per unit.

The anticipated financing sources and uses are as follows:

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 HOME Loan	\$ 2,500,000.00
City of Dallas ARPA Loan	\$ 2,520,000.00
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
Financing Fees, Soft Costs	\$ 6,918,379.00
Contingency	\$ 1,012,668.00
Developer Fee	\$ 1,952,518.00
Reserves	\$ 580,732.00
Total	\$27,718,076.00

On September 22, 2021, the 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 (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. Detailed provisions for ARPA funds can be found at 2 CRF, Part 200 (Appendix II to 2 CRF, Part 200); HOME funds are at 24 CFR, Part 92.

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. The Applicant must provide 23 HOME/ARPA-assisted units consisting of 18 High HOME/ARPA and five Low HOME/ARPA units. The affordable and HOME/ARPA-assisted units must remain affordable for a minimum of 20 years, per federal and DHP33 requirements.

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.

ESTIMATED SCHEDULE OF PROJECT

Begin Construction	August 2023
Complete Construction	December 2025

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 23, 2021, the City Council authorized the acceptance of grant funds from the U.S. Department of Treasury for the Coronavirus Local Fiscal Recovery Fund to provide relief during the ongoing COVID-19 pandemic by Resolution No. 21-1149.

September 22, 2021, the City Council authorized the final reading and adoption of the appropriation ordinance for the FY 2021-22 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.

The Housing and Homelessness Solutions Committee was briefed on the development and the authorization of a Resolution of Support on February 15, 2022. The HHSC approved moving forward to Council for consideration.

On February 23, 2022, the City Council held a public hearing and following the hearing, adopted a Resolution of Support related to the Development and Developer's (i.e., Applicant's) 9% Competitive Low Income Housing Tax Credits application to TDHCA by Resolution No. 22-0363.

On August 24, 2022, the City Council authorized the execution of a development loan agreement in an amount not to exceed \$2,500,000.00 in HOME funds by Resolution No. 22-1193.

[The Housing and Homelessness Solutions Committee was briefed by memorandum regarding this requested increase to the previously approved HOME loan agreement with Applicant on May 22, 2023. <https://cityofdallas.legistar.com/View.ashx?M=F&ID=11989177&GUID=5FAE9845-0F20-4C0F-928F-5F3146ED1BCB>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=11989177&GUID=5FAE9845-0F20-4C0F-928F-5F3146ED1BCB)

FISCAL INFORMATION

Fund	FY 2023	FY 2024	Future Years
Coronavirus Local Fiscal Recovery Funds	\$2,520,000.00	\$0.00	\$0.00

M/WBE INFORMATION

In accordance with the City’s Business Inclusion and Development Policy adopted on September 23, 2020, by Resolution No. 20-1430, as amended, the M/WBE participation on this contract is as follows:

Contract Amount	Procurement Category	M/WBE Goal
\$2,500,000.00	Construction	32.00%
M/WBE Subcontracting %	M/WBE Overall %	M/WBE Overall Participation \$
32.00%	32.00%	\$800,000.00
• This contract meets M/WBE goal.		
• Jaipur Lofts, LLC. - Non-Local; Workforce - 0.00% Local		

OWNER

Jaipur Lofts, LLC

Megan Lasch, President of O-SDA

Lisa Stephens, President of Saigebrook Development

MAP

Attached