



Legislation Text

File #: 23-1262, **Version:** 1

STRATEGIC PRIORITY: Housing & Homelessness Solutions
AGENDA DATE: May 24, 2023
COUNCIL DISTRICT(S): 8
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Majed Al-Ghafry

SUBJECT

A public hearing to receive comments regarding an application by LDG The Crossing at Clear Creek, LP, or its affiliates (Applicant) to the Texas Department of Housing and Community Affairs (TDHCA) for 4% Non-Competitive Low Income Housing Tax Credits for The Crossing at Clear Creek located at the Northeast Corner of Highway I75 and Woody Road, Dallas, TX 75253 (the "Development"); and, at the close of the public hearing adopt a Resolution of No Objection for Applicant, related to its application to TDHCA for the development of The Crossing at Clear Creek and in accordance with 10 TAC § 11.3(d) (the "Administrative Code"), specifically allow the construction of the development, as required by the Administrative Code, because the Development is within one linear mile or less of Meadowbrook (a 4% housing tax credit development located at 910 South Beltline Road), and is therefore subject to the One Mile Three Year Rule - Financing: No cost consideration to the City

BACKGROUND

LDG The Crossing at Clear Creek, LP (Applicant), a Texas limited partnership, submitted a Request for Resolution application to the City for a Resolution of No Objection for its application to TDHCA for 2023 4% Non-Competitive Housing Tax Credits (4% Housing Tax Credits). The 4% Housing Tax Credits will be used for the development of The Crossing at Clear Creek, a 264-unit affordable multifamily complex located at the Northeast Corner of Highway I75 and Woody Road, Dallas, TX 75253 (Property). A purchase and sale agreement for the Property has been executed between the current owner of the Property and an affiliate of the Applicant. TDHCA requires 4% Housing Tax Credit applicants provide a Resolution of No Objection from the governing body of the jurisdiction in which the proposed development will be sited. As part of these TDHCA requirements, the governing body must also conduct a public hearing for citizens to provide comment on the proposed development. Once a resolution is adopted and submitted to TDHCA, it cannot be changed or withdrawn.

Applicant or its affiliate shall form LDG The Crossing at Clear Creek, LP, a Texas limited partnership, the general partner of which will be LDG The Crossing at Clear Creek, GP, LLC, a to-be-formed single asset entity solely owned by the Dallas Housing Finance Corporation (DHFC). LDG The

Crossing at Clear Creek, SLP, LLC, a to-be-formed limited liability company, or its affiliate, will be The Crossing at Clear Creek, LP's special limited partner. MBL Derbycity Development, LLC, a Texas limited liability company, will be 100% owner of the special limited partner. An amended and restated agreement of limited partnership will be executed to admit the tax credit equity investor as investor member once identified.

On September 13, 2022, the DHFC Board of Directors adopted a resolution declaring its intent to issue bonds for the Property and authorized the filing of an application for allocation of private activity bonds with the Texas Bond Review Board. The City Council previously approved the Resolution of No Objection on November 9, 2022, but the developer has since revised their financial estimates and needs to remove the market rate units in the unit mix to make this a 100% rent-restricted property. Due to the nature of tax credits, this allows the project more tax credit equity and makes it stronger financially. Without these additional tax credits, this project would not be economically feasible in the current market.

LDG The Crossing at Clear Creek, LP or its affiliate will serve as the developer and guarantor of the project. LDG has successfully completed over 77 multifamily properties totaling 13,673 units. The proposed property manager is Capstone Real Estate Services, Inc. (Capstone). Capstone is a professional management company based in Austin, TX that currently manages 35,000 multifamily units including over 21,000 affordable units.

The Applicant proposes to develop 264 units. The 264 units are comprised of 24 one-bedroom, 108 two-bedroom, 120 three-bedroom units, and 12 four-bedroom units. The units will include energy efficient appliances, washer/dryer hookups, covered entries/patios, and other TDHCA-required features. The Property will also include controlled gate access, a multipurpose community room, swimming pool, fitness center, theater room, children's playscape, and landscaped walking paths.

Because the site has no sidewalk on the Woody Road border of the property, LDG has planned to develop a sidewalk to give residents better mobility between the property and nearby schools. The eastern portion of the site is mostly covered by flood plain and is planned to be dedicated as a park for residents to utilize. They will also work with the Office of Innovative Public Safety Solutions for security input, community activities, and incorporate best practices of Crime Prevention Through Environmental Design. Additionally, the LDG will provide modern security features to include a full camera system, controlled access, a community crime watch program, and participation in National Night Out to ensure a safe living environment for all residents and staff.

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

1. 12 hours per week of after school tutoring;
2. Four hours per week of adult financial literacy courses;
3. Food pantry;
4. Annual health fair and flu shots;
5. Notary services;
6. Arts and crafts programming twice a month;
7. Organized social gatherings twice a month; and
8. Weekly chore and preventative maintenance for elderly and disabled residents.

The site is situated conveniently at the corner of Woody Road and Hwy I75 and is less than a mile to

both Seagoville High School and Seagoville Middle School. Although the address is not yet serviced by a transit stop, the Dallas Area Rapid Transit GoLink service is available from the Kleberg area. This service provides on demand door to door service for passengers needing transportation to and from the area.

Total development costs are anticipated to be approximately \$83,334,872.00 which includes the acquisition price for the land. The construction budget is anticipated to be approximately \$50,144,990.00 which is \$189,943.00 per unit.

Proposed Financing Sources	Amount
Mortgage Loan	\$40,746,000.00
Housing Tax Credits Equity	\$32,839,372.00
Deferred Developer Fee	\$ 8,510,333.00
LC for ODR	\$ 1,239,167.00
Total	\$83,334,872.00

Proposed Uses	Costs
Acquisition	\$ 5,275,000.00
Total Const. Costs	\$50,144,990.00
Financing Fees, Soft Costs	\$16,979,796.00
Reserves	\$ 1,239,167.00
Developer Fee	\$ 9,335,919.00
Other Costs	\$ 360,000.00
Total	\$83,334,872.00

After the development is complete, all of the 264 units will be made available to households earning 0%-60% of Area Median Income (AMI).

The development is 1.08 linear miles away from a recently approved competitive 9% housing tax credit development located at 15251 Seagoville Road. Per the requirements of TDHCA's Qualified Action Plan and 10 TAC § 11.3(d), the City Council must vote to specifically allow the construction of a new tax credit development within one linear mile of a tax credit development authorized within the past three years. Using driving distance, the development is 1.4 miles away from the previously approved development. The agenda item includes language acknowledging this proximity.

On May 9, 2018, the City Council 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, 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.

On September 13, 2022, the Dallas Housing Finance Corporation authorized a preliminary inducement resolution declaring intent to issue \$60,000,000.00 in private activity bonds to fund The Crossing at Clear Creek.

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. After review, the Applicant has satisfied all application requirements and staff recommends a resolution of no objection.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

[The Housing and Homelessness Solutions Committee was briefed by memorandum regarding this matter on October 24, 2022. <http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=42ee9e17-9580-4d4c-905e-ae9811fcd477.pdf>](http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=42ee9e17-9580-4d4c-905e-ae9811fcd477.pdf)

On November 9, 2022, following a public hearing the City Council approved a Resolution of No objection for LDG The Crossing at Clear Creek, LP., for 4% Non-Competitive Low Income Housing Tax Credits for The Crossing at Clear Creek by Resolution No. 22-1714.

FISCAL INFORMATION

No cost consideration to the City.

MAP

Attached