



Legislation Text

File #: 24-1291, Version: 1

STRATEGIC PRIORITY: Economic Development
AGENDA DATE: May 22, 2024
COUNCIL DISTRICT(S): 2
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Robin Bentley

SUBJECT

Authorize **(1)** the City Manager to negotiate and execute a development loan agreement and security documents with TX Tenison 2023, Ltd., an affiliate of Generation Housing Partners, LLC (together, the Applicant) in an amount not to exceed \$6,500,000.00 in Community Development Block Grant Disaster Recovery Funds (CDBG-DR), conditioned upon Applicant, or the entity named by the award, receiving 2023 4% Housing Tax Credit award or other funding source subject to approval of the City for the development of the Tenison Lofts at Samuell Grand, a 164-unit mixed-income affordable multifamily complex to be located at 3500-3632 Samuell Boulevard Dallas, Texas 75223 (Project); **(2)** the City Manager to negotiate and execute a development loan agreement and security documents with the Dallas Housing Finance Corporation (DHFC) or affiliate(s) thereof in an amount not to exceed \$4,500,000.00 in Community Development Block Grant and HOME Investment Partnerships (HOME) Funds to purchase and own the real property located at 3500-3632 Samuell Boulevard Dallas, Texas 75223 (Property); and **(3)** approve the DHFC as long-term ground lessor of the property to enter into a long-term ground lease with Applicant and/or its affiliates(s) for the development of the Property pursuant to 24 CFR 570.201(a) and (b), subject to compliance with all funding source requirements - Not to exceed \$11,000,000.00 - Financing: HOME Funds (\$1,000,865.51), Community Development Block Grant Funds (\$3,499,134.49), and Community Block Grant Disaster Recovery Funds (\$6,500,000.00)

BACKGROUND

Generation Housing Partners, LLC submitted a proposal under the City's Notice of Funding Availability (NOFA), as amended, to receive gap financing in the form of a cash flow loan to support the construction of a 164-unit mixed-income multifamily complex. The NOFA was issued by the Department of Housing & Neighborhood Revitalization (Housing) in accordance with the City's Comprehensive Housing Policy (CHP), as amended by the Dallas Housing Policy 2033 (DHP33) and Dallas Housing Resource Catalog (DHRC).

The Housing Department administers programs to appropriately incentivize private investment for the development of quality, sustainable housing that is affordable to the residents of the City. Specifically, Housing administers the New Construction and Substantial Rehabilitation Program, which where necessary, seeks to provide financial assistance to new developments or substantially rehabilitate existing developments. All projects seeking financial assistance are required to submit a Notice of Intent to apply for financial assistance through NOFA to develop affordable homeownership and rental housing. As outlined in the NOFA, multiple sources of funding are available. However, proposed projects must meet specific thresholds to qualify for the use of a specific funding source. The proposed Tenison Lofts at Samuell Grand development received a fundable score of 112.5 points.

In addition to NOFA funding, the Applicant plans to utilize 2023 4.00% Non-Competitive Housing Tax Credits (4.00% Housing Tax Credits) from the Texas Department of Housing and Community Affairs to acquire and construct the development. The City Council approved a Resolution of No Objection on February 14, 2024, by Resolution No. 24-0290. On September 12, 2023, the Dallas Housing Finance Corporation (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 requested NOFA Funds, if approved, will cover the gap created by recent market conditions, increased construction costs, and stabilize the viability and economics of the development.

The Applicant is a Texas-based developer, owner, and asset manager of Class A multi-family assets throughout the southwest. As a long term owner, the Applicant has been involved in the development, construction, and management of over 4,000 units with a capitalization value of approximately \$385,000,000.00. The units include multi-story apartment properties for families, seniors, senior cottages, rehabilitation, and adaptive reuse developments. The Applicant has partnered with the DHFC in three other developments (Estates at Shiloh, Estates at Ferguson, and Westmoreland Station) and intends to use Asset Living Property Management to manage the development once completed. Asset Living Property Management has been in the residential property business for 36 years and has developed approximately 20,000 units and currently manages over 24,000 units.

When formed, TX Tenison 2023, Ltd., a Texas limited partnership and the general partner of which is anticipated to be TX Tenison 2023 GP, LLC, will be a single asset entity solely owned by the DHFC. A to-be-formed special limited partnership company will be a special limited partner of TX Tenison 2024, Ltd., once the company is formed. TX Tenison 2024 SLP will be 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 a tax credit equity investor is identified.

The DHFC or it affiliate(s) will acquire the site at 3500-3632 Samuell Boulevard, Dallas, Texas 75223 and subsequently enter into a 99-year ground lease with TX Tenison 2023, Ltd. City loan funds will be used to acquire and develop the Property. The Applicant proposes to remove all existing buildings and/or structures and redevelop the property with a Class-A, new construction, mixed-income residential development of 164 units on 3.4 acres. The existing property(s) consists of a commercial strip center, with several existing businesses and associated parking. The units will be comprised of 24 one-bedroom, 76 two-bedroom, and 64 three-bedroom units. The project will be a five-story wrap construction product. The units will include nine-foot ceilings, granite countertops, 100.00% masonry

exteriors, Low-e thermal windows, low flow fixtures, ample storage, Energy Star appliances, faux wood flooring, ceiling fans, covered entries, open floor plans, and Berber carpet. Community amenities will include a state-of-the-art fitness center, community room, resort style pool, and computer learning center.

Onsite resident services will include free health and wellness classes, income tax preparation, food pantry, health fair and flu shots, weekly exercise classes, notary services, community and social events, bi-weekly after-school programming, and financial literacy classes.

The Applicant will work with the Office of Integrated Public Safety Solutions for security input/upgrades, community activities, and incorporate best practices of Crime Prevention Through Environmental Design. Additionally, the Applicant 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 unit mix and rental rates are as follows:

Unit Type	AMI	Units	Rent
1BR	30.00%	6	\$ 519.00
1BR	50.00%	6	\$ 905.00
1BR	60.00%	6	\$1,099.00
1BR	70.00%	4	\$1,292.00
1BR	80.00%	2	\$1,486.00
2BR	30.00%	10	\$ 614.00
2BR	50.00%	12	\$1,078.00
2BR	60.00%	24	\$1,310.00
2BR	70.00%	20	\$1,542.00
2BR	80.00%	10	\$1,593.00
3BR	30.00%	8	\$ 702.00
3BR	50.00%	12	\$1,238.00
3BR	60.00%	14	\$1,506.00
3BR	70.00%	20	\$1,774.00
3BR	80.00%	10	\$1,798.00

Total development costs are anticipated to be approximately \$43,613,009.00 which includes the acquisition price for the land. The hard cost construction budget is anticipated to be \$27,571,941.00 which is \$168,121.59 per unit.

The anticipated financing sources and uses are as follows:

Proposed Financing Sources	Amount
Permanent Loan	\$ 18,290,057.00
Tax Credit Equity	\$ 12,643,339.00
City of Dallas HOME Loan	\$ 1,000,865.51
City of Dallas CDBG Loan	\$ 3,499,134.49
City of Dallas CDBG-DR Loan	\$ 6,500,000.00
Deferred Developer Fee	\$ 1,679,613.00
Total	\$ 43,613,009.00

Proposed Uses	Costs
Acquisition	\$ 4,505,000.00
Hard Costs	\$ 27,571,941.00
Soft Costs	\$ 904,460.00
Developer Fee	\$ 4,650,000.00
Financing Fees & Reserves	\$ 5,981,608.00
Total	\$ 43,613,009.00

After the development is complete, 24 of the 164 units to be made available to households earning 0.00%-30.00% Area Median Income (AMI), 30 of the 164 units to households earning 31.00% - 50.00% AMI, 44 of the 164 units to households earning 51.00% - 60.00% AMI, 44 of the 164 units to households earning 61.00% - 70.00% AMI, and 22 of the 164 units to households earning 71.00% - 80.00% AMI. Community Development Block Grant (CDBG) and CDBG-DR regulations require 51.00% of the total number of units or 84 units be reserved for households earning at or below 80.00% AMI. A subset of these affordable units will be counted as HOME-assisted units as well. All Community CDBG, CDBG-DR, and HOME-assisted units must remain affordable for a minimum of 20 years secured by a restrictive covenant as required by the DHRC and federal guidelines to ensure long-term affordability.

In April 2022, the U.S. Department of Housing and Urban Development (HUD) announced that approximately \$24.4 million of CDBG-DR funding has been allocated to the City of Dallas under the second tranche of funds released from the Disaster Relief and Supplemental Appropriations Act of 2022. This funding was allocated to the City as a result of the winter and ice storm that occurred in February 2021.

On December 14, 2022, the City Council held a public hearing to receive public comments and approved the final adoption of the 2022 CDBG-DR Budget and draft Action Plan to accept CDBG-DR Funds from HUD which included New Construction - Multi-Unit funds by Resolution No. 22-1836.

The CDBG-DR Funds must only be spent for necessary activities related to disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation in the “most impacted and distressed” areas of qualifying disasters. The entire City of Dallas is included in the MID. New construction of affordable housing is an eligible activity under HUD’s CDBG-DR policy as it addresses a direct or indirect impact of the February 2021 winter and ice storm that resulted in damaged or destroyed available affordable housing stock in Dallas, Texas.

The development has been found to affirmatively further fair housing by the Office of Equity and Inclusion Fair Housing Division. 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 has been confirmed 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 October 2024
Complete Construction October 2026

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 22, 2016, the City Council authorized final adoption of the FY2016-17 HUD Consolidated Plan Budget which included \$5,132,323.00 in HOME Investment Partnerships Funds from the U.S. Department of Housing and Urban Development by Resolution No. 16-1066.

On December 14, 2022, the City Council held a public hearing and following the hearing, the City Council approved the final adoption of the 2022 Community Development Block Grant Disaster Recovery (CDBG-DR) Budget and draft Action Plan to accept CDBG-DR Funds from the U.S. Department of Housing and Urban Development which included New Construction - Multi-Unit funds by Resolution No. 22-1836.

On March 27, 2024, the City Council authorized final adoption of Substantial Amendment No. 3 to the FY 2023-24 Action Plan to reprogram unspent prior year CDBG Funds in the amount of \$4,500,000.00 from the Home Improvement & Preservation Program to the Residential Development Acquisition Loan Program by Resolution No. 24-0494.

[The Housing and Homelessness Solutions Committee was briefed by memorandum regarding this matter on April 23, 2024. <](#)

<https://cityofdallas.legistar.com/gateway.aspx?M=F&ID=8358adcc-5c1a-4e0f-9080-f23859903c82.pdf>>

FISCAL INFORMATION

Fund	FY 2024	FY 2025	Future Years
Community Development Block Grant Disaster Recovery Funds	\$ 6,500,000.00	\$0.00	\$0.00
HOME Funds	\$ 1,000,865.51	\$0.00	\$0.00
Community Development Block Grant Funds	\$ 3,499,134.49	\$0.00	\$0.00

Total	\$11,000,000.00	\$0.00	\$0.00
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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
\$27,571,941.00	Construction	32.00%
M/WBE Subcontracting %	M/WBE Overall %	M/WBE Overall Participation \$
32.00%	32.00%	\$8,823,021.12
• This contract meets the M/WBE goal.		
• Generation Housing Partners, LLC - Local; Workforce - 66.66% Local		

OWNER/DEVELOPER

Generation Housing Partners, LLC

Adrian Iglesias, President

MAP

Attached