



Legislation Text

File #: 23-3200, Version: 1

STRATEGIC PRIORITY: Housing & Homelessness Solutions
AGENDA DATE: December 13, 2023
COUNCIL DISTRICT(S): 7
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize an amendment to Resolution No. 23-0689, which previously authorized \$4,618,487.00 in HOME Investment Partnership Funds (HOME) in a approved on May 24, 2023, to (1) authorize execution of one or more development loan agreement and security documents agreements with TX Ferguson 2022, Ltd., or affiliate(s) thereof (Applicant) and \$3,965,000.00 in Community Development Block Grant Disaster Recovery Funds (CDBG-DR) in a development loan agreement and security documents with the City of Dallas Housing Finance Corporation or affiliate(s) thereof for the development of Estates at Ferguson, a 164-unit mixed-income affordable 2023 Non-Competitive 4% Housing Tax Credit (4% HTC) multi-family development for seniors to: (1) substitute the funding sources and amounts with Mixed Income Housing Development Bonus Fund (MIHDB), 2012 General Obligation Bond Fund Housing Demand Driven Projects Fund, and 2012 General Obligation Bond Fund Joppa Neighbor Project SD Fund; (2) substitute codes for notes receivables and interest payments for MIHDB Fund; and (3) substitute the funding source for the development loan agreement with the Dallas Housing Finance Corporation (DHFC), or an affiliate(s) thereof in an amount not to exceed \$652,346.10 in Housing Development Fund (2012 General Obligation Bond Fund) and in an amount not to exceed \$3,965,000.00 with Mixed Income Housing Development Bonus Fund 7,584,165.54 in Mixed Income Housing and Development Bonus Funds by modifying (a) the funding amount from \$3,965,000.00 to \$7,584,165.54 and source from 2022 Community Development Block Grant - Disaster Recovery (CDBG-DR) Funds to the Mixed Income Housing and Development Bonus Fund; and (b) the funding amount from \$4,618,487.00 to \$652,346.10 and source from the FY17-18 HOME Investment Partnerships Program (HOME) Funds and FY22-23 HOME Investment Partnerships Program (HOME) Funds to the Housing Development Fund (2012 General Obligation Bond Fund); (2) authorize the establishment of appropriations in an amount not to exceed \$4,584,165.54 in the Mixed Income Housing Development Bonus Fund; and (3) clarify that the Estates of Ferguson will be located at 9220 Ferguson Road, Dallas, Texas 75228 - Not to exceed \$8,236,511.64; (from \$8,583,487.00 to \$8,236,511.64) - Financing: Mixed Income Housing and Development Bonus Fund (\$7,584,165.54) and Housing Development Fund (\$7,584,165.54), (2012 General Obligation Bond Fund) Housing Demand Driven Projects Fund (\$612,346.10), and 2012 General Obligation Bond Fund Joppa Neighbor Project SD Fund (\$40,000.00) (\$652,346.10)

BACKGROUND

The Applicant submitted a proposal under the City's Notice of Funding Availability (NOFA), issued on August 7, 2020, as amended, to receive gap financing in the form of a cashflow loan to support acquisition and development of affordable housing units located within the City limits. The NOFA was issued by the Department of Housing & Neighborhood Revitalization (Housing) in accordance with the Dallas Housing Policy 2033 (DHP33) and Dallas Housing Resource Catalog.

Housing 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, when necessary, seeks to provide financial assistance to new developments or to 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. At minimum, each proposed project must be composed of at least five affordable units and must achieve a fundable score as outlined in the NOFA solicitation. The proposed Estates at Ferguson project received a fundable score of 105 out of 143 points.

On May 26, 2023, the City Council authorized a development loan agreement and security documents with Applicant ~~or affiliates~~ for the development of a mixed-income 2023 Non-Competitive 4% Housing Tax Credit affordable multi-family senior living community known as Estates at Ferguson, located at 9220 Ferguson Road, Dallas, Texas 75228, [\(the Property\)](#) and a development loan agreement and security documents with the Dallas Housing Finance Corporation (DHFC) to purchase and own the Property, and approve the DHFC as long-term ground lessor of the property to enter into a long-term ground lease with [Application Applicant](#). All gap financing, as authorized under Resolution No. 23-0689 ~~consisted, consists~~ of federal funding ~~with, which the federal awarding agency will authorize contingent on Applicant meeting~~ strict federal requirements and timelines ~~in order to receive authorization to use grant funds for the project.~~

On June 29, 2023, the Applicant received its Certificate of Reservation of private activity bonds by the Texas Bond Review Board (BRB). Pursuant to state statute, the Applicant has 180 days to close which includes submission of the housing tax credit application and drafting of bond documents to be considered with the adoption of the final bond resolution by the BRB.

As a result of the complex capital stack coupled with federal ~~dollars and funding contingent on meeting~~ strict timelines ~~on both for~~ the private activity bond issuance and the ~~federal authorization to use HOME and CDBG-DR Grant Funds grant funds~~, the Applicant ~~faced strict deadlines and time constraints to must~~ close on the bond financing ~~after within~~ the 180-day timeframe ~~from the date of the bond reservation. Moreover, date. However,~~ the City's ~~new~~ allocation of ~~available~~ CDBG-DR ~~funding along with the and HOME as provided through the NOFA process required an funds requires~~ extended review ~~process~~ and environmental clearance ~~before the federal funds could be approved for use~~. The approval of the federal funding ~~would for the Project will~~ not ~~have occurred occur~~ until after BRB's and TDHCA's strict ~~deadline which would ultimately deny the use of the private activity bonds for the transaction deadline expire,~~ resulting in ~~no the loss of~~ mixed-income affordable housing options for seniors in Dallas.

In an effort To assist Developer to rectify the challenge move forward with the deadlines by the funding sources Project, at Developer's request, staff recommends replacing the federal funds with non-federal funding sources which would with funding that does not require a lengthy federal environmental clearance and authorization process to use grant funds, resulting in the Applicant closing by the. This would allow Developer to close within TBR's 180-day deadline ultimately saving the project resulting to move forward with the Project while maintaining private funding and the Project schedule. The change in funding sources will ultimately result in an additional 164 units of affordable housing for seniors in Dallas. All applicable requirements of the DHP33 and the Dallas Housing Resource Catalog along with TDHCA's requirements on affordability will remain intact with the use of the non-federal funds under the NOFA, including the 20-year affordability period enforced through restrictive covenants to ensure long-term affordability on rents enforced through restrictive covenants.

The unit mix and rents are anticipated to be as follows:

| Unit Type | AMI | Units | Rents |
|-----------|--------|-------|------------|
| 1BR/1BA | 50.00% | 8 | \$ 913.00 |
| 1BR/1BA | 60.00% | 91 | \$1,096.00 |
| 2BR/2BA | 50.00% | 8 | \$1,096.00 |
| 2BR/2BA | 60.00% | 57 | \$1,315.00 |

Total development costs are anticipated to be approximately \$45,637,2167.00, which includes the acquisition price for the land. The construction budget is anticipated to be approximately \$25,413,945.00, which is \$154,963.08 per unit.

The anticipated sources and uses are as follows:

| Proposed Financing Sources | Amount |
|------------------------------|------------------------|
| Construction Loan Financing | \$15,400,000.00 |
| Tax Credit Equity | \$16,411,163.00 |
| City of Dallas MIHDB Loan | \$ 7,584,165.54 |
| City of Dallas 2012 GO Bonds | \$ 652,346.10 |
| ARPA Dallas County | \$ 2,500,000.00 |
| Agency Refundable Fee | \$ 308,000.00 |
| Deferred Development Fee | \$ 2,781,586.36 |
| Total | \$45,637,261.00 |

| Proposed Uses | Costs |
|-----------------------------------|-------------------------|
| Land Acquisition | \$ 3,965,000.00 |
| Total Const. Costs | \$ 25,413,945.00 |
| Financing Fees, Soft Costs | \$ 9,664,382.00 |

| | |
|----------------------|-------------------------|
| Reserves | \$ 936,000.00 |
| Developer Fee | \$ 5,457,934.00 |
| Total | \$ 45,637,261.00 |

ESTIMATED SCHEDULE OF PROJECT

Begin Construction January 2024
 Complete Construction May 2025

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On May 11, 2022, the City Council authorized (1) an amendment to the City of Dallas Comprehensive Housing Policy (CHP), as amended, to amend the Mixed Income Housing Development Bonus (MIHDB) program by (a) adding additional development bonus options including additional development rights, parking reductions, and financial incentives and (b) adding a fee in lieu of on-site provision to fulfill the requirements of the bonus; and (2) the establishment of the MIHDB Fund by Resolution No. 22-0744.

On September 13, 2022, the DHFC Board of Directors adopted a resolution authorizing a preliminary inducement 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.

On November 9, 2022, the City Council held a public hearing to receive public comments and approved a Resolution of No Objection for TX Ferguson 2022, Ltd., for 4% Non-Competitive Low Income Housing Tax Credits for Estates at Ferguson by Resolution No. 22-1717.

[The Housing and Homelessness Solutions Committee was briefed by memorandum regarding this matter on March 21, 2023. <https://cityofdallas.legistar.com/gateway.aspx?M=F&ID=1ab32b1a-4cb3-4a83-94ba-279c265784a7.pdf>](https://cityofdallas.legistar.com/gateway.aspx?M=F&ID=1ab32b1a-4cb3-4a83-94ba-279c265784a7.pdf)

On May 26, 2023, the City Council authorized \$8,583,487.00 in HOME Investment Partnership Funds (HOME) and Community Development Block Grant Disaster Recovery Funds (CDBG-DR) in a development loan agreement and security documents with TX Ferguson 2022, Ltd., or affiliate(s) thereof (Applicant) for the development of Estates at Ferguson, a 164-unit mixed-income affordable 2023 Non-Competitive 4% Housing Tax Credit (4% HTC) multifamily development for seniors.

FISCAL INFORMATION

| Fund | FY 2024 | FY 2025 | Future Years |
|---|-----------------------------|-------------------|-------------------|
| Mixed Income Housing Development Bonus Fund | \$7,584,165.54 | \$0.00 | \$0.00 |
| Housing Development Fund (2012 General Obligation Bond Housing Demand Driven Projects Fund Fund) | \$612,652,346.10 | \$0.00 | \$0.00 |
| 2012 General Obligation Bond Joppa Neighbor Project SD Fund | \$40,000.00 | \$0.00 | \$0.00 |
| Total | \$8,236,511.64 | \$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 |
|--|-----------------------------|--|
| \$29,464,538.00 \$25,413,945.00 | Construction | 32.00% |
| M/WBE Subcontracting % | M/WBE Overall % | M/WBE Overall Participation \$ |
| 32.00% | 32.00% | \$9,428,625.16 \$8,236,511.64 |
| • This contract meets the M/WBE goal. | | |
| • Generation Housing Partners, LLC - Local; Workforce - 66.66% Local | | |

DEVELOPER

Generation Housing Partners, LLC ([affiliate of TX Ferguson 2022, Ltd.](#))

Adrian Iglesias, President

MAP

Attached