



Legislation Text

File #: 24-386, Version: 1

STRATEGIC PRIORITY: Housing & Homelessness Solutions
AGENDA DATE: February 14, 2024
COUNCIL DISTRICT(S): 14
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize **(1)** the adoption of a Resolution of Support for Sycamore Strategies, LLC, and/or its affiliate(s) (Applicant), related to its application to the Texas Department of Housing and Community Affairs (TDHCA) for 9% Housing Tax Credits for the development West End Lofts to be located at 805 Elm Street, Dallas, Texas 75202 (Project); and **(a)** in accordance with 10 TAC § 11.3(d) (the “Administrative Code”), specifically allow the construction of the Project, as required by the Administrative Code, because the Project is within one linear mile or less of Cabana Design District Apartment Homes (a 9% housing tax credit development located at 899 North Stemmons Freeway), and is subject to the One Mile Three Year Rule; and **(2)** an agreement with the Applicant for a line of credit in the amount of \$500.00 for the proposed multifamily development - Not to exceed \$500.00 - Financing: General Fund

BACKGROUND

The Applicant submitted a pre-application to the Texas Department of Housing and Community Affairs (TDHCA) for 2024 9% Low Income Competitive Housing Tax Credits (9% HTC) for the development of West End Lofts, a ground-up development of a 160-unit mixed-income multifamily complex located near southeast corner of North Lamar and Elm Street at 805 Elm Street, Dallas, Texas 75202. The Applicant has executed a purchase contract with Antioch Church and/or assigns, the current property owner. The Applicant may transfer the purchase contract to an affiliate.

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.

- **1** point for a commitment of development funding by a local political subdivision in the form of a loan, grant, reduced fees, or contribution of value that equals \$500.00 or more for applications in urban subregions.

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 specializes in the development of mixed-income and affordable housing and is a Texas-certified Historically Underutilized Business (HUB). The Applicant has decades of experience working in the public and private sectors and has been involved in multiple affordable housing developments from land purchase through development and asset management. Sycamore Strategies, LLC is located in Dallas with 1,200 units under development across Texas, of which four developments totaling 647 units are located in Dallas. The Applicant will serve as a general partner in the ownership structure.

The Applicant proposes to develop 160 units, to include 48 studios, 64 one-bedroom, 42 two-bedroom, and six three-bedroom units. The Project will be a multi-building construction product. The units will include full electric kitchen appliances, nine-foot ceilings, porches or balconies with storage, decorative lighting, garden tubs and walk-in showers, full size washer and dryer connections, high-speed internet, and cable tv access, and other TDHCA-required features. The plans also include elevators in each building, community kitchen, full fitness studio, billiards room, movie theatre, business center, laundry facilities, barbeque stations, picnic areas, pavilion with seating and outdoor fans, and a resort style pool. Planned resident services will include social events, income tax preparation, food pantry services, annual health fair, weekly classes, notary services, recreational activities, and part-time resident services coordinator.

The proposed development is located within a High Opportunity census tract and the City Center Tax Increment Financing District and is only 1.4 miles from Baylor Scott & White Medical Center providing housing options to hospital employees. Additionally, the development will be located less than one mile from West End Dallas Area Rapid Transit Station, a licensed childcare center, Tom Thumb grocery store, J. Erik Jonsson Central Library, and CVS Pharmacy. Also, the development is just minutes from major expressways allowing easy access to all destinations and employment centers in the Dallas downtown area.

If awarded tax credits by TDHCA, Applicant will work with the Office of Integrated Public Safety Solutions throughout the planning and design process for security input, 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.

Total development costs are anticipated to be approximately \$91,763,464.00 which includes the acquisition price for the land. The hard cost construction budget is anticipated to be \$45,104,083.00 which is \$281,900.52 per unit. The total construction amount includes a 5.00% contingency.

Proposed Financing Sources	Amount
Permanent Loan	\$24,500,000.00
Housing Tax Credits Equity	\$26,025,565.00
TBD City Loan	\$36,377,259.00
Deferred Developer Fee	\$ 4,860,640.00
Total	\$91,763,464.00

Proposed Uses	Costs
Acquisition	\$25,301,400.00
Hard Construction Costs	\$45,104,083.00
Soft Costs & Financing Fees	\$10,064,080.00
Developer Fees	\$ 9,724,225.00
Reserves	\$ 1,569,676.00
Total	\$91,763,464.00

Upon completion of the development, 32 of the 160 units will be made available to households earning 0.00%-30.00% of area median income (AMI), seven of the 160 units will be made available to households earning between 51.00%-60.00% of AMI, 14 of the 160 units will be made available to households earning between 61.00%-70.00% AMI, 17 of the 160 units will be made available to households earning between 71.00%-80.00%, and 90 units will remain as non-income-restricted market-rate units.

On May 9, 2018, the City Council adopted the Comprehensive Housing Policy (CHP), as restated in the Dallas Housing Policy 2033 (DHP33) and Dallas Housing Resource Catalog (DHRC) 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, the City Council authorized an amendment to the CHP, as restated in the DHP33 and DHRC, to modify the evaluation criteria for developers requiring Resolutions of Support or No Objection for rental housing developments seeking HTC through TDHCA by Resolution No. 19-0884. The modified evaluation criteria include standard thresholds for both 4.00% 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 to 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 Grants, Home Investment Partnerships Program, or General Obligation Bond funding;
- The applicant intends to partner with the Dallas Housing Finance Corporation or Public Facility Corporation;
- 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 U.S. Department of Housing and Urban Development programs that may be created;
- The project is located in a census tract with a poverty rate below 20.00%;
- The project is located in a Redevelopment Reinvestment Strategy Area (RSA) or Stabilization RSA; or
- A 50-unit project dedicating 20.00% 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 Project is qualified to receive a staff recommendation for a resolution of support as it scored a total of 61 points and is a priority housing need development located in a census tract with a poverty rate below 20.00% (10.7%) and met the required application threshold including targeting mixed-income population, HUB certification, proximity of amenities to the development site, and resident services to be provided. The proposed site has a Market Value Analysis (MVA) market type “D” and is surrounded by market types ‘A’, ‘C’, and ‘F’. Market type D is 54.1% owner-occupied and the nearest multifamily development that is adjacent to the property is located in MVA market type A.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

[The Housing and Homelessness Solutions Committee was briefed by memorandum regarding this matter on January 22, 2024. <https://cityofdallas.legistar.com/LegislationDetail.aspx?ID=6486218&GUID=C3173753-9A3C-4651-8711-28AE9FC5B192&Options=&Search=>](https://cityofdallas.legistar.com/LegislationDetail.aspx?ID=6486218&GUID=C3173753-9A3C-4651-8711-28AE9FC5B192&Options=&Search=>)

FISCAL INFORMATION

Fund	FY 2024	FY 2025	Future Years
General Fund	\$500.00	\$0.00	\$0.00

MAP

Attached