



Legislation Text

File #: 24-393, Version: 1

STRATEGIC PRIORITY: Housing & Homelessness Solutions
AGENDA DATE: February 14, 2024
COUNCIL DISTRICT(S): 1
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize **(1)** the adoption of a Resolution of Support for O-SDA Industries, LLC 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 Olea at Oak Cliff (Project) located at 541 East Jefferson Boulevard, Dallas, Texas 75203; **(a)** accordance with 10 TAC § 11.3(d) (the “Administrative Code”), specifically allow the adaptive reuse of the Project, as required by the Administrative Code, because the Project is within one linear mile or less of Gateway Oak Cliff (a 9% housing tax credit development located at 400 South Beckley Avenue), and is subject to the One Mile Three Year Rule; **(b)** in accordance with 10 TAC § 11.3(e) and § 11.4(c)(1) (the “Administrative Code”) specifically allow the proposed adaptive reuse of the Project, as required by the Administrative Code, because the Project is located in a census tract that has more than 20% Housing Tax Credit Units per total households; 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 Olea at Oak Cliff, a historic adaptive reuse development of an 81-unit mixed-income senior housing complex located near the corner of South Marsalis Avenue and East Jefferson Boulevard. The Applicant has executed a purchase contract with 549 E Jefferson Blvd, LLC, 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

O-SDA Industries, LLC is a City of Austin MBE/WBE/Texas HUB certified real estate development firm with deep expertise in building affordable housing communities that meet the unique needs of each city and individual neighborhood they serve. Since 2011, O-SDA Industries, LLC has partnered with Saigebrook Development on 30 successful 9% Housing Tax Credit applications for projects across the state of Texas. O-SDA Industries, LLC is a mid-sized vertically integrated commercial real estate company headquartered in Austin, Texas and will serve as an owner/ developer in the ownership structure. O-SDA Industries, LLC specialize in affordable housing for families and seniors. Each property in their portfolio is unique, offering indoor and outdoor amenities that encourage compatibility, recreation, and connectivity to the community. Typical amenities include fully furnished leasing centers with community rooms, fitness centers, cyber lounges, barbeque grill stations and picnic tables, swimming pools, covered parking and local community-created art.

The Applicant proposes a historic adaptive reuse of the Oak Cliff United Methodist Church, involving a conversion of the existing structures into an affordable multifamily community comprised of 81 units, to include 40 studio-bedroom, 31 one-bedroom, and 10 two-bedroom units serving seniors. The units will include energy efficient appliances and lighting and other TDHCA-required features. Community amenities will include an on-site leasing center and community room with kitchen, fitness center, cyber lounge, and community-designed public art. Planned resident services will include income tax preparation, training classes, food pantry, annual health fair, weekly exercise classes, monthly arts and crafts classes, and social events. The development is located within the Southern Gateway Reinvestment Strategy Area and is less than one mile from the Dallas Methodist Medical Center which is an added amenity for the targeted senior resident population. Along with close access from the property to the Dallas Methodist Medical Center, the property will be located less than one mile from Bishop Arts District, Fiesta Market grocery store, and Lake Cliff Park. Additionally, the development is located less than one mile from the Jefferson at Marsalis Dallas Area Rapid Transit Station, Dallas Zoo, Fiesta Mart, Eloise Lundy Recreation Center, CVS Pharmacy, 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 \$23,895,550.00 which includes the acquisition price for the land. The hard cost construction budget is anticipated to be \$10,130,120.00 which is \$125,063.21 per unit. The total construction amount includes a 10.00% contingency.

Proposed Financing Sources	Amount
Mortgage Loan	\$ 2,100,000.00
Housing Tax Credits Equity	\$18,742,497.00
TBD City Loan	\$ 2,500,000.00
Deferred Developer Fee	\$ 553,053.00
Total	\$23,895,550.00

Proposed Uses	Costs
Acquisition	\$ 4,775,000.00
Hard Construction Costs	\$10,130,120.00
Soft Costs & Financing Fees	\$ 6,343,849.00
Developer Fees	\$ 2,294,364.00
Reserves	\$ 352,217.00
Total	\$23,895,550.00

Upon completion of the development, 14 of the 81 units will be made available to households earning 0.00%-30.00% of area median income (AMI), 33 of the 81 units will be made available to households earning between 31.00%-50.00% of AMI, 21 of the 81 units will be made available to households earning between 51.00%-60.00% of AMI, and 13 of the 81 units will be made available to households earning between 61.00%-80.00% of AMI.

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 development 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 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 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 43 points and is a priority housing need development located in a census tract with a poverty rate below 20.00% (15.8%) and is located within a redevelopment reinvestment strategy Area, the Southern Gateway Emerging Market Reinvestment Strategy Area and met the required application thresholds including 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 is 'F' which is 13.00% owner-occupied housing. The nearest senior housing development is adjacent to the property and has an MVA market type of 'F' as well.

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/View.ashx?M=F&ID=12607506&GUID=C9B059AF-0A94-4240-98E6-1E78D913EB30>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=12607506&GUID=C9B059AF-0A94-4240-98E6-1E78D913EB30)

FISCAL INFORMATION

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

MAP

Attached