



Legislation Text

File #: 24-395, Version: 1

STRATEGIC PRIORITY: Housing & Homelessness Solutions
AGENDA DATE: February 14, 2024
COUNCIL DISTRICT(S): 3
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize **(1)** the adoption of a Resolution of Support for Palladium USA International, Inc. and/or its affiliate(s) [or RIVA Switzerland, Inc. and/or its affiliate\(s\)](#) (Applicant), related to its application to the Texas Department of Housing and Community Affairs (TDHCA) for 2024 9% Low Income Housing Tax Credits for the development of 3606 S. Cockrell Hill Road Senior Living located at 3606 S. Cockrell Hill Road, Dallas, TX 75236; 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 3606 S. Cockrell Hill Road Senior Living, a ground-up development of a 120-unit mixed-income multifamily complex restricted to seniors ages 62 and older located at 3606 S. Cockrell Hill Road ([the "Project"](#)). Palladium USA International, Inc. [or RIVA Switzerland, Inc. and/or its affiliate\(s\)](#) has executed a purchase contract with Cliftwood Church of Christ, 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 throughout Europe and in the United States. The Applicant has decades of experience in premiere real estate development, including design and build, construction, property management, and ownership of high-quality apartment home communities with resident services, and on-site staff servicing customer relations, collections, and activities. The Applicant will act as the Guarantor, 3603 S. Cockrell Hill Rd., Ltd., a to-be-formed Texas limited partnership will act as the Owner/Borrower, 3606 S. Cockrell Hill Rd. GP, LLC, a to-be-formed Texas limited liability company will act as the General Partner, and 3606 S. Cockrell Hill Rd., Development, LLC, a to-be-formed Texas limited liability company will act as the Developer. The Applicant partnered with the Dallas Housing Finance Corporation and the City of Dallas in 2018 to construct Palladium Redbird, a 300-unit Class A multifamily development, on a 6.5 acre site located in Southeast Dallas Redbird Mall redevelopment area financed with 4% housing tax credits, gap financing provided through the City's Notice of Funding Availability along with private debt and equity.

The Applicant proposes to develop a high quality, Class A, multifamily residential community for seniors aged 62 and older comprised of 120 units, to include 68 one-bedroom and 52 two-bedroom units. The Project will be a four-story wrap construction product with interior corridors and two elevators. The units will include energy efficient appliances and lighting and other TDHCA-required features. The plans also include a resort-style pool with gazebo, pickle ball courts, community garden, dog park, cabana with grill, walking trails, and a clubhouse with community room, market pantry, movie theatre, business center, high speed Wi-Fi, and state of the art fitness center. Unit amenities include open concept design, nine-foot ceilings, wood-style flooring, natural stone, or quartz countertops, undermounted sinks, upgraded cabinetry, designer fixtures, covered patio or balcony with storage, energy efficiency appliances and light-emitting diode lighting. Planned resident services include income tax preparation, reporting rent payments to credit bureaus, food pantry, annual health fair, weekly exercise classes, courtesy officer program providing one free unit to law enforcement, notary, and monthly arts/crafts and preventive maintenance classes.

Additionally, resident service programs will be geared to those seniors with grandchildren. The development is less than one mile from the Dallas Area Rapid Transit bus stop, Doris Berry Park, full scale grocery store, and licensed daycare center, Also, the development is less than three miles from the Hampton-Illinois Branch Library and Kiest Park Medical Clinic. The Project is approximately 13 minutes from a major employment center, the Pepsi Technology Process Center.

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 \$32,305,881.00, which includes the acquisition price for the land. The hard cost construction budget is anticipated to be \$20,382,713.00, which is \$169,855.94 per unit. The total construction amount includes a 4.20% contingency.

Proposed Financing Sources	Amount
Permanent Loan	\$ 12,935,300.00
Housing Tax Credits Equity	\$ 18,198,180.00
TBD City Loan	\$ 500.00
General Partner Equity	\$ 100.00
Deferred Developer Fee	\$ 1,171,801.00
Total	\$ 32,305,881.00

Proposed Uses	Costs
Acquisition	\$ 2,934,000.00
Hard Construction Costs	\$ 20,382,713.00
Soft Costs & Financing Fees	\$ 4,190,365.00
Developer Fees	\$ 3,492,467.00
Reserves	\$ 1,306,336.00
Total	\$ 32,305,881.00

Upon completion of the development, nine of the 120 units will be made available to households earning 0.00%-30.00% of area median income (AMI), 36 of the 120 units will be made available to households earning between 31.00%-50.00% of AMI, 35 of the 120 units will be made available to households earning between 51.00%-60.00% of AMI, and six of the 120 units will be made available to households earning 61.00-7000% AMI, and 2 of the 120 units will be made available to households earning 71.00%-80.00% AMI and 32 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 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; and
- 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 55 points and meets the required application thresholds. The proposed site has a Market Value Analysis market type "F" which is 13.00% owner-occupied housing and is located in a Neighborhood Plus Area known as Kiest Cliff Target Area.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

[The Housing and Homelessness Solutions was briefed by memorandum regarding this matter on January 22, 2024. <https://cityofdallas.legistar.com/View.ashx?M=F&ID=12607507&GUID=977520C4-A205-4575-8F72-37235C94F130>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=12607507&GUID=977520C4-A205-4575-8F72-37235C94F130)

FISCAL INFORMATION

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

MAP

Attached