



Legislation Text

File #: 21-120, Version: 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: February 24, 2021
COUNCIL DISTRICT(S): 2
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize **(1)** the adoption of a Resolution of Support for Saigebrook Development, LLC and/or O-SDA Industries, LLC, or its affiliate (Applicant), related to its application to the Texas Department of Housing and Community Affairs for 9% Low Income Housing Tax Credits for the development Kiva East; 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

Saigebrook Development, LLC and/or O-SDA Industries, LLC , or its affiliates (Applicant) submitted a pre-application to the Texas Department of Housing and Community Affairs (TDHCA) for 2021 9% Competitive Housing Tax Credits (9% HTC) for the development of Kiva East, a ground-up development of an 87-unit mixed-income multifamily complex located at 4724 and 4806 East Side Ave, Dallas, TX . Saigebrook Development, LLC (Saigebrook), an affiliate of O-SDA Industries, LLC, has executed a purchase contract with Willow Partners, LP, the current property owner. Saigebrook 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.

- **7** points if the development is located in an area with a Concerted Revitalization Plan (CRP) such as a Tax Increment Finance (TIF) district or Land Use Plan and receives 1) a letter from a local official documenting measurable improvements within the area and 2) a resolution by the municipality that affirms the development contributes more than any other development to the concerted revitalization efforts

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

Saigebrook Development creates affordable housing developments that serve the local workforce while also providing options for market rate rental units within each community. Established in 1996, the Women-owned Business Enterprise (WBE) and Historically Underutilized Business (HUB) certified real estate development consulting firm has built more than 5,000 affordable housing units across the southeastern United States.

O-SDA Industries, LLC, an affiliate of the Applicant, is a Minority-owned Business Enterprise (MBE)/WBE/Texas HUB certified real estate development firm with expertise in building affordable housing communities that meet the needs of each city and neighborhood they serve. Since 2011, O-SDA has partnered with Saigebrook Development on 27 successful 9% HTC applications for projects across the state of Texas.

The Applicant proposes to develop 87 units, to include 18 one-bedroom, 48 two-bedroom, and 21 three-bedroom units. The units will include energy efficient appliances and lighting and other TDHCA -required features. Plans will add a community room, a cyber lounge, outdoor seating area and barbecue stations, a community kitchen, bicycle parking, and a fitness room for residents. The design also features targeted resident services including classes, social events, children's activities, and tutoring. The site also features direct access to the Santa Fe Trail, a 12 foot wide and 4.3 mile-long trail path that connects Deep Ellum to White Rock Lake. The developer plans to activate the southern portion of the trail and bring visual interest that matches the northern portion. Along with direct access from the property to the trail, there will be decorative screening to hide the parking, public art, and a butterfly garden.

Total development costs are anticipated to be approximately \$21,587,420.00 which includes the acquisition price for the land. The hard cost construction budget is anticipated to be \$11,236,670.00 which is \$130,659.00 per unit. The total construction amount includes a 7.0% contingency.

Proposed Financing Sources	Amount
Permanent Loan	\$ 5,200,000.00
TIF	\$ 2,500,000.00
Housing Tax Credits Equity	\$13,498,650.00
Deferred Developer Fee	\$ 388,770.00
Total	\$21,587,420.00

Proposed Uses	Costs
Acquisition	\$ 3,270,120.00
Hard Construction Costs	\$11,236,670.00
Soft Costs & Financing Fees	\$ 4,352,321.00
Developer Fees	\$ 2,199,871.00
Reserves	\$ 528,438.00
Total	\$21,587,420.00

Upon completion of the development, seven of the 87 units will be made available to households earning 0%-30% of Area Median Income (AMI), 28 of the 87 units will be made available to households earning between 31%-50% of AMI, and 34 of the 87 units will be made available to households earning between 51%-60% of AMI. 17 Units will remain as non income-restricted market-rate units.

The Dallas City Council on May 9, 2018, adopted the Comprehensive Housing Policy (CHP), 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, City Council authorized an amendment to the CHP 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% 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%;
- The project located in a Redevelopment Reinvestment Strategy Area (RSA) or Stabilization RSA; and
- A 50-unit project dedicating 20% 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.

Kiva East is qualified to receive a staff recommendation for a resolution of support as it has scored greater than 50 points (54) and met the required application thresholds. The proposed site has insufficient data to provide a Market Value Analysis market type, but is surrounded by B, C and E market types.

Kiva East is located in the The 360 Plan area, adopted by City Council on April 13, 2011, by Resolution No. 11-0996, as amended, and is qualified to receive additional CRP points from TDHCA. Staff also recommend that the City Councils affirms within the Resolution of Support that the development contributes significantly more than any other to the concerted revitalization efforts of the area.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Housing and Homelessness Solutions Committee will be briefed regarding this matter on February 22, 2021.

FISCAL INFORMATION

Fund	FY 2021	FY 2022	Future Years
General Fund	\$500.00	\$0.00	\$0.00