



Legislation Details (With Text)

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On agenda:	2/24/2021			Final action:	
Title:	Authorize (1) the adoption of a Resolution of Support for Versa Development, 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 of Solara Apartments; 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 Funds				
Sponsors:					
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Date	Ver.	Action By	Action	Result
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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 Versa Development, 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 of Solara Apartments; 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 Funds

BACKGROUND

Versa Development, 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 Solara Apartments, a ground-up development of a 60-unit mixed-income multifamily complex located at 215-309 North Carroll Avenue, Dallas, TX 75246.

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.

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, a to be formed Texas limited partnership, is proposing to develop Solara Apartments. The Applicant proposes the limited partnership include Versa Development Company or its affiliate as 100% owner of the Special Limited Partner as managing partner of the project. Additionally, a limited partner will be admitted to the partnership once a tax credit investor is identified.

The Applicant proposes to develop 60 units. The 60 units will be comprised of 10 one-bedrooms, 30 two-bedrooms, and 20 three-bedrooms. The interior will include nine-foot ceilings and granite countertops. Planned amenities feature a swimming pool, fitness center, business center, and controlled access gates.

Total development costs are anticipated to be approximately \$19,252,063.00 which includes the acquisition price for the land. The hard cost construction budget is anticipated to be \$13,032,503.00 which is \$217,208.00 per unit. The total construction amount includes a 12% contingency.

Proposed Financing Sources	Amount
Permanent Loan	\$ 4,500,000.00
Housing Tax Credits Equity	\$13,948,000.00
Deferred Developer Fee	\$ 804,063.00
Total	\$19,252,063.00

Proposed Uses	Cost
Acquisition	\$ 1,500,000.00
Hard Construction Costs	\$13,032,503.00
Soft Costs & Financing Fees	\$ 1,851,697.00
Developer Fees	\$ 2,176,763.00
Reserves	\$ 691,100.00

Total	\$19,252,063.00
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After the development is complete, 5 of the 60 units will be made available to households earning 0%-30% of Area Median Income (AMI), 20 of the 60 units will be made available to households earning between 31%-50% of AMI, and 23 of the 60 units will be made available to households earning between 51%-60% of AMI. The remaining units will be at market rate.

On May 9, 2018, City Council 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 Housing Tax Credits 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 Housing Tax Credits 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 grants, or General Obligation Bond funding;
- The applicant intends to partner with the DHFC 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 HUB, its proximity of amenities to the development site, and resident services to be provided.

Solara Apartments is qualified to receive a staff recommendation for a resolution of support as it is a priority housing need development located in a census tract with a poverty rate less than 20% (Census Tract 48113009900) 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, D, and E market types.

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