



Legislation Details (With Text)

File #: 21-124 **Version:** 1 **Name:**
Type: CONSENT AGENDA **Status:** Approved
File created: 1/20/2021 **In control:** Department of Housing & Neighborhood Revitalization
On agenda: 2/24/2021 **Final action:**
Title: Authorize (1) the adoption of a Resolution of Support for NuRock Acquisitions, 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 Residences at Butler; 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

Sponsors:

Indexes: 2

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Attachments: 1. Resolution

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 NuRock Acquisitions, 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 Residences at Butler; 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

NuRock Acquisitions, 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 Residences at Butler, a ground-up development of a 100-unit mixed-income multifamily complex located at 2411 Butler Street, Dallas, Texas 75235. Applicant has executed a purchase contract with Enanu Ejigu and Hailu Ejigu, the current property owner. NuRock Acquisitions, LLC 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 of area.

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 Texas limited liability company, is proposing to develop Residences at Butler. The Applicant proposes to include NuRock Acquisitions, LLC, or its affiliates 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 proposed property manager is Lakewood Property Management, LLC, a United States subsidiary of the Applicant. Applicant and its affiliates have been developing, building, and managing quality multifamily and senior rental communities throughout Texas since 1995. NuRock Acquisitions, LLC and its affiliates have expertise in market rate, workforce housing, 9% HTC, and senior independent living.

The Applicant proposes to develop 100 units. The 100 units will be comprised of 60 one-bedrooms and 40 two-bedrooms units. The interior will include nine-foot ceilings and granite countertops. Planned amenities feature a swimming pool, fitness center, business center, and outdoor recreation space.

Total development costs are anticipated to be approximately \$22,129,063.00 which includes the acquisition price for the land. The hard cost construction budget is anticipated to be \$13,544,477.00 which is \$135,444.77 per unit. The total construction amount includes a 5.7% contingency.

Proposed Financing Sources	Amount
Permanent Loan	\$ 7,222,910.00
Housing Tax Credits Equity	\$13,544,477.00
Dallas TIRZ	\$ 1,000,000.00

Deferred Developer Fee	\$ 361,676.00
Total	\$22,129,063.00

Proposed Uses	Costs
Acquisition	\$ 2,382,600.00
Hard Construction Costs	\$13,404,056.00
Soft Costs & Financing Fees	\$ 3,882,511.00
Developer Fees	\$ 2,459,896.00
Total	\$22,129,063.00

After the development is complete, 24 of the 100 units will be made available to households earning 0%-30% of Area Median Income (AMI), 16 of the 100 units will be made available to households earning between 31%-50% of AMI, and 40 of the 100 units will be made available to households earning between 61%-80% of AMI. The remaining 20 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 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 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 Program, 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 historically underutilized business, its proximity of amenities to the development site, and resident services to be provided.

Residences at Butler is qualified to receive a staff recommendation for a resolution of support as it met the required application thresholds. The proposed site is in Market Value Analysis market type E.

Residences at Butler is located in the Southwestern Medical TIF District, adopted by City Council on April 27, 2005, by Ordinance No. 25965, as amended, and is qualified to receive additional CRP points from TDHCA. Staff also recommend Council affirms within the Resolution of Support that the development contributes most significantly 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