



Legislation Details (With Text)

File #:	21-126	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 Brompton Community Housing Development Corporation 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 Skyline at Cedar Crest 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 Fund				
Sponsors:					
Indexes:	4				
Code sections:					
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):	4
DEPARTMENT:	Department of Housing & Neighborhood Revitalization
EXECUTIVE:	Dr. Eric A. Johnson

SUBJECT

Authorize **(1)** the adoption of a Resolution of Support for Brompton Community Housing Development Corporation 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 Skyline at Cedar Crest 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 Fund

BACKGROUND

Brompton Community Housing Development Corporation 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 Skyline at Cedar Crest Apartments, a ground-up development of a 109-unit mixed-income multifamily complex located at 2720 East Kiest Boulevard, Dallas, TX 75216.

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 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 to be formed Texas limited partnership, is proposing to develop Skyline at Cedar Crest Apartments. The Applicant proposes the limited partnership include CSH Skyline at Cedar Crest, Ltd., a to be formed limited liability company with Brompton Community Housing Development Corporation 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 109 units. The 109 units will be comprised of 38 one-bedrooms, 55 two-bedrooms, and 16 three-bedrooms. The interior will include nine-foot ceilings, energy efficient appliances, washer and dryer hookups, granite countertops and other amenities. Planned amenities feature a swimming pool, fitness center, business center, and multifunctional learning center.

Total development costs are anticipated to be approximately \$22,587,127.00 which includes the acquisition price for the land. The hard cost construction budget is anticipated to be \$15,208,244.00 which is \$139,525.00 per unit. The total construction amount includes a 5.00% contingency.

Proposed Financing Sources	Amount
Permanent Loan	\$15,988,865.00
Housing Tax Credits Equity	\$ 2,759,448.00
Deferred Developer Fee	\$ 2,535,000.00
City of Dallas	\$ 500.00
Funding after Construction period	\$ 1,303,314.00
Total	\$22,587,127.00

Proposed Uses	Cost
Acquisition	\$ 1,251,000.00
Hard Construction Costs	\$15,208,244.00
Soft Costs & Financing Fees	\$ 2,699,825.00
Developer Fees	\$ 2,535,000.00
Reserves	\$ 893,058.00
Total	\$22,587,127.00

After the development is complete, nine of the 109 units will be made available to households earning 0%-30% of Area Median Income (AMI), 35 of the 109 units will be made available to households earning between 51%-60% of AMI and 43 of the 109 units will be made available to households earning between 61%-80% of AMI. The remaining 22 units, or 20% of the total 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 Investments Partnership Grants, or General Obligation Bond funding;
- The applicant intends to partner with the Dallas Housing Financing 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 (HUB), its proximity of amenities to the development site, and resident services to be provided.

As provided for in 10 TAC §11.101(a)(3) of the Texas Department of Housing and Community Affairs' Qualified Allocation Plan (QAP), the City must also specifically acknowledge that the property is located in a census tract with a poverty rate above 40% and approve the development. TDHCA's 2021 demographics report uses data from the 2018 American Community Survey (ACS) which lists the development site's census tract (48113008602) as having a poverty rate over 40% thus requiring City of Dallas acknowledgment. The 2019 ACS data shows that the census tract now has a poverty rate of 25.41%; however, the 40% acknowledgement is still required based on the QAP.

Skyline at Cedar Crest Apartments is qualified to receive a staff recommendation for a resolution of support as it scored over the required 50 points outlined in the CHP LIHTC Policy scoring rubric. In fact, it achieved a score of 76 which is the maximum allowable points. The development located in a census tract with a current poverty rate of 25.4% which has steadily decreased from 52.2% in 2015 (Census Tract 48113008602) and met the required application thresholds. The proposed site has insufficient data to provide a Market Value Analysis market type but is surrounded by G and H market types.

Skyline at Cedar Crest is located in the Cedar Crest Sub-district of the TOD Tax Increment Financing District, authorized by City Council on December 10, 2008 by Ordinance No. 27432, 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