



Legislation Details (With Text)

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File created: 3/30/2023 **In control:** Department of Housing & Neighborhood Revitalization

On agenda: 5/24/2023 **Final action:**

Title: Authorize (1) the City Manager to negotiate and execute a development loan agreement and security documents covering a loan with TX Ferguson 2022, Ltd., or affiliate(s) thereof (Applicant) in an amount not to exceed \$4,618,487.00 in HOME Investment Partnerships Program Funds, conditioned upon Applicant, or the entity named by the award, receiving 2023 4% Housing Tax Credit award or other funding source subject to approval of the City for the development of a mixed-income affordable multi-family senior living community known as Estates at Ferguson, located at 9220 Ferguson Road, Dallas, Texas 75228 (Property); (2) the City Manager to negotiate and execute a development loan agreement and security documents with the Dallas Housing Finance Corporation (DHFC), or an affiliate(s) thereof in an amount not to exceed \$3,965,000.00 in Community Development Block Grant Disaster Recovery (CDBG-DR) Funds to purchase and own the Property; and (3) approve the DHFC as long-term ground lessor of the property to enter into a long-term ground lease with Applicant and/or its affiliate(s), for the development of the Property pursuant to 24 CFR 570.201(a) and (b), subject to compliance with all funding source requirements - Not to exceed \$8,583,487.00 - Financing: HOME Investment Partnerships Funds (\$4,618,487.00) and Community Development Block Grant Disaster Recovery Funds (\$3,965,000.00)

Sponsors:

Indexes: 7

Code sections:

Attachments: 1. Map, 2. Resolution

Date	Ver.	Action By	Action	Result
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STRATEGIC PRIORITY: Housing & Homelessness Solutions

AGENDA DATE: May 24, 2023

COUNCIL DISTRICT(S): 7

DEPARTMENT: Department of Housing & Neighborhood Revitalization

EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize (1) [the City Manager to negotiate and execute](#) a development loan agreement and security documents [covering a loan](#) with TX Ferguson 2022, Ltd., or affiliate(s) thereof (Applicant) in an amount not to exceed \$4,618,487.00 in HOME Investment Partnerships Program Funds, conditioned upon Applicant, [or the entity named by the award](#), receiving 2023 4% Housing Tax Credit award [or other funding source subject to approval of the City](#) for the development of a mixed-income affordable multi-family senior living community known as Estates at Ferguson, located at 9220

Ferguson Road, Dallas, Texas 75228 (Property); **(2)** [the City Manager to negotiate and execute](#) a development loan agreement and security documents with the Dallas Housing Finance Corporation (DHFC), or [an](#) affiliate(s) thereof in an amount not to exceed \$3,965,000.00 in Community Development Block Grant Disaster Recovery (CDBG-DR) Funds to purchase and own the Property; and **(3)** [approve](#) the DHFC [as long-term ground lessor of the property](#) to enter into a long-term ground lease with Applicant and/or its affiliate(s), for the development of the Property pursuant to 24 CFR 570.201(a) and (b), [subject to compliance with all funding source requirements](#) - Not to exceed \$8,583,487.00 - Financing: HOME Investment Partnerships Funds (\$4,618,487.00) and Community Development Block Grant Disaster Recovery Funds (\$3,965,000.00)

BACKGROUND

The Applicant submitted a proposal under the City's Notice of Funding Availability (NOFA), issued on August 7, 2020, as amended, to receive gap financing in the form of a cashflow loan to support acquisition and development of affordable housing units located within the City limits. The NOFA was issued by the Department of Housing & Neighborhood Revitalization (Housing) in accordance with the City's Comprehensive Housing Policy (CHP) as restated in the Dallas Housing Resource Catalog.

Housing administers programs to appropriately incentivize private investment for the development of quality, sustainable housing that is affordable to the residents of the City. Specifically, Housing administers the New Construction and Substantial Rehabilitation Program which, when necessary, seeks to provide financial assistance to new developments or to substantially rehabilitate existing developments. All projects seeking financial assistance are required to submit a Notice of Intent to apply for financial assistance through NOFA to develop affordable homeownership and rental housing. As outlined in the NOFA, multiple sources of funding are available; however, proposed projects must meet specific thresholds to qualify for the use of a specific funding source. At minimum, each proposed project must be composed of at least five affordable units and must achieve a fundable score as outlined in the NOFA solicitation. The proposed Estates at Ferguson project received a fundable score of 105 out of 143 points.

In addition to NOFA funding, the Applicant, [or an affiliate thereof](#), plans to utilize 2023 4% Non-Competitive Housing Tax Credits (4% Housing Tax Credits) from the Texas Department of Housing and Community Affairs (TDHCA) to acquire and **construct** the [develop](#) property. The City Council approved a Resolution of No Objection on November 9, 2022, by Resolution No. 22-1717. On September 13, 2022, the DHFC Board of Directors adopted a resolution declaring its intent to issue bonds for the Property and authorized the filing of an application for allocation of private activity bonds with the Texas Bond Review Board. The requested NOFA funds, if approved, will cover the gap created by recent market conditions, increased construction costs, and stabilize the viability and economics of the development.

Generation Housing Partners, LLC, (GHP) Texas-based developer, owner, and asset manager of Class A multi-family assets throughout the southwest. As a long term owner, GHP has been involved in the development, construction, and management of over 4,000 units with a capitalization value of approximately \$385,000,000.00. The units include multi-story apartment properties for families, seniors, senior cottages, rehabilitation, and adaptive reuse developments. GHP has partnered with the DHFC in two other developments (Estates at Shiloh and Westmoreland Station). GHP [intends to will](#) use Asset Living Property Management to manage the development once completed. Asset Living Property Management has been in the residential property business for 36 years and has

developed approximately 20,000 units and currently manages over 24,000 units.

The Property will be owned by the limited partnership entity, TX Ferguson 2022, Ltd. The General Partner, TX Ferguson 2022 GP, LLC will be owned by DHFC. Also included in the structure will be the Special Limited Partner, TX Ferguson 2022 SLP. This entity will consist of Generation Housing Partners, LLC, with a 50% ownership stake, and Hill Tide Development, LLC, with a 50% ownership stake. The tax credit investor is yet to be determined; however, it is anticipated that this limited partner will have a 99% ownership share of TX Ferguson 2022, Ltd. Guarantees will be provided through a partial guarantee from Generation Housing Partners, LLC, and full guarantees by Hill Tide Partners, LLC and Monarch Private Investments, LLC.

The DHFC or its affiliate(s) will acquire the site at 9220 Ferguson Road, Dallas, Texas 75228 and subsequently enter into a 99-year ground lease with **Developer TX Ferguson 2022, Ltd. using CDBG-DR City loan funds will be used to acquire the Property and develop for** the 164-unit, Class "A", active senior-living development for residents aged 55 and over. The development will serve senior households earning at or below of 50% Area Median Income (AMI) and 60% AMI and will consist of one-bedroom and two-bedroom units on approximately 5.7 acres in northeast Dallas. The 164 units are comprised of 99 one-bedroom, and 65 two-bedroom units and there will be no market rate units. The development will be new construction of a single three-story, elevator-served building with interior corridors and easy access to community amenities. The development will have lush landscaping, resort-style Americans with Disabilities Act compliant swimming pool, lighted sidewalks, a dog park, and a community garden.

The **Property development** will be designed as an Aging-In-Place community. Units will be designed to accommodate persons with disabilities and common areas will have easy access to elevators. Transportation will be available via the on-site bus stop or community van. Units will be designed as accessible or adaptable and will incorporate an "open concept design". Unit amenities will include granite countertops, Energy Star Appliances, dishwasher, ceiling fans, laundry connections, high-efficiency heating, ventilation, and air conditioning, faux wood flooring, open concept design, Low-e windows, covered entries, nine-foot ceilings, microwave ovens, and additional storage. Additional common amenities will include barbecue grills, community event center, theater room, business center, salon, a furnished fitness center, and leasing office will include fulltime staff and on-site maintenance.

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.

The Applicant proposes to provide an array of on-site resident services to include health and wellness classes, weekly fitness classes, community events and game nights, social gatherings, notary services, dining events and potluck gatherings. Also, residents will have free access to a computer learning center, art and fitness rooms, library rooms, and community lounge areas.

The proposed development provides direct access to Dallas Area Rapid Transit bus stop located directly in front of the site. Residents will benefit from inexpensive, accessible, and dependable transportation, year-round. Ferguson Park is a half mile away from the proposed development and Linda Commercial Center, which has a grocery store, a hardware store, shopping, and restaurants less than two miles away from the development. The development site is located just north of a

greenbelt/floodway, but outside of the Federal Emergency Management Agency floodplain. The City of Dallas Bikeway System map identifies Ferguson Road as an “on-street” bike roadway. The proposed development is also in a High Opportunity Area. According to the Market Value Analysis (MVA) Map, the proposed development is surrounded by neighborhoods with a MVA ranking of “D”. These neighborhoods are approximately 69% owner-occupied and are encountering the effects of sales increases and effects of gentrification and the ability to provide affordable housing to area residents.

The unit mix and rents are [anticipated to be](#) as follows:

Unit Type	AMI	Units	Rents
1BR/1BA	50.00%	8	\$ 913.00
1BR/1BA	60.00%	91	\$1,096.00
2BR/2BA	50.00%	8	\$1,096.00
2BR/2BA	60.00%	57	\$1,315.00

Total development costs are anticipated to be approximately \$41,494,397.00 which includes the acquisition price for the land. The construction budget is anticipated to be approximately \$24,092,191.00 which is \$146,903.60 per unit.

The anticipated sources and uses are as follows:

Proposed Financing Sources	Amount
Construction Loan Financing	\$ 16,224,668.00
Tax Credit Equity	\$ 15,231,895.00
City of Dallas CDBG-DR Loan	\$ 3,965,000.00
City of Dallas HOME Loan	\$ 4,618,487.00
Good Faith Deposit Return	\$ 150,000.00
Deferred Development Fee	\$ 1,304,347.00
Total	\$ 41,494,397.00

Proposed Uses	Costs
Land Acquisition	\$ 3,965,000.00
Total Const. Costs	\$ 29,464,538.00
Financing Fees, Soft Costs	\$ 2,737,880.00
Reserves	\$ 986,979.00
Developer Fee	\$ 4,340,000.00
Total	\$ 41,494,397.00

In late April 2022, the U.S. Department of Housing and Urban Development (HUD) announced that approximately \$24.4 million of Community Development Block Grant Disaster Recovery funding has been allocated to the City of Dallas under the second tranche of funds released from the Disaster Relief and Supplemental Appropriations Act of 2022. This funding was allocated to the City as a

result of the winter and ice storm that occurred in February 2021.

The CDBG-DR Funds must only be spent for necessary activities related to disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation in the “most impacted and distressed (MID)” areas of qualifying disasters. The entire City of Dallas is included in the MID. New construction of affordable housing is an eligible activity under HUD’s CDBG -DR policy as it clearly addresses a direct or indirect impact of the February 2021 winter and ice storm that resulted in damaged or destroyed available affordable housing stock in Dallas, TX.

After the development is complete, as required by the Applicant’s application to TDHCA for [housing tax credit Housing Tax Credit](#) and the CHP [as restated in the Dallas Housing Resource Catalog](#), 16 of the 164 units will be made available to households earning 0.00%-50.00% AMI and 148 of 164 units will be made available to households earning at or below 51.00%-60.00% of AMI meeting CDBG requirements for 51 percent (148) of total units reserved for household earning at or below 80.00% AMI. Of the 164 affordable units, the Applicant must provide 26 HOME-assisted units consisting of 20 High HOME and six Low HOME units as required by the HOME funding. All HOME-assisted and CDBG-DR assisted units will remain affordable for a minimum of 20 years. There will be no market rate units.

The Development has been found to affirmatively further fair housing by the Office of Equity and Inclusion Fair Housing Division. Staff recommend approval of this item as it furthers the mixed-income housing goals of the CHP as restated in the Dallas Housing Resource Catalog, meets the threshold requirements of the NOFA, and the financial gap has been confirmed by third-party underwriting.

ESTIMATED SCHEDULE OF PROJECT

Begin Construction	October 2023
Complete Construction	February 2025

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On August 9, 2017, following a public hearing, the City Council approved the final adoption of the FY2017-18 HUD Consolidated Plan Budget for the U.S. Department of Housing and Urban Development (HUD) Grant Funds which included HOME Investment Partnerships (HOME) Housing Development Loan Program Funds by Resolution No. 17-1171.

On June 22, 2022, the City Council authorized final adoption of the FY 2022-23 Consolidated Plan Budget for U.S. Department of Housing and Urban Development Grant Funds which included HOME Investment Partnerships (HOME) Housing Development Loan Program Funds by Resolution No. 22-1024.

On September 13, 2022, the DHFC Board of Directors adopted a resolution authorizing a preliminary inducement declaring its intent to issue bonds for the Property and authorized the filing of an application for allocation of private activity bonds with the Texas Bond Review Board.

On November 9, 2022, the City Council held a public hearing to receive public comments and approved a Resolution of No Objection for TX Ferguson 2022, Ltd., for 4% Non-Competitive Low Income Housing Tax Credits for Estates at Ferguson by Resolution No. 22-1717.

On December 14, 2022, the City Council held a public hearing to receive public comments and approved the final adoption of the 2022 Community Development Block Grant Disaster Recovery (CDBG-DR) Budget and draft Action Plan to accept CDBG-DR funds from the U.S. Department of Housing and Urban Development which included New Construction - Multi-Unit funds by Resolution No. 22-1836.

[The Housing and Homelessness Solutions Committee was briefed by memorandum regarding this matter on March 21, 2023. <https://cityofdallas.legistar.com/gateway.aspx?M=F&ID=1ab32b1a-4cb3-4a83-94ba-279c265784a7.pdf>](https://cityofdallas.legistar.com/gateway.aspx?M=F&ID=1ab32b1a-4cb3-4a83-94ba-279c265784a7.pdf)

FISCAL INFORMATION

Fund	FY 2023	FY 2024	Future Years
Community Development Block Grant Disaster Recovery Fund	\$3,965,000.00		
HOME Investment Partnerships Program Fund	\$4,618,487.00	\$0.00	\$0.00
Total	\$8,583,487.00	\$0.00	\$0.00

M/WBE INFORMATION

In accordance with the City’s Business Inclusion and Development Policy adopted on September 23, 2020, by Resolution No. 20-1430, as amended, the M/WBE participation on this contract is as follows:

Contract Amount	Procurement Category	M/WBE Goal
\$29,464,538.00	Construction	32.00%
M/WBE Subcontracting %	M/WBE Overall %	M/WBE Overall Participation \$
32.00%	32.00%	\$9,428,625.16
• This contract meets the M/WBE goal.		
• Generation Housing Partners, LLC. - Local; Workforce - 66.66% Local		

DEVELOPER

Generation Housing Partners, LLC

Adrian Iglesias, President

MAP

Attached