



Legislation Text

File #: 20-225, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: February 12, 2020
COUNCIL DISTRICT(S): 3
DEPARTMENT: Office of Economic Development
EXECUTIVE: Michael Mendoza

SUBJECT

Authorize **(1)** the adoption of a Resolution of Support for Dallas Sorcey Road, Ltd., an affiliate of Palladium USA International, Inc. (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 the Dallas Sorcey Road Apartments; and **(2)** an agreement with the Applicant for a line of credit in an amount not to exceed \$500.00 for the proposed multifamily development - Not to exceed \$500.00 - Financing: Public/Private Partnership Fund

BACKGROUND

Dallas Sorcey Road, Ltd. (Applicant) submitted a pre-application to the Texas Department of Housing and Community Affairs (TDHCA) for 2020 9% Competitive Housing Tax Credits (HTC) (9% HTC) for the development of Dallas Sorcey Road Apartments, the ground-up development of a 90-unit mixed income multifamily complex located at 8605 Sorcey Road Dallas, Texas 75249. Palladium USA International, Inc. has executed a purchase contract with Waxahachie Blacklands Property Trust, the current property owner.

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 Dallas Sorcey Road Apartments. Dallas Sorcey Road GP, LLC will act as the General Partner of Dallas Sorcey Road, Ltd. Dallas Sorcey Road GP, LLC will include Dallas Sorcey Road GP MGR, LLC, or its affiliate, as partial owner and a to be determined Historically Underutilized Business (HUB) as partial owner. The Applicant will also admit a to be determined investor limited partner to the limited partnership. Palladium USA International, Inc. will act as developer of the project.

The proposed property manager is Omnium Management Company (Omnium), a United States subsidiary of the Palladium Group. Palladium has been developing, building, and managing quality multifamily and senior rental communities throughout Texas since 1992. Palladium has expertise in market rate, workforce housing, 9% Housing Tax Credits, and senior independent living.

The Applicant proposes to develop 90 units. The 90 units will be comprised of 27 1-bedrooms, 45 2-bedrooms, and 18 3-bedrooms ranging from 725 square feet to 1,160 square feet. Planned amenities include outdoor pool, dog park, fitness center, granite countertops, and covered patios/balconies.

Total development costs are anticipated to be approximately \$18,742,041.00 which includes the acquisition price for the land. The hard cost construction budget is anticipated to be \$12,629,189.00 which is \$140,324.00 per unit. The total construction amount includes a 4.74% contingency.

Proposed Financing Sources	Estimated Amount
Permanent Loan	\$5,093,600.00
Housing Tax Credits Equity	\$12,567,727.00
Deferred Developer Fee	\$1,080,214.00
City LPS Funding	\$500.00
Total	\$18,742,041.00

Proposed Uses	Estimated Costs
Acquisition	\$782,265.00
Hard Construction Costs	\$12,629,189.00
Soft Costs & Financing Fees	\$2,478,462.00
Developer Fees	\$2,159,756.00
Reserves	\$692,369.00
Total	\$18,742,041.00

After the development is complete, 9 of the 90 units will be made available to households earning 0% -30% of Area Median Income (AMI), 34 of the 90 units will be made available to households earning between 31%-50% of AMI, 41 of the 90 units will be made available to households earning between 51%-60% of AMI, and 6 of the 90 units will be market rate.

The Dallas City Council on May 9, 2018, adopted the Comprehensive Housing Policy (CHP) by 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 Grant, Housing and Urban Development HOME Funds, or General Obligation Bond Funding;
- The applicant intends to partner with the Dallas Housing and Finance Corporation or Public Facility Corporation (if created),
- 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 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.

Dallas Sorcey Road 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 48113016510) and met the required application thresholds. The proposed site is market type F per the Market Value Analysis and is surrounded by F market types.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Housing and Homelessness Solutions Committee was briefed regarding this matter on February 4, 2020.

FISCAL INFORMATION

Fund	FY 2020	FY 2021	Future Years
Public/Private Partnership Fund	\$500.00	\$0.00	\$0.00