



Legislation Text

File #: 20-227, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: February 12, 2020
COUNCIL DISTRICT(S): 1
DEPARTMENT: Office of Economic Development
EXECUTIVE: Michael Mendoza

SUBJECT

Authorize **(1)** the adoption of a Resolution of Support for Gateway Oak Cliff, LP, 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 the Gateway Oak Cliff; 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

Gateway Oak Cliff, LP, or its affiliate (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 Gateway Oak Cliff, the ground-up development of a 130-unit mixed income multifamily complex located at 400 South Beckley Avenue, Dallas, Texas 75203. St. Margaret, Inc., a member of the Catholic Housing Initiative, has a ground lease arrangement negotiated with Dallas County, 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 Gateway Oak Cliff. The Applicant proposes a limited partnership consisting of a general partnership with Dallas County, or its affiliate, as owner of land and member of the general partnership, and St. Margaret, Inc., or its affiliate, as ground lessee and managing member of the general partnership. The Applicant will also admit a to be determined investor limited partner to the limited partnership. St. Margaret, Inc. and Carleton Construction will serve as co-developers.

The property will be managed by Pace Realty Corporation which manages all of Catholic Housing Initiative's multifamily units. Catholic Housing Initiative and St. Margaret, Inc. have developed and financed 768 units of quality, affordable, service enriched senior and multifamily housing throughout the City and DFW Metroplex.

The Applicant proposes to develop 130 units. The 130 units will be comprised of 13 0-bedrooms, 39 1-bedrooms, 52 2-bedrooms, and 26 3-bedrooms ranging from 500 square feet to 1,055 square feet. Planned amenities and services feature garage parking, fitness and community room, career training and job placement, food pantry, and case management for at risk residents.

Total development costs are anticipated to be approximately \$26,248,013.00 which includes the total amount of all ground lease payments. The hard cost construction budget is anticipated to be \$21,646,013.00 which is \$166,508.00 per unit. The total construction amount includes a 5% contingency.

Proposed Financing Sources	Estimated Amount
Permanent Loan	\$7,805,829.00
Housing Tax Credits Equity	\$14,248,575.00
Owner Equity/Developer Fee	\$4,193,609.00
Total	\$26,248,013.00

Proposed Uses	Estimated Costs
Acquisition	\$200,000.00
Hard Construction Costs	\$21,646,013.00
Soft Costs & Financing Fees	\$2,337,257.00
Developer Fees	\$1,776,330.00
Reserves	\$288,413.00
Total	\$26,248,013.00

After the development is complete, 30 of the 130 units will be made available to households earning 0%-30% of Area Median Income (AMI), 52 of the 130 units will be made available to households earning between 31%-50% of AMI, 42 of the 130 units will be made available to households earning between 51%-60% of AMI, and 6 of the 130 units will be made available to households earning between 61%-80% of AMI.

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 Historically Underutilized Business, its proximity of amenities to the development site, and resident services to be provided.

Gateway Oak Cliff is not a priority housing need development; however, staff determined its application score was over 50, met all application thresholds, and is qualified to receive a staff recommendation for a resolution of support. The development site is an E market type adjacent to C, D, E, H and I market types per the Market Value Analysis. It is located in the Southern Gateway emerging market area.

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