



Legislation Text

File #: 20-756, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: May 27, 2020
COUNCIL DISTRICT(S): 1
DEPARTMENT: Office of Economic Development
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

A public hearing to receive comments regarding an application by Gateway Oak Cliff, LP, or its affiliate to the Texas Department of Housing and Community Affairs (TDHCA) for 4% Non-Competitive Low Income Housing Tax Credits for the Gateway Oak Cliff located at 400 South Beckley Avenue; and, at the close of the public hearing adopt a Resolution of No Objection for Gateway Oak Cliff, LP, or its affiliate, related to its application to TDHCA for the development of the Gateway Oak Cliff - Financing: No cost consideration to the City

BACKGROUND

Gateway Oak Cliff, LP (Applicant) submitted a Request for Resolution (RFA) application to the City for a Resolution of No Objection for its application to TDHCA for 2020 4% Non-Competitive Housing Tax Credits (HTC) (4% HTCs). The 4% HTC will be used for the development of the Gateway Oak Cliff, a 230-unit mixed-income multifamily complex to be located at 400 South Beckley Avenue, Dallas, Texas 75203 (Property). A 99-year option to ground lease the Property has been executed between Dallas County, the current owner of the property, and an affiliate of the Applicant. TDHCA requires 4% HTC applicants provide a Resolution of No Objection from the governing body of the jurisdiction in which the proposed development will be sited. As part of these TDHCA requirements, the governing body must also conduct a public hearing for citizens to provide comment on the proposed development. Once a resolution is adopted and submitted to TDHCA, it cannot be changed or withdrawn.

The Applicant originally submitted an RFA application for a Resolution of Support and di minimis funding from the City for its application for 9% HTC from TDHCA. On February 12, 2020, Council authorized a Resolution of Support and di minimis funding for Gateway Oak Cliff by Resolution No. 20-0286. The Applicant did not submit an application for 9% HTC to TDHCA because the scope of the project changed. The Applicant increase the number of units from 130 to 230 and increased the percentage of market rate units to 25%.

The Applicant, a to be formed Texas limited partnership, is proposing to develop and manage the

Property. A to be formed single asset entity may be formed with Dallas County as 100% owner to serve as the general partner and land owner. St. Margaret, LLC, a to be formed limited liability company with St. Margaret, Inc. as 100% owner, will be the special limited partner. An amended and restated agreement of limited partnership will be executed to admit the tax credit equity investor as investor member once identified.

St. Margaret, Inc. and Catholic Housing Initiative (Developer), will serve as the developer and guarantor of the project. Developer has successfully acquired and/or developed over \$86 million and 1,415 units of mixed-income housing in the Dallas-Fort Worth metroplex and has partnered with the City on past developments. The Developer will also partner with Carlton Residential Properties (Carlton) for the development of the Property. Carlton is a full-service residential development firm and has developed and financed over 7,000 units of multifamily housing five states, including Texas. 4,000 of the units were developed to serve residents earning at or below 80% of the area median income (AMI). Carlton has extensive experience working with cities and public housing authorities to develop affordable housing.

The Applicant proposes to develop 230 units. The 230 units are comprised of 33 studio units, 99 1-bedroom, 72 2-bedroom, and 26 3-bedroom units. The units will have energy-efficient appliances, laundry connections and all other requirements of TDHCA. The Property will also consist of 410 structured parking and a 6,000 square foot community and leasing center.

Total development costs are anticipated to be approximately \$47,131,511.00. The hard construction cost is anticipated to be approximately \$34,342,875.00 which is \$149,317.00 per unit.

Proposed Financing Sources	Estimated Amount
Private Activity Bonds	\$27,500,000.00
Housing Tax Credits Equity	\$13,397,794.00
Deferred Developer Fee	\$ 1,233,717.00
Gap Funding (TBD)	\$ 5,000,000.00
Total	\$47,131,511.00

Proposed Uses	Estimated Costs
Total Const. Costs	\$34,342,875.00
Soft Costs	\$ 2,445,690.00
Cost of Financing	\$ 3,609,083.00
Developer Fee	\$ 5,829,953.00
Reserves	\$ 903,910.00
Total	\$47,131,511.00

After the development is complete, 172 of the 230 units will be made available to households earning 0%-60% of Area Median Income (AMI) and 58 of the 230 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, Council Resolution No. 19-0884 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. 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.

To receive a staff recommendation for a resolution of no objection, the applicant must satisfy all RFA threshold requirements and affirmatively further fair housing. After review, the Applicant has satisfied all application requirements and staff recommend a resolution of no objection.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Economic Development Committee was briefed regarding this matter on May 4, 2020.

FISCAL INFORMATION

No cost consideration to the City.

MAP

Attached