



Legislation Text

File #: 21-125, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: February 24, 2021
COUNCIL DISTRICT(S): 1
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize **(1)** the adoption of a Resolution of Support for Sadler Circle Senior Apartments LLC, 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 Oaklawn Place 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

Sadler Circle Senior Apartments LLC, 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 Oaklawn Place Apartments, a ground-up development of an 87-unit mixed-income multifamily complex located at 5717-5725 Sadler Circle Dallas, TX 75235.

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 (TIF) 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

This project will be a collaboration between Applicant (an affiliate of Resource Center of Dallas, Inc), Matthews Southwest (MSW), and Volunteers of America. Applicant was established in 1983 with a focus on education and service, and a goal of achieving recognition and equal rights for gays and lesbians. Applicant will be managing the project. Applicant has constructed a ground-up 20,000 square foot facility with financing from a capital campaign and New Market Tax Credits. Completed in 2016, this property is referred to as the Community Center. Other Resource Center real estate holdings, in addition to the Sadler land and the community center include the Health Campus at 2701 Reagan Street. Additionally, Applicant leases three other properties in Dallas for its programs and services - two in the Oaklawn neighborhood and one close to Forest Lane and the Lyndon B. Johnson Freeway.

MSW is providing financial and construction consultation. MSW is a full-service private real-estate development company headquartered in Lewisville, Texas, with additional offices in Dallas and Canada. Since 1988, MSW has acquired, built, and managed the development of hotel, office, mixed use, retail, residential, and industrial developments. MSW has built, or is in the process of developing, in excess of eight million Square Feet of office, residential, hospitality and mixed-use developments throughout North America. MSW recently completed the development of the \$346 million Omni Dallas and is currently working on another Low Income Housing Tax Credit Project with the Dallas Housing Finance Corporation at 2400 Bryan, a high-rise 217 unit mixed-income housing development.

Volunteers of America Texas will be aiding in the marketing plan to follow fair housing rules and is one of the largest providers of affordable housing for low-income households in the state. They specialize in permanent, supportive housing options for seniors, families facing poverty, individuals with mental, physical, intellectual, and developmental disabilities.

The Applicant proposes to develop 84 units. The 84 units will be comprised of 79 one-bedrooms and five two-bedrooms. The units will include energy efficient appliances and lighting and other TDHCA-required features. Plans will add a community room, a business center with computers, a conference center, a kitchen, and a fitness room for residents. The design also features a covered walkway to access the resident parking lot and a large outdoor amenity deck for residents to utilize.

Total development costs are anticipated to be approximately \$20,416,324.00 which includes the acquisition price for the land. The hard cost construction budget is anticipated to be \$12,094,801.00 which is \$143,986.00 per unit. The total construction amount includes a 5% contingency.

Proposed Financing Sources	Amount
Permanent Loan	\$ 2,944,962.00
Housing Tax Credits Equity	\$13,395,845.00
Tax Increment Financing	\$ 3,500,000.00
Capital Campaign	\$ 250,000.00
	\$ 325,517.00
Total	\$20,416,324.00

Proposed Uses	Cost
Acquisition	\$ 3,005,000.00
Hard Construction Costs	\$12,094,801.00
Soft Costs & Financing Fees	\$ 2,405,833.00
Developer Fees	\$ 2,220,154.00
Reserves	\$ 690,536.00
Total	\$20,416,324.00

After the development is complete, 21 of the 84 units will be made available to households earning 0%-30% of Area Median Income (AMI), 22 of the 84 units will be made available to households earning between 31%-50% of AMI, and 41 of the 84 units will be made available to households earning between 51%-60% of AMI.

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 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 Grants, Home Investment Partnerships Program, or General Obligation Bond funding;
- The applicant intends to partner with the Dallas Housing Finance 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, its proximity of amenities to the development site, and resident services to be provided.

Oaklawn Place 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% and met the required application thresholds. The proposed site has insufficient data to provide a Market Value Analysis market type but is surrounded by D and E market types.

Oaklawn Place is located in the Maple-Mockingbird TIF District, adopted by City Council on September 23, 2009, by Ordinance No. 27690, 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