



Legislation Text

File #: 21-127, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: February 24, 2021
COUNCIL DISTRICT(S): 4
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize **(1)** the adoption of a Resolution of Support for OM Housing, 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 Okapi 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

The 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 Okapi Apartments, a ground-up development of a 98-unit mixed-income multifamily complex located at 900 East Clarendon Drive, Dallas, TX 75203. OM Housing LLC has a Commercial Contract of Sale for the property.

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

The proposed property manager is Asset Living. Asset Living has been managing quality multifamily and affordable rental communities throughout Texas across the country since 1986.

The Applicant proposes to develop 98 units. The 98 units, to include 27 one-bedrooms, 35 two-bedrooms, and 36 three-bedrooms. There will be a clubhouse with swimming pool, fitness center, business center, activity center, community center with AV equipment, bike racks, nine foot ceilings, energy efficient stainless-steel microwave, dishwasher and oven. Development will be National Green Building Standard certified.

Total development costs are anticipated to be approximately \$22,906,680.00 which includes the acquisition price for the land. The hard cost construction budget is anticipated to be \$8,827,560.00 which is \$90,077.00 per unit. The total construction amount includes a 2.13% contingency.

Proposed Financing Sources	Amount
Permanent Loan	\$ 8,500,000.00
Housing Tax Credits Equity	\$13,723,628.00
Deferred Developer Fee	\$ 683,052.00
Total	\$22,906,680.00

Proposed Uses	Cost
Acquisition	\$ 2,475,000.00
Hard Construction Costs	\$ 8,827,560.00
Soft Costs & Financing Fees	\$ 8,628,314.00
Developer Fees	\$ 2,404,624.00
Reserves	\$ 571,182.00
Total	\$22,906,680.00

After the development is complete eight of the 98 units available to households earning 0%-30% of Area Median Income (AMI), 34 of the 98 units available to households earning between 31%-50% of AMI, and 40 of the 98 units available to households earning between 51%-60% of AMI and 16 of the 98 units being non-income restricted.

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.

Okapi Apartments is qualified to receive a staff recommendation for a resolution of support as it scored over 50 points on the CHP's Low Income HTC Policy scoring rubric and met the required application thresholds. Because of the amenities and services to be provided, the application scored a 65.5 out of 76 points. The proposed site has insufficient data to provide a Market Value Analysis market type, but is surrounded by Category I.

Okapi Apartments are located in the Dallas Zoo Area Land Use Study, adopted by City Council on December 12, 2001, by Resolution No. 01-3686, as amended, and is qualified to receive additional CRP points from TDHCA. Staff also recommend that the City Councils affirms within the Resolution of Support that the development contributes significantly more than any other 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