



Legislation Text

File #: 21-756, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: June 9, 2021
COUNCIL DISTRICT(S): 6
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

A public hearing to receive comments regarding an application by LDG The Standard at Royal Lane, LP, or its affiliates (Applicant) to the Texas Department of Housing and Community Affairs (TDHCA) for 4% Non-Competitive Low Income Housing Tax Credits for The Standard at Royal Lane located at 2737 Royal Lane, Dallas Texas 75229 (the "Development"); and, at the close of the public hearing adopt a Resolution of No Objection for Applicant, related to its application to TDHCA for the development of The Standard at Royal Lane and in accordance with 10 TAC §11.3 (d) (the "Administrative Code"), specifically allow the construction of the Development, as required by the Administrative Code, because the Development is within one linear mile or less of Dallas Stemmons Apartment (a 9% housing tax credit development located at 2435 Southwell Road), and is therefore subject to the One Mile Three Year Rule - Financing: No cost consideration to the City

BACKGROUND

LDG Development, LLC (Applicant), a Texas limited liability company submitted a Request for Resolution application to the City for a Resolution of No Objection for its application to TDHCA for 2020 4% Non-Competitive Housing Tax Credits (4% Housing Tax Credits). The 4% Housing Tax Credits will be used for the development of The Standard at Royal Lane, a 300-unit affordable multifamily complex located at 2737 Royal Lane, Dallas, Texas 75229 (Property). A purchase and sale agreement for the Property has been executed between the current owner of the Property and an affiliate of the Applicant. TDHCA requires 4% Housing Tax Credit 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 Once a resolution is adopted and submitted to TDHCA, it cannot be changed or withdrawn.

Applicant or its affiliate shall form The Standard at Royal Lane, LP, a Texas limited partnership, the general partner of which will be LDG The Standard at Royal Lane, GP, LLC, a to-be-formed single asset entity solely owned by the Dallas Housing Finance Corporation (DHFC). LDG The Standard at Royal Lane, SLP, LLC, a to-be-formed limited liability company or its affiliate with Texas Quad, LLC, a

Texas limited liability company will be 100% owner of 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.

On February 9, 2021, the DHFC Board of Directors adopted a resolution declaring its intent to issue bonds for the Property and authorized the filing of an application for allocation of private activity bonds with the Texas Bond Review Board.

LDG Development, LLC (LDG), or its affiliate, will serve as the developer and guarantor of the project. LDG has successfully completed over 77 multifamily properties totaling 13,673 units. The proposed property manager is Capstone Real Estate Services, Inc. (Capstone). Capstone is a professional management company based in Austin, TX that currently manages 35,000 multifamily units including over 21,000 affordable units.

The Applicant proposes to develop 300 units. The 300 units are comprised of 36 one-bedroom, 132 two-bedroom, 120 three-bedroom units, 12 four-bedroom units. The units will include energy efficient appliances, washer/dryer hookups, covered entries/patios, and other TDHCA-required features. The Property will also include controlled gate access, a multipurpose community room, swimming pool, fitness center, theater room, children's playscape, and landscaped walking paths. Because the development site is quite long and narrow, the developer has committed to providing multiple swimming pools and children's playscapes so community amenities are equitably distributed throughout the property.

The Applicant proposes to provide on-site resident services including:

1. 12 hours per week of after school tutoring;
2. Four hours per week of adult financial literacy courses;
3. Food pantry;
4. Annual health fair and flu shots;
5. Notary services;
6. Arts and crafts programming twice a month;
7. Organized social gatherings twice a month; and
8. Weekly chore and preventative maintenance for elderly and disabled residents.

The Property is located less than a quarter mile east of the Royal Lane Dallas Area Rapid Transit (DART) rail station qualifying it as a Transit-Oriented Development. While the site is not part of the 1,000 Affordable Housing Challenge, it does provide affordable housing and activate vacant land near a DART rail station.

In addition to providing affordable housing near transit, the development will also provide desperately needed infrastructure at the site. The site experiences a high level of pedestrian activity due to its proximity to the DART rail station and the existing residential developments located further east on Royal Lane. However, the site has approximately 365 feet of Royal Lane frontage but does not have a sidewalk or any pedestrian lighting - only a worn dirt path presently exists on this major thoroughfare. The development will provide a landscaped sidewalk and lighting to increase accessibility and walkability on Royal Lane.

Total development costs are anticipated to be approximately \$67,574,744.00 which includes the acquisition price for the land. The construction budget is anticipated to be approximately \$38,339,910.00 which is \$127,800.00 per unit.

Proposed Financing Sources	Amount
Private Activity Bonds	\$48,840,000.00
Housing Tax Credits Equity	\$18,336,797.00
Deferred Developer Fee	\$ 397,947.00
Total	\$67,574,744.00

Proposed Uses	Costs
Acquisition	\$ 8,750,000.00
Total Const. Costs	\$38,339,910.00
Financing Fees, Soft Costs	\$12,390,836.00
Reserves	\$ 1,235,792.00
Developer Fee	\$ 6,858,206.00
Total	\$67,574,744.00

After the development is complete, 95 of the 300 units will be made available to households earning 0%-50% of Area Median Income (AMI), 95 of the 300 units will be made available to households earning between 51%-60% of AMI, 95 of the 300 units will be made available to households earning between 61%-70% of AMI, and 15 of the 300 units will not be income restricted.

The development is .93 linear miles away from a recently approved competitive 9% housing tax credit development located at 2435 Southwell Road. Per the requirements of TDHCA's Qualified Action Plan and 10 TAC §11.3(d), City Council must vote to specifically allow the construction of a new tax credit development within one linear mile of a tax credit development authorized within the past three years. Using driving distance, the development is 1.5 miles away from the previously approved development. The agenda item includes language acknowledging this proximity.

The Dallas City Council on May 9, 2018, adopted the Comprehensive Housing Policy (CHP), Resolution No. 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 Housing Tax Credits 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 Housing Tax Credits 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 threshold requirements, rehabilitation requirements, and affirmatively further fair housing. After

review, the Applicant has satisfied all application requirements and staff recommends a resolution of no objection.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On February 9, 2021, the Dallas Housing Finance Corporation authorized a preliminary inducement resolution declaring intent to issue \$50,000,000.00 in private activity bonds to fund the Standard at Royal.

[The Housing and Homelessness Solutions Committee was briefed by memorandum regarding this matter on May 24, 2021. <http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=2dd91cf3-cf31-4228-9ff4-36f538963034.pdf>](http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=2dd91cf3-cf31-4228-9ff4-36f538963034.pdf)

FISCAL INFORMATION

No cost consideration to the City.

MAP

Attached