Legislation Text

File #: 22-2451, **Version:** 1

STRATEGIC PRIORITY: Housing & Homelessness Solutions

AGENDA DATE: November 9, 2022

COUNCIL DISTRICT(S): 2

DEPARTMENT: Department of Housing & Neighborhood Revitalization

EXECUTIVE: Majed Al-Ghafry

SUBJECT

A public hearing to receive comments regarding an application by Rock Island Riverfront, 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 Rock Island Riverfront located at 1027 South Riverfront Boulevard Dallas, Texas 75207; 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 Rock Island Riverfront - Financing: No cost consideration to the City

BACKGROUND

Rock Island Riverfront, LP (Applicant), a to be formed Texas limited partnership, submitted a Request for Resolution application to the City for a Resolution of No Objection for its application to TDHCA for 2023 4% Non-Competitive Housing Tax Credits (4% Housing Tax Credits). The 4% Housing Tax Credits will be used for the development of Rock Island Riverfront (the “Development”), a 178-unit mixed-income multifamily complex located at 1027 South Riverfront Boulevard, Dallas, Texas 75207 (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 Once a resolution is adopted and submitted to TDHCA, it cannot be changed or withdrawn.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 Rock Island Riverfront, LP, a Texas limited partnership, the general partner of which is anticipated to be Rock Island Riverfront GP, LLC, a to-be-formed single asset entity solely owned by the Dallas Housing Finance Corporation (DHFC). A to-be-formed limited liability company will be Rock Island Riverfront, LP’s special limited partner. Petra Development or an affiliate 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 September 13, 2022, 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.

Petra Development (Petra) or its affiliate will serve as the developer and guarantor of the project. Petra has successfully built or acquired over $220 million worth of multifamily assets including market rate, mixed-use, and affordable properties. They are very active in the market and currently have three more properties under construction slated to be complete in late 2022 with multiple more under contract.

The Applicant proposes to develop 178 units. The 178 units are comprised of 89 1-bedroom, 70 2-bedroom, and 19 3-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, outdoor game spaces, and landscaped walking paths.

Petra will work with the Office of Integrated Public Safety Solutions for security input, community activities, and incorporate best practices of Crime Prevention Through Environmental Design (CPTED). Additionally, Petra will provide modern security features to include a full camera system, controlled access, a community crime watch program, and participation in National Night Out to ensure a safe living environment for all residents and staff.

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

1. Monthly transportation to community/social events;
2. High-quality pre-k program with dedicated space on-site;
3. 12 hours per week of after school tutoring;
4. Annual income tax preparation;
5. Contracted career training and placement partnerships with local employers;
6. Weekly substance abuse meetings on site;
7. Food pantry;
8. Annual health fair and flu shots;
9. Weekly exercise class;
10. Partnership with local law enforcement to provide quarterly activities with tenants;
11. Notary services;
12. Arts and crafts programming twice a month;
13. Organized social gatherings twice a month; and
14. Education/tuition savings match or scholarship program for residents.

Located just a few blocks from downtown, this project will provide some much-needed affordability in an area that has not seen significant mixed-income development in recent years. Future and potential development surrounding this project location includes the potential $2 billion Dallas Convention Center redevelopment, the potential $20 billion high speed rail station, and several other planned multifamily developments and retail along Riverfront Boulevard. This area is poised to undergo an extended stage of redevelopment which will be a key driver for employment as well as housing.

Total development costs are anticipated to be approximately $78,817,252.00 which includes the

acquisition price for the land. The construction budget is anticipated to be approximately $53,581,957.00 which is $301,022.00 per unit.

Proposed Financing Sources	Amount
Private Activity Bonds	$37,040,000.00
Housing Tax Credits Equity	$27,913,835.00
Soft Funding	$ 9,975,000.00
Deferred Developer Fee	$ 3,888,417.00
Total	**$78,817,252.00**

Proposed Uses	Costs
Acquisition	$ 5,250,000.00
Total Const. Costs	$53,581,957.00
Financing Fees, Soft Costs	$ 9,360,695.00
Reserves	$ 2,872,600.00
Developer Fee	$ 7,752,000.00
Total	**$78,817,252.00**

After the development is complete, 70 of the 178 units will be made available to households earning 0%-30% of Area Median Income (AMI), 24 of the 178 units will be made available to households earning between 51%-60% of AMI, 66 of the 178 units will be made available to households earning between 61%-80% of AMI, and 18 of the 178 units will not be 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 Housing Tax Credits through TDHCA. On June 12, 2019, 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 September 13, 2022, the Dallas Housing Finance Corporation authorized a preliminary inducement resolution declaring intent to issue $45,000,000.00 in private activity bonds to fund Rock Island Riverfront.

The Housing and Homelessness Solutions Committee was briefed regarding this matter on October

24, 2022.

FISCAL INFORMATION

No cost consideration to the City.

MAP

Attached

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