

RECEIVED

2018 OCT 19 PM 2:59

CITY SECRETARY  
DALLAS, TEXAS

REVISED  
ECONOMIC DEVELOPMENT & HOUSING COMMITTEE  
SPECIAL CALLED MEETING  
DALLAS CITY COUNCIL COMMITTEE AGENDA

MONDAY, OCTOBER 22, 2018

CITY HALL

COUNCIL BRIEFING ROOM, 6ES

1500 MARILLA STREET

DALLAS, TEXAS 75201

3:30 P.M.-5:00 P.M.

**Chair**, Councilmember Tennell Atkins

**Vice Chair**, Councilmember Rickey D. Callahan

Councilmember Lee M. Kleinman

Councilmember Scott Griggs

Councilmember Casey Thomas, II

Councilmember B. Adam McGough

Councilmember Mark Clayton

Councilmember Kevin Felder

Councilmember Omar Narvaez

**Public Notice**

18 09 6 7

POSTED CITY SECRETARY  
DALLAS, TX

Call to Order

**BRIEFING**

1. Amendments to Comprehensive Housing Policy to amend the timeline for Issuance of Request for Applications (RFA) for Housing Tax Credit Developments
2. Review of Proposals Seeking a Resolution of No Objection for 4% Housing Tax Credit Applications with the Texas Department of Housing and Community Affairs Submitted under the Accelerated RFA
  - a. Ridgcrest Terrace Apartments
  - b. Treymore Eastfield Apartments

Maureen Milligan, Assistant Director (I)  
Housing & Neighborhood Revitalization

Avis F. Chaisson, Assistant Director  
Housing & Neighborhood Revitalization

Adjourn



Tennell Atkins, Chair  
Economic Development & Housing Committee

**A quorum of the City Council may attend this Council Committee meeting**

### EXECUTIVE SESSION NOTICE

A closed executive session may be held if the discussion of any of the above agenda items concerns one of the following:

1. seeking the advice of its attorney about pending or contemplated litigation, settlement offers, or any matter in which the duty of the attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act. [Tex. Govt. Code §551.071]
2. deliberating the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.072]
3. deliberating a negotiated contract for a prospective gift or donation to the city if deliberation in an open meeting would have a detrimental effect on the position of the city in negotiations with a third person. [Tex. Govt. Code §551.073]
4. deliberating the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee unless the officer or employee who is the subject of the deliberation or hearing requests a public hearing. [Tex. Govt. Code §551.074]
5. deliberating the deployment, or specific occasions for implementation, of security personnel or devices. [Tex. Govt. Code §551.076]
6. discussing or deliberating commercial or financial information that the city has received from a business prospect that the city seeks to have locate, stay or expand in or near the city and with which the city is conducting economic development negotiations; or deliberating the offer of a financial or other incentive to a business prospect. [Tex Govt. Code §551.087]
7. deliberating security assessments or deployments relating to information resources technology, network security information, or the deployment or specific occasions for implementations of security personnel, critical infrastructure, or security devices. [Tex. Govt. Code §551.089]

### HANDGUN PROHIBITION NOTICE FOR MEETING OF GOVERNMENTAL ENTITIES

"Pursuant to Section 30.06, Penal Code (trespass by license holder with a concealed handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a concealed handgun."

*"De acuerdo con la sección 30.06 del código penal (ingreso sin autorización de un titular de una licencia con una pistola oculta), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no pueda ingresar a esta propiedad con una pistola oculta."*

"Pursuant to Section 30.07, Penal Code (trespass by license holder with an openly carried handgun), a person licensed under Subchapter H, Chapter 411, Government Code (handgun licensing law), may not enter this property with a handgun that is carried openly."

*"De acuerdo con la sección 30.07 del código penal (ingreso sin autorización de un titular de una licencia con una pistola a la vista), una persona con licencia según el subcapítulo h, capítulo 411, código del gobierno (ley sobre licencias para portar pistolas), no puede ingresar a esta propiedad con una pistola a la vista."*

# Memorandum



DATE October 19, 2018

CITY OF DALLAS

TO Members of the Economic Development & Housing Committee: Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman, Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **Amendment to the Comprehensive Housing Policy**

On Monday, October 22, 2018, the Economic Development and Housing Committee will consider the first amendment to the Comprehensive Housing Policy Manual (CHP), previously approved on May 9, 2018, by Resolution No. 18-0704, to amend the Resolutions of Support or No Objection policy to change the application schedule for developers requesting Resolutions of Support or No Objection for multi-family rental housing development projects seeking Housing Tax Credits (HTC) through the Texas Department of Housing and Community Affairs (TDHCA) so that the City Manager may publish a schedule each year, which may be amended from time to time, for issuing one or more Request for Applications for Resolutions of Support or No Objection and brief the appropriate City Council committee on the annual schedule.

## Summary

The Housing and Neighborhood Revitalization (H&NR) Department is proposing an amendment to the Comprehensive Housing Policy (Policy) that removes the reference to a once-per-year application process for considering whether to issue a Resolution of Support or No Objection for development projects seeking HTC through TDHCA and will instead allow the City Manager to publish a schedule each year, which may be amended from time to time, for issuing one or more Request for Applications for Resolutions of Support or No Objection. This change will allow the City Manager to accelerate the issuance of a Request for Applications (RFA) for HTC projects that need a Resolution of Support or No Objection prior to February 2019. However, staff recommends that the Economic Development and Housing Committee hold the proposed amendment to the Policy under advisement as the H&NR Department is not making any recommendations related to housing tax credits development projects that would require City Council action.

## Background

On May 9, 2018, the Dallas City Council adopted a Comprehensive Housing Policy by Resolution No. 18-0704 that set citywide production goals for homeownership and rental units for the next three (3) years along with respective income bands that will be prioritized within the production goals. The Policy also set forth various programs, tools and strategies to be used to meet the production goals while also overcoming concentrations of poverty and racial segregation. Additionally, based on the data provided in the Market Value Analysis, a tool used to assess the residential real estate market, the Policy prioritizes the allocation of funding for new construction and substantial rehabilitation of

DATE October 19, 2018  
SUBJECT Amendments to the Comprehensive Housing Policy

housing and strategically focuses certain programs, tools and strategies within three (3) types of Reinvestment Strategy Areas: (1) Redevelopment Areas are Midtown, High Speed Rail, Wynnewood, and Red Bird; (2) Stabilization Areas are LBJ Skillman, Vickery Meadow, Casa View, Forest Heights/Cornerstone Heights, East Downtown, The Bottom, West Dallas, and Red Bird North; and (3) Emerging Market Areas are Southern Gateway, Pleasant Grove, and University Hills.

One of the means by which the City can partially achieve its housing production and preservation goals is to encourage the strategic development or rehabilitation of housing units that are financed, in part, by housing tax credits. As stated in our September 7, 2018 memorandum to this Committee, the Policy includes a specific policy for developers requiring Resolutions of Support or No Objection. The Policy states that the City will issue an RFA for resolutions in December of each year and bring forth recommendations to the Economic Development and Housing Committee and City Council in February of each year. This once-per-year RFA process was designed to allow the City to review all HTC projects at the same time and take into account the three goals for the development of a comprehensive strategy for housing: 1) create and maintain available and affordable housing throughout Dallas, 2) promote greater fair housing choices, and 3) overcome patterns of segregation and concentrations of poverty through incentives and requirements.

### **Issue**

Based on staff's experiences implementing the Policy and feedback from stakeholders, staff recommends this amendment to the Policy to allow the City Manager to publish a schedule each year, which may be amended from time to time, for issuing one or more Request for Applications for Resolutions of Support or No Objection. In anticipation of City Council's approval of the amendment, and as proposed in our September 7, 2018 memorandum to this Committee, the H&NR Department issued an RFA that required applicants to submit a proposal by September 27, 2018. Two developers submitted proposals by the deadline and staff reviewed each proposal. As a result of the review, staff is not recommending that either project receive a Resolution of No Objection.

### **Fiscal Impact**

No cost consideration to the City.

### **Departments/Committee Coordination**

On May 9, 2018, City Council adopted the Comprehensive Housing Policy by Resolution No. 18-0704.

On September 4, 2018, the Economic Development and Housing Committee was briefed on a proposed amendment to the Policy to allow for an accelerated issuance of a Request for Applications (RFA) for Resolutions of No Objection for rehabilitation of multifamily rental housing projects seeking Housing Tax Credits. The Committee voted to hold the

DATE October 19, 2018  
SUBJECT Amendments to the Comprehensive Housing Policy

item under advisement and take it up at the September 17, 2018 meeting of the Committee but also voted to schedule a special-called meeting on October 22, 2018 to consider the proposed amendment.

### **Staff Recommendation**

Staff recommends that the Economic Development and Housing Committee hold the proposed amendment to the Comprehensive Housing Policy under advisement as the H&NR Department is not making any recommendations that would require City Council action related to the two projects.



David Noguera, Director  
Housing and Neighborhood Revitalization

c: Chris Caso, City Attorney (I)  
Carol A. Smith, City Auditor (I)  
Billerae Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Kimberly Bizer Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer  
M. Elizabeth Reich, Chief Financial Officer  
Directors and Assistant Directors

# Memorandum



CITY OF DALLAS

DATE October 22, 2018

TO Members of the Economic Development & Housing Committee: Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman, Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **Briefing on Proposals Requesting a Resolution of No Objection for Developments Seeking 4% Non-Competitive Housing Tax Credits through the Texas Department of Housing and Community Affairs**

On Monday, October 22, 2018, the Economic Development and Housing Committee will be briefed on two proposals requesting Resolutions of No Objection for multifamily developments seeking 4% Non-Competitive Housing Tax Credits (HTC) through the Texas Department Housing and Community Affairs (TDHCA).

## Summary

On May 9, 2018, City Council adopted the Comprehensive Housing Policy (Policy), Resolution No. 18-0704, which provides a specific policy for developers requesting a Resolution of Support or No Objection (Resolutions) for multifamily rental developments seeking HTCs through TDHCA. The current Policy allows staff to issue a Request for Applications (RFA) for Resolutions annually in December with recommendations made to the Economic Development and Housing Committee (EDHC) and City Council in February each year. TDHCA requires 4% HTC applicants to provide a Resolution of No Objection from the governing body of the jurisdiction in which the proposed development will be sited. The Resolutions cannot be changed or withdrawn once submitted. As part of these TDHCA requirements, if the governing body is considering adopting a Resolution, the governing body must first conduct a public hearing for citizens to provide comment on any proposed development.

## Background

On September 4, 2018, the EDHC was briefed on a recommendation to amend the Policy to accelerate issuance of an RFA for HTCs developments that need a Resolution of No Objection prior to the timeframe stated in the Policy. The recommendation was in response to feedback received from the development community at two meetings held in August in advance of an issuance of Notice of Funding Availability (NOFA). The Policy as currently written does not afford 4% HTC developments requiring more than \$20 million in tax exempt bonds the opportunity to request a Resolution of No Objection prior to the February timeframe. Developments that meet this description can only submit applications for bonds between August 15 and November 15.

On September 7, 2018, after receiving comments from the EDHC staff published a memo to the EDHC providing details on the difference between 4% and 9% HTCs. Additionally,

the memo provided details on three developments that may require a Resolution of No Objection prior to February. Finally, the memo outlined a timeline based on the EDHC's questions, comments and concerns, conducting additional research, and seeking advice from TDHCA and the City's financial advisors.

Based on the timeline, staff sought input at pre-proposal conferences for the NOFA, amended the NOFA to allow developments seeking Resolutions and no funding to submit and be scored by October 11, 2018, and for an accelerated review of proposals seeking a Resolution of No Objection to be submitted by September 27, 2018 and brought forward to EDHC on October 22, 2018, with Council consideration on October 24, 2018 if EDHC recommends. The accelerated RFA requires a change to the Policy and the amendment would be considered on the same aforementioned dates.

The City received two proposals for Ridgecrest Terrace Apartments and Treymore Eastfield Apartments. Both developments have submitted applications to TDHCA for HTCs and have applied for a reservation of bonds through the Texas Bond Review Board.

#### Ridgecrest Terrace Apartments

DAL Steele Ridgecrest LLC, a Texas limited liability company (Applicant), is proposing to acquire, rehab, renovate, and manage the Ridgecrest Terrace Apartments. The property is currently owned by Ridgecrest Holdings LLC. Steele Ridgecrest LM LLC, an affiliate of Steele Properties Holdings III LLC, is the current manager. An amended and restated operating agreement will be executed to add a managing member and a to-be-formed entity as an investor member. Steele Properties III LLC, an affiliate of Steele Properties will serve as the developer.

The proposed property manager is Monroe Group Ltd. which is a sister company of Steele Properties. Steele Properties was founded in 2006 and has experience renovating and building affordable housing developments throughout the nation. They currently own and manage over 50 affordable housing apartment complexes across the country, including 12 housing complexes in Texas.

The Applicant proposes to rehabilitate all 250 units. The 250 units are comprised of 18 1-bedroom, 184 2-bedroom, and 48 3-bedroom. Interior renovations include upgraded kitchens and bathrooms with new energy-star appliances and flooring replacement. Plumbing fixtures and interior lighting will be replaced throughout, and HVAC systems will be upgraded as well. Exterior work will include, at a minimum, complete roofing replacement, building repainting, landscaping, exterior repair, foundation repair, parking lot repair and enhanced lighting throughout the site. As part of the rehabilitation, a new 3,000 square foot community building and management office will be constructed. This new structure will have a community room, fitness center, library, communal kitchen and computer laboratory. Site amenities include a pavilion, sport court and playgrounds. The new community building will also house a police substation. Additionally, there will be substantial security upgrades including a site-wide camera system.

Total development costs are anticipated to be approximately \$49,136,619.00 which include the acquisition price for the apartment complex. The hard cost rehabilitation budget is anticipated to be \$11,595,444.00 plus a 10% hard cost contingency of \$1,159,544.00. This will total over \$12,500,000.00 in hard costs, which is over \$50,000.00 per unit.

Use	Costs
Acquisition	\$23,662,500
Improvements	\$13,436,746
Cost of Financing	\$4,484,689
Fees, Reserves, and Soft Costs	\$7,552,684
<b>Total</b>	<b>\$49,136,619</b>

Currently, there is a project-based Housing Assistance Payment (HAP) contract administered by the U.S. Department of Housing and Urban Development that provides rental assistance for the complex. The HAP contract requires units to be set aside for low income residents. The HAP contract was renewed on September 1, 2015 and expires on August 31, 2020. After the acquisition and rehabilitation is complete, the units will be made available to households earning 60% or below of Area Median Income subject to any additional restrictions required under the HAP contract.

The Policy contains evaluation criteria which include factors such as general partner and property management experience, location in a Reinvestment Strategy Area, determination of project feasibility, location to amenities, etcetera. Based on the evaluation criteria, the Ridgecrest Terrace proposal scored a 69 (scoring matrix is attached as Exhibit A). To receive a staff recommendation for a Resolution, the applicant must score 85 points out of 140.

Ridgecrest Terrace Apartments is located in Council District 3.

Treymore Eastfield Apartments

JKLF Eastfield, LTD., a Texas limited partnership (Applicant 2), is proposing to acquire, rehab, renovate, and manage the Treymore Eastfield Apartments. The property is currently owned by Carleton-LaPrada, Ltd. JKLF Eastfield GP, LLC, is the general partner and The JKL Foundation, a private foundation, is its sole member. The JKL Foundation will also serve as co-developer with Dalcour Affordable Housing I, LLC. An amended and restated agreement of limited partnership will be executed to add AHP Housing Fund, LLC, a subsidiary of Berkshire-Hathaway as limited partner.

The proposed property manager is Dalcour Management LLC which is a sister company of Dalcour Companies. Dalcour Companies was founded in 1982 and the primary focus is structuring acquisitions, financing and management of multifamily investments and operations. Dalcour Companies also successfully performed property management for various institutions. They currently own and manage 11 affordable housing apartment complexes in Texas and Florida.

Applicant 2 proposes to rehabilitate all 196 units. The 196 units are comprised of 108 1-bedroom, 48 2-bedroom, and 40 3-bedroom. Interior renovations include replacing all appliances with energy star rated features, replacing kitchen and bathroom countertops and fixtures, water heaters, replace flooring, cabinetry, sheetrock, as needed. Exterior work includes roof replacement, as needed, replace damaged siding, as needed, repair fencing, update amenities, and add common area Wi-Fi, gazebo and volleyball court. Current property amenities include a pool, children's playscape area, fitness center, and community center with a full kitchen.

Total development costs are anticipated to be approximately \$21,192,744.00 which include the acquisition price for the apartment complex. The hard cost rehabilitation budget is anticipated to be \$3,920,000.00 which is \$20,000.00 per unit. The total construction amount is \$4,664,800.00 which includes 5% contingency and contractor overhead.

Use	Costs
Acquisition	\$11,581,515
Improvements	\$4,664,800
Cost of Financing	\$1,936,436
Fees, Reserves, and Soft Costs	\$3,009,993
<b>Total</b>	<b>\$21,192,744</b>

After the acquisition and rehabilitation is complete, the units will be made available to households earning 50%-60% or below of Area Median Income.

Based on the evaluation criteria in the Policy, the Treymore Eastfield proposal scored an 87 (scoring matrix is attached as Exhibit B).

Treymore Eastfield Apartment is located in Council District 7.

### Issues

Without the City adopting a Resolution of No Objection for either application submitted to TDHCA, the proposed acquisition and rehabilitations for Ridgecrest Terrace Apartments and Treymore Eastfield Apartments cannot receive an allocation of 4% HTC's. Four percent HTC's are a source of equity that contribute to financing acquisitions and rehabilitations of these type. If the items donot move forward, creative solutions for other financing will need to be researched to provide the much-needed renovations and quality of life improvements for both properties.

### Fiscal Impact

There are no costs considerations to the City.



# **Proposed Amendment to the Comprehensive Housing Policy and Review of Accelerated 4% Housing Tax Credit Proposals**

**Economic Development and Housing Committee  
October 22, 2018**

**Avis F. Chaisson, Assistant Director  
Housing & Neighborhood Revitalization  
City of Dallas**

**Maureen Milligan, Interim Assistant Director  
Housing & Neighborhood Revitalization  
City of Dallas**



# Presentation Overview

- Summary
- Background
- Ridgecrest Terrace Apartments
- Treymore Eastfield Apartments
- Issues
- Alternatives
- Next Steps



# Summary

- **May 9, 2018:** City Council adopted the Comprehensive Housing Policy (Policy), **Resolution No. 18-0704**
- Policy contains scoring criteria and a timeframe for reviewing housing developments seeking an allocation of housing tax credits
  - ✓ Policy applies to developers requesting a Resolution of Support or No Objection for multifamily rental developments seeking Housing Tax Credits (HTCs) through Texas Department of Housing and Community Affairs (TDHCA)
  - ✓ Timeline:
    - ✓ Each December issue a Request for Applications (RFA)
    - ✓ Each February provide recommendations to Economic Development and Housing Committee and City Council (must score a minimum of **85** points for a support resolution based on established criteria)



# Summary

- TDHCA requires applicants proposing a **4%** HTC and Tax-Exempt Bond development to provide a Resolution of No Objection from the governing body (which cannot be changed or withdrawn)
- The adoption of and wording of the Resolution must comply with the TDHCA Uniform Multifamily Rules.

# Background

- **September 4, 2018:** EDHC was briefed on a recommendation to amend the Policy to accelerate issuance of a RFA for HTC developments that need a Resolution of No Objection prior to the February timeframe stated in the Policy
- The recommendation was in response to feedback received from the development community
- Current Policy does not afford **4%** HTC developments the opportunity to request a Resolution of No Objection prior to the February timeframe
  - Timeframe affects several types of developments, including those requiring more than **\$20 million** in tax exempt bonds
  - Developments that meet this description can only submit applications for bonds between **August 15** and **November 15**

# Background cont'd

- **September 7, 2018:** After receiving comments from the EDHC, staff published a memo to the EDHC that:
  1. Explained the difference between 4% and 9% HTC's
  2. Identified the 3 developments that may require a Resolution of No Objection prior to February; and
  3. Outlined a timeline based on the EDHC's questions, comments and concerns and after conducting additional research including consulting with TDHCA and the City's financial advisors

# Background cont'd

Date	Event
September 6 & 7	Hold NOFA pre-proposal conferences
September 10	City issues addendum to NOFA requesting all projects in need of a Resolution prior to February 2019 to apply under the NOFA and including the timeline for accelerated review and approval
September 27	Deadline to submit proposals pursuant to the NOFA
September 28- October 19	Staff score and review projects seeking Resolutions of Support or No Objection
October 22	Special-called meeting of the Economic Development and Housing Committee; staff present recommendations to (1) amend the comprehensive housing policy to allow for an accelerated timeframe for issuing Resolutions of Support or No Objection and (2) recommend that the Council issue a Resolution(s) regarding specific projects (if any)
October 24	Council Agenda; to include action items, if forwarded by the Committee

# Background cont'd

- If any projects were to be recommended to receive a Resolution of No Objection, the accelerated timeline requires a change to the Policy
- However, as will be discussed next, staff recommends that neither project that submitted a proposal be provided a Resolution
- Therefore, staff is recommending that the Committee hold the proposed amendment to the Policy because the Housing and Neighborhood Revitalization Department is not making any recommendations that would require City Council action related to the two projects

# Ridgecrest Terrace Apartments



# Ridgecrest Terrace Apartments cont'd

- 526 S. Walton Walker Boulevard
- **Council District:** 3
- **Current Property Owner:** Ridgecrest Holdings LLC
- **Proposer:** DAL Steele Ridgecrest LLC
- **General Partner:** TBD
- **Developer:** Steele Properties III LLC, an affiliate of Steele Properties
  - Steele Properties was founded in 2006 and has experience renovating and building affordable housing developments throughout the nation
- **Property Management:** Monroe Group, Ltd.
- **Unit Mix:** 250 units
  - 18 1-bedroom
  - 184 2-bedroom, and
  - 48 3-bedroom
- Units will be made available to households earning 60% or below of AMI subject to any additional restrictions required under existing HAP contract

10



# Ridgecrest Terrace Apartments cont'd

- **Description:** Acquisition and rehabilitation of all **250** units. Interior and Exterior improvements include:
  - ✓ Upgraded kitchens and bathrooms with new energy-star appliances and flooring replacement
  - ✓ Plumbing fixtures and interior lighting will be replaced throughout
  - ✓ HVAC systems will be upgraded
  - ✓ Complete roofing replacement, building repainting, landscaping, exterior repair, foundation repair, parking lot repair and enhanced lighting throughout the site
  - ✓ New **3,000** square foot community building and management office will be constructed
  - ✓ Substantial security upgrades including a site-wide camera system

11



# Ridgecrest Terrace Apartments cont'd

- Total development costs include the acquisition price for the apartment complex
- Hard costs is anticipated to be **\$11,595,444.00** plus a **10%** hard cost contingency of **\$1,159,544.00**. This will total over **\$12,500,000.00** in hard costs, which is over **\$50,000.00** per unit.

Use	Costs
Acquisition	\$23,662,500
Improvements	\$13,436,746
Cost of Financing	\$4,484,689
Fees, Reserves, and Soft Costs	\$7,552,684
<b>Total</b>	<b>\$49,136,619</b>



# Ridgecrest Terrace Apartments cont'd

- Based on the evaluation criteria in the Policy, the proposal scored **69** points
- The project does not align with the goals of the Comprehensive Housing Policy

# Treymore Eastfield Apartments



# Treymore Eastfield Apartments

- 2631 John West Road
- **Council District:** 7
- **Current Property Owner:** Carleton-LaPrada, Ltd
- **Proposer:** JKLF Eastfield, LTD.
- **General Partner:** JKLF Eastfield GP, LLC, an affiliate of The JKL Foundation
- **Developer:** Dalcour Affordable Housing I, LLC
  - Dalcour Companies was founded in 1982 and primary focus is structuring acquisitions, financing and management of multifamily investments and operations.
- **Property Management:** Dalcour Management LLC
- **Unit Mix: 196 units**
  - **108** 1-bedroom
  - **48** 2-bedroom, and
  - **40** 3-bedroom
- Units will be made available to households earning **50%** and **60%** or below of AMI

15



# Treymore Eastfield Apartments cont'd

- **Description:** Acquisition and rehabilitation of all **196** units. Interior and Exterior improvements include:
  - ✓ New energy-star appliances
  - ✓ Replace kitchen and bathroom countertops, fixtures
  - ✓ Replace water heaters
  - ✓ As needed, replace flooring, cabinetry, and sheetrock
  - ✓ Roof replacement, as needed, replace damaged siding, repair fencing
  - ✓ Update amenities and add common area Wi-Fi



# Treymore Eastfield Apartments cont'd

- Total development costs include the acquisition price for the apartment complex
- Hard costs is anticipated to be **\$3,920,000.00** plus a **5%** hard cost contingency of **\$196,000.00**. This will total over **\$3,920,000.00** in hard costs, which is over **\$20,000.00** per unit.

Use	Costs
Acquisition	\$11,581,515
Improvements	\$4,664,800
Cost of Financing	\$1,936,436
Fees, Reserves, and Soft Costs	\$3,009,993
<b>Total</b>	<b>\$21,192,744</b>



# Treymore Eastfield Apartments cont'd

- Based on the evaluation criteria in the Policy, the proposal scored **87** points
- The project does not align with the goals of the Comprehensive Housing Policy

# Issues

- Without the City adopting a Resolution of No Objection for either application submitted to TDHCA, the proposed acquisition and rehabilitation of Ridgecrest Terrace Apartments and Treymore Eastfield Apartments cannot receive an allocation of **4% HTC**s
- **4% HTC**s are a source of equity that contribute to financing acquisitions and rehabilitations of these type
- If item does not move forward, creative solutions for other financing will need to be researched to provide the much-needed renovations and quality of life improvements for both properties

# Recommendation

Staff does not recommend moving forward the Ridgecrest Terrace and Treymore Eastfield Apartments for a Resolution of No Objection as the proposals do not align with the goals of the Comprehensive Housing Policy

# **Accelerated 4% Housing Tax Credit Proposals**

**Economic Development and Housing Committee  
October 22, 2018**

**Avis F. Chaisson, Assistant Director  
Housing & Neighborhood Revitalization  
City of Dallas**





# Housing and Neighborhood Revitalization Accelerated Proposal Scoring Form

## Exhibit "A"

<b>PROPOSER'S NAME</b>	DAL Steele Ridgecrest LLC		
<b>GENERAL PARTNER</b>	TBD		
<b>DEVELOPER</b>	Steele Properties III LLC, an affiliate of Steele Properties		
<b>PROPERTY MANAGER</b>	Monroe Group, Ltd.		
<b>DEVELOPMENT NAME</b>	Ridgecrest Terrace Apartments		
<b>ADDRESS</b>	526 S. Walton Walker Boulevard, Dallas, Texas 75211		
<b>Experience of the General Partner - up to 10 points</b>	<b>Points</b>	<b>Proposer Score</b>	<b>Comments</b>
1-2 Multi-family rental housing projects managed more than 3 years	1	0	Ridgecrest Terrace PFC was listed on the proposal as the managing member; however, they have withdrawn. At this time, a managing member has not been identified.
1-2 Sec. 42/142/HOME projects in service more than 3 years	3	0	
3-6 Multi-family rental housing projects in service more than 3	4	0	
3-6 Sec. 42/142/HOME projects in service more than 3 years	6	0	
7 or more Multi-family rental housing projects in service more than 3 yrs.	7	0	
7 or more Sec. 42/142/HOME projects in service more than 3 years	10	0	
<b>Experience of the Property Manager - up to 10 points</b>	<b>Points</b>	<b>Proposer Score</b>	<b>Comments</b>
1-2 Multi-family rental housing projects managed more than 3 years	0	0	Monroe Group Ltd. has a current portfolio of 56 properties.
1-2 Sec. 42/142/HOME projects in service more than 3 years	3	0	
3 or more Multi-family rental housing projects in service more than 3 years	4	0	
3-6 Sec. 42/142/HOME projects in service more than 3 years	6	0	
7 or more Multi-family rental housing projects in service more than 3 yrs.	7	0	
7 or more Sec. 42/142/HOME projects in service more than 3 years	10	10	
<b>Nonprofit Organization Participation - up to 10 points</b>	<b>Points</b>	<b>Proposer Score</b>	<b>Comments</b>
Nonprofit Organization Participation	10	0	
<b>Redevelopment Areas</b>	<b>Points</b>	<b>Proposer Score</b>	<b>Comments</b>
Is the proposed development located in on of the following areas: Midtown, High Speed Rail, Wynnewood, Red Bird Areas	20	0	
<b>Stabilization Target Areas-up to 20 points</b>	<b>Points</b>	<b>Proposer Score</b>	<b>Comments</b>
Is the proposed development located in one of the following areas: LBJ Skillman, Vickery Meadow, Casa View, Forest Heights/Cornerstone Heights, East Downtown, The Bottom, West Dallas, or Red Bird North.	20	0	
<b>Emerging Market Area - up to 10 points</b>	<b>Points</b>	<b>Proposer Score</b>	<b>Comments</b>
Is the proposed development located in on of the following areas: Southern Gateway, Pleasant Grove, University Hills	10	0	
<b>Project Feasibility - up to 20 points</b>	<b>Points</b>	<b>Proposer Score</b>	<b>Comments</b>
Proposed rent schedule consistent with TDHCA rent limits on rent-restricted units (see TDHCA rent limits tool)	5	5	
Appropriate vacancy and collection loss assumptions in the project proforma are consistent with TDHCA HTC requirements. (Normalized vacancy rate of 7.5% (5% vacancy plus 2.5% for collection loss). 100% project-based rental subsidy developments and other well documented cases may be underwritten at a combined 5 percent. TAC §10.302 (d)(1)(C))	5	5	Due to HAP contract used 5% vacancy and collection loss rate. Used 2% escalator for growth.



## Housing and Neighborhood Revitalization Accelerated Proposal Scoring Form Exhibit "A"

Reserves in the proforma are consistent with TDHCA HTC requirements. (\$250 per Unit for New Construction and Reconstruction Developments and \$300 per Unit for all other Developments. TAC §10.302 (d)(2)(I))	5	5	250*\$300= \$75,000 for year 1 with 3% escalator for growth	
Completed Market Feasibility Report with conclusions supporting the applicable project proforma assumptions completed or underway.	5	5	Yes, prepared by Affordable Housing Analysts dated June 7, 2018	
<b>Project Site Characteristics - up to 10 points</b>				
	<b>Points</b>	<b>Proposer Score</b>	<b>Comments</b>	
Project meets land use density requirements at time of application	5	5		
Project meets City of Dallas zoning requirements at time of application.	5	5		
<b>Transit Amenities - up to 35 points</b>				
<b>Amenity</b>	<b>1/4 Mile or Less 5 Points</b>	<b>&gt;1/4 Mile and &lt; 1/2 Mile 3 Points</b>	<b>1/2 Mile and up to 1 Mile 1 Point</b>	<b>Comments</b>
Bus Station or Stop	5			
Public Park		3		
Full Scale Grocery Store	0	0	1	
Community or Senior Center	5			
Aging & Disability Resource Center	0	0	0	
<b>Amenity</b>	<b>1/2 Mile or less 5 Points</b>	<b>&gt;1/2 Mile and &lt; 1 Mile 2 Points</b>	<b>1 Mile and up to 2 Miles 1 Point</b>	<b>Comments</b>
Qualifying Medical Clinic or Hospital	0	0	0	
<b>Amenity</b>	<b>20 Minutes or less 5 Points</b>	<b>&gt;20 Minutes and &lt; 40 minutes 2 Points</b>	<b>More than 40 Minutes 0 points</b>	<b>Comments</b>
Transit time to Major Employment Center	5			
<b>Project Readiness - up to 10 points</b>				
	<b>Points</b>	<b>Proposer Points</b>	<b>Comments</b>	
Applicant has secured site control per TDHCA HTC definition of site control	5	5	Purchase and Sale Agreement between Ridgecrest Holdings LLC and Steele Acquisitions II LLC. Effective 01/05/2018. Closing contingent upon HTC award and HUD approvals. Contract expires on 03/15/19. Assigned to DAL Steele Ridgecrest LLC.	
Environmental Report (s) has/have been completed.	5	5	AEI consultants prepared 6/2018	
<b>Resident Services-up to 15 points</b>				
	<b>Points</b>	<b>Proposer Points</b>	<b>Comments</b>	
The equivalent of one (1) FTE resident service coordinator for every 600 project bedrooms.	5	0	Proposal does not contain sufficient documentation evidencing 1 of 3 options.	
Project provides or has agreements with third party service providers to provide on-site educational, wellness and/or skill building classes	5	0		
Project provides on-site, licensed child care or after school program that operates at least 20 hours per week.	5	0		
<b>PROPOSAL TOTAL SCORE</b>		<b>69</b>		



## Housing and Neighborhood Revitalization Accelerated Proposal Scoring Form Exhibit "B"

<b>PROPOSER'S NAME</b>	JKLF Eastfield, LTD.		
<b>GENERAL PARTNER</b>	JKLF Eastfield GP, LLC, an affiliate of The JKL Foundation		
<b>DEVELOPER</b>	Dalcor Affordable Housing I, LLC		
<b>PROPERTY MANAGER</b>	Dalcor Management LLC		
<b>DEVELOPMENT NAME</b>	Tremore Eastfield Apartments		
<b>ADDRESS</b>	2631 John West Road, Dallas, TX 75228		
<b>Experience of the General Partner - up to 10 points</b>	<b>Points</b>	<b>Proposer Score</b>	<b>Comments</b>
1-2 Multi-family rental housing projects managed more than 3 years	1	0	The JKL Foundation is the sole member of the GP and Kathi Yeager, Ronald Murff, and Judy Burleson are Trustees. Each have participated on tax credit projects for over 5 years.
1-2 Sec. 42/142/HOME projects in service more than 3 years	3	0	
3-6 Multi-family rental housing projects in service more than 3	4	0	
3-6 Sec. 42/142/HOME projects in service more than 3 years	6	0	
7 or more Multi-family rental housing projects in service more than 3 yrs.	7	0	
7 or more Sec. 42/142/HOME projects in service more than 3 years	10	10	
<b>Experience of the Property Manager - up to 10 points</b>	<b>Points</b>	<b>Proposer Score</b>	<b>Comments</b>
1-2 Multi-family rental housing projects managed more than 3 years	0	0	Dalcor Management provided a portfolio including 12 properties that been placed in service since May 2013.
1-2 Sec. 42/142/HOME projects in service more than 3 years	3	0	
3 or more Multi-family rental housing projects in service more than 3 years	4	0	
3-6 Sec. 42/142/HOME projects in service more than 3 years	6	0	
7 or more Multi-family rental housing projects in service more than 3 yrs.	7	0	
7 or more Sec. 42/142/HOME projects in service more than 3 years	10	10	
<b>Nonprofit Organization Participation - up to 10 points</b>	<b>Points</b>	<b>Proposer Score</b>	<b>Comments</b>
Nonprofit Organization Participation	10	10	The JKL Foundation is a nonprofit corporation; and sole member of the GP but not listed as the developer or co-developer.
<b>Redevelopment Areas</b>	<b>Points</b>	<b>Proposer Score</b>	<b>Comments</b>
Is the proposed development located in on of the following areas: Midtown, High Speed Rail, Wynnewood, Red Bird Areas	20	0	
<b>Stabilization Target Areas-up to 20 points</b>	<b>Points</b>	<b>Proposer Score</b>	<b>Comments</b>
Is the proposed development located in one of the following areas: LBJ Skillman, Vickery Meadow, Casa View, Forest Heights/Cornerstone Heights, East Downtown, The Bottom, West Dallas, or Red Bird North.	20	0	
<b>Emerging Market Area - up to 10 points</b>	<b>Points</b>	<b>Proposer Score</b>	<b>Comments</b>
Is the proposed development located in on of the following areas: Southern Gateway, Pleasant Grove, University Hills	10	0	
<b>Project Feasibility - up to 20 points</b>	<b>Points</b>	<b>Proposer Score</b>	<b>Comments</b>
Proposed rent schedule consistent with TDHCA rent limits on rent-restricted units (see TDHCA rent limits tool)	5	5	Yes, all the units are rent restricted at 60% and 50% of AMI and reflect TDHCA rent limits.
Appropriate vacancy and collection loss assumptions in the project proforma are consistent with TDHCA HTC requirements. (Normalized vacancy rate of 7.5% (5% vacancy plus 2.5% for collection loss). 100% project-based rental subsidy developments and other well documented cases may be underwritten at a combined 5 percent. TAC §10.302 (d)(1)(C))	5	5	Yes, vacancy and collection loss is 7.5% with 2% escalator.



## Housing and Neighborhood Revitalization Accelerated Proposal Scoring Form Exhibit "B"

Reserves in the proforma are consistent with TDHCA HTC requirements. (\$250 per Unit for New Construction and Reconstruction Developments and \$300 per Unit for all other Developments. TAC §10.302 (d)(2)(I))	5	5	Yes, 196*\$300 = \$58,800 in Year 1 with 3% escalator	
Completed Market Feasibility Report with conclusions supporting the applicable project proforma assumptions completed or underway.	5	5	Yes, completed by Apartment Market Data, LLC dated August 16, 2018.	
<b>Project Site Characteristics - up to 10 points</b>				
	<b>Points</b>	<b>Proposer Score</b>	<b>Comments</b>	
Project meets land use density requirements at time of application	5	5		
Project meets City of Dallas zoning requirements at time of application.	5	5		
<b>Transit Amenities - up to 35 points</b>				
<b>Amenity</b>	<b>1/4 Mile or Less 5 Points</b>	<b>&gt;1/4 Mile and &lt; 1/2 Mile 3 Points</b>	<b>1/2 Mile and up to 1 Mile 1 Point</b>	<b>Comments</b>
Bus Station or Stop	5			
Public Park	5			
Full Scale Grocery Store			1	
Community or Senior Center	0	0	0	
Aging & Disability Resource Center	0	0	1	
<b>Amenity</b>	<b>1/2 Mile or less 5 Points</b>	<b>&gt;1/2 Mile and &lt; 1 Mile 2 Points</b>	<b>1 Mile and up to 2 Miles 1 Point</b>	<b>Comments</b>
Qualifying Medical Clinic or Hospital	0	0	0	
<b>Amenity</b>	<b>20 Minutes or less 5 Points</b>	<b>&gt;20 Minutes and &lt; 40 minutes 2 Points</b>	<b>More than 40 Minutes 0 points</b>	<b>Comments</b>
Transit time to Major Employment Center	5			
<b>Project Readiness - up to 10 points</b>				
	<b>Points</b>	<b>Proposer Points</b>	<b>Comments</b>	
Applicant has secured site control per TDHCA HTC definition of site control	5	5	Purchase and Sale Agreement between Carleton-LaPrada, Ltd. And The JKL Foundation. Effective date: March 20, 2018. Closing 130 days after TDHCA approval date with 2-30 day extensions. First Amendment effective July 6, 2018. Closing Date 100 days after Inspection Period.	
Environmental Report (s) has/have been completed.	5	5	Yes, Phase 1 ESA completed by Apex Companies LLC on August 9, 2018.	
<b>Resident Services-up to 15 points</b>				
	<b>Points</b>	<b>Proposer Points</b>	<b>Comments</b>	
The equivalent of one (1) FTE resident service coordinator for every 600 project bedrooms.	5	0	Proposal does not contain sufficient documentation evidencing 1 of 3 options.	
Project provides or has agreements with third party service providers to provide on-site educational, wellness and/or skill building classes	5	0		
Project provides on-site, licensed child care or after school program that operates at least 20 hours per week.	5	0		
<b>PROPOSAL TOTAL SCORE</b>		<b>87</b>		