

Memorandum



CITY OF DALLAS

DATE January 4, 2019

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 2018 Notice of Funding Availability Process and Results**

Summary

On January 7, 2019, the Economic Development and Housing Committee will be briefed on the 2018 Notice of Funding Availability (NOFA) process and results. There were 19 proposals submitted of which 13 were multifamily developments and 6 single-family developments. The total amount requested was \$29,800,000.00 for total of 2731 proposed units.

Background

On May 9, 2018, City Council adopted the Comprehensive Housing Policy (CHP) which approved the following programs:

1. **New Construction** – build new single-family with 5 or more homes or new multifamily rental housing with 5 or more units;
2. **Substantial Rehabilitation** – substantially rehabilitate multifamily rental housing greater than 5 units

Additionally, the CHP stated that when funds are available, the City shall award funds through a competitive NOFA or Request for Application process based on a scoring policy. Prior to issuing the NOFA, the Department of Housing and Neighborhood Revitalization (Housing) staff conducted developer "Meet and Greets" on June 28 and July 12, 2018, to detail the NOFA framework and solicit feedback from the development community.

On August 30, 2018, Housing issued a NOFA. The primary purpose of the NOFA was to provide gap financing in the form of a repayable loan to support new developments or substantial rehabilitation of existing developments located within the City limits, with such funding prioritized in the Reinvestment Strategy Areas, as outlined in the City's CHP and the Program Statement for the New Construction and Substantial Rehabilitation Program. All proposals for funding should assist in meeting the production goals set forth in the policy by proposing to serve households earning between 30%-120% of the Dallas Area Median Income with the targeted income bands varying according to the market and development type. Housing issued the NOFA with an estimated \$25,000,000 in funding available from federal and local sources such as Community Development Block Grant (CDBG), General Obligation Bonds, and Housing Trust Fund. Responses were due on October 11, 2018. There were 19 proposals submitted.

Proposals were evaluated in two stages: 1) threshold review and 2) technical scoring. During threshold review, reviewers evaluated whether the proposal included: all elements, eligible activities, eligible end users/beneficiaries, and whether the proposer is an individual or entity eligible for a City contract. Proposals that passed threshold review moved to technical scoring, where an Evaluation Committee made up of 5 City employees, scored the proposals based on the evaluation criteria set forth in the NOFA, see table below. All proposals that scored at or above the minimum score of 100 out of 155 points are considered eligible for a funding award.

Evaluation Criteria	Points
Experience and Nonprofit Participation	
Project Team Experience (Partnership Entity, Project Team, General Contractor, etc.)	10
Timely Completion of Projects and Property Performance	5
Qualified Nonprofit on Project Team	5
Leveraging	
Leverage	10
Geography	
Project Located in Reinvestment Strategy Area	20
Consistency with Comprehensive Housing Policy	
Income Bands Served	10
Design Principles	5
Neighborhood/Community Group Support	5
Consistency with City's Business Inclusion and Development Plan	
Affirmative Action Plan and/or Policy	1
Ethnic Workforce Composition Report	1
Business Inclusion and Development Affidavit	2
History of M/WBE or Section 3 Business Utilization	4
Proposer and Project Team's Composition	7
Project and Site Factors	
Project Site Characteristics	5
Site Amenities	35
Homeowner and Tenant Services	5
Project Feasibility	15
Project Readiness	10
Total Points Available*	155

* The points listed for each category are the maximum points available.

Staff and the Evaluation Committee has concluded its evaluation of the 2018 NOFA proposals for housing development. Out of the 19 proposals submitted, 10 passed threshold requirements. Based on the evaluation criteria, 3 of the 10 proposals earned a minimum score of 100 to receive a funding award.

Fiscal Impact

For the 3 proposals that met the minimum scoring threshold of 100 points, staff will work with the proposers to establish the terms of the City's investment. Funding would be made available from the federal and local sources identified in the NOFA.

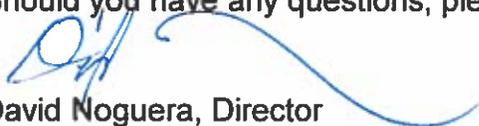
Departments/Committee Coordination

Prior to issuing the NOFA, Housing staff coordinated and solicited feedback/input from internal City stakeholders such as Office of Environmental Quality, Business Diversity and Inclusion, Public Works, and Code Compliance. The NOFA was issued through Procurement Services. Additionally, representatives from the Office of Economic Development, Office of Equity and Human Rights, Office of Homeless Solutions, City Manager's Office, and Planning and Urban Design served on the Evaluation Committee.

Next Steps

On February 4, 2019, Housing staff will brief the Economic Development and Housing Committee on the negotiated housing development loan terms and funding amounts for the eligible proposers. On February 27, 2019, Housing will recommend loan terms and seek authority to execute contracts with eligible proposers from City Council.

Should you have any questions, please contact me at (214) 670-3619.



David Noguera, Director
Housing and Neighborhood Revitalization

c: Chris Caso, City Attorney (I)
Craig Kinton, City Auditor
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

2018 Notice of Funding Availability (NOFA) Process and Results

**Economic Development and Housing Committee
January 7, 2019**

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



Presentation Overview

- Summary
- Background
- NOFA Process
- Proposals and Results
- Next Steps



Summary

- **May 9, 2018:** City Council adopted the Comprehensive Housing Policy which approved the following programs:
 1. **New Construction** – build new single-family with 5 or more homes or new multifamily rental housing with **5** or more units;
 2. **Substantial Rehabilitation** – substantially rehabilitate multifamily rental housing greater than **5** units
- The purpose of the programs is to provide gap financing in the form of repayable loan to incentivize private investment for the development of quality, sustainable housing that is affordable to the residents of Dallas
- When funds are available, the City shall award funds through a competitive **NOFA** or Request for Application process based on scoring policy

Background

- Developer Meet and Greets where held on **June 28, 2018** and **July 12, 2018** to brief on Comprehensive Housing Policy, detail NOFA framework, and solicit feedback from development community
- **August 30, 2018:** Housing and Neighborhood Revitalization Department (Housing) issued a Notice of Funding Availability (NOFA) with estimated \$25,000,000 to award

Source of Funds	Amount Available	Loan or Grant
HOME	\$8,151,742	Loan
HOME CHDO Set Aside ¹	\$1,585,000	Loan
HOME Operating Assistance Grants ²	\$125,000	Grant
CDBG	\$3,323,870	Loan
NSP	\$824,185	Loan
GO Bonds	\$5,000,000	Grant
Housing Trust Funds ³	\$5,000,000	Loan
Other ⁴	\$1,741,896	Loan



Background cont'd

The NOFA prioritized funding developments that:

- Could expeditiously assist the City with meeting its annual production goals based on feasibility
 - Located in one of the Reinvestment Strategy Areas
 - Serve income bands from **30%** and **120%** of AMI
 - Mixed income (include **market** rate units)
 - Located near amenities such as high frequency transit, full-scale grocery stores, public parks, etc.
 - Experience developing and managing affordable housing
-
- Only developments that meet the New Construction and Substantial Rehabilitation program requirements are eligible

5



Tentative Timeline

DATE	DESCRIPTION
August 30, 2018	Release of NOFA
Advertisement	August 30, 2018
Advertisement	September 6, 2018
September 6, 2018 at 6:00 p.m. September 7, 2018 at 10:00 a.m. September 7, 2018 at 2:00 p.m.	Pre-Proposal Conferences
September 11, 2018 at 5:00 pm	Deadline for Written Comments and Questions
September 18, 2018	City Posts all Comments/Questions or Addendums
October 11, 2018	Proposals Due by 2:00 p.m.
October 7, 2018	Identify Reviewers and Panelists
November 2, 2018	Complete the Review and Underwriting of Proposals
November 10, 2018	Panel Review with Term Sheets
November 16, 2018	Issue Notice of Scoring Results to Proposers and Post Online
November 30, 2018	Complete Negotiations with Developers and Draft Contracts
December 2018	Community Development Commission Briefing
January 2019	Economic Development & Housing Committee Briefing and City Council Approval



Background cont'd

- The City received a total of **19** proposals
 - **13** Multifamily developments
 - **6** Single-family developments
- **Total Amount Requested: \$29,800,000**
- **Total Development Costs: \$313,695,645**
- **Total Proposed Units: 2731**

Process

- Proposals were evaluated in two stages:
 1. **Threshold** – Housing staff reviewed proposals to ensure all elements were provided, activities were eligible, end user beneficiaries, and if the individual or entity was eligible to enter into a contract with the City
 2. **Technical Scoring** – For proposals that passed Threshold, Housing staff provided summaries on the proposal for the Evaluation Committee to review. Proposals must score a minimum of 100 points to be considered for funding

Evaluation Criteria

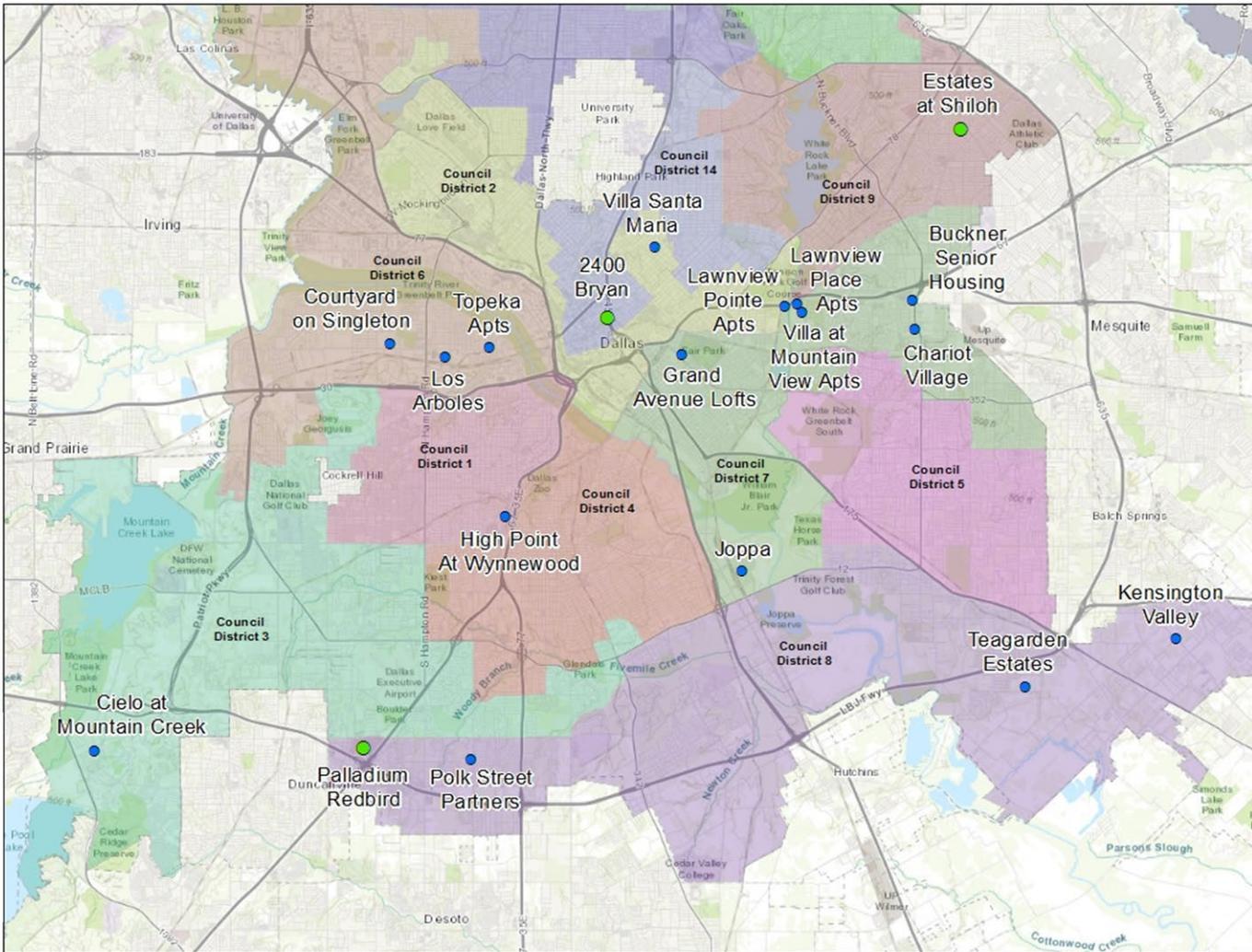
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Project Team Experience (Partnership Entity, Project Team, General Contractor, etc.)	10
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Qualified Nonprofit on Project Team	5
Leveraging	
Leverage	10
Geography	
Project Located in Reinvestment Strategy Area	20
Consistency with Comprehensive Housing Policy	
Income Bands Served	10
Design Principles	5
Neighborhood/Community Group Support	5
Consistency with City's Business Inclusion and Development Plan	
Affirmative Action Plan and/or Policy	1
Ethnic Workforce Composition Report	1
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History of M/WBE or Section 3 Business Utilization	4
Proposer and Project Team's Composition	7
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Project Site Characteristics	5
Site Amenities	35
Homeowner and Tenant Services	5
Project Feasibility	15
Project Readiness	10
Total Points Available	155



Process cont'd

- National Development Council (NDC) conducted preliminary underwriting reports
- Evaluation Committee met to score the proposals
 1. Peer Chacko, Planning and Urban Design Director
 2. Beverly Davis, Office of Equity and Human Rights Director
 3. Monica Hardman, Office of Homeless Solutions Managing Director
 4. Teresa O'Donnell, City Manager's Office
 5. Courtney Pogue, Office of Economic Development Director
- MWBE office scored Business Inclusion and Diversity section
- **November 30, 2018:** Results were provided via Council memo
- **December 11, 2018:** Letters sent to Proposers notifying of result and missing items

2018 NOFA Developments



2018 NOFA Results

Developer	Development Name	Council District	Unit Proposed	Income Bands Served	City Request	Total Development Cost	Proposal Total Score
Generation Housing Partners	Estates at Shiloh	9	40 townhomes 224 apartments (Seniors)	30% - 120% AMI	\$4,000,000	\$38,435,465	117
Palladium USA	Palladium Redbird	3	224 apartments (Option 1) 300 apartments (Option 2)	30% - 60% AMI Market Rate	\$4,950,000 (Option 1) \$8,900,000 (Option 2)	\$45,508,161 (Option 1) \$61,148,008 (Option 2)	111
RMGM Developers, LLC Matthews Holdings Southwest	2400 Bryan	14	212 multifamily units	30% - 60% AMI	\$5,000,000 of General Obligation Bond Funds \$3,000,000 of Housing Trust Funds; and \$1,300,000 Tax Increment Financing	\$63,928,715	107
Villa Santa Maria Inc.	Villa Santa Maria	2	45 apartments (Seniors)	50% - 80 % AMI Market Rate	\$1,500,000	\$44,500,000	84
Dallas City Homes	Topeka Apartments and Imagine Community Center	6	15 units	50% - 120% AMI	\$3,247,843	\$6,854,623	80



2018 NOFA Results

Developer	Development Name	Council District	Unit Proposed	Income Bands Served	City Request	Total Development Cost	Proposal Total Score
High Point at Wynnewood, LP	High Point at Wynnewood	1	220 multifamily units	21 units - 30% AMI & Below 62 units - 60% AMI & Below 21 units - 80% AMI & Below 116 units - 80% AMI & Above	\$4,687,244	\$41,000,000	70
Grand 136	Grand Avenue Lofts	7	136 units	120% AMI and Market Rate	\$6,000,000	\$28,543,989	58
Highridge Costa Housing, LLC./ Casa Linda Development Corporation	Cielo at Mountain Creek	3	100 Units (Seniors)	60% AMI	\$3,560,450	\$19,262,439	55
Renaissance Neighborhood Development Corp.	Buckner Senior Housing	7	240 units	30% - 60% AMI and Market Rate	\$2,497,148	\$33,194,944	49
OM Housing	Villa at MountainView Apartments	3	250 multifamily units	60% AMI	\$1,300,000	\$44,000,000	32



2018 NOFA Results cont'd

Developer	Development Name	Council District	Unit Proposed	Income Bands Served	City Request	Total Development Cost	Proposal Total Score
Camden Homes & Cooperzadeh Development	Kensington Valley	8	112 homes, 3-4 bdrms, 1600-2000 sq. ft	60% to 120% AMI	\$990,000	\$21,157,700	did not meet threshold requirements
Polk Street Partners	Polk Street Partners	8	69 single family home	60% - 120% AMI	\$2,700,000	\$15,227,551	did not meet threshold requirements
Camden Homes & Cooperzadeh Development	Teagarden Estates	8	33 Single family homes	60% - 120% AMI	\$990,000	221 homes total develop cost = \$39,410,965	did not meet threshold requirements
Greenleaf Venture, LLC	Courtyards on Singleton	6	30 townhomes	80% - 120% AMI	\$450,000	\$6,570,000	did not meet threshold requirements
Dallas Neighborhood Alliance for Habitat (DNAfH)	Joppa	7	50 single family homes	30% - 120%	\$2,650,000	45% Bank Financing/Construction Funded by donors	did not meet threshold requirements



2018 NOFA Results cont'd

Developer	Development Name	Council District	Unit Proposed	Income Bands Served	City Request	Total Development Cost	Proposal Total Score
Dallas Neighborhood Alliance for Habitat	Los Arboles	6	29 single family homes	60% - 120% AMI	\$1,750,000	45% Bank Financing/Construction Funded by donors	did not meet threshold requirement
Builders of Hope Community Development Corporation	Chariot Village	7	20 multifamily units	80% AMI - 120% AMI	\$25,000 per unit grant	\$525,000.00	did not meet threshold requirements
OM Housing	Lawnview Pointe Apartments	7	250 multifamily units	not included	\$1,200,000	\$47,532,395	did not meet threshold requirements
OM Housing	Lawnview Place Apartments	7	132 multifamily units	not included	\$750,000	\$27,098,412	did not meet threshold requirements



Next Steps

- **February 4, 2019:** Brief the Economic Development and Housing Committee on proposed contract terms for 3 proposals that met minimum scoring threshold
 1. 2400 Bryan
 2. Estates at Shiloh
 3. Redbird Mall Redevelopment
- **February 27, 2019:** Council agenda to request authorization to execute contracts based on negotiated terms and appropriate funding for 3 proposals

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