



# Notice of Funding Availability (NOFA)

to Develop Affordable Homeownership and Rental Housing



City of Dallas



# Housing Development Financing Application

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## APPLICATION INSTRUCTIONS

This city of Dallas Notice of Funding Availability (NOFA) is open to for profit and non-profit applicants (Applicants) proposing the development of affordable rental and for-sale housing developments, including affordable rental housing for individuals and families experiencing homelessness, that also include a portion of units for persons with special needs.

Applicants that apply to the NOFA will be evaluated based on scoring criteria described in the NOFA. Staff will submit funding recommendations to City Council based on the evaluation criteria herein. City subsidy is provided for new construction of affordable rental, for sale, and supportive housing developments and are intended to fill all or a portion of the gap between development costs and financing available from non-City sources. Applicants are expected to pursue financing from all available sources.

To the extent possible based on the funding source, all applications should assist in meeting the production goals set forth in the City's Comprehensive Housing Policy (CHP) by serving households earning up to 120% of the Dallas area median income (AMI).

## NOFA PROCESS AND TIMELINE

**The amount of funds available is included in *Available NOFA Sources of Funding* information sheet. Applicants can access that sheet on our website, [HERE](#).**

Applicants must submit a non-binding notice of intent to apply by the deadlines stated in Available NOFA Sources of Funding sheet. The Notice must state the location of the proposed project, the total number of units and the total amount to be requested from the City

**Applicants are strongly encouraged to attend a NOFA pre-application meeting. Meeting dates and times are listed on our website, [HERE](#).**

Applicants should review the entire NOFA package, as the application includes a certification that they will comply with all requirements. Prior to the application deadline, please check the Housing and Neighborhood Revitalization website regularly for any updates, corrections, or posted questions and answers regarding this NOFA, [HERE](#).

Applicants must submit:

- **Two flash drives** of a complete Application for Housing Development Financing with all required supporting materials.
- To reduce the size of applications, please do not include full copies of Environmental Impact Reports (EIRs) or all of the backup documentation on Phase I reports (these may be requested later if needed). Cover pages for application exhibits are encouraged.
- The Checklist should be used as the Table of Contents for the application.

**Applications that are deemed substantially incomplete may be rejected.**

Proposed projects selected for funding will be underwritten using the single family development underwriting standards or rental development underwriting standards in the CHP located [here](#).

The terms of the assistance will be consistent with the terms described in the CHP, as amended.

Once financing terms are approved, all required items must be submitted and approved by the City before the execution of a development agreement. Construction may not start until all required items have been received and approved, and the City has issued a Notice to Proceed.

**The City will determine, in its sole discretion, the appropriate source of funding to allocate to Projects selected under this NOFA.**

**Depending on the funding source, applicants may be required to comply with Section 3 of the Housing and Urban Development Act of 1968, Federal Labor Standards as per Davis-Bacon and Related Acts, and the Uniform Relocation Act, in the cases of acquisition and/or rehabilitation of existing occupied units.**

If notified of an award under this NOFA, such notice does not constitute a commitment of funds; such commitment shall only occur if a Project is awarded funding with City Council approval and once all funds have been appropriated by the City via a development agreement.

The Applicants shall provide a comprehensive development budget with sufficient detail so that the City can determine the cost reasonableness of the project. Detailed sources and uses must be provided showing all equity, debt, and requested gap funding from the City. Applicants shall include commitment letters from funding sources outlining and confirming the terms that funds will be committed to the proposed project. A unit matrix stating the unit type, size, affordability, maximum affordable or market rent or sales price, utility allowance for rental units, and total expected annual rent or sales proceeds must be included in the application. Applicants shall provide an operating budget, cash flow and proforma with sufficient detail to determine the overall project feasibility and confirm that but for the City's gap funding the project would not be economically feasible. For affordable rental developments, the cash flow and proforma must be at least 30 years. For-sale affordable developments must provide a cash flow and proforma for as long as the longest term of financing stated in the sources and uses of funds. The above items must be provided to the City in unlocked Excel files in order for the City and third-party underwriters to effectively "stress" the economic feasibility of the development and confirm the funding gap.

## Developer Fee

Developer fees are limited to the maximum amount allowed by the [CHP](#).

## Operating Deficit Reserve for Homeless and/or Permanent Supportive Housing

For proposed projects serving homeless households and/or providing Permanent Supportive Housing units, given the anticipated low incomes of the tenants for these proposed projects, the City will allow Applicants to include a line item on the Development Cost Pro Forma for an operating deficit reserve equal to 5% of the Development Cost. The Operating Deficit Reserve will be held by the city of Dallas or its designee. **The operating deficit reserve portion will be verified and sized during credit underwriting.**

Any disbursements from said operating deficit reserve account shall be reviewed and approved by the City. Upon the expiration of the Compliance Period, any remaining balance may be drawn

to pay down any outstanding City debt on the proposed project. If no City debt is owed by the proposed project at the end of the Compliance Period, then the remaining balance of the operating deficit reserve account shall be placed in a replacement reserve account for the proposed project.

# HOUSING DEVELOPMENT FINANCING APPLICATION CHECKLIST

*Please include this checklist as the Table of Contents for your Application.*

Applicant: \_\_\_\_\_

Project: \_\_\_\_\_

Project Address: \_\_\_\_\_

ITEMS TO BE SUBMITTED (in separately tabbed sections)	Check if Enclosed	FOR CITY USE ONLY		
		Date Rec'd	Complete	Not Complete
<b>SUMMARY INFORMATION</b>				
1. <i>Cover Letter/Narrative Description</i>				
2. <i>Self-Scoring Worksheet</i>				
3. <i>City Application Form</i>				
<b>THRESHOLD INFORMATION</b>				
4. <i>Community Outreach</i>				
5. <i>Evidence of Demand or Market Study</i>				
6. <i>Parcel Map</i>				
7. <i>Evidence of Site Control</i>				
8. <i>Replacement Unit Analysis (if applicable)</i>				
9. <i>Relocation Plan (if applicable)</i>				
10. <i>Preliminary Design</i>				
11. <i>Development Schedule</i>				
12. <i>Preliminary Marketing Plan</i>				
13. <i>Preliminary Management Plan (rental projects only)</i>				

ITEMS TO BE SUBMITTED (in separately tabbed sections)	Check if Enclosed	FOR CITY USE ONLY		
		Date Rec'd	Complete	Not Complete
<b>PROJECT FEASIBILITY &amp; SCORING CRITERIA</b>				
<b>14. <i>Development Budget</i></b>				
<b>15. <i>Construction Financing</i></b>				
<b>16. <i>Permanent Financing</i></b>				
<b>17. <i>Acquisition and Predevelopment Financing</i></b>				
<b>18. <i>Rental or Operating Subsidies (if applicable)</i></b>				
<b>19. <i>Proof of Planning Consult for Rezoning (if applicable)</i></b>				
<b>20. <i>Operating Budget (Rental projects only) Electronic copy</i></b>				
<b>21. <i>30 Year Proforma (Rental projects only)</i></b>				
<b>22. <i>Unit Size and Affordability</i></b>				
<b>23. <i>Location Maps demonstrating location criteria, including geographic equity, educational quality, proximity to public transportation, proximity to grocery stores, proximity to IR Zoning and proximity to parks</i></b>				
<b>24. <i>Developer Experience Worksheets</i></b>				
<b>25. <i>Joint Venture Agreement (if applicable)</i></b>				
<b>26. <i>Developer Experience Worksheet</i></b>				



		FOR CITY USE ONLY		
ITEMS TO BE SUBMITTED (in separately tabbed sections)	Check if Enclosed	Date Rec'd	Complete	Not Complete
<b>27. <i>Nonperformance of Previously Funded Projects (if applicable)</i></b>				
<b>28. <i>Resumes of Developer's Key Staff</i></b>				
<b>29. <i>Resumes and Experience of Development Team</i></b>				
<b>30. <i>Audited Financial Statements &amp; Financial Analysis Worksheets</i></b>				
<b>31. <i>Business and Workforce Inclusion Process</i></b>				
<b>32. <i>Preliminary Resident Services and Technology Plan</i></b>				

# APPLICATION FOR CITY OF DALLAS HOUSING DEVELOPMENT FINANCING

Attach each of the following exhibits in order in your electronic submittal.

## **1. Narrative Cover Letter**

Applications must include a narrative cover letter that provides a basic description of the project. The cover letter should include but is not limited to the following.

### **Summary Information**

- Amount of loan requested
- Total financing gap
- Number and size of units (number of bedrooms)
- Target population served
- Location
- Total development cost
- Any desired variance in standard loan terms
- Description of proposed financing plan (including commercial space financing if mixed use)

### **Site Information**

- Current use of site
- Distinguishing features
- Any environmental issues, including proximity to industrial zoning and/or industrial uses

### **Physical Characteristics**

- Type of construction
- Number of stories
- Architectural style
- Distinguishing features
- Location, type and number of parking spaces
- On- and off-site improvements required

### **Amenities and Services**

- Common facilities and amenities, including computer technology
- Resident services programs (if included)

## **2. Self-Scoring Worksheet**

Applicants are required to submit a self-score worksheet. Use the City's [electronic workbook](#) to complete the self-scoring worksheet. Use the drop-down boxes in cells where applicable to select your answer. Applicants should not assume that their self-score estimate will be the actual score that will be achieved.

### 3. **City Application Form**

Use the City's electronic workbook to complete the Application Form. Use the drop-down boxes in cells where applicable to select your answer. The electronic workbook can be accessed, [HERE](#).

## **Threshold Information**

### 4. **Community Outreach**

What action has been taken to create community support for this project? Describe what actions have been taken to communicate the project characteristics and progress with immediate neighbors.

If no action has been taken, provide details on the community engagement strategy including an outreach timeline, primary point of contact, and communication pathway.

### 5. **Evidence of Demand or Market Supply**

Applicants must verify the market demand for the proposed housing by providing a narrative and a rent or sales comparable analysis. Note that a full market study will be required prior to execution of the development agreement.

All proposed projects must provide a brief narrative that addresses the following:

- Describe how the rent or sales price survey (see below) provided in the application demonstrates that there is a strong demand for the proposed project and how the project will ensure lease-up or sales on schedule.
- (Ownership projects) Provide an explanation of how you will ensure that homes will be in contract with a buyer within nine (9) months of construction completion.
- Describe how the proposed project may impact demand for other existing affordable housing developments in the market area.
- Provide other evidence of need for the project, such as how the proposed project provides for needed housing as identified in the City's Consolidated Plan, or other evidence of market demand.

All projects must also provide a market study or survey, as described below:

Ownership Projects: Provide comparable sales prices for recently sold homes within one mile similar in square footage and unit type to the proposed units, or provide a market study, that is no more than 9 months old. Applicants may include lists of recently sold homes from websites such as [www.zillow.com](http://www.zillow.com) or [www.realestateabc.com](http://www.realestateabc.com) (whichever site has the most recent sales), or local newspaper or other listings of recent home sales. Proposed prices should be sufficiently below market prices.

Rental Projects: A market study or rental survey conducted within 9 months of NOFA application submission must be included. Rental surveys do not need to be completed by a third-party consultant and can be completed in lieu of a market study at the time of application. Include on the following worksheet a summary of the closest three affordable and three market rate comparables, including their distance from the project, population served, number of units by bedroom size, rent by unit size, service and on-site amenities. Use the City's electronic workbook, Tab 5 "Market Demand" to provide the appropriate information.

Mixed Use Projects: In addition to the above, also provide:

- Evidence of demand for commercial/retail space and marketability of space, or at least half the commercial/retail space pre-leased;

- Information from brokers on vacancy rates, turnover rates, and market rents in the neighborhood;
- Evaluation of the neighborhood's retail environment and relative merits of the newly proposed commercial space.

## **6. Parcel Map**

Provide an existing parcel map. If changes in parcel configuration are involved, please also provide a map or description of the proposed future parcel configuration.

## **7. Evidence of Site Control**

At the time a proposed project is submitted, the applicant must demonstrate that it has site control for the property for which funding is being requested, and will maintain site control until the land is acquired through one of the following:

- Grant Deed evidencing fee title ownership
- Purchase agreement, including evidence that the agreement be of a term sufficient to hold the property until the anticipated date of purchase
- Option to purchase or lease, including evidence that options are renewable until the start of construction
- Long term lease agreement
- Executed land sales contract or other enforceable agreement for acquisition

## **8. Replacement Unit Analysis**

If any of the current site use is residential or your project involves demolition of existing residential structures, even if units are currently vacant, complete the "Replacement Unit Analysis" tab of the Electronic Workbook. Complete the information according to the current uses (i.e. existing unit mix) and not the proposed uses.

## **9. Relocation Plan and Budget (if required)**

If the project involves temporary or permanent relocation of residential or commercial tenants, please provide a narrative Relocation Plan. For any proposed project that is occupied by existing tenants that is not otherwise subject to the Uniform Relocation Act (URA), the development proposal must include a City- approved relocation plan that:

- Minimizes permanent displacement from the proposed project. In the event of permanent displacement, Applicants will be required to provide compensation to affected tenants that is otherwise in alignment with URA requirements;
- Must provide reasonable notice to affected tenants prior to any temporary relocation and covers all reasonable out of pocket costs incurred by tenants as a result of moving from one unit to another within the proposed project or temporarily vacating their units to allow rehabilitation work to proceed; and
- Applicant must meet all applicable state, federal, or local laws relating to displacement of tenants

Timeline and a detailed Relocation Budget. If the proposed project is financed with federal funds, the provisions of the Uniform Relocation Act will apply. Additional federal and/or state relocation requirements may also apply.

Applicants considering a project which may result in temporary or permanent displacement should contact City staff at the earliest date possible for assistance in relocation matters.

Proper notice to current and future occupants can reduce the cost of relocation.

## **10. Preliminary Design**

The City recognizes that the project design is likely to be modified as the design process continues. Full schematic drawings will be required prior to Loan Closing. If schematics are available to submit with your application, please provide them. If they are not available, please provide at a minimum:

- a site plan with the building footprint,
- elevations or massing for each building,
- the basic unit configurations/plans,
- renderings, if available.

**The design must be to scale.** Floor plans of rental projects should include unit numbers and approximate unit square footages. Please include furniture in the unit plans for multifamily developments.

As per the CHP, if not currently zoned for the intended use, the applicant must have completed a formal consultation with City Planning staff outlining the process and requirements for rezoning the site.

## **11. Development Schedule**

Use the City electronic workbook for your development schedule.

## **12. Preliminary Marketing Plan**

Preliminary and Final Marketing Plans must be consistent with the Affirmative Fair Housing Marketing Policy of the Dallas Comprehensive Housing Policy. Marketing plans for ownership projects must at a minimum provide information on the marketing process, method for educating buyers on resale restrictions, and a description of the proposed homebuyer counseling program (pre- and post-purchase). A Final Marketing Plan will be required 180 days prior to construction completion (for rental projects) or prior to beginning of marketing units (for ownership projects) and must be approved before marketing can begin.

## **13. Preliminary Management Plan (Rental Projects Only)**

A Final Management Plan will be required 180 days prior to construction completion and a Management Contract must be submitted to the City 90 days prior to construction completion, and should address, at a minimum, the following information:

- The name and contact information for the Management Company
- The role and responsibility of the Sponsor and its delegation of authority, if any, to the management agent;
- Staffing arrangements and personnel policy;
- Plans and procedures for publicizing vacancies and achieving occupancy
- Procedures for determining tenant eligibility and selecting tenants and for initially certifying and annually recertifying household income and size;
- Plans for carrying out maintenance and repair;
- A program for maintaining adequate accounting records;
- An approach to enhancing tenant relations;

- Procedures for grievances and appeals;
- Reasonable accommodation policy and procedures;
- Plans for damages collections and processing of evictions and terminations;
- Table of rent/income restrictions from all funding sources identifying most restrictive requirements and final rent schedule (required for the final plan).

#### **14. Development Budget**

Use the City electronic workbook for your development budget and other budget forms. Use the drop-down boxes in cells where applicable to select your answer.

Applicants must submit a hard copy of each completed spreadsheet under the appropriate exhibit in the application. Electronic copies of applicable spreadsheets must also be submitted with your NOFA application on a flash drive.

***Please round requested City loan amounts to \$1,000 increments.***

**Rental projects** must submit: Development and Operating Budgets

30-Year Operating Proforma Financial Summary

Unit Size and Affordability Analysis (Rental)

***If the proposal includes market-rate units, the operating budget should include the costs for all units in the project.***

**Ownership projects** must submit: Development Budget Financial Summary

Unit Size and Affordability Analysis HUD Utility Schedule Model

Maximum Affordable Sales Price Calculation (sample provided)

*The calculation of "Post Construction Sources" for both affordable and market rate units is done in the Financial Summary exhibit. Note that proposed market-rate sales prices must be supported by your market study, and additional information about financing sources for both the affordable and market-rate portions of the project is required.*

#### **15. Construction Financing Commitments**

List **all** sources of funds for the project in the construction phase in the following format. Use as many rows as necessary.

To score points for committed funding, attach evidence of enforceable financing commitments. A Letter of Interest is not considered an enforceable commitment. For a commitment to be considered enforceable, it must:

- 1) be in writing, stating the essential terms of the financing;
- 2) be subject only to conditions within the control of the applicant, but for obtaining other sources such as City financing; and
- 3) be executed by an authorized officer of the grantor, lender (other than a mortgage broker), or other agency providing the commitment or award.
- 4) For all non-city lenders, all commitment letters must explicitly state the lender will subordinate to the City's Land Use Restriction Agreement (LURA).

If land or buildings will be donated, the value of the donation should be included as an acquisition cost, and as a source of funds in the Financial Summary and in the tables below.

#### **16. Permanent Financing Commitments**

List all permanent sources of funds for the project in the format shown above. Use as many rows as necessary. Attach evidence of enforceable commitments for all sources listed.

### **17. Acquisition and Predevelopment Financing Commitments**

List all acquisition and predevelopment sources of funds for the project using the format above. Use as many rows as necessary. Attach evidence of enforceable commitments for all sources listed.

### **18. Rental or Operating Subsidies (if applicable)**

If the project expects to receive a source of rental or operating subsidies, please provide a description of the source and amount of subsidy, whether or not the subsidy is committed to the project (if committed, please provide evidence of commitment), and specify the term of the subsidy.

### **19. Planning Approvals**

Include evidence of discretionary land use approvals that have been received for the project (Approval Letter, Conditions of Approval, and any extensions to planning approvals received). If land use approvals have been submitted, but not yet received, include evidence of submission.

### **20. Operating Budget (Rental Projects)**

Use the City's electronic workbook, "Operating Budget" tab to provide the appropriate information.

### **21. 30 Year Proforma (Rental Projects)**

For rental proposals, provide a 30 Year Pro-Forma. The following assumptions must be used in the 30-year pro forma. These assumptions may be adjusted during underwriting for just cause.

- 7.5% annual vacancy/collection loss for family and senior projects
- 3% annual increase for expenses (other than property taxes and replacement reserves deposit).
- 2% annual increase for property tax, if applicable
- 2% annual increase for income
- First year operating expenses should equal annual total shown in the Operating Budget
- Annual replacement reserves of \$300 per unit per year for operating reserves as outlined in Appendix 3 of the Comprehensive Housing Policy.
- If Section 8 or other rental or operating assistance is committed, an additional operating proforma should be included that assumes the contract will expire after its initial term. Applicants are encouraged to budget transition reserves due to the risk that rental assistance contracts are not renewed.
- Partnership and/or Asset Management fees are allowable

### **22. Unit Size and Affordability Worksheet**

Applicants must submit a hard copy of the worksheet in the application. Electronic copies of the worksheet must also be submitted with the NOFA application, on a flash drive. Provide the Unit Size and Affordability Worksheet based on the proposed restricted rents.

### **23. Location Maps**

Include maps related to each of the Location scoring criteria. Include with the map a chart that shows the distance from the proposed project to the high frequency transit, parks and grocery store or drug store.

- Geographic equity – show whether or not the project is in a Reinvestment Strategy Area
- Proximity to public transportation – show whether the project is within ¼ mile or ½ mile of high

frequency transit

- Proximity to Parks (NOTE: Parks must be at least 1 acre to receive points).
- Proximity to grocery or drug store – show all *full-service* grocery stores and drug stores within one mile of the project. Label the distance between each store and the project.
- Distance from industrial zoning and uses – show all property zoned Industrial/Research (IR) District, Industrial Manufacturing (IM) District or a planned development district that allows potentially incompatible industrial uses as defined in Section 51A-4.20(a) of the Dallas Development Code within one mile of the project. Note all properties within a one-mile radius with potentially incompatible industrial uses as defined in Section 51A-4.203(a) of the Dallas Development Code. Projects with these uses within one mile may not be eligible for funding. Staff will evaluate each application and surrounding uses and recommend funding on a case by case basis.
- Proximity to open space, park space, or playground space. If the project includes open space, park space, or playground space, note this on the map and include information about the planned space in the project site information.

#### **24. Developer Experience Worksheets**

Complete the “[Developer Experience Worksheet](#)” file to provide the requested information for **all projects** developed within the last ten years that are of the same use and magnitude of the proposed project. Applicants must have completed at least three projects of the same use and magnitude to qualify for funding. Applicants that have successfully completed more than the minimum number of required projects within the last ten years may be given preference.

#### **25. Joint Venture Agreement**

If the applicant is a Joint Venture, a Joint Venture Agreement is required, clearly describing the roles and responsibilities of each partner, who is the lead partner, or if the responsibilities are approximately equally split between the partners.

#### **26. Developer Experience**

Complete the “Developer Experience” form to provide the requested information for all project staff of the proposed project. The form can be accessed, [HERE](#).

#### **27. Nonperformance of Previously Funded Projects**

- Document any events that have occurred in connection with projects with City funding under the control of the applicant that have failed or defaulted for any of the reasons listed in the scoring section.

#### **28. Resumes of the Developer’s Key Staff**

Include resumes for the applicant's key staff that will be assigned to the proposed project.

#### **29. Resumes and Experience of Other Members of the Development Team**

As a cover page to this Exhibit, indicate which of the following Development Team Members have been selected and identify them.

- Developer, if different from applicant
- Architect(s)/Engineer(s)
- Attorney(s) and/or Tax Professionals
- Property Management Agent
- Financial and Other Consultant(s)



- General Contractor
- Investor
- Service Provider

For each Team Member other than the developer, provide the following supplemental information:

- Descriptions of at least 3 previous projects, including the address, number of units, total cost, completion date and funding sources.
- Resumes of the assigned project staff.

### **30. Audited Financial Statements and Financial Analysis Worksheets**

Financial statement review will evaluate the organization's net assets, debt equity ratio, and current assets and liabilities ratio, and other factors as deemed appropriate.

Provide, for all project sponsors, the following documents regarding financial strength and capacity.

- Audited financial statements for the organization from the past two years (**if these are consolidated financial statements, they must also include the standalone financial statements for sponsor/parent organization**)
- If audited financial statements are not available, applicant may provide reviewed financial statements or compiled financial statements subject to the approval of the Director of Housing and Neighborhood Revitalization or their designee
- If particular circumstances about an organization's financial position or capacity require explanation, provide a narrative summary in addition to the financial statements.
- Complete the Financial Analysis Worksheets

### **31. Business and Workforce Inclusion**

Demonstrated inclusion and commitment to understanding the City's business inclusion policy is important to the City of Dallas. It is the policy of the City of Dallas to involve minority and women business enterprises (M/WBE) to the greatest extent feasible on the City's construction contracts.

Applicants are required to meet with Business & Workforce Inclusion staff before the application is approved. Staff will assist applicants with identifying certified M/WBEs based on the scope of the proposed project. Applicants shall comply with the City's Business Inclusion Policy. Staff will review and clarify the M/WBE expectations with the applicant. Applicants shall work to meet or exceed the M/WBE goal for portions of the construction project funded by the City. Additionally, applicants may make a good faith effort to achieve an M/WBE construction goal (in accordance with the City's business inclusion policy) for total private construction expenditures for the project. To schedule a meeting, please send an email to [officeofbusinessdiversity@dallascityhall.com](mailto:officeofbusinessdiversity@dallascityhall.com).

All applicants should assume that a minimum of 25% of all City of Dallas funds proposed must be subcontracted to M/WBEs. Additionally, applicants must outline efforts to reach a minimum of 25% participation by M/WBEs for the entire project.

**Example:** Applicant requests \$100,000 in City funds for a \$500,000 project. A minimum of \$25,000 in M/WBE participation is required for the City of Dallas's funds. The Developer must also outline efforts for M/WBE participation of \$125,000 of the project.

As part of the Business and Workforce Inclusion threshold requirement, all applicants should submit the following:

- Documentation of requisite meeting with Office of Business Diversity Staff
- City of Dallas Ethnic Workforce Composition form. Form can be accessed, [HERE](#).

- City of Dallas Office of Business Diversity Pre-Bid/Proposal Form. Form can be accessed, [HERE](#).

### **32. Preliminary Resident Services and Technology Plan and Service Provider MOUs**

Resident Services Plans should be well-defined, identify committed or proposed funding sources (projects with committed funding receive preference), have an identified provider, and show evidence of consultation with established service providers. A preliminary budget, or sources and uses of funds, should be included if possible. Services may include free or sliding-scale services such as computer classes and the provision of a common computer room, credit counseling, child care, employment and training programs, ESL classes, after school programs, individual case management, counselors, health services, or other services relevant for the community served.

Resident service coordination reasonable for the programs provided and size and type of population being served may be funded as an operating cost. However, case management services are not an eligible cost.

**Technology Plan:** Projects must provide the capacity for high-speed internet access in each unit by a means that does not impede use of the primary telephone line. Please address how the project will meet or exceed this requirement. Descriptions of tutoring, training, and computer facilities provided for residents should also be included as an element of the Resident Services Plan.

**Special Needs & Permanent Supportive Housing (Homeless) Projects:** If a project reserves units for Special Needs and/or Homeless populations, the Resident Services Plan must state clearly how many special needs and/or Homeless set-aside units there will be in the project and the exact population that will be targeted; must demonstrate that the essential supportive and social service needs of the target population will be met (e.g., health services for people with chronic health conditions; mental health services for people with mental illness) and must include individual case management services.

Applicants are also encouraged to use the Coordinated Entry System in their tenant selection processes to fill designated permanent supportive housing units for homeless individuals with disabilities.

**Memorandum of Understanding:** Provide any current MOU's or other agreements with supportive service providers for the project, or information regarding contacts made with service providers. Provide information on potential and committed service funding to be used for the project.

**Ownership Projects:** The Resident Services Plan is optional for ownership projects. Note that ownership projects must include a description of the homebuyer counseling program in the Preliminary Marketing Plan.

## Scoring Criteria

Complete applications will be scored in the following categories. Maximum points in each category are noted. The discussion following contains a more detailed description of the criteria. Some categories are not applicable for certain types of projects. As a result, scores are calculated as the percentage of points attained out of the total points possible for each project type. Please note that points will be rounded to the nearest ¼ point. Projects scoring less than 50% of possible points are unlikely to be awarded funding. **In all cases, maximum points are awarded for exceeding, rather than meeting, the threshold requirements for the category.** See Discussion for further information. Rental applications must score at least 97 points to be considered for funding, Ownership applications must score at least 86 points to be considered for funding.

	<i>Rental</i>	<i>Owner</i>
<b>Readiness</b>	<b>43 pts</b>	<b>43 pts</b>
Leveraging	8	8
Funding Commitments	15	15
Discretionary Land Use Approvals	20	20
<b>Location</b>	<b>26 pts</b>	<b>26 pts</b>
Geographic Equity	8	8
Educational Quality	7	7
Proximity to Public Transit	5	5
Proximity to Grocery or Drug Store	2	2
Proximity to Industrial Zoning	2	2
Proximity to Parks	2	2
<b>Target Population and Project Attributes</b>	<b>30 pts</b>	<b>19 pts</b>
Income Targeting	10	10
Unit Size	5	9
Units for People with Special Needs	5	N/A
New Permanent Supportive Housing Units for Homeless Individuals and Families	10	N/A
<b>Developer Experience and Capacity</b>	<b>39 pts</b>	<b>34 pts</b>
Developer Experience Exceeds Minimum	10	10
Developer Capacity	8	8
Developer Financial Strength	6	6
Strength of the Development Team	3	2
Bonus Point Category	12	8
<b>Penalty for Nonperforming Previously Funded Projects</b>	<b>-10 pts</b>	<b>-10 pts</b>

<b>Total Possible Points</b>	<b>138</b>	<b>122</b>
<b>Minimum Points Needed to be Considered for Funding</b>	<b>97</b>	<b>86</b>

# DISCUSSION – SCORING CRITERIA

**I. Readiness (43 points)**

**A. Leveraging: Degree to which outside funding will be pursued (8 points).**

- Points will be awarded for projected Applicant’s equity and permanent financing **excluding** City of Dallas resources of the total development costs.  $[(\text{leveraged financial resources}/\text{total development costs (TDC)}) * 100]$
- City resources include loan and grant funds received by or committed to the project and the value of any land donations or below-market sales/ground leases.
- The higher the percentage of leveraged funding sources, the higher the score. Points will be awarded based on the following table:

Leveraged Financial Resources as a Percent of TDC Greater than:	Points
20%	2
25%	3
30%	4
35%	5
40%	6
45%	7
50%	8

**B. Funding Commitments**

Degree to which outside funding has been committed (15 points)

- Points will be given based on non-City financing currently committed to the project, as follows:

Committed Financial Resources as a Percent of TDC Greater than:	Points
5%	1
10%	2
15%	3
20%	4
25%	5
30%	6
35%	7
40%	8
45%	9
50%	10

- Up to 5 points will be awarded for each commitment of long-term operating subsidy (e.g. Project-Based Section 8 vouchers).

**C. Discretionary Land Use Approvals (20 points)**

- Maximum points are awarded for sites that have obtained discretionary public land use approvals (obtaining building permits is not necessary to score points).
- Projects that have submitted their application for planning approvals will be eligible for up to 5 points.

**II. Location (25 points)**

**A. Geographic Equity (8 points)**

- The proposed project is within any area designated as a Reinvestment Strategy Area (“RSA”) in the Comprehensive Housing Policy;

**B. Educational Quality (7 points, not applicable for 100% senior or special needs properties not targeted to families)**

- 7 points will be awarded if the project is located within the assigned neighborhood boundaries of a Dallas ISD Transformation and Innovation School. A list of DISD Innovation Schools can be found [HERE](#); DISD Transformation Schools can be found [HERE](#); Attendance boundaries can be found [HERE](#).

**C. Proximity to public transportation (5 points)**

- Full points require a project location within 1/4 mile of a High Frequency Transit stop
- Up to 2 points will be awarded for a project location within 1/2 mile of a High Frequency Transit stop.

**D. Proximity to full-service grocery (2 points)**

- A project location within 1/2 mile of a full-service grocery store (where staples, fresh meat, and fresh produce are sold) or drug store will score full points.
- A project location within 1 mile will score 1 point.
- The required map in the application must show the location of the full-service grocery store must include a description of the store(s) demonstrating the required elements.

**E. Distance from industrial zoning and uses (2 points)**

- A project that is **not** located within 1/2 mile of property zoned Industrial/Research (IR) District, Industrial Manufacturing (IM) District or a planned development district that allows potentially incompatible industrial uses as defined in Section 51A-4.20(a) of the Dallas Development Code will score 1 points.
- A project that is **not** located within 1 mile of property zoned Industrial/Research (IR) District, Industrial Manufacturing (IM) District or a planned development district that allows potentially incompatible industrial uses as defined in Section 51A-4.20(a) of the Dallas Development Code will score 2 points.
- Projects within 1/2 mile of an existing potentially incompatible industrial use as defined in Section 51A-4.203(a) of the Dallas Development Code **may not be eligible for funding**.

**F. Proximity to parks (2 points)**

- A project that is within 0.1 mile of a City of Dallas Neighborhood, Community, Metropolitan or Regional Park will score 2 points.
- A project that is within 0.25 miles of a City of Dallas Neighborhood, Community, Metropolitan or Regional Park will score 1 point.

**III. Target Population (30 points rental, 19 points ownership)**

**A. Income Targeting: (maximum of 10 points rental, 10 points ownership)**

**Rental Projects:** Points are awarded for rental projects providing more extremely low-income rental units than the threshold requirement. For the threshold requirement, 20% of units must be set aside serving extremely low-income households with rents of no more than the 30% rent limit, adjusted for unit size.

- 2 points will be awarded for each additional full one percent of affordable units with restricted rents at or below the 20% rent limit, adjusted for unit size.
- 1 point will be awarded for each additional full one percent of affordable units with restricted rents at or below the 30% rent limit, adjusted for unit size.
- To score points for units with Project Based Section 8 or other rental subsidy contracts, it is assumed that those units will be kept affordable at or below 30% of AMI for the full 55-year loan term, regardless of whether the rental subsidy contract is renewed.

**Ownership Projects:** Points are awarded for ownership projects providing units that are affordable for a family of four earning 60% of AMI.

To earn points in this section, the annual payment for principal, interest taxes and insurance, less any subsidy does exceed 30% of the annual income for a family of 4 earning 60% of AMI for Dallas Metro, as updated annually by HUD.

- One point awarded for each one full percentage point of units with the end cost to

the buyer resulting in an annual housing payment of 30% of 60% of AMI for a family of four

**Example:** *The proposed project consists of 50 homes, 20% of which will sell for a price that, with available subsidy, results in a principal, interest, taxes and insurance payment for the buyer of \$15,425. The 60% income limit for 2020 for a family of four in Dallas is \$51,720. The annual PITI is 29.8% of the annual income. This development would receive 10 points for this section – 1 point for each percentage of the development meeting the affordability test, up to a maximum of 10 points.*

**NOTE:** To earn points in this section, applicants will not have to commit to limiting buyers of these homes to households earning 60% or less of median. Upon award, applicants will have to contractually commit to sell prices to the buyer that will result in the PITI used to earn points in this section.

A. Unit Size: Number of larger units (5 points rental, 5 points for meeting minimum unit size ownership, 9 points max ownership)

Points are awarded for the number of units provided with 2, 3, or more bedrooms.

- ½ point will be awarded for each 20% of multifamily units that have 2 bedrooms.
- 1 point will be awarded for each additional 5% of multifamily units with 3 bedrooms or larger (above the minimum threshold).
- 1 point will be awarded for each additional 5% of single-family units with 4 bedrooms or larger (above the minimum threshold).

**Rental Example:** *A proposed 100-unit development has forty (40) 2-bedroom units, forty (40) 1-bedroom units, and twenty (20) 3-bedroom units. As such, the project would be awarded 0 points for the 1-bedroom units, 1 point for the 2-bedroom units, and 4 points for the 3-bedroom units for a grand total of 5 points.*

**Single-Family Example:** *As outlined in the CHP all single-family homes must contain a minimum of 3 bedrooms and 1.5 baths. A proposed 9-unit development has seven (7) 3-bedroom units and two (2) 4-bedroom units. The project would be awarded 5 points for meeting the minimum requirements and an additional 4 points for the 4-bedroom units (29% of total project)*

B. Housing for Households with Special Needs (5 points, rental projects only)

- One point awarded for each 5% of the affordable units set aside for households with special needs, up to a maximum of 5 points.
- To receive points, a Resident Services Plan must be submitted that demonstrates how essential supportive and social service needs of the population will be provided and funded. Providing accessible units will not in and of itself be sufficient to score points.
- To receive points, an executed MOU with a service provider that will deliver the services described in the Resident Services Plan must accompany the Resident Services Plan. If the owner is providing direct services, a commitment letter or a board resolution will satisfy this requirement.

C. Permanent Supportive Housing for Households Experiencing Homelessness (10 points, rental projects only)

- To qualify under this category, a proposed project must commit to providing 33% of the units to households experiencing homelessness, with at least 10% of the units reserved for households meeting HUD's definition of chronic homelessness. For purposes of determining the percentage of units set aside for families experiencing homelessness, the units set aside for households experiencing chronic homelessness may count toward meeting both set asides.



- An additional 10 points will be awarded for proposed projects that commit to setting aside 50% of the units for households experiencing homelessness. Units must be Permanent Supportive Housing (not transitional) to receive points in this category.
- To receive points, a Resident Services Plan must be submitted that demonstrates how essential supportive and social service needs of the population will be provided and funded. Providing Permanent Supportive Housing units will not in and of itself be sufficient to score points.
- To receive points, an executed MOU with a lead service provider that will deliver the services described in the Resident Services Plan must accompany the Resident Services Plan. If the owner is providing direct services, then a commitment letter or a board resolution will satisfy this requirement.
- To qualify as Permanent Supportive Housing and to receive points:
  - A Supportive Services Plan must be submitted that demonstrates how essential supportive service needs of the population will be provided and funded.
  - The Lead Service Provider must be identified and have at least three years of experience providing supportive services in supportive housing across at least two projects and serving at least twenty households in total.
  - The Property Manager must be identified and have at least three years of experience managing supportive housing units following the Housing First Model, in at least two projects of no fewer than ten units each.

#### **IV. Developer Experience and Capacity (33 points rental, 32 points ownership)**

Applicants should refer to the Addendum *Minimum Developer Qualifications* for minimum requirements to qualify for funding.

##### **A. Developer Experience Exceeds Minimum (10 points)**

- Points are awarded for completing more than three affordable or mixed-income housing projects within the last ten years (by the applicant, not other team members). 2 points will be awarded for each additional project (up to 6 points).
- Points will be given for completing more than one project similar to the proposed project by the applicant within the last ten years. 2 points will be awarded for each additional similar project (up to 4 points).
- If the applicant is a joint venture, projects will be scored based on the experience of the lead applicant. Where partners have approximately equal participation, the individual scores of each partner will be averaged.

##### **B. Developer Capacity & Staffing (8 points)**

- Points are awarded based on evidence that the lead staff, including the Project Manager and supervisory staff, proposed to work on the current proposal have the necessary experience and that the organization has adequate staffing capacity to undertake the project.

##### **C. Developer Financial Strength (6 points)**

- Points are awarded based on evidence that the applicant is financially sound and will be able to sustain the costs of effectively following through with the current proposal, based on review of current interim and previous years' audited financial statements. **The lead applicant must provide a non-consolidated financial statement.**

Financial statement review will evaluate the organization's net assets, debt equity ratio, current assets and liabilities ratio, and other factors as determined by City staff.

- Applicants submitting applications for 15 or fewer units may submit unaudited financial statements, provided they were prepared by a Certified Public Accountant.

**D. Strength of Development Team (3 points rental, 2 points ownership)**

- Points are awarded based on evidence that the Development Team members (Developer Principals, Property Manager, Attorney, Architect, Financial Consultant, etc.) exceed the minimum requirements.

**E. Bonus Point Category (a maximum of 12 points)**

- 2 points will be awarded if within a joint venture partnership for a LIHTC financed development, the less experienced partner is allowed first right of refusal to purchase the land and/or building after the 15-year tax credit compliance period (Rental);
- 2 points will be awarded if within a joint venture partnership, the less experienced partner is provided with more than 25% of the developer fee
- 2 points will be awarded for Permanent Supportive Housing projects that commit to using the Coordinated Entry System in their tenant selection process to fill designated permanent supportive housing units for homeless individuals with disabilities (Rental);
- 2 points will be awarded for committing ground floor commercial space at below market rates to non-profit organizations and arts & cultural users.
- 2 points will be awarded where more than 50% of the project is set aside for live-work units for artists.
- 2 bonus points the proposed project exceeds either the LEED Silver Certification or the proposed project scores higher than the minimum optional points required to receive the Enterprise Green Communities Certification.

**V. Penalties for Nonperforming Previously Funded Projects (-10 points)**

Within 24 months preceding a funding application, events occurring in connection with projects with City funding under the control of the applicant will be used as the basis for penalties. Events will not result in negative points if they have been fully resolved as determined by, or to the satisfaction of, the City as of the date of application.

Points may be deducted at the City's discretion for each occurrence below with a maximum deduction of 10 points for the following reasons.

- Failure to properly maintain a project as determined by the City's property site inspections.
- Failure to comply with prevailing wage/Davis-Bacon, living wage, or other City contracting and employment programs.
- Unresolved defaults under any City agreement or on any agreement for a project that has City funding.
- Other significant violations of requirements of the City's housing development programs, programs of other public agencies, or agreements with private lenders (such as inadequately maintaining books and records; failure to comply with fair housing requirements; failure to achieve sustainability criteria; failure to properly certify tenant income eligibility; failure to adequately qualify prospective first-time homebuyers, etc.) that haven't been cured within a reasonable time period as determined by the City.



# Glossary

**24 CFR Part 92** is the federal regulation that implements the HOME Investment Partnerships Program (“HOME”). According to this regulation, “under the HOME Investment Partnerships Program Act, HUD allocates funds by formula among eligible State and local governments to strengthen public-private partnerships and to expand the supply of decent, safe, sanitary, and affordable housing, with primary attention to rental housing, for very low-income and low-income families.”

**24 CFR Part 500** is the federal regulation that implements the Community Development Block Grant (“CDBG”). HUD provides annual grants on a formula basis to entitled cities and counties to develop viable urban communities by providing decent housing and a suitable living environment, and by expanding economic opportunities, principally for low- and moderate-income persons.

**Affiliate** is an individual, corporation, partnership, joint venture, limited liability company, trust, estate, association, cooperative or other organization or entity of any nature whatsoever that directly, or indirectly through one or more intermediaries, has Control of, is Controlled by, or is under common Control with any other person. All entities that share a Principal are Affiliates.

**Affordable** mean housing units that are restricted for sale, lease-purchase or rent to households earning 30% - 120% of Dallas Area Median Income and where the household spends no more than 30% of their adjusted monthly income on housing-related expenses.

**Affordability Period** means the period of time that units set aside for households earning 30% - 120% of Dallas Area Median Income shall remain affordable; length of time will be determined based on funding source.

**Applicant** means any individual or group of individuals and any Affiliates who apply for a funding award pursuant to this NOFA.

**Conflict of Interest** is defined under federal regulations 24 CFR 92.356 and 24 CFR 570.611 and state statute Chapter 176 of the Texas Local Government Code.

**Control** (including the terms “Controlling” and “Controlled by” and/or “under common Control with”) means the power, ability, or authority, acting alone or in concern with others, directly or indirectly, to manage, direct, superintend, restrict, regulate, govern, administer, or oversee.

**Developer** means any Person entering into a contractual relationship with the Owner to provide Developer Services with respect to the Project and receiving the right to earn a fee for such services and any other Person receiving any portion of a Developer Fee, whether by subcontract or otherwise, except if the Person is acting as a consultant with no Control.

**Eligible Homebuyer** means a potential homebuyer with a household whose income is between 60% - 120% of the Dallas Area Median Income.

**Environmental Reports** are a Phase I environmental site assessment and, if applicable, a Phase II environmental site assessment.

**Full Scale Grocery Store** is a store that sells a full line of groceries, meat, produce, and dairy products.

**General Contractor** means any Person who contracts to perform the construction or rehabilitation of an entire Project, rather than a portion of the work. The General Contractor hires subcontractors, such as plumbing contractors, electrical contractors, etc., coordinates all work, and is responsible for payment to the subcontractors.

**High Frequency Transit** is accessible public transportation where the frequency of departures and arrivals is no more than every 15 minutes.

**HUD** means the United States Department of Housing and Urban Development.

**Identity of Interest** means (whether or not such term is capitalized) is any relationship based on family ties or financial interests between or among two or more entities involved in a Project-related transaction which

reasonably could give rise to a presumption that the entities may not operate at arms-length. Beyond this general definition, an identity of interest relationship will be deemed to exist if: 1) An entity, or any owner of any direct or indirect ownership interest in such entity, or any family member of any such owner is also an owner, through a direct or indirect ownership interest, or an officer, director, stockholder, partner, trustee, manager, or member of the counterparty/other entity; or 2) Any officer, director, stockholder, partner, trustee, manager, member, principal staff, contract employee or consultant of an entity, or any family member of thereof, is an owner, through any direct or indirect ownership interest, or an officer, director, stockholder, partner, trustee, manager or member of the counterparty/other entity. For purposes of this definition, "family member" means the spouse, parents or stepparents, children or stepchildren, grandparents or step-grandparents, grandchildren or step-grandchildren, aunts, uncles, parents-in-law, and siblings-in-law (or their children or stepchildren). It also includes any other similar relationship established by operation of law, including but limited to guardianship, adoption, foster parents, and the like.

**Major Employment Centers** are urban areas with a concentration of jobs and services including but not limited to business, industrial, and office parks, and medical or educational districts, etc.

**Medical Clinic or Hospital** is a facility that provides comprehensive health care services.

**Owner** means the Person or Persons who owns or proposes a Project or expects to acquire Control of a Project under a purchase contract or ground lease.

**Person** means, without limitation, any natural person, corporation, partnership, limited partnership, joint venture, limited liability company, trust, estate, association, cooperative, government, political subdivision, agency or instrumentality or other organization or entity of any nature whatsoever, and shall include any group of Persons acting in concert toward a common goal, including the individuals members of the group.

**Pharmacy** is a facility that dispenses and sells both prescription and non-prescription medicinal drugs.

**Proposed Project** means the proposed project of housing units for which an application has been submitted pursuant to this NOFA.

**Project Team** all persons and Affiliates thereof that play a role in the proposed project, construction, rehabilitation, management and/or continuing operation of the proposed project.

**Public Park** is land owned or managed by the city, whether located inside or outside the city limits, that is planned, developed, or used for active or passive recreational use by the public.

**Qualified Projects** means a Project that was funded in part by either 1) 24 CFR Part 92 (HOME Investments Partnership Program), 2) 24 CFR Part 570 (Community Development Block Grants), or 3) Federal Register 75 FR 64322 (Neighborhood Stabilization Program).

**Reinvestment Strategy Areas** ("RSAs") means the areas adopted under the Comprehensive Housing Policy to address 3 market types in need of City investment:

**Redevelopment Areas:** A redevelopment area is characterized by a known catalytic Project that has submitted a request for funding that shows preliminary viability and will begin within the next 12 months. The Project as proposed must contain a housing component and must address the existing market conditions as identified in the MVA and must demonstrate a level of housing production supported through a third-party independent market analysis and show affordability to a mix of income bands. Redevelopment Areas: Midtown, High Speed Rail, Wynnewood, and Red Bird

**Stabilization Areas:** Stabilization areas are characterized as G, H, and I markets that are surrounded by A-E markets and as such are at risk of displacement based on known market conditions including upcoming redevelopment Projects. These areas are also where Incentive Zoning and Accessory Dwelling Units should be focused to allow for increased density.

**Stabilization Areas:** LBJ Skillman, Vickery Meadow, Casa View, Forest Heights / Cornerstone Heights, East Downtown, The Bottom, West Dallas, and Red Bird North.

**Emerging Market Areas:** These markets are characterized as areas in need of intensive environmental enhancements, master planning and formalized neighborhood organization. In order to facilitate the creation of mixed income developments, the City recommends seeking designation as Neighborhood Revitalization Strategy Areas (NRSA's) through HUD in order to prepare the area for real estate investments in a 3 to 5-year time frame and provide flexibility of use of funds without income qualifications. trust in local government and aid staff in assessing the need for strategic partnerships. Emerging Market Areas: Southern Gateway, Pleasant Grove, and University Hills.

**Site Control** is defined in Texas Administrative Code, Chapter 10, Section 10.204(10). In order to establish site control one of the following must be provided (i) a recorded warranty deed vesting indefeasible title in the Applicant or, if transferrable to the Applicant, an Affiliate of the Applicant, with corresponding executed settlement statement (or functional equivalent for an existing lease with at least forty-five (45) years remaining); or (ii) a contract or option for lease with a minimum term of forty-five (45) years that includes a price; address and/or legal description; proof of consideration in the form specified in the contract; and expiration date; or (iii) a contract for sale or an option to purchase that includes a price; address and/or legal description; proof of consideration in the form specified in the contract; and expiration date.

**Substantial Rehabilitation** is one or more of the following:

1. Replacement of two or more major building components (roof, wall or floor structures, foundation, plumbing, central HVAC, or electrical system); or
2. Rehabilitation costs are 15% or more, exclusive of any acquisition and/or acquisition and development soft costs, of the property's replacement cost (fair market value) after completion of all required repairs, replacements, and improvements; or
3. Rehabilitation hard costs are \$10,000 or more per unit