



**City of Dallas**

# **Notice of Funding Availability (NOFA)**

**Department of Housing & Neighborhood  
Revitalization**

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# What is a Notice of Funding Availability (NOFA)?

- Tool used to evaluate eligibility of affordable housing proposals
- Standing NOFA is flexible for developers and allows applicants to submit shovel-ready projects at any point during the year
- Serves as an evaluation tool for all development projects seeking city subsidy

# Things to consider before applying:

1. Is my development team ready?
2. Is the project shovel-ready?
3. Do I have site control?
4. Do I have outside financing commitments?

# NOFA Application Process

- Application Steps
  1. Is my project ready?
  2. Attend a pre-submission conference (**4<sup>th</sup> Tuesday of each month**)
  3. Submit a Letter of Intent (LOI)
  4. Self-score Application
  5. Submit an Application as outlined in NOFA solicitation
  6. Application Evaluated and Scored
  7. Submit Supplemental information for Underwriting
  8. Community Meeting/Outreach
  9. City Council Approval (Committee & Full Council)
- Timeline: City staff anticipates 3-month process from application submittal to Council committee

# Evaluation Criteria



1. Readiness



2. Location



3. Target Population and Project Attributes



4. Developer Experience and Capacity



5. Penalty for Nonperforming Previous Projects

# 1. Readiness

- Leveraging, Funding Commitments
  - How much funding is already committed? Debt and Equity?
  - Greater % of non-city funding sources corresponds to greater point totals
- Discretionary Land Use Approvals
  - Is there a need to submit a planning and zoning approval? Projects that have submitted their application for planning approvals will be eligible for up to 5 points.
  - Plans with ready-to-build land use approvals are awarded more points

# 1. Readiness

	<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

## 2. Location

- Geographic Equity, Educational Quality
  - More points awarded for projects inside Reinvestment Strategy Areas (RSAs)
  - More points awarded for projects within assigned boundaries of DISD transformation and innovation schools
- Proximity to Parks, Grocery Stores, Transit
  - Distance from full-service grocery stores, parks, and transit stops are figured into the score
  - Better locations with more services will be awarded more points

# 2. Location

	<i>Rental</i>	<i>Owner</i>
Location	26 pts	26 pts
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

# 3. Target Population & Project Attributes

- Income Targeting, Unit Size
  - Points awarded for exceeding the minimum 20% of units set at 30% AMI – each percent of unit over the threshold will receive a point
  - More points awarded for projects providing units at 20% AMI
  - 2, 3, or more bedrooms in project units score more points on the application
- Special Needs and Homeless Units
  - Special needs is defined in the glossary – please pay attention to the definition – each 5% of units is awarded a point
  - Permanent Supportive Housing – must designate at least 33% of units to receive points

### 3. Target Population & Project Attributes

	<i>Rental</i>	<i>Owner</i>
<b>Target Population and Project Attributes</b>	<b>25 pts</b>	<b>14 pts</b>
Income Targeting	5	5
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

## 4. Development Team Experience

- Developer Experience, Developer Capacity and Financial Strength
  - More points are awarded to teams with a track record of completing at least three affordable housing projects in the last ten years
  - Joint venture projects will be scored based on the experience of the lead applicant
  - Teams with enough experienced senior staff and bandwidth to dedicate to a project will be awarded points
  - Do you have the financial capacity to complete the proposed project? Financial statements will be reviewed
- Strength of Development Team & Bonus Points
  - Points are awarded based on evidence that the Development Team members (Developer Principals, Property Manager, Attorney, Architect, Financial Consultant, etc.) exceed the minimum requirements.
  - Bonus points may be awarded for miscellaneous project attributes – see page 23 of the NOFA application

## 4. Development Team Experience

	Rental	Owner
<b>Developer Experience and Capacity</b>	<b>49</b>	<b>34</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	22	8

## 5. Nonperforming Previously Funded Projects

- Penalties may be assessed for the following:
  - 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.

# 5. Nonperforming Previously Funded Projects

Penalty for Nonperforming Previously Funded Projects	-10 pts	-10 pts
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# NOFA Application

1. Application must be complete with all required attachments.
2. Proposers must submit an electronic copy of the application and all attachments to Housing before project is considered
3. Projects that receive City funding will have contractual obligations. (Obligations vary based on funding source)

# NOFA Application Checklist

ITEMS TO BE SUBMITTED (in separately tabbed sections)	Check if Enclosed	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>				

# NOFA Application Checklist

ITEMS TO BE SUBMITTED (in separately tabbed sections)	Check if Enclosed	Date Rec'd	Complete	Not Complete
PROJECT FEASIBILITY & SCORING CRITERIA				
14. <i>Development Budget</i>				
15. <i>Construction Financing</i>				
16. <i>Permanent Financing</i>				
17. <i>Acquisition and Predevelopment Financing</i>				
18. <i>Rental or Operating Subsidies (if applicable)</i>				
19. <i>Proof of Planning Consult for Rezoning (if applicable)</i>				
20. <i>Operating Budget (Rental projects only) Electronic copy</i>				
21. <i>30 Year Proforma (Rental projects only)</i>				
22. <i>Unit Size and Affordability</i>				
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>				
24. <i>Developer Experience Worksheets</i>				
25. <i>Joint Venture Agreement (if applicable)</i>				
26. <i>Developer Experience Worksheet</i>				

# NOFA Application Checklist

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>				
<b>33. <i>Fair Housing Compliance Review Checklist</i></b>				

# Partnership Opportunities

- Gap Financing

- City of Dallas has multiple partnership opportunities to provide gap financing on single and multifamily projects
- Both Federal and City funding is available through the NOFA
- Access to Bond funding, NSP Funds, Community Development Block Grants, and HOME Funds

- Land Bank/Land Transfer Program

- Tax foreclosure and city-owned lots are available to developers for use with affordable housing projects
- These opportunities provide an excellent solution to bridging any cash flow shortfalls due to affordably-priced housing stock

# Available NOFA Funding

Sources of Funds	Amount Available	Loan
HOME Development	\$5,342,639.57	Loan
Neighborhood Stabilization Program (NSP)	\$1,295,191.60	Loan
Community Development Block Grant (CDBG)	\$4,475,429.12	Loan
<b>Total</b>	<b>\$11,113,260.29</b>	

# Funding Considerations – All Funds

Funding Source	Min. Units	AMI Range	New Const.	Rehab	Mixed-Income?	Davis Bacon	Section 3 Trigger
HOME Investment Partnership (HOME)	5	0-80%	Y	Y	Y	12 units	\$100,000
Community Development Block Grant (CDBG)	5	0-80%	N	Y	51% of all units below 80%	8 units	\$100,000
Neighborhood Stabilization Program (NSP)	5	0-120%	Y	Y	Y	8 units	\$200,000



# Available NOFA Funding: HOME Eligible Costs

Cost	Eligible? (Y/N)	Notes
New Construction	Y	Hard costs associated with new construction
Rehabilitation	Y	Hard costs associated with rehabilitation
Reconstruction	Y	1 for 1 replacement of units; # of rooms may vary, but unit count must remain consistent
Conversion of use to affordable housing units	Y	Commercial uses prohibited; if construction extends beyond existing footprint, entire project is considered 'new construction'
Site Improvements	Y	Sidewalks, utility connections, sewer & water lines (where non are present). Off-site infrastructure not permitted
Acquisition	Y	Acquisition of standard or sub-standard property for rehabilitation
Acquisition of Vacant Land	Y	Construction must begin within 12 months of acquisition
Demolition	Y	Construction must begin within 12 months of acquisition
Initial Operating Reserve (Rental)	Y	May be used to fund project operating expenses & scheduled payments to a replacement reserve for up to 18 months

# Available NOFA Funding: HOME Eligible Costs (Cont'd)

Cost	Eligible? (Y/N)	Notes
Finance-related costs	Y	Must be reasonable and necessary
Architectural, engineering, and related profesional services	Y	Must be reasonable and necessary
Affirmative marketing and Fair housing services to prospective tenants or owners of HOME-assisted unit	Y	Must be used only for actions to provide information and otherwise attract eligible persons to available housing without regards to race, color, national origin, sex, religion, or disability

# Available NOFA Funding: HOME Eligible Costs (Cont'd)

Hard Costs	Rental Housing (Y/N)	Homebuyer (Y/N)
Acquisition of Land (for a specific project) and existing structures	Y	Y
Site preparations or improvement, including demolition	Y	Y
Securing of buildings	Y	Y
Construction materials + labor	Y	Y
Soft Costs	Rental Housing (Y/N)	Homebuyer (Y/N)
Financing fees	Y	Y
Credit reports	Y	Y
Title binders & insurance	Y	Y
Surety Fees	Y	Y
Recordation fees, transaction taxes	Y	Y
Legal & accounting fees, cost certification	Y	Y
Appraisals	Y	Y
Architecture/engineering fees	Y	Y
Environmental reviews	Y	Y
Builders' or developers' fees	Y	Y
Affirmative marketing, initial leasing & marketing cost	Y	Y
Operating deficit reserves (up to 18 months)	Y	N
Homebuyer counseling provided to purchasers of HOME-assisted housing	N	Y

# Available NOFA Funding: CDBG Eligible Costs

Eligible Costs	Rental Housing (Y/N)	Homebuyer (Y/N)
Labor, materials, & rehabilitation costs	Y	Y
Energy efficiency improvements	Y	Y
Utility connections	Y	Y
Evaluating and treating lead-based paint	Y	Y
Conservation costs for water and energy improvements	Y	Y
Landscaping, sidewalks, and driveways when accompanied by other rehabilitation on the property	Y	Y
Handicap accessibility improvements	Y	Y

# NSP Funding Considerations

- NSP funds are limited to acquisition of eligible properties.
- Recently expanded target areas to include Redevelopment Strategy Areas (RSAs) in alignment with the City's Comprehensive Housing Policy (CHP) to include:
  - Redevelopment Areas
  - Stabilization Areas
  - Emerging Market Areas
- Eligible properties include the following:
  - Abandoned structures
  - Vacant lots
  - Foreclosed property
  - Blighted structures



# Available NOFA Funding: HOME, CDBG, and NSP Affordability Periods

Amount of Funds Per Unit	Required Affordability
Less than \$15,000	5 Years
\$15,000 to \$40,000	10 Years
Over \$40,000	15 Years
New Construction of Rental Housing	20 Years

# Market Study

- A market study that demonstrates demand for the project is required before the agreement is executed
- 3<sup>rd</sup> Party Underwriter will require the following, at minimum:
  - Establish Market Area (neighborhood, zip code, geographic continuity)
  - Analysis of proposed property
  - Provide comparable property value analysis/comps
  - Provide market characteristics: days on market (DOM)/absorption rate; rent levels vs. amenities; current inventory/inventory characteristics

# Business & Workforce Inclusion

- All NOFA projects must fulfill the City of Dallas' MWBE requirements
- Construction requirement for MWBE usage is 32%. That said, 32% of all City funds must be contracted to MWBEs.
- All developments must show good faith effort to subcontract 32% of total development to MWBEs.

## Available NOFA Funding: Office of Business Diversity - Minority and Women-Owned Business Enterprises (MWBE)

- **Example:**

The City of Dallas awards Cowboy Development \$500,000 for a \$3,000,000 project. Cowboy Development is required to subcontract at minimum \$160,000 to MWBEs. Additionally, Cowboy Development must show a good faith effort to subcontract \$960,000 of the total project to MWBEs.

# Calendar (Council Dates)

## Request for Applications (RFA) 2022 Timeline

45-Day Tenant Notification Deadline	Application Deadline	City Council Committee <sup>a</sup>	City Council Consideration
November 7, 2021	December 23, 2021	February 15, 2022	February 23, 2022
February 15, 2022	April 1, 2022	May 23, 2022	June 8, 2022
May 17, 2022	July 1, 2022	August 22, 2022	September 28, 2022
July 26, 2022	September 9, 2022	November 15, 2022	December 14, 2022

<sup>a</sup> Council Committee dates may be adjusted as necessary to meet City Council Agenda dates.

# Sample NOFA Projects: MidPark Towers Renovation



## Project Summary

- \$30.1 million project
- \$2.5 million in CDBG funding from City of Dallas (8.3% of TPC)
- 202 units
- Davis-Bacon & Section 3 apply
- 10% of units are voucher units as per the Comprehensive Housing Policy; vouchers active for 15-year affordability period
- Applied in February 2021, approved in April 2021

# Sample NOFA Projects: St. Jude Center Park Central



## Project Summary

- \$15 million project
- \$3.3 million in Prop J Bond funding from City of Dallas (21.9% of TPC)
- 180 units
- Davis-Bacon & Section 3 do not apply
- 10% of units are voucher units as per the Comprehensive Housing Policy; vouchers active for 15-year affordability period
- Minimum of 33% of the units are permanent supportive housing (PSH @ 0-30% AMI)
- Applied in October 2020, approved in January 2021

# Sample NOFA Projects: St. Jude Center Park Central



# Frequently Asked Questions

## 1. Can a developer apply for funding for multiple projects?

Yes.

## 2. Are NOFA funds grants or loans?

NOFA funds can be grants or loans based on the type of funding and the nonprofit/for-profit status of the developer applying for the funds.

## 3. Do I have to apply for just HOME funds, or can I also apply for a combination of HOME & GO Bonds?

Each development proposal can include a combination of funding sources based on the composition and need of the project.

# Frequently Asked Questions

## 4. How will projects be selected?

As outlined on Page 16 of the NOFA, projects will be selected based on the scoring, the underwriting, and the availability of funds.

## 5. Will all projects receive NOFA funding?

No. Funding will be based on scoring, underwriting, and availability of funds.

## 6. What if my project is financially sound but does not score well?

If your project does not meet the minimum score for underwriting, it will not be considered.

# Frequently Asked Questions

## 7. What constitutes a unit reserved for residents with special needs?

We define special needs using the definition from TDHCA:

- Households where one individual has alcohol and/or drug addictions
- Colonia residents
- Persons with Disabilities
- Persons protected by the Violence Against Women Act Protections (domestic violence, dating violence, sexual assault, and stalking)
- Persons with HIV/AIDS
- Homeless persons
- Veterans
- Wounded warriors (as defined by the Caring for Wounded Warriors Act of 2008)
- Farmworker

## 8. What is the max gap funding available for a project?

Each Project will be evaluated individually as a function of its score and specific funding needs. Projects leveraging more outside funding will score higher in the leveraging category. Projects leveraging less outside funding will not score as high in the leveraging category.

## 9. Can projects contain a mixture of rental and homeownership units?

Yes. As long as they meet the minimum of at least 5 units total.

# CONTACT INFORMATION



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