

# Memorandum



CITY OF DALLAS

DATE July 29, 2016

TO Housing Committee Members: Scott Griggs, Chair, Carolyn King Arnold, Vice-Chair, Mayor Pro-Tem Monica R. Alonzo, Tiffinni A. Young, Mark Clayton, and Casey Thomas, II

SUBJECT Multifamily Rehabilitation Projects

On Monday, August 1, 2016, you will be briefed on Multifamily Rehabilitation Projects. A copy of the briefing is attached.

Please let me know if you have any questions.

A handwritten signature in black ink, appearing to read "Alan E. Sims" with a flourish below it.

Alan E. Sims  
Chief of Neighborhood Plus

c: The Honorable Mayor and Members of the City Council  
A. C. Gonzalez, City Manager  
Rosa A. Rios, City Secretary  
Christopher D. Bowers, Interim City Attorney  
Craig Kinton, City Auditor  
Daniel F. Solis, Administrative Judge  
Ryan S. Evans, First Assistant City Manager  
Eric D. Campbell, Assistant City Manager  
Jill A. Jordan, P. E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor and Council

# Multifamily Rehabilitation Projects

A Briefing to the Housing Committee

Housing/Community Services Department

August 1, 2016



# Purpose

- ❑ Present responses to the Request for Applications (RFA) for multifamily rehabilitation projects seeking tax credits from the State of Texas
- ❑ Review each application

# Application Process

- June 20, 2016, Housing Committee directed staff to issue a Request for Applications (RFA) for multifamily rehabilitation projects seeking tax credits from the State of Texas
- June 22, 2016, RFA was issued
  - Provided to all known developers
  - Posted on City of Dallas website
- July 15, 2016, Applications were due
- July 21, 2016, Review Committee met with each applicant and evaluated each application

# Review Committee

The review committee consisted of representatives from the following entities:

- ▶ Housing/Community Services
- ▶ Economic Development
- ▶ Sustainable Development & Construction
- ▶ BOK Financial
- ▶ Inwood Bank

# RFA Responses

<b>Council District</b>	<b>Project Name/ Developer</b>	<b>Address</b>	<b># of Units</b>	<b>Unit Types</b>	<b>Census Tract</b>	<b>Poverty Rate</b>	<b>Elementary School Rating</b>
1	Hillcrest House/  AIDS Services of Dallas and Salem Clark	400 S. Zang Boulevard	64	Families	20	31.2	Met Standard
4	People El Shaddai Village and St. James Manor Apartments/  Steele St. James People, LLC	2836 E. Overton Road 3119 Easter Avenue	200	Families	88.02	45.5	Met Standard  Improvement Required
7	Skyline Place Apartments/  Dalcor Skyline, Ltd.	4700 Wimbledon Way	318	Families	122.07	28.2	Met Standard
9	Silver Gardens Apartments/  Dallas Leased Housing Associates, LLP	2620 Ruidosa Avenue	202	Elderly	127.01	26.2	Met Standard

# Hillcrest House

## 400 S. Zang Boulevard

### **Description**

- Rehabilitation of 64 multifamily units and new construction of 136 units for clients with HIV/AIDS
- Built in 1922 (94 years old)
- 64 Single Room Occupancy; 50 one-bedroom; 65 two-bedroom; 21 three-bedroom
- Four story building with ground level parking
- Rehabilitation to include adding kitchenettes and minor upgrades to existing units; new construction of 136 units

### **Applicant** – AIDS Services of Dallas

- Developer/Partners – Salem Clark & Kelly Garrett

### **Review Notes**

- Developer requested new construction with the rehabilitation; not feasible with rehabilitation alone
- Start construction May 2017
- Application is non-responsive as the City's request was only for rehabilitation projects

# Hillcrest House

## Sources and Uses

### SOURCES

TDHCA Bonds	\$ 18,865,197
Housing Tax Credits	\$ 10,135,850
Deferred Developer Fee	<u>\$ 1,102,863</u>
Total Sources	\$ 30,103,910

### USES

Acquisition	\$ 2,280,000
Construction Costs	\$ 20,082,096
Indirect Construction Costs	\$ 1,100,000
Financing Costs	\$ 2,150,000
Developer fee	\$ 3,691,814
Reserves	<u>\$ 800,000</u>
Total Uses	\$ 30,103,910



## People El Shaddai Village at 2836 E.Overton Road and St. James Manor Apartments at 3119 Easter Avenue

### **Description**

- Rehabilitation of 200 multifamily units on two separate sites for families
- Built in 1970 (49 years) and 1969 (47 years)
- 40 one-bedroom; 60 two-bedroom; 60 three-bedroom; 40 four-bedroom
- Two story building with ground level parking
- Rehabilitation to include upgrades to utilities, plumbing, electrical, HVAC, interior and exterior improvements

### **Applicant** – Steele Saint James Peoples, LLC

- Developer/Partners – Steele Properties II, LLC, Paul Moore

### **Review Notes**

- Both properties contain 100% project-based vouchers
- Developer will submit application to TDHCA in September 2016
- Rehabilitation costs per unit are \$39,650

# People El Shaddai Village and St. James Manor Apartments

## Sources and Uses

### SOURCES

TDHCA Bonds	\$ 15,600,000
Housing Tax Credits	\$ 10,023,000
Deferred Developer Fee	\$ 1,631,730
Net Operating Income	<u>\$ 1,037,838</u>
Total Sources	\$ 28,292,568

### USES

Acquisition	\$ 13,635,000
Construction Costs	\$ 7,930,004
Indirect Construction Costs	\$ 4,775,643
Financing Costs	<u>\$ 1,951,921</u>
Total Uses	\$ 28,292,568

# Skyline Place Apartments

## 4700 Wimbledon Way

### Description

- Rehabilitation of 318 multifamily units for families
- Built in 1987 (29 years)
- 222 one-bedroom; 96 two-bedroom
- Three story building with ground level parking
- Substantial rehabilitation to include upgrades to utilities, plumbing, electrical, HVAC, interior and exterior improvements

### Applicant – Dalcour Skyline, Ltd.

- Developer/Partners – Dalcour Affordable Housing I, LLC, Dale Dodson

### Review Notes

- Market rate units will be converted to low income units
- Estimated that 10% of current tenants will be displaced
- Developer submitted application to TDHCA
- Rehabilitation costs per unit are \$31,297

# Skyline Apartments

## Sources and Uses

### SOURCES

TDHCA Bonds	\$ 18,750,000
Housing Tax Credits	\$ 8,821,513
Deferred Developer Fee	\$ 3,498,592
Net Operating Income	\$ 1,470,840
GP Equity	\$ <u>100</u>
Total Sources	\$ 32,541,045

### USES

Acquisition	\$ 16,080,561
Construction Costs	\$ 9,952,447
Indirect Construction Costs	\$ 693,714
Developer Fee	\$ 3,906,905
Financing Costs	\$ <u>1,907,418</u>
Total Uses	\$ 32,541,045

# Silver Gardens Apartments

## 2620 Ruidosa Avenue

### **Description**

- Rehabilitation of 202 multifamily units for seniors
- Built in 1984 (32 years)
- 20 Efficiency; 180 one-bedroom; 2 two-bedroom
- Three story building with ground level parking
- Minor rehabilitation to include upgrades to kitchens, baths, and exterior improvements

### **Applicant** – Dallas Leased Housing Associates IV, LLP

- Developer/Partners – Dallas Leased Housing Associates IV, LLP, Owen Betz

### **Review Notes**

- Property contains 100% project based vouchers
- Bond funds will be sought from Dallas Housing Finance Corporation
- Rehabilitation costs per unit are \$31,404

# Silver Gardens Apartments

## Sources and Uses

### SOURCES

Housing Finance Corporation Bonds	\$ 14,890,000
Housing Tax Credits	\$ 6,404,361
Existing Reserves	\$ 2,523,228
Equity	\$ <u>49,708</u>
Total Sources	\$ 23,867,297

### USES

Acquisition	\$ 11,212,588
Construction Costs	\$ 6,343,577
Reserves	\$ 2,250,992
Soft Costs	\$ 740,500
Financing Costs	\$ 611,365
Closing Fees	\$ 319,715
Developer fee	\$ <u>2,388,560</u>
Total Uses	\$ 23,867,297

# Texas Department of Housing & Community Affairs (TDHCA) Requirements

- Each project 20 years old or older must minimally rehabilitate each unit with at least \$25,000 in building costs
- Projects will be deed restricted for a minimum of 30 years of affordability to serve households at 60% or below
- Owner/Developer is required to provide common amenities and tenant supportive services throughout the affordability period

# Next Steps

- On August 3, 2016 - three projects will be presented to the full City Council for consideration of “no objection”
  - People El Shaddai and St. James Manor
  - Skyline Place
  - Silver Gardens
- August 4, 2016 – Stamped resolutions will be provided to developers and the Texas Department of Housing & Community Affairs
- August/September, 2016 – Developers would submit applications to the State
- 2017 – Rehabilitation begins