

Memorandum



CITY OF DALLAS

DATE April 22, 2025

Honorable Members of the City Council Housing and Homelessness Solutions
TO Committee: Jesse Moreno (Chair), Cara Mendelsohn (Vice Chair), Zarin Gracey, Chad West, Gay Donnell Willis

SUBJECT **Upcoming Agenda Item: NOFA Development Project – Hiline at Illinois**

This purpose of this memorandum is to inform the Housing and Homelessness Solutions Committee of an upcoming agenda item on May 28, 2025 to authorize **(1)** the City Manager to negotiate and execute a development loan agreement and security documents with TX Illinois 2024, Ltd., an affiliate of Generation Housing Partners, LLC (together, the Applicant) in an amount not to exceed \$2,980,000.00 in HOME Investment Partnerships Funds (HOME), conditioned upon Applicant, or the entity named by the award, receiving 2024 4% Housing Tax Credit award or other funding source subject to approval of the City for the development of the Hiline at Illinois, a 200-unit multifamily housing complex located 4710 W Illinois Avenue, Dallas, Texas 75211 (Project); **(2)** the City Manager to negotiate and execute a development loan agreement and security documents with the Dallas Housing Finance Corporation (DHFC) or affiliate(s) thereof in an amount not to exceed \$3,970,000.00 in Community Development Block Grant (CDBG) Funds to purchase and own the real property located at 4710 W Illinois Avenue, Dallas, Texas 75211 (Property); and **(3)** approve the DHFC as long-term ground lessor of the property to enter into a long-term ground lease with Applicant and/or its affiliates(s) for the development of the Property pursuant to 24 CFR 570.201(a) and (b), subject to compliance with all funding source requirements - Not to exceed \$6,950,000.00 - Financing: HOME Funds (\$2,980,000.00), and Community Development Block Grant Funds (\$3,970,000.00).

BACKGROUND

Generation Housing Partners, LLC (GHP) submitted a proposal under the City's Notice of Funding Availability (NOFA), as amended, to receive gap financing in the form of a cash flow loan to support the construction of a 200-unit multifamily housing complex known as Hiline at Illinois. The NOFA was issued by the Department of Housing and Community Development (Housing) in accordance with the City's Dallas Housing Policy 2033 (DHP33) and Dallas Housing Resource Catalog (DHRC).

Housing administers programs to appropriately incentivize private investment for the development of quality, sustainable housing that is affordable to the residents of the City. Specifically, Housing administers the New Construction and Substantial Rehabilitation

Program, which where necessary, seeks to provide financial assistance to new developments or substantial rehabilitation of existing developments. All projects seeking financial assistance are required to submit a Notice of Intent to apply for financial assistance through NOFA to develop affordable homeownership and rental housing. As outlined in the NOFA, multiple sources of funding are available. However, proposed projects must meet specific thresholds to qualify for the use of a specific funding source. The Applicant received a fundable score of 123 of 169 points.

The NOFA scorecard criteria for multi-family rental developments include the following:

Scoring Criteria	Maximum Points	Awarded Points
Project Attributes	21	18
Equity & City Initiatives	40	9
Readiness	53	53
Developer Experience and Capacity	27	27
Bonus Points	28	16
Penalty for Nonperforming Previously Funded Projects	-10	0
Total	169	123

The City's NOFA, as amended, allows for special City initiatives and projects which include developments on City-owned land or any development projects with partners such as Dallas Area Rapid Transit (DART), Dallas Independent School District (DISD), Dallas Housing Authority (DHA); religious institutions, colleges/institutions of higher learning with ownership interests. Additional City special initiative projects may include developments that are part a larger community development or neighborhood revitalization effort as identified by Director of Housing and Community Development. The proposed Project is City special initiative that is being developed within the boundary of the Far West Oak Cliff Area Plan and will partner with Mountain View College in order to provide much-needed additional affordable housing options and is also a catalyst in the efforts to revitalize the Illinois Corridor.

Housing proposes to authorize the NOFA funding request of \$6,950,000.00 in HOME Investment Partnerships Funds (HOME) and Community Development Block Grant Funds (CDBG) for the Project.

Generation Housing Partners, LLC, is a Texas-based developer, owner, and asset manager of Class A multi-family assets throughout the southwest. As a long-term owner, GHP has been involved in the development, construction, and management of over 4,000

units with a capitalization value of approximately \$385,000,000.00. The units include multi-story apartment properties for families, seniors, senior cottages, rehabilitation, and adaptive reuse developments. GHP has partnered with the DHFC in multiple other projects including Estates at Shiloh and Westmoreland Station. GHP intends to use Asset Living Property Management has been in the residential property business for 36 years and has developed approximately 20,000 units and currently manages over 24,000 units.

When formed, TX Illinois 2024, Ltd., a Texas limited partnership and the general partner of which is anticipated to be TX Illinois 2024 GP, LLC, will be a single asset entity solely owned by the DHFC. A to-be-formed special limited partnership company will be a special limited partner of TX Illinois 2024, Ltd., once the company is formed. TX Illinois 2024 SLP will be owner of the special limited partner. An amended and restated agreement of limited partnership will be executed to admit the tax credit equity investor as investor member once a tax credit equity investor is identified.

The DHFC or it affiliate(s) will acquire the site at 4710 W Illinois Avenue, Dallas, Texas 75211 and subsequently enter into a 99-year ground lease with TX Illinois 2024, Ltd. City loan funds will be used to acquire and develop the Property. The Applicant proposes to construct a mixed-income residential development of 200 units on 6.55 acres. The units will be comprised of 40 one-bedroom, 100 two-bedroom, and 60 three-bedroom units. The project will be a four-story wrap construction product. The units will be equipped with large balconies, personal storage, granite countertops, Energy Star Appliances, and other Class-A features. The Property also has a resort-style swimming pool, children’s playscape, and sports court, clubhouse, leasing center, furnished fitness center, community lounge, and business center. The community will offer laptops to its residents for “check-out” to do schoolwork, tax-preparation, budgeting and/or life-planning, or for simple everyday needs. Lighted public sidewalks will be built along both West Illinois Avenue and Knoxville Street, enhanced with lush landscaping and street trees. Planned resident services will include social events, income tax preparation, annual health fair, weekly classes, notary services, and recreational activities.

Total development costs are anticipated to be approximately \$70,074,941.00 which includes the acquisition price for the land. The construction budget is anticipated to be approximately \$41,897,867.00 which is \$209,489.34 per unit.

Proposed Financing Sources	Amount
Permanent Loan	\$ 25,528,834.00
Tax Credit Equity	\$ 33,137,434.00
City of Dallas HOME Loan	\$ 2,980,000.00
City of Dallas CDBG Loan	\$ 3,970,000.00

Deferred Developer Fee	\$ 4,458,673.00
Total	\$ 70,074,941.00

Proposed Uses	Costs
Acquisition	\$ 3,970,000.00
Hard Construction Costs	\$ 41,897,867.00
Soft Costs & Financing Fees	\$ 15,556,331.00
Developer Fees	\$ 7,275,000.00
Reserves	\$ 1,375,743.00
Total	\$ 70,074,941.00

After the development is complete, 22 of the 200 units to be made available to households earning 0.00%-30.00% Area Median Income (AMI), 20 of the 200 units to households earning 31.00% - 50.00% AMI, 120 of the 200 units to households earning 51.00% - 60.00% AMI, and 38 of the 200 units to households earning 61.00% - 70.00% AMI.

The development has been found to affirmatively further fair housing by the Office of Equity and Inclusion Fair Housing Division. Staff recommends approval of this item as it furthers the mixed-income housing goals of the DHP33 and the Housing Action Plan Priorities by creating more rental housing for households making 50% AMI or below, meets the threshold requirements of the NOFA, and the financial gap confirmation by third-party underwriting.

Should you have any questions or require any additional information, please contact Cynthia Rogers-Ellickson, Director, Department of Housing and Community Development at Cynthia.rogersellic@dallas.gov or 214-670-3601.

Service First, Now!



Robin Bentley
Assistant City Manager

c: Kimberly Bizzor Tolbert, City Manager
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Dev Rastogi, Assistant City Manager
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Alina Ciocan, Assistant City Manager
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Robin Bentley, Assistant City Manager
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Directors and Assistant Directors