

Memorandum



CITY OF DALLAS

DATE May 27, 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 – 3606 Cockrell Hill Road
Senior Living**

This purpose of this memorandum is to inform the Housing and Homelessness Solutions Committee of an upcoming agenda item on June 25, 2025 to authorize the City Manager to negotiate and execute a development loan agreement and security documents with 3606 S Cockrell Hill Rd, Ltd., an affiliate of Palladium USA, Inc. (Applicant) conditioned upon the Applicant, or the entity named receiving 2024 9% Housing Tax Credit award and other funding source subject to approval of the City for the development of 3606 Cockrell Hill Road Senior Living, a 120-unit multifamily senior housing complex located at 3606 and 3626 South Cockrell Hill Road, Dallas, Texas 75236 (Project) - Not to exceed \$5,000,000.00 – Financing: HOME Investment Partnerships Program Funds

BACKGROUND

Palladium USA, Inc. 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 120-unit multifamily senior housing complex known as 3606 Cockrell Hill Road Senior Living. 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 NOFA scorecard criteria for multi-family rental development include the following:

Scoring Criteria	Maximum Points	Awarded Points
Project Attributes	21	16
Equity & City Initiatives	40	23
Readiness	53	53
Developer Experience and Capacity	27	27
Bonus Points	28	2
Penalty for Nonperforming Previously Funded Projects	-10	0
Total	169	121

The Applicant received a fundable score of 121 of 169 points.

Housing proposes to authorize the NOFA funding request totaling \$5,000,000.00 comprised of HOME Investment Partnerships Program Funds for acquisition costs and hard construction (e.g., vertical construction such as framing, roofing, carpentry, etc.) and other soft costs as allowed by federal regulations and the DHRC.

The Applicant is a Texas-based developer dedicated to identifying high-quality urban infill development and redevelopment opportunities within its target markets. The firm specializes in value-added and complex transactions that often present significant barriers to entry. Palladium USA’s experienced team is proficient in managing projects of large scale, guiding them through all phases, including conceptual selection, site planning, design, cost estimation, construction, lease-up, management, and unit sales.

The Applicant proposes to develop 120 multi-family senior housing units on over five acres. The 120 units are comprised of 68 one-bedroom, and 52 two-bedroom units. The project will include common area amenities, such as on-site leasing center, fitness center, resort-style pool with gazebo, clubhouse with community room, business center, and high-speed Wi-Fi. Unit amenities will include energy efficient appliances, LED lighting, dishwasher, natural stone or quartz countertops, wood style flooring, designer fixtures, and covered balcony with storage units.

Additionally, the Applicant will provide modern security features to include a camera system and controlled access in accordance with the NOFA criteria and the Office of Emergency Management and Crisis Response recommendations to ensure a safe living environment for all residents and staff. The project also features targeted resident services including financial literacy classes, monthly calendar of events, exercise classes, senior volunteer programs, and market food pantry access.

The proposed development is located in the established Kiest Cliff Neighborhood at the center of multiple high frequency DART stops, and 2.5 miles from the Westmoreland Rail Station. The site is within one mile of two full-scale grocery stores, a pharmacy, and multiple parks.

The unit mix and rental rates are as follows:

Unit Type	AMI	Units	Rent
1BR	30%	12	\$ 621.00
1BR	50%	33	\$1,035.00
1BR	60%	7	\$1,242.00
1BR	70%	2	\$1,441.00
1BR	80%	2	\$1,441.00
1BR	Market	12	\$1,374.00
2BR	30%	6	\$ 744.00
2BR	50%	3	\$1,241.00
2BR	60%	18	\$1,489.00
2BR	70%	1	\$1,737.00
2BR	80%	4	\$1,759.00
2BR	Market	20	\$1,670.00

Total development costs are anticipated to be approximately \$34,927,425.00 which includes the acquisition price for the land. The construction budget is anticipated to be approximately \$22,663,015.00 which is \$188,858.46 per unit.

The anticipated financing sources and uses are as follows:

Financing Sources	Amount
HUD 221(d)(4)	\$ 10,482,700.00
Tax Credit Equity	\$ 3,180,278.00
Developer Fee + GP Equity	\$ 2,538,685.00
City of Dallas HOME Loan	\$ 5,000,000.00
Bridge Loan Equity	\$ 13,725,261.00
Total	\$ 34,927,425.00

Proposed Uses	Costs
Acquisition	\$ 2,884,000.00
Hard Construction Costs	\$ 22,663,015.00
Financing Fees, Soft Costs	\$ 1,569,196.00
Developer Fee	\$ 3,831,226.00

Reserves	\$ 3,979,988.00
Total	\$ 34,927,425.00

After the development is complete, 18 of the 120 units to be made available to households earning 0.00%-30.00% Area Median Income (AMI), 36 of the 120 units to households earning 31.00% - 50.00% AMI, 25 of the 120 units to households earning 51.00% - 60.00% AMI, 3 of the 120 units to households earning 61.00% - 70.00% AMI, and 6 of the 120 units to households earning 71.00% - 80.00% AMI.

The development is currently under review 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 Housing Action Plan by creating more rental housing for those making 50% AMI or below, meets the threshold requirements of the NOFA, and confirmation of the financial gap 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 Bently
Assistant City Manager

c: Kimberly Bizzor Tolbert, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Dominique Artis, Chief of Public Safety
Dev Rastogi, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager

Alina Ciocan, Assistant City Manager
Donzell Gipson, Assistant City Manager
Robin Bentley, Assistant City Manager
Jack Ireland, Chief Financial Officer
Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)
Directors and Assistant Directors