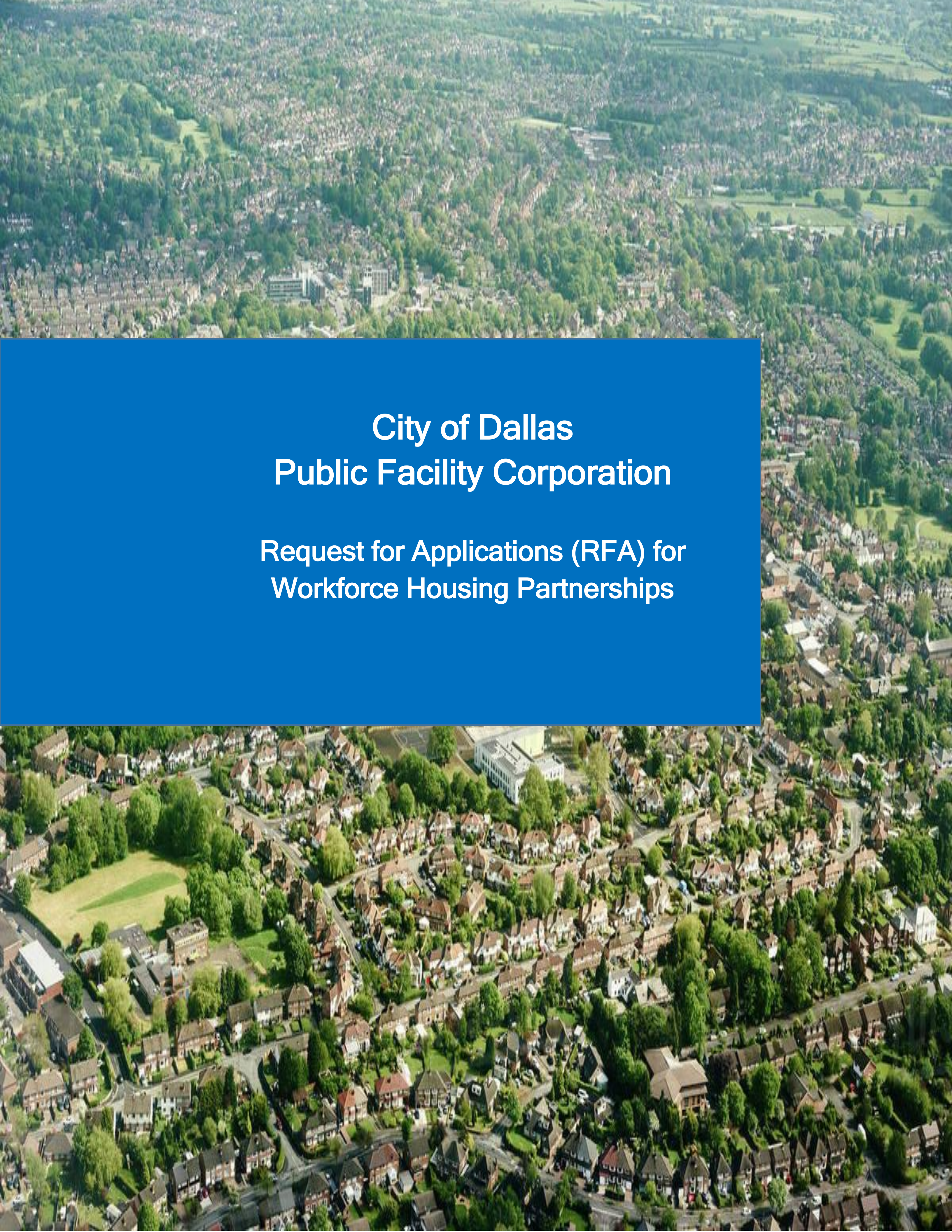

City of Dallas
Public Facility Corporation

Request for Applications (RFA) for
Workforce Housing Partnerships

APPLICANT NAME: ______________________________

ENTITY TYPE AND STATE OF FORMATION: ______________________________

AUTHORIZED REPRESENTATIVE: ______________________________

AUTHORIZED REPRESENTATIVE TITLE: ______________________________

AUTHORIZED REPRESENTATIVE CONTACT INFORMATION:

Address: ______________________________
Phone: ______________________________
Email: ______________________________

AFFIDAVIT OF AUTHORIZED REPRESENTATIVE AND AUTHORIZATION TO OBTAIN INFORMATION

Before me on this day personally appeared ______________________________ as Authorized Representative for the Applicant, and after by me being duly sworn, hereby certifies that all materials submitted to the City of Dallas or its agents or employees (collectively "City") about this application are true and correct. The undersigned understands that submission of false information shall result in disqualification for development incentives, and that submission of incomplete information may result in rejection of the application. The undersigned also certifies that the Applicant has not offered anything of value to the DPFC or any of its members, advisors, or employees.

The undersigned authorizes the City to contact any party to verify information in this application. The undersigned acknowledges that Applicant is not obligated to provide City this authorization but has voluntarily agreed to such release so that City will consider this application. The undersigned hereby authorizes, on behalf of Applicant, without reservation, any person or entity contacted by City to furnish all information requested by City.

Dated: ___________________ Signature: ______________________________

BEFORE ME, the undersigned authority, on this day personally appeared ___________________ and by oath stated that the facts herein stated are true and correct. SWORN TO AND SUBSCRIBED BEFORE ME on this _____ day of _____________, 20 ____ .

____
Notary Public in and for the State of Texas

I. Instructions

Please complete and submit the following information to the Dallas Public Facilities Corporation (DPFC) for review of your application for a potential DPFC partnership. The DPFC reserves the right to reject any application that it determines to be incomplete or inaccurate.

Two electronic copies of your application and all attachments should be submitted on two flash drives sealed in an envelope. Please include a check or money order payable to the Dallas Public Facility Corporation for its $5,000.00 application fee. The envelope may be mailed or delivered to:

Dallas Public Facility Corporation
1500 Marilla, Room 6CN
Dallas, Texas 75201
Attn: DPFC Administrator

Applications must also be emailed to DallasPFC@dallascityhall.com.

Each document corresponding to applicable sections on the flash drives should be clearly labelled to easily identify the portion of the application with which it corresponds. Excel spreadsheets may not link to external data sources, and must be unlocked so that all data, including formulas, are viewable.

Per the DPFC Bylaws approved by the Dallas City Council, all Applicants are responsible for any applicable costs associated with the third-party underwriting and review of their applications regardless of the outcome of the proposed project.

NEXT STEPS:

Upon receipt of a complete application, DPFC staff will commence underwriting the project in conformance with the *City Standards for Financial Underwriting* outlined in **Section III** and confirm the Applicant's self-scoring of the project using the matrix attached as **Section IV**. This process is expected to be completed within 45 days from receipt of application. If it is determined that a DPFC partnership and subsequent property tax exemption is necessary for the financial feasibility of the proposed project, the Applicant will be sent a draft term sheet or memorandum of understanding (MOU) for a DPFC partnership. DPFC staff liaisons, Financial Advisor, and Corporation Counsel will negotiate and finalize the MOU/term sheet to be presented to the DPFC Board of Directors for approval at the next regularly scheduled meeting of the DPFC. Upon approval of the DPFC Board of Directors, a signed term sheet or MOU will be provided to Applicant.

Upon approval of the DPFC Board of Directors, the applicable Dallas City Council Committee will be briefed on the project for recommendation to the Dallas City Council. If recommended for approval, the project will be placed on the next Dallas City Council agenda for final approval.

The entire process, from submission of a complete application to final City Council approval, is anticipated to take 3 to 6 months. The DPFC reserves the right to amend the timeline and approval process at any time.

BACKGROUND:

The DPFC is organized exclusively for the purpose of assisting the City in financing, refinancing, or providing “public facilities,” as defined in the Public Facility Corporation Act, Chapter 303 of the Texas Local Government Code, as amended (Act). The DPFC is authorized to finance the acquisition of obligations issued or incurred in accordance with existing law, to provide for the acquisition, construction, rehabilitation, renovation, repair, equipping, furnishing, and placement in service of public facilities as allowed by the governing body and pursuant to the Act. This application is intended to identify potential partnership opportunities for the acquisition, renovation, or new construction of mixed-income housing developments.

The information requested in this application shall be used to confirm that (i) the proposed development could not be feasible but for the DPFC’s participation; and (ii) the development is in furtherance of the City of Dallas’s Comprehensive Housing Policy (CHP), as amended, housing programs, policies, and initiatives, and is carried out pursuant to the provisions of the DPFC’s Bylaws and the Act.

This application process shall:

- Ensure that all DPFC projects are in alignment with the CHP and adhere to the broader affordable housing industry’s rent and income standards:
  - AMI targets adjusted for family size
  - Rent restrictions based on 30% of the applicable AMI restricted levels as established by HUD, TDHCA
  - Utility allowances
  - Consider the income of all residents living in the unit
- Identify opportunities for deeper income targeting based on the operational subsidy provided by the property tax exemption to ensure the property is not over subsidized;
- Ensure there is no source of income discrimination at the property;
- Ensure the project affirmatively furthers fair housing in the City;
- Ensure the developers and property managers of DPFC projects engage in affirmative marketing plans;
- Ensure future residents receive enhanced protections for the life of the property; and
- Ensure a diverse unit mix to provide housing options for families with children.

SELECTION CRITERIA

DPFC staff, financial advisor, and corporation counsel will evaluate and score all applications. The information provided in the application and development scorecard will be used to evaluate the applications. DPFC staff liaisons will make recommendations to the DPFC Board of Directors for approval and negotiate partnership term sheets with those Applicants and proposals deemed most advantageous to the DPFC and best advance the mixed-income housing goals of the City of Dallas’ Comprehensive Housing Policy (CHP).

The DPFC and City reserve the right throughout the application process to negotiate with Applicants over any and all terms of their proposal, to waive any informality in the application process, to solicit additional information, and accept any modifications at their sole discretion.

The DPFC reserves the right to reject any and all applications at its sole discretion.

II. Application

Please submit all information and attachments described below. If any information is not applicable or available at the time of application, please provide a statement for its omission from the application.

Part One: Applicant Information

1. Organizational chart and formation documents of Applicant and its members or partners with ownership percentages included, as well as a disclosure of any direct or indirect relationship or interest between the parties.
2. Copies of a Certificate of Account Status from the Texas Comptroller's Office for Applicant and all partners or member entities. (Comptroller's TIN or TID).
3. DUNS and EIN numbers for Applicant and all identified partner or member entities.
4. Description of any comparable projects completed in the prior 5 years, including addresses. Please include total number of units, unit mix, affordability mix, total development cost, and development partners such as public facility corporations, housing finance corporations, housing authorities, etc.
5. Description of any projects currently underway or completed in the prior 3 years in the City of Dallas, including addresses.
6. List of staff, consultants, attorneys, architects, contractors, and other advisors to be involved in the project, contact information for each, and a description of each person or entity's qualifications and relevant experience.
7. List of related companies, subsidiaries and disclose identity of interests between parties i.e. between owner, developer, broker, contractor, investor, etc.
8. Description of any actual or potential conflicts of interest with City officials or employees. Please utilize the following Conflict of Interest Questionnaire: https://www.ethics.state.tx.us/data/forms/conflict/CIQ.pdf.
9. List of any loan defaults, bankruptcies, or pending litigation involving any managing members of the ownership entity.

Part Two: Project Information

1. Executive summary of the proposed development or acquisition, total project cost, project schedule and phasing, unit and affordability mix, design concepts and amenities, resident services, zoning requirements and changes proposed, and plans for any required relocation.
2. Detailed development budget.
3. Describe plans for compliance with applicable affordability requirements and Chapter 20A of the Dallas City Code, as amended. Detail the number of affordable units, unit types, level(s) of affordability, and include a rent schedule.

4. Describe any tenant amenities, common area amenities, and resident services to be provided.
5. Provide the proximity to and a description of community amenities such as schools, parks, libraries, grocery stores, transportation, healthcare, and employment centers.
6. Complete the Office of Fair Housing's Review Checklist located at the following link: https://dallascityhall.com/departments/fairhousing/pages/fair-housing-review-checklist.aspx
7. Conceptual schematic drawings (including floor plans, elevations, and site plans). The development must relate to scale and character of the surrounding area while also providing uses and amenities that enhance the lives of future residents and surrounding neighborhoods. A high level of streetscape design, including residential spaces (and applicable commercial space) that directly link to the surrounding public realm, promoting an active, safe, pedestrian-friendly and walkable character, and providing a high degree of visual continuity along street corridors is expected.
8. Copies of market feasibility studies or other third-party market studies.
9. Proposed acquisition and/or development timeline.
10. Applicants shall make a good faith effort to achieve the City's Minority and Women Business Enterprises (M/WBE) construction goals (in accordance with the City's business inclusion policy) for the project. Please provide a plan to include M/WBE to the greatest extent feasible for this development. Applicants must outline efforts to reach a minimum of 25% participation by M/WBEs for the entire project.
11. Information about community engagement completed or planned. 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.

Part Three: Property Information

1. Site address and appraisal district account numbers.
2. Description of current property ownership. If property is owned by someone other than Applicant, include a description of the Applicant's plan to acquire site control as well as copies of any lease, option, or purchase agreements.
3. Copies of any available engineering, environmental, or other property studies in conformance with **Section III.A.6**. If necessary, describe any plans for remediation or other environmental cleanup.
4. Current zoning classification, and a Zoning Verification Letter from the applicable City department in conformance with **Section III.A.6**, along with a description of any required or desired change in zoning classification or any zoning variance.
5. An appraisal of property prepared by a license appraiser of the State of Texas and dated within one year of the application submission date may be requested by DPFC Staff or Financial Advisor to confirm cost of acquisition.

6. Description of current property use.

7. Disclose any property within ¼ mile of the development site that is owned, controlled, or under option or purchase agreement for future site control, by Applicant or any affiliate or subsidiary of Applicant.

<u>Part Four: Financial Information</u>

1. Most recent two years of audited financial statements of Applicant or anyone having 20% or more ownership interest. If Applicant is a special purpose or single-asset entity, also submit the most recent two years of audited financial statements for the controlling entity of Applicant. Applicants that do not have audited financial statements shall submit sufficient financial documentation to verify capacity to complete the development. These items can be submitted separately to the DPFC Financial Advisor upon request.
2. Sources of project funding and copies of all supporting information in conformance with **Section III.A.2**.
3. Comprehensive development budget. Must be broken out with sufficient detail that City can determine cost reasonableness in conformance with **Section III.A.1.**
4. Operating proforma with a minimum 15-year term. If any permanent financing source contemplates a term longer than 15 years, the proforma should have a term matching the term for that financing source.
5. Description of other City of Dallas incentives sought and methodology by which incentive amount was determined.
6. Description of any previous City subsidy or incentive received by Applicant or its affiliates.
7. Description of any prior or pending bankruptcy by Applicant or its affiliates, and of any current, pending, or threatened litigation against the City involving Applicant, its affiliates, or any member of the development team including Applicant's attorneys.

<u>Part Five: Draft Memorandum of Understanding (MOU) and/or Term Sheet</u>

1. Please provide a draft MOU and/or term sheet outlining the terms of the proposed partnership with the DPFC.

III. City Standards for Financial Underwriting

The DPFC is required to utilize the City Standards for Financial Underwriting (Standards). The Standards will comply with local, state and federal regulations. If the Standards contradict said regulations, the regulations shall control in all respects.

Property tax exemptions provided by a DPFC partnership are considered a gap financing mechanism. This means that the project must maximize the project's debt capacity based on reasonable lending market ratios and provide an equity investment that delivers a reasonable return.

A. ASSUMPTIONS

The Standards operate on the following assumptions:

1. Project Costs are Reasonable

All project costs will be carefully reviewed for reasonableness. A breakdown of all project costs will be required as part of the DPFC's application. Fair market price quotations, engineer's estimates, and/or appraisals must be submitted to support all project cost elements.

The sources and uses of funds will be reviewed for each use of funds. A determination will be made by the DPFC in its sole discretion on the reasonableness of the cost for acquisition, construction, furniture, fixtures, and equipment costs. Costs will be reviewed based on estimates from third-party contracts (architect, engineer, equipment supplier, installer, etc.) for land/building acquisition. A determination will be made by the DPFC in its sole discretion that the price of real estate is reasonable. For development costs (such as building fees, architectural/ engineering fees, or financing fees) a determination will be made by the DPFC in its sole discretion if the costs are itemized and supported by contracts or other documentation.

2. All Sources of Project Financing Are Committed

A review will be made to determine if sufficient sources of funds have been identified and are committed to the project as determined by the DPFC in its sole discretion. The participating financing parties must have the demonstrated financial capacity to provide the funds in a timely manner. The terms and conditions of all sources of funding must be disclosed.

3. The Project Is Financially Feasible

The project will be examined to determine its viability and assure that the public benefit will be realized. Income and expenses shall be evaluated and compared to historical and industry averages. Project costs will also be reviewed to determine their reasonableness, as determined by the DPFC in its sole discretion.

4. The Return on Equity Investment is Reasonable

The DPFC application and development scorecard will be reviewed to determine if the return on investment to the project is reasonable. The projected property tax exemption to be received shall not unduly enrich developer or partnership. However, the analysis will also take into consideration if the return on investment is too low, which could cause the developer or partnership to lose motivation and not follow through with the project.

The DPFC shall review projected revenues, expenses, partnership distributions, debt service, and net operating income. A comparison to historical financial information will be made in relation to industry averages to determine reasonableness.

5. The Project is Feasible

In addition to analysis of the development pro forma for a project, an analysis will also be made on the operating pro forma of the development and the assumptions behind it. To confirm project feasibility, DPFC may request additional documentation, including but not limited to:

- Market studies
- Real estate appraisals
- Feasibility studies

These reports must be no more than 6 months old and prepared by an independent third-party source which has the qualifications to perform the study. In-house or subsidiary vendors will not be considered since this is not an arms-length transaction.

These studies are especially important in evaluating capacity to cover debt service for housing projects, commercial projects, and community development activities.

6. The Site and Location Are Suitable

The project site and its location will also be evaluated for each application. The following factors will be reviewed to determine the suitability of the project in relation to its environment.

The neighborhood where the project is located should show signs of stability with strong and continuous growth patterns. In the case of a redevelopment area, the proposed redevelopment area plan must be sufficiently designed and funded to achieve the anticipated outcomes.

The property's condition is important, both structurally and environmentally. Third party studies and reports will be analyzed to determine property condition, such as: a property appraisal, Phase I Environmental Site Assessment, property condition assessment, and, if necessary, an operations and maintenance program for removal of asbestos, lead-based paint, radon, PCB's, other toxic waste, and the removal of underground storage tasks.

An evaluation must be made regarding adequate zoning. A Zoning Verification Letter from the Department of Sustainable Development must affirm that the proposed use of the site is classified as either a legal conforming or a legal non-conforming use under local zoning requirements.

Proof of ownership and proper title to the property must be demonstrated to the DPFC's satisfaction which can include purchase options, a title policy or commitment, or other documentation satisfactory to the DPFC in its sole discretion prior to entering into any partnership.

A survey of the property from a licensed land surveyor showing metes and bounds, a written legal description, easements, encumbrances, rights-of-ways, physical features, and utility lines must be furnished for review prior to DPFC entering into any partnership.

7. The Development Team Has the Capacity and Capability to Undertake the Project

A written description of the development team will be evaluated. This description will outline roles and responsibilities and provide previous experience in similar types of developments. This will be supplemented with resumes and historical backgrounds.

B. FINANCIAL GAP

A financial gap must be verified using the above underwriting standards. For all DPFC projects, it must be determined that development would not be economically feasible but for the DPFC's partnership and subsequent property tax exemption. If it is determined the property tax exemption over subsidizes the development, deeper affordability requirements or payments in lieu of taxes may be requested by the DPFC and/or City.

IV. New Development & Acquisition Scoring

A. Developer Score Sheet for New Development or Acquisition

Use the scoring explanations in Section B to score your development or acquisition

Category	Possible Points	Developer Score	Additional Comments (if you desire to provide additional information for your scoring)
Location	10		*Developer to provide maps to confirm scoring.*
Depth of Affordability	10		
Schools	10		
$ Front End	10		
$ Operations	10		
Reasonable Development $	10		
Term of Affordability	5		
$/Land Back End	5		
Preservation	5		
Bonus Points	10		
Total Points	**85**		

B. DPFC Scoring Sheet Explanations

The Score Card is designed to evaluate proposals from development partners to determine the most advantageous proposals based on DPFC's goals. Scoring is not competitive and merely used as an evaluation guide. Developers are required to submit the Score Card with their proposal, based on the criteria detailed below.

Category	Maximum Points	Scoring Criteria
Location	10	10 points: High Opportunity Areas – The project must qualify for the maximum allotment of opportunity index points as defined in TDHCA's Qualified Action Plan to receive 10 points 8 points: Redevelopment & Stabilization Reinvestment Strategy Areas TIF Districts Opportunity Zones Transit Oriented Development (TOD) Sites 4 points: Emerging Market Reinvestment Strategy Areas **Definitions:** 1. High Opportunity Areas are places with low poverty, high median household income, ease of access to public facilities, services, and good schools. These areas are defined in TDHCA's Qualified Allocation Plan (QAP): Link 2. Dallas Opportunity Zones and RSA areas: Link 3. Tax Increment Financing Districts (TIF): Link 4. Transit Oriented Development Sites (TOD) are locations within 0.5 miles of Dallas Area Rapid Transit Rail Station
Depth of Affordability	10	Calculate affordability score based on the following weights: 80% AMI = 1 70% AMI = 1.15 60% AMI = 1.2 50% AMI = 1.25 30% AMI = 2 Points based on average score/affordable unit: 1 – 1.125 — 2 points 1.126 – 1.25 — 4 points 1.26 – 1.375 — 6 points 1.376 – 1.5 — 8 points Greater than 1.5 — 10 points ***Example:*** *Pegasus Pointe consists of 100 units which include 50 market units, 10 units at 30% AMI, 20 units at 60% AMI and 20 units at 80% AMI. The affordability score is calculated as follows:* *10 units x 2 = 20 (30% AMI units)* *20 units x 1.2 = 24 (60% AMI units)* *20 units x 1 = 20 (80% AMI units)* *64 divided by 50 affordable units = 1.28 6 points*

Schools	10	Calculate school score based on the following points: A Rating 3.33 B Rating 2.33 C Rating 1.33 D Rating 0.33 E, F Rating 0.0 **Definition:** School ratings can be found at Texas Education Agency: https://tea.texas.gov/ ***Examples:*** *Elementary School is rated B, Middle School is rated D, and High School is rated C:* *Elementary B 2.33* *Middle D 0.33* *High C 1.33* *Total points 3.99*
$ Front End	10	Include all projected funds to DPFC prior to stabilization, including but not limited to pre-development fees, origination fees, acquisition fees, and developer fees: Under $50/unit 0 points $50 - $500/unit 2 points $501 - $950/unit 4 points $951 - $1,400/unit 6 points $1,401 - $1,850/unit 8 points Greater $1,850/unit 10 points ***Example:*** *Pegasus Pointe has a developer fee of 7% of which 25% goes to DPFC. Of this amount, $55,000 will be paid to DPFC prior to stabilization. In addition, DPFC will receive an acquisition fee of $200,000. The total funds to DPFC are $55,000 plus $200,000 for 175 units or $1,457 per unit. 8 points*
$ Operations	10	Include all projected funds to DPFC from stabilization to Year 10 of operations, including but not limited to asset management fees, developer fees, and cash flow from the waterfall (excluding loan payments): Under $50/unit/yr. 0 points $50 - $500/unit/yr. 2 points $501 - $950/unit/yr. 4 points $951 - $1,400/unit/yr. 6 points $1,401 - $1,850/unit/yr. 8 points Greater $1,850/unit/yr. 10 points ***Example:*** *Pegasus Pointe includes a DPFC asset management fee of $10,000/year and projected cash flow to DPFC of $600,000 from stabilization in Year 2 to Year 10. The total funds to DPFC over 10 years are $100,000 for asset management and $600,000 from cash flow for a total of $700,000 or $70,000/year. $70,000 divided by 100 units equals $700/unit/year. 4 points*

Reasonable Developer $	10	Calculate the reasonableness of the developer fee percentage, split of developer fee with DPFC and Rate of Return on developer investment based on the following: <u>Developer Fee:</u> 1-3% 3 points 3.1-5% 2 points 5.1-7% 1 point Greater than 7% 0 points <u>Developer Fee Split with DPFC:</u> Greater than 50% 5 points 41 – 50% 4 points 31 – 40% 3 points 21 – 30% 2 points 10 – 20% 1 point Under 10% 0 points <u>Developer Rate of Return on investment:</u> 12% or less 2 points Over 12% 0 points ***Example:*** *Pegasus Pointe is a project with a 7% developer fee of which 25% will be shared with the DPFC. The developer's rate of return on investment is 10%.* *Developer fee percentage: 7% 2 points* *Developer fee split w/DPFC: 25% 2 points* *Developer's rate of return: 10% <u>2 points</u>* *Total 6 points*
Term of Affordability	5	<u>Specify the number of years units are restricted as affordable (80% AMI or below):</u> Under 10 years 1 point 10 – 14 years 2 points 15 – 19 years 3 points 20 – 25 years 4 points Greater 25 years 5 points

$/Land Back End	5	Land ownership, allocation of sale proceeds to DPFC, and Right of First Refusal: DPFC owns land in perpetuity — 2 points DPFC owns land for at least 50 years — 1 point DPFC owns land less than 50 years — 0 points DPFC percentage of sale proceeds: 37.6 – 50% — 1 point 25 – 37.5% — .5 point Less than 25% — 0 points DPFC gets Right of First Refusal = 2 points ***Example:*** *The proposal for Pegasus Pointe calls for the ownership of the land by a Public Facility Corporation controlled by DPFC for 25 years. DPFC has a right of first refusal to buy the property. If the property is sold to a third-party, DPFC will receive 25% of the sale proceeds.* *Land Ownership — 25 years — 0 points* *DPFC percentage of sale proceeds — 25% — 0.5 point* *DPFC Right of First Refusal — Yes — 2 points* *Total — 2.5 points*
Preservation	5	Does the project include affordable units that would be lost without DPFC participation? If YES, 5 points
Bonus Points	10	Two points for each: • Project has been awarded funding through the standing Notice of Funding Availability application. • Project has been awarded TIF funding. • Project has been awarded City or other publicly owned land through an RFP or RFA process • Project is located within the assigned boundaries of a Dallas ISD Transformation (Link) or Innovation School (Link). • Development team includes a non-profit partner that receives 25% of the developer fee.
TOTAL POINTS	**85**	