Board Action Request

Agenda Date: 5/9/2024

## Agenda \#:

Presentation, discussion, and possible action regarding a Material Amendment to the Housing Tax Credit Application for Oaklawn Place (HTC \#21136/22821/23935)

## RECOMMENDED ACTION

WHEREAS, Oaklawn Place (the Development) received an award of 9\% Housing Tax Credits (HTCs) in 2021, Force Majeure reallocation of credits in 2022 and Force Majeure and Supplemental Credits in 2023 for the new construction of 84 units for the elderly in Dallas, Dallas County;

WHEREAS, Sadler Circle Senior Apartments, LLC (the Development Owner or Owner) requests approval for a reduction in the Net Rentable Area from 58,320 to 56,506 square feet, representing a reduction of 1,814 square feet or $3.11 \%$ from the Net Rentable Area represented in the Architect Certification at Application;

WHEREAS, Board approval is required for a reduction of $3 \%$ or more in the square footage of the units or common area as directed in Tex. Gov't Code §2306.6712(d)(4) and 10 TAC $\S 10.405$ (a)(4)(D), and the Owner has complied with the amendment requirements therein; and

WHEREAS, the requested change does not negatively affect the Development, impact the viability of the transaction, impact the scoring of the Application, or affect the HTC amount awarded;

## NOW, therefore, it is hereby

RESOLVED, that the requested amendment for Oaklawn Place is approved as presented at this meeting, and the Executive Director and his designees are each hereby authorized, directed, and empowered to take all necessary action to effectuate the foregoing.

## BACKGROUND

Oaklawn Place received an award of 4\% Housing Tax Credits in 2021, a reallocation of credits under Force Majeure in 2022 and Force Majeure and Supplemental Credits in 2023 for the new construction of 84 units for the elderly in Dallas, Dallas County. Construction of the Development is currently in progress.

The Application originally identified the Net Rentable Area as 58,320 square feet. However, according to the amendment request, the Net Rentable Area will decrease to 56,506 square
feet, representing a reduction of 1,814 square feet or $3.11 \%$ from Net Rentable Area identified in the Architect Certification at Application. The Net Rentable Area has changed due to a redesign of the building and a change in the number of unit types. At Application, there were six different unit types, and as proposed now, there are nine different unit types. There are no reductions in total units or changes to the ratio of one-bedroom and two-bedroom units from what was originally approved. The building design changed from an L-Shape at Application to a slimmer C-Shaped footprint to meet the City of Dallas fire marshal requirements and City of Dallas restrictions. The City of Dallas fire marshal required a 12 -foot fall zone at the east side, causing the building to shift 12 feet westward to accommodate their request. There was also the need for a shorter path of travel at the north perimeter to allow for a fire-hose access to the amenity deck. Loading zones were placed at the east side of building, within the property line, in lieu of the Sadler Circle entry due to restrictions by the City of Dallas. These changes impacted the unit square footages due to the narrower profile of the building footprint from site constraints. Also, due to the reconfigured form of the building, irregularly shaped units were developed for corner and edge conditions, with larger square footage and premium views. Additionally, tubs at all units were replaced with showers, which in turn triggered some reconfigurations to meet accessibility clearance requirements.

Additionally, the Common Area has increased from 10,129 to 17,651 square feet, representing an increase of 7,522 square feet or $74.26 \%$ from the Common Area represented in the Architect Certification in the Application. However, it was also pointed out that the Common Area identified at Application erroneously omitted the square footage of the corridors on floors two through five, totaling to 9,000 square feet of corridor space, as well as a staff office of 140 square feet. Had these spaces been accounted for originally, the Common Area would have decreased $8.4 \%$, going from 19,269 square feet to 17,651 square feet.

The proposed changes do not materially alter the Development in a negative manner, and were not reasonably foreseeable or preventable by the Development Owner at the time of Application. The Owner has indicated that there was no net financial impact on the Development as a result of the proposed changes. Staff has determined that this change does not affect the scoring of the Application or the funding award, and the Development will continue to meet the accessibility requirements and the minimum unit size of 650 square feet for one-bedroom units and 850 square feet for two-bedroom units required for scoring.

Staff recommends approval of the amendment request as presented herein.

| Material Alterations as defined in Tex. Gov’t Code §2306.6712(d)(4) and 10 TAC §10.405(a)(4)(D) |  |
| :---: | :---: |
| Application | Amendment |
| Unit Mix: <br> 1BR/1BA -670 sq. ft. -62 units <br> 1BR/1BA -690 sq. ft. -4 units <br> $1 B R / 1 B A-715$ sq. ft. -5 units <br> $1 B R / 1 B A-735$ sq. ft. -4 units <br> $1 B R / 1 B A-770$ sq. ft. -4 units <br> $2 B R / 1 B A-885$ sq. ft. $-\underline{5}$ units <br> Total: 84 units <br> Net Rentable Area: 58,320 sq. ft. <br> Common Area: 10,129 sq. ft. | Unit Mix: <br> 1BR/1BA - 652 sq. ft. - 5 units <br> 1BR/1BA - 653 sq. ft. -47 units <br> 1BR/1BA -654 sq. ft. -4 units <br> 1BR/1BA -660 sq. ft. -5 units <br> 1BR/1BA -664 sq. ft. -5 units <br> 1BR/1BA -669 sq. ft. -5 units <br> 1BR/1BA -679 sq. ft. -4 units <br> 1BR/1BA -717 sq. ft. -4 units <br> 2BR/2BA - 878 sq. ft. - $\underline{5}$ units <br> Total: 84 units <br> Net Rentable Area: 56,506 sq. ft. (a 3.11\% or 1,814 sq. ft. reduction) <br> Common Area: 17,651 sq. ft. |
|  |  |

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March 26, 2024

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Lucy Weber
Texas Department of Housing and Community Affairs
221 East \(11^{\text {th }}\) Street
Austin, TX 78701-2410
DELIVERY BY EMAIL: lucy.weber@tdhca.state.tx.us
rosalio.banuelos@tdhca.state.tx.us
asset.management@tdhca.state.tx.us
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## Re: Oaklawn Place Apartments, TDHCA \#21136/22821/23935 CMTS \#5791 Notification/Amendment Request Items

Dear Lucy:
Oaklawn Place is an 84-unit elderly development located in Dallas (Region 3 Urban) that received a 2021 Commitment of $9 \%$ Housing Tax Credits (TDHCA \#21136), Force Majeure in 2022 (TDHCA \#22821) and Force Majeure and Supplemental Credits in 2023 (TDHCA \#23935). Per the Post-Award Activity Manual updated July 2021, please accept this letter describing items that are notification/amendment request items from the original application and award. The details of each change are reasons for the change are outlined below:

## 1) Decrease in Net Rentable Square Footage - MATERIAL AMENDMENT

Change Requested: The total net rentable square footage of the Development has decreased from 58,320 sf at the time of Application to 56,506 sf at current. This represents a decrease of $3.11 \%$ which is just over the $3 \%$ decrease that triggers a Material Amendment per TDHCA Asset Management rules.

At the time of Application, there were six different unit types. Currently, there are nine different unit types. Please see chart below. There were no reductions in total units or changes to the ratio of 1 bedroom and 2-bedroom units from Application to current.

| Unit Type | \# of Units | Application | \# of Units | Current |
| :---: | :---: | :---: | :---: | :---: |
| 1A | 59 | 670 | 15 | 653 |
| $1 \mathrm{~A}-\mathrm{HC}$ | 2 | 670 | 2 | 653 |
| 1A-HV (Removed) | 1 | 670 |  |  |
| 1B | 5 | 715 | 28 | 653 |
| 1B-HC (New) |  |  | 1 | 653 |
| 1B-HV (New) |  |  | 1 | 653 |
| 1C | 4 | 735 | 4 | 679 |
| 1D | 3 | 770 | 4 | 717 |
| 1D-HC (Removed) | 1 | 770 |  |  |
| 1E | 3 | 690 | 4 | 654 |
| 1E-HC (Removed) | 1 | 690 |  |  |
| 1F (New) |  |  | 5 | 652 |
| 1G (New) |  |  | 4 | 669 |
| 1G-HC (New) |  |  | 1 | 669 |
| 1H (New) |  |  | 5 | 664 |
| 1J (New) |  |  | 5 | 660 |
| 2A (Removed) | 3 | 885 |  |  |
| 2A-HC | 1 | 885 | 1 | 878 |
| 2A-HV | 1 | 885 | 4 | 878 |
| Total Units: | 84 |  | 84 |  |
| Total Net Rentable SF: | 58,320 |  | 56,506 |  |

Reason for Change is Necessary: The changes in unit sizes were due to the change of the building design from an L-Shape submitted at Application to a slimmer C-shaped footprint to meet the following requirements:

- Comments by the City of Dallas fire marshal to provide a $12^{\prime}-0$ " fall zone due at east side, adjacent to fire lane. The building was required to shift 12' westward to accommodate.
- Shorter path of travel at north perimeter to allow for fire-hose access to amenity deck.
- Loading zones at east side of building, within property line, in lieu of Sadler Circle entry due to restrictions by City of Dallas.

These changes to the overall footprint impacted the unit square footages as follows:

- Due to the narrower profile of the building footprint from site constraints, there was a slight reduction in square footage for the standard 1-bedroom Type 1-A and 1-B units.
- Due to the reconfigured form of the building, irregularly shaped units were developed for corner and edge conditions, with larger square footage and premium views.

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- Due to Development Owner feedback, late into Construction Document phase, the tubs at all units were replaced with showers. This in turn triggered some reconfigurations to meet TDHCA clearance requirements.

Good Cause for Change: The changes were necessary in order to comply with the City of Dallas requirements for the 12' fall zone clearance and relocation of drop-off/loading zone from Sadler Circle to within property line. In addition, the building footprint configuration allowed a shorter path of travel for fire-hose access. Due to the elderly target population, the tubs were all changed to showers per Owner request which will provide a more accessible option for residents.

Financial Impact: The Total Development Cost from the time of Application in 2021 has increased, but the changes mentioned above were made early enough into design that there was no cost implication per se.

Change Reasonably Foreseeable: The main impetus for the re-configuration of the building footprint were the comments provided by the City of Dallas. These comments on the fall zone and prohibition of loading zone off of Sadler were not made until after Application and so this change was not reasonably foreseeable.

Since this change is considered a Material Amendment, a check for $\$ 2,500$ has been sent to TDHCA for the Amendment Fee. The receipt is attached.
2) Decrease/increase in common area square footage and programmed common areas NOTIFICATION ITEM OR MATERIAL AMENDMENT

Change Requested: There have been changes to the common area square footage since Application. If you compare the Common Area square footage reported on the Architect Certification submitted with the Application ( $10,129 \mathrm{sf}$ ) with the current square footage of $17,651 \mathrm{sf}$ then this would be considered a notification item as it is an increase of Common Area. We ask that you consider it as such since the reported square footages result in an increase. In full disclosure, however, it should be noted that the full Application appears to have erroneously omitted the square footage of the corridors on Floors 2-5 (9,000 sf) as well as a staff office of 140 sf. If you add that omitted Common Area to the reported area, then the total Common Area at Application would be 19,269 sf and the current square footage of 17,651 sf would be considered a decrease of $8.4 \%$ which would be considered a Material Amendment. We should also note that a 1,315 sf dog park was added as a resident amenity in the current development plans, but since this is not an enclosed area attached to the building it was not included in the Common Area square footage. If included, the decrease would only be $1.5 \%$ ( 19,269 sf to $18,966 \mathrm{sf}$ ) and considered a notification item.

## Common Areas:

Reported at Application: $\quad 10,129 \mathrm{sf}$
Square Footage Erroneously Omitted at Application: 9,140 sf

| Actual Common Area at Application: | $19,269 \mathrm{sf}$ |
| :--- | :--- |
| Current: | $17,651 \mathrm{sf}$ |
| Current with Dog Park: | $18,966 \mathrm{sf}$ |

## Change: NOTIFICATION ITEM AS IT IS AN INCREASE or DECREASE LESS THAN 3\%.

Detail on the Common Area changes that resulted in an decrease in Common Area square footage is below. Please note that the Application erroneously omitted 9,000 sf of corridor space on Floors 2-5 from the Common Area calculation at Application. A staff office of 140 sf was also omitted. If included, the Common Area at Application would have been 19,269 sf. The total current Common Area is 17,651 sf, but if you add the Dog Park amenity then it would be 18,966 sf.

We are providing this information to allow TDHCA to decide whether a Notification Item or Material Amendment.

| Common Areas | Application | Current |
| :--- | :---: | :---: |
| Conference/Dining Room | 535 | 187 |
| Lobby | 1,045 | 980 |
| Lease Office | 115 |  |
| Manager Office |  | 102 |
| Asst. Manager Office |  | 110 |
| Resident Service Office | 890 | 126 |
| Community Room | 31 |  |
| Community Room Storage | 180 | 125 |
| Storage/Trash Room | 360 | 489 |
| Business Center | 195 |  |
| Gym | 350 | 207 |
| Kitchen | 108 | 132 |
| Mail Room | 1,760 | 8,177 |
| Restrooms | 2,800 | 1,732 |
| Corridor | $\mathbf{1 0 , 1 2 9}$ | $\mathbf{1 7 , 1 9 4}$ |
| Unit Storage |  |  |
| Amenity Deck | 9,000 |  |
| Total Common Area SF: | 140 |  |
| Omitted Space | 19,269 | $\mathbf{1 8 , 9 6 6}$ |
| Corridors (Floors 2-5) | 1,315 |  |
| Staff Office |  |  |
| Dog Park | Total Actual Common Area |  |
| at Application | 120 |  |

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Reason for Change is Necessary: Amenity areas were reconfigured to accommodate the changes to the building footprint outlined above as well as code requirements for a larger pump/sprinkler room ( 110 sf at Application to 218 sf current) and larger Electrical Rooms (395 sf at Application to 1,055 sf current.) In addition, there were slight tweaks to common areas and the sizing of the common areas based on Owner/Operator feedback as the Development moved deeper into design after Application award. Also, as noted above, the corridor space on floors 2-5 and a staff office were erroneously left out of the Common Area square footage calculation at Application.

Good Cause for Change: The changes were necessary to comply with the City of Dallas requirements that impacted the building footprint as well as the code requirements for the sizing of the fire sprinkler/pump room and electrical rooms.

Financial Impact: The decreases to the net rentable square footage and the Common Area square footage did not have any major cost impacts. The Common Areas that were increased were lower cost areas to build. The kitchen was removed as a Common Area due to the cost of this space and in an effort to value engineer for cost savings for the overall Development.

Change Reasonably Foreseeable: At the time of original Application, the re-configuration of the building footprint due to City of Dallas requirements was not reasonably foreseeable. These changes impacted the programming and sizing of the Common Area space. In addition, the design of the project is very much in the infancy stage at the time of Application and tweaks made to Common Area programming and sizing after Application were made to best serve the Target Population and can only be considered positive in nature.

Since this Development will be submitting the Cost Certification in the next few months, we ask that any underwriting for the Development be saved for that process (a save of both client and TDHCA staff time.) I appreciate your consideration in this matter and request that you contact me at 512-203-4417 or jennifer@truecasa.net should you need additional information

Sincerely,


Jennifer Hicks, Consultant to Applicant (Sadler Circle Senior Apartments, LLC) True Casa Consulting, LLC

| NON-UNIT AREA CALCULATIONS |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Type | Room | SF per Level per Use |  |  |  |  | SF TOTAL BY USE |
|  |  | Level 1 | Level 2 | Level 3 | Level 4 | Level 5 |  |
| Tenant Common Areas |  |  |  |  |  |  |  |
|  | Conference / Dining Room | 187 |  |  |  |  | 187 |
|  | Lobby | 980 |  |  |  |  | 980 |
|  | Resident Services | 126 |  |  |  |  | 126 |
|  | Community Room | 735 |  |  |  |  | 735 |
|  | Gomunity Romstorage |  |  |  |  |  |  |
|  | Business Center | 125 |  |  |  |  | 125 |
|  | Gym | 489 |  |  |  |  | 489 |
|  | Kitchen |  |  |  |  |  |  |
|  | Mail Room | 207 |  |  |  |  | 207 |
|  | Restrooms | 132 |  |  |  |  | 132 |
|  | Corridor | 1,601 | 1,644 | 1,644 | 1,644 | 1,644 | 8,177 |
|  | Unit Storage |  | 433 | 433 | 433 | 433 | 1,732 |
|  | Storage/Trash Room | 71 | 71 | 71 | 71 | 71 | 355 |
|  | Amenity Deck (Unconditioned) | 4,194 |  |  |  |  | 4,194 |
|  | Dog Park (Unconditioned) | 1,315 |  |  |  |  | 1,315 |
|  | Subtotals By Level | 10,162 | 2,148 | 2,148 | 2,148 | 2,148 | 18,754 |
| Employee Only Areas |  |  |  |  |  |  |  |
|  | Janitor/Maintenance | 35 | 35 | 35 | 35 | 35 | 175 |
|  | Aninterancestare |  |  |  |  |  |  |
|  | Electrical Room | 211 | 211 | 211 | 211 | 211 | 1,055 |
|  | Fire Pump | 218 |  |  |  |  | 218 |
|  | IDF | 72 | 72 | 72 | 72 | 28 | 316 |
|  | Manager Office | 102 |  |  |  |  | 102 |
|  | Assistant Manager Office | 110 |  |  |  |  |  |
|  | Staff Work Room | 200 |  |  |  |  |  |
|  | Mechanical | 129 | 130 | 130 | 130 | 130 | 649 |
|  | Elevator Control |  |  |  |  | 40 | 40 |
|  | Compactor | 95 |  |  |  |  |  |
|  | Subtotals By Level | 1,172 | 448 | 448 | 448 | 444 | 2,960 |
| Totals |  |  |  |  |  |  | 21,714 |




