

2020 NALHFA Awards of Excellence

Category: Multifamily Excellence

Garland HFC

City Square Lofts

City Square Lofts

- ADAPTIVE REUSE (FORMER BANK BUILDING)
- 70% AFFORDABLE AND 30% MARKET RATE
- RESORT STYLE POOL & SPECTACULAR AMENITIES
- OPEN, WALKABLE & NEAR LIGHT RAIL
- ENTERPRISE GREEN BUILDING STANDARDS



The long vacant and blighted former Bank of America Tower was transformed from an obsolete 6 story office/bank building to this truly innovative and unique development in the heart of Garland. The development is a centerpiece of a downtown community revitalization plan implement by the City. Development is in two phases, with the first phase now completed. It is transformational for Downtown Garland which has invested heavily in improving public infrastructure and developing properties around light rail presence in Downtown Garland. Reaction from the community has been overwhelmingly positive with immediate lease up upon opening.

The first phase is 70% affordable and 30% market. The Tower was an adaptive reuse to create 46 SF apartments with the fitness area, leasing offices and common amenities. A strong focus was placed on safety issues, Enterprise Green Building standards and community integration.

The site in total is 3 acres with incredible amenities. The Tower is the tallest structure in Downtown Garland with spectacular unobstructed views in all directions. Premium living units with affordable units and new construction of 80 units were added to the site.

Phase one was financed with 9% housing tax credits from TDHCA, a conduit loan from the Garland HFC for \$1.8MM, permit and impact fee waivers from the City of Garland for \$350,000 and a multifamily direct loan from TDHCA to complete the capital stack. The permanent financing under way is a FNMA affordable green 15 year loan with a 35 year amortization currently priced at 4.35%. Development costs for the 126 units is \$25MM.

City Square Artist Lofts, 705 W. Avenue B, Garland, TX 75040

This truly innovative and unique development is a model for adaptive reuse of blighted structures. Not just for Garland but for mixed income affordable housing. The development is a centerpiece of a downtown community revitalization plan implemented by the City of Garland. Development is in two phases, with the first phase now completed. It is transformational for Downtown Garland which has invested heavily in improving public infrastructure and developing properties around a very robust light rail presence in Downtown Garland. The development would simply not be possible without the active involvement and participation of the Garland Housing Finance Corporation.

The journey began with a downtown eyesore. The long vacant, former Bank of America Tower. The goal was to transform an obsolete 6 story office/bank building with flooded basements, broken elevators, vagrants and a dated 70's era glass cladding package. The site is directly across from the City Planning and Engineering Departments at Glenbrook and W. Avenue B. It was simply a problem for the community and the neighborhood.

Working with City staff on new downtown design standards, the team put together a two phase development plan to bring more housing to downtown. The first phase, City Square, is 70% affordable and 30% market rate. The Tower was an adaptive reuse to create 46 single-family apartments with the fitness area, leasing offices and common amenities on the first floor in the former Bank Tower. There were many changes to the building including a totally new cladding package with operating windows with balconies serving each unit. Many changes were necessary to convert the building from a day time office use to housing residents 24-7 on the 6 floors. A strong focus was placed on life safety issues, Enterprise Green Building standards and community integration.

Robust landscaping, tree lighting, open and walkable with a wonderful resort style pool. The site in total is +-3 acres. The Tower is the tallest structure in Downtown Garland with spectacular unobstructed views in all directions. Premium living units with affordable units throughout the property. Additional new construction of 80 units were added to the site using the same cladding and design package. Currently surfaced parked, with plans for a parking garage in the upcoming second phase. A four story elevator design maximizes quality of living and accessibility for everyone.

The next phase of the development plan will be at least 80% market rate. Phase one and two combined ultimately make the entire development mixed income. The mix is flipped so that 70% of the units are market rate and 30% is affordable (at or below 60% of AMFI rent and income).

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Phase two benefits from no land cost and the property ultimately is a wrap parking approach serving both Phases when Phase II is completed.

The HFC benefits from sharing of developer fee, cash flow, resale or refinancing of each phase. The HFC has plans to reinvest these funds in more mixed income property. Reaction from the community has been overwhelmingly positive with immediate lease up upon opening.

Thanks to the Board including Chairman Chris Luna, Executive Director John David Jacobs, development partners IBC Bank, 42 Equity Partners and RISE Residential Group-Melissa Fisher. Special thanks to the project advisors, Hilltop Securities, Petruska & Associates and Sonoma Housing Advisors.

Google: City Square Garland

https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=2&cad=rja&uact=8&ved=2ahUKEwjxwPfRobzhAhUJXa0KHQUABUoQFjABegQIABAC&url=https%3A%2F%2Fcitysquaregarland.com%2F&usg=AOvVaw3hSKDUu8tpXj8P9v4y8_Dc

City Square Artist's Lofts, Garland, Dallas County, Texas

Project Financing Narrative

City Square Artist's Lofts is an urban, adaptive reuse plus new construction, mixed income development in Downtown Garland. It is a multi-phase development with a mix of affordable housing, veterans housing and market rate housing. The first phase of the development plan is the acquisition and redevelopment of the Bank of America building plus substantial new construction living units into a mixed use-mixed income development. This phase on is Block A of the site plan attached. A local bank will use a portion of the downstairs space to operate a new full service branch. The remainder of the B of A building is converted to 40 Lofts for use by artists and craftsman as live work space. We do expect to get typical urban renters looking to take advantage of downtown Garland's revitalization with these loft style units. This first phase will convert the old building to mixed use and demolish the low rise back building to allow for a podium style, urban infill, rental community using a parking structure. Together the two phases will provide 230+ living units on this 4.5 acre site.

The first phase will be financed as a 70-30 affordable-market rate loft and Urban infill development supported by housing tax credits from TDHCA. The affordable units serve residents at or below 60% of area median family income (+-\$48,000). The rest of the living units are available without income or rent restrictions. Please note there are a very limited number of units at or below 30% of AMFI rent but are set aside for Veterans.

The development will offer housing convenient to all of Garland and use of Garland Schools whose district is highly rated. **A significant % of the affordable units will be special equipped for residents with special needs or others in need a handicap equipped unit.**

The housing community will offer more than a roof over their head. Residents at the property will also enjoy a 3,000+ square foot club area with a fitness center, business center with a management office presence. The development will also offer a swimming lap pool, and controlled access to the property, if allowed by ordinance. **The project sponsor is an experience development team including the Odyssey Residential Construction and Green Extreme Homes, a City of Garland designated CHDO.**

City Square Artist's Lofts, Garland, Dallas County, Texas

Unit Type	Rent Level	# of Units	% of Mix	Net SF per Unit	Total Net Sq Ft	Maximum Gross Rent	Utility Allowance	Maximum Net Rent	Proposed Rent
studio--Veterans Units	30%	3	3%	600	1,800	\$ 357	\$ 73	\$ 284	\$ 284
studio	50%	12	10%	600	7,200	\$ 595	\$ 73	\$ 522	\$ 522
studio	60%	13	11%	600	7,800	\$ 714	\$ 73	\$ 641	\$ 641
studio	Market	12	10%	600	7,200	\$ 750	\$ -	\$ 750	\$ 750
%		40	33%		24,000				
1bd/1ba-Veterans Units	30%	3	3%	700	2,100	\$ 382	\$ 105	\$ 277	\$ 277
1bd/1ba	50%	12	10%	700	8,400	\$ 637	\$ 105	\$ 532	\$ 532
1bd/1ba	60%	15	13%	700	10,500	\$ 765	\$ 105	\$ 660	\$ 660
1bd/1ba	Market	12	10%	700	8,400	\$ 800	\$ -	\$ 800	\$ 800
%		42	35%		29,400				
2bd/2ba-Veterans Units	30%	3	3%	980	2,940	\$ 459	\$ 138	\$ 321	\$ 321
2bd/2ba	50%	12	10%	980	11,760	\$ 765	\$ 138	\$ 627	\$ 627
2bd/2ba	60%	12	10%	980	11,760	\$ 918	\$ 138	\$ 780	\$ 780
2bd/2ba	Market	11	9%	980	10,780	\$ 950	\$ -	\$ 950	\$ 950
%		38	32%		37,240				
Project Totals		120	100%		90,640				
Project Averages					755	\$ 737			\$ 662.18

As shown in the Sources and Uses chart on the following page, the total, phase one, community cost is approximately \$16.5 million. Land and building acquisition with closing costs represents \$3.05 million, hard cost construction with GC fees and costs total just under \$9.5 million. The balance represents soft costs, indirect construction, financing costs and developer fee.

The costs will be financed from several sources of funding. Approximately \$8.1 million will be financed with an interim construction loan, 18 month source, provided by IBC Bank. IBC is providing a perm loan option from the FHLB CIP affordable housing loan program. The perm loan is expected to be about \$6.5 million. A competitive syndicator, 42 Equity Partners, has agreed to purchase the full amount (99.99%) of Tax Credits. The tax credits will provide approximately \$8.7 million in total equity funds, of which, approximately 75% will be made available during the construction phase of the community, 25% at construction completion (85% total as of completion) with the balance, 15%, paid (10% and 5%) in at the later of cost certification, conversion of the taxable perm debt and final installment at issuance of 8609's.

The final sources of financing to insure a balanced sources and uses of funds is from a deferral of the developer fee, \$672,000 million or 40% of the developer fee. The City of Garland is being asked to waive the permit and impact fees to help meet the UGLG match required by TDHCA. A short term UGLG loan from the Garland HFC secured by cash collateral or letter of credit is required to obtain the funding from TDHCA. These funds will be repaid within 60 months but remain fully secured outside the development. The developer will take back a note for the amount of the deferred developer fee, to be repaid at 2% interest out of cash flow from the community after all other debt service and reserves are paid in full. There is no fixed debt service obligation for the deferred developer fee or GP equity note. They are strictly cash flow only notes. The deferred fee is expected to be paid in full with interest in less than 5 years.

City Square Artist's Lofts, Garland, Dallas County, Texas

The HTC equity combined with the construction, fee waivers from the City, the UGLG loan, and the FHLB CIP perm loan plus a deferral of some developer fee will successfully complete and fully fund the project as presented below.

Sources of Funds					
		<u>Permanent Amount</u>	<u>% of Ttl Dev. Cost</u>	<u>Construction</u>	<u>% of Ttl Dev. Cost</u>
Debt					
Taxable Loan		6,500,000	39.5%	8,103,000	49%
City HFC or HOME Loans		350,000	2.1%	1,275,000	8%
HOME Match		225,000	1.4%	225,000	1%
NOI During Construction		-	0.0%	-	0%
Debt Service Reserve Fund Bonds		-	0.0%	-	0%
GIC Income		-	0.0%	-	0%
Equity					
Tax Credit Equity @	\$ 0.950	8,713,550	52.9%	5,750,943	35%
Deferred Developer Fee	40%	671,913	4.1%	1,106,519	7%
GP Equity		-	0.0%	-	0%
Interest Rate Buydown	\$0.000	-	0.0%	-	0%
Total Sources of Funds		<u>16,460,462</u>	<u>100%</u>	<u>16,460,462</u>	<u>100%</u>
Uses of Funds					
		<u>Total Costs</u>	<u>Per Unit</u>	<u>Per Sq. Ft.</u>	<u>% of Ttl Dev. Cost</u>
Land & Buildings		3,005,000	25,042	33.15	18.26%
Construction		9,462,424	78,854	104.40	57.49%
Architecture & Engineering		427,900	3,566	4.72	2.60%
Permits & Fees		350,000	2,917	3.86	2.13%
Financing		409,560	3,413	4.52	2.49%
Construction Period Interest		425,408	3,545	4.69	2.58%
Bond Costs		-	-	0.00	0.00%
Tax Credit Costs		40,800	340	0.45	0.25%
Soft Costs		30,000	250	0.33	0.18%
Legal		57,500	479	0.63	0.35%
FF&E		73,000	608	0.81	0.44%
Pre Stabilization Costs		277,500	2,313	3.06	1.69%
Reserves		218,270	1,819	2.41	1.33%
Developer Fee		1,683,100	14,026	18.57	10.23%
Total Uses of Funds		<u>16,460,462</u>	<u>137,171</u>	<u>181.60</u>	<u>100.00%</u>

