

Memorandum



DATE January 31, 2014

TO Housing Committee Members: Carolyn R. Davis, Chair, Scott Griggs, Vice-Chair, Monica Alonzo, Rick Callahan, Dwaine Caraway, and Philip Kingston

SUBJECT 2014 Low Income Housing Tax Credit Projects for Dallas

On Monday February 3, 2014, you will be briefed on 2014 Low Income Housing Tax Credit Projects for Dallas. A copy of the briefing is attached.

Please let me know if you have any questions.



Theresa O'Donnell
Interim Assistant City Manager

c: The Honorable Mayor and Members of the City Council
A. C. Gonzalez, Interim City Manager
Rosa A. Rios, City Secretary
Warren M.S. Ernst, City Attorney
Craig Kinton, City Auditor
Judge Daniel Solis, Administrative Judge
Ryan S. Evans, Interim First Assistant City Manager
Forest E. Turner, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Frank Libro, Public Information Officer
Bernadette Mitchell, Housing/Community Services, Interim Director
Elsa Cantu, Assistant to the City Manager – Mayor and Council

2014 Low Income Housing Tax Credit Projects for Dallas

A Briefing To The
Housing Committee

Housing/Community Services Department
February 3, 2014



Purpose

- ❑ Review the Texas Department of Housing & Community Affairs (TDHCA) Low Income Housing Tax Credit (LIHTC) Program
- ❑ Review the key decisions requested from TDHCA
- ❑ Provide information regarding five Low Income Housing Tax Credit (LIHTC) Projects submitted to the City of Dallas
- ❑ Present the interdepartmental review committee's findings
- ❑ Receive Housing Committee recommendations for the 9% LIHTC applications

Note: 4% LIHTCs are not part of recommendation and will be presented if and when funds are identified to meet GAP needs

TDHCA Low Income Housing Tax Credit (LIHTC) Program

- The Housing Tax Credit (HTC) Program was created by the Tax Reform Act of 1986. Section 42 of the Internal Revenue Code of 1986, as amended (the Code), is the federal law that governs the HTC program
- The Texas Department of Housing and Community Affairs (TDHCA) is the only entity in the state of Texas with the authority to allocate tax credits under this program
- The tax credit program is one of the primary means of incentivizing investment toward the creation of affordable rental housing
- Investors use the tax credits to offset a portion of their federal tax liability
- TDHCA approved LIHTC projects must have a minimum of 35 years affordability

Tax Credit Funds Available for 2014

- The State is broken into 13 Urban Regions and 13 Rural Regions
 - Each region has a set amount of tax credits
 - Applicants compete for funding in their respective regions
 - The LIHTC program is extremely competitive

- The State also has an “At-Risk” category which is a state-wide competition for existing developments at risk of losing affordable units

- The Dallas/Fort Worth Urban Region includes:
 - Dallas, Denton, Collin, Tarrant, and Grayson Counties
 - Approximately \$10.6 million in tax credits are available
 - As of January 16, 2014, 39 developments submitted for 9% LIHTC program consideration in the region
 - The City of Dallas received 5 applications for the 2014 round

TDHCA 9% LIHTC Timeline for 2014

- December 2013: Texas Department of Housing & Community Affairs (TDHCA) released the Qualified Allocation Plan and Rules to allow for developers to apply for 2014 Low Income Housing Tax Credits (LIHTCs)
- January 16, 2014: Preapplications from developers were due to TDHCA
- February 28, 2014: Full applications from developers must be submitted to TDHCA
- April 1, 2014: Input from State Representatives due to TDHCA
- May 7, 2014: Application challenges are due to TDHCA
- Mid-May: Final scoring notices will be issued
- Late July: TDHCA Board will make final awards
- December 31, 2016: Developments must be complete to place units in service

Waiver Decisions for Concentration

- TDHCA requires the Governing Body to provide the following approvals for any proposed project located within the boundaries of the jurisdiction:
 - When the number of tax credit units previously approved exceeds two times the state average
 - At this time, Dallas does not exceed two times the state average
 - When projects involving new construction or adaptive reuse are located less than a mile from another project funded within the prior 3 years and serving the same type of household
 - Wynnewood Sr. Housing II will need this waiver from the City of Dallas
 - When a proposed project is to be located in a census tract that has more than 20% Housing Tax Credit Units per total households in the census tract
 - Wynnewood Sr. Housing II will need this waiver from the City of Dallas

Decisions for “Support” and “Funding”

- Local Government Support
 - Resolution expressly supporting the Development (17 pts)
 - Resolution setting forth that the municipality has no objection to the Development (14 pts)

- Commitment of Development Funding
 - Based on the amount per unit (7 – 11 pts)
 - City can provide a firm commitment (2 pts)
 - City can structure the funding as a grant, in-kind contribution, or 15 year permanent loan with interest no higher than 3% (1 pt)

- All applicants have requested support and some type of funding consideration from the City

Note: Points are awarded by TDHCA

Community Revitalization Plans (CRP)

- City adopted revitalization plans that directly address certain factors and have funding from the City to address those factors (2- 4 pts based on City budget for the CRP)
 - CRPs must include 5 of the 8 factors listed:
 - Adverse environmental conditions
 - Presence of blight
 - Presence of inadequate transportation or infrastructure
 - Lack of accessibility to health care facilities and other public services
 - Presence of crime
 - Performance of public education
 - Lack of employment opportunities
 - Efforts to promote diversity
 - The proposed development must be located in this area
 - The City can also indicate that the proposed development contributes most significantly to the revitalization efforts of the City (2 additional points)
Commonly called the “IT” project

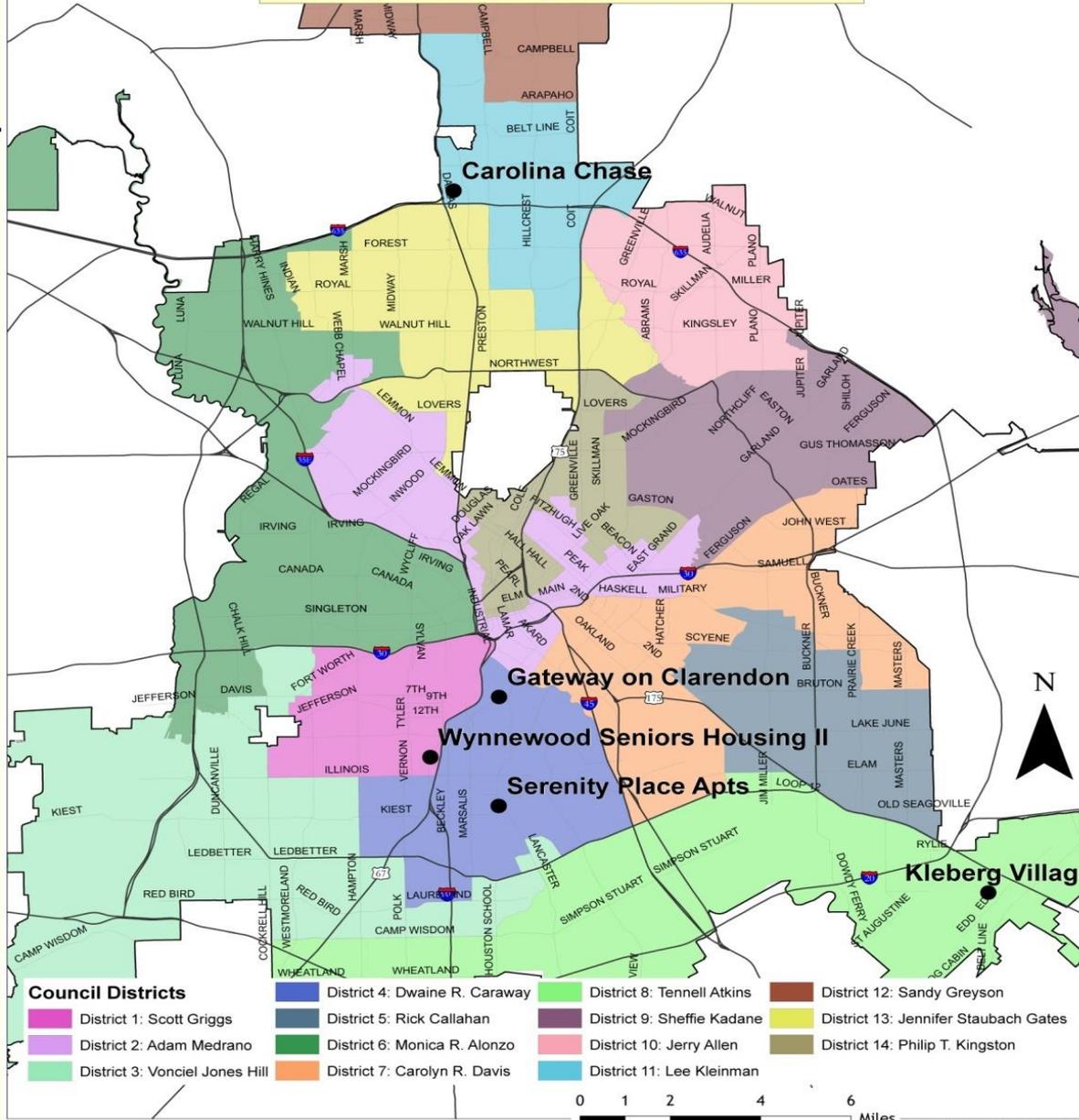
- On December 12, 2012, the City Council approved four CRPs including Lancaster Corridor/Cigarette Hill, South Dallas-Greater Fair Park, South Dallas-Ideal-Rochester Park, & West Dallas (101.02)

Community Revitalization Plans (CRPs)

- The Serenity Place Apartments is the only project in an adopted CRP
- The Gateway on Clarendon developer has requested adoption of North Oak Cliff Neighborhood Investment Program area as a CRP and expansion of the CRP to include the development site
- The Carolina Chase developer has requested that the City adopt a CRP for the Galleria-Valley View area

Low Income Housing Tax Credit Projects

Submitted to City of Dallas for 2014



9% LIHTC Applications Submitted to City of Dallas for 2014

Project Name/Developer	Address	Council District	# of Units	Unit Types	Request for Funding
Carolina Chase Apts. Center for Housing Resources	5351 Peterson Ln.	11	200	Families	Tax Abatement
Gateway on Clarendon Scott Galbraith	1526 E. Clarendon	4	140	Families	\$3,000,000
Kleberg Village UPCDC Texas, Inc.	12700 Kleberg Rd.	8	160	Families	WITHDRAWN
Serenity Place Apartments City Wide CDC	3124 S. Denley	4	45	Supportive Housing	\$1,997,913
Total					\$6,997,913
AT RISK CATEGORY					
Wynnewood Seniors Housing II Central Dallas CDC	1805 S. Zang Blvd.	1	140	Seniors	Requested debt forgiveness of \$425,000

Carolina Chase Apartments

5351 Peterson Ln.

■ **Description**

- New construction of 200 multifamily units for families
 - Replacing 168 units built in 1971
- 56 one-bedroom; 120 two-bedroom; 24 three-bedroom
- 124 units will be affordable; 76 units will be market rate
- Four story building with ground level parking
- Zoned PD 887

■ **Applicant** – Center for Housing Resources, Carolina Chase, LP

■ **Developer/Partners** – Carolina Chase Apts, Inc.

- Terri L. Anderson
- Antonio Matarranz

Carolina Chase Apartments Site Map



DISD Schools Servicing Carolina Chase Apartments

Elementary (PK thru 5)

Nathan Adams Elementary School
12600 Welch Road
Dallas, Texas 75244
Enrollment: 577 children
Building Utilization 145%
Met Standard

Middle School (6 thru 8)

E.D. Walker Middle School
12532 Nuestra Drive
Dallas, Texas 75230
Enrollment: 751 children
Building Utilization 80%
Met Standard

High School (9 thru 12)

W.T. White High School
4505 Ridgeside Drive
Dallas, Texas 75244
Enrollment: 2,361 children
Building Utilization 145%
Met Standard

Carolina Chase Apartments

Sources & Uses

SOURCES

HUD 221(d)4	\$17,000,000
HTC Syndication Proceeds	\$13,498,650
Deferred Developer Fee	\$ 1,976,414
Construction Loans	<u>\$ 927,339</u>
Total Sources	\$33,402,403

USES

Acquisition	\$ 2,219,494
Construction Costs	\$21,899,129
Indirect Construction Costs	\$ 4,933,009
Developer Fee	\$ 1,976,414
Financing Costs	<u>\$ 2,374,357</u>
Total Uses	\$33,402,403

Gateway on Clarendon

1526 E. Clarendon

■ **Description**

- New construction of mixed-use 4,000 sq ft retail/commercial space and 140 multifamily units
- 34 One Bedroom, 56 Two Bedroom and 50 Three Bedroom Units
- 112 units will be affordable; 28 units will be market rate
- 4 story building with 140 spaces of structured parking
- Within a block of the DART Rail – 8th Street Station
- Zoning: RR (Regional Retail)

■ **Applicant** – Matthews Affordable Income Development

■ **Developer/Partners** – 1526 E. Clarendon LLC, Matthews Affordable Income Development, Gateway, Inc.

- Scott Galbraith
- Robert Alberts

Gateway on Clarendon Site Map



DISD Schools Servicing Gateway on Clarendon

Elementary (PK thru 5)

Albert Sidney Johnston Elementary School
2020 Mouser Street
Dallas, Texas 75203
Enrollment: 483 children
Building Utilization 69%
Met Standard

Middle School (6 thru 8)

Oliver W. Holmes Humanities / Communications Academy
2001 E. Kiest Boulevard
Dallas, Texas 75216
Enrollment: 838 children
Building Utilization 60%
Met Standard

High School (9 thru 12)

Franklin D. Roosevelt High School and Academy of Health Science
525 Bonnie View Road
Dallas, Texas 75203
Enrollment: 676 children
Building Utilization 68%
Improvement Required

Gateway on Clarendon

Sources & Uses

SOURCES

Mortgage	\$ 3,201,040
City Funds	\$ 3,000,000
HTC Syndication Proceeds	\$13,364,992
Developer Equity	<u>\$ 12,460</u>
Total Sources	\$19,578,492

USES

Acquisition	\$ 801,357
Construction Costs	\$ 9,953,267
Gen Requirements, Contingency	\$ 1,998,755
Indirect Construction Costs	\$ 2,291,975
Developer Fee	\$ 2,618,934
Financing Costs	\$ 969,338
Reserves	<u>\$ 944,866</u>
Total Uses	\$19,578,492

Serenity Place Apartments

3124 South Denley

■ **Description**

- New construction of 45 Permanent Supportive Housing for homeless families with children
- 40 two bedroom units and 5 three bedroom
- Two story building with ground level parking
- Within a quarter mile of the DART Rail Line- Kiest Station
- Zoning: PD 902

■ **Applicant** – City Wide Serenity Place Apartments, L.P.

■ **Developer/Partners** – City Wide Community Development Corporation, National Housing Advisors, LLC, Carleton Development, Ltd.

- Sherman Roberts
- Will Henderson
- Ellen Rourke

Serenity Place Apartments Site Map



DISD Schools Servicing Serenity Place Apartments

Elementary (PK thru 5)

John Neely Bryan Elementary School
2001 Deer Path
Dallas, Texas 75216
Enrollment: 595 children
Building Utilization 85%
Academically Acceptable

Middle School (6 thru 8)

Oliver W. Holmes Humanities / Communications Academy
2001 E. Kiest Boulevard
Dallas, Texas 75216
Enrollment: 838 children
Building Utilization 60%
Met Standard

High School (9 thru 12)

Franklin D. Roosevelt High School and Academy of Health Science
525 Bonnie View Road
Dallas, Texas 75203
Enrollment: 676 children
Building Utilization 68%
Improvement Required

Serenity Place Apartments

Sources & Uses

SOURCES

Conventional Loan	\$ 1,881,876
HTC Syndication Proceeds	\$ 2,280,713
City Loan Funds	\$ 1,000,000
City Grants	\$ 997,913
Federal Home Loan	\$ 450,000
Deferred Developer Fee	<u>\$ 400,000</u>
Total Sources	\$ 7,010,502

USES

Acquisition	\$ 350,000
Construction Costs	\$ 4,423,452
Indirect Construction Costs	\$ 611,000
Developer Fee	\$ 1,000,000
Financing Costs	\$ 343,000
Reserves	<u>\$ 283,050</u>
Total Uses	\$ 7,010,502

Wynnewood Senior Housing II

1805 South Zang Blvd.

■ **Description**

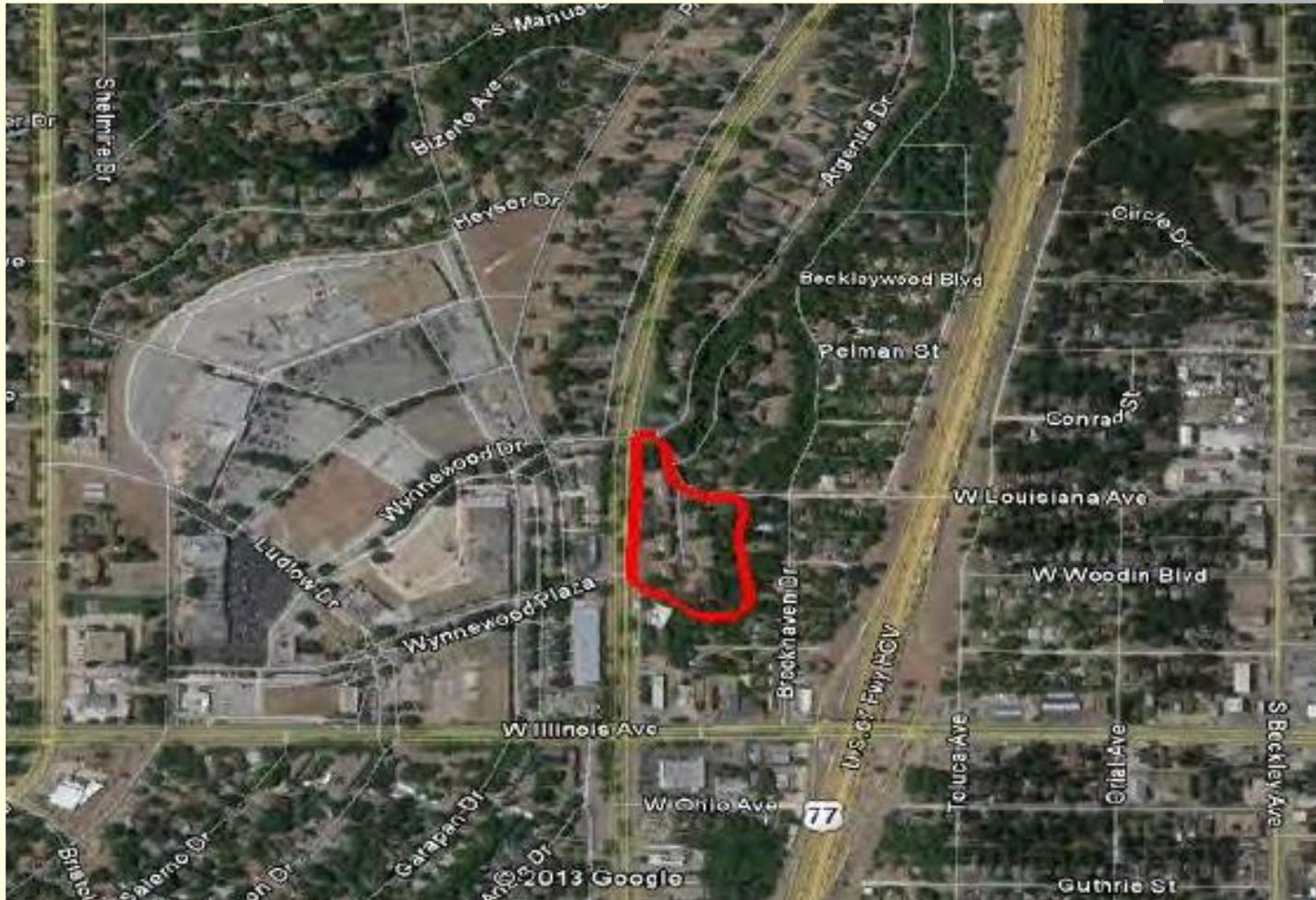
- New construction of 140 multifamily units for seniors
 - Replacing 404 units built in 1948
- 98 one-bedroom and 42 two-bedroom units (1 unit for property manager)
- Phase III of overall redevelopment
- Zoning – MF-1 (A) Multifamily Residential

■ **Applicant** – Wynnewood Senior Housing III, LP

■ **Developer/Partners** – Central Dallas Community Development Corporation (CDC) , G.P. & Banc of America CDC, Special Limited Partner

- John Greenan
- Brian L. Roop

Wynnewood Senior Housing II Site Map



Wynnewood Senior Housing II

Sources and Uses

SOURCES

First Mortgage Debt	\$ 2,452,858
City Forgiveness of Debt	\$ 425,000
Tax Credit Equity	\$18,327,681
Deferred developer fee	<u>\$ 13,758</u>
Total Sources	\$21,219,297

USES

Land Acquisition	\$ 1,170,000
Hard Construction Costs	\$13,658,000
Soft Costs	\$ 2,948,314
Developer Fee	\$ 2,350,000
Other Soft Costs	\$ 232,069
Reserves	<u>\$ 860,914</u>
Total Uses	\$21,219,297

Interdepartmental Review Committee Findings

- A committee was organized to review key elements for tax credit application discussion
 - Charles Brideau & Patrick Inyabri, Housing/Community Services
 - Karl Zavitkovsky, Economic Development
 - Beverly Davis, Fair Housing
 - Chan Williams, Office of Financial Services
 - Lou Jones, Sustainable Development & Construction, Property Management
 - Luis Tamayo, Sustainable Development & Construction, Planning

- The following pages represent a summary of the committee's review

Interdepartmental Committee Review

	TOTAL No. of UNITS	PERMANENT SUPPORTIVE HOUSING Y/N - Target Population	TRANSIT ORIENTED DEVELOPMENT Y/N	NEW CONSTRUCTION or REHABILITATION	CDBG ELIG. BLOCK GROUP OR CT Y/N
Carolina Chase Apts.	200	No - Families	N	New	Y - BLOCK GROUP
Gateway on Clarendon	140	No - Families	Y	New	Y - CENSUS TRACT
Serenity Place Apts.	45	Yes (homeless)	Y	New	Y - CENSUS TRACT
Wynnewood Seniors	140	No - Elderly	N	New	Y - BLOCK GROUP

Interdepartmental Committee Review

	INCOME OF RENTERS		TDHCA LIHTC	COST PER UNIT
	Afford./Market Rate	30%-50%-60%-MR	20% Concentration	Total
Carolina Chase Apts.	Mixed - 124/76	13 - 49 - 62 - 76	No	\$167,012
Gateway on Clarendon	Mixed - 112/28	0 - 0 - 112 - 28	No	\$139,846
Serenity Place Apts.	100% Affordable	9 - 19 -17 - 0	No	\$155,788
Wynnewood Seniors	100% Affordable	28 - 48 - 63 - 0	Yes-25.92% Requires Waiver	\$151,566

Interdepartmental Committee Review

	FAIR HOUSING CONSIDERATIONS		
	Public Hou. in Area	Job Availability	CT Poverty Rate
Carolina Chase Apts.		885	13.2%
Gateway on Clarendon	Brackens Village Monaghan Courts	3,602	58.2%
Serenity Place Apts.		5,828	41.2%
Wynnewood Seniors		687	27.5%

Carolina Chase Apts Project Review

- Mixed income project in a CDBG eligible block group with 13.2% poverty rate
- 200 units for families
 - 124 affordable and 76 market rate
 - 13 units at 30% and below AMFI
 - 49 units at 50% and below AMFI
 - 62 units at 60% and below AMFI
 - 76 units at 61% and above AMFI
- New Construction- replacing 168 existing units
- \$167,012 total cost per unit
- Requests:
 - Support of application
 - Tax Abatement
 - Creation & Adoption of a CRP for the Galleria-Valley View area
 - Request to be named the “IT” project

Gateway on Clarendon Project Review

- Mixed income project in a CDBG eligible census tract with 58.2% poverty rate

- 140 units for families
 - 112 affordable and 28 market rate
 - 112 units at 60% and below AMFI
 - 28 units at 61% and above AMFI

- New Construction and Transit Oriented

- \$139,846 total cost per unit

- Requests:
 - Support of application
 - \$3,000,000 gap financing as a low interest loan
 - Adoption of North Oak Cliff Neighborhood Investment Program area as a CRP and expansion of the CRP to include the development site

Serenity Place Apts Project Review

- Permanent Supportive Housing in a CDBG eligible census tract with 41.2% poverty rate
- 45 units at 30% and below AMFI
- New Construction and Transit Oriented
- \$155,788 total cost per unit
- City investment in immediate area of \$3.6M
 - City provided land acquisition, relocation, demolition of approximately \$810K forgivable loan for this site
- Requests:
 - Support of Application
 - \$1,997,913 gap financing (\$1M loan and \$997,913 grant)
 - Acknowledgment of the development site in the CRP
 - Request to be named the “IT” project

Wynnewood Seniors Project Review

- Senior Housing in a CDBG eligible block group with 27.5% poverty rate
- In census tract with 25.92% concentration of LIHTC units and within 1 mile of another senior project funded in the last 3 years
- 140 units for elderly
 - 28 units at 30% and below AMFI
 - 48 units at 50% and below AMFI
 - 63 units at 60% and below AMFI
 - 1 unit for property management
- New Construction- replacing part of original 404 units
- \$151,566 total cost per unit
- City support of Phase I and Phase II of redevelopment
- Requests:
 - Support of Application
 - Forgiveness of \$425,000 of prior debt
 - Appropriate waivers for concentration

Available Funds for Affordable Housing Projects

- Community Development Block Grant Funds
\$2,000,000
- 2012 General Obligation Bond Funds \$650,000
- 2013 HOME Investment Partnership Funds \$900,000
- Total \$3,550,000

Decisions for Support

- Support for Individual Projects
 - Resolution expressly supporting the Development
 - Resolution setting forth that the municipality has no objection to the Development

- Projects to consider:
 - Carolina Chase Apts
 - Gateway on Clarendon
 - Serenity Place Apts
 - Wynnewood Seniors

Decisions for Waivers

- When projects involving new construction or adaptive reuse are located less than a mile from another project funded within the prior 3 years and serving the same type of household
- When a proposed project is to be located in a census tract that has more than 20% Housing Tax Credit Units per total households in the census tract
- Projects to consider:
 - Wynnewood Seniors

Decisions for CRP

- City adopted revitalization plans that directly address certain factors and have funding from the City to address those factors
- Projects to consider:
 - Carolina Chase Apts requested creation & adoption of Galleria-Valley View CRP
 - Gateway on Clarendon requested adoption of North Oak Cliff Neighborhood Investment Program area as a CRP and expansion of the CRP to include the development site
 - Serenity Place Apts requests acknowledgment of the development site in the CRP
- The City can also indicate that the proposed development contributes most significantly to the revitalization efforts of the City (2 additional points)
Commonly called the “IT” project
- Projects to consider:
 - Carolina Chase Apts
 - Serenity Place Apts

Decisions for Funding

- Commitment of Development Funding
 - Based on the amount per unit
 - City can provide a firm commitment
 - City can structure the funding as a grant, in-kind contribution, or 15 year permanent loan with interest no higher than 3%

- Projects to consider:
 - Carolina Chase Apts requests tax abatement estimated to be \$8M over 42 years
 - Gateway on Clarendon requests \$3,000,000 in gap funding as a low interest loan
 - Serenity Place Apts requests \$2,000,000 in gap funding (\$1M as a loan and \$997,913 as a grant)
 - Wynnewood Seniors requests loan forgiveness of \$425,000

Next Steps

- ❑ February 3, 2014- Housing Committee finalizes LIHTC recommendations
- ❑ February 26, 2014 – City Council approval of development tax credit applications to TDHCA
- ❑ February 26, 2014 – City provides Council resolutions to tax credit applicants and directly to TDHCA
- ❑ February 28, 2014 - Developers present full application to TDHCA
- ❑ April 2014 -TDHCA will hold public hearing in Dallas for LIHTC projects
- ❑ July 31, 2014 – TDHCA Board will decide on final 9% LIHTC awards
- ❑ By September 1, 2014 – City Council would need to consider TIF awards as needed