

Memorandum



CITY OF DALLAS

DATE January 19, 2018

TO Honorable Mayor and Members of the City Council

SUBJECT **2018 Housing Tax Credit Qualified Allocation Plan City Review**

On December 1, 2017, the Texas Department of Housing and Community Affairs published its 2018 Qualified Allocation Plan (QAP) for Low-Income Housing Tax Credits. The QAP was not signed by the governor until 20 days later, December 20, 2017. On December 19, 2017, Governor Abbott added Dallas County to a list of “disaster” counties. Applications for projects in those counties receive 10 additional points in the 9% LIHTC application cycle. Given the competitive nature of 9% LIHTC awards, these 10 bonus points created a lot of interest among LIHTC developers in Dallas County. LIHTC applications are normally due in the spring; however, the QAP stated that the 10 bonus points are only available to projects whose applications are submitted to the state by next Friday, January 26, 2018. The pre-application deadline for these projects was January 9, 2018.

As you are aware, the City has been working towards developing a comprehensive housing policy to present to City Council on March 28, 2018. For purposes of evaluating these urgent LIHTC applications, however, staff is still bound by the City’s current policy as adopted in Resolution No. 16-1989 which states that the City will only support LIHTC projects as follows:

- Multifamily rental units seeking to be developed as **new construction** using housing tax credits shall not receive City support, including a resolution of “no objection” unless they are in census tracts meeting all of the criteria for “High Opportunity Areas”
 - **High Opportunity Areas** defined as:
 - Dallas census tracts with less than 20% poverty rate; and
 - in the attendance zone of an elementary school that has a state accountability rating of “Met Standard” from the Texas Education Agency
- Multifamily rental units seeking to be developed as a **rehabilitation project** using housing tax credits shall be considered city-wide, subject to the City’s obligations to affirmatively further fair housing and uphold the Fair Housing Act, and shall not receive City support, including a resolution of “no objection” without proposed increased capital improvements, investment, and maintenance.
- Allow support of all HTC projects if located in census tracts covered by an approved and funded **Concerted Revitalization Plan (CRP)**
- Each project considered shall be evaluated by the Office of Fair Housing to ensure the project affirmatively furthers fair housing and otherwise complies with the City’s obligation under the Fair Housing Act.

Based on the short timeframe for projects to take advantage of the 10 bonus points, and the fact that the City’s CRPs are all expired, the Chief of Economic Development and Neighborhood

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Services determined that the category of projects that remained both compliant with the City's current policy and also competitive in the QAP cycle would be those projects located in High Opportunity Areas that did not require City financial support.

The reason the non-financial support is an issue is because federal funds can only be issued through a competitive solicitation, and any City incentive would require financial underwriting. Due to the limited time frame provided by the State's deadlines and the fact that the City is currently in the process of developing a comprehensive housing policy, a competitive solicitation and underwriting was not possible. As you will see, however, staff did recommend a nominal \$500 line of credit for the two eligible projects so that they could claim the additional points available for securing city financial support. Both project developers understand that if the projects receive a tax credit award and after the debt and equity investments are confirmed, the City will perform a full financial underwriting and bring back for City Council consideration any gap financing created by the size of the tax credit award or the changes in the tax credit equity market. If the projects require federal funds, a competitive solicitation will be announced and/or the City will explore other incentives available depending on gap size and project location.

Furthermore, much discussion has occurred about the requirements for recertifying CRP areas. In short, the expired CRPs would not qualify under the 2018 QAP. The QAP requires that a CRP must cover an area broader than the project site, must identify the area's problems through a public process with area residents, must identify a plan, a budget, and a timeline to address the identified problems, and must actually address the identified issues before the LIHTC project is placed in service. The CRP plan must be current at the time the project applies to the state and must remain in place for 3 years after. None of our expired CRPs meet these requirements, which are excerpted from the QAP in **Attachment 1** to this memo.

Finally, it is important to note that the projects located in the City's High Opportunity Areas were the most competitive in the pre-application scoring log included here as **Attachment II**. Each developer determines their pre-application score based on their most optimistic possible application. Even though the projects located in expired CRPs claimed all possible points (assuming both that the CRP would be reinstated and that the project would obtain financial support from the City), they still did not rank as competitively in the Region as the projects in High Opportunity Areas. Therefore, regardless of any extensions granted by TDHCA, staff's recommendation continues to be that the City Council adheres to its policy of furthering fair housing opportunities and deconcentrating low income housing until such time as a comprehensive housing policy is developed that will position the City to respond to such matters in the future.



T.C. Broadnax
City Manager

C: Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Billerae Johnson, City Secretary (Interim)
Daniel F. Solis, Administrative Judge
Kimberly Bizar Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager
Jo M. (Jody) Puckett, Assistant City Manager (Interim)

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Nadia Chandler Hardy, Chief of Community Services
Raquel Favela, Chief of Economic Development & Neighborhood Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Attachment 1

CRP statutory requirements from the QAP:

“...If Development Site is located in a distinct area that was once vital and has lapsed into a situation requiring concerted revitalization, and where a concerted revitalization plan has been developed and executed. The area targeted for revitalization must be larger than the assisted housing footprint and should be a neighborhood or small group of contiguous neighborhoods with common attributes and problems. The Application must include a copy of the plan or a link to the online plan and a description of where specific information required below can be found in the plan. The concerted revitalization plan, which may be a Tax Increment Reinvestment Zone (“TIRZ”) or Tax Increment Finance (“TIF”) or similar plan, must meet the criteria described in subclauses (I) - (V) of this clause:

(I) The concerted revitalization plan must have been adopted by the municipality or county in which the Development Site is located. The resolution adopting the plan, or if development of the plan and budget were delegated the resolution of delegation and other evidence in the form of certifications by authorized persons confirming the adoption of the plan and budget, must be submitted with the application.

(II) The problems in the revitalization area must be identified through a process in which affected local residents had an opportunity to express their views on problems facing the area, and how those problems should be addressed and prioritized. These problems may include the following:

- (-a-) long-term disinvestment, such as significant presence of residential and/or commercial blight, streets infrastructure neglect such as inadequate drainage, and/or sidewalks in significant disrepair;
- (-b-) declining quality of life for area residents, such as high levels of violent crime, property crime, gang activity, or other significant criminal matters such as the manufacture or distribution of illegal substances or overt illegal activities;

(III) Staff will review the target area for presence of the problems identified in the plan and for targeted efforts within the plan to address those problems. In addition, but not in lieu of, such a plan may be augmented with targeted efforts to promote a more vital local economy and a more desirable neighborhood, including but not limited to:

- (-a-) creation of needed affordable housing by improvement of existing affordable housing that is in need of replacement or major renovation;
- (-b-) attracting private sector development of housing and/or business;
- (-c-) developing health care facilities;
- (-d-) providing public transportation;
- (-e-) developing significant recreational facilities; and/or
- (-f-) improving under-performing schools.

(IV) The adopted plan must have sufficient, documented and committed funding to accomplish its purposes on its established timetable. This funding must have been flowing in accordance with the plan, such that the problems identified within the plan will have been sufficiently mitigated and addressed prior to the Development being placed into service.

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(V) The plan must be current at the time of Application and must officially continue for a minimum of three years thereafter.

(ii) Up to seven (7) points will be awarded based on:

(I) Applications will receive four (4) points for a letter from the appropriate local official providing documentation of measurable improvements within the revitalization area based on the target efforts outlined in the plan. The letter must also discuss how the improvements will lead to an appropriate area for the placement of housing; and

(II) Applications may receive (2) points in addition to those under subclause (I) of this clause if the Development is explicitly identified in a resolution by the municipality, or county as contributing more than any other to the concerted revitalization efforts of the municipality or county (as applicable). A municipality or county may only identify one Development per CRP area during each Application Round for the additional points under this subclause, unless the concerted revitalization plan includes more than one distinct area within the city or county, in which case a resolution may be provided for each Development in its respective area. The resolution from the Governing Body of the municipality or county that approved the plan is required to be submitted in the Application. If multiple Applications submit resolutions under this subclause from the same Governing Body for the same CRP area, none of the Applications shall be eligible for the additional points, unless the resolutions address the respective and distinct areas described in the plan;”



ATTACHMENT II
Texas Department of Housing and Community Affairs
2018 Competitive (9%) Housing Tax Credit ("HTC") Program

Pre-Application Submission Log

The Pre-Application log is organized by region and subregion, except for the At-Risk and USDA Set-Asides. Applicants selecting the At-Risk/USDA Set-Asides are listed first and are organized by score rather than by region. Where scores indicate a tie between more than one application in a subregion or set-aside, no representation is made regarding how the applications would be ranked after applying the tie breaker factors in the Qualified Allocation Plan. The Department plans to post the complete version of each pre-application shortly. The following data was compiled using information submitted by each applicant and has not been reviewed by staff. The Pre-Application log is presented for informational use only, and does not represent a conclusion or judgment by TDHCA, its staff or Board. Those reviewing the log are advised to use caution in reaching any definitive conclusions based on this information alone. Applicants are encouraged to review 10 TAC §510.2(b) and 11.1(b) concerning Due Diligence and Applicant Responsibility. Applicants that identify an error in the log should contact Sharon Gamble at sharon.gamble@tdhca.state.tx.us as soon as possible.

NOTE:
 The following scoring categories are NOT included in the "Self Score Total" column:
 §11.9(d)(1) - Local Government Support
 §11.9(d)(4) - Quantifiable Community Participation ("QCP")
 §11.9(d)(5) - Community Support from State Representative
 §11.9(d)(6) - Input from Community Organizations
 §11.9(d)(7) - Community Revitalization Plan ("CRP")
 §11.9(d)(8) - Readiness to Proceed in a Disaster Impacted Area ("RTP")

Application Number	Development Name	Development Address	City	ETJ	ZIP Code	County	At-Risk	USDA	Nonprofit	Construction Type	Low-income Units	Market Rate Units	Total Units	Target Population (Supp. Hsg. = Supp. Hsg.)	HTC Request	Applicant Contact First Name	Applicant Contact Last Name	Second Contact First Name	Second Contact Last Name	Census Tract(s)	Self Score Total	Intent to Request:							
																						§11.9(d)(1)	§11.9(d)(4)	§11.9(d)(5)	§11.9(d)(6)	§11.9(d)(7)	§11.9(d)(8)		
Region 3/Urban																													
18363	Oliver Commons	SEQ Rock Island Rd and S Briar Irving	Dallas	No	75060	Dallas				NC	100	15	115	General	\$ 1,500,000	Lisa	Stephens	Alyssa	Carpenter	48113015305	127	17	4	8	4	0	0		
18269	2400 Bryan	2400 Bryan St	Dallas	No	75201	Dallas				NC	115	115	230	General	\$ 1,500,000	D. Scott	Galbraith	John H. (Jack Matthews)	48113001701	125	17	4	8	4	0	0			
18361	Canova Palms	NEQ W Pioneer Dr/ W Irving Irving	Dallas	No	75061	Dallas				NC	60	15	75	Eld Limitation	\$ 1,500,000	Lisa	Stephens	Alyssa	Carpenter	48113014501	125	17	4	8	4	0	0		
18393	Gala at Premier	Premier Dr, N of Enterprise E Plano	Plano	No	75023	Collin				NC	116	4	120	Eld Limitation	\$ 1,500,000	Jason	Knotowicz	Alyssa	Carpenter	48085031622	125	17	4	8	4	0	0		
18704	Premier Senior Apartments	3105 Premier Dr	Plano	No	75023	Collin				NC	80	20	100	Eld Limitation	\$ 1,500,000	Kyle	Ambler	Deanna	Earnheart	48085031611	125	17	4	8	4	0	5		
18007	Evergreen at Irving Beltline Senior Community	Approx 100 S. Robinson Road Irving	Irving	No	75060	Dallas			x	NC	108	12	120	Eld Limitation	\$ 1,500,000	Brad	Forslund	Becky	Villanueva	48113015305	125	17	4	8	4	0	0		
18325	Sherman Jr high lofts	120 west king St	Sherman	No	75090	grayson			x	AcR	69	0	69	Eld Limitation	\$ 1,100,000	Jim	sari	mark	mayfield	48181001700	125	17	9	8	4	0	5		
18092	Rose Creek Senior Villas	615 Rowlett Road	Garland	No	75043	Dallas				NC	100	20	120	Eld Limitation	\$ 1,500,000	David	Yarden	Lisa	Davis	48113018118	122	17	4	8	4	0	0		
18115	Sphinx at Westmoreland Cottages	104 S. Westmoreland	Desoto	Yes	75115	Dallas				NC	108	12	120	Eld Limitation	\$ 1,500,000	Jay	Oji	Vanessa	Hardy	48113016612	122	17	4	8	4	0	0		
18136	Pleasant Valley Senior Apartments	1575 Pleasant Valley Road	Garland	No	75040	Dallas				NC	40	0	40	Eld Limitation	\$ 675,000	Kyle	Ambler	Deanna	Earnheart	48113018123	122	17	4	8	4	0	0		
18204	Cielo at Mountain Creek	SWQ Camp Wisdom Rd/ Moir Dallas	Dallas	No	75249	Dallas				NC	100	0	100	Eld Limitation	\$ 1,500,000	Sara	Reidy	Colette	Whitehorse	48113016510	122	17	4	8	4	0	0		
18214	Mariposa Apartment Homes at Westchester	Approx 11 East Polo Road	Grand Prairie	No	75052	Dallas				NC	120	60	180	Eld Limitation	\$ 1,500,000	Stuart	Shaw	Casey	Bump	48113016412	122	17	4	8	4	0	0		
18365	Maddox Square	SEQ of Virginia Pkwy and Rid McKinney	Collin	No	75071	Collin				NC	90	15	105	General	\$ 1,500,000	Lisa	Stephens	Alyssa	Carpenter	48085030530	122	17	4	8	4	0	0		
18367	The Residences at Merriwood Ranch	E Miller Rd, E of E Centerville	Garland	No	75041	Dallas				NC	90	30	120	Eld Limitation	\$ 1,500,000	Sally	Roth	Alyssa	Carpenter	48113018110	122	17	4	8	4	0	0		
18368	The Reserves at Merriwood Ranch	SEQ E Miller Rd/ E Centerville	Garland	No	75041	Dallas				NC	90	30	120	General	\$ 1,500,000	Sally	Roth	Alyssa	Carpenter	48113018110	122	17	4	8	4	0	0		
18376	Lakeview Pointe Apartments	N side of IH 30, E of Bass Pro	Garland	No	75043	Dallas				NC	100	44	144	General	\$ 1,500,000	Deepak	Sulakhe	Alyssa	Carpenter	48113018137	122	17	4	8	4	0	0		
18002	Evergreen at Basswood Senior Community	Approx 1901 State Hwy 66	Garland	No	75043	Dallas			x	NC	108	12	120	Eld Limitation	\$ 1,500,000	Brad	Forslund	Becky	Villanueva	48113018121	122	17	4	8	4	0	0		
18024	Palladium Celina Senior Living	E. Sunset Blvd west of Count Celina	Collin	No	75009	Collin				NC	120	0	120	Eld Limitation	\$ 1,500,000	Thomas E.	Huth	Ryan	Combs	48085030305	120	17	4	8	4	0	0		
18030	Hillside Senior Village	N Denton St; S of Upper Den	Weatherford	No	76086	Parker				NC	101	7	108	Eld Limitation	\$ 1,500,000	John	Guttman	Jim	Markel	48367140102	120	17	4	8	4	0	0		
18066	Palladium Lancaster	East side I 35E N of Breezew	Lancaster	No	75146	Dallas				NC	120	0	120	General	\$ 1,500,000	Thomas E.	Huth	Ryan	Combs	48113016802	120	17	4	8	4	0	0		
18087	Residences of Long Branch	4217 Rowlett Road	Rowlett	No	75088	Dallas				NC	76	0	76	General	\$ 1,500,000	Jean	Latsha	Kathleen	Barbaglia	48113018133	120	17	4	8	4	0	0		
18122	Three Creeks Villas	NWC of Commerce St. and B Azle	Parker	No	76020	Parker				NC	120	10	130	Eld Limitation	\$ 1,500,000	Zach	Krochtengel	Donna	Rickenbacker	48367140405	120	17	4	8	4	0	0		
18125	Midlothian Senior Apartments	NWC of Hwy 287 and Hwy 6	Midlothian	No	76065	Ellis				NC	144	0	144	Eld Limitation	\$ 1,500,000	Dale	Bullough	Rich	Scheirburg	48139060701	120	17	4	8	4	0	0		
18200	Creekside Senior Apartments	NWQ S Stewart St and Turpin	Azle	No	76020	Parker				NC	90	10	100	Eld Limitation	\$ 1,500,000	Sara	Reidy	Colette	Whitehorse	48367140408	120	17	4	8	4	0	0		
18220	Mariposa Apartment Homes at Waxahachie	Approx NWQ Post Oak Dr/ U	Waxahachie	No	75165	Ellis				NC	120	60	180	Eld Limitation	\$ 1,500,000	Stuart	Shaw	Casey	Bump	48139060300	120	17	4	8	4	0	0		
18263	Circle F Ranch Lofts	NEC FM 164 and FM 201	McKinney	No	75071	Collin				NC	110	70	180	General	\$ 1,500,000	Brandon	Bolin	Matt	Higgins	48085030305	120	17	4	8	4	0	0		
18264	Circle F Ranch Seniors	NEC FM 164 and FM 201	McKinney	No	75071	Collin				NC	115	65	180	Eld Limitation	\$ 1,500,000	Brandon	Bolin	Matt	Higgins	48085030305	120	17	4	8	4	0	0		
18265	Willow Park Senior Village	E Bankhead Hwy	Willow Park	Yes	76008	Parker				NC	100	40	140	Eld Limitation	\$ 1,500,000	Brandon	Bolin	Matt	Higgins	48367140703	120	17	4	8	4	0	0		
18266	The Ridge at Mockingbird	1306 South Bowie Dr	Weatherford	No	76086	Parker				NC	100	40	140	Eld Limitation	\$ 1,500,000	Brandon	Bolin	Matt	Higgins	48367140300	120	17	4	8	4	0	0		
18270	Heritage at Weatherford	2614 E. Bankhead Hwy	Weatherford	No	76087	Parker				NC	150	0	150	General	\$ 1,500,000	Chris	Stokka	Peter	Worthington	48367140703	120	17	4	8	4	0	0		
18271	Heritage Point at Heath	5100 Horizon Road	Heath	No	75032	Rockwall				NC	150	0	150	Eld Preferenc	\$ 1,500,000	Chris	Stokka	Peter	Worthington	48397040506	120	17	4	8	4	0	0		
18279	Cleburne Apartments	112 Cleburne Ave	Weatherford	No	76086	Parker				NC	60	12	72	Eld Limitation	\$ 1,300,000	Justin	Zimmerman	Melissa	Forster	48367140200	120	17	4	8	4	0	0		
18298	Heritage at Wylie	2300 Block of County Line R	Wylie	No	75098	Rockwall				NC	120	8	128	Eld Limitation	\$ 1,500,000	Lisa	Rucker	Robert	Hoskins	48397040102	120	17	4	8	4	0	0		
18300	Mesa Parque	Ric Williamson Mem Hwy, W	Weatherford	No	76088	Parker				NC	100	15	115	Eld Limitation	\$ 1,500,000	Lisa	Stephens	Alyssa	Carpenter	48367140501	120	17	4	8	4	0	0		
18309	The McFarland	College Park Dr, E of S Main	Weatherford	No	76086	Parker				NC	100	15	115	General	\$ 1,500,000	Lisa	Stephens	Alyssa	Carpenter	48367140200	120	17	4	8	4	0	0		
18315	The Reserves at Cross Timbers	SEQ S Stewart St and Golfers	Azle	No	76020	Parker				NC	108	36	144	General	\$ 1,500,000	Sally	Roth	Alyssa	Carpenter	48367140408	120	17	4	8	4	0	0		
18316	The Fairways at Cross Timbers	S Stewart St, E of Golfers	WaAzle	No	76020	Parker				NC	95	31	126	Eld Limitation	\$ 1,500,000	Sally	Roth	Alyssa	Carpenter	48367140408	120	17	4	8	4	0	0		
18387	Weatherford Seniors	1713 North Main	Weatherford	No	76086	Parker				NC	98	6	104	Eld Preferenc	\$ 1,500,000	Emanuel	Glockzin	Betsy	Brown	48367140102	120	17	4	8	4	0	0		
18389	Azle Seniors	Jackson Trail	Azle	No	76020	Parker				NC	98	6	104	Eld Preferenc	\$ 1,500,000	Emanuel	Glockzin	Betsy	Brown	48367140405	120	17	4	8	4	0	0		
18005	Churchill Princeton Yorkshire Community	Fronts Yorkshire Dr	Princeton	No	75407	Collin			x	NC	108	12	120	General	\$ 1,500,000	Brad	Forslund	Becky	Villanueva	48085031003	120	17	4	8	4	0	0		
18045	Azle Lofts	Approx 655 Nation Dr	Azle	Yes	76020	Parker			x	NC	96	24	120	Eld Limitation	\$ 1,500,000	Jason	Arechiga	Debra	Guerrero	48367140408	120	17	4	8	4	0	0		
18055	Fielder Lofts	SEQ E BB Fielder Rd & Caub	Weatherford	Yes	76087	Parker			x	NC	96	17	113	Eld Limitation	\$ 1,500,000	Jason	Arechiga	Debra	Guerrero	48367140703	120	17	4	8	4	0	0		
18056	Weatherford Lofts	Approx 1900 S. Bowie Dr	Weatherford	No	76086	Parker			x	NC	96	19	115	Eld Limitation	\$ 1,500,000	Jason	Arechiga	Debra	Guerrero	48367140300	120	17	4	8	4	0	0		
18070	Palladium Weatherford Senior Living	Fort Worth Hwy at Willow Cr	Weatherford	No	76086	Parker				NC	120	0	120	Eld Limitation	\$ 1,500,000	Thomas E.	Huth	Ryan	Combs	48367140101	119	17	4	8	4	0	0		
18221	Cypress Creek Apartment Homes at Hazelwood	Approx 600 block of E Hazel	Princeton	No	75407	Collin				NC	140	60	200	General	\$ 1,500,000	Stuart	Shaw	Casey	Bump	48085031004	119	17	4	8	4	0	0		
18091	Lavon Senior Villas	902 Lavon Dr	Garland	No	75040	Dallas				NC	100	20	120	Eld Limitation	\$ 1,500,000	David	Yarden	Lisa	Davis	4									