

# Memorandum



DATE February 14, 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 Tuesday February 18, 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, 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 18, 2014



# Purpose

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- ❑ 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 three 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

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- 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

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- 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

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- 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

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- 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”

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- 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)

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- 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)

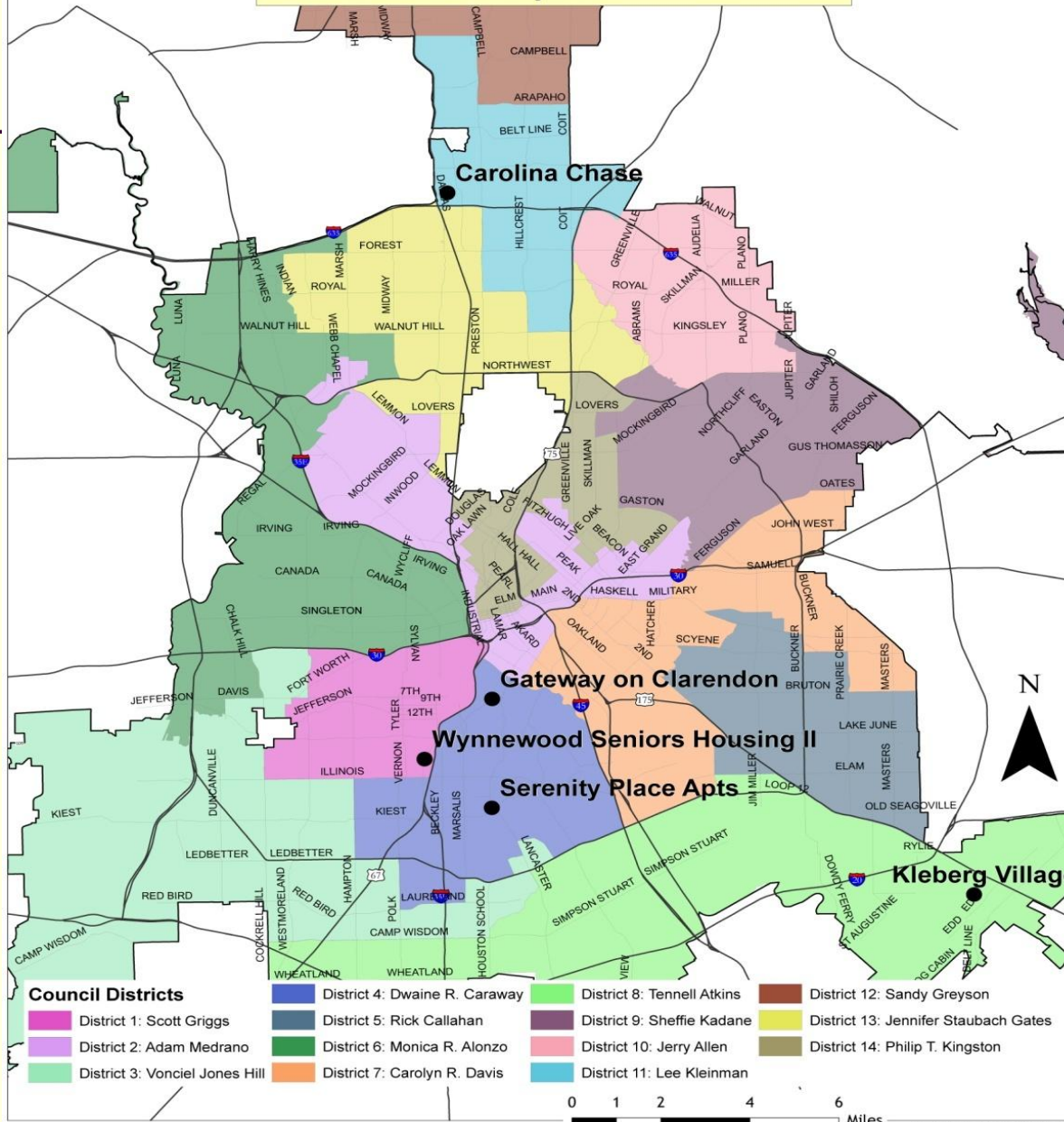
# Community Revitalization Plans (CRPs)

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- The Serenity Place Apartments is the only project in an adopted CRP
- 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	WITHDRAWN
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
<b>Total</b>					<b>\$6,997,913</b>
<b>AT RISK CATEGORY</b>					
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.

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### ■ **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

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## 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

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### 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



# Serenity Place Apartments

## 3124 South Denley

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### ■ **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

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## 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

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### 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.

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### ■ **Description**

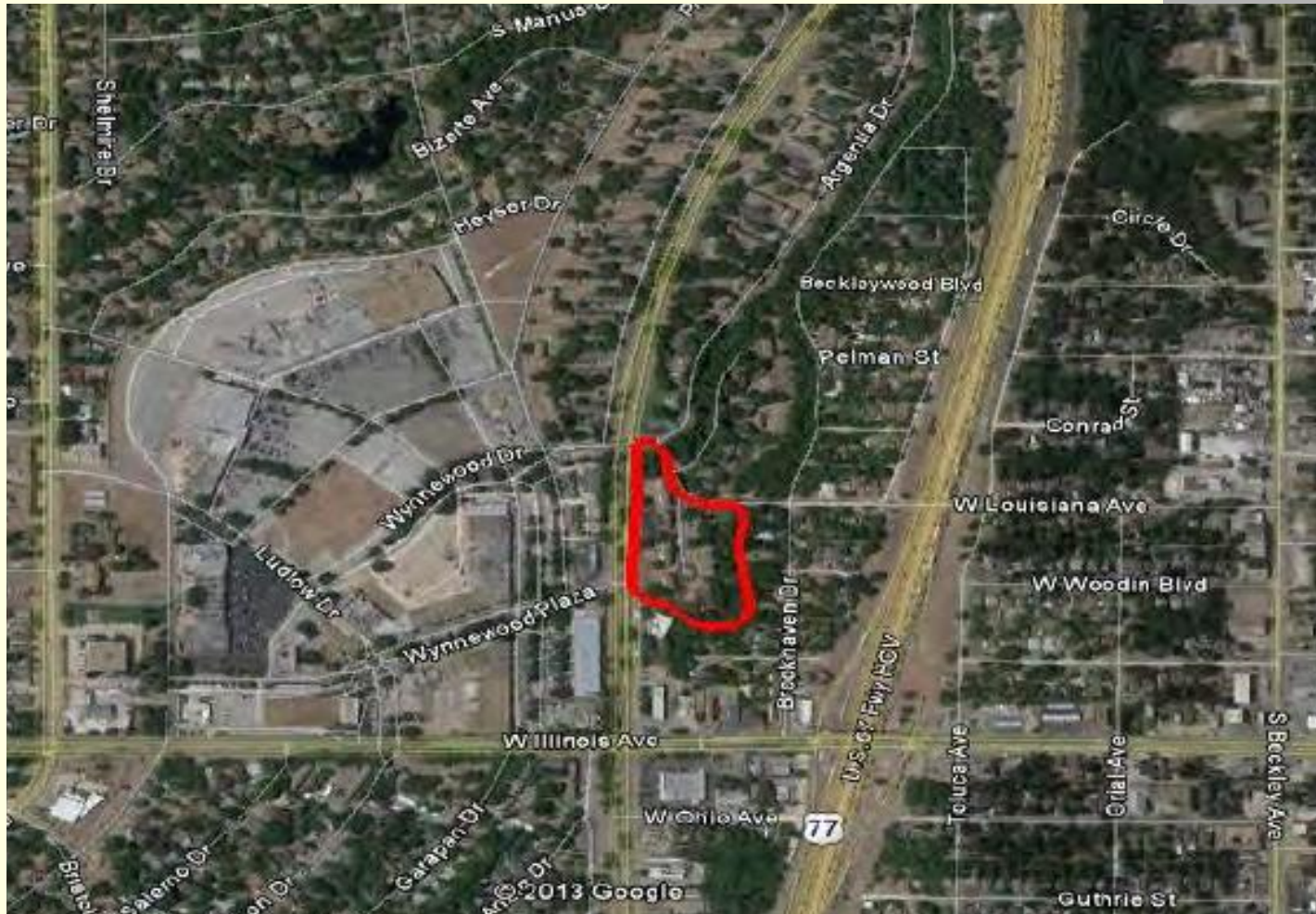
- New construction of 140 multifamily units for seniors
  - Replacing 164 units built in 1948
- 98 one-bedroom and 42 two-bedroom units (1 unit for property manager)
- Phase III of overall redevelopment
- Zoning – MF-1 (A) Multifamily Residential

### ■ **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

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### SOURCES

First Mortgage Debt	\$ 702,858
Dallas Housing Finance Corporation	\$ 1,750,000
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

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- 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
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
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%
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

# Serenity Place Apts Project Review

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- 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

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- 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
- \$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
  - Approve Dallas Housing Finance Corporation lending \$1,750,000 to developer
  - Appropriate waivers for concentration

# Available Funds for Affordable Housing Projects

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- 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

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- 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
  - Serenity Place Apts
  - Wynnewood Seniors



# Decisions for Waivers

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- 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

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- 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
  - 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
  - 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 and a loan from the DHFC of \$1,750,000

# Next Steps

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- ❑ February 3, 2014- Housing Committee briefed on LIHTC Program
- ❑ February 18, 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 tax abatement awards as needed