

Memorandum



CITY OF DALLAS

DATE January 2, 2015

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

SUBJECT 2015 Low Income Housing Tax Credit Program

On Monday January 5, 2015, you will be briefed on 2015 Low Income Housing Tax Credit Program. A copy of the briefing is attached.

Please let me know if you have any questions.


FOK Theresa O'Donnell
Chief Planning Officer

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
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager
Eric D. Campbell, Assistant City Manager
Jill A. Jordan, P. E., Assistant City Manager
Mark McDaniel, Assistant City Manager
Joey Zapata, Assistant City Manager
Jeanne Chipperfield, Chief Financial Officer
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager – Mayor and Council

2015 Low Income Housing Tax Credit Program

A Briefing to the
Housing Committee

Housing/Community Services Department
January 5, 2015



Key Focus Area: Economic Vibrancy

Purpose

- Update Housing Committee on 2014 Low Income Housing Tax Credit (LIHTC) awards
- Provide information regarding the Texas Department of Housing & Community Affairs LIHTC Program for 2015
- Provide information on 2015 applications

Texas Department of Housing & Community Affairs (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
- For 2014, the estimated tax credit availability was approximately \$10.6 million for the region
- For 2015, the estimated tax credit availability is approximately \$11 million for the region
- The Region includes Dallas, Denton, Collin, Tarrant, and Grayson Counties
- 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

LIHTC Program

- The tax credit program is one of the primary means of directing private capital toward the creation of affordable rental housing
- The tax credits provide investors of affordable rental housing with a benefit that is used to offset a portion of their federal tax liability in exchange for the production of affordable rental housing
- The Tax Credit Program allows qualified families to lease the developed units at below market rate rents
- From 1990 to 2014, there have been 131 projects awarded tax credits in Dallas (both 4% and 9%) which have created 20,225 housing units

2014 LIHTC Results for Region 3

- Region 3 Commitments Issued for 9% LIHTC:
 - Avondale Apts., Ft. Worth
 - Mariposa Apts., Saginaw
 - Serenity Apts., Dallas
 - M2 Apts., McKinney
 - Cypress Creek Apts., Joshua
 - Churchill at Champion Circle, Ft. Worth
 - Bishop Gardens, Justin
 - Cypress Creek Apts., Royse City

2014 LIHTC Results for Region 3

- Region 3 Commitments Issued for 4% LIHTC:
 - Bruton Apts., Dallas
 - Park at Cliff Creek, Dallas
 - Lakes of El Dorado, McKinney
 - Fountains of Rosemeade, Dallas
 - Ash Lane Apts, Euless
 - Villas at Plano Gateway, Plano
 - Decatur-Angle Apts., Ft. Worth
 - Inwood Crossing, Ft. Worth
 - Patriots Crossing, Dallas

LIHTC Qualified Allocation Plan for 2015

- TDHCA develops an annual plan for the selection of eligible developments known as the Qualified Allocation Plan (QAP)

- The 2015 QAP includes a point based scoring system with the following criteria:
 - Size & Quality of the Units
 - Sponsor Characteristics
 - Income Levels of Tenants
 - Rent Levels of Tenants
 - Tenant Services
 - Opportunity Index
 - Educational Excellence
 - Underserved Area
 - Tenant Populations with Special Housing Needs
 - Quantifiable Community Participation
 - Community Input other than Quantifiable Community Participation
 - Commitment of Development Funding by Unit of General Local Government
 - Community Support from State Representative or Senator

LIHTC QAP (continued)

- QAP Criteria (continued)
 - Declared Disaster Area
 - Community Revitalization Plan
 - Financial Feasibility
 - Cost of Development per Square Foot
 - Pre-application Participation
 - Leveraging of Private, State, and Federal Resources
 - Extended Affordability or Historic Preservation
 - Right of First Refusal
 - Funding Request Amount

City of Dallas Participation in LIHTC Program

- TDHCA asks for 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
 - 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 30% Housing Tax Credit Units per total households in the census tract
 - Community Revitalization Plans (CRP) and the significant contribution of a project in a CRP area

- Additional support
 - Formal resolutions of support from the City Council
 - Provide gap funding for projects that meet the City Council goals & objectives
 - Zoning confirmation

NOFA Process for LIHTC Projects

- October 21, 2014, NOFA was issued
 - Provided to all known developers
 - Posted on City of Dallas website
- October 28, 2014, NOFA question and answer session was held with any interested parties
- December 1, 2014, NOFA applications were due
- January 2015, NOFA Review Committee to underwrite proposals

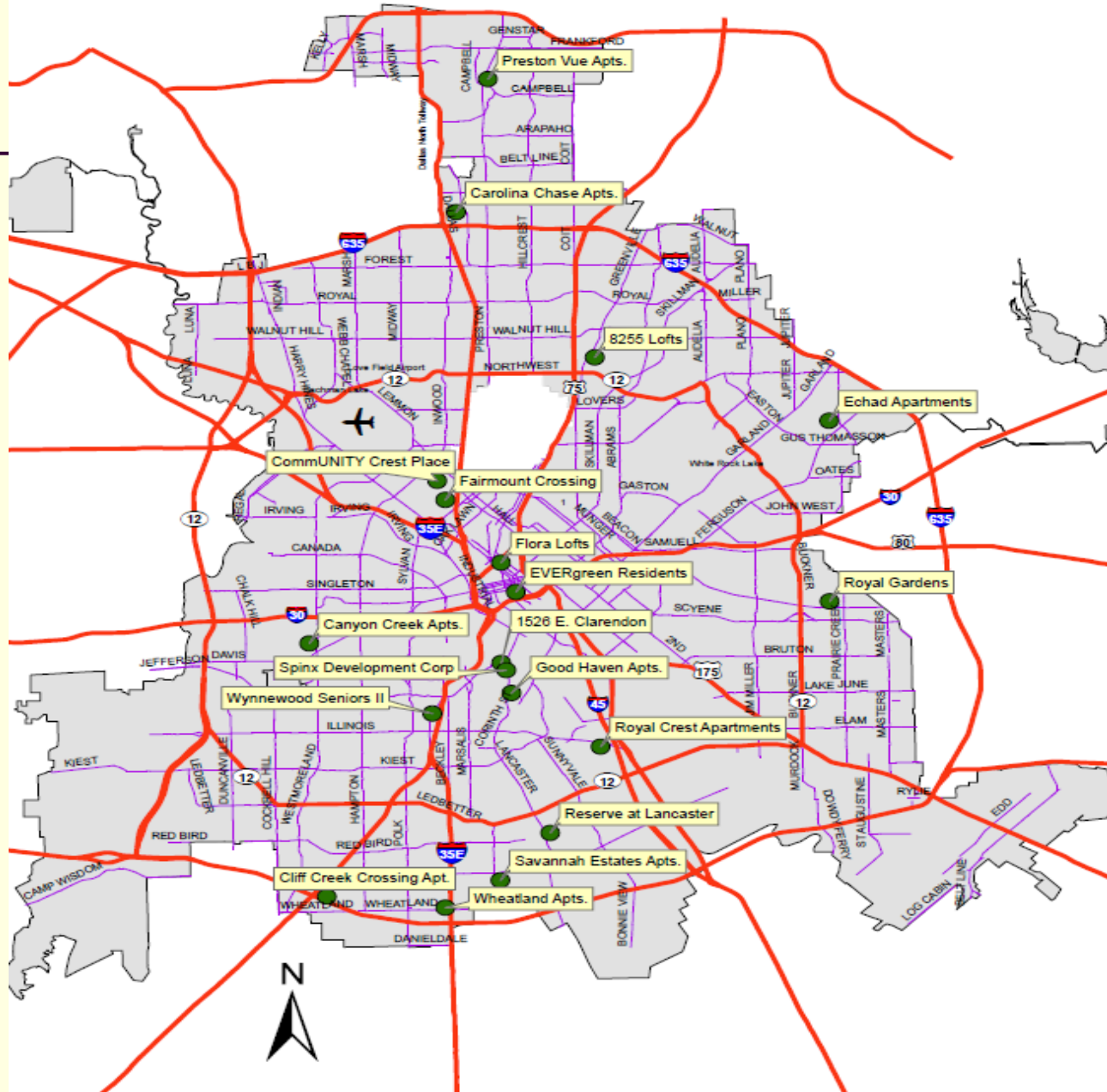
NOFA Responses for LIHTC Projects

Council District	Project Name/Developer	Address	# of Units	Unit Types	Request for Funding
1	Wynnewood Seniors II Central Dallas CDC & BOA CDC	1805 S. Zang	140	Seniors	\$0
2	CommUNITY Crest Place Deaf Action Center	3115 Crestview	100	PSH	\$2,856,720
2	EVERgreen Residents John Greenan	1701 Canton	158	PSH	\$5,500,000
2	Fairmont Crossing Dallas Housing Authority	2741 Hawthorne	366	Families	\$1,000,000
3	Canyon Creed Apts. Alan McDonald/Brandon Bolin	Pinnacle Park Blvd.	225	Families	\$3,000,000
3	Savannah Estates Apts. NRP Group	Houston School Rd/ Camp Wisdom	225	Families	\$5,000,000
4	1526 E. Clarendon Matthews Southwest	1526 E. Clarendon	139	Families	\$3,000,000
4	Good Haven Apts. Ruel Hamilton	1000 S. Corinth	324	Families	\$4,255,303
4	Royal Crest Apts. Ruel Hamilton	3540 Wilhurt	165	Families	\$2,250,000
4	Sphinx Development Corp. Jay Oji	301 S. Corinth	154	Families	\$4,522,500

NOFA Responses for LIHTC Projects

Council District	Project Name/Developer	Address	# of Units	Unit Types	Request for Funding
7	Royal Gardens Builders of Hope CDC	8700 Military Pkwy.	197	Families	\$2,200,000
8	Cliff Creek Crossing Apt. NRP	7500 Cliff Creek	296	Families	\$1,650,000
8	Reserve at Lancaster Chris Applequist	5600 S. Lancaster	240	Families	\$5,961,121
8	Wheatland Apts. NRP	NW I-35/Wheatland	296	Families	\$1,600,000
9	Echad Apts. Dominium	2620 Ruidosa Ave.	202	Seniors	\$0
11	Carolina Chase Apts. Terri Anderson	5351 Peterson Lane	200	Families	\$6,500,000
12	Preston Vue Apts. Zenstar/Pinnacle	SE Preston Rd./ McCallum Blvd.	80	Families	\$1,500,000
13	8255 Lofts DMA Development	8255 Park Lane	246	Families	\$3,000,000
14	Flora Lofts	2121 Flora Street	48	Families	\$2,000,000
	Totals		3,801		\$55,795,644

2014-2015 LIHTC Applicants



City of Dallas Available Funds

- The City of Dallas Housing/Community Services Department has approximately \$6 million in funds available to commit to gap financing for these projects
 - \$3M in federal funds
 - \$3M in general obligation bond funds for transit oriented developments and southern Dallas projects
- Other sources may include:
 - Tax Increment Financing District Funds
 - Tax Abatements
 - Housing Finance Corporation Bonds or Ownership
- Seventeen applicants have requested funding from the City of Dallas to gap finance their projects

Current Multifamily Priorities

- Permanent Supportive Housing/ Special Needs Housing
- New Construction
- Demolition & Reconstruction
- Projects located in an existing community revitalization program area, master planned area, or transit oriented development area

Current Multifamily Review Criteria Adopted by City Council January 23, 2008

1. Does the project fit in the City's priorities?
2. Has the City already provided financial assistance?
3. Does the project eliminate slum or blight?
4. Does the project have appropriate zoning?
5. Proximity & capability of schools for project
6. Comments of owners/residents surrounding project
7. Concentration of multifamily projects in an area
8. Has applicant agreed to incorporate safety/security features for project?
9. Willingness of applicant to address resident's concerns
10. Quality of proposed project
11. Project design and special accommodations for expected tenants
12. Will the project have adverse effect on the neighborhood?
13. Is the project compatible with existing or anticipated development of area?

Current Multifamily Review Criteria (continued)

14. Project compatibility with land uses in area
15. Parking demand & undue burden on public facilities
16. Traffic caused by the project
17. Existing or proposed public transit availability
18. Location, density, height of buildings effect on future development for area
19. Preservation of environmental assets and concern for landscaping
20. Managers reside on site
21. Financial capacity of applicant to complete & operate the project
22. Can the market absorb the new rental units?
23. One mile concern
24. Applicant has presented a suitable development plan for the entire development site
25. Any other factor relevant to the best interest of the City (includes consideration for fair housing)

Additional Considerations

- Allow for rehabilitation projects if the age of the building is no more than 20 years old
- City or Affiliate Ownership of Multifamily Units
 - If the project is permanent supportive housing
 - If the project commits to provide revenue above and beyond the value of the property tax exemption
- Priority for Mixed Income Projects
- No more than 20% LIHTC units per census tract unless it is located in a community revitalization program area, master planned area, or transit oriented development area
- Housing Plus Initiative-does project produce positive outcomes for supportive services or goals (e.g. transit, education, jobs, healthcare)?

Additional Considerations (continued)

- Voluntary Compliance Agreement signed with HUD
 - Continue to develop InspireDallas (Housing Plus)
 - Encouraging the development of affordable housing throughout the City
 - Creating greater economic opportunity in impoverished sectors of Dallas utilizing all sources of funds
 - Complete the Analysis of Impediments
 - Development of a Regional Housing Plan to provide affordable and assisted housing opportunities throughout the region which may include a siting policy for affordable housing
- On-going litigation between the Texas Department of Housing & Community Affairs (TDHCA) and Inclusive Communities Project (ICP) to be heard by Supreme Court in 2015

Next Steps

- On February 2, 2015, staff will provide an in-depth review of each proposal to the Housing Committee with recommendations based on priorities set by the committee
- On February 25, 2015, LIHTC projects will be presented to the full City Council for support
- March – July, 2015, further Council actions may be taken to further support the LIHTC projects approved on February 25, 2015