Memorandum

CITY OF DALLAS

DATE November 4, 2025

TO Honorable Members of the Housing and Homelessness Solutions Committee: Cara Mendelsohn (Chair), Lori Blair (Vice Chair), Adam Bazaldua, Zarin Gracey, Jesse Moreno, Jaime Resendez, Gay Willis

SUBJECT **November 12, 2025, City Council Agenda Item #25-2954A, 2025 Program Year 4% LIHTC Resolutions of No Objection (RONO) for the Waters at Waterchase located at 12365 Plano Rd., Dallas, Texas 75234**

The purpose of this memorandum is to brief the Housing and Homelessness Solutions Committee (HHSC) of an upcoming agenda item, a public hearing on November 12, 2025 to receive comments regarding an application by Waters at Waterchase, LP (Applicant) to the Texas Department of Housing and Community Affairs (TDHCA) for 4% Non-Competitive Low Income Housing Tax Credits for Waters at Waterchase located at 12365 Plano Rd, Dallas TX 75243 (Project); and, at the close of the public hearing, authorize a Resolution of No Objection (RONO) for Applicant, related to its application to TDHCA for the development of Waters at Waterchase – Financing: No cost consideration to the City

BACKGROUND

Waters at Waterchase, LP (Applicant), a Texas Limited Partnership, submitted a Request for Resolution application to the City for a Resolution of No Objection (RONO) for its application to TDHCA for 2025 4% Non-Competitive Housing Tax Credits (4% Housing Tax Credits). The 4% Housing Tax Credits will be used for the redevelopment of Waters at Waterchase, a 130-unit complex located at 12365 Plano Rd, Dallas, TX 75243 (Property). A purchase and sale agreement for the Property has been executed between the current owner of the Property and the Applicant. TDHCA requires 4% Housing Tax Credit applicants to provide a Resolution of No Objection from the governing body of the jurisdiction in which the proposed development will be sited. As part of these TDHCA requirements, the governing body must also conduct a public hearing for citizens to provide comments on the proposed development. Once a resolution is adopted and submitted to TDHCA, it cannot be changed or withdrawn.

To receive a staff recommendation for a Resolution of No Objection, the applicant must meet all threshold and rehabilitation requirements and affirmatively further fair housing. This Project does not require any waivers. The Project is located in Council District 10. Although it is located in a census tract with a 28.2% poverty rate, staff recommends support because it is an acquisition-rehabilitation project. City Council, as the Governing Body, must vote to specifically approve the construction of the Project and authorize the allocation of Housing Tax Credits.

Project Overview

The Applicant, Waters at Waterchase, LP proposes to acquire and rehabilitate an existing Housing Tax Credit property built in 1984. The updated development will include 130 garden-style units: 104 one-bedrooms, 21 two-bedrooms, and 5 three-bedrooms. All units will be renovated and reserved for households earning at or below 60% of the Area Median Income (AMI). Of the original 134 units, three are currently used as non-revenue, non-residential spaces (maintenance shop, activity center, and office). Two existing units will be combined to create a three-bedroom accessible unit.

The Project will be financed using 4% Tax Exempt Bonds issued by the Texas Department of Housing and Community Affairs (TDHCA). This rehabilitation project will consist of new windows & window treatments, interior and exterior doors, new electrical systems, upgraded HVAC systems, new plumbing, new appliances, updated heating systems, updated common laundry rooms, updated kitchens and bathrooms, new flooring, and new lighting. Amenities include an upgrade to the pool/cabana area, and the addition of a dog run and playground.

The Project may require residents to temporarily relocate from their units during construction. Residents may be offered the option to relocate onsite to temporary hotel units or be given end-of-lease transfers to newly renovated units. The Applicant has budgeted $800.00 per unit for relocation costs and is committed to minimizing disruption by keeping residents informed and supported throughout the process.

Total development costs are estimated to be approximately $30,889,779.00, which includes acquisition. The proposed renovation budget is $7,216,926 ($53,858.00 per unit) in hard costs (exclusive of general contractor requirements, contractor's profit, and overhead).

Proposed Financing Sources	**Amount**
Permanent Financing	$12,000,000.00
Tax Credit Equity	$10,201,405
Seller Note	$6,081,537
Deferred Developer Fee	$1,679,104
Bond Reinvestment Income	$131,762.00
Other Interim Income	$795,971.00
Total	**$30,889,779.00**

Proposed Uses	**Amount**
Acquisition Cost	$13,935,000.00
Direct Construction Costs	$8,109,265.00
Soft Costs	$1,162,800.00
Financing Costs	$1,434,367.00

Construction Period Interest	$2,057,978.00
Reserves	$807,162.00
Developer Fee	$3,358,207.00
Contingency	$25,000.00
Total	**$30,889,779.00**

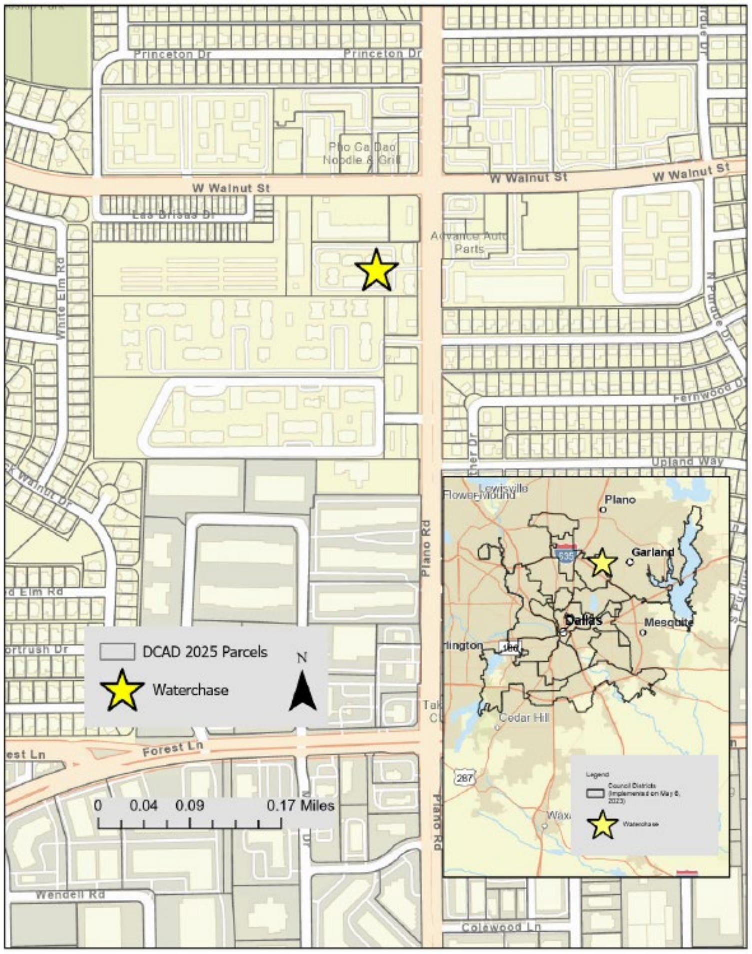
On April 12, 2023, the City Council adopted the Dallas Housing Policy 2033 (DHP33) to replace the CHP by Resolution No. 23-0443 and the Dallas Housing Resource Catalog (DHRC) that includes the approved programs in support of Housing Tax Credits by Resolution No. 23-0444.

For developments involving the rehabilitation of existing housing, the proposed scope of work must be informed by a Capital Needs Assessment (CNA), prepared by a qualified, independent third-party professional who is not affiliated with the development's architect, engineer, builder/general contractor, or other members of the development team. The City will review the CNA and conduct a site visit. The CNA must demonstrate to the City's satisfaction that the initial scope of work is sufficient to address all City code violations (whether formally cited or not). Further, the scope of work, combined with planned replacement reserve funding, must be determined sufficient to address all projected repairs or replacements of the following items through the entire term of the development's affordability period:

- All major systems, including roof, foundation, electrical, HVAC, and plumbing;
- Interior and exterior windows and doors;
- The interiors of all units, including the kitchen and bathroom, and all major appliances;
- The exterior of the development, including balconies, walkways, railings, and stairs;
- Communal facilities such as community rooms, fitness centers, business centers, etc.;
- Security features, including gates and security cameras; and
- Accessibility.

Project Location:

Waterchase **12365 Plano Road** **Dallas, Texas**



Should you have any questions or need any additional information, please contact myself or Thor Erickson, Director, Office of Housing and Community Empowerment, at 214-670-3632 or Thor.Erickson@dallas.gov.

Service First, Now!

Liz Cedillo-Pereira,
Assistant City Manager

c: Kimberly Bizor Tolbert, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Bilierae Johnson, City Secretary
Preston Robinson, Administrative Judge
Dominique Artis, Chief of Public Safety
Dev Rastogi, Assistant City Manager
Alina Ciocan, Assistant City Manager
Donzell Gipson, Assistant City Manager
Robin Bentley, Assistant City Manager
Jack Ireland, Chief Financial Officer
Ahmad Goree, Chief of Staff to the City Manager
Directors and Assistant Directors