

Memorandum



CITY OF DALLAS

DATE January 11, 2021

Honorable members of the Housing and Homelessness Solutions Committee: Casey Thomas II (Chair), Cara Mendelsohn (Vice Chair), Chad West, Carolyn King Arnold, Paula Blackmon, Lee Kleinman, Jaime Resendez

SUBJECT **Upcoming Agenda Item: Tax Equity and Fiscal Responsibility Act Approvals for Bond Issuance by the City of Dallas Housing Finance Corporation for Midpark Towers (\$20,000,000.00)**

This memorandum is to inform you of an upcoming agenda item on January 27, 2021 to authorize approval of the City Council of the City of Dallas, to act as the applicable elected representative, as defined by Section 147(f)(2)(E) of the Internal Revenue Code of 1986, as amended (Code), of the issuance of multifamily residential mortgage revenue bonds (Bonds) issued by the City of Dallas Housing Finance Corporation in one or more series of tax-exempt bonds in an amount not to exceed \$20,000,000; proceeds of the Bonds will be loaned to Midpark Towers, LP to finance a portion of the cost for the acquisition of land and rehabilitation of 202 existing units for an affordable multifamily complex to be known as Midpark Towers and located at 8550 Midpark Road, Dallas, Texas 75240 (Development); a public hearing with respect to the Bonds and the Development was held on January 6, 2021, after reasonable public notice was published in a newspaper of general circulation in the City of Dallas all in compliance with Section 147(f) of the Code.

The upcoming agenda item will also confirm that the Texas Housing Finance Corporations Act, Chapter 394 of the Texas Local Government Code applies to the Development and acknowledge that the Development is located in a census tract with a poverty rate above forty percent as required by Section 10 TAC §11.101(a)(3) of the Texas Department of Housing and Community Affairs' (TDHCA) Qualified Allocation Plan.

Background:

In order for the DHFC to issue tax-exempt bonds for a project, a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing must held where individuals can voice their opinions or concerns regarding the issuance of such bonds for the project to be financed. This requirement originated under the Tax Equity and Financial Responsibility Act of 1982.

Since the Development is located within the City of Dallas, Section 147 (f) of the Internal Revenue Code requires that in order for the bonds to be tax exempt, the City Council or the applicable elected representative of the City of Dallas, must approve the issuance of the bonds by the Issuer following an appropriate public hearing. The City of Dallas is

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Approvals for Bond Issuance by the City of Dallas Housing Finance
Corporation for Midpark Towers (\$20,000,000.00)**

not asked to issue bonds. The bonds shall not be a debt, liability, or an obligation of the City nor shall any of the City's assets be pledged for payment of the bonds. The City's name will not appear on the bonds. The approval being requested is only for the purpose of complying with federal law and with regard to tax exempt debt.

Per the requirements of TEFRA, a hearing was published in the Dallas Morning News on December 23, 2020. On January 6, 2021, the public hearing was held with no outside participants in attendance, and thus, no comments made. Under applicable federal income tax law, the TEFRA approval is only valid for a one-year term. Therefore, the public hearing for the Development has a validity date through January 5, 2021. It is anticipated that the tax-exempt bonds to fund a portion of the costs for the Development will close on or about April 15, 2021.

On October 19, 2020, the City of Dallas Housing Finance Corporation (Issuer) authorized an inducement in an amount not to exceed \$20,000,000. An application for the allocation of \$20,000,000 in private activity bonds has been submitted to the Texas Bond Review Board (TBRB) and a reservation is expected by the end of January 2021.

City Council approved a Resolution of No Objection for the development on November 11, 2020. When evaluating the Development, Staff utilized the 2020 Texas Department of Housing & Community Affairs (TDHCA) demographics report to determine the poverty rate for the Development's census tract. The 2020 demographics report stated that the poverty rate was below 40%. Since that time, TDHCA has released a revised demographics report for 2021 and it now states that the Development's census tract has a poverty rate above 40%. Section 10 TAC §11.101(a)(3) of TDHCA's Qualified Allocation Plan requires the City specifically acknowledge that the property is located in a census tract with a poverty rate above 40%. Because the Development is for the acquisition and substantial rehabilitation of an existing property, Staff recommend acknowledgement and approval of the Development to provide improved housing conditions and access to opportunity through the provision of resident services for the existing residents of the Development.

Project Summary:

Midpark Towers, LP (Developer) will utilize 4% Housing Tax Credits and Bonds for the acquisition, renovation, and rehabilitation of the Midpark Towers, an existing 202-unit multifamily complex built in 1978, located at 8550 Midpark Road.

The project scope includes the rehabilitation of all 202 units which are spread over two separate 10- and 11-story towers. The 202 units are all 1-bedroom units. Interior renovations include upgrades to cabinets, countertops, flooring, paint, energy efficient appliances, PTAC A/C units and window replacements. Improvements include installing new elevators, replacing the roof, and replacing the property's boiler, amongst other improvements. The Developer will add a new fitness center and new computer center as well as renovate the laundry facilities, corridors, and entryways.

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Increased security at the property including onsite patrol will be provided. Cameras will be installed at all entrances and in elevators. Improved lighting will be placed throughout the interior and exterior of the property. A professional property management firm, Alpha Barnes, will be brought in to manage the property. Alpha Barnes currently manages approximately 30,000 multifamily units and employs over 850 staff members in the field.

The Developer will also provide social programming that will fit the needs and interests of the residents including financial literacy and adult education classes, income tax preparation, notary services, food pantry, career training and placement, exercise/fitness classes, and other supportive services.

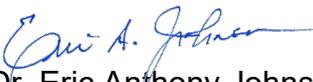
Timeline:

On October 19, 2020, the Issuer authorized an inducement in an amount not to exceed \$20,000,000. The Issuer also authorized 1) the negotiation of a master agreement with Midpark Towers, LP, 2) an ownership interest as the general partner of Midpark Towers GP, LLC, 3) serving as the co-developer of the project, 4) the acquisition of the land, 5) entering into a long-term ground lease with Midpark Towers, LP, and 6) serving as the General Contractor.

On October 26, 2020, the Housing and Homelessness Solutions Committee (HHSC) was briefed on the Development, the Resolution of No Objection and proposed bond issuance. The HHSC approved moving forward to Council for consideration.

On November 11, 2020, following a public hearing, City Council adopted a Resolution of No Objection related to the Development and Developer's 4% Non-Competitive Low-Income Housing Tax Credits application to TDHCA by Resolution No. 20-1844.

Should you have any questions or require any additional information, please contact me or David Noguera, Director, Department of Housing & Neighborhood Revitalization at David.Noguera@DallasCityHall.com or 214-670-3619.



Dr. Eric Anthony Johnson
Chief of Economic Development & Neighborhood Services

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| Honorable Mayor and City Council | Jon Fortune, Assistant City Manager |
| T.C. Broadnax, City Council | Joey Zapata, Assistant City Manager |
| Chris Caso, City Attorney | M. Elizabeth Reich, Chief Financial Officer |
| Mark Swann, City Auditor | M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion |
| Biliera Johnson, City Secretary | Directors and Assistant Directors |
| Preston Robinson, Administrative Judge | |
| Kimberly Bizer Tolbert, Chief of Staff to the City Manager | |
| Majed A. Al-Ghafry, Assistant City Manager | |