

Memorandum



CITY OF DALLAS

DATE April 21, 2023

Honorable Members of the City Council Housing and Homelessness Solutions
TO Committee: Casey Thomas II (Chair), Jesse Moreno (Vice Chair), Carolyn King Arnold,
Paula Blackmon, Cara Mendelsohn, Paul Ridley, Jaynie Schultz

SUBJECT **Upcoming Agenda Item: Tax Equity and Fiscal Responsibility Act Approval for
Bond Issuance by the City of Dallas Housing Finance Corporation (DHFC) to Issue
Tax-Exempt Bonds for the acquisition and renovation of the Rosemont at Ash
Creek (Located at 2605 John West Road)**

This memorandum is to inform the Housing and Homelessness Solutions Committee of an upcoming agenda item on May 25, 2022 to authorize approval by the City Council of the City of Dallas, acting 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) by the City of Dallas Housing Finance Corporation (DHFC or Issuer) in one or more series of tax-exempt bonds in an amount not to exceed \$35,000,000.00; proceeds of the Bonds will be loaned to Ash Creek Preservation Apartments, LLC (Developer) to finance a portion of the cost for the renovation of units for an affordable multifamily complex to be known as the Rosemont at Ash Creek and located at 2605 John West Road, Dallas, Texas (Development); a public hearing with respect to the Bonds and the Development was held on March 28, 2022, after reasonable public notice was published in a newspaper of general circulation in the City of Dallas, in compliance with Section 147(f) of the Code.

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 be 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 Fiscal Responsibility Act of 1982; the industry term for this requirement is “TEFRA.”

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

DATE April 21, 2023

SUBJECT **Upcoming Agenda Item: Tax Equity and Fiscal Responsibility Act Approval for Bond Issuance by the City of Dallas Housing Finance Corporation (DHFC) to Issue Tax-Exempt Bonds for the acquisition and renovation of the Rosemont at Ash Creek (Located at 2605 John West Road)**

PAGE **2 of 3**

Per the requirements of TEFRA, a hearing was published in the Dallas Morning News on March 21, 2022. On March 28, 2022, the public hearing was held, and comments received, if any, were provided to the City Council of the City of Dallas. Under applicable federal income tax law, the TEFRA approval may only be valid for a one-year term. Therefore, the public hearing for the Development may have a validity date through March 28, 2023. It is anticipated that the tax-exempt bonds to fund a portion of the costs for the Development will close on or about June 30, 2022.

On September 14, 2021, the DHFC authorized an inducement in an amount not to exceed \$35,000,000.00. An application for the allocation of \$35,000,000.00 in private activity bonds was submitted to the Texas Bond Review Board (TBRB) and a bond reservation was received in January 2022.

Project Summary

Developer proposes that the DHFC or its affiliate acquire the property at 2605 John West Road and subsequently enter into a long-term lease for the Development. The Developer proposes to renovate all 280 units of the Development. The 280 units are comprised of 136 2-bedroom and 144 3-bedroom units. The renovation is focused on the following: 1) life safety including security, 2) energy efficiency, 3) physical and functional obsolescence, 4) neighborhood stabilization, and 5) accessibility. On December 8, 2021, 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. 21-2046. But for the investment of 4% Non-Competitive Low Income Housing Tax Credits, this property would continue to deteriorate, add blight to the neighborhood, and provide substandard housing to the existing residents.

The Applicant proposes to provide on-site resident services including:

1. 12 hours per week of after school tutoring; and
2. 4 hours per week of adult financial literacy courses; and
3. Health screening and mobile immunizations; and
4. Family counseling/family crisis intervention; and
5. Coordination with local social services agencies; and
6. Computer lab/computer training; and
7. Emergency assistance and relief; and
8. Community outreach programs; and
9. Vocational guidance; and
10. Social/recreational activities; and
11. State workforce development and Welfare program assistance; and
12. Individual Development Account program.

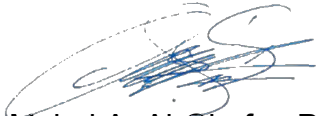
DATE April 21, 2023
SUBJECT **Upcoming Agenda Item: Tax Equity and Fiscal Responsibility Act Approval for Bond Issuance by the City of Dallas Housing Finance Corporation (DHFC) to Issue Tax-Exempt Bonds for the acquisition and renovation of the Rosemont at Ash Creek (Located at 2605 John West Road)**
PAGE **3 of 3**

Timeline

On September 14, 2021, the DHFC authorized an inducement in an amount not to exceed \$35,000,000. On December 14, 2021, the DHFC also authorized 1) the negotiation of a master agreement with Devco Preservation, LLC, 2) an ownership interest as the general partner of Ash Creek Preservation Apartments, LLC, 3) serving as the co-developer of the project, 4) the acquisition of the land, and 5) entering into a long-term ground lease with Ash Creek Preservation Apartments, LLC.

On December 8, 2021, 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. 21-2046.

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@Dallas.gov or 214-670-3619.



Majed A. Al-Ghafry, P.E.
Assistant City Manager

c: T.C. Broadnax, City Manager
Tammy Palomino, Interim City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors