

# 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 Positano Apartments  
(Located at 2519 John West Road)**

This memorandum is to inform the Housing and Homelessness Solutions Committee of an upcoming agenda item on May 24, 2023, 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 (DHFC) 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 Positano Acquisition, LLC to finance a portion of the cost for the renovation of units for an affordable multifamily complex to be known as The Positano and located at 2519 John West Road, Dallas, Texas (Development); a public hearing with respect to the Bonds and the Development was held on April 10, 2023, 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.

## Background

Positano Acquisition, LLC (Developer) proposes the DHFC or its affiliate acquire the property at 2519 John West Road and subsequently enter into a long-term lease for the Development. The Developer proposes to renovate all 232 units. The 232 units are comprised of 84 1-bedroom and 148 2-bedroom units for seniors. 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. 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.

On October 13, 2022, 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 March 2023. On January 11, 2023, following a public hearing, City Council adopted a Resolution of No Objection related to the Development and

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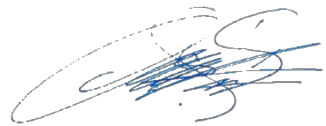
Developer's 4% Non-Competitive Low Income Housing Tax Credits application to TDHCA by Resolution No. 23-0143.

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, 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.

The Tax Equity and Fiscal Responsibility Act (TEFRA) hearing was published in the Dallas Morning News on April 3, 2023. On April 10, 2023, 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 April 10, 2024. It is anticipated that the tax-exempt bonds to fund a portion of the costs for the Development will close on or about September 30, 2023.

The Texas Housing Finance Corporations Act, Chapter 394 of the Texas Local Government Code requires that the City of Dallas approve the issuance of bonds by the DHFC and their use to finance the construction and development of affordable housing.

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](mailto:David.Noguera@Dallas.gov) or 214-670-3619.



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Assistant City Manager

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Tammy Palomino, Interim City Attorney  
Mark Swann, City Auditor  
Billierae 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