

Memorandum



CITY OF DALLAS

DATE May 20, 2024

Honorable Members of the City Council Housing and Homelessness Solutions
TO Committee: Jesse Moreno (Chair), Cara Mendelsohn (Vice Chair), Zarin Gracey, Gay
Donnell Willis, Chad West

SUBJECT **Request for a Resolution of No Objection for 4% Non-Competitive Housing Tax
Credits – The Legacy at Kiest**

LDG The Legacy on Kiest, LP an affiliate of LDG Development, LLC (Applicant), submitted a Request for a Resolution of No Objection for its application to the Texas Department of Housing and Community Affairs (TDHCA) for 4% Non-Competitive Housing Tax Credits (4% Housing Tax Credits). The 4% Housing Tax Credits will be used for the development of The Legacy on Kiest, a 180-unit multifamily development located at 2621 Southerland Avenue, Dallas, TX 75203 (Property). A resolution of no objection is required for the Applicant to receive 4% Housing Tax Credits from TDHCA. To receive a staff recommendation for a resolution of no objection, the Applicant must satisfy all threshold requirements, rehabilitation requirements, and affirmatively further fair housing as described in the Comprehensive Housing Policy (CHP). After review, the Applicant has satisfied all application requirements and staff recommend a resolution of no objection.

Background:

LDG The Legacy on Kiest, LP or its affiliate (Applicant), a to be formed Texas limited partnership, submitted a Request for Resolution application to the City for a Resolution of No Objection for its application to TDHCA for 2024 4% Non-Competitive Housing Tax Credits (4% Housing Tax Credits). The 4% Housing Tax Credits will be used for the development of The Legacy on Kiest, a 180 multifamily complex, located at 2621 Southerland Avenue, Dallas, TX 75203 (Property). A purchase and sale agreement for the Property has been executed between the current owner of the Property and an affiliate of the Applicant. TDHCA requires 4% Housing Tax Credit applicants 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 Once a resolution is adopted and submitted to TDHCA, it cannot be changed or withdrawn.

The Project consists of 180 multifamily residential units. The unit mix includes 36 one-bedroom units, 84 two-bedroom units, and 60 three-bedroom units. The units will be equipped with washer/dryer hook-ups, wiring for cable, Energy-Star rated dishwasher, Energy-Star rated refrigerator, Energy-Star rated lighting, oven, microwave, carpet, vinyl tile, window blinds, 14 SEER HVAC, spacious floor plans, 9' Ceilings, covered entries,

and patios. The property will also have controlled gate access, multipurpose community room, equipped business center, fitness center, swimming pool, theatre room, landscaped grounds with walking paths, children’s playscape. picnic area(s) with grill, gazebo area, and full perimeter fencing. The community will offer laptops to its residents for “check-out” to do schoolwork, tax-preparation, budgeting and/or life-planning, or for simple everyday needs. The site is currently zoned MF-2(A) and will not require rezoning.

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

1. After school tutoring;
2. Financial literacy classes;
3. Food Pantry Services;
4. Annual Health Fair;
5. Annual Flu Shots;
6. Notary Services;
7. Recreational Activities;
8. Social Events.

Total development costs are estimated to be approximately \$38,526,000.00, which includes the acquisition price for the land. The construction budget is estimated to be approximately \$36,326,000.00 which is \$201,811.11 per unit.

Proposed Financing	
Conventional Loan	\$22,690,000.00
LIHTC Syndication Proceeds	\$22,624,163.00
National Housing Trust Fund Funds	\$6,000,000.00
Deferred Developer Fee	\$3,788,635.00
Operating Deficit Reserves	\$605,266.00
Lease-Up Income	\$480,000.00
Bond Re-Investment Income	\$320,000.00
Total	\$56,508,064.00

Proposed Uses	
Land Acquisition	\$2,200,000.00
Construction	\$36,326,000.00
Developer Fee	\$6,450,105.00

Other Fees	\$10,576,693.00
Reserves	\$605,266.00
Other Costs	\$350,000.00
Total	\$56,508,064.00

The current income restrictions will be maintained at the property to ensure no residents are displaced due to increased rents. The current rental restrictions are broken down as follows: 180 of the 180 units are reserved for households earning between 0%-60% of AMI.

If approved, this tax credit and bond issuance will allow the Applicant to implement much needed capital improvements and modernize the property thereby extending its useful life. Without this investment of new capital, the property will either fall into a state of disrepair or be subject to a conversion to market rate units, further eroding the access to affordable housing in the city. The preservation of existing affordable housing is a priority of the City to ensure our residents are provided with safe, decent, and affordable housing and are not displaced due to expiring income restrictions or forced to reside in substandard living conditions. Over the next decade, the income restrictions on almost 10,000 units developed through the Low-Income Housing Tax Credit program will expire unless they are acquired, renovated, or redeveloped by affordable housing preservation developers like Applicant.

The Dallas City Council on May 9, 2018, adopted the Comprehensive Housing Policy (CHP), Resolution Nos. 18-0704 and 18-1680, as amended on November 28, 2018, which provided a policy including evaluation criteria for developers requiring Resolutions of Support or No Objection for rental housing developments seeking Housing Tax Credits through TDHCA. On June 12, 2019, Resolution No. 19-0884 authorized an amendment to the CHP to modify the evaluation criteria for developers requiring Resolutions of Support or No Objection for rental housing development seeking Housing Tax Credits through TDHCA. The modified evaluation criteria include standard thresholds for both 4% and 9% HTC applications such as evidence of site control, TDHCA minimum site standards, affirmatively further fair housing, and other requirements.

To receive a staff recommendation for a resolution of no objection, the applicant must satisfy all threshold requirements, rehabilitation requirements, and affirmatively further fair housing.

Should you have any questions or require any additional information, please contact me or Cynthia Rogers-Elickson, Director, Department of Housing & Neighborhood Revitalization at cynthia.rogersellic@dallas.gov or 214-670-3601.

DATE May 20, 2024

SUBJECT **Request for a Resolution of No Objection for 4% Non-Competitive Housing Tax Credits – The Legacy at Kiest**

PAGE **Page 4 of 4**



Robin Bentley
Assistant City Manager (I)

c: Kimberly Bizzor Tolbert, City Manager (I)
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Jon Fortune, Deputy City Manager
Majed A. Al-Ghafry, Assistant City Manager

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