

Memorandum



CITY OF DALLAS

DATE November 4, 2021

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

SUBJECT **Request for a Resolution of No Objection for 4% Non-Competitive Housing Tax Credits – Ash Creek Apartments**

Ash Creek Apartments, LLC (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 2021 4% Non-Competitive Housing Tax Credits (4% Housing Tax Credits). The 4% Housing Tax Credits will be used for the acquisition and renovation of the Ash Creek Apartments, an existing 280-unit affordable multifamily complex located at 2605 John West Road, Dallas, TX 75228 (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

Devco, or its affiliate, will serve as the developer and guarantor of the project. The managing partners of Devco have successfully constructed, developed and managed over 11,500 affordable multifamily units. The proposed property manager is Avenue5, a nationwide professional management company that currently manages more than \$20 billion worth of multifamily assets and employs over 2,000 individuals.

The Applicant proposes to renovate all 280 units. 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, (5) accessibility. But for the investment of 4% non-competitive housing tax credits, this property would continue to deteriorate, add blight to the neighborhood, and provide substandard housing to the existing residents.

Planned unit renovations will include:

- installation of erosion control drainage systems at downspout locations,
- termite treatment
- parking lot restripe and curb painting
- installation of new drive gates and operators

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- landscaping and irrigation upgrades
- stone façade and retaining wall repairs
- repairs to site fencing
- new countertops in the laundry room
- wood replacement at gable ends and fascia and batten board trim
- stucco repair work, install new underlayment and architectural shingles and flashings
- hardie siding repairs at breezeways and patios
- repair and replacement of gutters and downspouts
- new unit entry doors and hardware
- new window screens and selective window glazing replacement
- general drywall repairs
- new LVP flooring throughout units with MDF baseboard
- painting of unit interiors
- refinishing of existing tubs and surrounds
- new unit ID signage and community and common area signage
- new wall-mounted mailboxes and parcel boxes
- installation of new bathroom accessories (TP holders, towel bars, medicine cabinets, shower rods)
- new appliances
- new vinyl window coverings
- laundry room finish upgrades
- repair of carports
- swimming pool repairs.

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

1. 12 hours per week of after school tutoring;
2. 4 hours per week of adult financial literacy courses;
3. health screening and mobile immunizations;
4. family counseling/family crisis intervention;
5. coordination with local social services agencies;
6. computer lab/computer training;
7. emergency assistance and relief;
8. community outreach programs;
9. vocational guidance;
10. social/recreational activities;
11. state workforce development and Welfare program assistance;
12. an Individual Development Account program

Devco will also work with the Office of Innovative Public Safety Solutions for security input, community activities and the Crime Prevention Through Environmental Design (CPTED).

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Total development costs are anticipated to be approximately \$54,892,942.00 which includes the acquisition price for the property. The hard construction budget is anticipated to be approximately \$13,135,019.00 which is \$40,267.00 per unit.

Private Activity Bonds	\$35,170,000.00
Housing Tax Credits Equity	\$13,930,582.00
Income Through Completion	\$1,870,401.00
Deferred Developer Fee	\$3,921,959.00
Total	\$54,892,942.00

Acquisition	\$29,090,000.00
Total Const. Costs	\$13,135,019.00
Financing, Reserves, Soft Costs	\$5,115,750.00
Interim Interest	\$1,431,434.00
Developer Fee	\$6,120,739.00
Total	\$54,892,942.00

After the development is complete, all 280 units will be made available to households earning 0%-50% of Area Median Income (AMI) based on an existing Land Use Restrictive Agreement. The Property currently is a LIHTC restricted property and this new agreement will extend the LURA for a period of 30 years to continue to provide housing options to the low-income tenants that currently reside at the Property. This will ensure that no residents will be displaced.

The Development is within one mile of Shiloh Village Apartments, a recently awarded 4% housing tax credit project located at 8702 Shiloh Road. Per the requirements of TDHCA's Qualified Action Plan and 10 TAC § 11.3(d), City Council must vote to specifically approved the construction of a new tax credit development within one linear mile of a tax credit development authorized within the past three years. The agenda item includes language acknowledging this proximity.

The Development has been found to affirmatively further fair housing by the Office of Fair Housing. While the property has seen some recent improvements, a substantial renovation is still needed to provide the existing residents with the safe, decent and affordable housing they deserve. The introduction of additional safety measures and a robust menu of resident services will ensure that the residents have access to additional onsite opportunities they currently do not receive.

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The Dallas City Council on May 9, 2018, adopted the Comprehensive Housing Policy (CHP), Resolution No. 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, Council 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.

For developments involving rehabilitation of existing housing, the proposed scope of work must be informed by a capital needs assessment (“CNA”), prepared by a qualified third-party professional that is independent from the development’s architect or engineer, builder/general contractor, or other member 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

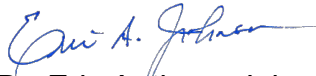
To receive a staff recommendation for a resolution of no objection, the applicant must satisfy all threshold requirements, rehabilitation requirements, and affirmatively further fair housing. After review, the Applicant has satisfied all application requirements and staff recommend a resolution of no objection.

Recommendation

The Development satisfies the threshold requirements of the Comprehensive Housing Policy and Staff recommends City Council authorize a Resolution of No Objection for Estelle Community Partners, LP’s application to the Texas Department of Housing and Community Affairs for Non-Competitive 4% Housing Tax Credits.

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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

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
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