



Legislation Text

File #: 20-2243, Version: 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: December 9, 2020
COUNCIL DISTRICT(S): 3
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize [the \(1\)](#) 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](#)" or "[Issuer](#)") in one or more series of tax-exempt bonds in an amount not to exceed \$40,000,000.00; proceeds of the Bonds will be loaned to Ridgecrest Terrace, LP to finance a portion of the cost for the acquisition of land and rehabilitation of 250 existing units for an affordable multifamily complex to be known as the Ridgecrest Terrace Apartments and located at 526 South Walton Walker Boulevard, Dallas, Texas 75211 ("Development"); a public hearing with respect to the Bonds and the Development was held on October 28, 2020, 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; [and \(2\) approval of the bond issuance and the use of the bond proceeds by the DHFC to finance the construction of the Development](#) - Financing: No cost consideration to the City

BACKGROUND

Ridgecrest Terrace, LP ("RTLTP") proposes to acquire land a portion which has existing improvements. The development includes rehabilitation of all 250 existing units to be located at 526 South Walton Walker Boulevard, Dallas, Texas 75211 ("Property") and to be known as Ridgecrest Terrace Apartments ("Development"). The 250 units are comprised of 18 1-bedroom, 184 2-bedroom, and 48 3-bedroom units. Interior renovations include upgrades to kitchens and bathrooms, new flooring, interior drywall and paint, cabinets, countertops, and brand new, energy efficient appliances. RTLTP will construct a brand-new community center including space for after school tutoring, arts and crafts room, game room, community dining and gathering spaces, and a first responders resource and break room. Outdoor community spaces will include new playgrounds and sports court. Upgrades will be made to the building envelope and systems including new roofs, siding, insulation, and heating, ventilation and air conditioning system.

RTLTP will make operational improvements to provide better management and more access to opportunity for residents of the Property. The comprehensive security upgrades are designed with input from DPD including, increased security patrols during construction and after stabilization, a new modern security camera system with DPD access, new LED lighting throughout the Property, a first responders resource and break room, and perimeter fencing repairs and full replacement of unit exterior doors.

RTLTP has an experienced management team with six affordable Section 8 properties in the Dallas-Fort Worth submarket and will include six full-time, on-site staff, Housing and Urban Development (HUD) file review by third-party specialists to ensure tenant compliance, and District and regional management staff who are well versed in managing large multifamily communities similar to the Property.

RTLTP will provide, through an experienced third-party operator, 70 hours per month of resident services including:

1. After-school tutoring and computer training for kids;
2. Arts & crafts programs;
3. Family literacy programs;
4. Addiction recovery resources;
5. Healthy eating habits on a budget;
6. Legal assistance resources;
7. Organized team sports; and
8. Health screening services.

On May 12, 2020, [the City of Dallas Housing Finance Corporation \(“Issuer”\) DHFC](#) authorized an inducement in an amount not to exceed \$40,000,000.00. An application for the allocation of \$40,000,000.00 in private activity bonds was submitted to the Texas Bond Review Board (“TBRB”) and a reservation was received on August 18, 2020.

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 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 is 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 October 20, 2020. On October 28, 2020, 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 October 27, 2021. It is anticipated that the tax-exempt bonds to fund a portion of the costs for the Development will close on or about December 16, 2020.

[Section 394.9025 of the Texas Housing Finance Corporations Act, Chapter 394 of the Texas Local Government Code \(“Act”\) authorizes a housing finance corporation to issue bonds to finance a multifamily residential development to be owned by the housing finance corporation in accordance with the Act if the housing finance corporation receives approval of the governing body of the local government.](#)

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Economic Development Committee (EDC) was briefed on the development and proposed bond issuance on May 4, 2020. The EDC approved moving forward to Council for consideration.

On May 12, 2020, the Issuer authorized an inducement in an amount not to exceed \$40,000,000. The Issuer also authorized 1) the negotiation of a master agreement with DHFC Ridgecrest, LLC, 2) an ownership interest as the general partner of DHFC Ridgecrest, 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 DHFC Ridgecrest, LLC, and 6) serving as the General Contractor.

The Housing & Homelessness Solutions Committee (HHSC) was briefed on the development and proposed bond issuance on May 25, 2020. The HHSC approved moving forward to Council for consideration.

On May 27, 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. 20-0868.

FISCAL INFORMATION

No cost consideration to the City

MAP

Attached