



Legislation Text

File #: 24-347, **Version:** 1

STRATEGIC PRIORITY: Housing & Homelessness Solutions
AGENDA DATE: February 14, 2024
COUNCIL DISTRICT(S): 2
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Majed Al-Ghafry

SUBJECT

A public hearing to receive comments regarding an application by TX Tenison 2024, Ltd. an affiliate of Generation Housing Partners, LLC (Applicant) to the Texas Department of Housing and Community Affairs (TDHCA) for 4% Non-Competitive Low Income Housing Tax Credits for Tenison Lofts located at 3600 Samuell Boulevard, Dallas, TX 75223; and, at the close of the public hearing, authorize a Resolution of No Objection for Applicant, related to its application to TDHCA for the development of Tenison Lofts - Financing: No cost consideration to the City

BACKGROUND

TX Tenison 2024, Ltd., 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 2023 4% Non-Competitive Housing Tax Credits (4% Housing Tax Credits). The 4% Housing Tax Credits will be used for the development of Tenison Lofts a 164 unit multi-family complex located at 3500-3632 Samuell Boulevard, Dallas, TX 75223 (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 comment on the proposed development. Once a resolution is adopted and submitted to TDHCA, it cannot be changed or withdrawn.

When formed, TX Tenison 2024, Ltd., a Texas limited partnership the general partner of which is anticipated to be TX Tenison 2024 GP, LLC, will be a single asset entity solely owned by the Dallas Housing Finance Corporation (DHFC). A to-be-formed special limited partnership company will be a to-be-formed special limited partner. TX Tenison 2024 SLP, SLP will be owner of the special limited partner. An amended and restated agreement of limited partnership will be executed to admit the tax credit equity investor as investor member once identified.

On September 12, 2023, the DHFC Board of Directors adopted a resolution declaring its intent to

issue bonds for the Property and authorized the filing of an application for allocation of private activity bonds with the Texas Bond Review Board.

The Applicant proposes to remove all existing buildings/structure and redevelop the property with a Class-A, new construction, mixed-income residential development of 164 units. The 164 units are comprised of 24 one-bedroom, 76 two-bedroom units, and 64 three-bedroom units. The units will include nine-foot ceilings, granite countertops, faux wood flooring, Low-E thermal windows, low flow fixtures, ample storage, open floor plans, washer/dryer hook ups, and Energy Star Appliances.

Tenison Lofts will be a 164 unit, Class A workforce housing revitalization project located in Dallas, TX. Community amenities will include a state-of-the-art fitness center, community room, resort style pool, and computer learning center. The existing property(s) consists of a commercial strip center, with several existing businesses and associated parking. The intent of Generation Housing is to remove all existing buildings/structure and redevelop the Property with a Class-A, new construction, mixed-income residential development.

The Applicant will also work with the Office of Integrated Public Safety Solutions for security input/upgrades, community activities, and incorporate best practices of Crime Prevention Through Environmental Design. Additionally, the Applicant will provide modern security features to include a full camera system, controlled access, a community crime watch program, and participation in National Night Out to ensure a safe living environment for all residents and staff.

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

1. Health wellness
2. Free after school programs
3. Financial literacy classes
4. Homeownership classes
5. Community Activities

Total development costs are estimated to be approximately \$43,226,612.00 which includes the acquisition price for the land. The construction budget is estimated to be approximately \$20,375,787.00 which is \$124,242.60 per unit.

Proposed Financing Sources	Amount
Conventional Loan/FHA	\$18,290,057.00
CDBG Funds - City	\$11,000,000.00
LIHTC Syndication Proceeds	\$12,397,983.00
Deferred Developer Fee	\$ 1,538,572.00
Total	\$43,226,612.00

Proposed Uses	Amount
Land Acquisition	\$ 4,505,000.00
Sitework Construction Cost	\$ 3,430,000.00
Hard Construction or Rehabilitation Cost	\$18,957,535.00
Contractor's General Requirements	\$ 1,418,252.00
Contractor's Overhead	\$ 447,751.00
Contractor's Profit	\$ 1,418,252.00
Construction Contingency	\$ 1,283,590.00
Indirect Construction Costs	\$ 1,495,060.00
Developer's / Other Fees	\$ 4,650,000.00
Interim Financing Cost	\$ 3,356,000.00
Permanent Financing Cost	\$ 140,000.00
Other Financing Costs	\$ 958,960.00
Guarantee Fee	\$ 39,600.00
Reserves	\$ 1,126,612.00
Total	\$43,226,612.00

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: 24 of the 164 units are reserved for households earning between 0%-30% of area median income (AMI), 30 of the 164 units are reserved for households earning between 31%-50% of AMI, 44 of the 164 units are reserved for households earning between 51%-60% of AMI, 44 of the 164 units are reserved for households earning between 61%-70% of AMI, and 22 of the 164 units are reserved for households earning between 71%-80% of AMI.

If approved, this tax credit re-syndication 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 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 (HTC) program will expire unless they are acquired, renovated, or redeveloped by affordable housing preservation developers like Generation Housing.

On May 9, 2018, the City Council 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, the City Council 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 by Resolution No. 19-0884. 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.

On April 12, 2023, the City Council adopted the Dallas Housing Policy 2033 (DHP33) to replace the CHP by Resolution No. 23-0443, and the Dallas Housing Resource Catalog to include the approved programs from the CHP by Resolution No. 23-0444; and

On September 12, 2022, the DHFC authorized a preliminary inducement resolution declaring intent to issue \$30,000,000.00 in private activity bonds to fund Tenison Lofts.

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.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On September 12, 2023, the DHFC Board of Directors adopted a resolution declaring its intent to issue bonds for the financing of the acquisition and authorizing the filing of an application for allocation of private activity bonds with the Texas Bond Review Board.

[The Housing and Homelessness Solutions Committee was briefed by memorandum regarding this matter on January 22, 2024. <https://cityofdallas.legistar.com/View.ashx?M=F&ID=12607490&GUID=E800DB78-3BB6-4DEB-AEFB-77F0205FF7A2>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=12607490&GUID=E800DB78-3BB6-4DEB-AEFB-77F0205FF7A2)

FISCAL INFORMATION

No cost consideration to the City.

MAP

Attached