



Legislation Text

File #: 24-1487, Version: 1

STRATEGIC PRIORITY: Economic Development
AGENDA DATE: May 22, 2024
COUNCIL DISTRICT(S): 11
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Robin Bentley

SUBJECT

Authorize **(1)** the 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 \$31,000,000.00; proceeds of the Bonds will be loaned April Housing, or its affiliate, 13695 Goldmark Drive (TX) Owner, LP (collectively referred to as Borrower) to finance a portion of the cost of the renovation of units for an affordable multifamily complex to be known as Waterford at Goldmark and located at 13695 Goldmark Drive, Dallas, Texas, 75240 (Development); and **(2)** the approval of the application of the Texas Housing Finance Corporations Act, Chapter 394, Local Government Code (Act), to the property on which the Development will be constructed and the use of proceeds of the bonds issued by the DHFC pursuant to the Act to finance and construct the Development; a public hearing with respect to the Bonds and the Development was held on April 18, 2024 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 - Financing: No cost consideration to the City

BACKGROUND

April Housing, or its affiliate, 13695 Goldmark Drive (TX) Owner, LP (collectively referred to as Borrower) proposes the DHFC or its affiliate (DHFC) acquire and renovate the property at 13695 Goldmark Drive and subsequently enter into a long-term lease for the Development. The Development will consist of 220 renovated units. The 220 units are comprised of 112 one-bedroom and 108 two-bedroom units. The units will include energy efficient appliances, washer/dryer hookups, covered entries/patios, and other features required by the Texas Department of Housing and Community Affairs (TDHCA).

Waterford at Goldmark is a 1997 built, 220-unit, affordable housing property located in Dallas, Texas. Community amenities include a business center, clubhouse, fitness center, salon, theater room, swimming pool, elevator service, gated access, on-site laundry facility, barbecue, and picnic area.

Residents have public transportation access to downtown, utilizing the stop of the Dallas Area Rapid Transit bus which is walking distance from the Property.

The proposed renovation budget is \$8,880,000.00 (approximately \$40,000.00/unit) in hard costs (exclusive of general contractor requirements, contractor's profit, and overhead). Renovations will include the following:

- woods and plastic repairs (includes kitchen cabinets, countertops, etc.),
- drywall/floor/ceiling/paint, and
- plumbing/heating, ventilation, and air conditioning repair/replacement.

Major items include:

- replacement of new roof shingles and underlayment,
- installation of Luxury Vinyl Plank flooring,
- interior and exterior paint,
- mechanical system upgrades,
- low-flow toilets/showerheads, and
- air conditioner condenser and heat pump system replacement.

Planned rehab includes light tenant-relocation during rehab. During the renovations, there will be upgrades to eight units to be fully Americans with Disabilities Act (ADA) compliant. The scope of work for these units includes the reconfiguration of new kitchen cabinetry to allow for proper clearances, a renovated and enlarged bathroom to allow for proper clearances, new paint and flooring and new interior doors. The tenants in the units will need to be relocated for four weeks. In addition to the ADA upgrades, 142 units will have full unit renovations. The households in these units will need to be out of their apartments for one week to accommodate construction. At all units, residents, and their belongings, will need to be fully relocated while renovations are being completed in their units. Renovations may include new plumbing fixtures, light fixtures, cabinets & countertops, flooring, paint, roofing, appliances, and site amenities. The Applicant has budgeted \$880,000.00 for tenant relocations (\$4,000.00/unit).

On October 10, 2023, the DHFC authorized an inducement in an amount not to exceed \$31,000,000.00. On October 19, 2023, the Borrower submitted an application for the allocation of \$31,000,000.00 in private activity bonds to the Texas Bond Review Board. The DHFC is awaiting the bond reservation.

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 notice was published in the *Dallas Morning News* on April 10, 2024. On April 18, 2024, 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 may only be valid for a one-year term. It is anticipated that the tax-exempt bonds to fund a portion of the costs for the Development will close on or about July 2024.

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.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On October 10, 2023, the DHFC authorized an inducement in an amount not to exceed \$31,000,000.00.

On February 14, 2024, the City Council held a public hearing and following, adopted a Resolution of No Objection related to the Development and Borrower’s 4% Non-Competitive Low Income Housing Tax Credits application to TDHCA by Resolution No. 24-0288.

[The Housing and Homelessness Solutions Committee was briefed by memorandum regarding this matter on May 17, 2024. <https://dallascityhall.com/government/citymanager/Documents/FY23-24%20Memos/COD%20Friday%20Memo%20-%20TEFRA%20Items_CRE051324%20Final%20signed%20by%20RB.pdf>](https://dallascityhall.com/government/citymanager/Documents/FY23-24%20Memos/COD%20Friday%20Memo%20-%20TEFRA%20Items_CRE051324%20Final%20signed%20by%20RB.pdf)

FISCAL INFORMATION

No cost consideration to the City.

MAP

Attached