



Legislation Text

File #: 20-2244, Version: 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: December 9, 2020
COUNCIL DISTRICT(S): 8
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 \$50,000,000.00; proceeds of the Bonds will be loaned to LDG The Ridge at Lancaster, LP to finance a portion of the cost for the acquisition of land and new construction of units for a mixed-income multifamily complex to be known as the Ridge at Lancaster and located at 5995 Crouch Road, Dallas, Texas (“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

LDG The Ridge at Lancaster, LP (“Developer”) proposes to acquire land and construction of 300 new units to be located at 5995 Crouch Road and to be known as the Ridge at Lancaster (“Development”). The 300 units are comprised of 48 1-bedroom, 120 2-bedroom, 108 3-bedroom units, 24 4-bedroom units. The units will include energy efficient appliances, washer/dryer hookups, covered entries/patios, and other Texas Department of Housing & Community Affairs (“TDHCA”)-required features. The Development will also include controlled gate access, a multipurpose community room, swimming pool, fitness center, theater room, children’s playscape, and landscaped walking paths. Developer 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. Food pantry;
4. Annual health fair and flu shots;

5. Notary services;
6. Arts and crafts programming twice a month;
7. Organized social gatherings twice a month; and
8. Weekly chore and preventative maintenance for elderly and disabled residents.

On May 12, 2020, [the City of Dallas Housing Finance Corporation \(“Issuer”\) DHFC](#) authorized an inducement in an amount not to exceed \$50,000,000.00. An application for the allocation of \$50,000,000.00 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, 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 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 June 1, 2021.

[Section 392.9025 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 \$50,000,000.00. The Issuer also authorized 1) the negotiation of a master agreement with LDG The Ridge at Lancaster, LP, 2) an ownership interest as the general partner of LDG The Ridge at Lancaster, LP, 3) serving as the co-developer of the project, 4) the acquisition of the land, 5) entering into a long-term ground lease with LDG The Ridge at Lancaster, LP, and 6) serving as the General Contractor.

The Housing and Homelessness 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. 20-0867.

FISCAL INFORMATION

No cost consideration to the City.

MAP

Attached