



Legislation Text

File #: 21-2055, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: December 8, 2021
COUNCIL DISTRICT(S): 7
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

A public hearing to receive comments regarding an application by Rosemont at Ash Creek Apartments, LLC, or its affiliates (Applicant) to the Texas Department of Housing and Community Affairs (TDHCA) for 4% Non-Competitive Low Income Housing Tax Credits for the acquisition and renovation of the Rosemont at Ash Creek Apartments located at 2605 John West Road, Dallas, Texas 75228; and at the close of the public hearing adopt a Resolution of No Objection for Applicant, related to its application to TDHCA for the acquisition and renovation of the Ash Creek Apartments, an existing multifamily development (“Development”), and in accordance with 10 TAC § 11.3(d) (the “Administrative Code”) and the Qualified Allocation Plan (“QAP”), specifically allow the construction of the Development, as required by the Administrative Code, because the Development is within one linear mile or less of Shiloh Village Apartments (a recent 4% housing tax credit project located at 8702 Shiloh Road), and is therefore subject to the One Mile Three Year Rule - Financing: No cost consideration to the City

BACKGROUND

Rosemont at Ash Creek Apartments, LLC (Applicant), 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 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 residents to provide comment on the proposed development. Once a resolution is adopted and submitted to TDHCA, it cannot be changed or withdrawn.

Rosemont at Ash Creek Apartments, LLC will be a partnership that includes the Dallas Housing

Finance Corporation (DHFC) as 100% owner of the General Partner in a to be formed limited partnership and an affiliated entity of DevCo, the Developer of the project. The DHFC will acquire rights as the landowner in order to receive a property tax exemption. A to be determined tax credit equity investor will be admitted as an investor partner once identified.

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
- 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, installation of 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).

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.

| Proposed Financing Sources | Amount |
|-----------------------------------|------------------------|
| 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 |

| Proposed Uses | Costs |
|--|------------------------|
| 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.

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.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Housing and Homelessness Solutions Committee was briefed regarding this item on **November 9, 2021**.

FISCAL INFORMATION

No cost consideration to the City.

MAP

Attached.