



Legislation Details (With Text)

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On agenda:	11/11/2020	Final action:		11/11/2020	
Title:	A public hearing to receive comments regarding an application by Midpark Towers, LP or its affiliate (Applicant) to the Texas Department of Housing and Community Affairs (TDHCA) for 4 percent Non-Competitive Low Income Housing Tax Credits for the Midpark Towers located at 8550 Midpark Road; and at the close of the public hearing adopt a Resolution of No Objection for Applicant, or its affiliate, related to its application to TDHCA for the acquisition, renovation and rehabilitation of the Midpark Towers - Financing: No cost consideration to the City				
Sponsors:					
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Attachments:	1. Map, 2. Resolution				

Date	Ver.	Action By	Action	Result
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STRATEGIC PRIORITY: Economic and Neighborhood Vitality

AGENDA DATE: November 11, 2020

COUNCIL DISTRICT(S): 11

DEPARTMENT: Department of Housing & Neighborhood Revitalization

EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

A public hearing to receive comments regarding an application by Midpark Towers, LP or its affiliate (Applicant) to the Texas Department of Housing and Community Affairs (TDHCA) for 4 percent Non-Competitive Low Income Housing Tax Credits for the Midpark Towers located at 8550 Midpark Road; and at the close of the public hearing adopt a Resolution of No Objection for Applicant, or its affiliate, related to its application to TDHCA for the acquisition, renovation and rehabilitation of the Midpark Towers - Financing: No cost consideration to the City

BACKGROUND

Applicant submitted a Request for Resolution application to the City for a Resolution of No Objection for its application to TDHCA for 4% Non-Competitive Housing Tax Credits (4% Housing Tax Credits). The 4% Housing Tax Credits will be used for the acquisition, renovation, and rehabilitation of the Midpark Towers, an existing 202-unit multifamily complex built in 1978 located at 8550 Midpark Road,

Dallas, Texas 75240 (Property). A purchase and sale agreement for the Property has been executed between LaneStar Properties, 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.

Midpark Towers, LP, a to be formed Texas limited partnership, will acquire, rehabilitate, and renovate the Property. DHFC Midpark Towers GP, LLC, a to be formed single asset entity or its affiliate with the Dallas Housing Finance Corporation (DHFC) as 100% owner, will be the general partner. Midpark Towers SLP, LLC, a to be formed limited liability company with Elizabeth Property Group Texas LLC, a Texas limited liability company, or its affiliate, as 95% owner, and BETCO Consulting, LLC, a Texas limited liability company, or its affiliate, as 5% owner will be the special limited partner. An amended and restated agreement of limited partnership will be executed to admit the tax credit equity investor as investor limited partner once identified.

On October 15, 2020, the DHFC Board of Directors approved the creation of the proposed limited partnership and authorized any action necessary to complete the redevelopment and funding of the Property. The DHFC Board of Directors also 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.

Applicant, or its affiliate, will serve as the developer and guarantor of the project. The Applicant's team has successfully acquired, renovated, and operated affordable housing developments in Dallas and the DFW area. The DHFC will serve as the general contractor and execute a subcontractor agreement with ICON Builders, LLC, a subsidiary of ITEX Group LLC. ICON Builders, LLC, has over completed over 50 multi-family renovations and developments across numerous states, including Texas. TBA Studio, operating since 1994, will serve as the architect of record. TBA Studio has extensive experience in affordable housing design and rehabilitation projects.

The Applicant proposes to rehabilitate all 202 units which are spread over two separate 10- and 11-story towers. The 202 units are all one-bedroom units. Interior renovations include upgrades to cabinets, countertops, flooring, paint, energy efficient appliances, Packaged Terminal Air Conditioner (PTAC) units and window replacements. The Applicant will install new elevators, replace the roof, replace the property's boiler, amongst other improvements. The Applicant will add a new fitness center and new computer center as well as renovate the laundry facilities, corridors, and entryways. There will also be social programming that will fit the needs and interests of the residents including financial literacy and adult education classes, income tax preparation, notary services, food pantry, career training and placement, exercise/fitness classes, and other supportive services.

The Applicant will also provide increased security at the property including onsite patrol. Cameras will be installed at all entrances and in elevators. Improved lighting will be placed throughout the interior and exterior of the property. A professional property management firm, Alpha Barnes, will be brought in to manage the property. Alpha Barnes currently manages approximately 30,000 multifamily units and employs over 850 staff members in the field.

Total development costs are anticipated to be approximately \$29,161,471.00 which includes the acquisition price for the apartment complex and all fees, soft costs, and reserves. The construction

cost of the rehabilitation is anticipated to be approximately \$8,561,125.00 which is \$42,382.00 per unit. The Applicant will reserve \$300.00 per unit annually for replacement reserves.

Proposed Financing Sources	Amount
PABs/Permanent Financing	\$ 20,302,170.00
Housing Tax Credits Equity	\$ 8,509,029.00
Deferred Developer Fee	\$ 350,272.00
Total	\$29,161,471.00
Proposed Uses	Costs
Acquisition	\$12,900,000.00
Total Construction Costs	\$ 8,561,125.00
Cost of Financing	\$ 2,407,308.00
Developer Fee	\$ 3,338,000.00
Fees, Reserves, Soft Costs	\$ 1,955,038.00
Total	\$29,161,471.00

The proposed 4% Housing Tax Credits and the to be issued bonds will require a 30-year Land Use Restrictive Agreement (LURA) be placed on the Property with 202 of the units reserved for tenants at or below 60% area median income (AMI). The property does not currently have any income restrictions on the property; however, approximately 75% of the current tenants receive assistance via Section 8 Housing Choice Vouchers (Vouchers) and will qualify to remain at the property. The Applicants have also confirmed with current management that residents not receiving vouchers would qualify to remain at the property with the new income restrictions. In addition to placing income restrictions on the property, the LURA will also require the Applicant provide the above referenced residents services and maintain the property to meet TDHCA property standards for the life of the compliance period.

On May 9, 2018, City Council adopted the Comprehensive Housing Policy (CHP), by 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 (HTC) through TDHCA. On June 12, 2019, City Council Resolution 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 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.

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, heating, ventilation, and air conditioning (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 by memorandum on October 26, 2020.

FISCAL INFORMATION

No cost consideration to the City.

MAP

Attached