



## Legislation Details (With Text)

<b>File #:</b>	21-1397	<b>Version:</b>	1	<b>Name:</b>	
<b>Type:</b>	PUBLIC HEARINGS AND RELATED ACTIONS	<b>Status:</b>		Hearing Closed; Approved	
<b>File created:</b>	7/28/2021	<b>In control:</b>		Department of Housing & Neighborhood Revitalization	
<b>On agenda:</b>	9/22/2021	<b>Final action:</b>			
<b>Title:</b>	<p>A public hearing to receive comments regarding an application by LDG The Terrace at Southern Oaks, LP, 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 Terrace at Southern Oaks located at 3385 Southern Oaks Boulevard, Dallas, Texas 75216; and, at the close of the public hearing (1) adopt a Resolution of No Objection for Applicant, related to its application to TDHCA for the development of The Terrace at Southern Oaks, a multifamily development ("Development"), and (2) 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 the Signature at Southern Oaks (a recent 4% housing tax credit project located at 3303 Southern Oaks Boulevard), and is therefore subject to the One Mile Three Year Rule; (3) pursuant to 10 TAC §11.3(e) and §11.4(c)(1) and the QAP, specifically acknowledge that the Development is located in a census tract that has more than 20% Housing Tax Credit Units per total households and the proposed Development is consistent with the City's obligation to affirmatively further fair housing; and (4) pursuant to 10 TAC §11.101(a)(3) and the QAP, specifically acknowledge that the proposed Development is located in a census tract that has a poverty rate above 40% for individuals - Financing: No cost consideration to the City</p>				
<b>Sponsors:</b>					
<b>Indexes:</b>	4				
<b>Code sections:</b>					
<b>Attachments:</b>	1. Map, 2. Resolution				

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

**AGENDA DATE:** September 22, 2021

**COUNCIL DISTRICT(S):** 4

**DEPARTMENT:** Department of Housing & Neighborhood Revitalization

**EXECUTIVE:** Dr. Eric A. Johnson

### SUBJECT

A public hearing to receive comments regarding an application by LDG The Terrace at Southern Oaks, LP, 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 Terrace at Southern Oaks located at 3385 Southern Oaks Boulevard, Dallas, Texas 75216; and, at the close of the public hearing (1) adopt a Resolution of No Objection for Applicant, related to its application to TDHCA for

the development of The Terrace at Southern Oaks, a multifamily development (“Development”), and **(2)** 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 the Signature at Southern Oaks (a recent 4% housing tax credit project located at 3303 Southern Oaks Boulevard), and is therefore subject to the One Mile Three Year Rule; **(3)** pursuant to 10 TAC §11.3(e) and §11.4(c)(1) and the QAP, specifically acknowledge that the Development is located in a census tract that has more than 20% Housing Tax Credit Units per total households and the proposed Development is consistent with the City’s obligation to affirmatively further fair housing; and **(4)** pursuant to 10 TAC §11.101(a)(3) and the QAP, specifically acknowledge that the proposed Development is located in a census tract that has a poverty rate above 40% for individuals - Financing: No cost consideration to the City

## **BACKGROUND**

LDG The Terrace at Southern Oaks, LP (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 2021 4% Non-Competitive Housing Tax Credits (4% Housing Tax Credits). The 4% Housing Tax Credits will be used for the development of The Terrace at Southern Oaks, a 300-unit affordable multifamily complex located at Southern Oaks Boulevard, Dallas, Texas 75216 (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.

The general partner of the Applicant will be LDG The Terrace at Southern Oaks, GP, LLC, a to be formed single asset entity with the Dallas Housing Finance Corporation (DHFC) as 100% owner. LDG The Terrace at Southern Oaks, SLP, LLC, a to be formed limited liability company or its affiliate with Texas Quad, LLC, a Texas limited liability company as 100% 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 member once identified.

LDG Development, LLC (LDG), or its affiliate, will serve as the developer and guarantor of the project. LDG has successfully completed over 77 multifamily properties totaling 13,673 units. The proposed property manager is Capstone Real Estate Services, Inc. (Capstone). Capstone is a professional management company based in Austin, TX that currently manages 35,000 multifamily units including over 21,000 affordable units.

The Applicant proposes to develop 300 units. The 300 units are comprised of 36 1-bedroom, 132 2-bedroom, 120 3-bedroom units, and 12 4-bedroom units. The units will include energy efficient appliances, washer/dryer hookups, covered entries/patios, and other TDHCA-required features. The Property will also include controlled gate access, a multipurpose community room, swimming pool, fitness center, theater room, children’s playscape, full perimeter fencing a gazebo area, picnic areas with grills, and landscaped walking paths.

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. 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.

In addition to the items above and at the request of the Fair Housing office, LDG has also committed to providing transportation services to grocery, big box retail, and other services. LDG will also work with the Office of Innovative Public Safety Solutions for security input, community activities and the Crime Prevention Through Environmental Design (CPTED).

The site is situated conveniently near the intersection of Interstate Highway 45 and East Illinois Avenue, roughly 4 miles south of Downtown Dallas. There are nine different DART stops within 1/4 mile that surround the property, making it easy to access via transit. In addition to the ease of access via transit, the site is located directly across the street from John C. Phelps Community Park, a 20+ acre park. The property will be designed as a traditional garden style walk-up apartment development. The site does not require a zoning change as it is currently zoned MU-2 (Multifamily and Retail).

The Market Value Added (MVA) market type is uncategorizable as it is vacant land. The MVA market types of the adjacent neighborhoods are 'G', 'H', 'I' ranging from 26% to 60% owner-occupied housing. The nearby multifamily developments have MVA market types of 'H' and 'G'. The introduction of a new, Class A mixed-income multifamily development will provide significant market pressure on the existing housing stock to provide substantial renovations and services to remain competitive. Because the site is already zoned as multifamily, addition of quality mixed-income housing units on that site will ensure affordability as the surrounding area continues to be developed.

Total development costs are anticipated to be approximately \$52,915,010.00 which includes the acquisition price for the land. The construction budget is anticipated to be approximately \$33,451,362.00 which is \$111,505.00 per unit.

<b>Proposed Financing Sources</b>	<b>Amount</b>
<b>Private Activity Bonds</b>	\$34,548,000.00
<b>Housing Tax Credits Equity</b>	\$16,770,871.00
<b>Deferred Developer Fee</b>	\$ 1,596,139.00
<b>Total</b>	<b>\$52,915,010.00</b>

<b>Proposed Uses</b>	<b>Costs</b>
<b>Acquisition</b>	\$ 3,626,370.00
<b>Total Const. Costs</b>	\$33,451,362.00
<b>Financing Fees, Soft Costs</b>	\$ 9,020,277.00
<b>Reserves</b>	\$ 1,046,076.00
<b>Developer Fee</b>	\$ 5,770,925.00

Total	\$52,915,010.00
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After the development is complete, 270 of the 300 units will be made available to households earning 0%-60% of Area Median Income (AMI) and 30 of the 300 units will not be income restricted.

The Development is within one mile of the Signature at Southern Oaks, a recently awarded 4% housing tax credit resyndication located at 3303 Southern Oaks Boulevard. 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 is located within a census tract with a poverty rate over 40%. Per the requirements of TDHCA's Qualified Action Plan and 10 TAC §11.101(a)(3), City Council must specifically approve the construction of a new tax credit development in such a census tract. The agenda item includes language acknowledging this proximity.

The Development is located within a census tract with 20% Housing Tax Credit Units per total households. Per the requirements of TDHCA's Qualified Action Plan and 10 TAC §11.3(e) and §11.4 (c)(1), City Council must specifically approve the construction of a new tax credit development in such a census tract and that the proposed Development is consistent with the city's obligation to affirmatively further fair housing. The agenda item includes language acknowledging this requirement.

The Development has been found to affirmatively further fair housing by the Office of Fair Housing. Many of the poverty rate and LIHTC concentration issues stem from the fact that the census tract in which the Development is located is extremely small. None of the adjacent census tract would require the above acknowledgements. The site itself is within walking distance to J.P. Phelps Math Science and Technology elementary school (Great Schools rated 8), John Phelps Park & Rec Center, and an extensive amount of open/green space.

On May 9, 2018, 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, 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 HTC 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.

To receive a staff recommendation for a resolution of no objection, the applicant must satisfy all threshold requirements, TDHCA underwriting standards, and affirmatively further fair housing. After review, the Applicant has satisfied all application requirements and staff recommends a resolution of no objection.

**PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

[The Housing and Homelessness Solutions Committee was briefed regarding this matter on August 23, 2021. <http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=334aab30-828d-46a0-889a-4be217f72ec8.pdf>](http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=334aab30-828d-46a0-889a-4be217f72ec8.pdf)

### **FISCAL INFORMATION**

No cost consideration to the City.

### **MAP**

Attached