



Legislation Details (With Text)

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Type:	CONSENT AGENDA			Status:	Approved as an Individual Item
File created:	3/31/2022			In control:	Department of Housing & Neighborhood Revitalization
On agenda:	5/25/2022			Final action:	
Title:	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 \$35,000,000.00; proceeds of the Bonds will be loaned to Ash Creek Preservation Apartments, LLC to finance a portion of the cost of the renovation of units for an affordable multifamily complex to be known as Rosemont at Ash Creek and located at 2605 John West Road, Dallas, Texas (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 March 28, 2022 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				
Sponsors:					
Indexes:	7				
Code sections:					
Attachments:	1. Map, 2. Resolution				

Date	Ver.	Action By	Action	Result
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STRATEGIC PRIORITY:	Economic Development
AGENDA DATE:	May 25, 2022
COUNCIL DISTRICT(S):	7
DEPARTMENT:	Department of Housing & Neighborhood Revitalization
EXECUTIVE:	Majed Al-Ghafry

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 \$35,000,000.00; proceeds of the Bonds will be loaned to Ash Creek Preservation Apartments, LLC to finance a portion of the cost of the renovation of units for an affordable multifamily complex to be known as Rosemont at Ash Creek and located at 2605 John

West Road, Dallas, Texas (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 March 28, 2022 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

Ash Creek Preservation Apartments, LLC (Developer) proposes the DHFC or its affiliate (DHFC) acquire the property at 2605 John West Road and subsequently enter into a long-term lease for the Development. The Development will consist of 280 units. The Developer 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. On December 8, 2021, 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. 21-2046. 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.

1. The Developer proposes to provide on-site resident services including: 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. Individual Development Account program
12. State workforce development and Welfare program assistance;

On September 14, 2021, the DHFC authorized an inducement in an amount not to exceed \$35,000,000.00. An application for the allocation of \$35,000,000.00 in private activity bonds was submitted to the Texas Bond Review Board ("TBRB") and a bond reservation was received in January 2022.

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 March 21, 2022. On March 28, 2022, 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. Therefore, the public hearing for the Development may have a validity date through March 28, 2023. It is anticipated that the tax-exempt bonds to fund a portion of the costs for the Development will close on or about June 30, 2022.

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 September 14, 2021, the DHFC authorized an inducement in an amount not to exceed \$35,000,000. On December 14, 2021, the DHFC also authorized 1) the negotiation of a master agreement with Devco Preservation, LLC, 2) an ownership interest as the general partner of Ash Creek Preservation Apartments, LLC, 3) serving as the co-developer of the project, 4) the acquisition of the land, and 5) entering into a long-term ground lease with Ash Creek Preservation Apartments, LLC.

On December 8, 2021, 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. 21-2046.

[The Housing and Homelessness Solutions Committee was briefed by memorandum regarding this matter on April 25, 2022. <https://cityofdallas.legistar.com/View.ashx?M=F&ID=10833925&GUID=47576CE9-C2EE-4AE7-BA50-C3F85A0BA393>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=10833925&GUID=47576CE9-C2EE-4AE7-BA50-C3F85A0BA393)

FISCAL INFORMATION

No cost consideration to the City.

MAP

Attached