



Legislation Text

File #: 20-900, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality

AGENDA DATE: May 27, 2020

COUNCIL DISTRICT(S): 8

DEPARTMENT: Office of Economic Development

EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

A public hearing to receive comments regarding an application by LDG The Ridge at Lancaster, 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 Ridge at Lancaster located at 5703 Lancaster Road and 1819 Crouch Road; and, at the close of the public hearing adopt a Resolution of No Objection for Applicant, related to its application to TDHCA for the development of the Ridge at Lancaster - Financing: No cost consideration to the City

BACKGROUND

LDG The Ridge at Lancaster, LP, or its affiliate (Applicant) submitted a Request for Resolution (RFA) application to the City for a Resolution of No Objection for its application to TDHCA for 2020 4% Non-Competitive Housing Tax Credits (HTC) (4% HTCs). The 4% Housing Tax Credits will be used for the development of the Ridge at Lancaster, a 300-unit affordable multifamily complex located at 5703 Lancaster Road & 1819 Crouch Road, Dallas, Texas 75241 (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% HTC 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 Once a resolution is adopted and submitted to TDHCA, it cannot be changed or withdrawn.

The Applicant, a to be formed Texas limited partnership, is proposing to develop the Property. LDG The Ridge at Lancaster 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. LDG The Ridge at Lancaster 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.

On May 12, 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.

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, Texas 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 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 TDHCA-required features. The Property will also include controlled gate access, a multipurpose community room, swimming pool, fitness center, theater room, children's playscape, 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.

Total development costs are anticipated to be approximately \$59,560,307.00 which includes the acquisition price for the land. The construction budget is anticipated to be approximately \$36,318,120.00 which is \$121,060.40 per unit. The construction budget contains a 5.00% contingency.

Proposed Financing Sources	Estimated Amount
Private Activity Bonds	\$39,877,000.00
Housing Tax Credits Equity	\$19,067,232.00
Deferred Developer Fee	\$ 616,075.00
Total	\$59,560,307.00

Proposed Uses	Estimated Costs
Acquisition	\$ 3,200,000.00

Total Const. Costs	\$36,318,120.00
Financing Fees, Soft Costs	\$13,450,562.00
Developer Fee	\$ 6,591,625.00
Total	\$59,560,307.00

The proposed 4% HTC and to be issued bonds will require a 30-year Land Use Restrictive Agreement (LURA) be placed on the Property with 300 of the units reserved for tenants at or below 60% area median income (AMI). LDG will monitor market rents in the area. As market rents increase in the area, LDG will work with TDHCA to modify the terms of the LURA to allow for income averaging at the Property.

On May 9, 2018, City Council authorized the adoption of 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 HTC 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 HTC 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.

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 recommends a resolution of no objection.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Economic Development Committee was briefed regarding this matter on May 4, 2020.

FISCAL INFORMATION

No cost consideration to the City.

MAP

Attached