



Legislation Text

File #: 20-2570, Version: 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: January 27, 2021
COUNCIL DISTRICT(S): 11
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize the **(1)** 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) in one or more series of tax-exempt bonds in an amount not to exceed \$20,000,000.00; proceeds of the Bonds will be loaned to Midpark Towers, LP to finance a portion of the cost for the acquisition and renovation of units for a multifamily complex to be known as Midpark Towers, located at 8550 Midpark Road (Development); a public hearing with respect to the Bonds and the Development was held on January 6, 2021, after reasonable public notice was published in a newspaper of general circulation in the City of Dallas all in compliance with the Code; **(2)** approval of the bond issuance and the use of the bond proceeds by the DHFC to finance the construction of the Development; and **(3)** acknowledgement and approval of the Development's location in a census tract that has a poverty rate above 40 percent - Financing: No cost consideration to the City

BACKGROUND

The Development will utilize 4% Housing Tax Credits for the acquisition, renovation, and rehabilitation of the Midpark Towers, an existing 202-unit multifamily complex built in 1978, located at 8550 Midpark Road (Property).

The project scope 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, Package Terminal Air Conditioner units and window replacements. Improvements include installing new elevators, replacing the roof, and replacing the property's boiler, amongst other improvements. Midpark Towers 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.

Increased security at the property including onsite patrol will be provided. 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.

On October 19, 2020, the DHFC (Issuer) authorized an inducement in an amount not to exceed \$20,000,000.00. An application for the allocation of \$20,000,000.00 in private activity bonds was submitted to the Texas Bond Review Board (TBRB) lottery on November 5, 2020 and a reservation will be received in January 2021. The Issuer also authorized 1) the negotiation of a master agreement with Midpark Towers, LP; 2) an ownership interest as the general partner of Midpark Towers, LP; 3) serving as the co-developer of the project; 4) the acquisition of the land; 5) entering into a long-term ground lease with Midpark Towers, LP; and 6) serving as the General Contractor.

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 was published in the *Dallas Morning News* on December 23, 2020. On January 6, 2021 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 is only valid for a one-year term. Therefore, the public hearing for the Development has a validity date through January 5, 2022. It is anticipated that the tax-exempt bonds to fund a portion of the costs for the Development will close on or about March 30, 2021.

Section 394.9025 of the Texas Housing Finance Corporations Act, Chapter 394 of the Texas Local Government Code (Act) authorizes a housing finance corporation to issue bonds to finance a multifamily residential development to be owned by the housing finance corporation in accordance with the Act if the housing finance corporation receives approval of the governing body of the local government.

That as provided for in 10 TAC §11.101(a)(3) of the Texas Department of Housing and Community Affairs' (TDHCA) Qualified Allocation Plan, the City of Dallas must also specifically acknowledge that the property is located in a census tract with a poverty rate above 40 percent and approve the Development. Should additional information become available about the poverty rate that could affect the eligibility, the information must be provided to the TDHCA. When the City initially received the application for a resolution of no objection from the Applicant, TDHCA's demographic report for the 2020 qualified action plan listed the Development's census tract as having a poverty rate below 40%. The 2021 demographics report has since been released and the poverty rate is now above 40% thus requiring City of Dallas acknowledgment. Staff still recommend approving the Development as it is an existing property. Current and future residents will benefit from the complete renovation of the property and the provision of resident services described above.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Housing and Homelessness Committee (HHS) was briefed on the development and the authorization of a Resolution of No Objection on October 26, 2020. The HHS Committee approved moving forward to City Council for consideration.

On November 11, 2020, City Council held a public hearing and 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. 20-1844.

The Housing and Homelessness Solutions Committee will be briefed regarding this matter on January 25, 2021.

FISCAL INFORMATION

No cost consideration to the City.

MAP

Attached