

# Memorandum



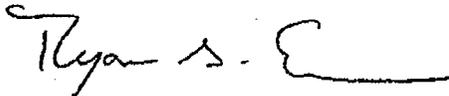
DATE September 17, 2004

TO Housing and Neighborhood Development Committee Members: James L. Fantroy, Chair, John Loza, Vice-Chair, Veletta Forsythe Lill, Leo V. Chaney, Jr., Mitchell Rasansky and Steve Salazar

SUBJECT Tax-Exempt Bond and Tax Credit Projects

On Monday, September 20, 2004, you will be briefed on the current status of multifamily properties receiving tax-exempt bond and/or low income housing tax credit financing through the Dallas Housing Finance Corporation and Texas Department of Housing and Community Affairs. This briefing will set the stage for consideration of proposed multifamily projects that will come before you for discussion beginning in October. A copy of the briefing is attached.

Please let me know if you have questions.

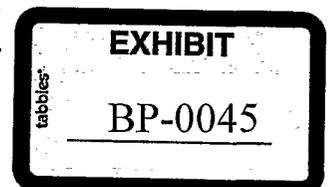


Ryan S. Evans,  
Assistant City Manager

## Attachment

c: Honorable Mayor and Members of the City Council  
Mary K. Suhm, Interim City Manager  
Shirley Acy, City Secretary  
Madeleine B. Johnson, City Attorney  
Thomas Taylor, City Auditor  
Judge Jay Robinson  
Ramon F. Miguez, P.E., Assistant City Manager  
Charles W. Daniels, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Ramiro S. Salazar, Interim Assistant City Manager  
Dave Cook, Chief Financial Officer

"Dallas, The City That Works: Diverse, Vibrant and Progressive."



E-0198

## Dallas Tax-Exempt Bond and Low Income Housing Tax Credit Multifamily Projects

A Briefing To The  
Housing and Neighborhood Development Committee

Housing Department  
September 20, 2004

### Purpose

- Understanding Dallas' tax-exempt bond and tax credit multifamily market prior to consideration of new projects
  - Projects constructed in past five years,
  - Projects approved and under development,
  - Projects induced, seeking final approval and
  - New projects proposed for preliminary approval
- Includes projects with bonds issued by the Texas Department of Housing and Community Affairs (TDHCA), the Dallas Housing Finance Corporation (DHFC) and Housing Options, Inc. (DHA)

## Background

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- Multifamily projects 1999 to date
    - Approved – 36
    - Pending final approval - 12
    - New applications for 2005 approval- 4
    - Total - 52
  - Issues
    - Market absorption of current and proposed units
    - TDHCA “one mile” rules
    - Zoning requests
    - Revenue
  - Tax-exempt bond or tax credit financing does not exempt a project from local property taxes
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## Projects Approved 1999 To Date

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- Total tax-exempt bond and/or tax credit projects approved 1999 to date – 36 projects, 6, 321 units
    - Five senior projects, 866 units; thirty family projects, 5,455 units
    - Twenty-six projects are now leasing, 4,712 units
    - Nine projects are under construction, 1609 units
    - Dallas Housing Finance Corporation (DHFC) issued tax-exempt bonds on 6 projects
    - Dallas Housing Authority issued bonds or obtained tax credits on 7 projects
    - Remaining 23 projects went through the Texas Department of Housing and Community Affairs (TDHCA)
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## Summary: Approved 1999 To Date

Development Type	Projects	New Units
DHA Redevelopment	7	760
Existing Project Rehabilitated	2	374
Existing Project Demolished/Replaced	4	976
New Project Constructed	23	4,211
<b>Total</b>	<b>36</b>	<b>6,321</b>

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## Projects Pending Final Approval

- Twelve projects received preliminary approval from DHFC or TDHCA in 2003 and are now seeking final approval

	Senior Projects/Units	Family Projects/Units	Total Projects/Units
DHFC	1 / 200	4 / 950	5 / 1,150
TDHCA		7 / 1,736	7 / 1,736
<b>Total</b>	<b>1 / 200</b>	<b>11 / 2,686</b>	<b>12 / 2,886</b>

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## New Applications For 2005 Funding

- To date, four applications have been received for new multifamily projects to be considered and funded in 2005

	Senior Projects/Units	Family Projects/Units	Total Projects/Units
DHFC		2/435	2/435
TDHCA	2/280		2/280
Total	2/280	2/435	4/715

- Additional applications may be received this week

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## Issues

- For Dallas projects, the Dallas City Council must approve the issuance of tax-exempt bonds by the DHFC and DHA and tax credits by the TDHCA
- The following issues come into play when making decisions among competing projects
- Can the market absorb new affordable multifamily units at the rate at which they are being proposed?
  - Should property zoned for single-family or commercial/retail development be re-zoned for new multifamily development?
  - Should a priority be given to projects which generate revenues for the City's housing initiatives?

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## Market Absorption

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- MPF Research, Inc. tracks multifamily occupancy and absorption in the Dallas market; 2<sup>nd</sup> quarter 2004:
  - Average gross occupancy city-wide – 90.2%
  - Annual apartment unit absorption city-wide – 6,390 units
  
- Dallas tax credit projects are located in five MPF submarkets with 2<sup>nd</sup> quarter 2004 occupancy as follows
  - Intown – 95.2%
  - Far East Dallas – 87.4%
  - Oak Cliff – 91.4%
  - South Dallas – 83.6%
  - Southwest Dallas – 88.2%

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## Market Absorption (Continued)

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- As of September 1, 2004:
  - 3 projects that have been leasing for at least 12 months have lower occupancy rates than the average for their rental submarket
    - Rosemont @ Arlington Park: 90% - 1.4% below market average (2 units)
    - Rosemont @ Oak Hollow: 80% - 3.6% below market average (8 units)
    - Rosemont @ Pemberton Hill: 83% - 0.6% below market average (2 units)
  - Three projects open since December 2003 are leasing slower than projected
    - Rosemont @ Bluffridge: 81% - should be at 88.2%
    - Rosemont @ Cedar Crest: 51% - should be at 52.7%\*
    - West Virginia Park: 78% - should be at 79.2%

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\*52.7% based on development market study; 70% based on project pro forma

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## Market Absorption (Continued)

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- Eight projects with 1533 units have already been approved and will come on-line in the next twelve months
- The twelve projects now seeking final City Council approval would add 2,886 units in 2005-6
- New applications filed this year to date, to come before City Council next year, will add more units in 2006-7
  - If they receive a favorable lottery number in the Texas Bond Review Board lottery on October 31 of this year

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## TDHCA "One Mile" Rules

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- In 2004, TDHCA will not approve tax credits for projects :
  - During the same annual funding cycle if they are located within one mile of each other or
  - That are located within one mile of another tax credit project that was funded within the past three years, unless the City Council approves an exception
- Eight of the 12 projects seeking City Council final approval fall under these rules

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## TDHCA "One Mile" Rules (Continued)

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- Six proposed projects are located within one mile of another
  - Rosemont @ Laureland and Memorial Park Townhomes – Districts 5 and 8
  - Westmoreland Townhomes and Aspen Homes – District 3
  - Simpson Villas and Homes of Pecan Grove – District 8
- Two proposed projects are located within one mile of a tax credit project that was funded in the past three years
  - Rosemont @ Scyene and Prairie Commons (2002) – District 5
  - Providence @ Village Fair and Madison Point Apartments (2002) – District 4
  - City Council can approve an exception to the TDHCA rule for these two proposed new projects

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## Zoning

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- Three projects seeking final approval will require rezoning
  - Memorial Park Townhomes, 250 units, TDHCA, Provident, District 5, currently R-7.5(A)
    - The Memorial Park project is in close proximity to the proposed Rosemont @ Laureland tax credit project, of the same size and serving the same population, that does not require the property to be rezoned
  - Homes of Pecan Grove, 250 units, TDHCA, Provident, District 8, currently R-7.5(A)
  - Dallas West Villas, 250 units, TDHCA, Provident, District 5, currently CR
- One developer may seek re-zoning from MF-1 to a PD to build a mix of rental duplexes and townhomes and single-family ownership units
  - Aspen Homes, 250 units, TDHCA, Provident, District 3

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## Revenues

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- For each project funded through the DHFC, the City's Finance Corporation receives about \$85,000 through closing, plus an annual fee (\$10,000-\$15,000) for a minimum of 15 years, until the bonds are paid
  - Application fee, processing fee, issuer fee and annual fee
  - DHFC revenues have been used in City programs to provide
    - Home repair funding
    - Downpayment assistance
    - Infrastructure participation for new single-family development
  - DHFC funding has been proposed for a potential homebuyer network
- For each project funded through the TDHCA, the City receives \$1,500 for due diligence and \$500 per year for compliance monitoring

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## Recommended Policy

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- In addition to existing criteria, utilize the following priorities for 2003 project "final approvals" and new 2004 application "preliminary approvals"
  - Except for DHA redevelopment of public housing, do not approve a project proposed to be located within 1 mile of a similar project (senior/family) approved within the past 3 years
  - For new "proposed" projects within one mile of each other
    - Support a senior project over a family project
    - Support a project with appropriate zoning over a project requiring a change
    - Support a project induced by the DHFC over a project induced by the TDHCA
  - Compare proposed project locations to market demand shown for existing projects in the same submarket area

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## Next Steps

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- September 28 - DHFC considers DHFC 2004 Bond allocations from 2003 applications
  - October 4 - HNDC considers DHFC and TDHCA 2004 Bond allocations from 2003 applications
  - October 5 - DHFC considers new DHFC 2004 Bond applications
  - October 11 - Finance & Audit considers DHFC and TDHCA 2004 Bond allocations from 2003 applications
  - October 27 - City Council considers DHFC and TDHCA 2004 Bond allocations from 2003 applications
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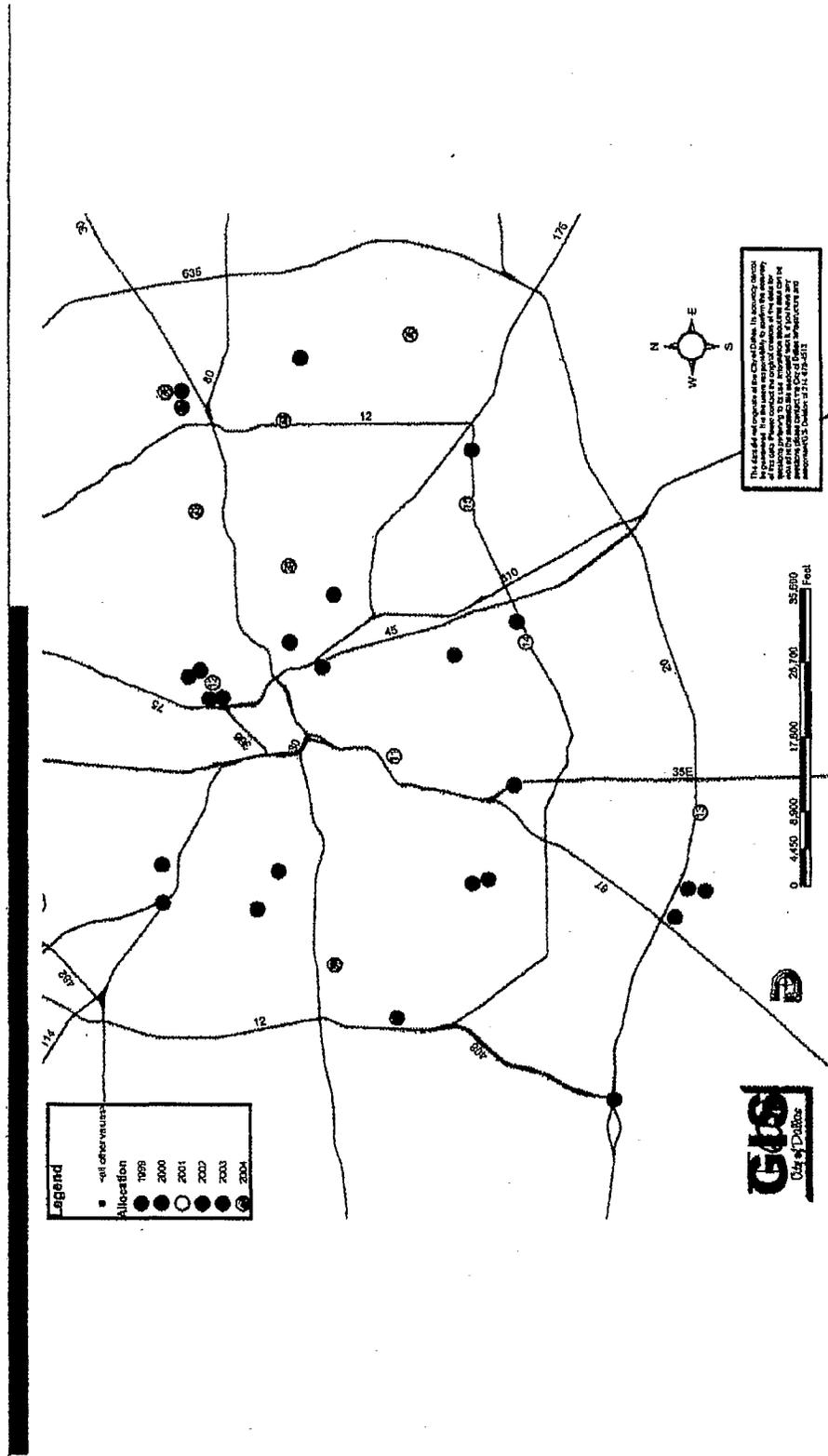
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## Appendices

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Dallas Tax-Exempt Bond and Low Income  
Housing Tax Credit New Construction Projects  
1999 -2004 Spreadsheet and Map

# Approved Tax Credit Projects 1999 To Date



# Approved Projects 1999 To Date

Num	Allocation	Sen/ Farm	Code	Project Name	Address	Agency	Units	District
1	1999	F		Oakwood Place Apartments	<sup>50C</sup> 4950 Wadsworth Dr <del>465</del>	TDHCA	206	5
2	1999	F		Roseland Townhomes	<sup>50E</sup> 2021 N Washington Ave <del>46E</del>	DHA	192	14
3	1999	S		Edgewood Manor	<sup>50D</sup> 1811 South Blvd	TDHCA	30	7
4	1999	F		Eban Village Apartments	<sup>46E</sup> 3023 Park Row Ave	TDHCA	220	7
5	1999	F		Treymore @ Eastfield	2631 John West Rd	TDHCA	220	7
6	2000	S		Primrose Oaks	2999 S Hampton Rd	TDHCA	250	3
7	2000	F		Rosemont @ Arlington Park	1700 Chattanooga Pl	TDHCA	100	2
8	2000	F		Monarch Townhomes	<sup>E Dis</sup> 2102 Kirby St <del>35E</del>	DHA	65	2
9	2000	F		Carroll Townhomes	<sup>35Y</sup> 1917 N Carroll Ave	DHA	71	2
10	2000	F		Lakewest Community Townhomes	<sup>50E</sup> 3100 Bickers St <del>44d</del>	DHA	152	3
11	2001	F		Ewing Villas	<sup>55E</sup> 810 S Ewing Ave	TDHCA	80	4
12	2001	F		Roseland Gardens	<sup>50 Dis</sup> 2000 N Washington Ave <del>46E</del>	DHA	101	14

# Approved Projects 1999 To Date (Continued)

Num	Allocation	Sen/ Fam	Code	Project Name	Address	Agency	Units	District
13	2001	F		Rosemont @ Timbercreek	801 Beckleymeade Ave <sup>44F</sup>	TDHCA	100	8
14	2001	F		Rosemont of Oak Hollow	3015 E Ledbetter Dr <sup>50C</sup> 66 E	TDHCA	220	5
15	2001	F		Rosemont @ Pemberton Hill	220 Stoneport Dr	TDHCA	236	5
16	2002	F		Roseland Estates	3400 Munger Ave	DHA	103	14
17	2002	S		Potter's House @ Primrose	2515 Perryton Dr	DHFC	280	3
18	2002	F		Prairie Commons	9600 Military Parkway	TDHCA	72	5
19	2002	F		Madison Point Apartments	3600 S RL Thornton Fwy <sup>51U</sup>	TDHCA	176	4
20	2002	F		Rosemont @ Bluffridge	8125 Clark Rd	TDHCA	256	3
21	2002	F		Hickory Trace	8629 Old Hickory Trail <sup>43L</sup>	TDHCA	180	8
22	2002	F		Rosemont @ Cedar Crest	3303 Southern Oaks Blvd <sup>50R</sup> 56	DHFC	256	7
23	2002	F		Sphinx @ Murdeaux	125 S Murdeaux Ln <sup>58T</sup>	TDHCA	240	4
24	2002	F		Providence on the Park	8501 Old Hickory Trail <sup>63L</sup>	DHFC	280	8

# Approved Projects 1999 To Date (Continued)

Num	Allocation	Sen/ Fam	Code	Project Name	Address	Agency	Units	District
25	2003	S		Pegasus	7200 N Stemmons Fwy <i>330</i>	TDHCA	156	2
26	2003	F		West Virginia Park <i>Belmont Park 2/18/03</i>	8004 West Virginia Dr <i>13B</i>	TDHCA	202	8
27	2003	F		Rosemont @ Ash Creek	2605 John West Rd	TDHCA	280	7
28	2003	F		Arbor Woods	3000 N Hampton Rd	TDHCA	151	3
29	2003	F		Southern Terrace Apartments	4701 Meadow St	DHFC	264	7
30	2003	F		Preakness Ranch	5480 Preakness Ln	DHFC	204	3
31	2004	F		Frazier Fellowship	4700 Hatcher St	DHA	76	7
32	2004	S		Primrose @ Highland	2100 Highland Rd	TDHCA	150	7
33	2004	F		Sphinx @ Delafield	8200 Hoyle Ave	TDHCA	204	4
34	2004	F		Churchill @ Pinnacle Park	1400 N Cockrell Hill Rd	TDHCA	200	3
35	2004	F		Masters Apartments	1180 N Masters Rd	DHFC	144	8
36	2004	F		Shiloh Village Apartments	8702 Shiloh Rd	TDHCA	168	7