

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

A Briefing To The

Housing Committee

January 7, 2008

Housing Department



PURPOSE: KEY FOCUS AREA: ECONOMIC DEVELOPMENT

- Advise the Committee that we will be bringing forward projects for consideration of approval for the pre-application waiver for 9% tax credits for a briefing to the Housing Committee on February 4, 2008 for a City Council vote on February 13, 2008 and provide additional information on project
 - Those applications that are granted a waiver will be briefed with a recommendation to support or not support their 9% tax credits to the Housing Committee on March 3, 2008 for a City Council vote on March 26, 2008
 - We expect to receive at least two applications and could receive as many as five applications

Texas Department of Housing and Community Affairs Filing Periods for 9% Tax Credit Applicants for 2008

- ❑ Pre-applications for 9% Tax Credit Applications are due on January 7, 2008
- ❑ Final applications for 9% Tax Credit Applications are due on February 29, 2008
- ❑ Resolution from the City of Dallas approving the application and the support of the 9% tax credits is due to TDHCA by April 1, 2008
- ❑ Final Decision by TDHCA at the end of July, 2008

Benefits of the Tax Credit Program

- ❑ The following are the benefits that can be received from the participation in the tax credit program:
 - Provides the best product opportunity to obtain an “A” quality product in an economically depressed area
 - Best rental housing alternative available for low income persons because it address the housing needs of families at or below 30%, 50% and 60% of the Area Median Family Income
 - Tax credit projects maintain higher occupancy rates than the market due to their high quality
 - The City requires a minimum of \$40,000 or \$200 per unit, whichever is greater, to be spent on providing social services at no charge to the tenants residing at the tax credit projects
 - Programs required 30 year compliance period to assist in maintaining the quality of the projects
 - Due to the high quality of institutional investors and large bank lenders and their underwriting, there is rarely a default

Texas Department of Housing and Community Affairs “Two Times Per Capita” State Average for Tax Credits and Tax Exempt Bonds

- Since January 1, 2004, pursuant to the state’s “two times the per capita” state average of tax credits and tax-exempt bonds, it is required that all applicants that are applying for either tax credits or tax-exempt bonds get an approval from the local subdivision which includes the City of Dallas
 - Without the City of Dallas’ support the project will not be approved by TDHCA
 - The City of Dallas is currently at 2.15 and if the per capita reaches 1.99 the approval will no longer be required

Additional Approval Requirement

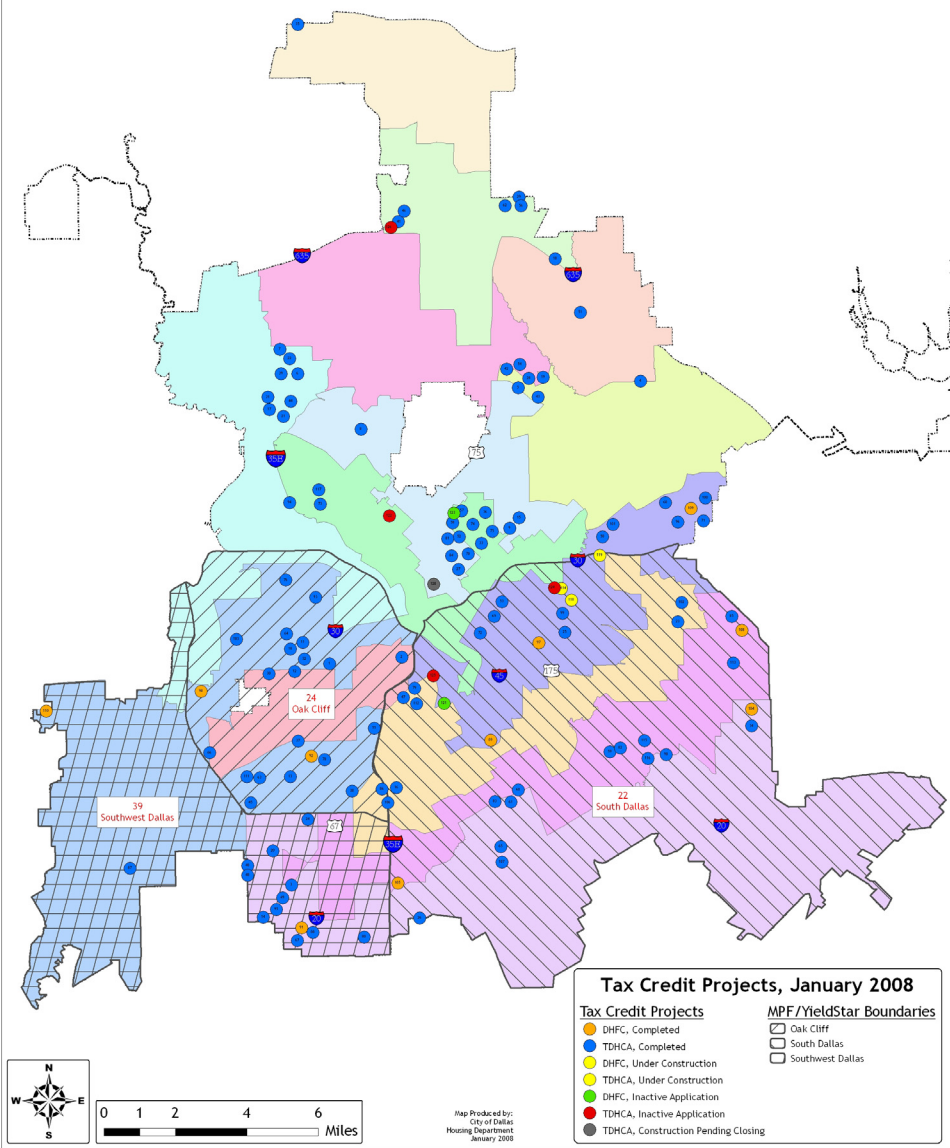
- City took action to reduce the number of applications received due to market conditions in 2005
- The pre-application waiver process requires the developer to complete a questionnaire containing 26 questions with attachments with a \$500 fee
 - The project is briefed to the Housing Committee and then receives a City Council vote to grant the waiver
 - If the waiver is granted, then the applicant will submit a copy of their 9% tax credit application with a \$1,500 fee or their tax-exempt bond application with the appropriate Dallas Housing Finance Corporation fees
 - The project will for a second time be briefed to the Housing Committee and then receive a City Council vote to approve the project, to support the approval of the tax credits and, if tax-exempt bonds are involved, to support the approval for the issuance of the tax-exempt bonds
- This restriction eliminated the over supply by 2007

Market Condition Comparison

- Understanding Dallas' tax-exempt bond and tax credit multifamily market in 2005 compared to the changes that have occurred in 2007
 - In 2005 there were fifteen projects (2,925 units) under construction and in 2007 there are only three projects (544 units) under construction
 - In 2005, an additional six projects (846 units) had not closed on their interim construction loans with one construction closing pending for City Walk at Akard in 2007; and
 - In 2005, ten projects (1,986 units) that had not reached stabilization and in 2007 only 6 projects (964 units) had not reached stabilization
 - The overall average gross occupancy level in 2005 city-wide was 92.2% and in 2007 it increased to 94.3% average gross occupancy city-wide
 - **The average occupancy for tax credit financed projects that have reached stabilization is currently 96%**
- Includes projects with bonds issued by the TDHCA, the Dallas Housing Finance Corporation (DHFC) and Housing Options, Inc. (Dallas Housing Authority)

Map of Tax Credit Financed Projects Since 1988

Dallas Low Income Housing Tax Credit Projects



Market Analysis

- The main submarkets with concentrations of tax credit financed projects are South Dallas, Southwest Dallas and Oak Cliff
 - The weighted average occupancy level for tax credit transactions in South Dallas is currently 94% versus the gross market average of 89.5%
 - The weighted average occupancy level for tax credit transactions in Southwest Dallas is 97% versus the gross market average of 91.7%
 - The weighted average occupancy level for tax credit transactions in Oak Cliff is 97% versus the gross market average of 93.7%

Market Analysis

- According to M/PF research in Third Quarter 2007
 - Robust leasing occurred as stricter underwriting regulations eased the general outflow of apartment renters to single family ownership
 - Property teardowns had become quite frequent in North Texas – apartment deliveries at 8,400 with removals estimated at 6,000 – the removals were commonly older apartment tear downs to be replaced by luxury apartments instead of affordable housing
 - North Texas' Financial Activities segment continues to log meaningful performance change during the past 12 months with 7,500 jobs added in Dallas

Current Multifamily Program Policy

- The following priorities for any new application “preliminary approvals”
 - #1 priority - Demolition/Reconstruction
 - #2 priority - rehabilitation projects
 - #3 priority - special needs projects such as seniors, AIDS or other disabilities, including housing for the homeless on an individual basis;or
 - #4 priority - Not accept any applications for tax credit financed projects for new construction of housing for low and moderate income households until October, 2006, after an annual review of the multifamily criteria has been conducted, unless special circumstances exist (i.e. part of Master Plan Development, Transit Development, etc.).
- **The applicant submits a package along with an initial waiver fee of \$500 in addition to all other required fees for the approval process.**
- Continue to use existing Multifamily Project Review Criteria approved on October 8, 2003, amended on December 8, 2004 and then amended again on January 11, 2006

City's Letter to TDHCA

- City's letter to TDHCA dated July 12, 2005 stated that the City would not be reviewing any tax credit or tax-exempt bond projects until the FBI work was completed and TDHCA is still operating under the assumption that Dallas is not open to approving applications for projects

Recommendation

- Dallas City Council approval to modify Priority #4 of Policy to read:
 - Priority #4 - new construction of housing for low and moderate income households with priority given to Master Plan Developments and Transit Developments
- Dallas City Council approval to send a letter to TDHCA advising them of the change and inform them that the City is willing to review applications on all tax credit transactions individually based upon supply and demand needs in the project's submarket

Next Steps

- City Council vote on January 23, 2008 for the two Council Actions

Addendum – Market Analysis

M/PF Research		Dallas Area
3rd Quarter 2007	3rd Quarter 2007	3rd Quarter 2007
	Existing Apartment Units	394,943
	Annual Apartment Completions	7,231
	Apartment Unit Absorption	2,650
	Average Gross Occupancy	94.3%
	Average Monthly Rent	\$745
3rd Quarter 2008 Forecast	3rd Quarter 2008 Forecast	3rd Quarter 2008 Forecast
	Annual Apartment Completions	7,380
	Apartment Unit Absorption	6,100
	Average Gross Occupancy	94.1%

Occupancy Comparison of Projects Approved Since 2001 – South Dallas

Projects per South Dallas Submarket	Address	Council District	# of Units	Occupancy of Project	Submarket Occupancy
1. Ewing Villas	801 S. Ewing Ave	CD 4	80 Units	91%	89.5%
2. Rosemont Pemberton Hill	220 Stoneport	CD 5	236 Units	83%	89.5%
3. Rosemont @ Oak Hollow	2965 E. Ledbetter	CD 5	220 Units	92%	89.5%
4, Prairie Commons	9600 Military Parkway	CD 5	72 Units	100%	89.5%
5. Rosemont @ Cedar Crest	3303 Southern Oaks Blvd.	CD 7	256 Units	90%	89.5%
6. Sphinx @ Murdeaux	7400 Loop 12	CD 8	240 Units	99%	89.5%
7. Rosemont @ Meadow Lane	4701 Meadow Lane	CD 7	264 Units	91%	89.5%
8. Frazier Fellowship	4700 – 4900 Hatcher	CD 7	76 Units	100%	89.5%
9. Sphinx @ Delafield	8200 Hoyle Ave.	CD 4	204 Units	100%	89.5%

Occupancy Comparison of Projects Approved Since 2001 – South Dallas

Projects per South Dallas Submarket	Address	Council District	# of Units	Occupancy of Project	Submarket Occupancy
10. Rosemont @ Mission Trails	330 E. Camp Wisdom	CD 5/ CD 8	250 Units	95%	89.5%
11. The Masters	1180 N. Masters	CD 8	144 Units	96%	89.5%
12. Champion Homes of Pecan Grove	3111 Simpson Stuart Road	CD 8	250 Units	96%	89.5%
13. Rosemont @ Sierra Vista	9901 Scyene Road	CD 5	250 Units	96%	89.5%
14. St. Augustine Seniors	N.E. Corner Bruton & St. Augustine	CD 5	150 Units	98%	89.5%
15. Pleasant Village	378 N. Jim Miller	CD 5	200 Units	99%	89.5%
16. Grove Village	7203 S. Loop 12	CD 5	232 Units	95%	89.5%

Occupancy Comparison of Projects Approved Since 2001 – In Lease-up – South Dallas

Projects per South Dallas Submarket	Address	Council District	# of Units	Occupancy of Project	Submarket Occupancy
1. Reese Townhomes	1201 S. Ewing	CD 4	80 Units	30%	89.5%

Occupancy Comparison of Projects Approved Since 2001 – Under Construction – South Dallas

Projects per South Dallas Submarket	Address	Council District	# of Units	Occupancy of Project	Submarket Occupancy
1. Wahoo Frazier	4700 – 4900 Hatcher	CD 7	118 Units		89.5%
2. Mill City Parc Frazier	4700 – 4900 Hatcher	CD 7	116 Units		89.5%

Occupancy Comparison of Projects Approved Since 2001 – Southwest Dallas

Projects per Southwest Dallas Submarket	Address	Council District	# of Units	Occupancy of Project	Submarket Occupancy
1. Rosemont@ Timbercreek	801 Beckleymeade	CD 8	100 Units	100%	91.7%
2. Rosemont @ Bluff Ridge	8125 Clark Rd	CD 3	256 Units	94%	91.7%
3. Hickory Trace	8629 Old Hickory Trail	CD 8	180 Units	100%	91.7%
4. Providence on the Park	8501 Old Hickory	CD 8	280 Units	98%	91.7%
5. West Virginia	7600 West Virginia Dr.	CD 8	202 Units	100%	91.7%
6. Artisan Ridge	5000 Preakness Lane	CD 3	264 Units	93%	91.7%
7. Homes of Mountain Creek	SW Corner of Skyline and S.E. 14 th St.	CD 3	200 Units	100%	91.7%

Occupancy Comparison of Projects Approved Since 2001 – Oak Cliff

Projects per Oak Cliff Submarket	Address	Council District	# of Units	Occupancy of Project	Submarket Occupancy
1. Madison Point	3600 S R L Thornton	CD 4	176 Units	99%	93.7%
2. Potters House @ Primrose	2515 Perryton	CD 3	280 Units	97%	93.7%
3. Rosemont @ Lakewest	3030 N. Hampton	CD 3	151 Units	97%	93.7%
4. Churchill @ Pinnacle Park	1400 N. Cockrell Hill	CD 3	200 Units	98%	93.7%
5. Providence @ Village Fair	5151 Village Fair Drive	CD 3	236 Units	96%	93.7%

Occupancy Comparison of Projects Approved Since 2001- In Lease-up - Oak Cliff

Projects per Oak Cliff Submarket	Address	Council District	# of Units	Occupancy of Project	Submarket Occupancy
1. Luxor Townhomes	NE Quadrant of Cockrell Hill @ Westmoreland	CD 1	100 Units	69%	93.7%

ID	Development	Project Address	Total Units	Year	Issuer
				Approved	
	DHFC Inactive				
121	Goodhaven Apartments	1810 High Hill	332	2006	DHFC
123	Central @ Carroll	4030 N. Central	400	2006	DHFC
	TDHCA Inactive/Application Pending				
77	CityParc at Runyon Springs	NW Corner of Camp Wisdom and I	200	Inactive	TDHCA
126	Carolina Chase Apartments	5351 Peterson Lane	116	Declined	TDHCA
125	SDC Figi Senior Apartments	201 Fran Way	130	App/Pending	TDHCA
124	Frazier Berean Senior Apartments	3326 Mingo Street	150	App/Pending	TDHCA
122	Phoenix Place Apartments	2601 Arroyo	119	Declined	TDHCA
Approved Tax Credit Projects Completed					
1	Chateau Crete Apartments	1916 Stevens Forest Drive	93	1988	TDHCA
2	Prince William	504 N Marsalis Avenue	12	1989	TDHCA
3	Surrey Row	7272 Marvin D Love Freeway	436	1989	TDHCA
4	Autumn Creek	10765 E Northwest Highway	82	1990	TDHCA
5	Cross Creek Apartments	6033 E Northwest Highway	264	1990	TDHCA
6	Chapel Creek	3410 Hidalgo Drive	192	1990	TDHCA
7	Manor On The Park	3122 Park Lane	108	1990	TDHCA
8	March Street Apartments	4500 March Avenue	60	1990	TDHCA
9	Royal Palm	5520 Gaston Avenue	23	1991	TDHCA
10	French Colony Apartments	1235 Hartsdale	94	1991	TDHCA
11	Mill Run	2732 W Colorado Boulevard	112	1991	TDHCA
12	Telstar Apartments	510 Westmount Avenue	100	1991	TDHCA
13	Parkwoods (aka Briargate)	3035 W Pentagon Parkway	826	1991	TDHCA
14	Cedar Ridge Apartments	7909 Marvin D Love Freeway	192	1991	TDHCA
15	Bora Bora Apartments	5909 Gaston Avenue	40	1991	TDHCA
16	Cliff Park Village Apartments	220 E Overton Road	360	1991	TDHCA
17	Lakeridge Apartments	2510 Community Drive	66	1991	TDHCA
18	Northcreek Condominiums	9387 Pinyon Tree Lane	158	1991	TDHCA
19	Crestridge Apartments	6417 Ridgecrest Road	110	1991	TDHCA
20	Redbird Rails Apartments	3636 W Redbird Lane	252	1992	TDHCA
21	Starlight Apartments	9709 Starlight Road	71	1992	TDHCA
22	Cornerstone Chase Apts	3120 Valley Meadow Drive	165	1992	TDHCA
23	Diamond Creek Apartments	3402 S Buckner Boulevard	272	1992	TDHCA
24	Woodhollow Apartments	4424 Woodhollow Drive	236	1992	TDHCA
25	Southdale Apartments	3727 Dixon Avenue	188	1992	TDHCA
26	Solomon's Court (New Legends	1025 West Wheatland Road	144	1992	TDHCA
27	Bryan's Place Apartments	3219 San Jacinto Street	22	1993	TDHCA
28	Del Mar Apartments	6466 Ridgecrest Road	260	1993	TDHCA
29	Amber Dawn Apartments	8542 Spring Valley Road	157	1993	TDHCA
30	Indian Ridge Apartments	3706 W 8th Street	161	1993	TDHCA
31	Primavera Apartments	2610 Community Drive #127	137	1993	TDHCA
32	Sierra Vista Apartments	2775 N Avon Road	224	1993	TDHCA
33	Trinity Works Community Living Center	4515 Live Oak	61	1993	TDHCA

ID	Development	Project Address	Total Units	Year	Issuer
34	Forest Grove	10203 Budtime Lane	85	1993	TDHCA
35	The Fountains Of Rosemeade	3440 Rosemeade Parkway	382	1993	TDHCA
36	Prairie Hill Apartments	2016 Prairie Avenue	18	1993	TDHCA
37	Oakridge Apartments	2803 W Illinois Avenue	46	1993	TDHCA
38	Springridge Apartments	3604 Legendary Lane	196	1993	TDHCA
39	The Trails Apartments	3109 Chapel Creek	302	1993	TDHCA
40	Woodglen Park Apartments	6800 S Cockrell Hill Road	112	1993	TDHCA
41	Peterson Place Apartments	5423 Peterson Lane	168	1994	TDHCA
42	Melody Place Apartments	6852 Shadybrook Lane	192	1994	TDHCA
43	Willow Pond	6003 Abrams Road	386	1994	TDHCA
44	Pines Point Apartments	3102 Oradell Lane	321	1994	TDHCA
45	St Charles Townhomes	3969 Altoona Drive	252	1994	TDHCA
46	Dallas North Apartments	5557 Alpha Road	206	1994	TDHCA
47	Hillcrest House	834 Marsalis	64	1994	TDHCA
48	Woodglen Park II	6800 S Cockrell Hill Road	120	1994	TDHCA
49	Park @ Cliff Creek	7310 Marvin D Love Freeway	280	1995	TDHCA
50	Enchanted Hills	7802 Villa Cliff Drive	229	1995	TDHCA
51	Brookview Apartment Homes	8303 Skillman	160	1995	TDHCA
52	Treymore @ Cityplace Apts	2101 N Haskell	180	1995	TDHCA
53	Eban Village Apartments	2710 Jeffries	110	1995	TDHCA
54	Melody Village Apartments	5951 Melody Lane	262	1995	TDHCA
55	Parks @ Wynnwood	1910 Argentia Drive	172	1995	TDHCA
56	Waterford @ Goldmark	13695 Goldmark Drive	220	1995	TDHCA
57	Birchwood Apartments	4829 Coles Manor Place	276	1996	TDHCA
58	Treymore North Apartments	4144 Office Parkway	70	1996	TDHCA
59	Las Lomas Apartments	6161 Trail Glen Drive	230	1996	TDHCA
60	Timber Park Apartments	2714 N Buckner Boulevard	158	1996	TDHCA
61	Villas of Sorrento	3130 Stag Road	245	1996	TDHCA
62	Tuscany @ Goldmark	13731 Goldmark	184	1997	TDHCA
63	Columbia Luxar Townhomes	3120 Guadalupe Avenue	120	1997	TDHCA
64	Villas @ Remond	3050 Remond Drive	131	1998	TDHCA
65	Homes of Persimmon	3100 Persimmons	180	1998	TDHCA
66	Residence At The Oaks	2740 Duncanville Road	212	1998	TDHCA
67	Greens of Hickory Trails	8613 Old Hickory Trail	250	1998	TDHCA
68	Oakwood Place	4950 Wadsworth Drive	206	1999	TDHCA
69	Eban Village Apartments	3023 Park Row	220	1999	TDHCA
70	Roseland Townhomes	2021 N Washington	192	1999	DHA
71	Treymore @ LaPrada	2631 John West Road	196	1999	TDHCA
72	Edgewood Manor	1811/1821 South Boulevard	30	1999	TDHCA
73	Rosemont @ Arlington	1700 Chattanooga Place	100	2000	TDHCA
74	Monarch Townhomes	2102 Kirby Street	65	2000	DHA
75	Roseland Townhomes	1917 N Carroll Avenue	71	2000	DHA
76	Lakewest Community Townhomes	3100 Bickers Street	152	2000	DHA
78	Primrose Oaks	2999 S Hampton	250	2000	TDHCA
79	Ewing Villas	810 S Ewing Avenue	80	2001	TDHCA
80	Rosemont @ Timbercreek	801 Beckleymeade Avenue	100	2001	TDHCA
81	Roseland Gardens	2000 N Washington Avenue	101	2001	DHA
82	Rosemont @ Pemberton Hill	220 Stoneport Drive	236	2001	TDHCA

ID	Development	Project Address	Total Units	Year	Issuer
83	Rosemont @ Oak Hollow	2965 E Ledbetter	220	2001	TDHCA
84	Roseland Estates	3400 Munger Avenue	103	2002	DHA
85	Prairie Commons	9600 Military Parkway	72	2002	TDHCA
86	Madison Point Apartments	3600 S RL Thornton Freeway	176	2002	TDHCA
87	Rosemont @ Bluff Ridge	8125 Clark Road	256	2002	TDHCA
88	Hickory Trace	8629 Old Hickory Trail	180	2002	TDHCA
89	Rosemont @ Cedar Crest	3303 Southern Oaks Boulevard	256	2002	DHFC
90	Sphinx @ Murdeaux	7400 Loop 12	240	2002	TDHCA
91	Providence On The Park	8501 Old Hickory Trail	280	2002	DHFC
92	Potters House @ Primrose	2515 Perryton	280	2002	DHFC
93	Arbor Woods/kna Rosemont at Lakewest	3030 N Hampton	151	2003	TDHCA
94	The Pegasus	7200 N Stemmons Freeway	156	2003	TDHCA
95	West Virginia Apartments	7600 West Virginia Drive	202	2003	TDHCA
96	Rosemont @ Ashcreek	2500 John West Road	280	2003	TDHCA
97	Rosemont @ Meadow Lane	4701 Meadow Street	264	2003	DHFC
98	Artisan Ridge	5000 Preakness Lane	264	2003	DHFC
99	Frazier Fellowship	4700-4900 Hatcher Street	76	2004	DHA
100	Shiloh Village Apartments	8702 Shiloh Road	168	2004	TDHCA
101	Primrose @ Highland Meadows	2100 Highland Avenue	150	2004	TDHCA
102	Sphinx @ Delafield	8200 Hoyle Avenue	204	2004	TDHCA
103	Churchill @ Pinnacle Park	1400 N Cockrell Hill Road	200	2004	TDHCA
104	The Masters Apartments	1180 N Masters Drive	144	2004	DHFC
105	Rosemont @ Mission Trails (fna Laureland)	330 E Camp Wisdom	250	2004	DHFC
106	Providence @ Village Fair	5151 Village Fair Drive - 75224	236	2004	TDHCA
107	Champion Townhomes of Pecan Grove	3111 Simpson Stuart Rd	250	2004	TDHCA
108	Rosemont @ Sierra Vista (fna Scyene)	9901 Scyene Rd	250	2004	DHFC
109	Primrose at Park Villas (fna Cherrycrest Villas)	2565 John West Rd	232	2004	DHFC
110	The Homes of Mountain Creek	SW corner of Skyline and S.E. 14th	200	2005	DHFC
111	Luxor Townhomes*	NE Quadrant of Cockrell Hill & We	100	2005	TDHCA
112	Reese Townhomes*	1201 S. Ewing	80	2005	TDHCA
113	St. Augustine Seniors	NE Corner Bruton & St. Au	150	2005	TDHCA
115	Pleasant Village - Rehab*	378 North Jim Miller	200	2004	TDHCA
116	Grove Village - Rehab*	7203 S. Loop 12	232	2004	TDHCA
117	Providence at Mockingbird	1895 W Mockingbird Lane	252	2005	TDHCA
			20,950		
Approved Tax Credits Under Construction					
114	Wahoo Frazier - Replacement *	4700 - 4900 Hatcher	118	2005	DHA
118	Mill City Parc Frazier*	4700 - 4900 Hatcher	116	2005	DHA
119	Fairway Crossing	7229 Ferguson Road	310	2005	TDHCA
			<u>544</u>		
TDHCA Construction Pending Closing					
120	City Walk at Akard	511 N. Akard	194	2006	TDHCA
TOTAL UNITS			21,688		