

# Memorandum




DATE February 4, 2011

TO Housing Committee Members: Steve Salazar, Chair, Carolyn R. Davis, Vice-Chair, Tennell Atkins, Dwaine Caraway, Angela Hunt, Ann Margolin, Pauline Medrano

SUBJECT 2011 Low Income Housing Tax Credit Program

On Monday, February 7, 2011, you will be briefed on the 2011 Low Income Housing Tax Credit Program. A copy of the briefing is attached.

Please let me know if you have any questions.



A.C. Gonzalez  
Assistant City Manager

c: The Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Deborah Watkins, City Secretary  
Tom P. Perkins, Jr., City Attorney  
Craig Kinton, City Auditor  
C. Victor Lander, Administrative Judge, Municipal Court  
Ryan S. Evans, First Assistant City Manager  
Forest Turner, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Jerry Killingsworth, Housing/Community Services Director  
Helena Stevens-Thompson, Assistant to the City Manager

# 2011 Low Income Housing Tax Credit Program

A Briefing to the  
Housing Committee

Housing/Community Services Department  
February 7, 2011



# Key Focus Area: Economic Vibrancy

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## Purpose

- Update Housing Committee on 2010 Low Income Housing Tax Credit (LIHTC) awards
- Provide information regarding the Texas Department of Housing & Community Affairs LIHTC Program for 2011
- Provide information on 2011 applications

# Texas Department of Housing & Community Affairs (TDHCA) Low Income Housing Tax Credit (LIHTC) Program

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- The Housing Tax Credit (HTC) Program was created by the Tax Reform Act of 1986. Section 42 of the Internal Revenue Code of 1986, as amended (the Code), is the federal law that governs the HTC program.
- For 2010, the estimated tax credit availability was approximately \$43 million.
- For 2011, the estimated tax credit availability is approximately \$52 million.
- The Texas Department of Housing and Community Affairs (TDHCA) is the only entity in the state of Texas with the authority to allocate tax credits under this program.

# LIHTC Program

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- The tax credit program is one of the primary means of directing private capital toward the creation of affordable rental housing.
- The tax credits provide investors of affordable rental housing with a benefit that is used to offset a portion of their federal tax liability in exchange for the production of affordable rental housing.
- The value associated with the tax credits allows residences in HTC developments to be leased to qualified families at below market rate rents.

# LIHTC Program Description

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- To qualify for tax credits, the proposed development must involve new construction or substantial rehabilitation of existing residential units.
- The amount of tax credits that may be applied for depends on:
  - the amount and type of additional funding sources
  - the total amount of qualified development costs to be incurred
  - the percentage of rent restricted units set aside in the development for eligible tenants
  - location in communities designated as Difficult Development Areas and Qualified Census Tracts
- Each qualified tax credit development must include a minimum percentage of rent restricted units to be set aside for eligible tenants.

# LIHTC Program Description (continued)

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- TDHCA develops an annual plan for the selection of eligible developments; this plan is known as the Qualified Allocation Plan and Rules (QAP)
- The criteria utilized to realize this goal includes a point based scoring system and an evaluation of other non-point based factors that may include each application's:
  - cost and financial feasibility
  - geographic location within the state as compared to other developments applying for tax credits
  - impact on the concentration of existing tax credit developments and other affordable housing developments within specific markets and sub-markets
  - site conditions
  - development team experience
  - consistency with the goal of awarding credits to as many different applicants as possible

# LIHTC Program Description (continued)

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- Those applications which are deemed to have a high priority in their regional area based on the review criteria, are subject to an underwriting and portfolio management review which evaluates the development's projected construction costs and financial feasibility, and the applicant's past performance.
- Applications which pass the underwriting process and are determined to have the highest priority will be presented to TDHCA's Board of Directors for consideration by July 31 each year.
- It is the goal of TDHCA to encourage diversity through broad geographic allocation of tax credits within the state, and to promote maximum utilization of the available tax credit amount.
- In 2011, TDHCA will provide approximately \$52M in tax credits and approximately \$9.4M for the North Texas Region including Dallas, Denton, Collin, Tarrant and Grayson Counties.



# City of Dallas Participation in LIHTC Program

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- In January 2004, TDHCA established a rule regarding the number of tax credit units per capita such that the Governing Body of the appropriate municipality had to approve all LIHTC projects when the number of tax credit units approved exceed two times the state average.
- The Governing Body was also asked to approve proposals if the project was located less than a mile from another project funded within the prior 3 years and served the same type of household.
- In response, the City of Dallas adopted a policy and procedure for processing LIHTC projects in 2006. All LIHTC applicants submit:
  - a pre-application to the City of Dallas for preliminary approvals
  - a full application to the City of Dallas for full endorsement and/or City participation which was due to TDHCA by April 1

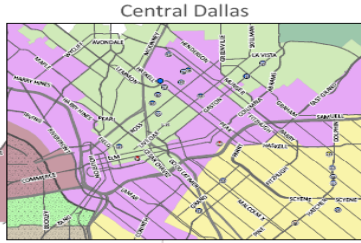
# Previous Tax Credit Projects in the City of Dallas

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- From 1990 to 2009, there have been a total of 115 projects awarded tax credits with a total of 18,934 affordable housing units
- Of those awards:
  - Four projects from 2008 are nearing completion with 640 units
  - Four projects from 2009 with 385 units will be under construction within the next 6 months
- For 2010, two projects with 314 units will be under construction within the next year

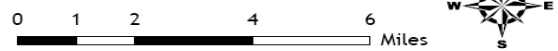
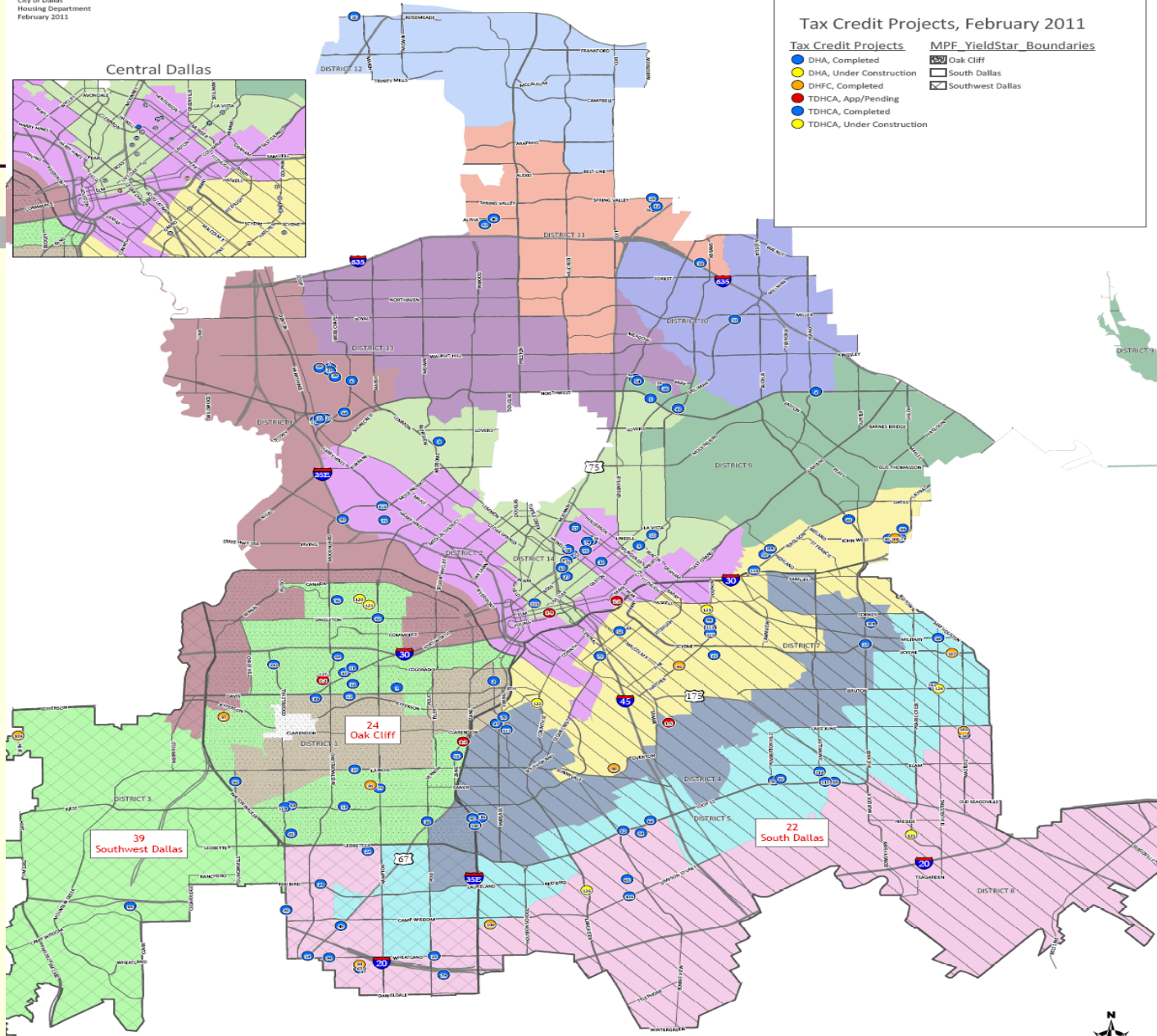
# Dallas Low Income Housing Tax Credit Projects

Map Produced by:  
City of Dallas  
Housing Department  
February 2011



**Tax Credit Projects, February 2011**

<b>Tax Credit Projects</b>	<b>MPF YieldStar Boundaries</b>
● DHA, Completed	▨ Oak Cliff
● DHA, Under Construction	▨ South Dallas
● DHFC, Completed	▨ Southwest Dallas
● TDHCA, App/Pending	
● TDHCA, Completed	
● TDHCA, Under Construction	



# LIHTC Program Changes

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- Over the past 2 years, the population of Dallas has increased resulting in a decrease in the number of tax credit units per capita to less than twice the state average
- As a result, the Governing Body no longer needs to approve all LIHTC projects; however, the TDHCA application encourages community support and financial support from the Governing Body
- In 2010, the City Council approved a policy change for LIHTC applicants to submit one application to the City of Dallas when local support and funding are being requested and when the per capita rule is not in effect
- Note that TDHCA still will not fund projects located within one mile of each other in a single funding year (making Governing Body support more important)

# 2010 LIHTC Results for Dallas

Project Name	Address	Council District	# of Units	Unit Types	Status
Atmos Lofts	300 S.Harwood/1900 Jackson	14	107	Families	<b>Received Tax Credits</b>
Hillside West Seniors	32 Pinnacle Park	3	130	Senior	# 1 on waiting list; <b>Received commitment for 2011</b>
Greenhaus at East Side	4611 East Side Ave.	2	24	SRO-PSH	# 5 on waiting list; Did not Receive Tax Credits
Champion Homes at Copperridge	5542 Maple Ave.	2	107	Families	# 7 on waiting list; Did not Receive Tax Credits
Evergreen Residences	3800 Willow	2	100	SRO-PSH	# 10 on waiting list; <b>Received a commitment for 2011</b>
Kleberg Commons	12700 Kleberg Rd.	8	200	Senior	# 13 on waiting list; Did not Receive Tax Credits
Wynnewood Village (At Risk Category)	1500 S.Zang	3	140	Senior	# 1 on "At Risk" waiting list; <b>Received a commitment for 2011</b>
Prince of Wales	4515 Live Oak	2	63	SRO-PSH	Application Terminated
Sphinx at Lawnview	4120 Lawnview	7	130	Senior	Application Terminated
Jackson Square	1701 Jackson St.	14	100	Families	Withdrew application
Akard Plaza	1011 S. Akard	2	203	SRO-PSH	Withdrew application
Terrace at Founders Square	1400 Englewood (at Tilden)	3	172	Senior	Withdrew application
Hatcher Square	4600 Scyene	7	126	Families	Withdrew application
Evergreen Residences	2012 Jackson St.	14	100	SRO-PSH	Withdrew application 12

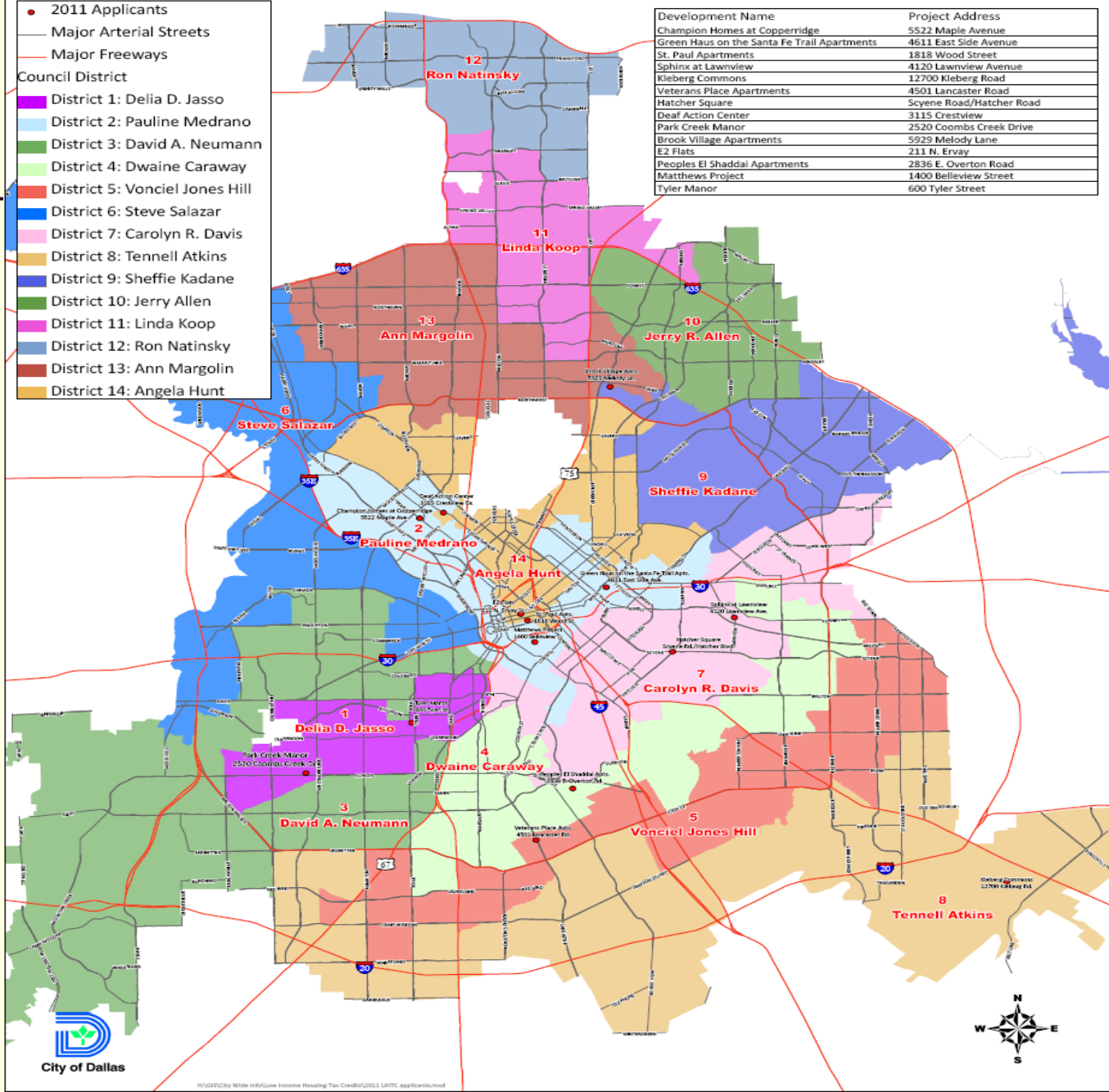
# LIHTC Applications Submitted to City of Dallas for 2011

<b>Project Name</b>	<b>Address</b>	<b>Council District</b>	<b># of Units</b>	<b>Unit Types</b>	<b>Developer/ Owner</b>
Park Creek Manor	2520 Coombs Creek St.	1	322	Families-Rehab	Bob Sherman
Tyler Street Manor	922 W. 9 <sup>th</sup> St.	1	180	Seniors-Rehab	Brandon Bolin
1400 Bellview	1401 Browder St.	2	164	Families-New	Matthews CCH Partners
Champion Homes at Copperridge	5542 Maple Ave.	2	200	Families-New	Saleem Jafar
Greenhaus at East Side	4611 East Side Ave.	2	24	Families-New	Shared Housing Center
Peoples El Shaddai	2836 E. Overton Rd.	4	100	Families-Rehab	Jeff Huggett
Veteran's Place	4623 S. Lancaster Rd	5	147	Families-New	Yigal Lelah
Hatcher Square	4600 Scyene Rd.	7	136	Families-New	Frazier HS, LP
Sphinx at Lawnview	4120 Lawnview	7	120	Senior-New	Jay Oji
Kleberg Commons	12700 Kleberg Rd.	8	200	Senior-New	Dale Lancaster
Brook Village Apts.	6852 Shady Brook Ln.	13	262	Families-Rehab	Deepak Sulakhe
St. Paul Apartments	1801 Young St	14	149	Families-New	Larry Hamilton
E2 Flats	211 N. Ervay	14	187	Families-Reuse	Bill Newsome
Deaf Action Center	3115 Crestview Dr.	14	36	Families-Rehab	Deaf Action Center

# Dallas 2011 Low Income Housing Tax Credit Applicants

- 2011 Applicants
  - Major Arterial Streets
  - Major Freeways
- Council District**
- District 1: Delia D. Jasso
  - District 2: Pauline Medrano
  - District 3: David A. Neumann
  - District 4: Dwaine Caraway
  - District 5: Vonciel Jones Hill
  - District 6: Steve Salazar
  - District 7: Carolyn R. Davis
  - District 8: Tennell Atkins
  - District 9: Sheffie Kadane
  - District 10: Jerry Allen
  - District 11: Linda Koop
  - District 12: Ron Natinsky
  - District 13: Ann Margolin
  - District 14: Angela Hunt

Development Name	Project Address
Champion Homes at Copperridge	5522 Maple Avenue
Green Haus on the Santa Fe Trail Apartments	4611 East Side Avenue
St. Paul Apartments	1818 Wood Street
Sphinx at Lawnview	4120 Lawnview Avenue
Kleberg Commons	12700 Kleberg Road
Veterans Place Apartments	4501 Lancaster Road
Hatcher Square	Scyene Road/Hatcher Road
Deaf Action Center	3115 Crestview
Park Creek Manor	2520 Coombs Creek Drive
Brook Village Apartments	5929 Melody Lane
E2 Flats	211 N. Ervay
Peoples El Shaddai Apartments	2836 E. Overton Road
Matthews Project	1400 Bellevue Street
Tyler Manor	600 Tyler Street





# LIHTC Timeline

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- LIHTC applicants would submit:
  - an application to the City of Dallas no later than 2 weeks following the State of Texas Deadline- January 21, 2011
  - A \$1,000 application fee
  - Request for funding, zoning, and endorsement
- City staff will brief City Council on requests and provide recommendations
- Endorsements and waivers will be presented at the last City Council meeting –February 23, 2011
- City Council funding and zoning approvals will continue through June provided the project has been approved in February



# Next Steps

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- ❑ February 22, 2010 - Briefing to the Housing Committee on the LIHTC projects submitted to the City of Dallas for support
- ❑ February 23, 2010 - City Council approval for the support of the LIHTC applications
- ❑ March thru June 2010 – City funding or zoning approvals for specific applications