

Memorandum



CITY OF DALLAS

DATE April 22, 2022

TO Honorable Mayor and Members of the City Council

SUBJECT **Dallas Housing Finance Corporation – Background & Purpose**

The purpose of this memorandum is to provide you with information on the background and purpose of the City of Dallas Housing Finance Corporation (DHFC). The creation of the DHFC was authorized by City Council on April 25, 1984, by Resolution No. 84-1458, pursuant to Chapter 394 of the Texas Local Government Code - the Texas Housing Finance Corporation Act (Act). The DHFC was created to issue obligations to finance all or part of the cost of development of different types of rental housing and for the purpose of providing funds to finance mortgage loans made to low- and moderate-income residents (LMI Residents) to purchase residences. The current Amended and Restated Certificate of Formation and Bylaws (Amended Bylaws) of the DHFC were approved by City Council on September 26, 2018 by Resolution No. 18-1409. The DHFC is governed by a 15-member Board of Directors (DHFC Board) appointed by City Council.

Pursuant to the Act and the Amended Bylaws, the DHFC is authorized to 1) issue bonds for the development of residential housing reserved for LMI Residents as defined by the Act, 2) issue bonds to defray the costs of home mortgages for LMI Residents, and 3) purchase, own, lease, hold title or otherwise acquire an interest in residential housing directly or indirectly through a subsidiary of the DHFC. Otherwise stated, the DHFC issues tax-exempt private activity bonds (PABs) allocated by the Texas Bond Review Board to fund the development of affordable housing. The bonds are not an obligation of the City and are paid back solely through the revenues of the residential development. The PABs are typically combined with 4% non-competitive Low-Income Housing Tax Credit (LIHTC) equity to fund the balance of the project. Because of the requirements of the LIHTC program, the DHFC-supported developments serve residents earning at or below 60% of the Area Median Income (AMI). The developments generally include roughly 10% to 20% market rate units depending on the economics of the transaction.

The DHFC also partners with affordable housing developers to serve as the General Partner of a Limited Partnership entity that owns an affordable housing development in order to secure a property tax exemption as authorized by the Act. This property tax exemption further defrays the cost in the provision of affordable housing in the City. In certain situations, the DHFC may serve as the landowner to provide a property tax exemption to a conventionally financed (non-LIHTC) development that provides affordable housing for LMI Residents pursuant to the Act. Any acquisition of the DHFC must be approved by City Council per the Amended Bylaws.

In return for issuing PABs and partnering in the development of affordable housing, the DHFC receives a percentage of the total bond issuance, a split of the developer fee, a

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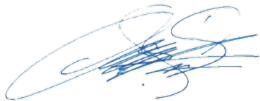
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split of the annual cash flow, and a split of the eventual sales proceeds. The DHFC also has a first right of refusal to purchase the development as the General Partner in the transaction.

The DHFC may also issue bonds to defray the costs of home mortgages for LMI Families; however, historically low interest rates have hindered this program's economic viability. A new home mortgage program managed by the Texas Department of Housing & Community Affairs (TDHCA) is under consideration by the DHFC Board and may be approved in the coming months. This program is reserved for first-time homebuyers and LMI families, and will provide below market mortgages and down payment assistance.

The DHFC portfolio and current project pipeline is attached.

Should you have any questions or require any additional information, please contact David Noguera, Director, Department of Housing & Neighborhood Revitalization at David.Noguera@DallasCityHall.com or 214-670-3619.



Majed A. Al-Ghafry, P.E.
Assistant City Manager

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
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Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Robert Perez, Interim Assistant City Manager
Carl Simpson, Interim Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors

Phase	Project	Council District	Developer	Property Address	Development Cost	Bond Issuance	30%AMI	50% AMI	60%AMI	80% AMI	Market	Total # of Units
Completed	Gurley Place	7	Jubilee/DHFC	4538 Gurley Avenue	\$ 2,000,000				24			24
	Providence Mockingbird (Rehab)	2	Hines 68, LP, DHFC, Centerline	1853 W. Mockingbird Lane	\$ 14,360,000				251			251
	Sterlingshire Apartments	5	NRP Group	9415 Bruton Road	\$ 37,000,000				264			264
	Park at Cliff Creek (Rehab)	8	National Equity, Cesar Chavez Fdn	7300 Marvin D. Love Freeway	\$ 22,500,000		0		280			280
	Palladium Redbird	8	Palladium	7202 South Westmoreland Road	\$ 60,806,749	\$ 30,000,000	14	0	196	0	90	300
	Martha's Vineyard Place	2	Deaf Action Center	3310 Cedar Plaza Lane	\$ 13,700,000				100			100
					\$ 150,366,749	30000000	14	24	1091	0	90	1219
Construction	2400 Bryan	14	Matthews Southwest	2400 Bryan Street	\$ 77,746,799		11	45	55	0	106	217
	Estates at Shiloh (Senior)	9	Generation Housing	2649 Centerville Road	\$ 40,781,976	\$ 25,000,000	4	4	231	0	25	264
	Ridgecrest Terrace Apartments (Rehab)	3	Steele Properties	526 S. Walton Walker Blvd.	\$ 57,361,222	\$ 40,000,000	25	0	225	0	0	250
	The Ridge at Lancaster	8	LDG Development	5995 Crouch Road	\$ 59,560,307	\$ 50,000,000	0	0	270	0	30	300
	Gateway Oak Cliff	1	St. Margaret, Inc.	400 S. Beckley	\$ 47,131,511	\$ 33,000,000	0	0	184	0	46	230
	Midpark Towers (Rehab)	11	Elizabeth Property Group	8550 Midpark Road	\$ 29,255,004	\$ 29,000,000	0	0	202	0	0	202
	Meadowbrook Apartments	8	LDG Development	15251 Seagoville Road	\$ 42,195,523		0	0	162	0	18	180
	Westmoreland Station	3	Generation Housing	2700 S. Westmoreland Road	\$ 51,561,000	\$ 30,000,000	0	0	223	0	25	248
					\$ 405,593,342	\$ 207,000,000	40	49	1552	0	250	1891
Prelim Inducement/ Council Approved	Ash Creek	7	DevCo	2605 John West Rd	\$ 54,892,942	\$ 35,000,000	0	280	0	0	0	280
	Terrace at Southern Oaks	4	LDG Development	3300 Southern Oaks Blvd.	\$ 60,538,517		0	0	151	0	149	300
	HighPoint at Wynnewood	1	MVAH Partners	1911 Pratt Street	\$ 46,845,856	\$ 30,000,000	35	185	0	0	0	220
					\$ 162,277,315	\$ 65,000,000	35	465	151	0	149	800
				Total	\$ 718,237,406	\$ 302,000,000	89	538	2,794	-	489	3,910