


2004
Private Activity Bond and Tax Credit
Projects

A Briefing To The
Dallas City Council

Housing Department
October 20, 2004



City Council Committee Briefings

- This briefing was presented to the Housing and Neighborhood Development Committee (HNDC) on October 4, 2004; the Committee voted to:
 - Approve the review guidelines developed by the Housing Department
 - Send all (then ten) proposed projects to the full City Council for consideration without a Committee recommendation
- The Finance and Audit Committee was briefed on October 11, 2004

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EXHIBIT
BP-0037

Purpose

Consideration of support for eight tax-exempt mortgage revenue bond and low income housing tax credit projects

➤ Dallas Housing Finance Corporation (DHFC) projects require City Council approval of the bonds and tax credits

➤ Texas Department of Housing and Community Affairs (TDHCA) projects require City Council approval of the tax credits only

■ DHFC projects

- Cherrycrest Villas
- Rosemont at Scyene
- Rosemont at Laureland
- Simpson Villas

■ TDHCA projects


- Pecan Grove Town Homes
- Providence at Village Fair
- Memorial Park Town Homes
- Dallas West Villas

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State Rule for City Approvals

- City Council approval of the tax credits is required under TDHCA rules because Dallas has more than twice the state average of units per capita supported by Housing Tax Credits or private activity bonds
- In 2004, the 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 and serves the same type of household as the new development, unless the City Council approves an exception

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October 8, 2003 City Criteria

- On October 8, 2003, City Council approved project specific criteria for DHFC projects by Resolution 03-2754 and applied the criteria to TDHCA projects on February 25, 2004 by Resolution 04-0764
- The project will be evaluated on the following factors with no single factor being determinative or controlling:
 1. Whether the City has already provided, or committed to provide, direct financial assistance to the project.
 2. Whether the project involves the elimination of slum or blight already existing on the subject property.
 3. Whether the site has appropriate zoning for the project.
 4. The proximity and capabilities of nearby schools, and comments of school district officials regarding the project.

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October 8, 2003 City Criteria (Continued)

5. The comments of owners and residents of properties located in the surrounding area.
6. Whether there is already an over-concentration of multifamily development in the surrounding area.
7. Whether the applicant has agreed to incorporate appropriate safety and security features into the project.
8. Whether the applicant has responded to-and/or plans to address the lawful concerns, if any, raised by residents or owners of properties in the surrounding area.
9. Whether the proposed project will be of high quality.
10. Whether the applicant has taken into consideration, in the project design, the standard or specialized needs of expected tenants.
11. Whether the proposed project will have an adverse effect on the surrounding area.
12. Whether the project is compatible with existing or anticipated single-family developments in the surrounding area.


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October 8, 2003 City Criteria (Continued)

13. Whether the project is compatible with existing or anticipated uses allowed under current or anticipated zoning in the surrounding area.
14. Whether the estimated parking demand and trip generation for the project will impose an undue burden on public facilities.
15. Whether the current and probable future capacities of adjacent and nearby streets on the City's thoroughfare plan are adequate to address any anticipated changes caused by the project.
16. Whether there is existing or proposed adequate public transit available.
17. Whether the location, density and height of the buildings, structures, and equipment will be detrimental or injurious to future development of the surrounding area or otherwise impose an undue burden on public facilities.
18. Whether trees will be planted or protected and other landscaping provided to create, preserve, and enhance the natural beauty and vegetative space in the vicinity of the project.
19. Whether managers of the project will reside on site.
20. Whether there exists any other factor relevant to the issue of whether the project is in the best interest of the City of Dallas.

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September 20, 2004 Guidelines

- On September 20, 2004, the Housing Department proposed guidelines to be used when considering multiple projects
 - Consider the characteristics of the location's rental sub-market
 - Don't approve projects within one mile of a similar project (senior/family) approved within the past three years
 - When two new projects are proposed within one mile of each other, give priority to:
 - Senior housing projects
 - Projects that do not require zoning change
 - DHFC bond projects over TDHCA bond projects
 - (During the October 13 City Council discussion, it was suggested that strong neighborhood support should be a consideration relative to the one-mile rule)
 - Additional guidelines proposed on October 4, 2004
 - Support a rehabilitation or replacement project over a new project
 - Financial underwriting

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Recommendation

- The Housing Department recommends approval of one new multifamily tax-exempt bond and tax credit project
 - Cherrycrest Villas – 200 senior housing units to be located at 2563 John West Road, City Council District 7, with bonds issued by the DHFC
- Four projects do not meet all guidelines, but could be considered based on rental sub-market conditions
 - Providence at Village Fair – District 4, TDHCA bonds
 - Rosemont at Scyene – District 5, DHFC bonds
 - Dallas West Villas – District 5, TDHCA bonds, but not if Rosemont at Scyene is approved
 - Homes of Pecan Grove – District 8, TDHCA bonds, but not if Simpson Villas is approved

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Recommendation (continued)

- Four of the twelve projects originally discussed with the HNDC on September 20, 2004 are no longer under consideration in this round of applications
 - Providence at Lancaster, District 8, was withdrawn by the applicant
 - Aspen Homes, District 3, was withdrawn by the applicant
 - Westmoreland Townhomes, District 3, was withdrawn by the applicant
 - The developer of Rosemont at Daniieldale, District 8, did not pay its DHFC processing fee by the due date

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Proposed 2005 Projects

- Two new applications have been submitted to the TDHCA and five have been induced by the DHFC for projects to be considered by City Council in 2005
 - TDHCA
 - Fred Landers Senior Community, 6401-6501 block of Boulder Road
 - Providence @ UT Southwestern, 1893 W Mockingbird Lane
 - DHFC
 - Sphinx at Chenault, 3309 Dillido Road
 - Mountain Creek Apartments, E 14th Street and Skyline Road
 - CityParc at Runyon Springs, Camp Wisdom and Lancaster Roads
 - Sandalwood Senior Apartments, S RL Thornton Fwy and Overton Road
 - Lake June Apartments, Lake June and St. Augustine Roads


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Project Analysis

- Slides 14 through 21 provide an analysis of each project under the “review guidelines”
- Slides 25- 40 provide financial information for each individual project

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Analysis – Cherrycrest Villas

- Cherrycrest Villas
 - 2563 John West Road, City Council District 7
 - 248 two-bedroom senior housing units, DHFC bonds
 - No senior tax credit project approved within one mile of this location within three years
 - Appropriate zoning – MF-2(A)
 - Recommend City Council approval

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Analysis – Rosemont at Scyene

■ Rosemont at Scyene

- 9901 Scyene Road, City Council District 5
- 250 family housing units, DHFC bonds
- Within one mile of Prairie Commons tax credit project approved in 2002; however
 - Prairie Commons is a small project of 72 units which reached 100% occupancy faster than anticipated
- Appropriate zoning – MF-2(A)
- Could be considered for approval based on sub-market conditions

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Analysis – Dallas West Villas

■ Dallas West Villas

- 9415 Bruton Road, Council District 5
- 250 units for families, TDHCA bonds
- Located just over one mile from proposed Rosemont at Scyene project and approved 144-unit Masters Apartments project now under construction
- Requires a zoning change from CR
- Could be considered based on sub-market conditions if Rosemont at Scyene project is not approved and contingent upon zoning approval

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Analysis – Simpson Villas

■ Simpson Villas

- 3200 Simpson Stuart, Council District 8
- 250 family units, DHFC bonds
- Located within one mile of proposed TDHCA Homes of Pecan Grove project
- Has appropriate zoning – MF-2(A)
- Could be considered with City approved development plan for all 41 acres at the project site

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Analysis – Homes of Pecan Grove

■ Homes of Pecan Grove

- 3111 Simpson Stuart, Council District 8
- 250 family units, TDHCA bonds
- Located within one mile of proposed DHFC Simpson Villas project
- Rezoned on September 22, 2004
- Could be considered for approval based on sub-market conditions if Simpson Villas is **not** approved

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


Analysis - Rosemont at Laureland

■ Rosemont at Laureland

- 330 E. Camp Wisdom Road, Council District 5 and 8
- 250 family units, DHFC bonds
- Located within one mile of proposed TDHCA Memorial Park Townhomes project
- Appropriate zoning – MF-1(A) and TH-3(A)
- Could be considered with City approved development plan for all 46 acres at the project site

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


Analysis – Memorial Park Townhomes

■ Memorial Park Townhomes

- 515 E. Camp Wisdom, Council District 5
- 250 family units, TDHCA bonds
- Located within one mile of proposed DHFC Rosemont at Laureland project
- Rezoning from R-7.5(A) deferred to October 27, 2004
- Could be considered if Rosemont at Laureland is not approved but only with City approved development plan for all 70 acres at the project site

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Analysis – Providence at Village Fair

- Providence at Village Fair
 - 3600 S RL Thornton Freeway, District 4
 - 236 family units, TDHCA bonds
 - Located within one mile of 176-unit Madison Point project approved in 2002 and now leasing
 - Property rezoned on August 25, 2004
 - Could be considered for approval based on sub-market conditions

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Next Steps

- October 27, 2004
 - City Council consideration of additional guidelines for consideration of approval of tax-exempt bond and tax credit financed multifamily projects
 - City Council consideration of resolutions of support or denial for DHFC and TDHCA bond/tax credit projects

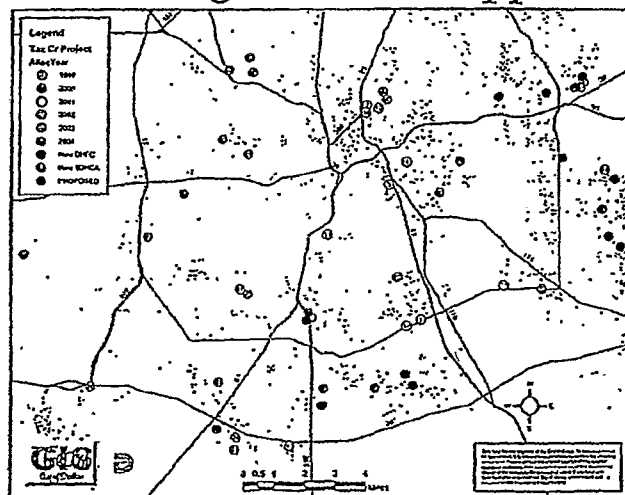
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Tax Credit Projects: 1999 – 2004 2004 Pending and 2005 Applications



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Cherrycrest Villas

- 2563 John West Road, Council District 7
- 248 unit new construction multifamily project for seniors
 - 248 two bedrooms
 - 124 units for households at or below 50% area median family income (AMFI)
 - 124 units for households at or below 60% AMFI
 - Rents set at tax credit rents based on income level
- Applicant – TX John West Housing, L. P., Texas Limited Partnership
 - General Partner, TX John West Development, L.L.C. (with Brian Potashnik as the initial 100% owner) and the Tax Credit Investor as the limited partner
 - The expected structure is a 0.01% for-profit general partner and a 99.99% limited partner that will be the buyer of the tax credits

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Cherrycrest Villas (Continued)

Costs

- Hard construction costs – 14,950,087
 - 52.39 per square foot
 - 60,283 per unit
- Total development costs – 21,497,294
 - 75.33 per square foot
 - 86,683 per unit

Financing

- First Lien Mortgage 13,780,000
- GIC Income 118,108
- Tax Credits 7,183,961
- Deferred Developer Fee 415,225
- Total Project Financing 21,497,294

Revised due to change in number of units

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Providence at Village Fair

- 3600 S RL Thornton Freeway, Council District 4
- 236 unit new construction multifamily project
 - 50 one bedrooms, 104 two bedrooms, 82 two bedrooms
 - 118 units for households at or below 50% AMFI
 - 118 units for households at or below 60% AMFI
 - Rents set at tax credit rents based on income level
- Applicant – Chicory Court Madison III, L.P., Texas Limited Partnership
 - General Partner, Chicory GP I, LLC (with Leon J. Backes as the initial 100% owner) and the Tax Credit Investor as the limited partner
 - The expected structure is a 0.01% for-profit general partner and a 99.99% limited partner that will be the buyer of the tax credits

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Providence at Village Fair (Continued)

Costs

- Hard construction costs - 17,274,903
 - 57.40 per square foot
 - 73,199 per unit
- Total development costs – 24,070,767
 - 79.99 per square foot
 - 101,995 per unit

Financing

- Tax-exempt Bonds 14,100,000
- Tax Credits 8,694,303
- GIC Income 98,000
- Deferred Developer Fee 1,178,464
- Total Financing 24,070,767

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Rosemont at Scyene

- 9901 Scyene Rd, Council District 5
- 250 unit new construction multifamily project
 - 125 two bedrooms, 125 three bedrooms
 - 125 units for households at or below 50% AMFI
 - 125 units for households at or below 60% AMFI
 - Rents set at tax credit rents based on income level
- Applicant -- TX Scyene Housing, L. P., Texas Limited Partnership
 - General Partner, TX Scyene Development, L.L.C. (with Brian Potashnik as the initial 100% owner) and the Tax Credit Investor as the limited partner
 - The expected structure is a 0.01% for-profit general partner and a 99.99% limited partner that will be the buyer of the tax credits

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Rosemont at Scyene (Continued)

Cost	Financing	
■ Hard construction costs - 15,657,650	■ Tax-exempt Bonds	15,000,000
□ 58.55 per square foot	■ Taxable Bonds	600,000
□ 62,630 per unit	■ GIC Income	141,991
■ Total development costs - 23,268,454	■ Tax Credits	6,891,267
□ 87.01 per square foot	■ Deferred Developer Fee	635,195
□ 93,074 per unit	■ Total Financing	23,268,454

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Dallas West Villas

- 9415 Bruton Road, Council District 5
- 250 unit new construction multifamily project
 - 50 one bedrooms, 114 two bedrooms, 86 two bedrooms
 - 125 units for households at or below 50% AMFI
 - 125 units for households at or below 60% AMFI
 - Rents set at tax credit rents based on income level
- Applicant – Chicory Court Riverside II, L.P., Texas Limited Partnership
 - General Partner, Chicory GP - Riverside II, LLC (with Leon J. Backes as the initial 100% owner to be transferred to Saleem Jafar at the closing of the bonds) and the Tax Credit Investor as the limited partner
 - The expected structure is a 0.01% for-profit general partner and a 99.99% limited partner that will be the buyer of the tax credits

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Dallas West Villas (Continued)

Costs

- Hard construction costs - 13,860,277
 - 56.90 per square foot
 - 55,441 per unit
- Total development costs - 22,405,126
 - 91.98 per square foot
 - 89,620 per unit

Financing

- Tax-exempt Bonds 13,900,000
- Tax Credits 6,045,329
- GIC Income 196,782
- Deferred Developer Fee 2,263,014
- Total Financing 22,405,126

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Simpson Villas

- 3200 Simpson Stuart, Council District 8
- 250 unit new construction multifamily project
 - 22 one bedrooms, 114 two bedrooms, 114 two bedrooms
 - 125 units for households at or below 50% AMFI
 - 125 units for households at or below 60% AMFI
 - Rents set at tax credit rents based on income level
- Applicant – Texas Simpson Housing, L. P., Texas Limited Partnership
 - General Partner, TX Simpson Development, L.L.C. (with Brian Potashnik as the initial 100% owner) and the Tax Credit Investor as the limited partner
 - The expected structure is a 0.01% for-profit general partner and a 99.99% limited partner that will be the buyer of the tax credits

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Simpson Villas (Continued)

Costs	Financing	
■ Hard construction costs - 15,348,230	■ Tax-exempt Bonds	15,000,000
□ 58.77 per square foot	■ Taxable Tail	500,000
□ 61,393 per unit	■ Soft-debt	500,000
■ Total development costs - 22,769,682	■ GIC Income	130,137
□ 81.19 per square foot	■ Tax Credits	5,399,372
□ 91,079 per unit	■ Deferred Developer Fee	1,240,173
	■ Total Financing	22,769,682

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Homes of Pecan Grove

- 3111 Simpson Stuart, Council District 8
- 250 unit new construction multifamily project
 - 22 one bedrooms, 114 two bedrooms, 114 two bedrooms
 - 125 units for households at or below 50% AMFI
 - 125 units for households at or below 60% AMFI
 - Rents set at tax credit rents based on income level
- Applicant – Chicory Court Simpson Stuart, L. P., Texas Limited Partnership
 - General Partner, Chicory GP - Simpson Stuart, Inc. (with Leon J. Backes as the initial 100% owner to be transferred to Saleem Jafar at the closing of the bonds) and the Tax Credit Investor as the limited partner
 - The expected structure is a 0.01% for-profit general partner and a 99.99% limited partner that will be the buyer of the tax credits

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Homes of Pecan Grove (Continued)

Costs

- Hard construction costs – 13,860,277
 - 56.90 per square foot
 - 55,441 per unit
- Total development costs - 22,361,403
 - 91.80 per square foot
 - 89,446 per unit

Financing

- Tax-exempt Bonds 13,900,000
- Tax Credits 6,017,898
- GIC Income 205,124
- Deferred Developer Fee 2,238,381
- Total Financing \$22,361,404

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Rosemont at Laureland

- 330 E. Camp Wisdom Road, Council District 5 and 8
- 250 unit new construction multifamily project
 - 34 one bedroom, 108 two bedroom, 108 three bedroom
 - 125 units for households at or below 50% AMFI
 - 125 units for households at or below 60% AMFI
 - Rents set at tax credit rents based on income level
- Applicant – TX CW Housing, L. P., Texas Limited Partnership
 - General Partner, TX CW Development, L.L.C. (with Brian Potashnik as the initial 100% owner) and the Tax Credit Investor as the limited partner
 - The expected structure is a 0.01% for-profit general partner and a 99.99% limited partner that will be the buyer of the tax credits

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Rosemont at Laureland (Continued)

Costs

- Hard construction costs - 15,119,870
 - 58.66 per square foot
 - 60,479 per unit
- Total development costs - 22,481,872
 - 87.22 per square foot
 - 89,927 per unit

Financing

- Tax-exempt Bonds 15,000,000
- Taxable Bonds 1,500,000
- GIC Income 142,090
- Tax Credits 4,534,910
- Deferred Developer Fee 1,304,872
- Total Financing 22,481,872

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Memorial Park Townhomes

- 515 E. Camp Wisdom, Council District 5
- 250 unit new construction multifamily project
 - 48 one bedrooms, 114 two bedrooms, 88 two bedrooms
 - 125 units for households at or below 50% AMFI
 - 125 units for households at or below 60% AMFI
 - Rents set at tax credit rents based on income level
- Applicant – Chicory Court I, L.P., Texas Limited Partnership
 - General Partner, Chicory GPI, LLC (with Leon J. Backes as the initial 100% owner to be transferred to Saleem Jafar at the closing of the bonds) and the Tax Credit Investor as the limited partner
 - The expected structure is a 0.01% for-profit general partner and a 99.99% limited partner that will be the buyer of the tax credits

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Memorial Park Townhomes (Continued)

Costs

- Hard construction costs - 14,773,940
 - 54.00 per square foot
 - 59,096 per unit
- Total development costs - 22,562,011
 - 82.46 per square foot
 - 90,248 per unit

Financing

- Tax-exempt Bonds 15,000,000
- Tax Credits 4,979,958
- GIC Income 173,607
- Deferred Developer Fee 2,408,446
- Total Financing 22,562,011

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Memorial Park Townhomes

- 515 E. Camp Wisdom, Council District 5
- 250 unit new construction multifamily project
 - 48 one bedrooms, 114 two bedrooms, 88 two bedrooms
 - 125 units for households at or below 50% AMFI
 - 125 units for households at or below 60% AMFI
 - Rents set at tax credit rents based on income level
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