

MEMORANDUM

TO: Donna Barron, City Manager

FROM: Claire Powell, Assistant City Manager

DATE: August 8, 2021

SUBJECT: **Approval of a Resolution Declaring a Need for the Denton Housing Authority to Exercise Its Powers in the City of Lewisville and Authorizing a Housing Cooperation Agreement Between the City and the Denton Housing Authority to Preserve Affordable Housing at the Oak Tree Village Apartments Located at 1595 South Old Orchard Lane; and Authorization for the City Manager to Execute Said Agreement.**

BACKGROUND

AMTEX, an affordable housing developer, desires to partner with the Denton Housing Authority (DHA) to renovate the Oak Tree Village Apartments, located at 1595 S. Old Orchard Lane, (the “Property”) and preserve rent affordability. For the DHA to perform work within Lewisville municipal boundaries, a resolution must be adopted by the City finding a need for the DHA to exercise its powers in the City of Lewisville. The resolution also approves a corresponding Housing Cooperation Agreement, which gives the DHA the authority to work within Lewisville and establish a partnership with AMTEX to renovate and preserve affordability at the Property. It also requires certain improvements to the property, specific levels of affordability, and compliance with the multifamily operational requirements.

ANALYSIS:

The Property was originally constructed in 1985 and has 272 units. The Property was developed using federal low income housing tax credits, which required a land use restrictive agreement, locking in the following affordability rates for tenants:

55 units at 50% AMI
109 units at 60% AMI

The land use restrictive agreement, however, terminates shortly, which means that the property owner will no longer be required to provide affordable rates. The current property owner has also listed the property for sale. AMTEX and DHA desire to create a partnership that would allow AMTEX to invest \$2,992,000 in the renovation of the property and maintain the following affordable rent levels:

January 1, 2022 to September 30, 2023

55 units @ 50% of AMI
108 units @ 60% of AMI
109 units @ Mkt Rate

September 30, 2023 to December 31, 2024

55 units @ 50% of AMI
48 units @ 60% of AMI
33 units @ 80% of AMI
136 units @ Mkt Rate

January 1, 2025 to December 31, 2037

55 units @ 50% of AMI
81 units @ 80% of AMI
136 units @ Mkt Rate

January 1, 2038 to Future

136 units @ 80% of AMI
136 units @ Mkt Rate

The following tables explain what the above AMI percentages mean in terms of current values in the Dallas-Fort Worth Metroplex.

These rent levels can be maintained because AMTEX and DHA intend to use a Public Facility Corporation model as set forth in §392.059 of the Texas Local Government Code, which will take the property off the tax rolls. State law allows for this type of model to be used to create affordable housing with no approval by any taxing entity.

The City of Lewisville carries no liability or obligations under this ILA nor is it a partner in the Public Facility Corporation's corporate structure. By signing this ILA, the City only authorizes the DHA to work on a project within Lewisville's corporate boundaries, which provides a mechanism by which the Oak Tree Village Apartments can be renovated, and the affordable housing stock can be preserved.

Finally, it should be noted that the proposed ILA will require that any partnership agreement between the DHA and AMTEX will require that AMTEX comply with the multifamily operational requirements that are used by the Lewisville Police Department in their nuisance crime abatement program. Those requirements are set forth in Exhibit B, attached to the ILA.

RECOMMENDATION:

That the City Council approve the resolution and authorize the City Manager, or her designee, to execute the Housing Cooperation Agreement as set forth in the caption above.