



Preserving Affordable Housing

Proposed Partnership with Denton
Housing Authority for
Redevelopment of

Oak Tree Village Apartments at
1595 S Old Orchard

August 2, 2021 CC Workshop

City Council Goals

At the February 2019 City Council Retreat, Council directed staff to explore ways to maintain the city's existing affordable multifamily housing stock and promote reinvestment in those properties.

In September 2020, City Council adopted the Mayor's Commission's Recommendations, which directed City Staff to complete a Housing Study to focus the city's affordable housing initiatives on the appropriate price point for Lewisville residents (AMI levels). Housing Study is budgeted for FY 21-22.

In April 2021, City Council approved the update to the City's 2025 plan. Under the New Neighborhood Choices and Thriving Neighborhoods Big Moves states the following:





Oak Tree Village Apartment



Year Constructed: 1985

Number of Units: 272 units

One bedroom: 116

Two bedrooms: 120

Three bedrooms: 36

Walking Distance to Hedrick Middle School

Nuisance Crime Stats: Low

Low Income Housing Tax Credits – Land Use Restrictive Agreement (LURA) for 6 more years. Current Affordability Rates:

55 units at 50% AMI

109 units at 60% AMI

Property is for sale, which means at the end of tax credits (2027) property could convert to all market rates. AMTEX proposes establishing Public Facilities Corporation to maintain affordability.



AMCAL
AMTEX
AMWA

"AMTEX has earned my recommendation as a development partner because of the company's high integrity, flexibility, creativity, excellent market knowledge and ability to deliver to our communities much-needed affordable housing options that exceed expectations."

Brian Dennison, SVP, Fort Worth Housing Solutions



The Holston, Fort Worth (2021)

- Founded in 1978
- Offices in Agoura Hills, CA and Farmers Branch, TX
- 101 employees
- 2,238 units completed and owned in Texas and 1,570 more units under-construction or in pipeline
- Vertically integrated Real Estate Company: Development, General Contracting, and Asset Management
- Excellent Financial Partners: Greystone, JP Morgan, Bank of America, Citibank, U.S. Bank, John Hancock, and more.
- Local Housing Authority Partners: Fort Worth Housing Solutions, Harris County Housing Authority, Houston Housing Authority, Travis County HFC
- #6 on nation's Top 50 Affordable Housing Developers of 2020 according to Affordable Housing Finance Magazine

City Inspection

(April 21, 2021)

HVAC: All the HVAC units are 10 - 20 years old and are not energy efficient. Looks like no PM has been ever done on these units. You can see debris and leave accumulation in the outside condensing units. All the units run on R22 freon, which will be obsolete in coming years and currently R22 freon is very costly to purchase. We recommend all these HVAC units to be replaced.

ADA: Minimum ADA compliance throughout the property.

Exterior Envelope: As you can see in the photo documentation, most of the exterior coverings, fence, front entries, retaining walls and painting needs to be repaired and restored.

Interior of the apartments: Redo the ceiling paint with fine popcorn paint, walls need refinish and paint. All doors and closets need some repairs painted. Flooring needs to be looked into for possible replacement. Kitchen countertops need to be looked at for upgrading.

Plumbing Fixtures: Most of the plumbing fixtures, including sinks and toilets, are showing signs of ageing.

Roofing: Roof is almost 14 years old and shingle roofs normally do not last long that many years.



Proposed Partnership

- Creation of a Public Facility Corporation takes property off the tax rolls, which enables developer to maintain affordable units.
- Housing Authority must own property and lease to the developer. Could leverage Lewisville's Housing Finance Corporation (HFC), but HFC lacks necessary staffing and expertise.
- ILA with Denton Housing Authority (DHA) allows them to operate within Lewisville's boundaries on this limited project.
- AMTEX minimum investment in property is \$2,992,000 to address property maintenance and ADA issues raised by Lewisville – interior and exterior. 182 units renovated with new countertops, flooring, cabinet fronts, light fixtures, and windows. Remaining units were previously renovated.
- AMTEX will comply with City's multifamily nuisance abatement standards, which will be set forth in the City's ILA with DHA and in the agreements between DHA and AMTEX
- Maintain Proposed Affordable Rent Levels

- Project of the Year – Preservation Awards, Los Angeles Conservancy, 2016.
- Best Multi-Family – Los Angeles Business Journal, 2016.
- Preservation Design Award – California Preservation Foundation, 2016.
- Best Senior and Best Transformative – Southern California Assn. of Non-Profit Housing, 2016.
- Best Historic Rehabilitations (finalist) – Readers' Choice – Affordable Housing Finance, 2016.
- Best Renovated, Restored or Adaptive Re-Use Residential Project – Gold Nugget Awards – California Building Industry Association/Pacific Coast Builders Conference, 2016.



**Hollenbeck
Terrace**
(before and after)

Proposed Affordability

Proposed Affordability:

- Current to 2027:
 - 55 units set aside for households with income at or below 50% of Area Medium Income
 - 109 units set aside for households with income at or below 60% of Area Medium Income
- 2027 to 2037:
 - 55 units set aside for households with income at or below 50% of Area Medium Income
 - 82 units set aside for households with income at or below 80% of Area Medium Income
- 2037 to Future:
 - 50% of the units set aside for households with income at or below 80% of Area Medium Income

- Income:

AMI	Household of 1	Household of 2	Household of 3	Household of 4
50%	\$31,150	\$35,600	\$40,050	\$44,500
60%	\$38,400	\$43,860	\$49,320	\$54,780
80%	\$49,850	\$57,000	\$64,100	\$71,200

- Rent

AMI	1 Bd Rm	2 Bd Rm	3 Rd Bm
50%	\$870	\$979	\$1,164
60%	\$1,028	\$1,233	\$1,425
80%	\$1,138	\$1,261	\$1,755

A group of people in a meeting, with a woman in the foreground looking up and smiling. In the background, other people are visible, some holding up colorful sticky notes. The scene is brightly lit, suggesting a positive and collaborative environment.

Denton Housing Authority

Denton Housing Authority

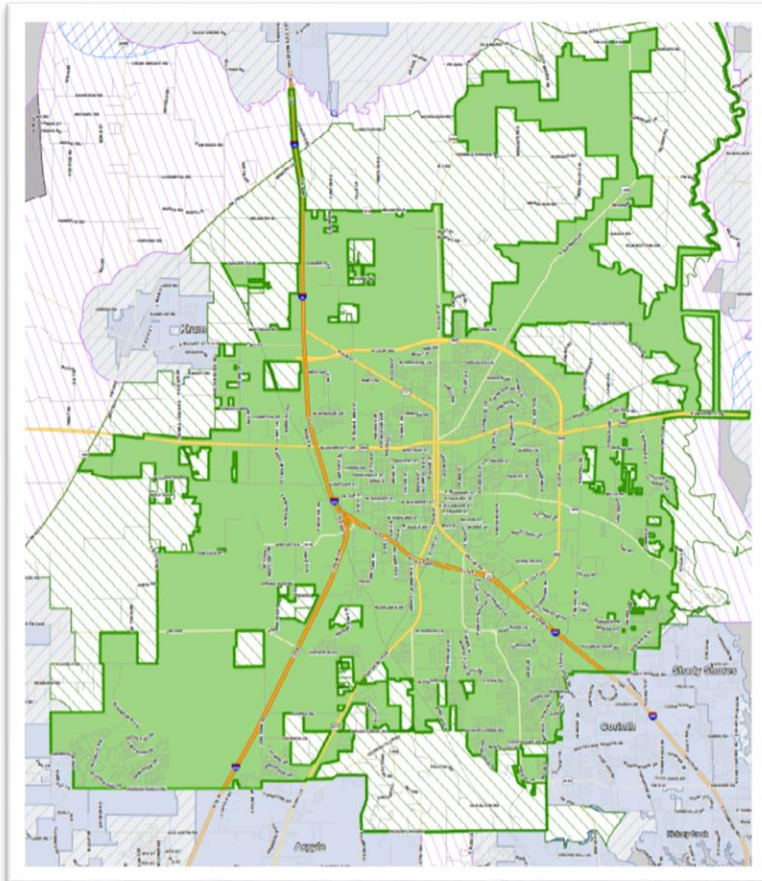


Creation: The Denton Housing Authority (DHA) was established in 1970 by the Denton City Council to address the housing needs of low-income families in the city of Denton.

Current Operations: DHA administers the Housing Choice Voucher program and either owns or is in the ownership structure of Heritage Oaks Apartments, Pecan Place, Renaissance Courts Townhouses, The Veranda, and the Enclave. DHA also has three other developments in the pipeline.

Mission: To promote and create suitable and affordable housing for our clients to enhance their quality of life and develop innovative programs that will encourage economic independence.

DHA's Service Area



The current service area for DHA is the boundaries of the City of Denton. The Housing Choice Voucher Program is an exception.

Section 392.059 of the Texas Local Government Code states that housing authorities may cooperate with a municipality in providing housing for persons of low income within the boundaries of the cooperating political subdivision.

Chapter 791 of Texas Local Government Code allows cities and housing authorities to enter in an interlocal agreement in order to increase the efficiency and effectiveness of local governments.

Proposed Ownership Structure of the Oak Tree Village Apartments



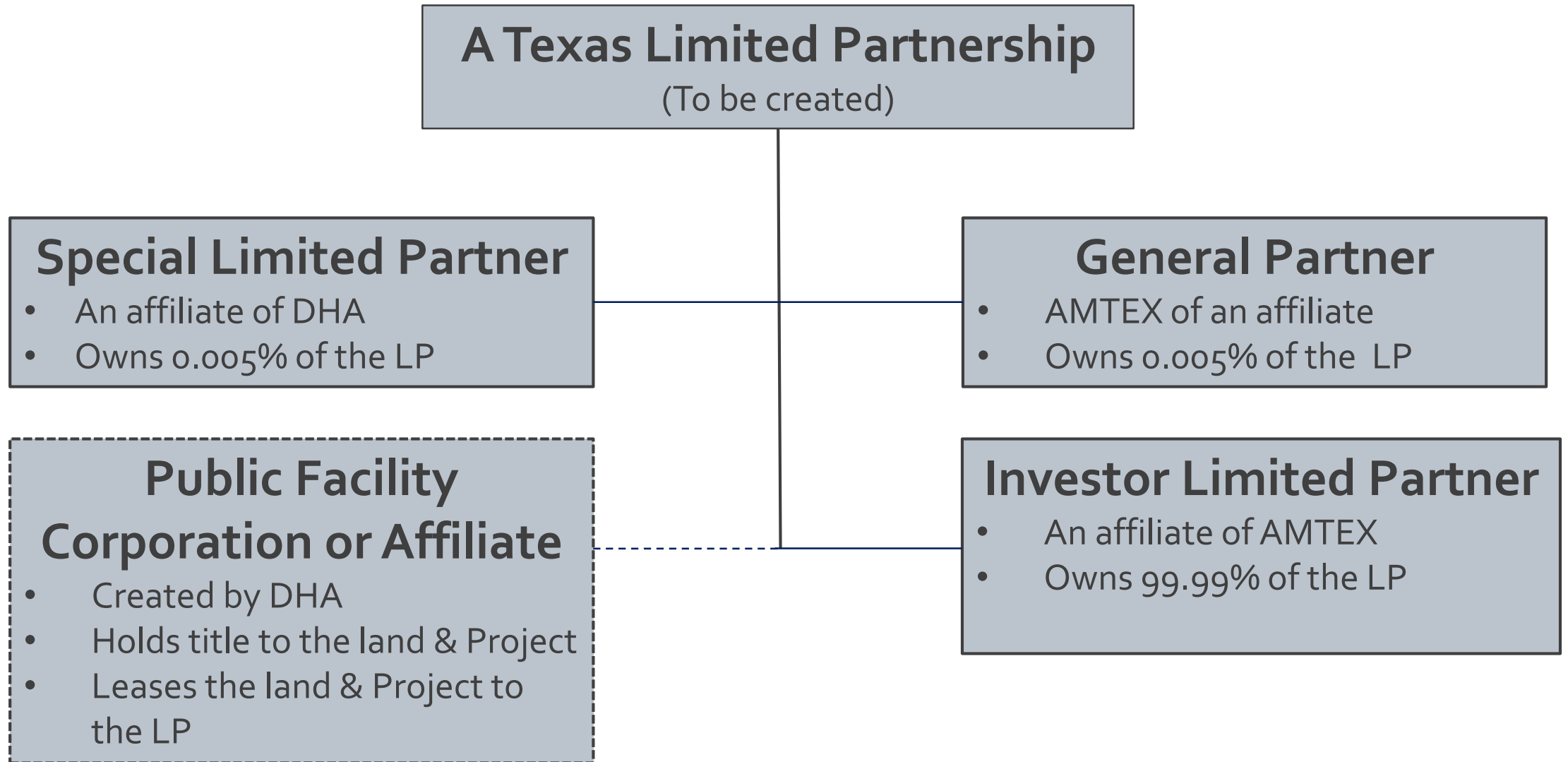
DHA and AMTEX, the developer, will create a limited partnership (LP) for the purpose of purchasing, improving and operating (through a management company) The Oak Tree Village Apartments (Project).

An affiliate of DHA will be a partner in the LP along with AMTEX and/or its affiliates.

A public facilities corporation, created by DHA, will own the land and Project and lease the land and Project to the LP.

The proposed ownership structure along with the requirement that at least 50% of the residential units will be set aside for households that make no more than 80% of Area Median Income (AMI) will cause the development to be 100% exempt from property taxes.

Proposed Ownership Organizational Chart for Oak Tree Village Apartments



Roles & Responsibilities



City of Lewisville:

Approves the interlocal agreement

Is not part of the ownership

Does not have any liability for the Project's debt



Denton Housing Authority:

Approves the interlocal agreement

Negotiates an MOU with AMTEX

Is a partner in the LP

Does not have any liability for the Project's debt



AMTEX and/or Affiliates:

Is a partner in the LP

Assumes all liability for the Project's debt and provides all guarantees required in the transaction.

Next Steps

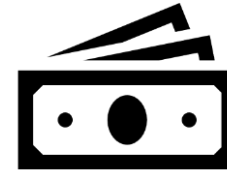


The City and DHA approve an interlocal agreement that allows DHA to be an active partner in the LP which will acquire the Project.

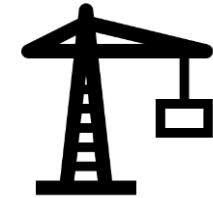


DHA negotiates a memorandum of understanding with AMTEX which will outline the business points to be included in the limited partnership agreement (LPA).

The LPA will be the governing document for the transaction.



AMTEX will secure the financing to purchase and improve the Project.



AMTEX closes on property and begins rehab process.

DHA Oversight Over Rehab & Operations

Council Direction

Should Lewisville move forward with DHA partnership to promote the property's rehab and maintain affordable housing stock at Oak Tree Village Apartments?