

**STRATEGIC PRIORITY:** Economic and Neighborhood Vitality

**AGENDA DATE:** January 24, 2018

**COUNCIL DISTRICT(S):** 2, 7, 14

**DEPARTMENT:** Office of Economic Development

**CMO:** Raquel Favela, 671-5257

**MAPSCO:** 45 M

---

## **SUBJECT**

Authorize **(1)** a resolution of support for 2400 Bryan Street, LP, or its affiliate, related to its application for 9% Low Income Housing Tax Credits from the Texas Department of Housing and Community Affairs (TDHCA) for the new construction of up to a 230-unit residential development at 2400 Bryan Street; and **(2)** a line of credit for the proposed development in the amount of \$500 – Financing: Public/Private Partnership Funds

## **BACKGROUND**

City Council Adopted December 14, 2016 (Resolution # 16-1989) which guides the development community to carefully select the site for Housing Tax Credit (HTC) projects that desire City support:

- o Multi-family rental units seeking to be developed as new construction using housing tax credits shall not receive City support, including a resolution of “no objection” unless they are in census tracts meeting all of the criteria for “High Opportunity Areas”
- o High Opportunity Areas defined as:
  - Dallas census tracts with less than 20% poverty rate; and
  - in the attendance zone of an elementary school that has a state accountability rating of “Met Standard” from the Texas Education AgencyNote that the 2018 Qualified Allocation Plan issued by TDHCA does not consider the school ratings.
- o Multi-family rental units seeking to be developed as a rehabilitation project using housing tax credits shall be considered city wide, subject to the City’s obligations to affirmatively further fair housing and uphold the Fair Housing Act, and shall not receive City support, including a resolution of “no objection” without proposed increased capital improvements, investment, and maintenance.

**BACKGROUND** (continued)

- o Allow support of all HTC projects if located in census tracts covered by an approved and funded Concerted Revitalization Plan (CRP).

Please note that all CRP's are expired and are under review through the Market Value Analysis and the development of a comprehensive housing policy due to be presented to City Council in March 2018.

- o Each project considered shall be evaluated by the Office of Fair Housing to ensure the project affirmatively furthers fair housing and otherwise complies with the City's obligation under the Fair Housing Act.

In December of 2017, RMGM Developers, LLC notified the City that it intends to develop a 14 to 15 story structure at 2400 Bryan Street with 5 floors of parking and 9 to 10 floors of residential units (Project). The Project will be developed and owned by a to-be formed partnership called 2400 Bryan Street, LP. RMGM or an affiliate of RMGM will control the general partner of the new entity. RMGM is owned by John H. (Jack) Matthews and D. Scott Galbraith.

The Project will have a total of up to 230 units, which will include 24 efficiency units, 130 one-bedroom units, 62 two-bedroom units, and 14 three-bedroom units. Approximately 120 of the 230 total units will be offered at market value rents. The remaining approximately 110 units will be reserved for low income households, of which 12 units will be reserved for households earning at or below 30% of area median family income, 46 units will be reserved for households earning at or below 50% of area median family income, and 52 units will be reserved for households earning at or below 60% of area median family income. The income-restricted units will be distributed throughout the unit types and throughout the Project.

The Project site is located in a High Opportunity Area, Walker Targeted Area as described under the Walker Consent Decree, and the Project will accept Walker Settlement Vouchers, a type of voucher administered by the Dallas Housing Authority. The project is located in Census tract 48113001701 which has a poverty rate of 5.9%. The project is served by Ben Miliam Elementary School which is rated "Met Standard".

The Project is part of multi-phased development that includes the Project, the recently opened Old Dallas High School redevelopment, and a future phase of commercial development. In addition to the approximately 230 residential units, the Project also includes approximately 400 parking garage spaces and 10,000 square feet of retail. The Project will break ground in early 2019 and will complete construction on or before August 31, 2021.

**BACKGROUND** (continued)

Because the City of Dallas has not been able to support LIHTC projects in the competitive 9% cycle in several years due to expired CRP's and no submittals in High Opportunity Areas, staff recommends assisting the project with a nominal \$500 line of credit through the Public/Private Partnership Fund for development costs which will allow them to score an additional point. Additional funding may be recommended for Council approval at a later time once staff completes financial underwriting for the Project.

**PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

Information about this item will be provided to the Economic Development and Housing Committee on January 16, 2018.

**FISCAL INFORMATION**

Public/Private Partnership Funds - \$500

**OWNER/DEVELOPER**

**RMGM Developers, LLC**

Scott Galbraith, Member  
Jack Matthews, Member  
320 Main Street West  
Lewisville, Texas 75057

January 24, 2018

**WHEREAS**, RMGM Developers, LLC, on behalf of a to-be formed entity called 2400 Bryan Street, LP, or an affiliate thereof (the “Applicant”) has proposed development of up to a 15-story structure at 2400 Bryan Street in the City of Dallas, Texas; and

**WHEREAS**, the proposed development will include 5 floors of parking and up to ten floors containing approximately 230 residential units, of which approximately 120 will be leased at market rates and of which approximately 110 will be reserved for low income households; and

**WHEREAS**, the Applicant has advised City that it intends to submit an application (TDHCA #18269) to the Texas Department of Housing and Community Affairs (TDHCA) for 2018 9% Housing Tax Credits for the proposed development at 2400 Bryan Street; and

**WHEREAS**, Pursuant to §11.3(c) of the TDHCA 2018 Qualified Allocation Plan (“QAP”), an Application that proposes the New Construction of a Development that is located one linear mile or less ( from another Development that:

- (A) serves the same type of household as the proposed Development, regardless of whether the Development serves families, elderly individuals, or another type of household; and
- (B) has received an allocation of Housing Tax Credits or private activity bonds for any New Construction at any time during the three-year period preceding the date the Application Round begins;
- (C) has not been withdrawn or terminated from the Housing Tax Credit Program; and
- (D) does not meet one of the other exceptions listed in §11.3(c)(2)(A) – (F).

Such Developments shall be considered ineligible, unless the Governing Body of the appropriate municipality or county where the Development is to be located has by vote specifically allowed the construction of a new Development located within one linear mile or less from a Development described as TDHCA #17413, Flora Lofts; and

**WHEREAS**, the expenditure of Public/Private Partnership funds supporting this development project is consistent with the City’s revised Public/Private Partnership Guidelines and Criteria.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

January 24, 2018

**SECTION 1.** That the City of Dallas, acting through its governing body, hereby confirms that it supports the proposed development to be located at 2400 Bryan Street, the project's application for 2018 9% Housing Tax Credits, and any allocation by the TDHCA of 2018 9% Housing Tax Credits for the proposed development.

**SECTION 2.** That this formal action has been taken to put on record the support expressed by the City of Dallas on January 24, 2018, and that for and on behalf of the governing body, the City Secretary, or her designee, is hereby authorized, empowered, and directed to certify this resolution to the Texas Department of Housing and Community Affairs.

**SECTION 3.** That the City Manager or his designee, upon approval as to form by the City Attorney, is hereby authorized to execute a line of credit agreement in the amount of \$500 with 2400 Bryan Street, L.P. or its affiliate for the construction of the proposed development at 2400 Bryan Street. The agreement will have the following terms:

- a. 2400 Bryan Street, L.P. or its affiliate must be awarded 2018 9% Housing Tax Credits by TDHCA;
- b. The line of credit will have an interest rate of 1%. Interest will not be incurred or accrue until and unless funds are drawn; and
- c. The line of credit must be repaid in full on expiration or termination of the Land Use Restriction Agreement recorded by TDHCA.

**SECTION 4.** That as provided for in 10 TAC §11.3(d) it is hereby acknowledged that the proposed New Construction development is located one linear mile or less from a Development that serves the same type of household as the proposed Development and has received an allocation of Housing Tax Credits (or private activity bonds) for New Construction since **1/5/2015** and that the governing body of City of Dallas has by vote specifically allowed the construction of the development at 2400 Bryan Street and to authorize an allocation of Housing Tax Credits for the Development.

**SECTION 5.** That prior to receiving a conditional City of Dallas building permit required by TDHCA prior to closing on the tax credits, the Project Developer will consult with the City of Dallas Sustainable Development and Construction Department with regard to security related and other design standards.

**SECTION 6.** That the Chief Financial Officer be authorized to encumber and disburse funds from Public/Private Partnership Funds in accordance with this resolution as follows:

Fund 0352, Department ECO, Unit P151, Object Code 3015, Activity PPPF, Encumbrance/Contract No. ECO-2018-00005187, Vendor VC18122, in an amount not to exceed \$500.

January 24, 2018

**SECTION 7.** That the Chief Financial Officer is hereby authorized to set up a Receivable Balance Sheet Account in Public/Private Partnership Fund, Fund 0352, Department ECO, Balance Sheet 033F and an Unavailable Revenue Balance Sheet Account 0898 in fund 033F, in the amount of \$500.

**SECTION 8.** That the Chief Financial Officer is hereby authorized to receive, accept and deposit loan payments from 2400 Bryan Street, LP, in Public/Private Partnership Fund, Fund 0352, Department ECO, Principal Revenue Code 847G and Interest Revenue Code 0847H, and debit Balance Sheet 0001 (Cash); as well as debit Unavailable Revenue Balance Sheet Account 0898 and credit Receivable Balance Sheet account 033F.

**SECTION 9.** That the this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.

**STRATEGIC PRIORITY:** Economic and Neighborhood Vitality

**AGENDA DATE:** January 24, 2018

**COUNCIL DISTRICT(S):** 3

**DEPARTMENT:** Office of Economic Development

**CMO:** Raquel Favela, 670-3309

**MAPSCO:** 61A -Y Z

---

## **SUBJECT**

Authorize **(1)** a resolution of support for CLO Mountain Housing, LP, or its affiliate, related to its application for 9% Low Income Housing Tax Credits from the Texas Department of Housing and Community Affairs (TDHCA) for the new construction of a 100-unit residential development located on the southwest corner of Camp Wisdom Road and Mountain Creek Parkway to be known as Cielo at Mountain Creek; and **(2)** a line of credit for the proposed development in the amount of \$500 - Not to exceed \$500 - Financing: Public/Private Partnership Funds

## **BACKGROUND**

City Council Adopted December 14, 2016 (Resolution #16-1989) which guides the development community to carefully select the site for Housing Tax Credit (HTC) projects that desire City support:

- o Multi-family rental units seeking to be developed as new construction using housing tax credits shall not receive City support, including a resolution of “no objection” unless they are in census tracts meeting all of the criteria for “High Opportunity Areas”.
- o High Opportunity Areas defined as:
  - Dallas census tracts with less than 20% poverty rate; and
  - in the attendance zone of an elementary school that has a state accountability rating of “Met Standard” from the Texas Education AgencyNote that the 2018 Qualified Allocation Plan issued by TDHCA does not consider the school ratings.

**BACKGROUND** (continued)

- o Multi-family rental units seeking to be developed as a rehabilitation project using housing tax credits shall be considered city wide, subject to the City's obligations to affirmatively further fair housing and uphold the Fair Housing Act, and shall not receive City support, including a resolution of "no objection" without proposed increased capital improvements, investment, and maintenance.
- o Allow support of all HTC projects if located in census tracts covered by an approved and funded Concerted Revitalization Plan (CRP).

Please note that all CRP's are expired and are under review through the Market Value Analysis and the development of a comprehensive housing policy due to be presented to City Council in March 2018.

- o Each project considered shall be evaluated by the Office of Fair Housing to ensure the project affirmatively furthers fair housing and otherwise complies with the City's obligation under the Fair Housing Act.

In January 2018, Casa Linda Development Corporation notified the City that it intends to develop a 100-unit multifamily development located on the southwest corner of Camp Wisdom Road and Mountain Creek Parkway to be known as Cielo at Mountain Creek (Project). The Project will be developed and owned by a to-be formed partnership called CLO Mountain Housing, LP. Highridge Costa Housing, LLC or a wholly owned subsidiary of Highridge Costa Housing, LLC will be the Managing General Partner and Casa Linda Development Corporation or a wholly owned subsidiary of Casa Linda Development Corporation will be the Administrative General Partner of the new entity. Highridge Costa Housing, LLC is owned by Certo Housing Partners, LLC (51%) and International Management and Development, Inc. (49%). Certo Housing Partners, LLC is 100% owned by Michael A. Costa and International Management and Development, Inc. is owned by Mohannad (Moe) Mohanna (50%) and Alison Mohanna (50%). Casa Linda Development Corporation is owned by Linda S. Brown (50%) and Sara Reidy (50%).

The Project will have a total of 100 units, which will include 70 one-bedroom units and 30 two-bedroom units. Ten of the units will be reserved for households earning at or below 30% of area median family income, 40 units will be reserved for households earning at or below 50% of area median family income, and 50 units will be reserved for households earning at or below 60% of area median family income.

This project is located in a High Opportunity Area in census tract 48113016510 which has a 9.1% poverty rate and is served by the Duncanville ISD in the attendance zone of the Hyman Elementary School and it has a rating of "Met Standard." The development will meet or exceed the 2010 ADA standards and Texas Accessibility Standards.



**BACKGROUND** (continued)

Because the City of Dallas has not been able to support LIHTC projects in the competitive 9% cycle in several years due to expired CRP's and no submittals in High Opportunity Areas, staff recommends assisting the project with a nominal \$500 line of credit through the Public Private Partnership Fund for development costs which will allow them to score an additional point.

**PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

Information about this item will be provided to the Economic Development and Housing Committee on January 16, 2018.

**FISCAL INFORMATION**

Public/Private Partnership Funds - \$500

**OWNERS**

Highridge Costa Housing, LLC  
Casa Linda Development Corporation

**CO- DEVELOPERS**

Highridge Costa Housing, LLC  
Casa Linda Development Corporation

January 24, 2018

**WHEREAS**, Highridge Costa Housing, LLC and Casa Linda Development Corporation, on behalf of a to-be formed entity called CLO Mountain Housing, LP, or an affiliate thereof (the “Applicant”) has proposed development of a 100-unit affordable housing development, Cielo at Mountain Creek on the southwest corner of Camp Wisdom Road and Mountain Creek Parkway in the City of Dallas, Texas; and

**WHEREAS**, the Project will have a total of 100 units, all of the units will be reserved for low income households, which will include 70 one-bedroom units and 30 two-bedroom units; ten of the units will be reserved for households earning at or below 30% of area median family income, 40 units will be reserved for households earning at or below 50% of area median family income, and 50 units will be reserved for households earning at or below 60% of area median family income; and

**WHEREAS**, the Applicant has advised the City that it intends to submit an application to the Texas Department of Housing and Community Affairs (TDHCA) for 2018 9% Housing Tax Credits for the proposed development; and

**WHEREAS**, the expenditure of Public/Private Partnership funds supporting this development project is consistent with the City’s revised Public/Private Partnership Guidelines and Criteria.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**SECTION 1.** That the City of Dallas, acting through its governing body, hereby confirms that it supports the proposed development to be located on the southwest corner of Camp Wisdom Road and Mountain Creek Parkway in the City of Dallas, Texas, the project’s application for 2018 9% Housing Tax Credits, and any allocation by the TDHCA of 2018 9% Housing Tax Credits for the proposed development.

**SECTION 2.** That this formal action has been taken to put on record the support expressed by the City of Dallas on January 24, 2018, and that for and on behalf of the governing body, the City Secretary, or her designee, is hereby authorized, empowered, and directed to certify this resolution to the Texas Department of Housing and Community Affairs.

January 24, 2018

**SECTION 3.** That the City Manager or their designee, upon approval as to form by the City Attorney, is hereby authorized to execute a line of credit agreement in the amount of \$500 with CLO Mountain Housing, LP or its affiliate for the construction of the proposed development. The agreement will have the following terms:

- a. CLO Mountain Housing, LP or its affiliate must be awarded 2018 9% Housing Tax Credits by TDHCA;
- b. The line of credit will have an interest rate of 1%. Interest will not be incurred or accrue until and unless funds are drawn; and
- c. The line of credit must be repaid in full on expiration or termination of the Land Use Restriction Agreement recorded by TDHCA.

**SECTION 4.** That prior to receiving a conditional City of Dallas building permit required by TDHCA prior to closing on the tax credits, the Project Developer will consult with the City of Dallas Sustainable Development and Construction Department with regard to security related and other design standards.

**SECTION 5.** That the Chief Financial Officer is hereby authorized to encumber and disburse funds from Public/Private Partnership Funds in accordance with this resolution as follows:

Fund 0352, Department ECO, Unit P151, Object Code 3015, Activity PPPF, Encumbrance/Contract No. ECO-2018-00005204, Vendor VC1823, in an amount not to exceed \$500.

**SECTION 6.** That the Chief Financial Officer is hereby authorized to set up a Receivable Balance Sheet Account in Public/Private Partnership Fund, Fund 0352, Department ECO, Balance Sheet 033F and an Unavailable Revenue Balance Sheet Account 0898 in fund 033F, in the amount of \$500.

**SECTION 7.** That the Chief Financial Officer is hereby authorized to receive, accept and deposit loan payments from CLO Mountain Housing, LP, in Public/Private Partnership Fund, Fund 0352, Department ECO, Principal Revenue Code 847G and Interest Revenue Code 0847H, and debit Balance Sheet 0001 (Cash); as well as debit Unavailable Revenue Balance Sheet Account 0898 and credit Receivable Balance Sheet account 033F.

**SECTION 8.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.