

Memorandum



CITY OF DALLAS

DATE May 31, 2019

TO The Honorable Members of the Economic Development & Housing Committee:
Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman,
Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder,
Omar Narvaez

SUBJECT **Dallas Heritage Village Restoration Project: Cedars TIF District**

Summary

Dallas County Heritage Society, Inc. (DCHS) has requested Cedars TIF District funding in an amount not to exceed \$650,000.00 to support a restoration project at Dallas Heritage Village located at 1515 S. Harwood Street in the Cedars Tax Increment Finance (TIF) District.

Background

Dallas County Heritage Society, Inc. (DCHS) currently manages the Dallas Heritage Village located at 1515 S. Harwood Street in the Cedars Tax Increment Finance (TIF) District. In October 2018, the Dallas Park and Recreation Board approved a Dallas Heritage Village Master Plan for the City-owned park. The approved master plan seeks to enhance the visitor/customer experience at the park.

In support of the Master Plan, DCHS has requested TIF funding assistance for a restoration project on Dallas Heritage Village's campus. The project includes restoration of two homes built circa 1900 – the Park Avenue House and the Rall House. The total project cost is approximately \$1,200,000.00, and the requested \$650,000.00 in Cedars TIF District funding would be used to offset construction costs to restore the Park Avenue House only. Restoration of the Rall House, technology upgrades, furnishing and landscaping for both homes, and a maintenance endowment will be funded by DCHS through fundraising efforts. DCHS must provide proof of project funds prior to payment of the Cedars TIF District funding. The Cedars TIF District funding will be provided in the form of a grant and will be disbursed to DCHS on a reimbursement basis at regular milestones (but not more frequently than monthly) for costs and expenses incurred for eligible expenditures.

DCHS envisions using the renovated homes for staff offices and leasable co-working space for non-profit organizations in the Cedars area. As a condition of the Cedars TIF District funding, 90 percent of the revenue generated by the rental of the Park Avenue house must be used for structural repairs to Dallas Heritage Village buildings. Construction of the project must begin by May 2020, allowing a year of fundraising for the DCHS's portion of the project costs.

Dallas Heritage Village Restoration Project
May 31, 2019

The proposed project supports the following objectives of the Cedars TIF District Project Plan: (1) support the growth and success of activities at the Dallas Convention Center, Dallas Heritage Village, and Farmers Market, (2) secure growth and investment in the district, (3) encourage economic revitalization through hotel, for-sale and rental housing, retail and office development and (4) encourage preservation of historic buildings.

Alternatives

City Council may choose to deny DCHS's request for Cedars TIF District funding, in which case DCHS would have to raise the funds for the entire cost of the Project. If sufficient funds are not raised to complete the Project, the Park Avenue House and Rall House will continue to deteriorate and detract from the visitor's experience at Dallas Heritage Village.

Financing

Cost consideration to the City – Cedars TIF District Funds - \$650,000.00 (subject to future appropriations from tax increment)

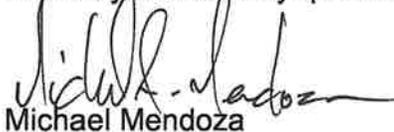
Coordination

Staff coordinated with DCHS, City Attorney's Office, Planning and Urban Design, Cedars TIF District Board of Directors, Sustainable Development and Construction Department, Office of Cultural Affairs, Park and Recreation Department and the Park and Recreation Board.

Recommendation

Staff and the Cedars TIF District Board of Directors recommend authorization of a development agreement with Dallas County Heritage Society Inc. in an amount not to exceed \$650,000.00, payable from future Cedars TIF District Funds, to support restoration of the Park Avenue House and Rall House to be used as co-working office space at the Dallas Heritage Village located at 1515 S. Harwood Street.

Should you have any questions, please contact me at (214) 671-5257.



Michael Mendoza

Chief of Economic Development & Neighborhood Services

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney (Interim)
Mark Swan, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizzor Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
M. Elizabeth Reich, Chief Financial Officer
Laila Alequresh, Chief Innovation Officer
Directors and Assistant Directors

Dallas Heritage Village Restoration Project
May 31, 2019



Architexas CREATING CONSCIOUS

Project: Park Avenue House
Location: Dallas Heritage Village
Phase: TRP Review
Date: March 6, 2018

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TO The Honorable Members of the Economic Development & Housing Committee:
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Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder,
Omar Narvaez

SUBJECT **New Hawk Signal on Singleton Boulevard**

Summary

Use of 2017 Bond Funds (Proposition I) in an amount not to exceed \$250,000.000 for design, construction and installation of a new Hawk traffic signal on Singleton Boulevard between McPherson Street and Gulden Lane.

Background

A pedestrian signal analysis was conducted on the existing mid-block crosswalk on Singleton Boulevard, between McPherson Street and Gulden Lane. The purpose of the analysis was to determine if the installation of a pedestrian signal is warranted at the crosswalk. The analysis concluded existing pedestrian and vehicular traffic volumes during the 8 PM to 9 PM peak hour on Saturdays meet minimum traffic volumes to justify the installation of a pedestrian signal on Singleton Boulevard.

This action will authorize the appropriation and funding required to construct one new traffic signal (a Hawk signal) at the crosswalk on Singleton Boulevard, between McPherson Street and Gulden Lane. Kimley-Horn and Associates has an existing Engineering Services Contract # TRN-2017-00001726 (Resolution 17-0931), to design traffic signal installation at various locations in the city. Department of Transportation staff will later submit a request for approval of a Supplemental Agreement to the Kimley-Horn and Associates services contract to design the new Hawk signal at the location. Durable Specialties, Inc. has a Construction Services Contract # TRN-2018-00008423 (Resolution 18-1787), with the city to construct traffic signal installations on a work order basis at various locations in the city. Department of Transportation staff will later issue a work order for Durable Specialties, Inc. to install the new Hawk signal at the location. City forces will provide the labor for preparation of the cabinet and signal timing. Additionally, the City's Department of Transportation will manage the project. Design of the signal will begin in June of this year with construction estimated to complete in May of 2020.

Financing

Cost Consideration to the City – 2017 Bond Funds – Proposition I (Economic Development and Housing)

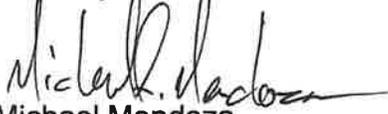
Coordination

Staff coordinated with the Department of Transportation, City Attorney's Office, Office of Budget, Councilman Narvaez's office.

Recommendation

Staff recommends the Economic Development and Housing Committee move this item forward to the June 12, 2019, City Council meeting for consideration.

Should you have any questions, please contact me at (214) 671-5257.



Michael Mendoza

Chief of Economic Development & Neighborhood Services

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|--|---|
| cc: Chris Caso, City Attorney (Interim) | Jon Fortune, Assistant City Manager |
| Carol A. Smith, City Auditor (Interim) | Joey Zapata, Assistant City Manager |
| Biliera Johnson, City Secretary | Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer |
| Preston Robinson, Administrative Judge | M. Elizabeth Reich, Chief Financial Officer |
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| Majed A. Al-Ghafry, Assistant City Manager | Directors and Assistant Directors |



Deshazo Group TRAFFIC & TRANSPORTATION ENGINEERS 400 S. Houston Street, Ste. 300 Dallas, Texas 75202 (214) 748-6740	Crosswalk Location on Singleton Boulevard Hybrid Beacon on Singleton Boulevard in Dallas, TX		PROJECT#: 17089	EXHIBIT 1
				DATE: OCT 2017

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Memorandum



DATE May 31, 2019

TO The Honorable Members of the Economic Development & Housing Committee:
Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman, Scott Griggs,
Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **Reauthorization of Public/Private Partnership Program Guidelines and Criteria**

On June 12, 2019, City Council will consider extending and amending the current Public/Private Partnership Program Guidelines and Criteria for the period of July 1, 2019 through December 31, 2019.

Summary

The Property Redevelopment and Tax Abatement Act (Texas Tax Code, Chapter 312) requires that any city desiring to enter into tax abatement agreements as an incentive to foster private investment must first establish guidelines and criteria governing tax abatement agreements and must pass a resolution stating that it elects to be eligible to participate in a tax abatement agreement.

The Dallas City Council approved the current Public/Private Partnership Program Guidelines and Criteria ("Guidelines") on December 12, 2018 pursuant to Resolution No. 18-1861. The current Guidelines are effective through June 30, 2019.

The Office of Economic Development is developing a new strategic plan which will inform the development of new policies to amend or replace the Guidelines. While that process is ongoing, staff recommends extending the current Guidelines for the remainder of the fiscal year to allow sufficient time for completion of the strategic plan and drafting, review, and approval of new Guidelines. Additionally, staff recommends amending the current Guidelines to remove outdated language in the general obligation bond funding section.

Financing

No cost consideration to the City for this request.

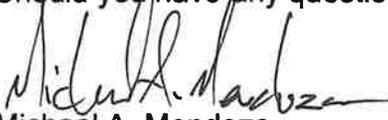
Coordination

Office of Economic Development coordinated with the City Attorney's Office.

Recommendation

Staff recommends approval of an item authorizing to extend and amend the current Public/Private Partnership Program Guidelines and Criteria for the period of July 1, 2019 through December 31, 2019.

Should you have any questions, please contact me at (214) 670-1696.



Michael A. Mendoza

Chief of Economic Development & Neighborhood Services

- | | |
|--|---|
| cc: Chris Caso, City Attorney (Interim) | Joey Zapata, Assistant City Manager |
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City of Dallas Public/Private Partnership Programs

It is the purpose of the following programs to provide assistance only for projects where such assistance is necessary to stimulate private investment and job creation. Accordingly, these programs are available when agreements between the City and private parties that are not tax- exempt are approved by City Council prior to private investment occurring. Projects seeking economic incentives must provide written assurance that 'but for' the incentives sought, the proposed project will not occur, or would otherwise be substantially altered so that the economic returns or other associated public purpose secured by the City's incentives would be reduced. Projects occurring in Target Areas are provided special consideration.

The information contained herein shall not be construed as implying or suggesting that the City of Dallas is offering or is under any obligation to provide tax abatement or other incentives to any applicant, and all applicants shall be considered on a case-by-case basis. The source of City funding for a particular incentive may require or impose certain limitations on the types of projects for which those funds may be used, which are not described herein. Pawnshops, sexually oriented businesses, bars, truck stops, and truck dealerships are excluded from consideration for incentives provided under this program.

Eligibility Requirements

The City has established targeted project areas which set minimum project requirements in order to be considered for incentives:

- **Target Areas:** Projects must create/retain 25 jobs or provide \$1 million of investment;
- **Non-target Areas:** Projects must create/retain 100 jobs or provide \$5 million of investment; and
- **Non-Conforming Projects:** Projects not meeting these requirements that nevertheless significantly advance the public purpose of economic development will be considered on a case-by-case basis.

Tax Abatement

Temporary abatement of either real estate or personal property taxes. Recipient firms must meet primary considerations of capital improvements and job creation/retention. City staff may consider secondary considerations such as Dallas resident employment, efforts to exceed minimum environmental regulations, wage rates, community activities, target industry projects, and M/WBE participation when negotiating this incentive. A firm's tax abatement percentage will be reduced by 25 percent for any single year of the tax abatement term in which secondary considerations included in the agreement are not met unless an alternative method is prescribed by City Council in a project specific resolution. Real property tax abatement is not available in TIF Districts. In limited cases, projects may be considered for a combination of both real and personal property tax abatement when the combined amount does not exceed 90 percent of the City taxes on total new improvement value. All tax abatements must begin by January 1 of the second calendar year following City Council authorization unless otherwise specified.

Abatement Benefits:

- **Target Areas:** Real property tax abatement up to 90 percent for 10 years and/or a business personal property tax abatement of up to 50 percent for five years;
- **Non-Target Areas:** Real property tax abatement up to 50 percent for 10 years and/or a business personal property tax abatement of up to 50 percent for five years;
- **Non-Conforming Projects:** Projects not meeting these requirements that nevertheless significantly advance the public purpose of economic development will be considered on a case-by-case basis.

Economic Development Chapter 380 Grant Program

Companies considering a relocation/expansion or new commercial development may be eligible for an

economic development grant. Grants will be considered on a case-by-case basis based specifics such as project type, location, design, and fiscal impact to the City. Companies will be required to meet eligibility requirements of the Public/Private Partnership Program. Pursuant to this program the City may administer and accept resources from other political subdivision of the state to support this program, and may administer and accept resources from the Federal government to support developments. Bond funding utilized through the program may be subject to certain limitations in use.

Economic Development GO Bond Program

General Obligation Bond funding may be used as described in this paragraph for private commercial, industrial, retail, residential, and mixed-use development that promotes economic development. Funding may be provided as a catalyst to promote private economic development and may be used for planning, designing, extending, constructing and acquiring land for public streets, utilities and other related infrastructure facilities or uses consistent with this purpose and the bond proposition approved by the voters.

Private developments may be eligible for economic development grants and loans pursuant to Chapter 380 of the Texas Local Government Code. Grants and loans will be considered for infrastructure improvements and/or land acquisition consistent with the scope of funding and other uses described above. Grants or loans will be considered on a case-by-case basis subject to funding limitations and development agreements approved by City Council, which agreements will contain appropriate conditions, safeguards and benchmarks to ensure that the public purpose of economic development will be carried out.

Funding in support of mixed-use or residential development, including the acquisition of improved and unimproved properties and for the cost of demolition of existing structures for such projects are also subject to the City of Dallas Housing Policy, which requires a portion of residential units to be affordable.

Target Industry Projects

Target Industry projects are provided special consideration for economic incentives and are generally defined as follows: Brownfields or recycling, information technology, building materials and furnishings, company headquarters, logistics, telecommunications, transportation manufacturing and assembly, film/television/media, advanced instruments and food processing/distribution. The City is also targeting high quality grocery store projects in underserved areas of the City. Due to the temporary nature of film/television production, projects in this industry are not required to meet minimum job or investment eligibility established for the Public/Private Partnership Program. Rather, these projects are considered on a case-by-case basis with consideration given to the positive economic returns projects bring to the City. Target Industry projects must be confirmed in advance by the City in order to receive consideration under this designation.

Non-Conforming Projects

Non-Conforming projects are considered on a case-by-case basis for high impact projects, unique developments, and competitive situations where projects may receive competing offers of incentives. These projects require a simple majority vote of City Council in Target Areas and a 3/4 vote of City Council in Non-Target Areas. High Impact Project - Projects creating/retaining a minimum of 500 jobs with substantial capital investment. In addition, this status may be granted to major projects by Fortune 500, Manufacturers 400, or Global 500 listed firms. A mixed-use or residential development considered for support as a non-conforming project requires special circumstances and must ensure that a minimum of 20% of the residential units in the development meet affordable housing or mixed-income housing requirements for the location. Commercial aspects of predominately residential mixed-use projects providing affordable housing in "areas of opportunity" in collaboration with the Housing Department will be considered.

Competitive and Retention Projects

In special cases, companies receiving competing offers of incentives or those currently located in the city of Dallas considering a relocation/expansion are eligible to apply for financial incentives with negotiable terms. Existing firms must expand job base by 25 percent to be eligible for consideration. Incentives may be offered in specific cases to 'match other offers.' Companies may be required to demonstrate competing cities, offers, land/lease costs, taxes at current rates, utility rates, relocation costs, other significant costs and 'gap' to be filled, etc.

Other Sources of Financial Assistance

Public/Private Partnership Program grants and abatements may be used in combination with other sources of federal, state, or City funds where necessary to achieve the public purpose advanced by a project. The City is willing to partner with special entities, such as Local Government Corporations, and special districts to provide an advantageous structure for projects that advance economic development. Such entities and districts may issue revenue bonds as allowed by state law to finance projects.

Tax Increment Finance Districts

Special districts funding public improvements (not services) with increased tax revenues resulting from new private development. Tax rates are the same as elsewhere in the City and no added cost to private parties is incurred.

Public Improvement Districts

Special districts created by petition to privately fund public improvements or special supplemental services over and above those provided by City, when such services are supportive of related City investments in capital improvements.

Neighborhood Commercial/Retail Redevelopment Grant Program

This Program is intended to provide financial assistance to existing retail shopping centers and other retail/commercial facilities within Target Areas that are at least 15 years old for improvements and/or redevelopment which will positively impact surrounding neighborhoods and residents. Contemplated improvements must improve the aesthetics, design, or architectural appeal of the property and may include enhanced landscaping, lighting, pedestrian and/or parking improvements, new signage and facades, and major renovations to the facility among other items. Each project is considered on a case by case basis. City financial participation is on a matching and reimbursement basis. Phasing is permitted. Minimum total project investment is \$250,000 and potential grants are subject to funding availability. An agreement must be in place with the City prior to work commencing.

Small Business & Adaptive Reuse Incentives

The City of Dallas is committed to supporting growth of small businesses and fostering adaptive reuse of commercial buildings. Additional programs can be flexibly developed and linked to this policy as approved by the City Council.

City of Dallas Regional Center - EB 5

The City of Dallas Regional Center (CDRC) is dedicated to assisting individuals and their families through the EB-5 immigration process via investment into businesses and development projects located within the Dallas city limits. The CDRC offers a variety of investments to foreign investors that meet or exceed requirements and offer investors features unique to the EB-5 community. Minimum foreign investment is \$500,000 in Targeted Employment Areas or \$1M in other areas. All opportunities supported by the CDRC must provide 10 full-time jobs (directly or indirectly) per investor.

New Market Tax Credits

The City of Dallas participates in the New Market Tax Credit Program (NMTC), a federal program operated

by the Department of Treasury, that provides opportunities for new development in traditionally underserved areas. The program provides NMTC investors with a 39% federal tax credit payable over seven years. These investments are partnered with additional funds for businesses and real estate development in Low Income Neighborhoods.

Foreign Trade Zone

Allows duty-free importing of foreign-made components into the Zone, where they may be assembled, manufactured, processed or packaged. Duties are charged only when products are subsequently distributed into the U.S. market - if they are shipped to international markets, no duty is levied.

State Incentives

The City of Dallas will facilitate applications for assistance from State programs including Enterprise Zone Projects, Texas Enterprise Fund, and the Texas Emerging Technology Fund.

To obtain more detail on these programs, or to inquire regarding other assistance, contact: Office of Economic Development, Dallas City Hall, Room 5CS, Dallas, Texas 75201, Phone: (214) 670-1685, Fax: (214) 670-0158.

Memorandum



DATE May 31, 2019

CITY OF DALLAS

The Honorable Members of the Economic Development and Housing Committee:

TO Tennell Atkins (Chair), Rickey D. Callahan (Vice Chair), Lee M. Kleinman, Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **South Dallas Fair Park Opportunity Fund Grants to CitySquare and St. Philips**

This memo is for informational purposes to update you on the implementation of Human Development grants program as authorized by the South Dallas Fair Park Opportunity Fund (SDFPOF) Program Statement approved by Council on June 27, 2018 as Resolution No.18-0922.

In conformance with the Program Statement, the Office of Economic Development released a Notice of Funding Availability (NOFA) on February 1, 2019 to solicit Human Development projects. A maximum of \$100,000 was available under the NOFA. Four information sessions were held at the Martin Luther King Jr. Library, with approximately 40 people in attendance. Applications were due on March 18, 2019 and two applications were received: one from CitySquare for its Community Clinic located at 2835 Al Lipscomb Way, Dallas, Texas 75215 and one from St. Philips School and Community Center for its Our Community Pantry program located at 1502 Pennsylvania Ave, Dallas, Texas 75215.

A review committee of five staff reviewed each application and scored the responses on a 100-point scale. CitySquare scored an average of 90.4 points and St. Philips scored 89.8. Under the scoring criteria provided in the NOFA, all projects scoring more than 80 points were presented to the South Dallas Fair Park Opportunity Fund Advisory Board for further consideration.

The Opportunity Fund Advisory Board met on April 24, 2019, and recommended approval of a \$50,000 grant to CitySquare for the Community Clinic and a \$50,000 grant to St. Philips for Our Community Pantry. A summary of each grant proposal is below.

CitySquare requested \$100,000 for its Community Clinic, which currently serves approximately 2500 uninsured patients annually. The request addresses the Opportunity Fund goal to "Improve Health Outcomes." The grant would support expansion of services by hiring a community health nurse to promote prevention over treatment and to educate neighbor and clinic patients through community-based intervention programs which identify and correct multiple health issues.

The anticipated program outcomes are as follows:

- 1,300 social needs screenings resulting in 900 community referrals for additional services
- Expansion of the Healthy Heart Healthy Hair program, an initiative that trains local barbers to check neighbors' blood pressure during their haircuts to aid in screening and prevention of high blood pressure, with 60 referrals to the Community Clinic
- 200 additional flu shots

The total project budget for the Community Clinic is \$517,170. The \$50,000 grant would pay for staffing, transportation, flu shot program expansion, and laptops for the community health worker and medical assistant. A third-party matching grant of \$100,000 from Baylor Scott and White will pay for physicians' salaries. The remaining program expenses are paid from CitySquare general operating funds.

St. Philips School and Community Center requested \$100,000 to support its Our Community Pantry program, which operates as a Client Choice pantry, meaning that clients select their own food. The pantry distributes 700,000 pounds of food annually. The St. Philips grant request also addresses the Opportunity Fund goal to "Improve Health Outcomes." St. Philips opened Our Community Pantry in 2014 in partnership with North Texas Food Bank (NTFB), In the City for Good, and the City of Dallas. The new facility replaced a small shared space where clients lined up outside the building to receive pre-bagged canned goods and very little fresh food twice a month. The new pantry offers an experience much like shopping at the grocery store.

Our Community Pantry is currently operating in partnership with the North Texas Food Bank, but that contract support for operations is expiring. The grant will support transitioning Our Community Pantry to a St. Philip's School and Community Center program as the contract with NTFB expires.

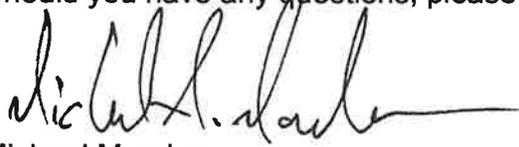
The anticipated Program Outcomes are as follows:

- 90% of clients become food secure in two years
- Increase volunteer base by 20% by 2020
- Increase hours of operations
- Distribute up to 800,000 pounds of food annually
- Serve 700 unduplicated families

The total program budget is \$250,000. The \$50,000 grant would pay for salaries, maintenance and security, personnel, food and supplies, technology, and internet service. A third-party matching grant of \$150,000 has been secured from Hirsch Family Foundation and is paid in \$50,000 installments. The grant was paid in November 2018 and will be paid in 2019 and 2020.

No council action is required, as both grants will be processed via administrative action.

Should you have any questions, please contact me at (214) 671-5257.



Michael Mendoza

Chief of Economic Development and Neighborhood Services

c: Honorable Mayor and Members of the City Council
T. C. Broadnax, City Manager
Chris Caso, City Attorney (I)
Mark Swann, City Auditor
Biliera Johnson, City Secretary
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Scott Griggs, Mark Clayton, Lee M. Kleinman, B. Adam McGough, Kevin Felder,
Omar Narvaez

SUBJECT **Virgin Hotel Infrastructure Project: Design District TIF District**

Summary

On June 12, 2019, City Council will be asked to consider authorizing a development agreement with DD Dunhill Hotel, LLC (“Developer”) and/or its affiliates in an amount not to exceed \$3,622,885.00, payable from future Design District TIF District Funds, in consideration of the Virgin Hotel Infrastructure Project (“Project”) on and adjacent to property currently addressed at 1909 Hi Line Drive in Tax Increment Financing Reinvestment Zone Number Eight (Design District TIF District) - Not to exceed \$3,622,885.00 - Financing: Design District TIF District Funds (subject to future appropriations from tax increments)

Background

Staff has been working with DD Dunhill Hotel, LLC (“Developer”) on a request for TIF funding for public infrastructure improvements that provide some streetscape enhancements adjacent to the Virgin Hotel development while primarily facilitating extended streetscape improvements along Hi Line Drive to connect to the Trinity Strand Trail of district-wide benefit (the “Project”) as shown in **Exhibit A1-A3**.

The Virgin Hotel will consist of approximately 268 hotel rooms in a 16-story high density urban style project with structured parking (approximately 188 spaces) on a one-acre parcel currently addressed at 1909 Hi Line Drive. Investment in the project is estimated to exceed \$107 million.

This development is the first new hotel in the Design District TIF District on a site that fits with other new development but at a higher density. The project was reviewed by the City’s Urban Design Peer Review Panel (UDPRP) in March 2017. One specific suggestion of the UDPRP was to consider, if TIF funding were available, extending streetscape improvements to the end of Hi Line Drive to “complete the street” leading to the Trinity Strand trailhead.

Staff has also been in discussions with the Friends of the Trinity Strand Trail and the City’s Park Department on a potential pedestrian bridge that would connect from the Hi Line Drive trailhead across the meanders to the Market Center Boulevard area. A future district-wide TIF funding request may be considered once the project scope is further defined. The streetscape improvements proposed with the Virgin Hotel Infrastructure Project will set the stage for this future trail connection.

On May 24, 2019, the Design District TIF District Board of Directors reviewed the proposed Project and recommended that, upon completion of the Project and satisfaction of all Project requirements, the Project shall be eligible for a total Tax Increment Financing (TIF) subsidy ("TIF Subsidy") in an amount not to exceed \$3,622,885.00 from future Design District TIF District revenues to be dedicated to reimbursing public infrastructure and streetscape improvement costs. No portion of the TIF Subsidy will be used as gap financing for the vertical construction of the Virgin Hotel itself.

The recommended TIF-funded improvements include a portion of Phase I improvements adjacent to the Virgin Hotel and Phase II, streetscape and utility burial improvements extending beyond the Project along Hi Line Drive west to the Trinity Strand Trail head as recommended by the UDPRP. These improvements would complete the streetscape connection to the trail.

Phase I: \$1,080,085

- a) Paving and streetscape improvements - \$705,085 along Hi Line Drive and Turtle Creek Boulevard in the public right-of-way adjacent to the Virgin Hotel.
- b) Utility burial (partial reimbursement of total cost incurred) - \$375,000 along Hi Line Drive and Turtle Creek Boulevard in the public right-of-way adjacent to the Virgin Hotel.

Phase II: \$2,542,800 for extended public improvements

- a) Paving and streetscape improvements - \$2,151,800 along both sides of Hi Line Drive from the Project site to the western end at the Trinity Strand Trail head.
- b) Overhead utility burial - \$391,000 along Hi Line Drive from the Project site to the western end at the Trinity Strand Trail head.

Alternatives

City Council may choose to deny the TIF request, resulting in only limited Phase I improvements being constructed. Phase II improvements would not be implemented unless another entity came forward at a future date.

Financing

\$3,622,885.00 - Design District TIF District Funds (subject to future appropriations from tax increments)

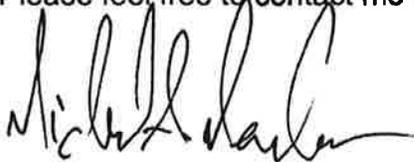
Coordination

Staff coordinated with the Planning and Urban Design Department, the Park and Recreation Department, and the City Attorney's Office.

Recommendation

Staff and the Design District TIF District Board of Directors recommend the Economic Development and Housing Committee recommend approval to City Council to authorize a development agreement with DD Dunhill Hotel, LLC and/or its affiliates in an amount not to exceed \$3,622,885.00, payable from future Design District TIF District Funds, in consideration of the Virgin Hotel Infrastructure Project.

Please feel free to contact me if you have any questions or need additional information.



Michael Mendoza
Chief of Economic Development and Neighborhood Services

c: Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
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Exhibit A-3 Virgin Hotel rendering



STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: June 12, 2019
COUNCIL DISTRICT(S): 14
DEPARTMENT: Housing & Neighborhood Revitalization
EXECUTIVE: Michael Mendoza

SUBJECT

Authorize the first amendment to Resolution No.19-0360, previously approved on February 27, 2019, for a mixed-use and mixed-income multifamily residential development to be located at 2400 Bryan Street to: **(1)** amend the development loan amount with 2400 Bryan Street, LLC or an affiliate (“2400 Bryan”) to only include an amount not to exceed \$6,000,000.00 in Public/Private Partnership funds for construction, **(2)** authorize a development loan agreement with the City of Dallas Housing Finance Corporation (“DHFC”), instead of 2400 Bryan, for acquisition of land and construction, subject to DHFC Board of Directors’ approval, in amount not to exceed \$7,026,943.00 in Community Development Block Grant (“CDBG”) funds, **(3)** allow the closing of the 2400 Bryan and DHFC grant/loan to occur prior to closing on the equity and all other financing for the development, **(4)** allow 2400 Bryan and DHFC to be reimbursed for costs associated to acquisition at closing, but must meet all other requirements under Resolution No.19-0360 to be reimbursed the remaining loan and grant amounts and **(5)** allow the City to maintain no less than 3rd lien position – No cost consideration to the City

BACKGROUND

This item is being added to the addendum to expedite an amendment to Resolution No. 19-0360, approved on February 27, 2019 for the development of a mixed-used and mixed-income multifamily residential development to be located at 2400 Bryan Street. The approval will assist the City in meeting its housing production goals under the Comprehensive Housing Policy plus expenditure and commitment requirements for the use of the federal funds from the U.S. Department of Housing and Urban Development (“HUD”).

On February 27, 2019, City Council authorized a development loan and conditional grant agreement with 2400 Bryan Street, LLC or its affiliate to develop a 15-story mixed-use development with approximately 10,000 square feet of retail space and a mixed-income multifamily rental residential with 217 units in downtown. The retail space will include an early childhood education or childcare facility. The development includes structured parking with approximately 312 spaces. Planned amenities for the development include a multipurpose room with fitness center and swimming pool. RMGM Bryan Street, LLC or RMGM Developers, LLC, both affiliates of Matthews Southwest, Inc. (MSW) will serve as the Developer for the development. MSW redeveloped the historic Old Dallas High

School in partnership with the City using TIF funds from Deep Ellum TIF District which is adjacent to the proposed development.

At this time, staff recommends reducing the CDBG allocations for the Estates at Shiloh and Palladium Redbird developments and increase the CDBG allocation and eliminate the HOME Investment Partnership Program (HOME) funds allocation for 2400 Bryan. The development will still receive up to \$7,026,943.00 in federal funds; however, instead of the original distribution of \$3,421,373.00 in CDBG funds and \$3,605,570.00 in HOME funds, the development will receive up to \$7,026,943 in CDBG funds. The funds will be used for acquisition, construction, and all other eligible associated hard and soft costs for development of the project. In order for the CDBG funds to be used as an eligible expense for acquisition, the DHFC must enter into a development loan agreement with the City, subject to DHFC Board approval. CDBG funds may be used for acquisition only if a nonprofit entity purchases the land. The DHFC will lease the land to 2400 Bryan through a long-term ground lease.

Per HUD regulations, the City cannot have more than 1.5 times its CDBG allocation in its U.S. Department of the Treasury line of credit 60 days prior to the end of the program year which is September 30. HUD will conduct a test “timeliness test” to determine if the City has more than 1.5 times its allocation on August 2, 2019. The City must draw \$7,517,016.00 including program income receipted to meet the timeliness test requirement. If the City continuously has more than 1.5 times its CDBG allocation, HUD can reduce funding allocations and withhold future grants.

In order to assist the City with meeting its CDBG timeliness deadline, staff recommends that the land for the 2400 Bryan Street development be purchased by the DHFC in advance of closing on equity and financing using the CDBG funds to cover a portion of the costs.

The proposed total investment is \$77,746,799.00 and a breakdown of sources and uses are provided below:

Financing Sources	Amount
Permanent Debt	\$42,000,000
Housing Tax Credits Equity	\$14,850,000
NOI Credit during Lease Up	\$1,486,624
Deferred Developer Fee	\$5,410,175
City CDBG Funds	\$7,026,943
2012 GO Bond Funds	\$973,057
Public Private Partnership Funds	\$6,000,000
Total	\$77,746,799

Proposed Uses	Costs
Acquisition	\$9,675,000

Construction Costs	\$48,314,433
Soft Costs & Financing Fees	\$9,286,090
Developer Fees	\$8,500,000
Reserves	\$1,971,277
Total	\$77,746,800

The City proposes to provide an amount not to exceed \$14,000,000.00 in gap financing for the construction of the development. The funds will be funded from several sources:

1. \$973,057.00 in 2012 General Obligation Bond (GO Bond Funds from Proposition 3 (Economic Development and Housing) to be awarded as conditional grant to 2400 Bryan; and
2. \$7,026,943 in CDBG funds to be awarded as a repayable loan to DHFC; and
3. \$6,000,000.00 in Public/Private Partnership Funds (P/PP) to be awarded as a repayable loan to 2400 Bryan.

2400 Bryan and the DHFC may be reimbursed for costs associated with acquisition at closing of the City's loan and grant, but must meet all other requirements under the development loan and conditional grant agreement to be reimbursed the remaining loan and grant amounts. All of the other terms and conditions from the original Resolution No. 19-0360 approved on February 27, 2019 shall remain unchanged and in full force and effect.

City Council approval of this item will authorize the City Manager to execute development loans and a conditional grant agreement related to the development as amended.

ESTIMATED SCHEDULE OF DEVELOPMENT

Begin Construction August 2019
Complete Construction December 2021

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On January 24, 2018, City Council supported the 2018 Texas Department of Housing and Community Affairs' (TDHCA) 9% low-income housing tax credit application for the development at 2400 Bryan Street and authorized a line of credit agreement in the amount of \$500.00 for a commitment of development funding by Resolution No.18-0219.

On January 25, 2019, the DHFC Board of Directors approved owning the land, entering into a long-term ground lease, and taking an ownership interest in 2400 Bryan Street, LLC.

On February 19, 2019, the Economic Development and Housing Committee was briefed on the development loan agreement with 2400 Bryan Street, LLC and approved moving forward to Council for consideration.

On February 27, 2019, City Council authorized (1) a development loan agreement with

2400 Bryan Street, LLC or an affiliate thereof in an amount not to exceed \$13,026,943.00 (comprised of \$3,605,570.00 in HOME Investment Partnerships Program Funds, \$6,000,000.00 in Public/Private Partnership Funds, and \$3,421,373.00 of Community Development Block Grant Funds); **(2)** a conditional grant agreement with 2400 Bryan Street, LLC or an affiliate thereof for the development of a mixed-use and mixed-income multifamily residential development to be located at 2400 Bryan Street in an amount not to exceed \$973,057.00 in 2012 General Obligation Bond Funds; and **(3)** the City of Dallas Housing Finance Corporation to purchase and own the land and to enter into a long-term ground lease with 2400 Bryan Street, LLC by Resolution No. 19-0360.

On June 3, 2019, the Economic Development and Housing Committee was provided the Agenda Information Sheet and Resolution as an Upcoming Council Agenda Item.

FISCAL INFORMATION

No cost consideration to the City.

OWNER/DEVELOPER

2400 Bryan Street, LLC

2400 Bryan Street GP, LLC is the general partner, a formed entity with The Community Project, BETCO Consulting, LLC, and RMGM Bryan Street, LLC (RMGM Bryan Street) as members. (City of Dallas Housing Finance Corporation will be admitted as the sole member of the GP)

RMGM Bryan Street or RMGM Developers, LLC, both affiliates of Matthews Southwest Inc. will serve as the Developer.

Jack Matthews, President

City of Dallas Housing Finance Corporation

MAP

Attached

June 12, 2019

WHEREAS, on May 9, 2018, City Council adopted a Comprehensive Housing Policy Manual (Policy) that set citywide production goals for homeownership and rental units for the next three years along with respective income bands that will be prioritized within the production goals and also set forth various programs, tools and strategies to be used to meet the production goals while also overcoming concentrations of poverty and racial segregation by Resolution No. 18-0704; and

WHEREAS, on November 28, 2018, City Council adopted certain amendments to the Policy in order to correct inconsistencies and to facilitate effective implementation by Resolution No. 18-1680; and

WHEREAS, on January 24, 2018, City Council supported the 2018 Texas Department of Housing and Community Affairs' (TDHCA) 9% low-income housing tax credit application for the development at 2400 Bryan Street and authorized a line of credit agreement in the amount of \$500.00 for a commitment of development funding by Resolution No. 18-0219; and

WHEREAS, on August 30, 2018, the City issued a Notice of Funding Availability in accordance with the Policy and 2400 Bryan Street, LLC submitted an application for gap financing and received a fundable score; and

WHEREAS, on January 25, 2019, the City of Dallas Housing Finance Corporation Board of Directors at its Board meeting approved entering into an agreement to purchase and own the land, enter into a long-term ground lease, and taking an ownership interest in 2400 Bryan Street, LLC; and

WHEREAS, on February 27, 2019, City Council authorized (1) a development loan agreement with 2400 Bryan Street, LLC or an affiliate thereof in an amount not to exceed \$13,026,943.00 (comprised of \$3,605,570.00 in HOME Investment Partnerships Program Funds, \$6,000,000.00 in Public/Private Partnership Funds, and \$3,421,373.00 of Community Development Block Grant Funds); (2) a conditional grant agreement with 2400 Bryan Street, LLC or an affiliate thereof for the development of a mixed-use and mixed-income multifamily residential development to be located at 2400 Bryan Street in an amount not to exceed \$973,057.00 in 2012 General Obligation Bond Funds; and (3) the City of Dallas Housing Finance Corporation to purchase and own the land and to enter into a long-term ground lease with 2400 Bryan Street, LLC by Resolution No. 19-0360; and

WHEREAS, the City desires to move forward with the 2400 Bryan Street development to complete the project; and

Now, Therefore,

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

amounts, subject to Director of Housing and Neighborhood Revitalization's approval, in his or her sole discretion.

SECTION 7. That all other terms and conditions contained in Resolution No. 19-0360, approved on February 27, 2019, shall remain unchanged and in full force and effect and binding upon 2400 Bryan and DHFC.

SECTION 8. That this resolution does not constitute a binding agreement upon the City or subject to the City to any liability or obligation until such time as the agreements are duly approved by all parties and executed.

SECTION 9. 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.

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: June 12, 2019
COUNCIL DISTRICT(S): 8
DEPARTMENT: Housing & Neighborhood Revitalization
EXECUTIVE: T.C. Broadnax

SUBJECT

Authorize a first amendment to Resolution No.19-0385, previously approved on February 27, 2019, for a mixed-income multifamily residential development to be located at the intersection of West Camp Wisdom Road and South Westmoreland Road site of the former Red Bird Mall/Southwest Center Mall to: **(1)** amend the development loan amount with Palladium Redbird, Ltd. or an affiliate (“Palladium Redbird”) to only include an amount not to exceed \$5,000,000.00 in HOME Investment Partnership Program (“HOME”) funds for construction, **(2)** authorize a development loan agreement with Palladium Redbird or the City of Dallas Housing Finance Corporation (“DHFC”) for acquisition of land and construction, subject to DHFC Board of Directors’ approval, in an amount not to exceed \$1,271,576.00 in Community Development Block Grant (“CDBG”) funds, **(3)** allow the closing of the Palladium Redbird and DHFC grant/loan to occur prior to closing on the equity and all other financing for the development, **(4)** allow Palladium Redbird and DHFC to be reimbursed for costs associated to acquisition at closing, but must meet all other requirements under the agreement to be reimbursed the remaining loan and grant amounts, and **(5)** allow the City to maintain no less than 3rd lien position – No cost consideration to the City

BACKGROUND

This item is being added to the addendum to expedite an amendment to Resolution No. 19-0385, approved on February 27, 2019. The approval will assist the City in meeting its housing production goals under the Comprehensive Housing Policy while simultaneously meeting expenditure and commitment requirements for the use of the federal funds from the U.S. Department of Housing and Urban Development.

On February 27, 2019, City Council authorized a development loan and conditional grant agreement with Palladium Redbird, Ltd. to construct a new, 300-unit development with structured parking for approximately 450 spaces at the site of the former Red Bird/Southwest Center Mall. The development will include two 4-story residential buildings with elevators and, in addition to structured parking, planned amenities include a clubhouse with a fitness center, a business center, a club room, resort-style swimming pool, playground, pedestrian access to the Redbird Mall Area, and a dog park. Palladium Red Bird, Ltd. is an affiliate of Palladium USA International, Inc. (Palladium Redbird) and will serve as the developer for the development.

At this time, staff recommends reducing the CDBG allocation for Palladium Redbird while simultaneously increasing the HOME allocation for the project. The CDBG funds that are removed from the Palladium Redbird project will subsequently be allocated to the 2400 Bryan project in order for the City to meet its CDBG timeliness expenditure deadline on August 2, 2019. The development will still receive up to \$6,271,576.00 in federal funds; however, instead of the original distribution of \$2,696,300.00 in CDBG funds and \$3,575,276.00 in HOME funds, the development will receive \$1,271,576.00 in CDBG funds and \$5,000,000.00 in HOME funds. The funds will be used for acquisition, construction, and all other eligible hard and soft costs for the development of the project.

The proposed total investment is \$60,595,572.00. The sources and uses are provided in the following chart:

Financing Sources	Amount
*Tax Exempt Bonds (retired and replace with 221(d)4 loan)	\$34,957,118
*DHFC as Issuer and induced on 1/25/2019	
Housing Tax Credits Equity	\$15,094,860
National Housing Trust Funds	\$2,000,000
Deferred Developer Fee	\$243,598
City CDBG Funds	\$1,271,576
City HOME Funds	\$5,000,000
2012 GO Bond Funds	\$2,028,424
Total	\$60,595,572

Use	Costs
Acquisition	\$1,300,000
Construction Costs	\$42,236,497
Soft Costs & Financing Fees	\$7,365,412
Developer Fees	\$7,082,936
Reserves	\$2,610,727
Total	\$60,595,572

The City proposes to provide an amount not to exceed \$8,300,000.00 in gap financing for the construction of the development from three sources:

1. \$2,028,424.00 in 2012 General Obligation Bond Funds (GO Bond) from Proposition 3 (Economic Development and Housing) to be awarded as conditional grant to Palladium Redbird;
2. \$1,271,576.00 in Community Development Block Grant (CDBG) funds to be awarded as a repayable loan to Palladium Redbird or DHFC; and
3. \$5,000,000.00 in HOME Investment Partnerships Program funds (HOME) to be awarded as a repayable loan to Palladium Redbird.

Staff recommends entering to a development loan agreement with the DHFC only if CDBG funds are needed to acquire the land for the development. Additionally, staff recommends allowing the City's loan and grant to close prior to equity and other financing for the development only to assist the City to meet a federal expenditure deadline, but must meet all other requirements under the development loan and conditional grant agreement to be reimbursed the remaining loan and grant amounts. All of the other terms and conditions from the original Resolution No. 19-0385 approved on February 27, 2019 shall remain unchanged and in full force and effect.

City Council approval of this item will authorize the City Manager to execute the amendment to the development loan and conditional grant agreement related to the development.

ESTIMATED SCHEDULE OF DEVELOPMENT

Construction Commence October 2019
Construction Complete December 2021

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On January 25, 2019, the DHFC Board of Directors approved owning the land, entering into a long-term ground lease, and taking an ownership interest in Palladium Redbird, Ltd. and an inducement of multifamily mortgage revenue bonds.

On February 19, 2019, the Economic Development and Housing Committee was briefed on the development loan agreement with 2400 Bryan Street, LLC and approved moving forward to Council for consideration.

On February 27, 2019, City Council authorized **(1)** a development loan agreement with Palladium Redbird, Ltd. or an affiliate thereof in an amount not to exceed \$6,271,576.00 (comprised of \$3,575,276.00 in HOME Investment Partnerships Program Funds and \$2,696,300.00 of Community Development Block Grant Funds); **(2)** a conditional grant agreement with Palladium Redbird, Ltd. or an affiliate thereof for the development of a multifamily residential development to be located at the intersection of W. Camp Wisdom Road and S. Westmoreland Road in an amount not to exceed \$2,028,424.00 in 2012 General Obligation Bond Funds; and **(3)** the City of Dallas Housing Finance Corporation to purchase and own the land and to enter into a long-term ground lease with Palladium Redbird, Ltd. by Resolution No. 19-0385.

On June 3, 2019, the Economic Development and Housing Committee was provided the Agenda Information Sheet and Resolution as an Upcoming Council Agenda Item.

FISCAL INFORMATION

No cost consideration to the City.

OWNER/DEVELOPER

Palladium Redbird, Ltd.

Palladium Redbird GP, LLC is the general partner, a formed entity with members affiliated with Palladium Redbird (City of Dallas Housing Finance Corporation will be admitted as the sole member of the GP)

Palladium Redbird and DHFC will serve as co-Developer.

Thomas Huth, President of Palladium Redbird

City of Dallas Housing Finance Corporation

MAP

Attached

June 12, 2019

WHEREAS, on May 9, 2018, City Council adopted a Comprehensive Housing Policy Manual (Policy) by Resolution No. 18-0704 that set citywide production goals for homeownership and rental units for the next three years along with respective income bands that will be prioritized within the production goals and also set forth various programs, tools and strategies to be used to meet the production goals while also overcoming concentrations of poverty and racial segregation; and

WHEREAS, on November 28, 2018, City Council adopted certain amendments to the Policy in order to correct inconsistencies and to facilitate effective implementation; and

WHEREAS, the Comprehensive Housing Policy provides a policy for developers requesting a Resolution of Support or No Objection (Resolutions) for multifamily rental housing developments seeking Housing Tax Credits (HTC) through the Texas Department of Housing and Community Affairs (TDHCA); and

WHEREAS, on August 30, 2018, the City issued a Notice of Funding Availability in accordance with the Policy and Palladium Redbird, Ltd. submitted an application for gap financing and received a fundable score for Palladium Redbird; and

WHEREAS, the proposed development is part of the overall renovation and redevelopment of a shopping mall located at 3662 W. Camp Wisdom Road known as Red Mall which received City incentives; and

WHEREAS, on January 25, 2019, the City of Dallas Housing Finance Corporation Board of Directors at its Board meeting approved entering into an agreement to purchase and own the land; enter into a long-term ground lease, and taking an ownership interest in Palladium Redbird, Ltd.; and

WHEREAS, the proposed development is located in the Red Bird Redevelopment target area, one of the 15 approved Reinvestment Strategy Areas in the Policy, and the proposed development is a mixed-income multifamily residential development providing 90 market rate and 210 units to households earning 60% or below of Area Median Income and provides future residents with access to opportunities such as transit, park, community center, and retail; and

WHEREAS, on February 27, 2019, City Council authorized (1) a development loan agreement with Palladium Redbird, Ltd. or an affiliate thereof in an amount not to exceed \$6,271,576.00 (comprised of \$3,575,276.00 in HOME Investment Partnerships Program Funds and \$2,696,300.00 of Community Development Block Grant Funds); (2) a conditional grant agreement with Palladium Redbird, Ltd. or an affiliate thereof for the development of a multifamily residential development to be located at the intersection of W. Camp Wisdom Road and S. Westmoreland Road in an amount not to exceed \$2,028,424.00 in 2012 General Obligation Bond Funds; and (3) the City of Dallas Housing Finance Corporation to purchase and own the land and to enter into a long-term ground

lease with Palladium Redbird, Ltd. by Resolution No. 19-0385; and

WHEREAS, the City desires to move forward with the Palladium Redbird development to complete the project; and

NOW, THEREFORE,

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

SECTION 1. That the City Manager is hereby authorized to execute a development loan agreement with Palladium Redbird, Ltd. or an affiliate (“Palladium Redbird”), for the construction of a multifamily residential development to be located at the intersection of W. Camp Wisdom Road and S. Westmoreland Road in an amount not to exceed \$5,000,000.00 in HOME Investment Partnership Program funds, as approved as to form by the City Attorney. City shall maintain no less than 2nd or 3rd lien position, subordinate only to a senior construction lender for a loan in a greater amount.

SECTION 2. That the City Manager is hereby authorized to execute a development loan agreement with the City of Dallas Housing Finance Corporation (“DHFC”), subject to DHFC Board of Directors’ approval or Palladium Redbird for acquisition and construction of a multifamily residential development to be located at the intersection of W. Camp Wisdom Road and S. Westmoreland Road, in an amount not to exceed \$1,271,576.00 in Community Development Block Grant, approved as to form by the City Attorney. City shall maintain no less than 2nd or 3rd lien position, subordinate only to a senior construction lender for a loan in a greater amount. Whether the development loan agreement is executed with the DHFC or Palladium Redbird is within the sole discretion of the City Manager.

SECTION 3. That the Chief Financial Officer is hereby authorized to encumber funds and disburse funds to Palladium Redbird, Ltd., Vendor VC 100163, and to the Dallas Housing Finance Corporation, Vendor VC 255006, as the City receives and reviews reimbursement requests and related supporting documentation submitted by Palladium Redbird, Ltd. for eligible expenditures and accepts supporting evidence as defined in the agreements for the total amount not to exceed \$8,300,000.00 from funding sources listed and described below:

<u>FUND</u>	<u>DEPT</u>	<u>UNIT</u>	<u>OBJECT</u>	<u>PROGRAM NUMBER</u>	<u>AMOUNT</u>
18R1	HOU	B17B	3015	NOFA18REDBIRD	\$1,271,576
HM17	HOU	275B	3015	NOFA18REDBIRD	\$1,424,724
HM18	HOU	823C	3015	NOFA18REDBIRD	\$2,091,239
HM13	HOU	310F	3015	NOFA18REDBIRD	\$149,064
HM14	HOU	489G	3015	NOFA18REDBIRD	\$689,027
HM15	HOU	644H	3015	NOFA18REDBIRD	\$160,990
HM16	HOU	545A	3015	NOFA18REDBIRD	\$484,956

2U53	HOU	W362	3016	NOFA18REDBIRD	\$139,051
3U53	HOU	W362	3016	NOFA18REDBIRD	\$419,373
4U53	HOU	W362	4599	NOFA18REDBIRD	\$1,470,000

SECTION 4. That the City Chief Financial Officer is hereby authorized to record notes receivable - developers loan in Balance Sheet Account 033F and deferred revenue-home loans in Balance Sheet Account 0859 in fund CDBG and HOME for the amount of the loan.

SECTION 5. That the City Manager, in his or her sole discretion, is authorized to close on the Palladium Redbird and DHFC loans and grants prior to closing on the equity and all other financing for the development.

SECTION 6. That Palladium Redbird and DHFC may be reimbursed for costs associated to acquisition at closing, but must meet all other requirements under Resolution No. 19-0385, approved on February 27, 2019, to be reimbursed the remaining loan and grant amounts, subject to Director of Housing and Neighborhood Revitalization’s approval, in his or her sole discretion.

SECTION 7. That all other terms and conditions contained in Resolution No. 19-0385, approved on February 27, 2019, shall remain unchanged and in full force and effect and binding upon Palladium Redbird and DHFC.

SECTION 8. That this resolution does not constitute a binding agreement upon the City or subject to the City to any liability or obligation until such time as the agreements are duly approved by all parties and executed.

SECTION 9. 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.

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: June 12, 2019
COUNCIL DISTRICT(S): 9
DEPARTMENT: Housing & Neighborhood Revitalization
EXECUTIVE: Michael Mendoza

SUBJECT

Authorize a first amendment to Resolution No.19-0387, previously approved on February 27, 2019, for a mixed-income multifamily complex for seniors to be located at 2649 Centerville Road to: **(1)** amend the funding source for the development loan amount with TX Casa View 2018, Ltd. (“TCV”) of \$3,801,000.00 from \$3,801,000.00 in Community Development Block Grant (“CDBG”) to \$1,620,154.00 in CDBG funds and \$2,180,846.00 HOME Investment Partnership Program (“HOME”) funds, and **(2)** allow the closing of the TCV grant/loan to occur prior to closing on the equity and all other financing for the development. – No cost consideration to the City.

BACKGROUND

This item is being added to the addendum to expedite an amendment to Resolution No.19-0387, previously approved on February 27, 2019. The approval will assist the City in meeting its housing production goals under the Comprehensive Housing Policy plus expenditure and commitment requirements for the use of the federal funds from the U.S. Department of Housing and Urban Development (“HUD”).

On February 27, 2019, City Council authorized a contract with TCV to rehabilitate all 40 existing units and construct 224 new units for seniors at the Estates at Shiloh Apartments. The 264 units will be dispersed equitably by bedroom size and amongst income bands throughout the development. The proposed development will have 4-three story buildings with ventilated corridors and accessible elevators. Planned amenities include renovation of the existing 9,000 square foot community center, swimming pool, community garden, landscaping and lighted sidewalks connecting buildings, and a dog park. TCV is an affiliate of Generation Housing Partners, LLC and Hill Tide Development, LLC.

At this time, staff recommends reducing the CDBG fund allocation for the Estates at Shiloh in order to increase the CDBG fund allocation for 2400 Bryan, a mixed-income housing development authorized by Resolution 19-0360 on February 27, 2019. Reducing the allocation of CDBG funds for the Estates at Shiloh will allow the City to meet its CDBG timeliness expenditure deadline on August 2, 2019. The development will still receive up to \$3,801,000.00 in federal funds; however, instead of the original distribution of \$3,801,000.00 in CDBG funds, the development will receive up to \$1,620,154.00 in CDBG funds and \$2,180,846.00 in HOME funds. The funds will be used for acquisition,

construction, and all other eligible associated hard and soft costs for development of the project.

Total development costs are anticipated to be approximately \$38,435,465.00 which include the acquisition price for the land and existing improvements. The hard cost rehabilitation/construction budget is anticipated to be \$25,103,247.00 (\$22,628,447.00 new construction and \$2,475,200.00 rehab) which is \$101,019.85 per unit and \$61,880.00 per unit respectively. The total rehabilitation/construction amount includes a 3% contingency and contractor overhead.

The proposed total investment is \$77,746,799.00 and a breakdown of sources and uses are provided below:

Financing Sources	Amount
*Tax Exempt Bonds (retired and replace with 221(d)4 loan)	\$19,650,000
DHFC as Issuer and induced on 1/25/2019	(\$20,000,000)
Housing Tax Credits Equity	\$12,546,810
Deferred Developer Fee	\$2,238,655
City CDBG Funds	\$1,620,154
City HOME Funds	\$2,180,846
2012 GO Bond Funds	\$199,000
Total	\$38,435,465

Proposed Use	Costs
Acquisition	\$3,400,000
Rehabilitation & Construction Costs	\$25,103,247
Soft Costs & Financing Fees	\$4,074,624
Developer Fees	\$4,521,806
Reserves	\$1,335,788
Total	\$38,435,465

The City proposes to provide an amount not to exceed \$4,000,000.00 in gap financing for the construction of the development. The funds will be funded from three sources:

1. \$199,000.00 in 2012 General Obligation Bond Funds (GO Bond) from Proposition 3 (Economic Development and Housing) to be awarded as conditional grant;
2. \$1,620,154.00 in Community Development Block Grant (CDBG) funds to be awarded as a repayable loan; and
3. \$2,180,846.00 HOME Investment Partnership Program (HOME) funds to be awarded as a repayable loan.

Staff recommends allowing the City's loan and grant to close prior to equity and other financing for the development only to assist the City to meet a federal expenditure

deadline. All of the terms and conditions from the original Resolution No. 19-0387 approved on February 27, 2019 still remain in effect.

City Council approval of this item will authorize the City Manager to execute development loans and a conditional grant agreement related to the development as amended.

ESTIMATED SCHEDULE OF DEVELOPMENT

Construction Commence November 2019
Construction Complete December 2021

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On January 25, 2019, the DHFC Board of Directors approved owning the land, entering into a long-term ground lease, and taking an ownership interest in TX Casa View 2018, Ltd. and an inducement of multifamily mortgage revenue bonds.

On February 19, 2019, the Economic Development and Housing Committee was briefed on the development loan agreement with TX Casa View 2018, Ltd. and approved moving forward to Council for consideration.

On February 27, 2019, City Council authorized **(1)** that it has no objection as to TCV's application to TDHCA's 2019 4% Non-Competitive HTC; **(2)** a development loan agreement with TCV or an affiliate thereof in an amount not to exceed \$3,801,000 (Community Development Block Grant Funds) conditioned upon TCV receiving a 2019 4% Housing Tax Credit award; **(3)** a conditional grant agreement with TCV or an affiliate thereof for the development of a mixed-income multifamily residential development to be located at 2649 Centerville Road in an amount not to exceed \$199,000.00 in 2012 General Obligation Bond Funds; and **(4)** the City of Dallas Housing Finance Corporation to purchase and own the land and to enter into a long-term ground lease with TCV by Resolution No. 19-0387.

On June 3, 2019, the Economic Development and Housing Committee was provided the Agenda Information Sheet and Resolution as an Upcoming Council Agenda Item.

FISCAL INFORMATION

No cost consideration to the City.

OWNER/DEVELOPER

TX Casa View 2018, Ltd.

TX Casa View 2018 GP, LLC is the general partner, a formed entity with GHP and HTD as members. (City of Dallas Housing Finance Corporation will be admitted as the sole member of the GP)

GHP and HTD will serve as the Developer.

Adrian Iglesias, President of GHP
Chris Applequist, Vice-President of GHP

MAP
Attached

June 12, 2019

WHEREAS, on May 9, 2018, City Council adopted a Comprehensive Housing Policy Manual (Policy) by Resolution No. 18-0704 that set citywide production goals for homeownership and rental units for the next three years along with respective income bands that will be prioritized within the production goals and also set forth various programs, tools and strategies to be used to meet the production goals while also overcoming concentrations of poverty and racial segregation; and

WHEREAS, on November 28, 2018, City Council adopted certain amendments to the Policy in order to correct inconsistencies and to facilitate effective implementation by Resolution No. 18-1680; and

WHEREAS, the Comprehensive Housing Policy provides a policy for developers requesting a Resolution of Support or No Objection (Resolutions) for multifamily rental housing developments seeking Housing Tax Credits (HTC) through the Texas Department of Housing and Community Affairs (TDHCA); and

WHEREAS, on August 30, 2018, the City issued a Notice of Funding Availability in accordance with the Policy and TX Casa View 2018, Ltd. submitted an application for gap financing and received a fundable score; and

WHEREAS, on January 25, 2019, the City of Dallas Housing Finance Corporation Board of Directors at its Board meeting approved entering into an agreement to purchase and own the land; enter into a long-term ground lease, and taking an ownership interest in TX Casa View 2018, Ltd.; and

WHEREAS, the proposed development is located in the Casa View Stabilization target area, one of the 15 approved Reinvestment Strategy Areas in the Policy, and the proposed development is a mixed-income multifamily residential development for seniors providing at least 239 units to households earning 60% or below of Area Median Income and the remaining units as market rate and provides future residents with access to opportunities such as transit, park, community center, and retail; and

WHEREAS, TX Casa View 2018, Ltd. submitted an application to TDHCA for 2019 4% Non-Competitive HTC for the proposed acquisition of the land and existing improvements, the rehabilitation of existing units, and the construction of new improvements for the development of Estates at Shiloh Apartments; and

WHEREAS, on February 27, 2019, City Council confirmed **(1)** that it has no objection as to TX Casa View 2018, Ltd.'s application to TDHCA's 2019 4% Non-Competitive HTC; **(2)** authorized, conditioned upon TX Casa View 2018, Ltd. receiving a 2019 4% Housing Tax Credit award, a development loan agreement with TCV or an affiliate thereof in an amount not to exceed \$3,801,000 (Community Development Block Grant Funds); **(3)** a conditional grant agreement with TX Casa View 2018, Ltd. or an affiliate thereof for the development of a mixed-income multifamily residential development to be located at 2649

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Centerville Road in an amount not to exceed \$199,000.00 in 2012 General Obligation Bond Funds; and (4) the City of Dallas Housing Finance Corporation to purchase and own the land and to enter into a long-term ground lease with TX Casa View 2018, Ltd. by Resolution No. 19-0387.

WHEREAS, the City desires to move forward with the Estates at Shiloh development to complete the project; and

Now, Therefore,

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

SECTION 1. That the City Manager is hereby authorized to execute a development loan agreement with TX Casa View 2018, Ltd or an affiliate (TCV) thereof in an amount not to exceed \$3,801,000.00 comprised of \$1,620,154.00 Community Development Block Grant (CDBG) funds and \$2,180,846.00 HOME Investment Partnership Program (HOME) funds, approved as to form by the City Attorney.

Section 2. That the Chief Financial Officer is hereby authorized to encumber funds and disburse funds to TX Casa View 2018, Ltd., Vendor No. VS99112, as the City receives and reviews reimbursement requests and related supporting documentation submitted by TX Casa View 2018, Ltd. for eligible expenditures and accepts supporting evidence as defined in the agreements for the total amount not to exceed \$4,000,000.00 from funding sources listed and described below:

<u>FUND</u>	<u>DEPT</u>	<u>UNIT</u>	<u>OBJECT</u>	<u>PROGRAM NUMBER</u>	<u>AMOUNT</u>
18R1	HOU	B17C	3015	NOFA18SHILO	\$1,620,154
HM17	HOU	275B	3015	NOFA18SHILO	\$2,180,846
2U53	HOU	W363	3016	NOFA18SHILO	\$98,519
3U53	HOU	W363	3016	NOFA18SHILO	\$96,458
4U53	HOU	W363	3016	NOFA18SHILO	\$4,023

SECTION 3. That the City Chief Financial Officer is hereby authorized to record notes receivable - developers loan in Balance Sheet Account 033F and deferred revenue-home loans in Balance Sheet Account 0859 in fund CDBG and P/PP for the amount of the loan.

SECTION 4. That the City Manager, in his or her sole discretion, is authorized to close on the TCV loan and grant prior to closing on the equity and all other financing for the development

SECTION 5. That all other terms and conditions contained in Resolution No. 19-0387, previously approved on February 27, 2019, shall remain unchanged and in full force and effect.

SECTION 6. That this resolution does not constitute a binding agreement upon the City or subject to the City to any liability or obligation until such time as the loan documents are duly approved by all parties and executed.

SECTION 7. 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.