

February 24, 2021

**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. 18-1860; and

**WHEREAS**, on June 12, 2019, City Council amended the Policy to amend the 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) by Resolution No. 19-0884; and

**WHEREAS**, on August 7, 2020, the City issued a Notice of Funding Availability in accordance with the Policy and TX Westmoreland 2020, Ltd. (Applicant) submitted an application for gap financing and received a fundable score; and

**WHEREAS**, on October 19, 2020, 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 with Applicant or its affiliate; and

**WHEREAS**, Applicant has proposed the development of a 248-unit mixed-income multifamily complex known as Westmoreland Station located at 2700 South Westmoreland Road and provides future residents with access to opportunities such as transit, park, community center, and retail; and

**WHEREAS**, Applicant or its affiliate (collectively referred to as Applicant) has advised the City that it intends to submit an application to TDHCA for 2021 4% Non-Competitive HTC for the proposed acquisition of the land and the construction of new improvements for the development of Westmoreland Station Apartments; and

**WHEREAS**, pursuant to Section 11.204 of the Qualified Allocation Plan and Chapter 2306 of the Texas Government Code, the City desires to provide a Resolution of No Objection to the Applicant for the 2021 4% Non-Competitive HTC application for the Westmoreland Station Apartments located at 2700 South Westmoreland Drive, Dallas, TX 75233.

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**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 has no objection as to TX Westmoreland 2020, Ltd. or its affiliate (TX Westmoreland or Applicant) application to TDHCA's 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 the Westmoreland Station Apartments located at 2700 South Westmoreland Drive, Dallas, TX 75233 for the development of a 248-unit mixed-income multifamily development and that this formal action has been taken to put on record the opinion expressed by the City of Dallas on February 24, 2021.

**SECTION 2.** That in accordance with the requirements of the Texas Government Code §2306.67071 and Texas Administrative Code §11.204(4), it is hereby found that:

- a. Notice has been provided to the Governing Body in accordance with Texas Government Code §2306.67071(a); and
- b. The governing body has had sufficient opportunity to obtain a response from TX Westmoreland 2020, Ltd. regarding any questions or concerns about the proposed acquisition and development of the Westmoreland Station Apartments; and
- c. The governing body has held a hearing at which public comment may be made on the proposed acquisition and development of the Westmoreland Station in accordance with Texas Government Code §2306.67071(b) and Texas Administrative Code §11.204(4)(B); and
- d. After due consideration of the information provided by TX Westmoreland 2020, Ltd. and after the public hearing on the proposed acquisition and development of Westmoreland Station, the City of Dallas, acting through its Governing Body, does not object to the application by TX Westmoreland 2020, Ltd. to the TDHCA for 4% Non-Competitive HTC for the purpose of the acquisition and development of the Westmoreland Station Apartments.

**SECTION 3.** That it is further resolved that for and on behalf of the governing body, the Mayor or the City Manager, are hereby authorized, empowered and directed to certify these resolutions to the TDHCA.

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**SECTION 4.** That the City Manager, conditioned upon TX Westmoreland 2020, Ltd. receiving a 2021 4% HTC award from TDHCA, is authorized to execute HOME Investment Partnerships Funds (HOME) and Community Development Block Grant Funds (CDBG) development loan agreements with TX Westmoreland 2020, Ltd. or an affiliate thereof, approved as to form by the City Attorney, in an amount not to exceed \$3,000,000.00 of CDBG Funds and \$5,000,000.00 in HOME Funds with TX Westmoreland 2020, Ltd. or affiliate thereof, subject to the requirements below.

**SECTION 5.** That the City of Dallas Housing Finance Corporation (DHFC) is authorized to purchase and own the land, enter into a long-term ground lease with TX Westmoreland 2020, Ltd., and take an ownership interest in TX Westmoreland 2020, Ltd. conditioned upon TX Westmoreland 2020, Ltd. receiving a 2021 4% HTC award.

**SECTION 6.** That the City Manager, upon approval as to form by the City Attorney, is authorized to execute each of the agreements described herein including any financing and associated documents related to the loan agreements, subordinations to the senior lender for a loan in a greater amount, and release of liens and termination of deed restrictions on the property upon satisfaction of all applicable conditions, approved as to form by the City Attorney. The Director of the Department of Housing and Neighborhood Revitalization may extend deadlines for up to two years.

**SECTION 7.** As a requirement for the loan, TX Westmoreland must provide at least 223 of the 248 units to households earning at or below 80 percent of Area Median Income (AMI) as defined by the U.S. Department of Housing and Urban Development (HUD). These affordable units must remain affordable for a minimum of 20 years. The remaining units will be market rate. Additionally, in conformance with Dallas City Code, TX Westmoreland shall set aside at least 10 percent of the total units, which for this development is 25 units, and solely lease those units to holders of housing vouchers, including vouchers directly or indirectly funded by the federal government. The voucher units must be set aside to voucher holders for a minimum of 15 years from the date of initial lease-up of all voucher units. These affordable and voucher units must be dispersed throughout the residential floor area and shall have identical finish-out and materials as the market rate units.

CDBG Funds will be used for acquisition costs and other allowable development costs, as allowed by federal regulations governing the use of the funds and the Comprehensive Housing Policy (CHP). The HOME Funds will be used for hard and soft construction cost, in accordance with the CHP and the regulations. All funds will be provided on a reimbursable basis. The terms of the loan agreements are as follows:

1. The term of the loan agreement(s) is 35 years beginning from the effective date; and

**SECTION 7. (continued)**

2. The term of the loan(s) shall be 35 years and ends on the maturity date to be defined in the loan agreement(s) and other financing documents for the loan(s), in accordance with the CHP; and
3. TX Westmoreland shall complete construction of the 248 units within two years of the effective date of the agreement, which may be extended by the Director of the Department of Housing and Neighborhood Revitalization for up to two years (unless prohibited by the applicable regulations); and
4. 223 of the 248 units to households earning at or below 80 percent AMI; and
5. Loan amortization is 35 years, with an interest rate of 1 percent simple annual interest; and
6. TX Westmoreland must execute a promissory note(s) for the total loan amount(s); and
7. The owner of the property, DHFC, and TX Westmoreland shall execute and record deed restrictions on the property. The deed restrictions may be subordinate to deed restrictions issued by TDHCA or HUD and to other financing (without waiving compliance with such deed restrictions), and shall be recorded to secure the 20-year affordability period for the affordable HOME/CDBG units and 15-year voucher period for the voucher units, which are subject to the requirements of Chapter 20A of the Dallas City Code; and
8. The owner of the Property, DHFC, and TX Westmoreland shall execute and record a deed of trust on the property, including the leasehold and all improvements to secure payment and performance which will be released once all terms and conditions of the HOME and CDBG loan agreement(s) are met; and
9. The City's lien or liens for loan agreements may only be subordinate to a financial institution's superior lien for a loan in a greater amount. In the event subordination agreements are required, the City agrees to provide in a form acceptable to the City; and
10. A default under the HOME loan agreement shall constitute a default under the CDBG loan agreement, and vice versa; and
11. DHFC shall purchase and own the land, enter into a long-term ground lease with TX Westmoreland, and take an ownership interest in TX Westmoreland for the development of a mixed-income multifamily complex located at 2700 South Westmoreland Drive; and
12. TX Westmoreland must provide payment and performance bonds or guarantees, or acceptable equivalent methods of guarantees to the City in the total amount of the construction of the development; and
13. Repayment of loan principal and interest should be an annual surplus cash payment. The City's surplus cash loans funding will be structured with note provisions requiring that at least 50 percent of Eligible Cash, as defined in the CHP, in excess of \$50,000.00 be paid annually to subordinate lenders (including funding partners and related parties) on a prorated basis; and

**SECTION 7.** (continued)

14. The HOME and CDGB loan shall be a nonrecourse loan and the City's remedies is limited to foreclosure only, in the event of an uncured default; and
15. Although the term, the maturity date, and the amortization are anticipated to be for a period of 35 years, the Director of the Department of Housing and Neighborhood Revitalization may adjust the period of years so that it is conterminous with the senior lender; and

The HOME/CDBG loan agreements are conditioned upon:

1. TX Westmoreland receiving 2021 4% housing tax credit allocation from TDHCA; and
2. Approval of equity, construction and permanent financing documentation in a form acceptable to the City; and
3. HUD federal requirements including environmental review, site and neighborhood standards, cost reasonableness, subsidy layering, and underwriting; and
4. TX Westmoreland shall make a good faith effort to comply with the City's Business Inclusion and Development goal of 25 percent participation by certified Minority/Women-owned Business Enterprises for all hard construction expenditures of the Development (i.e. public and private improvements) and meet all reporting requirements of the City of Dallas Office of Business Diversity; and
5. All conditions listed in the CHP for developer programs; and
6. Final underwriting; and
7. Closing on equity and all other financing for the development.

**SECTION 8.** That the Chief Financial Officer is hereby authorized to encumber funds and disburse funds in an amount not to exceed \$8,000,000.00 to Generation Housing Partners, LLC (VC22649) as the City receives and reviews reimbursement requests and related supporting documentation submitted by Generation Housing Partners, LLC for eligible expenditures and accepts supporting evidence as defined in the agreements from funding sources listed and described below:

<u>Fund</u>	<u>Department</u>	<u>Unit</u>	<u>Object</u>	<u>Amount</u>
HM17	HOU	275B	3015	\$1,672,874.57
HM18	HOU	822C	3015	\$ 200,000.00
HM18	HOU	823C	3015	\$ 937,936.43
HM19	HOU	919D	3015	\$2,189,189.00
18R2	HOU	975D	3099	\$2,089,312.00
CD19	HOU	905D	3015	\$ 497,119.41
CD20	HOU	406E	3015	<u>\$ 413,568.59</u>
Total				\$8,000,000.00

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**SECTION 9.** That the Chief Financial Officer is hereby authorized to record notes receivable - developers loan in Balance Sheet Account 033F and deferred revenue in Balance Sheet Account 050A for the CDBG Funds, and notes receivable - developers loan in Balance Sheet Account 033F and deferred revenue in Balance Sheet Account 0859 for the HOME Fund for the amount of the loan in Section 8.

**SECTION 10.** That this resolution does not constitute a binding agreement upon the City or subject the City to any liability or obligation until such time as the loan and conditional grant documents are duly approved by all parties and executed.

**SECTION 11.** That this contract is designated as Contract No. HOU-2021-00015494.

**SECTION 12.** 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.