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WHEREAS, on May 9, 2018, the City Council authorized the adoption of the Comprehensive Housing Policy (CHP) by Resolution No. 18-0704, which was subsequently amended, most recently on June 12, 2024, by Resolution No. 24-0846; and

WHEREAS, the City of Dallas (City) is authorized by the Texas Public Facility Corporation Act, Chapter 303 of the Texas Local Government Code, as amended (Act) to create a public facility corporation for the purposes established in the Act, including to provide for financing, acquisition, and construction of public facilities under the Act; and

WHEREAS, on June 24, 2020, the City Council authorized the creation of the Dallas Public Facility Corporation (Corporation) to further the public purposes stated in the Corporation's Articles of Incorporation and Bylaws pursuant to the Act by Resolution No. 20-1035, and amended the Bylaws on August 24, 2022, by Resolution No. 22-1194 (collectively, the Governing Documents); and

WHEREAS, on August 7, 2020, the City issued a Notice of Funding Availability (NOFA), as amended, in accordance with the CHP; and

WHEREAS, on January 25, 2022, the Corporation adopted a resolution declaring its intent to enter into a lease agreement with the Caroline Dallas Tenant, LP, an affiliate of Ojala Partners, LP (Applicant) or its affiliates and the authorization to negotiate and execute a term sheet with the Applicant; and

WHEREAS, on April 27, 2022, the Dallas City Council authorized the Corporation (1) to acquire, develop, and own The Caroline, a mixed-income workforce housing multifamily development to be located at 1400 West Commerce Street, Dallas, Texas 75208 (Project); and (2) enter into a seventy-five-year lease agreement with Applicant or its affiliates for the development of the Project by Resolution No. 22-0630; and

WHEREAS, on April 12, 2023, the City Council adopted the Dallas Housing Policy 2033 (DHP33) to replace the CHP by Resolution No. 23-0443 and the Dallas Housing Resource Catalog (DHRC) to include the approved programs from the CHP by Resolution No. 23-0444; and

WHEREAS, the Department of Housing and Community Development continues operating its programs, previously authorized and adopted under the CHP, as restated in the DHRC; and

WHEREAS, on May 4, 2024, Dallas voters approved a \$1.25 billion general obligation bond program, of which \$26,400,000.00 was included in Proposition No. H (Housing and Neighborhood Infrastructure) for the purpose of providing funds for affordable housing and neighborhood revitalization initiatives, including construction affordable housing, infrastructure construction, and land purchase; and

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WHEREAS, on September 10, 2024, Caroline Dallas Tenant, LP, an affiliate of Ojala Partners, LP (together, the Applicant) submitted an application for gap financing and received a fundable NOFA score (99) for its proposed Project for infrastructure improvements along 1400 West Commerce Street from Sylvan Avenue including on-site improvements necessary to support the project, off-site improvements including the removal and replacement of an undersized off-site wastewater line along West Commerce from Sylvan Avenue with approximately 1,864 linear feet of new wastewater line that is 12" in size that will also result in a substantial increase wastewater capacity to support potential redevelopments on the other 42.5 acres (75 parcels) of the sewershed (see **Exhibit A**). The public benefit to the other 33 acres of the sewershed shall be the City's consideration for the proposed grant; and

WHEREAS, the Applicant or its affiliate (collectively referred to as Applicant) proposes to develop new construction of a 344-unit mixed-income workforce development, including 247 one-bedroom, 73 two-bedroom units, and 24 three-bedroom units and Class A common area amenities; and

WHEREAS, upon completion of the new construction, at least 176 of the 344 units will be affordable units made available to rent to households earning at or below 80.00% of Area Median Income (AMI), of the 176 affordable units, 19 units will be provided to households earning at or below 60% AMI, and 168 units will be non-income-restricted market rate rents; and

WHEREAS, to assist in the affordable housing production goals established in the DHP33 and the DHRC, the City desires to enter into a conditional grant agreement with Caroline Dallas Tenant, LP, an affiliate of Ojala Partners, LP in an amount not to exceed \$2,000,000.00 in 2024 General Obligation Bond Funds (Proposition H: Housing Infrastructure Bond) to assist with extraordinary cost of required on-site, off-site wastewater infrastructure, and streetscape improvements for the Project.

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 conditional grant agreement and security documents with Caroline Dallas Tenant, LP, an affiliate of Ojala Partners, LP (together, the Applicant), approved as to form by the City Attorney, in an amount not to exceed \$2,000,000.00 in 2024 General Obligation Bond Funds (Proposition H: Housing Infrastructure Bond) in consideration of The Caroline, a 344-unit mixed-income workforce development on property located at 1400 West Commerce Street, Dallas, Texas 75208 and to assist with the extraordinary cost of required on-site, off-site wastewater infrastructure, and streetscape improvements for the Project, subject to the requirements below.

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SECTION 2. That the City Manager is hereby authorized to execute a conditional grant agreement and security documents with Applicant, approved as to form by the City Attorney, described herein including any financing and associated documents related to the grant agreement, subordinations to financial institution lien(s), subject to the requirements of the DHP33 and the DHRC, 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 Community Development (Director) may extend deadlines by up to two years.

SECTION 3. That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$2,000,000.00 to The Caroline Dallas Tenant, LP, an affiliate of Ojala Partners, LP from 2024 General Obligation Bond Funds (Proposition H: Housing Infrastructure Bond) Fund 1Y54, Department HOU, Unit YH03, Object 3016 Encumbrance/Contract No. HOU-2025-00027677, Vendor No. VC0000034280.

SECTION 4. That pursuant to the Conditional Grant Agreement, the Applicant must:

A. The Project shall include the following required project components:

- i. new ground-up development of a four-story, 344-unit mixed-income workforce multi-family housing development;
- ii. on-site improvements (e.g., grading, utilities, paving, drainage, etc.) necessary to support the Project;
- iii. off-site improvements including required removal and replacement of an existing undersized off-site wastewater line located along West Commerce Street from Sylvan Avenue with approximately 1,864 linear feet of new wastewater line that is 12" in size; and
- iv. streetscape improvements along the Property's West Commerce, Neal, and Seale street frontage.

B. Applicant shall cause the construction of the required project components described in Section 4.A to be substantially complete by July 31, 2027, as evidenced by certificate(s) of occupancy, letter(s) of acceptance, certificate(s) of substantial completion, and/or similar documentation issued by the City (Substantial Completion).

C. Applicant shall invest (or cause to be invested) and provide documentation evidencing a minimum of ~~\$65,603,452.00~~ ~~74,218,452.00~~ in acquisition costs and real property improvements, including the design, engineering and construction of on-site and off-site improvements and building improvements, including furniture, fixture and equipment costs associated with the Project by July 31, 2027. See **Exhibit B** for private investment expenditures eligible to be counted toward the minimum private investment requirement. Construction management costs may be included in the

SECTION 4. (continued)

private investment calculation if the construction management services are performed by an independent and unaffiliated third-party. Construction management costs must be evidenced by invoices with detailed descriptions of services performed. Developer fees, legal fees, marketing fees, financing fees, leasing commissions, carrying costs, reserves, operating deficits through stabilization and other similar costs shall not be included in the private investment calculation. With the exception of acquisition costs, professional fees, environmental assessments, and other eligible due diligence costs, no expenditures made by Developer prior to execution of the Letter of Intent for the Project may be included in the private investment calculation.

- D. The Project shall 344 units of which 176 of units will be set aside to rent to households earning at or below 80.00% of Area Median Income (AMI), of the 176 affordable units, 19 units will be provided to households earning at or below 60% AMI, and 168 units will be non-income-restricted market rate rents.
- E. Comply with Chapter 20A of the Dallas City Code, as amended, regarding the non-discriminatory treatment of housing voucher holders and set aside at least 10% of the total number of units, rounded up to the nearest whole number, and solely lease those units to holders of housing vouchers. The voucher units must be set aside for voucher holders for a minimum of 15 years from the date of initial lease-up of all voucher units to voucher holders. These affordable voucher units must be dispersed throughout the residential floor area and shall have identical finish-out and materials.
- F. Applicant shall complete construction of the 344 units within two years of the effective date of the Conditional Grant Agreement, which may be extended by the Director for up to two years (unless prohibited by the applicable funding source requirements, the DHP33, and/or the DHRC);
- G. The unit mix will include 247 one-bedroom, 73 two-bedroom units, and 24 three-bedroom units and Class A common area amenities;
- H. The owner of the property shall execute and record deed restrictions on the property. The promissory note and deed restrictions may be subordinate to deed restrictions issued by TDHCA, HUD and/or to other financing (without waiving compliance with such deed restrictions), and shall be recorded to secure the 20-year affordability period for the affordable units and the 15-year voucher period for the requirement to make best efforts to lease up to 10 percent of the units to holders of housing vouchers pursuant to Chapter 20A of the Dallas City Code and the DHP33 and DHRC;

SECTION 4. (continued)

- I. The owner of the property, 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 Conditional Grant Agreement are met;
- J. The City's lien or liens can be the second or third position, with the Director's prior written approval. In no instance shall the City's lien or liens be in less than 3rd position. In the event, subordination agreements are required, the form of subordination agreement shall be in the form of the City's Intercreditor Agreement unless the City, at its sole discretion, agrees to an alternative form acceptable to the City based on negotiation with other lenders on the project.
- K. Applicant shall provide guarantees including a completion and operating deficit guaranty for the loan agreement;
- L. Applicant 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 Project;

SECTION 5. That the Conditional Grant Agreement is conditioned upon:

- A. Project receiving third-party underwriting; and
- B. Approval of equity, construction, and permanent financing documentation in a form acceptable to the City; and
- C. Compliance with all applicable funding source requirements including an environmental review conducted by the City, cost reasonableness, subsidy layering, and underwriting; and
- D. Applicant shall make a good faith effort to comply with the City's Business Inclusion and Development goal of 32 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 Procurement Services; and
- E. All conditions listed in the DHP33 and the DHRC for applicable developer programs; and
- F. Final underwriting; and
- G. Closing on equity and all other financing for the development.

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SECTION 6. That the City Manager is authorized to obligate the Applicant to make payment for the City's outside counsel legal fees for the drafting and negotiation of the loan agreement and any related financing, subordination and associated documents for the Project, approved as to form by the City Attorney (the Loan Documents), directly to the City's outside legal counsel on the date that all of the financing for construction of the Project and execution of the Loan Documents, as approved by the City, the Applicant's other lenders and all necessary parties, (the Closing) takes place. In the event that the Closing does not occur, then Applicant shall be obligated to pay the City an amount equal to the City's outside legal fees incurred by the City to draft and negotiate the Loan Documents within thirty days of the date on which the Closing was to occur.

SECTION 7. That the Grant shall be payable in one lump-sum upon completion and acceptance of the Project, including acceptance by the City of the on-site and off-site wastewater infrastructure improvements.

SECTION 8. 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 documents 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.