

August 24, 2022

WHEREAS, on May 9, 2018, City Council authorized the adoption of the Comprehensive Housing Policy (CHP) by Resolution No. 18-0704; and

WHEREAS, on November 28, 2018, City Council authorized an amendment to the CHP by Resolution No. 18-1680; and

WHEREAS, on June 12, 2019, City Council authorized an amendment to the CHP by Resolution No. 19-0884; and

WHEREAS, on June 26, 2019, City Council authorized an amendment to the CHP by Resolution No. 19-1041; and

WHEREAS, on September 25, 2019, City Council authorized an amendment to the CHP by Resolution No. 19-1498; and

WHEREAS, on December 11, 2019, City Council authorized an amendment to the CHP by Resolution No. 19-1864; and

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

WHEREAS, on February 24, 2021, following a public hearing, City Council adopted a Resolution of Support related to the Applicant and Applicant's 9% Competitive Low Income Housing Tax Credits (HTC) application to Texas Department of Housing and Community Affairs (TDHCA) by Resolution No. 21-0367; and

WHEREAS, on September 9, 2021, City Council authorized an amendment to the CHP by Resolution No. 21-1450; and

WHEREAS, on March 31, 2022, Brompton Community Housing Development Corporation (Applicant) submitted an application for gap financing and received a fundable Notice of Funding Availability score (114); and passed a third-party underwriting review for their proposed development Skyline at Cedar Crest; and

WHEREAS, on May 11, 2022, City Council authorized an amendment to the CHP by Resolution No. 22-0744; and

WHEREAS, Applicant or its affiliate (collectively referred to as Applicant) has submitted an application to TDHCA for 2021 9% Competitive HTC for the proposed acquisition of the land and the construction of new improvements for the development of Skyline at Cedar Crest; and

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WHEREAS, Applicant has proposed the acquisition and development of a 107-unit mixed-income multifamily complex known as The Skyline at Cedar Crest located at 2720 East Kiest Blvd in the City of Dallas, Texas, including 41 1-bedroom, 50 2-bedroom, and 16 3-bedroom units, and will include amenities; and

WHEREAS, the Applicant shall provide required security measures to include security cameras, perimeter fencing, security lighting on buildings, common areas/pathways, and parking lot in accordance with NOFA criteria and the Office of Fair Housing Division recommendations to ensure a safe living environment for all residents and staff.

WHEREAS, as a requirement of the Applicant's Application to TDHCA for HTC, the Applicant will provide the following: at least 9 of the 107 units will be made available to households earning at or below 30.00% of Area Median Income (AMI), 34 of the 107 units will be made available to households earning between 31%-50% AMI, 42 of the 107 units will be made available to households earning between 51%-60% AMI, and the remaining 22 units will remain market rate.; and

WHEREAS, to assist in the affordable housing production goals established in the CHP, acting in furtherance of the City's governmental function, the City desires to enter into a loan agreement with the Applicant and/or its affiliates in an amount not to exceed \$3,750,000.00 in HOME funds for the development of CSH Skyline at Cedar Crest, Ltd.

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 HOME development loan agreement with CSH Skyline at Cedar Crest, Ltd., or its affiliate (Applicant) approved as to form by the City Attorney, conditioned upon receiving 9% Competitive Low Income Housing Tax Credits (HTC) award from Texas Department of Housing and Community Affairs (TDHCA), in an amount not to exceed \$3,750,00.00 in HOME funds, subject to the requirements below.

SECTION 2. That the City Manager is hereby authorized to execute a development loan agreement with Applicant including any financing and associated documents related to the loan agreement, 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 (Director) may extend deadlines by up to two years.

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SECTION 3. That as a requirement of the Applicant's Application to TDHCA for HTC, the Applicant must provide at least 9 of the 107 units to households earning 0.00%-30.00% of Area Median Income (AMI) as defined by the U.S. Department of Housing and Urban Development (HUD), 34 of the 107 units will be made available to households earning between 31%-50% of AMI, and 42 of the 107 units will be made available to households earning between 51%-60% of AMI. 22 Units will remain as non-income-restricted market-rate units. As requirement of the HOME funding, the Applicant must provide 18 HOME-assisted units consisting of 14 High HOME and 4 Low HOME units. These affordable units and HOME-assisted units must remain affordable for a minimum of 20 years. The HTC affordable units may satisfy the HOME affordability requirements and vice versa. The Director may authorize minor changes to the affordability unit mix so long as the revised mixed adheres to the Comprehensive Housing Policy (CHP) and the project maintains a fundable Notice of Funding Availability score. Additionally, Applicant must comply with Chapter 20A of the Dallas City Code, as amended, regarding voucher holder requirements. These affordable and voucher units must be dispersed throughout the residential floor area and shall have comparable finish-out and materials.

HOME funds will be used for vertical construction costs such as framing, roofing, carpentry, and other eligible costs, as allowed by federal regulations governing the use of the funds and the CHP. 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 is 40 years beginning from the effective date;
2. The term of the loan shall be 40 years and ends on the maturity date. The maturity date and the repayment schedule shall be defined/detailed in the loan agreement and other financing documents for the loan, in accordance with the CHP;
3. Skyline at Cedar Crest shall complete construction of the 107 units within two years of the effective date, which may be extended by the Director for up to two years (unless prohibited by the applicable regulations);
4. The unit mix will include 41 1-bedroom apartments, 50 2-bedroom apartments, and 16 3-bedroom apartments. The requirements of this subsection may be modified by the Director;
5. Loan amortization is 40 years, with an interest rate of 1 percent simple annual interest;
6. Applicant must execute a promissory note(s) for the total loan amount;
7. The owner of the property shall execute and record deed restrictions on the property. The 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 HOME units, which also include a 15-year voucher period for the voucher units, which are subject to the requirements or amended requirements of Chapter 20A of the Dallas City Code and the CHP;

SECTION 3. (continued)

8. The owner of the Property, Skyline at Cedar Crest, 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 loan agreement are met;
9. The City's lien for the loan agreement may be subordinate to a financial institution's lien, subject to the requirements of the CHP. In the event subordination agreements are required, the City agrees to provide the subordination agreement in a form acceptable to the City;
10. Applicant shall provide guarantees including a completion and operating deficit guaranty for the loan agreement;
11. 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 development; and
12. Repayment of loan principal and interest shall be an annual surplus cash payment. The City's surplus cash loan 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;
13. The HOME loan shall be a nonrecourse loan and the City's remedy is limited to foreclosure only, in the event of an uncured default; and
14. Although the term, the maturity date, and the amortization are anticipated to be for a period of 40 years, the Director may adjust the period of years, subject to the CHP, so that it is such length as required by the senior lender but not longer than 12 months after the term of the senior loan.

The HOME loan agreement is conditioned upon:

1. Skyline at Cedar Crest receiving 9% HTC 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. Brompton Community Housing Development Corporation 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 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.

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SECTION 4. That the Chief Financial Officer is hereby authorized to encumber funds and disburse funds in an amount not to exceed \$3,750,000.00 to CSH Skyline at Cedar Crest, Ltd, or its affiliate VC22778, as the City receives and reviews reimbursement requests and related supporting documentation submitted by Skyline at Cedar Crest 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	\$1,064,080.69
HM19	HOU	919D	3015	\$1,719,843.31
HM21	HOU	477E	3015	\$ 839,149.00
HM21	HOU	516F	3014	\$ 126,927.00

SECTION 5. That the Chief Financial Officer is hereby authorized to record notes receivable - developers loan in Balance Sheet Account 033F and deferred revenue in 0859 in HOME funds for the amount of the loan in Section 5.

SECTION 6. That the Controller is hereby authorized upon receipt of payment on the notes receivable to record principal payment revenue in fund HMPI, department HOU, unit 6317, revenue source code 8520 and interest payment revenue in fund HMPI, department HOU, unit 6317, revenue source code 8521.

SECTION 7. 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 8. That this contract is designated as Contract HOU-2021-00015638.

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.