

April 26, 2023

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

WHEREAS, after the adoption of the CHP, the City Council authorized multiple amendments to the CHP by on November 28, 2018 by Resolution No. 18-1680; on May 22, 2019 by Resolution No. 19-0824; on March 27, 2019 by Resolution No. 19-0429 and Ordinance No. 31142; on June 12, 2019 by Resolution No. 19-0884; on June 26, 2019 by Resolution No. 19-1041; on September 25, 2019 by Resolution No. 19-1498; on December 11, 2019 by Resolution No. 19-1864; on September 9, 2021 by Resolution No. 21-1450; on January 22, 2020 by Resolution No. 20-0188; on August 26, 2020 by Resolution No. 20-1220; on January 27, 2021 by Resolution No. 21-0212; on September 9, 2021 by Resolution No. 21-1450; on October 13, 2021 by Resolution No. 21-1655; on October 13, 2021 by Resolution No. 21-1656; on May 11, 2022 by Resolution No. 22-0744; on September 28, 2022 by Resolution No. 22-1432; 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 April 12, 2023, the City Council adopted the Dallas Housing Policy 2033 to replace the CHP by Resolution No. 23-0443.

WHEREAS, on April 12, 2023, the City Council also authorized the continued operation of the housing programs previously authorized under the CHP, but now documented and restated in the Dallas Housing Resource Catalog under Resolution No. 23-0444.

WHEREAS, on April 20, 2020, the City Council authorized final adoption of the FY 2020-21 Consolidated Plan Budget for U.S. Department of Housing and Urban Development Grant Funds which included Community Development Block Grant (CDBG) Residential Development Acquisition Loan Funds; and adoption of the FY 2019-20 Reprogramming Budget by Resolution No. 20-0655; and

WHEREAS, on June 9, 2021, the City Council authorized final adoption of the FY 2021-22 Consolidated Plan Budget for U.S. Department of Housing and Urban Development Grant Funds which included CDBG Residential Development Acquisition Loan Funds by Resolution No. 21-0974; and

WHEREAS, on March 9, 2022, the City Council authorized final adoption of Reprogramming Budget No. 1 (Substantial Amendment No. 3) to the FY2021-22 Action Plan which included unspent prior year CDBG Funds in the amount of \$2,569,591.00 for the Residential Development Acquisition Loan Program by Resolution No. 22-0501; and

WHEREAS, on June 22, 2022, the City Council authorized final adoption of the FY 2022-23 Consolidated Plan Budget for U.S. Department of Housing and Urban Development Grant Funds which included CDBG Residential Development Acquisition Loan Funds by Resolution No. 22-1024; and

April 26, 2023

WHEREAS, on January 23, 2023, LDG ~~The Park at Northpoint, LP~~ [Development](#) or its affiliate (Developer) submitted an application in response to the NOFA that received a fundable score (99) and passed a third-party underwriting review for their proposed Project, The Park at Northpoint; and

WHEREAS, on March 8, 2023, the City Council authorized final adoption of Reprogramming Budget No. 1 (Substantial Amendment No. 1) to the FY 2022-23 Action Plan which included unspent prior year CDBG funds in the amount of \$2,971,130.00 for the Residential Development Acquisition Loan Program by Resolution No. 23-0414; and

WHEREAS, City of Dallas (the City) is authorized by the Texas Public Facility Corporation Act, Chapter 303 of the Texas Local Government Code, as amended (the 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

WHEREAS, the Corporation, on behalf of the City, is empowered to finance the costs of public facilities that will provide decent, safe, and sanitary housing at affordable and market rents for residents of the City; and

WHEREAS, Developer submitted an application [on behalf of LDG The Park at Northpoint, LP \("Owner"\)](#) requesting that the Corporation or its affiliate partner with Developer to acquire, construct, and equip of The Park at Northpoint, a proposed two-phase 615-unit mixed-income multifamily rental complex located at 9999 West Technology Boulevard, Dallas, Texas 75220 (Project); and

WHEREAS, Developer proposes to develop new construction of 615 residential units with 151 one-bedroom, 154 two-bedroom, and 34 three-bedroom units for phase one and 125 one-bedroom, 121 two-bedroom, and 30 three-bedroom units for phase two, and Class A amenities; and

WHEREAS, the Developer will provide required security measures to include security cameras, fencing, and alarm systems for the Project in accordance with Notice of Funding Availability criteria and the Office of Equity and Inclusion Fair Housing Division recommendations to ensure a safe living environment for all residents and staff; and

April 26, 2023

WHEREAS, after the new construction of phase one development is complete, the Developer will provide the following: at least 173 of the 339 units will be available to rent to households earning 0.00%-80.00% of Area Median Income (AMI) and affordable for minimum of twenty years, and 166 of the 339 units will be at market rate rents subject to a lease agreement between the Corporation or its affiliate and Developer. After the new construction of phase two development is complete, 141 of the 276 units will be available to rent to households earning between 0.00%-80.00% AMI, and affordable for minimum of twenty years, and 135 of the 276 units will be at market rate rents subject to a lease agreement between the Corporation or its affiliate and Developer; and

WHEREAS, pursuant to the Act, the Project will be exempt from all ad valorem taxes; and

WHEREAS, that - but for the Corporation's participation - the Project would not be economically feasible and the Project furthers the goals of the City's Comprehensive Housing Policy, as amended; and

WHEREAS, on February 28, 2023, the Corporation adopted a resolution declaring its intent to enter into a [long-term ground](#) lease agreement with the ~~Developer~~ [Owner](#) and the authorization to negotiate and execute a term sheet with the Developer; and

WHEREAS, the City desires to, pursuant to the Act, (1) authorize the Corporation or its affiliate to purchase the Property and acquire the Project to be located in Market Value Analysis (MVA) market type E; (2) authorize the City to negotiate and enter into a development loan agreement in an amount not to exceed \$10,000,000.00 in Community Development Block Grant (CDBG) funds, pursuant to 24 CFR 570.201(a) and (b), with the Corporation, subject to the approval of the City Manager; and (3) authorize the Corporation to negotiate and execute a lease agreement with the Developer or its affiliate [Owner](#) pursuant to 24 CFR 570.201(a) and (b); and

WHEREAS, the Corporation or its affiliate will enter into a 75-year ground lease with the ~~Developer~~ [Owner](#); and

WHEREAS, the Dallas City Council finds and determines that the transaction with the Corporation should be undertaken, approves the Corporation or its affiliate to purchase and own the land using CDBG funds, enter into a 75-year ground lease with ~~Developer~~ [Owner](#) for the development of the Project, and enter into a development loan agreement with the Corporation or its affiliate pursuant to 24 CFR 570.201(a) and (b).

Now, Therefore,

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

April 26, 2023

SECTION 1. That the City, acting through the City Council (its Governing Body), hereby authorizes **(1)** the Corporation or its affiliate to acquire, develop, and own The Park at Northpoint; and **(2)** the City Manager to enter into a development loan agreement with the Corporation; and **(3)** the Corporation to enter into a 75-year ground lease agreement with ~~Developer~~ Owner for the development of The Park at Northpoint to be located at 9999 West Technology Boulevard, Dallas, Texas pursuant to 24 CFR 570.201(a) and (b).

SECTION 2. That the City Manager is hereby authorized to execute a development loan agreement (Agreement) in an amount not to exceed \$10,000,000.00 in Community Development Block Grant (CDBG) funds, pursuant to 24 CFR 570.201(a) and (b), with the Corporation or its affiliate, including any financing and associated documents related to the loan agreement, subordinations to financial institution lien(s), and release of liens and termination of deed restrictions on the property upon satisfaction of all applicable conditions, each approved as to form by the City Attorney. The Director of the Department of Housing and Neighborhood Revitalization or his or her designee (Director) is authorized to extend deadlines under the Agreement by up to two years.

SECTION 3. That the CDBG funds require that at least 314 units be reserved for households earning at or below 80 % AMI for a minimum of 20 years. The Director may authorize minor changes to the affordability unit mix so long as the revised unit mix adheres to federal regulations, the CHP, as restated in the Dallas Housing Resource Catalog, and the Project maintains a fundable notice of Funding Availability score. Additionally, Developer must comply with Chapter 20A of the Dallas City Code, as amended, regarding voucher holder requirements. These affordable and voucher units shall be dispersed throughout the residential floor area and shall be of comparable finish-out and materials as the market rate units.

SECTION 4. That CDBG funds will be provided to the Corporation or its affiliate to acquire the Project site and enter into a 75-year ground lease with the Developer, as allowed by federal regulations governing the use of the funds, including but not limited to 24 CFR 570.201(a) and (b), and the Comprehensive Housing Policy (CHP), as restated in the Dallas Housing Resource Catalog. All funds will be provided to the Corporation or its affiliate at the time of closing on the Property for eligible acquisition costs. The loan is repayable subject to the following terms of the agreement shall include, but are not limited to the following:

1. The term of the loan agreement(s) is 40 years beginning from the effective date;
2. The term of the loan(s) shall be 40 years and ends on the maturity date. The maturity date and repayment schedule shall be defined/detailed in the loan agreement(s) and other financing documents for the loan(s), in accordance with the CHP, as restated in the Dallas Housing Resource Catalog;

SECTION 4. (continued)

3. ~~LDG The Park at Northpoint, LP~~ Owner shall complete construction of the 339 units in phase one within two years of the effective date of the agreement, and additional 276 units in phase two after the completion of the prior phase within 4 years of the effective date of the agreement; these completion deadlines may be extended by the Director of the Department of Housing and Neighborhood Revitalization or his or her designee ("Director") by up to two years (unless prohibited by the applicable regulations or the CHP, as restated in the Dallas Housing Resource Catalog);
4. 173 of the 339 units in phase one will be made available to households earning at or below 80.00 percent AMI and 166 units will not be income restricted; and 141 of the 276 units in phase two will be made available to household earning at or below 80.00 percent AMI and 135 units will not be income restricted.
5. The unit mix will include 151 one-bedroom units, 154 two-bedroom units, and 34 three-bedroom units for phase one; and 125 one-bedroom units, 121 two-bedroom units, and 30 three-bedroom units for phase two. The requirements of this subsection may be modified by the Director;
6. Loan amortization is 40 years, with an interest rate of 1 percent simple annual interest;
7. ~~LDG The Park at Northpoint, LP~~ Owner must execute a promissory note(s) for the total loan amount(s);
8. The Corporation or its affiliate, as owner of the property shall execute and record deed restrictions on the property. The deed restrictions may be subordinate to deed restrictions by U.S. Department of Housing and Urban Development (HUD) and/or other financing (without waiving compliance with such deed restrictions), and shall be recorded to secure the 20-year affordability period for the affordable CDBG units and 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, as amended, and CHP, as restated in the Dallas Housing Resource Catalog;
9. The Corporation or its affiliate, as 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 CDBG loan agreement(s) are met;
10. The City's lien(s) for the loan agreement(s) may be subordinate to financial institution lien(s), subject to the requirements of the CHP, as restated in the Dallas Housing Resource Catalog. In the event subordination agreements are required, the City agrees to provide the subordination agreement in a form acceptable to the City;

SECTION 4. (continued)

11. The CDBG loan shall be a nonrecourse loan and the City's remedies is limited to foreclosure only in the event of an uncured default;
12. Although the term, the maturity date, and the amortization of the loan are anticipated to be for a period of 40 years, the Director may adjust the terms, subject to the applicable regulations and CHP, as restated in the Dallas Housing Resource Catalog, so that the term, maturity date, and amortization are such length as required by the senior lender(s) but not longer than 12 months after the term of the senior loan(s);
13. Corporation or its affiliate shall purchase and own the land, enter into a 75-year lease with ~~LDG The Park at Northpoint, LP~~ Owner, and take an ownership interest in the Property for the development of a mixed-income multifamily complex located at 9999 West Technology Boulevard, Dallas, Texas 75220;
14. LDG Athena Capital, LLC shall provide guarantees including a completion and operating deficit guaranty for the loan agreements;
15. ~~LDG The Park at Northpoint, LP~~ Owner 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;
16. 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, as restated in the Dallas Housing Resource Catalog, in excess of \$50,000.00 be paid annually to subordinate lenders (including funding partners and related parties) on a prorated basis;
17. The CDBG loan agreements are conditioned upon:
 - a. Approval of equity, construction and permanent financing documentation in a form acceptable to the City;
 - b. HUD federal requirements including environmental review, site and neighborhood standards, cost reasonableness, subsidy layering, and underwriting;
 - c. ~~LDG The Park at Northpoint, LP~~ Owner 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 Small Business Center;

SECTION 4. (continued)

- d. All conditions listed in the CHP, as restated in the Dallas Housing Resource Catalog, for developer programs;
- e. Final underwriting; and
- f. Closing on equity and all other financing for the development.

SECTION 5. That the Corporation or its affiliate is authorized to take an ownership interest in Property.

SECTION 6. That the Chief Financial Officer is hereby authorized to encumber funds and disburse funds in an amount not to exceed \$10,000,000.00 in CDBG funds to the Corporation Vendor VC27691 or its affiliate for eligible expenditures supported by requisite reimbursement requests, invoices, and additional documentation as defined in the agreement from funding sources listed and described as follows:

FY 2020-21 Community Development Block Grant Fund Fund CD20, Department HOU, Unit 406E Object 3015, Vendor VC27691 Encumbrance/Contract No. HOU-2023-00021538	\$ 1,586,898.58
FY 2021-22 Community Development Block Grant Fund Fund CD21, Department HOU, Unit 507F Object 3015, Vendor VC27691 Encumbrance/Contract No. HOU-2023-00021538	\$ 2,875,593.09
FY 2022-23 Community Development Block Grant Fund Fund CD22, Department HOU, Unit 607G Object 3015, Vendor VC27691 Encumbrance/Contract No. HOU-2023-00021538	\$ 2,265,710.00
FY 2021-22 Reprogrammed Funds Community Development Block Grant Fund Fund 21RP, Department HOU, Unit 565F Object 3015, Vendor VC27691 Encumbrance/Contract No. HOU-2023-00021538	\$ 2,569,590.98
FY 2022-23 Reprogrammed Funds Community Development Block Grant Fund Fund 22RP, Department HOU, Unit 664G Object 3015, Vendor VC27691 Encumbrance/Contract No. HOU-2023-00021538	<u>\$ 702,207.35</u>
Total amount not to exceed	\$10,000,000.00

April 26, 2023

SECTION 7. That it is further resolved that the City hereby confirms that the City Council (its Governing Body) has voted specifically to authorize the development to move forward.

SECTION 8. That the City Controller is hereby authorized to record notes receivable - developers loan in balance sheet account 033F and deferred revenue-home loans in 050A in fund CDBG for the amount of the loan.

SECTION 9. 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 10. That development agreement is designated as Contract No. HOU-2023-00021538.

SECTION 11. That the 75-year ground lease is designated as Contract No. HOU-2023-00021832.

SECTION 12. That this resolution shall take effect immediately from and after its passage in accordance with the provision of the Charter of the City of Dallas, and it is accordingly so resolved.