

May 28, 2025

~~**WHEREAS**, the City of Dallas (“City”) recognizes the importance of its role in local economic development; and~~

~~**WHEREAS**, on June 13, 2007, the City Council authorized the creation of Tax Increment Reinvestment Zone Number Fifteen (Fort Worth Avenue TIF District) in accordance with the Tax Increment Financing Act, as amended, V.T.C.A. Texas Code, Chapter 311, to promote development and redevelopment in the Fort Worth Avenue area through the use of tax increment financing by Ordinance No. 26798, as amended; and~~

~~**WHEREAS**, on March 26, 2008, the City Council authorized the Project Plan and Reinvestment Zone Financing Plan for the Fort Worth Avenue TIF District by Ordinance No. 27129, as amended; and~~

~~**WHEREAS**, on September 23, 2020, the City Council authorized a tax increment financing (“TIF”) development agreement (“Agreement”) between the City and Villas at WH 20, LP and its affiliate Villas Development Corporation (collectively, “Owner/Developer”), and associated deed restrictions recorded on February 28, 2024 under Clerk’s File No. 202400040173 (“Deed Restrictions”) to facilitate the development of a new \$31 million 130-unit senior mixed-income multi-family residential project commonly known as Mariposa at Western Heights, formerly known as the Villas at Western Heights, at 1641 North Windomere (“Project”) by Resolution No. 20-1480; and~~

~~**WHEREAS**, the Project was developed as a 9% Low Income Housing Tax Credit (“LIHTC”) project; and~~

~~**WHEREAS**, eighty percent of the units (104 units) are income-restricted and set aside for senior households earning at/below 30%, 50%, and 60% Area Median Income (“AMI”), and twenty percent of the units are not income-restricted; and~~

~~**WHEREAS**, as secured by the Deed Restrictions, the duration of the City’s affordability period is fifteen years; however, the LIHTC Land Use Restriction Agreement (“LURA”) between the Texas Department of Housing & Community Affairs (“TDHCA”) and Owner/Developer secures the affordability restrictions for forty-five years; and~~

~~**WHEREAS**, Owner/Developer’s construction of the Project was completed in late 2024; and~~

~~**WHEREAS**, in April 2025, the City received a request from the Owner/Developer to subordinate the Deed Restrictions to the lien of a permanent financing loan to be between Fannie Mae and Owner/Developer; and~~

~~**WHEREAS**, the Owner/Developer is preparing to convert the Project’s construction financing into permanent financing with Fannie Mae being the senior lender, and Fannie~~

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Mae is requiring that the Deed Restrictions be subordinated to the Lender's deed of trust; and

~~**WHEREAS**, as written, the Agreement and Deed Restrictions do not contemplate the need for subordination but do allow for amendment, approved as to form by the City Attorney, with the approval of the City Council; and~~

~~**WHEREAS**, therefore, to ensure that the City's recapture rights remain protected, while also enabling the Project's critical conversion to permanent financing, City staff recommends amending the Agreement and the Deed Restrictions to allow for the subordination of the Deed Restrictions and the execution of a Recapture Guaranty; and~~

~~**WHEREAS**, ongoing affordability restrictions for the Project for a total of forty-five years are already secured by the LURA between TDHCA and Owner/Developer, and the LURA will not be subordinated.~~

~~**Now, Therefore,**~~

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

~~**SECTION 1.** That the City Council hereby authorizes amendment of the tax increment financing ("TIF") development agreement ("Agreement") previously authorized by the City Council on September 23, 2020 by Resolution No. 20-1480 between the City of Dallas ("City") and Villas at WH 20, LP and its affiliate Villas Development Corporation (collectively, "Owner/Developer") and the associated deed restrictions recorded on February 28, 2024 under Clerk's File No. 202400040173 ("Deed Restrictions") to (1) allow the City to subordinate the Deed Restrictions to the lien of a permanent financing loan to be between Fannie Mae ("Lender") and Owner/Developer; and in consideration, (2) accept the execution of a limited recapture guaranty ("Recapture Guaranty") by Villas at WH 20, LP and Villas at WH 20 GP, LLC, approved as to form by the City Attorney in favor of the City, to facilitate the permanent financing loan to be provided by Fannie Mae for the mixed-income apartment development commonly known as Mariposa at Western Heights, formerly known as the Villas at Western Heights ("Project"), addressed as 1641 North Windomere in Tax Increment Reinvestment Zone Number Fifteen ("Fort Worth Avenue TIF District").~~

~~**SECTION 2.** That the facts and recitations contained in the preamble of this resolution are hereby found and declared to be true and correct.~~

~~**SECTION 3.** That amendment of the Agreement and Deed Restrictions shall include the following:~~

- ~~1. Villas at WH 20, LP and Villas at WH 20 GP, LLC will execute a Recapture Guaranty in favor of the City, under which Villas at WH 20, LP and Villas at WH~~

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SECTION 3. (continued)

~~20 GP, LLC agree to pay the City a defined recapture amount upon the occurrence of any of the following:~~

- ~~a. A foreclosure or deed in lieu of foreclosure by Lender that extinguishes the Deed Restrictions; or~~
- ~~b. A sale or transfer of the Project without reinstatement or replacement of affordability restrictions reasonably acceptable to the City; or~~
- ~~c. A material violation of the affordability requirements that is not cured within a reasonable notice and cure period.~~

- ~~2. The financial obligation of Villas at WH 20, LP and Villas at WH 20 GP, LLC under the Recapture Guaranty will be strictly limited to the total TIF Subsidy disbursed to the Owner/Developer for the Project in the amount of \$7,678,874.00. No other penalties or damages will be imposed.~~
- ~~3. The parties will acknowledge that the Recapture Guaranty provides the City's sole and exclusive remedy in connection with any extinguishment of the Deed Restrictions due to subordination and foreclosure.~~
- ~~4. The Recapture Guaranty will be a personal financial obligation only, not a lien on the property, and will not survive any transfer to a third party not affiliated with the Owner/Developer.~~
- ~~5. In exchange, the City agrees to subordinate the Deed Restrictions to the lien of the permanent loan between Lender and Owner/Developer and execute any documentation reasonably required by Lender and title company to reflect such subordination, including, but not limited to, a Subordination Agreement.~~

SECTION 4. ~~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.~~