

June 28, 2023

WHEREAS, on May 9, 2018, the City Council authorized the adoption of 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 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 June 23, 2021, the City Council authorized the acceptance of grant funds from the U.S. Department of Treasury (Treasury) for the Coronavirus Local Fiscal Recovery Fund to provide relief during the ongoing COVID-19 pandemic by Resolution No. 21-1149; and

WHEREAS, on September 22, 2021, the City Council authorized the final reading and adoption of the appropriation ordinance for the FY 2021-22 City of Dallas Operating, Capital, and Grant & Trust Budgets, which included the American Rescue Plan Act (ARPA) funds from the U.S. Department of Treasury for the Coronavirus Local Fiscal Recovery Funds by Resolution No. 21-1590 and Ordinance No. 32000; and

WHEREAS, on April 1, 2022, Jaipur Lofts, LLC (Applicant) submitted an application for gap financing and received a fundable Notice of Funding Availability score (94); and passed a third-party underwriting review for their proposed development, Jaipur Lofts (Project); and

WHEREAS, on August 24, 2022, by Resolution No. 22-1193, the City Council authorized the execution of a development loan agreement in an amount not to exceed \$2,500,000.00 in HOME funds, of which the Applicant plans to only use \$2,480,000.00; and

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

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WHEREAS, the Department of Housing and Neighborhood Revitalization continues operating its programs, previously authorized and adopted under the CHP, now as restated in the Dallas Housing Resource Catalog approved on April 12, 2023; and

WHEREAS, the City of Dallas has approved eligible affordable housing investments as a response to the negative impacts of COVID-19 in accordance with ARPA guidance from Treasury; and

WHEREAS, according to Treasury guidance, supportive housing, or other programs to improve access to stable, affordable housing among individuals who are homeless, and the development of affordable housing to increase supply of affordable and high-quality living units are responsive to the needs of impacted populations, not only disproportionately impacted populations; and

WHEREAS, the Treasury final rule builds on the objectives to improve access to stable, affordable housing, including through interventions that increase supply of affordable and high-quality living units, improving housing security, and support durable and sustainable homeownership; and

WHEREAS, on March 31, 2023, due to continued increases in construction cost and construction loan interest rates, the Applicant submitted a subsequent proposal under the NOFA, as amended, to receive additional funds to fill this most recent funding gap, in the amount of \$2,520,000.00; and

WHEREAS, additional NOFA funding is contingent upon completion of the third-party underwriting report and confirmation of the \$5,020,000.00 funding gap for the Project; and

WHEREAS, Applicant has proposed the acquisition and development of an 71-unit mixed-income multifamily complex known as Jaipur Lofts located at 2102, 2108, 2202, 2206, and 2208 Annex Avenue in the City of Dallas, Texas, including 26 one-bedroom, 37 two-bedroom, and 8 three-bedroom units; and

WHEREAS, the Applicant will provide modern security features to include camera system and controlled access in accordance with the NOFA criteria and the Office of Fair Housing Division recommendations to ensure a safe living environment for all residents and staff; and

WHEREAS, as a requirement of the Applicant's application to the Texas Department of Housing and Community Affairs (TDHCA) for a competitive 9% Housing Tax Credit (HTC), the Applicant will provide the following at least 13 of the 71 units will be made available to households earning at or below 30.00% of Area Median Income (AMI), 26 of the 71 units will be made available to households earning between 31%-50% AMI, 21 of the 71 units will be made available to households earning between 51%-60% AMI, and 11 of the 71 units will be made available to households earning between 61-80% AMI. The affordable units will remain affordable for a minimum of 20 years; and

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WHEREAS, to assist in the affordable housing production goals established in the CHP, as restated in the Dallas Housing Resource Catalog, the City desires to enter into a development loan agreement with the Applicant and/or its affiliates in an amount not to exceed \$2,500,000.00 in Home Investment Partnerships Program (HOME) funding, and a development loan agreement in an amount not to exceed \$2,520,000.00 in American Rescue Plan Act Coronavirus Local Fiscal Recovery (ARPA) funds for a total of \$5,020,000.00 for the development of Jaipur Lofts; and

Now, Therefore,

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

SECTION 1. That the City Manager, is hereby authorized to increase in the development loan agreement with Jaipur Lofts, LLC or its affiliate approved as to form by the City Attorney, conditioned upon completion of the third-party underwriting report for the development of Jaipur Lofts (Project), a 71-unit affordable 2022 9% Competitive Low Income Housing Tax Credit multifamily complex located at 2102, 2108, 2202, 2206, and 2208 Annex Avenue, Dallas, TX 75204, in an amount not to exceed \$2,520,000.00, from \$2,500,000.00 to \$5,020,000.00.

SECTION 2. That the City Manager is hereby authorized to execute a development loan with Applicant, approved as to form by the City Attorney, described herein 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, 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.

SECTION 3. That the City Manager is authorized to increase the development loan for Jaipur Lofts, LLC from \$2,500,000.00 in HOME Funds to include \$2,520,000.00 in ARPA Funds for a total of \$5,020,000.00.

SECTION 4. That pursuant to the development loan agreement, the Applicant must: Provide 23 HOME-assisted units consisting of 18 High HOME and five Low HOME units. These HOME-assisted units must remain affordable for a minimum of 20 years. The HTC affordable units may satisfy HOME affordability requirements and vice versa. Subject to the HOME and ARPA federal regulations, the Director may authorize minor changes to the affordability unit mix so long as the revised unit mix adheres to the Dallas Housing Policy 2033 (DHP33) and the Dallas Housing Resource Catalog (DHRC), (together formerly known as the Comprehensive Housing Policy) and the project maintains a fundable Notice of Funding Availability score.

SECTION 4. (continued)

- A. Comply with Chapter 20A of the Dallas City Code, as amended, regarding the non-discriminatory treatment of housing voucher holder and lease the required number of units to voucher holders. These affordable voucher units must be dispersed throughout the residential floor area and shall have identical finish-out and materials.

SECTION 5. That HOME funds will be used for acquisition costs. ARPA 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. All funds will be provided on a reimbursable basis.

The HOME and ARPA loans are both repayable subject to the following terms:

- A. The term of the loan agreement is 40 years beginning from the effective date; 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 DHP33 and DHRC;
- B. Applicant shall complete construction of the 71 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);
- C. The unit mix will include 26 one-bedroom apartments, 37 two-bedroom apartments, and 8 three-bedroom apartments. The requirements of this subsection may be modified by the Director where permitted by the applicable HOME or ARPA regulations;
- D. Loan amortization is 40 years, with an interest rate of 1 percent simple annual interest;
- E. Applicant must execute a promissory note(s) for the total loan amount;
- F. 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, Department of Housing and Urban Development (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 and ARPA-funded 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 DHRCCHP;
- G. 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 HOME loan agreement are met;

SECTION 5. (continued)

- H. The City's lien for the loan agreement may be subordinate to a financial institution's lien subject to the requirements of the DHP33 and DHRCCHP. In the event subordination agreements are required, the City agrees to provide the subordination agreement in a form acceptable to the City;
- I. Applicant shall provide guarantees including a completion and operating deficit guaranty for the loan agreement;
- J. 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;
- K. 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 DHP33 and DHRCCHP, in excess of \$50,000.00 be paid annually to subordinate lenders (including funding partners and related parties) on a prorated basis;
- L. 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
- M. 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 applicable federal regulations, DHP33 and DHRCCHP, so that it is of such length as required by the senior lender but not longer than 12 months after the term of the senior loan.

SECTION 6. That the HOME and ARPA loan agreements are both conditioned upon:

- A. Project receiving additional third-party underwriting; and
- B. Approval of equity, construction, and permanent financing documentation in a form acceptable to the City; and
- C. HUD federal requirements including environmental review, site and neighborhood standards, 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 Business Diversity; and
- E. All conditions listed in the CHP 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 7. That the Chief Financial Officer is hereby authorized to disburse funds in an amount not to exceed \$2,520,000.00 to Jaipur Lofts, LLC or its affiliate from Fund FC18, Dept HOU, Unit AD10, Object 3099, Encumbrance/Contract No. HOU-2022-00018455, Vendor VC28423 as the City receives and reviews reimbursement requests and related supporting documentation submitted by Jaipur Lofts for eligible expenditures and accepts supporting evidence as defined in the agreements.

SECTION 8. 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 amount of the loan in Section 7.

SECTION 9. That the Chief Financial Officer is hereby authorized upon receipt of payment on the notes receivable to record principal payment revenue in ARPA-SLFRF Developer Repayment, Fund ADDR, Department HOU, Unit ADR2, Revenue Code 847G and interest payment revenue in Fund ADDR, Department HOU, Unit ADR2, Revenue Code 847H.

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 documents are duly approved by all parties and executed.

SECTION 11. 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.