

May 22, 2024

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 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 June 22, 2016, the City Council authorized final adoption of the FY2016-17 HUD Consolidated Plan Budget which included \$5,132,323.00 in HOME Investment Partnerships Funds from the U.S. Department of Housing and Urban Development (HUD), by Resolution No. 16-1066; and

WHEREAS, funding was allocated to the City as a result of winter storm that occurred in Dallas, Texas in February 2021 (FEMA Disaster No. 4586); and

WHEREAS, on April 2022, HUD announced that approximately \$24.4 million Community Development Block Grant Disaster Recovery funding has been allocated to the City of Dallas under the second tranche of funds released from the Disaster Relief and Supplemental Appropriations Act of 2022; and

WHEREAS, on December 14, 2022, following a public hearing, the City Council approved the final adoption of the 2022 Community Development Block Grant Disaster Recovery (CDBG-DR) Budget and draft Action Plan to accept CDBG-DR Funds from HUD which included New Construction – Multi-Unit funds, by Resolution No. 22-1836; and

WHEREAS, CDBG-DR Funds must be spent for necessary activities related to disaster relief, long-term recovery, restoration of infrastructure and housing, economic revitalization, and mitigation in the “most impacted and distressed (MID)” areas of qualifying disasters and includes all of Dallas; and

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WHEREAS, new construction of affordable housing is an eligible activity under HUD's CDBG-DR policy as it addresses a direct or indirect impact of the February 2021 winter and ice storm that resulted in damaged or destroyed available affordable housing stock in Dallas, Texas; 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, TX Tenison 2023, Ltd., an affiliate of Generation Housing Partners, LLC (together, the Applicant) submitted an application for gap financing for a proposed acquisition and development of a 164-unit mixed-income multifamily affordable housing rental complex known as Tenison Lofts located at 3500-3632 Samuell Boulevard in the City of Dallas, Texas 75223, including 24 one-bedroom, 76 two-bedroom, and 64 three-bedroom units to include amenities (Project), and received a fundable Notice of Funding Availability score of 112.5 of 143 points; and, passed a third-party underwriting review; and

WHEREAS, on September 12, 2023, the Dallas Housing Finance Corporation Board of Directors adopted a resolution authorizing a preliminary inducement declaring its intent to issue bonds for the Project and authorized the filing of an application for allocation of private activity bonds with the Texas Bond Review Board; and

WHEREAS, on February 14, 2024, following a public hearing, the City Council approved a Resolution of No Objection for Applicant, for 4.00% Non-Competitive Low Income Housing Tax Credits for Tenison Lofts, by Resolution No. 24-0290; and

WHEREAS, on March 27, 2024, the City Council authorized final adoption of Substantial Amendment No. 3 to the FY 2023-24 Action Plan to reprogram unspent prior year CDBG Funds in the amount of \$4,500,000.00 from the Home Improvement & Preservation Program to the Residential Development Acquisition Loan Program, by Resolution No. 24-0494; and

WHEREAS, the Applicant has submitted an application to the Texas Department of Housing and Community Affairs (TDHCA) for 2023 4.00% Non-Competitive Housing Tax Credit for the proposed acquisition of the land and construction of the proposed Project; and

WHEREAS, the Applicant will provide modern security features to include camera system and controlled access in accordance with the NOFA

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criteria and the Office of Fair Housing Division recommendations to ensure a safe living environment for all residents and staff; and

WHEREAS, to assist in the affordable housing production goals established in the CHP, as restated in the DHRC, acting in furtherance of the City's governmental function, the City finds and determines that the following transaction should be entered into **(1)** a development loan agreement and security documents with TX Tenison 2023 Ltd., an affiliate of Generation Housing Partners, LLC in an amount not to exceed \$6,500,000.00 in Community Development Block Grant Disaster Recovery Funds (CDBG-DR), conditioned upon Applicant receiving 2023 4% Housing Tax Credit award or other funding source subject to approval of the City for the development of the Tenison Lofts at Samuell Grand, a 164-unit mixed-income affordable multifamily complex to be located at 3500-3632 Samuell Boulevard Dallas, Texas 75223; **(2)** a development loan agreement and security documents with the City of Dallas Housing Finance Corporation (DHFC), or affiliate(s) thereof in an amount not to exceed \$4,500,000.00 in Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) Funds to purchase and own the real property located at 3500-3632 Samuell Boulevard Dallas, Texas 75223 (Property) ; and **(3)** the DHFC to enter into a long-term ground lease with Applicant and/or its affiliate(s) for the development of the Project pursuant to 24 CFR 570.201(a), subject to compliance with all funding source requirements; and

WHEREAS, the DHFC or its affiliate will enter into a long-term ground lease with the Applicant; and

WHEREAS, the City Council finds and determines that the transaction with the DHFC and Applicant should be undertaken, approves the DHFC or an affiliate thereof to purchase and own the land using CDBG and HOME funds, and enter into a long-term ground lease with Applicant for the development of the Project and using CDBG-DR Funds.

Now, Therefore,

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

SECTION 1. That the City Manager, is hereby authorized to **(1)** execute a development loan agreement and security documents with Generation Housing Partners, LLC and its affiliate, TX Tenison 2023, Ltd., (together, the Applicant) in an amount not to exceed \$6,500,000.00 in Community Development Block Grant Disaster Recovery Funds (CDBG-DR), conditioned upon Applicant, receiving 2023 4% Housing Tax Credit award or other funding source subject to approval of the City for the development of the Tenison Lofts at Samuell Grand, a 164-unit mixed-income affordable

SECTION 1. (continued)

multifamily complex to be located at 3500-3632 Samuell Boulevard Dallas, Texas 75223; **(2)** execute a development loan agreement and security documents with the Dallas Housing Finance Corporation (DHFC) or an affiliate(s) thereof in an amount not to exceed \$4,500,000.00 in Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) Funds to purchase and own the real property located at 3500-3632 Samuell Boulevard Dallas, Texas 75223; and **(3)** pursuant to the city's rights under DHFC bylaws, approve the DHFC as long-term ground lessor of the property to enter into a long-term ground lease with Applicant for the development of the Project pursuant to 24 CFR 570.201(a) and (b), subject to compliance with all funding source requirements

SECTION 2. That the City Manager is hereby authorized to execute a development loan agreement with Applicant and with the DHFC, whether in the form of one agreement with each party or a single agreement including any financing and associate documents related to the loan agreement(s), applicable subordinations to third-party 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 and subject to compliance with associated funding source requirements. The Director of Housing and Neighborhood Revitalization (Director) may extend deadlines up to two years.

SECTION 3. That pursuant to the development loan agreement, the Applicant must provide 24 of the 164 units to be made available to households earning 0.00%-30.00% Area Median Income (AMI), 30 of the 164 units to households earning 31.00% - 50.00% AMI, 44 of the 164 units to households earning 51.00% - 60.00% AMI, 44 of the 164 units to households earning 61.00% - 70.00% AMI, and 22 of the 164 units to households earning 71.00% - 80.00% AMI, meeting CDBG and HOME requirements for 51.00% of total units reserved for household earning at or below 80.00% AMI. All Federally assisted units will remain affordable for a minimum of 20 years. There will be no market rate units. 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 and the Dallas Housing Resource Catalog, (together formerly known as the Comprehensive Housing Policy) and the project maintains a fundable NOFA score. Applicant must comply with Chapter 20A of the Dallas City Code, as amended, regarding the non-discriminatory treatment of housing voucher holders 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 4. Any CDBG-DR Funds disbursed to the Applicant will be on a reimbursable basis 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 DHRC.

SECTION 4. (continued)

The City of Dallas loan to the Applicant is repayable and is subject to the following terms:

- A. The term of the loan shall be 40 years beginning from the effective date 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 164 units within two years of the execution 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 24 one-bedroom apartments, 76 two-bedroom apartments, and 64 three-bedroom apartments. The requirements of this subsection may be modified by the Director were permitted by the applicable CDBG-DR regulations;
- D. Loan amortization is 40 years, with an interest rate of one percent simple annual interest;
- E. Applicant must execute a promissory note(s) for the total loan amount;
- F. The Applicant or its affiliate(s) as ground lessee 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 third-party financing (without waiving compliance with such deed restrictions) provided that the City's deed restrictions or regulatory agreement, as applicable, have priority over any monetary liens, 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% of the units to holders of housing vouchers pursuant to Chapter 20A of the Dallas City Code and the DHP33 and DHRC;
- G. Applicant or its affiliate(s), as ground lessee, 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, HOME, and CDBG-DR loan agreements are met;
- H. The City's lien for the CDBG-DR loan agreement may be subordinate to a financial institution's lien provided that: i) the City's deed restrictions or regulatory agreement, as applicable, have priority over any monetary liens and ii) any such subordination is in compliance with the requirements of the DHP33 and DHRC. In the event subordination agreements are required, the City agrees to provide the subordination agreement in a form acceptable to the City;
- I. The Applicant shall provide guarantees including a completion and operating deficit guaranty for the loan agreement;
- J. The Applicant must provide payment and performance bonds or guarantees, or acceptable equivalent methods of guarantees to the City in the total amount

SECTION 4. (continued)

- 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 50.00% of Eligible Cash, as defined in the DHP33 and DHRC, in excess of \$50,000.00 be paid annually to subordinate lenders (including funding partners and related parties) on a prorated basis;
 - L. The CDBG, CDBG-DR, and HOME loans are each nonrecourse loans 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 DHRC, so that it is of such length as required by the Applicant's senior lender but not longer than 12 months after the term of the senior loan.
 - N. DHFC shall purchase and own the land, enter into a long-term ground lease with Applicant and take an ownership interest in the Project;

SECTION 5. The City of Dallas loan to the DHFC is repayable and is subject to the following terms:

- A. The term of the loan shall be 40 years beginning from the effective date 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 164 units within two years of the execution date, which may be extended by the Director for up to two years (unless prohibited by the applicable regulations);
- C. The unit mix of the Project on the Property will include 24 one-bedroom apartments, 76 two-bedroom apartments, and 64 three-bedroom apartments. The requirements of this subsection may be modified by the Director were permitted by the applicable CDBG-DR regulations;
- D. Loan amortization is 40 years, with an interest rate of one percent simple annual interest;
- E. DHFC must execute a promissory note(s) for the total loan amount;
- F. DHFC, 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 issued by TDHCA, HUD and/or to other third-party financing (without waiving compliance with such deed restrictions) provided that the City's deed restrictions or regulatory agreement, as applicable, have priority

SECTION 5. (continued)

- over any monetary liens, 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% of the units to holders of housing vouchers pursuant to Chapter 20A of the Dallas City Code and the DHP33 and DHRC;
- G. The DHFC, or its affiliate(s), 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, HOME, and CDBG-DR loan agreements are met;
 - H. 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 50.00% of Eligible Cash, as defined in the DHP33 and DHRC, in excess of \$50,000.00 be paid annually to subordinate lenders (including funding partners and related parties) on a prorated basis;
 - I. The CDBG, CDBG-DR, and HOME loans are each nonrecourse loans and the City's remedy is limited to foreclosure only, in the event of an uncured default; and
 - J. 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 DHRC, so that it is of such length as required by the senior lender of the DHFC or its affiliate as owner of the Property, but not longer than 12 months after the term of the senior loan.
 - K. DHFC shall purchase and own the land, enter into a long-term ground lease with Applicant and take an ownership interest in the Project;

SECTION 6. That both of the City of Dallas loan agreements are conditioned upon:

- A. The Project receiving 2023 4.00% Non-Competitive housing tax credit allocation from TDHCA or similar City-approved funding source allocation from TDHCA;
- 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 32.00% 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

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- Diversity; and All conditions listed in the DHP33 and DHRC for applicable developer programs; and
- E. Final underwriting; and
- F. Closing on equity and all other financing for the development.

SECTION 6. That the DHFC is authorized to purchase and own the Property, enter into a long-term ground lease with Applicant or an affiliate thereof, and take an ownership interest in the Project, conditioned on Applicant receiving a 2023 4% HTC award or similar City-approved financing source.

SECTION 7. 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, other than the federal funds (the Closing) takes place. In the event that the Closing does not occur, then Applicant is 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 8. That the Chief Financial Officer is hereby authorized disburse funds in an amount not to exceed \$6,500,000.00 in CDBG-DR funds to Generation Housing Partners or its affiliate TX Tenison 2023, Ltd (VC22649), and an amount not to exceed \$4,500,000.00 in HOME and CDBG funds to the DHFC Vendor 255006, or its affiliate for eligible expenditures and accepts supporting evidence as defined in the agreements from funding sources listed and described, as follows:

Community Development Block Grant FY 22-23 Reprogrammed Funds
Fund CD22, Department HOU, Unit 6R05,
Object 3015, Vendor 255006
Encumbrance/Contract No. HOU-2024-00024929 \$2,845,997.95

Community Development Block Grant FY 23-24 Reprogrammed Funds
Fund CD23, Department HOU, Unit 7R05,
Object 3015, Vendor 255006
Encumbrance/Contract No. HOU-2024-00024929 \$ 653,136.54

HOME Investment Partnership Fund FY 16-17 Funds
Fund HM16, Department HOU, Unit 541A
Object 3014, Vendor 255006

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SECTION 8. (continued)

Encumbrance/Contract No. HOU-2024-00024929 HOME Investment Partnership Fund FY 16-17 Funds Fund HM16, Department HOU, Unit 545A Object 3015, Vendor 255006	\$1,000,000.00
Encumbrance/Contract No._HOU-2024-00024929	\$ 865.51

Community Development Block Grant Disaster Recovery FY 2022 Funds Fund CDD1, Department HOU, Unit 946G Object 3015, Vendor VC22649	
Encumbrance/Contract No._HOU-2024-00024514	<u>\$6,500,000.00</u>

Total amount not to exceed	\$11,000,000.00
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SECTION 9. That it is FURTHER RESOLVED that the City of Dallas hereby confirms that its Governing Body has voted specifically to authorize the Project to move forward.

SECTION 10. 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 8.

SECTION 11. That the Chief Financial Officer is hereby authorized upon receipt of payment on the notes receivable to record principal payment revenue in CDBG, CDBG-DR, and HOME Program Income, Fund HUPI, Department HOU, Unit 994G, Revenue Code 8520 and interest payment revenue in CDBG Program Income, Fund HUPI, Department HOU, Unit 6317, Revenue Source Code 8521.

SECTION 12. 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 security documents are duly approved by all parties and executed.

SECTION 13. 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.