

Memorandum



CITY OF DALLAS

DATE January 11, 2021

Honorable members of the Housing and Homelessness Solutions Committee: Casey Thomas II (Chair), Cara Mendelsohn (Vice Chair), Chad West, Carolyn King Arnold, Paula Blackmon, Lee Kleinman, Jaime Resendez

SUBJECT **Upcoming Agenda Item: Tax Equity and Fiscal Responsibility Act Approvals for Bond Issuance by the City of Dallas Housing Finance Corporation for Gateway Oak Cliff (\$33,000,000.00)**

This memorandum is to inform you of an upcoming agenda item on January 27, 2021 to authorize approval of the City Council of the City of Dallas, to act as the applicable elected representative, as defined by Section 147(f)(2)(E) of the Internal Revenue Code of 1986, as amended (Code), of the issuance of multifamily residential mortgage revenue bonds (Bonds) issued by the City of Dallas Housing Finance Corporation in one or more series of tax-exempt bonds in an amount not to exceed \$33,000,000; proceeds of the Bonds will be loaned to Gateway Oak Cliff, LP to finance a portion of the cost for the acquisition of land and new construction of units for a mixed-income multifamily complex to be known as the Gateway Oak Cliff and located at 400 South Beckley Avenue, Dallas, Texas (Development) which includes an increase to the number of affordable units from 173 to 184; a public hearing with respect to the Bonds and the Development was held on January 6, 2021, after reasonable public notice was published in a newspaper of general circulation in the City of Dallas all in compliance with Section 147(f) of the Code.

The upcoming agenda item will also confirm that the Texas Housing Finance Corporations Act, Chapter 394 of the Texas Local Government Code applies to the Development.

Background:

In order for the DHFC to issue tax-exempt bonds for a project, a Tax Equity and Fiscal Responsibility Act (TEFRA) public hearing must be held where individuals can voice their opinions or concerns regarding the issuance of such bonds for the project to be financed. This requirement originated under the Tax Equity and Financial Responsibility Act of 1982.

Since the Development is located within the City of Dallas, Section 147 (f) of the Internal Revenue Code requires that in order for the bonds to be tax exempt, the City Council or the applicable elected representative of the City of Dallas, must approve the issuance of the bonds by the Issuer following an appropriate public hearing. The City of Dallas is not asked to issue bonds. The bonds shall not be a debt, liability, or an obligation of the City nor shall any of the City's assets be pledged for payment of the bonds. The City's

DATE January 11, 2021

SUBJECT **Upcoming Agenda Item: Tax Equity and Fiscal Responsibility Act
Approvals for Bond Issuance by the City of Dallas Housing Finance
Corporation for Gateway Oak Cliff (\$33,000,000.00)**

name will not appear on the bonds. The approval being requested is only for the purpose of complying with federal law and with regard to tax exempt debt.

Per the requirements of TEFRA, a hearing was published in the Dallas Morning News on December 23, 2020. On January 6, 2021, the public hearing was held with no outside participants in attendance, and thus, no comments made. Under applicable federal income tax law, the TEFRA approval is only valid for a one-year term. Therefore, the public hearing for the Development has a validity date through January 5, 2021. It is anticipated that the tax-exempt bonds to fund a portion of the costs for the Development will close on or about June 1, 2021.

On May 12, 2020 the City of Dallas Housing Finance Corporation (Issuer) authorized an inducement in an amount not to exceed \$33,000,000. An application for the allocation of \$33,000,000 in private activity bonds has been submitted to the Texas Bond Review Board (TBRB) and a reservation is expected by the end of January 2021.

Project Summary:

The 4% Housing Tax Credits and private activity bonds (PAB) will be used for the development of Gateway Oak Cliff, a 230-unit mixed-income multifamily complex to be located at 400 South Beckley Avenue, Dallas, Texas 75203 (Property). The 230 units are comprised of 33 studio units, 99 1-bedroom, 72 2-bedroom, and 26 3-bedroom units. The units will have energy-efficient appliances, laundry connections and all other requirements of TDHCA. The property will also consist of 410 structured parking spaces and a 6,000 square foot community and leasing center. After the development is complete, 184 of the 230 units will be made available to households earning 0%-60% of Area Median Income (AMI) and 46 of the 230 units will be at market rate. Gateway Oak Cliff, LP increased the number of affordable units from 173 to 184 in order to receive a Priority 2 PAB allocation from the Texas Bond Review Board (TBRB) and increase the odds of receiving a PAB allocation in the TBRB allocation lottery.

The Developer will also provide social programming that will fit the needs and interests of the residents including career training and placement, income tax preparation, notary services, food pantry, organized social events, partnership with law enforcement to provide quarterly activities, and other supportive services.

Timeline:

On May 12, 2020, the Issuer authorized an inducement in an amount not to exceed \$33,000,000.

On May 25, 2020, the Housing and Homelessness Committee (HHSC) was briefed on the development and Resolution of No Objection. The HHSC approved moving forward to Council for consideration.

DATE January 11, 2021

SUBJECT **Upcoming Agenda Item: Tax Equity and Fiscal Responsibility Act
Approvals for Bond Issuance by the City of Dallas Housing Finance
Corporation for Gateway Oak Cliff (\$33,000,000.00)**

On May 27, 2020, following a public hearing, City Council adopted a Resolution of No Objection related to the Development and Developer's 4% Non-Competitive Low Income Housing Tax Credits application to TDHCA by Resolution No. 20-0866.

Should you have any questions or require any additional information, please contact me or David Noguera, Director, Department of Housing & Neighborhood Revitalization at David.Noguera@DallasCityHall.com or 214-670-3619.



Dr. Eric Anthony Johnson

Chief of Economic Development & Neighborhood Services

c:	Honorable Mayor and City Council T.C. Broadnax, City Manager Chris Caso, City Attorney Mark Swann, City Auditor Billerae Johnson, City Secretary Preston Robinson, Administrative Judge Kimberly Bizzor Tolbert, Chief of Staff to the City Manager	Majed A. Al-Ghafry, Assistant City Manager Jon Fortune, Assistant City Manager Joey Zapata, Assistant City Manager M. Elizabeth Reich, Chief Financial Officer M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion Directors and Assistant Directors
----	---	---