

June 9, 2021

**WHEREAS**, the City recognizes the importance of its role in local economic development; and

**WHEREAS**, on November 11, 1992, City Council authorized the establishment of the Oak Cliff Gateway TIF District ("District") by Ordinance No. 21466, as amended; and

**WHEREAS**, on February 12, 1997, City Council authorized the Final Project Plan and Reinvestment Zone Financing Plan for the Oak Cliff Gateway TIF District by Ordinance No. 23033, as amended; and

**WHEREAS**, on May 12, 2020, the City of Dallas Housing Finance Corporation ("DHFC" or "Issuer") authorized an inducement in an amount not to exceed \$33,000,000.00 in private activity bonds and the negotiation of a master agreement with Gateway Oak Cliff, LP ("Developer") for a mixed-income multifamily development to be known as the Gateway Oak Cliff ("the Development"); and

**WHEREAS**, on May 25, 2020, the Housing and Homelessness Solutions Committee was briefed on the Development; and

**WHEREAS**, on May 27, 2020, City Council City held a public hearing and authorized a Resolution of No Objection for Gateway Oak Cliff, LP, or its affiliate, related to its application to the Texas Department of Housing and Community Affairs (TDHCA) for 4% Low Income Housing Tax Credits (LIHTCs) for the Development by Resolution No. 20-0866; and

**WHEREAS**, on January 6, 2021, an application for allocation of \$33,000,000.00 in private activity bonds was submitted to Texas Bond Review Board and a reservation was received; and

**WHEREAS**, on January 25, 2021, the Housing and Homelessness Solutions Committee was briefed on the proposed bond issuance by the DHFC for the Development in an amount not to exceed \$33,000,000.00; and

**WHEREAS**, on January 27, 2021, City Council approved the issuance of the bonds by DHFC in an amount not to exceed \$33,000,000.00, to Developer by Resolution No. 21-0214; and

**WHEREAS**, on April 12, 2021, the Developer received notice from the TDHCA that the Development was awarded 4% LIHTCs; and

June 9, 2021

**WHEREAS**, on April 26, 2021, the Oak Cliff Gateway TIF District Board of Directors reviewed the proposed Gateway Oak Cliff Mixed-Income Development Project ("Project") and recommended City Council authorization of a development agreement with Developer and/or its affiliates, in an amount not to exceed \$4,245,432.00; and

**WHEREAS**, the Economic Development Committee was briefed regarding this Project on May 3, 2021; and

**WHEREAS**, to further implement the Oak Cliff Gateway TIF District Project Plan and Reinvestment Zone Financing Plan, the City desires to enter into a development agreement with Gateway Oak Cliff, LP and/or its affiliates in an amount not to exceed \$4,245,432.00 ("TIF Subsidy"), payable from current and future Oak Cliff Gateway TIF District Funds, in consideration of the Gateway Oak Cliff Mixed-Income Development Project on property currently located at 400 South Beckley Avenue, Dallas, Texas 75203.

**Now, Therefore,**

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

**SECTION 1.** That the City Manager is hereby authorized to execute a development agreement, and all other necessary documents with Gateway Oak Cliff, LP ("Developer") and/or its affiliates in an amount not to exceed \$4,245,432.00, payable from current and future Oak Cliff Gateway TIF District Funds, in consideration of the Gateway Oak Cliff Mixed-Income Housing Development Project ("Project") on property currently addressed at 400 South Beckley Avenue, Dallas, Texas 75203 in Tax Increment Financing Reinvestment Zone Number Three ("Oak Cliff Gateway TIF District"), approved as to form by the City Attorney, thereby confirming the Oak Cliff Gateway TIF District Board of Director's dedication of current and future tax increment revenues, in an amount not to exceed \$4,245,432.00 as shown in **Exhibit A**.

**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 the Chief Financial Officer is hereby authorized to disburse funds in an estimated total amount of \$4,245,432.00 to Gateway Oak Cliff, LP and/or its affiliates from the Oak Cliff Gateway TIF District Fund (subject to current and future appropriations from tax increments), as follows:

Oak Gateway TIF District Fund  
Fund 0034, Department ECO, Unit W681  
Activity TOAK, Object 3095, Program OCGTIF0010  
Encumbrance/Contract No. CX-ECO-2021-00016408-01  
Vendor VC23091

\$ 350,000.00

June 9, 2021

**SECTION 3.** (continued)

Oak Gateway TIF District Fund  
Fund 0034, Department ECO, Unit W681  
Activity TOAK, Object 4599, Program OCGTIF0010  
Encumbrance/Contract No. CX-ECO-2021-00016408-02  
Vendor VC23091 \$ 695,354.00

Oak Gateway TIF District Fund  
Fund 0034, Department ECO, Unit W681  
Activity TOAK, Object 3016, Program OCGTIF0010  
Encumbrance/Contract No. CX-ECO-2021-00016408-03  
Vendor VC23091 \$3,200,078.00

Total amount not to exceed \$4,245,432.00

**SECTION 4.** That the Developer shall design, fund and/or construct the Project and related public infrastructure improvements on and adjacent to property currently addressed at 400 South Beckley Avenue in the Oak Cliff Gateway TIF District as described in SECTION 7 and in substantial conformance with **Exhibit B1 and B2**.

**SECTION 5.** That nothing in this resolution shall be construed to require the City to approve payment from any source of City funds other than the Oak Cliff Gateway TIF District Fund and/or Tax Increment Bonds. Any funds expended under the development agreement that remain unpaid upon termination of the Oak Cliff Gateway TIF District, due to lack or unavailability of Oak Cliff Gateway TIF District Funds, shall no longer be considered project costs of the Oak Cliff Gateway TIF District or the City, and the obligation of the Oak Cliff Gateway TIF District to pay Developer shall automatically expire.

**SECTION 6.** That in addition to the conditions set out in the sections above, the development agreement is hereby expressly made subject to all of the following contingencies which must be performed or occur:

- A. Developer shall incur (or cause to be incurred) and provide documentation evidencing a minimum of \$30,000,000.00 in Investment Expenditures for the Project, including site acquisition, off-site infrastructure, on-site preparation, site amenities, building construction/finish-out/furnishings, and professional fees (e.g. architecture, engineering, landscape architecture, interior design). Construction management costs may be considered an Investment Expenditure if services are directly related to ensuring the quality of the construction of the Project and are performed by an independent and unaffiliated third-party.

**SECTION 6.** (continued)

Construction management costs must be evidenced by invoices with detailed descriptions of services performed. Developer fees, legal fees, marketing fees, financing fees, leasing commissions, carrying costs, reserves, operating deficits through stabilization and other similar costs shall not be considered an Investment Expenditure. With the exception of site acquisition, professional fees, environmental assessments and other eligible due diligence costs required by TDHCA, no expenditures made prior to City Council approval may count towards minimum investment.

- B. The Project shall include a minimum of 230 residential units of which 80% (184) of the units shall be set aside and leased solely to those households earning a maximum of 60% of the Area Median Income ("AMI") for a minimum of 15 years (the "Affordability Period") The Oak Cliff Gateway TIF District Mixed Income Housing Guidelines ("Guidelines") (**Exhibit C**) shall be followed except where the specific requirements for this Project are more restrictive than the Guidelines. The affordable units shall be identical finish-out and materials as market rate units, shall not be fixed to specific unit numbers and shall not be segregated or concentrated in any one floor or area of the Project but shall be dispersed throughout all of the residential portions of the Project.
- C. After the Project's completion and throughout the Affordability Period, Developer shall monitor and submit bi-annual reports to the Director of the Office of Economic Development ("Director") on the status of its compliance with the requirements of the Project's Affordability. Owner may submit TDHCA compliance documents to satisfy Director's reporting requirement.
- D. Developer shall complete an Affirmative Fair Housing Marketing Plan and market the residential units pursuant to the Affirmative Fair Housing Marketing Plan.
- E. In accordance with City of Dallas Ordinance 30246, approved by Resolution No. 16-1760, at least 10% of the Project's residential units must be set aside and leased to voucher holders. Should Ordinance 30246 and Chapter 20A of the Dallas City Code be amended prior to the Project's Certificate of Occupancy date, Developer shall abide by such amended terms.
- F. Developer shall obtain a building permit by December 31, 2022. A foundation permit may constitute meeting the obligation of this requirement.

**SECTION 6.** (continued)

- G. Construction of the Project, including associated public improvements/streetscape improvements, shall be complete, and all portions of the building shall be occupiable by December 31, 2024 or the placed in service deadline established by TDHCA for the Project, as evidenced by certificate of occupancy, letter of acceptance, certificate of completion, and/or similar documentation from the City.
- H. Developer shall execute an Operating and Maintenance Agreement for all non-standard TIF eligible improvements for 20 years. The terms and conditions of the Operating and Maintenance Agreement are binding upon the successors and assigns of all parties hereto and may be assignable, subject to Director approval, in whole or in part, to a new owner of all or a portion of the Project. Owner shall remain responsible for the maintenance of the Non-Standard Public Improvements for a term of 20 years even if Owner chooses to forgo the TIF Subsidy or is not paid the TIF Subsidy as a result of default.
- I. Developer shall make a good faith effort to comply with City's Business Inclusion and Development ("BID") goal of 32% participation by certified Minority/Women-owned Business Enterprises ("M/WBE") for all hard construction expenditures on the Project and meet all reporting requirements.
- J. Until the Project has passed final building inspection and all required paperwork documenting Project completion has been submitted to the Office of Economic Development ("OED"), Owner shall submit to the OED quarterly status reports for ongoing work on the Project (including any public improvements). Such status reports shall be due within 30 calendar days following the end of each calendar quarter after the Council approval date. OED will agree to accept reporting information that will already be provided to the lender, tax credit investor, and TDHCA and accept that the Owner will respond to City's written request for any additional information regarding Project status.
- K. The Urban Design Peer Review Panel ("UDPRP") is an independent group of professional designers selected by the City Manager with expertise in architecture, landscape architecture, engineering, and urban planning. Review by the UDPRP is required for all projects requesting TIF subsidies. Following a formal review of the Project's preliminary conceptual drawings and renderings on June 26, 2020, the UDPRP provided advice (**Exhibit B2**). Additional comments and clarifications were made between staff and Developer after the formal review. On October 3, 2020, Developer submitted a final response to the City's Planning and Urban Design Department ("PUD") staff with updated conceptual drawings and renderings. On October 5, 2020, the PUD staff indicated that the updated conceptual drawings and renderings provided by Developer on October 3, 2020 satisfied the UDPRP's advice (**Exhibit B1**).

**SECTION 6.** (continued)

Prior to building permit submittal to the City's Sustainable Development and Construction Department, Developer shall submit a set of permit drawings to PUD for a final staff review to ensure that the Project (i.e. public and private improvements) will be constructed in substantial conformance with the approved conceptual drawings and renderings. Allowable minor modifications may include those required for compliance with development regulations administered by the City's Sustainable Development and Construction Department or other City departments.

- L. For all permanent employment opportunities created by operation of the Project, Owner shall submit to the City a written plan describing how Owner or property management group shall use and document best efforts to recruit and hire residents of the city of Dallas. At a minimum, the written plan shall describe how Owner or property management group will target local recruitment through local advertisement, community outreach, local engagement, participation in local job fairs, and/or coordination with local hiring sources. The plan shall be subject to approval by the Director to ensure that employment opportunities are targeted to Dallas residents and that reasonable efforts are made to promote the hiring of neighborhood residents for any new jobs created.
- M. The Director may authorize minor modifications to the Project, including, but not limited to, adjustment in unit type, unit mix, set-aside duration, and/or qualifying AMI, if consistent with the TDHCA Project requirements and in compliance with Oak Cliff Gateway TIF District Policies and Plans.
- N. After approval and recommendation of the Oak Cliff Gateway TIF Board, the Director may authorize an extension of the Project deadlines up to 12 months.

**SECTION 7.** That payment of the TIF Subsidy is subject to the availability of tax increment. If the appraised value of the property in the Oak Cliff Gateway TIF District remains constant or decreases in value from the base year value, the TIF Subsidy for that year may be reduced or unpaid due to the lack of available increment. The TIF Subsidy shall be paid solely from the Tax Increment Fund, if and when tax increments are received and available for such purpose, during the life of the Oak Cliff Gateway TIF District (including collection of the 2044 tax year increments in calendar year 2045), subject to the limitations on repayment of the TIF Subsidy provided in the development agreement.

**SECTION 8.** That assuming all other conditions for payment have been met, the City of Dallas will administer the payment of the TIF Subsidy for the Project annually, pursuant to the Oak Cliff Gateway TIF District Increment Allocation Policy attached hereto as **Exhibit D**.

June 9, 2021

**SECTION 9.** That until completion of the Project, an assignment of the Development Agreement shall only be allowed to a direct affiliate of Owner with the prior written approval of the Director, not to be unreasonably withheld. After completion of the Project, Owner may assign its rights or obligations under the Development Agreement to any entity with the prior written approval of the Director.

**SECTION 10.** 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.