

October 27, 2021

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

WHEREAS, on December 10, 2008, City Council authorized the establishment of Tax Increment Financing Reinvestment Zone Number Eighteen (“Maple/Mockingbird TIF District” or “TIF District”) by Ordinance No. 27435, as amended; and

WHEREAS, on September 23, 2009, City Council authorized the Final Project Plan and Reinvestment Zone Financing Plan (“TIF Plan”) for the TIF District by Ordinance No. 27690, as amended; and

WHEREAS, on February 22, 2021, the Housing and Homelessness Solutions Committee was briefed regarding the proposed senior multi-family affordable housing project called Oaklawn Place (“Project”); and

WHEREAS, on February 24, 2021, City Council authorized a Resolution of Support for Sadler Circle Senior Apartments LLC, or its affiliate (“Developer”), related to its application to the Texas Department of Housing and Community Affairs (“TDHCA”) for 9% Low Income Housing Tax Credits (“LIHTC”) for the Project by Resolution No. 21-0374; and

WHEREAS, on September 16, 2021, the Developer received formal notice from the TDHCA that the Project was awarded 9% LIHTC; and

WHEREAS, on October 18, 2021, the TIF District Board of Directors (“TIF Board”) reviewed Project and recommended City Council authorization of a development agreement with Developer and/or its affiliates, in an amount not to exceed \$4,438,154.00; and

WHEREAS, on October 25, 2021, the Housing and Homelessness Solutions Committee was briefed on the Project; and

WHEREAS, to further implement the TIF Plan for the TIF District, the City desires to enter into a development agreement with Sadler Circle Senior Apartments LLC and/or its affiliates in an amount not to exceed \$4,438,154.00 (“TIF Subsidy”), payable from current and future TIF District Funds, in consideration of the Oaklawn Place Project on property currently addressed at 5717-5725 Sadler Circle, Dallas, Texas 75235.

WHEREAS, the expenditure of TIF District funds supporting this development agreement is consistent with promoting development and redevelopment of the TIF District in accordance with the purposes for its creation, the ordinance adopted by the City Council approving the TIF Plan, as amended, and is for the purpose of creating new affordable housing units within the TIF District, including the creation of senior housing or tax credit financed units consistent with and described in the TIF Plan, as amended, for the TIF District.

October 27, 2021

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 Sadler Circle Senior Apartments LLC (“Developer”) and/or its affiliates in an amount not to exceed \$4,438,154.00, payable from current and future Maple/Mockingbird TIF District Funds, in consideration of the Oaklawn Place project (“Project”) on property currently addressed at 5717-5725 Sadler Circle, Dallas, Texas 75235 in Tax Increment Financing Reinvestment Zone Number Eighteen (“Maple/Mockingbird TIF District”), approved as to form by the City Attorney, thereby confirming the Maple/Mockingbird TIF District Board of Director’s dedication of current and future tax increment revenues, in an amount not to exceed \$4,438,154.00 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 \$4,438,154.00 to Sadler Circle Senior Apartments LLC and/or its affiliates from the Maple/Mockingbird TIF District Fund (subject to annual appropriations from tax increments), as follows:

| | |
|--|------------------------|
| Maple/Mockingbird TIF District Fund Fund 0064, Department ECO, Unit W804 Activity MMTD, Object 3072, Program MMTIF00004 Encumbrance/Contract No. CX ECO-2022-00017808 Vendor VC22766 | \$ 240,545.00 |
| Maple/Mockingbird TIF District Fund Fund 0064, Department ECO, Unit W804 Activity MMTD, Object 4599, Program MMTIF00004 Encumbrance/Contract No. CX ECO-2022-00017808 Vendor VC22766 | \$ 843,536.00 |
| Maple/Mockingbird TIF District Fund Fund 0064, Department ECO, Unit W804 Activity MMTD, Object 3016, Program MMTIF00004 Encumbrance/Contract No. CX ECO-2022-00017808 Vendor VC22766 | <u>\$ 3,354,073.00</u> |
| Total amount not to exceed | \$ 4,438,154.00 |

October 27, 2021

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 5717-5725 Sadler Circle, Dallas, Texas 75235 in the Maple/Mockingbird TIF District as described in SECTION 6.

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 Maple/Mockingbird TIF District Fund and/or Tax Increment Bonds. Any funds expended under the development agreement that remain unpaid upon termination of the Maple/Mockingbird TIF District, due to lack or unavailability of Maple/Mockingbird TIF District Funds, shall no longer be considered project costs of the Maple/Mockingbird TIF District or the City, and the obligation of the Maple/Mockingbird 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 \$17,000,000 in Investment Expenditures (**Exhibit B**) 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. 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 84 residential units of which 100% (84) of the units shall be set aside and leased solely to those households earning between 30% and 60% of the Area Median Family Income (AMFI) for a minimum of 15 years (the City's required "Affordability Period") (although anticipated to be set aside for 45 years for LIHTC), in accordance with the attached rent schedule (**Exhibit C**). Attached is the Maple/Mockingbird TIF District Mixed-Income Housing Guidelines ("Guidelines") (**Exhibit D**) and such Guidelines shall be followed except where the requirements of this LOI are more restrictive than the Guidelines.

SECTION 6. (continued)

Developer may decrease the size of any unit as shown in **Exhibit C** by 10%. Prior to the Project's completion the City's affordability requirement shall be impressed upon the property by deed restriction for the Affordability Period.

- 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.
- D. Developer further agrees to complete the Affirmative Fair Housing Marketing Plan, attached hereto as **Exhibit E** and submit the plan to the Fair Housing division within the City's Office of Equity and Inclusion for approval. Developer shall submit a copy of the approved Affirmative Fair Housing Marketing Plan to the Director within 30 days of approval and market the residential units pursuant to the Affirmative Fair Housing Marketing Plan.
- E. Developer shall abide by Ordinance 30246, approved by Resolution 16-1760, which requires that "multifamily housing accommodations that benefit from a financial award approved by the city council on or after the effective date of this ordinance [October 26, 2016] shall set aside at least 10 percent of the dwelling units and solely lease those dwelling units to holders of housing vouchers, including vouchers directly or indirectly funded by the federal government, for a minimum of 15 years from the date of the initial issuance of the housing accommodation's certificate of occupancy". 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 requirements. Prior to the Project's completion this requirement shall be impressed upon the property by deed restriction.
- F. Developer shall obtain a building permit by July 1, 2022. A foundation permit may constitute meeting the obligation of this requirement. Note that the Project is anticipated to commence site preparation prior to this deadline date, but a demolition permit or grading permit does not constitute meeting the obligation of this requirement.
- 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, 2023 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. Developer shall provide Director documentation of any changes to TDHCA's placed in service deadline within five (5) days of Developer notification.

SECTION 6. (continued)

- H. Prior to the Project completion, Developer shall execute an Operating and Maintenance Agreement (defined below) for any Non-Standard Public Improvements (defined below) associated with the Project (the “Operating and Maintenance Agreement”), and if necessary, obtain a license from City for the purpose of maintaining any improvements in the public right-of-way. “Non-Standard Public Improvements” shall be defined as those public infrastructure improvements which exceed the City’s standard design requirements, as determined by the City, and shall include specially designed street/pedestrian lighting, brick pavers, bollards, sidewalks, public art, fountains, landscaping and irrigation. With the exception of specially designed street/pedestrian lighting, public art work and fountains, City shall retain ownership of such public improvements and may at its sole option, if Developer fails to maintain such public improvements after notice from City, perform such maintenance and invoice Developer for the costs, which costs Developer shall pay within thirty (30) days of notice. Developer shall submit documentation evidencing that an executed Notice of Operating and Maintenance Agreement specifying the existence of an executed Operating and Maintenance Agreement for the Non-Standard Public Improvements was recorded with the Dallas County Clerk’s Office. The term for the Operating and Maintenance Agreement shall be twenty (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 developer of all or a portion of the Project. Developer shall remain responsible for the maintenance of the Non-Standard Public Improvements for a term of 20 years even if Developer 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 the 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. See **Exhibit F**.
- 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, Developer shall submit to the Office of Economic Development 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.

SECTION 6. (continued)

- 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 August 12, 2021, the UDPRP provided advice (**Exhibit G**). Prior to execution of the Development Agreement for the TIF Subsidy, Developer shall submit updated conceptual drawings and renderings in substantial conformance with the UDPRP’s advice, and the updated conceptual drawings and renderings shall be attached as exhibits to the Development Agreement. Additionally, ongoing collaboration with staff is critical prior to finalizing plans for permit submittal. Prior to building permit submittal to the City’s Development Services Department, Developer shall submit a set of permit drawings to the City’s Planning and Design Department (“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. PUD staff shall complete the final staff review of permit drawings within 10 business days of submission by Developer. Allowable minor modifications may include those required for compliance with development regulations administered by the City’s Development Services Department or other City departments.
- L. For all permanent employment opportunities created by operation of the Project, Developer shall submit to the City a written plan describing how Developer 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 Developer 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 permanent 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, and/or qualifying Area Median Family Income, if consistent with the TDHCA’s Project requirements and in compliance with Maple/Mockingbird TIF District Policies and Plans, and may, after approval and recommendation of the TIF Board authorize an extension of the Project deadlines up to 12 months.

October 27, 2021

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 Maple/Mockingbird 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 Maple/Mockingbird TIF District (including collection of the 2033 tax year increments in calendar year 2034), 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 will administer the payment of the TIF Subsidy for the Project annually, pursuant to the Maple/Mockingbird TIF District Increment Allocation Policy.

SECTION 9. That until completion of the Project, an assignment of the Development Agreement shall only be allowed to a direct affiliate of Developer with the prior written approval of the Director, not to be unreasonably withheld. After completion of the Project, Developer 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.