

December 8, 2021

WHEREAS, the City recognizes the importance of its role in local economic development including equitable and sustainable neighborhood revitalization and workforce development throughout the City of Dallas; and

WHEREAS, on May 9, 2018, City Council adopted the Comprehensive Housing Policy ("CHP") for the public purpose of creating and maintaining available and affordable housing throughout Dallas, to promote greater fair housing choices, and to overcome patterns of segregation and concentrations of poverty through incentives and requirements by Resolution No. 18-0704, as amended; and

WHEREAS, in furtherance of the essential public purposes of promoting economic development, building stronger neighborhoods and communities, developing equitable workforce housing and creating and maintaining affordable housing throughout Dallas, the City is seeking the substantial additional capacity needed to create or retain affordable housing for the benefit of low- and moderate-income persons; and

WHEREAS, the City of Dallas Economic Development Affordable Housing (EDAH) Program Statement (the "Program Statement") attached hereto as **Exhibit A**, is hereby promulgated by the City pursuant to the powers conferred to the City under the economic development programs provisions of Chapter 380 of the Texas Local Government Code (the "Act") to promote state and local economic and community development including the creation and retention of quality affordable housing consistent with the City's CHP; and

WHEREAS, pursuant to the Act and the Program Statement, the City will enter into a conditional economic development Grant (defined herein) agreement with Dallas Housing Opportunity Fund LLC, acting by and through its sole member, LISC Fund Management, LLC ("Administrator"), and in consideration of the Grant, Administrator will raise a minimum of \$40,000,000.00 in additional capital for the public purpose of creation or retaining a minimum of 1,500 units of affordable housing; and

WHEREAS, the City of Dallas will provide funding not to exceed \$6 million in the form of a Chapter 380 Economic Development Conditional Grant, in exchange for the accomplishment of the performance benchmarks described herein; and

WHEREAS, Administrator understands and agrees that the City's \$6 million Chapter 380 Economic Development Conditional Grant is for the public purpose of promoting economic development and stimulating business and commercial activity by developing affordable housing in Dallas and Administrator agrees and understands that the City is prohibited by law to lend its credit or to enhance the return on investment or to alleviate the risk of any of Administrator's investors into the Project and acknowledges that the Grant will not be used for these purposes; and

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WHEREAS, consistent with the Program Statement, it is in the best interest of the City to enter into this agreement and provide these incentives to further the public purposes of the Act by promoting local economic development and building stronger neighborhoods and communities by creating and retaining affordable housing in the City.

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)** establish the Economic Development Affordable Housing (EDAH) Program to make grants and loans to programs, projects, and third-party funds that create or retain affordable housing; and **(2)** that the Dallas Economic Development Affordable Housing Program Statement is hereby adopted by the City of Dallas.

SECTION 2. That the City Manager is authorized to enter into an unsecured conditional Chapter 380 Economic Grant Agreement with Dallas Housing Opportunity Fund LLC, acting by and through its sole member, LISC Fund Management, LLC, approved as to form by the City Attorney.

SECTION 3. That the Chief Financial Officer is hereby authorized to disburse funds in an amount to exceed \$6,000,000.00 to Local Initiatives Support Corporation or its affiliates upon the City Manager's execution of the agreement with Dallas Housing Opportunity Fund LLC, acting by and through its sole member, LISC Fund Management, LLC, from the Dallas Housing Trust Fund, Fund 9P16, Department ECO, Unit 1870, Object 3016, Program DHTF0001, Encumbrance/Contract No. ECO-2021-00017410, Vendor VC23893 with the conditional Chapter 380 grant agreement.

SECTION 4. That the Chapter 380 Economic Grant is usable for the limited purposes of creating or retaining affordable housing units within Dallas city limits. The Grant funds shall be held by the Administrator in a non-interest-bearing bank account segregated from all other Dallas Housing Opportunity Fund capital.

SECTION 5. That the Administrator shall execute an unsecured promissory note for the benefit of the City to evidence Administrator's commitment to repay the Grant funds if Administrator is unable to attain the Project goals or otherwise defaults in the performance of this Agreement (the "Note").

SECTION 6. That the Grant funds paid pursuant to the Chapter 380 Economic Grant Agreement are secured by the Note and shall be repaid to the City in the event of default. No principal and/or interest payments on the Note shall be due and payable, however, unless there is an event of default. No portion of the Grant funds shall be used by the Administrator for operating or administrative costs.

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SECTION 7. That Notwithstanding the foregoing, as long as Administrator complies with all obligations contained in the conditional Chapter 380 Grant Agreement, the principal amount of the Note will be forgiven in 1/15 increments (i.e. \$400,000.00) as each 100 affordable housing units is produced in accordance with the EDAH Program and verified by the Director of the Office of Economic Development (the “Director”).

SECTION 8. That the City’s Grant and any required repayment by Administrator to City shall become subordinate to Administrator’s obligations to repay any outstanding principal amounts owed to its lenders as such indebtedness capital incurred by Administrator for the Dallas Housing Opportunity Fund.

SECTION 9. That at no time shall Administrator use the Grant funds or represent to the public or its investors or lenders that Grant funds are available to enhance their return on investment or to reimburse Administrator’s investors or lenders for losses, or to alleviate the risk of any investors or lenders into the Project. Administrator shall provide the City copies of all documents describing or marketing the Dallas Housing Opportunity Fund to prospective investors and lenders and all required disclosures. Any lending of credit violations during the term of the Chapter 380 Economic Grant Agreement shall be an event of default.

SECTION 10. That Administrator shall seek private philanthropic donors and lenders to supplement the Grant to be provided by the City. Administrator shall raise a minimum of FORTY MILLION DOLLARS AND NO/100 CENTS (\$40,000,000.00) on or before December 31, 2026, for the Dallas Housing Opportunity Fund to be used for the development of affordable housing in Dallas (the “Capital Goal”). The Administrator shall hold these raised funds in a second separate and independent account to avoid co-mingling of grant funds and raised funds, as well as to avoid comingling of raised funds and the Administrator’s other unrelated business and bank accounts.

SECTION 11. That on or before December 31, 2031, Administrator shall produce a minimum of 1,500 affordable housing units through creation of new affordable units or rehabilitation or retention of existing affordable units (the “Unit Goal”) in accordance with the EDAH Program. The first 100 affordable housing units shall be created on or before December 31, 2025 (the “Initial Unit Goal”). For purposes of the Grant, “Affordable Housing” and “Affordable Housing Units” shall mean residential housing units that are restricted for occupancy solely by households earning at or below 120% of the area median income of the City of Dallas, and which restriction is documented by deed restrictions recorded in the real property records of the county in which the property lies requiring the units to remain income restricted for a minimum term of not less than: (i) 15 years or (ii) the term of the DHOF investment in such development project, whichever period is the longest (the “Affordability Period”).

SECTION 11. (continued)

The Unit Goal requirement shall not include units produced pursuant to existing projects, projects that have already been underwritten and incentivized, or projects where Administrator is not a material participant.

SECTION 12. That while the Administrator is satisfying the Capital Goal, Administrator shall submit quarterly written status reports to the Director. Once the Capital Goal is satisfied, Administrator will provide annual status reports. Such reports shall be due within sixty (60) calendar days following the end of each quarter or calendar year, as applicable. Administrator shall also present updates to the Economic Development Committee from time to time as requested by the Director.

SECTION 13. That the Administrator will manage the Dallas Housing Opportunity Fund in accordance with the EDAH Program, and will underwrite all loans in conformance with the underwriting criteria attached as **Exhibit B**. The underwriting criteria may only be amended with the prior written consent of the Director and only so long as the modifications comply with the City of Dallas Comprehensive Housing Policy, and the EDAH Program.

SECTION 14. 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.