



Legislation Details (With Text)

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Title: Authorize first amendments to the conditional grant agreement and development loan agreement with TX Casa View 2018, Ltd. or an affiliate, to provide additional funding for changes to the infrastructure plans to expand the capacity of the infrastructure to accommodate future development of surrounding properties - Not to exceed \$300,000.00 - Financing: General Fund

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Date	Ver.	Action By	Action	Result
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STRATEGIC PRIORITY: Economic and Neighborhood Vitality

AGENDA DATE: September 9, 2020

COUNCIL DISTRICT(S): 9

DEPARTMENT: Department of Housing & Neighborhood Revitalization

EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize first amendments to the conditional grant agreement and development loan agreement with TX Casa View 2018, Ltd. or an affiliate, to provide additional funding for changes to the infrastructure plans to expand the capacity of the infrastructure to accommodate future development of surrounding properties - Not to exceed \$300,000.00 - Financing: General Fund

BACKGROUND

This item is to provide reimbursement towards additional infrastructure costs that exceed the original project budget. After further review of the original infrastructure plans by Dallas Water Utilities and the Department of Sustainable Development and Construction, City required code/construction changes to the infrastructure plan to expand the capacity of the infrastructure to accommodate future development on surrounding properties. The approval of these amendments will allow the developer to remain on track with development and assist the Department of Housing & Neighborhood Revitalization (Housing) in meeting its production and expenditure goals under the Comprehensive Housing Policy.

On February 27, 2019, City Council authorized a development loan agreement and conditional grant agreement with TX Casa View 2018, Ltd. (TCV) to rehabilitate all 40 existing units and construct 224 new units for seniors at the Estates at Shiloh Apartments by Resolution No. 19-0387. The 264 units will be dispersed equitably by bedroom size and amongst income bands throughout the development. The proposed development will have four three-story buildings with ventilated corridors and accessible elevators. Planned amenities include renovation of the existing 9,000 square foot community center, community garden, landscaping and lighted sidewalks connecting buildings, and a dog park. TCV is an affiliate of Generation Housing Partners, LLC and Hill Tide Development, LLC.

At the time of closing, the City of Dallas issued the partnership with a Permit Ready Letter and released the final plat for recordation. The only items pending for issuance of the building permits were the submittal of the public infrastructure contracts (311T & P-Contract) with the appropriate surety bonds. The Developer had these contracts prepared by their general contractor, who attempted to submit them in early January. At the same time, the Developer's civil engineer was contacted by the city's engineering department regarding the city's existing storm system and sewer capacity as currently designed and reviewed by the city. The city's Department of Sustainable Development and Construction requested a re-route of the existing lines as drawn and required a complete redesign of the off-site storm and sewer system alignments and site civil design, which caused the onsite storm and sewer systems to be modified as well.

During the month of February 2020, the design team and the city completed expedited reviews and revisions to the drawings. The engineering department approved the plans and requested the submittal of the public infrastructure contracts and allowed Housing to schedule the required pre-construction meeting where Housing discovered a shortfall of \$800,000.00 in the budget.

At this time, staff recommends approval of first amendments to the conditional grant agreement and development loan agreement to provide \$300,000.00 towards infrastructure construction costs. The development will still receive up to \$4,000,000.00 in federal funds; with up to \$1,620,154.00 in Community Development Block Grant (CDBG) funds, \$2,180,846.00 in HOME Investment Partnership Program (HOME) funds, and \$199,000 in GO Bond funds. The CDBG, HOME, and bond funds will be used for acquisition, construction, and all other eligible associated hard and soft costs for development of the project.

Fund Sources	Approved Total:	Proposed Adjustment:
City CDBG Funds	\$ 1,620,154.00	\$ 1,620,154.00
City HOME Funds	\$ 2,180,846.00	\$ 2,180,846.00
City 2012 GO Bonds	\$ 199,000.00	\$ 199,000.00
City General Fund	\$ 0.00	\$ 300,000.00
Private Financing	\$38,254,320.00	\$38,254,320.00
Total	\$42,254,320.00	\$42,554,320.00

The City proposes to provide an amount not to exceed \$4,300,000.00 in gap financing for the construction of the development. The funds will be funded from three sources:

1. \$300,000.00 from the General Fund to be awarded as a conditional grant;
2. \$199,000.00 in 2012 GO Bond Funds from Proposition 3 (Economic Development and Housing) to be awarded as a conditional grant;
3. \$1,620,154.00 in CDBG Funds to be awarded as a repayable loan; and
4. \$2,180,846.00 HOME Investment Partnership Program (HOME) Funds to be awarded as a repayable loan.

All of the terms and conditions from the original Resolution No. 19-0945 approved on June 12, 2019, as amended, will remain in effect.

City Council approval of this item will authorize the City Manager to execute the amendment to the conditional grant agreement, development loan agreement, and all financing documents related to the loan.

ESTIMATED SCHEDULE OF PROJECT

Construction Commenced	March 2020
Construction Complete	December 2021

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On January 25, 2019, the City of Dallas Housing Finance Corporation Board of Directors approved owning the land, entering into a long-term ground lease, and taking an ownership interest in TCV and an inducement of multifamily mortgage revenue bonds.

On February 27, 2019, City Council authorized: (1) that it has no objection as to TCV's application to the Texas Department of Housing and Community Affairs (TDHCA's) 2019 4% Non-Competitive Housing Tax Credit (HTC); and (2) conditioned upon TCV receiving a 2019 4% HTC award, authorized: (a) a development loan agreement with TCV or an affiliate thereof in an amount not to exceed \$3,801,000 (CDBG funds); (b) a conditional grant agreement with TCV or an affiliate thereof in an amount not to exceed \$199,000.00 in 2012 General Obligation Bond Funds; and (c) the City of Dallas Housing Finance Corporation to purchase and own the land and to enter into a long-term ground lease with TCV, and take an ownership interest in TCV by Resolution No. 19-0387.

On June 12, 2019, City Council authorized an amendment to Resolution No. 19-0387 to: (1) amend the funding source for the development loan amount with TCV or an affiliate thereof, of \$3,801,000.00 in CDBG funds to \$1,620,154.00 in CDBG funds and \$2,180,846.00 in HOME Investment Partnership Program funds, and (2) allow the closing of the TCV grant/loan to occur prior to closing on the equity and all other financing for the development by Resolution No. 19-0945.

On September 25, 2019, City Council authorized a second amendment to Resolution No. 19-0387, as amended, to: (1) remove the permanent repayment guaranty requirement of Generation Housing Partners, LLC, Hill Tide Partners, LLC, and Monarch Private Investments, LLC (Guarantors); (2) add to the requirement that the City only be added as an additional obligee on payment and performance bonds furnished by TCV to its senior construction lender, if allowed by the permanent lender; (3) add a minimum investment requirement for TCV of \$25,000,000.00 to construct the improvements for the Development as additional consideration; and (4) clarify that the nonprofit entity may assign certain obligations under the conditional grant agreement to TCV by Resolution No. 19-1506.

On November 13, 2019, City Council authorized a third amendment to Resolution No. 19-0387, as amended, to (1) clarify that the loan shall be a nonrecourse loan; (2) limit the City's remedies to foreclosure only in the event of an uncured default; and (3) allow an affiliate entity of the Guarantors to provide the required guarantees by Resolution 19-1771.

FISCAL INFORMATION

Fund	FY 2020	FY 2021	Future Years
General Fund	\$300,000.00	\$0.00	\$0.00

OWNER

TX Casa View 2018, Ltd.

TX Casa View 2018 GP, LLC is the general partner, a formed entity with General Housing Partners and Hill Tide Development, LLC as members.

General Housing Partners and Hill Tide Development, LLC will serve as the Developer.

Adrian Iglesias, President of General Housing Partners
Chris Applequist, Vice-President of General Housing Partners