



Legislation Details (With Text)

File #: 21-2087 **Version:** 1 **Name:**
Type: CONSENT AGENDA **Status:** Approved
File created: 10/19/2021 **In control:** Office of Economic Development
On agenda: 12/8/2021 **Final action:**

Title: Authorize (1) approval of the City of Dallas Economic Development Affordable Housing (EDAH) Program pursuant to the economic development programs provisions of Chapter 380 of the Texas Local Government Code for the public purpose of promoting state and local economic and community development and to stimulate business and commercial activity by developing affordable housing in Dallas; and (2) an unsecured conditional Chapter 380 Economic Development Grant Agreement with Dallas Housing Opportunity Fund LLC, acting by and through its sole member, LISC Fund Management, LLC, in an amount not to exceed \$6,000,000.00 pursuant to the EDAH Program - Not to exceed \$6,000,000.00 - Financing: Dallas Housing Trust Fund

Sponsors:

Indexes: 100

Code sections:

Attachments: 1. Exhibit A, 2. Resolution, 3. Exhibit A, 4. Exhibit B

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

AGENDA DATE: December 8, 2021

COUNCIL DISTRICT(S): All

DEPARTMENT: Office of Economic Development

EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize (1) approval of the City of Dallas Economic Development Affordable Housing (EDAH) Program pursuant to the economic development programs provisions of Chapter 380 of the Texas Local Government Code for the public purpose of promoting state and local economic and community development and to stimulate business and commercial activity by developing affordable housing in Dallas; and (2) an unsecured conditional Chapter 380 Economic Development Grant Agreement with Dallas Housing Opportunity Fund LLC, acting by and through its sole member, LISC Fund Management, LLC, in an amount not to exceed \$6,000,000.00 pursuant to the EDAH Program - Not to exceed \$6,000,000.00 - Financing: Dallas Housing Trust Fund

BACKGROUND

The City of Dallas (the “City”) serves as the hub of economic activity for the fastest growing region in

the country, yet low-income households are increasingly having a difficult time obtaining affordable housing. 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.

In response to the economic impact of the affordable housing shortage, City staff developed the EDAH Program, which is designed to meet the needs of households who seek affordable housing options. The public purpose of the EDAH Program is to support projects and programs that facilitate the production and preservation of affordable housing units within the corporate limits of the City. Support may be provided in the form of gap financing incentives to individual real estate developments or loans and grants to third-party affordable housing funds in exchange for specific performance benchmarks tied to the production of affordable housing. The Program Statement is attached hereto as **Exhibit A**.

Pursuant to the EDAH Program, City Staff is recommending the provision of a conditional Chapter 380 Economic Development Conditional Grant in the amount of \$6 million to (“Grant”) Dallas Housing Opportunity Fund LLC, acting by and through its sole member, LISC Fund Management, LLC, (referred to herein as “Administrator”). Administrator will realize the goals of the EDAH program through management, administration, and implementation of the Dallas Housing Opportunity Fund (DHOFF), a targeted investment fund with a minimum fund size of at least \$40 million. DHOFF will create or retain a minimum of 1500 housing units for households earning at or below 120% of the area median income of the City of Dallas.

The conditions of the City’s Grant are as follows:

- 1) On or before December 31, 2026, Administrator will raise a minimum of \$40 million in private philanthropic donors and lenders to supplement the Grant to be provided by the City (the “Capital Goal”).
- 2) 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 within the City of Dallas limits.
- 3) On or before December 31, 2025, Administrator shall produce the first 100 affordable housing units.
- 4) All affordable units created will be subject to 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 DHOFF investment in such development project, whichever period is the longest (the “Affordability Period”).
- 5) DHOFF will sign an unsecured promissory note committing to repay the Grant to the City in the event of default. Provided that the Administrator complies with all obligations contained in 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 and verified by the Director. The note is unsecured, and the repayment obligation is subordinate to DHOF's other lenders.

- 6) 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.
- 7) The Director of the Office of Economic Development may, at his/her sole discretion, extend any date specified herein for a period up to one year.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

Information about this item was provided to the Housing and Homeless Solutions Committee on November 9, 2021.

FISCAL INFORMATION

Fund	FY 2022	FY 2023	Future Years
Dallas Housing Trust Fund	\$6,000,000.00	\$0.00	\$0.00