



Legislation Text

File #: 19-1300, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: September 25, 2019
COUNCIL DISTRICT(S): 8
DEPARTMENT: Office of Economic Development
EXECUTIVE: Michael Mendoza

SUBJECT

Authorize approval of the City Council of the City of Dallas, acting as the applicable elected representative, as defined by Section 147(f)(2)(E) of the Internal Revenue Code of 1986, as amended ("Code"), of the issuance of multifamily residential revenue bonds ("Bonds") to be issued by the City of Dallas Housing Finance Corporation ("Issuer" or "DHFC") in one or more series in an aggregate principal amount not to exceed \$30,000,000.00; proceeds of the Bonds will be loaned to Palladium Redbird, Ltd. ("PRL") to finance a portion of the cost of the acquisition of land and new construction of 300 units and related facilities for a mixed-income multifamily complex to be known as Palladium Redbird and located at 7202 South Westmoreland Road, Dallas, Texas ("Development"); a public hearing with respect to the Bonds and the Development was held on September 10, 2019, after reasonable public notice was published in a newspaper of general circulation in the City of Dallas all in compliance with Section 147(f) of the Code - Financing: No cost consideration to the City

BACKGROUND

PRL proposes to acquire land to construct 300 new units for families, which will be comprised of 129 1-bedroom, 130 2-bedroom, and 41 3-bedroom units. The Development will be located at 7202 South Westmoreland Road. The units will be dispersed equitably by bedroom size and amongst income bands throughout the proposed Development. The proposed Development will have two 4-story buildings with elevators and structured parking. Planned amenities include a clubhouse with a fitness center, business center and club room, a resort style swimming pool; a playground; pedestrian access to the Redbird Mall area, and a dog park.

On January 25, 2019, the Issuer authorized an inducement in an amount not to exceed \$20,000,000.00. A supplemental inducement was authorized by the Issuer on June 11, 2019, to increase the amount to \$30,000,000.00 due to increases in construction costs for the Development. An application for the allocation of \$30,000,000.00 in private activity bonds was submitted to the Texas Bond Review Board and a reservation was received on August 15, 2019.

Since the Development is located within the City of Dallas, Section 147(f) of the Code requires that an applicable elected representative of the City of Dallas must approve the issuance of the Bonds by the Issuer following a public hearing for which reasonable public notice was given. The City of Dallas is not asked to issue Bonds. The Bonds shall not be a debt, liability, or an obligation of the City nor shall any of the City's assets be pledged for payment of the Bonds. The City's name will not appear on the Bonds. The approval being requested only for the purpose of complying with federal income tax law relating to the issuance of tax-exempt obligations.

Notice of a public hearing was published in the Dallas Morning News on August 22, 2019. On September 10, 2019, the public hearing was held with no outside participants in attendance, and thus, no comments made. Under applicable federal income tax law, the public approval for the Development will be valid for one year from the date of approval (i.e. through September 24, 2020). It is anticipated that the Bonds will close on or about October 4, 2019.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

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

On February 19, 2019, the Economic Development and Housing Committee was briefed on the development loan agreement with PRL and approved moving forward to Council for consideration.

On February 27, 2019, following a public hearing, City Council authorized (1) a Resolution of No Objection for PRL or its affiliate, related to its application to Texas Department of Housing and Community Affairs 2019 4% Non-Competitive Housing Tax Credits; and (2) conditioned upon PRL receiving a 2019 4% Housing Tax Credit award, (a) a development loan agreement in an amounts not to exceed \$6,271,576.00 (comprised of \$2,696,300.00 in Community Development Block Grant ("CDBG") funds and \$3,575,276.00 of HOME Investment Partnerships ("HOME") Program funds) with PRL or an affiliate thereof; (b) a conditional grant agreement in an amount not to exceed \$2,028,424.00 in 2012 General Obligation Bond funds with a nonprofit entity; and (c) the DHFC to purchase and own the land, enter into a long-term ground lease with PRL, and take an ownership interest in PRL for the development of a mixed-income multifamily complex located at the intersection of West Camp Wisdom Road and South Westmoreland Road, site of the former Red Bird Mall/Southwest Center Mall, and take an ownership interest in PRL by Resolution No. 19-0385.

On June 11, 2019, the DHFC Board of Directors authorized a supplemental inducement of multifamily mortgage revenue bonds in an amount not to exceed \$30,000,000.00.

On June 12, 2019, City Council authorized a first amendment to Resolution No. 19-0385, previously approved on February 27, 2019, for a mixed-income multifamily residential development to be located at the intersection of West Camp Wisdom Road and South Westmoreland Road site of the former Red Bird Mall/Southwest Center Mall to: (1) amend the development loan amount with PRL to only include an amount not to exceed \$5,000,000.00 in HOME funds for construction; (2) authorize a development loan agreement with PRL or the DHFC for acquisition of land and construction, subject to DHFC Board of Directors' approval, in an amount not to exceed \$1,271,576.00 in CDBG funds; (3) allow the closing of the PRL and DHFC grant/loan to occur prior to closing on the equity and all other financing for the development; (4) allow PRL and DHFC to be reimbursed for costs associated to

acquisition at closing, but must meet all other requirements under the agreement to be reimbursed the remaining loan and grant amounts; and (5) allow the City to maintain no less than 3rd lien position by Resolution No. 19-0944.

City Council was briefed by memorandum regarding this matter on September 13, 2019.

FISCAL INFORMATION

No cost consideration to the City.

OWNER/DEVELOPER

Palladium Redbird, Ltd.

Palladium Redbird GP, LLC is the general partner, a formed entity with members affiliated with Palladium

Palladium and DHFC will serve as co-Developer

Thomas Huth, President of Palladium

MAP

Attached