



Legislation Text

File #: 19-1435, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: September 25, 2019
COUNCIL DISTRICT(S): 9
DEPARTMENT: Office of Economic Development
EXECUTIVE: Michael Mendoza

SUBJECT

Authorize a second amendment to Resolution No. 19-0387 ~~and first amendment to Resolution No. 19-0945~~, previously approved on February 27, 2019 ~~and June 12, 2019~~, as amended, for a mixed-income multifamily complex for seniors to be located at 2649 Centerville Road (Development) to: **(1)** remove the permanent repayment guaranty requirement of Generation Housing Partners, LLC, Hill Tide Partners, LLC, and Monarch Private Investments, LLC; **(2)** add to the requirement that the City only be added as an additional obligee on payment and performance bonds furnished by TX Casa View 2018, Ltd. to its senior construction lender, if allowed by the permanent lender; ~~and~~ **(3)** add a minimum investment requirement for TX Casa View 2018, Ltd. 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 conditional grant agreement to TX Casa View 2018, Ltd. - Financing: No cost consideration to the City

BACKGROUND

On February 27, 2019, City Council authorized a loan agreement with TX Casa View 2018, Ltd. (TCV) and conditional grant agreement with a to be determined nonprofit to rehabilitate all 40 existing units and construct 224 new units for seniors at the Estates at Shiloh Apartments. The proposed Development will have 4-three story buildings with ventilated corridors and accessible elevators. Planned amenities include renovation of the existing 9,000 square foot community center, swimming pool, 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. As part of the terms, Generation Housing Partners, LLC, Hill Tide Partners, LLC, and Monarch Private Investments, LLC (Guarantors) would provide a completion and permanent repayment guaranty for the Development.

While finalizing negotiations on the loan agreement and conditional grant agreement for another development it was realized that the City's loan is a recourse loan requiring a full repayment guaranty. However, the permanent guaranty requirement impacts the ability for the 4% housing tax credits, which will fund a portion of the costs for the Development, to be reallocated by the Investor for the Development. Therefore, Investors will not invest or participate under any scenario where the debt is full recourse.

For the conditional grant agreement, the nonprofit entity will execute the conditional grant agreement and simultaneously loan the \$199,000.00 of 2012 General Obligation Bond funds to TCV for the proposed Development. To collateralize the loan from the nonprofit entity to TCV, the loan documents for \$199,000.00 loan will be assigned by the nonprofit entity to the City. It was intended for the nonprofit entity to assign its obligations under the related conditional grant agreement to TCV. The resolutions adopted by Council allow for the conduit loan structure; however, it does not allow for the nonprofit entity to assign its obligations to TCV.

To remedy this situation and to move forward with closing the transaction, staff proposes the following amendment to the terms previously agreed upon in Resolution Nos. 19-0387 and 19-0945 for the loan and conditional grant agreements:

1. Remove the requirement of Guarantors to provide full, unconditional guarantees of repayment for TCV; and
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; and
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. Allow the nonprofit entity to assign certain obligations under the conditional grant agreement to TCV.

Staff recommends amending the terms since there will be adequate measures in place to secure the City's financing. The Guarantors are providing completion and payment guaranty for construction in addition to an operating deficit guaranty to fund operating deficits on behalf of TCV. The City's loan and grant will be secured by a deed of trust on the property and all improvements. All other terms and conditions from the original Resolution No. 19-0387, previously approved on February 27, 2019 and Resolution No. 19-0945, previously approved on June 12, 2019, shall remain unchanged and in full force and effect.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On January 25, 2019, the Dallas Housing Finance Corporation (DHFC) Board of Directors approved owning the land, entering into a long-term ground lease, and taking an ownership interest in TX Casa View 2018, Ltd. 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 TX Casa View 2018, Ltd. and approved moving forward to Council for consideration.

On February 27, 2019, City Council authorized (1) that it has no objection as to TCV's application to Texas Department of Housing and Community's (TDHCA's) 2019 4% Non-Competitive Housing Tax Credit (HTC); (2) a development loan agreement with TCV or an affiliate thereof in an amount not to exceed \$3,801,000.00 in Community Development Block Grant Fund (CDBG) conditioned upon TCV receiving a 2019 4% HTC award; (3) a conditional grant agreement with TCV or an affiliate thereof for the development of a mixed-income multifamily residential development to be located at 2649 Centerville Road in an amount not to exceed \$199,000.00 in 2012 General Obligation Bond Funds; and (4) the DHFC to purchase and own the land and to enter into a long-term ground lease with TCV, and take ownership interest in TCV by Resolution No. 19-0387.

On June 12, 2019, City Council authorized a first amendment to Resolution No.19-0387, previously approved on February 27, 2019, for a mixed-income multifamily complex for seniors to be located at 2649 Centerville Road to: (1) amend the funding source for the development loan amount with TCV of \$3,801,000.00 from \$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 August 13, 2019, the DHFC Board of Directors authorized a supplemental inducement of multifamily mortgage revenue bonds in an amount not to exceed \$25,000,000.00.

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

FISCAL INFORMATION

No cost consideration to the City.

OWNER/DEVELOPER

TX Casa View 2018, Ltd.

TX Casa View 2018 GP, LLC is the general partner, a formed entity with GHP and HTD as members. (City of Dallas Housing Finance Corporation will be admitted as the sole member of the GP)

GHP and HTD will serve as the Developer.

Adrian Iglesias, President of GHP

Chris Applequist, Vice-President of GHP

MAP

Attached