



Legislation Text

File #: 20-1716, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality

AGENDA DATE: September 23, 2020

COUNCIL DISTRICT(S): 6

DEPARTMENT: Office of Economic Development

EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize **(1)** execution of a development agreement and all other necessary documents with Villas at WH 20, LP ("Developer") and/or its affiliates in an amount not to exceed \$7,678,874.00, payable from current and future Fort Worth Avenue TIF District Funds, in consideration of The Villas at Western Heights Mixed-Income Project on property currently addressed at 1515 Fort Worth Avenue in Tax Increment Financing Reinvestment Zone Number Fifteen (Fort Worth Avenue TIF District); and **(2)** an increase in appropriations in an amount not to exceed \$7,678,874.00 in the Fort Worth Avenue TIF District Fund - Not to exceed \$7,678,874.00 - Financing: Fort Worth Avenue TIF District Fund (subject to current and future appropriations from tax increments)

BACKGROUND

The Developer submitted an incentive application to the City of Dallas Office of Economic Development seeking assistance for the development of a mixed-income 9% Low Income Housing Tax Credit ("LIHTC") project. Located on 3.865 acres at 1515 Fort Worth Avenue and 1418 Castle Street (referred to throughout as 1515 Fort Worth Avenue), the Project is proposed to consist of 130 residential units for elderly households, including 88 one-bedroom and 42 two-bedroom units with 104 income-restricted units and 26 market rate units.

Of the 104 income-restricted units, 11 units are to be leased solely to households earning a maximum of 30% Area Median Family Income ("AMFI"), 42 units are to be leased solely to households earning a maximum of 50% AMFI, and 51 units are to be leased solely to households earning a maximum of 60% AMFI.

The Project is proposed to consist of one main 3-story building with an amenity center and one 2-story building along N. Montclair Avenue and Castle Street, including 120 secured on-site parking spaces and an additional 52 parking spaces, for a total of 172 parking spaces. The total development cost of the Project is estimated at \$30.5 million.

The Project was reviewed by the City's Urban Design Peer Review Panel ("Panel") on January 24, 2020, and the Developer has made all design changes recommended by the Panel, including strengthening the Fort Worth Avenue frontage and reorienting the parking ingress/egress.

On July 23, 2020, the Developer received notice from the Texas Department of Housing and Community Affairs ("TDHCA") that the Project was awarded 9% LIHTCs. A Land Use Restriction Agreement ("LURA") will be placed on the property in accordance with the LIHTC requirements for the Project. The LURA will ensure that the Project serves elderly residents (55 years or older) earning between 30% and 60% of the AMFI for a period of 45 years.

The Office of Economic Development engaged an independent outside underwriter to extensively review the Project and the Developer's incentive application (Developer initially requested \$8,673,000.00 but later reduced the request to \$8,000,000.00). The underwriter concluded that TIF funding of \$7,678,874.00 was justified.

Using the outside underwriting as a guide, the Office of Economic Development negotiated a detailed Letter of Intent with the Developer for an amount not to exceed \$7,678,874.00 ("TIF Subsidy"), of which \$2,500,000.00 may be made available upon acquisition closing, secured by a deed of trust on the property which shall take the first lien position until such time of construction financial closing, at which time the deed of trust may be subordinate only to senior construction lenders holding a lien against all or part of the property. On August 12, 2020, the Developer agreed to and executed the detailed Letter of Intent.

Staff's recommended TIF Subsidy of \$7,678,874.00 will be deployed from the Fort Worth Avenue TIF District Affordable Housing budget category. The portion of TIF Subsidy available in advance, secured by a deed of trust, will provide the Developer with sufficient non-debt funds to close on the land acquisition.

City Council's approval of this item will authorize the City Manager to execute a development agreement as well as any other related documents.

ESTIMATED SCHEDULE OF PROJECT

Begin Construction	September 2021
Complete Construction	December 2022

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 13, 2007, the City Council authorized the establishment of Tax Increment Financing Reinvestment Zone Number Fifteen, the Fort Worth Avenue TIF District, by Ordinance No. 26798, as amended.

On March 26, 2008, the City Council authorized the Final Project Plan and Reinvestment Zone Financing Plan for the Fort Worth Avenue TIF District by Ordinance No. 27129, as amended.

On February 12, 2020, City Council authorized (1) a Resolution of Support for Villas at WH 20, LP, or its affiliate, related to its application to the Texas Department of Housing and Community Affairs for 9% Low Income Housing Tax Credits for the development of Villas at Western Heights and (2) an agreement with the applicant for a line of credit in an amount not to exceed \$500.00 for the proposed multifamily development by Resolution No. 20-0289.

On September 1, 2020, the Fort Worth Avenue TIF District Board of Directors reviewed the proposed Villas at Western Heights Project and recommended City Council authorization of a development agreement with Villas at WH 20, LP and/or its affiliates in an amount not to exceed \$7,678,874.00.

The Economic Development Committee will be briefed regarding this matter on September 8, 2020.

FISCAL INFORMATION

Fund	FY 2020	FY 2021	FY 2022
Fort Worth Avenue TIF District Fund	\$2,500,000.00	\$0.00	\$5,178,874.00

OWNER/DEVELOPER

Villas at WH 20, LP

Jessica Krochtengel, Managing Director

MAP

Attached