



Legislation Text

File #: 20-2487, Version: 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: January 27, 2021
COUNCIL DISTRICT(S): 1
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize the **(1)** approval of the City Council of the City of Dallas, to act 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 mortgage revenue bonds (Bonds) issued by the City of Dallas Housing Finance Corporation (DHFC or Issuer) in one or more series of tax-exempt bonds in an amount not to exceed \$33,000,000.00, for which proceeds of the Bonds will be loaned to Gateway Oak Cliff, LP to finance a portion of the cost for the acquisition of land and new construction of units for a mixed-income multifamily complex to be known as the Gateway Oak Cliff and located at 400 South Beckley Avenue, Dallas, Texas (Development), which includes an increase to the number of affordable units from 173 to 184, for which a public hearing with respect to the Bonds and the Development was held on January 6, 2021, 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; and **(2)** approval of the bond issuance and the use of the bond proceeds by the DHFC to finance the construction of the Development - Financing: No cost consideration to the City

BACKGROUND

The 4% Housing Tax Credits will be used for the development of the Gateway Oak Cliff, a 230-unit mixed-income multifamily complex to be located at 400 South Beckley Avenue, Dallas, Texas 75203 (Property). The Development includes a proposal to develop 230 units. The 230 units are comprised of 33 studio units, 99 one-bedroom, 72 two-bedroom, and 26 3-bedroom units. The units will have energy-efficient appliances, laundry connections and all other requirements of TDHCA. The property will also consist of 410 structured parking and a 6,000 square foot community and leasing center. After the development is complete, 184 of the 230 units will be made available to households earning 0%-60% of Area Median Income (AMI) and 46 of 230 will be at market rate. The Applicant increased the number of affordable units from 173 to 184 in order to receive a Priority 2 private activity bond (PAB) allocation from the Texas Bond Review Board (TBRB) and increase the odds of receiving a PAB allocation in the TBRB allocation lottery.

On May 12, 2020, the DHFC authorized an inducement in an amount not to exceed \$33,000,000.00. An application for the allocation of \$33,000,000.00 in private activity bonds was submitted to the TBRB and a reservation was received on January 6, 2021.

Since the Development is located within the City of Dallas, Section 147 (f) of the Internal Revenue Code requires that in order for the bonds to be tax exempt, the City Council, the applicable elected representative of the City of Dallas, must approve the issuance of the bonds by the Issuer following a public hearing. 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 is only for the purpose of complying with federal law and with regard to tax exempt debt.

The Tax Equity and Fiscal Responsibility Act (TEFRA) hearing was published in the *Dallas Morning News* on December 23, 2020. On January 6, 2021, the public hearing was held with no outside participants in attendance, and thus, no comments made. Under applicable federal income tax law, the TEFRA approval is only valid for a one-year term. Therefore, the public hearing for the Development has a validity date through January 12, 2022. It is anticipated that the tax-exempt bonds to fund a portion of the costs for the Development will close in the April 2021.

Section 394.9025 of the Texas Housing Finance Corporations Act, Chapter 394 of the Texas Local Government Code (Act) authorizes a housing finance corporation to issue bonds to finance a multifamily residential development to be owned by the housing finance corporation in accordance with the Act if the housing finance corporation receives approval of the governing body of the local government.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On May 12, 2020, the Issuer authorized an inducement in an amount not to exceed \$33,000,000.00. The Issuer also authorized 1) the negotiation of a master agreement with Gateway Oak Cliff, LP; 2) an ownership interest as the general partner of Gateway Oak Cliff, LP, 3) serving as the co-developer of the project, 4) the acquisition of the land, 5) entering into a long-term ground lease with Gateway Oak Cliff, LP, and 6) serving as the General Contractor.

On May 25, 2020, the Housing and Homelessness Committee (HHS) was briefed on the development and resolution of no objection. The HHSC approved moving forward to Council for consideration.

On May 27, 2020, City Council held a public hearing and adopted a Resolution of No Objection related to the Development and Developer's 4% Non-Competitive Low Income Housing Tax Credits application to TDHCA by Resolution No. 20-0866.

The Housing and Homelessness Solutions Committee was briefed regarding this matter on January 25, 2021.

FISCAL INFORMATION

No cost consideration to the City.

MAP

Attached