



Legislation Text

File #: 21-814, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: June 9, 2021
COUNCIL DISTRICT(S): 3
DEPARTMENT: Housing & Neighborhood Revitalization
EXECUTIVE: Dr. Eric Anthony 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, for 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 \$30,000,000.00, the proceeds of such Bonds will be loaned to TX Westmoreland 2020, Ltd. 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 Westmoreland Station, located at 2700 Westmoreland Road, Dallas, Texas (Development) and a public hearing for the Bonds/Development was held on May 19, 2021, 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

TX Westmoreland 2020, Ltd. (Developer) proposes the DHFC or its affiliate (DHFC) acquire the site at 2700 South Westmoreland Drive and subsequently enter into a long-term lease for the Development. The Development includes construction of 248 new units. The 248 units will be dispersed equitably by bedroom size and amongst income bands throughout the development. The proposed development includes a three-story, Class "A" building with several sustainable design features including but not limited to the following: Energy Star appliances, high-efficiency heating, ventilation, and air conditioning systems, and low-flow fixtures. Additionally, all units will feature an "open concept design" to maximize versatility of floor space. Ground floor units will have direct access to street level sidewalks thus enhancing the walkability of the neighborhood and easy access to the Westmoreland DART Station. Planned amenities include a community center, a resort-style swimming pool, a community garden, a fitness center, high speed wireless internet and approximately 3,000 square feet co-working business/entrepreneurial space to be available for the residents and the community.

Developer proposes to provide on-site resident services including:

1. 12 hours per week of after school tutoring;
2. Four hours per week of adult financial literacy courses;
3. Career training and placement services;
4. Annual health fair and flu shots;
5. Notary services;
6. Arts and crafts programming twice a month; and
7. Organized social gatherings twice a month.

On October 19, 2020, the DHFC authorized an inducement in an amount not to exceed \$30,000,000.00. An application for the allocation of \$30,000,000.00 in private activity bonds was submitted to the Texas Bond Review Board and a bond reservation was received in January 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 May 10, 2021. On May 19, 2021, the public hearing was held. 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 May 18, 2022. It is anticipated that the tax-exempt bonds to fund a portion of the costs for the Development will close on or about June 30, 2021.

The Texas Housing Finance Corporations Act, Chapter 394 of the Texas Local Government Code requires that the City of Dallas approve the issuance of bonds by the DHFC and their use to finance the construction and development of affordable housing.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On October 19, 2020, the DHFC authorized an inducement in an amount not to exceed \$30,000,000.00. The DHFC also authorized 1) the negotiation of a master agreement with TX Westmoreland 2020, Ltd., 2) an ownership interest as the general partner of TX Westmoreland 2020, Ltd., 3) serving as the co-developer of the project, 4) the acquisition of the land, and 5) entering into a long-term ground lease with TX Westmoreland 2020, Ltd.

The Housing and Homelessness Committee (HHSC) was briefed on the development, proposed bond issuance, and a Community Development Block Grant and HOME Development Loan (Development Loan) with TX Westmoreland 2020, Ltd. on January 27, 2021. The HHSC approved moving forward to Council for consideration.

On February 24, 2021, following a public hearing, City Council adopted a Resolution of No Objection related to the Development and Developer's 4% Non-Competitive Low Income Housing Tax Credits application to TDHCA and the Development Loan by Resolution No. 21-0459.

[The Housing and Homelessness Committee was briefed by memorandum regarding this matter on May 24, 2021. <http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=f6633158-afad-4efd-98fc-f8eaeb0d987a.pdf>](http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=f6633158-afad-4efd-98fc-f8eaeb0d987a.pdf)

FISCAL INFORMATION

No cost consideration to the City.

MAP

Attached