



Legislation Text

File #: 21-1006, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: June 9, 2021
COUNCIL DISTRICT(S): 1
DEPARTMENT: Office of Economic Development
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize execution of a development agreement and all other necessary documents with Gateway Oak Cliff, LP and/or its affiliates in an amount not to exceed \$4,245,432.00, payable from Oak Cliff Gateway TIF District Funds, in consideration of the Gateway Oak Cliff Mixed-Income Development Project on property currently addressed at 400 South Beckley Avenue in Tax Increment Financing Reinvestment Zone Number Three (Oak Cliff Gateway TIF District) - Not to exceed \$4,245,432.00 - Financing: Oak Cliff Gateway TIF District Fund (subject to annual appropriations from tax increments)

BACKGROUND

The Gateway Oak Cliff Mixed-Income ("Project") is located on a 3-acre site at 400 South Beckley Avenue, Dallas, Texas 75203. The site is currently occupied by the Dallas County Government Center (Oak Cliff Sub-Courthouse). Dallas County will be moving the operations at this facility to a new facility currently under construction at 702 East Jefferson Boulevard, Dallas, Texas 75203.

The Project will include a total of 230 residential units, including 32 efficiency units, 101 one-bedroom units, 71 two-bedroom units and 26 three-bedroom units.

The total Project cost is estimated at \$45,968,851.00, including a new four-story building wrapped around a central parking garage and interior courtyards along with a clubhouse, pool, playground, and other amenities.

The Project financing includes 4% Low Income Housing Tax Credits ("LIHTC") that will commit the Gateway Oak Cliff, LP ("Developer") to providing 80% of the units for households earning a maximum of 60% Area Median Income ("AMI").

The Project was reviewed by the City's Urban Design Peer Review Panel ("Panel") on June 26, 2020, and the Developer made changes to the Project's design to accommodate recommendations by the Panel.

On April 12, 2021, the Developer received notice from the Texas Department of Housing and Community Affairs (“TDHCA”) that the Project was awarded 4% 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 residents earning a maximum of 60% of AMI for a period of 45 years.

Nearly a year ago, the Office of Economic Development engaged an independent outside underwriter to extensively review the Project and the Developer’s incentive application along with subsequent revisions in response to changing conditions over the past few months. Staff, in consultation with the underwriter, structured the proposed TIF Subsidy to balance the uncertainty created by potential higher construction costs and the increased cost of permanent debt with requiring the Developer to maximize non-City resources in filling the gap.

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 \$4,245,432.00 (“TIF Subsidy”), payable upon completion of the Project and Developer’s satisfaction of all terms and conditions in the Development Agreement. On April 14, 2021, the Developer agreed to and executed the Letter of Intent.

Staff’s recommended TIF Subsidy of \$4,245,432.00 will be deployed from the Oak Cliff Gateway TIF District budget as follows (i) environmental remediation and demolition, \$350,000.00; (ii) public infrastructure improvements \$695,354.00; and (iii) an economic development grant, \$3,200,078.00.

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	December 2022
Complete Construction	December 2024

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On November 11, 1992, City Council authorized the establishment of the Oak Cliff Gateway TIF District by Ordinance No. 21466, as amended.

On February 12, 1997, City Council authorized the Final Project Plan and Reinvestment Zone Financing Plan for the Oak Cliff Gateway TIF District by Ordinance No. 23033, as amended.

[The Housing and Homelessness Solutions Committee was briefed by memorandum regarding this matter on May 26, 2020. <http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=632277ce-6bbb-4fa1-8841-a76ebf14c3fe.docx>](http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=632277ce-6bbb-4fa1-8841-a76ebf14c3fe.docx)

On May 27, 2020, City Council held a public hearing and authorized a Resolution of No Objection for Gateway Oak Cliff, LP, or its affiliate, related to its application to the Texas Department of Housing and Community Affairs for 4% LIHTCs for the development of the Project by Resolution No. 20-0866.

[The Housing and Homelessness Solutions Committee was briefed by memorandum regarding this matter on January 25, 2021. <http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=8a3b32cb-352b-4193-9981-2135406c5c56.pdf>](http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=8a3b32cb-352b-4193-9981-2135406c5c56.pdf)

On April 26, 2021, the Oak Cliff Gateway TIF District Board of Directors reviewed the Project and recommended City Council authorization of a development agreement with Gateway Oak Cliff, LP and/or its affiliates in an amount not to exceed \$4,245,432.00.

[The Economic Development Committee was briefed by memorandum regarding this matter on May 3, 2021. <http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=e73efc80-d5aa-4199-979d-6f9169e73808.pdf>](http://cityofdallas.legistar.com/gateway.aspx?M=F&ID=e73efc80-d5aa-4199-979d-6f9169e73808.pdf)

FISCAL INFORMATION

Fund	FY 2021	FY 2022	FY 2023
Oak Cliff Gateway TIF District Fund	\$0.00	\$0.00	\$4,245,432.00

OWNER/DEVELOPER

Gateway Oak Cliff, LP

Joseph W. Dingman, Treasurer of St. Margaret, Inc.

MAP

Attached