

# Memorandum



CITY OF DALLAS

DATE February 15, 2019

TO Members of the Economic Development & Housing Committee: Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman, Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **Briefing on Proposed Development Agreements, Partnerships with the City of Dallas Housing Finance Corporation for Three Multifamily Residential Developments, and Resolutions for Housing Tax Credit Applications**

## Summary

On February 19, 2019, the Economic Development and Housing Committee (EDHC) will be briefed on proposed terms and amounts for loan and conditional grant agreements related to **3** developments that include mixed-income multifamily residential. Each development received a fundable score under the 2018 Notice of Funding Availability (NOFA). Additionally, the briefing will provide details on the role of the City of Dallas Housing Finance Corporation's (DHFC) participation in each development. Finally, **2** of the developments are seeking **4%** Non-Competitive Housing Tax Credits (**4% HTC**s) from the Texas Department of Housing and Community Affairs (TDHCA) and require a Resolution of No Objection for the development to move forward.

## Background

On May 9, 2018, the Comprehensive Housing Policy (CHP) adopted by City Council, by Resolution Number 180704 and 181680, as amended, adopted Developer programs to provide gap financing in the form of repayable loan, where appropriate, to incentivize private investment for the development of quality, sustainable housing that is affordable to the residents of Dallas. When such funding is available, the City shall award funds through a competitive NOFA or Request for Application process based on a scoring policy. In accordance with the CHP, the Housing and Neighborhood Revitalization Department (Housing) issued the NOFA with an estimated **\$25,000,000** in funding available from federal and local sources such as Community Development Block Grant (CDBG), General Obligation Bonds, and Housing Trust Fund. Responses were due on October 11, 2018. There were **19** proposals submitted.

At the January 7, 2019, EDHC meeting, Housing staff briefed the committee on the development, review process, and results of the NOFA. Based on staff review and the established scoring criteria used by the Evaluation Committee, only **3** of the **19** proposals received a fundable score. The **3** developments are 2400 Bryan Street, Estates at Shiloh, and Palladium Redbird.

The briefing (Attachment **A**) contains details on each development including development team and description. The briefing also outlines the proposed terms for each development. The terms include the following: term of loan and grant, loan amortization,

use of funds, interest rate, repayment, collateral, guarantee and payment and performance bond requirements, affordability requirements, local hiring and MWBE requirements, urban design, reserve requirements, completion deadline, and conditions to closing.

Fiscal Impact

<b>2400 Bryan Street</b>		
<b>Source</b>	<b>Amount</b>	<b>Loan or Grant</b>
City CDBG Funds	\$3,421,373	Loan
City HOME Funds	\$3,605,570	Loan
2012 GO Bond Funds	\$973,057	Grant
Public Private Partnership Funds	\$6,000,000	Loan
<b>Total</b>	<b>\$14,000,000</b>	
<b>Estates at Shiloh</b>		
<b>Source</b>	<b>Amount</b>	
City CDBG Funds	\$3,801,000	Loan
2012 GO Bond Funds	\$199,000	Grant
<b>Total</b>	<b>\$4,000,000</b>	
<b>Palladium Redbird</b>		
<b>Source</b>	<b>Amount</b>	
City CDBG Funds	\$2,696,300	Loan
City HOME Funds	\$3,575,276	Loan
2012 GO Bond Funds	\$2,028,424	Grant
<b>Total</b>	<b>\$8,300,000</b>	

Departments/Committee Coordination

Housing staff coordinated with the Office of Economic Development, Office of Equity and Human Rights, Planning and Urban Design, and City Attorney’s Office to negotiate terms and identify funding sources. Additionally, the DHFC Board approved inducing multifamily mortgage revenue bonds, taking an ownership interest in the developments, purchasing the land, and entering to long-term ground leases.

Next Steps

On February 27, 2019, if recommended for approval by the EDHC, Housing staff would bring forward the items to City Council to consider authorizing the development agreements for the terms proposed and in amounts not to exceed as detailed under Fiscal Impact. Additionally, Council would consider approval of the DHFC purchasing, leasing, and taking an ownership interest in the developments. Finally, required public hearings would be conducted for 4% HTC applications and Council would consider adopting the Resolutions of No Objection.

Should you have any questions, please contact me at (214) 670-3619.



David Noguera, Director  
Housing and Neighborhood Revitalization

c: Chris Caso, City Attorney (Interim)  
Carol A. Smith, City Auditor (Interim)  
Biliera Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Kimberly Bizer Tolbert, Chief of Staff to the City Manager  
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer  
M. Elizabeth Reich, Chief Financial Officer  
Laila Aleqresh, Chief Innovation Officer  
Directors and Assistant Directors

**Briefing on Proposed Development Loan Agreements and Partnerships with the City of Dallas Housing Finance Corporation to Purchase, Lease, Own, or otherwise Acquire an Interest in Three Mixed Income Multifamily Residential Developments and Recommendation of a Resolution of No Objection for 4% Non-Competitive Housing Tax Credits Allocated by the Texas Department of Housing and Community Affairs to Two of the Developments:**

- a. 2400 Bryan Street**
- b. Estates at Shiloh (2649 Centerville Road)**
- c. Palladium Redbird (a portion of the site of the former Red Bird Mall/Southwest Center Mall located south of the intersection of W. Camp Wisdom Road and S. Westmoreland Road)**

**Economic Development and Housing Committee  
February 19, 2019**

**Avis F. Chaisson, Assistant Director  
Housing & Neighborhood Revitalization  
City of Dallas**



# Presentation Overview

- Summary
- City of Dallas Housing Finance Corporation
- Background and Proposed Development Terms
  - 2400 Bryan Street
  - Estates at Shiloh
  - Palladium Redbird
- Benefit to the City
- Recommendation and Next Steps



# Summary

- **May 9, 2018:** City Council adopted the Comprehensive Housing Policy (CHP), Resolution No. **18-0704** and **18-1680**, as amended on **November 28, 2018** which approved Developer programs to provide gap financing in the form of repayable loan to incentivize private investment for the development of quality, sustainable housing that is affordable to the residents of Dallas
- **August 30, 2018:** Housing and Neighborhood Revitalization Department (Housing) issued a Notice of Funding Availability (NOFA) with estimated **\$25,000,000** to award
- **January 7, 2019:** Briefed the Economic Development & Housing Committee (EDHC) on NOFA Results
  - ✓ Outlined process for development of NOFA, review of proposals, and presented results
  - ✓ Only **3** out of the **19** proposals submitted received a fundable score

# City of Dallas Housing Finance Corporation Board

**January 25, 2019:** DHFC Board approved, taking an ownership interest in the developments, purchasing the land, and entering to a long-term ground lease for all **3** developments and induced multifamily mortgage revenue bonds for **2**

## Board of Directors

Sherman Roberts, President

Trent Hughes, Director

Jim Harp, Director

Clint V. Nolen, Vice President

Ryan Garcia, Director

Eric Anderson, Director

Marcy Helfand, Secretary

Brad Nitschke, Director

Juan J. Garcia, Director

James Armstrong III, Treasurer

Joe Carreon, Director



# 2400 Bryan Street

*Economic and Neighborhood Vitality*



City of Dallas

# Developer Background

- Matthews Southwest/RMGM Developers, LLC (**RMGM**)
  - Since **1988**, MSW has acquired, built and managed the development of hotel, office, mixed use, retail, residential, and industrial developments
- Jack Matthews, President
  - **30+** years of experience in real estate development
- Kristian Teleki, Senior Vice President, Development
  - **28+** years of experience in real estate development
- Redeveloped key historic Old Dallas High School in partnership with the City using TIF funds from Deep Ellum TIF district

# Old East Dallas High School



*Economic and Neighborhood Vitality*



City of Dallas

# Proposed Development Background

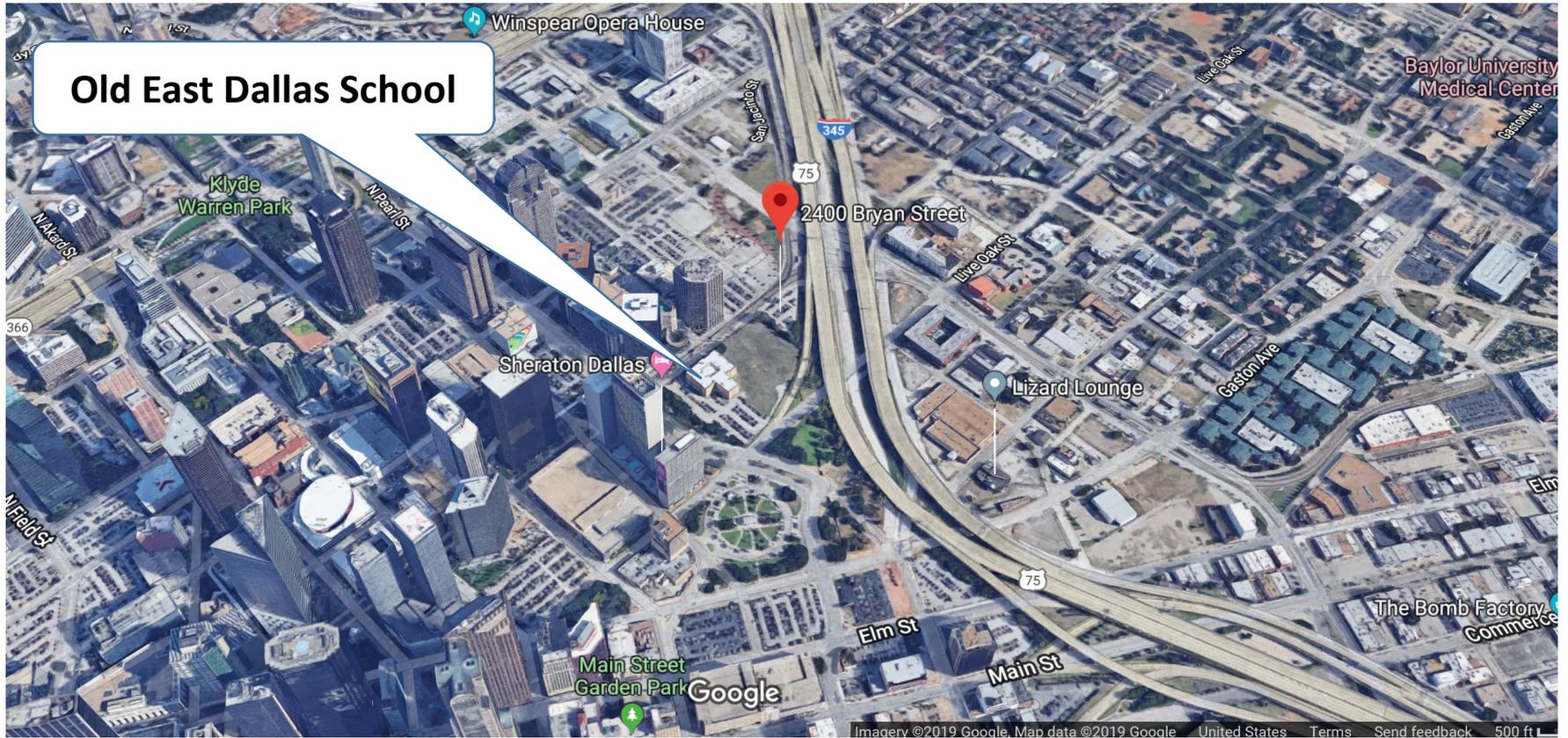
- **2400 Bryan Street**
- Council District: **14**
- East Downtown Reinvestment Strategy Area
- Unit: **217** units **efficiency, 1, 2, and 3 BR**
- **14-story** building; including structured parking
- Planned Amenities:
  - Multipurpose room
  - Pool
  - **10,000** sq. ft. of retail space, with plans to include an early childhood education/childcare facility.

# 2400 Bryan Street – cont'd

<b>UNIT MIX &amp; INCOME BANDS SERVED</b>				
<b>Proposed Units (217* total)</b>	<b>27 – 0BR</b>	<b>120 – 1 BR</b>	<b>57 – 2 BR</b>	<b>13 – 3 BR</b>
<b>30% - 60%</b>	<b>6 – 0BR</b>	<b>41 – 1BR</b>	<b>18 – 2BR</b>	<b>5 – 3BR</b>
<b>60%</b>	<b>10 – 0BR</b>	<b>22 – 1BR</b>	<b>8 – 2BR</b>	<b>1 – 3BR</b>
<b>Market</b>	<b>11 – 0BR</b>	<b>57 – 1BR</b>	<b>31 – 2BR</b>	<b>7 – 3BR</b>



# Proposed Development Location



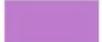
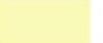


# 2400 Bryan Street – cont'd

## East Downtown Redevelopment Target Area Surrounded by E, F, & G MVA Market Types

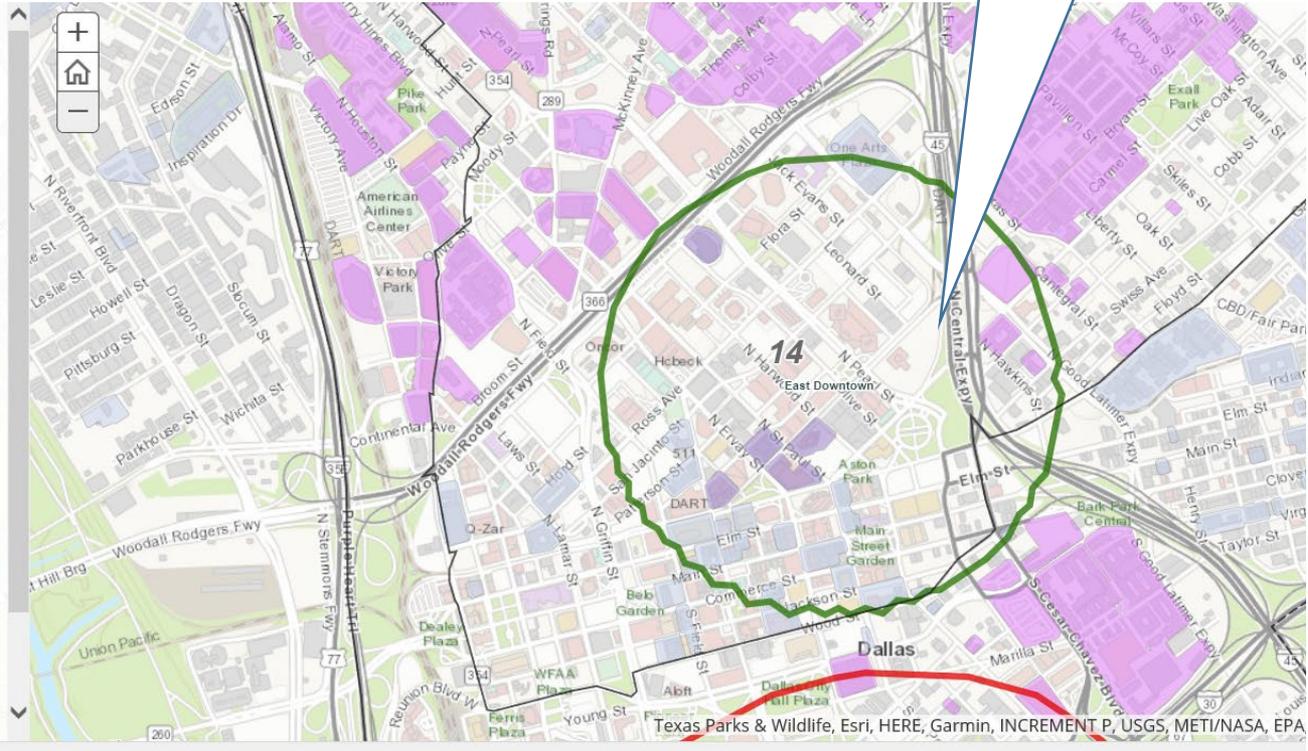
**Proposed Development**

### MVA Legend

	A		F
	B		G
	C		H
	D		I
	E		NA

### Reinvestment Areas

-  **Redevelopment Areas**
-  **Stabilization Areas**
-  **Emerging Market Areas**



# Proposed Development Background – cont'd

- **Partnership:** 2400 Bryan Street, LLC a Texas LLC to develop, manage and own the improvements
- **General Partner:** 2400 Bryan Street GP, LLC (DHFC as its sole member)
- DHFC to own the land and enter into a long term ground lease with the Partnership
- **Special Limited Partner:** 2400 Bryan Street SLP, LLC a to be formed limited liability company with RMGM Bryan Street as **39%**, TCP as **51%**, and BETCO as **10%** owners
- **Investment Limited Partner:** TBD
- **General Contractor:** DHFC and Jordan Foster as Master Subcontractor
- **Property Manager:** UAH Property Management
- **Developer:** RMGM Bryan Street, LLC
- **Guarantees:** RMGM

13



# Proposed DHFC Partnership

- Cash flow split **50/50** between SLP and GP after operating expenses, deferred developer fee, required reserves, debt service, and any share of cash flow to equity investors
- Developer fee: **\$8,500,000**, subject to DHFC approval
- If DHFC is GC, than shall receive a reasonable fee for participation subject to RMGM approval

Revenue Source	Amount
Developer Fee*	\$0.00
Projected Cash Flow Payments**	\$1,894,742
<b>Total</b>	<b>\$1,894,742</b>

\*\*Start in **Year 12** and paid out by **Year 15** after closing on financing



# Proposed Development Background – cont'd

<b>Financing Sources</b>	<b>Amount</b>
<b>Permanent Debt</b>	\$42,000,000
<b>Housing Tax Credits Equity</b>	\$14,850,000
<b>NOI Credit during Lease Up</b>	\$1,486,624
<b>Deferred Developer Fee</b>	\$5,410,175
<b><i>City CDBG Funds</i></b>	<b>\$3,421,373</b>
<b><i>City HOME Funds</i></b>	<b>\$3,605,570</b>
<b><i>2012 GO Bond Funds</i></b>	<b>\$973,057</b>
<b><i>Public Private Partnership Funds</i></b>	<b>\$6,000,000</b>
<b>Total</b>	<b>\$77,746,799</b>
<b>Use</b>	<b>Costs</b>
<b>Acquisition</b>	\$9,675,000
<b>Construction Costs</b>	\$48,314,433
<b>Soft Costs &amp; Financing Fees</b>	\$9,286,090
<b>Developer Fees</b>	\$8,500,000
<b>Reserves</b>	\$1,971,277
<b>Total</b>	<b>\$77,746,800</b>



# Proposed Development Agreement Terms

PROPOSED TERMS	
<b>Loan and Grant Term</b>	Coterminous with Senior Lender ( <b>15</b> years)
<b>Loan Amortization</b>	Coterminous with Senior Lender ( <b>35</b> years)
<b>Loan Interest Rate</b>	<b>1%</b> Simple annual interest
<b>Use of Funds</b>	Acquisition and eligible construction costs; capitalized costs for GO Bond Funds
<b>Payment/Repayment*</b>	Interest only payable from available surplus cash flow until deferred developer is paid; then annual principal and interest payments with balloon payment at end of Loan Term
<b>Completion Deadline</b>	January 31, 2021; construction must start within <b>1</b> month of closing on all financing
*CHP states an annual surplus cash payment	

# Estates at Shiloh

*Economic and Neighborhood Vitality*



City of Dallas

# Developer Background

## Generation Housing Partners, LLC (GHP)

- Founded in 2002
- Mission is to develop sustainable communities that residents and city leaders can be proud to call their own
- Texas based company
- Involved in the development, construction, and management of over **4,000** units
- Adrian Iglesias, Principal and Founder
  - **20+** years experience in the multifamily housing industry
  - Knowledge of various financing structures including LIHTC, HUD, TCAP, and USDA.
- Chris Applequist, Vice President
  - **14** years experience in multifamily housing development
  - Formerly Senior Developer with Miller Valentine Group
  - Originated over **2,700** units
- Properties in Texas and Mississippi

18



# Prior Developments



# Proposed Development Background

- **2649 Centerville Road**
- Council District: **9**
- Casa View Reinvestment Strategy Area
- Renovation of existing leasing center and **40** existing and new construction **224** units for Seniors
- **4**, three-story congregate-type buildings. These units will include ventilated corridors and accessible elevators
- Planned Amenities:
  - Existing **9,000** square foot community center
  - Community garden
  - Pool
  - Dog park

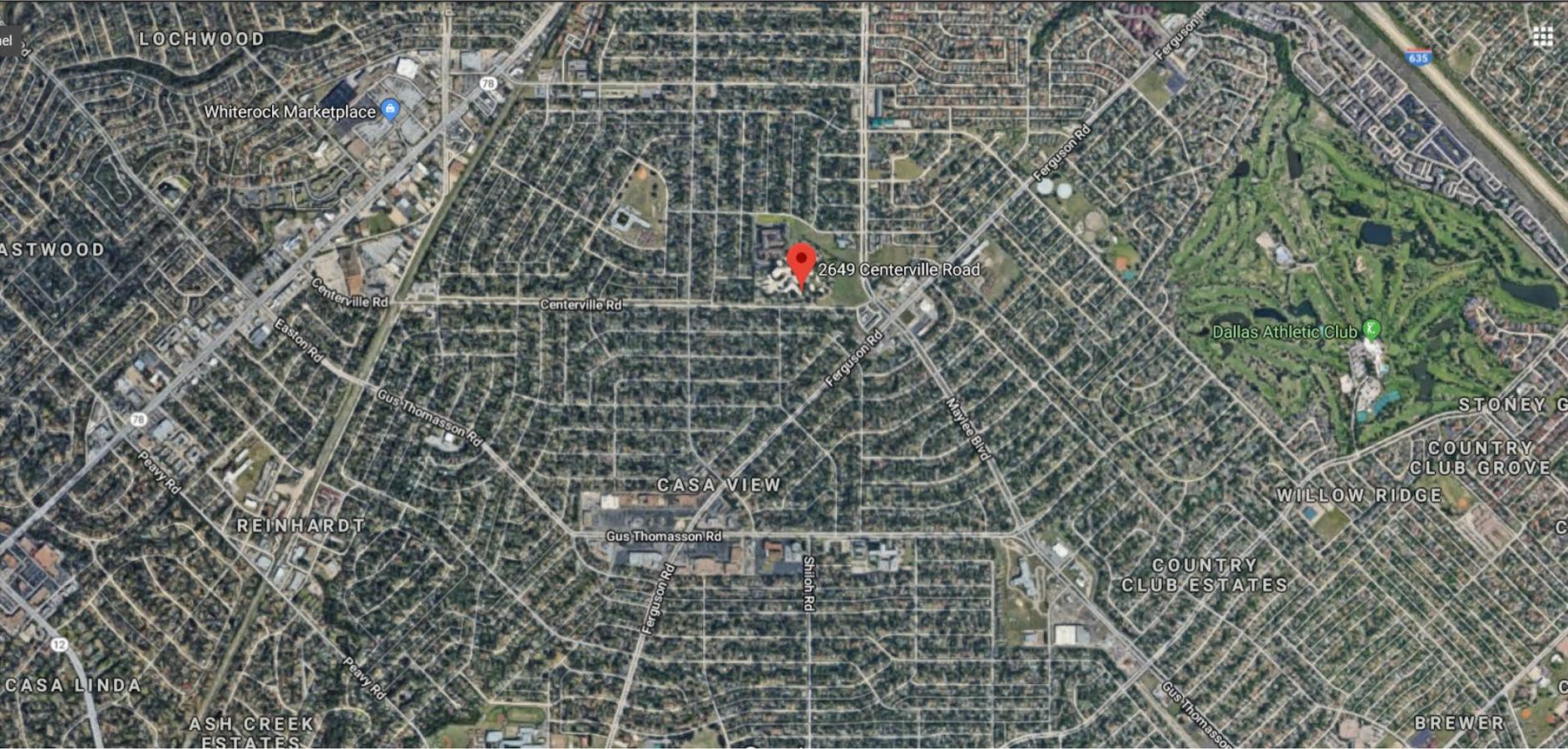


# Estates at Shiloh – cont'd

<b>UNIT MIX &amp; INCOME BANDS SERVED</b>			
<b>Proposed Units (264* total)</b>	<b>14 – 0 BR</b>	<b>130 – 1 BR</b>	<b>120 – 2 BR</b>
<b>30%</b>	<b>0 – 0 BR</b>	<b>1 – 1BR</b>	<b>1 – 2BR</b>
<b>50%</b>	<b>0 – 0BR</b>	<b>1 – 1BR</b>	<b>1 – 2BR</b>
<b>60%</b>	<b>0 – 0BR</b>	<b>121 – 1BR</b>	<b>114 – 2BR</b>
<b>Market</b>	<b>14 – 0BR</b>	<b>7 – 1BR</b>	<b>4 – 2BR</b>



# Proposed Development Location





**SITE AREA: 8.786 AC.**

**UNIT TABULATION:**

1 BEDROOM: 108 UNITS (48.21%)  
2 BEDROOM: 116 UNITS (51.79%)

**TOTAL: 224 UNITS @ 25.49 UNITS/ACRE**

**PARKING TABULATION:**

421 SURFACE PARKING

421 TOTAL PARKING

@ 1.88 PARKING/UNIT

@ 1.24 PARKING/BED

\*MIN 340 PARKING REQUIRED

MAX 396 PARKING REQUIRED

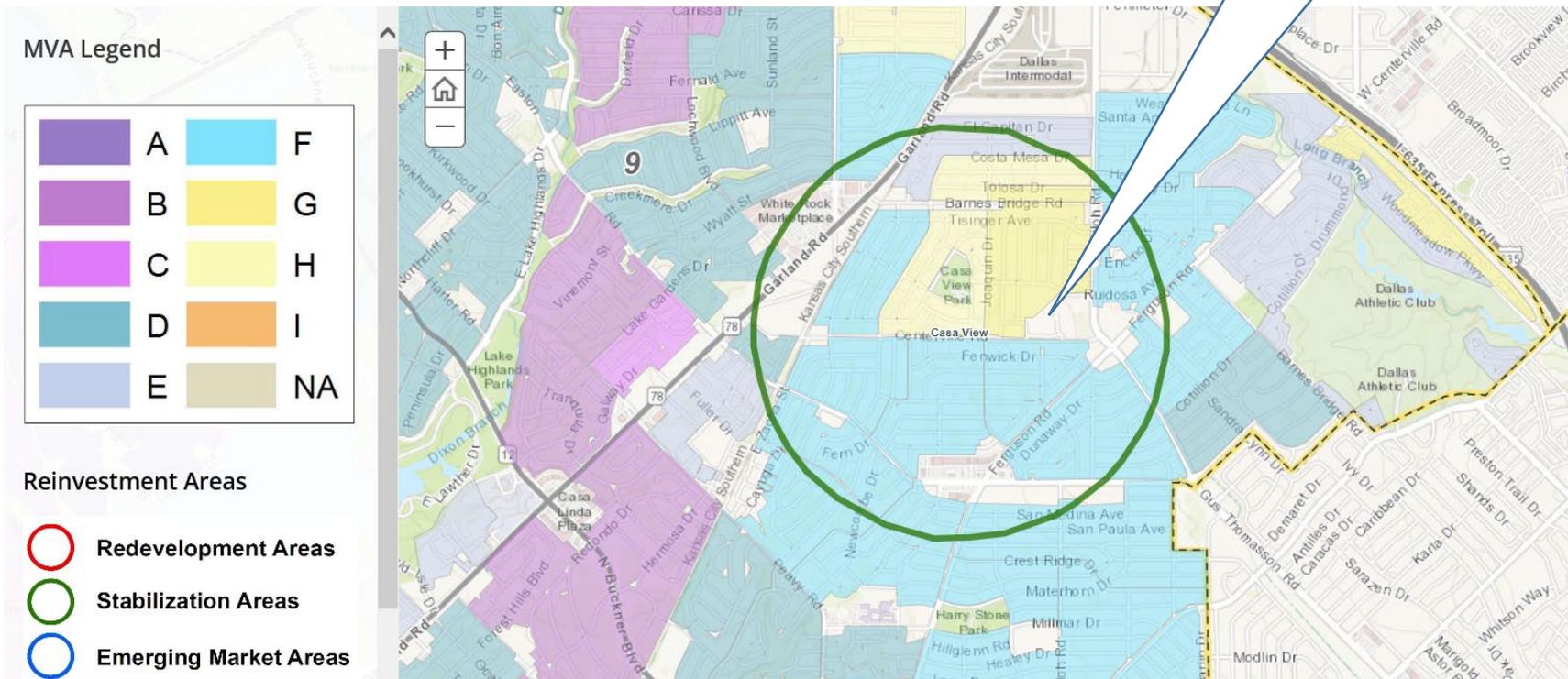
(1.0P/1BD+2.0P/2BD+3.0P/3BD)+ 25% OF TOTAL



# Estates at Shiloh – cont'd

## Casa View Stabilization Target Area Surrounded by D, E, & F MVA Market Types

**Proposed  
Development**



# Proposed Development Background – cont'd

- **Partnership:** TX Casa View 2018, Ltd. created to develop, manage and own the improvements
- **General Partner:** TX Casa View 2018 GP, LLC (Dallas Housing Finance Corporation (DHFC) sole member)
- DHFC to own the land and enter into a long term ground lease with the Partnership
- **Special Limited Partner:** TX Casa View 2018, SLP, a partnership between GHP (**50%**) and Hill Tide Development, LLC (**50%**)
- **Investment Limited Partner:** TBD
- **Asset Manager:** GHP
- **General Contractor:** Housing Channel, Inc. and Maker Brothers, LLC
- **Property Manager:** Alpha Barnes Property Management
- **Co-Developers:** Housing Channel, Inc. and Hill Tide Partners, LLC
- **Guarantees:** GHP, Hill Tide Partners, LLC, and Monarch Private Investments, LLC

26



# Proposed DHFC Partnership

- Cash flow split **50/50** between GHP and GP after operating expenses, deferred developer fee, required reserves, debt service, and any share of cash flow to equity investors
- Developer fee: **\$4,446,049.00**, subject to DHFC approval

Revenue Source	Amount
Developer Fee*	\$0.00
Projected Cash Flow Payments**	\$1,900,367
<b>Total</b>	<b>\$1,900,367</b>

\*\*Paid out by **Year 20** after closing on financing

# Proposed Development Background – cont'd

Financing Sources	Amount
*Tax Exempt Bonds (retired and replace with 221(d)4 loan)	\$19,650,000 (*\$20,000,000)
*DHFC as Issuer and induced on 1/25/2019	
Housing Tax Credits Equity	\$12,546,810
Deferred Developer Fee	\$2,238,655
<i>City CDBG Funds</i>	\$3,801,000
<i>2012 GO Bond Funds</i>	\$199,000
<b>Total</b>	<b>\$38,435,465</b>
Use	Costs
Acquisition	\$3,400,000
Rehabilitation & Construction Costs	\$25,103,247
Soft Costs & Financing Fees	\$4,074,624
Developer Fees	\$4,521,806
Reserves	\$1,335,788
<b>Total</b>	<b>\$38,435,465</b>



# Proposed Development Agreement Terms – cont'd

PROPOSED TERMS	
<b>Loan and Grant Term*</b>	Coterminous with Senior Lender ( <b>40</b> years)
<b>Loan Amortization*</b>	Coterminous with Senior Lender ( <b>40</b> years)
<b>Loan Interest Rate</b>	1% Simple annual interest
<b>Use of Funds</b>	Acquisition and eligible rehabilitation costs; capitalized costs for GO Bond Funds
<b>Payment/Repayment*</b>	Interest only until deferred developer is paid; then annual principal and interest payments from surplus cash with balloon payment at end of Loan Term
<b>Completion Deadline</b>	December 31, 2021; construction must start within <b>1</b> month of closing on all financing
*These items vary from CHP	



# Palladium Redbird



# Developer Background

- Palladium USA International, Inc. (Palladium)
  - subsidiary of The Palladium Group, a privately owned company with over **140** years' experience developing and managing high quality developments around the world including Dallas, London, Paris, Milan, and Dubai
- Build, own, manage properties long term
- Thomas Huth, President and CEO
  - Started with Palladium in **1998**

# Prior Developments



32

*Economic and Neighborhood Vitality*



City of Dallas

# Proposed Development Background

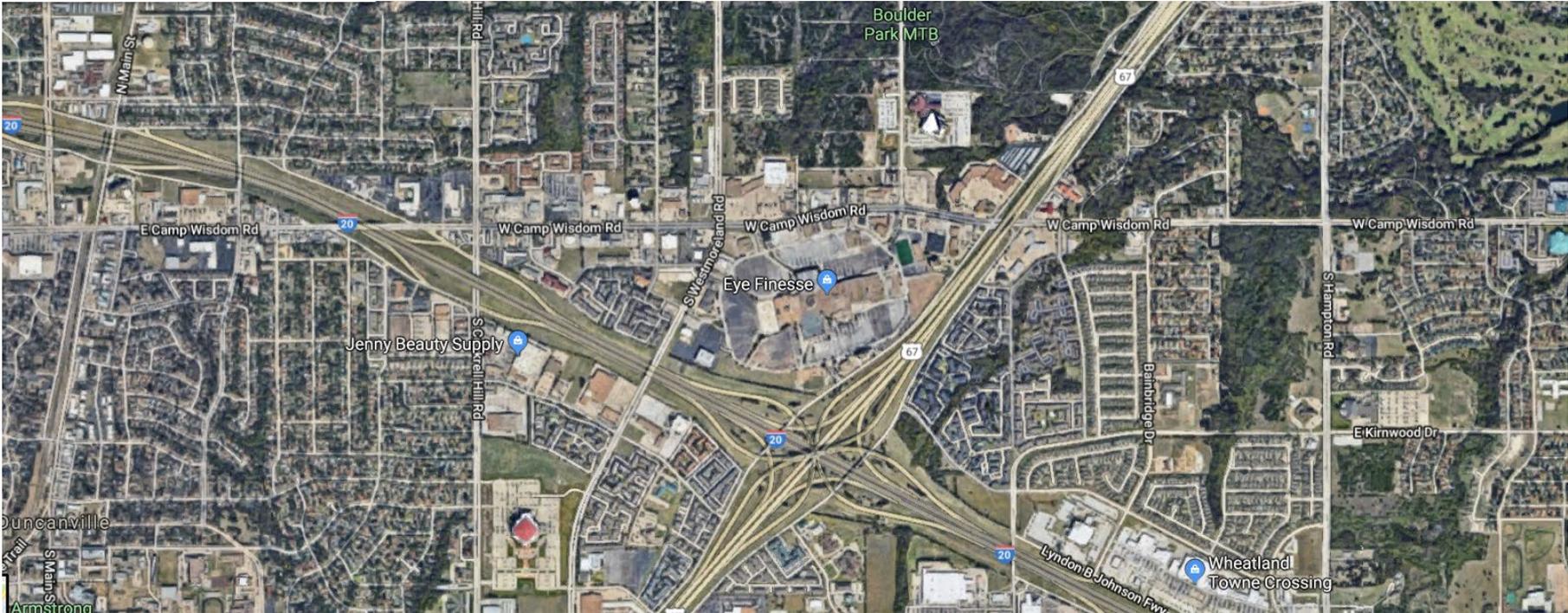
- Approx. **6** acres at the intersection of W Camp Wisdom Road and S Westmoreland Road site of the former Red Bird Mall/Southwest Center Mall
- Council District: **8**
- Redbird Reinvestment Strategy Area
- one, four-story building; including structured parking
- Planned Amenities:
  - Clubhouse with fitness room, play area, and multipurpose room
  - Pool

# Palladium Redbird – cont'd

<b>UNIT MIX &amp; INCOME BANDS SERVED</b>			
Proposed Units (300* total)	<b>129 – 1 BR</b>	<b>130 – 2 BR</b>	<b>41 – 3 BR</b>
<b>30%</b>	<b>5 – 1BR</b>	<b>6 – 2BR</b>	<b>3 – 3BR</b>
<b>60%</b>	<b>80 – 1BR</b>	<b>88 – 2BR</b>	<b>28 – 3BR</b>
<b>Market</b>	<b>44 – 1BR</b>	<b>36 – 2BR</b>	<b>10 – 3BR</b>



# Proposed Development Location



# Proposed RedBird Development – Conceptual Rendering



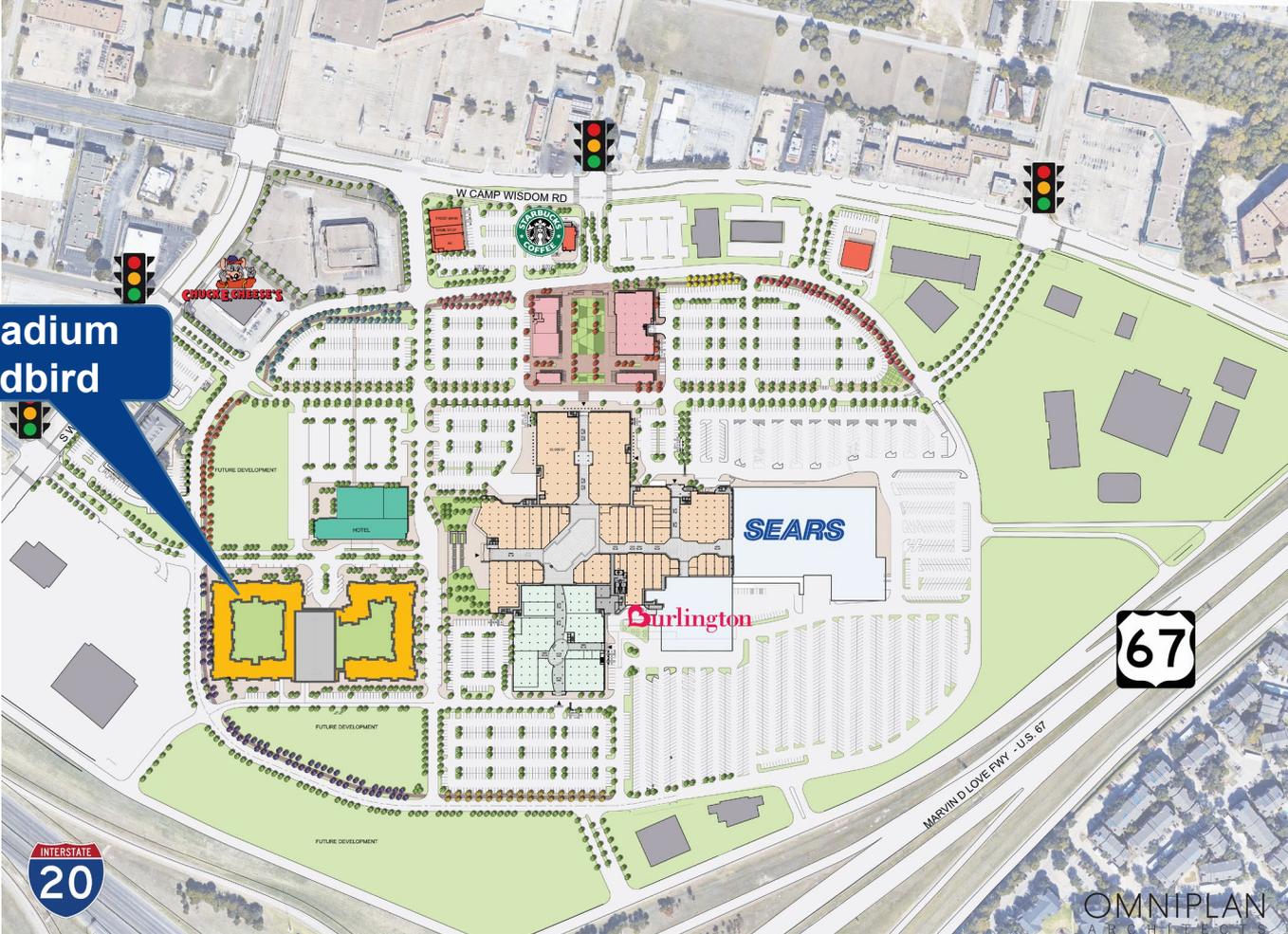
*Economic and Neighborhood Vitality*

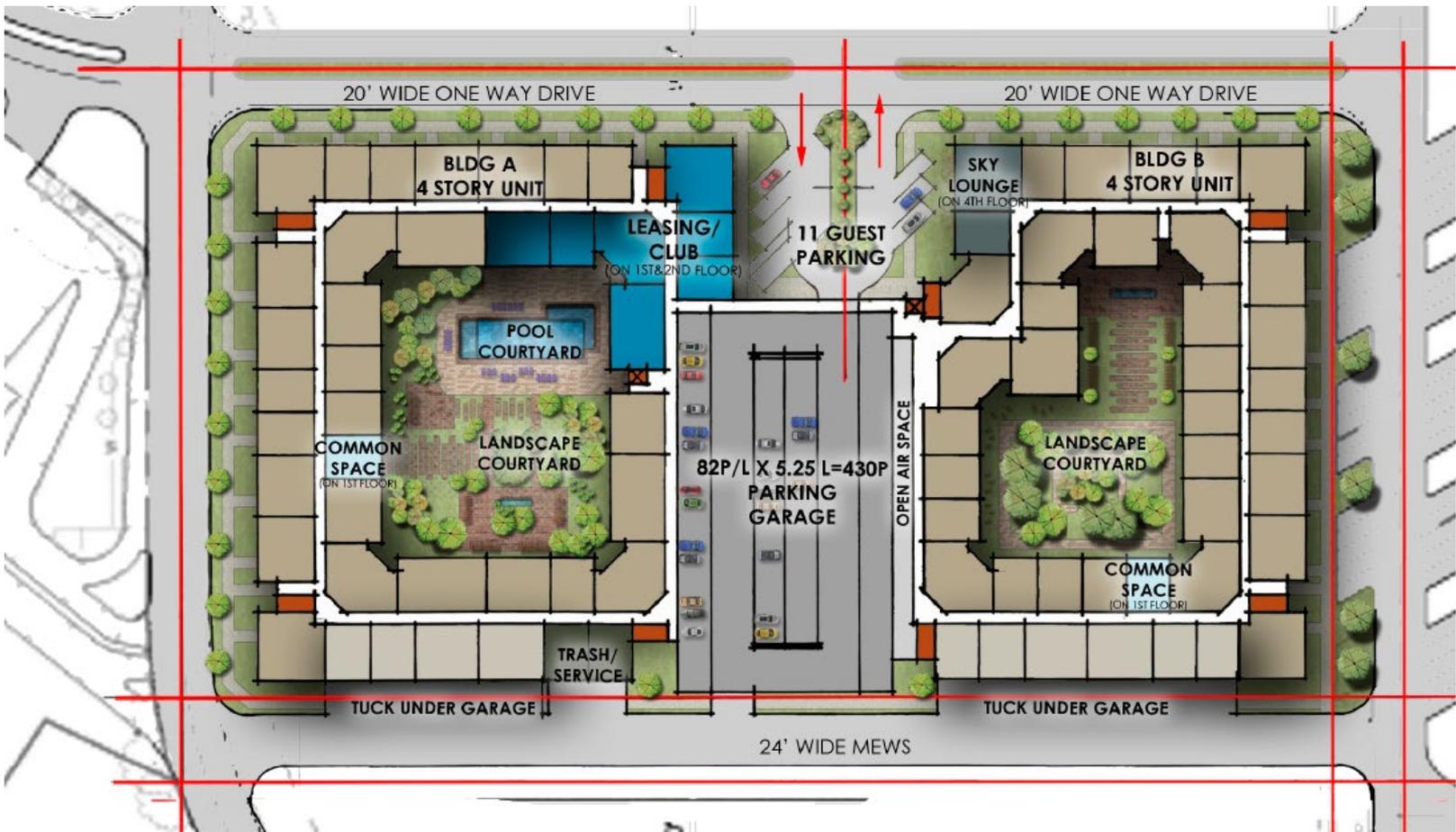


City of Dallas

# Proposed RedBird Development

Palladium Redbird

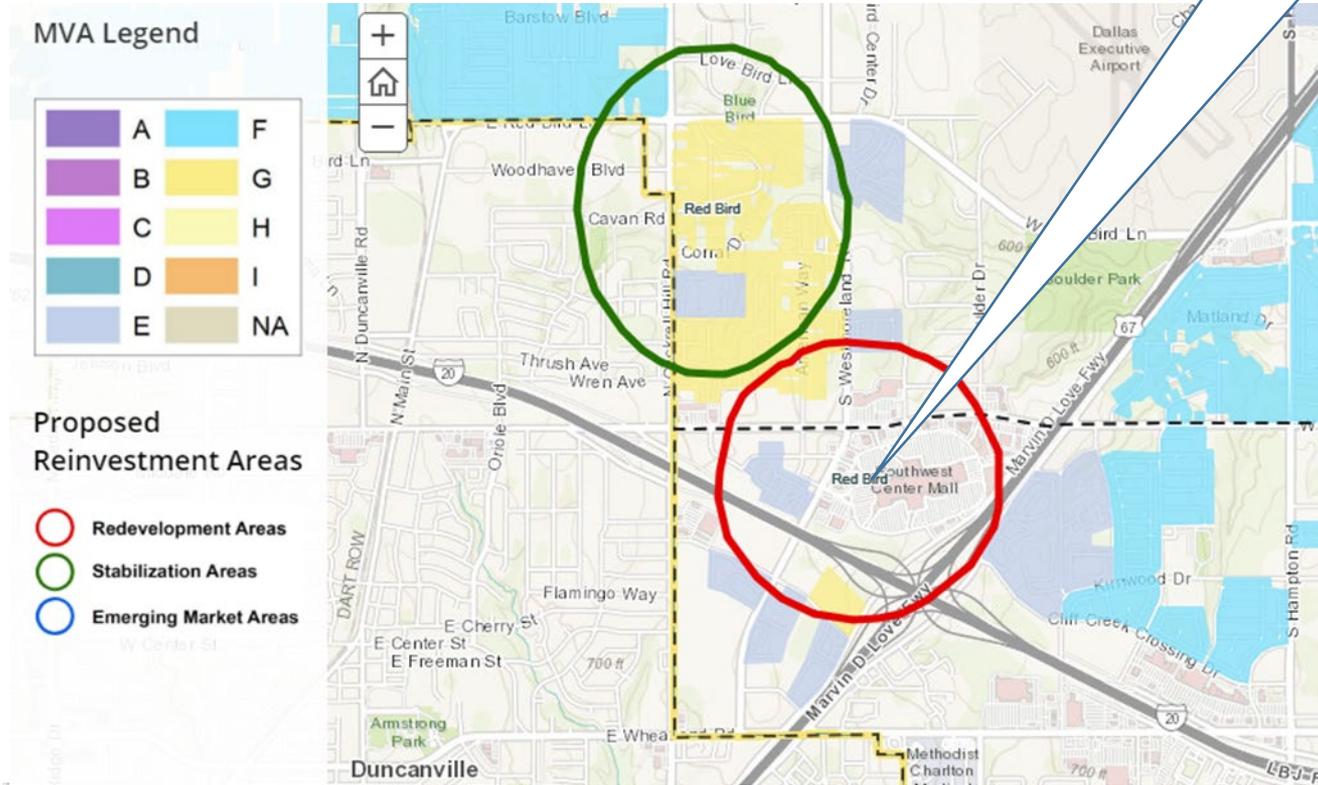




# Palladium Redbird – cont'd

Red Bird Redevelopment Target Area  
Surrounded by E, F, & G MVA Market Types

Proposed  
Development



# Proposed Development Background – cont'd

- **Partnership:** Palladium Redbird, Ltd a to be formed limited partnership to develop, manage and own the improvements
- **General Partner:** Palladium Redbird GP, LLC (Dallas Housing Finance Corporation sole member)
- DHFC to own the land and enter into a long term ground lease with the Partnership
- **Special Limited Partner:** Palladium Redbird SLP, LLC, Palladium sole member
- **Investment Limited Partner:** TBD
- **Asset Manager:** None
- **General Contractor:** DHFC and Strategic Construction as Master Subcontractor
- **Property Manager:** Omnium Management Company, Inc.
- **Co-Developers:** Palladium and DHFC
- **Guarantees:** Palladium



# Proposed DHFC Partnership

- Cash flow split **50/50** between SLP and GP after operating expenses, deferred developer fee, required reserves, debt service, and any share of cash flow to equity investors
- Developer fee split **70%** to Palladium and **30%** to DHFC
- GC shall receive a reasonable fee for participation subject to Palladium approval

Revenue Source	Amount
Developer Fee*	\$2,106,950
Projected Cash Flow Payments**	\$2,532,421
<b>Total</b>	<b>\$4,639,371</b>

\*Paid out by **Year 11** after closing on financing

\*\*Paid out by **Year 15** after closing on financing

# Proposed Development Background – cont'd

Financing Sources	Amount
*Tax Exempt Bonds (retired and replace with 221(d)4 loan)	\$30,167,732 (*\$22,000,000)
*DHFC as Issuer and induced on 1/25/2019	
Housing Tax Credits Equity	\$15,312,887
National Housing Trust Funds	\$2,000,000
Deferred Developer Fee	\$5,026,130
<i>City CDBG Funds</i>	<b>\$2,696,300</b>
<i>City HOME Funds</i>	<b>\$3,575,276</b>
<i>2012 GO Bond Funds</i>	<b>\$2,028,424</b>
<b>Total</b>	<b>\$60,806,749</b>
Use	Costs
Acquisition	\$1,150,000
Construction Costs	\$42,978,539
Soft Costs & Financing Fees	\$6,769,844
Developer Fees	\$7,023,168
Reserves	\$16,678,210
<b>Total</b>	<b>\$60,806,749</b>



# Proposed Development Agreement Terms – cont'd

## PROPOSED TERMS

<b>Loan and Grant Term*</b>	Coterminous with Senior Lender ( <b>40</b> years)
<b>Loan Amortization*</b>	Coterminous with Senior Lender ( <b>40</b> years)
<b>Loan Interest Rate*</b>	<b>1%</b> Simple annual interest
<b>Use of Funds</b>	Acquisition and eligible construction costs; capitalized costs for GO Bond Funds
<b>Payment/Repayment</b>	Interest only until deferred developer is paid; then annual principal and interest payments from surplus cash with balloon payment at end of Loan Term; if TDHCA loan approved payments paid pari- passu
<b>Completion Deadline</b>	December 31, 2021; construction must start within <b>1</b> month of closing on all financing

\*These items vary from CHP



# Benefit to the City

- Contribute toward production goals under the CHP and met the priorities outlined in CHP
- 2400 Bryan Street is a proposed mixed income development located in the East Downtown Redevelopment target area
- Estates at Shiloh is in the Casa View Stabilization target area and prevents the displacement of affordable housing and allows seniors to age in place
- Palladium Redbird is a proposed mixed income development located in the Red Bird Redevelopment target area



# Recommendation and Next Steps

- Staff recommends the EDHC approve and move forward the following items for Council consideration at the **February 27, 2019** meeting:
  1. Authorize execution of development agreements for 2400 Bryan Street, Estates at Shiloh, and Palladium Redbird based on the proposed terms and in amounts not to exceed those presented;
  2. Approve the DHFC to purchase, lease, own, or otherwise acquire an interest in all **3** developments; and
  3. Conduct a public hearing and adopt a Resolution of No Objection related to the applications to TDHCA for **4%** Non-Competitive Housing Tax Credits for Estates at Shiloh and Palladium Redbird

# **Proposed City and DHFC Participation for Three Multifamily Residential Developments and Recommendation for Resolutions of No Objection for 4% Housing Tax Credit Application**

**Economic Development and Housing Committee  
February 19, 2019**

**Avis F. Chaisson, Assistant Director  
Housing & Neighborhood Revitalization  
City of Dallas**



# Appendices



# Appendix A - Proposed Development Agreement Terms

<b>Guarantees</b>	<p>Guarantor may make guaranty if has sufficient assets. If not, all underlying individuals principals affiliated with Guarantors to provide guarantees for the Development Loan and Conditional Grant Agreements.</p> <p><b>Completion Guaranty:</b> shall provide full, unconditional guarantees of completion and repayment for Borrower.</p> <p><b>Operating Deficit Guaranty:</b> guarantees to fund operating deficits by making loans to Borrower in accordance with terms as provided by the development's senior permanent lender and its Limited Partner.</p>
<b>Collateral</b>	<p>Promissory note; payment and performance of the Loan and Grant to be secured with Deed of Trust. Deed of Trust subordinate only to Senior Lender</p>
<b>Construction Guarantees and Payment and Performance Bonds</b>	<p>Must provide either in the total amount of construction loan for the development</p>



# Proposed Development Agreement Terms – cont'd

## PROPOSED TERMS

### Affordability

Units designated as affordable must remain affordable for **20** years  
**10%** of the total units must be set aside for voucher holders and must remain set aside for **15** years  
Deed Restrictions will run with land to secure Affordability and must be senior to all other loans

### Local Hiring and MWBE

Must use best efforts to hire City of Dallas residents and comply with **25%** participation by certified MWBEs

### Urban Design

Construct the public and private improvements to substantially conform to the plan and the drawings provided to the Planning and Urban Design Department or UDPRP



# Proposed Development Agreement Terms – cont'd

## PROPOSED TERMS

### Reserve Requirements

1. Capitalized operating reserve equal to at least **3** months of underwritten expenses
2. Lease-up reserve to cover operating deficits following construction
3. Replacement reserve of **\$250/unit** or the amount investor/lender requires.

### Conditions to Loan Closing

1. Completion of HUD environmental review and other regulatory requirements
2. Final underwriting
3. Conditions listed in the CHP
4. Approval of equity, construction and permanent financing
5. Closing on all financing for the development

# 2400 Bryan Street



# Appendix B - Proposed DHFC Partnership

- DHFC will have:
  - Control of major decisions with regard to the property
  - Right of first refusal for the improvements
  - Option to purchase ILP's interest after the 15-year TDHCA compliance period
  - Right to acquire SLP interests, based on agreed upon terms, if at any time SLP elects to sell its interest in the Partnership and approval rights of buyer if not DHFC
- SLP or RMGM shall:
  - Control major decisions of the Partnership including but not limited to those that affect the liability with respect to Guarantees.
  - Perform all duties and responsibilities on behalf of GP
  - Handle all tax matters on behalf of Partnership
- TCP will have:
  - Option to purchase ILP's interest after the 15-year TDHCA compliance period

52



# Estates at Shiloh



# Appendix B - Proposed DHFC Partnership

- DHFC will have:
  - Control of major decisions with regard to the property
  - Right of first refusal for the improvements
  - Option to purchase ILP's interest after the **15-year** TDHCA compliance period
  - Right to acquire SLP interests, based on agreed upon terms, if at any time SLP elects to sell its interest in the Partnership and approval rights of buyer if not DHFC
- SLP shall:
  - Control major decisions of the Partnership including but not limited those the affect the liability with respect to Guarantees.
  - Perform all duties and responsibilities on behalf of GP
  - Handle all tax matters on behalf of Partnership
- SLP will have:
  - Option to purchase ILP's interest after the **15-year** TDHCA compliance period

54



# Palladium Redbird



# Appendix B - Proposed DHFC Partnership

- DHFC will have:
  - Control of major decisions with regard to the property
  - Right of first refusal for the improvements
  - Option to purchase ILP's interest after the **15-year** TDHCA compliance period
  - Right to acquire SLP interests, based on agreed upon terms, if at any time SLP elects to sell its interest in the Partnership and approval rights of buyer if not DHFC
- SLP shall:
  - Control major decisions of the Partnership including but not limited to those that affect the liability with respect to Guarantees.
  - Perform all duties and responsibilities on behalf of GP
  - Handle all tax matters on behalf of Partnership
- SLP will have:
  - Option to purchase ILP's interest after the **15-year** TDHCA compliance period

56

