



CITY OF GRAND PRAIRIE RESOLUTION

MEETING DATE: 03/04/2025

PRESENTER: Esther Coleman, Director of Housing

TITLE: Resolution authorizing entering into a Payment Agreement with Grand Prairie Housing Finance Corporation (HFC). HFC will contribute annual payments in an amount equal to thirty-five (35%) of the annual Ground Lease payments to compensate the City for on-going City services provided to a multifamily apartment facility known as Derby Park specifically located at 606 Palace Parkway, Grand Prairie, Texas 75050

REVIEWING COMMITTEE:

SUMMARY:

Obsidian Derby Park Owner, LLC, a Delaware limited liability company (the “Company”) has acquired an affordable multifamily apartment facility in Grand Prairie, Dallas County, Texas, known as Derby Park specifically located at 606 Palace Parkway, Grand Prairie, Texas 75050 (the “Property”).

The HFC owns the fee simple interest in the Property and the Company owns the improvements on the Property. HFC and the Company entered into a 99-year lease (“Ground Lease”) evidenced by a Memorandum of Ground Lease for the purposes of providing notice of the lease to protect the rights and interests of HFC and Company as to third parties.

The Property will be exempt from ad valorem taxation pursuant to Chapter 394 of the Texas Local Government Code (the “Exemption”).

The HFC finds that payments made under the Payment Agreement are necessary and appropriate for the HFC to carry out its purposes. So long as the Property successfully receives funding, maintains a ground lease with HFC, and is used for affordable multifamily housing, the HFC will contribute annual payments in an amount equal to thirty-five percent (35%) of the annual Ground Lease payment (each, a “Payment”) which payments will serve to compensate the City for City services provided to the Project.

City staff recommends entering into the Payment Agreement to support the development of affordable housing within the City.

Passage of this item will indicate that the HFC and the City have determined that this Payment Agreement is necessary or convenient to implement the Project.

FINANCIAL CONSIDERATION:

Any residential property owned by a Housing Finance Corporation is exempt from all ad valorem taxes.

BODY

RESOLUTION AUTHORIZING ENTERING INTO A PAYMENT AGREEMENT WITH GRAND PRAIRIE HOUSING FINANCE CORPORATION (HFC) UNDER WHICH THE HFC WILL PAY THE CITY ANNUAL PAYMENTS IN AN AMOUNT EQUAL TO THIRTY-FIVE PERCENT (35%) OF THE ANNUAL GROUND LEASE PAYMENTS TO COMPENSATE THE CITY FOR ON-GOING CITY SERVICES PROVIDED TO A MULTIFAMILY APARTMENT FACILITY KNOWN AS DERBY PARK TO BE CONSTRUCTED ON THE PROPERTY SPECIFICALLY LOCATED AT 606 PALACE PARKWAY, GRAND PRAIRIE, TEXAS 75050 (THE “PROPERTY”); ACKNOWLEDGING THAT THE PROPERTY WILL BE EXEMPT FROM LOCAL AD VALOREM TAXATION PURSUANT TO CHAPTER 394 OF THE TEXAS LOCAL GOVERNMENT CODE; PROVIDING AN EFFECTIVE DATE

RECITALS

WHEREAS, Obsidian Derby Park Owner, LLC, a Delaware limited liability company (the “Company”) has acquired an affordable multifamily apartment facility in Grand Prairie, Dallas County, Texas, to be known as Derby Park Apartments and specifically located at 606 Palace Parkway, Grand Prairie, Texas 75050 (the “Property”); and

WHEREAS, the HFC owns the fee simple interest in the Property and the Company owns the improvements on the Property, and HFC and Company entered into a 99-year lease (“Ground Lease”) evidenced by a Memorandum of Ground Lease for the purposes of providing notice of the lease to protect the rights and interests of HFC and Company as to third parties; and

WHEREAS, the Property will be exempt from ad valorem taxation pursuant to Chapter 394 of the Texas Local Government Code (the “Exemption”); and

WHEREAS, the City desires to enter into the Payment Agreement to support the development of affordable housing within the City; and

WHEREAS, so long as the Property successfully receives funding, maintains a ground lease with HFC, and is used for affordable multifamily housing, the HFC will contribute annual payments in an amount equal to thirty-five percent (35%) of the annual Ground Lease payment (each, a “Payment”) which payments will serve to compensate the City for City services provided to the Project; and

WHEREAS, the City finds that the Payment Agreement serves the public purpose of promoting economic growth; and

WHEREAS, the HFC finds that payments made under the Payment Agreement are necessary and appropriate for the HFC to carry out its purposes.

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING AND OTHER CONSIDERATION THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRAND PRAIRIE, TEXAS:

SECTION 1. That City of Grand Prairie acting through its City Council (Governing Body), does hereby authorize entering into a 99-year Payment Agreement with Grand Prairie Housing Finance Corporation (the “HFC”). The HFC shall contribute annual payments in an amount equal to thirty-five percent (35%) of the annual Ground Lease with Obsidian Derby Park Owner, LLC, a Delaware limited liability company that has acquired an affordable multifamily apartment facility in Grand Prairie, Dallas County, Texas, known as Derby Park specifically located at 606 Palace Parkway, Grand Prairie, Texas 75050. The payments will serve to compensate the City for on-going City services provided to the Project.

SECTION 2. That the City acknowledges that the Property, while owned by the HFC, will be exempt from local ad valorem taxation pursuant to Chapter 394 of the Texas Local Government Code.

SECTION 3. That this resolution shall take effect immediately from and after its passage in accordance with the provision of the charter of the City of Grand Prairie, and it is accordingly so resolved.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF GRAND PRAIRIE, TEXAS, ON THIS THE 4TH DAY OF MARCH, 2025.