

June 26, 2024

**WHEREAS**, on May 9, 2018, the City Council authorized the adoption of the Comprehensive Housing Policy (CHP) by Resolution No. 18-0704; and

**WHEREAS**, on April 12, 2023, the City Council adopted the Dallas Housing Policy 2033 (DHP33) to replace the CHP by Resolution No. 23-0443 and the Dallas Housing Resource Catalog (DHRC) to include the approved programs from the CHP by Resolution No. 23-0444; and

**WHEREAS**, for the benefit of the public, the City of Dallas recognizes the need to assist homeless families and individuals by providing temporary and permanent housing in conjunction with supportive services; and

**WHEREAS**, on December 9, 2020, the City Council authorized the City Manager to acquire approximately 35,133 square feet of land located at 1950 Fort Worth Avenue, Dallas, Texas 75208 formerly known as the Miramar Hotel (Property) and for the COVID-19 Supportive Housing Project to provide permanent supportive housing for persons experiencing homelessness (Project) by Resolution No. 20-1945; and

**WHEREAS**, on June 23, 2021, the City Council authorized contracts with CitySquare in the amount of \$3,291,666.00 for the property management, supportive services, and renovations of the Property for a total amount of \$6,203,522.00, by Resolution No. 21-1124; and

**WHEREAS**, on April 26, 2023, the City Council authorized the partial rescission of Section 1 and Section 2 of Resolution No. 21-1124 to (1) remove authorization of a contract for property management, supportive services, and renovations of the Property with CitySquare in the amount of \$3,291,661.00 and authorization to the Chief Financial Officer to disburse funds to CitySquare; (2) authorize for the City Manager to reallocate \$3,657,631.00 of American Rescue Plan Act appropriations from Management Services – Office of Emergency Management to Management Services – Office of Homeless Solutions to support programs for homeless assistance; and (3) authorize the City Manager to execute a development agreement in a total amount not to exceed \$5,975,631.00 with UCR Development Services, LLC for a turnkey project including the design and redevelopment of the Property by Resolution No. 23-0543; and

**WHEREAS**, the City is unable to finalize a development agreement with UCR Development Services, LLC and now desires to rescind the prior authorization in favor of UCR to enable completion of the Project through a Notice of Funding Availability and land transfer process; and

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**WHEREAS**, on January 9, 2024, the City, to advance the Project, issued a Permanent Supportive Housing (PSH) Development and Operations, and Land Conveyance Notice of Funding Availability (NOFA) in collaboration with the Office of Homeless Solutions, pursuant to the DHP33 and the DHRC to solicit for a developer (Developer/Provider) to undertake the Project to serve the City's housing goals where the Project now requires the Developer/Provider to: (1) acquire the Property (subject to a right of reverter and deed restrictions and pursuant to Texas Local Government Code Section 272.001(g)); (2) work with Kirksey Architects Inc., d/b/a Kirksey Architecture the City's selected Architecture and Engineering firm to rehabilitate the Property into a minimum of 40 PSH units; (3) obtain additional capital funding to complete rehabilitation; and (4) operate the rehabilitated facility as PSH for as long as the City deems it necessary to serve the public purpose (collectively (1), (2), (3) and (4) hereinafter the Project); and

**WHEREAS**, on March 11, 2024, the City received two complete proposals in response to the NOFA from St. Jude, Inc., and from DFW Project, LLC; and

**WHEREAS**, an interdepartmental evaluation committee comprised of five city employees from the Office of Community Care, Development Services Department, Department of Planning and Urban Design, Office of Economic Development, and Department of Code Compliance to review and score the NOFA application proposals; and

**WHEREAS**, the evaluation committee selected St. Jude, Inc., (Developer/Provider) as the top ranking and best and qualified applicant proposer with an average score of 121.2 out of 135 points; and

**WHEREAS**, the Developer/Provider's proposal under the City's PSH NOFA also included a request to receive gap financing in the form of a forgivable loan to support the conversion of a former hotel into no less than 75 PSH efficiency units for unsheltered individuals; and

**WHEREAS**, Developer/Provider has agreed to execute a "good neighbor agreement" to the extent it does not violate the Fair Housing Act, codified as 42 U.S.C. §§ 3601-19, *et seq.*, as a component of the property management and supportive services agreement; and

**WHEREAS**, on June 22, 2022, the City Council authorized final adoption of the FY2022-23 HUD Consolidated Plan Budget which included \$4,534,626.00 in HOME Investment Partnerships Funds from the U.S. Department of Housing and Urban Development by Resolution No. 22-1024; and

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**WHEREAS**, to realize the Project and assist in addressing the need for supportive housing inventory and meeting the goals of the DHP33 and DHRC and the Homeless Collaborative of Dallas and Collin Counties, the City seeks to (i) award the NOFA and enter into all the necessary documents with St. Jude, Inc., approved as to form by the City Attorney, in accordance with the NOFA and (ii) approve the request to receive additional gap financing as a forgivable loan for a total amount not to exceed \$4,790,000.00.

**Now, Therefore,**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF DALLAS:**

**SECTION 1.** That Resolution No. 23-0543 be amended to rescind all authorizations in favor of UCR Development Services, LLC.

**SECTION 2.** That the City Manager is authorized to **(a)** execute a conditional grant agreement in an amount not to exceed \$2,345,273.00 for a term of twenty years sourced with 2017 general obligation bond, homeless assistance J funds (Prop J); **(b)** execute a development agreement with forgivable loan and land conveyance in an amount not to exceed \$2,444,727.00 sourced with HOME Investment Partnership funds for a term of twenty years, each with St. Jude Inc., and/or its affiliates (Developer/Provider), as the top ranking and best and qualified NOFA proposer and approved as to form by the City Attorney (a) and (b) for a total amount not to exceed \$4,790,000.00); **(c)** negotiate and execute a property management and supportive services agreement, that includes a scope of work substantially similar to **Exhibit A**, with Developer/Provider requiring a Good Neighbor Agreement (to the extent it does not violate the Fair Housing Act, 42 U.S.C. §§ 3601-19), substantially in the form of **Exhibit B**, approved as to form by the City Attorney, for a minimum of 20 years; and **(d)** convey the Property to Developer/Provider subject to restrictive covenants, a right of reverter with the right of reentry and recording of all necessary documents pursuant to Texas Local Government Code Section 272.001(g) and applicable law and regulations, for redevelopment of the real property located at 1950 Fort Worth Avenue, Dallas, Texas.

**SECTION 3.** That the Developer/Provider shall use the conditional grant funds for rehabilitation costs, as allowed by Prop J Bond fund requirements and use the forgivable loan funds for vertical construction costs such as framing, roofing, carpentry, and other eligible costs, as allowed by federal regulations governing the use of HOME funds. All grant and loan funds will be provided on a reimbursement basis.

**SECTION 4.** That the key terms of the conditional grant agreement and development agreement with forgivable loan and land conveyance are included in **Exhibit C** attached

**SECTION 4.** (continued)

hereto and made a part hereof for all purposes.

**SECTION 5.** That the City Manager is hereby authorized to execute all documents, including, but not limited to deed without warranty, restrictive covenants, right of reverter with right of reentry, deed of trust and any necessary documents to effectuate the conveyance of the Property to Developer/Provider pursuant to the terms of the development agreement as described herein, as approved as to form by the City Attorney.

**SECTION 6.** That the Property may revert to the City if City Manager or his/her designee determines that the Developer/Provider fails to serve the public purpose in the NOFA pursuant to Texas Local Government Code, Section 272.001(g) as follows:

- a. fails to take possession of the land within 90 calendar days after receiving the deed to the parcels of real property;
- b. fails to complete construction of all required housing units or other required development on the real property, or failed to ensure occupancy by eligible households within the development timeframe set forth in the development agreement;
- c. fails to operate the Property as PSH for the affordability period;
- d. incurs a lien on the property because of violations of City ordinances and failed to fully pay off the lien within 180 days of the City's recording of the lien; or
- e. sells, conveys, or transfers the Property without the City Council's consent.

Upon determination by the City Manager that a condition described above has occurred, the City Manager is authorized to execute an instrument, approved as to form by the City Attorney, exercising against the parcel of real property the City's possibility of reverter with right to reentry. The City shall file notice of the reverter and reentry of the land by the City in the real property records of the county in which the parcel of real property is located, which notice must specify the reason for the reverter and reentry. The City shall provide a copy of the notice to the Developer/Provider in person or by mailing the notice to the Developer/Provider's post office address as shown on the tax rolls of the City or of the county in which the land is located.

**SECTION 7.** That the Chief Financial Officer is hereby authorized to encumber and disburse funds to the Developer/Provider in a total amount not to exceed \$4,790,000.00

**SECTION 7.** (continued)

for eligible expenditures and accepts supporting evidence as defined in the agreements from the funding sources listed as follows:

Home Investment Partnerships (HOME) FY 22-23 Funds Fund HM22 Department HOU, Unit 622 Object 3015, Vendor VS93926 Encumbrance/Contract No. HOU-2024-00025302	\$2,444,727.00
Homeless Assistance (J) Fund Fund 1V43, Department MGT, Unit VJ08 Object 3016, Vendor VS93926 Encumbrance/Contract No. HOU-2024-00024953	<u>\$2,345,273.00</u>
Total amount not to exceed	\$4,790,000.00

**SECTION 8.** That the Chief Financial Officer is authorized to record notes receivable – developers loan in Balance Sheet Account 033F and deferred revenue in Balance Sheet Account 050A for the amount of the loan in Section 7.

**SECTION 9.** That the Chief Financial Officer is hereby authorized upon receipt of payment on the notes receivable to record principal payment revenue in the HOME Investment Partnerships Grant Fund HUPI, Department HOU, Unit 6317, Revenue Code 8520 and interest payment revenue in Fund HUPI, Department HOU, Unit 6317, Revenue Code 8521.

**SECTION 10.** That this resolution does not constitute a binding agreement upon the City or subject the City to any liability or obligation until such time as the Developer/Provider agreement is duly approved by all parties and executed.

**SECTION 11.** That this resolution shall take effect immediately from and after its passage in accordance with the provisions of the Charter of the City of Dallas, and it is accordingly so resolved.