

Memorandum



DATE March 17, 2023

CITY OF DALLAS

Honorable Members of the City Council Housing and Homelessness Solutions
TO Committee: Casey Thomas II (Chair), Jesse Moreno (Vice Chair), Carolyn King Arnold,
Paula Blackmon, Cara Mendelsohn, Paul Ridley, Jaynie Schultz

SUBJECT **Upcoming Agenda Item: Design and Redevelopment of former Miramar Hotel
located at 1950 Fort Worth Avenue**

This memorandum is to inform the Housing and Homelessness Solutions Committee (HHSC) of an upcoming agenda item on April 12, 2023 to authorize **(1)** an exclusive negotiating agreement with UCR Development Services, LLC, (Developer), or an affiliate thereof in an amount not to exceed \$5,957,631.00 in American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Funds (ARPA) and Homeless Assistance (J) Fund - 2017 General Obligation Bond Funds for the design and redevelopment of the Miramar Hotel located at 1950 Fort Worth Avenue, Dallas (Property), into transitional and homeless solution housing; **(2)** a ground lease agreement with Developer for the duration of the design and redevelopment of the Property in a total rent amount of \$5,000.00 to be paid by the Developer and conveyance back to the City upon acceptance of improvements pursuant to the lease – Not to exceed \$5,957,631.00 in American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Funds (\$3,612,358.00), Homeless Assistance (J) Fund - 2017 General Obligation Bond Funds (\$2,345,273.00).

BACKGROUND

According to the most recent annual point in time count, the population of persons experiencing chronic homelessness has more than doubled across Dallas and Collin counties between 2020 and 2022. Transitional and supportive housing options have proven to be the most successful interventions for this population. The City of Dallas, as a member of the Homeless Collaborative of Dallas and Collin Counties, is participating in an effort to rapidly expand transitional and supportive housing inventory using acquisition, development, rehabilitation, and conversion of existing market rental units.

On December 9, 2020, the Dallas City Council approved a resolution to acquire approximately 35,133 square feet of land located at 1950 Fort Worth Avenue and to authorize its purpose for public use to provide supportive housing for persons experiencing homelessness.

On September 22, 2021, City Council authorized the final reading and adoption of the appropriation ordinance for the FY2021-22 City of Dallas Operating, Capital, and Grant & Trust Budgets, which included the ARPA funds from the U.S. Department of Treasury for the Coronavirus Local Fiscal Recovery Funds by Resolution No. 21-1590. In prior actions

by the City Council, ARPA funds have been approved for eligible affordable housing investments as a response to the negative economic impacts of the pandemic.

According to Treasury guidance, supportive housing or other programs or services to improve access to stable, affordable housing among individuals who are homeless, and the development of affordable housing to increase supply of affordable and high-quality living units are responsive to the needs of impacted populations, not only disproportionately impacted populations. The Treasury final rule builds on objectives to improve access to stable, affordable housing, including through interventions that increase supply of affordable and high-quality living units, improve housing security, and support durable and sustainable homeownership

The City contracted with CBRE to manage the solicitation for the design and redevelopment process for the Property. CBRE began work on attracting development teams for the redevelopment of the Property in late November 2022. The hotel was constructed in 1953 and the City has purchased preliminary architectural plans for converting the structure into transitional and homeless housing. CBRE developed a website to provide information for prospective development, design, and construction teams. The Request for Proposal (RFP) website contained 655 pages of information about the project including plans, specifications, project goals, and instructions on submitting proposals for redeveloping the property. Additionally, property photographs were included on the website including drone and aerial photographs.

Over sixteen development firms and contractors were contacted by CBRE to gather interest in the project. The RFP website launched January 11, 2023, and fourteen firms were emailed the RFP invitation. The invitation was sent to a diversity of firms, large and mid-sized, that had been pre-qualified by CBRE. Some of the larger firms included Trammell Crow, Hunt Company, Beck Group, Matthews Southwest, and Ryan Companies.

Tours of the Miramar property were conducted for the development teams from January 13 to February 3, 2023. CBRE hosted these tours and eight firms attended personalized tours of the project. Several of the teams had additional tours for subcontractors and design professionals. Three addendums to the RFP were issued to answer requests for information from the development teams and to clarify what needed to be included in the proposals. The bid date was extended from January 23 to February 7, 2023 to facilitate more competitive pricing, at the request of the development teams. Several development teams were unable to respond to the RFP, for a variety of reasons. Three complete proposals were received on February 7, 2023, including proposals from UCR Development, Sirius Building Company, and ComServ Construction.

CBRE vetted the development proposals for one week and produced a Bid Analysis, Schedule Analysis, and Risk Analysis for the three proposals. The vetting process included several phone calls and emails clarifying the proposals and normalizing the

pricing, scheduling, and risk mitigation provided by the development teams. Upon presenting the proposals to City Staff, UCR Development Services, LLC, was deemed to be the best and most experienced developer for the project.

UCR Development is a Dallas-based commercial real estate development company founded in 2013 as part of the original United Commercial Realty (UCR) company, whose beginnings date back to the early 1980's. UCR Development is led by its two principals, Don Bouvier and Greg McGahey, who have combined commercial development experience of over 50 years, in more than 30 states. UCR Development, Kirksey Architecture, and Team North Texas Construction are partnering to redevelop the Miramar under the leadership of UCR. Kirksey Architecture is a Houston, Austin, and Dallas-based full-service architectural firm that specializes in sustainable design. Team North Texas (TNT) was formed in 2000 and has become among the best in its class for midsize interior commercial construction in the DFW region.

CBRE will provide project management services for the project and serve as the owner's representative. CBRE is the global leader in commercial real estate services with corporate headquarters based in Dallas, Texas. CBRE project management is comprised of 10,000+ professionals with extensive experience in managing construction and development. Mark Glover, Senior Project Manager for CBRE, has over 30 years of experience in commercial construction and development and will manage the project for the City. The anticipated sources and uses are as follows:

| Proposed Sources | Amount |
|--|-----------------------|
| American Rescue Plan Act Coronavirus State and Local Fiscal Recovery Funds | \$3,612,358.00 |
| Homeless Assistance (J) Fund - 2017 General Obligation Bond Fund | \$2,345,273.00 |
| Total | \$5,957,631.00 |

| Proposed Uses | Costs |
|--|-----------------------|
| Design, Architectural and Engineering Fees | \$ 192,000.00 |
| Hard Construction Costs | \$4,830,631.00 |
| Permitting Fees | \$ 85,000.00 |
| Developer Fee | \$ 250,000.00 |
| Owner Contingency | \$ 600,000.00 |
| Total | \$5,957,631.00 |

The final negotiated price with Developer is \$5,957,631.00 which includes a \$600,000.00 owner contingency fee. ARPA will be utilized as a source of funding for the project in the amount of \$3,612,358.00 and a potential reimbursement from Dallas County in the amount of \$2,500,000.00. Additionally, Homeless Assistance (J) Fund - 2017 General Obligation Bond funds have been allocated to this project in the amount of \$2,345,273.00.

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After the redevelopment is complete, the former Miramar Hotel will be transformed into transitional and homeless solution housing for single individuals experiencing homelessness. The project will include all new systems for electrical, plumbing, air-conditioning, flooring, windows, doors, roof, and much more. The facility will have 40 suites equipped with kitchens and full bathrooms. Additionally, there will be five office spaces for management and two community rooms and common areas for the residents. Other amenities will include laundry, utility, and storage rooms along with a basement area.

Should you have any questions or require any additional information, please contact me or David Noguera, Director, Department of Housing & Neighborhood Revitalization at David.Noguera@Dallas.gov or 214-670-3619.



Majed A. Al-Ghafry, P.E.
Assistant City Manager

c: T.C. Broadnax, City Manager
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Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
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