

# Memorandum



DATE March 20, 2020

CITY OF DALLAS

To The Honorable members of the Housing and Homeless Solutions Committee: Chad West, Chair, Casey Thomas, Vice-Chair, Carolyn King Arnold, Lee M. Kleinman, Paula Blackmon, Cara Mendelsohn, Jaime Resendez

SUBJECT **Upcoming Agenda Item: Amendment to the Conditional Grant Agreement with Dallas Area Habitat for Humanity to reduce funding and the number of units in the Joppa Neighborhood Project**

## **Summary**

Authorize an amendment to the conditional grant agreement with Dallas Area Habitat for Humanity **(1)** to reduce the amount of funding from \$280,000.00 to \$240,000.00; and **(2)** to reduce the number of units to be constructed and sold from seven single family homes to six single family homes located on scattered sites in the Joppa Neighborhood area to allow the conclusion of the Joppa Neighborhood Project to occur based on Resolution Nos. 16-0845 and 18-0685.

## **Background**

On May 25, 2016, City Council approved a loan agreement in the amount of \$440,000.00 in HOME Investment Partnership Program (HOME) funds and a conditional grant agreement in the amount of \$280,000.00 in 2012 General Obligation Bond (GO) Funds to pay for hard costs for the development of 18 single family houses located on scattered sites in the Joppa neighborhood with Dallas Area Habitat for Humanity (DAHFH). 11 homes would be built using HOME funds, while seven homes would be built using 2012 GO Bonds. Upon completion, DAHFH will have a 10-year deed restriction on each of the homes to maintain affordability with households up to 80 percent of area median family income.

In July 2017, DAHFH requested to swap one of the lots located at 4615 Luzon Street to 4611 Corregidor Street. The lot was zoned commercial and could not be used under the agreement for residential development. In March 2018, DAHFH requested an extension to the GO Bond conditional grant agreement to complete construction of the final house on Corregidor Street. On May 9, 2018, City Council authorized the first amendment to the conditional grant agreement to extend the conditional grant agreement completion date from May 25, 2018 to November 30, 2018 and to amend the agreement to include performance thresholds and requirements.

The City provided HOME funds and GO Bonds for gap financing for a portion of the construction costs for the 18 homes to be built out and sold. A lien has been placed on the properties and would be released on a partial basis as each unit is built out and sold to an eligible homebuyer. Estimated private leverage will be \$1,892,981.88.

DAHFH has completed construction and sold 17 of the 18 units. The 18th lot was switched from 4516 Luzon Street to 4611 Corregidor Street due to 4516 Luzon Street being zoned commercial. DAHFH has identified that 4611 Corregidor is in a flood plain and the costs of engineered plans and lot preparation were excessive, therefore, DAHFH will not be able to build on this lot.

DATE March 20, 2020

SUBJECT **Upcoming Agenda Item: Amendment to the Conditional Grant Agreement with Dallas Area Habitat for Humanity to reduce funding and the number of units in the Joppa Neighborhood Project**

**PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On May 25, 2016, City Council authorized (1) a housing development loan in an amount not to exceed \$400,000.00; and (2) a conditional grant agreement in an amount not to exceed \$280,000.00 with DAHFH for the construction of 18 single-family homes for the Joppa Neighborhood Project, by Resolution No. 16-0845.

On May 9, 2018, City Council authorized the first amendment to the conditional grant agreement to extend the conditional grant agreement completion date from May 25, 2018 to November 30, 2018 and to amend the agreement to include performance thresholds and requirements. by Resolution No. 18-0685.

**FISCAL INFORMATION**

There is a cost consideration to the City. The reduced funds will be available for future projects.

**RECOMMENDATION**

Staff recommends an amendment to the conditional grant agreement, as follows:

- Reduce the number of units for construction from seven to six
- Reduce funding amount from \$280,000.00 to \$240,000.00
- Close out the project based on Resolutions Nos. 16-0845 and 18-0685

Close out of the project and the City will no longer participate in or provide additional funding for the remaining homes.

Should you have any questions please contact David Noguera, Director, Department of Housing and Neighborhood Revitalization at (214) 6705988.



**David Noguera**

**Director, Department of Housing & Neighborhood Revitalization**

c:	Honorable Mayor and City Council	Joey Zapata, Assistant City Manager
	T.C. Broadnax, City Manager	Nadia Chandler Hardy, Assistant City Manager
	Chris Caso, City Attorney (Interim)	Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services
	Mark Swann, City Auditor	M. Elizabeth Reich, Chief Financial Officer
	Billieae Johnson, City Secretary	Laila Alequresh, Chief Innovation Officer
	Preston Robinson, Administrative Judge	M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
	Kimberly Bizzor Tolbert, Chief of Staff to the City Manager	Directors and Assistant Directors
	Majed A. Al-Ghafry, Assistant City Manager	
	Jon Fortune, Assistant City Manager	