

Project Overview

Project Sponsor: Shelter Ministries of Dallas – Austin Street Center

Founded in 1983, Shelter Ministries of Dallas – Austin Street Center (“Austin Street”) is a leading homeless shelter in Dallas. Austin Street’s mission is to help clients transition from homelessness to independence, and it serves vulnerable populations, including women over the age of 18 and men over the age of 45. As the largest low-barrier shelter in Dallas, Austin Street has 400 beds in its current facility and a policy of accepting clients without conditions for entry (e.g., passing a drug test). In addition to meeting the basic needs of clients by providing a safe place to sleep, clothing, meals, and bathroom facilities with showers, Austin Street seeks to address the comprehensive needs of clients by providing wrap-around services. These services include permanent housing and stabilization services; employment and education resources; benefits and ID assistance; on-site mental health services; spiritual, emotional, and addiction support; diversion; and transportation. In addition to Austin Street, Shelter Ministries of Dallas also operates the Genesis Women’s Shelter.

The need for Austin Street’s services is substantial. Between 2013 and 2019, as the unsheltered homeless population increased across Dallas, Austin Street experienced a 63% increase in client volume; however, the size and design of its existing facility limit its ability to expand services to meet the growing need. Austin Street’s services and programming have evolved significantly since its inception as an overnight, emergency shelter, and the current facility is not an adequate venue to provide education, respite health care, daytime access, and other critical services that will be available in the new facility to promote better outcomes for clients. With additional capacity, the new facility will provide shelter, meals, bathroom and shower access, and case management following data driven best practices to work with clients to place them in permanent housing.

Project Description

Austin Street is building a new 60,000 square-foot facility that includes 450 shelter beds, 30 medical respite beds, a commercial kitchen, and dedicated spaces for case management and other programming (the “Project”). The Project will replace the existing Austin Street shelter, which is located across the street from the new facility. Incorporating best practices seen in top-performing homeless shelters across the country, the Project will increase bed capacity by 50 beds and strengthen existing supportive service capacity with a focus on improving the health and wellness of the most vulnerable homeless population.

The design of the new facility reflects Austin Street’s commitment to providing comprehensive care to clients and expanding capacity to address homelessness in Dallas. The Project will greatly enhance the delivery of services through a number of key features:

- Dedicated spaces for training, counseling, and social interaction, including three new classrooms
- New dining hall and commercial kitchen, which will improve Austin Street’s capacity to provide healthy food options as well as employment training opportunities.
- Increased bathroom and shower capacity for improved hygiene.
- Living space that enhances safety for clients, increases accessibility through wider walkways and steps to top bunks, and creates a more spacious sleeping arrangement with semi-private space for men and women.

Please refer to Exhibit 1 for renderings and Exhibit 2 for the floor plan.

The project site is located at 1717 Jeffries Street in Dallas, TX. The site qualifies as severely distressed based on a poverty rate of 31.4%. Additionally, the project site is located in a Medically Underserved Area a USDA-Designated Food Desert and a Texas Enterprise Zone.

Related/Sponsoring Entities

The NMTC borrower is anticipated to be a nonprofit affiliate of Shelter Ministries of Dallas which owns and improves the Project site and leases the facility back to Shelter Ministries of Dallas for Austin Street Center's operations.

Financing Terms

NMTC Allocation

Up to \$8.5 million in allocation from DDF, up to \$7 million in allocation from People Fund, and up to \$2 million in allocation from Capital One Community Renewal Fund

NMTC Investor

Capital One, N.A. ("Capital One")

Anticipated DDF Closing Costs and Fees

DDF will charge upfront fees totaling 4% of the Qualified Equity Investment ("QEI") estimated at \$340,000. In addition, DDF will charge an annual Asset Management Fee of \$29,750 per year for seven years and an annual Audit and Tax Fee of \$12,000 per year for eight years.

DDF will separately secure reimbursement for costs associated with closing this transaction as well as audit and tax return preparation costs associated with maintaining the financing structure during the 7-year NMTC compliance period.

Financing Structure

As NMTC Equity investor, Capital One is anticipated to provide a total of approximately \$4.98 million in NMTC Equity (\$0.73 pricing) to support the \$17.5 million in allocation from DDF, People Fund, and Capital One. Austin Street will provide approximately \$13 million in the form of a "Leverage Loan" for the transaction. The underlying sources for the Leverage Loan are cash on hand, eligible expenditures incurred by Austin Street within the prior 24 months, proceeds from a capital campaign, and a bridge loan for capital campaign pledges.

Capital One will form a special purpose investment fund entity and will be responsible for management of this fund. The equity and leverage debt will be combined to capitalize the investment fund (a subsidiary of Capital One) which in turn will make a QEI of up to \$8.5 million into a subsidiary of Dallas Development Fund ("DDF Sub-CDE") and pay a 2% CDE Fee to DDF.

DDF, through the aforementioned Sub-CDE, will make a Qualified Low-Income Community Investment (QLICI) loan to the QALICB. Pursuant to DDF's Allocation Agreement, DDF will take a fee of 2% of the QEI to finance its activities. The total DDF QLICI loans to the QALICB will be up to approximately \$8.33 million;

the total QLICI loans from the from Sub-CDEs of DDF, People Fund, and Capital One will be approximately \$17.2 million. Please refer to Exhibits 3 and 4 for budget and structure chart, respectively.

Closing Timeline

This project financing is expected to close by Q4 2020.

Community Benefits and Need for Assistance

Community Benefits

Expanded and Enhanced Emergency Shelter Services. The Project is anticipated to provides emergency shelter to 3,500 unique individuals annually, an increase from 3,000 annually today. The living space in the new facility has been designed to enhance accessibility, safety, and privacy. Furthermore, bathroom stall facilities will be expanded by 300, and shower facilities will be expanded by 167%. The new facility will be accessible 24/7, which will reduce vagrancy, provide shelter during extreme weather events, and improve safety, particularly for women who are vulnerable to violence on the street.

Training and Education. Austin Street estimates that it will be able to provide employment, training, and other educational programs to 1,000 individuals a year in its new facility. The Center for Community Engagement will add three classrooms and offer 24 computers (2x current levels) to expand educational and employment offerings. Austin Street will use these facilities to expand its robust education programming for clients, staff, and the community, including other homeless and human services providers in Dallas. Client programs will include support classes for veterans and people struggling with addiction as well as employment supports such as job training, resume building, and computer lab sessions. The new commercial kitchen will also be used for Austin Street's workforce development program, helping participants prepare for the ServSafe examination and creating a pathway to many food-service employers. To supplement its employment-related programs, Austin Street will partner with local organizations and employers, such as Workforce Solutions Greater Dallas, for additional training and job placement needs.

Health and Wellness. The Center for Community Engagement will provide dedicated spaces for a variety of health and wellness services:

- **Case Management.** Austin Street will provide case management services to every client in the new facility. Currently, Austin Street functions primarily as an overnight shelter with limited services and therefore cannot offer robust comprehensive case management. The Project includes dedicated spaces for clients to meet with case managers to address individualized needs through evidence-based and trauma-informed approaches, ultimately working to identify and secure permanent housing. Continuation and expansion of its After Care pilot program will help ensure that clients who have exited the program have the supportive services necessary to remain housed. Under this new model, Austin Street anticipates doubling its housing outcomes.
- **Medical Respite Care.** Austin Street will provide medical respite care to 200 clients annually through 30 beds and dedicated staff. During a stay of approximately 30 to 90 days, clients will be provided shelter, healthcare, and other services, including assistance with securing permanent housing after they recover. This dedicated program—the first of its kind in Dallas—is designed to meet the health and housing needs of clients while alleviating costs to hospitals and homeless services providers by reducing recidivism to emergency services. Through a partnership with

Texas Health Resources Dallas, clients will be referred from local hospitals and will be prioritized based on their fit within a vulnerability index and frequency of emergency system utilization. Although Austin Street typically serves only men over 45 and adult women of any age, medical respite care will be open to adult men and women of any age who are vulnerable due to a medical condition.

- **Healthy Food.** The new dining hall and commercial kitchen will allow Austin Street to offer 1,150 healthy meals prepared on-site daily. Austin Street's current facility does not have the capacity to prepare meals at its existing facility, so meals must be prepared elsewhere or purchased ready-made. The meals prepared on-site will be significantly more nutritious and will be tailored to meet the specific dietary needs of the 60% of all clients who suffer from chronic health conditions, such as diabetes or poor dental health.
- **On-site Clinic.** The Project will include an on-site clinic that offers mental health services provided by Integrated Psychotherapeutic Services (IPS). Over time, Austin Street anticipates offering some medical services from the clinic as well. Additionally, Parkland's Homeless Outreach Medical Services (HOMES) Program will service the Project on a weekly basis.

Employment. The Project is anticipated to retain 31.14 permanent FTEs and create 9.57 permanent FTEs, of which 100% will earn a living wage and/or receive benefits. Of these jobs, 16 will be accessible to employees with less than a four-year degree and 22 will be open to hard-to-employ populations. Benefits include medical insurance, life insurance, long-term disability insurance, dental and vision insurance, 1 to 3 weeks of vacation, 96 hours of sick time, and 32 hours of wellness time. Austin Street provides all employees with training opportunities, including sessions during monthly staff meetings and job-related seminars and certificate programs offered in the community. Furthermore, Austin Street provides internal transfer and promotions to all staff who meet qualifications and show the interest to grow within the organization. Additionally, the Project is anticipated to support 60 temporary construction jobs, of which 85% will pay a living wage.

Need for NMTC Assistance

NMTC funding is a critical source to supplement a capital campaign led by Shelter Ministries of Dallas to build the project. Without NMTC, Austin Street would lack the resources to build the Project and would require additional fundraising, resulting in a significant delay in construction, or reduce the scope of the project. Given the high growth rate of homelessness and demonstrated effectiveness of Austin Street's programs, it is critical that the new Center for Community Engagement opens to provide essential services and allow Austin Street to expand shelter and service capacity.

Exhibit 1: Project Images





Exhibit 2: Floor Plan



- FLOORPLAN WITH DEPARTMENT
COLOR SCHEME OVERLAY
- ADMIN RESTROOM
 - ADMINISTRATION
 - CIRCULATION
 - CLIENT RESOURCES
 - CLIENT SLEEPING
 - KITCHEN & DINING
 - LAUNDRY
 - MAIL
 - MECHANICAL
 - MISC STORAGE
 - OUTDOOR SPACE
 - RESTROOM



Exhibit 3: Preliminary Sources and Uses

Sources:	
NMTC Gross Equity (less estimated At Close CDE Fees)	\$ 4,152,250
Cash on Hand / Prior Spend	\$ 12,058,764
Capital Campaign Bridge Loan	\$ 2,523,382
Land Contribution	\$ 2,013,226
Total:	\$ 20,747,622
Uses:	
Land Acquisition & Improvements	\$ 2,985,402
Acquisition Costs	\$ 2,985,402
Hard Cost	\$ 14,487,455
Architect	\$ 689,220
Construction and Development Consultants	\$ 419,965
Material Testing	\$ 83,000
Owner Contingency	\$ 290,000
FF&E	\$ 350,000
Fees and Other Costs	\$ 75,380
Potential Subcontractor Contributions	\$ (90,000)
Estimated Base Project Costs	\$ 16,305,020
DDF Reserves	\$ 304,250
People Fund Reserves	\$ 194,500
QLICI Construction Interest Reserve	\$ 171,900
Closing Costs (Estimate)	\$ 420,000
Arranger Fee	\$ 366,550
Total	\$ 20,747,622