

Memorandum



CITY OF DALLAS

DATE January 21, 2021

Honorable members of the Housing and Homelessness Solutions Committee: Casey Thomas II (Chair), Cara Mendelsohn (Vice Chair), Chad West, Carolyn King Arnold, Paula Blackmon, Lee Kleinman, Jaime Resendez

SUBJECT **Consideration and Recommendation of City Council Approval of an Award of Funding and Authorization to Enter into a Development Agreement with St. Jude, Inc. to Develop Permanent Supportive Housing Units as Part of the 2020 Standing Notice of Funding Availability (NOFA) to Develop Affordable Multifamily and Single-Family Housing**

Summary

On January 25, 2021, the Committee will consider whether to recommend that the City Council authorize an award of funding to St. Jude, Inc. (Developer) as part of the 2020 Standing Notice of Funding Availability (NOFA) and authorize staff to enter into a development agreement setting forth the terms of the development of permanent supportive housing units.

Background

On October 12, 2020, St. Jude, Inc. submitted a NOFA application in conjunction with their previously submitted Notice of Intent (NOI) to apply for NOFA funds in the amount of \$3,300,000 million in Proposition J Homeless Bond funds.

As outlined in their NOI, the subsequent NOFA application specifically requested funding to develop the \$15 million project while undertaking the following activities:

1. Purchase of the Gateway Hotel property located at 8102 LBJ Freeway, Dallas Texas 75251;
2. Following purchase of the property, St. Jude, Inc. will enter a two-phase operational process:
 - a. Phase I: Serve as transition housing for COVID-19-displaced persons experiencing homelessness and other housing insecure individuals during convalescence
 - b. Phase II: Renovate the property and house individuals experiencing homelessness and other housing insecure individuals
3. In total, Phase II renovation will result in 180 permanent supportive housing units that are approximately 350 square feet each

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4. Transition from Phase I to Phase II will be gradual and done systematically in conjunction with City, County, and other stakeholders. Phase I and Phase II will overlap as renovation of common areas may commence during transitional housing period.

The St. Jude, Inc. application received a fundable score of 100.00 points and met the criteria for consideration for the use of Proposition J Homeless Bond funds. St. Jude, Inc. is a subsidiary of Catholic Housing Initiative. Since 1992, the Catholic Housing Initiative has developed over 1,400 units of housing—the majority of which are affordable and senior housing projects. Those projects represent over \$75 million in total investment. At present, Catholic Housing Initiative owns and manages over 900 units of affordable and senior housing units.

St. Jude, Inc. currently operates the St. Jude Center – Forest Lane property. The Forest Lane property received \$2 million in HOME funds from the City of Dallas in 2017 to renovate 104 units of permanent supportive housing. The proposed St. Jude Center – Park Central project is structured similarly to the Forest Lane project in that it is a partnership between the City of Dallas, Dallas County, private lending institutions, and a consortium of non-profits and private contributors. Like Forest Lane, Catholic Charities Dallas (CCD) will provide property management and social services at the Park Central site. Additionally, St. Jude, Inc. has secured memoranda of understanding (MOUs) with Dallas County and a 3rd party service providers for rental subsidies and housing vouchers for future residents.

As underwritten, the proposed development consists of one hundred-eighty (180) units of permanent supportive housing for households in the 0-30% AMI income band.

As proposed, the permanent financing for the project is as follows:

Financing Sources	Amount
City of Dallas NOFA – Proposition J Bond Funds	\$3,300,000.00
City of Dallas CARES Act Funding	\$2,000,000.00
Permanent Financing	\$1,000,000.00
St. Jude, Inc Equity/Investors	<u>\$8,750,000.00</u>
Total	\$15,050,000.00

In addition to the permanent financing outlined above, Dallas County has committed \$8 million in funds for operating expenses.

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Investment in the Project is estimated to exceed \$15 million with each City dollar leveraging a minimum of \$1.84 in private investment. Approval of this project will help the City meet its affordable housing production goals under the Comprehensive Housing Policy.

Staff Recommendation

- As substantiated in the underwriting report, staff recommends Council approval of the item as detailed herein. Passage of the item will help the City maintain its affordable housing production goals.
- As substantiated in the underwriting report, Developer has the experience to successfully complete the proposed project. Staff will continue to work with the Developer to address outstanding due diligence items outlined in the underwriting report prior to entering into any agreements.

Please feel free to contact David Noguera, Director of Housing & Neighborhood Revitalization at 214-670-5988, or David.Noguera@dallascityhall.com if you have any questions or need additional information.



Dr. Eric A. Johnson
Chief of Economic Development and Neighborhood Services

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
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Jon Fortune, Assistant City Manager

Joey Zapata, Assistant City Manager
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