



Legislation Text

File #: 23-840, Version: 1

STRATEGIC PRIORITY: Housing & Homelessness Solutions
AGENDA DATE: April 12, 2023
COUNCIL DISTRICT(S): 4
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Majed Al-Ghafry

SUBJECT

Authorize **(1)** a developer agreement with UCR Development Services, LLC, (Developer), or an affiliate thereof in an amount not to exceed \$5,957,631.00 with \$3,612,358.00 in American Rescue Plan Act Coronavirus Local Fiscal Recovery Fund and \$2,345,273.00 in Homeless Assistance (J) Fund (2017 General Obligation Bond Fund), of which \$100,000.00 will be eligible for reimbursement upon City Council approval of the Agenda item and prior to contract execution for pre-development expenses, design, and redevelopment of the Miramar Hotel located at 1950 Fort Worth Avenue, Dallas, Texas (Property), into supportive housing for formerly unsheltered individuals; and **(2)** a ground lease agreement with the 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 - Total not to exceed \$5,957,631.00 - Financing: Homeless Assistance (J) Fund (2017 General Obligation Bond Fund) (\$2,345,273.00) and American Rescue Plan Act Coronavirus Local Fiscal Recovery Funds (\$3,612,358.00)

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. 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 supportive housing inventory using acquisition, development, rehabilitation, and conversion of existing market rental units.

The City of Dallas has approved eligible affordable housing investments as a response to the negative impacts of COVID-19 in accordance with American Rescue Plan Act (ARPA) guidance from Treasury. 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 supportive housing for the formerly unsheltered individuals. 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 16 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 (TNT) 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. TNT was formed in 2000 and has become among the best in its class for midsize interior commercial construction in the Dallas-Fort-Worth 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.

Funding for this project will be allocated from two sources: (1) the 2017 General Obligation Bond Program - Proposition J - Homeless Assistance; and (2) ARPA Coronavirus Local Fiscal Recovery Funds. As you recall, the City received \$355.4 million from Coronavirus Local Fiscal Recovery Funds. Along with the review and passage of the FY 2021-22 budget in September 2021, the City Council finalized decisions regarding the allocation of \$355.4 million ARPA Coronavirus Local Fiscal Recovery Funds. The spending framework was allocated based on:

- Infrastructure – Invest in the future – \$105.4 million;
- Economic Development – Get residents and businesses back to work – \$44.0 million;
- Health & Safety – Keep employees and the public safe – \$76.0 million; and
- Fiscal Recovery & Sustainability – Replace lost revenue – \$130.0 million.

The Health & Safety category included \$10.6 million for testing and vaccination. The City completed testing and vaccination efforts at Kay Bailey Hutchinson (KBH) Convention Center, the Potter’s House, Fair Park, and mobile vaccinations in August of 2022. The City spent \$2,327,966 on testing and vaccination. Unspent funds in the amount of \$3,612,358 are being reallocated to Housing Security for Unhoused Persons to meet the immediate public health and safety needs and support people in crisis.

The anticipated sources and uses are as detailed below:

Proposed Sources	Amount
American Rescue Plan Act Coronavirus 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 the 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.

After the redevelopment is complete, the former Miramar Hotel will be transformed into supportive housing for formerly unsheltered single individuals. 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.

ESTIMATED SCHEDULE OF PROJECT

Begin Construction May 2023
Complete Construction December 2023

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On December 9, 2020, the City Council authorized acquisition from Hotel Miramar, LLC of approximately 35,133 square feet of commercially improved land located near the intersection of Fort Worth Avenue and North Plymouth Road for the COVID-19 Supportive Housing project by Resolution No. 20-1945.

On June 23, 2021, the City Council authorized the acceptance of grant funds from the U.S. Department of Treasury for the Coronavirus Local Fiscal Recovery Fund to provide relief during the ongoing COVID-19 pandemic by Resolution No. 21-1149.

On September 22, 2021, the City Council authorized the final reading and adoption of the appropriation ordinance for the FY 2021-22 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 and Ordinance No. 32000.

The Housing and Homelessness Solutions Committee was briefed by memorandum regarding this matter on March 21, 2023.

FISCAL INFORMATION

Fund	FY 2023	FY 2024	Future Years
American Rescue Plan Act (ARPA) Coronavirus Local Fiscal Recovery Funds (CLFRF)	\$3,612,358.00	\$0.00	\$0.00
Homeless Assistance (J) Fund (2017 General Obligation Bond Fund)	\$2,345,273.00	\$0.00	\$0.00
Total	\$5,957,631.00	\$0.00	\$0.00

M/WBE INFORMATION

In accordance with the City's Business Inclusion and Development Policy adopted on September 23, 2020, by Resolution No. 20-1430, as amended, the M/WBE participation on this contract is as follows:

Contract Amount	Procurement Category	M/WBE Goal
\$4,830,631.00	Construction	32.00%
M/WBE Subcontracting %	M/WBE Overall %	M/WBE Overall Participation \$
32.00%	32.00%	\$1,545,801.92
• This contract meets the M/WBE goal.		
• UCR Development Services, LLC – Local; Workforce – 50.00% Local		

DEVELOPER

UCR Development Services, LLC

Don Bouvier, President

MAP

Attached