



Legislation Text

File #: 24-1970, Version: 1

STRATEGIC PRIORITY: Housing & Homelessness Solutions
AGENDA DATE: June 26, 2024
COUNCIL DISTRICT(S): 1
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Robin Bentley

SUBJECT

Authorize **(1)** the amendment of Resolution No. 23-0543 rescinding all authorizations in favor of UCR Development Services, LLC; and **(2)** the City Manager to **(a)** execute a conditional grant agreement in an amount not to exceed \$2,345,273.00 for a term of twenty years sourced with 2017 General Obligation Bond, Homeless Assistance J Funds (Prop J); **(b)** execute a development agreement with forgivable loan and land conveyance in an amount not to exceed \$2,444,727.00 sourced with HOME Investment Partnership Funds for a term of twenty years, each with St. Jude Inc., and/or its affiliates (Developer/Provider), as the top ranking and best qualified Notice of Funding Availability proposer and approved as to form by the City Attorney (a) and (b) for a total amount not to exceed \$4,790,000.00; **(c)** negotiate and execute a property management and supportive services agreement, that includes a scope of work substantially similar to **Exhibit A** to the Resolution, with Developer/Provider requiring a Good Neighbor Agreement (to the extent it does not violate the Fair Housing Act, 42 U.S.C. §§ 3601-19), substantially in the form of **Exhibit B** to the Resolution, approved as to form by the City Attorney, for a minimum of twenty years; and **(d)** convey the Property to Developer/Provider subject to restrictive covenants, a right of reverter with the right of reentry and recording of all necessary documents pursuant to Texas Local Government Code Section 272.001(g) and applicable laws and regulations, for redevelopment of the real property located at 1950 Fort Worth Avenue, Dallas, Texas - Not to exceed \$4,790,000.00 - Financing: Homeless Assistance (J) Fund (2017 General Obligation Bond Fund) (\$2,345,273.00) and HOME Investment Partnerships Funds (HOME) (\$2,444,727.00)

BACKGROUND

According to the most recent annual Point-in-Time Count (PIT) conducted by Housing Forward and the local Continuum of Care (COC), a total of 3,718 individuals are experiencing homelessness on any given night in January 2024 for Dallas and Collin Counties. Of the total households experiencing homelessness, 1,086 were unsheltered during the PIT count. The City of Dallas recognizes this opportunity to better serve our unhoused neighbors by continuing to invest in the affordable housing inventory. Affordable and supportive housing is a cost-effective and evidenced-based intervention that provides tenants with person-centered, flexible, and voluntary services that enhance the tenant's quality of life. The City's goal is to provide affordable and permanent supportive housing for extremely

low-income individuals to safely transition into stable housing.

Permanent Supportive Housing (PSH) improves health outcomes and reduces the utilization of costly systems like emergency healthcare and corrections. While PSH is acknowledged as a leading intervention, growth in stock has not kept pace with the current need in Dallas.

On December 9, 2020, the City Council authorized the acquisition of the Property by necessity for the public purpose of providing emergency supportive housing for persons experiencing homelessness (the "Project"), by Resolution No. 20-1945. The City completed Property acquisition on December 23, 2020; however, the use of the Property for the Project has been delayed due to a myriad of challenges. While the Property has remained vacant, the need for PSH through the R.E.A.L. Time Rehousing Initiative to reach the community-wide goal of significantly reducing unsheltered chronic homelessness persists.

To protect the City's investment and achieve the original public purpose of providing affordable supportive housing options for those who are formerly unsheltered, an emergency procurement for the Project was completed due to the urgent and immediate attention to preserve the asset and to protect the health and safety of area residents. On July 27, 2023, staff utilized an emergency procurement process to select an architect for an architectural professional services contract for the Project through a Request for Qualification (RFQ) solicitation to determine the best and most qualified firm. The evaluation committee selected Kirksey Architects as the best and most qualified architectural and engineering firm. Subsequently, a fee negotiation letter was agreed upon, and a professional services contract was executed. Pursuant to the RFQ solicitation, Kirksey Architect is required to collaborate with the selected applicant for the redevelopment of the Property. The firm will complete the design of the Property in consultation with the selected applicant. The selected applicant is required to accept and utilize design plans by Kirksey Architects pursuant to the City's Permanent Supportive Housing Development and Operations and Land Conveyance Notice of Funding Availability (PSH NOFA). The City of Dallas Department of Housing & Neighborhood Revitalization (Housing) administers programs to appropriately incentivize private investment for the development of quality, sustainable housing that is affordable to the residents of the City. Specifically, Housing administers the New Construction and Substantial Rehabilitation Program, which where necessary, seeks to provide financial assistance to new developments or substantially rehabilitate existing developments including PSH developments for unsheltered individuals.

On January 9, 2024, Housing issued the PSH NOFA in collaboration with the Office of Homeless Solutions, pursuant to the Dallas Housing Policy 2033 (DHP33) and the Dallas Housing Resource Catalog (DHRC) to solicit a developer to undertake a PSH project to serve the City's housing goals and to: (1) acquire city-owned Property (subject to a right of reverter and deed restrictions and pursuant to Texas Local Government Code Chapter 272.001(g)) located at 1950 Fort Worth Avenue, Dallas, Texas 75208; (2) rehabilitate the Property with an initial conditional grant amount of \$2,345,273.00 in 2017 General Obligation Bond Fund Homeless Assistance (Prop J) Fund into a minimum of 40 PSH units requiring the developer to accept and use the City's selected Architecture and Engineering firm design plans; (3) obtain additional capital funding to complete rehabilitation; and (4) operate the rehabilitated facility as PSH for as long as the City deems it necessary to serve the public purpose. Additionally, the Developer is required to work in collaboration with the City and Housing Forward to secure operating subsidies and services necessary to operate the facility as PSH. Housing Forward is the designated lead agency for the local Continuum of Care for Collin and Dallas Counties. All applications submitted through the NOFA must meet specific thresholds as it

relates to the scoring criteria which includes: (i) readiness; (ii) capacity to operate PSH and support eviction prevention of PSH clients; (iii) target population and project attributes; and (iv) developer experience and capacity.

After the release of the PSH NOFA, a series of pre-submission meetings were held with interested parties and developers to review the PSH NOFA application and to answer any questions. Additionally, two site tours were held at the Property. The PSH NOFA submission deadline date was March 11, 2024. Two PSH NOFA applications were received one from St. Jude Inc. and one from DFW Project, LLC. An interdepartmental evaluation committee comprised of five city employees from the Office of Community Care, Development Services, Planning and Urban Design, Economic Development, and Code Compliance was formed to review and score the PSH NOFA applications. After reviewing and scoring both submitted proposals, the committee selected St. Jude Inc.'s NOFA submission as the top ranking and best qualified with an average score of 121.2 out of 135 points (Developer/Provider).

On March 11, 2024, Developer/Provider submitted a proposal under the City's PSH NOFA, as amended, to receive gap financing in the form of a forgivable loan to support the conversion of a former hotel into at least 75 PSH efficiency units for unsheltered individuals. The Developer/Provider is one of the nonprofits that comprise Catholic Housing Initiative (CHI). The Developer/Provider owns two highly successful St. Jude Centers (with another coming soon) that offers PSH for homeless persons paired with intensive casework to get at and resolve the root causes of homelessness. CHI and Catholic Charities have a proven model of supportive housing that will deliver results in a cost-effective and timely manner while producing a community that is 100% PSH and designed and operated in compliance with PSH program model and standards. St. Jude Center - Forest Lane opened 104 doors in 2018 as an adaptive reuse of an assisted living center into permanent supportive housing. St. Jude Center - Park Central opened 202 doors in 2021 as an adaptive reuse of a hotel into permanent supportive housing. St. Jude Center - Vantage Point opened in March 2024 with 136 units of permanent supportive housing that was previously an extended stay hotel. The Project will build upon the successful foundation established by these three earlier St. Jude Centers. CHI was founded over 30 years ago with a mission to strengthen families and promote a healthy community by providing senior and affordable housing in the Metroplex. CHI achieves that mission with over 1,117 units of quality, affordable, service enriched senior, family, and supportive housing at nine sites in Dallas, Coppell, Carrollton, and Mesquite. St. Jude Centers are operated by Catholic Charities of Dallas who was instrumental in adaptive reuse of the property and provision of management and casework.

The target population includes persons who have experienced homelessness. Referrals are made through Housing Forward utilizing the Coordinated Entry System - a prioritization list of persons experiencing homelessness in the Dallas area. Housing subsidies for rents will be provided through a combination of 50 project-based vouchers awarded by the U.S. Department of Housing and Urban Development (HUD) under the FY 2023 COC competition to identify a service provider. The project budget is \$555,247.00 in projected annual funding for 50 individuals. Housing Forward will work with Developer/Provider to run a coordinated procurement for services. This process will begin shortly after the City's award to the Developer/Provider. Additionally, the Developer/Provider will provide voucher subsidies (primarily tenant-based rental assistance) for the remaining 25 units through agreements with partner agencies that will have assigned units within the property as well as fundraising through private foundations. Partner agencies will provide unit subsidies and services required for the occupants. Current partner agencies include: Metrocare, Veterans Administration

Supportive Housing, and Catholic Charities Dallas. The selected service provider will provide a robust menu of supportive services including comprehensive case management, vocational training, job placement, career services, goal setting, physical/mental health services, and community activities.

The Developer/Provider proposes to rehabilitate the current structure into 75 studio apartments containing a combination living and sleeping space, kitchen, and bathroom. Each 187 square foot (approximately) efficiency unit will be furnished, and all utilities and Wi-Fi will be paid by the landlord. The 75 efficiency units will be newly built from studs, with new plumbing, electrical, sheetrock, cabinets, quartz countertops, refrigerator, microwave, cooktop, full paint refresh, vinyl flooring, shower shells, and packaged air condition units in all rooms. The rehabilitated building will contain 3,505 square feet of common area space including interior corridors, guest welcome area and security checkpoint, community room, conference room, three staff offices, three casework offices, resident lounge with coffee bar and television, exterior patio with picnic space, four laundry rooms (two upstairs and two downstairs), and mailboxes. The exterior of the building will be painted, new roof, new signage, security cameras and controlled access installed, realignment and repair of access gate, new windows, and parking lot renewed and restriped for new unit count.

The development will include the following unit mix and rents shown below. No resident will pay more than 30% of their gross monthly income towards rent. All approximately 75 PSH efficiency units will remain affordable for a minimum period of 20 years and will be enforced through restrictive covenants recorded on the Property.

| Unit Type | Total Units | AMI | Rents | Subsidy |
|--------------|-------------|-----|------------|---------------------------------|
| 0-BR/1-Bath | 50 | 30% | \$1,200.00 | Project-Based Vouchers |
| 0-BR/1-Bath | 25 | 30% | \$1,200.00 | Varied Subsidy through partners |
| Total | 75 | | | |

The Property will be owned and redeveloped by the Developer. Catholic Charities Dallas Property Management, Inc. will serve as the property manager and will enter into an agreement to conduct, supervise, and manage the administration, management, and direction of the operations of the facility. All St. Jude Centers are staffed 24 hours; 365 days per year. Property management staff will work Monday-Friday 7:00 A.M. - 5:30 P.M. and overnight security works 4:00 P.M. to 8:00 A.M. The terms and conditions are set out in the term sheet attached to the Resolution as **Exhibit C**.

The property management and service provider agreement will require a Good Neighbor provisions to the extent it does not violate the Fair Housing Act (codified as 42 U.S.C. §§ 3601-19) which prohibits discrimination against a person because of race, color, national origin, religion, sex, familial

status, and/or disability when renting or buying a home, getting a mortgage, seeking housing assistance, or engaging in other housing-related activities. The Fair Housing Act also requires that all federal programs relating to HUD be administered in a manner that affirmatively furthers fair housing. Violations of the Good Neighbor provisions that constitute a City Code violation will be referred to the City’s Community Prosecution.

| Proposed Financing Sources | Amount |
|------------------------------------|-----------------------|
| Sponsor Equity/Charitable Funds | \$1,000,000.00 |
| Dallas Housing Opportunity Fund | \$2,010,000.00 |
| City of Dallas 2017 GO Bonds Funds | \$2,345,273.00 |
| City of Dallas HOME Funds | \$2,444,727.00 |
| Donated Portion of Developer Fee | \$ 300,000.00 |
| Total | \$8,100,000.00 |

| Proposed Financing Uses | Amount |
|--|-----------------------|
| Hard Construction Costs | \$5,900,000.00 |
| Soft Construction Costs | \$ 100,000.00 |
| Carrying Costs (startup & holding cost upon acquisition) | \$ 775,000.00 |
| Furniture, Fixtures, and Equipment | \$ 225,000.00 |
| Developer Fee | \$ 600,000.00 |
| Total | \$8,100,000.00 |

ESTIMATED SCHEDULE OF PROJECT

| | |
|--|---------------|
| Execute Grant Agreement and Loan Agreement | July 2024 |
| Begin Development | July 2024 |
| Execute Services Agreement | August 2025 |
| Complete Development | November 2025 |

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On December 9, 2020, the City Council authorized a resolution to acquire approximately 35,133 square feet of land located at 1950 Forth Worth Avenue, Dallas, Texas 75208 formerly known as the Miramar Hotel (Property) for the COVID-19 Supportive Housing Project to provide supportive housing for persons experiencing homelessness (Project) by Resolution No. 20-1945.

On June 9, 2021, the City Council authorized to pay for the moving expense and for 40 occupants who were displaced in conjunction with the Project by Resolution No. 21-0992.

On June 23, 2021, the City Council authorized contracts with CitySquare in the amount of \$3,291,666.00 and Family Gateway, Inc. in the amount of \$2,911,856.00 for the property management, supportive services, and renovations of the Property for a total amount of \$6,203,522.00 by Resolution No. 21-1124.

On April 26, 2023, the City Council authorized the partial rescission of Section 1 and Section 2 of Resolution No. 21-1124 to (1) remove authorization of a contract for property management, supportive services, and renovations of the Property with CitySquare in the amount of \$3,291,661.00; b) authorization to the Chief Financial Officer to disburse funds to CitySquare; (2) authorize for the City Manager to reallocate \$3,657,631.00 of ARPA appropriations from Management Services - Office of Emergency Management to Management Services - Office of Homeless Solutions to support programs for homeless assistance; and (3) authorize for the City Manager to execute a development agreement in a total amount not to exceed \$5,975,631.00 with UCR Development Services, LLC for a turnkey project including the design and redevelopment of the Property by Resolution No. 23-0543.

On February 14, 2024, the City Council authorized a resolution for the architectural and engineering professional services contract for the emergency design of the Project with Kirksey Architects Inc. dba Kirksey Architecture in an amount not to exceed \$536,186.00 by Resolution No. 24-0260.

On June 22, 2022, the City Council authorized final adoption of the FY2022-23 HUD Consolidated Plan Budget which included \$4,534,626.00 in HOME Investment Partnerships Funds from the U.S. Department of Housing and Urban Development by Resolution No. 22-1024.

[The Housing and Homelessness Solutions Committee was briefed by memorandum regarding this matter on May 24, 2024. <https://dallascityhall.com/government/citymanager/Documents/Council%20Materials/F.%20Permanant%20Supportive%20Housing%20NOFA.pdf>](https://dallascityhall.com/government/citymanager/Documents/Council%20Materials/F.%20Permanant%20Supportive%20Housing%20NOFA.pdf)

[The City Council was briefed by a memorandum regarding this matter on June 7, 2024. <https://dallascityhall.com/government/citymanager/Documents/FY23-24%20Memos/HOU%20Friday%20Memo%201950%20Fort%20Worth%20Ave%20revised%206.7.2024.pdf>](https://dallascityhall.com/government/citymanager/Documents/FY23-24%20Memos/HOU%20Friday%20Memo%201950%20Fort%20Worth%20Ave%20revised%206.7.2024.pdf)

FISCAL INFORMATION

| Fund | FY 2024 | FY 2025 | Future Years |
|--|----------------|---------|--------------|
| Home Investment Partnerships Funds | \$2,444,727.00 | \$0.00 | \$0.00 |
| Homeless Assistance (J) Fund (2017 General Obligation Bond Fund) | \$2,345,273.00 | \$0.00 | \$0.00 |
| Total | \$4,790,000.00 | \$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 |
|--|-----------------------------|---------------------------------------|
| \$6,400,000.00 | Construction | 32.00% |
| M/WBE Subcontracting % | M/WBE Overall % | M/WBE Overall Participation \$ |
| 32.00% | 32.00% | \$2,048,000.00 |
| • This contract meets the M/WBE goal. | | |
| • St. Jude, Inc. - Local; Workforce - 50.00% Local | | |

DEVELOPER/OPERATOR

St. Jude, Inc.

Shannon Ortleb, Chief Operating Officer

MAP

Attached