



Legislation Text

File #: 20-311, Version: 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: February 26, 2020
COUNCIL DISTRICT(S): 7
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Michael Mendoza

SUBJECT

Authorize an amendment to ~~Resolution No. 18-0279, previously approved on February 14, 2018, the loan agreement and conditional grant agreement~~ with East Dallas Community Organization for construction of ~~8~~ **eight** homes for low and moderate mixed income families to **(1)** extend the ~~HOME loan agreement and the Bond Conditional Grant Agreement completion date~~ from December 31, 2018 to December 31, 2021; **(2)** ~~increase the affordable units under the conditional grant agreement from two to six and include reporting/performance thresholds; and~~ **(3)** reduce the ~~HOME amount of units under the~~ loan agreement from ~~\$807,740.00~~ **six to two, reduce funding from up to \$900,000.00 to \$198,256.00** and ~~close out the appropriation; and~~ **(3)** ~~amend the terms and include reporting/performance thresholds of the 2012 Bond Conditional Grant Agreement~~ - Financing: No cost consideration to the City

BACKGROUND

On June 27, 2012, City Council authorized adoption of the final FY 2012-13 Consolidated Plan Budget for U.S. Department of Housing and Urban Development (HUD) Grant ~~Funds Fund~~ for the following programs: Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Housing Opportunities for Persons with AIDS (HOPWA), and Emergency Solutions Grant (ESG); and adoption of the FY 2011-12 Reprogramming Budget by Resolution No. 12-1629.

On June 26, 2013, City Council authorized adoption of the final FY 2013-14 Consolidated Plan Budget for HUD Grant ~~Funds Fund~~ for the following programs: CDBG, HOME, HOPWA, and ESG; adoption of the FY 2012-13 Reprogramming Budget; and submission of the new Five-Year Consolidated Plan for the period October 1, 2013 through September 30, 2018, by Resolution No. 13-1142.

On September 9, 2015, City Council authorized a housing development HOME loan; and a 2012 Bond Conditional Grant Agreement for a mixed income housing development project by Resolution No. 15-1671.

~~On February 14, 2018, the City Council authorized an amendment to the HOME Loan Agreement and 2012 Bond Conditional Grant by Resolution No. 18-0279.~~

In September 2017, East Dallas Community Organization (EDCO) (~~or~~ Developer) requested an extension to the existing contract for construction of eight townhomes and the alley way. Delays were caused due to the time that it took to expand the Planned Development, re-plat the land to accommodate the townhomes and construct the alley for access to city services. Platting and the construction of a new alley took approximately two years to complete.

On February 14, 2018, the City Council authorized an amendment to the HOME loan agreement and conditional grant agreement to extend the completion date by Resolution No. 18-0279.

The project was awarded 2012 and 2013 HOME Funds funds in the amount of \$900,000.00 from the HUD and 2012 Bond Funds in the amount of \$405,040.00, for a total of \$1,305,040.00.; ~~of which The Developer has expended \$106,246.00 in bond funds and \$198,256.00 HOME funds, for a total expenditure of \$304,502.00.; The remaining Bond balance, of the bond funds is \$298,794.00. The units EDCO will sell to keep \$198,256.00 in HOME funds already paid, in exchange for providing two eligible low-income families at or below 80% of Area Median Income (AMI); four affordable homebuyers at 120% or below of AMI; and two units to households up to 140% of AMI units.~~

The construction of the units will be built and sold within two years. Under the loan agreement, the Developer will sell the 2 HOME funded homes to homebuyers at or below 80% of Area Median Income (AMI). Under the conditional grant agreement, four of the six units will be sold to homebuyers at 120% or below of AMI; and the remaining two units will be sold to homebuyers up to 140% of AMI.

All units will be built and sold on or before December 31, 2021. The deed restrictions for the affordable units will remain on the property for 15 years from the date of sale. Deed ~~Restrictions~~ restrictions will remain for one year for the ~~market rate~~ units being sold up to 120/140% AMI from point of sale.

On November 1, 2019, HUD informed the City that it is no longer authorized to expend any additional federal funds on the project as a result of the Office of Inspector General audit report #2019-FW-1004. The audit alleges that the City did not properly conduct ~~Environmental Review~~ environmental review procedures and therefore, no additional funds can be dispersed to the City for eligible development costs associated with ~~The Developer's~~ EDCO's Townhomes project.

Because HUD funds are no longer available, the City department would like to ~~discontinue~~ reduce funding associated with the HOME project and ~~to continue~~ to support the ~~Bond~~ project under the conditional grant agreement, as amended in this item. Staff recommends ~~an amendment to the Loan Agreement as follows:~~ the following:

1. Extend Amend the terms of the HOME loan agreement and the Bond Conditional Grant Agreement conditional grant agreements by extending the completion deadline from December 31, 2018 to December 31, 2021;
2. Increasing the affordable units from two to six (as consideration for the deadline extension) under the conditional grant agreement, and include reporting/performance thresholds; and

2. ~~3.~~ Reduce the ~~HOME~~ [number of units under the](#) loan agreement from ~~six to two~~, ~~reduce~~ funding ~~\$807,740.00~~ ~~from up to \$900,000.00~~ ~~to \$198,256.00~~ ~~and close out the appropriation~~, and [include reporting/performance thresholds](#).
3. ~~Amend the terms and thresholds of the 2012 Bond Conditional Grant Agreement, General Obligation Bond Funds~~

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 27, 2012, City Council authorized adoption of the final FY 2012-13 Consolidated Plan Budget for HUD Grant Funds for the following programs: CDBG, HOME, HOPWA, and ESG; and adoption of the FY 2011-12 Reprogramming Budget by Resolution No. 12-1629.

On June 26, 2013, City Council authorized adoption of the final FY 2013-14 Consolidated Plan Budget for HUD Grant Funds for the following programs: CDBG, HOME, HOPWA, and ESG; adoption of the FY 2012-13 Reprogramming Budget; and submission of the new 5 Year Consolidated Plan for the period October 1, 2013 through September 30, 2018, by Resolution No. 13-1142.

On September 9, 2015, City Council authorized a housing development HOME loan; and a 2012 ~~Bond Conditional Grant Agreement~~ [bond conditional grant agreement with EDCO](#) for a [construction of eight homes for low and moderate](#) mixed income ~~housing development project families~~ by Resolution No. 15-1671.

On February 14, 2018, ~~the~~ City Council authorized an amendment to the HOME ~~Loan Agreement~~ [loan agreement](#) and 2012 ~~Bond Conditional Grant~~ [bond conditional grant agreement with EDCO](#) [to extend the completion date](#), by Resolution No. 18-0279.

The Housing ~~and~~ [&](#) Homelessness Solutions Committee ~~will be~~ [was](#) briefed by ~~memorandum~~ [memo](#) regarding this matter on February 24, 2020.

FISCAL INFORMATION

No cost consideration to the City.

OWNER

East Dallas Community Organization

Ken Montgomery, Chief Executive Officer and President

MAP

Attached