



## Legislation Text

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File #: 21-1360, Version: 1

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**STRATEGIC PRIORITY:** Economic and Neighborhood Vitality  
**AGENDA DATE:** October 13, 2021  
**COUNCIL DISTRICT(S):** 6  
**DEPARTMENT:** Department of Housing & Neighborhood Revitalization  
**EXECUTIVE:** Dr. Eric A. Johnson

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### **SUBJECT**

Authorize **(1)** a conditional grant agreement with Dallas City Homes, Inc. and/or its affiliates for the purchase and installation of solar panels for the multifamily development to be located at 3115 Topeka Avenue, Dallas, Texas 75212 in the amount of \$300,000.00; and **(2)** a HOME Investment Partnership loan agreement in an amount not to exceed \$2,085,504.00 for the construction of affordable housing for the new Construction and Substantial Rehabilitation Program - Not to exceed \$2,385,504.00 - Financing: HOME Investment Partnerships Grant Fund (\$2,085,504.00) and General Fund (\$300,000.00)

### **BACKGROUND**

The Department of Housing and Neighborhood Revitalization (Housing) administers programs to seek 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. All projects seeking financial assistance are required to submit a Notice of Intent to apply for financial assistance through the Notice of Funding Availability (NOFA) to develop affordable homeownership and rental housing. As outlined in the NOFA, multiple sources of funding are available, however, proposed projects must meet specific thresholds to qualify for the use of a specific funding source.

At minimum, each proposed project must be composed of at least five affordable units and must achieve a fundable score as outlined in the NOFA solicitation.

On November 6, 2020, Dallas City Homes, Inc. (Dallas City Homes) submitted a NOFA application request funding in the amount of \$4.3 million for the Armonia Apartments ("Project"), a 15-unit multifamily development located at 3115 Topeka Avenue in the La Bajada/Trinity Groves submarket of West Dallas (Development). The Development will consist of approximately 16,000 square feet distributed over 3 stories of rentable living space. The unit mix will include 10 1-bedroom apartments and five 2-bedroom apartments. The Development will include 20 on-site parking spaces.

The Armonia Apartments will be Phase I of a planned, multi-phased, mixed-use project located on the site. The subsequent phases of the project to include a community center and park/urban garden spaces.

The project site is approximately 32,208 square feet and appropriately zoned for both multifamily housing and a community center. As such, the project requires no further zoning changes. The project's location places it squarely in the West Dallas Reinvestment Strategy Area outlined in the Comprehensive Housing Policy.

The Dallas City Homes application received a fundable score of 100.00 points. Financing of the project is limited to HOME funds due to the eligibility guidelines surrounding available development funds advertised in the NOFA. While Dallas City Homes initially requested \$4,300,000.00 in NOFA funds, third-party underwriting recommended and confirmed a financial gap in the amount of \$2,085,000.00.

In addition to developing and preserving affordable housing, an integral part of Dallas City Homes' mission is the provision of youth and adult services through the organization's community programming network. Those services include but are not limited to the following:

- On-site academic support and skills curricula
- Arts and crafts
- Enrichment activities/programming of public spaces
- Resident breakfasts to encourage fellowship within the communities Dallas City Homes serves
- Senior luncheons and programming

Additionally, Dallas City Homes will receive \$300,000.00 in funding from the General Fund to provide solar panels for the building. The grant will be forgivable at the end of the term of the agreement. This initiative contributes to the City of Dallas' goal to develop sustainable and environmentally friendly housing in the city as outlined in the Comprehensive Housing Policy's *New Construction and Substantial Rehabilitation Program*.

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

<u>Financing Sources</u>	<u>Amount</u>
City of Dallas NOFA - HOME Funds	\$2,085,504.00
City of Dallas General Fund	\$ 300,000.00
Owner Equity	\$ 248,000.00
Construction Loan	\$1,784,496.00
Philanthropic Funds/Investors	\$ 174,000.00
Deferred Developer Fees	<u>\$ 100,000.00</u>
<b>Total</b>	<b>\$4,692,000.00</b>

Investment in the Project is estimated to exceed \$4,600,000.00 with each City dollar leveraging a minimum of \$1.00 in private investment. Approval of this project will help the City meet its affordable housing production goals under the Comprehensive Housing Policy.

Since 1989, Dallas City Homes has acquired, renovated, and developed over 2,400 units of affordable apartments. Additionally, Dallas City Homes has developed and sold over 350 single-family homes in the City of Dallas.

Prior developments by Dallas City Homes include (1) 711 Beckley (2019): a mixed-use apartment building with 2,000 square feet of office space; and (2) Jubilee Park Scattered Site single-family project (2012): five for-sale homes sold to income-eligible homeowners.

City Council's approval of this item will authorize the City Manager to execute a conditional grant agreement, a HOME development loan agreement, and any other necessary documents to complete the development. Staff recommend Council approval of this development in order to advance the goals of the Comprehensive Housing Policy.

### **ESTIMATED SCHEDULE OF PROJECT**

Construction Commence November 2021  
Construction Completion March 2023

### **PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On May 9, 2018, City Council adopted a CHP that set citywide production goals for homeownership and rental units for the next three years along with respective income bands that will be prioritized within the production goals and also set forth various programs, tools and strategies to be used to meet the production goals while also overcoming concentrations of poverty and racial segregation by Resolution No. 18-0704.

[The Housing and Homelessness Solutions Committee was briefed regarding this matter on September 23, 2021. <https://cityofdallas.legistar.com/View.ashx?M=F&ID=9821334&GUID=CA4F9B41-AD35-4E0C-8E7D-14A468A44024>](https://cityofdallas.legistar.com/View.ashx?M=F&ID=9821334&GUID=CA4F9B41-AD35-4E0C-8E7D-14A468A44024)

### **FISCAL INFORMATION**

Fund	FY 2022	FY 2023	Future Years
HOME Investment Partnerships Grant Funds	\$2,085,504.00	\$0.00	\$0.00
General Funds	\$ 300,000.00	\$0.00	\$0.00
Total	\$2,385,504.00	\$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	Category	M/WBE Goal	M/WBE %	M/WBE \$
\$2,085,504.00	Construction	32.00%	32.00%	\$667,361.28
• This contract meets the M/WBE goal.				

**OWNER**

**Dallas City Homes, Inc.**

Jason Brown, President

**MAP**

Attached