



Legislation Text

File #: 20-234, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: March 25, 2020
COUNCIL DISTRICT(S): 7
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Michael Mendoza

SUBJECT

Authorize an amendment to the conditional grant agreement with Dallas Area Habitat for Humanity **(1)** to reduce the amount of funding from \$280,000.00 to \$240,000.00; and **(2)** to reduce the number of units to be constructed and sold from seven single family homes to six single family homes located on scattered sites in the Joppa Neighborhood area to allow the conclusion of the Joppa Neighborhood Project to occur based on Resolution Nos. 16-0845 and 18-0685 - Financing: No cost consideration to the City

BACKGROUND

On May 25, 2016, City Council approved a loan agreement in the amount of \$440,000.00 in HOME Investment Partnership Program (HOME) funds and a conditional grant agreement in the amount of \$280,000 in 2012 General Obligation Bond (GO) Funds to pay for hard costs for the development of 18 single family houses located on scattered sites in the Joppa neighborhood with Dallas Area Habitat for Humanity (DAHFH). Eleven homes would be built using HOME funds, while seven homes would be built using 2012 GO Bonds. Upon completion, DAHFH will have a 10-year deed restriction on each of the homes to maintain affordability with households up to 80 percent of area median family income.

In July 2017, DAHFH requested to swap one of the lots located at 4615 Luzon Street to 4611 Corregidor Street. The lot was zoned commercial and could not be used under the agreement for residential development. In March 2018, DAHFH requested an extension to the GO Bond conditional grant agreement to complete construction of the final house on Corregidor Street. On May 9, 2018, City Council authorized the first amendment to the conditional grant agreement to extend the conditional grant agreement completion date from May 25, 2018 to November 30, 2018 and to amend the agreement to include performance thresholds and requirements.

The City provided HOME funds and GO Bonds for gap financing for a portion of the construction costs for the 18 homes to be built out and sold. A lien has been placed on the properties and would be released on a partial basis as each unit is built out and sold to an eligible homebuyer. Estimated private leverage will be \$1,892,981.88.

DAHFH has completed construction and sold 17 of the 18 units. The 18th lot was switched from 4516 Luzon Street to 4611 Corregidor Street due to 4516 Luzon Street being zoned commercial. DAHFH has identified that 4611 Corregidor is in a flood plain and the costs of engineered plans and lot preparation were excessive, therefore, DAHFH will not be able to build on this lot.

City Council approval of this agenda item will authorize the City Manager to execute an amendment to the conditional grant documents with DAHFH to:

- Reduce the number of units for construction from seven to six
- Reduce funding amount from \$280,000.00 to \$240,000.00
- Close out the project based on Resolution Nos. 16-0845 and 18-0685

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On May 25, 2016, City Council authorized a housing development loan in an amount not to exceed \$440,000.00; and a conditional grant agreement in an amount not to exceed \$280,000.00 with DAHFH for the construction of 18 single-family homes for the Joppa Neighborhood Project by Resolution No. 16-0845.

On May 9, 2018, City Council authorized the first amendment to the conditional grant agreement to extend the conditional grant agreement completion date from May 25, 2018 to November 30, 2018 and to amend the agreement to include performance thresholds and requirements by Resolution No. 18-0685.

The Housing and Homeless Solutions Committee will be briefed by memorandum regarding this item on March 23, 2020.

FISCAL INFORMATION

No cost consideration to the City.