



Legislation Text

File #: 20-648, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: May 27, 2020
COUNCIL DISTRICT(S): 7
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize a second amendment to the loan agreement with East Dallas Community Organization for the development of ten single-family homes for the Scattered Sites Project to: **(1)** reduce the HOME Investment Partnerships Program (HOME) loan amount from \$652,188.00 to \$424,677.44, the new total loan amount is \$424,677.44; **(2)** reduce the number of HOME-funded single-family homes from nine to six; and **(3)** reduce the Neighborhood Stabilization Program amount from \$55,020.00 to \$47,520.00, the new total amount is \$47,520.00 - Financing: No cost consideration to the City

BACKGROUND

On May 25, 2016, City Council authorized a housing development loan with East Dallas Community Organization (EDCO), A Community Housing Development Organization, for the construction of 10 single-family homes at scattered sites in Dallas.

On June 13, 2018, City Council authorized an amendment to extend a housing development loan with EDCO from May 25, 2018 to November 30, 2019 and include additional performance thresholds and requirements.

EDCO was awarded \$652,188.00 in Home Investment Partnership (HOME) funds for nine single family homes for residents under 80% Annual Median Income (AMI) and \$55,020.00 in Neighborhood Stabilization Program (NSP) funds for one single family home for residents under 120% AMI. EDCO completed six HOME-funded units and one NSP-funded unit. The homes were sold to income eligible residents as required by federal and City income guidelines.

EDCO was preparing to complete the remaining three homes when the City was informed on November 1, 2019 by the U.S. Department of Housing and Urban Development (HUD) that it is no longer authorized to expend any additional federal funds on this project as a result of the Office of Inspector General Audit Report Number 2019-FW-1004. The audit alleges that the City did not properly conduct environmental review procedures; and therefore, no additional funds can be

disbursed to the City for eligible development costs associated with the EDCO's Scattered Sites Project.

The Department would like to close out the project and recommends an amendment to the loan agreement to do so:

1. To reduce funds as follows:

Fund	Contract Amounts	Amount Paid/Drawn	Reduce Remaining Funds
HOME Funds (9 units)	\$652,188.00	\$424,677.44	\$227,510.56
NSP Funds (1 unit)	\$ 55,020.00	\$ 47,520.00	\$ 7,500.00
Total Funds (Total units 10)	\$707,208.00	\$472,197.44	\$235,010.56

2. Reduce the number of HOME-funded single-family homes to be developed from nine to six.

These changes will close out the project. No additional funding will be provided for this project.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 25, 2014, City Council authorized the final adoption of the FY 2014-15 Consolidated Plan Budget for the HUD Grant Funds for various programs which included HOME Investment Partnerships Funds, Community Housing Development Organization (CHDO) Development Loans by Resolution No. 14-1001.

On June 10, 2015, City Council authorized the final adoption of the FY 2015-16 HUD Consolidated Plan Budget for the HUD Grant Funds for various programs which included the HOME Investment Partnership Funds, CHDO Development Loans; and authorized adoption of the FY 2014-15 Reprogramming Budget by Resolution No. 15-1055.

On December 9, 2015, City Council held a public hearing to receive comments on the Substantial Amendment No. 4 to the NSP Plan and adopted the Substantial Amendment No. 4 for the NSP by Resolution No. 15-2263.

On May 25, 2016, City Council authorized a housing development loan with East Dallas Community Organization for the construction of 10 single-family homes at scattered sites in Dallas by Resolution No. 16-0848 with Encumbrance ID HOUHM15G212.

On June 13, 2018, City Council authorized an amendment to Resolution No. 16-0848, previously approved on May 25, 2016, to extend a housing development loan with EDCO from May 25, 2018 to November 30, 2019 and include additional performance thresholds and requirements by Resolution 18-0834.

The Housing and Homelessness Solutions Committee will be briefed by memorandum on May 26, 2020.

FISCAL INFORMATION

No cost consideration to the City.

OWNER

East Dallas Community Organization

Ken Montgomery, Chief Executive Officer/President