



Legislation Text

File #: 20-2482, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: January 27, 2021
COUNCIL DISTRICT(S): 11
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize a conditional grant agreement with St. Jude, Inc. and/or its affiliates for the rehabilitation of property located at 8102 Lyndon B. Johnson Freeway (LBJ), Dallas Texas 75251, which will provide 180 permanent supportive housing for persons experiencing homelessness for a minimum of 15 years, pursuant to the City's New Construction and Substantial Rehabilitation Program - Not to exceed \$3,300,000.00 - Financing: Homeless Assistance (J) Fund (2017 General Obligation Bond Fund)

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.

Permanent supportive housing projects seeking subsidy in the form of Proposition J Homeless Bond funds must meet the following criteria:

- 33% of total units in project must be set aside for households experiencing homelessness
- 10% of total units must be reserved for households meeting the Department of Housing and Urban Development's (HUD) definition of chronic homelessness

- A supportive services plan must be submitted to demonstrate how essential supportive service needs of the population will be provided and funded
- Lead Service provider must be identified and have at least three years of experience managing supportive housing projects

On October 12, 2020, St. Jude, Inc. submitted a NOFA application in conjunction with their previously submitted Notice of Intent (NOI) to apply for NOFA funds in the amount of \$3.3 million in Proposition J Homeless Bond funds.

As outlined in their NOI, the subsequent NOFA application specifically requested funding to develop the \$15 million project while undertaking the following activities:

1. Purchase of the Gateway Hotel property located at 8102 LBJ Freeway, Dallas Texas 75251;
 - a. Phase I: Serve as transition housing for COVID-19-displaced persons experiencing homelessness.

For Phase I, the City executed a contract with Dallas County to provide \$2 million in Coronavirus Relief Funds for the acquisition of the property by St. Jude, Inc., or its affiliate, approved by City Council on November 11, 2020, by Resolution No. 20-1789.

2. Phase I is currently underway and phase two will include renovation and operation:
 - a. Phase II: Renovate the property and house individuals experiencing homelessness. Catholic Charities Dallas will provide property management and social services.
3. In total, Phase II renovation will result in 180 permanent supportive housing units that are approximately 350 square feet each.
4. Transition from Phase I to Phase II will be gradual and done systematically in conjunction with City, County, and other stakeholders. Phase I and Phase II will overlap as renovation of common areas may commence during transitional housing period.

The St. Jude, Inc. application received a fundable score of 100.00 points and met the criteria for consideration for the use of Proposition J Homeless Bond funds.

St. Jude, Inc. is a subsidiary of Catholic Housing Initiative. Since 1992, the Catholic Housing Initiative has developed over 1,400 units of housing-the majority of which are affordable and senior housing projects. Those projects represent over \$75 million in total investment. At present, Catholic Housing Initiative owns and manages over 900 units of affordable and senior housing units.

St. Jude, Inc. currently operates the St. Jude Center - Forest Lane property. The Forest Lane property received \$2 million in HOME funds from the City of Dallas in 2017 to renovate 104 units of permanent supportive housing. The proposed St. Jude Center - Park Central project is structured similarly to the Forest Lane project in that it is a partnership between the City of Dallas, Dallas County, private lending institutions, and a consortium of non-profits and private contributors. Similar to Forest Lane, Catholic Charities Dallas (CCD) will provide property management and social services at the Park Central site. Additionally, St. Jude, Inc. has secured memoranda of understanding (MOUs) with Dallas County and third-party service providers for rental subsidies and housing vouchers for future residents.

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

<u>Financing Sources</u>	<u>Amount</u>
City of Dallas NOFA - Proposition J Bond Funds	\$ 3,300,000.00
City of Dallas CARES Act Funding	\$ 2,000,000.00
Permanent Financing	\$ 1,000,000.00
St. Jude, Inc Equity/Investors	<u>\$ 8,750,000.00</u>
Total	\$15,050,000.00

In addition to the permanent financing outlined above, Dallas County has committed \$8 million in funds for operating expenses.

Investment in the Project is estimated to exceed \$15 million with each City dollar leveraging a minimum of \$1.84 in private investment. Approval of this project will help the City meet its affordable housing production goals under the Comprehensive Housing Policy.

Post-acquisition, the project will occur in two distinct phases:

Phase I: Estimated 8 months

Phase I is currently underway. Developer will provide COVID-19 supportive housing for persons experiencing homelessness. Phase I will overlap with Phase II as renovations to common areas will commence as units are occupied.

Phase II: Construction & Reimbursement

During Phase II, City will reimburse Developer up to \$3.3 million for actual expenditures incurred for eligible capital construction expenses related to the rehabilitation of the property.

City Council's approval of this item will authorize the City Manager to execute the conditional grant agreement, and any other necessary documents.

ESTIMATED SCHEDULE OF PROJECT

Acquisition December 2020
Phase I January 2021 - August 2021

Phase II/
Begin Renovation September 2021

Complete Renovation 24 months upon execution of the conditional grant agreement. A one-year extension to the conditional grant agreement may be granted subject to the approval of the Director of the Department of Housing and Neighborhood Revitalization.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

~~This item has no prior action.~~ [City Council will be briefed by memorandum regarding this matter on January 22, 2021. <https://dallascityhall.com/government/citymanager/Documents/FY%2020-21%20Memos/NOFA-ST.JUDE-Memo_012221.pdf>](https://dallascityhall.com/government/citymanager/Documents/FY%2020-21%20Memos/NOFA-ST.JUDE-Memo_012221.pdf)

FISCAL INFORMATION

Fund	FY 2020	FY 2021	Future Years
Homeless Assistance (J) Fund (2017 General Obligation Bond Fund)	\$3,300,000.00	\$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	M/WBE %	M/WBE \$
\$3,300,000.00	Construction	25.00%*	18.42%	\$607,885.00
• *This item reflects previous Business Inclusion and Development Policy M/WBE goal.				
• This contract does not meet the M/WBE goal, but complies with good faith efforts.				
• St. Jude, Inc - Local; Workforce - 50.00% Local				

OWNER

St. Jude, Inc.

Joseph W. Dingman, President

MAP

Attached