



Legislation Text

File #: 21-365, **Version:** 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality
AGENDA DATE: June 9, 2021
COUNCIL DISTRICT(S): 7
DEPARTMENT: Department of Housing & Neighborhood Revitalization
EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize the execution of a conditional grant agreement with 1600 Pennsylvania, a nonprofit subsidiary of St. Philip's School and Community Center, in the amount of \$550,000.00 for public infrastructure improvements and construction costs of up to six single-family homes and up to one accessory dwelling unit and in the amount of \$120,000.00 for the purchase and installation of solar panels for six single-family homes - Total not to exceed \$670,000.00 - Financing: ECO (I) Fund (2017 General Obligation Bond Fund) (\$550,000.00) and General Fund (\$120,000.00)

BACKGROUND

St. Philip's School and Community Center, acting through 1600 Pennsylvania, a nonprofit subsidiary (Developer or St. Philip's) submitted a proposal under the City's Notice of Funding Availability (NOFA), issued on August 7, 2020, to receive gap financing in the form of a grant to support the construction of affordable housing units located within the City limits. The NOFA was issued by the Department of Housing and Neighborhood Revitalization (Housing) in accordance with the City's Comprehensive Housing Policy (CHP).

The Department of Housing and Neighborhood Revitalization administers programs 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 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. St Philip's received a fundable score of 93 points.

The proposed development includes the construction of six single-family units and up to one accessory dwelling unit on four lots located in the Forest District in South Dallas/Fair Park. All lots included in the proposed project are owned by St. Philip's. The single-family units range from 1,365-1,800 square feet, include a minimum of three bedrooms, and will be offered for sale to homeowners between 60-110 percent of the area median income. The accessory dwelling unit (ADU) will conform to City regulations; however, it is anticipated that the ADU will include approximately 575 square feet of living space. The inclusion of an ADU allows for an income-qualified homebuyer to generate additional income while simultaneously providing an additional affordable unit in the community. Home prices are anticipated to range between \$189,500.00 and \$240,000.00.

Additionally, St. Phillip's will receive \$120,000.00 in funding from the General Fund to provide a residential solar system on each home. This initiative contributes to the City of Dallas' goal to develop sustainable housing that is affordable to residents of the City as outlined in the Comprehensive Housing Policy's *New Construction and Substantial Rehabilitation Program*.

Total development costs are anticipated to be approximately \$1,781,815.00 which includes the \$150,475.00 acquisition price for the property. The anticipated sources and uses are as follows:

Financing Sources	Amount
Owner Equity	\$ 150,475.00
Construction Loan	\$ 961,340.00
City of Dallas Bond Funds	\$ 550,000.00
City of Dallas General Funds	\$ 120,000.00
Total	\$1,781,815.00

Proposed Uses	Costs
Acquisition	\$ 150,475.00
Construction Hard Costs	\$1,239,929.00
Professional Fees	\$ 110,400.00
Finance Costs	\$ 53,870.00
Construction Soft Costs	\$ 11,141.00
Developer Fees	\$ 216,000.00
Total	\$1,781,815.00

The City proposes to provide an amount not to exceed \$550,000.00 in gap financing for the construction of the development based on the recommendation of a third-party underwriter. Additionally, City proposes to provide an amount not to exceed \$120,000.00 for the installation of residential solar panel systems on each of the for-sale units.

Investment in the Project is estimated to exceed \$1.78 million dollars with each City dollar leveraging a minimum of \$1.66 million dollars in private investment. The development will also activate currently vacant sites and provide the City with annual property tax revenue estimated at \$9,680.44 for all units. Approval of this project will help the City meet its affordable housing production goals under the CHP. The addition of Dallas Community Solar Fund funding will lower operating costs for the homeowners thus adding to the long-term affordability of each home.

ESTIMATED SCHEDULE OF PROJECT

Construction Commence June 2021
Construction Complete June 2022

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

The Housing and Homelessness Solutions Committee was briefed on the development and proposed conditional grant agreement on April 26, 2021.

FISCAL INFORMATION

Fund	FY 2021	FY 2022	Future Years
ECO (I) Fund (2017 General Obligation Bond Fund)	\$550,000.00	\$0.00	\$0.00
General Fund	\$120,000.00	\$0.00	\$0.00
Total	\$670,000.00	\$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 \$
\$670,000.00	Construction	25.00%*	25.00%	\$137,500.00
• This contract meets the M/WBE goal.				

OWNER

1600 Pennsylvania/St. Philip's School and Community Center

Julie Saqueton, Executive Director

MAP

Attached