



Legislation Text

File #: 22-126, Version: 1

STRATEGIC PRIORITY: Economic and Neighborhood Vitality

AGENDA DATE: January 12, 2022

COUNCIL DISTRICT(S): 5

DEPARTMENT: Department of Housing & Neighborhood Revitalization

EXECUTIVE: Dr. Eric A. Johnson

SUBJECT

Authorize the execution of a conditional grant agreement in the amount of \$1,854,276.00 with Greenleaf Ventures, LLC or an affiliate (Developer), in Coronavirus Local Fiscal Recovery Funds for water-related infrastructure costs related to the construction of up to one hundred twenty-five single-family homes - Not to exceed \$1,854,276.00 - Financing: Coronavirus Local Fiscal Recovery Funds

BACKGROUND

Greenleaf Ventures, LLC 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).

Housing 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 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. Green Leaf Ventures Lake June received a fundable score of 84 points.

The proposed development includes water infrastructure cost related to the construction of 125 single-family units on 24 acres located in the Council District 5 in Pleasant Grove area. The single-family units will average 1850 square feet, include a minimum of 3 bedrooms, and 20% of homes will be sold to homeowners earning up to 80% of the area median income (AMI). The remaining units shall be sold to households earning up to 120% AMI. Home prices are anticipated to range between \$175,000.00 and \$325,000.00.

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*.

In accordance with ARPA guidance, in recognition of the disproportionate impacts of the COVID-19 virus on health and economic outcomes in low-income and Native American communities, the Interim Final Rule identifies a broader range of services and programs that are considered to be in response to the public health emergency when provided in these communities. This allows the City to provide services under the building stronger neighborhoods and communities category (including but not limited to development of affordable housing) to other populations, households, or geographic areas disproportionately impacted by the pandemic.

Services in the building stronger neighborhoods and communities category alleviate the immediate economic impacts of the COVID-19 pandemic on housing insecurity, while addressing conditions that contributed to poor public health and economic outcomes during the pandemic, namely concentrated areas with limited economic opportunity and inadequate or poor-quality housing. Eligible services include, but are not limited to improving access to stable, affordable housing among unhoused individuals and developing affordable housing to increase supply of affordable and high quality living units to help residents increase their economic opportunity and reduce concentrated areas of low economic opportunity.

The U.S. Department of The Treasury (Treasury) presumes that certain types of services are eligible uses when provided in a Qualified Census Tract (QCT), to families living in QCTs, or when these services are provided by Tribal governments.

This project is located within a QCT (a low-income area as designated by the Department of Housing and Urban Development), in accordance with ARPA guidance. Qualified census tract has the same meaning given in 26 U.S.C. 42(d)(5)(B)(ii)(I).

Total infrastructure development costs are anticipated to be approximately \$6,317,000.00. The anticipated sources and uses are as follows:

Financing Sources	Amount
Owner Equity	\$2,581,247.00
Construction Loan	\$1,644,737.00
Coronavirus Local Fiscal Recovery Funds	\$1,854,276.00
Deferred Developer Fee	\$ 236,740.00
Total	\$6,317,000.00

Proposed Uses	Costs
Acquisition	\$1,950,000.00
Water Infrastructure Costs	\$1,854,276.00
Site Development Costs	\$2,512,724.00
Total	\$6,317,000.00

The City proposes to provide an amount not to exceed \$1,854,276.00 in gap financing for the construction of the water infrastructure based on the recommendation of a third-party underwriter.

Investment in the Project is estimated to exceed \$6.3 million with each City dollar leveraging a minimum of \$2.41 in private investment. The \$6.3 million is solely for the land development costs. Upon completion, the lots will be sold to a homebuilder and the total cost for the construction on the homes themselves is estimated to be over \$31 million. The development will also activate a currently vacant site and provide the City with annual property tax revenue estimated at \$241,656.00 for all 125 units. Approval of this project will also help the City meet its affordable housing production goals under the CHP.

Staff recommend approval of this item as it furthers the goals of the CHP, meets the threshold requirements of the NOFA, and the financial gap has been confirmed by third-party underwriting.

ESTIMATED SCHEDULE OF PROJECT

Construction Begins March 2022
Construction Complete March 2024

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

On June 23, 2021, City Council authorized the acceptance of grant funds from the U.S. Department of Treasury for the Coronavirus Local Fiscal Recovery Fund to provide relief during the ongoing COVID-19 pandemic by Resolution No. 21-1149.

On September 22, 2021, City Council authorized the final reading and adoption of the appropriation ordinance for the FY 2021-22 City of Dallas Operating, Capital, and Grant & Trust Budgets, which included the ARPA funds from the U.S. Department of Treasury for the Coronavirus Local Fiscal Recovery Funds by Resolution No. 21-1590.

The Housing and Homeless Solutions Committee was briefed regarding this matter on December 14, 2021.

FISCAL INFORMATION

Fund	FY 2021	FY 2022	Future Years
Coronavirus Local Fiscal Recovery Funds	\$1,854,276.00	\$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 \$
\$1,854,276.00	Construction	32.00%	32.00%	\$593,368.32
• This contract meets the M/WBE goal.				
• Greenleaf Ventures, LLC - Local; Workforce - 100.00% Local				

OWNER

Greenleaf Ventures, LLC

Victor Toledo, Owner

MAP

Attached