

Memorandum



CITY OF DALLAS

DATE April 7, 2023

TO Honorable Mayor and Members of the City Council

SUBJECT **Community Development Block Grants – Disaster Recovery Funds – Housing Type**

At the March 8, 2023 City Council meeting, staff were requested to provide a briefing on the use of CDBG-Disaster Recovery Funds (CDBG-DR) and the feasibility of a Pallet Homes or Tiny Homes Project to house unsheltered residents. Staff presented their findings at the April 4, 2023 City Council Briefing, and due to loss of a quorum, were unable to answer questions from City Councilmembers at that time. To recap and add additional clarity to the presentation, the following overview of the Community Development Block Grants – Disaster Recovery Funds and Tiny Homes findings are outlined below.

Funding Available

Currently, there is \$27.9M proposed for Housing in the proposed CDBG-DR budget.

- This funding can be used for:
 - Disaster Recovery
 - Restoration of Infrastructure
 - Housing
 - Permanent structures (those that comply with CDBG-DR construction requirements) are eligible, regardless of whether the permanent structure provides emergency shelter, transitional, or permanent supportive housing
 - Temporary construction (a structure that does not meet all construction requirements) is not eligible
 - Economic Revitalization
 - Mitigation

Staff Recommendation

Staff **recommends that** funding be used to continue supporting the increase of permanent supportive housing through adaptive reuse projects, such as hotel or commercial facility conversions. This recommendation is guided by the homelessness response system, via the Continuum of Care and Federal best practices. The City has existing projects with financial needs that could be met with these CDBG-DR funds. Staff evaluated the feasibility of developing Tiny Homes and determined that it is not in the best interest of the City of Dallas. Below is a summary of questions and answers taken into consideration by staff concerning the development of Tiny Homes.

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What is a Tiny Home?

- Tiny Homes are often confused with Pallet homes
- Tiny homes are 400 sq ft+ or less with a kitchen and bathroom and can be used for permanent housing
- Pallet homes are smaller, often ranging from 64 – 100 sq ft with communal facilities, meant for temporary housing

Are Tiny Homes the right approach for Dallas to solve its permanent supportive housing needs at scale?

- While tiny homes are a tool in the larger housing toolbox, they are not the right sized response to the current need for 500 – 1,000 units of permanent supportive housing
- Addressing the larger housing need of the unsheltered population requires a larger scale up of affordable, permanent supportive housing

Are Tiny Home projects comparable to other permanent supportive housing projects like St Jude Center Park Central?

Dallas Tiny Homes (The Cottages, CitySquare)	
\$12M for the land acquisition and renovation budget <ul style="list-style-type: none">• The construction of 50, 430 sq ft units at that range is \$240,000 per unit	Construction/land acquisition at \$12M + annual maintenance at \$200K = roughly \$12.2M for 50 units
The annual cost for maintenance and upkeep of the 50 Tiny Homes at the Cottages is roughly \$200,000 <ul style="list-style-type: none">• This does not include annual resident services, such as programmatic support, staff, security, or property management	
Tiny Homes, on average cost between \$50,000 - \$70,000 per unit without taking land acquisition into account	
Permanent supportive housing (PSH) in a multi-family unit (St Jude Center Park Central)	
\$14M for the building acquisition and renovation budget <ul style="list-style-type: none">• The construction of 180, 320 sq ft units at that range is roughly \$78,000 per unit	Construction plus annual maintenance equals an estimated total of \$14.3M for 180 units
The annual cost for maintenance and upkeep of 180 units is roughly \$300,000 <ul style="list-style-type: none">• This does not include annual resident services, such as programmatic support, staff, security, or property management	

St Jude Center Park Central at \$14.3M cost \$2M more than the Dallas Tiny Home project at \$12.2M for an additional 130 units. The St Jude model utilizing adaptive reuse also allowed for additional space for reception, offices, community rooms, and case management spaces.

Next steps include the upcoming public hearing and proposed CDBG – DR budget adoption by City Council on April 12, 2023 and ongoing updates on current and new

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housing projects to support the homelessness response system via the City Council Housing and Homelessness Solutions Committee.

Attached you will find the presentation in full. Should you have any questions or concerns, please contact me or Christine Crossley, Director of the Office of Homeless Solutions.

Service First,



Kimberly Bizer Tolbert
Deputy City Manager

c: T.C. Broadnax, City Manager
Tammy Palomino, Interim City Attorney
Mark Swann, City Auditor
Billerae Johnson, City Secretary
Preston Robinson, Administrative Judge
Jon Fortune, Deputy City Manager

Majed A. Al-Ghafry, Assistant City Manager
M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors

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