

Memorandum



CITY OF DALLAS

DATE August 4, 2023

TO Honorable Mayor and Members of the City Council

SUBJECT **August 9, 2023 Upcoming Agenda Item #5 – 23-1940 Interlocal Agreement for supportive housing as part of a cost share agreement between the City of Dallas and Dallas County for St. Jude Center – Vantage Point**

The purpose of this memorandum is to provide information on the upcoming agenda item to be considered by the City Council on August 9, 2023 to authorize (1) an Interlocal Agreement with Dallas County for supportive housing for persons experiencing homelessness as part of a cost share agreement between the City of Dallas and Dallas County for the St. Jude Center - Vantage Point located at 9019 Vantage Point Drive Dallas, Texas 75243; and (2) the establishment of appropriations in an amount not to exceed \$3,000,000.00 in the Mixed Income Housing Development Bonus Fund - Not to exceed \$3,000,000.00 - Financing Mixed Income Housing Development Bonus Fund

BACKGROUND

St. Jude, Inc. (SJI), a component non-profit organization under the Catholic Housing Initiative, currently oversees two (2) St. Jude Centers. These facilities provide permanent housing support and intensive casework services to homeless individuals, addressing the root causes of their issues. As part of its expansion strategy, SJI has shown interest in a property located at 9019 Vantage Point, Dallas, Texas 75243 (Property). The intent is to acquire and transform this property into a residential facility, providing permanent supportive housing for homeless individuals. This undertaking will be a collaborative effort with Catholic Charities Dallas. At present, SJI is in the process of securing the necessary capital, having already contracted to purchase the property. The property, a 132-unit extended stay hotel, is located near the intersection of Interstate Highway-635 and Greenville Avenue. Its surroundings primarily comprise other commercial establishments, including hotels, restaurants, and multi-family residences.

This item authorizes an Interlocal Agreement with Dallas County (County) to provide funding for supportive housing for persons experiencing homelessness. The City and County will utilize shared funding to allow SJI to acquire and rehabilitate housing and provide service operations at the Property. On June 6, 2023, the Dallas County Commissioner's Court approved an agreement with SJI in the amount of \$3,000,000.00 through the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) for the delivery of 132 permanent supportive housing units at the Property location.

On May 23, 2023, SJI submitted a proposal in conjunction with its previously submitted Letter of Intent to apply for funding under the City's Notice of Funding Availability (NOFA), issued on August 7, 2020, as amended, to receive gap financing in the form of a grant to support acquisition and rehabilitation of affordable, permanent supportive housing units

DATE August 4, 2023
SUBJECT **August 9, 2023 Upcoming Agenda Item #5 – 23-1940 Interlocal Agreement for supportive housing as part of a cost share agreement between the City of Dallas and Dallas County for St. Jude Center – Vantage Point**
PAGE 2 of 4

to serve persons experiencing homelessness located within the City limits secured by a 15-year deed restriction reflecting a use restriction of the property for affordable rental units during the term. The NOFA was issued by the Department of Housing & Neighborhood Revitalization (Housing) in accordance with the City's Dallas Housing Policy 2033 and the Dallas Housing Resource Catalog.

Housing administers programs to seek and appropriately incentivize 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, when necessary, and 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 (5) affordable units and must achieve a fundable score as outlined in the NOFA solicitation. The proposed SJI Vantage Point project received a fundable score of 97 out of 143 points. The project has met the required criteria as set forth in the City's NOFA for projects serving special needs populations e.g., persons at-risk of homelessness or experiencing homelessness seeking subsidy in the form of a grant.

SJI has requested grant funding for acquisition of the Extended Stay Motel into permanent supportive housing units to house individuals experiencing homelessness. The funding source through the City's NOFA to be utilized for the project is the Mixed Income Housing Development Bonus (MIHDB) Program Fund. MIHDB Funds are subject to a fair housing review, and confirmation of funding gap through a third party underwriting as required by the Dallas Housing Resource Catalog.

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. The successful models operated by Catholic Charities of Dallas at the St. Jude Center senior homeless transitional housings project located at 2920 Forest Lane, Dallas, TX 75234 and 8102 Lyndon B. Johnson Freeway, Dallas, TX 75251 have been identified as the blueprint for long term supportive services and housing for this property.

The proposed St. Jude Center-Vantage Point project is structured similarly to the Park Central and Forest Lane projects 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 and St. Jude Center Park Central, Catholic Charities Dallas will provide property management and social services at the Vantage Point site.

Additionally, SJI. will secure a Memorandum of Understanding (MOUs) with Dallas County and a 3rd party service provider for rental subsidies and housing vouchers for future residents.

Unit mix and rents are as follows:

Unit Type	AMI	Units	Rents
Studio	30.00%	39	\$ 541.00
Studio	60.00%	51	\$1,083.00
Studio	80.00%	39	\$1,250.00
1BR/1BA	30.00%	1	\$ 618.00
1BR/1BA	60.00%	1	\$1,237.00
1BR/1BA	80.00%	1	\$1,250.00

The anticipated sources and uses are as follows:

Proposed Financing Sources	Amount
City of Dallas NOFA Grant - MIHDB Funds	\$ 3,000,000.00
Dallas County ARPA SLFRF Funds	\$ 3,000,000.00
St. Jude Equity contribution	\$ 1,000,000.00
St. Jude/Catholic Charities Dallas	\$ 1,000,000.00
Frost Bank loan	\$ 3,000,000.00
Total	\$11,000,000.00

Proposed Uses	Costs
Land Acquisition	\$ 7,000,000.00
Total Const. Costs	\$ 3,000,000.00
Financing Fees, Soft Costs	\$ 400,000.00
Reserves	\$ 300,000.00
Developer Fee	\$ 300,000.00
Total	\$11,000,000.00

As a condition of receiving grant funding, the City will require a 15-year deed restriction of the property ensuring the purpose of providing affordable housing and servicing low-income residents earning a household income between 0%-80% of the Area Median Income (AMI). Of the 132 units, 30% of the affordable units will be reserved for residents earning a household income at or below 30% AMI, 40% of units will be reserved for residents earning at or below 60% AMI, and 30% of units will be reserved for residents earning at or below 80% AMI. Residents will pay affordable rents with the remainder of nominal rental rate paid from housing subsidies arranged by SJI in collaboration with City

DATE August 4, 2023
SUBJECT **August 9, 2023 Upcoming Agenda Item #5 – 23-1940 Interlocal Agreement for supportive housing as part of a cost share agreement between the City of Dallas and Dallas County for St. Jude Center – Vantage Point**
PAGE **4 of 4**

Square, VASH, Metrocare, and other non-profits working directly with the homeless population.

Should you have any questions, please contact me or David Noguera, Director, Department of Housing & Neighborhood Revitalization at 214-670-3619 or David.Noguera@Dallas.gov.



Majed A. Al-Ghafry, P.E.
Assistant City Manager

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