

Memorandum



CITY OF DALLAS

DATE January 4, 2019

TO Members of the Economic Development & Housing Committee: Tennell Atkins, Chair, Rickey D. Callahan, Vice-Chair, Lee M. Kleinman, Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **Amendment to Housing Development Loan Agreement with Shared Housing Center, Inc.**

The purpose of this memo is to provide details on the proposed amendment to the forgivable housing development loan agreement with Shared Housing Center, Inc. (Shared Housing). The proposed amendment is to (1) extend the completion date from November 12, 2012 to November 30, 2020; (2) increase the amount of units required from 20 units to 24 units; (3) require that the facility be built to LEED – Gold “Green” standards; (4) add a requirement that Shared Housing provide social services to its residents; and (5) amend the contract to include performance thresholds and requirements.

Summary

City Council approved a forgivable housing development loan agreement in the amount of \$380,000.00 in Community Development Block Grant (CDBG) under the Residential Development Acquisition Loan Program (RDALP) on November 9, 2009, by Resolution 09-2769 for the development of transitional housing for homeless single-parents located at 4611 East Side Avenue. The CDBG funds provided were used for acquisition of unimproved property. The loan agreement expired on November 9, 2012. Staff recommends the extension of the agreement for the period November 9, 2012 to November 30, 2020.

Background

This development was scheduled to be completed November 9, 2012, with a five-year affordability period. During these years, there were several delays that caused the development not to be completed. These delays were due to changes in the economy, termination of a 9% housing tax credit allocation, deaths of the Shared Housing Executive Director’s Spouse and the General Contractor.

In 2009-10, during the economic downturn Shared Housing lost some of its larger sponsors. To compensate for that lost, Shared Housing applied for 2011 9% housing tax credits from Texas Department of Housing and Community Affairs (TDHCA). On February 23, 2011, City Council passed Council Resolution 11-0603, which indicated that the City of Dallas supported the TDHCA 9% housing tax credit for the Shared Housing development. Shared Housing received a forward commitment for the 9% housing tax credits from TDHCA.

However, in December 2012 TDHCA terminated the forward commitment. The termination was due to several deficiencies that were not able to be addressed for TDHCA underwriting related to the lack of rental income from the development.

Shared Housing now has commitments from BOK Financial dba Bank of Texas, Federal Home Loan Bank of Topeka, Meadows Foundation, and funding from capital campaign efforts to finance the construction of the affordable multifamily apartment complex.

The facility will be located at 4611 East Side Avenue and will consist of a 24 new unit complex, instead of a 20 new unit complex apartment that was in the original agreement. The new 24-unit facility will be built to LEED – Gold “Green” standards and provide the following:

1. Consist of 2 and 3-bedroom units;
2. Provide transitional housing to each resident for a maximum of 12 months;
3. Offer food, clothing, and case management;
4. Provide child care, mental health counseling and after school programs; and
5. Assist with job searches.

This development is intended to assist the City in increasing affordable transitional housing for homeless families. The property (100% of the units) will be deed restricted to allow single-parent households whose incomes are 80% below the Dallas Area Median Family Income for a period of five (5) years.

Following is a summary of the development budget details for further information.

City CDBG Funds	\$ 380,000.00
Private Financing	\$3,157,965.00
Total Development Cost	\$3,537,965.00

Issue

The current term of the contract expired November 12, 2012. Staff recommends authorization of the extension to November 30, 2020.

To ensure performance on the contract for the two years, the City’s agreement will contain the following thresholds and requirements:

- (a) Monthly reports will be submitted to Housing and Neighborhood Revitalization Staff on the status of the development, Including, but not limited to construction, expected completion, close-out and the status of lease-up;
- (b) Initial rental files must be submitted for eligibility approval in accordance to the loan agreement;
- (c) Shared Housing will report delays to staff immediately within one week of identifying the issue;

- (d) Shared Housing will submit complete rental files for Staff's review by October 2020; and
- (e) Annual inspections will be conducted by City Staff to ensure compliance with minimum standards.

City staff has informed Shared Housing of the monitoring requirements.

Alternatives

If the contract extension is not approved, Shared Housing will have to repay the funds to the City or the City could seek other remedies under the loan documents, which will cause the development to be further delayed. Plus, there is the possibility of Shared Housing losing the aforementioned funds that have been committed to this development by other entities.

Fiscal Impact

The development was awarded CDBG funds under Resolution No. 09-2769 during 2009-2010 Fiscal Year. To date, \$380,000.00 in CDBG funds has been expended. There is no cost consideration to the City for the amendment.

Departments/Committee Coordination

On June 25, 2008, the City Council approved CDBG funds for the Residential Development Acquisition Loan Program by Resolution No. 18-1807.

Staff Recommendation

Staff recommends amending the housing development loan agreement to (1) extend the completion date from November 12, 2012 to November 30, 2020; (2) increase the amount of units required from 20 units to 24 units; (3) require that all 24 units be built to LEED – Gold "Green" standards; (4) add a requirement that Shared Housing provide social services to its residents; and (5) amend the contract to include performance thresholds and requirements.

Should you have any questions, please me at 214. 670.3619.



David Noguera, Director
Housing & Neighborhood Revitalization

c: Chris Caso, City Attorney (I)
Carol A Smith, City Auditor (I)
Biliera Johnson, City Secretary
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Kimberly Bizer Tolbert, Chief of Staff to the City Manager
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