

Memorandum



CITY OF DALLAS

DATE November 1, 2023

TO T.C. Broadnax, City Manager

SUBJECT **(REVISED) Request for Government Performance Financial Management (GPFM) Committee Briefing - Miramar Project Update and Addressing Housing Challenges**

Mr. Broadnax,

At the October 23, 2023 Housing and Homelessness Solutions Committee briefing, staff conducted the following briefing: **1950 Fort Worth Avenue [the “Miramar”] Update**. This update revealed several challenges in the City’s ability to “stand up” new projects designed to provide housing for individuals who are experiencing homelessness.

The Miramar project is particularly disappointing and also instructive of the challenges the City faces when going it alone in these projects. After having purchased this property almost three years ago, significant uncertainty remains as to renovation duration and cost, as well as the cost of securing an operating partner and needed rental subsidies and tenant services. **We ask for a revised plan to address these concerns, including a complete project plan that addresses not only renovation but also timing and funding for operator selection, rental subsidies and tenant supportive services.**

Our disappointment and concerns extend to the other three properties that have been purchased for conversion to homelessness supportive housing and shelter. While the Candlewood Suites property has been converted to a family shelter and has an excellent operator in Family Gateway, delays and snafus by several City departments have added well over \$1M of avoidable cost to the City and taxed the financial resources and management time of our valued partner, Family Gateway. Like the Miramar, the South Hampton Road hospital and Independence Drive projects lack complete project plans and identified funding sources and South Hampton Road has suffered from the lack of an effective plan to engage and gain support from its adjacent neighborhoods.

For all these reasons, we ask that the project management of the three remaining properties be re-examined for adequacy relative to private sector alternatives as recommended by Mayor Johnson’s HOPE Task Force, and that no additional properties be purchased until this re-examination takes place. This re-examination should include input and alternatives suggested by experienced private sector supportive housing developers and operators both in Dallas and in other communities. The use of consultants with experience with similar projects should be considered. Evaluation of the suitability of the property for supportive housing by an experienced supportive housing redeveloper and operator should be added to the due diligence steps prior to purchase of properties. Sale of these properties to private developers for nominal prices in exchange for long term supportive housing restrictive use should be considered as well.

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There is also a need to consult with the Housing Forward PSH Pipeline Workgroup on how to best plan for project and funding success and the design of a new procurement that complies with Housing Forward's Policy on PSH Pipeline Workgroup Guidance including its PSH Project Decision Points and Implementation Guidelines. These guidelines were created in order to avoid many of the issues that continue to arise with city purchased properties. Omitting this important step will make accessing sustainable rental assistance from HUD for the three properties extremely difficult and force them to compete with other PSH projects for existing voucher allocations, thereby adding no new long term subsidy capacity to Dallas and significantly reducing the likelihood that a developer is willing to engage with the project. Housing Forward is currently in the process of applying for additional units of long-term rental assistance through their annual NOFA to HUD. Efforts should be made to qualify the Miramar PSH units for these new voucher awards.

The outcome of this re-examination by staff should be a new policy recommendation submission to Council that defines in far greater detail the financial and redevelopment plans, and the feasibility of existing and future property purchases including what if any advantages there are to City redevelopment versus the private sector.

We request that staff provide a briefing to the GPFM Committee on the proposed policy recommendations no later than December 2023.

Please do not hesitate to contact us with any questions.



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Councilmember, District 1
Chair, Government Performance &
Financial Management Committee



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