



# City of Denton

City Hall  
215 E. McKinney Street  
Denton, Texas  
[www.cityofdenton.com](http://www.cityofdenton.com)

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## AGENDA INFORMATION SHEET

**DEPARTMENT:** Community Services  
**CM/ DCM/ ACM:** Frank Dixon, Assistant City Manager  
**DATE:** June 28, 2022

### **SUBJECT**

Consider adoption of an ordinance of the City of Denton authorizing the City Manager to execute a funding agreement between the City and Denton County Friends of the Family to provide Community Development Block Grant funds for pre-development costs for the construction of The Family Justice Center in Denton, Texas; authorizing the expenditure of funds not to exceed \$402,327; and providing an effective date.

### **BACKGROUND**

Community Development Block Grant (CDBG) funds are awarded through a committee review process that includes an application and presentation from the applicant, followed by committee recommendations to City Council. CDBG funds can be awarded to fund a wide range of community development activities such as acquisition of real property, relocation and demolition, rehabilitation of residential and non-residential structures, construction of public facilities, and economic development activities. Each activity must meet one of the following national objectives for the program: benefit low- and moderate-income persons, prevent or eliminate slums or blight or address urgent community development needs for which other funding is not available.

### **DISCUSSION**

#### **Project Funding**

Program Year 2021-22 Community Development Block Grant (CDBG) funds are budgeted for the project. City Council approved the 2021 Action Plan for Housing and Community Development with Ordinance No. 21-503 on June 22, 2021. The U.S. Department of Housing and Urban Development (HUD) approved the Action Plan and funds became available in May 2021 City Council approved Substantial Amendment 1 to the 2021 Action Plan with Ordinance No. 22-585 on April 19, 2022.

Originally the Community Development Advisory Committee recommended approval of funding for pre-development costs to Grace Like Rain, Inc. (GLR) for their Love First Housing Project. GLR notified the City on October 29, 2021 that the organization will cancel the 2021-22 request for pre-development costs.

The City had \$402,327 in unprogrammed CDBG funds available for reallocation through a substantial amendment to an eligible project. On February 11, 2022, staff sought direction from the Community Services Advisory Committee (CSAC) regarding the unprogrammed funds from the canceled GLR project. There are generally two options for unprogrammed funds. The funds may be programmed with the next annual Action Plan or be reallocated more swiftly through a substantial amendment to the current Action Plan.

The CSAC voted to recommend to City Council the allocation of funds from the canceled GLR project be allocated to the DCFOF Family Justice Center Project through a substantial amendment to the 2021 Action Plan.

### **HUD APPROVAL**

HUD approved the substantial amendment on May 18, 2022 (Exhibit 3). Along with the HUD approval, HUD provided some concerns about the project timeline of 3 years and the project's commitments on the estimated \$9 million funding campaign not yet received. HUD's overall concern is if the project fails to be completed it would necessitate repayment of the CDBG funds by the City of Denton to HUD. HUD advises "that the City conduct basic underwriting on this project to ensure that it is financially feasible, and the project can be completed within the three-year proposed timeline and show it has met a national objective."

The City of Denton has completed an underwriting analysis of the project that included the following factors:

1. Operational and management capacity and experience of DCFOF
2. Financial interest expressed in project. About 100 individuals and community organizations have expressed an interest in the project. Fundraising for the project begins December 2022.
3. Eligible CDBG activity
4. Financial capacity of the organization
5. Review of Project Budget and timeline
6. Project's potential for a positive impact on Denton and the surrounding community
7. Project feasibility
8. CDBG Percentage of overall funding
9. Community support for the project
10. Previous timely rate of expenditure of funds
11. Applicant's previous performance under the CDBG program since 1982
12. Collaboration with partner agencies, including community-based rape-crisis, domestic violence, and human trafficking advocates; Law enforcement personnel; Medical personnel; District and city attorneys; Victim-witness program personnel; Domestic violence shelter service staff; Social service agency staff members; Child welfare agency social workers; County health department staff; City or county public assistance workers; Mental health professionals, and Civil legal service provider
13. Participation in the Texas Balance of State (Bos) Continuum of Care (CoC)
14. Ability to fundraise in Denton County
15. Project that will provide for the construction of an emergency shelter, transitional housing, and provide for supportive services

The City has also included in the agreement a project timeline with quarterly check-ins with the agency to determine the status of the project and fundraising activities and provide technical assistance to help minimize project delays. The timeline in the agreement also includes fundraising benchmarks to ensure that sufficient funding is available to complete the project and that the project is completed based on the timeline. The agreement also states that if DCFOF does not complete the emergency shelter and transitional housing phases, the pre-development costs of \$402,327 will be required to be repaid to the City of Denton. A lien is also placed on the property to protect the City's financial interest and ability to repay funds if the project is not completed.

### **OPTIONS**

- Approve the Denton County Friends of the Family CDBG funding agreement;
- Do not approve the Denton County Friends of the Family CDBG funding agreement.

## **ESTIMATED SCHEDULE OF PROJECT**

- City Council Approves Funding Agreement – June 2022
- Identified Funding for Phase 1 – May 2023
- Reimbursement of Pre-Construction Activities – May 2023
- Completion of Phase 1 – May 2024
- Identify Funding for Phase 2 – December 2024
- Completion of Phase 2 – May 2025
- Community Development monitors project for CDBG compliance through quarterly reporting requirements and onsite inspection until – May 2035
- Lien released – June 2035

## **EXHIBITS**

Exhibit 1 – Agenda Information Sheet

Exhibit 2 – Denton County Friends of the Family Ordinance-Agreement

Exhibit 3 – 2021-22 Action Plan – Substantial Amendment

Exhibit 4 - HUD letter dated May 31, 2022

Respectfully submitted:

Courtney Douangdara  
Deputy Community Services Director

Luisa Garcia  
Community Development Manager