



**CITY OF PLANO  
COUNCIL AGENDA ITEM**

<b>CITY SECRETARY'S USE ONLY</b>				
<input type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory				
Council Meeting Date:		8/9/2010		
Department:		Planning/Community Services		
Department Head		Phyllis Jarrell		
Agenda Coordinator (include phone #): <b>Evelyn Trull x. 7566</b>				
<b>CAPTION</b>				
A Public Hearing and Resolution amending the 2009-10 Action Plan to include the additional activity of land purchase in the amount of \$700,000 to support homeless transitional housing and services; and providing an effective date.				
<b>FINANCIAL SUMMARY</b>				
<input checked="" type="checkbox"/> NOT APPLICABLE <input type="checkbox"/> OPERATING EXPENSE <input type="checkbox"/> REVENUE <input type="checkbox"/> CIP				
FISCAL YEAR: <b>2009-10</b>	<b>Prior Year (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Budget	0	0	0	<b>0</b>
Encumbered/Expended Amount	0	0	0	<b>0</b>
This Item	0	0	0	<b>0</b>
BALANCE	0	0	0	<b>0</b>
<b>FUND(S): CDBG GRANT FUNDS</b>				
<p><b>COMMENTS:</b> This public hearing item will consider an amendment to the City of Plano's adopted 2009-10 Action Plan to fund the purchase of land in the amount of \$700,000 for development of a transitional living facility for homeless families with Plano requested by the Samaritan Inn. Since this item authorizes a public hearing and plan amendment only, there is no fiscal impact.</p> <p>The companion agenda item will authorize the City to make application for the Section 108 loan to fund the project, should this Action Plan amendment be approved.</p> <p>STRATEGIC PLAN GOAL: This amendment to the 2009-10 Action Plan relates to the City's goals of Great Neighborhoods - 1<sup>st</sup> Choice to Live and Partnering for Community Benefit.</p>				
<b>SUMMARY OF ITEM</b>				
<p>This item includes a public hearing for an amendment to the City of Plano's adopted 2009-10 Action Plan, which details the allowable activities and associated expenditures for U.S. Department of Housing and Urban Development grant funds. This amendment incorporates a request by the Samaritan Inn to fund the purchase of land in the amount of \$700,000 for development of a transitional living facility for homeless families within Plano. This item has a companion agenda item which will authorize the City to make application for the Section 108 loan to fund the project, should this Action Plan amendment be approved.</p>				
List of Supporting Documents:		Other Departments, Boards, Commissions or Agencies		
Memo, Letter, Resolution, Substantial Amendment		Community Relations Commission approved 8-0.		

## **MEMORANDUM**

**Date:** July 27, 2010

**To:** City Council

**Via:** Tom Muehlenbeck, City Manager  
Frank Turner, Deputy City Manager

**From:** Christina Day, Community Services Manager

**Subject:** Substantial Amendment to the 2009 Action Plan Supporting Section 108 Loan Guarantee Application for Transitional Housing and Services for the Homeless

In May of 2010, the Community Services staff was approached by members of the Collin County Homeless Coalition with a proposal to purchase property in Plano for the location of a non-profit social service and transitional housing facility serving the homeless. The Samaritan Inn has experienced such demand for services that they wish to expand their programs into Plano, providing program-based shelter and care for families in need. Currently, the Samaritan Inn operates the only comprehensive transitional housing program for homeless persons in Collin County and is located in McKinney. The agency and supporters approached City staff seeking funding to aid in the development of the project.

In reviewing this request, staff noted that the grant funding cycle for 2010 grants was complete. However, staff also recognized the opportunity to meet a significant need in our community that has been documented repeatedly through our planning processes.

### **HOMELESS NEEDS ASSESSMENT**

Every five years, the City of Plano conducts an assessment of housing and community development needs within Plano in order to provide guidance for the expenditure of Federal grant funds provided through the U.S. Department of Housing and Urban Development (HUD). This process includes significant public input through public hearings, community meetings, interviews of stakeholders, and surveys. The City is currently operating under the 2005-09 Consolidated Plan through September 30, 2010. The 2010-14 Plan was adopted by Council on March 8, 2010 and will become effective October 1, 2010, if approved by HUD.

Assisting in the creation of emergency and/or transitional housing has been a consolidated plan goal of the City of Plano since the 2000-2004 Consolidated Plan for Housing and Community Development Needs. Plan goals related to Homelessness in the last three adopted plans are as follows:

- 2000-2004 Consolidated Plan: "To increase the availability of housing, both traditional and supportive, for persons with special needs". HUD considers homeless people a special needs population.
- 2005-2009 Consolidated Plan: "Expand the continuum of housing and services for a variety of special needs populations, including persons who are homeless and at risk of homelessness through increasing transitional housing and permanent supportive housing for persons with special needs".

- 2010-2014 Consolidated Plan: “Support and assist with the creation of additional shelter, supportive services, and transitional housing for homeless and under-housed: Five Year Goal - assist 100 families”.

These goals are based on a market analysis of current conditions. The Housing Market Analysis conducted for the 2005-2009 Consolidated Plan noted overcrowding as a big problem for renters in Plano. To afford housing, the City’s lowest income households are cost burdened, live in overcrowded conditions, and have limited choices of where to live in Plano. The Plan also noted a 375 bed gap between the availability of beds and the need for beds by families with children living in Plano.

The Housing Market Analysis completed for the 2010-2014 Consolidated Plan had similar findings. Seven percent of Plano families with children lived in poverty within the past year. Moreover, 73% of low income households in Plano were cost burdened, living in crowded conditions, and/or lived in units without complete kitchen and plumbing facilities. Public input during the 2010-2014 Consolidated Plan process noted emergency and transitional housing and affordable housing as the biggest issue for special needs populations.

### **CONSIDERATION OF REQUEST FOR FINANCIAL SUPPORT**

Considering the long-term need established by these public processes over the past ten years and our limited ability to meet this need to date, staff looked for options to support the project. After reviewing funding programs that HUD makes available to participating jurisdictions (PJ) such as the City of Plano, staff recommends the Section 108 Loan Guarantee program as the best available funding option for the requested project. The Section 108 Loan Guarantee allows the City to fund large scale projects up-front with a payback period up to twenty years at an attractive interest rate. Loans are repaid from future CDBG entitlement allocations. According to the HUD website: “HUD has the ability to structure the principal amortization to match the needs of the project and borrower...Permanent financing is pegged to yields on U.S. Treasury obligations of similar maturity to the principal amount. A small additional basis point spread, depending on maturity, will be added to the Treasury yield to determine the actual rate.” We will not know the final interest rate unless the loan application is approved by HUD, but we estimate the rate at between three and four percent.

In discussing the loan, the Samaritan Inn has committed to repaying the interest on the note, so the City would only contribute entitlement funds toward the project annually. These funds would be considered as an automatic allocation of \$70,000 to repay the CDBG loan annually over the 10-year loan term. In recent years, other non-profit agencies’ facilities have been supported by Plano’s CDBG funds, including allocations of up to \$240,000 in a single grant year.

The funds requested in the application are not tied to any specific site, only to the activity of creating the transitional living facility with services for the homeless. While there is a zoning case (ZC 2010-12) associated with this project, the funding requested herein is not tied to that site and should not impact the zoning request in any way. The funds requested in the Section 108 Loan Guarantee Application may be used on any developable site located within Plano city limits.

If approved by City Council, a Section 108 Loan Guarantee Application will be sent to HUD in order to begin the six month application approval process. The purchase of any property will not occur until the loan is approved, and development rights are in place. The City will secure the property with a lien for the full amount of the loan and enter into a contract with the Samaritan Inn to ensure compliance with HUD and City regulations.

The Community Relations Commission reviewed this proposed amendment and loan application at its July 13, 2010 meeting and recommended approval of the amendment and a loan application for \$700,000 for a loan term of 10 years with a unanimous vote of 8-0.

### **RECOMMENDATION**

The Community Relations Commission recommended the following items:

1. City Council approval of the Substantial Amendment to the 2009 Action Plan which would allow funding for transitional housing and services for the homeless (initial agenda item); and
2. City Council adoption of the attached resolution authorizing the City to make application for a CDBG Section 108 Loan Guarantee for \$700,000 for a loan term of 10 years to purchase property for a transitional living facility in Plano operated by the Samaritan Inn (companion agenda item).



July 6, 2010

City of Plano  
C/o Christina Day  
Community Services Manager  
Planning Dept. Community Services Div.  
1520 K. Avenue, suite 250  
Plano, TX. 75074

Dear Mrs. Day:

As you may know, The Samaritan Inn, a 501(c)3 Cooperation, is the only homeless shelter in Collin County and is located in McKinney Texas. The Inn has a capacity of 130 people and has been full for over two years with the highest percent (42%) of people coming from Plano. Unfortunately, the Inn is turning away 35-40 families per month because of capacity issues.

In order to meet this current and what appears to be an increasing need, The Samaritan Inn would like to expand its services by building a state of the art Transitional Living Facility for homeless families in Plano.

The Samaritan Inn has located 6.15 acres on FM 544 in Plano Texas that would be an ideal site for the construction of this project. The original asking price for this property was one million dollars. After some discussion, the seller is willing to sell this property for 700,000.

The Samaritan Inn would act as the principle developer and has already contacted an architect and a builder in order to design and give an estimate for this project. This proposed project would be a campus style setting with a total of seven (7) buildings totaling approximately 27,320 square feet. The anticipated capacity would be 70 families with an average of 3-4 members per family. The plan is to erect the smallest of the dorm buildings along with the administrative building and the cafeteria. This would allow services to begin within the first 3 years from the time the land is secured. The main 2-story dormitory building would be approximately 9,720 SF. Assuming \$120/SF for construction cost, we will probably budget \$1.2-1.3 million. Anticipated construction time is to be somewhere between 9 and 12 months to complete. The total of the seven (7)

buildings (including the 9,720 SF dorm building) is 27,320 SF. Using the same \$120/SF, the entire complex should probably cost approximately \$3.3 million. I have been informed that it would take 12 to 18 months for construction of the total complex.

With The Samaritan Inn being the principle developer and providing the equity it is The Samaritan Inn's wish that this letter serve as an official request to the City of Plano to submit the necessary documentation to receive a HUD loan that will be used for the purchase of land located on F.M. 544 in Plano Texas.

Please know that all of us at The Samaritan Inn are extremely excited about the potential of this project and are looking forward to working closely with the City of Plano to better serve our community.

Most Sincerely,



Lynne Sipiora  
Executive Director

**A Resolution Amending the 2009-10 Action Plan to include the additional activity of land purchase in the amount of \$700,000 to support homeless transitional housing and services; and providing an effective date.**

**WHEREAS**, the current 2005-09 City of Plano Consolidated Plan of Housing and Community Development Needs has a goal of expanding the continuum of housing and services for a variety of special needs populations, including persons who are homeless and at risk of homelessness through increasing transitional housing and permanent supportive housing for persons with special needs; and

**WHEREAS**, the Community Relations Commission held a public hearing on July 13, 2010 concerning the 2009-2010 Substantial Amendment to the 2009-2010 Action Plan, and the use of Section 108 Loan Guarantee funds collectively referred herein as “the Funds”; and

**WHEREAS**, the Community Relations Commission recommended approval of a Substantial Amendment to the 2009-2010 Action Plan (Exhibit A) to allow transitional housing to meet the Consolidated Plan goal and the use of Section 108 Loan Guarantee funds toward that activity in an amount of \$700,000; and

**WHEREAS**, the Council held a public hearing on August 9, 2010, to receive public comments concerning the aforementioned recommendations of the Community Relations Commission; and

**WHEREAS**, the City Council finds this Substantial Amendment to be consistent with the current, adopted Consolidated Plan.

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PLANO, TEXAS, THAT:**

**SECTION I.** - 2009-2010 Substantial Action Plano Amendment is hereby adopted.

**SECTION II.** - This resolution shall take effect immediately upon its passage.

**DULY PASSED AND APPROVED THIS THE 9TH DAY OF AUGUST, 2010.**

\_\_\_\_\_  
Phil Dyer, MAYOR

ATTEST:

\_\_\_\_\_  
Diane Zucco, CITY SECRETARY

Approved as to form:

\_\_\_\_\_  
Diane C. Wetherbee, CITY ATTORNEY

**Substantial Amendment to the City of Plano 2009-10 Action Plan  
to Support Transitional Housing for Homeless Through  
a Section 108 Loan Guarantee Application**

**A. General Information**

<b>Grantee Name</b>	City of Plano
<b>Name of Entity or Department Administering Funds</b>	Planning Department – Community Services Division
<b>Contact Person</b> (person to answer questions about this amendment)	Christina Day
<b>Title</b>	Community Services Manager
<b>Address Line 1</b>	1520 K Avenue
<b>Address Line 2</b>	Suite 250
<b>City, State, Zip Code</b>	Plano, TX 75074
<b>Telephone</b>	972-941-5262
<b>Fax</b>	972-941-7396
<b>Email Address</b>	chrisd@plano.gov
<b>Authorized Official</b> (if different from Contact Person)	Thomas H. Muehlenbeck
<b>Title</b>	City Manager
<b>Address Line 1</b>	1520 K Avenue
<b>Address Line 2</b>	Suite 300
<b>City, State, Zip Code</b>	Plano, TX 75074
<b>Telephone</b>	972-941-7121
<b>Fax</b>	972-423-9587
<b>Email Address</b>	tomm@plano.gov
<b>Web Address where this Form is Posted</b>	<a href="http://plano.gov/Departments/Planning/">http://plano.gov/Departments/Planning/</a>
<b>Amount Grantee is Requesting*</b>	<b>\$700,000</b>

**Substantial Amendment to the City of Plano 2009-10 Action Plan  
to Support Transitional Housing for Homeless Through  
a Section 108 Loan Guarantee Application**

**B. Citizen Participation and Public Comment**

1. Briefly describe how the grantee followed its citizen participation plan regarding this proposed substantial amendment (limit 250 words).

Response: On Friday, July 9, 2010 a public notice was placed in the paper informing citizens of the public of this Substantial Amendment proposal. A public hearing was held by the Community Relations Commission at 5:30 p.m., Tuesday, July 13, 2010 in Building Inspections Training Room at 1520 K Avenue, Plano TX, 75074 to allow for public comment/discussion of the proposed substantial amendment to the 2009-2010 Annual Action Plan.

A public hearing will be held on Monday, August 9, 2010, at 7:00 p.m., in the Council Chambers, at 1520 K Avenue, Plano TX, 75074, to allow for public comments/discussion of the proposed amendment to the 2009-2010 Annual Action Plan. Immediately following the public hearing, and after all public comments have been considered, the City Council will take formal action on the amendment to the FY 2009-2010 Annual Action Plan at its regularly scheduled City Council meeting.

2. Provide the appropriate response regarding this substantial amendment by checking one of the following options:

- Grantee did not receive public comments.
- Grantee received and accepted all public comments.
- Grantee received public comments and did not accept one or more of the comments.

(Section to be completed upon the end of the Public Comment Period)

3. Provide a summary of the public comments regarding this substantial amendment. Include a summary of any comments or views not accepted and the reasons for non-acceptance.

Response: (Section to be completed upon the end of the Public Comment Period)

**C. Project Description and Distribution of Funds**

The proposed amendment would allow the City of Plano to apply for Section 108 Loan Guarantee funds in the amount of \$700,000 from the U.S. Department of Housing and Urban Development (HUD) Community Development Block Grant (CDBG) funds. The Section 108 Loan funds will be used to acquire land to build a public facility that provides transitional housing and support services to families. This multi-building public facility will be approximately 27,320 square feet and include a two story, 9,720 square foot, transitional housing facility for families. Surrounding buildings will house administrative offices and support services for families in transition.

**Substantial Amendment to the City of Plano 2009-10 Action Plan  
to Support Transitional Housing for Homeless Through  
a Section 108 Loan Guarantee Application**

The proposed Section 108 Guarantee Loan project meets the following 2009 Consolidated Plan Goal: Expanding the continuum of housing and services for a variety of special needs populations, including persons who are homeless and at risk of homelessness and Objective: Increase transitional housing and permanent supportive housing for persons with special needs. The use of the Section 108 Loan is eligible under the CDBG Regulations Section 570.703(l); Acquisition, construction, reconstruction, rehabilitation or historic preservation, or installation of public facilities which meet the CDBG National Objective requirements of Section 570.208(a)(2)(A); Limited clientele activities that benefit a clientele who are presumed low-to-moderate income persons.

The City is proposing to pay back the loan including principal and interest due, servicing and other associated costs with future CDBG Entitlement funds pursuant to Section 106 of Title I of the Housing and Community Development Act of 1974, as amended. The repayment period will not exceed 10-years. The activity is not expected to generate program income. The City will execute a deed of trust and promissory note on the building securing the real property as collateral. The recipient agency will pay all interest and fees associated with the loan.

**D. Collaboration Efforts**

In May of 2010, the Community Services staff was approached by members of the Collin County Homeless Coalition with a proposal to purchase property in Plano for the location of a non-profit social service and transitional housing facility serving the homeless. The Samaritan Inn would expand their programs into Plano providing program-based shelter and care for families and individuals in need. Currently, the Samaritan Inn operates the only comprehensive transitional housing program for homeless persons in Collin County and is located in McKinney.

This project is a collaborative effort with the Samaritan Inn and various non profits within the city of Plano.

**E. Estimated Budget Summary**

HUD requires the grantee to complete the following table so that participants in the citizen participation process may see the grantee's preliminary estimated amounts for various HPRP activities. Enter the estimated budget amounts for each activity in the appropriate column and row. The grantee will be required to report actual amounts in subsequent reporting.

**Substantial Amendment to the City of Plano 2009-10 Action Plan  
to Support Transitional Housing for Homeless Through  
a Section 108 Loan Guarantee Application**

<b>Estimated Budget Summary</b>			
	<b>Section 108 Loan Funds</b>	<b>Outside Funding Source (Principle Developer funds)</b>	<b>Total Amount Budgeted</b>
Land acquisition	\$700,000	\$0	\$700,000
Building construction & associated costs	\$ 0	\$3,300,000	\$3,300,000
<b>Subtotal</b> (add previous two rows)	<b>\$700,000</b>	<b>\$3,300,000</b>	<b>\$4,000,000</b>
<b>Total Project Budget</b>			<b>\$4,000,000</b>
<b>Private Developer Budget</b>			<b>\$3,300,000</b>
<b>Section 108 Loan Guarantee</b>			<b>\$700,000</b>

**F. Authorized Signature**

By signing this application, I certify (1) to the statements contained in the list of certifications and (2) that the statements herein are true, complete, and accurate to the best of my knowledge. I also provide the required assurances and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)

**SIGNED ONLY AFTER COUNCIL APPROVAL**

\_\_\_\_\_  
Signature/Authorized Official

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title