



AGENDA MEMORANDUM

Action Item for the City Council Meeting February 11, 2020

DATE: January 29, 2020

TO: Peter Zaroni, City Manager

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Salvation Army Request for Type B Funding
of \$500,000 for new \$6.3 million Facility

CAPTION:

Motion authorizing an Affordable Housing agreement with the Salvation Army in the amount of \$500,000 for a new \$6.3 million facility to be used for transitional housing for homeless individuals, families, and veterans with single room and family occupancy; with funding available from Corpus Christi B Corporation Affordable Housing Funds.

SUMMARY:

Salvation Army (SA) has \$5.8 million in funding for a new \$6.3 million transitional housing facility (92% of the project). As a result of an 8% gap in funding, SA is requesting \$500,000 of Type B grant funds for the construction and improvement of a new facility which will provide affordable housing in the form of a transitional housing facility that will support residents as they move from homelessness into long-term stable housing.

BACKGROUND AND FINDINGS:

The Salvation Army Center of Hope Family Services Center in Corpus Christi currently operates at 98% capacity most days. The current facility, located at 501- 521 Josephine, is 50+ years old, is inefficient, and patched together. Originally built for other purposes, the facility is no longer adequate to serve those who come seeking assistance.

The Salvation Army's Center of Hope Family Services Center at 16th St/Crosstown Expressway (SH286) and Buford and Hancock Streets will be a facility specifically designed to provide food, shelter, and supportive services to those most in need. Open 24 hours a day, 7 days a week, the Center of Hope will have housing for families,

individuals and Veterans, kitchen and dining facilities, a multipurpose classroom, courtyard, children's playground, and parking.

Specific anticipated results include but are not limited to:

- Increasing current bed count from 120 to 192 beds
- Increasing meals served from 175,000 to approximately 220,000 per year
- Accommodating a variety of family combinations including single fathers with children and families with boys over the age of 12 (the Salvation Army is the only shelter in the region with this capacity)
- Reducing rates of attrition and repeat visits through implementation of life skills classes taught by area university/college professionals and other strategic partners with helping agencies
- Reducing operating and maintenance costs.

The new building will allow SA to serve nearly twice as many families than they are currently able to accommodate.

Increasing transitional living facilities, such as Salvation Army, will result in a long-term cost savings for the City of Corpus Christi. One homeless person costs the city taxpayer \$38,578 per year, according to the National Alliance to End Homelessness. Costs on average are reduced 49.5% when they are placed in supportive transitional housing, such as the Salvation Army. Supportive transitional housing costs on average are \$12,800 per year, making the net savings roughly \$4,800 per year per person. The goal of Salvation Army's transitional housing is to move residents from homelessness into long-term stable housing. With 72 additional beds, the Salvation Army can reduce city taxpayer costs by \$345,600 per year (72 x \$4,800).

On January 27, 2020, the Type B Board recommended approval of Type B funds to be disbursed to Salvation Army in FY2020.

ALTERNATIVES:

The City could choose not to approve this agreement, decrease the award among or as an alternative to approving the whole amount of \$500,000 in FY 2020, the award could be to split across two fiscal years: \$250,000 in FY 2020 and \$250,000 in FY 2021.

FISCAL IMPACT:

Salvation Army Project Costs (Table 1)

Project Costs	Amount
Architects fees with Turner/Ramirez Architects	425,425
Bids for construction of facility	5,005,000
Equipment and Furnishings	394,020
Other Fees	47,815
Contingency Fees	250,250
Interim Financing	179,489
Total	6,301,999

Financial Commitments: The Salvation Army secured financial commitments from various grants and private donors, totaling \$4,644,426 or 74% of the project cost (see table 2) Property sales from existing property are estimated at \$1,157,573 or 18% of the project cost.

In order to meet the total project cost of \$6,301,999, the Salvation Army is requesting consideration for use of Type B funds in the amount of \$500,000 (8% of the total project cost).

Financial Commitments to Salvation Army (Table 2)

Donor	Amount	% of Total
Ed Rachal Foundation	642,427	
Laverne & Thomas Howell Foundation	100,000	
Blanche Davis Moore Foundation	100,000	
Herbst Fund	75,000	
Braselton Homes	250,000	
Eugene & Ella Bouligny	100,000	
John & Augusta Doan Charitable Trust	146,960	
HEB Corporation	150,000	
Kenedy Memorial Foundation	500,000	
Greehey Family Foundation	100,000	
THE JE & LE Mabree Foundation	500,000	
Meadows Foundation	100,000	
Dick & Sara Rathgeber	1,610,000	
Other Private Donations	220,039	
Total	4,644,426	74%
Proceeds from Property Sales	1,157,573	18%
Type B Funding (Pending)	500,000	8%
Grand Total	6,301,999	100%

The Type B Sales Tax annually allocates \$500,000 in Sales Tax use towards Affordable Housing projects. The Type B Fund for affordable housing has a fund balance of \$1,250,000. This item would encumber \$500,000 of operating funds and reduce the fund balance to \$750,000.

Type A Funds are not being pursued for this project because the fund balance in Type A Affordable Housing is only \$154,000.

Funding Detail:

Fund: 1145- Type B Fund
 Organization/Activity: 15000
 Mission Element: 132
 Project # (CIP Only): N/A
 Account: 530000

RECOMMENDATION:

City staff recommended approval of Type B funds to be disbursed to Salvation Army in FY2020.

LIST OF SUPPORTING DOCUMENTS:

PowerPoint Presentation
 Agreement