

City of Fort Worth, Texas

Mayor and Council Communication

COUNCIL ACTION: Approved on 6/12/2012

DATE: Tuesday, June 12, 2012 **REFERENCE NO.:** C-25662

LOG NAME: 17FWHA-HUNTERPLAZAPROJECT_REVISION

SUBJECT:

Authorize Change in Use and Expenditure of Additional HOME Investment Partnerships Program Grant Funds in the Amount of \$1,300,000.00 to FW Hunter Plaza, L.P., for the Redevelopment of the Hunter Plaza Apartments Located at 605 West First Street, Authorize Execution of a Conditional Commitment and Contract, and Authorize Substantial Amendment to the City's 2003-2004, 2005-2006, 2006-2007, 2009-2010 and 2011-2012 Action Plans and Substitution of Funding Years (COUNCIL DISTRICT 9)

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize a Substantial Amendment to the City's 2003-2004, 2005-2006, 2006-2007, 2009-2010 and 2011-2012 Action Plans;
 2. Authorize the substitution of current and prior funding years in order to meet commitment, disbursement and expenditure deadlines for grant funds from the United States Department of Housing and Urban Development;
 3. Authorize the change in use and expenditure of additional HOME Investment Partnerships Program Grant funds in the amount of \$1,300,000.00 for a total of \$1,800,000.00 in HOME funds to FW Hunter Plaza, L.P., an affiliate of the Fort Worth Housing Authority, for the redevelopment of the Hunter Plaza Apartments located at 605 West First Street;
 4. Authorize the City Manager or his designee to execute a conditional commitment with FW Hunter Plaza, L.P. for a subordinate loan that conditions funding on, among other things, satisfactory compliance with the HOME requirements;
 5. Authorize the City Manager or his designee to execute a contract with FW Hunter Plaza, L.P. for the project for a three year term beginning on the date of execution of the contract;
 6. Authorize the City Manager or his designee to extend or renew the conditional commitment or the contract for up to one year if FW Hunter Plaza, L.P. requests an extension and such extension is necessary for completion of the project; and
 7. Authorize the City Manager or his designee to amend the conditional commitment or the contract if necessary to achieve project goals provided that the amendment is within the scope of the project and in compliance with City policies and applicable laws and regulations governing the use of federal grant funds.
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DISCUSSION:

On December 13, 2011, City Council approved a conditional commitment of \$500,000.00 from Program Year 2012-2013 HOME Investment Partnerships Program Grant (HOME) funds and \$500,000.00 from the General Fund portion of the Fort Worth Housing Trust Fund to the Fort Worth Housing Authority (FWHA),

or its affiliate, for the redevelopment of the Hunter Plaza Apartments located at 605 West First Street (M&C C-25369). The purpose of the commitment was to show local support of FWHA's application to the Texas Department of Housing and Community Affairs (TDHCA) for nine percent Low Income Housing Tax Credits (LIHTC) for the redevelopment project. The apartments are now vacant but previously housed 225 public housing units for elderly and disabled persons. FWHA has formed FW Hunter Plaza, L.P.

Earlier this year FWHA was informed by TDHCA that the project did not score high enough to receive a nine percent LIHTC award. FWHA now wants to apply for non-competitive four percent LIHTC in order to move forward with the redevelopment of the apartments. Because of the change in the type of tax credits it is applying for, FWHA has requested additional funding for the project and has also requested that all of the City's funds be repaid in 15 years instead of the original three year loan term for the \$500,000.00 of General Funds. Since the financing of the project has changed substantially, Staff recommends substituting HOME funds for the General Funds from the Housing Trust Fund, and increasing the amount of HOME funds for the project by \$1,300,000.00 for a total award of \$1,800,000.00.

Staff recommends the following HOME loan terms:

1. Loan of HOME funds subordinate only to construction and permanent financing for the project,
2. Designate HOME-assisted units according to HOME regulations with a 15 Year Affordability Period;
3. HOME funds secured by a Deed of Trust on the real property;
4. Interest at one percent;
5. Loan term to run concurrently with the Affordability Period;
6. Satisfactory completion of the environmental review per 24 CFR Part 58;
7. Authorization to use grant funds from HUD; and,
8. Equity, construction and permanent financing acceptable to City.

The Action Plan funding years selected may vary and be substituted based on the Principle of First In, First Out in order to expend oldest grant funds first. The HOME funds may be used for any eligible costs related to this development.

A public comment period on the intent to use HOME funds was held from May 11, 2012 to June 11, 2012. Any comments are maintained by the Housing and Economic Development Department in accordance with federal regulations.

This project is located in COUNCIL DISTRICT 9.

FISCAL INFORMATION:

The Financial Management Services Director certifies that funds are available in the current operating budget of the Grants Fund.

FUND CENTERS:

<u>TO Fund/Account/Centers</u>		<u>FROM Fund/Account/Centers</u>	
<u>GR76 539120 017206351080</u>	<u>\$500,000.00</u>	<u>GR76 539120 017206351070</u>	<u>\$500,000.00</u>
<u>GR76 539120 017206531080</u>	<u>\$500,000.00</u>	<u>GR76 539120 017206531070</u>	<u>\$500,000.00</u>

CERTIFICATIONS:

Submitted for City Manager's Office by:

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Originating Department Head:

Jay Chapa (5804)

Additional Information Contact:

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ATTACHMENTS

1. available fund.PDF
2. HunterPlaza.pdf