City of Fort Worth, Texas
Mayor and Council Communication

COUNCIL ACTION: Approved on 12/13/2011

DATE: Tuesday, December 13, 2011 **REFERENCE NO.:** C−25369
LOG NAME: 17FWHA−HUNTERPLAZAPROJECT#2
SUBJECT:
Authorize Conditional Commitment of $500,000.00 of Program Year 2012−2013 HOME Investment Partnerships Program Grant Funds with the Fort Worth Housing Authority for the Redevelopment of the Hunter Plaza Apartments Located at 601 West First Street, Authorize Conditional Committment of and Contract for $500,000.00 from the Fort Worth Housing Finance Corporation Fund to the Fort Worth Housing Authority for the Development (COUNCIL DISTRICT 9)

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the City Manager, or his designee, to execute a conditional commitment with the Fort Worth Housing Authority or its designated affiliate for a subordinate loan for $500,000.00 of HOME Investment Partnerships Program Grant funds from the Program Year 2012−2013 for the redevelopment of the Hunter Plaza Apartments, located at 601 West First Street, subject to receipt of the HOME funds and approval of the 2012−2013 Action Plan;

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 expenditure of $500,000.00 from the Fort Worth Housing Trust Fund portion of the Fort Worth Housing Finance Corporation Fund to the Fort Worth Housing Authority or its designated affiliate in the form of a subordinate construction loan for the project;

4. Authorize the City Manager, or his designee, to execute a conditional commitment with the Fort Worth Housing Authority or its designated affiliate, for a subordinate construction loan for the project;

5. Authorize the City Manager, or his designee, to execute a contract with the Fort Worth Housing Authority or its designated affiliate, for the project for a three year term beginning on the date of the execution of the contract;

6. Authorize the City Manager, or his designee to extend or renew the conditional commitments or the contract for up to one year if

the Fort Worth Housing Authority requests an extension and such extension is necessary for completion of the project; and

7. Authorize amendment of the conditional commitments 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.

DISCUSSION:

City Staff anticipates receiving approximately $1,250,000.00 of HOME Investment Partnerships Program Grant (HOME) funds for multi−family developments in 2012−2013 from the United States Department of Housing and Urban Development (HUD).

The State of Texas requires that applications for Low Income Housing Tax Credit (LIHTC) projects be filed in January including any local support. In order to meet the LIHTC application deadline, the City issued a Request for Proposals (RFP 11−0358) on October 5, 2011 for developers to award and expend up to $1,750,000.00 of (i) HOME funds for the 2012−2013 Program Year, (ii) General Funds in the City's Fort Worth Housing Trust Fund (HTF), and (iii) City's Rental Rehabilitation Funds.

On November 3, 2011, the Fort Worth Housing Authority (FWHA) submitted a response requesting $1,500,000.00 for the costs associated with the rehabilitation of the Hunter Plaza Apartments. City Staff reviewed all RFP submissions and recommends the award to the FWHA or an affiliate of $500,000.00 in HOME funds and $500,000.00 of HTF funds, for a total of $1,000,000.00, in the form of subordinate loans.

Currently, the apartments are vacant. The complex previously housed 225 public housing units for elderly and disabled persons. The building has a total of 155,000 square feet of space. The project will consist of renovating the building into a mixed income residential development with retail/commercial space on the ground floor. Forty percent of the units will be market rate and 60 percent will be affordable to households earning 60 percent or less of Area Median Income (AMI). At a minimum, five percent of the residential units will be accessible to mobility impaired individuals. The development will include amenities such as a fitness center, library room, business center, theatre room, community room and a secured entry. Each individual unit will have a washer, dryer, dishwasher, refrigerator, stove, microwave and ceiling fans. The development will also feature a parking garage that will be constructed for use by both the residents and customers for the retail area.

As part of the financing of the project, the FWHA or an affiliate will submit an application for LIHTC to the Texas Department of Housing and Community Affairs (TDHCA) on January 1, 2012. The total project cost is approximately $24 Million.

Staff recommends the following HOME loan terms:
i. Designate HOME−assisted units according to HOME regulations with a 15−Year Affordability period;
ii. HOME funds secured by a recorded Deed of Trust on the real property;
iii. 1 percent interest or Applicable Federal Rate;
iv. Loan term of 15 years
v. Conditioned on the receipt of 2012−2013 HOME funds from HUD;
vi. Satisfactory completion of the environmental review per 24 CFR Part 58;
vii. Authorization to use grant funds from HUD; and,
viii. Award of Low Income Housing Tax Credits by TDHCA.

Staff recommends the following construction loan terms:
i. Funds secured by a recorded Deed of Trust on the real property;
ii. Loan term of three years;
iii Interest at Applicable Federal Rates (AFR) with principal and accrued interest due at conversion to
permanent financing; and
iv. Award of Low Income Housing Tax Credits by TDHCA.

The Action Plan's funding years for Federal funds selected may vary and be substituted based on the Principle of First In, First Out (FIFO) in order to expend oldest grant funds first. The HOME funds may be used for any eligible costs related to this development. If the 2012−2013 Action Plan is approved, City Staff will seek City Council approval for the expenditure of $500,000.00 in HOME funds for the project.

A public comment period on the intent to use HOME funds was held from November 12, 2011 to December 12, 2011. 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 Fort Worth Housing Finance Corporation Fund.

FUND CENTERS:

TO Fund/Account/Centers		FROM Fund/Account/Centers	
R109 539120 005109008XXX	$500,000.00	R109 539120 005109008002	$500,000.00
GR76 539120 017206XXXXXX	$500,000.00	GR76 539120 005206XXXXXX	$500,000.00

CERTIFICATIONS:

Submitted for City Manager's Office by: Fernando Costa (6122)
Originating Department Head: Jay Chapa (5804)

Additional Information Contact:

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ATTACHMENTS

1. Available Funds.pdf
2. R109E.pdf