

Mayor and Council Communication

DATE: 06/11/24

M&C FILE NUMBER: M&C 24-0475

LOG NAME: 19CASA DE SUEÑOS ARPA

SUBJECT

(CD 3) Authorize Forgivable Loan in the Amount of \$578,001.00 from American Rescue Plan (ARPA) Funds to The Housing Authority of the City of Fort Worth, dba Fort Worth Housing Solutions for the Ongoing Conversion of the Express Inn at 8401 West Freeway to 55 Units of Deeply Affordable Units for Homeless Families to be Known as Casa De Los Sueños, Authorize Execution of Related Contract and Loan Documents, and Find a Public Purpose and Adequate Controls are in Place

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize forgivable loan in the amount of \$578,001.00 from ARPA funds to The Housing Authority of The City of Fort Worth, dba Fort Worth Housing Solutions, or any affiliates for the ongoing development of 55 units of deeply affordable housing for homeless families;
2. Authorize execution of related contract and loan documents with Fort Worth Housing Solutions or any affiliates;
3. Authorize the City Manager, or his designee to amend contracts and loan documents as necessary for completion of the project provided any amendment is within the scope of the project and complies with City policies and all applicable laws and regulations governing the use of federal grant funds; and
4. Find that the actions authorized herein serve the public purpose of providing decent, safe, and affordable housing to extremely low-income residents in the City and that adequate controls are in place through the loan documents to ensure the public purpose is carried out.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to provide a funding recommendation related to \$578,001.00 in uncommitted ARPA funds to support the deeply affordable housing project (Project), Casa de los Sueños.

Background

On November 8, 2022, the Fort Worth (City) City Council approved \$500,000.00 in American Rescue Plan Act (ARPA), Subtitle M (State and Local Fiscal Recovery Funds) monies in the form of a forgivable loan to HTG Jacksboro, LLC (HTG), or an affiliate for the development of 4 units of Permanent Supportive Housing (PSH). The funds were awarded through a competitive Notification of Funding Availability (NOFA) to create at least 37 units of PSH. On March 6, 2024, HTG communicated to the City that they do not plan to move forward with its project. The project's cancelation along with \$78,001.00 in unprogrammed ARPA monies leaves the City with a total of \$578,001.00 in uncommitted ARPA funds to support PSH.

Neighborhood Services staff identified and evaluated four affordable housing developments in need of gap funding. Casa de los Sueños (the Project) was initially awarded \$11.6 million in ARPA funds from Tarrant County in December 2022, but ultimately received an award of only \$8 million in March 2023 after renegotiations with the County. This decrease in County funding created a financing gap for The Housing Authority of The City of Fort Worth, dba Fort Worth Housing Solutions (FWHS), that was partially filled with funding from a \$1.5 million forgivable loan utilizing Community Development Block Grant (CDBG) funds from the City of Fort Worth (M&C 23-0383) and a \$500,000.00 forgivable loan from Fort Worth Housing Finance Corporation (FWHFC-2023-14). To date, FWHS and partner, Ojala Holdings, LLC, have been working to secure gap funding via grant applications and charitable organizations.

Staff chose to recommend the additional \$578,001.00 ARPA award to Casa de los Sueños based on criteria being met that the Project has: (a) permits in-hand, (b) signed construction contracts, and (c) has officially started construction.

Project Summary

The Casa de los Sueños site is currently under construction currently converting an 83-room former motel into 55 housing units to accommodate families exiting homelessness. This configuration would include 12 1-bedroom units, 23 2-bedroom units, and 20 3-bedroom units ranging from 416 square feet to 818 square feet, an average of 644 square feet per unit. The project will also include a resident lounge, community space, business center, computer lab, and case management offices. Other planned amenities include a dog park, playground, multi-function sports court, activated green courtyard, resident garden, and laundry center. The Casa de los Sueños Project is located at the former Express Inn at 8401 West Freeway, Fort Worth, TX 76116.

Current status of the project is as follows:

- Contracts have been executed.
- Demolition, roofing, and framing have been completed.
- As of May 2024, installation of drywall, exterior siding, windows, and wiring for security cameras and site-wide internet is underway.
- An increase in funds will require an M&C and the execution of an ARPA contract.

- Additional funds will be used for hard construction costs tied to rehab activities.
- All funds will be spent on or before the end of the 2nd Quarter in 2025.

ARPA Funding for PSH

The City has appropriated \$5,000,000.00 in ARPA funding to support the following PSH projects:

Project	Budget	Spent	Balance
Clifton Riverside	\$1,000,000.00	\$950,000.00	\$50,000.00
PNS/Journey Home	421,999.00	0.00	421,999.00
Columbia Phase III	1,500,000.00	0.00	1,500,000.00
The Nest-Justin's Place	1,500,000.00	0.00	1,500,000.00
Casa de los Sueños*	578,001.00	0.00	578,001.00
	\$5,000,000.00	\$950,000.00	\$4,050,000.00

**This request*

By approving this M&C, the City Council finds that the public purpose served by this Project is to benefit and further the City's goals to provide quality, accessible, affordable housing for extremely low-income families and that the forgivable ARPA loan is vital to the financial feasibility of the development of Casa de los Sueños, a deeply affordable multifamily housing development. The City Council further finds that adequate controls are in place through the various contracts and loan documents to ensure that the public purpose is carried out. Necessary reporting and documentation requirements will be followed to ensure the City and Fort Worth Housing Solutions will comply with all reporting requirements and obligation and expenditure deadlines of the ARPA legislation.

A Form 1295 is not required because: This contract will be with a governmental entity, state agency or public institution of higher education: Fort Worth Housing Solutions

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that funds are available in the current operating budget, as appropriated, in the Grants Operating Federal Fund to support the approval of the above recommendations and execution of the loan. Prior to an expenditure being incurred, the Neighborhood Services Department has the responsibility to validate the availability of funds.

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