

Mayor and Council Communication

DATE: 02/28/23

M&C FILE NUMBER: M&C 23-0155

LOG NAME: 19WORTHINGTONPOINT4%HTCRESOLUTION

SUBJECT

(CD 6 / Future CD 8) Conduct a Public Hearing on the Application by Worthington Point Apartments LP to the Texas Department of Housing and Community Affairs for Non-Competitive (4%) Housing Tax Credits for the Substantial Rehabilitation of Worthington Point Apartments, a Proposed Tax-Exempt Development Located at 12301 Hemphill Street, Crowley, Texas 76036, Adopt a Resolution of No Objection to the Application, Make Related Determinations, Authorize Waiver of Various City Development Fees in the Approximate Amount of \$36,295.00, and Find that Waiver of Fees Serves a Public Purpose and that Adequate Controls are in Place to Ensure the Public Purpose is Carried Out

(PUBLIC HEARING - a. Report of City Staff: Leah Brown; b. Citizen Presentations; c. Council Action: Close Public Hearing and Act on M&C)

RECOMMENDATION:

1. Conduct a public hearing to allow citizen comment on the application of Worthington Point Apartments LP to the Texas Department of Housing and Community Affairs for 2023 Non-Competitive (4%) Housing Tax Credits for the proposed tax-exempt development of Worthington Point Apartments, a multifamily affordable rental housing development, located at 12301 Hemphill Street, Crowley, Texas 76036;
2. Adopt the attached Resolution of No Objection to the application;
3. Determine that the development of Worthington Point Apartments as proposed is consistent with the City's obligation to affirmatively further fair housing;
4. Waive the listed City development fees in the approximate aggregate amount of \$36,295.00; and
5. Find that the waiver of the listed development fees serves the public purpose of providing decent, safe, and affordable housing for City residents and that adequate controls are in place to ensure that the public purpose is carried out.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to take actions in accordance with state law and City policy on an application for tax credits on the substantial rehabilitation of an affordable housing project.

Worthington Point Apartments LP (Developer) has advised the City that it intends to apply to the Texas Department of Housing and Community Affairs (TDHCA) for 2023 Non-Competitive (4%) Housing Tax Credits for the substantial rehabilitation of Worthington Point Apartments, a multifamily affordable rental housing development. The Developer has requested a Resolution of No Objection from the City Council. TDHCA will not award 4% Housing Tax Credits to an applicant unless they provide a Resolution of No Objection from the governing body of the jurisdiction in which the development is sited. Although the development has a Crowley mailing address, it is located within the boundaries of the City of Fort Worth. State law requires that the governing body conduct a public hearing for citizens to provide comment on the proposed development – regardless of whether the governing body intends to issue a resolution.

Worthington Point Apartments is an existing 248-unit affordable housing development with all of the units restricted to serving families earning 60 percent or less of Area Median Income (AMI). As part of the substantial rehabilitation of the development, housing affordability will be preserved and enhanced – 223 units will be set aside for households earning 60 percent or less of AMI, with the remaining 25 units set aside for households earning 0-30 percent of AMI.

The development consists of one-, two-, and three-bedroom units with a pool, playground, dog park, picnic/BBQ area, horseshoe pit, volleyball court, clubhouse, and fitness center. Worthington Point Apartments is located within close proximity to retail, groceries, parks, and access to both Interstate Highway 35 West and Interstate Highway 20, which connect to the greater Dallas-Fort Worth area.

As an existing multifamily development, no changes to the zoning designation are required.

Worthington Point Apartments LP is an affiliate of Lincoln Avenue Capital, which has developed one affordable and mixed-income multifamily property in Texas, consisting of 350 units of affordable housing. In addition, Lincoln Avenue Capital has two other affordable multifamily properties under development. Lincoln Avenue Capital approached the Fort Worth Housing Finance Corporation (FWHFC) about a partnership. The FWHFC board is currently reviewing the partnership proposal in which the FWHFC would serve as general partner and general contractor. If approved, this partnership will provide the development with certain tax exemptions.

On November 8, 2022, City Council adopted an updated housing tax credit policy (M&C 22-0924) that outlines the requirements for an applicant to receive a Resolution of No Objection for a 4% housing tax credit development. The policy requires that the councilmember who represents the district in which the development will be located be notified as well as the superintendent of the school district in which the development is sited and any registered neighborhood or homeowner's association(s) with boundaries that are within one-quarter mile of the proposed development. In addition, at least one public meeting must be held for the affected registered neighborhood association(s) (NA), if any, prior to submission of a resolution application. Worthington Point Apartments LP notified Councilmember Jared Williams (CD 6) and Crowley ISD superintendent, Michael McFarland. There were no registered NA within a ¼-mile radius of the development; therefore, a public meeting was not required.

Following the close of the public hearing, Staff requests that the City Council consider the attached Resolution of No Objection, including all related acknowledgements included therein, to support the application for 2023 Non-Competitive (4%) Housing Tax Credits for the proposed substantial rehabilitation of Worthington Point Apartments. Maintaining this development as a quality and affordable housing option will assist the City in fulfilling its goals under its Consolidated Plan and Comprehensive Plan, and in fulfilling its obligation to Affirmatively Further Fair Housing by providing quality, accessible, affordable housing for low- to moderate-income residents and supporting economic development and revitalization.

Staff recommends the waiver of the following development fees as applicable, in the approximate amount of \$36,295.00:

Development Fee	Approximate Amount
All Building Permit Related Fees	\$36,045.00
Urban Forestry Fee	\$250.00
Total Estimated Development Fees to be Waived*	\$36,295.00

*Per the 2023 HTC Policy, developments awarded a Resolution of No Objection for (4% HTC applications only) may be eligible for waivers of Transportation Impact and Water and Wastewater Impact fees. Developers must work with the respective departments to determine the eligibility and amount of those waivers, if any.

The amounts listed above are estimated fees, but this M&C authorizes the waiver of the actual amount of any listed fees once such fees are determined. In the event any of these fees were previously paid, approval of this M&C authorizes City staff to refund such payments.

By approving this M&C, the City Council finds that the waiver of the listed development fees for Worthington Point Apartments in the approximate amount of \$36,295.00, is necessary for the financial feasibility of the substantial rehabilitation of the housing development and for meeting the public purpose of providing decent, safe, and affordable housing to low- to moderate- income residents. If approved by the FWHFC board, the FWHFC will be the sole member of the general partner of Worthington Point Apartments LP and will own the land on which the development stands.

The affordability requirements for the project will be ensured through various contracts and documents from TDHCA, which will require the maintenance of affordability for an additional thirty years. Depending on the lender chosen for this development, additional affordability requirements may also apply.

Approval of this M&C also represents Council's finding that the TDHCA's affordability requirements and documents are sufficient to ensure the public purpose of housing affordability is carried out.

This development is located in COUNCIL DISTRICT 6 / FUTURE COUNCIL DISTRICT 8.

A Form 1295 is not required because: This M&C does not request approval of a contract with a business entity.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that approval of the above recommendations will have no material effect on the Fiscal Year 2023 Budget, and that any effect on expenditures and revenues will be budgeted in future Fiscal Years and will be included in the long-term financial forecast.

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