

# Mayor and Council Communication

**DATE:** 02/13/24

**M&C FILE NUMBER:** M&C 24-0112

**LOG NAME:** 19HUGHESHOUSEII4%HTCRESOLUTION

## **SUBJECT**

(CD 5) Conduct a Public Hearing on the Application by FW Hughes House II, LP to the Texas Department of Housing and Community Affairs for Non-Competitive (4%) Housing Tax Credits for the New Construction of Hughes House II, a Proposed Tax-Exempt Development, Located at the Southeast and Southwest Corners of Avenue G and Etta Street in Fort Worth, 76015, Adopt a Resolution of No Objection to the Application, Acknowledge the One Mile Three Year Rule, and Make Related Acknowledgments

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

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## **RECOMMENDATION:**

It is recommended that the City Council:

1. Conduct a public hearing to allow citizen comment on the application of FW Hughes House II, LP to the Texas Department of Housing and Community Affairs for 2024 Non-Competitive (4%) Housing Tax Credits for the new construction of Hughes House II, a multifamily affordable rental housing development, located at the southeast and southwest corners of Avenue G and Etta Street in Fort Worth, Texas 76105;
2. Adopt the attached Resolution of No Objection;
3. Acknowledge that the development is located in a census tract that has more than 20 percent Housing Tax Credits per total households, and authorize this development to move forward with its application for Housing Tax Credits;
4. Acknowledge that the development is located within one linear mile or less from a development that serves the same target population and which received an allocation of Housing Tax Credits within the past three years;
5. Acknowledge that the development is located in a census tract with a poverty rate above 40 percent, and authorize the development to move forward with their application for Housing Tax Credits; and
6. Determine that the development of Hughes House II as proposed is consistent with the City's obligation to affirmatively further fair housing.

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## **DISCUSSION:**

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

FW Hughes House II, LP (Developer) has advised the City that it intends to apply to the Texas Department of Housing and Community Affairs (TDHCA) for 2024 Non-Competitive (4%) Housing Tax Credits (HTC) for the new construction of Hughes House II, a multifamily affordable rental housing development. The Developer has requested a Resolution of No Objection from the City Council. TDHCA will not award 4% HTCs to an applicant unless they provide a Resolution of No Objection from the governing body of the jurisdiction in which the development is sited. State law requires that the governing body conduct a public hearing for citizens to provide comments on the proposed development – regardless of whether the governing body intends to issue a resolution.

Hughes House II will consist of approximately 278 units reserved for families earning 80% or less of Area Median Income (AMI). Seventy-one of the total units will be “deeply affordable” for those earning less than 30% AMI, and 14 of the 71 deeply affordable units will be reserved as permanent supportive housing units. The development will consist of one-, two-, and three-bedroom walkup and townhome-style units. The development site is located within proximity to retail, groceries, public transit, parks, and access to Southeast Loop 820 that connects to the greater Dallas-Fort Worth area.

FW Hughes House II, LP is an affiliate of a partnership between Fort Worth Housing Solutions (FWHS) and McCormack Baron Salazar. The development is the fourth of a six-phase housing strategy in the Stop Six Choice Neighborhood Transformation Plan, adopted by the City of Fort Worth in October 2019. This fourth phase is part of the broader housing plan in the Choice Neighborhoods Initiative (CNI) grant awarded to FWHS and the City of Fort Worth by the United States Department of Housing and Urban Development (HUD) in April 2020. The development will be tax-exempt due to the affiliation with FWHS, a tax-exempt Public Housing Authority. The site is zoned PD-Planned Development and will not require a zoning change.

On November 14, 2023, City Council adopted an updated housing tax credit policy (M&C 23-0946) that outlines the requirements for an applicant to receive a Resolution of No Objection for a 4% HTC 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-half 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 exist, prior to submission of a resolution application. FW Hughes House II, LP notified Mayor Pro Tem Gyna Bivens (CD 5), and Fort Worth superintendent, Angelica Ramsey. The Developer notified the West Meadowbrook NA, Historic Stop Six NA, and the Stop 6 Poly Oversight NA and held an information session for them all.

## **Limitations on Developments with Certain Neighborhood Risk Factors:**

**More than 20% HTC Units per Total Households**

TDHCA rules state that if a proposed development will be located in a census tract with more than 20 percent HTC units per total households as established by the five-year American Community Survey, it will be ineligible for HTC unless the governing body of the jurisdiction votes to specifically allow it and also submits a resolution to TDHCA stating that the proposed development is consistent with the jurisdiction's federal obligation to affirmatively further fair housing.

Hughes House II is located in a census tract in which more than 20 percent of the total households are HTC units. Staff recommends that City Council vote to specifically allow this development and approve the additional determination that the development is consistent with the City's obligation to affirmatively further fair housing.

**One-Mile Three Year Rule**

Hughes House II will be located one linear mile or less from another development that serves the same target population and which previously received an allocation of HTCs within the last three years. The governing body of the municipality where the proposed development is to be located must specifically vote to allow the construction of a new development that is within one linear mile or less from a development that received HTCs within the last three years and serves the same target population.

**Located in Census Tract above 40 Percent Poverty Rate**

TDHCA rules state that if a proposed development will be located in a census tract with a poverty rate above 40 percent, the governing body of the appropriate jurisdiction must acknowledge the high poverty rate and authorize the development to move forward with its application for HTCs.

Hughes House II will be located in a census tract with a poverty rate above 40 percent. Staff recommends that City Council vote to acknowledge the high poverty rate and authorize the development to move forward with their HTC application.

**Commitment of Development Funding:**

Hughes House II is located in a Neighborhood Empowerment Zone (NEZ). Accordingly, development fees for the project will be waived pursuant to the NEZ Policy, with such waiver being in an amount of no less than \$500.00.

The affordability requirements for the project will be ensured through various contracts and documents from TDHCA that 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.

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 2024 Non-Competitive (4%) HTCs for the new construction of Hughes House II. Providing 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.

This development is located in COUNCIL DISTRICT 5.

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

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**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that approval of the above recommendations will have no material effect on the Fiscal Year 2024 Budget. While no current year impact is anticipated from this action, any effect on expenditures and revenues will be budgeted in future Fiscal Years.

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Expedited