

# Mayor and Council Communication

DATE: 01/14/25

M&C FILE NUMBER: M&C 25-0010

LOG NAME: 06HUGHES HOUSE II & III DEVELOPMENT FEE WAIVERS

## **SUBJECT**

(CD 5) Authorize Waiver of Development Related Fees in the Estimated Amount of \$731,150.00 for the Hughes House II and Hughes House III Developments Located at 1401 Etta Street, Fort Worth, Texas 76105, Find that the Waiver of Fees Serves a Public Purpose and that Adequate Controls are in Place to Ensure the Public Purpose is Met

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## **RECOMMENDATION:**

It is recommended that the City Council:

1. Approve the waiver of development related fees in the estimated amount of \$453,075.00 for the Hughes House II development located at 1401 Etta Street, Fort Worth, Texas 76105;
2. Approve the waiver of development related fees in the estimated amount of \$278,075.00 for Hughes House III development located at 1401 Etta Street, Fort Worth, Texas 76105; and
3. Find that the waiver of the development related fees serves a public purpose by providing quality, accessible, affordable housing for low income households, under the criteria of affordability found in 42 U.S.C. § 12745 and that adequate controls are in place to carry out such public purpose.

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## **DISCUSSION:**

Hughes House II & III are the next two phases in the ongoing effort to realize the development of new housing and urban planning to revitalize the Stop Six Neighborhood outlined in the *Stop Six Choice Neighborhood Transformation Plan*. The combined projects add approximately 380 units of residential, including 357 that are defined as affordable units.

The Stop Six Choice Neighborhood Initiative (CNI) is a multi-phase revitalization effort in the historic Stop Six neighborhood of southeast Fort Worth to transform the former J.A. Cavile Place public housing site (and adjacent / nearby parcels) into a new mixed-income community and act as a catalyst for additional new development in the area. The Stop Six Choice Neighborhood Initiative is seeded by a \$35 million U.S. Department of Housing and Urban Development Choice Neighborhood Implementation grant and is a partnership project between Fort Worth Housing Solutions and the City of Fort Worth.

The *Stop Six Choice Neighborhood Transformation Plan*, adopted by the City of Fort Worth in October 2019, plans for the redevelopment of the former Cavile Place public housing, a 300-unit apartment complex built in the 1950s and owned by Fort Worth Housing Solutions (FWHS). The Cavile Place site is in the Stop Six neighborhood which was named after its location on an inter-urban railway that once linked Fort Worth and Dallas. Before Stop Six, this area was known as Cowanville and was a community of small farms and homesteads founded by Amanda Davis, an African American pioneer of the late 1800s.

The *Stop Six Choice Neighborhood Transformation Plan* calls for the development of approximately 990 rental units of new mixed-income and mixed-use multifamily and senior housing construction on roughly 47 acres of land within a larger district bounded by Miller Avenue on the west, Carverly Drive on the east, the Union Pacific Railroad on the north, and Fitzhugh Avenue on the south. The existing public housing buildings, along with other identified and FWHS-owned properties, have been remediated and demolished, and the existing site will be prepared for future phases of new construction to follow. The new housing development plan will be built in six phases over a seven-year period. The total overall development costs are estimated to be approximately \$255 million. To implement the Transformation Plan, FWHS selected McCormack Baron Salazar (MBS) as the Master Developer. Each rental housing development phase will be owned by limited partnership entities which will include FWHS and MBS affiliate entities as members of those partnerships. The City of Fort Worth has pledged over \$50M in funding to assist with implementation of the Stop Six Choice Neighborhood project, including the future Stop Six HUB Community Center and Aquatics Center.

Hughes House II and III are located within Neighborhood Empowerment Zone (NEZ) Area Six. Fort Worth Housing Solutions applied to receive basic incentives through the NEZ, including the waiver of fees.

During staff review of the NEZ application, Neighborhood Services Department staff and Development Services Department staff determined that the City Council approved site plan for Hughes House II & III, as well as the exterior building materials were in conflict with the approved Stop Six Design Overlay District. Conflicting items include building setback, the lack of natural masonry materials and complimentary colors. Full compliance with the Stop Six Design Overlay District is a requirement to receive NEZ incentives within the boundaries of the overlay. Both Fort Worth Housing Solutions and MBS determined that meeting the requirements of the Stop Six Design Overlay was not in the best interest of the project from a financial perspective, but requested that Council consider waiving the building permitting fees for the project. Staff has presented the fee estimates for only the fees that can be waived by NEZ policy.

## **TABLE 1: FEE ESTIMATES**

<b>Fee</b>	Hughes House II	Hughes House III
All Building Permit related Fees (including Plans Review and Inspections)	\$425,000.00	\$250,000.00
Plat Application Fee (including Concept Plan, Preliminary Plat, Final Plat, Short Form Replat)	\$725.00	\$725.00
IIRC Plan Review Fee (including fees for additional plan sheets)	\$20,000.00	\$20,000.00
Community Facilities Agreement (CFA) Application Fee	\$2,525.00	\$2,525.00
Consent/Encroachment Agreement Application Fees	\$800.00	\$800.00
Sign Permit Fees	\$175.00	\$175.00
Stormwater Facilities Management Agreement Fee	\$800.00	\$800.00
Drainage Study Review Fee	\$2,500.00	\$2,500.00
Urban Forestry Fee	\$550.00	\$550.00
<b>ESTIMATED TOTAL PER PROJECT</b>	<b>\$453,075.00</b>	<b>\$278,075.00</b>
<b>GRAND TOTAL</b>	<b>\$731,150.00</b>	

By approval of this M&C, the City Council finds that the waiver of the Development related fees serves a public purpose by providing quality, accessible, affordable housing for low income households, under the criteria of affordability found in 42 U.S.C. § 12745, and that adequate contractual controls are in place to carry out such public purpose. By approval of this M&C, the City Council authorizes the reimbursement of any fees that were previously paid for the Project that have been waived by this M&C.

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 upon approval of the development related fee waivers, a loss of an estimated \$731,150.00 in revenue will occur. This reduction in revenue will be incorporated upon the waivers being officially granted.

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