

# Mayor and Council Communication

**DATE:** 08/09/22

**M&C FILE NUMBER:** M&C 22-0570

**LOG NAME:** 19SHELBYTRACERESOLUTION

## **SUBJECT**

(CD 8) Conduct a Public Hearing on the Application by ECG Shelby, LP to the Texas Department of Housing and Community Affairs for Non-Competitive Housing Tax Credits for Shelby Trace Apartments, a Proposed Tax-Exempt Development to be Located at the Southwest Corner of South Race Street and Oak Grove Shelby Road; Adopt a Resolution of No Objection to the Application and Make Related Findings

**(PUBLIC HEARING** - a. Report of City Staff: Chad LaRoque; 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 ECG Shelby, LP to the Texas Department of Housing and Community Affairs for 2022 Non-Competitive (4%) Housing Tax Credits for the proposed tax-exempt development of Shelby Trace Apartments, a multifamily affordable rental housing development, to be located at the southwest corner of South Race Street and Oak Grove Shelby Road;
2. Adopt the attached Resolution of No Objection to the application by ECG Shelby, LP to the Texas Department of Housing and Community Affairs for 2022 Non-Competitive (4%) Housing Tax Credits for Shelby Trace Apartments, a proposed tax-exempt multifamily development; and
3. Determine that the development of Shelby Trace Apartments is consistent with the City's obligation to affirmatively further fair housing.

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## **DISCUSSION:**

ECG Shelby, LP is applying to the Texas Department of Housing and Community Affairs (TDHCA) for 2022 Non-Competitive (4%) Housing Tax Credits for the development of Shelby Trace Apartments, a multifamily affordable rental housing development, and has requested a Resolution of No Objection from the City Council. TDHCA requires Housing Tax Credit applicants to provide a Resolution of No Objection from the governing body of the jurisdiction in which the proposed development will be sited. As part of these TDHCA requirements, the governing body must also conduct a public hearing for citizens to provide comment on the proposed development.

Shelby Trace Apartments will consist of approximately 300 units. There will be 255 units set aside for households earning 60 percent or less of Area Median Income (AMI) with another 45 units set aside for households earning 30 percent or less of AMI. The development will consist of one-, two-, three-, and four-bedroom units with community and activity space including business and fitness centers, a pool, and a community room. Shelby Trace Apartments is located within close proximity to schools and parks.

The property upon which Shelby Trace Apartments will be constructed is currently zoned as C-Medium Density Multifamily. No changes to the zoning designation are required.

ECG Shelby, LP is an affiliate of Elmington Capital Group, which has developed and owns over 9,000 units of affordable and mixed-income housing across the Southeast. Elmington Capital Group has approached several public bond issuers (Fort Worth Housing Solutions, the Tarrant County Housing Finance Corporation, and the Texas Housing Foundation) and anticipates that one of these public entities will be the general partner for the partnership which will provide certain tax exemptions to the development.

If the development receives a tax exemption through the partnership opportunities noted above, local taxing entities would forego an estimated aggregate amount of almost \$10.3 million in property tax revenue over fifteen years, while providing residents with discounts to market rents in an aggregate amount of \$23.3 million over the same period. Of the \$10.3 million dollars in foregone tax revenues, the portion associated with City of Fort Worth property taxes is estimated to be \$3,019,133 or 29.41% of local tax revenues.

On November 9, 2021, City Council adopted a housing tax credit policy (Mayor and Council Communication (M&C) 21-0845) 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 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 neighborhood (NA) or homeowner's association(s) (HOA) prior to submission of a resolution application. ECG Shelby, LP notified both Councilmember Chris Nettles (CD 8) and Kingspoint HOA and held a meeting with the HOA to inform the neighborhood of the proposed development and receive input. Councilman Chris Nettles and Kingspoint HOA have given their support for the development.

The City's housing tax credit policy requirement specific to 4% housing tax credit developments states that at least 10 percent of the total units in a development be set-aside for households earning at or below 30 percent of the area median income (AMI). Shelby Trace Apartments exceeds this policy requirement with 15 percent of the total units set-aside for this targeted group.

TDHCA rules state that if a proposed development will be located in a census tract with more than 20% Housing Tax Credit units per total

households as established by the five year American Community Survey, it will be ineligible for Housing Tax Credits unless the governing body of the jurisdiction has no objection to the application 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. The Shelby Trace Apartments will be located in such a census tract. By approval of this M&C and related resolution, City Council affirms that it has no objection to the development and that the development is consistent with the City's obligation to affirmatively further fair housing.

Following the close of the public hearing, Staff requests that the City Council consider the attached Resolution of No Objection to support the application for 2022 Non-Competitive (4%) Housing Tax Credits for the proposed development of Shelby Trace Apartments. The development will assist the City in fulfilling its goals under its Consolidated Plan and Comprehensive Plan 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 8.

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 these recommendations will have no material effect on City funds.

**Submitted for City Manager's Office by:** Fernando Costa 6122

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Expedited