

Mayor and Council Communication

DATE: 05/09/23

M&C FILE NUMBER: M&C 23-0382

LOG NAME: 19PARKDALE CHDO

SUBJECT

(CD 8 / Future CD 8) Authorize a Change in Use and Expenditure of HOME Investment Partnerships Program Grant Funds from the Berry Stalcup Townhome Project to the Parkdale Multifamily Project, Authorize a Change in Use of Community Housing Development Organization Funds to Support the Project, and Authorize a Substantial Amendment to the City's 2018-2019 Action Plan

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize a change in use of \$429,382.00 in unspent HOME Investment Partnerships Program Grant funds from the Berry Stalcup Townhome Project to the Parkdale Multifamily Project, contingent upon successful completion of the federal public comment period;
2. Authorize a substantial amendment to the City's 2018-2019 Action Plan;
3. Authorize the City Manager, or his designee to execute a contract with Housing Channel, a certified Community Housing Development Organization for the multifamily development located at 708, 710, and 714 Parkdale Avenue; and
4. Authorize extension or renewal of the contract, and for Community Housing Development Organization funds if Housing Channel requests an extension and such extension is necessary for completion of the project.

DISCUSSION:

In August 2018, the City of Fort Worth (City) approved the 2018-2022 Consolidated Plan Priorities and Goals and 2018-2019 Action Plan for the Use of Federal Grant Funds in the Amount of \$12,044,676.00 by the United States Department of Housing and Urban Development (HUD). HUD requires that a minimum of 15 percent of HOME funds be allocated to Community Development Housing Organizations (CHDOs) for affordable housing projects. The Housing Channel, a CHDO, was allocated \$429,382.00 in HOME Funds for the Single-Family Townhome Development project at the intersection of Stalcup Lane and Berry Street (hereafter, "Berry Stalcup Townhome Project") (COUNCIL DISTRICT 5/FUTURE COUNCIL DISTRICT 5).

The Local Development Corporation (LDC) has owned the 3.27-acre site at the intersection of Berry and Stalcup since 2013. A Request for Expressions of Interest (RFEI) was issued for re-development of the site on February 19, 2021. The LDC is particularly interested in a re-development that features a mix of uses, and design elements that maximize the site's potential. The 2018-2019 Action Plan funding allocation, which included CHDO funding in the amount of \$429,382.00 for the development at Stalcup and Berry was approved on August 7th, 2018. However, the Berry Stalcup Townhome Project that was proposed conflicted with the future vision of the site, therefore the project did not move forward.

Housing Channel acquired the Parkdale property in June 2017. The property is located off of Beach Street and Vickery Boulevard, near Texas Wesleyan University at: 708, 710 and 714 Parkdale Avenue. The current complex, built in the 1920s, is made up of three buildings and a total of six (6) housing units. Currently, the housing units are in very poor condition and need significant repair and upgrades. Housing Channel plans to demolish all three buildings and build a new courtyard community with a total of twelve (12) rental units (hereafter "Parkdale Multifamily Redevelopment").

Housing Channel will own and manage the property to serve low-to-moderate income individuals. Each rental unit will be one bedroom, approximately 700 square feet, and will face the courtyard in the center of the complex. Housing Channel will also provide housing counseling and financial education to increase tenants' opportunity for upward economic mobility.

The Substantial Amendment to the 2018-2019 Action Plan has been publicized as required by Department of Housing and Urban Development (HUD) guidelines, through the publication of a 30-day Public Notice from June 21, 2022 to July 20, 2022 announcing the funding allocation change from the Berry Stalcup Townhome Project to the Parkdale Multifamily housing project at 708, 710 and 714 Parkdale Avenue. The change in funds includes \$429,382.00 of previously unspent HOME Investment Partnerships Program Grant funds dedicated to the Berry Stalcup Townhome Project in the form of a forgivable loan for the Parkdale Multifamily Redevelopment.

Staff recommends the change in use of funds, recognizing the Parkdale Multifamily Housing Project as a project that assists the City in its pursuit of creating quality, accessible, affordable housing for low-to-moderate-income individuals, as well as assists the City in meeting its obligation for the City's HOME Program. The provisions of the HOME contract establish adequate controls to ensure that the public purpose is carried out.

Loan Terms:

1. Loan term to commence on execution of loan documents and terminate at the end of the 20-year Affordability Period defined in the contract. Loan will be forgiven at the end of the Affordability Period provided that borrower has complied with all of the all the terms of the contract and the loan documents;
2. Performance of the HOME requirements and payment of the HOME loan, if required, will be secured by a Deed of Trust and HOME Deed Restrictions on the real property through the Affordability Period;
3. Interest rate of zero percent (0%) so long as borrower complies with all of the terms of the contract and loan documents;
4. HOME loan to be subordinate to the private loan totaling \$429,382.00 on the project. HOME loan may also be subordinated to other financing if such financing meets appropriate underwriting criteria, City policies and applicable HOME requirements; and,
5. Designate HOME-assisted units according to the HOME regulations with a 20-year Affordability Period.

The expenditure of HOME funds is conditioned upon the following:

1. Satisfactory underwriting in accordance with federal guidance for use of HOME funds and City policies for funding of HOME units;
2. All financing including any grants show long term viability of the project;
3. Satisfactory completion of an environmental review pursuant to 24 CFR Part 58;
4. Receipt of authorization to use grant funds from HUD; and,
5. Closing on all other financing for the project.

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

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations, funds are available in the current operating budget, as appropriated, in the Grants Operating Federal Fund. The Neighborhood Services Department (and Financial Services Management) will be responsible for the collection and deposit of funds due to the City. Prior to expenditures being incurred the Neighborhood Services Department has the responsibility to validate the availability of funds prior to an expenditure being made. These are reimbursement grants.

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