

# Mayor and Council Communication

**DATE:** 06/24/25

**M&C FILE NUMBER:** M&C 25-0570

**LOG NAME:** 12TRAVELING HFC LAWSUIT

## **SUBJECT**

(ALL) Adopt the Attached Resolution to Ratify a Lawsuit, Cause No. 348-363561-25, City of Arlington v. Pecos Housing Finance Corporation, a Texas Nonprofit Corporation; Joe Don Bobbitt, in his Official Capacity as Chief Appraiser of Tarrant Appraisal District v. City of Fort Worth, to Enjoin Pecos, Pleasanton, La Villa, Maverick County, and Cameron County Housing Finance Corporations as Well as Any Other Traveling Housing Finance Corporation that has Property in Fort Worth from Purchasing Properties in Fort Worth and to Enjoin the Tarrant Appraisal District from Exempting Fort Worth Properties Owned by Traveling Housing Finance Corporations

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## **RECOMMENDATION:**

It is recommended that the City Council:

1. It is recommended that the City Council adopt the attached resolution and authorize the ratification of a lawsuit the City Attorney's Office has filed, Cause No. 348-363561-25, City of Arlington v. Pecos Housing Finance Corporation, a Texas Nonprofit corporation; Joe Don Bobbitt, in his official capacity as Chief Appraiser of Tarrant Appraisal District v. City of Fort Worth, to enjoin Pecos, Pleasanton, La Villa, Maverick County, and Cameron County Housing Finance Corporations and any other traveling housing finance corporation that has property in Fort Worth from purchasing properties in Fort Worth and to enjoin the Tarrant Appraisal District from exempting Fort Worth properties owned by these Housing Finance Corporations.
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## **DISCUSSION:**

The City recently learned that the Pecos Housing Finance Corporation (HFC), Pleasanton HFC, La Villa HFC, Maverick County HFC, and Cameron County HFC have been unlawfully removing Fort Worth based properties from Tarrant County tax appraisal rolls resulting in the loss of millions of dollars in real property value from the local tax base. In short, a handful of tiny public corporations, some located hundreds of miles away in towns with no connection to Fort Worth, have drastically reduced Fort Worth's yearly tax revenue while they rake in undeserved fees and profits from Fort Worth based rental properties. HFCs that operate outside of their jurisdictions are known as traveling HFCs.

Fort Worth has intervened in a lawsuit brought by the City of Arlington to ask the Court to halt the Defendant HFCs' unlawful behavior before they do any further irreversible damage to Fort Worth's tax base, and to stop the Chief Appraiser of the Tarrant Appraisal District from granting tax exemptions requested by the Defendant HFCs for any Fort Worth based properties.

Estimate of filing fees expected to be less than \$2,000.00. Funding is budgeted in the Lawsuit Expenses account within the Risk Financing Fund for the Human Resources Department.

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 upon approval of the recommendation, funds are available in the current operating budget, as previously appropriated, in the Risk Financing Fund. Prior to an expenditure being incurred, the City Attorney and Human Resources Departments have the responsibility to validate the availability of funds.

**Submitted for City Manager's Office by:** ALL ACMs 6122

**Originating Business Unit Head:** Leann Guzman 8973

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