

Mayor and Council Communication

DATE: 02/04/20

M&C FILE NUMBER: M&C 20-0062

LOG NAME: 19NEW LEAF QUAIL TRAIL APTS

SUBJECT

Authorize Change of Use and Expenditure of HOME Investment Partnerships Program Grant Funds in the Amount of \$500,000.00 to New Leaf Community Services or an Affiliate in the Form of a Forgivable Loan for the Development of the Quail Trail Apartments Located at 4444 Quail Trail, Authorize the Execution of Related Contracts, and Authorize a Substantial Amendment to the City's 2018-2019 Action Plan and Substitution of Funding Years (COUNCIL DISTRICT 2)

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize a Substantial Amendment to the City's 2018-2019 Action Plan contingent upon successful completion of the federal public comment period;
 2. Authorize the substitution of current and prior funding years in order to meet commitment, disbursement, and expenditure deadlines for grant funds from the United States Department of Housing and Urban Development;
 3. Authorize a change in use and expenditure of HOME Investment Partnerships Program grant funds in the amount of \$500,000.00 to New Leaf Community Services or an affiliate in the form of a forgivable loan for the development of the Quail Trail Apartments located at 4444 Quail Trail contingent upon successful completion of the federal public comment period;
 4. Authorize the City Manager or his designee to execute a contract with New Leaf Community Services or an affiliate for HOME Investment Partnerships Program Grant funds in the amount of \$500,000.00 in the form of a forgivable loan for a three year term beginning on the date of execution of the contract;
 5. Authorize the City Manager or his designee to execute all other related contracts or documents necessary for lending activities;
 6. Authorize the City Manager or his designee to extend the contract for the HOME funds for two one-year extensions if such extensions are necessary for completion of the project, and to extend the other contracts for lending activities as necessary for the development of the project; and
 7. Authorize the City Manager or his designee to amend the contracts if necessary to achieve project goals provided that the amendments are within the scope of the project and in compliance with City policies and applicable laws and regulations governing the use of federal grant funds.
-

DISCUSSION:

On August 7, 2018, the City Council authorized \$500,000.00 of HOME Investment Partnerships Program (HOME) grant funds to Tarrant County Samaritan Housing, Inc. (Samaritan House) for the acquisition and rehabilitation of an existing facility located at 601 West Terrell (M&C G-19378). The proposed 70-unit project consisted of 20 Permanent Supportive Housing (PSH) units and 50 transitional respite care units for homeless and indigent individuals discharged from the hospital who need recovery services to recuperate. Recovery services would be medical case management, social work case management, transportation assistance, substance abuse counseling, nutrition counseling, three meals a day, and access to educational services. However Samaritan House lost its option to purchase the facility in the pre-development phase because the owner of the real property exited the project. In addition there was a funding shortfall for Project Based Vouchers (PBVs) in Tarrant County in 2019 which eliminated PBVs as a funding source for construction and operation of PSH projects. Samaritan House is exploring other real estate and financing options for its PSH project and has agreed to the City reallocating the HOME funds. Staff will bring forward a proposed allocation of HOME funds for the development of a PSH project by Samaritan House at a later date for Council's consideration.

In August 2019, New Leaf Community Services submitted an application to Neighborhood Services requesting \$500,000.00 in HOME funds for the development of a PSH project to be known as the Quail Ridge Apartments to be located at 4444 Quail Trail. The project will consist of 48 PSH units in 12 single story quadrplexes. Community amenities include free laundry, community room, green space, and case management offices. The Fort Worth Housing Finance Corporation, First Presbyterian Church, and several foundations have agreed to offer additional financial support to the project. The project will serve chronically homeless individuals with disabilities who are at or below 30% of Area Median Income set by the U.S. Department of Housing and Urban Development (HUD). This project will support the City's goal of ending chronic homelessness.

Staff presented the project and the proposed reallocation of the HOME funds to the Community Development Council (CDC) at its meeting held on December 18, 2019. The CDC approved moving the HOME funds from the Samaritan House PSH project to the New Leaf Community Services PSH project.

Staff recommends execution of a contract with New Leaf Community Services or an affiliate for a forgivable loan of HOME funds in the amount of \$500,000.00 on the following terms and conditions:

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 so long as borrower complies with all of the terms of the contract and loan documents;
4. HOME loan to be subordinate to any financing provided by Fort Worth Housing Finance Corporation. 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 PSH units;
2. All financing including any grants to be acceptable to City to show long term viability of the project;
3. Satisfactory completion of an environmental review pursuant to 24 CFR Part 58; and
4. Receipt of authorization to use grant funds from HUD; and
5. Closing on all other financing for the project.

The project will benefit low income citizens by providing them with quality, accessible, affordable housing. A public comment period on the Substantial Amendment to the 2018-2019 Action Plan, including the intent to change use and expend HOME funds, was held from November 11, 2019 to December 10, 2019. Any comments are maintained by the Neighborhood Services Department in accordance with federal regulations.

This project is located in COUNCIL DISTRICT 2.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations, funds will be available in the current operating budget, as appropriated, of the Grants Operating Federal Fund. The Neighborhood Services Department is responsible for verifying sufficiency of funding before disbursement. The Neighborhood Services Department is responsible for requesting all reimbursements and will verify funding availability prior to incurring any expense.

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

Originating Business Unit Head: Victor Turner 8187

Additional Information Contact: Chad LaRoque 2661
Leticia Rodriguez 7319