

Mayor and Council Communication

DATE: 11/08/22

M&C FILE NUMBER: M&C 22-0927

LOG NAME: 19ARPA AWARDING 41 PERMANENT SUPPORTIVE HOUSING UNITS

SUBJECT

(CD 2 and CD 9) Authorize Forgivable Loans in the Aggregate Amount of \$4,635,964.00 from Federal Sources to Tarrant County Samaritan Housing, Inc. and HTG Jacksboro, LLC for the Development of 41 Permanent Supportive Housing Units, Authorize Execution of Related Contracts and Loan Documents with Tarrant County Samaritan Housing, Inc., Waive or Defer Certain City Fees Related to the Tarrant County Samaritan Housing, Inc. Project, and Find a Public Purpose and that Adequate Controls are in Place

RECOMMENDATION:

It is recommended that the City Council:

1. Award (i) \$1,057,963,00 of HOME Investment Partnerships Program funds, and (ii) \$3,078,001.00 of American Rescue Plan Act, Subtitle M (State and Local Fiscal Recovery Funds) funds in the form of forgivable loans to Tarrant County Samaritan Housing, Inc. or an affiliate for the development of 37 units of permanent supportive housing;
2. Award \$500,000.00 of American Rescue Plan Act, Subtitle M (State and Local Fiscal Recovery Funds) funds in the form of a forgivable loan to HTG Jacksboro, LLC or an affiliate for the development of 4 units of permanent supportive housing;
3. Authorize execution of related contracts and loan documents with Tarrant County Samaritan Housing, Inc. or any affiliates of the same;
4. Waive or defer certain City fees related to the Tarrant County Samaritan Housing, Inc. development in the approximate amount of \$89,743.50;
5. Authorize the City Manager, or his designee, to amend contracts and loan documents as necessary for completion of the projects provided any amendments are within the scope of the projects and comply with City policies and all applicable laws and regulations governing the use of federal grant funds; and
6. Find that the expenditures and waiver or deferral of City fees serves the public purpose of providing decent, safe, and affordable housing to extremely low-income residents in the City and that adequate controls are in place through the loan documents to ensure the public purpose is carried out.

DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to award forgivable loans funded from two funding streams: American Rescue Plan Act (“ARPA”) State and Local Fiscal Recovery Funds (SLFRF) and HOME Investment Partnerships Program (HOME) funds to two projects to provide a total of 41 permanent supportive housing (PSH) units.

Background

The City of Fort Worth is part of the local Continuum of Care (CoC), and one of the priorities of the CoC is to address the current level of chronic homelessness. The CoC lead agency, Tarrant County Homeless Coalition (TCHC), evaluated the homelessness situation in the CoC area, which encompasses Tarrant and Parker counties, and identified strategies, resources, and the estimated number of new physical units of PSH needed. In addition to other strategies, TCHC determined one of the greatest needs is for physical units designated for the chronically homeless and requested the City develop at least 165 new PSH units.

The City of Fort Worth allocated several funding sources to the development of at least 165 units of PSH, and on June 14, 2022, the City awarded three developments a total of \$11,641,276.00 to develop a total of 128 PSH units (M&C 22-0456).

On July 11, 2022, the City issued a second Notification of Funding Availability (NOFA) for PSH to produce at least 37 additional units of PSH in order to reach the goal of 165 PSH units. This second NOFA had two funding sources: ARPA SLFRF (M&C 22-0270) and HOME funds (M&C 22-0569).

Scoring - NSD staff scored the five applications that were submitted. Based on scores, staff is recommending awarding two developments, which will create a total of 41 PSH units.

| Area of Evaluation | Available Points |
|---------------------------|-------------------------|
| Project Description | 30 |
| Agency Experience | 15 |

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| Project Delivery/Occupancy | 25 |
| Financial Capacity/Leveraging | 30 |
| Total Score | 100 |

| Agency Name | Project Name | # of PSH Units | Applicant Score |
|--|---|----------------|-----------------|
| The Phan Foundation | Doors of Opportunity | 12 | 66 |
| The Phan Foundation | Doors of Hope | 5 | 70 |
| HTG Jacksboro, LLC | The Park Tower | 4 | 86 |
| The Wagner Group | Vickery at Parkdale | 20 | 46 |
| Tarrant County Samaritan Housing, Inc. | Permanent Supportive Housing for Chronically Homeless Individuals | 37 | 84 |

Recommended Awards

The following two projects are recommended for funding:

Tarrant County Samaritan Housing, Inc.

Tarrant County Samaritan Housing, Inc. will create 37 new units of PSH at 5120 McCart Avenue (CD 9).

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| HOME | \$1,057,963.00 |
| ARPA SLFRF | \$3,078,001.00 |
| Total NOFA Funding Allocations | \$4,135,964.00 |

Staff recommends execution of all necessary documents with Tarrant County Samaritan Housing, Inc. or an affiliate for forgivable loans in the aggregate amount of \$4,135,964.00 on the following terms and conditions:

HOME Loan Terms:

1. Loan term to commence on execution of the loan documents and terminate at the end of the affordability period;
2. Interest rate of zero percent so long as borrower complies with all of the terms of the contract and loan documents;
3. 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 or the loan term, whichever is longer;
4. Affordability period to begin on the date the project status is changed to "Complete" in the Integrated Disbursement and Information System (IDIS) and to continue for 20 years thereafter;
5. HOME loan to be subordinate to any construction/permanent financing;
6. HOME-assisted units will be designated according to the HOME regulations with a 20-year affordability period;
7. HOME funds will be provided on a reimbursement basis for eligible costs only; and
8. Development and operation will comply with all HOME Regulations in 24 CFR Part 92 et seq.

The expenditure of HOME funds is conditioned upon the following:

1. Successful rezoning of the property through the public rezoning process
2. Satisfactory underwriting in accordance with federal guidance for use of HOME funds and City policies for funding of HOME units;
3. Compliance with all HOME requirements contained in 24 CFR Part 92 et seq;
4. Construction and permanent financing acceptable to City;

5. Satisfactory completion of an environmental review pursuant to 24 CFR Part 58;
6. Receipt of authorization to use grant funds from HUD;
7. Receipt of acceptable, fully executed loan documents; and
8. Closing on all other financing for the Project.

ARPA Loan Terms:

1. Loan term to commence on execution of the loan documents and terminate at the end of the HOME affordability period;
2. Performance period to begin on the date the project status is changed to "Complete" in the Integrated Disbursement and Information System (IDIS) and to continue for 20 years thereafter;
3. ARPA funds to be subordinate to any construction/permanent financing and the City's HOME loan;
4. Interest rate of zero percent so long as borrower complies with all of the terms of the contract and loan documents;
5. ARPA funds will be used for eligible construction costs associated with the new permanent supportive housing construction;
6. ARPA funds shall be forgiven if all terms and conditions are met and Owner has complied with all City and ARPA regulations and requirements; and
7. ARPA funds will be provided on a reimbursement basis for eligible construction costs only.

The expenditure of ARPA funds is conditioned upon the following:

1. Successful rezoning of the property through the public rezoning process
2. Satisfactory underwriting in accordance with federal guidance;
3. Compliance with all ARPA requirements;
4. Construction and permanent financing acceptable to City;
5. Receipt of acceptable, fully executed loan documents; and
6. Closing on all other financing for the Project.

In the event that the McCart site does not meet the requirements included herein, a future M&C with loan terms could be brought for City Council approval for another project site, if such a site is identified by Samaritan House and meets all required City criteria.

HTG Jacksboro, LLC

HTG Jacksboro, LLC will create 4 new units of PSH at 1209 Jacksboro Highway (CD 2) as part of a 90-unit tax housing project.

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| ARPA SLFRF | \$500,000.00 |
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| Total NOFA Funding Allocations | \$500,000.00 |

A future M&C with final terms will be brought for City Council authorization to enter into contracts and execute loan documents.

By approval of this M&C, the City Council finds that the following actions are necessary to achieve the vital public purpose of providing decent, safe, and affordable housing to extremely-low-income residents: (i) providing forgivable loans to the two developments listed above for the development of PSH units in the City, and (ii) the waiver or deferral of certain related City fees for the Tarrant County Samaritan Housing Inc. development, including all fees charged by the Development Services Department (waived) and park dedication fees (conditionally deferred) in the collective approximate amount of \$89,743.50; however the actual amount could vary.

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| | Tarrant County Samaritan Housing, Inc. |
| Park Fees (Deferred) | \$45,343.50 |
| Estimate of Other Development Services Department fees (Waived) | \$44,400.00 |
| Total Fees Waived or Deferred | \$89,743.50 |

Staff has reviewed and verified, and Council by approval of this M&C finds, that the waiver or deferral of the fees is necessary for the financial feasibility of the identified development. The City Council further finds that adequate controls are in place through the loan documents to ensure the public purpose is carried out. Park fees will be payable in the event the property is transferred to a for-profit entity and will no longer be operated solely as a PSH housing development. The conditional imposition of the Park fees will be secured by liens on the properties.

Because of the high priority the City Council has placed on the development as PSH and the fact that the Tarrant County Samaritan Housing, Inc. development will be operated on a not-for-profit basis, Development Services and Park & Recreation departments support the deferring or waiving of fees so these projects may be developed. NSD thanks and recognizes the Development Services and Park & Recreation departments for their commitment to PSH.

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, of the Grants Operating Federal Fund HOME and American Rescue Plan Act projects. Prior to an expenditure being incurred, the Neighborhood Services Department has the responsibility of verifying the availability of funds and to ensure that only expenditures allowed under the ARPA SLFRF and HOME programs are charged to these funding sources.

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Expedited