

# Mayor and Council Communication

DATE: 05/09/23

M&C FILE NUMBER: M&C 23-0383

LOG NAME: 19CASA DE SUENOS

**SUBJECT**

(CD 3 / Future CD 3) Authorize Forgivable Loan in the Aggregate Amount of \$1,500,000.00 from Federal Sources to The Housing Authority of the City of Fort Worth, dba Fort Worth Housing Solutions for the Conversion of the Express Inn at 8401 West Freeway to 55 Units of Deeply Affordable Units for Homeless Families to be known as Casa de los Suenos, Authorize Execution of Related Contract and Loan Documents, Waive or Defer Certain City Fees Related to the Development, Find a Public Purpose and Adequate Controls are in Place, and Adopt Appropriation Ordinance

**RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize \$1,500,000.00 of Community Development Block Grant funds in the form of a forgivable loan to The Housing Authority of The City of Fort Worth, dba Fort Worth Housing Solutions (Fort Worth Housing Solutions) or affiliate for the development of 55 units of deeply affordable housing for homeless families;
2. Authorize execution of related contract and loan documents with Fort Worth Housing Solutions or any affiliates;
3. 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;
4. 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; and
5. Adopt appropriation ordinance increasing estimated receipts and appropriations in the Grants Operating Federal Fund, in the amount of \$230,158.60, for the purpose of funding interest earned in the restricted cash account.

**DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to award a forgivable loan funded from Community Development Block Grant to provide a total of 55 units of deeply affordable housing for homeless families.

**Background**

The City of Fort Worth is experiencing a significant rise in family homelessness. According to Tarrant County Homeless Coalition, family homelessness has increased 27% from the Point in Time Count in 2020 to 2023.

In 2022, The Housing Authority of The City of Fort Worth, dba Fort Worth Housing Solutions (FWHS) and Ojala Holdings (Ojala) jointly applied to Tarrant County's Request for Proposals (RFP) solicitation for funding to support affordable housing. The application included numerous letters of support from the community and partners who will have an active role in stabilizing families. Those partners include FWISD, JPS, MHMR, LVT Rise, Cook Children's, and Moritz Kia. The proposed project will convert the Express Inn at 8401 West Freeway to 55 units of deeply affordable housing – Casa de los Suenos. Ojala will assist with the conversion as fee developer and asset manager. The property currently has 83 units, which will be converted into 55 units to accommodate families. This configuration would include 12 1-bedroom units, 23 2-bedroom units, and 20 3-bedroom units, ranging from 416 square feet to 818 square feet, an average of 644 square feet per unit. The project will also include a resident lounge, community space, business center, computer lab, and case management offices. Other planned amenities include a dog park, playground, multi-function sport court, activated green courtyard, resident garden, and laundry center.

FWHS and Ojala completed the purchase, renovation, lease up and has successfully operated a similar development in Fort Worth since December 2020. That project, Casa de Esperanza, has become a national model of collaboration between municipal entities, non-profits and private businesses to address the growing number of persons experiencing homelessness.

This particular project is a collaborative effort between the City of Fort Worth, Tarrant County, Fort Worth Housing Finance Corporation, Fort Worth Housing Solutions, and Ojala Holdings. The anticipated project cost is approximately \$11.9 million, including the following proposed funding from the City:

- Community Development Block Grant      \$1,500,000.00

Funds will be reprogrammed as follows:

From:

Program Year	Activity	Amount
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2018-2019	Neighborhood Conservation Plan	\$191,721.54
2019-2020	Neighborhood Conservation Plan	\$29,819.85
2019-2020	Sheraton Drive Water/Sewer Project	\$180,048.62
2020-2021	Sheraton Drive Water/Sewer Project	\$123,118.31
2019-2020	Interest Earned – Restricted Cash	\$230,158.68
2022-2023	Rental Rehabilitation Project	\$745,133.00

To:

Program Year	Activity	Amount
2018-2022	FWHS – Casa de los Sueños	\$1,500,000.00

Tarrant County has committed to fund \$8 million. FWHS and Ojala have reduced fees by \$258,000.00 as well as made a commitment of an additional \$500,000.00 by Ojala to the project. FWHS staff will recommend that their board approve a guarantee of the remaining gap of \$1.9 million at their next scheduled board meeting on March 30, 2023. FWHS and Ojala intend to work with local foundations to obtain charitable donations to fill the gap.

A 30-day public notice was published in the *Fort Worth Star-Telegram* on Wednesday, March 8, 2023. The public comment period began on Thursday, March 9, 2023 and ended on Friday, April 7, 2023.

A Form 1295 is not required because: This contract will be with a governmental entity, state agency or public institution of higher education: Fort Worth Housing Solutions

**FISCAL INFORMATION / CERTIFICATION:**

The Director of Finance certifies that upon approval of the above recommendation and adoption of the attached appropriation ordinance, funds will be available in the current operating budget, as appropriated, in the Grants Operating Federal Fund. The Neighborhood Services Department (and Financial Management Services) will be responsible for the collection and deposit of funds due to the City. Prior to an expenditure being incurred, the Neighborhood Services Department has the responsibility to validate the availability of funds. This is a reimbursement grant.

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