

# Mayor and Council Communication

DATE: 02/13/24

M&C FILE NUMBER: M&C 24-0111

LOG NAME: 192024\_9%HTCRESOLUTIONS

## SUBJECT

(CD 4, CD 5, CD 6, CD 8, CD 9, and CD 11) Consider and Adopt Seven Resolutions of Support for 2024 Competitive (9%) Housing Tax Credit Applications, Approve Commitments of Development Funding in the Form of Fee Waivers in the Approximate Amount of Up to \$30,000.00 for Each Development, Find that the Fee Waivers Serve a Public Purpose and that Adequate Controls are in Place, Determine which Developments Contribute to the City's Revitalization Efforts, Acknowledge the One-Mile Three Year Rule, and Make Related Acknowledgments

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## RECOMMENDATION:

1. Acknowledge the receipt of requests for City support of applications to the Texas Department of Housing and Community Affairs for 2024 Competitive (9%) Housing Tax Credits from various developers;
  2. Consider and adopt the seven attached Resolutions of Support for 2024 applications for Competitive (9%) Housing Tax Credits for the multifamily housing developments listed below, to be located at various sites throughout the City;
  3. Approve fee waivers in the approximate amount of up to \$30,000.00 as the City's commitment of development funding for each of the developments that receive a Resolution of Support;
  4. Find that the fee waivers for these developments serve the public purpose of providing quality, accessible, affordable housing for low- to moderate-income households in accordance with the City's Comprehensive Plan and Annual Action Plan, and find that adequate controls are in place through the Neighborhood Services Department to carry out such public purpose;
  5. Determine that the following developments contribute to the City's concerted revitalization efforts either in, a Tax Increment Financing District, a Neighborhood Empowerment Zone, a distinct area within a Neighborhood Empowerment Zone with a Strategic Plan, or an adopted Transformation Plan: Hughes House III, Maren Grove, and the Lofts at Redwood;
  6. Acknowledge that the following developments are each located one linear mile or less from developments that serve the same target populations and which previously received an allocation of Housing Tax Credits for new construction within the last three years: Hughes House III and Maren Grove;
  7. Acknowledge that the following developments are each located in a census tract that has more than 20 percent Housing Tax Credit units per total households, and authorize these developments to move forward with their applications for housing tax credits: Hughes House III, Georgian Oaks, and the Lofts at Redwood; and
  8. Acknowledge that Hughes House III is located in a census tract with a poverty rate above 40 percent, and authorize this development to move forward with an application for tax credits.
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## DISCUSSION:

On November 14, 2023, the City Council adopted a policy for City support of applications to the Texas Department of Housing and Community Affairs (TDHCA) for Noncompetitive (4%) and Competitive (9%) Housing Tax Credits (HTC) and for City commitments of development funding (Mayor and Council Communication (M&C) 23-0946). This year the City received seven applications from developers requesting Resolutions of Support for proposed 9% HTC developments in Fort Worth. All of the applications met the general and program specific requirements of the policy and are recommended to receive resolutions of support through this M&C.

## Resolutions of Support:

Staff requests that the City Council consider and adopt Resolutions of Support for the following developments as they have met the unit set-aside criteria and notification requirements outlined in the City's policy. Additionally, all of these developments are located in designated revitalization areas as defined by the City's 2024 HTC Policy or a high-opportunity area as defined by the TDHCA.

**Huntington Place Senior Living Parkwood Hill** to be developed by Huntington Place Senior Living Parkwood Hill, LP, an affiliate of Cross Development Residential, to be located at 5601 Basswood Blvd., Fort Worth, 76137 (CD 4). The site for the proposed development is zoned E-Neighborhood Commercial, proposed to be changed to PD-Planned Development. The proposed development will not be tax exempt.

**Hughes House III** to be developed by FW Hughes House III, LP, an affiliate of a partnership between Fort Worth Housing Solutions and McCormack Baron Salazar, to be located at the southeast and southwest corners of East Rosedale Street and Etta Street, Fort Worth, TX 76105 (CD 5). The site for the proposed development is zoned PD-Planned Development. The proposed development will be tax-exempt because Fort Worth Housing Solutions is a quasi-public agency with tax-exempt status.

**Delara Chase** to be developed by Delara Chase, LLC, an affiliate of O-SDA Industries, LLC, to be located at 4805 Altamesa Blvd., Fort Worth, 76133 (CD 6). The site is zoned C-Medium Density Multifamily. Housing tax credits will be used to acquire and rehabilitate this existing multifamily development. It will not be tax-exempt.

**Sycamore Senior Living** to be developed by Sycamore TXHP LP, an affiliate of JCM Ventures, LLC, to be located at 1651 Sycamore School Rd., Fort Worth, 76134 (CD 8). The site for the proposed development is zoned E-Neighborhood Commercial, proposed to be changed to D-

High Density Multifamily. This development will target seniors (55+) and will not be tax exempt.

**Georgian Oaks** to be developed by Georgian Oaks, LLC, an affiliate of O-SDA Industries, LLC, to be located at 210 E. 7th St., Fort Worth, 76102 (CD 9). The site for the proposed development is zoned H-Central Business. Historic rehabilitation tax credits will be paired with HTC's to acquire and rehabilitate this existing historic building in Downtown Fort Worth. This development will target seniors (55+) and will not be tax exempt.

**Maren Grove** to be developed by Maren Grove LLC, an affiliate of O-SDA Industries, LLC to be located at 801 W Shaw St., Fort Worth, 76110 (CD 9). The site for the proposed development is zoned MU-1-Low Intensity Mixed-Use. Historic rehabilitation tax credits will be paired with HTC's to acquire and rehabilitate this existing historic building. It will not be tax-exempt.

**Lofts at Redwood** to be developed by CSH Lofts at Redwood, Ltd., an affiliate of Brompton Development, LLC, to be located at 5008 Collett Little Rd., Fort Worth, 76119 (CD 11). The site for the proposed development is zoned E-Neighborhood Commercial, proposed to be changed to PD-Planned Development. The proposed development will not be tax exempt.

#### **Commitment of Development Funding:**

Per the City's 2024 HTC Policy, any development receiving a resolution of support will also receive a waiver of development fees for a value of no less than \$500.00 and no more than \$30,000.00. This commitment of development funding qualifies HTC applicants for an additional point and increases the competitiveness of their TDHCA applications. Staff requests that City Council approve commitments of development funding in the form of fee waivers for each development that is recommended for a Resolution of Support. Two of the developments, Hughes House III and Maren Grove, are located in a Neighborhood Empowerment Zone (NEZ). Accordingly, development fees for those projects will be waived pursuant to the NEZ Policy, with such waiver being in an amount of no less than \$500.00. For all other developments, the approximate total amount of the fee waivers is \$180,000.00. The fee waiver amount may be applied to (a) all building permit related fees; (b) plat application fees; (c) Board of Adjustment application fee; (d) demolition application fee; (e) structural moving application fee; (f) Community Facilities Agreement (CFA) application fee; (g) zoning application fee; (h) street and utility easement vacation application fee; (i) ordinance inspection fee; (j) consent/encroachment agreement application fee; (k) urban forestry application fee; and (l) sign permit fees.

Fee waivers will be conditioned upon the development receiving an award of 2024 HTC's from TDHCA. The City's Neighborhood Services Department will be responsible for verifying that the public purpose for the fee waivers is carried out.

#### **Concerted Revitalization Plan:**

TDHCA rules state that an application may receive additional points if the proposed development is identified in a letter as contributing to a city or county's concerted revitalization efforts. The City has created Urban Villages to help promote central city revitalization. They are districts which are more compact, contain a greater mix of land uses, and give greater emphasis to pedestrian and transit access. The City has created 12 Tax Increment Financing zones (TIFs) as authorized by the Texas Tax Code. TIFs allow local governments to publicly finance needed structural improvements and enhanced infrastructure within defined areas. The City's Neighborhood Empowerment Zones (NEZs) were created to promote affordable housing and economic development in the designated zone. Four NEZs have adopted Strategic Plans for certain distinct areas located in the larger NEZ to guide the rebuilding of neighborhoods with compatible quality infill housing and appropriate mixed-use development in commercial areas. The City Council adopted the Cavile Place/Historic Stop Six Transformation Plan in 2014. The City's Transformation Plans are comprehensive strategies to revitalize specific areas or neighborhoods. All of the City's Urban Villages, TIFs, NEZs, and Transformation Plans are included in the City's annual Comprehensive Plan as part of its goal of revitalizing central city neighborhoods and commercial districts (2023 Comprehensive Plan, Part II, Chapter 5: Housing, and Part III, Chapter 10: Economic Development). The Cavile Place/Historic Stop Six Transformation Plan is located in Appendix A of the Comprehensive Plan.

Hughes House III, Maren Grove, and the Lofts at Redwood are developments located either in an Urban Village, a TIF, a NEZ, a distinct area within a NEZ with a Strategic Plan, or an area that has an adopted Transformation Plan. Staff determined that these developments will significantly contribute to the City's ongoing revitalization efforts in each of the Urban Villages, TIFs, NEZs or Transformation Plan areas in which they will be located since the recommended developments will provide housing for households earning at or below 80 percent of Area Median Income. In addition, the increased density of this new housing will support the new retail, office and other housing development located or being developed in each Urban Village, TIF, NEZ, or Transformation Plan area. Staff recommends that the City Council adopt the attached resolutions determining that Hughes House III, Maren Grove, and the Lofts at Redwood are developments that contribute to the City's concerted revitalization efforts underway in the Urban Villages, TIFs, NEZs, or Transformation Plan areas in which they are located.

#### **Limitations on Developments With Certain Neighborhood Risk Factors:**

##### **More than 20% HTC Units per Total Households**

TDHCA rules state that if a proposed development will be located in a census tract with more than 20 percent HTC units per total households as established by the five-year American Community Survey, it will be ineligible for HTC's unless the governing body of the jurisdiction votes to specifically allow it and also submits a resolution to TDHCA stating that the proposed development is consistent with the jurisdiction's federal obligation to affirmatively further fair housing.

Hughes House III, Georgian Oaks, and the Lofts at Redwood will each be located in a census tract in which more than 20 percent of the total households are HTC units. Staff recommends that City Council vote to specifically allow these developments and approve the additional determination that they are consistent with the City's obligation to affirmatively further fair housing.

##### **One-Mile Three Year Rule**

Hughes House III and Maren Grove are each located one linear mile or less from developments that serve the same target populations and which previously received an allocation of HTC's. The governing body of the municipality where the proposed development is to be located must specifically vote to allow the construction of a new development or the adaptive use of an existing development that is within one linear mile or less

from a development that serves the same target population.

**Located in Census Tract above 40 Percent Poverty Rate**

TDHCA rules state that if a proposed development will be located in a census tract with a poverty rate above 40 percent, the governing body of the appropriate jurisdiction must acknowledge the high poverty rate and authorize the development to move forward with its application for HTC's.

Hughes House III will be located in a census tract with a poverty rate above 40 percent. Staff recommends that City Council vote to acknowledge the high poverty rate and authorize this development to move forward with an HTC application.

**Other Considerations**

All of the proposed developments recommended for a resolution are subject to all applicable City laws, ordinances, policies and procedures including those pertaining to zoning changes and annexation. Council member support for purposes of approving these resolutions does not constitute approval of any required zoning change or annexation.

The proposed developments are located in COUNCIL DISTRICTS 4, 5, 6, 8, 9, and 11.

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 approval of the above recommendations will have no material effect on the Fiscal Year 2024 Budget. While no current year impact is anticipated from this action, any effect on expenditures and revenues will be budgeted in future Fiscal Years.

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Expedited