

# Mayor and Council Communication

DATE: 02/11/25

M&C FILE NUMBER: M&C 25-0109

LOG NAME: 19DELARA CHASE CDBG CONTRACT FUNDS

## **SUBJECT**

(CD 6) Authorize a Substantial Amendment to the City's Action Plans Identified Herein to Allow a Change in Use of \$3,333,385.85 in Community Development Block Grant Funds, Which Consist of \$1,281,079 in Funds Designated for Rental Rehabilitation and \$2,052,306.85 in Unprogrammed Funds and Interest, in the Form of a Forgivable Loan Under Specified Conditions or Other Comparable Financing Structure, to Support the Delara Chase Affordable Housing Project Located at 4805 Altamesa Blvd, Fort Worth, 76133; Authorize Execution of Contracts and Related Loan Documents; Authorize the Substitution of Funding Years; Find that the Loan Serves a Public Purpose with Adequate Controls in Place; and Adopt Appropriation Ordinance

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## **RECOMMENDATION:**

It is recommended that the City Council:

1. Authorize a substantial amendment to the following City action plans: 2019-2020, 2020-2021, 2021-2022, 2023-2024, and 2024-2025 to allow a change in use of \$3,333,385.85 in Community Development Block Grant Funds which consist of \$1,281,079 in funds designated for rental rehabilitation and \$2,052,306.85 in unprogrammed funds and interest, in the form of a forgivable loan under specified conditions or other comparable financing structure to support the Delara Chase affordable housing project located at 4805 Altamesa Blvd, Fort Worth, 76133;
2. Authorize the City Manager or his designee to execute, amend, and extend, all related contracts, including loan documents, if necessary to achieve project goals, provided that all contract provisions are within the scope of the project and in compliance with City policies and applicable laws and regulations governing the use of federal funds;
3. Adopt the attached appropriation ordinance increasing estimated receipts and appropriations in the Grants Operating Federal Fund in the amount of \$937,819.34, from available interest earnings, for the purpose of funding the Delara Chase affordable housing project;
4. 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; and
5. Determine that providing a forgivable Community Development Block Grant Loan serves the public purpose of providing decent, safe, and sanitary housing for low-income residents and find that adequate controls are in place through the various loan documents and agreements to ensure the public purpose is carried out.

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## **DISCUSSION:**

The purpose of this Mayor and Council Communication (M&C) is to authorize a substantial amendment to the following City action plans: 2019-2020, 2020-2021, 2021-2022, 2023-2024, and 2024-2025 to allow a change in use of \$3,333,385.85 in Community Development Block Grant Funds in the form of a forgivable loan to support the Delara Chase affordable housing project (Project). This initiative aligns with the City's Comprehensive Plan by delivering quality, affordable housing for low- to moderate-income residents, while also fostering economic development and revitalizing the City.

On August 8, 2023, City Council authorized M&C 23-0631, approving the allocation of \$636,610.00 of Community Development Block Grant (CDBG) funds from the 2023-2024 Action Plan for rental rehabilitation activities. Subsequently, on June 25, 2024, M&C 24-0552 approved an additional allocation of \$644,469.00 from the 2024-2025 Action Plan to support the same rental rehabilitation efforts. In October 2024, city staff identified a total of \$2,052,306.85 in unprogrammed CDBG funds, which included \$937,819.34 in interest earned from the 2019-2020 Action Plan. Combined, these allocations brought the total available CDBG funds to \$3,333,385.85.

In August 2023, the City Council adopted the priorities outlined in the Fort Worth Neighborhood Conservation Plan and Housing Affordability Strategy, serving as a roadmap to create and preserve affordable housing in Fort Worth. Additionally, the 2023-2024 and 2024-2025 U.S. Department of Housing and Urban Development (HUD) Annual Action Plans align with this initiative, supporting developments that focus on the substantial rehabilitation of multifamily housing.

In November 2024, the City advertised the availability of CDBG funds through a Notice of Funding Availability to multifamily housing developers interested in supporting the preservation of affordable housing through substantial multifamily rehabilitation. As part of the application process, developers were required to provide a project scope/overview, a project map showing proximity to community amenities, proof of site control or ownership (or a purchase agreement), a 15-year operating pro forma, and, if applicable, evidence of funding commitments. The Project was selected for funding based on achieving the highest score across these criteria.

The Project involves the acquisition and rehabilitation of a 116-unit mixed-income multifamily property, providing affordable housing for families. The unit mix is expected to include 12 units reserved for individuals and families earning 30% of the Area Median Income (AMI), 45 units for those earning 50% AMI, 53 units for those earning 60% AMI, and 6 units offered at market rate. The Project scope includes the construction of a new ADA-accessible clubhouse with an on-site management office, gathering spaces, fitness and computer rooms, and two after-school tutoring spaces. Interior upgrades will feature new vinyl flooring, granite countertops, appliances, tile tub surrounds, and drywall replacement, as well as

