

Mayor and Council Communication

DATE: 10/19/21

M&C FILE NUMBER: M&C 21-0810

LOG NAME: 17ARPA ALLOCATIONS EVANS & ROSEDALE REDEVELOPMENT

SUBJECT

(CD 8) Approve Allocation of Funds from the American Rescue Plan Act in the amount of \$4,245,533.42 for the Evans and Rosedale Redevelopment and Affordable Housing Project; Authorize Purchase at Fair Market Value of Thirty Fort Worth Housing Finance Corporation Properties and Five Fort Worth Local Development Corporation Properties and Execution of Necessary Agreements Therefor; and Authorize Sale to Hoque Global, LLC of the Thirty-Five Acquired Properties and Another City Owned Property in Exchange for Nominal Monetary Consideration and the Grant of Deeds of Trust to Ensure Certain Use for Affordable Housing and Execution of Necessary Agreements

RECOMMENDATION:

It is recommended that the City Council:

1. Approve the allocation of up to \$4,245,533.42 from the American Rescue Plan Act, Subtitle M (Coronavirus State and Local Fiscal Recovery Funds) for the Evans and Rosedale Redevelopment and Affordable Housing Project (Project) to pay the fair market value of thirty-six properties being acquired and contributed to the Project, consisting of thirty Fort Worth Housing Finance Corporation (FWHFC) properties (\$3,595,977.13), five (5) Fort Worth Local Development Corporation (LDC) properties (\$235,950.00), and one (1) City property (\$112,500.00);
 2. Authorize acquisition of thirty (30) properties from, and execution of all necessary agreements with, the FWHFC;
 3. Authorize acquisition of five (5) properties from, and execution of all necessary agreements with, the LDC; and
 4. Authorize sale of the thirty-five (35) acquired properties and another City-owned property to, and execution of all necessary agreements with, Hoque Global, LLC for nominal monetary consideration of \$1.00 per property and the granting of deeds of trust covering all property to ensure the property is used for the development and continued operation of affordable housing for a period of at least fifteen (15) years from the date of issuance of the certificate of occupancy.
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DISCUSSION:

The purpose of this Mayor and Council Communication (M&C) is to approve actions associated with the real estate transactions for the Evans and Rosedale Redevelopment and Affordable Housing Project (Project).

Project Background

The thirty-six properties (collectively, the Property) are located within the boundaries of the Historic Southside Neighborhood, the Evans and Rosedale Urban Village, Tax Increment Reinvestment Zone Number 4, and Census Tract 1231.001, which is a Qualified Census Tract. The Property was part of the December 2018 Request for Expressions of Interest (RFEI) in which the City of Fort Worth, the Fort Worth Housing Finance Corporation (HFC), and the Fort Worth Local Development Corporation (LDC) sought a Master Developer arrangement in and near the historic Evans & Rosedale Urban Village.

Eight proposals were received through the RFEI and reviewed through an extensive staff and stakeholder evaluation process. The selection criteria established included: 1.) Vision with respect to the history of the area; 2.) Quality of design; 3.) Economic impact to the City; 4.) Qualifications and experience of the development team; 5.) Financial capacity of the team; 6.) Community engagement; 7.) Alignment with the City's comprehensive plan and strategic economic development plans. Hoque Global Properties, LLC ("Hoque") was selected as the development team that was most closely aligned with the selection criteria. After significant community engagement and feedback, staff for the HFC, the City, and the LDC recommend that Hoque be selected to redevelop the area.

Between early 2019 and September, 2021, HFC, LDC, and City staff have negotiated a term sheet with Hoque. Hoque is proposing a two-phased redevelopment that will result in a total of at least \$70 million worth of investment; approximately 292 multifamily units, 20 townhomes, and 28 live-work units, with at least 20% of the total number of units being affordable; a cultural square; parks, and other public spaces.

A neighborhood meeting outlining the conceptual project design and basic economic terms was held on September 16, 2021 at Shamblee Library. The HFC and LDC met in a joint session on September 21, 2021 and approved resolutions authorizing the sale of the parcels owned by HFC and LDC to the City as-is for the fair market value price, with each corporation authorizing its General Manager to execute closing documents. Fair market value was determined using information from a broker's property opinion, which indicated the value of the area properties is \$21.27/s.f.

Due to market considerations, in order for the development to be financially feasible, Hoque must be able to purchase the Property at a value significantly less than fair market value. As noted in prior public presentations and addressed in more detail below, the plan is for the City to allocate \$4,245,533.42 in Subtitle M funds under the American Rescue Plan Act (ARPA) to pay the fair market value of the Property that will be contributed to the Project.

Approval of this M&C authorizes the purchase of the 30 properties from the HFC at a price of \$3,595,977.13 and the five properties from the LDC

for \$235,950.00 and allocates funding to pay for the one parcel owned by the City and valued at \$112,000. As authorized by Texas Local Government Code Section 272.001(g), the Property, which has a combined fair market value of \$4,245,553.42, would be sold to Hoque for monetary consideration of \$1 each for the purpose of developing low- to moderate-income housing; to effectuate and maintain the public purpose of affordable housing, the Property will be subject to a lien through a Deed of Trust to Secure Performance, ensuring the required affordable housing is offered at the Property for a period of at least 15 years. If the affordable housing requirements are not met, Hoque would be required to repay the full fair market value of the Property out of its own separate funds.

The Property to be sold includes:

Fort Worth Housing Finance Corporation Property

NO.	CFW_ID	ADDRESS	PARCEL LEGAL DESCRIPTION	AREA (s.f.)	VALUE (\$21.27/s.f.)
1	125739	924 MISSOURI AVE	SCHLATTERS SUBDIVISION Block 1 Lot 7	6530.439453	138,902.45
2	125098	916 MISSOURI AVE	SCHLATTERS SUBDIVISION Block 1 Lot 5	6769.264648	143,982.26
3	125264	920 EVANS AVE	EVANS SOUTH ADDITION Block 1 Lot 6	8766.886719	186,471.68
4	126389	1000 EVANS AVE	EVANS SOUTH ADDITION Block 3 Lot 1 & 2	5069.969727	107,838.26
5	125304	920 MISSOURI AVE	SCHLATTERS SUBDIVISION Block 1 Lot 6	5913.998047	125,790.74
6	124251	904 MISSOURI AVE	SCHLATTERS SUBDIVISION Block 1 Lot 2	7039.71875	149,734.82
7	125104	917 SOUTH FWY	SCHLATTERS SUBDIVISION Block 1 Lot 12	5146.254883	109,460.84
8	124500	901 SOUTH FWY	SCHLATTERS SUBDIVISION Block 1 Lot 14 THRU 16	5148.732422	109,513.54
9	126163	810 MISSOURI AVE	EVANS SOUTH ADDITION Block 3 Lot 12	6047.929688	128,639.46
10	125957	928 MISSOURI AVE	SCHLATTERS SUBDIVISION Block 1 Lot 8	7118.005859	151,399.98

11	123988	900 EVANS AVE	EVANS SOUTH ADDITION Block 1 Lot 1	8071.225586	171,674.97
12	125737	924 EVANS AVE	EVANS SOUTH ADDITION Block 1 Lot 7	7644.488281	162,598.27
13	125946	928 EVANS AVE	EVANS SOUTH ADDITION Block 1 Lot 8	7592.90625	161,501.12
14	126155	1000 EVANS AVE	EVANS SOUTH ADDITION Block 3 Lot 1 & 2	4088.458984	86,961.52
15	125045	916 EVANS AVE	EVANS SOUTH ADDITION Block 1 Lot 5	7523.294922	160,020.48
16	125314	921 SOUTH FWY	SCHLATORS SUBDIVISION Block 1 Lot 11	5135.705078	109,236.45
17	124006	708 E TERRELL AVE	SCHLATORS SUBDIVISION Block 1 Lot 1 W43' LOT 1	2835.770508	60,316.84
18	124006	710 E TERRELL AVE	SCHLATORS SUBDIVISION Block 1 Lot 1 W41'E82' LOT 1	3270.558594	69,564.78
19	124006	900 MISSOURI AVE	SCHLATORS SUBDIVISION Block 1 Lot 1 E41' LOT 1	2659.220703	56,561.62
20	124003	901 SOUTH FWY	SCHLATORS SUBDIVISION Block 1 Lot 14 THRU 16	6964.4375	148,133.59
21	124258	901 SOUTH FWY	SCHLATORS SUBDIVISION Block 1 Lot 14 THRU 16	5138.206055	109,289.64
22	124888	915 MISSOURI	EVANS SOUTH ADDITION	7413.944336	157,694.60

		AVE	Block 1 Lot 4 W 65'4 BLK 1		
23	124888	912 EVANS AVE	EVANS SOUTH ADDITION Block 1 E 86'LOT 4	Included in 915 Missouri parcel	—
24	125967	759 E DASHWOOD ST	SCHLATORS SUBDIVISION Block 1 Lot 9	5860.902344	124,661.39
25	124396	900 EVANS AVE	EVANS SOUTH ADDITION Block 1 Lot 3 E 84'3 BLK 1	7895.463867	167,936.52
26	124536	908 MISSOURI AVE	SCHLATORS SUBDIVISION Block 1 Lot 3	6018.348633	128,010.28
27	124536	913 SOUTH FWY	SCHLATORS SUBDIVISION Block 1 Lot 13	5135.777344	109,237.98
28	124917	925 SOUTH FWY	SCHLATORS SUBDIVISION Block 1 Lot 10	5130.567383	109,127.17
29	125770	900 EVANS AVE	EVANS SOUTH ADDITION Block 1 Lot 2	7132.858398	151,715.90
30	124170	900 EVANS AVE	EVANS SOUTH ADDITION Block 1 Lot 3 W 67'3 BLK 1	included in 900 Evans parcel 124396	-
			TOTALS	169,063.33 sf	\$3,595,977.13

Local Development Corporation Property

NO.	ADDRESS	PARCEL LEGAL DESCRIPTION	AREA (s.f.)	VALUE (\$21.27/s.f.)
1	901 EVANS AVE	MC ANULTY & NESBITT SUB EVANS BLOCK 2 LOT 1	4799.548828	102,086.40
2	901 EVANS AVE	MC ANULTY & NESBITT SUB EVANS BLOCK 2 LOT 2	5191.926758	110,432.28

3	909 EVANS AVE	MC ANULTY & NESBITT SUB EVANS BLOCK 2 LOT 30	4727.975586	100,564.04
4	1009 EVANS AVE	KRAUSE, A SUBDIVISION BLOCK 4 LOT 2F	4915.320313	104,548.86
5	1013 EVANS AVE	KRAUSE, A SUBDIVISION BLOCK 4 LOT 2E	5615.641602	119,444.70
		TOTALS	25,250.41 sf	\$537,076.29

City of Fort Worth Property

NO.	ADDRESS	PARCEL LEGAL DESCRIPTION	AREA (s.f.)	VALUE
1	1005 EVANS AVE	KRAUSE, A SUBDIVISION BLOCK 4 LOT 1E	7,500	\$112,500

All properties are located in COUNCIL DISTRICT 8.

Allocation of ARPA Subtitle M Funding

Responding to the negative economic impacts of the coronavirus pandemic is a specifically identified use of ARPA dollars under Section 603(c) (1)(A) of Title VI of the Social Security Act (added by ARPA). Treasury Department guidance specifically notes that these Fiscal Recovery Funds can be deployed for a broad range of uses to address “the disproportionate . . . economic impacts of the crisis on the hardest-hit communities, populations, and households” and to provide services and additional investments in Qualified Census Tracts, such as the one in which the Project is located. Therefore, it has been determined that paying for the Property so that can be contributed to the Project below cost is an eligible use of funds as a response to negative economic impact and an investment in housing and neighborhoods in a Qualified Census Tract.

The following chart reflects the current status for allocation of the City's ARPA funding under Subtitle M and incorporates each ARPA M&C on the October 19, 2021 Council Agenda:

Status	Amount	M&C's
Total CFW ARPA Subtitle M Funding	\$173,745,090.00	21-0445
Allocations Approved To-Date	\$6,000,000.00	25ARPA-VFW-TDG
Pending Allocation	\$1,000,000.00	13ARPA-ADMINISTRATION
Pending Allocation	\$10,100,000.00	19ARPA ALLOCATIONS TO HOUSING AND HUMAN SERVICES PROJECTS
Pending Allocation	\$300,000.00	25ARPA-WRMC MURAL PLAQUES
Pending Allocation	\$2,400,000.00	17ARPA ALLOCATIONS UNTHSC TECHSTARS

Pending Allocation	\$3,000,000.00	17ARPA ALLOCATION CDFI FRIENDLY AMERICA
Pending Allocation	\$4,245,533.42	17ARPA ALLOCATIONS EVANS & ROSEDALE REDEVELOPMENT (This M&C)
Remaining Unallocated Balance	\$146,699,556.58	

The Evans-Rosedale Project was also determined to be a qualified priority by City Management for ARPA funding as approved by the City Council in M&C 21-0445 on June 22, 2021. ARPA funds must be committed by the end of 2024 and spent by the end of 2026. The Property purchase should be completed by March 2022.

Approval of this M&C will allocate \$4,245,533.42 for FY2022 in the American Rescue Plan Act project in the Grants Operating Federal Fund budget. Necessary reporting and documentation requirements will be followed to ensure the City can comply with all reporting requirements of the ARPA legislation.

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. The Economic Development Department shall be responsible for ensuring that only expenditures allowable under the American Recovery Plan Act are charged to this funding source.

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Expedited