

Fort Worth Affordability, Inc.

March 19, 2024

Bobby Wilkinson
Executive Director
Texas Department of Housing & Community Affairs
221 East 11th Street
Austin, TX 78701

**Re: Request for Extension of Placed in Service Deadline Pursuant to Force Majeure
Hughes House, TDHCA #22807**

Dear Mr. Wilkinson:

The Hughes House project in Fort Worth (the “Development”) closed on April 12, 2023, with a construction schedule that ensured Placed in Service by December 31, 2024. Since closing, the Development has encountered unforeseeable and insurmountable material shortages that will prevent the Development from meeting the Placed in Service deadline associated with the 2022 9% Housing Tax Credit (Tax Credit) allocation.

Development Summary

Hughes House is a 162-unit new construction multi-family mixed-income development located on two adjacent blocks in the Fort Worth Stop Six neighborhood. Hughes House is the second of six (6) new mixed-income rental housing phases to be completed under HUD’s Choice Neighborhoods Initiative (“CNI”). When completed, the Housing Plan will create 924 new mixed-income rental units on the former Cavile Place public housing site and nearby parcels. The CNI Housing Plan is a collaboration between Fort Worth Housing Solutions, the City of Fort Worth, and developer McCormack Baron Salazar, Inc.

Force Majeure Event

Because of electrical material shortages that are outside of FW Hughes House, LP’s (the “Owner”) control, the Owner is requesting TDHCA’s approval to utilize the Force Majeure provisions under Section 11.6 (5) of the Qualified Allocation Plan (“QAP”) to return the 2022 allocation and request a re-issuance of 2024 9% Tax Credits. A re-issuance of 2024 9% Tax Credits would result in a new Placed in Service (“PIS”) deadline of December 31, 2026, however, the Owner would agree to a December 31, 2025 PIS date.

The COVID pandemic continues to impact construction supply and material availability and contribute to unpredictable manufacturing timelines. As further described in this letter, the Owner could not have reasonably foreseen the excessive lead time due to material shortages.

Description of Delays and Evidence of Event

After closing, Hughes House experienced an unanticipated delay in the manufacturing timeline of the electrical gear equipment needed to energize the buildings. The electrical gear equipment must be installed before Oncor (the electric utility company) can install electric meters to provide electricity to the apartment units. This installation is a critical construction schedule milestone because the buildings must have permanent electric service to:

- install flooring;
- complete hot punch startup by the electrical subcontractor;
- install appliances;
- provide power to the elevators so they are operational and get certified by the State;
- provide power to the fire alarm system; and

- complete final electrical inspections prior to the final building inspection to secure certificates of occupancy.

The development team's General Contractor ("GC"), Block Companies, ordered the electrical gear equipment immediately following architect and Oncor (electric utility company) approval. Please see **Exhibit A: Gear Tracking Status Report**, provided by the manufacturer, that shows the equipment was released for manufacturing in September 2023 with a one-year lead time for completion and delivery in October 2024. Though an unexpectedly long lead time, this delivery date would have allowed the Development to be PIS by year end, as required.

Late last year, Eaton (the supplier) notified the contractor of a two-month delay due to material shortages, pushing the scheduled delivery to December 2024. Attached please find **Exhibit B: Updated Construction Schedule**, showing electrical gear/meter pack delivery in mid-December 2024, with installation through early January 2025 – past the December 31, 2024 PIS deadline.

Steps to Minimize or Mitigate Delays

The material shortage could not have been reasonably foreseen and mitigated through appropriate planning, however, the Owner and GC investigated strategies to minimize delays and expedite the manufacture and delivery of the electrical gear equipment to the development site, including:

- Manufacturing the multimeter packs locally. Unfortunately, receipt of internal components required to manufacture would pose longer, more significant delays;
- Alternative sourcing of the materials needed for manufacturing, however, the required materials are unavailable, further evidencing the material shortage contributing to this delay;
- Use of alternative materials and adjustments to the project specifications to identify readily available substitutes. Upon investigation, the team was unable to determine a viable alternative that would mitigate the current delay;
- Additional payment. Though the Owner was eager to pay a premium for readily available equipment, this option is not available;
- Expediting work by adding crews before and during electrical gear installation. The GC will do so, but this does not advance the availability of the critical electrical gear equipment. Further, adding crews to the electrical gear/meter pack installation will not improve the Development's ability to reach December 31, 2024 PIS because the electrical gear/meter packs will not be delivered until mid-December 2024, and several specialties must complete work after installation; and
- The GC has a standing monthly call with the electrical subcontractor and Eaton to track the delivery schedule and prevent any further delays.

Summary

In accordance with Section 11.6(5) of the QAP, the Owner meets TDHCA's requirements for the relief requested under Force Majeure as follows:

- A. The material shortages resulting in delays with the electrical gear equipment are Force Majeure events that materially impede construction progress and the Owner's ability to engage in construction activities on a timeline that complies with Hughes House's December 31, 2024 PIS deadline.
- B. The delays were unforeseen and outside of the Owner's control. As indicated in this letter and its attachments, the material shortages and delays could not have been reasonably anticipated and mitigated.
- C. This letter and its attachments include evidence of the material shortages, resulting delays, and impacts on the project schedule.
- D. This letter and its attachments include documentation of the reasonable steps taken to minimize and mitigate any delay or damages. Further, the Owner substantially fulfilled all obligations not

impeded by the material shortages, including a timely financial closing on April 12, 2023, a timely start of construction on April 17, 2023, proper insurance, and this timely notification to TDHCA. The Owner, Developer and the GC will continue to explore all potential solutions, within the team's control, to accelerate the schedule and achieve the earliest PIS date possible.

- E. The material shortages and resulting delays prevent the Owner from meeting the December 31, 2024 PIS date.
- F. The Owner is requesting a current year allocation equal to the 2022 allocation.
- G. The Development continues to be financially viable.

We believe the Owner has met the QAP requirements for a reallocation of 9% housing tax credits as described in Section 11.6(5) and request consideration during the April 11, 2024 board meeting. We are hopeful that staff will recommend approval of this request to allow the Development to reach PIS within the federal deadline. Please contact me at 817-333-3401 or mmlemons@fwhs.org with any questions.

Sincerely,



Mary-Margaret Lemons, Secretary/Treasurer
Fort Worth Affordability, Inc., sole member of
FW Hughes House GP, LLC, general partner of
On behalf of FW Hughes House LP, a Texas limited partnership

Enclosures: (2)

Exhibit A – Gear Tracking Status Report

Exhibit B – Updated Construction Schedule

Cc: Cody Campbell, Director
TDHCA Multifamily Programs

Exhibit A

Gear Tracking Status Report

Standard Status Report

Job Name:

SEC - HUGHES HOUSE

GO Num: LDA0035003
 Cust: SUMMIT ELECTRIC SPLY FT WORTH TX
 P.O. Num: 5300008632

Proj Engineer:
 Proj Coordinator:

James Hamlin (828-651-0877)
 Kathy Pressley (828-651-0817)

Report Run Date:

11/27/2023

LEGEND

Status: H = Hold, I = Invoiced, X = Canceled, O = Open (release for mfg.), S = Shipped, B= Backorder/Built to Order

Item	Suffix	Status	Manufacturing and Shipping Information									
			Qty	Description	Designation	Released for Mfg	Date Schd	Date Changed	Date ReSched	Date Shipped	Carrier	Pro #
001B	Q48	I	1	EZB2090R	H1A	09/27/23	11/10/23			10/16/23	SW066340./SEFL EL P	4394354
001I	DTT	O	1	PDSKNFBBD30A	H1A	09/27/23	06/21/24					
001T	DTT	O	1	EZT2090S	H1A	09/27/23	06/21/24					
002B	Q48	I	1	EZB2090R	L1A	09/27/23	11/10/23			10/16/23	SW066340./SEFL EL P	4394354
002I	DTT	O	1	PBSIEDBBD84A	L1A	09/27/23	01/26/24					
002T	DTT	O	1	EZT2090S	L1A	09/27/23	01/26/24					
003B	Q48	I	1	EZB2048R	L1B	09/27/23	11/10/23			10/16/23	SW066340./SEFL EL P	4394354
003I	DTT	O	1	PBSIEDBBD30A	L1B	09/27/23	01/26/24					
003T	DTT	O	1	EZT2048S	L1B	09/27/23	01/26/24					
004B	Q48	I	1	EZB2090R	L1D	09/27/23	11/10/23			10/16/23	SW066340./SEFL EL P	4394354
004I	DTT	O	1	PBSIEFBBD84A	L1D	09/27/23	01/26/24					
004T	DTT	O	1	EZT2090S	L1D	09/27/23	01/26/24					
005B	Q48	I	1	EZB2090R	H2A	09/27/23	11/10/23			10/16/23	SW066340./SEFL EL P	4394354
005I	DTT	O	1	PDSKNFBTD44A	H2A	09/27/23	06/21/24					
005T	DTT	O	1	EZT2090S	H2A	09/27/23	06/21/24					
006B	Q48	I	1	EZB2060R	L2A	09/27/23	11/10/23			10/19/23	SW013982/SEFL EL PA	4394433
006I	DTT	O	1	PBSIEDBTD42A	L2A	09/27/23	01/26/24					
006T	DTT	O	1	EZT2060S	L2A	09/27/23	01/26/24					
007B	DTT	O	1	EZB20R	L2D	09/27/23						
007I	DTT	O	1	PBSIEFBTD84A	L2D	09/27/23	01/26/24					
007T	DTT	O	1	EZT20S	L2D	09/27/23	01/26/24					
008B	Q48	I	1	EZB2072R	LMA	09/27/23	11/10/23			10/17/23	S76138/SEFL EL PASO	4394372
008I	DTT	O	1	PBSJEFBTD42A	LMA	09/27/23	01/26/24					
008T	DTT	O	1	EZT2072S	LMA	09/27/23	01/26/24					
009	W44	I	1	V48M28T4516CU	T1A BLDG 1	09/27/23	09/28/23			09/28/23	R&L CARRIERS	37708234-2
010	W66	H	1	WS58	T1A BLDG 1							
011	Q25	I	1	V48M28T3016CU	T1B BLDG 1	09/27/23	10/11/23			09/28/23	F617/FEDEX FREIGHT E	9916502326
012	W66	H	1	WS58	T1B BLDG 1							
013	W66	I	1	V48M28T7516CU	T1D BLDG 1	09/27/23	09/28/23			09/28/23	SEFL	28470223-4
014	W66	H	1	WS59	T1D BLDG 1							
015	Q25	I	1	V48M28T4516CU	T2A BLDG 2	09/27/23	10/11/23			10/05/23	F76098 /FEDEX FREIGH	9735892040
016	W66	H	1	WS58	T2A BLDG 2							
017	W66	I	1	V48M28T7516CU	T2D BLDG 2	09/27/23	09/28/23			09/28/23	SEFL	28470223-4
018	W66	H	1	WS59	T2D BLDG 2							
019	Q76	B	5	1PMB2000RCCL	METER MAIN	09/27/23	10/04/23	10/03/23	07/03/24			
020	W34	B	26	3MM512R12RL	METER STACK	09/27/23	08/19/24		04/17/24			
021	W34	B	8	3MM412R12RL	METER STACK	09/27/23	10/18/24	10/12/23	12/19/24			
022	Q76	B	5	1PMBSURGEKT	METER MAIN SURGE	09/27/23	10/02/23	11/14/23	12/06/23			
023	W34	I	1	DH365NRK	H1A DISCONNECT	09/27/23	09/29/23			09/28/23	SOUTHEASTERN FREIGHT	232436070
024	W34	I	1	DH365NRK	H2A DISCONNECT	09/27/23	09/29/23			09/28/23	SOUTHEASTERN FREIGHT	232436070
025	W34	H	162	BRHX2100	TENANT MAIN							
026	W34	H	162	BRP40L200G	UNIT LOADCENTER							
027	W34	H	162	BR220	UNITS							
028	W34	H	162	GFTCB240	UNITS							
029	W34	H	486	BRP120AF	UNITS							
030	W34	H	972	BRP120DF	UNITS							
032	W34	H	324	BR230	UNITS							
033	W34	H	162	GFTCB230	UNITS							
034	W34	H	162	BR120	UNITS							
035	W34	H	162	DPU222RP	AC DISCONNECT							
031	W34	H	170	BRLW2	LOADCENTER LOCKOFFS							

Exhibit B

Updated Construction Schedule

ID	Task Mode	Task Name	Duration	Start	Finish	Predecessors	Baseline1 Estimated Start	Baseline1 Estimated Finish	1, 2023		Half 2, 2023					Half 1, 2024					Half 2, 2024					Half 1, 2025					Half 2, 2025					
									M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J
1	🚀	Hughes House	497 days?	Thu 4/13/23	Fri 3/7/25		Thu 4/13/23	Fri 3/7/25																												
2	➡	Temp fence and SWPPP Installation	2 days	Thu 4/13/23	Fri 4/14/23		Thu 4/13/23	Fri 4/14/23																												
3	➡	Site Construction	181 days	Thu 4/13/23	Thu 12/21/23		Thu 4/13/23	Thu 12/21/23																												
4	➡	Earthwork	55 days	Fri 4/14/23	Thu 6/29/23		Fri 4/14/23	Thu 6/29/23																												
10	➡	Utilities	55 days	Fri 4/28/23	Thu 7/13/23		Fri 4/28/23	Thu 7/13/23																												
15	➡	Paving	95 days	Thu 4/13/23	Wed 8/23/23		Thu 4/13/23	Wed 8/23/23																												
53	➡	Public Work	170 days	Fri 4/28/23	Thu 12/21/23		Fri 4/28/23	Thu 12/21/23																												
54	➡	Public Storm & Sanitary	45 days	Fri 4/28/23	Thu 6/29/23	5	Fri 4/28/23	Thu 6/29/23																												
55	➡	Public Water	35 days	Fri 6/30/23	Thu 8/17/23	54	Fri 6/30/23	Thu 8/17/23																												
56	➡	Public Paving Repair	90 days	Fri 8/18/23	Thu 12/21/23	55	Fri 8/18/23	Thu 12/21/23																												
57	➡	Building 1	508 days	Wed 6/14/23	Fri 5/23/25		Wed 6/14/23	Tue 11/26/24																												
58	➡	Foundation	79 days	Wed 6/14/23	Mon 10/2/23		Wed 6/14/23	Mon 10/2/23																												
59	➡	Pour 1	39 days	Wed 6/14/23	Mon 8/7/23		Wed 6/14/23	Mon 8/7/23																												
74	➡	Pour 2	75 days	Tue 6/20/23	Mon 10/2/23		Tue 6/20/23	Mon 10/2/23																												
89	➡	Framing	132 days	Mon 8/7/23	Tue 2/6/24		Mon 8/7/23	Tue 2/6/24																												
90	➡	First Floor	33 days	Mon 8/7/23	Wed 9/20/23		Mon 8/7/23	Wed 9/20/23																												
97	➡	Second Floor	50 days	Thu 9/21/23	Wed 11/29/23		Thu 9/21/23	Wed 11/29/23																												
106	➡	Third Floor	27 days	Tue 11/7/23	Wed 12/13/23		Tue 11/7/23	Wed 12/13/23																												
112	➡	Fourth Floor	39 days	Thu 12/14/23	Tue 2/6/24		Thu 12/14/23	Tue 2/6/24																												
120	➡	Post Framing	117 days	Wed 2/7/24	Thu 7/18/24		Wed 2/7/24	Thu 7/18/24																												
121	➡	Roofing	10 days	Wed 2/7/24	Tue 2/20/24	119	Wed 2/7/24	Tue 2/20/24																												
122	➡	Windows	10 days	Wed 2/21/24	Tue 3/5/24	121	Wed 2/21/24	Tue 3/5/24																												
123	➡	Load Sheetrock	5 days	Wed 3/6/24	Tue 3/12/24	122	Wed 3/6/24	Tue 3/12/24																												
124	➡	Balcony Lightweight	5 days	Wed 3/13/24	Tue 3/19/24	123	Wed 3/13/24	Tue 3/19/24																												
125	➡	Exterior Doors	5 days	Wed 3/20/24	Tue 3/26/24	124	Wed 3/20/24	Tue 3/26/24																												
126	➡	Lath& Paper	10 days	Wed 3/27/24	Tue 4/9/24	125	Wed 3/27/24	Tue 4/9/24																												
127	➡	Lath Inspection	2 days	Wed 4/10/24	Thu 4/11/24	126	Wed 4/10/24	Thu 4/11/24																												
128	➡	Stucco/Stone	60 days	Fri 4/12/24	Thu 7/4/24	127	Fri 4/12/24	Thu 7/4/24																												
129	➡	Balcony Railing	10 days	Wed 3/20/24	Tue 4/2/24	123FS+5 days	Wed 3/20/24	Tue 4/2/24																												
130	➡	Exterior Lights	10 days	Fri 7/5/24	Thu 7/18/24	128	Fri 7/5/24	Thu 7/18/24																												
131	➡	Rough Ins	35 days	Wed 3/27/24	Tue 5/14/24		Wed 3/27/24	Tue 5/14/24																												
132	➡	Fire Alarm Box	5 days	Wed 3/27/24	Tue 4/2/24	125	Wed 3/27/24	Tue 4/2/24																												
133	➡	HVAC Copper	15 days	Wed 3/27/24	Tue 4/16/24	125	Wed 3/27/24	Tue 4/16/24																												
134	➡	Electrical Box	10 days	Wed 3/27/24	Tue 4/9/24	125	Wed 3/27/24	Tue 4/9/24																												
135	➡	Low Volt Box	10 days	Wed 3/27/24	Tue 4/9/24	125	Wed 3/27/24	Tue 4/9/24																												

Project: msproj11
Date: Tue 12/12/23

Task		External Tasks		Manual Task		Finish-only		Manual Progress	
Split		External Milestone		Duration-only		Deadline			
Milestone		Inactive Task		Manual Summary Rollup		Critical			
Summary		Inactive Milestone		Manual Summary		Critical Split			
Project Summary		Inactive Summary		Start-only		Progress			

