



Housing and Community Affairs Committee

Committee Members

Mike Laster (Chair)
Dwight A. Boykins
Michael Kubosh
Mike Knox

Robert Gallegos (Vice Chair)
David W. Robinson
Karla Cisneros

AGENDA

Tuesday, August 15, 2017, 10:00 AM
City Hall Council Chambers

Call to Order/Welcome Remarks – Council Member Mike Laster, Chair

I. Multifamily

- a) Village at Palm Center Loan Agreement – (District D)
- b) Pleasant Hill Village Loan Agreement – (District B)

Presentation:

- Tom McCasland, Director, Housing and Community Development Department
- Ryan Bibbs, Division Manager, Multifamily Division

II. Public Facilities

- a) Houston Housing Finance Corporation Lease and Development Agreement – (District D)

Presentation:

- Tom McCasland, Director, Housing and Community Development Department

III. Public Comments

Action may be taken on any or all of the above items.

Committee meetings are open to the public.

For information about this committee, contact Jeremy Harris, 832.393.3369.

IV. Director's Comments

Tom McCasland, Director, Housing and Community Development Department

SUBJECT: An Ordinance authorizing an amendment to the original Loan Agreement between the City of Houston and Nautical Affordable Housing Inc. to increase the original commitment amount by \$1,500,000		Category #	Page 1 of 1	Agenda Item #I. a.
FROM: Tom McCasland, Director Housing and Community Development Department		Origination Date 08/04/2017	Agenda Date	
DIRECTOR'S SIGNATURE:		Council District affected: District D		
For additional information contact: Roxanne Lawson Phone: 832-394-6307		Date and identification of prior authorizing Council action: 06/18/14 (O) 2014-636		

RECOMMENDATION: An Ordinance authorizing an amendment to the original Loan Agreement between the City of Houston and Nautical Affordable Housing Inc. to increase the original commitment amount by \$1,500,000, in order to offset cost overruns due to project delays

Amount of Funding:	\$1,500,000	Finance Budget:
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SOURCE OF FUNDING General Fund Grant Fund Enterprise Fund

Community Development Block Grant-Disaster Recovery Round 2 (CDBG-DR2) Fund 5030

SPECIFIC EXPLANATION:

The Housing and Community Development Department recommends Council approve an amendment to the original Loan Agreement executed September 30, 2014, between the City of Houston and Nautical Affordable Housing. The amendment will allow for a \$1,500,000 increase to the original commitment amount in order to fund cost overruns the project is experiencing; the original commitment amount is for \$15,300,000. The amendment will also allow the developer to obtain a bridge loan from his lender and to increase the rental restriction from 60% to 80% Area Median Income rent. The total cost for the residential part of the development is \$45,128,443, which equates to \$203,281 price per unit. Price per unit for City of Houston funding is \$75,675.

Village at Palm Center will consist of 154 apartment units and 68 townhomes. Two hundred units (90%) will be restricted for low-income tenants at affordable rents. The townhomes will feature attached garages and will be oriented facing the street to create a vibrant streetscape. The development will also include 14,500 square feet of retail space with ample parking for customers. Construction for Village at Palm Center is approximately 90% complete, however, the project has experienced cost increases and the new projected completion date is now October 2017. The cost overruns are due to construction cost increases in the market and unforeseen underground foundation structure in demolition debris removal.

In exchange for the additional funding, the developer has agreed to reserve 11 units for which priority will be given to homeless individuals. Finally, this amendment increases the affordability period to 30 years.

Sources		Uses	
Perm Loan (CBOT)	\$13,613,321	Acquisition	\$5,500,000
Tax Credit Equity (NEF)	\$8,920,740	Hard Cost	\$30,044,522
CDBG DR2(COH)	\$15,300,000	Soft Cost	\$6,868,080
TIRZ 7 OST/Alameda	\$1,982,689	Developer Fee	\$3,984,735
Def. Dev. Fee	\$3,984,735	Reserves	\$904,148
Bridge Loan (CBOT)/Sec. 108	\$2,000,000		
CDBG DR2 (COH)	\$1,500,000		
Total	\$47,301,485	Total	\$47,301,485

This item was reviewed by the Housing and Community Affairs Committee on August 15, 2017.

TM: RB

cc: Mayor's Office, City Secretary, Legal, Finance

REQUIRED AUTHORIZATION		
Finance Department:	Other Authorization:	Other Authorization:

SUBJECT: An Ordinance to amend an Agreement among the City of Houston, Fifth Ward Community Redevelopment Corporation and Pleasant Hill Seniors 165 LP to increase the loan amount by \$1,017,201 for the renovation of Pleasant Hill Village Apartments	Category #	Page 1 of 1	Agenda Item # I. b.
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FROM (Department or other point of origin): Tom McCasland, Director Housing and Community Development	Origination Date 8/7/2017	Agenda Date
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DIRECTOR'S SIGNATURE:	Council District affected: District B
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For additional information contact: Roxanne Lawson Phone: 832-394-6307	Date and identification of prior authorizing Council action: Ordinance No. 2015-1310
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RECOMMENDATION:
The approval of an Ordinance to amend the Agreement between the City of Houston, Fifth Ward Community Redevelopment Corporation and Pleasant Hill Seniors 165 LP to increase the loan amount by \$1,017,201 for the renovation of Pleasant Hill Village Apartments

Amount of Funding: <p style="text-align: center;">\$1,017,201</p>	Finance Budget:
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SOURCE OF FUNDING [] General Fund [X] Grant Fund [] Enterprise Fund
Community Development Block Grant (CDBG) Fund 5000

SPECIFIC EXPLANATION: The Housing and Community Development Department (HCDD) proposes to add \$1,017,201 to the \$2 million loan amount previously approved by Council, for a total City investment of \$3,017,201 in the project to renovate Pleasant Hill Village Apartments. The property is a 165-unit senior's facility in the 5th Ward. Price per unit for total funding is \$21,680. Price per unit for City of Houston funding is \$18,286.

In December 2015, City Council approved an Ordinance authorizing a Loan Agreement to provide \$2,000,000 in CDBG funds for the renovation of Pleasant Hill Village Apartments. As a result of restructuring this deal prior to closing, the owner has requested additional funding for deferred maintenance and renovation costs. Construction of this project shall begin within 12 months of the date of signed agreement with completion to end not later than 18 months after closing. In exchange for this additional funding, the affordability period will be increased to 15 years.

HCDD believes that this property is pivotal to the revitalization of the Fifth Ward and proposes to provide the additional funding amount requested.

Funding for the renovation will be provided as follows:

<u>Sources</u>		<u>Uses</u>	
CDBG COH	\$2,000,000	Hard Cost	\$2,505,402
CDBG COH	\$1,017,201	Soft Cost	\$748,336
TIRZ 18	\$250,000	Developer Fee	\$323,463
Developer Equity	\$310,000		
Total	\$3,577,201	Total	\$3,577,201

HCDD recommends approval of this ordinance. The project is consistent with the City's Consolidated Plan to provide affordable housing for low- to moderate-income individuals.

This item was reviewed by the Housing and Community Affairs Committee on August 15, 2017.

TM:RB

cc: CSC, FIN, MYR, LGL

REQUIRED AUTHORIZATION		
Finance Department:	Other Authorization:	Other Authorization:

TO: Mayor via City Secretary REQUEST FOR COUNCIL ACTION

SUBJECT: Lease and Development Agreement with Purchase Option between the City of Houston and the Houston Housing Finance Corporation for 12.121 acres of land located on the northeast corner of Highway 288 and North MacGregor Way		Category #	Page 1 of 1	Agenda Item # II.a.										
FROM: Tom McCasland, Director Housing and Community Development Department		Origination Date 7/31/2017	Agenda Date											
DIRECTOR'S SIGNATURE:		Council District affected: Districts: D												
For additional information contact: Roxanne Lawson Phone: 832-394-6307		Date and identification of prior authorizing Council action: 3/8/2017 (O) 2017-168												
RECOMMENDATION: Approval of Lease and Development Agreement with Purchase Option between the City of Houston and the Houston Housing Finance Corporation for 12.121 acres of land located on the northeast corner of Highway 288 and North MacGregor Way														
Amount of Funding:			Finance Budget:											
SOURCE OF FUNDING: <input type="checkbox"/> General Fund <input type="checkbox"/> Grant Fund <input type="checkbox"/> Enterprise Fund <input type="checkbox"/> Other														
Revenue														
SPECIFIC EXPLANATION:														
<p>The Housing and Community Development Department (HCDD) requests the approval of City Council to enter a Lease and Development Agreement with Purchase Option (Lease) with the Houston Housing Finance Corporation (HHFC) for 12.121 acres of land located on the northeast corner of Highway 288 and North MacGregor Way (Property). The Property consists of 9.177 acres that the City is purchasing from Houston Community College (the HCC Tract), and the additional 2.944 acres are surplus parcels already owned by the City.</p> <p>The Lease has a thirty (30) year term, and provides an option for HHFC to purchase the Property twelve (12) months after the effective date of the Lease. HHFC will be sub-leasing the Property to HEB, who has committed to the construction of a full-service, 72,000 square foot grocery store on the Property together with all necessary site improvements, including a detention pond for flood mitigation.</p> <p>The total annual rental breakdown is as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Year</th> <th style="text-align: center;">Annual Payment</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1</td> <td style="text-align: center;">\$84,000</td> </tr> <tr> <td style="text-align: center;">2</td> <td style="text-align: center;">\$300,000</td> </tr> <tr> <td style="text-align: center;">3-9</td> <td style="text-align: center;">\$600,000</td> </tr> <tr> <td style="text-align: center;">10-30</td> <td style="text-align: center;">\$660,000</td> </tr> </tbody> </table> <p>In addition to the annual rent payment, for so long as the property remains exempt from ad valorem taxes, HHFC will make an additional annual payment of \$325,000 as additional rent to the City. Rental revenue will be used to service the Section 108 Loan that the City will be using to acquire the HCC Tract.</p> <p>The Lease will become effective after the City closes on the HCC tract.</p> <p>This item was reviewed by the Housing and Community Affairs Committee on August 15, 2017.</p> <p>TM: MB: APM</p> <p>CC: City Attorney Mayor's Office City Secretary Finance Department</p>					Year	Annual Payment	1	\$84,000	2	\$300,000	3-9	\$600,000	10-30	\$660,000
Year	Annual Payment													
1	\$84,000													
2	\$300,000													
3-9	\$600,000													
10-30	\$660,000													
REQUIRED AUTHORIZATION														
Finance Department Director:		Other Authorization:		Other Authorization:										