



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 8/9/2016

Item Creation Date: 6/9/2016

HCD16-68 EDI Grant / Section 108 Loan Guarantees

Agenda Item#:

Summary:

AN ORDINANCE AUTHORIZING THE CITY OF HOUSTON TO SUBMIT A REQUEST TO THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT TO AMEND THE CITY'S ECONOMIC DEVELOPMENT INITIATIVE (EDI) GRANT AGREEMENT AND ITS SECTION 108 PROGRAM TO EXTEND, THROUGH AUGUST 31, 2019, THE DEADLINE TO DISBURSE THE BALANCE OF EDI GRANT FUNDS AND SECTION 108 GUARANTEED LOAN FUNDS; CONTAINING FINDINGS AND OTHER PROVISIONS RELATING TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY.

Background:

HCDD is requesting the extension of its Economic Development Initiative (EDI) grant / Section 108 loan guarantee to 8/31/2019. The EDI grant / Section 108 loan guarantee, funded by the U.S. Department of Housing and Urban Development (HUD), allows for investment of federal EDI grant funds within the defined area called Enhanced Enterprise Community (EEC). Houston's EEC encompasses downtown and parts of Midtown, Near Northside, East End, and Fourth, Fifth, and Sixth Wards.

EDI grants can only be awarded in the EEC for Houston. EDI projects must also contain Section 108 loan guarantees of at least 25%. When there is no EDI grant, the loan funds can be spent for projects outside the EEC.

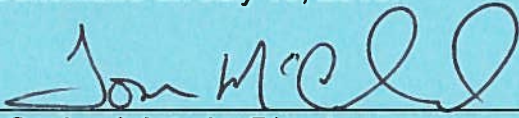
The EDI grant / Section 108 loan guarantee has previously funded such projects as the Crown Plaza, Rice Lofts and Magnolia Hotel. Most recently, the downtown JW Marriott Hotel received such funding and repaid the Section 108 loan within 12 months of opening.

In applying for an extension to the EDI / Section 108 contract, which expires on Aug. 31, 2016, HCDD is required by HUD to list broader activities and more specific uses for funds. HCDD requests Council approve the following activities and uses:

- Six activities: Micro Enterprise Loan Program, Revolving Loan Program, Special Development Project Fund, Public Facilities (except for buildings of the general conduct of government), Single Family Rehabilitation and Replacement Program, and Multifamily Housing Program.
- Specific uses: payment of interest on obligations guaranteed through the Section 108 program (§570.703(c)); payment of costs associated with private sector financing of debt obligations guaranteed under Section 108 (§570.703(g)); economic development activities (§570.703(i)); debt service reserve to be used in accordance with requirements specified in Contract for Loan guarantee assistance (§570.703(k)); and acquisition, construction, reconstruction, rehabilitation, or historic preservation, or installation of public facilities (except

for buildings of the general conduct of government) (§570.703(l)).

HCDD published a 30-day public notice in the Houston Chronicle on Monday, June 13, 2016. To date, no comments have been received. This item was reviewed by the Housing and Community Affairs Committee on July 19, 2016.



Tom McCasland, Interim Director

Prior Council Action:

03/29/1995 (O) 1995-0349;
09/23/1997 (O) 1997-1167;
01/07/2007 (O) 2007-0176;
08/08/2012 (O) 2012-0699;
06/11/2014 (O) 2014-0572

Contact Information:

Roxanne Lawson
832-394-6282