



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 8/18/2020

District C

Item Creation Date:

HCD20-84 Avenue on 34th

Agenda Item#: 2.

Background:

The Housing and Community Development Department (HCDD) is requesting council approval of an Ordinance authorizing \$9,090,000.00 of Hurricane Harvey Community Development Block Grant Disaster Recovery (CDBG-DR17) funds for a Loan Agreement between the City of Houston (City) and **Avenue Community Development Corporation** (Borrower) joined by Avenue on 34th LP (Owner). The loan will be used towards the land acquisition of and development costs for the new development of Avenue on 34th located at 2136 W. 34th St. Houston, TX 77018.

Avenue on 34th will be a 70-unit garden style affordable rental development targeted for families. The property will provide a mix of one bedroom, two bedroom, and three bedroom units serving low- to moderate-income households at 30%, 50%, 60%, and 80% of Area Median Income. Avenue on 34th will provide a valuable asset to both the Oak Forest area and Houston at large that will contribute to resiliency and the long-term recovery efforts after Harvey. This development will bring new, quality, energy-efficient, affordable housing inventory built to modern drainage and building standards, located in a non-flooding area of a thriving neighborhood that did suffer flood damage to a portion of its inventory located close to White Oak Bayou.

Avenue on 34th is funded by CDBG-DR17 program funds awarded by the United States Department of Housing and Urban Development, through the Texas General Land Office to provide affordable rental units for low to moderate income households directly impacted by Hurricane Harvey, in accordance with the City's Harvey Multifamily Program Guidelines, implemented by HCDD.

The loan and affordability period will be 40 years and will commence when the construction period is completed, upon which the outstanding principal balance of the note shall accrue at 1% interest. The Borrower will pay an annual installment equal to the lesser of (i) 1% annually on the outstanding balance of the loan plus accrued unpaid interest, if any, or (ii) 50% of net cash flow, provided the default rate interest of 10% per annum will accrue in the event of default. Unpaid interest will accrue and will be payable from future available cash flow. If the loan is not in default at the end of the 40-year term, the unpaid principal balance and interest will be forgiven.

Funding for Avenue on 34th will be as follows:

Sources and Uses

City of Houston			
Request (CDBG-DR17)	\$ 9,090,000.00	Hard Costs	\$ 9,907,200.00
LIHTC Syndication Proceeds	\$ 3,071,375.00	Soft Costs	\$ 3,178,405.00
In-Kind Equity/Deferred Developer Fee	\$ -	Acquisition Costs	\$ 3,852,033.00
Conventional Loan	\$ 6,026,263.00	Developer Fee	\$ 900,000.00
		Reserves	\$ 350,000.00
Total:	\$ 18,187,638.00	Total:	\$ 18,187,638.00

Fiscal Note:

No Fiscal Note is required on grant items.

The Housing and Community Affairs Committee reviewed this item on April 27, 2020.

DocuSigned by:

Tom McLasland

Tom McLasland, Director

Amount of Funding:

\$9,090,000.00 Federal State Local - Pass Through Fund (5030)

Contact Information:

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