



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 9/15/2020

District C

Item Creation Date: 3/2/2020

HCD20-41 Light Rail Lofts - 4600 Main Street Amendment (HOME)

Agenda Item#: 14.

Summary:

NOT A REAL CAPTION

ORDINANCE authorizing a loan amendment to an existing loan agreement between the City of Houston and **CANTWELL ANDERSON, INC.**, joined with 4600 Main Street Housing, LP, to amend and restate \$1,500,000.00 in HOME Investment Partnership Program funds to finance the reconstruction and conversion of an office building located at 4600 Main Street, Houston, Texas - **DISTRICT C - KAMIN**

Background:

The Housing and Community Development Department (HCDD) recommends Council approve an Ordinance authorizing an amendment to the loan agreement between the City and Cantwell-Anderson, Inc. (Borrower), joined by 4600 Main Street Housing, L.P (Owner) which provides for a loan of up to \$1,500,000.00 in HOME funds for reconstruction of an office building located at 4600 Main Street across from the light rail line into a three-story affordable housing community consisting of 56 studio units. No new funding is being provided by the City of Houston.

On August 23, 2017, City Council passed an ordinance authorizing the loan agreement. After approval, rising construction costs caused a gap in financing, and delayed the closing of the City's loan. The third-party tax credit financing anticipated by the loan agreement is being replaced by a commercial bank loan and a loan through the Harris County Community Services Department which will utilize a portion of their allocation of Community Development Block Grant Disaster Recovery (DR17) funds.

The amendment to the loan agreement will extend the closing and construction related deadlines and will reflect the changes to the budget and to the third-party funding.

Cloudbreak Houston LLC, an affiliate of Borrower and Owner, has developed other projects with the City of Houston such as Midtown Terrace Apartments and Travis Street Plaza Apartments. This loan agreement requires that 13 units in the project be subject to a 20-year affordability period.

Total funding for Light Rail Lofts is proposed as follows:

| Sources: | | Uses: | |
|-------------------------------|------------------------|----------------------------|------------------------|
| Harris County (DRHarvey) | \$ 9,546,947.00 | Hard Cost | \$10,221,166.00 |
| Conventional – Amegy Bank | \$ 2,983,915.00 | Soft Cost | \$ 2,494,355.00 |
| City of Houston CDBG | \$ 1,964,143.00 | Acquisition Cost | \$ 2,315,618.00 |
| City of Houston HOME | \$ 1,500,000.00 | Developer Fee | \$ 1,141,872.00 |
| Equity | \$ 344,000.00 | Reserves | \$ 165,994.00 |
| Total Source of Funds: | \$16,339,005.00 | Total Project Cost: | \$16,339,005.00 |

DocuSigned by:

Tom McCasland, Director

Prior Council Action:

8/23/17 (O) 2017-658

4/24/13 (O) 2013-357

Contact Information:

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ATTACHMENTS:

Description

HCD20-41 Linebarger Log

HCD20-41 Affidavit of Ownership or Control Form

Type

Backup Material

Backup Material