



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 9/15/2020

District C

Item Creation Date: 8/3/2020

HCD20-114 4600 Main Street - Light Rail Lofts Amendment (CDBG)

Agenda Item#: 15.

Summary:

Not Real Caption

Ordinance authorizing an amendment to the loan agreement between the City of Houston and **4600 Main Street Housing, LP** with CDBG funds to finance the acquisition of an office building located at 4600 Main Street.

Background:

The Housing and Community Development Department (HCDD) requests Council approval of an Ordinance authorizing an amendment to the loan agreement (acquisition loan agreement) between the City of Houston and 4600 Main Street Housing, LP (Owner) which provides for a loan of up to \$1,971,618 in CDBG funds for acquisition of an office building located at 4600 Main Street to be developed into an affordable housing community (primarily for veterans). No new funding is being provided by the City of Houston.

On April 24, 2013, Council passed an Ordinance authorizing the loan agreement. On May 15, 2013, the property was acquired with proceeds of the City loan. In August 2017, Council passed an ordinance authorizing an additional loan agreement to provide HOME funds for reconstruction of the office building into a three-story affordable housing community consisting of 56 studio units. After approval of the 2017 ordinance, 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 2017 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 acquisition loan agreement will extend the construction related deadlines and will reflect the changes to the budget and to the third-party funding.

Cloudbreak Houston LLC, an affiliate of Owner, has developed other projects with the City of Houston such as Midtown Terrace Apartments and Travis Street Plaza Apartments. As amended, the acquisition loan agreement project will require that at least 51% of the 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 McLasland

Tom McLasland, Director

Prior Council Action:

8/23/17 (O) 2017-658

4/24/13 (O) 2013-357

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ATTACHMENTS:

Description

Coversheet

Type

Signed Cover sheet