



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 12/1/2020

District B

Item Creation Date: 12/30/2019

HCD19-66 A Caring Safe Place, Inc.

Agenda Item#: 65.

Summary:

NOT A REAL CAPTION

ORDINANCE authorizing a performance-based Second Lien Construction Financing Loan Agreement for up to \$2,286,000.00 in Federal HOME Investment Partnerships Program (HOME) funding and a Wells Fargo Priority Market grant between **A CARING SAFE PLACE, INC.** (ACSP) and **HOUSTON LOCAL INITIATIVES SUPPORT CORPORATION** and **CAPITAL PLUS FINANCIAL**, to assist in the development of nine (9) affordable single-family developments in the Settegast Super Neighborhood - **DISTRICT B - DAVIS**

Background:

The Housing and Community Development Department (HCDD) recommends Council approval of an Ordinance authorizing a Developer Agreement (CHDO Single Family Home Development Program) between the City of Houston (City) and A Caring Safe Place, Inc. (ACSP) utilizing up to \$2,286,000.00 of Federal HOME Investment Partnerships Program (HOME) funds to assist in the development of nine (9) affordable single-family homes in the Settegast Super Neighborhood, with an option for two (2) of the homes to include accessory housing in the context of Elder Cottage Housing Opportunity (ECHO) units. The Developer Agreement will authorize separate loans and the execution of separate sets of loan documents to reimburse costs incurred by ACSP to develop each home. The Developer Agreement, related work, and sale of homes to eligible homebuyers shall be administered pursuant to the Community Housing Development Organization (CHDO) Guidelines authorized on February 12, 2019 by Ordinance No. 2019-0082.

The amount of CHDO funding provided to build a single home shall not exceed the Cost Projections set forth below for each Design Option without advance approval of the Director. The aggregate amount of the funds to be provided for each home pursuant to the Developer Agreement shall not exceed the HUD HOME Housing Trust Fund (HTF) Homeownership Value Limits set annually for the Houston Metropolitan Statistical Area. The Houston Land Bank has set-aside vacant lots that will be sold directly to ACSP for \$1.00 based on the program requirements. ACSP has secured a revolving construction loan from Capital Plus Financial to bridge pre-development and construction costs, which will be reimbursed pursuant to the Developer Agreement. Prior to the start of construction of each home, a household commitment contract must be executed with a low-income mortgage-qualified homebuyer.

The City through HCDD is promoting the CHDO Single-Family HOME Development Program with CHDOs that will develop and market affordable, sustainable, resilient single-family homes. The designs of each home will encompass: (1) elevated foundations; (2) Energy STAR certification; (3) FORTIFIED HOME Hurricane Standards [systems and components]; and (4) embrace sustainable landscape design principles. Each single-family home constructed will receive approximately \$15,000.00 of added-value resiliency enhancements. Prior to initiating development of an ECHO unit on a Property, the Developer shall work with HCDD staff to confirm the requirements for the design and marketing of the units and the amount of CHDO Set-Aside Funding available for construction of the unit. ECHO units must satisfy federal and local construction, funding and use requirements, including those set forth in 24 C.F.R. Part 92.258. Developer must obtain the Director's written approval prior to initiating the develop or marketing of ECHO units.

Each home will be sold to an eligible homebuyer who has a household income below 80% of the Area Median Income, and the home must serve as their primary residence. Following the sale of a home, all CHDO net proceeds must be returned to the City, except that at the City's specific instruction all, or a set portion of the CHDO net proceeds may be applied, at closing as a pass-through direct homebuyer assistance. To ensure affordability, the City will establish an affordability period based on the amount of the HOME subsidy provided to the homebuyer and impose affordability recapture provisions established under HOME regulations at 24 CFR §92.254(a)(5) (ii).

The Developer's fee is set at 15% of the total development cost.

HCDD conducted a Request for Proposals (RFP), Community Housing Development Organization (CHDO) Single Family Home Development (Solicitation T28889) for CHDO Developers. ACSP was one of two CHDO Developers selected and qualified. ACSP was founded in 1997, has experience in multi-family development and provides supportive residential services for a specialized population that benefits from ACSP's 22 years of high performance. ACSP, a 501(c)3 corporation certified as a CHDO by the City of Houston, has selected Jmack Architects, LLC for the architectural design concepts and partnered with DuraPro Construction Company for the construction of their affordable single-family homes.

This Ordinance is one of two covering the CHDO Single Family Development Program. The Cost Projections and Funding Sources & Uses for ACSP are the following:

Cost Projections

Design Option	Description	Cost Per Unit
Design A	1300 – 1400 Sq. Ft, 3 Bedrooms, 2 Baths & Attached Garage	\$165,000.00

Design B	1500 – 1600 Sq. Ft, 4 Bedrooms 2½ Baths & Attached Garage	\$190,000.00
ECHO Unit	750 – 800 Sq. Ft., 1 Bedroom and 1 Bathroom	\$80,000.00

Funding: Sources & Uses

Sources of Funds		Uses of Funds	
HOME Program	\$2,286,000.00	4 Design A: Hard & Soft Costs	\$660,000.00
		5 Design B: Hard & Soft Costs	950,000.00
		2 ECHO Option Hard & Soft Costs	160,000.00
		Resiliency-Added Value	135,000.00
		CHDO Developer's Fees (15%)	285,750.00
		Real Estate Sales Commissions (5%)	95,250
	\$2,286,000.00		\$2,286,000.00

The Director has the authority to reassign property development among CHDO participants based on performance.

No Fiscal Note is required on grant Items.

The Housing and Community Affairs Committee reviewed this item on June 18, 2019 and March 23, 2020.

DocuSigned by:

 Keith W. Bynam
 09/20/2019 10:33:04 AM
 Tom McCasland, Director

Prior Council Action:

2/12/2019 (O) 2019-0082

Amount of Funding:

\$2,286,000.00 - Federal Government-Grant Funded (5000)

Contact Information:

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ATTACHMENTS:

Description	Type
Coversheet	Signed Cover sheet
Public Notice	Public Notice
Fair Campaign Form	Backup Material
Delinquent Tax Report	Backup Material
Affidavit of Ownership	Backup Material
SAP documents	Financial Information
3-Page PNFDF (with signatures)	Financial Information
SAM.gov	Backup Material