



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 10/5/2021

District H

Item Creation Date: 7/30/2021

HCD21-107 W. Leo Daniels Tower - Rehabilitation

Agenda Item#: 16.

Background:

The Housing and Community Development Department (HCDD) recommends Council approval of an Ordinance authorizing an Agreement between the City of Houston (City) and W. Leo Daniels Tower Inc. (Borrower), a nonprofit partner of The ITEX Group, LLC for a \$10,000,000.00 Community Development Block Grant - Disaster Recovery 2017 (CDBG-DR17) grant, for the rehabilitation of a development serving low-income Houstonians with disabilities, located at 8826 Harrell Street, Houston, TX 77093.

W. Leo Daniels Tower, constructed in 1979, is an existing eight- story 100-unit housing development serving people who are disabled and elderly, that is in dire need of rehabilitation. The newly rehabbed development will be comprised of efficiencies and one-bedroom units. A HUD Section 202 Supportive Housing for the Elderly program provides funding to develop and subsidize rental housing with the supportive services for very low- and extremely low-income adults with disabilities. As a result, residents will pay no more than 30% of their income in rent.

The rehabilitation will not only help in the continued revitalization in the area by bringing a substantial investment to an asset in disrepair, but will also establish quality housing where it is much needed. Seniors will be able to remain in a community in which they have grown accustomed to friends, family, and familiar surroundings. Residents will have the opportunity to participate in Church programs offered by the Greater Jerusalem Baptist Church, which is located just adjacent to this property. Along with these programs, W. Leo Daniels Tower will also offer supportive services to its residents, such as hot meals, a bus service, and health screenings.

W. Leo Daniels Tower 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, in accordance with the City's Harvey Multifamily Program Guidelines, implemented by HCDD.

The City's loan term 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.

Interest shall be calculated utilizing a 360-day basis for the actual number of days principal is outstanding. 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 W. Leo Daniels Tower will be as follows:

	Amount	Uses	Amount
City of Houston Request	\$10,000,000.00	Hard Cost	\$13,822,182.00
Conventional Loan	\$ 4,000,000.00	Soft Cost	\$ 4,500,000.00
4% Housing Tax Credit Proceeds	\$10,509,677.00	Acquisition Cost	\$ 4,756,039.00
In-Kind Equity/ Deferred Developer Fee	\$ 571,632.00	Developer Fee	\$ 3,214,509.00
Private Grant/Loan	\$ 2,081,423.00	Reserves	\$ 870,002.00
Total Source of Funds:	\$27,162,732.00	Total Project Cost:	\$27,162,732.00

The Authority to Use Grant Funds (AUGF) is expected to be issued by the Texas General Land Office on about October 7, 2021. The City's liability to fund does not begin until issuance.

No Fiscal Note is required on grant items.

This item was reviewed by the Housing and Community Affairs Committee on August 31, 2021.

Keith W. Bynam

Keith W. Bynam, Interim Director

Amount and Source of Funding:

\$10,000,000.00 Federal State Local - Pass Through Fund (5030)

Contact Information:

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