



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 12/20/2022

District I

Item Creation Date: 2/24/2022

HCD22-23 OST Lofts

Agenda Item#: 7.

Background:

The Housing and Community Development Department (HCDD) recommends Council approval of an Ordinance authorizing a Loan Agreement between the City of Houston (City) and the Tejano Center for Community Concerns, Inc. (Borrower) to provide \$19,310,000.00 of Community Development Block Grant - Disaster Recovery 2017 (CDBG-DR17) funds for the land acquisition and new development of OST Lofts, to be located at 5520 Old Spanish Trail, Houston, TX 77023.

OST Lofts will be a 130-unit multi-family development situated on 5.4 acres in Council District I. This project will be a joint venture between the City, Amegy Bank, and The National Equity Fund. The development site is southeast of the University of Houston Central Campus and its new medical school. The CDBG-DR17 funds that are being committed by the City will be used primarily for the construction costs and acquisition expenses. OST Lofts will be an affordable development with eighty percent of the units being allocated towards residents earning 60% the Area Median Income and below. The proposed unit distribution is 74 one-bedroom, 44 two-bedroom, and 12 three-bedroom units. The Tejano Center will partner with developer Donna Rickenbacker of DWR Development Group, who is a reputable Houston-based affordable housing provider.

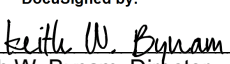
This project is partially funded by CDBG-DR17 program funds awarded by the United States Department of Housing and Urban Development, through the Texas General Land Office to provide affordable rental units for low-to moderate-income households, in accordance with the City's Harvey Multifamily Program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

The loan and affordability period will be 40 years and will commence when the construction period is completed. Loan will be non-amortizing throughout both the construction and affordability period. Following project completion, the outstanding principal balance of the note shall accrue at 1% interest. Borrower will pay an annual installment of interest from available cash flow.

Sources:		Uses:	
City of Houston (CDBG-DR17)	\$19,310,000.00	Acquisition	\$3,860,000.00
9% Housing Tax Credit	\$13,948,605.00	Hard Costs	\$30,964,438.00
Conventional Loan	\$7,700,000.00	Soft Costs	\$4,098,244.00
In-Kind Equity/Def. Developer Fee	\$1,749,737.00	Reserves	\$712,385.00
Private Loan/Grant	\$1,000,000.00	Developer Fee	\$4,073,275.00
Total Source of Funds:	\$43,708,342.00	Total Project Cost:	\$43,708,342.00

No Fiscal Note is required on grant items.

This item was reviewed by the Housing and Community Affairs Committee on March 31, 2022.

DocuSigned by:

 Keith W. Bynum, Director

Amount and Source of Funding:

\$19,310,000.00 Federal State Local – Pass Through (5030)

Contact Information:

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ATTACHMENTS:

Description	Type
Authority to Use Grant Funds	Backup Material
Delinquent Tax Report	Backup Material

HCD22-23 GLO Approval

Other