

TO: Mayor via City Secretary


REQUEST FOR COUNCIL ACTION

HCD15-58

15 - NHH at Reed

SUBJECT: An Ordinance appropriating bond funds and authorizing a First Amendment to Grant Agreement among the City of Houston, Houston Area Community Development Corporation (an affiliate of New Hope Housing) and NHH at Reed, Ltd., for construction of an affordable 187-unit housing community located at 2620 Reed Road	Category #	Page 1 of 1	Agenda Item #
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FROM: Neal Rackleff, Director Housing and Community Development Department	Origination Date 8/4/15	Agenda Date
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DIRECTOR'S SIGNATURE: 	Council District affected: District D
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For additional information contact: Roxanne Lawson Phone: 832-394-6307	Date and identification of prior authorizing Council action: 2014-746
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RECOMMENDATION: Approval of an Ordinance appropriating bond funds and authorizing a First Amendment to Grant Agreement among the City of Houston, Houston Area Community Development Corporation (an affiliate of New Hope Housing) and NHH at Reed, Ltd., for construction of an affordable 187-unit housing community located at 2620 Reed Road

Amount of Funding: \$4,100,000	Finance Budget:
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SOURCE OF FUNDING General Fund Grant Fund Other

Housing & Homeless Bond Funds

SPECIFIC EXPLANATION:
The Housing and Community Development Department recommends Council approve an Ordinance amending a Grant Agreement and authorizing the use of \$4,100,000 in Housing and Homeless Bond funds for the construction of a new affordable housing community located at 2620 Reed Road.

In August 2014, City Council approved a Grant Agreement for \$6,000,000 in Housing and Homeless Bond funds for the construction of a 140-unit affordable housing community to be located at Reed Road and Highway 288. Total project cost was \$21,800,000. The owner anticipated receiving 9% tax credit equity to help fund the project, but did not score high enough to win an award in the 2014 competitive tax credit cycle. Through additional analysis, including consideration for increases in construction costs, the owner has determined that increasing the number of units – for which there is substantial demand – and applying for non-competitive 4% tax credit equity, will create a financially viable project and serve an even larger number of citizens in the community.

The proposed project will be a three-story midrise building consisting of one-, two- and three-bedroom floor plans, ranging in size from 753 to 1,250 sq. ft. The property will be located on a 6.7-acre tract that is part of a 47-acre campus being developed by the Star of Hope. The Star of Hope and New Hope Housing (NHH) are working together to bring needed affordable housing and supportive services to this area. The developer, New Hope Housing, has a track record of developing high-quality and well-managed affordable housing communities across the city.

NHH intends to build a 187-unit affordable housing community serving families at or below 60% Area Median Income. This is an increase of 47 units from the original plan. In exchange for HCDD's funding, 117 units will be designated as Permanent Supportive Housing (PSH) in support of the City's initiative to end chronic homelessness – again, an increase of 47 units from the original plan. The project's revised \$31,197,200 cost (\$166,830 per unit) will be financed as follows:

Housing & Homeless Bonds – original grant	\$6,000,000
Housing & Homeless Bonds – additional funds	\$4,100,000
Tax Credit Equity	\$9,712,849
Tax Exempt Bonds (required with 4% credits)	\$3,884,351
Charitable Contributions	<u>\$7,500,000</u>
Total Project Cost	\$31,197,200

This item was reviewed by the Housing and Community Affairs Committee on May 13, 2015.

NR:JN:SS
Cc: CSC, FIN, MYR, LGL

REQUIRED AUTHORIZATION		
Finance Department:	Other Authorization:	Other Authorization: