


TO: Mayor via City Secretary **REQUEST FOR COUNCIL ACTION** 15-Heights increase senior loan

SUBJECT: An Ordinance approving: 1) a \$240,000 increase in the Houston Heights Tower senior loan, which is in a superior lien position to the Housing and Community Development Department's grant, and 2) the extension of the completion date	Category #	Page 1 of 1	Agenda item #
	FROM: Neal Rackieff, Director Housing and Community Development Department	Origination Date 10/5/2015	Agenda Date
DIRECTOR'S SIGNATURE: 	Council District affected: District C		
For additional information contact: Roxanne Lawson Phone: 832-394-6282	Date and identification of prior authorizing Council action: 1/23/13 Ord. 13-57; 3/27/13 Ord. 13-256; 4/30/14 Ord. 14-374; & 7/8/15 Ord. 15-647		

RECOMMENDATION: Support of an Ordinance approving: 1) a \$240,000 increase in the Houston Heights Tower senior loan, which is in a superior lien position to the Housing and Community Development Department's grant, and 2) the extension of the completion date

Amount of Funding: None **Finance Budget:**

SOURCE OF FUNDING General Fund Grant Fund Enterprise Fund
 No funding required

SPECIFIC EXPLANATION:

On July 8, 2015, City Council approved an Ordinance consenting to a new senior loan for up to \$2,000,000 that the borrower had negotiated with Community Bank of Texas, to complete the renovation of the Heights Tower property. The loan proceeds allowed the owner to add back several items of scope that had previously been eliminated from the construction budget due to cost increases, and to provide a cushion of operating funds until occupancy increases (within this eight-story building, two full floors are vacant at all times during construction – one floor under renovation and one floor housing relocated tenants). The scope items include common area flooring and finishes, energy upgrades, increase in drywall allowance, landscaping and irrigation, elevator lobby finishes, and additional contingency, general conditions and architect's fee.

Subsequent to receiving Council approval for the senior loan, the owner determined that there was \$240,000 in additional expenses they wanted to include in the budget, which the senior lender agreed to fund. These include additional contingency required by the senior lender (\$131,700), loan origination fee (\$20,000), and several construction line item increases.

The Community Bank loan agreement includes a clause requiring City Council approval of the additional \$240,000. HCDD believes that securing this senior loan is important for the continued success of the Heights Tower project.

Due to delays primarily relating to negotiations between Community Bank and the borrower, HCDD recommends extending the construction completion date from December 31, 2015 to March 31, 2016.

This item was reviewed by the Housing and Community Affairs Committee on October 20, 2015.

NR:JN:SS

cc: CSC, FIN, MYR, LGL

REQUIRED AUTHORIZATION		
Finance Department:	Other Authorization:	Other Authorization: