



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 9/26/2017

District D

Item Creation Date: 8/4/2017

HCD17-80 Nautical Affordable Housing Inc.

Agenda Item#:

Background:

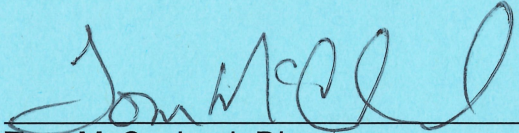
The Housing and Community Development Department recommends Council approve an amendment to the original Loan Agreement executed September 30, 2014, between the City of Houston and Nautical Affordable Housing. The amendment will allow for a \$1,500,000 increase to the original commitment amount in order to fund cost overruns the project is experiencing; the original commitment amount was for \$15,300,000. The amendment will also allow the developer to obtain a bridge loan from his lender and to increase the rental restriction from 60% to 80% Area Median Income rent. The total cost for the residential part of the development is \$45,128,443, which equates to \$203,281 price per unit. Price per unit for City of Houston funding is \$84,000.

Village at Palm Center will consist of 154 apartment units and 68 townhomes. Two hundred units (90%) will be restricted for low-income tenants at affordable rents. The townhomes will feature attached garages and will be oriented facing the street to create a vibrant streetscape. The development will also include 16,599 square feet of retail space with ample parking for customers. Construction for Village at Palm Center is approximately 90% complete; however, the project has experienced cost increases and the new projected completion date is October 2017. The cost overruns are due to demolition costs to remove unexpected underground structures.

In exchange for the additional funding, the developer has agreed to reserve 11 units for which priority will be given to homeless individuals. Finally, this amendment increases the affordability period to 30 years.

| Sources | | Uses | |
|-----------------------------|---------------------|---------------|---------------------|
| Perm Loan (CBOT) | \$13,613,321 | Acquisition | \$5,500,000 |
| Tax Credit Equity (NEF) | \$8,920,740 | Hard Cost | \$30,044,522 |
| CDBG DR2(COH) | \$15,300,000 | Soft Cost | \$6,868,080 |
| TIRZ 7 OST/Almeda | \$1,982,689 | Developer Fee | \$3,984,735 |
| Def. Dev. Fee | \$3,984,735 | Reserves | \$904,148 |
| Bridge Loan (CBOT)/Sec. 108 | \$2,000,000 | | |
| CDBG DR2 (COH) | \$1,500,000 | | |
| Total | \$47,301,485 | Total | \$47,301,485 |

This item was reviewed by the Housing and Community Affairs Committee on August 15, 2017.



Tom McCasland, Director

Prior Council Action:

06/18/14, (O) 2014-636

Amount of Funding:

\$1,500,000.00

Community Development Block Grant - Disaster Recovery Round 2 (CDBG-DR2) - Fund 5030

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