

TO: Mayor via City Secretary REQUEST FOR COUNCIL ACTION

14 – Hardy Yards

SUBJECT: An Ordinance authorizing a \$14,500,000 Loan Agreement of federal funds between the City of Houston and HY FS LLC for construction of the new mixed-income multifamily apartment development known as Residences at Hardy Yards at the intersection of North Main and Burnett streets in the Near Northside neighborhood	Category #	Page 1 of 1	Agenda Item #
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FROM: Neal Rackleff, Director Housing and Community Development	Origination Date 11/19/14	Agenda Date
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DIRECTOR'S SIGNATURE: 	Council District affected: District H
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For additional information contact: Stephen Tinnermon Phone: 832-394-6261	Date and identification of prior authorizing Council action: N/A
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RECOMMENDATION: Approval of an Ordinance authorizing a \$14,500,000 Loan Agreement of federal funds between the City of Houston and HY FS LLC for construction of the new mixed-income apartment development known as the Residences at Hardy Yards, a 350-unit mixed-income multifamily development with 179 affordable units and 171 market-rate units in the Near Northside neighborhood

Amount of Funding: \$14,500,000.00	Finance Budget:
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SOURCE OF FUNDING	<input type="checkbox"/> General Fund	<input checked="" type="checkbox"/> Grant Fund	<input type="checkbox"/> Enterprise Fund
Community Development Block Grant – Disaster Recovery Round 2 (CDBG DR2)			

SPECIFIC EXPLANATION:
The Housing and Community Development Department (HCDD) recommends Council approve a \$14,500,000 performance-based loan (consisting of federal Disaster Recovery funds) to HY FS LLC for construction of the Residences at Hardy Yards, located at North Main and Burnett streets in the Near Northside neighborhood.

The development has a total of 350 units, including 179 affordable and 171 market-rate one and two bedroom units, and is part of a comprehensive, mixed-use redevelopment of the Hardy Rail Yard site. On-site amenities will include a resident center offering computers and business center.

The development, which has a total budget of \$50,452,714, will Affirmatively Further Fair Housing in the Near Northside by maintaining affordable housing options in a neighborhood where gentrification is expected. Currently, there are extensive public and private investments underway in the Near Northside with projects such as the Metro light rail Red Line extension and drainage and street improvements. Additionally the development is near the University of Houston Downtown campus and another Disaster Recovery Round 2 affordable housing development, Avenue Station (f.k.a. 2010 North Main).

The Residences at Hardy Yards was one of five proposals selected out of 40 for funding through a competitive RFP process seeking proposals in DR 2 targeted Community Revitalization Areas. Development group principal Lee Zieben is currently partnered with HCDD for the ongoing renovation of 160 multifamily affordable units at Gulf Coast Arms, a development running on-time and within budget. The Residences at Hardy Yards is further validated by partnership and backing from the Houston Housing and Finance Corporation which formed HY FS LLC to undertake this development.

In exchange for this financing, 179 units are restricted at affordable rents for low-income tenants with an affordability period of no less than 10 years. Funding for this project is as follows:

Sources of Funds:

Senior Lender (Construction Loan)	\$27,473,993
Developer Equity	\$8,478,721
City of Houston (CDBG-DR2)	<u>\$14,500,000</u>
	\$50,452,714

This item was presented to the Housing, Sustainable Growth and Development Committee on December 3, 2013.

cc: Mayor's Office, City Secretary, Legal Department, Finance Department

REQUIRED AUTHORIZATION		
Finance Department:	Other Authorization:	Other Authorization: