



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 10/16/2018
District C
Item Creation Date: 8/1/2018

HCD18-72 Somerset Lofts

Agenda Item#: 19.

Background:

The Housing and Community Development Department (HCDD) recommends Council approval of an Ordinance authorizing a \$6,000,000.00 loan utilizing funds from the Community Development Block Grant Disaster Recovery Round 2 (CDBG – DR2) for the construction of a 120-unit multifamily property at 8506 Hempstead Rd. The City of Houston will distribute proceeds from the Loan Agreement to DWR Somerset GP, LLC, which will loan them to the owner, DWR Somerset 18 LP. The funds will be used for the acquisition of land of a multifamily housing development. All 120 units will be restricted to households, including families, earning below 60% of Area Median Income.

The Lazybrook/Timbergrove community offers highly rated schools and proximity to employment centers and public transportation. The total development cost of \$22,999,897.00 will fund a project with an urban townhome design and podium parking, fitting right in with the design of developments in the area. The development will consist of (48) one-bedroom units, (60) two-bedroom units, and (12) three-bedroom units. The onsite Multi-Functional Resource Center will feature a variety of tenant services and grade school tutoring.

DWR Development Group is an established for-profit developer/consultant of affordable multifamily properties. Total funding for Somerset Lofts will be as follows:

Sources:		Uses:	
National Equity Fund - 9% Housing	\$13,648,635.00	Hard Cost	\$12,528,263.00
CDBG – DR2 (Hurricane Ike)	\$ 6,000,000.00	Soft Cost	\$ 3,516,079.00
Capital One- Permanent Loan	\$ 3,300,000.00	Acquisition Cost	\$ 4,135,000.00
In-Kind Equity/ Deferred Developer Fee	\$ 51,262.00	Developer Fee	\$ 2,308,362.00
		Reserves	\$ 512,193.00
Total Source of Funds:	\$22,999,897.00	Total Project Cost:	\$22,999,897.00

No Fiscal Note required on grant items.

This item was reviewed by the Housing and Community Affairs Committee on August 21, 2018.

Tom McCasland, Director
Housing and Community Development Department

Amount of Funding:

\$6,000,000.00
Federal State Local – Pass Through Fund (5030)

Contact Information:

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ATTACHMENTS:

Description	Type
HCD18-72 Affidavit of Ownership or Control	Backup Material