

TO: Mayor via City Secretary

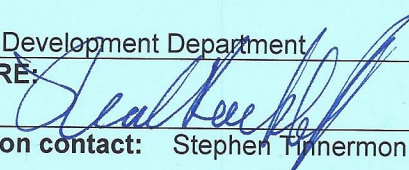
REQUEST FOR COUNCIL ACTION

HCD14-109a

15 - Corinthian

SUBJECT: An ordinance authorizing a First Amendment to the Loan Agreement between the City of Houston and Corinthian Pointe Senior Living Corporation to permit a loan from CBRE HMF, Inc., which will refinance existing debt on the Corinthian Village Apartments	Category #	Page 1 of 1	Agenda Item #
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FROM: Neal Rackleff, Director Housing and Community Development Department	Origination Date 1/8/15	Agenda Date
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DIRECTOR'S SIGNATURE: 	Council District affected: District K
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For additional information contact: Stephen Finerman Phone: 832-394-6261	Date and identification of prior authorizing Council action: 12/5/07 2007-1341
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RECOMMENDATION: Approval of an Ordinance authorizing a First Amendment to the Loan Agreement between the City of Houston and Corinthian Pointe Senior Living Corporation to permit a senior loan from CBRE HMF, Inc., which will refinance existing debt on the Corinthian Village Apartments

Amount of Funding: No additional funding	Finance Budget:
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SOURCE OF FUNDING	<input type="checkbox"/> General Fund	<input type="checkbox"/> Grant Fund	<input type="checkbox"/> Enterprise Fund
HOME Funds			

SPECIFIC EXPLANATION:

On 12/05/07 City Council approved a Loan Agreement between the City of Houston and Corinthian Pointe Senior Living Corporation, a 501(c) 3, non-profit corporation (Borrower) to provide a Performance Based Loan in the amount of \$3,375,670. The loan was funded under the HOME Program to provide a portion of the funds to assist in the development of Corinthian Village Apartments, a 124-unit apartment community for low and very low income seniors, located at 6105 W. Orem Drive, approximately two miles south of Loop 610 in southwest Houston (Community). The construction of the Community is now complete and the current senior loan matures in February, 2015.

The Housing and Community Development Department (HCDD) requests that Council approve an amendment to the Loan Agreement (First Amendment to Loan Agreement) which will (i) increase the maximum amount of the senior loan from \$6,474,500 to \$7,760,000, and (ii) authorize a new loan (New Loan) from CBRE HMF, Inc. and a Subordination Agreement among the City of Houston, CBRE HMF, Inc., and Borrower. The New Loan, which will be insured under HUD's Section 223(f) program, will refinance loans from Trustmark Bank, the current senior lender, and The United Methodist Foundation of the Texas Annual Conference, the current junior lender, and will pay the outstanding ad valorem taxes, which are currently due and payable, and those which are the subject of a payment plan established in the settlement of tax protests filed against the 2010 and 2011 tax valuation. The new loan is a 35-year loan with a fixed 3.57% plus a 0.60% Mortgage Insurance Premium (for the HUD insurance) for an effective 4.17% interest rate, which will result in a savings of \$3,533 per month. No proceeds will go to the Borrower or its owners.

The Department recommends approval of the First Amendment to the Loan Agreement and the New Subordination Agreement to refinance the Senior Lien debt on the Corinthian Village Apartments.

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

NR:EP:JR

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

REQUIRED AUTHORIZATION		
Finance Department:	Other Authorization:	Other Authorization: