



**CITY OF HOUSTON - CITY COUNCIL**

Meeting Date: 11/19/2019

District K

Item Creation Date: 10/25/2019

HCD19-92 Edison Lofts Loan

Agenda Item#: 18.

**Summary:**

ORDINANCE approving and authorizing a loan agreement between the City of Houston and **EDISON ARTS FOUNDATION** to provide a \$8,000,000.00 loan of Hurricane Harvey Community Development Block Grant Disaster Recovery Funds for the City's Harvey Multifamily Program, to partially finance the new construction of Edison Lofts, a 126-unit family affordable rental housing community, located in the vicinity of 7215 W. Fuqua, Missouri City, Texas - **DISTRICT K - CASTEX-TATUM**

**Background:**

The Housing and Community Development Department (HCDD) requests Council approval of an Ordinance authorizing a \$8,000,000 loan to Edison Arts Foundation, a non-profit which will loan the proceeds to the owner EAF Edison 19 LP, for the purpose of financing a portion of the costs for the new construction of an affordable housing community.

Edison Lofts will be located on a portion of a site currently occupied by a blighted strip center at 7215 W. Fuqua Dr., south of Beltway 8 and east of Fort Bend Tollway, in the Fort Bend Complete Community.

The blighted shopping center will be transformed into a mixed-use development that includes Edison Lofts, a 126-unit mixed income rental housing community. The community will serve families at or below 60% of the Area Median Income, with a mixture of rent restricted and market rate one, two, and three-bedroom units.

The total development cost of \$27 million will fund a project with an urban townhome design and a separate Quality Prekindergarten Center. The advanced Pre-K program will be free to residents and open to the public to the extent of availability.

The loan will be funded by Hurricane Harvey Community Development Block Grant-Disaster Recovery (CDBG-DR17) program funds, which have been awarded by the United States Department of Housing and Urban Development, through the Texas General Land Office to provide affordable rental units for low to moderate income households within the City directly impacted by Hurricane Harvey and in accordance with the City's Harvey Multifamily Program Guidelines implemented by the HCDD.

The City of Houston loan term and affordability period will be 40 years and will commence when the construction period is completed. Loan will be non-amortizing throughout both the construction and permanent period. Following project completion, the outstanding principal balance of the note shall accrue at 1% interest. Borrower will pay an annual installment equal to the lesser of (i) 1% annually on the outstanding balance of the loan plus accrued unpaid interest, if any, or (ii) 50% of net cash flow, provided the default rate interest of 10% per annum will accrue in the event of default. Interest shall be calculated utilizing a 360-day basis for the actual number of days principal is outstanding. Unpaid interest will accrue and will be payable from future available cash flow. If the loan is not in default at the end of the 40-year term, unpaid principal and interest will be forgiven.

<b>Sources:</b>		<b>Uses:</b>	
9% Housing Tax Credit Syndication Proceeds (National Equity Fund)	\$13,498,650.00	Hard Cost	\$18,391,418.00
<b>City of Houston Request</b>	<b>\$8,000,000.00</b>	Soft Cost	\$2,755,495.00
Permanent Loan (Amegy Bank)	\$4,570,000.00	Acquisition Cost	\$1,500,000.00
In-Kind Equity/ Deferred Developer Fee	\$177,730.00	Developer Fee	\$3,010,645.00
		Reserves	\$588,822.00
<b>Total Source of Funds:</b>	<b>\$26,246,380.00</b>	<b>Total Project Cost:</b>	<b>\$26,246,380.00</b>

No Fiscal Note is required on grant items.

DocuSigned by:



Tom McCasland, Director  
Housing and Community Development Department

**Amount of Funding:**

\$8,000,000.00

Federal State Local - Pass Through Fund  
Fund 5030

**Contact Information:**

Roxanne Lawson

**Phone:** (832)394-6307

**ATTACHMENTS:**

**Description**

Coversheet (revised)  
Caption  
Affidavit of Ownership-DWR Development  
Affidavit of Ownership - EAF  
Board Members  
Fair Campaign Ordinance  
Edison Arts Foundation-Debarment Search

**Type**

Signed Cover sheet  
Backup Material  
Backup Material  
Backup Material  
Backup Material  
Backup Material  
Backup Material