



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 12/10/2019

District H

Item Creation Date: 8/27/2019

HCD19-91 900 Winston

Agenda Item#: 27.

Summary:

ORDINANCE approving and authorizing a Loan Agreement between the City of Houston and **CROSSROADS HOUSING DEVELOPMENT CORPORATION** to provide a 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 **900 WINSTON**, a 114-unit Senior Affordable Rental Housing Community, located in the vicinity of 900 Winston Street, Houston, Texas - \$11,230,000.00 - Grant Fund - **DISTRICT H - CISNEROS**

Background:

The Housing and Community Development Department (HCDD) requests Council approval of an Ordinance authorizing a \$11,230,000.00 loan to Crossroads Housing Development, a non-profit partner of Winston Enclave Partners, LP, for the purpose of financing a portion of the costs for the new construction of an affordable housing community for seniors.

Located at 900 Winston, Houston, Texas on 1.87 acres in the Heights, 900 Winston will be a combination of 114 rent-restricted and market rate units for Seniors. The community will be comprised of newly constructed one and two bedrooms, with a contemporary design to blend with the fresh and updated feel of the neighborhood.

The community, with its unique rental structure, will help address the need for high quality affordable rental housing in an area with a limited affordable housing stock. 900 Winston will serve individuals with income levels at or below 80 percent of the Area Median Income. Management will conduct regularly scheduled programs and events for the physical, educational and emotional well-being of its residents.

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.

Sources:		Uses:	
9% Housing Tax Credit Syndication Proceeds (RBC Capital Markets)	\$14,248,575.00	Hard Cost	\$19,214,944.00
City of Houston Request	\$11,230,000.00	Soft Cost	\$2,714,666.00
Permanent Loan (CitiBank)	\$3,400,000.00	Acquisition Cost	\$4,264,000.00
In-Kind Equity/ Deferred Developer Fee	\$1,163,429.00	Developer Fee	\$3,108,134.00
		Reserves	\$740,260.00
Total Source of Funds:	\$30,042,004.00	Total Project Cost:	\$30,042,004.00

Fiscal Note:

No Fiscal Note is required on grant items.

The Housing and Community Affairs Committee reviewed this item on September 17, 2019.

Tom McCasland, Director

Amount of Funding:

\$11,230,000.00

Federal State Local - Pass Through Fund
Fund 5030

Contact Information:

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ATTACHMENTS:

Description	Type
Cover Sheet	Signed Cover sheet
HCD19-91 Fair Campaign Ordinance	Other
Clear Tax	Backup Material
Loan Agreement Part 1	Backup Material
Loan Agreement Part 2	Backup Material
Loan Agreement Part 3	Backup Material
Loan Agreement Part 4	Backup Material
Loan Agreement Part 5	Backup Material
Loan Agreement Part 6	Backup Material
Loan Agreement Part 7	Backup Material
Ordinance	Ordinance/Resolution/Motion
PNFDF	Financial Information
SAP information	Financial Information
Crossroads Debarment	Backup Material
Winston Enclave Partners Debarment	Backup Material