



## Housing and Community Affairs Committee

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### Committee Members

Mike Laster (Chair)  
Jerry Davis  
David W. Robinson  
Richard Nguyen

Robert Gallegos (Vice Chair)  
Larry Green  
Ed Gonzalez  
Dwight A. Boykins

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### AGENDA

Tuesday, July 21, 2015 10:00 AM  
City Hall Chambers

Call to Order/Welcome Remarks – Council Member Mike Laster, Chair

#### I. Disaster Recovery

For review and possible authorization:

- a. Bayou Fifth Rental Homes Construction (District B) – An Ordinance authorizing a \$12,000,000 loan agreement of federal funds between the City of Houston and Uvalde Center I Ltd. for the construction of Bayou Fifth, a community of 164 scattered site rental homes in the Fifth Ward

Presentation:

- Neal Rackleff, Director, Housing and Community Development Department
- Stedman Grigsby

#### II. Multifamily

For review and possible authorization:

- a. Cleme Manor Multifamily Renovation (District B) – An Ordinance authorizing and approving a Loan Agreement between the City of Houston and Jamestown Affordable Housing Inc., an affiliate of NHP Foundation, to fund an additional \$1,260,000 for the renovation of Cleme Manor Apartments, which will include a Permanent Supportive Housing component

- b. Four Percent Tax Credits (Districts D, I) – A motion establishing a date for a Public Hearing to provide Resolutions of No Objection for the 4% housing tax credit applications of three multifamily properties
- c. Four Percent Tax Credits (Districts D, I) – Approval of a state-required Resolution of No Objection enabling three entities to apply for non-competitive, 4% federal tax credits through the Texas Department of Housing and Community Affairs
- d. Sterling Court Senior Residences Refinance (District I) – An Ordinance to amend a Loan Agreement on Houston Sterling Court Senior Residences to refinance the senior loan, increase the senior loan amount from \$2,850,000 to \$3,150,000, and extend the loan term by two additional years

Presentation:

- Neal Rackleff, Director, Housing and Community Development Department
- Joel North, Deputy Director

**IV. Public Comments**

Action may be taken on any or all of the above items.

Committee meetings are open to the public.

For information about this committee, contact Jonny Flores 832.393.3015.

**V. Director's Comments**

Neal Rackleff, Director, Housing and Community Development Department

**SUBJECT:** An Ordinance authorizing a \$12,000,000 Loan Agreement of federal funds between the City of Houston and Uvalde Center I Ltd. for the construction of Bayou Fifth, a community of 164 scattered site rental homes in the Fifth Ward

<b>Category #</b>	<b>Page 1 of 1</b>	<b>Agenda Item #</b> <i>I.O.</i>
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<b>FROM:</b> Neal Rackleff, Director Housing and Community Development Department	<b>Origination Date</b> 6/30/2015	<b>Agenda Date</b>
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<b>DIRECTOR'S SIGNATURE:</b>	<b>Council District affected:</b> District B
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<b>For additional information contact:</b> Stephen Tinnermon Phone: 832-394-6261	<b>Date and identification of prior authorizing Council action:</b> N/A
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**RECOMMENDATION:** Approval of an Ordinance authorizing a \$12,000,000 Loan Agreement of federal funds between the City of Houston and Uvalde Center I Ltd. for construction of Bayou Fifth, a community of 164 scattered site rental homes in the Fifth Ward

<b>Amount of Funding:</b>  <b>\$12,000,000.00</b>	<b>Finance Budget:</b>
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**SOURCE OF FUNDING**       General Fund       Grant Fund       Enterprise Fund

**Community Development Block Grant – Disaster Recovery Round 2**

**SPECIFIC EXPLANATION:**

The Housing and Community Development Department (HCDD) recommends Council approve an Ordinance authorizing a \$12,000,000 performance-based loan of federal Disaster Recovery (DR) Round 2 funds to Uvalde Center I Ltd. for construction of Bayou Fifth, a development of 164 scattered site rental homes located in the Greater Fifth Ward. The total development cost is projected to be \$31,235,733, including \$10,537,241 in 4% Housing Tax Credits. All 164 homes will be restricted at affordable rents for low-income tenants for no less than a 10-year affordability period.

The Bayou Fifth community will consist of 16 one-bedroom, 43 two-bedroom, 53 three-bedroom and 52 four-bedroom homes with at least one garage space per home. The development will have full amenities, including a clubhouse with computer, business center and open parking, as well as attractive landscaping, parks and bike lanes.

Bayou Fifth is part of \$361,500,000 of planned or completed public and private investment designed to eliminate existing slum and blight and provide significant drainage and mobility improvements in the Greater Fifth Ward. Other HCDD projects in the Fifth Ward funded by DR Round 2 include renovation of the 284-unit Cleme Manor apartment community, the Bringhurst Infrastructure Project and the Open Ditch and Culvert Improvement Infrastructure Project. These serve as catalysts for further revitalization of the Greater Fifth Ward area.

Located in a DR Round 2 targeted Community Revitalization Area, Bayou Fifth was one of five proposals selected through a competitive Request for Proposals (RFP) issued by HCDD to address the City's need for quality affordable multifamily housing. Forty proposals were received and evaluated based on program-required and community-developed criteria. Bayou Fifth developer InTown Homes is well-respected with a track record of building high-quality and well-managed housing communities throughout Texas.

**Sources of Funds:**

COH HCDD	\$12,000,000
Tax credits	\$10,537,241
Senior Lender	\$8,348,000
Deferred Developer Fee	<u>\$350,492</u>
	\$31,235,733

This proposal was reviewed by the Housing and Community Affairs Committee on July 21, 2015. Preliminary reviews were also done by the Housing and Community Affairs Committee on May 13, 2014, and by the Housing, Sustainable Growth and Development Committee on December 3, 2013.

NR:JN:SG:RL

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

**REQUIRED AUTHORIZATION**

<b>Finance Department:</b>	<b>Other Authorization:</b>	<b>Other Authorization:</b>
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**SUBJECT:** An Ordinance authorizing and approving a Loan Agreement between the City of Houston and Jamestown Affordable Housing Inc., an affiliate of NHP Foundation, to fund an additional \$1,260,000 for the renovation of Cleme Manor Apartments, which will include a Permanent Supportive Housing component

**Category #**

**Page 1 of 1**

**Agenda Item #**  
*II. a.*

**FROM:**  
Neal Rackleff, Director  
Housing and Community Development Department

**Origination Date**  
06/24/2015

**Agenda Date**

**DIRECTOR'S SIGNATURE:**

**Council District affected:**  
District B

**For additional information contact:** Stephen Tinnermon  
Phone: 832-394-6261

**Date and identification of prior authorizing Council action:** 07/23/2014, 2014-726; 02/18/2015, 2015-5; 02/18/2015, 2015-6; 02/18/2015, 2015-7

**RECOMMENDATION:** Support for an Ordinance authorizing and approving a Loan Agreement between the City of Houston and Jamestown Affordable Housing Inc., an affiliate of NHP Foundation, to fund an additional \$1,260,000 for the renovation of Cleme Manor Apartments, which will include a Permanent Supportive Housing component

**Amount of Funding:** \$1,260,000

**Finance Budget:**

**SOURCE OF FUNDING**       General Fund       Grant Fund       Enterprise Fund

**HOME Investment Partnerships Program**

**SPECIFIC EXPLANATION:**  
The Housing and Community Development Department (HCDD) recommends Council approve a Loan Agreement between the City of Houston and Jamestown Affordable Housing Inc. to fund an additional \$1,260,000 in HOME funds for the renovation of Cleme Manor Apartments, a Section 8 housing community located at 5300 Coke Street in the Fifth Ward.

This owner has already received \$3,000,000 of Disaster Recovery (DR) Round 2 funds, authorized in July 2014, to acquire the property. The owner has requested an additional \$1,260,000 of HOME funds to fill the gap between its other funding sources and the cost of renovating the property. On February 18, 2015, City Council approved two resolutions, one explicitly identifying Cleme Manor Apartments as contributing most significantly to the concerted revitalization efforts of the City of Houston and another confirming its support of the \$3,000,000 DR Round 2 funds.

Cleme Manor is a 45-year-old apartment community with units ranging from one bedroom to five bedrooms. It is located adjacent to the recently redeveloped Finnigan Park and Community Center in the Fifth Ward. As the largest property in the immediate area, Cleme Manor's complete renovation, together with the nearby Bayou Fifth proposed development, will serve as catalysts for revitalization of the surrounding neighborhood.

As part of DR Round 2, tax credit financing and HOME funds, all 284 units are restricted at affordable rents for low-income tenants for a period of 15 years. In exchange for the additional funding, 24 units will be reserved as Permanent Supportive Housing (PSH) which will carry with them a broad array of services for formerly homeless persons.

Funding for this project is comprised of the following sources:

FHA Loan	\$15,356,838
Tax Credits	\$14,998,500
Replacement Reserve	\$284,000
Deferred Developer Fee	\$1,955,111
HOME (PSH)	\$1,260,000
Interim Income	\$563,500
Disaster Recovery Round 2	\$3,000,000
	<u>\$37,417,949</u>

This proposal was reviewed by the Housing and Community Affairs Committee on July 21, 2015.

NR:JN:RM

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

**REQUIRED AUTHORIZATION**

<b>Finance Department:</b>	<b>Other Authorization:</b>	<b>Other Authorization:</b>
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<b>SUBJECT:</b> A motion establishing a date for a Public Hearing to provide Resolutions of No Objection for the 4% housing tax credit applications of three multifamily properties		<b>Category #</b>	<b>Page</b> 1 of 1	<b>Agenda Item #</b> <i>II.6.</i>																								
<b>FROM:</b> Neal Rackleff, Director Housing and Community Development Department		<b>Origination Date</b> 6/8/2015	<b>Agenda Date</b>																									
<b>DIRECTOR'S SIGNATURE:</b>		<b>Council District affected:</b> D & I																										
<b>For additional information contact:</b> Stephen Tinnermon <b>Phone:</b> 832-394-6261		<b>Date and identification of prior authorizing Council action:</b> N/A																										
<b>RECOMMENDATION:</b> Approval of a motion establishing a date for a Public Hearing to provide Resolutions of No Objection for the 4% housing tax credit applications of three multifamily properties																												
<b>Amount of Funding:</b> <p style="text-align: center;">None</p>			<b>Finance Budget:</b>																									
<b>SOURCE OF FUNDING</b> <input type="checkbox"/> General Fund <input type="checkbox"/> Grant Fund <input type="checkbox"/> Enterprise Fund <p style="text-align: center;">No funding required</p>																												
<b>SPECIFIC EXPLANATION:</b>																												
<p>The Texas Department of Housing and Community Affairs (TDHCA) administers the state's housing tax credit program, which provides federal tax credits to spur the development of affordable housing.</p> <p>Per Texas Government Code Section 2306-67071 and the TDHCA's 2015 Qualified Allocation Plan, the local governing body of the jurisdiction where a project is to be located must "hold a hearing...to solicit public input concerning the Application or Development" before a developer can submit an application for non-competitive 4% tax credits.</p> <p>The developers for the three properties listed below have requested a Resolution of No Objection to their applications for 4% tax credits:</p> <table border="1" style="width:100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="text-align: left;">Property Name</th> <th style="text-align: left;">Tax Credit Applicant</th> <th style="text-align: left;">Type of Project</th> <th style="text-align: left;">Number of Units</th> <th style="text-align: left;">Location</th> <th style="text-align: left;">Council District</th> </tr> </thead> <tbody> <tr> <td>Sunrise Orchard</td> <td>Tejano Center for Community Concerns, Inc.</td> <td>Youth</td> <td>52</td> <td>5300 Sunrise Road</td> <td>D</td> </tr> <tr> <td>Fenix Apartments</td> <td>Fenix Estates, LP</td> <td>Families</td> <td>200</td> <td>4001 Gulf Freeway</td> <td>I</td> </tr> <tr> <td>Sagetree Terrace</td> <td>Sagetree RHF Housing Partners, LP</td> <td>Seniors</td> <td>64</td> <td>15505 Bammel N. Houston Rd</td> <td>ETJ</td> </tr> </tbody> </table> <p>HCDD requests a motion to hold the public hearing on August 5, 2015.</p> <p>This item was reviewed by the Housing and Community Affairs Committee on July 21, 2015.</p> <p>NR:JN:SS</p> <p>Cc: CSC, FIN, MYR, LGL</p>					Property Name	Tax Credit Applicant	Type of Project	Number of Units	Location	Council District	Sunrise Orchard	Tejano Center for Community Concerns, Inc.	Youth	52	5300 Sunrise Road	D	Fenix Apartments	Fenix Estates, LP	Families	200	4001 Gulf Freeway	I	Sagetree Terrace	Sagetree RHF Housing Partners, LP	Seniors	64	15505 Bammel N. Houston Rd	ETJ
Property Name	Tax Credit Applicant	Type of Project	Number of Units	Location	Council District																							
Sunrise Orchard	Tejano Center for Community Concerns, Inc.	Youth	52	5300 Sunrise Road	D																							
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<b>REQUIRED AUTHORIZATION</b>																												
<b>Finance Department:</b>		<b>Other Authorization:</b>		<b>Other Authorization:</b>																								

<b>SUBJECT:</b> Approval of a state-required Resolution of No Objection enabling three entities to apply for non-competitive, 4% federal tax credits through the Texas Department of Housing and Community Affairs	<b>Category #</b>	<b>Page 1 of 1</b>	<b>Agenda Item #</b> <i>II.C.</i>
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<b>FROM:</b> Neal Rackleff, Director Housing and Community Development Department	<b>Origination Date</b> 6/30/2015	<b>Agenda Date</b>
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<b>DIRECTOR'S SIGNATURE:</b>	<b>Council District affected:</b> D, I
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<b>For additional information contact:</b> Stephen Tinnermon <b>Phone:</b> 832-394-6261	<b>Date and identification of prior authorizing Council action:</b> N/A
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**RECOMMENDATION:** Approval of a state-required Resolution of No Objection enabling three entities to apply for non-competitive, 4% federal tax credits through the Texas Department of Housing and Community Affairs

<b>Amount of Funding:</b> <p style="text-align:center;">None</p>	<b>Finance Budget:</b>
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**SOURCE OF FUNDING**       General Fund       Grant Fund       Enterprise Fund

No funding required

**SPECIFIC EXPLANATION:**

The Housing and Community Development Department (HCDD) recommends approval of a Resolution of No Objection for three applicants seeking 4% Housing Tax Credits (HTCs) for the multifamily developments listed below. HCDD is currently underwriting Sunrise Orchard and Fenix Apartments. Upon successful completion of the underwriting process, HCDD intends to provide gap financing in support of their development. Sagetree Terrace has not requested funding from HCDD but a resolution from the City is required due to its location within Houston's Extraterritorial Jurisdiction (ETJ).

Property Name	Tax Credit Applicant	Type of Project	Number of Units	Location	Council District
Sunrise Orchard	Tejano Center for Community Concerns, Inc.	Youth	52	5300 Sunrise Road	D
Fenix Apartments	Fenix Estates, LP	Families	200	4001 Gulf Freeway	I
Sagetree Terrace	Sagetree RHF Housing Partners, LP	Seniors	64	15505 Bammel N. Houston Rd	ETJ

This Resolution of No Objection to 4% tax credits was reviewed by the Housing and Community Affairs Committee on July 21, 2015 and a public hearing was held on August 5, 2015.

NR:JN:SS  
cc: CSC, FIN, MYR, LGL

REQUIRED AUTHORIZATION		
<b>Finance Department:</b>	<b>Other Authorization:</b>	<b>Other Authorization:</b>

<b>SUBJECT:</b> An Ordinance to amend a Loan Agreement on Houston Sterling Court Senior Residences to refinance the senior loan, increase the senior loan amount from \$2,850,000 to \$3,150,000, and extend the loan term by two additional years		<b>Category #</b>	<b>Page</b> 1 of 1	<b>Agenda Item #</b> <i>II.d.</i>
<b>FROM:</b> Neal Rackleff, Director Housing and Community Development Department		<b>Origination Date</b> 07/02/2015	<b>Agenda Date</b>	
<b>DIRECTOR'S SIGNATURE:</b>		<b>Council District affected:</b> District I		
<b>For additional information contact:</b> <b>Phone:</b> Stephen Tinnermon 832-394-6261		<b>Date and identification of prior authorizing Council action:</b> 04/28/2010: 2010-0311		
<b>RECOMMENDATION</b> Approval of an Ordinance to amend a Loan Agreement on Houston Sterling Court Senior Residences to refinance the senior loan, increase the senior loan amount from \$2,850,000 to \$3,150,000, and extend the loan term by two additional years				
<b>Amount of Funding:</b> <p style="text-align: center;">None</p>			<b>Finance Budget:</b>	
<b>SOURCE OF FUNDING</b> <input type="checkbox"/> General Fund <input type="checkbox"/> Grant Fund <input type="checkbox"/> Enterprise Fund <p style="text-align: center;">N/A</p>				
<b>SPECIFIC EXPLANATION:</b>				
<p>On April 28, 2010, City Council approved an Ordinance authorizing a Loan Agreement between the City of Houston and Houston Esperanza, Inc. (Borrower), a Texas non-profit corporation, joined by Houston Sterling Court Senior Residences, L.P. (Owner). The agreement authorized a \$2,449,929 performance-based loan to Borrower. The proceeds of the City loan were transferred by the Borrower to the Owner for payment by the Owner of the costs to acquire the land, develop the land and construct one or more buildings and associated facilities on the property located at 9590 Minnesota.</p> <p>Houston Sterling Court Senior Residences was completed August 28, 2012. Twenty of 140 total units are HOME restricted to low- and very low- income tenants for a period of 20 years. The property has been operating successfully since that time and currently has a 97% occupancy rate.</p> <p>The Owner has requested approval to refinance the senior loan balance plus an additional \$300,000 (closing cost and prepayment penalty) at a lower interest rate (reduced from 7.7% to 5%) for a period of 15 years.</p> <p>If approved the Owner will realize approximately \$48,000 per year of increased cash flow. The additional cash flow will reinforce continued success of Houston Sterling Court Senior Residences.</p> <p>This item was reviewed by the Housing and Community Affairs Committee on July 21, 2015.</p>				
NR:JN:SW				
cc: CSC, FIN, MYR, LGL				
<b>REQUIRED AUTHORIZATION</b>				
<b>Finance Department:</b>		<b>Other Authorization:</b>		<b>Other Authorization:</b>