



Housing and Community Affairs Committee

Committee Members

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

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

AGENDA

Tuesday, November 17, 2015 10:00 AM
City Hall Chambers

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

I. **Minor Critical Emergency Home Repair Program**

For review and possible authorization:

- a) Rebuilding Together Houston Contract (All Districts) – An Ordinance approving a contract between the City of Houston and Rebuilding Together Houston to provide \$2,000,000 from Tax Increment Reinvestment Zone (TIRZ) Affordable Housing Fund 2409 for minor critical emergency home repair services for low-income elderly and/or disabled Houstonians

Presentation:

- Neal Rackleff, Director, Housing and Community Development Department
- Kimberly Adams, Staff Analyst

II. **Land Assemblage Redevelopment Authority**

For review and possible authorization:

- a) Land Assemblage Redevelopment Authority (All Districts) – An Ordinance appropriating \$2,000,000 from TIRZ Affordable Housing Fund 2409 and approving and authorizing a Seventh Amendment to a Land Assembly Grant Agreement between the City of Houston and the Land Assemblage Redevelopment Authority, and approving and authorizing the reallocation of \$987,033 from various restricted accounts into an unrestrictive account for development activities

Presentation:

- Neal Rackleff, Director, Housing and Community Development Department
- Chris Butler, Deputy Director

III. Multifamily

For review and possible authorization:

- a) Motion for Public Hearing on Housing Tax Credit Applications (District B, I) – A motion establishing a date for a Public Hearing to provide Resolutions of No Objection for the 4% housing tax credit applications of two multifamily properties
- b) Resolution of No Objection to Housing Tax Credit Applications (District B, I) – Approval of a state-required Resolution of No Objection enabling two entities to apply for non-competitive, 4% federal tax credits through the Texas Department of Housing and Community Affairs
- c) Cleburne Senior Living Center Construction (District D) – An Ordinance authorizing a \$2,250,000 grant of TIRZ Affordable Housing funds between the City of Houston and an affiliate of Cleburne Senior Living Center for construction of a new multifamily apartment development for seniors to be located at 2222 Cleburne

Presentation:

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

IV. TIRZ Affordable Housing Fund 2409 – A Report

For review and possible authorization:

Presentation:

- Neal Rackleff, Director, Housing and Community Development Department
- Steve Rawlinson, Deputy Assistant Director

V. Blight Reduction and Nuisance Abatement – A Report

For review and possible authorization:

Presentation:

- Neal Rackleff, Director, Housing and Community Development Department
- Legal Department

VI. 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.

VII. Director's Comments

Neal Rackleff, Director, Housing and Community Development Department

SUBJECT: An Ordinance approving a contract between the City of Houston and Rebuilding Together Houston to provide \$2,000,000 from TIRZ Affordable Housing Fund 2409 for minor critical emergency home repair services for low-income elderly and/or disabled Houstonians		Category #	Page 1 of 1	Agenda Item # <i>I.A.</i>
FROM: Neal Rackleff, Director Housing and Community Development		Origination Date 11/1/2015	Agenda Date	
DIRECTOR'S SIGNATURE:		Council District(s) affected: All		
For additional information contact: Roxanne Lawson Phone: 832-394-6282		Date and identification of prior authorizing Council action:		
RECOMMENDATION: Approval of a contract between the City of Houston and Rebuilding Together Houston to provide \$2,000,000 from TIRZ Affordable Housing Fund 2409 for minor critical emergency home repair services for low-income elderly and/or disabled Houstonians				
Amount of Funding: \$2,000,000.00			Finance Budget:	
SOURCE OF FUNDING <input type="checkbox"/> General Fund <input type="checkbox"/> Grant Fund <input checked="" type="checkbox"/> Other TIRZ Affordable Housing Fund 2409				
SPECIFIC EXPLANATION:				
<p>The Housing and Community Development Department (HCDD) requests City Council approval for a \$2,000,000 contract between the City and Rebuilding Together Houston (RTH) to use TIRZ Affordable Housing funds for emergency home repairs to low-income elderly and/or disabled households under the HCDD Minor Critical Emergency Home Repair Program.</p> <p>The contract will allow the City and RTH to assist approximately 195 elderly or disabled households with incomes below 110% of the Area Median Income (AMI) by providing vital roofing, plumbing, electrical and heating repairs or system replacement to alleviate life, health, or safety hazards. Additionally, RTH will deploy volunteers to at least 50% of these homes, enhancing them further with scraping, caulking, painting, and repairs to exterior siding, doors, windows and handrails. This volunteer labor will add an average of \$8,700 in additional repairs per home, leveraging the City's \$2,000,000 to deliver an additional \$850,000 in home repairs for Houston's most vulnerable citizens. RTH will evaluate and develop scopes of work from an HCDD-approved list of eligible applicants who meet the household income standard under the Minor Critical Emergency Home Repair Program.</p> <p>This is HCDD's third contract with Rebuilding Together Houston, a 33-year-old non-profit organization. Under the current contract, which expires on June 8, 2016, RTH has completed minor critical emergency repairs to over 120 homes.</p> <p>HCDD conducted an open Request for Proposals (RFP) for eligible home repair agencies to assist household that don't fall within parameters of the City's federally funded programs. Rebuilding Together Houston was the agency selected.</p> <p>This item was reviewed by the Housing and Community Affairs Committee on November 17, 2015.</p>				
NR:AS				
Cc: City Secretary Legal Finance Mayor's Office				
REQUIRED AUTHORIZATION				
Finance Department:		Other Authorization:		Other Authorization:

SUBJECT: An Ordinance appropriating \$2,000,000 from TIRZ Affordable Housing Fund 2409 and approving and authorizing a Seventh Amendment to a Land Assembly Grant Agreement between the City of Houston and the Land Assemblage Redevelopment Authority, and approving and authorizing the reallocation of \$987,033 from various restricted accounts into an unrestrictive account for development activities	Category #	Page 1 of 1	Agenda Item # <i>H.A.</i>
FROM: Neal Rackleff, Director Housing and Community Development Department	Origination Date 8/27/15	Agenda Date	
DIRECTOR'S SIGNATURE:	Council District affected: ALL		
For additional information contact: Chris Butler Phone: 832-393-8502	Date and identification of prior authorizing Council action: Ordinance 2004-0800: July 28, 2004 Ordinance 2005-0902: July 27, 2005 Ordinance 2005-1073: September 14, 2005 Ordinance 2006-0902: August 30, 2006 Ordinance 2008-0255: March 26, 2008 Ordinance 2009-0261: May 4, 2009 Ordinance 2009-1220: December 2, 2009		
RECOMMENDATION: Adopt an Ordinance approving the Seventh Amendment to Land Assembly Grant Agreement between the City of Houston and the Land Assemblage Redevelopment Authority appropriating \$2,000,000 of TIRZ Affordable Housing Fund 2409 to enable LARA to continue acquiring identified properties by bid or direct purchase; and to reallocate \$987,033 of previous funding			
Amount of Funding: \$2,000,000.00	Finance Budget:		
SOURCE OF FUNDING: <input type="checkbox"/> General Fund <input type="checkbox"/> Grant Fund <input type="checkbox"/> Enterprise Fund <input checked="" type="checkbox"/> Other TIRZ Fund 2409			
SPECIFIC EXPLANATION: City Council approved a Land Assembly Grant Agreement with the Land Assemblage Redevelopment Authority (LARA) in July 2004 which provided the initial funding for the purchase of designated tax delinquent properties in low income neighborhoods at foreclosure auction. Through subsequent amendments, Council has allocated funding for land acquisition, marketing and activities to attract Community Development Corporations (CDCs) and builders to construct affordable single-family houses in targeted inner-city low income neighborhoods. LARA has seen success in its mission to convert tax-delinquent lots – often neighborhood eyesores and magnets for crime – into affordable homes for families who contribute to Houston's tax base. LARA's key accomplishments to date include: <ul style="list-style-type: none"> • Acquired 1,210 parcels in neighborhoods with high concentrations of abandoned, severely tax-delinquent, vacant lots. • 28 (parcels) lots are currently under contract with builders and CDCs for new affordable housing construction • 322 new affordable homes have been constructed and sold to low- and moderate-income families and 127 homes are under construction or are available for sale • 429 (parcels) lots are available to CDCs and builders under LARA's Solicitation for Proposals • 214 abandoned, severely tax-delinquent, vacant lots remain in the LARA foreclosure pipeline Through the Urban Redevelopment Interlocal Agreement approved by City Council on December 3, 2014, LARA returned 178 properties that were deemed unsuitable for single-family construction to Harris County for future public auction. LARA has restructured its approach on acquisition by only targeting vacant lots that are adjacent to or across the street from desirable lots within its inventory, or recently constructed homes. The requested appropriation of \$2,000,000 will be restricted for the acquisition of additional tax-delinquent lots that meet these criteria. In an attempt to minimize gentrification in certain neighborhoods, it has become evident that LARA must be positioned financially to acquire lots above the previously maximum \$2.00 per square foot acquisition price.			

Date: 08-27-15	SUBJECT: An Ordinance appropriating \$2,000,000 from TIRZ Affordable Housing Fund 2409 and approving and authorizing a Seventh Amendment to Land Assembly Grant Agreement between the City of Houston and the Land Assemblage Redevelopment Authority, and approving and authorizing the reallocation of \$987,033 from various restricted accounts into an unrestrictive account for development activities	Originator's Signature	Page: <u>2</u> of <u>2</u>
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The proposed ordinance also reallocates \$987,033 of restrictive funds, previously appropriated by Ordinance No. 2009-1220. These funds were intended for reimbursements to builders and CDCs for Energy Star incentives, water and waste water connections and Community Development Corporation programs which haven't seen any activity since May of 2011.

The previous administration allocated \$625,000 to incentivize participating builders for each house constructed to industry recognized, Home Energy Rating System (HERS) "Energy Star" standards. The purpose was two-fold. First it helped to reduce the sales price of the new affordable home, and second, it helped to reduce the monthly utility costs for the new low- or moderate-income owner. In 2009 Energy Star was accepted into the building code as a requirement for single-family construction. Since Energy Star is now the standard, there is no longer a need to reimburse builders and CDCs for this expense. Thus, \$277,061 is being proposed for reallocation.

The previous ordinance allocated \$640,000 which allowed LARA to reimburse builders for the installation of water and sewer taps needed in connection with new housing construction. Typically this expense is passed on to the buyer, but to increase the affordability of the homes, the builder was reimbursed for this expense. With the reduction on acquisition cost from LARA, this incentive program is no longer needed, leaving \$464,934 proposed for reallocation.

Finally, previous ordinances provided an incentive to CDCs who partnered with builders to help market the homes the builders would construct. If the homes were sold with the assistance of the CDC within 120 days of the start date, the CDC would receive up to \$2,500 per home. Builders and CDCs are encouraged, but no longer required, to partner in selling homes so this program is no longer needed, and \$245,038 is being proposed for reallocation.

This proposed ordinance authorizes the reallocation of these funds into an unrestrictive account that may be used for, but not limited to, marketing, administration and special builder incentive programs that encourage future development.

This item was reviewed by the Housing and Community Affairs Committee on November 17, 2015.

NR: CB

Cc: Mayor's Office
Legal
City Secretary
Finance

REQUIRED AUTHORIZATION

Finance Department Director:	Other Authorization:	Other Authorization:
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TO: Mayor via City Secretary **REQUEST FOR COUNCIL ACTION**

15 – Motion - 2 props

SUBJECT: A motion establishing a date for a Public Hearing to provide Resolutions of No Objection for the 4% housing tax credit applications of two multifamily properties

Category #	Page 1 of 1	Agenda Item # <i>III. A.</i>
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FROM: Neal Rackleff, Director Housing and Community Development Department	Origination Date 10/22/2015	Agenda Date
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DIRECTOR'S SIGNATURE:	Council District affected: B, I
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For additional information contact: Roxanne Lawson Phone: 832-394-6261	Date and identification of prior authorizing Council action: N/A
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RECOMMENDATION: 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 two multifamily properties

Amount of Funding: None	Finance Budget:
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SOURCE OF FUNDING General Fund Grant Fund Enterprise Fund

No funding required

SPECIFIC EXPLANATION:

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.

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.

The developers for the two properties listed below have requested a Resolution of No Objection to their applications for 4% tax credits.

- The Kissito Center for Healthy Living received a similar resolution in June 2014, however the developer subsequently cancelled the project on the original site due to neighborhood resistance. A new site is under contract, and the developer is meeting with neighborhood groups to obtain their support; early indications are positive. HCDD is currently underwriting the Kissito project. Upon successful completion of the underwriting process, HCDD intends to provide gap financing in support of this development.
- The developer of the Garden City Apartments has not requested funding from HCDD; however due to the aforementioned statute, the developer is required to obtain a Resolution from the City in order to qualify for tax credits. This is a \$29 million project, including \$9 million of pure hard costs, to provide extensive exterior and interior renovations including upgraded kitchens and bathrooms, plus a complete remodel of the existing community building.

Following is information on the two applications:

Property Name	Tax Credit Applicant	Project	No. of Units	Location	Council District
Garden City Apartments	Steele Texas LIHTC LLC	Sec. 8 rehab	253	9601 W. Montgomery Road	B
Kissito Center for Healthy Living	Riverside Houston VOA Kissito LLC	Seniors	112	6901 Bellfort Ave.	I

HCDD requests a motion to hold the public hearing on December 2, 2015.

This item was reviewed by the Housing and Community Affairs Committee on November 17, 2015.

NR:JN:SS

Cc: CSC, FIN, MYR, LGL

REQUIRED AUTHORIZATION		
Finance Department:	Other Authorization:	Other Authorization:

SUBJECT: Approval of a state-required Resolution of No Objection enabling two entities to apply for non-competitive, 4% federal tax credits through the Texas Department of Housing and Community Affairs	Category #	Page 1 of 1	Agenda Item # <i>III, D.</i>
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FROM: Neal Rackleff, Director Housing and Community Development Department	Origination Date 10/22/2015	Agenda Date
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DIRECTOR'S SIGNATURE:	Council District affected: B, I
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For additional information contact: Roxanne Lawson Phone: 832-394-6261	Date and identification of prior authorizing Council action: N/A
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RECOMMENDATION: Approval of a state-required Resolution of No Objection enabling two entities to apply for non-competitive, 4% federal tax credits through the Texas Department of Housing and Community Affairs

Amount of Funding: <p style="text-align:center;">None</p>	Finance Budget:
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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 two applicants seeking 4% Housing Tax Credits (HTCs) for the multifamily developments listed below.

- The Kissito Center for Healthy Living received a similar resolution in June 2014, however the developer subsequently cancelled the project on the original site due to neighborhood resistance. A new site is under contract, and the developer is meeting with neighborhood groups to obtain their support; early indications are positive. HCDD is currently underwriting the Kissito project. Upon successful completion of the underwriting process, HCDD intends to provide gap financing in support of this development.
- The developer of the Garden City Apartments has not requested funding from HCDD; however due to the aforementioned statute, the developer is required to obtain a Resolution from the City in order to qualify for tax credits. This is a \$29 million project, including \$9 million of pure hard costs, to provide extensive exterior and interior renovations including upgraded kitchens and bathrooms, plus a complete remodel of the existing community building.

Following is information on the two applications:

Property Name	Tax Credit Applicant	Project	No. of Units	Location	Council District
Garden City Apartments	Steele Texas LIHTC LLC	Sec. 8 rehab	253	9601 W. Montgomery Road	B
Kissito Center for Healthy Living	Riverside Houston VOA Kissito LLC	Seniors	112	6901 Belfort Ave.	I

This Resolution of No Objection to 4% tax credits was reviewed by the Housing and Community Affairs Committee on November 17, 2015 and a public hearing was held on December 2, 2015.

NR:JN:SS

cc: CSC, FIN, MYR, LGL

REQUIRED AUTHORIZATION		
Finance Department:	Other Authorization:	Other Authorization:

SUBJECT: An Ordinance authorizing a \$2,250,000 grant of Tax Increment Reinvestment Zone (TIRZ) funds between the City of Houston and an affiliate of Cleburne Senior Living Center for construction of a new multifamily apartment development for seniors to be located at 2222 Cleburne	Category #	Page 1 of 1	Agenda Item # <i>III, C</i>
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FROM: Neal Rackleff, Director Housing and Community Development Department	Origination Date 11-6-15	Agenda Date
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DIRECTOR'S SIGNATURE:	Council District affected: District D
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For additional information contact: Roxanne Lawson Phone: 832-394-6282	Date and identification of prior authorizing Council action: N/A
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RECOMMENDATION: Approval of an Ordinance authorizing a \$2,250,000 grant of Tax Increment Reinvestment Zone (TIRZ) funds between the City of Houston and an affiliate of Cleburne Senior Living Center for construction of a new multifamily apartment development for seniors to be located at 2222 Cleburne

Amount of Funding: \$2,250,000.00	Finance Budget:
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SOURCE OF FUNDING General Fund Grant Fund Enterprise Fund Other
Tax Increment Reinvestment Zone

SPECIFIC EXPLANATION:
The Housing and Community Development Department (HCDD) recommends Council approve a \$2,250,000 grant of TIRZ funds to an affiliate of the Cleburne Senior Living Center for construction of a new multifamily apartment development for seniors to be located at 2222 Cleburne.

The development will have 112 units, with a mix of one-bedroom and two-bedroom floor plans, which will be available to low-income seniors. In exchange for the requested funds, the owner will restrict 15 units specifically to tenants earning at or below 60% of Area Median Income.

The development will include a 1,600-square-foot clinic for Legacy Community Healthcare which will have the capacity for two full-time medical specialists. Services will be available to residents as well as senior citizens in the neighborhood.

The general partner and operator of the Cleburne Senior Living Center is The Montrose Center, which was created in 1978 to provide outpatient mental health care services, substance abuse treatment, and case management services in the Houston area. The Montrose Center receives approximately \$3.5 million per year in federal, state and local grants to provide its services.

City Senior Living LLC, an affiliate of Covenant Community Capital, is the developer. Stephen Fairfield, a principal with Covenant, is a well-respected developer of affordable multifamily housing. The site at 2222 Cleburne is being donated by the Midtown TIRZ.

Sources of Funds		Uses of Funds	
Bank Loan (Chase)	\$4,154,970	Hard Costs	\$12,764,010
Tax Credit	7,011,299	Soft Costs	2,365,953
Fundraising	4,500,000	Reserves and Relocation	658,948
HCDD - TIRZ	<u>2,250,000</u>	Developer Fee	<u>2,127,358</u>
Total	\$17,916,269	Total	\$17,916,269

This item was reviewed by the Housing and Community Affairs Committee on November 17, 2015.

NR:JN:RB

Cc: City Secretary
Finance Department
Legal Department
Mayor's Office

REQUIRED AUTHORIZATION		
Finance Department:	Other Authorization:	Other Authorization: