



Houston City Council
Housing and Community Affairs Committee

Mike Laster (Chair)

Robert Gallegos (Vice Chair)

Dwight A. Boykins - David W. Robinson - Michael Kubosh

Karla Cisneros - Mike Knox – Martha Castex-Tatum

Tuesday, August 21, 10:00 AM
City Hall Council Chambers

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

II. Planning & Grants Management

a) **Housing Buyout Program**

Requesting Council approval of an Ordinance authorizing submission of an application to the Texas General Land Office (GLO) and approval for receiving of \$23,486,698.00 in Community Development Block Grant - Disaster Recovery funds. (All Districts)

- Tom McCasland, Director, Housing and Community Development Department
- Angela Simon, Division Manager, Housing and Community Development Department

III. Multifamily

a) **Somerset Lofts, DWR Somerset 18 LP**

Requesting Council approval of an Ordinance authorizing a CDBG-DR2 loan of \$6,000,000.00 for the construction of a 120-unit affordable housing community in District C.

b) **Campanile on Commerce, Kilday Partners, LLC**

Requesting Council approval of an Ordinance authorizing a HOME and TIRZ loan of \$3,500,000.00 for the construction of a 120-unit affordable housing community in District H.

c) **Dale Carnegie Apartments, New Hope Housing**

Requesting Council approval of an Ordinance authorizing a loan of \$8,500,000.00 in HOME and Housing and Homeless Bond funds for the construction of a 170-unit affordable housing community in District J.

d) **Cleburne (The Montrose Center)**

Requesting Council approval of an Ordinance authorizing an Amendment to reinstate TIRZ loan of \$2,500,000.00 for the construction of a 112-unit affordable housing community in District D.

- Tom McCasland, Director, Housing and Community Development Department
- Ryan Bibbs, Division Manager, Housing and Community Development Department

IV. Public Comments

V. Director's Comments

Tom McCasland, Director, Housing and Community Development Department

- Monthly Report



CITY OF HOUSTON – CITY COUNCIL

Meeting Date: 9/5/2018

District ALL

Item Creation Date: 8/1/2018

HCD18-74

Authorizing submission of an Application for Community Development Block Grant Disaster Recovery for the 2016 Flood Events

Agenda Item #: II.a.

Background:

The Housing and Community Development Department (HCDD) is requesting Council approval of an ordinance authorizing submission of an application to the Texas General Land Office (GLO) and approval to receive U.S. Department of Housing and Urban Development (HUD) Community Development Block Grants – Disaster Recovery funds for the 2016 Flood Events (CDBG-DR16). The application includes \$23,486,698.00 in funds for a Housing Buyout Program to address impacts from the 2016 Flood Events. In 2016, the Houston area had two devastating flood events resulting in two presidentially declared disasters in the Houston area. The first, FEMA DR-4269-TX, occurred in April 2016 and is known as the “Tax Day Flood”. The second, FEMA DR-4272-TX, occurred over a month-long period from May 22 through June 24, 2016.

Through several appropriations, the U.S. Congress allocated \$238,895,000.00 in CDBG-DR to the State of Texas (Public Law 114-223, 114-254 and 115-31) to be used in the recovery process to address impacts caused by the 2016 Flood Events. The GLO is the CDBG-DR administrator for the State's allocation. As directed by the GLO, Harris County submitted a Method of Distribution (MOD) for \$66,199,732.00 to the GLO, which included the proposed allocation of \$23,486,698.00 for the City of Houston. The Harris County MOD was approved by HUD in May 2018. Houston's application to the GLO is the next step in the process to receive CDBG-DR16 funding.

The application proposes that CDBG-DR16 funding be used for a Housing Buyout Program. The proposed Housing Buyout Program will fund the:

1. Purchase of single family and/or multifamily properties
2. Relocation of residents in these properties, and the
3. Demolition of the homes on these properties

This will be a voluntary program and may be carried out by the City of Houston or a subrecipient, such as the Harris County Flood Control District. The proposed activities will remove housing from the floodplain and prevent future housing development on the property to eliminate future housing flood risk. Properties would be returned to green space to help absorb water with the potential for serving as flood control in the future. HCDD will seek Council approval for specific projects or target areas for buyout.

Community Development Block Grant – Disaster Recovery		
Housing Buyout Program	\$23,486,698.00	100%

HCDD solicited public input in the development of this Housing Buyout Program Application. As stipulated in the Federal Register, Vol. 81, No. 224, Monday, November 21, 2016, residents had 14 days to comment on the proposed Application before it is approved by Council. The 14-day review period extended from August 17, 2018 through August 31, 2018. Also, a public hearing about this application was held August 30, 2018.

No Fiscal Note is required on grant items.

This item was reviewed by the Housing and Community Affairs Committee on August 21, 2018.

Tom McCasland, Director

Contact Information:

Roxanne Lawson
(832) 394-6307



CITY OF HOUSTON – CITY COUNCIL

Meeting Date: TBD

District C

Item Creation Date: 8/01/2018

Somerset Lofts New Construction

HCD18-72

Agenda Item #: III.a.

Background:

The Housing and Community Development Department (HCDD) recommends Council approval of an Ordinance authorizing a \$6,000,000.00 loan utilizing funds from the Community Development Block Grant Disaster Recovery Round 2 (CDBG – DR2) for the construction of a 120-unit multifamily property at 8506 Hempstead Rd. The City’s funds will be loaned to DWR Somerset 18 LP, the owner. The funds will be used for the acquisition of land and construction of a multifamily housing development. All 120 units will be restricted to households, including families, earning below 60% of Area Median Income, of which the city will restrict 51% (62) of the units.

The Lazybrook/Timbergrove community offers highly rated schools and proximity to employment centers and public transportation. The total development cost of \$22,999,897.00 will fund a project with an urban townhome design and podium parking, fitting right in with the design of developments in the area. The development will consist of (48) one-bedroom units, (60) two-bedroom units, and (12) three-bedroom units. The onsite Multi-Functional Resource Center will feature a variety of tenant services and grade school tutoring.

DWR Development Group is an established for-profit developer/consultant of affordable multifamily properties. Total funding for Somerset Lofts will be as follows:

Sources:		Uses:	
Hudson Capital - 9% Housing Tax Credit Syndication Proceed	\$13,648,635.00	Hard Cost	\$12,528,263.00
City of Houston Request	\$ 6,000,000.00	Soft Cost	\$ 3,516,079.00
Amegy Bank- Permanent Loan	\$ 3,300,000.00	Acquisition Cost	\$ 4,135,000.00
In-Kind Equity/ Deferred Developer Fee	\$ 51,262.00	Developer Fee	\$ 2,308,362.00
		Reserves	\$ 512,193.00
Total Source of Funds:	\$22,999,897.00	Total Project Cost:	\$22,999,897.00

No Fiscal Note required on grant items.

This item was reviewed by the Housing and Community Affairs Committee on August 21, 2018.

Tom McCasland, Director
Housing and Community Development Department

Amount of Funding

\$6,000,000.00

Community Development Block Grant Disaster Recovery Round 2

Prior Council Action:

N/A

Contact Information:

Roxanne Lawson

(832) 394-6307



CITY OF HOUSTON – CITY COUNCIL

Meeting Date: TBD

District H

Item Creation Date: 8/01/2018

Campanile on Commerce New Construction

HCD18-73

Agenda Item #: III.b.

Background:

The Housing and Community Development Department (HCDD) requests Council approval of an Ordinance authorizing a \$3,500,500.00 loan for the construction of a 120-unit multifamily property at 2929 Commerce Street. Allocations from the City’s HOME and TIRZ funds will be loaned to Campanile on Commerce LP, a subsidiary of Kilday Operating LLC, for the construction of an affordable housing community designed for residents ages 55 and older.

HCDD will require that 24 units be restricted to tenants earning below 60% of area medium income. Of those 24 units, five units will be restricted to tenants earning below 50% of area medium income.

Campanile on Commerce is located in Houston’s historic Second Ward. Residents will benefit from proximity to public transportation, onsite services such as shuttle transportation, nutrition classes and credit counseling. The total development cost of \$21,776,911.00 will fund a project equipped with landscaped green areas and an extensive sidewalk system. The development will consist of (72) one-bedroom units and (48) two-bedroom units.

Kilday Operating, LLC is an established for-profit developer of affordable multifamily properties. Total funding for Campanile on Commerce will be as follows:

Sources:		Uses:	
9% Housing Tax Credit Syndication Proceeds (Hudson)	\$13,498,650.00	Hard Cost	\$11,782,846.00
City of Houston Request (HOME/TIRZ)	\$3,500,000.00	Soft Cost	\$1,814,974.00
Permanent Loan (Capital One)	\$4,300,000.00	Acquisition Cost	\$ 5,623,945.00
In-Kind Equity/ Deferred Developer Fee	\$ 478,261.00	Developer Fee	\$ 1,955,146.00
		Reserves	\$ 600,000.00
Total Source of Funds:	\$21,776,911.00	Total Project Cost:	\$21,776,911.00

No Fiscal Note is required on grant items.

This item was reviewed by the Housing and Community Affairs Committee on August 21, 2018

 Tom McCasland, Director
 Housing and Community Development Department

Amount of Funding

\$2,161,710.00 HOME Investment Partnerships Allocation

\$1,338,290.00 TIRZ Allocation

Prior Council Action:

N/A

Contact Information:

Roxanne Lawson

(832) 394-6307



CITY OF HOUSTON – CITY COUNCIL

Meeting Date: TBD

District J

Item Creation Date: 8/01/2018

New Hope Housing Dale Carnegie - New Construction

HCD18-70

Agenda Item #: III.c.

Background:

The Housing and Community Development Department (HCDD) recommends Council approval of an Ordinance authorizing a loan agreement for a \$8,500,000.00 loan consisting of \$7,400,000.00 HOME funds and a grant agreement for \$1,100,000.00 of Housing and Homeless Bond funds, between the City of Houston and Houston Area Community Development Corporation. The \$8,500,000.00 will be used towards the construction of a new 170-unit Single Resident Occupancy (SRO) development located at the southeast corner of Dale Carnegie & Regency Square. The total development cost of \$28,891,595.00 will go towards site acquisition, construction costs, and on-site supportive services catering to low income individuals.

Developed by New Hope Housing, Inc., the Dale Carnegie site will be designed as a LEED-certified community that will provide safe and attractive homes for low income persons. Prospective tenants would include veterans, elderly individuals, people with disabilities and those at risk of homelessness. Proposed for the Southwest Houston TIRZ Zone, the New Hope Housing Dale Carnegie site will be in close proximity to employment centers and public transportation. Rent will include utilities, cable TV access and on-site supportive services. HCDD will require that 65 units be restricted to tenants earning below 60% of area medium income.

New Hope Housing is one of the premier developers of SRO housing for Houston’s homeless population. Total funding for Dale Carnegie will be as follows:

Sources & Uses			
Sources	Amount	Uses	Amount
City of Houston Request	\$8,500,000.00	Hard Cost	\$19,867,844.00
9% Housing Tax Credit Proceeds	\$13,048,695.00	Soft Cost	\$1,639,428.00
In-Kind Equity/ Deferred Developer Fee	\$1,316,400.00	Acquisition Cost	\$1,300,000.00
Charitable Contributions	\$6,026,500.00	Developer Fee	\$3,537,862.00
		Other Development Costs	\$2,546,461.00
Total Source of Funds:	\$28,891,595.00	Total Project Cost:	\$28,891,595.00

No Fiscal Note is required on grant items.

This Item was reviewed by the Housing and Community Affairs Committee on August 21, 2018.

Tom McCasland, Director
Housing and Community Development Department

Amount of Funding

\$1,100,000.00 Housing and Homeless Bond funds
\$7,400,000.00 HOME funds

Prior Council Action:

N/A

Contact Information:

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CITY OF HOUSTON – CITY COUNCIL

Meeting Date: TBD

District D

Item Creation Date: 8/09/2018

2222 Cleburne - New Construction

HCD18-76

Agenda Item #: III.d.

Background:

The Housing and Community Development Department (HCDD) recommends Council approval of an Ordinance authorizing an amendment to reinstate a \$2,500,000.00 performance based loan agreement for the appropriated funds from the City of Houston to the Montrose Counseling Center, Inc. The reinstatement of these funds will assist with the construction of the 112-unit multifamily housing community located at 2222 Cleburne Street in Houston.

2222 Cleburne will be a new multifamily development with a mix of one-bedroom and two-bedroom floor plans. The development will cater to low-income seniors, 62 years of age and above. The owner will restrict 112 units specifically to tenants earning 60% of Area Median Income or below. 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. This development will provide a social worker to help tenants build their skills for personal care, money management, community participation and other disciplines that empower them to live at their highest potential and access preventative health measures. The licensed onsite social workers will act as primary service coordinators and build relationships with tenants.

Montrose Counseling Center, Inc. was created in 1978 to provide outpatient mental health care services, substance abuse treatment and case management services in the Houston area. Stephan Fairfield is a principal at Covenant Community Capital and will be the developer for this multifamily housing project.

Total funding for the 2222 Cleburne project will be as follows:

Sources & Uses			
Sources	Amount	Uses	Amount
City of Houston Request	\$2,500,000.00	Hard Cost	\$18,036,169.00
Permanent Lender	\$3,780,000.00	Soft Cost	\$3,168,506.00
9% Housing Tax Credit Proceeds	\$13,873,613.00	Developer Fee	\$3,006,415.00
Private Contributions	\$1,700,000.00	Reserves	\$500,728.00
Kinder Foundation	\$1,500,000.00		
In-Kind Equity/ Deferred Developer Fee	1,358,205.00		
Total Source of Funds:	\$24,711,818.00	Total Project Cost:	\$24,711,818.00

No Fiscal Note is required on grant items.

This Item was reviewed by the Housing and Community Affairs Committee on August 21, 2018.

Tom McCasland, Director
 Housing and Community Development Department

Prior Council Action:

N/A

Contact Information:

Roxanne Lawson

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