

Mayor and Council Communication

DATE: 01/14/20

M&C FILE NUMBER: M&C 20-0011

LOG NAME: 19EVERLY PLAZA SENIOR APARTMENTS

SUBJECT

Authorize Execution of a Contract with Everly Plaza, LLC for HOME Investment Partnerships Program Grant Funds in the Amount of \$1,000,000.00 in the Form of a Subordinate Loan for the Development of the Everly Plaza Apartments Located at 1801-1821 8th Avenue (COUNCIL DISTRICT 9)

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize the City Manager or his designee to execute a contract with Everly Plaza, LLC for HOME Investment Partnerships Program grant funds in the amount of \$1,000,000.00 in the form of a subordinate loan for the development of the Everly Plaza Apartments located at 1801-1821 8th Avenue for a three year term beginning on the date of execution of the contract;
 2. Authorize the City Manager or his designee to execute all other related contracts or documents necessary for lending activities;
 3. Authorize the City Manager or his designee to extend the contract for the HOME funds for two one-year extensions if such extensions are necessary for completion of the project, and to extend the other contracts for lending activities as necessary for the development of the project;
 4. Authorize the City Manager or his designee to amend the contracts for HOME funds and lending activities if necessary to achieve project goals provided that the amendments are within the scope of the project and in compliance with City policies and applicable laws and regulations governing the use of federal funds; and
 5. Authorize the substitution of current and prior funding years in order to meet commitment, disbursement and expenditure deadlines for grant funds from the United States Department of Housing and Urban Development.
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DISCUSSION:

On February 12, 2019, the City Council approved Resolution No. 5056-02-2019 supporting the application of Everly Plaza, LLC to the Texas Department of Housing and Community Affairs (TDHCA) for 2019 Competitive (9%) Housing Tax Credits for the development of the Everly Plaza Apartments, a new 88-unit senior mixed income multifamily complex located at 1801-1821 8th Avenue in the City's Near Southside Medical District (M&C G-19489). The development received an award of tax credits from TDHCA in July 2019.

On August 6, 2019, the City Council approved the City's 2019-2020 Action Plan for submission to the United States Department of Housing and Urban Development (HUD), which included \$1,000,000.00 in HOME Investment Partnerships Program (HOME) grant funds for the development of the Everly Plaza Apartments (M&C 19-0016).

Staff recommends execution of a contract with Everly Plaza, LLC for a subordinate loan of HOME funds in the amount of \$1,000,000.00 for the development of the Everly Plaza Apartments based on the following terms and conditions:

Loan Terms:

1. Loan term to commence on execution of the loan documents and terminate at the end of 40 years, or coterminus with the end of the term of the HUD-insured first lien loan for the project. Annual interest only payments to commence 12 months after conversion. Final payment of principal and any unpaid interest will be due 40 years after project conversion, or coterminous with final payment date of the HUD-insured permanent loan;
2. Interest rate of one percent during construction phase; After conversion interest rate of one percent or the Applicable Federal Rate, whichever is less;
3. HOME loan to be subordinate to the permanent financing for the project;
4. Designate HOME-assisted units according to the HOME regulations with a 20 year Affordability Period; and
5. Payment of the HOME funds and performance of the HOME requirements to be secured by a deed of trust and HOME Deed Restrictions through the Affordability Period. Deed of Trust to continue to secure payment throughout the remaining loan term after the expiration of the Affordability Period.

This expenditure of HOME funds is conditioned upon the following:

1. Satisfactory underwriting in accordance with HUD guidance for use of HOME funds;
2. Equity, construction and permanent financing acceptable to City;
3. Satisfactory completion of 24 CFR Part 58 environmental review;
4. Receipt of authorization to use grant funds from HUD; and

5. Closing on equity and all other financing for the development.

The Action Plan funding years selected may vary and be substituted in order to expend oldest grant funds first. A public comment period for the 2019-2020 Action Plan was held from July 1, 2019 to July 31, 2019. Any comments are maintained by the Neighborhood Services Department.

The project is located in Council District 9, Mapsco Grid: 76Q.

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations, funds will be available in the current operating budget, as appropriated, of the Grants Operating Federal Fund. The Neighborhood Services Department is responsible for verifying sufficiency of funding before disbursement. This is a reimbursement grant.

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