



AGENDA MEMORANDUM

Future Item for the City Council Meeting of February 10, 2015
Action Item for the City Council Meeting of February 17, 2015

DATE: February 2, 2015

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Special Board Meeting of the Corpus Christi Housing Finance Corporation

CAPTION:

Special Board Meeting of the Corpus Christi Housing Finance Corporation

PURPOSE:

The purpose is to hold a Special Board Meeting of the Corpus Christi Housing Finance Corporation in order to consider the adoption of resolutions pertaining to its loan program related to affordable multifamily housing and resolutions pertaining to a new Mortgage Credit Certificate (MCC) program for single-family housing.

BACKGROUND AND FINDINGS:

911 Glenoak Apartments Project

TG 110 Glenoak, LP is the owner of the 911 Glenoak Apartments and has applied for low-income housing tax credits at TDHCA in the statewide at-risk pool. This project also has applied for local HOME funds in the amount of \$300,000. The project is coordinated by Housing & Community Services, Inc. of San Antonio (HCS).

911 Glenoak is an existing 68-unit multi-family housing development at 711 Glenoak Drive in Corpus Christi. The approval of the tax credits would result in the complete redevelopment of that project.

HCS has requested local support in the form of an HFC permanent loan (15 years) secured by either a certificate of deposit or assignment of the note to a lender provided by HCS. The loan

amount will be equal to the difference between the minimum amount required under TDHCA rules for the local points award (\$2,295,000) and the actual amount of HOME funds allocated to the project. As required in the program, all funding must be arranged through the bank or other financial institution presented by the applicant.

Callicoatte Cove Homes Project

Callicoatte Cove, Ltd. is proposing to develop the Callicoatte Cove Homes to be located near 3900 Callicoatte Road in Corpus Christi. It is an applicant for low-income housing tax credits at TDHCA in the regional pool. This project is among several projects competing in the regional pool.

The project is being developed by Realtex Development Corporation. The Callicoatte Cove Homes will be a 105-unit single-family housing development.

Callicoatte Cove, Ltd. has requested local support in the form of an HFC permanent loan (15 years) secured by either a certificate of deposit or assignment of the note to a lender provided by the developer. The loan amount will be \$1,575,000. As noted in the program, all funding must be arranged through the bank or other financial institution presented by the developer. This project also has applied for local HOME funds in the amount of \$300,000.

River View at Calallen Project

River View at Calallen, Ltd. is proposing to develop the River View at Calallen Apartments to be located near 12000 Leopard Street in Corpus Christi. It also is an applicant for low-income housing tax credits at TDHCA in the regional pool.

The project is being developed by Madhouse Development Services. The River View at Calallen Apartments will be a 120-unit multi-family housing development.

River View at Calallen, Ltd. has requested local support in the form of an HFC permanent loan (15 years) secured by either a certificate of deposit or assignment of the note to a lender provided by the developer. The loan amount will be \$1,800,000 or a lesser amount if HOME funds are awarded for the project. As required in the program, all funding must be arranged through the bank or other financial institution presented by the developer.

Stonehenge Place Apartments Project

Thoroughbred Texas, LLC is proposing to develop the Stonehenge Place Apartments to be located at 5409 Lipes Blvd. in Corpus Christi. It also is an applicant for low-income housing tax credits at TDHCA in the regional pool. The Stonehenge Place Apartments will be a 120-unit multi-family housing development.

Thoroughbred Texas, LLC has requested local support in the form of an HFC permanent loan (15 years) secured by either a certificate of deposit or assignment of the note to a lender provided by the developer. The loan amount will be \$1,800,000. As required in the program, all funding must be arranged through the bank or other financial institution presented by the developer.

Liberty Shores Apartments Project

Blue Liberty Shores, LP is proposing to develop the Liberty Shores Apartments to be located near Rodd Field Road and Holly Road in Corpus Christi. It also is an applicant for low-income housing tax credits at TDHCA in the regional pool. The Liberty Shores Apartments will be a 108-unit multi-family housing development.

Blue Liberty Shores, LP has requested local support in the form of an HFC permanent loan (15

years) secured by either a certificate of deposit or assignment of the note to a lender provided by the developer. The loan amount will be \$1,700,000. As required in the program, all funding must be arranged through the bank or other financial institution presented by the developer.

Resolutions Regarding New Mortgage Credit Certificate (MCC) Program

The CCHFC has been active in providing single family mortgage assistance since 1980, which marked the establishment of state law allowing these corporations. In the early 1980's, the CCHFC issued approximately \$150,000,000 in single family mortgage revenue bonds. Beginning in 1987, the CCHFC became a trailblazer in offering Mortgage Credit Certificates (MCCs) in Texas in order to provide a lower cost method of assisting first-time homebuyers. The Corpus Christi program was the first program in the state, and it was the only program available for several years. Since then, other communities as well as the Texas Department of Housing and Community Affairs (TDHCA) have offered similar programs.

An MCC is a federal tax credit that can be issued by the CCHFC once it receives an allocation of mortgage bond authority from the Texas Bond Review Board. An MCC allows a first-time homebuyer to take a tax credit of up to \$2,000 for every year that the homebuyer remains in the residence making mortgage payments. Since the inception of the MCC program, over \$145,000,000 in mortgage assistance has been made available to more than 2,300 first-time home buyers in Corpus Christi through this tax incentive and the efforts of the CCHFC.

Since an MCC program is not tied to any particular market interest rates, it does not suffer the same pitfalls that a single-family mortgage bond program faces. Additionally, it does not involve the issuance of any bonds, so the CCHFC does not have to deal with covering underwriting fees, financial advisor fees or bond counsel fees.

The most recent allocation the CCHFC received for its MCC program was in 2012 and that program recently ended December 31, 2014. Due to continued low interest rates, only 26 first-time homebuyers were assisted, but the program provided needed federal income tax credits that will assist these homeowners in making their mortgage payments and balancing their budgets with all of the variables involved in home ownership for first-time buyers.

We anticipate receiving an allocation of \$10,000,000 for a new 2015 MCC program. In order to be competitive and provide the maximum benefit to our first-time home buyers, we are recommending an MCC program that will provide a 40% tax credit applicable to the interest paid on the mortgage loan up to the maximum of \$2,000 each year. We would anticipate that the new program will be up and running in 90 days.

In order to have authorization for a new MCC program beginning in 2015, we need to submit an application to the Texas Bond Review Board for an allocation of "qualified mortgage bond authority." Under federal law, the CCHFC must receive such an allocation in order to make the election to issue mortgage credit certificates in lieu of qualified mortgage bonds. Once the CCHFC receives an allocation and files its election with the Internal Revenue Service to convert the qualified mortgage bond authority into mortgage credit certificates, we may then begin the new MCC program. The entire process to get up and running will require approximately 90 days.

The first Resolution is the authorization required by the Texas Bond Review Board as part of its application process for the establishment of a new MCC program.

The second Resolution makes the election to issue mortgage credit certificates in lieu of single family mortgage revenue bonds and establishes the Mortgage Credit Certificate Program, Series 2015.

ALTERNATIVES:

N/A

OTHER CONSIDERATIONS:

The multifamily resolutions will not prioritize one applicant over the other applicants competing in the Corpus Christi Region 10 Urban Category, but acknowledge their application of support. For the MCC program, although interest rates remain low which decreases interest in MCCs, if interest rates rise during the next three years, the program will see more demand.

CONFORMITY TO CITY POLICY:

The action conforms to all applicable City and CCHFC policies.

EMERGENCY / NON-EMERGENCY:

Non-Emergency. This item requires only one meeting of the CCHFC Board.

DEPARTMENTAL CLEARANCES:

Housing and Community Development and City Secretary's Office

FINANCIAL IMPACT:

Operating Revenue Capital X Not applicable

Fiscal Year: 2014-2015	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget				
Encumbered / Expended Amount				
This item				
BALANCE				

Fund(s):

Comments: N/A

RECOMMENDATION:

Staff recommends that the CCHFC support the proposed Affordable Housing projects.

LIST OF SUPPORTING DOCUMENTS:

- Agenda for CCHFC Board Meeting
- Unapproved January 27, 2015 Annual Board Meeting Minutes
- Resolution – Glenoak Apartments
- Resolution – Callicoatte Cove Homes
- Resolution – River View at Calallen Apartments
- Resolution – Stonehenge Place Apartments
- Resolution – Liberty Shores Apartments
- Resolution – Authorizing Application to Texas Bond Review Board for MCC Program
- Resolution – Making Election to Issue Mortgage Credit Certificates and Establishing Program