

# The Palms at Morris

Type B Affordable Housing Funding



City Council  
April 8, 2025



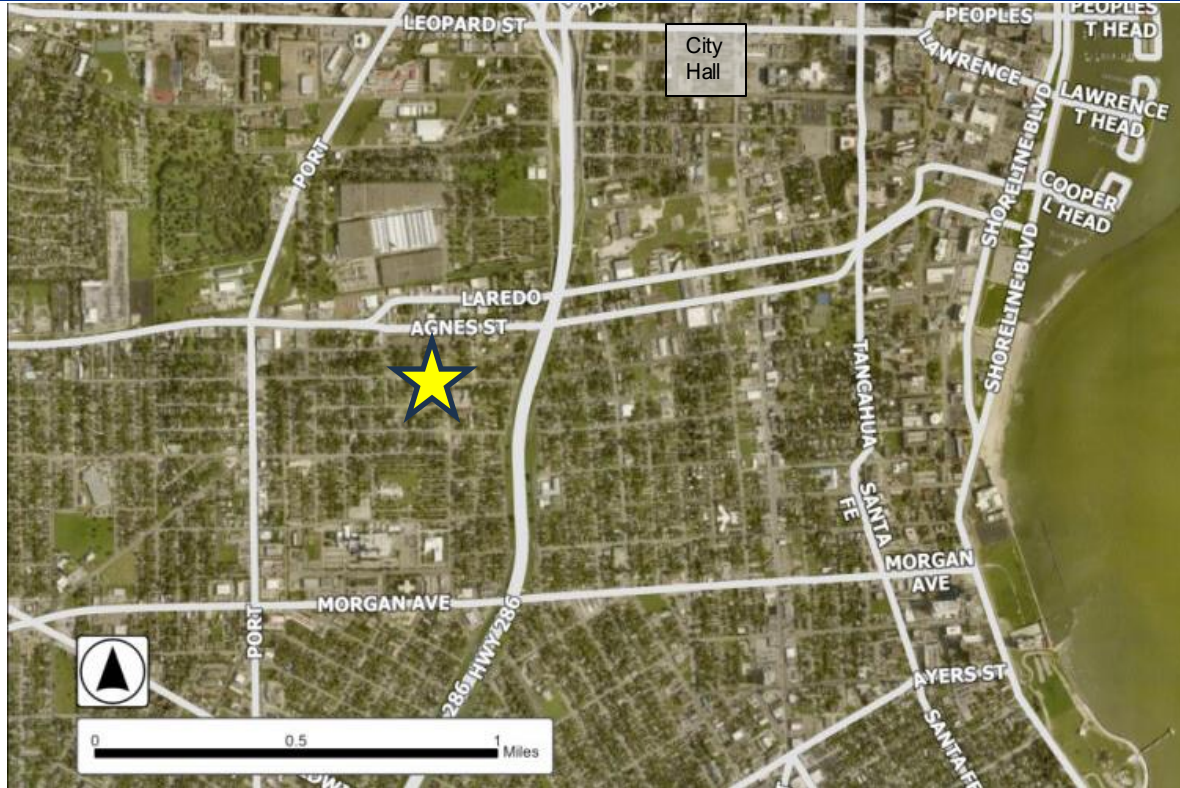
# Prospera Overview

- **Founded in 1993**
- **Affordable Housing Development**
  - Acquisition/Rehabilitation Projects
  - New Construction Projects
- **Resident Services Programs**
  - Referral Services
  - On-site Food Pantries
  - Health Screenings
  - Resident Activities
- **Prospera Property Management (PPM)**
  - Manages fifty-two (52) properties with a total of 4,739 units in Texas
  - Currently operate 16 multifamily communities with 1,281 affordable units in the City of Corpus Christi
  - Most recent project in Corpus Christi is the Palms at Blucher





# Palms at Morris Location





# Former Lamar Elementary School Neighborhood Revitalization Initiative





# Palms at Morris

**72 affordable senior units: 56 one-bedroom and 16 two-bedroom**

| Area Median<br>Income (AMI):<br>\$75,300 | 30% AMI<br>(\$23,700) |          | 50% AMI<br>(\$39,500) |           | 60% AMI<br>(\$47,400) |           |       |
|--|-----------------------|----------|-----------------------|-----------|-----------------------|-----------|-------|
|  | Bedrooms              | Units    | Rents                 | Units     | Rents                 | Units     | Rents |
|  | 1<br>(656 sqft)       | 6        | \$374                 | 12        | \$670                 | 38        | \$818 |
|  | 2<br>(899 sqft)       | 2        | \$448                 | 4         | \$803                 | 10        | \$981 |
|  | <b>Total<br/>72</b>   | <b>8</b> |                       | <b>16</b> |                       | <b>48</b> |       |





# Planned Amenities

- Leasing office with on-site property management
- Spacious living areas with ceiling fans
- Central heat/air
- Community center

- Business center with computers, Wi-Fi, and printers
- Washer/dryer connections and on-site laundry room
- Building access gate and surface parking



BUILDING 1

BUILDING 2

PROSPERA HOUSING COMMUNITY SERVICES | CONCEPT A-APPROVED | Palms at Morris - Senior Living | Corpus Christi, Texas | C.A.B. COMMUNITY AFFAIRS BUREAU



# Project Costs

---

Request for Type B Affordable Housing Funding to Address

- Windstorm and construction cost escalations
- Build America Buy America cost increases
- Rising insurance costs

| Funding Uses       | Project Costs       |
|--------------------|---------------------|
| Land               | \$10                |
| Construction Costs | \$13,043,283        |
| Soft Costs         | \$4,076,154         |
| Fees and Reserves  | \$2,260,000         |
| <b>TOTAL</b>       | <b>\$19,379,447</b> |



# Funding Sources

| Funding Source  | Project Funding      |
|---|----------------------|
| Tax Credit Equity                                       | \$15,152,085         |
| Permanent Loan – Wells Fargo                            | \$1,100,000          |
| City of Corpus Christi HOME Loan                        | \$587,531            |
| City of Corpus Christi Fee Waivers                      | \$500                |
| Prospera Capital Magnet Funding                         | \$1,000,000          |
| Deferred Developer Fee                                  | \$379,231            |
| <b>SUBTOTAL</b>   | <b>\$18,219,347</b>  |
| <b>FUNDING GAP</b>                                      | <b>(\$1,160,100)</b> |
| <b>City of Corpus Christi Type B (pending approval)</b> | <b>\$1,160,100</b>   |
| <b>TOTAL</b>  | <b>19,379,447</b>    |





# Measures to Reduce Type B Project Funding Request

---

- Maximized Tax Credit Equity at \$0.87/Tax Credit
  - Maximized Permanent Loan at \$1.1 M with 40-year amort w/o FHA fees.
  - Minimized Construction Costs and Impact of BABA w/Fortified Gold Cert.
  - Pursuing 100% Property Tax Exemption Permitted for Senior Development Owned by 501(c)(3) Nonprofit.
  - Maximized Deferred Developer Fee as Permitted by IRS Tax Code and Equity Provider.
  - Prospera Contributing \$1,000,000 from Its Own Sources.
  - Supporting City of Corpus Christi meeting its HOME CHDO Requirement.
-



# Recommendation

---

- Type B Board approved agreement during their March 17, 2025 meeting.
  - Staff recommends approval of the Affordable Housing Program project between Type B and TG 110 for the development of 72 affordable senior housing units at the Palms at Morris.
    - Funds to be distributed at loan closing
    - 40-year loan will be:
      - 3% interest rate
      - subordinate debt
-



# Summary Sources & Uses Comparison

| Funding Description        | Permanent Sources             |                        | 2/10/2025           |                      | Final Sources      |                      |
|----------------------------|-------------------------------|------------------------|---------------------|----------------------|--------------------|----------------------|
|                            | Funding Source                | LIHTC/HOME Application | Variance            | Projected Sources    |                    | Variance             |
| Permanent Loan             | Wells Fargo                   | \$ 2,060,000           | \$ (1,260,000)      | \$ 800,000           | \$ 300,000         | \$ 1,100,000         |
| HTC Syndication Proceeds   | Wells Fargo                   | \$ 15,152,085          | \$ -                | \$ 15,152,085        | \$ -               | \$ 15,152,085        |
| HOME Loan                  | City of Corpus Christi        | \$ 587,531             | \$ -                | \$ 587,531           | \$ -               | \$ 587,531           |
| Fee Waviers                | City of Corpus Christi        | \$ 500                 | \$ -                | \$ 500               | \$ -               | \$ 500               |
| <b>Proposed 4B Funding</b> | <b>City of Corpus Christi</b> |                        | <b>\$ 1,250,000</b> | <b>\$ 1,250,000</b>  | <b>\$ (89,900)</b> | <b>\$ 1,160,100</b>  |
| Capital Magnet Funding     | Prospera                      |                        | \$ 1,000,000        | \$ 1,000,000         | \$ -               | \$ 1,000,000         |
| Deferred Developer Fee     | Prospera / TG110              | \$ 35,308              | \$ 554,023          | \$ 589,331           | \$ (210,100)       | \$ 379,231           |
| <b>Total Sources</b>       |                               | <b>\$ 17,835,424</b>   |                     | <b>\$ 19,379,447</b> |                    | <b>\$ 19,379,447</b> |

| Use Description        | Permanent Uses         |                     | 2/10/2025            |             | Final Uses           |
|------------------------|------------------------|---------------------|----------------------|-------------|----------------------|
|                        | LIHTC/HOME Application | Variance            | Projected Uses       | Variance    |                      |
| Site Acquisition Costs | \$ 10                  | \$ -                | \$ 10                | \$ -        | \$ 10                |
| Hard Costs             | \$ 11,995,097          | \$ 648,186          | \$ 12,643,283        |             | \$ 12,643,283        |
| BABA Compliance        | \$ -                   | \$ 400,000          | \$ 400,000           | \$ -        | \$ 400,000           |
| Soft Costs             | \$ 3,438,817           | \$ 637,337          | \$ 4,076,154         | \$ -        | \$ 4,076,154         |
| Fees and Reserves      | \$ 2,401,500           | \$ (141,500)        | \$ 2,260,000         | \$ -        | \$ 2,260,000         |
| <b>Total Costs</b>     | <b>\$ 17,835,424</b>   | <b>\$ 1,544,023</b> | <b>\$ 19,379,447</b> | <b>\$ -</b> | <b>\$ 19,379,447</b> |