



CITY OF CORPUS CHRISTI

AGENDA MEMORANDUM

Corpus Christi B Corporation Meeting 12/08/2025

DATE: December 8, 2025

TO: President and Honorable Board Members, Corpus Christi B Corporation

THROUGH: Peter Zanoni, City Manager

FROM: Daniel McGinn, AICP, Interim Assistant City Manager
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<p>Corpus Christi Huntwick Avenue LP request for Type B Funding of \$1 million</p>

CAPTION:

Public Hearing and Motion authorizing an Affordable Housing Project Agreement, and subsequent subordination documentation required by the primary lender, with Corpus Christi Huntwick Avenue LP commonly known as Palo Verde Senior Apartments in the amount of \$1,000,000 for the development of 80 senior housing rental units, including 75 affordable units, located at 5501 Huntwick Avenue.

SUMMARY:

Danco Communities LLC, has secured a Low-income Housing Tax Credit (LIHTC) commitment of \$1,948,110 from the Texas Department of Housing and Community Affairs (TDHCA) and a City of Corpus Christi HOME Investment Partnership (HOME) loan of \$1 million to build 80 senior apartments, 75 of which will be affordable to households at or below 60 percent of the Area Median Income (AMI). From the time of LIHTC and HOME award, project costs have increased and LIHTC equity pricing has decreased, creating a gap of \$2.96 million. The project partnership is requesting \$1 million from the Type B Corporation affordable housing funds to assist in filling the gap. The Type B investment would be four percent of the total project costs of \$24,634,646.

BACKGROUND AND FINDINGS:

Palo Verde Senior Apartments (5501 Huntwick Avenue) will be an 80-unit multi-

family, senior affordable housing development. With 75 units affordable to senior households at or below 60 percent AMI, the project is eligible under Texas Local Government Code Sec. 505.153 governing Type B Board affordable housing projects.

Palo Verde Senior Apartments Income Restrictions

Type	# of Units	% of total 80 Units
60% Area Median Income or Below	52	65%
50% Area Median Income or Below	15	19%
30% Area Median Income or Below	8	10%
Market Rate	5	6%

The project will consist of 41 one-bedroom units (51 percent) and 39 two-bedroom units (49 percent).

Palo Verde Senior Apartments incorporates many desirable elements for a senior affordable housing project: (1) providing high quality housing for residents at affordable prices to ensure stability of the low income community, (2) eight units are being rented to residents whose incomes are at or below 30% of the area median income which are providing housing for Corpus Christi residents who are earning at or below the poverty level, (3) the property will be connecting residents to community resources and services. Palo Verde Senior Apartments will also be accessible to nearby amenities such public transportation and a grocery store with a pharmacy within less than half a mile.

Project Costs and Funding Sources

The request for \$1 million from the City of Corpus Christi's Type B Affordable Housing Fund covers a funding gap representing four percent of the total project cost of approximately \$24.6 million. This funding gap is due to the escalation of construction costs, unexpected soil conditions, and a reduction in LIHTC equity pricing.

The Type B Corporation contribution will be secured with a loan agreement structured as a 40-year note with a 40-year amortization and an interest rate of three percent, non-compounding. The loan would be subordinate debt and paid by cash flow remaining after payment of primary loans and the deferred developer fee.

Development Costs				
	March 2025	October 2025	Change	%
Land	\$2,500,000	\$2,500,000	\$-	0%
Hard Costs	\$12,833,259	\$15,709,834	\$2,876,575	22%
Soft Costs	\$2,209,070	\$2,208,453	\$(617)	0%
Financing	\$1,530,992	\$1,609,674	\$78,682	5%
Developer Fees	\$2,409,353	\$2,409,353	\$-	0%
Reserves	\$190,146	\$197,332	\$7,186	4%
Total	\$21,672,820	\$24,634,646	\$2,961,826	14%

Sources				
	March 2025	October 2025	Change	%
Citi Bank	\$4,100,000	\$6,300,090	\$2,200,090	54%
HOME Loan	\$1,000,000	\$1,000,000	\$-	0%
City of Corpus Christi	\$500	\$0	\$(500)	-100%
Type B Affordable Housing	\$-	\$1,000,000	\$1,000,000	100%
Boston Financial (LIHTC)	\$15,972,905	\$15,193,740	\$(779,165)	-5%
Deferred Developer Fees	\$599,415	\$1,140,816	\$ 541,401	90%
Total	\$21,672,820	\$24,634,646	\$2,961,826	14%

ALTERNATIVES:

The Board could choose not to approve or decrease the amount of this agreement and Corpus Christi Huntwick Avenue LP would need to seek alternative funding sources or abandon the project.

FISCAL IMPACT:

The allocation of \$1,000,000 would come from the unreserved fund balance in the Type B Affordable Housing Fund. The loan will subordinate and repaid with available project cash flow after primary loans and deferred developer fees are paid.

Funding Detail:

Fund: Type B Housing Fund 1147
 Organization/Activity: 15000- Affordable Housing
 Department: 57 Economic Development
 Project # (**CIP Only**): N/A
 Account: 530000

RECOMMENDATION:

Staff recommends approval of \$1,000,000 of Type B Affordable Housing funds disbursed to Corpus Christi Huntwick Avenue LP for the construction of 75 affordable senior housing apartment units.

LIST OF SUPPORTING DOCUMENTS:

Presentation
 Agreement