



## AGENDA MEMORANDUM

Action Item for the City Council Meeting February 11, 2020

**DATE:** January 29, 2020

**TO:** Peter Zanoni, City Manager

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TG 110 Village at Greenwood Request for Type B Funding of \$1.25 Million for  
a \$12.7 Million Multi-Family Development

### **CAPTION:**

Ordinance authorizing a Type B Affordable Housing agreement with TG 110 Village at Greenwood GP, LLC in the amount of \$1,250,000 for a \$12.7 million dollar development with 30 affordable housing rental units out of a total of 60 multi-family, mixed income units to be paid over two years; appropriating funds in the amount of \$625,000 from the Type B Affordable Housing Fund; and amending the budget.

### **SUMMARY:**

The Developer has secured funding commitments totaling \$11,485,884, or 90% of total estimated project costs. As a result of a 10% funding gap, the Developer is requesting \$1,250,000 of Type B grant funds to construct 60 multifamily, mixed income units located at Greenwood and Frio Street.

### **BACKGROUND AND FINDINGS:**

The Village at Greenwood (5992 Greenwood Dr) will be a 60-unit multi-family, mixed income affordable, supportive housing development. Thirty (30) units or 50% of the housing stock will comply with the Type B (4B) requirements. National Affordable Housing legislation states "a rent that does not exceed 30 percent of the adjusted income of a family whose income equals 65 percent of the median income for the area, as determined by the Secretary" qualifies. Under these provisions, 30 units qualify for Type B funding.

The project will have six one-bedroom units (10%), 30 two-bedroom units (50%), and 24 three-bedroom units (40%). Three units (5%) will be handicap accessible, and two (2%) units will be designed for individuals with vision or hearing impairments. The Village at Greenwood will be accessible to major employment centers, restaurants, multiple grocery and pharmacy retail stores.

The Village at Greenwood has many of the elements that a supportive housing project would have (1) providing high quality housing for residents at affordable prices to ensure stability of the low income community, (2) seven 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 providing resident services to the residents such as financial literacy, a food bank, computer training, and linking residents to community services.

Village at Greenwood Income Restrictions

Type	# of Units	% of total 60 units
Market Rate	9	15
80% of Area Median Income or Below	21	35
60% of Area Median Income or Below	23	38
30% of Area Median Income or Below	7	12
<b>Furthermore, TG 110 will set aside 30 units (50%) to be restricted for the economic life of the property as follows:</b>		
50% of Area Median Income or Below	6	10
60% of Area Median Income or Below	24	40

On January 27, 2020, the Type B Board recommended approval of \$1,250,000 of Type B funds to be disbursed to TG 110 The Village at Greenwood across two fiscal years. TG 110 has secured funding commitments totaling \$11,485,884, or 90% of total estimated project costs. As a result of a 10% funding gap, TG 110 is requesting \$1,250,000 of Type B grant funds to construct 60 multifamily, mixed income units located at Greenwood and Frio Street. If the Developer does not spend the entire \$12,735,884, on the construction of the project, the Developer will pay back the percentage of the amount remaining applied to the Type B Fund. The Developer will retain a certificate of occupancy within a two-year maximum.

**ALTERNATIVES:**

The City could choose not to approve or decrease the amount of this agreement and TG110 would need to seek alternative funding sources.

**FISCAL IMPACT:**

In order to meet the total project cost of \$12,735,884, TG 110 is requesting consideration of award of Type B Corporation Affordable Housing funds from the City of Corpus Christi for the amount of \$1,250,000 which represents 10% of total estimated project costs. Staff recommendation is to distribute the award over two fiscal years: \$625,000 in Year 1 and \$625,000 in Year 2.

The current FY 2020 Fund Balance in the Type B Affordable Housing Fund is \$1,250,000 and has an annual budget allocation of \$500,000. Approval of this item will decrease the FY2020 available funds to \$625,000. The Salvation Army request for \$500,000 in FY2020

funds is also on today's agenda which could further deplete the fund balance of the Affordable Housing funds to \$125,000. In order for the Board to award TG110 the full request of \$1,250,000, the funds would need to be distributed across two years and no other Affordable Housing funds could be awarded in FY2020 or FY2021.

<b>TG110 Project Costs</b>	<b>Project Costs</b>
Land Purchase	1,228,130
Construction Costs	8,321,717
Soft Costs	2,553,000
Financing Costs	553,037
Reserve (Contingency)	100,000
<b>Total Costs</b>	<b>12,735,884</b>
<b>TG110 Financial Commitments</b>	
Texas General Land Office (GLO)	8,185,884
Lien by Wells Fargo	3,300,000
Type B (pending approval)	1,250,000 (PENDING)
<b>Total Commitments</b>	<b>12,735,884</b>
<b>Gap if award Type B Funding</b>	<b>0</b>

**Funding Detail:**

Fund: Type B Fund 1145  
 Organization/Activity: 15000- Affordable Housing  
 Mission Element: 132- Revitalize & stabilize neighborhoods  
 Project # (CIP Only): NA  
 Account: 251850

**RECOMMENDATION:**

City staff recommended approval of \$1,250,000 of Type B funds to be disbursed to TG 110 The Village at Greenwood across two fiscal years. TG 110 has secured funding commitments totaling \$11,485,884, or 90% of total estimated project costs. As a result of a 10% funding gap, TG 110 is requesting \$1,250,000 of Type B grant funds to construct 60 multifamily, mixed income units located at Greenwood and Frio Street. If the Developer does not spend the entire \$12,735,884, on the construction of the project, the Developer will pay back the percentage of the amount remaining applied to the Type B Fund. The Developer will retain a certificate of occupancy within a two-year maximum.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance  
 Type B Corporation Funding Application by TG 110  
 PowerPoint Presentation  
 Agreement