



AGENDA MEMORANDUM
Corpus Christi B Corporation Meeting
Meeting March 17, 2025

DATE: March 12, 2025

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

THROUGH: Peter Zanoni, City Manager

FROM: Daniel McGinn, AICP, Director of Planning and Community Development
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TG 110 Palms at Morris, LP request for Type B Funding of \$1.16 million

CAPTION:

Public Hearing and Motion authorizing an Affordable Housing Project Agreement with TG 110 Palms at Morris, LP in the amount of \$1,160,100 for the development of 72 affordable senior housing rental units located at Morris and 19th Streets.

SUMMARY:

The Developer has secured funding commitments totaling \$18,219,347, or 94% of total estimated project costs. As a result of a 6% funding gap, the Developer is requesting \$1,160,100 of Type B affordable housing funds to construct 72 multifamily, affordable, senior units located at Morris and 19th Streets. All 72 units will be affordable housing units.

BACKGROUND AND FINDINGS:

Former Lamar Elementary School Neighborhood Revitalization Initiative

The Palms at Morris site is located on the former Lamar Elementary School parcel and former vacant single-family lots that were gifted to the City of Corpus Christi by the Ed Rachal Foundation. The City released a Request for Letters of Interest in August of 2023 and received responses from Prospera/TG 110 for a multifamily project as well as four single-family developers - Habitat for Humanity Corpus Christi, Thanksgiving Homes, Come Dream Come Build, and DSW Homes - that will construct between 35 and 45 infill housing on vacant lots throughout the surrounding neighborhood.

The City has been working with Prospera/TG110 for over a year and a half to advance this project:

- December 2023: City Council approved the sale and conveyance of a 3.47-acre parcel for the development of The Palms at Morris
- February 2024: City Council approved closure of Mary Street between 19th and 20th

Streets.

- February 2024: City Council approved a resolution of support for Low-Income Housing Tax Credit award.
- June 2024: City Council approved ordinance rezoning property to support a multifamily development on the site.
- July 2024: City staff testified at Texas Department of Housing and Community Affairs Board in support of Palms at Morris Low-Income Housing Tax Credit application
- July 2024: City Council approved HOME loan award to the Palms at Morris.
- July 2024: Palms at Morris awarded Low-Income Housing Tax Credits.

Prospera Housing Community Services Description

Prospera Housing Community Services (Prospera) is a 501(c)(3) founded in 1993. TG 110 is a 501 (c)(3) affiliate of Prospera. Prospera/TG 110 currently operate 16 multifamily communities with 1,281 affordable units in the Corpus Christi. Their most recent local project is the Palms at Blucher, which was completed in 2024.

Prospera's projects include on-site resident services coordinator and supportive services such as employment training, job placement partnerships, health fairs, income tax preparation assistance, food distribution programs, and social and community events. In addition, these services are extended to residents in the surrounding neighborhood as well as the community at large.

Project Description

The Palms at Morris (2212 Morris Street) will be a 72-unit multi-family, senior affordable housing development. With all seventy-two (72) units affordable to senior households at or below 60% of area median income, the entire project is eligible under Texas Local Government Code Sec. 505.153 governing Type B Board affordable housing projects.

Palms at Morris Income Restrictions

Type	# of Units	% of total 72 Units
60% Area Median Income or Below	48	67%
50% Area Median Income or Below	16	22%
30% Area Median Income or Below	8	11%

The project will consist of 56 one-bedroom units (78%) and 16 two-bedroom units (22%). Four units (5%) will be handicap accessible, and two (2%) units will be designed for individuals with vision or hearing impairments.

The Palms at Morris 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 providing resident services such as food bank distributions, senior enrichment programming, and connecting residents to community resources and services. The Palms at Morris will also be accessible to nearby amenities such as parks, community and recreation centers, healthcare facilities, and a grocery store and pharmacy within 1.5 miles, and is conveniently located to access public transportation.

Project Costs and Funding Sources

The request for \$1,160,100 from the City of Corpus Christi's Type B Affordable Housing Fund covers a funding gap representing six percent (6%) of the total project cost of approximately \$19.4 million. This funding gap is due to the escalation of construction costs, higher windstorm

building costs, rising insurance cost, and Build America Buy America costs increases.

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 (3%). The loan would be subordinate debt and paid by cash flow remaining after payment of primary loans and the deferred developer fee.

Funding Uses	Project Costs
Land	\$10
Construction Costs	\$13,043,283
Soft Costs	\$4,076,154
Fees and Reserves	\$2,260,000
TOTAL	\$19,379,447
Funding Source	Project Funding
Tax Credit Equity	\$15,152,085
Permanent Lien – Wells Fargo ICC	\$1,100,000
City of Corpus Christi HOME Loan	\$587,531
City of Corpus Christi Type B (pending approval)	\$1,160,100
City of Corpus Christi Fee Waivers	\$500
Prospera Capital Magnate Funds	\$1,000,000
Deferred Developer Fee	\$379,231
TOTAL	\$19,379,447

ALTERNATIVES:

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

FISCAL IMPACT:

The allocation of \$1,160,100 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 \$1,160,100 of Type B funds disbursed to TG 110 Palms at Morris, LP for the construction of 72 affordable senior housing apartment units.

LIST OF SUPPORTING DOCUMENTS:

Presentation
Agreement