



AGENDA MEMORANDUM

Public Hearing and 1st Reading for the City Council Meeting April 19, 2022
2nd Reading for the City Council Meeting April 26, 2022

DATE: April 8, 2022

TO: Peter Zanoni, City Manager

THRU: Andrea Gardner, Assistant City Manager
andreaga@cctexas.com
361.826.3506

FROM: Tracey K. Cantu, Interim Director of Neighborhood Services
traceyc@cctexas.com
361.826.3021

Allocation of \$300,000 from FY2018-2019 HOME funds and \$751,373 from FY2021-2022 HOME funds for Greenwood Manor, LP's ALMA at Greenwood 152-unit affordable housing rental project

CAPTION:

Ordinance approving a substantial amendment to the City's FY2018-2019 Consolidated Annual Action Plan ("CAAP") to reprogram \$300,000 from the Community Development Corporation of Brownsville homebuyer project under the HOME Investment Partnerships Program ("HOME") to Greenwood Manor, LP's ALMA at Greenwood affordable rental housing project under the HOME Program in the City's FY2021-2022 CAAP. This ordinance also approves a substantial amendment to the City's FY2021-2022 CAAP to accept and appropriate \$751,373 in Program Income to Greenwood Manor, LP's ALMA at Greenwood under the HOME Program.

SUMMARY:

This ordinance will reprogram \$300,000 HOME funds from an infeasible and unused homebuyer program with the Community Development Corporation of Brownsville and accept and appropriate \$751,373 of HOME Program Income earned from rental and homeowner repair loan repayments and award the funds to Greenwood Manor, LP's affordable rental project ALMA at Greenwood. ALMA at Greenwood is a 152-unit affordable rental housing project for households at or below 60 percent of the area median income located on 10.554 acres on the southeast corner of Greenwood Drive and Gollihar Road east of West Point Road. Adelante Development, LLC is the developer.

BACKGROUND AND FINDINGS:

Greenwood Manor, LP., a single asset entity, will be the owner of an affordable housing project, ALMA at Greenwood, being developed by Adelante Development, LLC. ALMA at Greenwood is a multifamily affordable rental housing project with 152 units located on 10.554 acres on the southeast corner of Greenwood Drive and Gollihar Road east of West Point Road. All units would

serve households at or below 60 percent of the area median income.

The Corpus Christi Housing Finance Corporation (CCHFC) approved an inducement resolution for multifamily revenue bonds for this project on January 25, 2022. Greenwood Manor, LP has received a \$15,000,000 multifamily revenue bonds reservation from the Texas Bond Review Board. The inducement resolution and bond reservation allow Greenwood Manor, LP to include the preliminary costs and land acquisition in a future issuance of revenue bonds. The CCHFC has no legal obligation to issue any bonds at any time in the future, and any issuance of bonds will be subject to review and approval at a meeting of the Board in July or August 2022.

Any revenue bonds issued by the CCHFC solely are payable from the loan payments received from the project. They are not a general obligation of the CCHFC, and neither the City of Corpus Christi nor its credit are involved. The CCHFC has no taxing power.

On April 18, 2022, ALMA at Greenwood was presented to the Corpus Christi Business & Job Development Corporation (Type A) and the Corpus Christi B Corporation (Type B). The approval from the Corpus Christi Business & Job Development Corporation (Type A) was for \$160,560 and the approval from the Corpus Christi B Corporation (Type B) was for \$1,191,871. Together these agreements total \$1,352,431.

The development's \$30,803,558 proposal includes \$15,000,000 in private activity bonds issued by the CCHFC, \$9,607,293 in 4% Low-income Housing Tax Credit equity, \$1,986,065 in deferred developer fees, and \$225,000 in materials contributions from the General Contractor. The project also includes \$3,000,000 from the City's federal U.S. Department of Housing and Urban Development allocation and other City related sources. These sources are \$481,483 from the CCHFC, \$160,560 from Type A, \$1,191,871 from Type B, and \$1,166,086 from the HOME program. HOME program sources are \$300,000 reprogrammed from the Community Development Corporation of Brownsville for homebuyer activities in the FY2019/PY2018 Consolidated Annual Action Plan, \$751,373 in program income from payments made from rental and homeowner repair loans, and \$114,713 from the future FY2023/PY2022 Consolidated Annual Action Plan. In August 2022, the FY2023/PY2022 Consolidated Annual Action Plan will be presented to City Council with this project's recommendation.

The proposal includes a request that the CCHFC join the development partnership (Greenwood Manor, LP) as the General Partner and as ground lessor so that the property may qualify for property tax-exemption. As General Partner, the CCHFC would own the project's land, lease it to Greenwood Manor, LP, and earn 25 percent of the project's developer fee. The CCHFC portion of the developer fee to be paid during development is \$355,958 and \$496,516 will be deferred and paid from 2024 through 2034.

Corpus Christi Business & Job Development Corporation (Type A) and Corpus Christi B Corporation (Type B) affordable housing funds will be granted to the CCHFC which will loan funds to the project. There will be two loans made to the project from all City related sources. The Type A funds, Type B funds and CCHFC funds will be one deferred loan totaling \$1,833,914 from the CCHFC to the project at 3 percent interest and amortized over 40 years with repayment beginning in 2037 (year 14). The HOME funds will be a \$1,166,086 deferred loan from the City to Greenwood Manor, LP at 3 percent interest and amortized over 40 years with repayment beginning in 2037 (year 14) as well. The CCHFC loan will subordinate to the City HOME loan. Both loans are repayable through net cashflow and will be paid in full when the Limited Partner (tax credit equity investor) exits the deal through a sale in 2039 (year 16).

The project timeline includes the following briefings, presentations for approvals, closings, and construction dates:

City Council Briefing – April 12, 2022

Type A Board – April 18, 2022
Type B Board – April 18, 2022
CCHFC Board Meeting – April 19, 2022
City Council 1st Reading – April 19, 2022
City Council 2nd Reading – April 26, 2022
4% Low-income Housing Tax Credit Award – July 22, 2022
FY2023/PY2022 HUD HOME Allocation Council Meeting – August 2022
Bond Closing Date – August 23, 2022 (bond reservation expiration)
Construction Start – August 2022
Project Completion – December 2023

ALTERNATIVES:

HOME reprogram funds and Program Income may be allocated to alternative projects making ALMA at Greenwood infeasible.

FISCAL IMPACT:

The federal HOME program will reimburse the \$1,051,373 allocated through this ordinance.

Funding Detail:

Fund: 9045
Organization/Activity: TBD
Mission Element: 132
Project # **(CIP Only): NA**
Account: 530000

RECOMMENDATION:

Staff recommends the reprogramming and allocation of funds to ALMA at Greenwood.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Presentation
Legal and Liability Analysis