



MEMORANDUM

Council Agenda
Item No. IX. AD
8/27/2024

The City of OKLAHOMA CITY

TO: Mayor and City Council

FROM: Craig Freeman, City Manager

Home Investment Partnerships Program Loan Agreement in the amount of \$660,000, with Hillcrest Green II, LP, an Indiana limited partnership for Hillcrest Green II Multifamily Senior Housing Development, 3317 SW 74th Street; and approving a Promissory Note and Mortgage, Declaration of Affordability Restrictions, Loan Agreement, Subordination Agreement with The Huntington National Bank, and a Subordination and Standstill Agreement with Cedar Rapids Bank and Trust Company. Ward 5.

Location:

3317 SW 74th Street

Background:

The FY 2024-2025 Fifth Annual Action Year Plan allocates \$1,757,796 in HOME Investment Partnerships Program (HOME) funds to support affordable housing development projects for the benefit of households with low to moderate incomes. Of this amount, \$660,000 is made available to support the Hillcrest Green Apartments development. A HOME solicitation for proposals for development of affordable housing was listed on the Planning Department's website beginning on April 28, 2023. Applications for the first round of funding were accepted through June 16, 2023, and had a priority for review; however, applications were also allowed to be submitted on a monthly basis through January 31, 2024, subject to the continued availability of funds.

An application was received from TWG Development (TWG) on October 31, 2023, requesting \$2.3 million to support the construction of a forty-three (43) unit multifamily senior housing project. Funds were not available to support the project at the amount requested; however, support in the amount of \$660,000 is recommended. The Hillcrest Green II, LP limited partnership was created by TWG to manage the project, which is located at 3317 SW 74th Street in southwest Oklahoma City. Twenty-five (25) units are reserved for seniors earning at or below 60% of Area Median Income (AMI). The remaining eighteen (18) units are reserved for seniors earning less than 50% of AMI. The project is heavily leveraged, with \$7.65 million in federal Low Income Housing Tax Credits (LIHTC). Other funding includes private equity of \$1.9 million, and deferred developer fees of approximately \$350,000.

The City will be in a second lien position, behind an \$8.483 million construction loan at The Huntington National Bank, and later behind a permanent senior loan with Cedar Rapids Bank and Trust Company, under the terms and conditions of a Subordination and Standstill Agreement

(SWAP). The total project development cost is estimated at \$10.6 million.

The HOME program funds will complete the financing for the project. All other funding sources have been committed. A total of eleven (11) units will be designated as HOME-assisted units. All HOME units will be designated as floating units throughout the affordability period. Units must remain affordable to seniors at or below the 50% AMI threshold for a minimum of twenty (20) years. The terms of the loan are 1% annual interest-only payments for twenty (20) years, at which time the unpaid principal becomes due and payable.

Previous Action:

Resolution approving the 2024-2025 Fifth Action Year Plan and approving new formula grant allocations for the HOME Investment Partnerships Program; approved by Council July 2, 2024 (Item No. XI.V, 1&2.)

Cost:

\$660,000 to be allocated from HOME program funds.

Source of Funds:

Grants Management – Dept of Hsg & Urb Devel-Rstr- HOME Entitlement- M-24-MC-40-0203 (1906-2408030--G80433)

Review:

Planning Department

Recommendation: Agreement be approved.