



CITY OF MCKINNEY, TEXAS

Legislation Details (With Text)

File #: 17-314 **Name:** Newsome Homes Loan Extension
Type: Resolution **Status:** Approved
In control: City Council Regular Meeting
On agenda: 3/21/2017 **Final action:** 3/21/2017
Title: Consider/Discuss/Act on a Resolution Approving an Amendment to the McKinney Housing Authority (MHA) Revolving Loan for Newsome Homes Redevelopment Pursuant to a Chapter 393 Loan Agreement Between the City of McKinney and the McKinney Housing Authority

Indexes:

Attachments: 1. Resolution, 2. Construction Delay Documentation, 3. Newsome - Sources and Uses, 4. MHA Newsome Home Agreement - Redline

Date	Ver.	Action By	Action	Result
3/21/2017	1	City Council Regular Meeting	Approved	Pass

Consider/Discuss/Act on a Resolution Approving an Amendment to the McKinney Housing Authority (MHA) Revolving Loan for Newsome Homes Redevelopment Pursuant to a Chapter 393 Loan Agreement Between the City of McKinney and the McKinney Housing Authority

COUNCIL GOAL: Improve the Quality of Life in McKinney

MEETING DATE: March 21, 2017

DEPARTMENT: Housing and Community Development

CONTACT: Janay Tieken, Housing and Community Development

RECOMMENDED CITY COUNCIL ACTION:

- Approve a Resolution extending the Borrower's (MHA) loan performance period for qualified expenditures until October 1, 2017 and amending all applicable sections under the loan agreement and Chapter 393 agreement.

ITEM SUMMARY:

- The McKinney Housing Authority (MHA) is requesting a six (6) month extension of the performance period for qualified expenditures from April 1, 2017 to October 1, 2017.
- "Qualified Expenditures" are certain defined and budgeted construction expenses made incident to the Newsome Homes project.
- Final loan disbursement of \$385,350 will be made on March 1, 2018 based on qualified expenditures made through October 1, 2017

BACKGROUND INFORMATION:

- Original loan authorization and Chapter 393 agreement was approved on August 4, 2014, Resolution # 0214-08-90.
- Borrower is requesting a loan compliance extension request based on documented construction delays.
- Chapter 393 of the Local Government Code allows the City to provide a low interest, revolving loan facility for a portion of the request. The loan was approved with the following terms:
 - Principal Amount: \$1,156,052
 - Interest Rate: 2.75%
 - First advance: \$116,000 park fees at issuance of building permit
 - Second Advance: \$269,350 on March 1, 2016
 - Third Advance: \$385,350 on March 1, 2017
 - Fourth Advance: \$385,350 on March 1, 2018
 - Repayment: \$25,000 annual payments beginning on November 1, 2020 through November 1, 2030; then increasing to \$50,000 from November 1, 2031 through November 1, 2035; then increasing to \$100,000 from November 1, 2036 to November 1, 2039; and with a final payment of the balance of principal and interest due on November 1, 2040.
 - Payments will remain in the revolving fund for future MHA projects, as available, and upon qualifying and as approved by the City Council.
 - Loan will contain a savings provision whereby City and Developer will share savings below an agreed GMP.
- The MHA's annual payment-in-lieu of taxes to the City will also be waived during the term of the loan.
- Project Sources and Uses as of 7/29/14 are attached.

FINANCIAL SUMMARY:

Description	Original Request	Current Request	Proposed Funding
City Incentive or Grant	1,089,627	-	
Development & Impact Fees	700,000		
Impact Fees	-	450,000	Reimbursable through Empowerment Zone Process at project completion
Permit/Engineering/Inspect Fees	-	134,000	Fee Waivers
TIRZ 1 Funding	125,000	-	
Low Interest Loan		1,156,052	Chapter 393 agreement. Repayments of the loan will be reserved for future MHA housing projects.
Parkland/Median Fees			116,000
Infrastructure Improvements			300,000
Funding Gap Loan			740,052
Total Funding Request	1,914,627	1,740,052	

BOARD OR COMMISSION RECOMMENDATION: N/A