



## CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 11/17/2020

District K

Item Creation Date: 6/23/2020

HCD20-94 11810 Chimney Rock

Agenda Item#: 27.

### **Summary:**

#### **NOT A REAL CAPTION**

ORDINANCE authorizing an Option Agreement between the City of Houston and **Houston 11810 Chimney Rock, LLC**, for the purchase of The Spring Village Apartments - \$11,479,500.00 - Community Development Block Grant - Disaster Recovery 2016 Funds

### **Background:**

The Housing and Community Development Department (HCDD) recommends Council approval of an Ordinance authorizing an Option Agreement between the City of Houston (City) and Houston 11810 Chimney Rock, LLC (Seller), providing \$11,479,500.00 in Community Development Block Grant - Disaster Recovery 2016 (CDBG-DR16) funds for the purchase of The Spring Village Apartments (Property), which is eligible under the CDBG-DR16 Multifamily Voluntary Buyout (MVB) Program. In collaboration with Houston Public Works (HPW), HCDD will convert this site into green space or detention to help reduce the risk of future flooding in the area.

The Property comprises approximately 6.4591 acres of land and 139,488 square feet of improvements and is located at 11810 Chimney Rock Road, Houston, TX 77035. The Purchase Price is \$11,100,000.00, is based on appraisal, plus additional due diligence, closing costs and operational costs during post-closing of approximately \$379,500.00. The MVB Program was approved by Ordinance No. 2019-109, adopted on February 19, 2019.

Seller will convey the land to the City subject to the following restrictions and conditions:

- The Property shall be dedicated and maintained in perpetuity for a use that is compatible with open space, recreational, or floodplain and wetlands management practices.
- No new structure will be erected on property acquired, accepted, or from which a structure was removed under the acquisition or relocation program other than: (a) a public facility that is open on all sides and functionally related to a designated open space (e.g., a park, campground, or outdoor recreation area); (b) a rest room; or (c) a flood control structure, provided that structure does not reduce valley storage, increase erosive velocities, or increase flood heights on the opposite bank, upstream, or downstream and that the local floodplain manager approves, in writing, before the commencement of the construction of the structure.
- No subsequent application for additional disaster assistance for any purpose or to repair damage or make improvements of any sort will be made by the recipient to any Federal entity in perpetuity.
- The foregoing covenants and agreements are adopted for, and placed upon the Property, and shall run with the land, be binding upon all parties, now and at any time hereafter, having or claiming any right, title or interest in or to the Property or any part thereof, their heirs, legal representatives, executors, administrators, successors and assigns, regardless of the source of, or the manner in which any such right, title or interest is or may be acquired and any conveyance of any interest in the Property by Grantee or a subsequent owner must reference and incorporate the foregoing covenants and require the Property to be dedicated and maintained for compatible uses in perpetuity. The foregoing covenants may be enforced by Grantee, GLO or HUD, jointly or severally; however, failure, refusal or inability by either Grantee, GLO or HUD, jointly or severally, to enforce any of the foregoing covenants shall in no event be deemed a waiver or release of the right to do so thereafter. If one or more of the foregoing covenants shall be held unenforceable, invalid or illegal in any respect, such unenforceability, invalidity or illegality shall not affect any other provision of said covenants, which shall be construed as if such unenforceable, invalid or illegal provision had never been a part hereof.

The Seller understands that there is no obligation to sell the Property under the MVB Program, but the seller does so voluntarily, and that power of eminent domain will not be used to acquire the Property. The purchase of the Property is subject to environmental clearance from the U.S. Department of Housing and Urban Development and other approvals from the program guidelines from the Texas General Land Office.

The following is a breakdown of estimated costs:

Sources	Amount	Uses
CDBG DR 16	\$11,100,000.00	Purchase Price
CDBG DR 16	\$80,000.00	Estimated Due Diligence and

		closing costs
CDBG DR 16	\$299,500.00	Estimated operational costs
<b>Total</b>	<b>\$11,479,500.00</b>	<b>Estimated Total</b>

**Fiscal Note:**

No Fiscal Note is required on grant items.

The Housing and Community Affairs Committee reviewed this item on June 22, 2020.

DocuSigned by:

*Tom McLasland*

Tom McLasland, Director

**Prior Council Action:**

2/19/19 (O) 2019-109

**Amount of Funding:**

\$11,479,500.00– Federal State Local – Pass Through Fund (5030)

**Contact Information:**

Roxanne Lawson  
(832) 394-6307

**ATTACHMENTS:**

<b>Description</b>	<b>Type</b>
Coversheet	Signed Cover sheet
Aerial map	Backup Material
Ordinance 2019-109	Backup Material
SAP documents	Financial Information
HCD20-94 11810 Chimney Rock-VP	Financial Information