CITY OF HOUSTON - CITY COUNCIL
Meeting Date:
District J
Item Creation Date: 8/3/2020

HCD20-113 5312 Clarewood Drive

Agenda Item#:

Background:

The Housing and Community Development Department (HCDD) recommends Council approval of an Ordinance authorizing an Option Agreement for Purchase and Sale of Real Property between the City of Houston (City) and Monticello Square, LLC (Seller) in the amount of $14,169,500.00. The property is located at 5312 Clarewood Drive, Houston TX 77081 (Property), and is eligible under the Community Development Block Grant - Disaster Recovery 2016 (CDBG-DR16) - Multifamily Voluntary Buyout (MVB) and Community Development Block Grant – Harvey Disaster Recovery (CDBG-DR17) - Harvey Buyout (HB) Programs. In collaboration with Houston Public Works (HPW), HCDD will convert this site into greenspace or detention to help reduce the risk of future flooding in the area.

The Property comprises approximately 4.4107 acres of land and 122,352 square feet of improvements. The Purchase Price is $13,800,000.00 based on appraisal, plus additional due diligence, closing costs and operational costs during post-closing of approximately $369,500.00. The MVB Program was approved by Ordinance No. 2019-109, adopted on February 19, 2019 and the HB Program was approved by Ordinance No. 2020-0181, adopted on March 10, 2020.

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

1. 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.

2. 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.

3. 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.

4. 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 and HB Programs, 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	Amount
CDBG DR16- Fund 5030	$6,761,616.61	Acquisition	$13,800,000.00
		Due Diligence Closing related costs	$70,000.00
CDBG DR17- Fund 5030	$7,407,883.39		
		Estimated operational costs	$299,500.00

		Estimated operational costs	$200,000.00
Estimated Total:	$14,169,500.00	**Estimated Total Cost:**	$14,169,500.00

No Fiscal Note is required on grant items.

This item was reviewed by the Housing and Community Affairs Committee on August 18, 2020.

DocuSigned by:

Tom McCasland

Tom McCasland, Director

Prior Council Action:

2/19/19 (O) 2019-109
3/10/20 (O) 2020-181

Amount of Funding:

$14,169,500.00 – Federal State Local – Pass Through Fund (5030)

Contact Information:

Roxanne Lawson
(832) 394-6307

ATTACHMENTS:

Description	Type
Cover Sheet	Signed Cover sheet