



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 12/12/2023

District D

Item Creation Date:

HCD23-124 Garver Heights Loan Agreement Amendment

Agenda Item#: 26.

Summary:

NOT A REAL CAPTION

ORDINANCE authorizing an Amendment to the Loan Agreement between the City of Houston and **COLE KLEIN BUILDERS, LLC**, changing the senior lender to Amerant Bank, N.A. and adding an additional \$1,000,000.00 of Uptown TIRZ Series 2021 Affordable Homes Funds from the City to finance the infrastructure for a single-family development to be located at Martindale Road and Carson Road - **DISTRICT D - EVANS-SHABAZZ**

Background:

The Housing and Community Development (HCD) Department recommends Council approval of an Ordinance authorizing an Amendment to the Loan Agreement between the City of Houston (City) and Cole Klein Builders, LLC (Cole Klein) changing the senior lender to Amerant Bank, N.A. and adding an additional \$1,000,000.00 of Uptown TIRZ Series 2021 Affordable Homes Funds (Fund 2430) from the City to finance the infrastructure for a single-family development to be located at Martindale Road and Carson Road. This project will be administered by HCD's Single Family Division's Affordable Home Development Program (AHDP) with the aim of increasing affordable single-family homeownership opportunities for households earning up to 120% of the Area Median Income (AMI).

This project was previously approved by Ordinance No. 2023-642 in the amount of \$3,100,000.00 for infrastructure construction of 200 single-family homes, including 60 affordable homes and 140 market rate homes in the Mintex area of Southeast Houston. Due to current market conditions, the Developer is requesting a change in lenders to obtain economically advantageous financial options. Also, due to increased infrastructure costs and a surge in construction financing, the Developer will utilize the additional funding to help defray these increases and move the Garver Heights development forward.

This project is aligned with the City's efforts to invest in creating affordable housing opportunities for homebuyers in desirable neighborhoods throughout the city.

Development	Neighborhood	Total Homes	Affordable Homes	Target AMI Levels	Unit Mix	Sales Price
Garver Heights	Gulfgate/Hobby Area	200	60	70% - 120%	3-4 bedrooms	\$259K-\$359K

Zuri Gardens funding will remain unchanged at \$2,110,000.00 while the Garver Heights funding will increase from \$990,000.00 to \$1,990,000.00. The total funding for this Agreement will increase from \$3,100,000.00 to \$4,100,000.00.

Sources	Amount	Uses	Amount
Uptown TIRZ - Series 2021 (Fund 2430)	\$1,000,000.00 + \$990,000.00 (Approved by Ord. No. 2023-642)	Land Acquisition	\$5,820,000.00
Equity/Land Value	\$5,820,000.00	Pre-development	\$600,000.00
Developer Funds	\$497,147.00	Construction	\$5,308,852.50
Garver Debt Facility	\$5,234,570.00	Soft & Carrying Costs	\$1,812,864.50
Total	\$13,541,717.00	Estimated Total	\$13,541,717.00

Fiscal Note:

No significant Fiscal Operating impact is anticipated as a result of this project.

The Housing and Community Affairs Committee Chair was briefed on this item on November 8, 2023.

Keith W. Bynam
 Keith W. Bynam, Director

Prior Council Action:

05/05/2021 (O) 2021-354; 09/01/2021 (O) 2021-756; 11/10/2021 (O) 2021-973, 08/09/2023 (O) 2023-642

Amount and Source of Funding:

\$1,000,000.00 - Uptown TIRZ Series 2021 Affordable Homes Fund (2430)

Contact Information:

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ATTACHMENTS:

Description	Type
Cover Sheet	Signed Cover sheet
Public Notice	Public Notice
Ordinance 2021-354	Backup Material
Ordinance 2021-0756	Backup Material
Ordinance 2021-0973	Backup Material
Clear Tax Report	Backup Material
Fact Sheet	Backup Material