



## CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 12/19/2023

District B

Item Creation Date:

HCD23-100 Bethune Empowerment Center Phase 2A CPF

Agenda Item#: 28.

### **Summary:**

**ORDINANCE APPROVING AND AUTHORIZING A FORGIVABLE LOAN AGREEMENT BETWEEN THE CITY OF HOUSTON, TEXAS AND HOUSTON BUSINESS DEVELOPMENT, INC. FOR CPF-EDI FUNDS FOR PHASE II OF THE BETHUNE EMPOWERMENT CENTER TO RENOVATE, OPERATE, AND MANAGE THREE BUILDINGS ON THE PROPERTY LOCATED AT 2500 SOUTH VICTORY DRIVE, HOUSTON, TEXAS 77088 - \$1,780,000.00 - Grant Funds - DISTRICT B - JACKSON**

### **Background:**

The Housing and Community Development Department (HCD) recommends Council approval of an Ordinance authorizing a Forgivable Loan Agreement (Agreement), which is the equivalent to a grant with conditions, between the City of Houston (City) and Houston Business Development Inc. (HBDi), to provide \$1,780,000.00 in Economic Development Initiative – Community Project Funds (EDI-CPF) for the Bethune Empowerment Center Phase 2A located at 2500 Victory Drive in the Acres Homes Complete Community. HCD recently received authorization from Housing & Urban Development (HUD) regarding HBDi's status as a Community Business Development Organization (CBDO) and is now able to proceed with formally accepting the previously approved grant funds through the proposed agreement and the project.

Funding for the Bethune Empowerment Center (Phase 2A) will be used to renovate the facility, ultimately providing workforce development, job training and education, and a childcare and learning center. Grant conditions include, but are not limited to, HBDi's performance of the rehabilitation of the buildings and adherence to the restrictive use period. Renovations at the site will include new roof work, roof abatement, and new information-technology, audiovisual, and security systems. Interior renovations include installation of a new plumbing system and spray insulation in the classroom ceiling area. Exterior renovations include exterior hollow doors, frames, hardware, and window installation in the classroom area. Funding will be collectively utilized for renovations in Buildings B, C, D and E.

Upon project completion, HBDi will operate and manage the Bethune Empowerment Center (Phase 2A) to effectuate the goals of the community resource center and provide economic opportunities. HBDi is a certified Community Development Financial Institution and a CBDO that has served Houston for 30 years, providing small businesses with access to affordable loans, technical assistance, and business counseling services.

Pursuant to Ordinance No. 2023-715 executed on August 30, 2023, the City and HBDi entered into a First Amendment to the Renovation, Operations and Management Agreement (ROMA) (the "First Amendment"), in which the City approved a City grant in the amount of \$1,871,266.00 from General Funds and an additional \$1,500,000.00 in Community Development Block Grant (CDBG) Funds. Subsequently, on October 18, 2023, by Ordinance 2023-0877 the City approved an increase of \$2,156,058.00 in General Funds for a total of \$4,027,324.00 towards the renovations for Phase 2 and to provide operating funds for two years.

The total project budget is \$8,431,074.00, of which \$1,123,750.00 will be provided by sponsor contributions. The EDI-CPF funds are Congressionally earmarked for the community redevelopment FY22 Grant Application, approved for the Bethune Empowerment Center improvements.

Sources	Amount	Uses	Amount
OH - CDBG (Previously Granted – Ordinance No.2023-0715)	\$1,500,000.00	Soft Costs	\$687,500.00
OH - General Funds (Previously Granted – Ordinance No.2023-0715)	\$1,871,266.00	Hard Costs	\$6,254,516.00
OH - General Funds (Previously Granted – Ordinance No. 2023-0877)	\$2,156,058.00	Operating Cost	\$1,489,058.00
Sponsor Contribution	\$1,123,750.00		
DI - Community Project Funding (CPF)	\$1,780,000.00		
Total	\$8,431,074.00	Total	\$ 8,431,074.00

### **Fiscal Note:**

No significant Fiscal Operating impact is anticipated as a result of this project. No Fiscal Note is required on grant items.

The Housing and Community Affairs Committee Chair was briefed on this item on July 12, 2023, October 6, 2023 and again on December 19, 2023.

DocuSigned by:

  
Keith W. Bynam, Director  
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**Prior Council Action:**

2/3/21 (O) 2021-89; 2/3/21 (O) 2021-90; 2/3/21 (O) 2021-91; 3/30/22 (O) 2022-225; 3/30/22 (O) 2022-226; 12/14/22 (O) 2022-964; 8/30/23 (O) 2023-715

**Amount and Source of Funding:**

\$1,780,000.00 – CPF - EDI Fund (5000)

**Contact Information:**

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(832) 394-6307

**ATTACHMENTS:**

<b>Description</b>	<b>Type</b>
Cover Sheet	Signed Cover sheet
Ord 2021-89	Backup Material
Ord 2021-90	Backup Material
Ord 2021-91	Backup Material
Ord 2022-225	Backup Material
Ord 2022-226	Backup Material
Ord 2022-964	Backup Material
Ord 2023-715 Part 1	Backup Material
Ord 2023-715 Part 2	Backup Material
Delinquent Tax Report	Backup Material
SAP Funding Document	Financial Information
Verification of Grant Funding .YL	Backup Material
Caption	Other