



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 9/17/2024

District D

Item Creation Date: 8/29/2024

HCD24-74 Zuri Gardens Loan Agreement Amendment

Agenda Item#: 3.

Background:

The Housing and Community Development Department (HCD) recommends Council approval of an Ordinance authorizing an Amendment to the Zuri Gardens Loan Agreement between the City of Houston (City) and Cole Klein Builders, LLC (Borrower), increasing the loan by \$98,744.07, of which \$70,531.48 will be used for a portion of the costs to construct a sanitary sewer line that will span from the intersection at Martindale Road and Madden Lane to Mystic Sky Lane. The remaining funds shall be held in reserve as a contingency for construction costs pertaining to the sanitary sewer line. Funding shall consist of Uptown TIRZ Series 2021 Affordable Homes Funds (Fund 2430).

This proposed increase is needed due to the cancellation of the Pineapple Square Project (Pineapple Square) by its developer.

Pineapple Square was a development (separate and apart from Borrower's Zuri Gardens development), which included a sanitary sewer line serving multiple surrounding projects. As a result of this cancellation, the sanitary sewer line needed from the intersection of Martindale Road and Madden Lane to Mystic Sky Lane was not constructed. This in turn jeopardizes the Borrower's development of two vital Affordable Home Development Program (ADHP) projects; 80 units at Zuri Gardens, and 200 units at Garver Heights, which are currently under construction. The Borrower has worked out a solution with Gulfgate Redevelopment Authority (Authority) via a cost-sharing agreement to avoid delaying these Affordable Housing Projects.

The total cost for the sanitary sewer extension is approximately \$282,125.93, which shall be shared by Borrower, Authority and Kittle Development Group. Borrower will pay a total of \$141,062.96; however, \$70,531.48 will be paid from Borrower's cash reserves and the remaining \$70,531.48 will be paid from loan proceeds via this First Amendment.

This project will be administered by the Affordable Home Development Program (AHDP), with the aim of increasing affordable single-family homeownership opportunities for households earning between 60% and 120% of the Area Median Income (AMI). This project is aligned with the City's efforts to invest in creating affordable housing opportunities for homebuyers in desirable neighborhoods throughout the city.

SOURCES AND USES

Sources	Amount	Uses	Amount
Uptown TIRZ – Series 2021 (Fund 2430)	98,744.07	Sanitary Sewer Line	\$70,531.48
		Construction Contingency	\$28,212.59
Total	\$98,744.07		\$98,744.07

COST SHARING

Source	Amount
Cole Klein Builders, LLC (50% cash and 50% Uptown TIRZ Series 2021)	\$141,062.96
Gulfgate Redevelopment Authority (TIRZ 8)	\$70,531.48
Kittle Development Group	\$70,531.48
Estimated Total Cost	\$282,125.92

Fiscal Note:

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

This item was reviewed by the Housing and Committee Affairs Committee on August 26, 2024.

DocuSigned by:

Michael Nichols

Michael Nichols, Director

Prior Council Action:

05/05/2021 (O) 2021-354; 09/01/2021 (O) 2021-765; 11/10/2021 (O) 2021-973; 08/09/2023 (O) 2023-642

Amount and Source of Funding:

\$98,744.07 – Uptown TIRZ Series 2021 Affordable Homes Fund (2430)

Contact Information:

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ATTACHMENTS:

Description	Type
Public Notice	Public Notice
Ordinance 2021-0354	Backup Material
Ordinance 2021-0756	Backup Material
Ordinance 2021-0973	Backup Material