



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 11/13/2024

District H

Item Creation Date: 10/14/2024

HCD24-110 Hardy Yards Settlement Agreement

Agenda Item#: 19.

Summary:

ORDINANCE approving and authorizing Settlement Agreement between City of Houston, Texas, **HARDY NEAR NORTHSIDE REDEVELOPMENT AGREEMENT, TIRZ 21** and **C RV HARDY YARDS, L.P. - DISTRICT H - CASTILLO**

Background:

The Housing and Community Development Department (HCD) recommends Council approval of an Ordinance authorizing a Settlement Agreement between the City of Houston ("City"), Reinvestment Zone Number Twenty-One, City of Houston, Texas (the "TIRZ") CRV Hardy Yards, L.P., a Delaware limited partnership ("CRV"), and Hardy/Near Northside Redevelopment Authority ("Authority"). On August 28, 2024, the City and Harris County ("County") entered into a Purchase Sale Agreement ("PSA") for the sale of 800 Burnett Street (Property). The County intends to develop affordable housing on the Property. As a condition to close on the sale of the Property, the County requires that a certain outstanding debt owed by the TIRZ and Authority to CRV under a Development Agreement dated March 4, 2010 (Development Agreement) for the reimbursement of infrastructure costs be fully satisfied. No additional funding is attached to this item.

Reimbursement of infrastructure costs is an eligible expense for Community Development Block Grant - Disaster Recovery (CDBG-DR) funds.

Under the Development Agreement, CRV is to be reimbursed for the construction and development of infrastructure in the Greater Hardy Area (including 800 Burnett Street) from Available Tax Increments (Reimbursement Payments). In addition to the Available Tax Increments, on December 8, 2014 the Development Agreement was amended to allow for eligible Reimbursement Payments to CRV to be paid using CDBG-DR funds awarded to the City after Hurricane Ike.

CRV developed the Property and greater Hardy area by constructing new storm water facilities, curb and gutter, sidewalks, traffic signals, signs and striping, retaining walls, headwalls, drilled shafts and perform utility relocations and site work as well as improved existing roadways (Infrastructure Developments). The Infrastructure Developments benefit approximately 3,800 total units (either currently complete or contemplated) in the greater Hardy Area, of which 2,700 are or will be located on Burnett Street. Approximately 81% of the persons benefiting from the infrastructure developments are low-to moderate income (LMI).

At the time, the City's Hurricane Ike Disaster Recovery Round 2 funds for the reimbursement of infrastructure costs was exhausted and the balance was deferred with CRV solely being reimbursed with Available Tax Increments. In order to effectuate the sale of the Property and proceed to closing the parties desire to enter into this Settlement Agreement to allow the City to pay CRV a one-time lump sum payment in the amount of \$3,138,536.15 (Settlement Funds). The Settlement Funds will be paid by the closing agent directly from the sales proceeds. In exchange for the one-time lump sum payment CRV has agreed to reduce the outstanding balance on the reimbursement debt from \$4,745,491.15 to the amount of the Settlement Funds.

The Harvey Single-Family Home Development Program administers newly constructed affordable-family homes for sale to eligible low- and moderate-income homebuyers and expands nonprofit housing providers' capacity.

The Housing and Affordability Committee Chair was briefed on this item on November 13, 2024.

DocuSigned by:

Michael Nichols

Michael Nichols, Director

Prior Council Action:

12/15/2019 (O) 2009-1271; 03/24/2021 (O) 2021-210, 08/28/24 (O) 2024-0647

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ATTACHMENTS:

Description

Type

Cover Sheet
Public Notice
Signed Ordinance
Settlement Agreement

Signed Cover sheet
Public Notice
Ordinance/Resolution/Motion
Contract/Exhibit