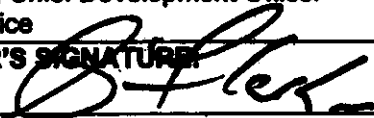


SUBJECT: An Ordinance appropriating \$1,000,000 from TIRZ Affordable Housing Fund (2409) and approving and authorizing a Seventh Amendment to a Land Assembly Grant Agreement between the City of Houston and the Land Assemblage Redevelopment Authority (LARA) and approving and authorizing the reallocation of \$987,033 from various restricted accounts into the Land Acquisition account for development activities		Category #	Page 1 of 2	Agenda Item #
FROM: Andy Icken, Chief Development Officer Mayor's Office		Origination Date 8/27/15	Agenda Date	
DIRECTOR'S SIGNATURE: 		Council District affected: ALL		
For additional information contact: Chris Butler Phone: 832-393-8502		Date and identification of prior authorizing Council action: Ordinance 2004-0800: July 28, 2004 Ordinance 2005-0902: July 27, 2005 Ordinance 2005-1073: September 14, 2005 Ordinance 2006-0902: August 30, 2006 Ordinance 2008-0255: March 26, 2008 Ordinance 2009-0261: May 4, 2009 Ordinance 2009-1220: December 2, 2009		
RECOMMENDATION: Adopt an ordinance approving the Seventh Amendment to a Land Assembly Grant Agreement between the City of Houston and the Land Assemblage Redevelopment Authority; appropriating \$1,000,000 from TIRZ affordable Housing Fund to enable LARA to manage the acquisition and disposition of new and existing properties, and to reallocate \$987,033 of previous funding				
Amount of Funding: \$1,000,000.00 Appropriation; \$987,033.00 Reallocation			Finance Budget:	
SOURCE OF FUNDING: <input type="checkbox"/> General Fund <input type="checkbox"/> Grant Fund <input type="checkbox"/> Enterprise Fund <input checked="" type="checkbox"/> Other				
TIRZ Affordable Housing Fund 2409				
SPECIFIC EXPLANATION: City Council approved a Land Assembly Grant Agreement with LARA in July 2004 which provided the initial funding for the purchase of designated tax delinquent properties in low-income neighborhoods at foreclosure auction. Through subsequent amendments Council has allocated funding for land acquisition, marketing and activities to attract Community Development Corporations (CDC's) and builders to construct affordable single family houses in targeted inner-city low income neighborhoods. LARA has seen success in its mission to convert tax-delinquent lots, often neighborhood eyesores and magnets for crime – into affordable homes for families who contribute to Houston's tax base. LARA's key accomplishments to date include: <ul style="list-style-type: none"> • Acquired 1,210 parcels in neighborhoods with high concentrations of abandoned, severely tax delinquent vacant lots. • 28 (parcels) lots are currently under contract with builders and CDCs for new affordable housing construction • 322 new affordable homes have been constructed and sold to low and moderate income families: and 127 homes are under construction or are available for sale • 429 (parcels) lots are available to CDCs and builders under LARA's Solicitation for Proposals • 214 abandoned, severely tax-delinquent vacant lots remain in the LARA foreclosure pipeline Through the Urban Redevelopment Interlocal Agreement, approved by City Council on December 3, 2014, LARA returned 178 properties that were deemed unsuitable for single family construction to Harris County for future public auction. LARA's goal is to reduce its current inventory from 694 to 200 lots within select neighborhoods to provide a more comprehensive approach to neighborhood revitalization. LARA has restructured their approach on acquisition by only targeting vacant lots that are adjacent to or across the street from desirable lots within their inventory or near recently constructed homes. The funds will be advance to LARA as a forgivable grant for the following purposes:				

Date: 08-27-15	SUBJECT: An Ordinance appropriating \$1,000,000 from TIRZ Affordable Housing Fund and approving and authorizing a Seventh Amendment to a Land Assembly Grant Agreement between the City of Houston and the Land Assemblage Redevelopment Authority, and approving and authorizing the reallocation of \$987,033 from various restricted accounts into the Land Acquisition account for development activities	Originator's Signature	Page: 2 of 2
--------------------------	--	-------------------------------	------------------------

Project Delivery and Administrative Costs	10%	\$100,000.00
Maintenance of Property	20%	\$200,000.00
Acquisition of Additional Property	50%	\$500,000.00
Assist in Disposal of Current Inventory	20%	\$200,000.00

In the event the funds are not used for these intended purposes, LARA agrees to return any unused or ineligibly spent funds to the City of Houston.

The proposed ordinance also reallocates \$987,033 of restrictive funds, previously appropriated by Ordinance No. 2008-0255. These funds were intended for reimbursements to builders and CDCs for Energy Star incentives, water and waste water connections and Community Development Corporation programs which haven't seen any activity since May of 2011.

The previous administration allocated \$625,000 to incentivize participating builders for constructing homes to industry recognized Home Energy Rating System (HERS) "Energy Star" standards. The purpose was two-fold. First it helped to reduce the sales price of the new affordable home: and second, it helped to reduce the monthly utility costs for the new low or moderate-income owner. In 2009 Energy Star was accepted into the building code as a requirement for single family construction. Since Energy Star is now the standard there is no longer a need to reimburse builders and CDCs for this expense. Thus \$277,061 is being proposed for reallocation.

The previous ordinance allocated \$640,000 which allowed LARA to reimburse builders for the installation of water and sewer taps needed in connection with new housing construction. Typically this expense is passed on to the buyer, but to increase the affordability of the homes, the builder was reimbursed for this expense. With the reduction on acquisition cost from LARA this incentive program is no longer needed leaving \$464,934 proposed for reallocation.

Finally, previous ordinances provided an incentive to CDC's who partnered with builders to help market the homes the builders would construct. If the homes were sold with the assistance of the CDC within 120 days of the start date the CDC would receive up to \$2,500 per home. Builders and CDCs are encouraged, but no longer required to partner in selling homes so this program is no longer needed and \$245,038 is being proposed for reallocation.

This proposed ordinance authorizes the reallocation of these funds into the Land Acquisition account which also includes funds for marketing, administration and special builder incentive programs such as to attract developers to historically underserved areas.

Acquisition of Additional Property	50%	\$493,516.00
Marketing	20%	\$197,407.00
Project Delivery and Administrative Costs	10%	\$ 98,703.00
Builder Incentive Programs	20%	\$197,407.00

This item was presented to the Housing and Community Affairs Committee on November 17, 2015.

NR:CB

Cc: City Secretary
Mayor's Office
Legal
Finance