



CITY OF HOUSTON - CITY COUNCIL

Meeting Date: 9/6/2017

District D

Item Creation Date: 7/31/2017

HCD17-79 Houston Housing Finance Corporation

Agenda Item#:

Background:

The Housing and Community Development Department (HCDD) requests the approval of City Council to enter a Lease and Development Agreement with Purchase Option (Lease) with the Houston Housing Finance Corporation (HHFC) for 12.121 acres of land located on the northeast corner of Highway 288 and North MacGregor Way (Property). The Property consists of 9.177 acres that the City is purchasing from Houston Community College (the HCC Tract), and the additional 2.944 acres are surplus parcels already owned by the City.

The Lease has a thirty (30) year term, and provides an option for HHFC to purchase the Property twelve (12) months after the effective date of the Lease. HHFC will be sub-leasing the Property to HEB, who has committed to the construction of a full-service, 72,000 square foot grocery store on the Property together with all necessary site improvements, including a detention pond for flood mitigation.

The total annual rental breakdown is as follows:

Year	Annual Payment
1	\$84,000
2	\$300,000
3-9	\$600,000
10-30	\$660,000

In addition to the annual rent payment, for so long as the property remains exempt from ad valorem taxes, HHFC will make an additional annual payment of \$325,000 as additional rent to the City. Rental revenue will be used to service the Section 108 Loan that the City will be using to acquire the HCC Tract.

The Lease will become effective after the City closes on the HCC tract.

This item was reviewed by the Housing and Community Affairs Committee on August 15, 2017.

Tom McCasland, Director

Prior Council Action:

3/8/2017, (O) 2017-168

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