



Houston City Council
Housing and Community Affairs Committee

Mike Laster (Chair)

Robert Gallegos (Vice Chair)

Dwight A. Boykins - David W. Robinson - Michael Kubosh

Karla Cisneros - Mike Knox

Tuesday, February 20, 10:00 AM
City Hall Council Chambers

I. Call to Order/Welcome – Council Member Mike Laster, Chair

II. Public Services

- a) **Child Care Council of Greater Houston**
Homeless Services Program, \$1,815,245 - ESG and CDBG (All Districts)
- b) **Child Care Council of Greater Houston**
Child Care Program, \$360,000 - CDBG (All Districts)
- c) **Child Care Council of Greater Houston**
Juvenile Delinquency Prevention Program, \$360,000 - CDBG (All Districts)
- d) **A Caring Safe Place, Inc.**
Lydia's Place Single Room Occupancy Apartments and Transitional Housing Community Residence,
\$897,149.75 - HOPWA (Districts B & H)
- e) **Houston Volunteer Lawyers Program, Inc.**
Legal Support Services and Clinics, \$150,000 - HOPWA (All Districts)
- f) **Village Learning Center**
Village Learning Center Vocational Program, \$150,000 - CDBG (District E)
- g) **Salvation Army**
Young Adult Resource Center (YARC), \$140,000 - HHSP (All Districts)
 - Tom McCasland, Director, Housing and Community Development Department
 - Melody Barr, Deputy Assistant Director Housing and Community Development Department

III. Single Family

a) Mayberry Homes Contract

Single-family Home Development, \$705,213.33 - NSP-1 and NSP-3 (Districts A, B, D, E, F, H, I, J, K)

- Tom McCasland, Director, Housing and Community Development Department
- Yaw Temeng, Deputy Assistant Director, Single Family Programs

IV. Public Facilities

a) Judge Hernandez Tunnel Contract Amendment, No New Funding - CDBG DR 2.2 (District H)

- Tom McCasland, Director, Housing and Community Development Department
- Ana Patino-Martinez, Division Manager, Public Facilities

V. General Services Department

a) HCDD Office Space Lease Agreement

Lease Agreement with Midtown Central Square, LLC, for space at 2100 Travis Street (Central Square), \$11,170,442 - CDBG and TIRZ (District C)

- Tom McCasland, Director, Housing and Community Development Department
- Rupa Sen, Sr. Real Estate Manager, General Services Department

VI. Public Comments

VII. Director's Comments

Tom McCasland, Director, Housing and Community Development Department



CITY OF HOUSTON – CITY COUNCIL

Meeting Date: [Click here to enter a date](#)

District ALL

Item Creation Date: 2/5/2018

HCD 2018-19 Child Care Council of Greater Houston

Homeless Services Program, Third Contract Amendment

Agenda Item: II.a.

Background:

The Housing and Community Development Department (HCDD) recommends approval of a Third Contract Amendment between the City of Houston and Child Care Council of Greater Houston Inc. (CCC) to administer the City's Homeless Services Program (HSP). The City will grant CCC \$1,815,245.00 in Emergency Solutions Grant (ESG) and Community Development Block Grant (CDBG) funds to provide services for approximately 2000 homeless or near homeless persons.

The HSP is designed to address the needs of families and individuals who are homeless or at risk of becoming homeless. HSP activities include: emergency shelter for individuals, families, and persons fleeing domestic violence; medical and mental health services; assistance in obtaining permanent housing; assistance in obtaining services or benefits; and assistance with short-term rent and utility payments to prevent eviction or termination of services.

CCC administers nine nonprofit homeless services agencies that were selected through a Request for Proposal process. These nine agencies are: Bay Area Turning Point, The Bridge Over Troubled Waters, Catholic Charities, Covenant House, Fort Bend County Women's Center, Harris County Social Services, Houston Area Women's Center, Salvation Army, and SEARCH Homeless Services.

CCC also processes reimbursement requests, monitors providers for performance and compliance with HUD regulations, and provides technical assistance and training. The City funds 100% of the costs for this program.

Category	Contract Amount	Percentage
Program Administration	\$70,915.00	4%
Project Delivery	\$349,471.00	19%
Program Services	\$1,394,859.00	77%
Total	\$1,815,245.00	100%

HCDD conducted a Request for Proposals for Homeless Services Program administrative services for fiscal year 2015. CCC was selected as the Administrative Agency. This Third Contract Amendment provides funding for a 12-month period from April 1, 2018 - March 31, 2019.

This item was reviewed by the Housing and Community Affairs Committee on February 20, 2018.

Prior Council Action:

3-20-16 (O) 2016-0315; 3-29-17 (O) 2017-223; 8-23-17 (O) 2017-0657

Amount of Funding:

\$1,315,245.00

Emergency Solutions Grant (ESG) - Fund 5000

\$500,000.00

Community Development Block Grant (CDBG) - Fund 5000

Contact Information:

Roxanne Lawson

832-394-6307



CITY OF HOUSTON – CITY COUNCIL

Meeting Date: [Click here to enter a date](#)

District ALL

Item Creation Date: 2/5/2018

HCD 2018-19 Child Care Council of Greater Houston

Child Care Program, Third Contract Amendment

Agenda Item: II.b.

Background:

The Housing and Community Development Department (HCDD) recommends approval of a Third Contract Amendment between the City of Houston and Child Care Council of Greater Houston Inc. (CCC) to administer the City's Child Care Program (CCP). The City will grant CCC \$360,000.00 in Community Development Block Grant (CDBG) funds to provide quality child care services and parental development to low- and moderate-income families. The program will serve 70 families.

CCC administers five nonprofit agencies that were selected through a Request for Proposal process. These five agencies are: Association for the Advancement of Mexican Americans, Chinese Community Center, Community Family Center, SEARCH Homeless Services, and Wesley Community Centers, Inc.

CCC also processes reimbursement requests, monitors providers for performance and compliance with HUD regulations, and provides technical assistance and training. The City funds 100% of the costs for this program.

Category	Contract Amount	Percentage
Project Delivery	\$74,033.00	20.6%
Program Services	\$285,967.00	79.4%
Total	\$360,000.00	100%

HCDD conducted a Request for Proposals for Child Care Program administrative services for fiscal year 2015. Child Care Council of Greater Houston Inc. was selected as Administrative Agency. This Third Contract Amendment provides funding for a 12-month period from April 1, 2018 - March 31, 2019.

This item was reviewed by the Housing and Community Affairs Committee on February 20, 2018.

Prior Council Action:

04-15-2015 (O) 2015-0341

3-30-16 (O) 2016-0249

3-29-17 (O) 2017-0222

Amount of Funding:

\$360,000.00

Community Development Block Grant (CDBG) - Fund 5000

Contact Information:

Roxanne Lawson

832-394-6307



CITY OF HOUSTON – CITY COUNCIL

Meeting Date: [Click here to enter a date](#)

District ALL

Item Creation Date: 2/5/2018

HCD 2018-19 Child Care Council of Greater Houston

Juvenile Delinquency Prevention Program

Third Contract Amendment

Agenda Item: II.c.

Background:

The Housing and Community Development Department (HCDD) recommends approval of a Third Contract Amendment between the City of Houston and Child Care Council of Greater Houston Inc. (CCC) to administer the City's Juvenile Delinquency Prevention Program (JDP). The City will grant CCC \$360,000.00 in Community Development Block Grant (CDBG) funds to provide services to approximately 968 youth.

The purpose of the JDP is to deter delinquency for at-risk youth or to prevent further delinquency from youth who are status offenders. The JDP services include substance abuse deterrence and treatment, adolescent health education, educational services designed to prevent/decrease school drop-out, youth employability programs, whole family functioning, prevention of gang membership, and cultural enrichment and recreational activities.

CCC administers seven nonprofit agencies that were selected through a Request for Proposal process. These seven agencies are: Boys and Girls Club of Greater Houston, Children's Assessment Center Foundation, Chinese Community Center Inc., Fifth Ward Enrichment Program, Project GRAD Houston, Pro-Vision, Inc. and Unlimited Visions Aftercare Inc.

CCC also processes reimbursement requests, monitors providers for performance and compliance with HUD regulations, and provides technical assistance and training. The City funds 100% of the costs for this program.

Category	Contract Amount	Percentage
Project Delivery	\$73,789.00	20.5%
Program Services	\$286,211.00	79.5%
Total	\$360,000.00	100%

HCDD conducted a Request for Proposals for Juvenile Delinquency Prevention Program administrative services for fiscal year 2015. Child Care Council of Greater Houston Inc. was selected as Administrative Agency. This Third Contract Amendment provides funding for a 12-month period from April 1, 2018 - March 31, 2019.

This item was reviewed by the Housing and Community Affairs Committee on February 20, 2018.

Prior Council Action:

04-15-15 (O) 2016-0343

3-30-16 (O) 2016-0248

3-29-17 (O) 2017-0224

Amount of Funding:

\$360,000.00

Community Development Block Grant (CDBG) - Fund 5000

Contact Information:

Roxanne Lawson
832-394-6307



CITY OF HOUSTON – CITY COUNCIL

Meeting Date: HC 2/20/18

District B & H

Item Creation Date: 1/24/2018

HCD 2018-7 A Caring Safe Place, Inc.

Second Contract Amendment

Agenda Item: II.d.

Summary:

LEGAL ONLY TO ENTER CAPTION HERE

Background:

The Housing and Community Development Department (HCDD) recommends approval of a second contract amendment to extend a contract with A Caring Safe Place, Inc. to March 31, 2019. This extension will also provide funding up to \$897,149.75 in HOPWA funds to finance the operation of a single-room-occupancy (SRO) community residence and a transitional housing community residence (both with support services) for a minimum of 45 low-income and/or homeless persons living with HIV/AIDS.

SRO Community Residence Lydia’s Place Apartments – This facility provides permanent housing and supportive services to a minimum of 15 low-income and/or homeless persons living with HIV/AIDS, who also have a history of chemical and/or alcohol dependency. Residents at the facility have been stabilized prior to program entry. Stabilization requires that the client enters the project with at least 30 days of sobriety from alcohol and/or drugs.

Transitional Housing Community Residence – This facility provides transitional housing and supportive services to a minimum of 30 low-income and/or homeless persons living with HIV/AIDS, who also have a history of chemical and/or alcohol dependency.

The following support services are provided at both facilities: case management; HIV support groups; substance abuse and mental health counseling; life skills training; job search assistance and training; housing information and referral assistance; assistance in gaining access to local, state, and federal government benefits and services; and nutritional services. Operating costs for both facilities include property management, utilities, property insurance and other related costs.

The City provides approximately 55% of the budget for this program, and 45% is provided by other funding sources.

Category	Total Contract Amount	Percent
Administrative	\$60,852.65	6.8%
Support Services	\$344,580.75	38.4%
Operations	\$491,716.35	54.8%
Total	\$897,149.75	100%

HCDD conducted a Request for Proposals (RFP) for HOPWA contracts for fiscal year 2016. A Caring Safe Place, Inc. was one of the agencies selected. The original contract was from April 1, 2016 – March 31, 2017, and the first amendment extended the contract through March 31, 2018. This amendment will extend the contract through March 31, 2019.

This item was reviewed by the Housing & Community Affairs Committee on February 20, 2018.

Tom McCasland, Director

Amount of Funding

\$897,149.75

Housing Opportunities for Persons With AIDS (HOPWA) - Fund 5000

Prior Council Action:

3/9/2016 (O) 2016-0162

3/8/2017 (O) 2017-0169

Contact Information:

Roxanne Lawson

(832) 394-6307



CITY OF HOUSTON – CITY COUNCIL

Meeting Date: HC 2/20/18

District ALL

Item Creation Date: 2/1/2018

HCD 2018-8 Houston Volunteer Lawyers Program, Inc.

Second Contract Amendment

Agenda Item: II.e.

Summary:

LEGAL ONLY TO ENTER CAPTION HERE

Background:

The Housing and Community Development Department (HCDD) recommends approval of a second contract amendment to extend a contract with Houston Volunteer Lawyers Program, Inc. (HVLP) to March 31, 2019. This extension will also provide funding up to \$150,000.00 in HOPWA funds to deliver comprehensive legal assistance to a minimum of 150 low-income persons living with HIV/AIDS.

This contract will provide for five attorneys who work with local corporate legal departments and law firm pro bono sections to coordinate volunteer efforts, resulting in 1,500 active volunteers donating over 22,000 hours of legal services. HVLP will conduct a minimum of 30 legal advice clinics at Houston-area AIDS service organizations and HOPWA-funded housing facilities. Legal support services will include counseling and legal advice on a range of housing and health related civil matters, including real estate planning, family law, public benefits, disability, employment and discrimination. Clients requiring more extensive civil legal representation will be referred to a volunteer or staff attorney, who will assist the client in reaching a resolution to his or her issue.

Category	Total Contract Amount	Percent
Administrative	\$10,500.00	7%
Support Services	\$139,500.00	93%
Total	\$150,000.00	100%

The City provides approximately 73% of the budget for this program, and 27% is provided by other funding sources. HCDD conducted a Request for Proposals (RFP) for HOPWA contracts for fiscal year 2016. HVLP was one of the agencies selected. The original contract was from April 1, 2016 – March 31, 2017, and the first amendment extended the contract through March 31, 2018. This amendment will extend the contract through March 31, 2019.

This item was reviewed by the Housing & Community Affairs Committee on February 20, 2018.

Tom McCasland, Director

Amount of Funding

\$150,000.00

Housing Opportunities for Persons With AIDS (HOPWA) - Fund 5000

Prior Council Action:

3/9/2016 (O) 2016-0175

3/8/2017 (O) 2017-0171

Contact Information:

Roxanne Lawson

(832) 394-6307



CITY OF HOUSTON – CITY COUNCIL
Meeting Date: [Click here to enter a date](#)
District E
Item Creation Date: 1/23/2018
HCD 2018-5 The Village Learning Center
Second Contract Amendment
Agenda Item: II.f.

Summary:

LEGAL ONLY TO ENTER CAPTION HERE

Background:

The Housing and Community Development Department (HCDD) recommends approval of a Second Contract Amendment extending the time of performance between the City of Houston and The Village Learning Center Inc. for a vocational/educational program serving a special needs population.

The Village Learning Center Vocational Program is to provide education and training to individuals with intellectual and developmental disabilities who have the desire to broaden their skill sets in volunteering, community service, and if applicable, employment in their community. The Village Learning Center will identify and educate 96 individuals.

The City will grant The Village Learning Center up to \$150,000.00 in federal CDBG funds to provide services to a minimum of 96 participants. The City provides approximately 30% of the funding for this program.

Category	Amount	Percentage
Program Administration	-	0%
Program Services	\$150,000.00	100%
Total	\$150,000.00	100%

HCDD conducted a Request for Proposals (RFP) for CDBG contracts for fiscal year 2016. The Village Learning Center was one of the agencies selected. This Ordinance will grant the contract period from March 1, 2016 through February 28, 2019. The Village Learning Center has received CDBG funding through the City of Houston for various contracts since 2012.

This item was reviewed by the Housing and Community Affairs Committee on February 2, 2018.

Tom McCasland, Director

Amount of Funding

\$150,000.00
Community Development Block Grant (CDBG) 5000

Prior Council Action:

3/3/16 (O) 2016-165; 4/3/17 (O) 2017-245

Contact Information:

Roxanne Lawson
(832) 394-6307



CITY OF HOUSTON – CITY COUNCIL

Meeting Date: [Click here to enter a date](#)

District ALL

Item Creation Date: 1/22/2018

HCD 2018-4 The Salvation Army

Young Adult Resource Center

Agenda Item: II.g.

Summary:

LEGAL ONLY TO ENTER CAPTION HERE

Background:

The Housing and Community Development Department (HCDD) recommends approval of a Second Contract Amendment extending the time of performance of a contract between the City of Houston and The Salvation Army to provide self-sufficiency services, emergency and permanent housing referrals, and other supportive services to 150 homeless young adults served by The Salvation Army's Young Adult Resource Center (YARC).

In addition to being a safe place for homeless young adults aged 18-25 to be during the day, YARC is a central point of drop-in and engagement for existing and ongoing outreach efforts, emergency shelter, and case management to assist in permanent housing placement and referrals.

HCDD will grant The Salvation Army up to \$140,000.00 in Homeless Housing Services Program (HHSP) funding, to provide services to 150 unduplicated participants. Forty of the participants will receive tools for self-sufficiency, including counseling in locating and retaining suitable housing. The City provides approximately 31% of the funding for this program.

Category	Amount	Percentage
Program Administration	-	0%
Program Services	\$140,000.00	100%
Total	\$140,000.00	100%

HCDD conducted a Request for Proposals (RFP) for program year 2016 Public Service contracts. The Salvation Army was one of the agencies selected. The original contract period was from March 1, 2016 through April 30, 2017. The first amendment extended the contract through April 30, 2018. This amendment will extend the contract through April 30, 2019. The Salvation Army YARC program has received CDBG funding through the City of Houston for various contracts since 2014.

This item was reviewed by the Housing and Community Affairs Committee on February 2, 2018.

Tom McCasland Director

Amount of Funding

\$140,000.00 (HHSP)

Prior Council Action:

N/A

Contact Information:

Roxanne Lawson

(832) 394-6307



CITY OF HOUSTON – CITY COUNCIL

Meeting Date: 2/28/2018
Districts A, B, D, E, F, H, I, J, K
Creation Date: 1/19/2018

HCD 2018-5 Neighborhood Stabilization Program

Single Family Home Development Contract

Mayberry Homes, Inc.

Agenda Item III.a.

Summary:

LEGAL ONLY TO ENTER CAPTION HERE

Background:

The Housing and Community Development Department (HCDD) recommends approval of a contract with Mayberry Homes, Inc. for \$705,213.33 in Neighborhood Stabilization Program (NSP) NSP 1 and NSP 3 funds to acquire land and develop affordable, single-family homes in HUD designated NSP 1 and NSP 3 target areas.

Mayberry was the first contractor chosen from a pool of construction firms rotating to provide these services through Request for Proposal S67-T26361 for Single Family Housing Rehabilitation and Construction Services. Specifically, HCDD is seeking a contract with Mayberry to develop affordable, single-family homes for families earning below 120% Area Median Income (AMI), with at least 25% of the projects earmarked for families earning below 50% AMI. The three-bedroom and two-bath homes will consist of approximately 1,400 square feet and will include a variety of energy efficient components, such as high efficiency HVAC systems, low E rated windows, and radiant barrier roofing.

As an MWSBE and member of the Greater Houston Builders Association that has partnered with HCDD on various community revitalization efforts, Mayberry is uniquely suited for this contract. Mayberry has constructed homes for numerous non-profit, Community Housing Development Organizations (CHDO) and participated with the City's Houston Hope and LARA programs. Mayberry has also been key to the success of HCDD's NSP1 and NSP3 programs by completing approximately 20 new construction affordable single-family homes in the Third Ward, Sunnyside, Foster Place, and Settegast areas.

The City's participation in this project will contribute to the goal of expanding sustainable homeownership opportunities for low-income families in the Houston area.

Tom McCasland, Director

Amount of Funding

\$121,442.41

Neighborhood Stabilization Program (NSP) 1 - Fund

\$583,770.92

Neighborhood Stabilization Program (NSP) 3 - Fund

Prior Council Action:

1/30/2013

(O) 2013-82

5/05/2015

(O) 2015-396

Contact Information:

Roxanne Lawson

(832) 394-6307



CITY OF HOUSTON – CITY COUNCIL

Meeting Date: 3/28/2018

District H

Item Creation Date: [Click here to enter a date](#)

Hardy/Near Northside Redevelopment Authority

HCD 2018-20 Near Northside Judge Hernandez Tunnel

Agenda Item #: IV.

Summary:

LEGAL ONLY TO ENTER CAPTION HERE

Background:

The Housing and Community Development Department (HCDD) requests City Council approval of an amendment to an Interlocal Agreement between the City of Houston (City) and the Hardy/Near Northside Redevelopment Authority (Authority) to complete Phase II of the Near Northside Judge Hernandez Tunnel Project, located in Tax Increment Reinvestment Zone Number 21. This amendment will allow for the transfer of \$87,381.00 in CDBG-Disaster Recovery 2.2 funds from Project Delivery to Engineering/Architectural Services to increase the overall project budget from \$1,373,518.00 to \$1,460,899.00. No additional Authority or City funds will be contributed. The increase is needed to facilitate completion of Phase II of the tunnel project, update the scope of work and provide construction management oversight.

In 2014, Council approved the allocation of \$12 million in CDBG-Disaster Recovery Round 2.2 Infrastructure funding for a Near Northside drainage improvement project that included Phase I reconstruction of the Judge Hernandez Tunnel. In 2017, Council amended the CDBG-DR Grant Agreement to fund Phase II improvements, which will take place on North Main Street from Brooks Street to 245 feet south of the Hernandez Tunnel. The proposed improvements include pavement resurfacing consisting of the top two inches of the asphalt pavement, concrete wall surface repairs, pedestrian railing replacements, graffiti removal, anti-graffiti coating, cleaning and sealing joints and cracks, and a safety lighting and warning system.

The Authority agrees to assign a Construction Manager to manage and oversee Phase II construction, including advertising and bidding the project, contract award preparation, and inspection oversight. The City will assume ownership, maintenance, and repairs upon completion and acceptance of the project. As an additional community benefit, a mural on both sides of the southern entrance will be designed and the installation managed by the Greater Northside Management District.

Construction is scheduled for July 2018 – December 2018. The term of this Agreement is two (2) years from the countersignature date of the City Controller, unless terminated as provided for in the Agreement. This item was reviewed by the Housing and Community Affairs Committee on February 20, 2018.

Tom McCasland, Director

Amount of Funding

No additional funding

Prior Council Action:

12/10/2014

12/10/2014 (O) 2014-1081

4/19/2017 (O) 2017-266

Contact Information:

Roxanne Lawson

(832) 394-6307

SUBJECT: Lease Agreement between Midtown Central Square, LLC. and the City of Houston to lease a property located at 2100 Travis Street for use as the Housing and Community Development Department's main office location.		Page 1 of 2	Agenda Item V.a.
FROM (Department or other point of origin): General Services Department		Origination Date	Agenda Date
DIRECTOR'S SIGNATURE: C.J. Messiah, Jr.		Council District affected: C	
For additional information contact: Jacquelyn L. Nisby Phone: 832-393-8023		Date and identification of prior authorizing Council action: 2017-759, (O) 10/4/17 2017-860, (O) 10/31/17	
RECOMMENDATION: Approve and authorize lease agreement between Midtown Central Square, LLC. (Landlord) and the City of Houston (Tenant) to lease a property located at 2100 Travis Street, Houston, Harris County, Texas, also known as Central Square, for use as the main office space for the Housing and Community Development Department.			
Amount and Source of Funding: \$ 2,630,760.00 – Tax Increment Reinvestment Zone (TIRZ) Fund 2409 <u>8,539,682.00</u> – Community Development Block Grant (CDBG) Fund 5000 \$11,170,442.00		Finance Budget:	
<p>SPECIFIC EXPLANATION: The General Services Department (GSD) recommends Council approve a lease agreement with Midtown Central Square, LLC, which will provide new office space for the Housing and Community Development Department (HCDD) and save the city approximately \$2.3 million over the ten-year term of the lease. On October 4, 2017 by Ordinance 2017-860, City Council approved the appropriation of \$4,614,498.70 for Administrative Costs from Tax Increment Reinvestment Zone (TIRZ) Fund 2409, and on October 31, 2017 by Ordinance 2017-759, City Council approved the appropriation of \$2,352,766.23 for Administrative Costs from TIRZ Fund 2409. This action will allocate \$1,488,596.64 from Ordinance 2017-759 and \$1,142,163.36 from Ordinance 2017-860 for a total allocation of \$2,630,760.00 to finance the build-out of the new office space at 2100 Travis Street.</p> <p>HCDD employs approximately 150 persons and currently occupies 41,729 square feet of leased space at 601 Sawyer Street. For this lease, HCDD pays \$75,459.94 per month (\$905,519.28 per annum). A change in ownership of 601 Sawyer has resulted in significant deterioration of the building as evidenced by a complete shutdown of elevators for over seven days, periods of water shut off due to a pump replacement, several HVAC issues, and several burglaries during which property was damaged and equipment stolen. HCDD's current lease expires January 31, 2019, and the landlord is proposing a 33% increase in the rental rate.</p> <p>In January 2017, HCDD requested that GSD review the real estate market for relocation options. GSD reviewed suitable office locations and presented 22 possible land sites to build a new office building and seven existing office buildings for purchase within proximity to downtown Houston. After evaluating these options, however, HCDD determined that it was not economically feasible to complete new construction prior to the expiration of the current lease.</p> <p>Thereafter, HCDD focused on existing buildings for purchase or the possibility of acquiring a condominium interest in a building, and toured several buildings identified by GSD including: Central Square Building (2100 Travis), State National Building (412 Main), Cullen Centre (500 Jefferson), and the Cheek Neal Building (2017 Preston). The State National Building had no available parking, and both Cullen Centre and Cheek Neal were economically less advantageous than Central Square. Cullen Centre is also an older and less efficient building with expensive parking options. Central Square is located within blocks of both rail and bus stations, ensuring that constituents and clients will be able to easily reach HCDD offices using public transit.</p> <p>The Central Square proposal consists of 43,846 square feet over two floors with an average rental rate of \$71,164.00 per month (\$853,968 per annum), assuming a \$10 PSF operating expense over a ten-year period. To renew the current lease at 601 Sawyer would cost \$111,997 per month (\$1,343,959 per annum). Central Square also provides HCDD with the possibility of being able to purchase a condominium interest that will allow the City to save tax dollars. Consequently, HCDD determined that Central Square represents the best value for the City over a ten-year period.</p> <p>Accordingly, GSD recommends approval of a lease agreement between Midtown Central Square, LLC. (Landlord) and the City of Houston (Tenant) for approximately 43,846 square feet of lease space located at 2100 Travis Street, also known as Central Square, for use as HCDD's main office. This lease agreement will cost less and allow HCDD to consolidate its operations from four floors at 601 Sawyer to two floors at Central Square.</p>			
REQUIRED AUTHORIZATION		CUIC ID# 25 RS 201	
General Services Department: Richard Vella, Assistant Director Real Estate, Design & Construction		Housing and Community Development Department: Tom McCasland, Director	

The major provisions of the Lease Agreement are as follows:

- **Term** – commence February 1, 2019, for a term of ten years with two five-year renewal options at the then-prevailing market rate.
- **Ten-Year Funding Breakdown** –
 \$2,630,760.00 Build out –**TIRZ**
 \$4,055,755.00 Rent (breakout below) - **CDBG**
 \$ 537,787.00 Parking - **CDBG**
\$3,946,140.00 Estimated Operating Expenses - CDBG
\$11,170,442.00 Total
- **Operating Expenses** – the City's pro rata share of operating expenses is 15.72%. Operating expenses include heating, cooling, ventilation, electrical, lighting, water and plumbing systems, etc. serving the building. Landlord has provided free operating expenses for Year 1. Non-controllable operating expenses are capped at 6% per annum and controllable operating expenses are capped at 3% per annum cumulative and compounded.
- **Additional Expense** – parking for 150 unreserved spots.
- **Tenant Improvement** – The City will pay the Landlord \$2,630,760.00 for build out of the leased premises. The monthly rent will be reduced for the term of the lease by \$21,923.00 per month so the City will recoup the buildout costs.
- **Maintenance** – the landlord is responsible for maintenance, utilities and janitorial services.
- **Option to Purchase** – the City has the option to purchase the leased space during the initial term.
- **Termination** – the City may terminate the lease at any time after three years with a six months written notice to the landlord and payment of unamortized broker commission.
- **Expansion Option** – the City shall have 12 months from execution of the Lease Agreement to exercise an expansion option up to a full floor on the 4th floor of the building at agreed upon terms and conditions.

The total monthly rental breakdown is as follows:

Years	Adjusted Monthly Base Rent Payment	Estimated Monthly Operating Expenses	Estimated Monthly Parking Expenses	Estimated Total Monthly Payment	Estimated Total Annual Payment
1	\$20,096.08	\$0.00	\$2,511.41	\$22,607.49	\$271,289.88
2	\$21,923.00	\$36,538.33	\$2,511.41	\$60,972.74	\$731,672.88
3	\$23,749.91	\$36,538.33	\$2,511.41	\$62,799.65	\$753,595.80
4	\$25,576.83	\$36,538.33	\$5,325.91	\$67,441.07	\$809,292.84
5	\$27,403.75	\$36,538.33	\$5,325.91	\$69,267.99	\$831,215.88
6	\$40,192.16	\$36,538.33	\$5,325.91	\$82,056.40	\$984,676.80
7	\$42,019.08	\$36,538.33	\$5,325.91	\$83,883.32	\$1,006,599.84
8	\$43,846.00	\$36,538.33	\$5,325.91	\$85,710.24	\$1,028,522.88
9	\$45,672.91	\$36,538.33	\$5,325.91	\$87,537.15	\$1,050,445.80
10	\$47,499.83	\$36,538.33	\$5,325.91	\$89,364.07	\$1,072,368.84

OPERATING BUDGET FISCAL NOTE: There is no additional impact as a result of approving this lease. Therefore, no Fiscal Note is no required as stated in the Financial Policy Ordinance 2014-1078.