

City of Houston, Texas, Ordinance No. 2007- 499

**AN ORDINANCE APPROVING THE PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN FOR REINVESTMENT ZONE NUMBER TWENTY-TWO, CITY OF HOUSTON, TEXAS (LELAND WOODS); AUTHORIZING THE CITY SECRETARY TO DISTRIBUTE SUCH PLANS; CONTAINING VARIOUS PROVISIONS RELATED TO THE FOREGOING SUBJECT; AND DECLARING AN EMERGENCY**

\*\*\*\*\*

**WHEREAS**, by City of Houston Ordinance No. 2003-1330, the City Council of the City of Houston (the "City") created Reinvestment Zone Number Twenty-Two, City of Houston, Texas (the "Zone") pursuant to Chapter 311 of the Texas Tax Code, as amended (the "Code"), for the purposes of development within the area of the City generally referred to as the Leland Woods area of the City; and

**WHEREAS**, the Board of Directors of the Zone has approved the Project Plan and Reinvestment Zone Financing Plan attached hereto for the development of the Zone (the "Plan"); and

**WHEREAS**, before the Board of Directors of the Zone may implement the Plan, the City Council must approve the Plan; **NOW, THEREFORE**,

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:**

**Section 1.** That the facts and recitations contained in the preamble of this Ordinance are hereby found and declared to be true and correct and are hereby adopted as part of this Ordinance.

**Section 2.** That the Project Plan and Reinvestment Zone Financing Plan attached hereto for Reinvestment Zone Number Twenty-Two, City of Houston, Texas, are hereby determined to be feasible and are approved. The appropriate officials of the City are authorized to take all steps reasonably necessary to implement the Plan.

**Section 3.** That the City Secretary is directed to provide copies of the Plan to each taxing unit levying ad valorem taxes in the Zone.

**Section 4.** That if any provision, section, subsection, sentence, clause or phrase of this Ordinance, or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void or invalid, the validity of the remaining provisions of this Ordinance shall not be affected thereby, it being the intent of the City Council in adopting this Ordinance that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality,

voidness or invalidity of any other portion hereof, and all provisions of this Ordinance are declared to be severable for that purpose.

**Section 5.** That City Council officially finds, determines, recites and declares a sufficient written notice of the date, hour, place and subject of this meeting of the City Council was posted at a place convenient and readily accessible at all times to the general public at the City Hall of the City for the time required by law preceding this meeting, as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter thereof has been discussed, considered and formally acted upon. That City Council further ratifies, approves and confirms such written notice and the contents and posting thereof.

**Section 6.** That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 18<sup>th</sup> day of April, 2007.

APPROVED this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

\_\_\_\_\_  
Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is APR 24 2007.

[Signature]  
City Secretary

(Prepared by Legal Dept. [Signature])  
(DFM:dfm) Senior Assistant City Attorney  
(Requested by Judy Gray Johnson, Director, Finance and Administration Department)  
(L. D. File No. 0610300217010)  
H:\WPFILES\ORD\TIRZ\LELANDWOODS\ProjPlanOrd.wpd

AYE	NO	
✓		<b>MAYOR WHITE</b>
••••	••••	<b>COUNCIL MEMBERS</b>
✓		LAWRENCE
✓		JOHNSON
✓		CLUTTERBUCK
	ABSENT ON PERSONAL BUSINESS	EDWARDS
	ABSENT DUE TO BEING ILL	WISEMAN
✓		KHAN
✓		HOLM
✓		GARCIA
✓		ALVARADO
✓		BROWN
✓		LOVELL
✓		GREEN
	ABSENT	BERRY
CAPTION	ADOPTED	

REINVESTMENT ZONE NUMBER TWENTY-TWO,  
CITY OF HOUSTON, TEXAS

“LELAND WOODS TIRZ”

PROJECT PLAN  
AND  
REINVESTMENT ZONE FINANCING PLAN

**Reinvestment Zone Number Twenty-Two, City of Houston, Texas**  
**“Leland Woods”**  
**Project Plan and Reinvestment Zone Financing Plan**

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**PROJECT PLAN**

**A. TIRZ Project Description**

This document constitutes the Project Plan and Reinvestment Zone Financing Plan for the Reinvestment Zone Number Twenty-Two, City of Houston, Texas, a Tax Increment Reinvestment Zone (TIRZ) created pursuant to Chapter 311 of the Texas Tax Code.

On December 23, 2003, the City of Houston (“City”) created the TIRZ, also known as the “Leland Woods TIRZ”, by adopting Ordinance 2003-1330.

The TIRZ was created over approximately eighty (80) acres of vacant land, east of the intersection of East Little York Drive and Homestead Drive in northeast Houston.

Leland Woods will include the projects listed below.

**Development Projects and Public Infrastructure in the Leland Woods TIRZ**

- |                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• 373 single-family, affordably priced homes</li><li>• Park/open space with amenities and landscaping</li><li>• Public infrastructure – public streets, water lines, sanitary sewer lines, storm sewer lines, storm water detention</li><li>• Sound barrier and sidewalk along East Little York (a major thoroughfare)</li></ul> |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Expenditures associated with certain design, construction and financing of planned infrastructure, and other specific project related costs, will be funded by tax increment revenue derived from increases in property tax revenues throughout the duration of the Leland Woods TIRZ. Development is projected to increase taxable property values in the TIRZ to approximately \$45 million by the year 2013.

## **B. Developer and Financing Description**

The owner and developer of the project is Builders' Community Development Corporation (Builders' CDC). Builders' CDC hired a team of consultants to accomplish the development of the project.

In addition to the TIRZ financing, the developer has obtained conventional financing for development of the project as well as a "conditional performance loan" from the City's Department of Housing and Community Development.

## **C. Conditions and Circumstances of the Property**

### **Existing Abandoned Utility Lines:**

Existing, private abandoned water lines, sanitary sewer lines, and storm sewer lines traverse the site. However, due to their age, deteriorated condition and location, they cannot be used for development purposes. Therefore, the lines must be removed and the trenches backfilled at a cost of approximately \$41,000.

### **Water and Sanitary Sewer Line Extensions:**

Due to the lack of available water and sanitary sewer infrastructure on the property, approximately \$275,000 is required to extend existing water and sanitary sewer infrastructure to the site.

### **Storm Sewer Detention:**

Due to the lack of storm sewer or storm water detention to meet current City of Houston design criteria, approximately \$700,000 is required to dig detention ponds for the two sections of the project, not including land cost. Approximately 526,711 square feet of land at a pro rata land cost of approximately \$137,844, is required to be dedicated for storm water detention. The storm water detention requirements decrease the overall developable acreage of the property by approximately 15%. Additional detention costs for drainage into an off-site drainage ditch will be approximately \$350,000.

### **Sound Barrier and Sidewalk along Little York Road:**

The property is located on Little York Road, a major thoroughfare. In order to provide safe access to/from the property and sound attenuation for the residents along Little York, a sound barrier and sidewalk constructed at a cost of approximately \$229,000.

#### **D. The City's Justification for Creating the TIRZ**

Based on the lack of housing development in the northeast Houston community, market studies, market demand, and overall economic conditions, there is an opportunity to capture pent-up demand for affordably priced new homes in this underserved market.

The Leland Woods development project will provide social, economic, and quality of life benefits to the entire community. The proposed development will take place in a part of Houston that has seen minimal development to date. However, with the combination of the current favorable single family market conditions, the demand for affordably priced homes, and the public/private TIRZ financing partnership, the project is economically beneficial to the City, and in particular the northeast Houston community.

The above described utility infrastructure conditions hinder the developability of the property. The development costs impede the ability to provide single-family housing at affordable prices, without a public/private partnership in the form of a TIRZ. These conditions have contributed to the lack of development on this property.

The TIRZ will establish a funding mechanism for public infrastructure improvements that are essential for the attraction of private investment.

The City created TIRZ #22 based on the conditions and circumstances of the property and the fact that but for the creation of the TIRZ, development would not likely happen within a reasonably foreseeable future.

**E. Maps Showing Existing Uses and Conditions of Property in the TIRZ and Showing Proposed Improvements to and Uses of Property in the TIRZ.**

***Existing Land Uses and Conditions:***

The property is approximately eighty (80) acres in size. The property is vacant. The property has frontage on Little York Road. There are no useable utilities or infrastructure serving the site.

***Proposed Land Uses:***

The property will be developed with single-family lots and open space. The following maps depict the proposed public improvements.

***Maps:***

- Exhibit A TIRZ Boundary and Existing Land Use Map / Written Description for Leland Woods TIRZ Boundary
- Exhibit B Land Use and Improvement Plan
- Exhibit C Water Line Map
- Exhibit D Sanitary Sewer Line Map
- Exhibit E Storm Sewer/Detention Map

**F. Proposed Changes of Zoning Ordinances, Master Plan of Municipality, Building Codes, and Other Municipal Ordinances**

All construction will be done in conformance with existing rules and regulations of the City of Houston and Harris County. There are no proposed changes of any City building codes or ordinances.

**G. List of Estimated Non-Project Costs**

Costs that will be paid by the Developer, without reimbursement, are listed below.

**Leland Woods**

Non-Reimbursable Project Costs

Estimated Costs

Land	\$	912,000
Miscellaneous Land Development Soft Costs, Partial Clearing and Interest	\$	750,000
<b>Total</b>	<b>\$</b>	<b>1,662,000</b>

**H. Displacement of Residents**

All land within the proposed TIRZ is vacant. There will be no displacement of residents.

**REINVESTMENT ZONE FINANCING PLAN**

**A. A Statement of the Kind, Number, and Location of all Proposed Public Works or Public Improvements in the Zone.**

Exhibits C, D, and E show the proposed public improvements, including streets and water/sanitary sewer/storm sewer lines. Other improvements include recreational amenities and landscaping in public open spaces, and a sound barrier and sidewalk along East Little York, a City designated major thoroughfare.

**B. A List Describing the Estimated Project Costs of the Zone is Shown Below, including Creation and Administration Costs**

**Leland Woods**

Public Infrastructure and Related Items Estimated Costs

<b>Public Infrastructure</b>	
Water, Sanitary Sewer, Storm Sewer, Streets, Detention, Contingency and Engineering	\$6,089,985 see phases below
<b>Landscaping/Sound Barrier/Sidewalk</b>	
Recreational Amenities and Landscaping in Open Spaces	\$220,000
Sounds Barrier, Sidewalk on East Little York (major thoroughfare)	\$229,500
<b>Reinvestment Zone Creation/ Administration</b>	
Interest on infrastructure costs	\$1,800,000
Zone Creation	\$53,000
Zone Administration - duration of Zone (30 years)	\$165,000
<b>Total</b>	<b>8,457,485</b>

<u>Section 1</u>		<u>Section 2</u>	
Phase 1	\$1,557,668	Phase 1	\$2,089,656
Phase 2	\$1,308,520	Phase 2	\$1,134,142
<b>Total Hard Costs, Engineering, and Contingency</b>		<b>\$6,089,985</b>	

**C. Estimated Time When Monetary Obligations Are Incurred**

Costs will be incurred in accordance with the phasing described above (Section 1-construction 2005-06, and Section 2—construction 2007-08).

**D. Estimated Amount of Bonded Indebtedness**

The City, at its sole discretion, may issue bonds, notes, or other obligations secured by tax increment revenues, the proceeds of which could be used to pay for or reimburse developers for Project Costs, including public improvements, interest, developer costs, and costs associated with the bond issue. The City, at its sole discretion, may issue one or more series of bonds or notes at the time the Zone generates sufficient tax increment revenues to pay principal and interest on such obligations. However, the City may elect to pay for Project Costs directly from tax increment proceeds as they become available, without the sale of bonds or notes.

**E. Methods of Financing and Sources of Revenue**

Tax increment revenues will be derived from the construction of 373 single family homes, beginning with an initial average value of \$111,000 and increasing over time. In addition, revenue derived from the sales of lots in the project will fund TIRZ-related project and financing costs. Development is projected to increase taxable property values in the Leland Woods TIRZ to approximately \$45 million in the year 2013.

Table A depicts the build-out projection and the annual captured appraised value for the new single family homes proposed in the TIRZ. Table B depicts the projected revenue schedule for the TIRZ with City-only participation.

To ensure timely construction of public improvements, both “pay-as-you-go” and/or bond financing may be utilized. These include:

**Tax Increment Bonds or Notes:** As allowed by annual incremental increased in Zone assessed value, tax-exempt tax increment bonds or notes may be issued to fund improvements.

**Bond Anticipation Notes:** Notes issued in anticipation of tax increment or bond revenue may be issued to speed up implementation of particular projects as warranted.

**Other Private Financing:** The project will be developed using traditional bank financing subject to future TIRZ fund reimbursement provided to the Developer.

**Tax Increment Contract Revenue Bonds:** The City may elect to create a Redevelopment Authority with the authority to issue all or part of the debt contemplated in the Plan. The Board may elect to enter into Development

Agreements with the developer to provide for public projects in furtherance of the provisions of the Plan. In such situations, development agreements may be subject to the developer's ability to generate sufficient increment to fund the agreement.

**Percentage of Increment Dedicated to the Zone:**

The percentage of tax value increment anticipated to be dedicated to the Zone follows.

<b>Taxing Unit</b>	<b>Dedicated Tax Rate</b>	<b>% of Total Participation</b>
City of Houston	\$0.645/\$100 valuation	100%
<b>TOTAL</b>	<b>\$.645/\$100 valuation</b>	<b>100%</b>

**Tax Increment Fund:**

The City of Houston will establish and maintain the Zone's tax increment fund. The City will deposit an amount of money into the tax increment fund equal to the City's ad valorem tax revenues collected from the taxable property in the Leland Woods project, less the tax increment base revenue. The City will deposit revenues derived from all taxing jurisdictions participating in the TIRZ into the tax increment fund, in accordance with the conditions of an agreement with each jurisdiction's participation.

**F. Duration of the Zone**

The City created the TIRZ for a period of thirty (30) years. The TIRZ may be dissolved, at an earlier time designated by subsequent City ordinance, or at such time, subsequent to the issuance of any bonds, notes or other obligations that all project costs, bonds, notes or other obligations have been paid in full.

**G. Economic Feasibility Study**

Attached as Exhibit F hereto is a Single Family Housing Market Demand Analysis demonstrating the feasibility of the proposed residential development.

**Tables**

- Table A Leland Woods - Schedule of Zone Estimated Captured Appraised Value
- Table B Leland Woods - Proposed Zone Revenue Schedule

**Exhibits**

- Exhibit A Leland Woods TIRZ Boundary Map / Written Description for Leland Woods TIRZ Boundary
- Exhibit B Leland Woods Land Use Plan
- Exhibit C Water Line Map
- Exhibit D Sanitary Sewer Line Map
- Exhibit E Storm Sewer/Detention Map
- Exhibit F Market Study

Table A

**LELAND WOODS  
Residential Buildout Schedule**

	2007		2008		2009		2010		2011		2012		2013		Total Units	Total Value
	Home Units	Home Value														
<b>Residential Development</b>																
Single Family Homes	20	\$ 2,200,000	60	\$ 6,780,000	60	\$ 7,020,000	60	\$ 7,200,000	60	\$ 7,500,000	60	\$ 7,800,000	53	\$ 7,420,000		
<b>Total Home Sales</b>	20	20 @ \$111,000	60	60 @ \$113,000	60	60 @ \$117,000	60	60 @ \$120,000	60	60 @ \$125,000	60	60 @ \$130,000	53	53 @ \$140,000	373	
<b>Total Captured Value</b>		\$2,200,000		\$6,780,000		\$7,020,000		\$7,200,000		\$7,500,000		\$7,800,000		\$7,420,000		\$ 45,920,000

TABLE A

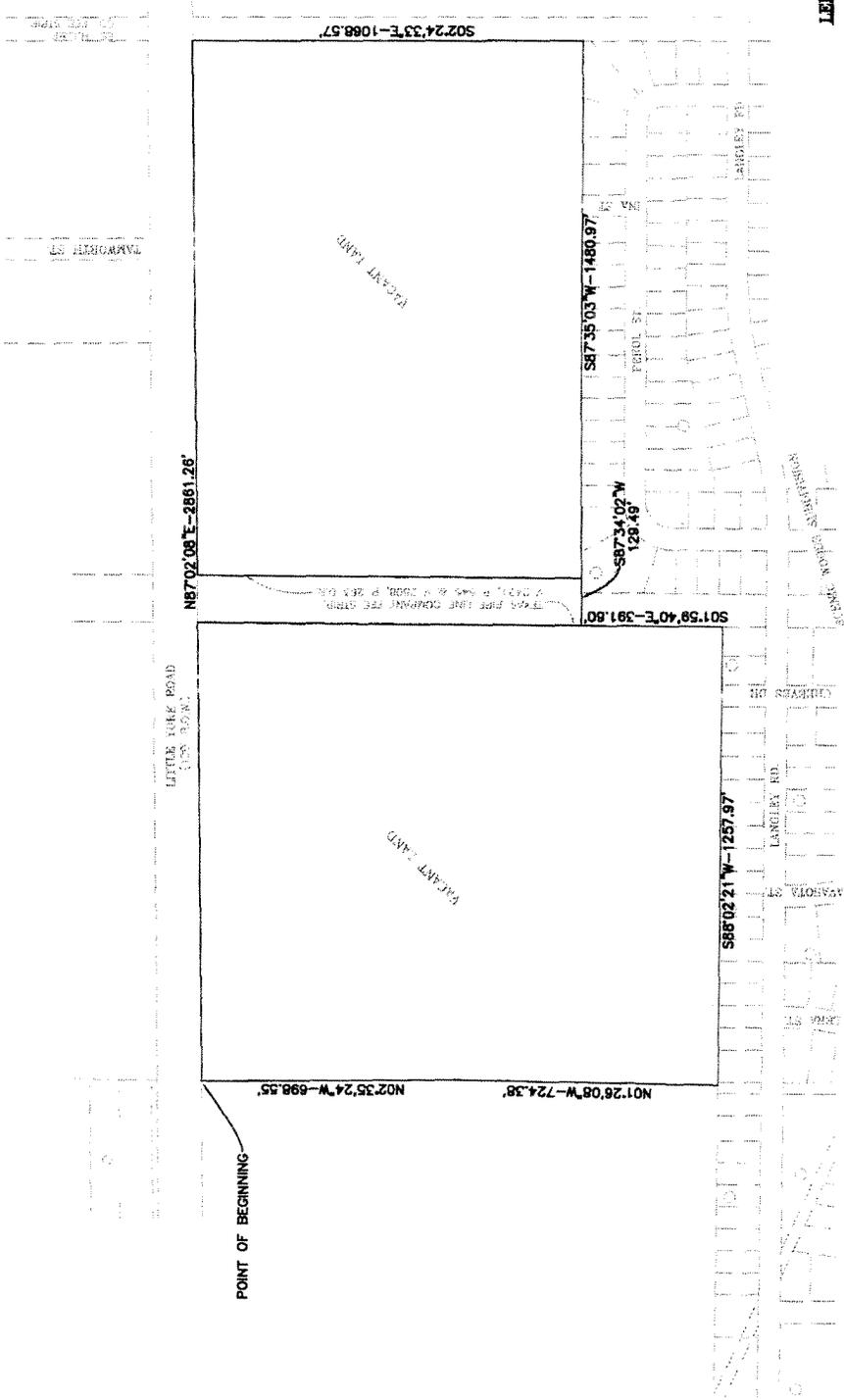
## LELAND WOODS TIRZ Revenue Schedule

Table B

Year	Tax Coll. Year	Cumulative Incremental Value of Development	City of Houston Tax Rate	City of Houston Zone Collection - GROSS	Cumulative Zone Revenue Available for Projects - GROSS	Cumulative Net Zone Revenue Inclusive of City Admin. and Municipal Services
			\$ 0.64500			
2006	2007					
	2008	\$ 2,200,000	\$ 0.6450	\$ 11,068	\$ 11,068	10,515
	2009	\$ 8,980,000	\$ 0.6450	\$ 45,178	\$ 56,247	53,434
	2010	\$ 16,000,000	\$ 0.6450	\$ 80,496	\$ 136,743	129,905
	2011	\$ 23,200,000	\$ 0.6450	\$ 116,719	\$ 253,462	240,789
	2012	\$ 30,700,000	\$ 0.6450	\$ 154,452	\$ 407,913	387,518
	2013	\$ 38,500,000	\$ 0.6450	\$ 193,694	\$ 601,607	571,527
	2014	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 832,631	790,999
	2015	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 1,063,654	1,010,471
	2016	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 1,294,678	1,229,944
	2017	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 1,525,701	1,449,416
	2018	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 1,756,725	1,668,888
	2019	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 1,987,748	1,888,361
	2020	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 2,218,772	2,107,833
	2021	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 2,449,795	2,327,305
	2022	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 2,680,819	2,546,778
	2023	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 2,911,842	2,766,250
	2024	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 3,142,866	2,985,722
	2025	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 3,373,889	3,205,195
	2026	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 3,604,913	3,424,667
	2027	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 3,835,936	3,644,139
	2028	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 4,066,960	3,863,612
	2029	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 4,297,983	4,083,084
	2030	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 4,529,007	4,302,556
	2031	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 4,760,030	4,522,029
	2032	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 4,991,054	4,741,501
	2033	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 5,222,077	4,960,974
	2034	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 5,453,101	5,180,446
	2035	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 5,684,124	5,399,918
	2036	\$ 45,920,000	\$ 0.6450	\$ 231,024	\$ 5,915,148	5,619,391
				\$ 5,915,148		\$ 5,619,391

1. Assumes homestead exemption at 20%
2. Assumes a tax collection rate of 97.5%
3. All numbers are preliminary and subject to change
4. City Administration assumed at 5%

TABLE B



**LELAND WOODS TRIZ BOUNDARY  
MAP AND LAND USE PLAN**

77.25 ACRES OUT OF THE S. KELLY  
SURVEY, A--495 & E. NOLAN SURVEY A--800,  
CITY OF HOUSTON, HARRIS COUNTY, TEXAS  
DEC., 2003 SCALE: N.T.S.  
JNS JOB No. 276-04

**JNS**  
JNS CONSULTING ENGINEERS, INC.  
10000 Katy Freeway, Suite 1000  
Houston, Texas 77054-3111  
www.jns-engineers.com

Exhibit A proof

STATE OF TEXAS  
COUNTY OF HARRIS

SAMUEL KELLY SURVEY, A-495  
ELI NOLAND SURVEY, A-600

Description

Description of an 80.42 acre tract of land located in the Samuel Kelly Survey, Abstract No. 495 and the Eli Noland Survey, Abstract No. 600, Harris County, Texas and being more particularly described by Metes and Bounds as follows (with bearings referenced to the Texas State Plane Coordinate System, South Central Zone, based on the City of Houston Survey Markers 5562 - 1002 and 5562 - 1104):

BEGINNING at a 5/8-inch iron rod found in the southerly right-of-way line of East Little York Road (based on a width of 120 feet) and marking the northwesterly corner of the herein described tract of land;

THENCE, N 87° 02' 08" E, along the southerly right-of-way line of East Little York Road, a distance of 2,861.26 feet to a 3/4-inch iron pipe found for the northeasterly corner of the herein described tract;

THENCE, S 02° 24' 33" E, a distance of 1,068.57 feet to a 5/8-inch iron rod found for the northeasterly corner of Block 25 of Scenic Woods, a subdivision as per plat recorded in Volume 46, Page 9 of the Harris County Map Records;

THENCE, S 87° 35' 03" W, along the north line of said Scenic Woods subdivision, a distance of 1,480.97 feet to a 5/8-inch iron rod found for corner;

THENCE, S 87° 34' 02" W, continuing along the north line of said Scenic Woods subdivision, a distance of 129.49 feet to a one inch pinched top pipe found for corner;

THENCE, S 01° 59' 40" E, a distance of 391.60 feet to a capped 5/8-inch iron rod stamped "JNS Engineers" set marking the northeasterly corner of Lot 2, Block 26 of said Scenic Woods subdivision;

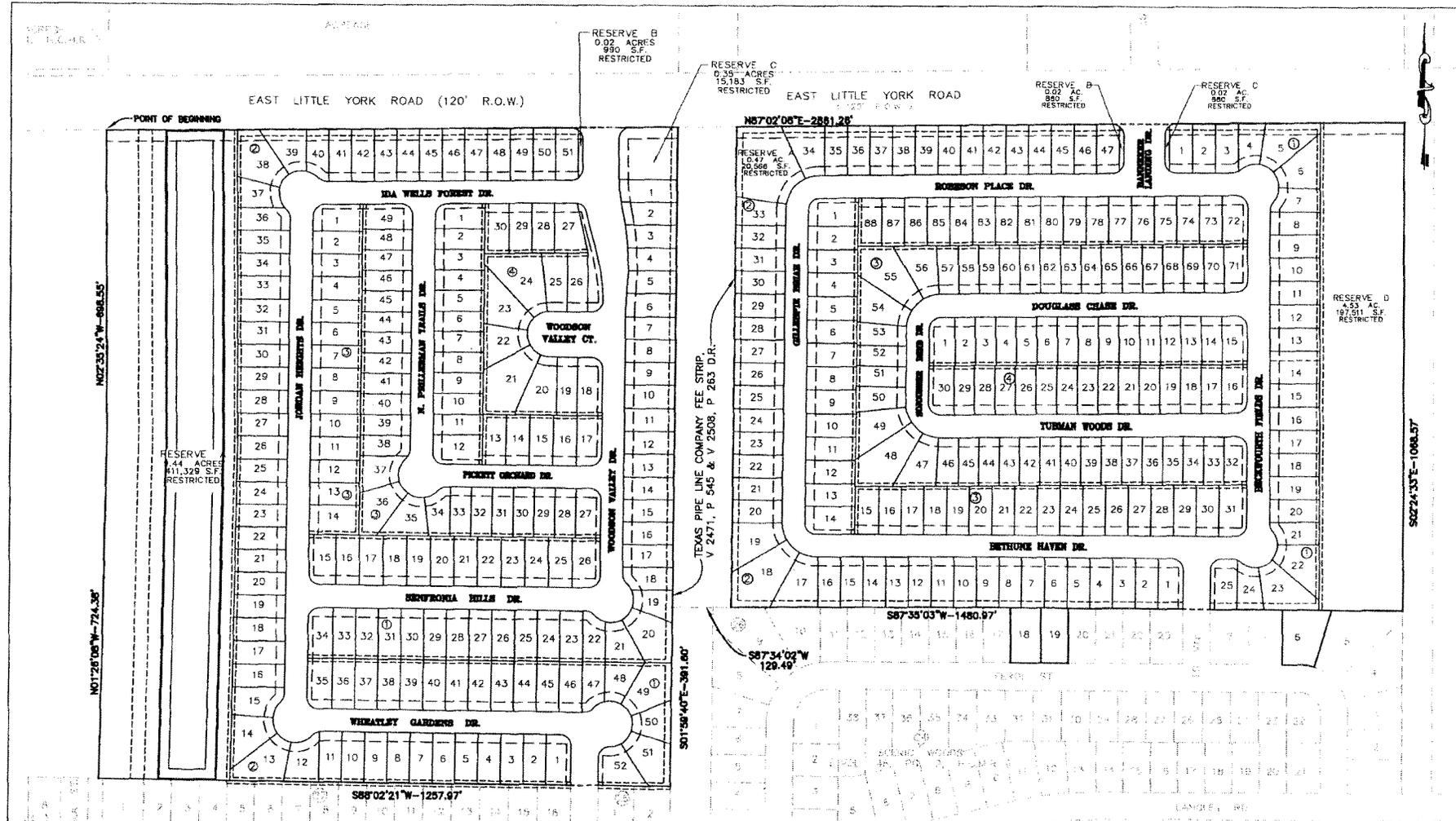
THENCE, S 88° 02' 21" W, continuing along the northerly line of Scenic Woods subdivision, a distance of 1,257.97 feet to a capped 5/8-inch iron rod stamped "JNS Engineers" set marking the southwesterly corner of the herein described tract;

THENCE, N 01° 26' 08" W, a distance of 724.38 feet to a 5/8-inch iron rod found for corner;

THENCE, N 02° 35' 24" W, a distance of 698.55 feet to the POINT OF BEGINNING and containing 80.42 acres of land.

DATE: March 27, 2002  
JOB NO.: 276-04  
JNS Consulting Engineers, Inc.  
17171 Park Row, Suite 160  
Houston, Texas 77084  
(713) 973-9139

Exhibit B  
 Plot 2



SECTION ONE 182 LOTS 41.31 ACRES	SECTION TWO 190 LOTS 35.94 ACRES	SCENIC WOODS 3 LOTS	TOTAL LOTS 375 LOTS
----------------------------------------	----------------------------------------	------------------------	------------------------

**GENERAL PLAN FOR  
 LEILAND WOODS**  
 77.25 ACRES OUT OF THE S. KELLY  
 SURVEY, A-495 & E. MOULAND SURVEY A-600,  
 CITY OF HOUSTON, HARRIS COUNTY, TEXAS  
 DEC., 2003 SCALE: 1"=100'  
 JNS JOB No. 278-04

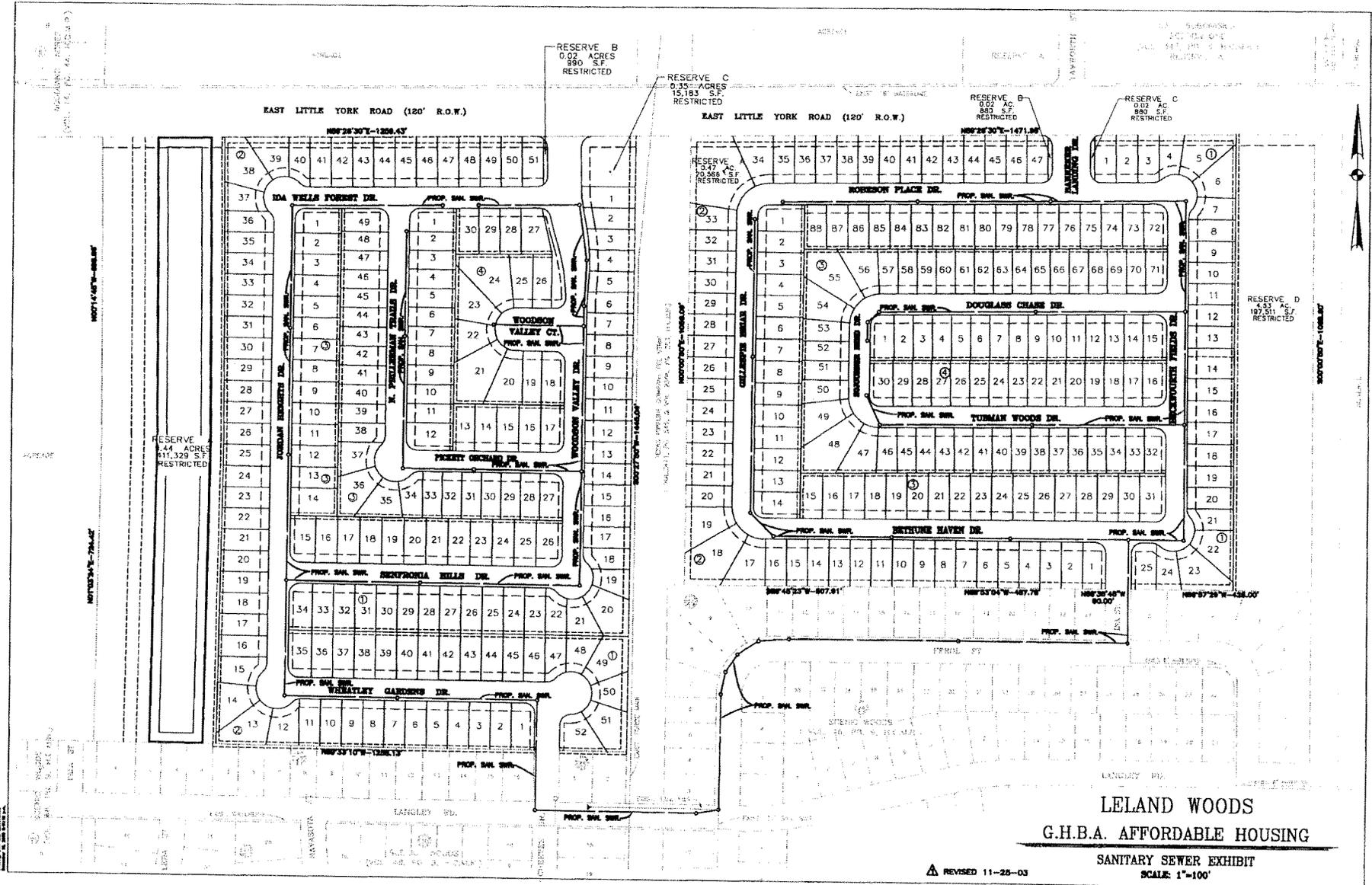
**JNS**  
 JNS CONSULTING ENGINEERS, INC.  
 10010 FINE BAY, FLOOR 30  
 HOUSTON, TEXAS 77055-1716

S0224'35"E-1008.57'





Exhibit D



**LELAND WOODS**  
**G.H.B.A. AFFORDABLE HOUSING**  
**SANITARY SEWER EXHIBIT**  
**SCALE 1"=100'**

REVISED 11-25-03



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***SINGLE FAMILY  
HOUSING MARKET  
DEMAND ANALYSIS***

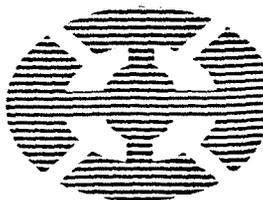


***SCENIC WOODS NORTH  
Northeast Houston***

*Prepared for:*

**Greater Houston Builders Association**

April 5, 2001



American

**METRO/STUDY**

Corporation

EXHIBIT F

*Scenic Woods North*

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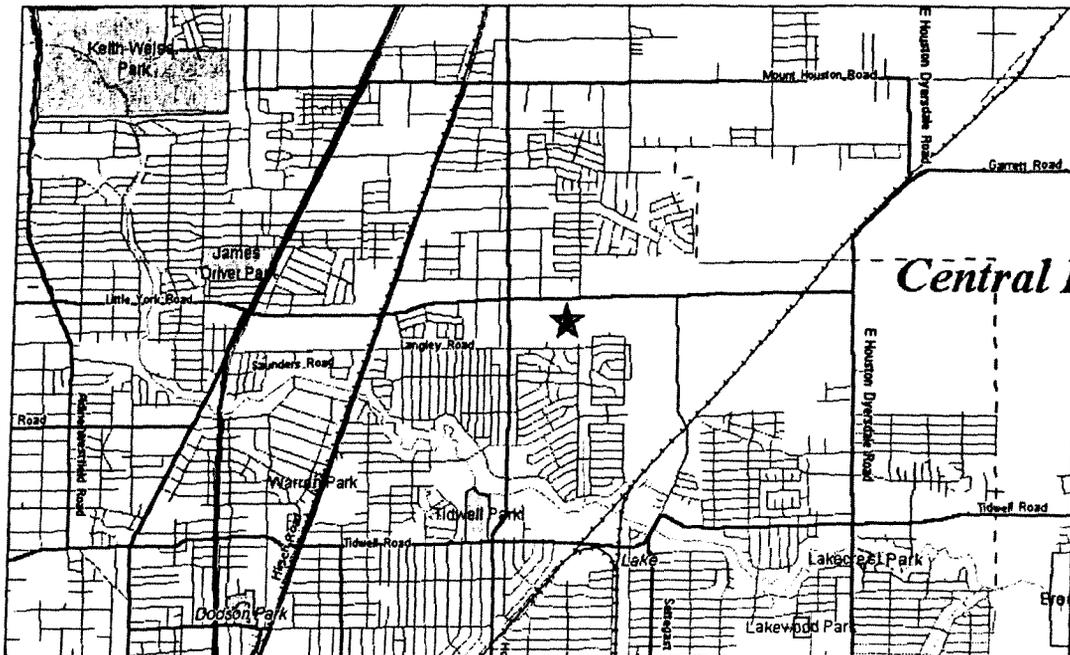
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## I. Executive Summary

### A. Introduction

The purpose of this report is to assess potential demand for a 74-acre tract in Northeast Houston inside the Beltway. Scenic Woods North is located on the south side of East Little York between Homestead Road and North Wayside Drive (see map below).



According to preliminary plans, the property will be developed with 50 to 55 foot wide lots to accommodate housing priced from approximately \$70,000 to \$130,000 (two product lines). There will be as many as 355 lots in the development, which will be appointed with a soccer field, basketball court, and parks with playgrounds. The site is also heavily wooded.

The remainder of this section summarizes the key findings of our research into the Target Market Area (TMA), including demographics, housing market statistics (new and re-sale), and school district performance. We have also included a section that compares the subject site with Corinthian Pointe, a new-home community in Southwest Houston for low to moderate income families. Conclusions, including absorption projections, are included in part D of this section.

## **B. Target Market Area**

The TMA surrounding the subject site corresponds with the North Forest Independent School District boundary. The proposed development will have the potential to draw homebuyers from outside the TMA, but the district boundary, in our opinion, contains the most likely prospects for Scenic Woods North. A map of the TMA can be found on page 10.

- The TMA can be characterized as a low-income area with an average household income of \$45,442, which is \$26,000 less than the Houston area average household income. These lower incomes must support more persons per household, as well. The TMA average household size is 3.41 persons, which is significantly higher than the Houston Metro average of 2.76 persons. The 62 percent of households with three or more persons illustrate the prominence of families living in the area.
- The resale housing market in the TMA is experiencing increased activity. In 1997, only 53 homes were sold through the Multiple Listing Service (MLS). In 1998, this figure was up 38 percent to 73 sales, and in 1999 83 homes were sold. The TMA broke the 100 sales barrier in 2000 with 101 closings. The increased demand has led to higher prices. In 1997, the median price of a home sold in the area was \$33,450. Three years later, the average sale price is up 42 percent to \$47,355 (2000). The area of strongest demand is the \$40,000 to \$60,000 price range, accounting for over half of MLS sales in 2000.
- TMA resale home prices are significantly lower than that of overall Houston. According to the Houston Association of Realtors, the median price of a home sold through the Houston MLS was \$118,500, and the average price was \$157,300. The low prices in the TMA are partially due to the age of the homes, which were built in 1961, on average (based on 2000 sales). It may also be indicative of the poor state of much of the existing housing stock, and certainly reflects the general blight of the surrounding area.
- School performance is a significant factor for any housing development targeting families. Metro/Study compared North Forest I.S.D. to the surrounding school districts: Aldine I.S.D., Galena Park I.S.D., Houston I.S.D., Humble I.S.D., and Sheldon I.S.D. Of these six districts, North Forest ranks number 6 in attendance rate, number 5 in dropout rate, number 4 in percent tested for college admissions, and number 6 in SAT mean score. North Forest has the fourth lowest student to teacher ratio.

Overall, North Forest earned an “Acceptable” rating from the Texas Education Agency (TEA), as did H.I.S.D., Humble I.S.D., and Sheldon I.S.D. Metro/Study has also presented the ethnic makeup of these school districts, according to the TEA, later in this report.

### C. Scenic Woods North vs. Corinthian Pointe

Corinthian Pointe is located in Southeast Houston near the intersection of South Post Oak Road and West Orem Drive. It is developed by Pyramid Community Development Corporation, a not-for-profit organization founded by Reverend Kirbyjohn Caldwell, pastor of Windsor Village United Methodist Church. The 234-acre property is larger than Scenic Woods, but its development in a low to moderate income area could provide insight into the proposed Scenic Woods North.

Metro/Study examined a two-mile radius area surrounding Scenic Woods North and Corinthian Pointe in order to compare demographics, housing construction, and schools. A map of the 2-mile radius boundaries is located on page 21.

- According to the 1990 Census (compiled by Claritas), the areas surrounding Scenic Woods North and Corinthian Pointe were similarly populated. The 32,600 people around Corinthian Pointe is only 1,100 more than the 31,500 people surrounding Scenic Woods North.
- Households are larger in Northeast Houston compared to Southeast Houston, according to 2000 estimates by Claritas. In the Scenic Woods North area, the average household size is 3.46 people, which is higher than the 3.29 average household size in the Corinthian Pointe area. Both areas have significantly larger households than overall Houston at 2.76 persons per household. The need for housing to accommodate the large number of families in both areas is evident.
- Though population and households are somewhat similar in these two areas, the difference in household incomes is more pronounced. The median household income in 2000 is estimated to be \$38,880 in the Scenic Woods North area. This is \$9,260 less than that of Corinthian Pointe, which is \$48,140. Both figures are less than the Houston Metro median income of \$58,500. These income figures are a reflection of buying power, and it is evident that the area around Scenic Woods North will have fewer potential homebuyers than the area around Corinthian Pointe (based on income).
- Before 1999, there was very little housing activity in both these areas of town. Near Scenic Woods North, though, some construction activity was observed as 15 homes were started in 1999. This figure was up to 28 new home starts in 2000, 21 of

which were in the Park North subdivision on Wayside south of East Little York. According to the builder, homes in this subdivision were generally priced from \$70,000 to \$100,000.

- Around Corinthian Pointe, the new-home market has been particularly active compared to previous years. There were 69 starts in 1999, but this grew to 243 starts in 2000. All of these starts were in three developments: Green Park (119 starts), Corinthian Pointe (102 starts), and Post Oak Place (22 starts). Green Park and Post Oak Place are priced from approximately \$70,000 to \$100,000, and Corinthian Pointe is priced from approximately \$70,000 to \$160,000.
- Finally, Metro/Study compared the specific schools near the subject sites. Students in Corinthian Pointe attend Madison High School, and students in Scenic Woods would be expected to attend Smiley High School. These schools are somewhat comparable, each scoring similar scores on the ACT and SAT college entrance tests. A higher percentage of students scored at or above criterion on the SAT or ACT at Smiley High School, but a much higher percentage of Madison High School students took at least one of these tests. Though the performance of these two schools are comparable, neither compares favorably with the state averages.
- At the elementary and middle school levels, the schools around either site again performed similarly. The one exception would be the superior performance of Northwood Middle School in the North Forest I.S.D. This school earned a "Recognized" rating from the TEA for the 1999-2000 school year. Unfortunately, the school is now closed, and the nearest middle school is Oak Village, which earned an "Acceptable" rating last year.

## **D. Conclusions**

Developers have largely ignored the northeast area of Houston over the past ten years. The area went backwards during the eighties, losing households to the difficult economic times. This area surrounding the subject site has been slow to recover, but a few modest new home developments have emerged in recent years. Northeast Houston has yet to see, though, a large-scale development designed to meet the housing needs of lower income families.

An examination of the TMA has produced a “mixed bag” of results. On one hand, the resale housing market is showing signs of life, with increased closings and higher home prices. This, combined with the successful development of Park North near the subject site, is a positive element when considering the potential development of Scenic Woods North. But even though the resale housing market is improving, the overall sales rate is still somewhat modest (only 100 sales per year), and average sale prices are only \$47,000 in 2000, which is quite low.

In terms of demographics, particularly household incomes, indicators are not very favorable for new home development. The median household income around the subject site is significantly less than the overall Houston median, and it is \$9,300 less than the area surrounding Corinthian Pointe. There is a fairly large population base, however, an estimated 53,000 people in nearly 16,000 households within the TMA.

The school district is also a two-sided issue for Scenic Woods North. The North Forest I.S.D. does not compare very favorably with the five districts that it borders, in terms of attendance rate, dropout rate, and college entrance examination. However, the schools near the subject site are comparable to the schools that children in Corinthian Pointe attend. So the quality of the schools has, apparently, not been enough of an issue in Southwest Houston to significantly thwart the attempts of new development there.

Overall, our initial research proved to be inconclusive, in our opinion. Therefore, we interviewed realtors in the area and conducted informal consumer research at major employers in the area. The results of this research are detailed in two separate reports accompanying this one under separate cover. The interviews with the realtors in the area indicated that they are somewhat polarized concerning the proposed development. Four of the seven realtors were favorably predisposed towards development and were prepared to support. Three others, however, did not seem to think the venture was a good idea. Past

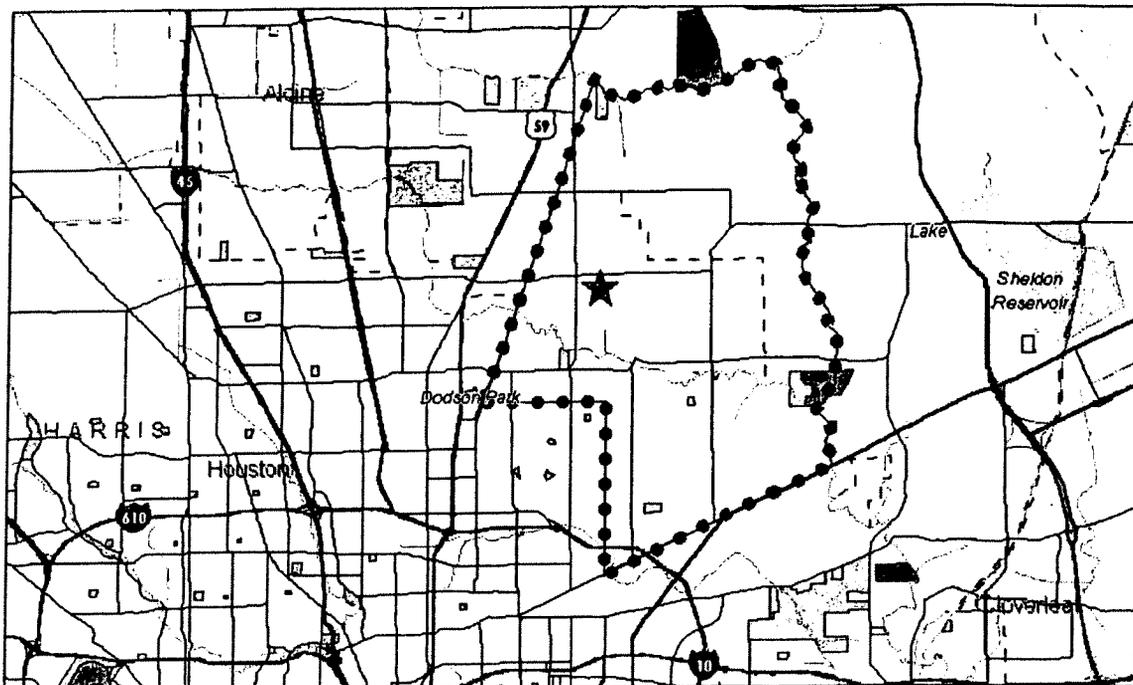
realtor research that we have conducted has typically displayed more unanimity among the sample.

Metro/Study also interviewed (person-to-person) 28 qualified prospects who work in or near the TMA. While 93 percent of those surveyed were familiar with the area, only 11 percent indicated that they were very interested in a new home at the proposed site, and only one in ten described the location as "favorable". There was definitely some interest in the property, but most of the respondents indicated that they wanted to avoid this part of town.

The mixed tenor of the realtor and consumer research makes us cautious regarding the development of Scenic Woods North. Risks associated with the development appear to be very high. Since there is currently no meaningful new home development in the area, the site will be expensive to market and difficult to sell. The development and impending build out of Park North is significant, however. If this modest development can absorb 20 homes in one year, we would project Scenic Woods North to absorb 50 to 70 units per year. The competitive environment will change when/if North Forest Estates comes to market, so we would project Scenic Woods North to absorb 40 to 60 units per year with the added competition.

**II. Target Market Area**

**A. TMA Map**



**B. Demographics**

**Target Market Area  
Population and Household Trends  
1980, 1990, and 2000 Estimate**

Year	Number	Net Change	Avg. Annual Growth
<i>Population</i>			
1980	64,807	*	*
1990	53,451	-11,355	-1,136
2000	57,757	4,305	431
<i>Households</i>			
1980	18,057	*	*
1990	15,829	-2,228	-223
2000	16,921	1,092	109

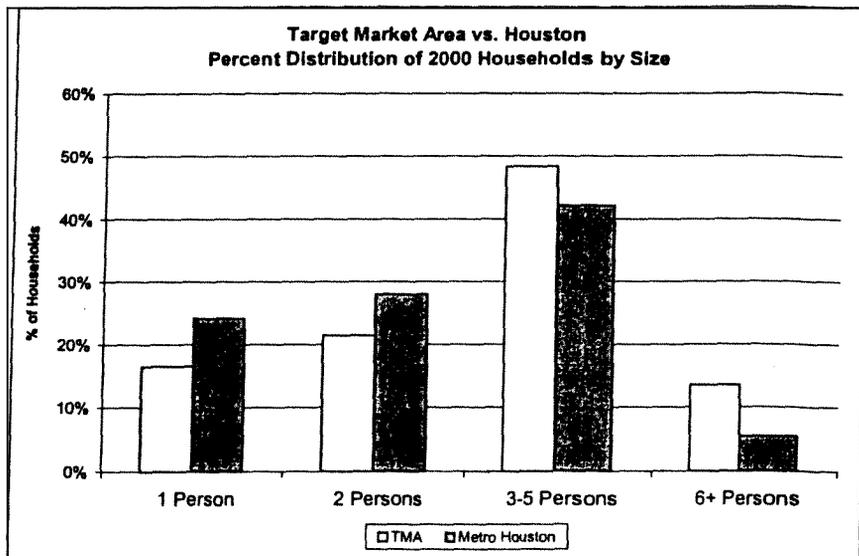
SOURCE: Claritas

**Target Market Area  
Household Size Profile  
2000 Estimate**

Household Size	2000	% Distrib.
1 Person	2,806	16.6%
2 Persons	3,634	21.5%
3-5 Persons	8,188	48.4%
6+ Persons	2,293	13.6%
<b>TOTAL</b>	<b>16,921</b>	<b>100%</b>

TMA Average HH Size: 3.41  
Houston Metro Avg. HH Size: 2.76

*SOURCE: Claritas*



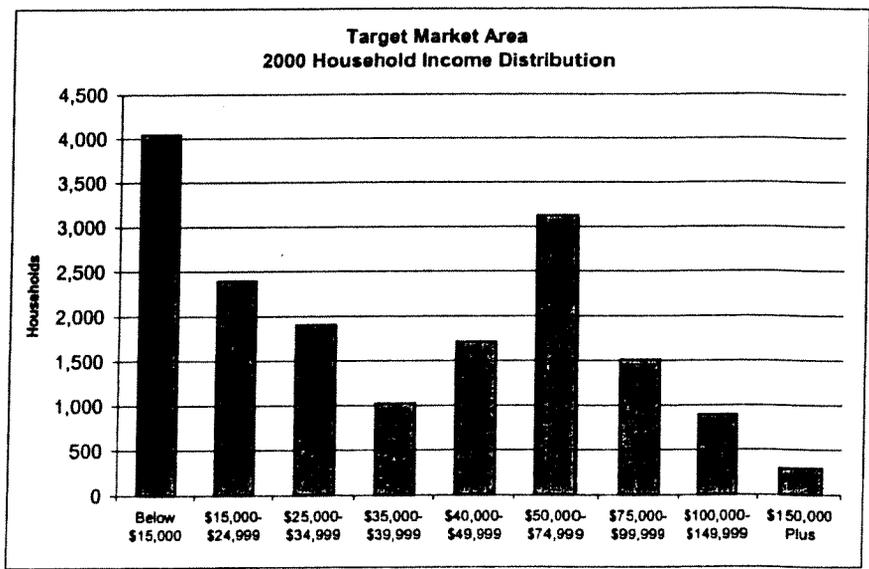
**Target Market Area  
Income Profile of Households  
2000 Estimate**

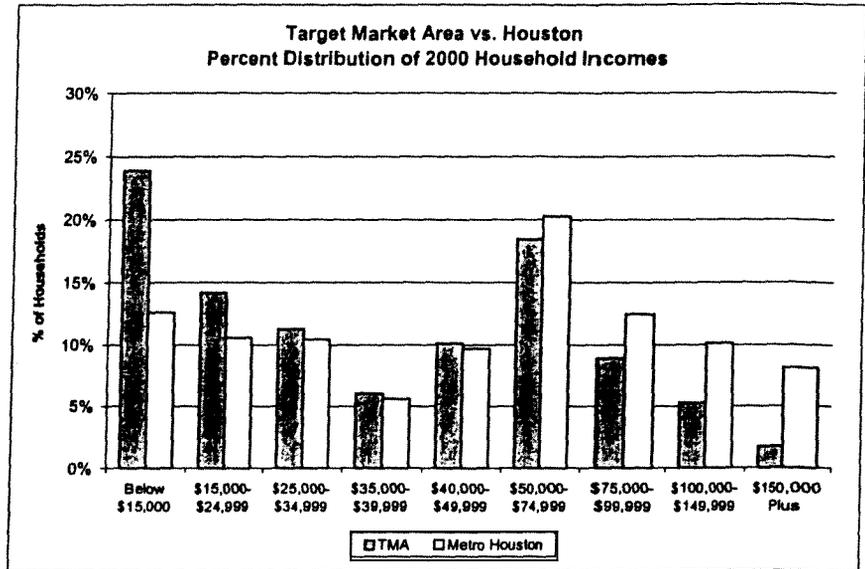
Household Income	2000	% Distrib.
Below \$15,000	4,047	23.9%
\$15,000-\$24,999	2,399	14.2%
\$25,000-\$34,999	1,906	11.3%
\$35,000-\$39,999	1,026	6.1%
\$40,000-\$49,999	1,714	10.1%
\$50,000-\$74,999	3,126	18.5%
\$75,000-\$99,999	1,511	8.9%
\$100,000-\$149,999	895	5.3%
\$150,000 Plus	298	1.8%
<b>TOTAL</b>	<b>16,921</b>	<b>100%</b>

TMA Median HH Income: \$36,356  
 TMA Average HH Income: \$45,442

Houston Metro Med. HH Income: \$58,492  
 Houston Metro Avg. HH Income: \$71,459

*SOURCE: Claritas*



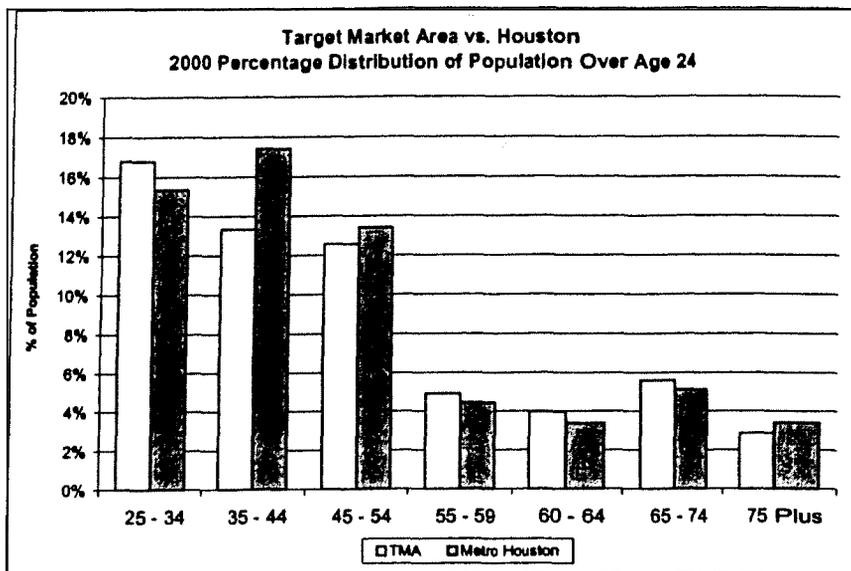


**Target Market Area  
Population Distribution by Age  
2000 Estimate**

Age Range	Population	% Distrib.
0 - 24	23,053	39.9%
25 - 34	9,695	16.8%
35 - 44	7,713	13.4%
45 - 54	7,270	12.6%
55 - 59	2,839	4.9%
60 - 64	2,298	4.0%
65 - 74	3,230	5.6%
75 Plus	1,656	2.9%
<b>Totals</b>	<b>57,757</b>	<b>100%</b>

TMA Median Age: 30.8  
Houston Metro Median Age: 33.5

*SOURCE: Claritas*

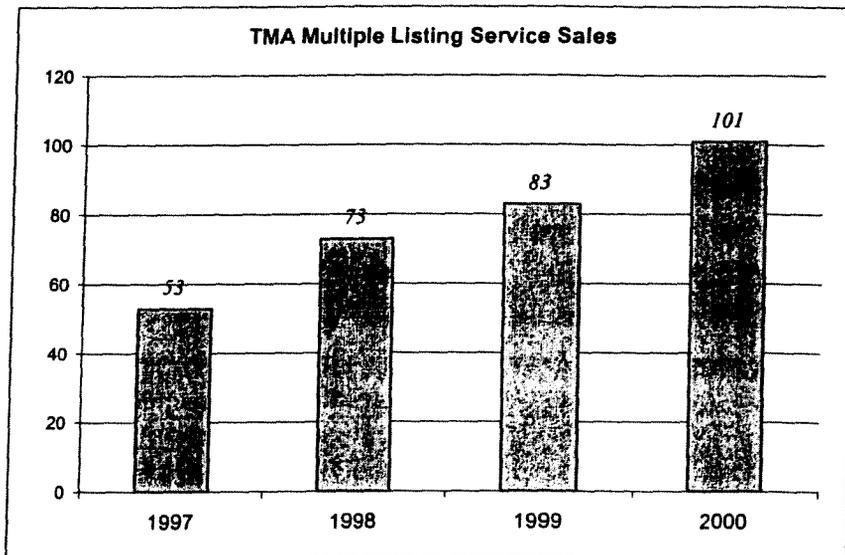


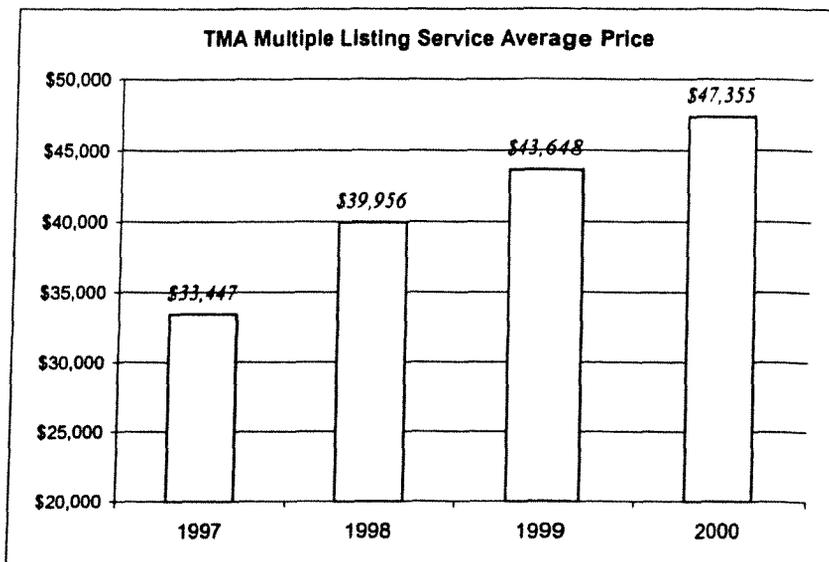
**C. Resale Housing Market**

**Target Market Area  
Multiple Listing Service Sales History**

Year	Sales	Avg. Sale Price	Avg. Age of Home
1997	53	\$33,447	1959
1998	73	\$39,956	1961
1999	83	\$43,648	1963
2000	101	\$47,355	1961

*Source: Houston Association of Realtors*





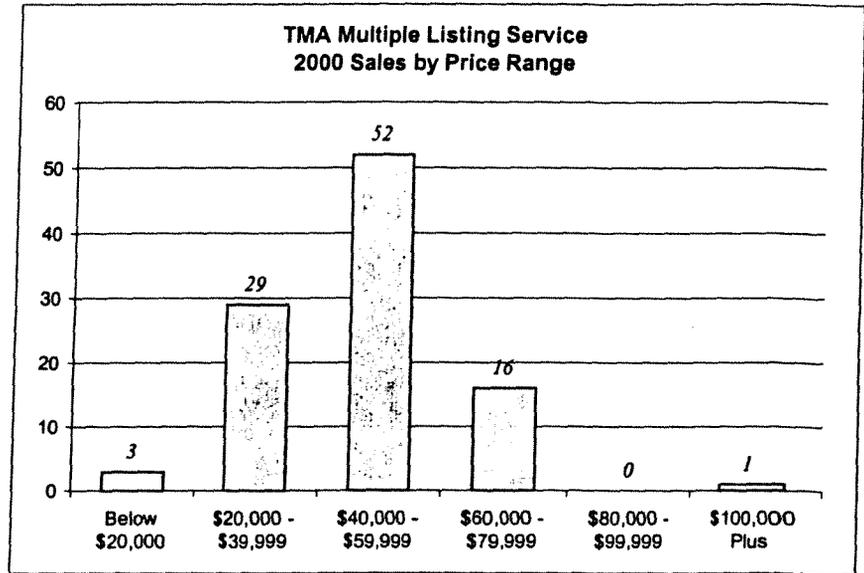
**Target Market Area  
Multiple Listing Service Sales by Price  
2000**

Price Range	Sales	% Distrib.	Current Inventory*	Months of Supply**
Below \$20,000	3	3%	1	4.0
\$20,000 - \$39,999	29	29%	8	3.3
\$40,000 - \$59,999	52	51%	12	2.8
\$60,000 - \$79,999	16	16%	8	6.0
\$80,000 - \$99,999	0	0%	2	n/a
\$100,000 Plus	1	1%	0	0.0
<b>Total</b>	<b>101</b>	<b>100%</b>	<b>31</b>	<b>3.7</b>

*Source: Houston Association of Realtors*

\* As of March 21, 2001 (using list price)

\*\* Based on MLS sales in 2000



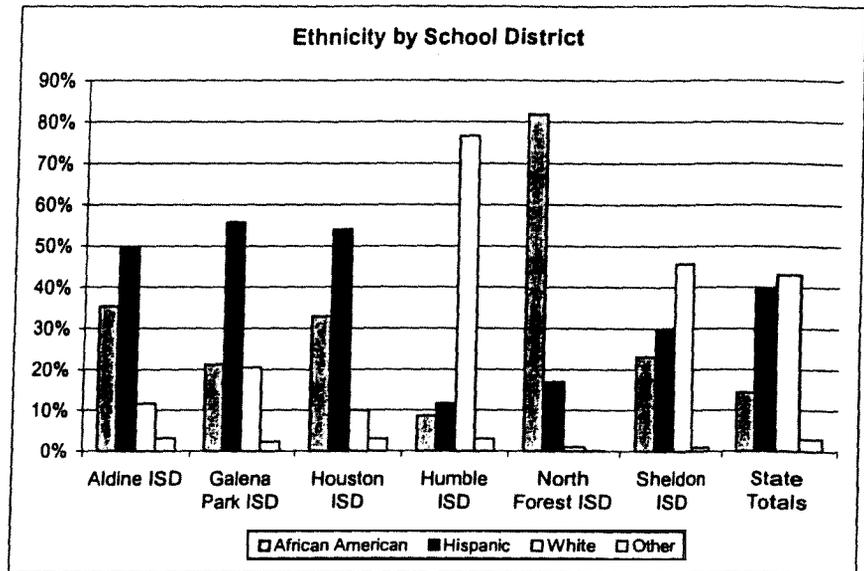
### D. School District Comparison

<b>School District Summary 1998-1999 Figures</b>						
District	Total Students	Attend. Rate	Dropout Rate	Students per Teacher	College Admissions	
					Percent Tested	SAT Mean Score
Aldine ISD	50,890	95.3%	1.5%	14.8	53.6%	865
Galena Park ISD	18,167	95.3%	1.5%	16.4	41.2%	945
Houston ISD	209,716	94.2%	3.9%	18.0	59.5%	935
Humble ISD	23,855	95.7%	0.4%	15.3	83.7%	1062
North Forest ISD	21,603	93.8%	3.4%	16.1	45.0%	756
Sheldon ISD	4,081	96.0%	1.2%	15.5	41.2%	901
<i>State Totals</i>	<i>3,991,783</i>	<i>95.4%</i>	<i>1.6%</i>	<i>14.9</i>	<i>61.8%</i>	<i>989</i>

*Source: Texas Education Agency*

<b>Ethnic Distribution and Economically Disadvantaged 1998-1999 School District Figures</b>					
District	African American	Hispanic	White	Other	Percent Econom. Disadv.
Aldine ISD	35%	50%	12%	3%	70%
Galena Park ISD	21%	56%	21%	2%	59%
Houston ISD	33%	54%	10%	3%	75%
Humble ISD	9%	12%	77%	3%	15%
North Forest ISD	82%	17%	1%	0%	74%
Sheldon ISD	23%	30%	46%	1%	49%
<i>State Totals</i>	<i>14%</i>	<i>40%</i>	<i>43%</i>	<i>3%</i>	<i>49%</i>

*Source: Texas Education Agency*

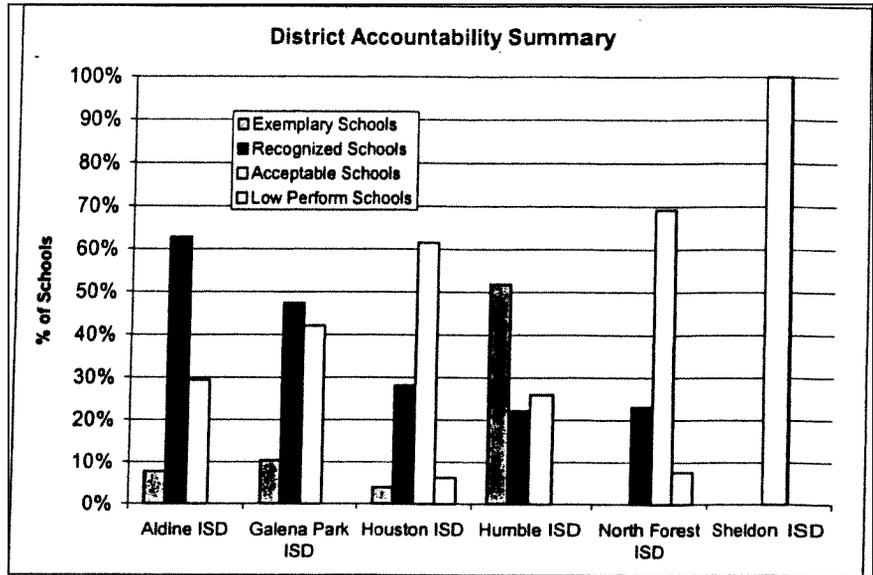


**School District Accountability Ratings  
1998-1999 Figures**

District	Accountability Rating	Exemplary Schools	Recognized Schools	Acceptable Schools	Low Perform	Total Schools*
Aldine ISD	Recognized	8%	63%	29%	0%	51
Galena Park ISD	Recognized	11%	47%	42%	0%	19
Houston ISD	Acceptable	4%	28%	61%	6%	270
Humble ISD	Acceptable	52%	22%	26%	0%	27
North Forest ISD	Acceptable	0%	23%	69%	8%	13
Sheldon ISD	Acceptable	0%	0%	100%	0%	6

*Source: Texas Education Agency*

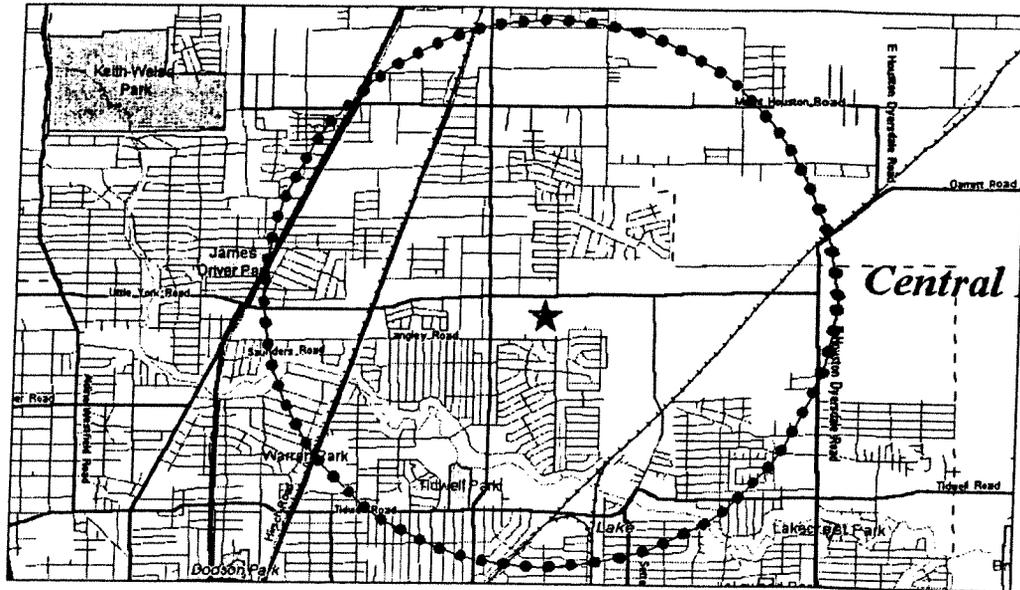
\* Does not include alternative education schools or schools that are "not rated"



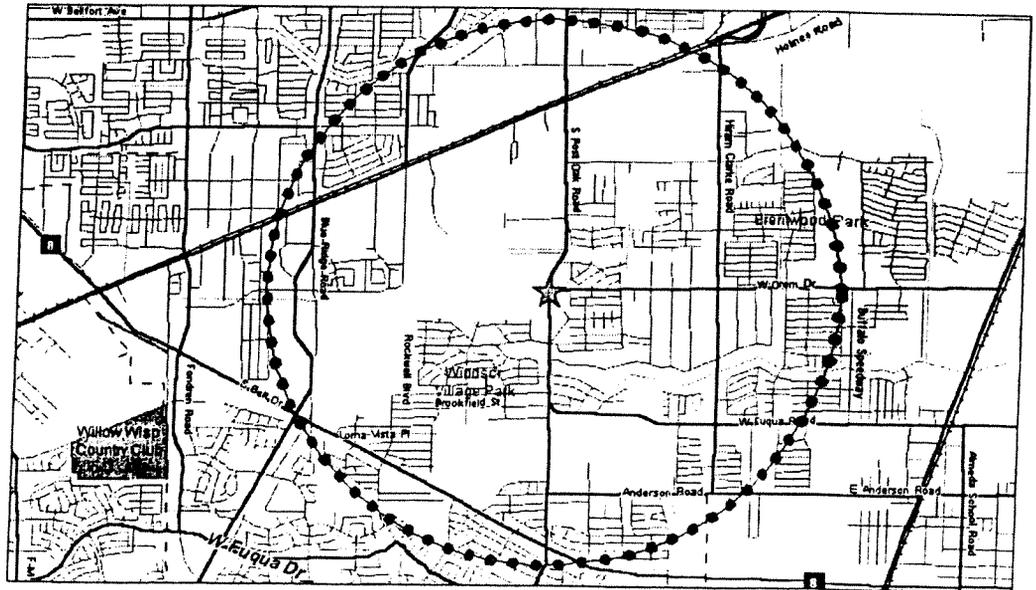
### III. Scenic Woods North vs. Corinthian Pointe

#### A. Comparison Maps

*Scenic Woods North, 2-Mile Radius*



*Corinthian Pointe, 2-Mile Radius*



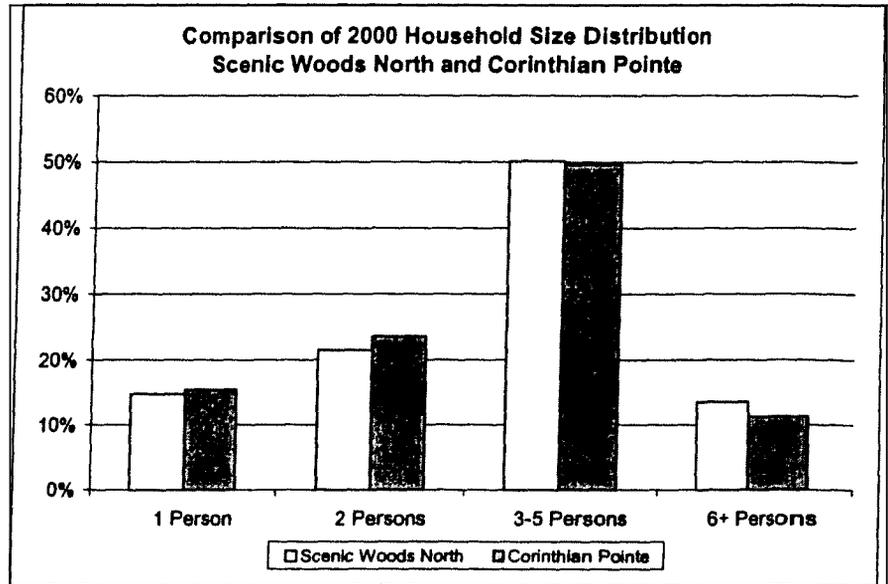
## B. Demographics

**2-Mile Radius from Each Site  
Scenic Woods North and Corinthian Pointe  
Population and Households**

Year	Scenic Woods North	Corinthian Pointe	Difference
<i>Population</i>			
1980	37,375	32,981	4,394
1990	31,462	32,627	-1,166
2000	33,609	37,112	-3,503
<i>Households</i>			
1980	10,055	10,386	-331
1990	9,166	9,888	-722
2000	9,695	11,215	-1,520
<i>SOURCE: Claritas</i>			

**2-Mile Radius from Each Site  
Scenic Woods N. and Corinthian Pointe  
Percent Distribution of 2000 Household Size**

Household Size	Scenic Woods	
	North	Corinthian Pointe
1 Person	15%	15%
2 Persons	22%	24%
3-5 Persons	50%	50%
6+ Persons	14%	11%
TOTAL	100%	100%
Scenic Woods North Avg. HH Size:	3.46	
Corinthian Pointe Avg. HH Size:	3.29	
Houston Metro Avg. HH Size:	2.76	
<i>SOURCE: Claritas</i>		



**2-Mile Radius from Each Site  
Scenic Woods North and Corinthian Pointe  
2000 Household Incomes Comparison**

Scenic Woods North Med. HH Income:	\$38,884
Corinthian Pointe Med. HH Income:	\$48,143
Houston Metro Med. HH Income:	\$58,492
Scenic Woods North Avg. HH Income:	\$48,813
Corinthian Pointe Avg. HH Income:	\$55,991
Houston Metro Avg. HH Income:	\$71,459

*Source: Claritas*

**2-Mile Radius from Each Site  
Scenic Woods N. and Corinthian Pointe  
Single Family Construction Comparison**

Qtr/Yr	Starts	
	Scenic Woods North Area	Corinthian Pointe Area
1Q99	0	0
2Q99	5	0
3Q99	2	23
4Q99	8	46
<i>'99 Total</i>	<i>15</i>	<i>69</i>
4Q00	4	39
4Q00	7	56
4Q00	10	77
4Q00	7	71
<i>'00 Total</i>	<i>28</i>	<i>243</i>

*American METRO/STUDY Corporation*

## C. Schools

<b>Scenic Woods North and Corinthian Pointe High School Comparisons</b>			
Category	Smiley H.S. (Scenic Woods N)	Madison H.S. (Corinthian Pointe)	State
Attendance Rate	89.1%	90.6%	95.4%
Dropout Rate	1.5%	0.5%	1.6%
TAAS/TASP Equivalency*	34.1%	28.3%	53.5%
SAT/ACT % tested	36.7%	60.9%	61.8%
SAT/ACT % scoring at or above criterion**	5.7%	1.1%	27.2%
Mean SAT	780	777	989
Mean ACT	16.3	17.6	20.2
<i>Source: Texas Education Agency</i>			

\* Percent of graduates who did well enough on the exit-level TAAS to have a 75% likelihood of passing the Texas Academic Skills Program (TASP) test

\*\* Score of 24 for the ACT and 1110 for the SAT

<b>Scenic Woods North and Corinthian Pointe Elementary and Middle School Comparisons</b>
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Grade/Category	Scenic Woods N.	Corinthian Pointe	State
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**Grade 4**

% Passing TAAS	Rogers El.	Windsor Village El.	State
Reading	69.7%	84.7%	89.9%
Writing	81.0%	80.3%	90.3%
Math	61.2%	72.5%	87.1%
<i>All Tests</i>	50.8%	61.7%	80.3%
Attendance Rate	96.3%	96.0%	95.4%

**Grade 6**

% Passing TAAS	Keahey Intermed.	Dowling Middle	State
Reading	79.4%	68.2%	86.0%
Math	70.7%	67.5%	88.5%
<i>All Tests</i>	63.6%	57.2%	81.5%
Attendance Rate	95.7%	93.8%	95.4%
Dropout Rate	n/a	2.3%	1.6%

**Grade 8**

% Passing TAAS	Northwood Middle*	Dowling Middle	State
Reading	91.6%	81.1%	89.6%
Writing	82.6%	62.3%	84.3%
Math	91.0%	76.8%	90.2%
Science	76.8%	72.3%	88.2%
Social Studies	84.8%	33.3%	71.8%
<i>All Tests</i>	64.9%	26.4%	64.6%
Attendance Rate	94.5%	93.8%	95.4%
Dropout Rate	0.3%	2.3%	1.6%

Source: Texas Education Agency
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\* now closed

<b>Scenic Woods North and Corinthian Pointe School Ratings* Comparison</b>
------------------------------------------------------------------------------------

Sub/Campus	Rating
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Scenic Woods North

Rogers El.	Acceptable
Keahey Intermed.	Acceptable
Northwood Middle**	Recognized
Smiley H.S.	Acceptable

Corinthian Pointe

Windsor Village El.	Acceptable
Dowling Middle	Acceptable
Madison H.S.	Acceptable

<i>Source: Texas Education Agency</i>
---------------------------------------

\* Accountability ratings for '98-'99

\*\* Now closed

#### **D. Competition**

North Forest Estates is a proposed development by Hispanic Housing and Education Corporation, a not-for-profit organization that, historically, owns and manages apartment complexes for low to moderate income families. North Forest Estates is located on the south side of East Little York surrounding North Wayside Drive, approximately three miles east of Highway 59. The site is approximately 225 acres, and preliminary plans call for single family homes, condominiums, apartment units, and commercial/retail space. Currently, 402 single family homes are planned at the site, targeting the \$95,000 to \$105,000 price range. There will also be 87 townhome units as well as condominiums on a ten-acre tract. Railroad tracks border the property to the south. This property is not yet under development, but is in the process of establishing a Tax Increment Reinvestment Zone (TIRZ).

Stonefield is a new development by U.S. Home located near the corner of C.E. King Parkway and Tidwell. This 262-acre site will be served by the Sheldon Independent School District, and 10 acres of the development have been sold to Sheldon I.S.D. for an early childhood development academy for Kindergarten and Pre-Kindergarten children. Stonefield will have 50 foot and 60 foot wide lots for homes priced from \$70,000 to \$100,000 and \$100,000 to \$130,000, respectively. Lots are expected to be delivered in the Fall of 2001.

### **E. Assumptions & Limiting Conditions**

The following contingencies and limiting conditions are noted as fundamental assumptions that may affect the validity of the analysis and conclusions reached in this report:

1. All information contained in this report, while based upon information obtained from the client and other sources deemed to be reliable, is in no way warranted by American METRO/STUDY Corporation.
2. The City of Houston, State of Texas, and the nation as a whole will not suffer any major economic shock during the time period of the forecast contained in this report.
3. Population will continue to increase at or above the rate forecast.
4. The basic sources of statistical data and estimates used in this analysis are sufficiently accurate to be useful for planning purposes.
5. The development, when completed, will be designed, promoted, and managed in a manner that will have an adequate impact on the local market.
6. The recommendations set forth in this report will be acted upon within a reasonable period of time to preclude major changes in the conditions evaluated.

Radical changes in factors affecting the major assumptions noted above could alter the conclusions reached in this analysis or necessitate the re-evaluation of portions of this report.

## American METRO/STUDY Corporation

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