

City & State

Inside

Slaying: Brothers surrender to police. B2

HOUSTON CHRONICLE | HoustonChronicle.com and chron.com | Friday, January 17, 2014 | Section B ★★★ | Houston Chronicle | @HoustonChron

HARRIS COUNTY

Land tied to failed project for sale again

By Jayme Fraser

The Harris County Housing Authority again will try to sell a 91-acre Lake Houston property linked to a failed veterans housing development at the center of two scathing federal audits.

"With the sale of this property, I expect to be able to pay HUD the full amount we owe from mismanagement of the prior administration," authority CEO Tom McCasland said.

A previous attempt to sell the lakeside tract was unsuccessful.

Last June, McCasland said real estate professionals had told him the land, originally purchased for \$6.5 million in 2009, maybe worth as little as \$3.6 million because part of the tract includes wetlands.

The listing was removed, and the housing authority worked to make the property more desirable. The agency arranged for sewage to be processed at a nearby treatment plant and adapted the wetlands mitigation plan to increase the usable acreage to about 74 acres.

"It, basically, gives developers a guarantee they will be able to flush toilets and they will be able to turn around a revised wetlands permit in 30 days," McCasland said.

Mark Sikes, of Deal Sikes & Associates, a Houston-based real estate valuation firm, called the area a hot market with rising values, in part because of the limited number of lakeside tracts.

"That's a good-sized tract that could do a mixed-use development," Sikes said. "Or a national homebuilder might come in and do single-family homes."



McAlister Real Estate sold a tract without utilities just south of the county's property this summer, one of several undeveloped parcels in that area that changed ownership in the last year.

"Barring issues I wouldn't be aware of, they could possibly get their money back," said Matt Herring, of McAlister.

He cautioned that the details of utility setup and usable acreage could greatly affect the sale price.

Whatever money the county agency does recoup from the sale likely will be sent to the U.S. Department of Housing and Urban Development as a down payment on millions of dollars the federal agency demanded be repaid last year after uncovering years of mismanagement.

In 2009, former CEO Guy Rankin started planning a \$165-million masterplanned community for veterans,

including homes, retail and on-site veterans services. The agency bought the wooded lot on the west shore of the lake's southeast bend for \$6.5 million but scrapped the plan after it came to light that Rankin had, at times, proceeded without board approval and the U.S. Department of Veterans Affairs did not agree to locate offices at the community.

Two audits released in June by separate offices of the federal housing agency concluded former housing authority leaders mismanaged up to \$27.5 million in federal housing funds during a three-year period ending in April 2012, including \$8 million of questionable spending on Patriots by the Lake.

The audits were conducted after the Houston Chronicle published a series of stories detailing mismanagement, overspending, lavish pay and nepotism at the agency, leading to the replacement of Rankin and four of five members on the agency's governing board.

The county agency has responded to the audits' recommendations with a payment plan and by detailing financial reforms.

McCasland said he hopes federal authorities agree to reduce the amount of money to be repaid. He said the county agency has worked to clean up financial records to show that much of the nearly \$30 million owed to HUD was spent within guidelines even if the decisions were unwise.

jayme.fraser@chron.com
twitter.com/JaymeKFraser