

# Third Ward Policy and Program Landscape Report

Prepared for the Emancipation Community Development Partnership

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## *Introduction*

The following report offers the Emancipation Community Development Partnership (ECDP) a slate of policy and program choices for addressing issues around 1) economic development, 2) cultural and historic preservation, 3) affordable housing, 4) education, and 5) health in the study area of the Northern Third Ward. The options displayed present the partnership with a number of possible choices to pursue through request-for-proposals or to advocate for with city, county, and state officials. Some of the following are policy actions, approaches that must be implemented through government action and advocacy. Others are programs that do not require significant political action and can be pursued by individuals, nonprofits, or officials either on their own or in concert.

This report serves as a survey of numerous options in each of the focus areas. It is not intended to be comprehensive analysis of the effectiveness of every individual policy or program within the context of the Third Ward. If the ECDP or another organization chooses to pursue one of the proposed practices the group should ensure that further research into the most effective way to implement a policy or program in the Third Ward is undertaken by those they enlist through an RFP or contract. In addition, many of the details of how a particular policy or program would be implemented in the Third Ward are not answered by this report. The research team felt it important to present the options to the ECDP without a proscribed answer for which local actors would need to play which roles.

The team from the Kinder Institute and Sankofa Research Institute used a variety of methods to conduct research for this report. Researchers interviewed several subject experts in Houston and nationally on many of the policy and program ideas. Additionally, the research teams engaged key community members, held group conversations with the Emancipation Economic Development Council (EEDC) on all subjects, and conducted research into national case studies drawing from both academic and nonacademic sources that are listed exhaustively in endnotes after each section.

The education and health sections are at a different stage than the first three sections of the report. Because the EEDC has been actively working on research and issues surrounding affordable housing, economic development, and cultural and historic preservation, policies and program ideas in those areas are ready to be implemented. Health and education, on the other hand, are new discussion elements and initial foundation research is still required to establish a baseline upon which to suggest policies. Rather than proposing similar concrete policy or programmatic ideas, then, the health and education sections recommend specific areas for subsequent research and reflect on the issues highlighted in community conversations. The hope is that these sections can inform the RFP process for particular research projects that can complement what has already been produced in the other areas.

Each section includes a number of policy and program possibilities. Each potential policy is accompanied by a brief description, one or more case studies of where such a policy has been implemented, and then a brief discussion of the feasibility of implementing such a policy in the Third Ward and in Houston. Finally, each section has an appendix that includes suggested indicators that the EDCP, EEDC, or other parties should consider tracking as different projects are undertaken. The compiled indicators would help establish both a baseline for the community today and help measure effectiveness of programs as they are implemented.

Immediately following this introduction is a summarized rubric that displays short descriptions of the possible policy and program possibilities in each of the topic areas. The last table “Existing and In-place Programs” denotes those approaches already in operation within Houston or the Houston region. This may signal a program or policy that is easily expanded.

The following system was used to create a consistent feasibility ranking for each policy or program proposed. Each policy is categorized as either high, medium, or low. The definition of each of these categories takes into consideration the legal, political, social/cultural, technical, and administrative feasibility of a given policy.

The ranking of each policy was done by using the following system:

High—

- Requires no change to existing state or local ordinances.
- If a city program/policy, is an already existing one in the city that is being modified or re-imagined.
- Is instituted entirely by the community or a private nonprofit.
- Moderate costs and demand on human resources.
- Other examples within Texas or Houston of similar programs.
- Existing priority of the Third Ward community.

Medium—

- Requires a moderate revision of state legislation.
- Requires the revision of an existing ordinance or the passage of a straightforward, politically non-contentious, new ordinance.
- No existing model from within Houston, therefore community perceptions are unknown.
- Financially possible, but still expensive.
- Difficult to implement, but public departments or nonprofits could meet requirements.

Low—

- Requires the passage of new state legislation or a significant revision of existing state legislation.
- Politically untenable or controversial in Houston (i.e. zoning) and requires the passage of a new city ordinance.
- Unlikely to be acceptable to or explicitly questioned by the community itself or divergent from typical Houston attitudes or practices.
- Financially prohibitive and requires significant staffing or other human resources.

The research team believes that using this clearly defined set of considerations will help the EDCP identify those policy and programs that are most likely to be implementable in Houston. At the same time, however, low feasibility options are included so that the full slate of opportunities can be considered.

While these policies and programs were highlighted with an eye toward their application in the Third Ward, the research group hopes that this document can be useful for helping other Houstonians and elected officials think about how to shape other communities with this wide-ranging policy toolkit.

**ECONOMIC DEVELOPMENT**

<b>PAGE</b>	<b>KEY POLICY</b>	<b>DETAIL</b>	<b>IMPLEMENTOR</b>	<b>ADVANCE ACTION</b>	<b>FEASIBILITY</b>	
<b>1</b>	<b>A</b>	<b>Access to Credit</b>				
1	1	Lending Circles	Microloans from/to members	Non-Profit	Start-Up Philanthropy	High
2	2	Individual Development Accounts	Matched savings accounts for specific costs	Non-Profit	Start-Up Philanthropy	High
3	3	CDFI Loans for Small Businesses	Non-traditional small business loans	Cooperatives/Credit Unions/ venture capital	Start-Up Philanthropy or CRA?	Medium
4	4	Match Small Businesses to SBA Loans	Many criteria limit access	SBA	Local facilitator	Medium
<b>5</b>	<b>B</b>	<b>Anchor Institutions</b>				
5	1	Local Hiring Procedures	Institutions prioritize hiring local residents	Universities/Hospitals		High
6	2	Equitable Employment Practices	Living wages and labor agreements	Universities/Hospitals		Medium
6	3	Workforce Development	Training programs and tuition assistance	Universities/Hospitals		Medium
7	4	Supportive Supply Sourcing	Locally-sourced supplies and contracts	Universities/Hospitals		Medium
<b>8</b>	<b>C</b>	<b>Hub for Services and Small Businesses</b>				
9	1	Neighborhood Financial Opportunity Center	Tax/EITC/SNAP assistance/financial literacy	LISC already operates	Philanthropy	High
9	2	Minority Business Accelerator	Training, tech/ops assistance/access to supplies & partners	Non-Profit or University	Philanthropy	Medium
10	3	Small Business Improvement Grants	Grants for facility improvements	City/HSEMD	Program Approval	Medium
11	4	Worker-owned Cooperatives	Create businesses to serve specific needs	City-Anchors/Foundations	Joint Agreements	Medium
<b>11</b>	<b>D</b>	<b>Ordinance/Built Environment</b>				
12	1	Join the Main Street America Program	A program of the National Trust for Historic Preservation aimed at economic development	Non-profit	Organize effort	High
12	2	Create Flexible Parking Ordinance	Consider revisions to parking ordinance to create flexibility for economic development	City	Ordinance revision	High
13	3	Minimum/Living Wage Ordinance	Local ordinance	City	New state law	Low
14	4	Community Benefits Agreements	Ensure benefits when public funds used in development projects	City	New policy, primarily for 380 agreements	Medium
15	5	Overlay Zoning	Target specific goals - TOD, affordable housing, neighborhood retail	City	New policy (for TIRZs?)	Low

PAGE	KEY POLICY	DETAIL	IMPLEMENTOR	ADVANCE ACTION	FEASIBILITY
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16	E	<b>Independent Interventions</b>			
16	1	Third Ward Buying Club	Pool resident resources to get better deals	EEDC	High
17	2	Community Gardens on City-owned Lots	Address food desert due to no grocery stores	Non-profit	LARA agreement Medium

**CULTURAL AND HISTORIC PRESERVATION**

<b>PAGE</b>	<b>KEY POLICY</b>	<b>DETAIL</b>	<b>IMPLEMENTOR</b>	<b>ADVANCE ACTION</b>	<b>FEASIBILITY</b>
<b>22</b>	<b>A</b>	<b>Funding Preservation</b>			
22	1	Texas Preservation Trust Fund	Existing state matching grant program	Texas Historic Commission	High
23	2	Business Historic Preservation Fund	Helps long-time businesses stay in area	City or Philanthropy	Ordinance if City Medium
<b>23</b>	<b>B</b>	<b>Regulatory Approaches to Encouraging Historic Preservation</b>			
23	1	Require context-sensitive design	For projects with city funding	City	New policy? High
24	2	Special Heritage Districts	Focused on branding/marketing, not land use	City or State	Add to arts & cultural district programs Medium
24	3	Historic Conservation Districts	Like historic district but less restrictive	City	Ordinance Low
25	4	Building Reuse Ordinance	Requires review prior to demolition	City	Ordinance (pilot?) Low
25	5	Interim Control Ordinances	Development moratorium in threatened communities until new policies in place	City	Ordinance (pilot?) Low
26	6	Mansionization Ordinance	Prohibits oversize homes	City	Ordinance Medium
26	7	Adaptive Reuse Ordinance	Incentives for reuse in lieu of demolition	City	Ordinance Medium
26	8	Renovation Zoning Ordinance	Looser rules when building is not historic	City	Ordinance Low
27	9	Redevelopment Guidelines & Design Standards	Design requirements for new development based on community context	City	Ordinance (pilot or tied to TIRZ?) Medium
<b>27</b>	<b>C</b>	<b>Educating on Impacts of Preservation</b>			
27	1	Recognize & Value Preservation as Economic Development	Usually through a Main Street Program	Community Non-Profit	Acceptance in THC Main Street Program High
28	2	Cultural & Historic Preservation	Educational courses for community	University or non-profit	Funding Medium

**AFFORDABLE HOUSING**

PAGE	KEY POLICY	DETAIL	IMPLEMENTOR	ADVANCE ACTION	FEASIBILITY	
<b>31</b>	<b>A</b>	<b>Funding Mechanisms and Resident Assistance</b>				
31	1	Housing Trust Fund with Defined Approach	Dedicated fund for affordable housing	City	Ordinance	High
32	2	General Obligation Bonds	Voter-approved bonds to fund housing	City	Bond (as in 2012)	High
33	3	Social Impact Investments	Private investment with lower monetary return	Private or Non-Profit	Philanthropy	High
34	4	Shared Appreciation Loans/Down Payment Assistance	Loan paid back at future sale with "interest" tied to loan's share of purchase price	City or CDC	If City, identify funding (Fed or TIRZ?)	High
34	5	Employer-assisted Housing	Affordable housing for local employees	Anchor institutions	EEDC creates template	High
35	6	Use Public Funds to Leverage Private	Public funds attract private dollars	City/CDFI		High
35	7	Local Housing Levy	General tax levy to fund affordable housing	City	Remove RevCap	Low
36	8	Transfer Tax to Reduce Flipping	Imposed on real estate sales	City	New State Law	Low
36	9	Individual Development Accounts	Matched savings accounts for specific costs	Non-Profit	Start-Up Philanthropy	High

<b>36</b>	<b>B</b>	<b>Increasing New and Existing Housing Supply</b>				
36	1	Shared Equity Home Ownership Program	Community land trust and restricted resales	Non-profit (potentially tied to City)	HCAD Tax Policy (City)	High
37	2	No Net Loss of Affordable Housing Goal	Fund replacement units within each community	City	Policy (presumably at HCD)	High
38	3	Use Public & Foreclosed Land for Affordable Housing	Discount land for sale to non-profits for infill units; add incentives	City	Ordinance	High
38	4	Allow Accessory Dwelling Units	Garage apartment/added small unit on single family/duplex lot	City	Policy (HCD) and Bldg Code (if 3 units)	High
39	5	Manufactured Homes	Low-cost with better design	City	Policy (permitting)	High
40	6	Non-profit Tax Exemptions	Clarify/codify for non-profits	City/HISD/ County		High
40	7	Concerted Revitalization Area	Create designated area that can receive TDHCA funds	City	Policy	High
41	8	Land Banks and Existing Public Lands	Expand LARA and coordinate with other (Midtown); strategies for titles/liens	City, Midtown, LARA		Medium
41	9	Reduced Tax Rates for Small Landlords	Target is owners of small properties	City, HISD, County		Medium
42	10	Tenant's Right of First Refusal	Gives tenant 30 days to buy a rental property if it is to be sold	City		Medium
42	11	Expiring Use Notification and Action Law	If owner plans to eliminate affordable units, must notify tenants and public sector first	City		Medium

PAGE	KEY POLICY	DETAIL	IMPLEMENTOR	ADVANCE ACTION	FEASIBILITY	
43	12	Inclusionary Housing Policy	Requires affordable units in all projects; or requires for 380 agreements	City	Ordinance (all projects) Policy (380s)	Low High
43	13	Community Benefits Agreements	Require affordable housing when public funds used in development projects	City	New policy, primarily for 380 agreements	Medium
<b>44</b>	<b>C</b>	<b>Development Regulations</b>				
44	1	Expedite Permits & Relax Regulations	Helps incentivize affordable developments	City	Ordinance	High
44	2	Homestead Preservation Districts	City uses tax collected to preserve housing	City	Ordinance	Medium
45	3	Condominium Conversion Controls	Disincentives (tax or more process)	City	State Law (tax) Ordinance (process)	Medium
<b>45</b>	<b>D</b>	<b>Community-Oriented Programs</b>				
45	1	Right to Return	Allows previously displaced residents priority for new affordable housing	City	Policy (for its own projects)	High
46	2	Proactive Code Enforcement	Stronger inspection program for private units	City	Policy (for its own projects)	High
46	3	Tax Abatements for Long-term Residents	Like elderly and veteran programs	City, HISD, County	Expand state law	Medium
47	4	Freeze Tax Payments for Low-income Homeowners	Lien created and repaid with sale of property; part of regional housing strategy	City, HISD, County	Ordinances	Medium
47	5	Just Cause Evictions Controls	Restricts landlord evictions to specific causes	City	Ordinance	Medium
48	6	Rent Controls	Protect against excessive rent increases	City	State law	Low

**EDUCATION**

<b>PAGE</b>	<b>KEY TASK/PRIORITY</b>	<b>DETAIL</b>	<b>IMPLEMENTOR</b>	<b>ADVANCE ACTION</b>
52	<b>A</b>	<b>Primary Research Tasks</b>		
52	3	Collect additional student data	Collect non-education data on students: housing, health,	Researchers/HISD Undertake Research
<b>53</b>	<b>B</b>	<b>Detailed Research Needs</b>		
53	1	Document feeder patterns	Understand seat demand in 3rd Ward schools	Researchers/HISD Undertake Research
53	2	Document existing school programs	Create list of existing programs at 3rd Ward schools	Researchers/HISD Undertake Research
53	3	Address grade-specific challenges	Deal with different challenges at different grade-levels. All Grades: Out of school suspension; HS: Absenteeism; Elem: Lack of childcare	HISD District Policy
55	4	Attract/Retain Talent	How to keep top administrators and teachers	HISD District Policy
55	5	Include local history in school	Bring community history into classroom	HISD/EEDC School and District Policy

**HEALTH**

<b>PAGE</b>	<b>KEY TASK/PRIORITY</b>	<b>DETAIL</b>	<b>IMPLEMENTOR</b>	<b>ADVANCE ACTION</b>	
57	<b>A</b>	<b>Primary Research Tasks</b>			
57	1	Participatory health needs assessment	Undertake holistic health needs assessment	Researchers/EEDC	Research
57	2	Interventions based on assessment	Create policy and health interventions to address conclusions of needs assessment	Researchers/EEDC/Health Providers	Policy
57	<b>B</b>	<b>Community-Identified Priorities</b>			
57	1	Reduce barriers to health care	Bring more health care options and services to 3rd Ward	Health Providers/City/Philanthropy/Non-profits	
58	2	Improve access to behavioral health care	Bring more behavioral health providers in 3rd Ward	Health Providers/City/Philanthropy/Non-profits	
58	3	Focus on chronic disease	Prioritize prevention, diagnosis, and management of chronic conditions	Health Providers/City/Philanthropy/Non-profits	
58	4	Assess food and nutrition access	Understand limitations on access to nutritious food	Researchers	Research
58	5	Address social determinants	Work on topics that affect health--housing, education, unemployment.	Health Providers/City/Philanthropy/Non-profits	Research and policy

<b>Existing or In-place Programs</b>				
<b>PAGE</b>	<b>KEY</b>	<b>POLICY</b>	<b>DETAIL</b>	<b>EXISTING ELEMENTS</b>
<b>Economic Development</b>				
<b>1</b>	<b>A</b>	<b>Access to Credit</b>		
1	1	Lending Circles	Microloans from/to members	LISC operates a lending circle at the Chinese Community Center's Financial Opportunity Center.
2	2	Individual Development Accounts	Matched savings accounts for specific costs	Covenant Community Capital and the Gulf Coast Community Services
3	3	CDFI Loans for Small Businesses	Non-traditional small business loans	LISC offers 504 loans. PeopleFund another possible resource.
<b>5</b>	<b>B</b>	<b>Anchor Institutions</b>		
6	2	Equitable Employment Practices	Living wages and labor agreements	LISC facilitated Wesley FOC partnership with Methodist.
6	3	Workforce Development	Training programs and tuition assistance	Organizations with workforce development programs including SER Houston, the Houston-Area Urban League, Neighborhood Centers Inc.
<b>8</b>	<b>C</b>	<b>Hub for Services and Small Businesses</b>		
9	1	Neighborhood Financial Opportunity Center	Tax/EITC/SNAP assistance/financial literacy	LISC currently operates a number of FOCS
9	2	Minority Business Accelerator	Training, tech/ops assistance/access to supplies & partners	Capital One's "Getting Down to Business" program operates in Houston

16	E	<b>Independent Interventions</b>		
17	2	Community Gardens on City-owned Lots	Address food desert due to no grocery stores	Urban Harvest already uses City of Houston LARA lots
<b>Historic and Cultural Preservation</b>				
23	B	<b>Regulatory Approaches to Encouraging Historic Preservation</b>		
27	9	Redevelopment Guidelines & Design Standards	Design requirements for new development based on community context	City, Management Districts and TIRZs possess a mishmash of design guidelines
<b>Affordable Housing</b>				
31	A	<b>Funding Mechanisms and Resident Assistance</b>		
32	2	General Obligation Bonds	Voter-approved bonds to fund housing	Houston has funds from 2012 bond
34	4	Shared Appreciation Loans/Down Payment Assistance	Loan paid back at future sale with "interest" tied to loan's share of purchase price	CDC already doing, City has DPA, could expand
34	5	Employer-assisted Housing	Affordable housing for local employees	HoustonFirst is considering this approach
36	B	<b>Increasing New and Existing Housing Supply</b>		

36	1	Shared Equity Home Ownership Program	Community land trust and restricted resales	EEDC and City of Houston are both considering Land Trust model.
38	3	Use Public & Foreclosed Land for Affordable Housing	Discount land for sale to non-profits for infill units; add incentives	LARA, could consider excess land from other entities
38	4	Allow Accessory Dwelling Units	Garage apartment/added small unit on single family/ duplex lot	City considering options
39	5	Manufactured Homes	Low-cost with better design	Rice Building Workshop works in 3rd ward already. Other entities such as Build a Box working to enter market
41	8	Land Banks and Existing Public Lands	Expand LARA and coordinate with other (Midtown); strategies for titles/liens	
<b>44</b>	<b>C</b>	<b>Development Regulations</b>		
44	1	Expedite Permits & Relax Regulations	Helps incentivize affordable developments	City of Houston has some existing programs that could be expanded
<b>45</b>	<b>D</b>	<b>Community-Oriented Programs</b>		
46	2	Proactive Code Enforcement	Stronger inspection program for private units	Plan Houston and revised MF code and enforcement
46	3	Tax Abatements for Long-term Residents	Like elderly and veteran programs	Build off similar senior and veteran abatements

## *Economic Development Policies and Programs*

### **Policy Objectives**

1. Attract businesses to Dowling Street and the broader Emancipation Park target area to provide goods and services needed by residents and create a healthy, sustainable local economy
  2. Increase high-quality employment opportunities for residents of the Emancipation Park target area
  3. Promote social mobility through increasing equality in income and wealth
- 

### Policy Categories for Economic Development

- A. Access to Credit
- B. Anchor Institutions
- C. Hub for Individual Services & Small Business Development
- D. Ordinance & Built Environment
- E. Independent Interventions

#### A. Access to Credit

Thirty-nine percent of Houston’s metro area is under-banked or completely unbanked. Not only are more than a third of Houstonian families not having their banking needs served, but also 43.9% of Houston families are effectively considered liquid asset impoverished. This means that should an emergency expense come up such as a necessary auto repair or medical bill, then these families face long-term financial hardship as a result of their lack of access to adequate credit through either formal (lending institutions) or informal (personal loan from a relative) networks.

Due to the importance of financial wellbeing as part of a resident’s long-term stability and the acute impact that economic instability has on low-income communities of color, access to affordable credit lines should be an essential part of sustainable development in Houston’s Third Ward. This would strengthen residents’ economic security and build intergenerational wealth. As these proposals will show, many programs with the potential for significant positive impact on residents of the Third Ward are already in existence and are thus feasible to implement. A centralized local institution – possibly the new Emancipation Park community center or Project Row Houses, and/or another existing Third Ward nonprofit – would serve a vital role in coordinating services and providing referrals for residents to access many of these programs.

1. Establish or encourage the use of existing lending circles

**Description:** A lending circle is a system where a group of individuals pool money together and provide one of their members with a loan on a rotating cycle. This is an effective means for people to gain access to larger sums of money for needed expenditures such as property upkeep, major purchases, paying off loans, or even developing a savings account. Part of the beauty of the lending circle system, is that it allows people with low or no credit score to gain access to zero interest, zero fee loans all while a hosting institution reports their regular payments to consumer credit risk agencies, thus allowing members to build up their credit rating for formal loans in the future. Due to

the personal nature of this lending method, a lot of circles are formed between fellow community members and groups of friends, which helps further build community interdependence and allows for better screening of a member's reliability for repaying a loan.

The San Francisco-based Mission Asset Fund (MAF) hosts a lending circle program through Houston's Chinese Community Center.<sup>1</sup> To participate in this program, participants must first take an online financial training class provided by MAF. Then 6 to ten participants can each make a set monthly payment of \$25-\$200 which is then disbursed to circle members in a rotation. For instance, 10 members contributing \$100/month would yield an interest-free loan of \$1,000 for one member per month. Once all members have paid the total of the loan, they can either continue circle lending for another term or leave with their assets.<sup>2</sup>

**Case Studies:** Grameen Bank (Bangladesh) – Circle loans to the rural poor especially helped women who did not have collateral or ready access to credit, repayment rates of ~95%.<sup>3</sup>  
Mission Asset Fund (San Francisco, CA & Nationally) – Created a circle loan program with the added benefit of credit bureau reporting to build up creditworthiness.<sup>4</sup>

**Feasibility:** High – Lending circles can be hosted by either a local community group (such as Project Row Houses or the United Way of Greater Houston) or residents can simply be made aware of an existing lending circle program in Houston (Chinese Community Center). Circles can be operated with zero overhead costs and minimal start-up money from its participants and a new circle can be established by as few as six people with little to no credit requirements.

## 2. Connect qualified residents to individual development accounts

**Description:** Individual development accounts (IDAs) are matched savings accounts designed to enable low-income families to save towards the purchase of important assets such as buying a first home, developing a small business, paying for post-secondary education, and workforce development. In these programs, the program sponsor (oftentimes a local community or financial institution) will use government and/or foundation grants to match the savings that an individual deposits to inspire further savings and help grow assets at a faster rate while encouraging responsible saving practices. Matching programs will usually be on a dollar-for-dollar basis, but depending on the program an individual might be eligible for a multiplied match rate where they can receive \$5 or more for every dollar deposited. Many of these matching programs set a ceiling on the monthly or total matching funds that can be contributed to any one account.

**Case Studies:** American Dream Demonstration by the Corporation for Enterprise Development (Washington, D.C.) – The first large-scale implementation of IDAs found incredible success in the model, with individuals using their savings for home purchases and repairs, small businesses startups, tuition costs, and retirement savings.<sup>5</sup>

**Feasibility:** High – The infrastructure necessary to support such a program is already in place in the Houston metro area. While the eligibility requirements for an IDA vary by program, they typically require that a family meets a certain threshold of the federal poverty guidelines, are regularly earning paychecks, and in some circumstances they look at an applicant's creditworthiness in case the applicant has high debt. As an additional benefit and requirement of starting up an IDA, most programs will have an individual take financial education classes covering budgeting, saving, banking, and other important life lessons. IDA accounts will typically last for a period of 1 to 3

years, during which the individual can spend their savings on approved assets. Organizations such as Covenant Community Capital<sup>6</sup> and the Alliance for Multicultural Community Services<sup>7</sup> both have functioning IDA programs. One Houston-area organization particularly worth noting, due to the career development services they offer in conjunction with IDA accounts, is the Gulf Coast Community Services Association (GCCSA).<sup>8</sup> Residents who meet the Federal Income Guidelines (ex: making less than \$24,250 for a family of four) may enroll into their four-step IDA program. Participants will (1) learn about asset-building options for the program before (2) opening an interest-yielding matching savings account while (3) taking economic literacy courses on sound financial practices until they can finally (4) withdraw their accumulated savings for use in their personal economic development.

### 3. Link small businesses to CDFI affordable loans

**Description:** Community Development Financial Institutions (CDFIs) provide affordable loans and financial services to low-income communities and can be categorized as banks, credit unions, loan funds, and venture capital funds. These nonprofit institutions can be beneficial in ensuring access to credit for underserved communities, as well as essential partners in accessing public-private partnership programs, such as the SBA loans. While this section will primarily discuss the role of CDFIs in granting small business loans, they also frequently provide home mortgages for individuals.

There are several different CDFIs serving the Houston community, including: LiftFund,<sup>9</sup> Shared Capital Cooperative,<sup>10</sup> Golden Bank,<sup>11</sup> Houston Metropolitan Federal Credit Union,<sup>12</sup> and the Promise Credit Union.<sup>13</sup> LiftFund and the Shared Capital Cooperative are being highlighted because of their established reputations and higher loaning capacity. However, it is important to note that even with easier repayment terms, below-market interest rates vary from case to case and one must consider all possible opportunities for investment.

A Texas community lender that has expanded its reach throughout the American South, LiftFund provides loans and technical assistance to small businesses. In Houston alone, they provided 137 loans totaling \$3,754,123 in 2015, as well as spending 822 hours consulting with their clients to ensure their business' success.<sup>14</sup>

The Shared Capital Cooperative specializes in offering financing for co-ops throughout the nation. They especially seek to support cooperatives organized by low-income communities that build economic opportunity and provide further positive externalities to the local population. Loans of \$5,000-\$500,000 for 1-10 years are available to worker, consumer, producer and housing cooperatives for the purchase of fixed assets and working capital. For projects of \$1 million or more, the Cooperative can partner with other lenders to fulfill the loan request.<sup>15</sup>

**Case Studies:** HomeSight (Seattle, WA) – The organization does not weigh credit scores when making their credit assessments. Provides a comprehensive one-day homebuyer education program for people seeking new loans (covers predatory lending, financial planning, home maintenance, etc.).<sup>16</sup>

Charlotte-Mecklenburg Housing Partnership (Charlotte, NC) – Partners with developers to create affordable for-sale and rental housing, hosts credit repair programs, targets low-interest loans to borrowers earning less than 115% of the area median income.<sup>17</sup>

**Feasibility:** Medium – CDFIs are a strong alternative to private lenders, as they are often more willing to overlook certain factors such as lack of credit history, low collateral, and other factors that would typically disqualify an individual or small business from accessing a loan. A special partnership with a local CDFI might be a possibility to pursue, whereas they offer faster service or more favorable lending terms to individuals and businesses within the Third Ward in return for greater promotion of their services in that market. As with most loans, however, borrowers must be cautious about ensuring their ability to pay them back and that their ventures are viable in the long-term. Offer details vary depending on the lender and the viability of a venture’s business loan application, so it is worth pursuing different lenders to have the best loan offer available. Houston’s chapter of the Local Initiatives Support Corporation (LISC) offers 504 loans.

#### 4. Match small businesses to available SBA loans

**Description:** The Small Business Administration (SBA) is a US agency that provides loans and other services to support entrepreneurs and small businesses. SBA loans are not given directly; instead they alleviate the risk to a bank associated with lending money to business owners and entrepreneurs who may not qualify for traditional loans. The SBA offers a suite of loan programs designated for specific purposes including: 7(a) general small business loans, CDC/504 real estate & equipment loans, microloans, and disaster loans.

SBA 7(a) general small business loans are some of the most common loans disbursed based on specific aspects of the business such as its source of income, the character of its ownership and where the business operates. The 7(a) program also offers highly specialized financing, such as Community Advantage Loans designed to offer access to affordable credit, as well as management and technical assistance for small businesses in underserved markets. Community Advantage provides mission-based lenders access to 7(a) loan guaranties as high as 85% for loans up to \$250,000. The interest rates for 7(a) loans are calculated based on the size of the loan and the repayment term, whose maximum rates range from 5.75% to 8.25% - though participating banks can provide a lower rate.<sup>18</sup>

CDC/504 loans provide financing to small businesses for major fixed assets such as equipment and real estate purchases at below-market rates. These loans are financed by a combination of parties – the business owner contributes at least 10% of the loan, a bank contributes 50%, and a certified development company (CDC) contributes 40%. Recent interest rates vary between 4% and 5%.<sup>19</sup>

The SBA microloan program provides loans of up to \$50,000 (average microloan of \$13,000) to help small businesses and certain nonprofit childcare centers start up and expand. These loans may only be used for working capital, inventory, furniture, or machinery/equipment. Microloan repayment terms can last up to six years at interest rates that may vary between 8% and 13%.<sup>20</sup>

SBA disaster loans provide low-interest, long-term loans for physical and economic damage caused by a declared disaster, such as floods or hurricanes. Business physical disaster loans provide up to \$2 million at 4-8% interest to qualified businesses and most private nonprofit organizations for the repair or replacement of its fixed assets with additional financial incentives provided for future disaster mitigation strategies. Economic injury disaster loans provide up to \$2 million loans at up to 4% interest for small businesses and nonprofit organizations in declared disaster areas. However, their loans are based on whether the entity suffered actual economic injury as a result of the disaster,

regardless of whether they suffered any property damage. While this is not a traditional loan that can be pursued at any point, the disaster loan is worth applying for in the event that the Third Ward is impacted by a disaster such as flooding or hurricanes.<sup>21</sup>

**Feasibility:** Medium – SBA loans are a good option for those who do not qualify for traditional loans provided they fulfill the requirements. Limitations for what can be considered a small business depend on the average annual receipts (ex: up to \$32.5m for supermarkets) or the average employment of a firm for a particular industry.<sup>22</sup> Approval of a loan package is typically obtained within 5-7 business days with disbursement of funds taking 30-60 days.<sup>23</sup> The creation of an application package will typically require some technical expertise to demonstrate business viability and meet the specific criteria for a specific loan type.

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## B. Anchor Institutions

Anchor institutions are nonprofit institutions that are location-dependent or historically rooted in the local community which do not typically relocate once established. As such, anchor institutions are a valuable asset that can increase local job growth and stimulate the local economy when their goals are aligned with those of the community.

### 1. Local hiring procedures

**Description:** Having an anchor institution prioritize hiring members of the local community to fill job openings is a concrete investment that stimulates economic growth while reducing unemployment among nearby residents. The institution making a firm commitment to employing members of the local community provides plenty of positive returns on investment from a social good perspective. Local hiring increases the institution’s social reach both within the Third Ward and the City more broadly, allowing for more collaborative interactions and institutional respect as it deepens its connection to Houston. Many nonprofit anchors also have environmental impact goals embedded in their structure, as local hiring would contribute to reducing the average distance employees commute to work.

**Case Studies:** Office for Business and Community Economic Development at the University of Minnesota (Twin Cities, MN) – University requires that at least 10% of all base contracts are made with local, minority and women-owned businesses.<sup>24</sup>

**Feasibility:** High – Of all employment-based policies that anchor institutions can implement, targeting local hires is by far the most rapidly and easily achievable. Local hire internal policies can take several forms depending on the goals or incentive structure of the anchor institution. For institutions that need larger amounts of manual labor for construction or maintenance work, the policy can mandate that a certain percentage of total work hours be completed by residents of the Third Ward. For larger or more “top-down” controlled institutions, diversity standards and local hiring can be linked as a key performance standard to assess the effectiveness of the human resources department or even be tied to executive bonuses. For additional social engineering, the anchor institution can further prioritize hiring those facing barriers to employment, such as formerly incarcerated persons, veterans, single parents, and people of color. An important way of finding strong local hires would also require that the institution is proactive in publicizing job openings

within the community through participation in job fairs, posting on hyper-local internet forums, and collaborating with existing community-centered organizations. The focus of altering an institution's hiring policies should not be on filling generalized diversity quotas; rather, the primary goal should be placed on forming a lasting partnership with the community and investing their hiring power in a meaningful way.

## 2. Equitable employment practices

**Description:** While furnishing new jobs for local residents is an important first step, an anchor institution's responsibility to its employees extends into their employment policies. Providing stable, fairly paid employment can have a tremendous impact on the economic and physical health of the community. Strong jobs directly impact the amount of disposable income available for families to afford better food, make important investments, and build intergenerational wealth. Furthermore, employers can provide generous benefits as part of their employment packages to directly impact the medical services, education, and retirement security of a family. The difference between living paycheck to paycheck and having a stable source of income also provides ripple effects in the local economy by stimulating demand for goods and services provided by local businesses.

**Case Studies:** University Hospitals Initiative (Cleveland, OH) – Offers living wages and has designed equitable contracts through collaborative, agreed-upon labor agreements that benefit both the employer and the workers.<sup>25</sup>

**Feasibility:** Medium – Although the immediate benefits to the community are clear, policies involving increased wages and benefits cost the employer additional money. The decision to invest in employees can have differing levels of practicality depending on both the size of the business and their net profits, so such investments may often have to take place in steps. The most significant policy on employees' quality of life would be paying them a living wage, which given Houston's cost of living would likely range between \$12-15. Consistent working schedules are also important for stable employment, with full-time jobs being properly compensated for overtime and part-time jobs having regularly scheduled shifts to allow for childcare or a second job to be planned. Ad hoc hourly employees such as craft workers and subcontractors should also be paid hourly (not lump sum for a project) with overtime, as well as assuring that proper workplace safety standards are in place. Employees should be filing W-2 instead of 1099 tax forms so as to reduce the tax burden on the individual and make them eligible for benefits. Offering a comprehensive benefits package should always be a priority for employers, with quality healthcare and education benefits being especially critical. Policies such as paid sick leave and family leave should also be available to employees. Additional best practices can also be installed in the workplace, such as creating a pay transparency policy to help close the gender and racial wage gaps, offering transportation subsidies, and even increasing access to childcare can help create equitable jobs and economically reshape a community.

## 3. Workforce development

**Description:** Honing the skills of anchor institution staff makes for more productive employees while providing a steady supply of new hires to fill job gaps. Effective workforce development strategies should look to both bolster the skills of their existing staff and prepare new labor for skilled positions. By working to increase endemic talent, anchors can create direct lines for advancement within their firm by targeting the talent already working within their organization, then training them with the skills necessary for promotion into higher roles. While the benefits to training

existing staff are readily apparent, the benefits to the anchor for training outside labor are more nuanced. On top of the inherent advantages to greater community buy-in and local economic development, ensuring a ready supply of skilled workers in a tight labor market provides a competitive advantage in hiring top talent while reducing the cost of searching for labor. Depending on the depth of an anchor institution's involvement in the development or administration of a training program, the training that potential new hires receive could be specialized for their particular industry or facilities. Integrated workforce development programs are an excellent opportunity for anchor institutions to maximize the productivity of their workforce while developing the human capital of local community members.

**Case Studies:** Brigham and Women's Hospital (Boston, MA) – Granted forgivable tuition loans of up to \$10,000 to employees pursuing high-need fields in exchange for them staying with the hospital for an additional 2 to 4 years.<sup>26</sup>

PowerPathway Program by PG&E (San Francisco, CA) – Partnered with local community colleges to offer trainings for a range of soft and technical skills to prepare participants for entry-level positions within PG&E.<sup>27</sup>

**Feasibility:** Medium – There are several pathways that can be pursued in developing valuable work skills in the local community, whether it through connecting residents to existing resources or having anchor institutions develop their own programs. Available local programs range depending on the applicant and their preferred areas of interest and include: SER Houston,<sup>28</sup> the Houston-Area Urban League,<sup>29</sup> Neighborhood Centers, Inc.'s Workforce Solutions program<sup>30</sup>, Houston Community College<sup>31</sup>, the Houston JATC's Electrical Apprenticeship Program,<sup>32</sup> the Wesley Community Center,<sup>33</sup> and the Texas Workforce Commission<sup>34</sup> for technical education in a variety of fields including construction and healthcare; the ExxonMobil Community Summer Jobs Program<sup>35</sup> provides paid internship opportunities for youths in a variety of settings; the Houston Food Bank's "Serving for Success" program<sup>36</sup> operated with SER as well as Career and Recovery Resources, Inc.<sup>37</sup> provide training and job placement for formerly incarcerated individuals, those recovering from substance use disorder, and others facing significant barriers to employment; and SEARCH Homeless Services<sup>38</sup> provides stabilization services as well as the resources and training necessary to assist homeless persons in achieving gainful employment. Although most of these programs are subsidized and often provide wages or stipends over the course of the training; some opportunities can have a high price tag, which should be carefully weighed. Furthermore, anchor institutions such as hospitals and universities are particularly well suited for filling any gaps in educational services by developing their own programs or working in conjunction with existing schools or local industry. Institutions can be of further assistance in this step by providing tuition assistance, flexible hours, and other measures to support residents through the training process.

#### 4. Supportive supply line sourcing

**Description:** A powerful tool at the disposal of anchor institutions is the considerable purchasing power they wield as a part of their normal day-to-day operation. Supplies being bought for office supplies, services used to operate laundries, and even catering services are small parts of a larger patchwork of procurement that have the power to infuse much-needed capital into the local economy. Rather than supplying their goods from out-of-state or international corporations, anchors should take a critical look at the companies they order from and try to find locally sourced alternatives. Prioritizing doing business with firms in the Third Ward, firms that employ a large

number of residents, and firms that are minority, women-owned, small business enterprises (MWSBEs) all serve to stimulate the local economy and create more jobs. Deliberately targeting and supporting these businesses is a key ingredient in fostering a sustainable local economy. This goal is particularly salient considering that the dollar circulates much less within communities of color before leaving – reshaping how an anchor institution purchases can help change this trend by creating new demand and incentivizing the growth and establishment of small businesses in the Third Ward.

**Case Studies:** The Penn Compact by University of Pennsylvania (Philadelphia, PA) – Requires that contractors purchase from local sources and provides incentives for purchasing locally, has spent 12% of its total spending (\$100m) on local and diverse businesses.<sup>39</sup>

**Feasibility:** Medium – Altering an anchor institution’s procurement process is a highly effective method of infusing money into the local economy. Although there are no inherent costs in simply changing suppliers, the deals offered might change since a lot of smaller suppliers may not be able to benefit from the economies of scale that larger firms could offer. To accommodate for this reality, anchors may change their sourcing policy requiring the use of priority firms (i.e. locally-owned or MWSBEs) when they are available within a certain range of a comparable bid to the lowest non-target firm. Institutions can take steps of their own to help firms lower their rates and become more competitive by aiding with business purchasing. Purchasing practices would include paying for goods and services in advance so that firms have more capital to buy stock ahead of time. Another best practice could even be making purchases for goods needed by the firm at prices that would not typically be accessible to that business on their own, by taking advantage of nonprofit exemptions as well as wholesale and preferred buyer discounts. In instances where the anchor institution is contracting with an outside firm, they could include a contractual agreement requiring that a certain percentage of materials are bought from businesses within the local area. Incentive programs can also be started to stimulate demand for locally sourced goods among employees. Instances of this could include staff and student discounts for local establishments, bringing in local small businesses to serve their own food at in-house eateries, and encouraging participation in events such as weekly farmer’s markets and small business Saturday.

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### C. Hub for Individual Services & Small Business Development

Hubs for services assist individuals and small businesses in accessing the resources they need to achieve improved financial outcomes in a ‘one stop shop’ model. According to a 2008 Annie E. Casey study, residents receiving bundled services are three to four times more likely to achieve major financial milestones than those receiving only a single service in isolation. Furthermore, the probability of such achievements continues to increase proportionally to the intensity of services received.<sup>40</sup> Small businesses can likewise serve as engines to create income and job growth, provide much needed goods and services, and contribute to the maintenance of the character of Third Ward if they receive coordinated support at across their life cycles. While there are several Houston centers and organizations providing coordinated access to service, none of them is inside of or readily accessible to Third Ward.

## 1. Establish a financial opportunity center

**Description:** Neighborhood Financial Opportunity Centers (FOCs) take a bundled approach to the provision of financial services, centralizing access to a variety of programs related to personal financial health, including job training and placement, financial literacy, tax preparation assistance and support of access to benefits.<sup>41</sup> An FOC would provide the opportunity to integrate the following services, which are currently missing from Third Ward:

- Volunteer Income Tax Assistance (VITA): The IRS VITA program provides free tax preparation services for low- and middle-income earners by accounting students.<sup>42</sup> None of the 16 Houston-area VITA sites are located in Third Ward.<sup>43</sup>
- Earned Income Tax Credit (EITC) Awareness: The IRS estimates that one in five working individuals eligible for the EITC, a tax credit for low- to moderate-income earners, does not claim it.<sup>44</sup> The IRS has established an EITC Awareness Day to spread awareness of this benefit in the hopes of increasing utilization, and an FOC could serve as a community partner for this campaign and year-round awareness.<sup>45</sup>
- Supplemental Nutrition Assistance Program (SNAP) Awareness: An estimated one in four Americans who is eligible for the SNAP does not claim benefits, with that number rising to 40% for seniors nationwide.<sup>46</sup>

**Case Studies:** LISC FOCs: LISC operates approximately 80 FOCs nationwide, which provide a suite of financial and workforce services including career counseling, financial literacy training, income supports, and low-interest credit products to low- and middle-income individuals. They operate under a framework of helping families increase their incomes, reduce their financial transaction costs and build their personal and their community's wealth. They opened their first Houston-area FOCs in 2010 and now operate six FOCs in the Houston area: Alief, Bay Area, Gulfton, Independence Heights, Magnolia Park and Near Northside.<sup>47</sup> An evaluation of Houston LISC showed a \$10 return for every dollar spent on the program.<sup>48</sup>

**Feasibility:** High – FOCs can be run entirely by a nonprofit and are likely to be met with broad community support. LISC already operates six FOCs within the Houston metropolitan area and provides grants, technical assistance and ongoing support to community organizations that wish to open FOCs.<sup>49</sup> They are already involved with initiatives in Third Ward and it is conceivable that they would provide support for an additional location in the community. United Way is a partner in the Bay Area location and is another potential collaborator.

## 2. Establish a minority business accelerator

**Description:** The business-focused counterpart to the FOC, Minority Business Accelerators (MBAs) provide a range of services for small, minority-owned businesses, including training, technical and operational assistance, and access to large corporations for supply and partnership opportunities. There is limited evidence to suggest that startups that go through accelerator programs outperform those that do not, surviving their first year in operation at a higher rate and growing more quickly.<sup>50</sup> The National Business Incubation Association says that 87% of the firms that have completed its members' incubation programs are still in operation. MBAs can also work in tandem with investment funds that provide direct lending to MBA client businesses.

**Case Studies:** Cincinnati Minority Business Accelerator (Cincinnati, OH): Created following the 2001 riots in Cincinnati, the Cincinnati MBA was formed in response to the Cincinnati Community Action Now Commission's recommendation that growing black-owned businesses would create additional employment opportunities for black residents.<sup>51</sup> It focuses on creating a holistic environment that is supportive of minority business owners, working on both the supply and demand sides. They currently have commitments to an annual spend goal from 40 corporations and an MBA portfolio of 35 corporations. Since minority-owned businesses can face discrimination as they seek financing, the Cincinnati MBA also operates the L. Ross Love Growthbridge Fund, which provides direct lending to black- and Hispanic-owned businesses with a successful track record.<sup>52</sup>

Cleveland Civic Innovation Lab: An example of an ultimately unsuccessful business accelerator is the Cleveland Foundation's Civic Innovation Lab, which suspended its grant making activities in 2011. The program was started in 2003 and provided start-up funds of up to \$30,000 to 55 entrepreneurs over the course of its run, granting a total of over \$60 million. However, the Cleveland Foundation ultimately decided to stop funding the program.<sup>53</sup>

**Feasibility:** Medium – Establishing a local minority business accelerator requires a meaningful infrastructure and operating capital, but they can be run by a wide variety of organizations. While there are several MBAs nationwide operated by chambers of commerce, including the Cincinnati and Greenville MBAs, accelerators can also be operated by institutions, nonprofits, faith-based organizations and universities. There are models for such a program in Houston, including the Houston Technology Center in Midtown, which has assisted over 300 businesses in the technology space since 1997.<sup>54</sup> Capital One in Houston piloted and continues to the "Getting Down to Business" program that helps small business owners get education and a small amount of financing.

### 3. Issue small business improvement grants

**Description:** A Small Business Improvement Fund provides grants to small businesses for capital improvements to their own businesses or on behalf of their tenants. Eligible improvements can include building renovation, repairs, HVAC, accessibility improvements, façade and signage improvements, and acquisition of adjacent property for building expansion or parking. Improvement grants can be structured such that they are either outright or matching, and can be accompanied by additional assistance such as architectural services. Grant recipients can be either the property owners or tenants.<sup>55</sup>

**Case Studies:** City of Chicago Small Business Improvement Fund (Chicago, IL): Property owners can receive grants of up to \$250,000 per property (up to \$150,000 for industrial properties, \$100,000 for single-tenant properties, and \$50,000 per tenant or property for multi-tenant properties with a maximum for \$250,000 for the overall property.) The average grant is \$40,000. Work must be done by city-licensed contractors, and is reimbursed by the City once it has been completed and paid for by the owner. Businesses must employ fewer than 100 workers and have average sales less than \$5,000,000 over the prior three years. Certain types of businesses are ineligible, including bars, clubs, liquor stores, pawnshops and religious worship spaces.<sup>56</sup>

**Feasibility:** Medium – Establishing a large Small Business Grant Fund requires significant amounts of funding. In Chicago, Small Business Grants are funded by tax increment financing. In Houston, such a program could be funded on a very small scale by the Management District (Houston Southeast), which has an estimated ~\$150,000 available for business and economic development

services according to their Service and Assessment Plan. Additionally, small business improvement funds typically require business owners to make payments out of pocket and file for reimbursements afterward, which may deter businesses with limited capital from being able to avail themselves of the grants.

#### 4. Encourage the development of worker-owned cooperatives

**Description:** Worker-owned cooperatives are businesses that are collectively owned and operated by the individuals who work there, with profits and decision-making shared democratically by employee-owners. Cooperatives provide high-quality employment with living wages, and studies show they tend to be more resilient than privately-owned businesses and provide more stable employment.<sup>57</sup> Cooperatives are an excellent grassroots economic development strategy because they can be organized to provide for a variety of economic needs within a specific cultural and social context.

**Case Studies:** Evergreen Cooperative Initiative (Cleveland, OH): The Evergreen Cooperative Initiative in Cleveland began in 2008 as a partnership between the City of Cleveland, the Cleveland Foundation, the Cleveland Clinic, University Hospitals, and Case Western Reserve University to increase incomes within the Greater University Circle Neighborhood. Evergreen began with a laundry business serving University Hospitals, which send 3 million pounds of linens to be cleaned each year. The initial business model integrated employment for low-skill workers, some with criminal records, cooperative ownership in order to build wealth, and ecological sustainability. Despite challenges in the early years, the laundry is now profitable.<sup>58</sup> There are now three Evergreen Cooperatives—Evergreen Energy Solutions, Evergreen Cooperative Laundry, and Green City Growers—which collectively employ over 120 people.<sup>59</sup>

**Feasibility:** Medium – The lack of existing cooperatively-owned businesses and lack of education about cooperative models would make implementation in Houston challenging. However, there are no legal impediments to the creation of cooperatives, and given adequate community, stakeholder and financial buy-in, they could be implemented.

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#### D. Ordinance/Built Environment

A central priority of Mayor Sylvester Turner’s administration is the Complete Communities initiative aimed at taking a holistic approach to the health of Houston neighborhoods. A Complete Community can be defined as one that contains “amenities, transportation, services, and opportunities that fulfill [residents’] material, social, and economic needs. They achieve these outcomes while protecting . . . preserving our identity, culture, and sense of place. A complete community provides access to employment, shopping, learning, open space, recreation, and other amenities and services.”<sup>60</sup> The City of Houston has the opportunity to be an important partner in the economic revitalization of underserved neighborhoods such as Third Ward using ordinances that support the financial health of low-income Houstonians and by leveraging its investments to encourage development that supports social equity.

## 1. Consider placing Dowling (Emancipation) Avenue into the Main Street America program

**Description:** Main Street America is a subsidiary of the National Trust for Historic Preservation. The organization works with historic main streets to create a systematic overhaul of the street in order to promote economic development. The Main Street approach includes a community visioning step and the identification of transformational strategies that help meet the vision. Strategies can be both short and long-term. They often deal with concrete projects and ordinances. An organization or community registers their main street for the program and then can access the technical and funding opportunities offered by the organization.

**Case Studies:** Sweet Auburn Works, Inc. (Atlanta, GA): This nonprofit is an economic development organization that is following the Main Street America approach in order to preserve and revitalize the Auburn neighborhood of Atlanta. The organization has successfully ushered through a community visioning process and undertaken a number of projects to fulfill that vision. These include preserving several historic buildings, working with the City of Atlanta to rethink zoning regulation within the community, and providing technical assistance to local business owners.<sup>61</sup>

**Feasibility:** High—There is no limitation on which areas can join the Main Street network. An existing entity such as the EEDC could undertake the effort. Cooperation from the City of Houston and others in terms of a willingness to discuss how to implement strategies would be needed.

## 2. Maximize the flexibility in local Chapter 26 parking ordinance

**Description:** Parking policies directly impact the pace of economic development in a local community.<sup>62</sup> Standard parking regulations can create obstacles to mixed-use development and comprehensive redevelopment due to requirements associated with creating housing and establishing businesses. Strict guidelines encourage a lack of planning and poor design that negatively affects the physical character of a community and counteracts preservation efforts. Flexible parking policies encourage and reward a neighborhood-based planning approach that strategically addresses parking. Diversifying a city's parking toolkit can create valuable opportunities to: 1) optimize the use of land for housing and development; 2) maximize the use of parking areas for public parking and mixed use development; 3) effectively evaluate and meet parking needs; and 4) encourage economic development through reducing project costs.<sup>63</sup>

**Case Studies:** Menil Special Parking Area<sup>64</sup> (Houston, TX) – To support its Master Site Plan, the Menil Foundation completed a parking study to determine current and future parking demands to support the creation of Houston's first "special parking area" under the amended Chapter 26 Code of Ordinances. The designation of this area allows the institution to lower the number of required parking spaces for its gallery, bookstore, and classroom by 40% on its 30-acre campus. As a consequence, the foundation's expansion plans will happen without reducing green spaces for additional parking.

Montrose Management District (Houston, TX) – Encouraged by the Menil Foundation’s approach, the Montrose Management District (MMD) has been pursuing efforts to create a similar special parking area to attract businesses from Westheimer to Mandell along Montrose from Hype Park to Harold. However, the MMD has been unable to build adequate community consensus among existing business owners and residents for its plan. Broad community agreement is necessary because MMD is not the principal property-owner in the target area.

**Feasibility:** High – In 2013, the City of Houston made changes to its Chapter 26 Off-Street Parking Ordinance<sup>65</sup> to provide flexibility in determining the number of parking spaces for entities in a defined target area, which are termed “Special Parking Areas” rather than “Parking Management Areas”. Additionally, a 40% reduction in the total number of required parking spaces can be granted to a designated protected landmark or contributing structure within a historic district. These amendments allow the Planning Commission to approve full or partial parking reductions associated with residential housing and commercial development in areas smaller than Uptown and the Texas Medical Center. This decision of the commissions must then go to City Council, who can accept, amend, or reject the recommendation.

### 3. Pass minimum wage ordinance or living wage policy

**Description:** Studies have shown that living wages increase have no negative impact on the number of jobs and provide a host of benefits for employers, including higher employee productivity, access to more skilled labor, and lower turnover.<sup>66</sup> A minimum wage ordinance provides a floor to the hourly wage employers can pay their employees above the federally-mandated minimum wage. Minimum wage ordinances are gaining favor in the United States, with forty American cities and localities currently mandating a local minimum wage, 35 of which have introduced that legislation since 2012.<sup>67</sup> A more feasible alternative is a living wage provision that would apply to businesses receiving government contracts or subsidies.

**Case Studies:** New York City’s Fair Wages for New Yorkers Act (New York, NY): In September 2014, New York City Mayor Bill de Blasio signed an expansion of the City’s existing living wage law to include all commercial tenants at projects that receive more than \$1m in city subsidies.<sup>68</sup> The expansion was part of a push to pass a statewide increase of the minimum wage to \$15, which was signed into law by New York Governor Andrew Cuomo in April 2016.<sup>69</sup>

San Marcos, TX: The City of San Marcos signed into law in February 2016 a provision mandating that businesses applying for Economic Development Incentives from the City pay their workers a family living wage of \$15 per hour or more. The minimum wage was passed in response to concern that the City’s rapid growth in population has not been matched by an increase in wages and that the median income of less than \$28,000 lags well behind the statewide median of \$52,500.<sup>70</sup>

**Feasibility:** Low – Texas law prescribes that the federal minimum wage law supersedes local ordinances, so implementation in Houston would require a change in State law.<sup>71</sup> Although 29 states and Washington D.C. currently mandate a minimum wage higher than the Federal mandate of \$7.25, it is unlikely that Texas will join that majority under the current political climate.<sup>72</sup> However,

municipalities may write minimum wage provisions into contracts to which they are a party, as in the example of San Marcos, which is an option with Medium feasibility.

#### 4. Initiate use of community benefits agreements or pass community benefits ordinance

**Description:** The basic premise of community benefits is that economic development should bring meaningful improvements to the lives of affected residents, particularly those in low-income communities. Rather than allowing public-private partnerships to be driven primarily by private interests, Community Benefits Agreements (CBAs) allow local governments to use their capacity to play a more proactive role in urban planning by ensuring the creation of jobs, affordable housing and other benefits for residents.<sup>73</sup> A CBA is an agreement between developers and community groups (and sometimes the municipal government) that provides for benefits to the community—such as first source hiring, inclusion of affordable housing, construction of community amenities or funding of community programs—in exchange for their support of the project. CBAs are legally enforceable contracts and are often accompanied by provisions for disclosure and oversight. Studies suggest that properly negotiated CBAs lower transaction costs, promote civic engagement and benefit taxpayers.<sup>74</sup> A Community Benefits Ordinance (CBO) would mandate that every real estate development project that receives tax breaks or incentives from the City government would be required to commit to a CBA with the communities surrounding and adjacent to any high-impact development. Critics of this approach point out that this is a disincentive to develop, and can slow down or even lead to the cancellation of planned developments.

**Case Studies:** Staples Center CBA (Los Angeles, CA): The Los Angeles Sports and Entertainment District CBA, colloquially known as the “Staples” CBA, is one of the first and most successful examples of a CBA. \$150 million of public subsidies, rezoning, and the use of eminent domain supported the \$4.2 development abutting the Staples Center. The CBA was negotiated over a period of five months by the Figueroa Corridor Coalition for Economic Justice, a coalition of more than 30 community organizations, and the developers of the Staples Center. It included provisions for the creation of nearly 4,000 permanent living-wage jobs, first source hiring, \$1m toward community park and recreation needs, 20% affordable housing, interest-free loans for nonprofit developers of additional affordable housing, financial support for a residential parking program and the establishment of an advisory committee to oversee implementation of the agreement.<sup>75</sup>

Atlantic Yards CBA (Brooklyn, NY): Based on the Staples Center CBA, the 2005 Atlantic Yards CBA in New York has been widely criticized as a failure. It was negotiated by only eight community groups, at least one of which, Brooklyn United for Innovative Local Development, was created expressly for the purpose of negotiating the CBA and is now defunct.<sup>76</sup> The lack of authentic, widespread, and transparent community involvement compromised the integrity of the original agreement, and there have been ongoing complaints surrounding its implementation. The developer, Forest City Ratner (FCR), never hired the Independent Compliance Monitor provided for in the agreement despite many calls for accountability. FCR has subsequently sold 70% of the project (excluding Barclays Center and one of the towers) to Shanghai-owned Greenland Holdings, placing implementation of the unfulfilled provisions of the agreement in further doubt.<sup>77</sup>

Detroit Community Benefits Ordinance (Detroit, MI): Voters in Detroit approved the country’s first Community Benefits Ordinance on November 8, 2016. The approved proposal requires “the city to establish and consult with Neighborhood Advisory Councils in conjunction with certain large-scale projects involving city property or tax subsidies, to require development agreements between the

city and the developers of such projects to incorporate the concerns of the Neighborhood Advisory Councils to the extent feasible, to include certain other related provisions, and to establish that the ordinance is the comprehensive local law on the subject matter.”<sup>78</sup> It will require CBAs for developments of \$75 million or more that receive \$1 million or more in public incentives on properties valued at \$1 million plus that are transferred or sold to developers.<sup>79</sup>

**Feasibility:** (CBA) Medium – Although there are no existing CBAs in Houston, they have been negotiated in a number of markets across California as well as in Atlanta, Boston, Charleston, Chicago, Denver, Milwaukee/St. Paul, Miami, New Haven, New Orleans, Seattle and Washington D.C. Community perception is likely to be positive based on rising public awareness of some of the negative externalities of development for the taxpaying public and desire for social equity. The City of Houston may have an appetite to assist with the negotiation of CBAs as part of its Complete Communities initiative.

(CBO) Low – There are no existing CBOs in the United States, and it is unlikely that Houston would be on the forefront of their adoption. While communities would likely support such an ordinance, opposition from the business and developer interests would be robust.

## 5. Pass overlay zoning legislation

**Description:** Overlay zoning is a municipal tool that can either be used to complement existing zoning regulations or act as standalone regulations in localities like Houston that have no existing zoning. Overlay zones can be established to meet a variety of policy goals, but are often used to achieve specialized targets and solve specific issues, such as protecting environmentally sensitive areas or incentivize particular types of development.<sup>80</sup> The Third Ward could benefit from overlay zoning that mandates particular uses, such Transit Oriented Development (TOD) along the Dowling corridor, or provides tax incentives for the development of affordable housing more broadly in the Northern Third Ward through inclusionary zoning. Other potential uses of overlay zoning could protect historical character, mandate pedestrian-oriented development, limit commercial usages to “neighborhood retail,” encourage mixed-use development, or impose low building height restrictions.

**Case Studies:** Special Enhanced Commercial District (New York City, NY): Passed in 2012 and amended in 2016, these districts are designed for the “promotion and maintenance of a lively and engaging pedestrian experience along commercial avenues.” There are six classifications of zones that apply to either emerging or well-established commercial zones and can require that the bulk of ground floor space be designated for commercial uses that enhance the pedestrian experience, limit the existence of inactive wall frontages along the street, or protect the multi-store character of commercial blocks where that is pre-existing. The article also makes provisions for ground-floor level transparency, parking regulations, and curb cuts.<sup>81</sup> There are four such zones in New York City, two in Manhattan and two in Brooklyn.<sup>82</sup>

**Feasibility:** Low – Although local conversations about the use of inclusionary housing zones are beginning to take place publically, Houston traditionally has a culture that is proudly resistant to zoning.

## E. Independent Interventions

Independent interventions are those that can be executed by the EEDC at a relatively low cost without City or other institutional involvement.

### 1. Establish Third Ward Buying Club

**Description:** Buying clubs allow individuals to pool their buying power and collectively make purchases at prices lower than retail, enabling them to purchase high-quality and healthy food or other household goods at wholesale prices. Buyers volunteer their time and energy to assist with the distribution, and can be started with as few as seven to ten individuals or families. A buying club could be a short-term solution for the food desert in Northern Third Ward, allowing residents without access to a car or limited mobility to access higher quality produce and food conveniently in their neighborhood. Savings can be redirected to cover other necessary household expenses.<sup>83</sup>

**Case Studies:** APM Food Buying Club (Philadelphia, PA): In Eastern North Philadelphia, the Asociacion Puertoriquenos en Marcha launched a food buying club in 2015 in coordination with a LISC Americorps member. Approximately 125 families purchase produce through the bi-weekly program, saving 40 to 60% a week on their produce expenditures. Member volunteers oversee the distribution. In addition to improvements in nutrition and cost savings, the program fostered a sense of community and brought together diverse stakeholders.<sup>84</sup>

**Feasibility:** High – Because there is no physical location or staff to maintain, buying clubs have low overhead costs. Sufficient community support and demand is the major prerequisite to implementing a program. It would be feasible for the EEDC to implement a buying club independently or with the assistance of a local nonprofit.

### 2. Cultivate Community Gardens on City-Owned Lots

**Description:** There is only one fresh food market within the Emancipation Park target area, and the Third Ward is classified as a food desert. Converting vacant land to community gardens provides an opportunity to fight food insecurity by providing seasonal produce in line with resident preferences and education around healthy and sustainable food choices.<sup>85</sup> A related alternative would be converting vacant or under-utilized lots into urban agriculture plots to provide an opportunity for low-income residents to earn money by selling produce they grow. Like community gardens, this approach would increase the availability of fresh produce in food deserts, provide an opportunity for communities to learn about growing food, beautify vacant lots, improve air quality, and reduce the City's maintenance costs.<sup>86</sup>

**Case Studies:** Lots of Hope (Providence, RI): Established in 2012, Lots of Hope enables the City of Providence to act as an agent for urban agriculture on its portfolio of 400 abandoned lots, helping aspiring farmers to secure long-term leases to farm on plots that are identified as viable through a systematic set of criteria. Generally, lots should be larger than 2,500 square feet, empty and unpaved. The City also considers criteria such as tree cover, slope and proximity to other lots. There are currently four operating farms. However, there have been significant challenges to the program. Infrastructure costs limit the City to transforming only a few lots per year, so it is unable to respond dynamically to the increasing demand for urban farming. Additionally, lots that are prime for

farming are also attractive for other types of development, creating competition with commercial and residential development. Finally, Providence has yet to prove that Lots of Hope can be a successful long-term strategy.<sup>87</sup>

**Feasibility:** Medium – The LARA program is currently being overhauled by the City, but the LARA website currently states that five-year leases for LARA lots can be granted for the purposes of establishing a community garden.<sup>88</sup> Since 2012, the City of Houston has worked with Urban Harvest, a local nonprofit focused on community gardens, farmer’s markets, and food education, to use Land Assemblage Redevelopment Authority (LARA) lots to create urban community farms. The first of these gardens, Henry Holmes Healthy Garden in Sunnyside, opened in 2012.<sup>89</sup> This partnership demonstrates that the City may be receptive to a program such as Lots of Hope.<sup>90</sup>

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## Appendix A. Economic Development Indicators

- Access to Credit
  - Amount of CDFI investment in local business district development
  - Percent of local population in asset poverty (savings is less than 3 months’ poverty-level income)
  - Business credit ratings, capacity to expand economically
  - Company balance sheets, business solvency
  - Rate of expansion for tax revenues raised in area (TIRZ, municipal taxes, etc.)
- Anchor commitment
  - Change of mission statement
  - Anchor plan in strategic plan
  - Community engagement integrated within duties of lead staff or new position/department dedicated towards anchor objectives
- Local hiring procedures
  - Local unemployment rate, unemployment rate for target demographics (people of color, formerly incarcerated persons, etc.)
  - Percent local and minority hires in staff positions
  - Percent employed at living wage, breakdown employed population by whether they meet standards outlined under “Equitable Employment Practices”
  - Indirect local and minority hires through temp work, subcontracting
  - Assessment of current employment standards (if any) for anchor contracts
  - Comparative local labor force market penetration rates by industry and trade
- Supportive supply line sourcing
  - Number of registered MSWBEs in local community, total dollar value estimate
  - Business survival rates, years open and reasons for closure (bankruptcy, relocation)
  - Percent of anchor procurement to local MSWBEs, total dollar figure on amount anchor spent in local businesses
  - Number of local jobs created and retained (1 year, 5 years)
- Workforce development
  - Labor market needs assessment, what industries need workers and where they are located

- Track number of Third Ward residents engaged in community college or other job training programs

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## *Cultural and Historical Preservation Policies and Programs*

### **Policy Objectives**

1. Preserve the architectural integrity of historical and culturally relevant buildings and structures
  2. Protect groups, organizations, and businesses that preserve and share the African American history and culture with residents and visitors
  3. Create opportunities for existing and new residents to better understand the historical significance of Third Ward, as well as utilize the ongoing celebration of African American art and culture as a tool for preservation
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### Policy Categories for Cultural and Historical Preservation

- A. Funding Preservation
  - B. Regulatory Approaches
  - C. Educating on Impacts
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#### A. Funding Preservation

There are a number of very useful federal and state programs for funding historic preservation projects. The most obvious ones such as using the historic preservation tax credits, are not laid out below. Those strategies are already in practice in the Third Ward and throughout Houston. Instead, the options below are less often used, but represent important additional sources.

1. Take advantage of the Texas Preservation Trust Fund

**Description:** The Texas Preservation Trust Fund (TPTF) receives an allocation from the state to disburse to property owners for acquisition, survey, restoration, preservation, planning and heritage education activities for preservation of historic properties and archeological sites.<sup>1</sup> It is a competitive grant program. The TPTF serves as a matching grant, which means the property owner must have some funding established for the project, and that existing funding is matched by the TPTF. The applications are available on an annual basis. It is also important to note that local governments provide historic site tax exemptions for buildings designated as a City of Houston Landmark or Protected Landmark, and the building has been classified as a “contributing” or “potentially contributing” structure located in a designated City of Houston Historic District.<sup>2</sup> The percentage of the tax exemption ranges from 25% up to 100%. This is dependent on the amount of qualified expenditures relative to the initial year improvement value—not land value—established by the Harris County Appraisal District (HCAD) for up to 15 years.

**Case Studies:** Granger City Hall (Granger, TX) The TPTF was suspended FY 2011 and resumed FY 2015, therefore most TPTF projects are still underway. Granger is the only city with a completed grant thus far for 2015. The City successfully completed planning grant and returned for the FY

2016-2017 grant cycle with a development application. This is often a path a project will take; first receive a planning grant and then return with a development grant application for construction.<sup>3</sup> However, there can be reasons why a grant project is not successful including the matching funds end up not being available, the THC offered a reduced grant award and the scope of the project could not be reduced or accomplished with grant award, or the timing of the project did not work with TPTF deadlines. Municipalities are an eligible grant recipient for the TPTF grant program. The most successful applications are when the applicant consults with the THC review staff prior to submitting a grant application. This could be a potential problem if a municipality does not seek this type of assistance from the THC review staff. If the project is for development (construction work), the City is required to encumber a preservation easement. Some cities will not accept such an easement.

**Feasibility:** High – The TPTF matching grant is highly feasible for three reasons. First, this opportunity requires no change to existing state or local ordinances. Second, there are moderate costs and demand on human resources. Lastly, there are other examples within Texas that have received funding in communities similar to the Third Ward-

## 2. Establish a legacy business historic preservation fund

**Description:** Cities or foundations can establish a historic business preservation fund that can use any number of funding streams (bonds, general fund, philanthropy) to help historic businesses remain in long-term locations. Grants can either be given to assist residents with meeting rising rents or to help establish rent controls via payments to landlords.

**Case Studies:** Legacy Business Historic Preservation (San Francisco, California): The Board of Supervisors established this fund in 2015. Legacy Businesses could get \$500 per employee per year to help offset rent. Property owners who agreed to 10-year leases with legacy businesses could receive an annual grant of \$4.50 per square foot to offset lower rent payments. Legacy Business Rent Stabilization Account is filled annually by the Board of Supervisors with public funds.

**Feasibility:** Medium – The City of Houston could create a similar ordinance or philanthropic money could be secured to support the program. The San Francisco example is one of the only ones in the nation and the City of Houston would have to be willing to dedicate funds to the project.

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## B. Regulatory Approaches to Encouraging Preservation

By adding regulations and ordinances that either permit more stringent preservation rules or establish other practices for land-use or development that aid in efforts to maintain historic buildings intact, the City of Houston and other jurisdictions can encourage context-sensitive development and help preserve the cultural identity of its many neighborhoods.

### 1. Encourage context-sensitive preservation and redevelopment

**Description:** Buildings can be productively preserved and reactivated with attention paid to their initial use and purpose within the community. Cities can offer additional subsidies for projects that match earlier uses.

**Case Studies:** Swift and Sons Factory (Hartford, CT): A manufacturing plant had provided jobs for nearly 400 Hartford residents prior to its closure in 2005. After it went out of business the jobs were relocated and the property was donated to a local affordable housing group. Rather than demolishing, the organization turned the building into components that could help replace the lost jobs through retraining and education—a community commercial kitchen, culinary training space, and food business support; a library with a dedicated employment resource staff; and a community health clinic.<sup>4</sup>

**Feasibility:** High – Riverside Hospital, for example, could be maintained with some form of community clinic or health service. Existing shotgun houses and other historic and architecturally significant units can be repaired and used as housing in lieu of being torn down. Project Row Houses is one organization that has developed sensitive and appropriate reuse strategies for shotgun houses and the surrounding urban fabric. The City of Houston could encourage the reuse of buildings in line with their initial use by insisting that any projects requiring city approval or seeking city funding have elements tied to original use.

## 2. Enable the creation of social heritage districts

**Description:** Usually created as special use districts within a city’s ordinances, social heritage districts can account for historic and cultural elements not represented by brick and mortar buildings. They are rarely tied to legal land-use controls, however, focusing instead on branding, design guidelines, and incentives to support the maintenance of an area’s identity. They can be created to account for particular businesses, events, or organizations. Can help overcome the integrity provisions of the National Historic Preservation Act that often prevent preservation areas from being instituted in lower-income areas that have experienced significant structural loss. It is a system that offers the chance to redefine what “counts” as historic. These districts acknowledge the importance of non-white/non-elite structures.

**Case Studies:** Japantown Cultural Heritage and Economic Sustainability Strategy (San Francisco, CA). The City of San Francisco has worked to use a variety of planning tools and resolutions to help preserve the cultural significance of certain areas. The approach to Japantown included the creation of a Commercial District, a community plan, and cultural asset mapping.<sup>5</sup>

**Feasibility:** Medium – The State of Texas already allows for the creation of historic districts and cultural districts that are tied to cultural production and are run by the Texas Commission on the Arts. These two emulate some elements of what a social heritage district would enable. The State could consider establishing an additional category within either of its existing programs. The City of Houston could also pass a local ordinance that establishes the districts on a municipal level or the current City-run historic process could attempt to directly account for social heritage. The branding and guidelines program mirrors those undertaken by TIRZs and management districts, so the concept is not unknown in Houston.

## 3. Enable the use historic conservation districts

**Description:** Historic conservation districts are a regulatory tool to maintain an aesthetic and cultural character of established neighborhoods that may not normally meet the prerequisites of federal, state, or local historic commissions to be considered for full historic protection. The process is less cumbersome than full preservation, so even some historic areas have pursued the district

approach. These districts are generally considered to maintain the standards of a setting or community, without mandating the exact materials or architectural styles. These districts can be advisory, mandatory--with formal review and approval settings, or incentive-based districts. Incentives tend to either be financial or land-use based. Financial incentives are usually tax credits for rehabilitation, outright grants, or changes in property tax structure. Land-use changes are often relaxed building codes that allow for reduced setbacks or higher-density allowances for structures that meet standards.

**Case Studies:** Conservation Districts in Dallas (Dallas, TX): The City of Dallas allows for conservation districts in an attempt to maintain the general standards of an area, not the specific elements of buildings, as a historic district would. The residents within the district help determine the design and architectural standards, then the City approves any requested changes.<sup>6</sup>

**Feasibility:** Low – Houston is unlikely to use the tool because it is most often applied through a zoning code. However, the City could create a conservation district ordinance that is applied in much the same way as a historic district and could be more tailored for the concerns of a particular community.

#### 4. Pass a building reuse ordinance

**Description:** A community policy that promotes the reuse of existing buildings on the grounds of historic preservation and environmental sustainability—existing buildings can be retrofitted without landfilling materials or extracting new ones. Changes the default approach from demolition to reuse. Most historic commissions and districts can review elements for fit and appropriateness and even deny demolition permits, but this is not possible outside of protected areas. A building reuse ordinance could include a demolition review with requirements that a new building better serve community needs. Demolitions could be evaluated on a number of criteria including, environmental impact, energy efficiency savings of new v. old buildings, historic, architectural, and cultural significance, or character and quality of planned building. Could be coupled with historic preservation ordinances, would not replace. And could be applied to all buildings or specific areas.

**Case Studies:** No active case studies

**Feasibility:** Low – Citywide application is doubtful since it goes against Houston’s typical development approach that depends greatly on demolition. Could be applied as pilot in select area.

#### 5. Consider allowing the use of interim control ordinances

**Description:** These ordinances are often used to institute a full development moratorium over particularly under pressure communities in order to evaluate the situation, help ensure that long-time residents have a say in the process, and enable a more carefully planned transition.

**Case Studies:** The City of Los Angeles (Los Angeles, CA): The City has used ICOs as a way to slow rapid development and teardown processes in select residential areas.

**Feasibility:** Low – This would require a new ordinance to establish to provide the City with the power to halt development for these reasons. Any proposal for a full moratorium on development would be politically untenable in Houston, even for a pilot area.

## 6. Institute a mansionization ordinance

**Description:** These regulations can work to address out-of-scale or out-of-character development in single-family zones or any other area with a particularly identifiable architectural identity. Goal is to ensure that new development occurs within the character of existing structures. Can be couple well with or in-lieu of conservation districts.

**Case Studies:** Baseline Mansionization Ordinance & Baseline Hillside Ordinance (Los Angeles, CA): The City of LA has instituted both ordinances in order to ensure consistency in single-family zones. LA's Hillside Ordinance does much the same thing by limiting the types of structures that can be built on sensitive landforms.<sup>7</sup>

**Feasibility:** Medium – Some elements of this already exist with height restrictions, lot sizes, and building lines. This would require the formalization of those elements into a single approach. Would need to occur at a neighborhood level and be tied to community plans that identify the “character” of the site.

## 7. Pass an adaptive reuse ordinance

**Description:** Adaptive reuse ordinances offer incentives for developers to reuse existing structures rather than tearing them down. While they do not prevent demolition, they can offer a clear standard of how to encourage reuse. In Los Angeles the ordinance provides for expedited approval process and ensures that older and historic buildings are not subjected to the same zoning and code requirements that apply to new construction.

**Case Studies:** Adaptive Reuse Ordinance (Los Angeles, CA): The City of Los Angeles' adaptive reuse ordinance establishes a particular set of areas within which they want to encourage adaptive reuse. It also has created a package of incentives including streamlined permitting, lower parking requirements, and greater density allowances. It also creates the option for novel mixed-use arrangements such as allowing for the new live-work arrangements.<sup>8</sup>

**Feasibility:** Medium – The City of Houston would have to pass a new ordinance, but the concept could be not too different from existing historic preservation standards. The only exception would be the new incentives and permitting exemptions. City could also simply attach requirements to projects that are receiving incentives.

## 8. Pass a renovation zoning ordinance

**Description:** Similar to the adaptive reuse ordinance, a renovation zoning ordinance gives greater flexibility to buildings being redone than those being built from scratch. As proposed in Chicago, it would apply to areas that did not qualify for historic landmark status. It would include two elements—one for renovations of existing buildings and another set of requirements for teardowns and new construction. Renovated buildings would only need to follow established building codes, but beyond on those would have wide flexibility in use and elements. Tear down/new construction would be required to meet the most stringent obligations and design standards.

**Case Studies:** Not implemented, but proposed in Chicago.

**Feasibility:** Low – This is a zoning-dependent approach that would be unlikely to succeed in Houston. Similar outcomes could be ensured through an adaptive reuse ordinance.

#### 9. Create redevelopment guidelines and design standards.

**Description:** In lieu of preventing a teardown, communities can restrict the type of structure – building lines, height, setbacks – that replacement structures take through these guidelines. This can be accomplished through a broader set of city or neighborhood-level design guidelines and standards that apply to all buildings, not just redevelopments. This also discourages teardown and new development because it restricts the type of building that can be put up. Often controlled through design review committee that approves all plans for teardown lots.

**Case Studies:** City Design Guidelines. (Lake Forest, IL): After creating a thorough design guideline approach, the City of Lake Forest created a design review committee and installed several public participation steps into the redevelopment process.<sup>9</sup>

**Feasibility:** Medium – The City of Houston already has a number of guidelines and design standards that are applied piecemeal through a number of avenues, among them minimum lot size ordinances and historic district rules. With Plan Houston pending its final shape, the City possesses an opportunity to apply such guidelines across the city or to create a strategic plan for creating neighborhood specific guidelines. TIRZ and Management Districts already undertake such efforts, finding ways to give them meaningful enforcement is key.

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### C. Educating on the Impacts of Preservation

A great deal of work can be done to show the impact, whether cultural or economic, that preservation efforts can have on a given neighborhood. The City of Houston, the Houston Independent School District, and individual community entities could all participate in programs and educational campaigns that help demonstrate the positive outcomes that can emerge from preservation.

#### 1. Recognize and value preservation as economic development

**Description:** Economists have predicted a million dollars spent on the rehabilitation of a historic building adds \$730,000 in household income to the state's economy, which is \$95,000 more than a million dollars spent on new construction.<sup>10</sup> In 2009, the Federal Rehabilitation Tax Credit Program produced 70,000 jobs and generated over \$4.7 billion in private investment while restoring abandoned and underutilized historic buildings. Reports have shown that the federal historic tax credit pays for itself because for every \$1.00 of tax credits, \$5.00 in private investment is leveraged. Rehabilitation of historic properties provides jobs for builders, plumbers, electricians, painters, appraisers, urban planners, interior design, law, architectures, building materials conservationists, public policy, real estate and so forth. In 2009 and 2010, research has shown that jobs generated by historic rehabilitation created more than 145,000 jobs nationwide in construction, manufacturing service and the retail sectors.

**Case Studies:** Park Avenue Preservation (Pharr, TX): The funding was used for operating expenses to support the City's Main Street Program and for the promotions budget. The efforts from the CDBG funding led the City to set up a \$50,000 matching fund for a façade improvement program to encourage the private sector investment for restoration and preservation of the City's historic district. From this, seven local banks matched the City's commitment and set up a \$637,000 low interest loan pool to encourage further private investment for restoration. In 2002 and 2003, Pharr Main Street produced over \$3.2 million in public and private investments, 21 business start-ups resulting in 50 jobs.<sup>11</sup>

Main Street project (Galion, OH): The City of Galion used the state CDBG funds to receive \$10 million from public and private sources to revitalize their historic uptown area, which became depressed due to plant closures.<sup>12</sup> Ultimately, the main street was restored and an historic walking tour was developed to promote Galion as a tourist destination. As a result, businesses returned to the district helping to generate more revenue for the city and providing services to the residents and tourists.

**Feasibility:** High – Similar to Galion, OH, communities within Houston, TX can apply for grant funds to initiate job creation and wealth. Applying for the grants require moderate costs and demand on human resources. Also, communities do not have to undergo the task of changing existing state or local ordinances.

## 2. Implement cultural and historic preservation in educational institutions

**Description:** According to the National Historic Preservation Act it is the responsibility of the State Historic Preservation Officer to administer and provide public information, education and training, and technical assistance in historic preservation. To ensure the implementation of historic preservation education and training, a state may contract or use cooperative agreements with any qualified nonprofit organization or educational institution to execute all or any part of its responsibilities. Of primary importance, however, is that historically black colleges and universities, and other institutions can receive technical and financial assistance for establishing training and degree programs for preservation. Additionally, community centers and secondary education institutions can receive funding for historic preservation training and workshops. This is important because reports have shown that there is a shortage in skilled labor, specifically in Houston. Rehabilitation of historic properties provides jobs for builders, plumbers, electricians, painters, appraisers, urban planners, interior design, law, architectures, building materials conservationists, public policy, real estate and so forth. In 2009 and 2010, research has shown that jobs generated by historic rehabilitation created more than 145,000 jobs nationwide in construction, manufacturing service and the retail sectors.

**Case Studies:** AYA Educational Institute began in 1998 as an adult educational program offering leadership and development workshops.<sup>13</sup> Additionally, the institute started offering Saturday school to help children in math where their public schools were performing poorly. In 2003, the institute was hired by Stone Mountain Charter School in Stone Mountain, GA to implement their strategy of education through arts for middle school students. The institute was hired in 2004 by Morris Brown University located in Atlanta, GA to improve the praxis for test scores in reading, math, to teach faculty African-centered educational approaches, and to develop and implement an African-centered school on Morris Brown's campus. The education institute established an online learning component to work with students from ages 10 to 17. The philosophy of the AYA Educational

Institute is to teach to the intellect, the humanity, the spirit of students via academic, cultural and social mastery based on an African identity. Students that participate and graduate from this institute get accepted into approximately 90% of the colleges they apply to, often receiving partial to full financial aid packages.<sup>14</sup> However, the problem with the educational reform process in public school systems requires a vote for policy changes. Also, the Department of Planning and Development administers the Historic Preservation Ordinance only preserves historic structures, neighborhoods and archeological sites in Houston. Given the existing ordinances and policies in the city and the state, there are few policies that integrate the instruction of cultural and historic preservation in schools or other educational institutions.

**Feasibility:** Medium – Establishing a community program has medium feasibility for at least three reasons. Programs require more than moderate costs and demand on human resources. Although this option is financially possible, obtaining resources such as teachers, textbooks, cultural trips, and the use of technology can be expensive. Also, the feasibility of cultural community programs can be difficult to implement, but public departments or nonprofits could meet requirements. Lastly, there are similar community programs in Houston such as the SHAPE program that implement culture within academic curriculum.

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## Appendix B. Cultural and Historical Indicators

- Concrete Impact of Preservation Efforts
  - Number of historic homes and buildings in existence and number preserved or protected.
  - Number and age of business establishments in target areas and number preserved or protected.
  - Identification of significant non-building cultural sites and how they are currently marked or celebrated.
  - Change in rates of new construction or demolitions.
  - Number of redone or reused historic buildings.
  - Change in the number of applications for historic designation
- Economic Influence of Preservation
  - Change in unemployment level in target areas
  - Change in income in target areas
  - Increase in taxable value of preserved buildings
  - Change in value of adjacent, non-historic buildings.

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<sup>1</sup> Texas Historical Commission. Texas Preservation Trust Fund. (2016, November 11). Retrieved from <http://www.thc.texas.gov/preserve/projects-and-programs/texas-preservation-trust-fund>

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<sup>3</sup> Harvell, Lisa, personal communication, October 7, 2016.

<sup>4</sup> Holahan, D. (2015, October 1). Revival Plan: Swift Factory Project Manager's Ambitious Vision For A Hartford Neighborhood. *Hartford Courant*.

<sup>5</sup> City of San Francisco Department of Planning. Japantown Cultural District. Retrieved from <http://sf-planning.org/japantown-cultural-heritage-and-economic-sustainability-strategy-jchess>

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- <sup>13</sup> Aya Educational Institute. Retrieved from [http://www.ayaed.com/#xl\\_xr\\_page\\_index.html](http://www.ayaed.com/#xl_xr_page_index.html)
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## *Affordable Housing Policies and Programs*

### **Policy Objectives**

1. Increase the number of affordable housing units in the Emancipation Park target area for low- or moderate-income families or individuals
  2. Ensure permanent affordability of new and existing housing units
  3. Work to maintain and improve existing stock of affordable housing
  4. Protect and increase community control of housing stock
  5. Increase mechanisms for community stakeholders to impact development decisions to protect and improve the quality of living of residents
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### Policy Categories for Affordable Housing

- A. Funding Mechanisms and Resident Assistance
  - B. Increasing New and Existing Housing Supply
  - C. Development Regulations
  - D. Community Oriented Programs
- 

### A. Funding Mechanisms and Resident Assistance

Houston does not have adequate affordable housing funding available from any level of government to meet the demand costs. According to the Houston Housing and Community Development Department there is a need for more than 300,000 units of housing affordable to Houstonians whose household income is less than 80% AMI. Approaching alternative funding opportunities to increase the amount of funding available to build new affordable housing or to keep existing housing on the market, therefore, is essential. Another approach to this dilemma is to assist residents in remaining in their homes even as prices increase.

1. Establish a housing trust fund with a defined funding approach for the City

**Description:** Through a local ordinance, a dedicated fund can be created to provide ongoing sources of public funding to support the preservation and production of affordable housing and increase opportunities for families and individuals to access decent affordable homes. Specifically, these funds can provide gap financing for the construction and maintenance of affordable housing units. Developer or linkage fees are the most common revenue source for a fund. A teardown fee on demolished residential buildings that is then paid into a set housing fund has also been considered in some municipalities.<sup>1</sup>

**Case Studies:** Austin Housing Trust Fund (HTF) (Austin, TX) – Austin City Council established its HTF in 1999 with \$1 million of annual seed funding for three years with subsequent revenue from the City’s Sustainability Fund, Tax Increment Financing, transfers from the Capital Improvement Program and property taxes. In 2016, City Council voted to dedicate 100% of the tax revenues being

generated by property previously owned by the City to its HTF, which is estimated to result in \$68 million in funding over the next decade.<sup>2</sup>

The San Antonio Housing Trust, Inc. (SAHT) (San Antonio, TX) – In 1988, the City of San Antonio created its trust with seed funding totaling \$10 million dollars and receives \$700,000 annual revenue from loan repayments and interest on investments. The San Antonio Housing Trust Foundation administers the SAHT and submits its recommendations to city council for approval.<sup>3</sup>

**Feasibility:** High – Mayor Turner’s Housing Transition Committee included the creation of a Housing Trust Fund in its final report. Additionally, this Trust Fund can be dedicated to assisting in meeting the housing needs in the neighborhoods that are specified in the Complete Communities Initiative. Specifically, the fund can provide gap financing and initiate “priority” projects in a target community for a private or nonprofit developer. Based on the case studies in Texas, this is a policy that can be initiated locally through Houston’s City Council. It is recommended that a nonprofit entity manages this fund.

## 2. Utilize general obligation bonds to support affordable housing

**Description:** A general obligation bond is the most common municipal bond. It is secured through a local government’s pledge to use its available resources to repay bond holders and are utilized to raise funds to pay for public projects that do not provide direct or substantial revenue. Therefore, these bonds are typically repaid with property taxes and require voter approval.<sup>4</sup> Specifically, these bonds can be dedicated sources of funding for building new units or rehabilitating existing units, as well as support rental property operations and maintenance. Funds may be used to provide rental assistance to low-income individuals at risk of homeless due to illness, job loss, divorce or death in the family. Additionally, these funds can be used to provide loans for low- to moderate-income first-time homebuyers, which when repaid revolve to assist more buyers. Other bond options for financing affordable housing include the following:<sup>5</sup>

- 501(c)(3) Bond Financing Program: In 1986, the IRS changed its rules to make these bonds available for nonprofit entities to create or rehabilitate affordable housing for low-, moderate-, and middle-income households.<sup>6</sup> This program is not federally limited. However, these bonds are issued at the discretion of Texas State Affordable Housing Corporation.
- Essential Function Bonds (EFB): These bonds are issued to local and state housing finance agencies for building or substantial rehabilitating affordable housing units. Local housing authorities have predominately issued EFBs as a financing tool.<sup>7</sup>
- Private Activity Bond Program (PAB): This program allows state and local entities to sell PABs to investors at low rates to finance affordable housing. Primarily, these bonds are tax-exempt and are used to provide low interests loans for constructing new housing, substantially rehabilitating housing, and acquiring and rehabilitating housing properties. Locally, the Houston Housing Finance Corporation has the authority to issue these bonds. At the state-level, the Texas Department of Housing and Community Affairs uses it authority issue these bonds.
- Mortgage Revenue Bonds (Single Family and Multifamily): State and local governments use these PABs to finance low-cost mortgages for low- and modest- income first-time homebuyers or to finance the production of affordable rental housing. Locally, the Houston Housing Finance Corporation has the authority to issue these bonds. At the state-level, the Texas Department of Housing and Community Affairs uses it authority issue these bonds.
- Multifamily Housing Bonds: The bonds are used to fund loans to for-profit and nonprofit developers for the acquisition and rehabilitation or new construction of affordable rental

developments that includes a specified number of units dedicated to housing moderate- and low-income families or the elderly. The Texas Department of Housing and Community Affairs combines these bonds with its non-competitive (4%) Housing Tax Credit program when the bond is being used to finance at least 50% of the cost for the land and construction.<sup>8</sup>

**Case Studies:** City of Austin (Austin, TX) and City of Dallas (Dallas, TX) – A report by the Dallas Office of Economic Development claims that their 2006 \$18.8 million bond yielded \$94 in estimated private development, with 600 affordable housing units being built. Austin garnered \$250 million in affordable housing development from a \$55 million bond.

**Feasibility:** High – In 2012, Houston voters approved the issuance of \$15,000,000 affordable housing bonds for the acquisition, construction, rehabilitation and equipment of affordable housing. Houston was the first city in Texas to make such bonds available. Currently, the City has \$16 million dollars in general obligation bond funds available to commit to financing projects, which Mayor Turner could issue at his discretion.

### 3. Encourage social impact investments into Houston affordable housing

**Description:** Social impact investing is a way to attract private investment money to the creation of affordable housing or other social service programs. Investors in this model are purposefully accepting lower financial return in exchange for greater social impact. Private investment can either be given directly to a service provider or to a larger lending institution, often a Community Development Financial Institution. In this model investors are usually paid a return from overall interest accrual on the CDFI's assets or through the established income streams from investment properties. Local governments can also encourage social impact investment by seeking private investments to fund service interventions that create cost savings or efficiencies for government. Investors are then paid a return out of the savings. This approach is drawn from the Pay for Success program instituted by the White House in 2012.<sup>9</sup>

**Case Studies:** The Turner Multifamily Impact Fund (Prince George's County, MD): The Turner Multifamily Fund purchases existing multifamily housing stock and improves it using impact investment funds. The improved units are dedicated affordable units and the controlled rents work to provide investors with a small return while maintaining affordable units.<sup>10</sup>

Project Welcome Home (Santa Clara, CA): The pay-for-success program of Santa Clara County sought to improve permanent sustainable housing for homeless in the area. Using nearly \$7 million in seed investment to Abode Services to provide stable housing and save the county money on costly service provision stemming from chronic homelessness.<sup>11</sup>

**Feasibility:** High – This can be done by a private or nonprofit entity. There is no local and state legislation limiting the creation of a social impact investment group focused on Houston or on encouraging existing actors to focus attention on the City's growing housing needs. Houston's history of philanthropic giving would also suggest that this would be a good fit. The Pay for Success approach is also feasible. Community Supportive Housing, a national service provider, has participated in Pay for Success programs in a number of cities. The group has an active presence in Houston with a successful track record on Homelessness. Their expertise could be tapped and local government offices could be approached to forward RFP for Pay for Success approaches.

#### 4. Enable the use of shared appreciation loans/down payment assistance programs

**Description:** Both shared appreciation loans and down payment assistance are “silent” second loans are repayable upon sale of a home or set term, usually 30 years. The share of appreciation paid to the lender is usually equivalent to the percentage of the original cost covered by the loan. For example, if the initial loan covered 25% of the cost, then 25% of the appreciated value would be added on top of the loan amount upon repayment. This approach allows lower income homebuyers to lessen their immediate financial burden by requiring less upfront cash. Longevity bonuses, where after a set term of years of ownership the shared appreciation is forgiven by lender, can also be included. The repayment of shared appreciation loan assists the community development corporation’s effort to subsidize additional home purchases.

**Case Studies:** City of San Diego (San Diego, CA): The City runs a shared appreciation loan program using federal HOME dollars. The loans are capped at 17% of the purchase price.<sup>12</sup>

City of San Francisco (San Francisco, CA): The City offers a down payment assistance loan program that operates as a shared appreciation loan program. The loans are provided by vetted partner financial institutions.<sup>13</sup>

**Feasibility:** High – Some community development corporations in Houston, such as Avenue CDC already offer “silent” loans that can be repaid at the time of sale. Without passing ordinances, the City of Houston could encourage private lenders or CDC’s to pursue this type of approach. Or the City could direct the creation of a similar program through the Housing and Community Development Department using TIRZ housing funds or other financing sources. The City of Houston’s existing Homeowner Assistance Program provides direct financial assistance to low-income homebuyers with no repayment requirement if affordability period requirements are met. These requirements help maintain the usefulness of the subsidy. An appreciation loan program element could be added to this existing program or replace it. The program would help bring additional funds into the City’s program in the event of a sale. The addition of affordability controls to keep homes that receive subsidy would help keep homes permanently affordable

#### 5. Encourage employer assisted housing

**Description:** Employer assisted housing helps to concretely link economic development and housing. The purpose of this policy is to help working families secure affordable housing near their workplaces while assisting employers find and keep qualified employees, improve community relations, and revitalize neighborhoods. This is particularly beneficial in a neighborhood with rising housing costs. The direct benefits for employees, employers and communities include: 1) homeownership and asset-building opportunities; 2) lower housing and transportation burdens; 3) employer cost savings; 4) improved community services and 5) improved community relations. The two main types of assistance involve programs that help workers obtain affordable ownership or rental housing and the creation of new affordable workforce housing.

**Case Studies:** Loyola University (Chicago, IL) – Each year this institution offers 25 forgivable loans to staff and faculty to assist with the closing costs or the down payment associated with purchasing a home. Specifically, employees must be full-time and have worked at the university for one year. Additionally, the funding is restricted to buying homes that are near the City’s public transit rail. Loyola funds the program and receives state tax credits in return.<sup>14</sup>

**Feasibility:** High – The ECDP can develop and implement this program in collaboration with Anchor Institutions and housing entities in the Emancipation Park target area. Additionally, this program can be structured to work strategically with the City of Houston’s down payment assistance program to increase the affordability of buying a home for long-time renters, which recently has been used in northern Third Ward. Several entities such as HoustonFirst are currently looking into this approach for the hospitality sector employees.

#### 6. Use available public funds to leverage private investment into affordable housing

**Description:** Public money from local, state, or federal sources can serve as matching funds to help secure additional private investment or philanthropic gifts for affordable housing. Community Development Block Grant (CDBG) money can be used in this manner and other existing federal programs provide funds that can be used by CDCs and CHDOs to leverage existing private support.

**Case Studies:** Foundation Communities (Austin, TX): The US Department of Treasury’s Capital Magnet Fund awards grants to CDFI’s that intend to use the funds as leverage for additional funding. Foundation Communities received an award of \$4 million in 2016 to help fund a loan pool for affordable housing projects.<sup>15</sup>

**Feasibility:** High—There are a number of nonprofit CDCs in Houston that have already worked with local CDFIs such as Houston-LISC to secure leverage funds. Existing federal programs such as the Capital Magnet Fund are open to any organization. The City of Houston could also decide to use a portion of its CDBG funds to match private investment.

#### 7. Approve a local housing levy

**Description:** A tax levy on property owners can be used to increase funding for affordable housing. A municipal tax authority can establish a percentage rate for the tax that is calculated against the assess value of a residential or commercial property. Such a levy can generate funds for housing preservation, production, maintenance and assistance. This funding can be targeted to programs that support renters, as well as programs for creating new homeowners.<sup>16</sup>

**Case Studies:** City of Seattle (Seattle, WA) – The City of Seattle passed its first property levy for affordable housing in 1981 and five additional levies in subsequent years. In August 2016, voters approved increasing the City’s \$145 million levy of 2009 to \$290 million. The new seven-year levy will cost the owner of a \$480,000 home about \$122 annually, \$61 more than the 2009 levy. To qualify for the housing, people must earn 60% or less of the area’s median income, according to city projections, which corresponds to \$37,980 for one person, \$43,380 for a couple or \$54,180 for a family of four.<sup>17</sup>

**Feasibility:** Low – Currently, the City of Houston has a revenue cap, which Mayor Turner has committed to ending. As a result of this cap that has been in place for some fourteen years, local property owners are accustomed to having tax rates lowered and not raised.

## 8. Pass transfer taxes to prevent flipping of homes

**Description:** Assesses taxes on the capital gains (profit) made on properties that are bought and re-sold rapidly. This policy is used to discourage speculation in a community that is vulnerable to involuntary displacement of existing residents, as well as raise financial resources for affordable housing. Tax rates can be set at higher levels for properties held under a certain period of time and/or where profit margin is above a certain threshold. Real estate transfer taxes (RETTs) are a surcharge on the sale of property, levied on the seller, the buyer or both parties. The fee generally increases with the size or value of the property changing hands and is most traditionally levied by state or county governments, but may also be collected by some municipalities. In healthy real estate markets, the tax can be a dependable source of revenue for affordable housing.

**Case Studies:** Aspen Affordable Housing RETT (Aspen, CO) – The City funds most of its affordable housing production with a 1% real estate transfer tax. It is the highest revenue stream for housing in the state. The tax is imposed on all types of developed and undeveloped land and exempts the first \$100,000 of each sale. Over the years, the lifespan of the tax has been extended by public vote.

City of San Francisco (San Francisco, CA) – “Anti-speculation tax, was a levy on the sale of certain multiunit residential properties if sold within five years of purchase. The tax would have gradually lowered over time. If the property was sold within the first year of purchase, the levy would have been 24% of the sale price. The tax does not apply to buildings with more than 30 units nor single-family homes or condos.” San Francisco residents voted against the bill.

**Feasibility:** Low – The Texas Legislature would have to pass a Real Estate Transfer Tax, which currently does not exist. Several attempts have been made over the years to pass such legislation. A transfer tax currently exists in 37 states and the District of Columbia.<sup>18</sup>

## 9. Enable individual development accounts to support low-income homeownership

See “2. Connect qualified residents to individual development accounts” in the Economic Development section of this report

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## B. Increasing New and Existing Housing Supply

Houston does not have enough existing affordable housing units. This is epitomized by the fact that when the Houston Housing Authority last opened its Section 8 housing voucher waitlist 68,831 families applied and only 30,000 were added to the list. The demand for assistance or outright affordable units is clear. Part of addressing that challenge is both creating new units and ensuring existing units remain affordable.

### 1. Establish shared equity homeownership programs

**Description:** The two most feasible versions of shared equity program are community land trusts (CLTs) and resale restricted properties. CLTs allow for a nonprofit entity to maintain the ownership

of properties and to ground lease the improvements to residents. This arrangement can often result in lower property taxes for residents. The homes owned by the CLT are then resale restricted and permanently affordable. Resale restrictions implemented through deed restrictions can also be established on homes to create affordability and maintain the effectiveness of a subsidy. These are often less permanent since restrictions can expire and must be closely monitored.

**Case Studies:** Guadalupe Neighborhood Development Corporation (Austin, TX): GNDC established a community land trust after the State of Texas permitted the creation of such entities run by nonprofit housing providers. The organization is creating a 110-unit single-family subdivision on CLT land.<sup>19</sup>

**Feasibility:** High – The EEDC is already deeply engaged in considering the creation of a CLT. Given the collection of properties already owned by Project Row Houses, area churches, and the Midtown TIRZ this represents a very feasible approach. The biggest hurdle will be getting the Harris County Appraisal District and other taxing jurisdictions to establish set tax rates. Texas state law already allows the creation of CLTs by cities and nonprofits. The City of Houston Housing and Community Development Department is engaged in learning about the option as well.

## 2. Establish a no net loss of affordable housing goal

**Description:** This policy requires all affordable units lost through renovation, conversion, or demolition be replaced within the same neighborhood. The focus is on preserving units that are affordable for households that fall within low, very, and extremely low income brackets. The goals for preservation within each bracket in a neighborhood can be met through a combination of preservation, production, and inclusionary housing policies. Regional agencies can support the policies through making preservation performance part of the eligibility criteria for regional grant funding opportunities.<sup>20</sup>

**Case Studies:** City of Portland (Portland, OR) – In 2001, the City established a No Net Loss Policy to assist in maintaining its stocks of subsidized and private market rental units in Central City available to households earning 60% or less than the area’s median family income. As of 2016, this targeted housing stock had declined from 8,286 to 6,861, which represents a significant loss in unsubsidized units. Inadequate funding to track the units and enforce reporting have been identify as reasons for the continuing reduction in total units.<sup>21</sup>

Special Affordable Housing Protection District (Arlington, VA) – A housing zoning overlay was created in the Rosslyn-Ballston Metro Corridor area to mandate that affordable housing units lost to high density redevelopment projects are required to replace bedrooms one for one in the target area. The policy is credited with safeguarding affordable units in a redevelopment project that expanded a property from 55 apartments to 314.<sup>22</sup>

**Feasibility:** High – The City of Houston could establish this policy at the local level with corresponding funding priorities that can be match with other funding sources. This would like have to be a neighborhood by neighborhood approach.

### 3. Establish a system for use of public and foreclosed land for affordable housing

**Description:** Infill development programs encourage new construction on scattered vacant or underutilized lots in the established neighborhoods or business districts of a community that are already being served by public infrastructure, such as roads, water and sewer lines. Nonprofits can be offered properties at a discounted price if they agree to develop affordable housing units. Additionally, board-up properties may be acquired through code enforcement and demolition. Allocates public land for the production of affordable housing to reduce the costs associated with development projects, particularly in communities with high land values. The land can be offered at deeply discounted rates to private developers in return for building affordable housing, eliminating the typically high cost of sites in neighborhoods with diminishing stocks of affordable housing. Public land and private subsidy resources can be pooled to further leverage the land value. An additional benefit is that publicly-owned land is likely to already have the necessary infrastructure improvements.<sup>23</sup>

**Case Studies:** Miami Dade County (Miami, FL) – This infill housing program provides incentives to encourage developers to build affordable housing. Incentives include release of county liens and dismissal of citations for not-for-profit developers, refund of impact fees for homes sold to low income buyers, expedited building permit process, and funding assistance in the form of second mortgages for qualified buyers.<sup>24</sup>

The City of Phoenix (Phoenix, AZ) – This municipality passed an ordinance in 1995 to increase residential infill projects in communities in need of revitalization. The City can waive a number of development related fees and provide funding to assist with off-site improvements, as well as expedite projects with a dedicated “Infill Development Team”. The program has resulted in 3,175 new single-family homes. An estimated one-third of these homes have been made available to low- and moderate-income families.<sup>25</sup>

**Feasibility:** High – Infill developing is currently happening in Houston and the Third Ward in the form of townhomes on 25’ lots. Therefore, this policy fits the local context regarding building regulations. The need is to create incentives and funding to make infill affordable housing financially feasible, as well as architecturally consistent with cultural and historical preservation efforts.<sup>26</sup>

### 4. Enable the building of accessory dwelling units

**Description:** These units are small housing dwellings that is located on the same lot as an existing single-family home. An accessory dwelling unit (ADU) may be an apartment over the garage or a tiny house on a foundation in the backyard. These units offer a means for older residents to age in place, provide homeowners with additional rental income, and create additional affordable rental units. Also, ADUs can help diversify a community’s housing stock and increase density in an area.<sup>27</sup>

**Case Studies:** City of Santa Cruz (Santa Cruz, CA) – City of Santa Cruz has established an ADU development program that consists of technical assistance, expedited permitting, wage subsidies and an apprentice program. Additionally, fees associated with development costs are waived for ADUs that are rented to low- and very low-income households. This city averages 40 to 50 new ADUs annually.<sup>28</sup>

City of Wellfleet (Wellfleet, MA) – The City of Wellfleet’s ADU program was created to meet the need of an aging population and an increased need for affordable rental units. Therefore, owners are required to rent these units to low- or moderate-income households based on HUD’s standards, which requires property owners to submit annual rent information. To encourage participation in the ADU program, the City has instituted a new affordable accessory dwelling unit loan program, which offers interest-free loans for homeowners to develop affordable accessory units. Also, Wellfleet offers tax exemptions to homeowners on the portion of the property that is rented as an affordable unit.<sup>29</sup>

**Feasibility:** High – The City of Houston’s Housing and Community Development Department is currently considering a program that would use small footprint, low-cost ADU’s as a tool in the effort to rehouse seniors currently living in dangerous homes. This program would allow for better living situations, keep an owner on their property, permit the eventual demolition and reconstruction of the dangerous home, and add a valuable structure for subsequent buyers. In order to work well, the City of Houston should ensure that the addition of ADUs does not change the status of a single-family unit to a commercial/multi-family one to avoid unnecessarily complicated regulations.

#### 5. Pursue the use of manufactured homes and lower-cost alternative designs

**Description:** Building housing using pre-fabricated materials can often allow for more housing to be developed at scale, more cheaply than traditional home building. A major benefit of this approach is that permitting can be streamlined in cooperation with the permitting agency. The type of home can vary from fully prefabricated modular homes, to simple, vetted designs, to alternative forms that use restructured shipping containers or other less traditional materials.

**Case Studies:** RAPIDO Housing (Brownsville, TX): A pilot project of bcWorkshop and the Brownsville Community Development Corporation, RAPIDO homes are manufactured homes designed to help families recover quickly from disaster. The homes are built around a central structure that can provide either temporary housing or be added to in order to create a larger, permanent home. Represents a model that can be replicated either in response to disasters or as a quickly implementable and scalable process.<sup>30</sup>

Noji Gardens by Homesight (Seattle, WA): The Seattle-based affordable housing provider has pioneered the construction of multi-level manufactured homes for lower prices than traditional builds. The homes are far more permanent and context-sensitive than traditional manufactured homes.<sup>31</sup>

**Feasibility:** High – The Rice School of Architecture and the Rice Building Workshop have worked with Project Row Houses for years on the creating of context-sensitive housing. The prefabricated row house proposals this relationship have created represent several examples of how this could be pursued. The City of Houston could help facilitate this process by focusing on streamlining permitting for set designs.<sup>32</sup> The Build-a-Box company in Houston has proposed using shipping containers to create housing and several existing buildings are on the ground in Houston.<sup>33</sup> One caveat is that some research has shown that prefab houses can be more susceptible to significant damage in disasters. Choices about the use of these homes should be made in concert with risk assessment for the areas they are deployed.<sup>34</sup> Manufactured homes are subject to particular

requirements in Houston if they are in the floodplain, but this does not impact the northern Third Ward.<sup>35</sup>

## 6. Clarify and codify nonprofit tax exemptions for affordable housing

**Description:** Clarifying and codifying tax exemptions would provide consistent exemptions for charitable and nonprofit developers of affordable housing across all local tax entities. The goal would be a full exemption for all nonprofit owned land used for affordable housing. Another option is to base the exemption on an adjusted threshold based on the increased cost of property taxes or the overall cost of providing housing. These exemptions help to relieve the tax burden on nonprofits to incentive the building of new units, as well as serve as a means to protect existing units. Stable policy in this regard can also be used to incentivize the production of additional affordable housing units since developers will know what options exist. Strategies include 1) basing the tax rate on actual income and expenses rather on potential market rate figures; 2) establishing a payment in lieu of tax (PILOT) program; and 3) waive taxes on the designated units owned by a nonprofit corporation.<sup>36</sup>

**Case Studies:** Shelby County (Memphis, TN) – This is a very targeted program that specifies that 20% of the project’s units must be dedicated to renters with incomes below 50% of median or 40% or more of the units must be dedicated to those with income below 60% of the median.<sup>37</sup>

Multiple-Unit Limited Tax Exemption Program (Portland, OR) – In 2015, Portland and the Multnomah County tripled the amount of property tax abatements to increase the production of housing within the City of Portland. This program includes a ten-year tax exemption on structural improvements to the property.<sup>38</sup>

**Feasibility:** High – Tax exemptions for affordable housing is currently legal under Texas law. Therefore, the City of Houston could work with other local taxing authorities to establish such an agreement to benefit the providers of affordable housing in the specific target area based on defined priorities. At minimum, the City of Houston could enact its own policy to provide a full or partial exemption as a recognition of the value of affordable housing. Currently, it provides not offer any such exemption.

## 7. Designate a concerted revitalization area in Third Ward

**Description:** Designating one or more concerted revitalization areas in Third Ward is a necessary first step to securing competitive funding from the Texas Department of Housing and Community Affairs (TDHCA) to build new or rehabilitate existing affordable housing units in the target area. In addition to designating an area and defined plan must to adopted that demonstrates a viable means to “revitalize the neighborhood and address in a substantive and meaningful way the factors identified.”<sup>39</sup> The factors or problems that this plan must detail efforts for addressing include 1) long-term disinvestment; 2) declining quality of life for area residents; and/or 3) lack of community assets that provide for the diverse needs of the residents<sup>40</sup>. Additionally, the plan must include the allocation of adequate funding to support the proposed course of implementation efforts.

**Case Studies:** City of Austin (Austin, TX) – The City of Austin has been proactive in implementing neighborhood planning throughout its communities. These local engagement efforts to identify

priorities for all its neighborhoods facilitate the development and adoption of comprehensive plans. Furthermore, establishing partnerships and identifying funding sources are core priorities in Austin's planning process.<sup>41</sup> Consequently, the City of Austin is an urban area that is continuing to position itself to secure competitive funding from the TDHCA.

**Feasibility:** High – Currently, the City of Houston can authorize the designation of concerted revitalization areas. Since the TDHCA revised its process to allow urban region areas to be more competitive for funding, the City has received strong encouragement to begin making these designations. Moreover, this recommendation was included in the final report from Mayor Turner's Housing Transition Committee.

#### 8. Expand land bank opportunities and coordinate existing public lands

**Description:** Municipalities can accumulate vacant or tax delinquent properties with the aim of rehabbing existing housing or assembling land upon which to build a larger affordable housing or economic development projects. The properties can also be taken out of delinquency and then resold to private individuals. Unless coupled with requirements for keeping those properties affordable, though, private sale can result in market-rate development in some cases. Funding can come from local, state, and federal sources.

**Case Studies:** Renew Indianapolis (Indianapolis, IN) – The City of Indianapolis runs Renew Indianapolis which combines properties claimed by the City, other local entities, or private owners to turn them into productive units.<sup>42</sup>

**Feasibility:** Medium – The State of Texas already allows for cities to establish land banks and work with taxing entities to claim or purchase delinquent properties. The City of Houston runs the Land Assemblage Redevelopment Authority, a functioning land bank. Several TIRZs also have collected significant land holdings. The City could expand the program and work with area jurisdictions to more aggressively add properties to these banks. LARA could also be combined or subsumed by a Community Land Trust effort of the City. A challenge is the collection of properties, which often have unclear title, which are in delinquency to any number of partners, or that are undesirable for environmental reasons. The costs for removing properties from delinquency are not unsubstantial and municipalities often try to recoup those costs through reselling properties. An essential step would be to create a clear plan for how to develop these holdings across all actors.

#### 9. Reduce tax rates for small providers of affordable housing

**Description:** Reducing the burden of local property owners who operate rental properties encourages them to maintain their stock of unsubsidized affordable housing. These tax-related strategies targeting rental housing in the private market include: 1) property tax credits; 2) property tax exemptions/abatements, and 3) property tax classification. These reductions can be specifically provided to those property owners who offer below market-rate rents to a target income-based population in designated locations. Additionally, these tax reductions can be used to assist with the rehabilitation of distressed properties.<sup>43</sup>

**Case Studies:** State of Minnesota – The State reduced property taxes through re-classification as opposed to assessment. The Minnesota state legislature created a new rental property tax rate

classification and reduced the state property rate from 2.3% to 1% for these properties. The stipulation is that the property rents must be no higher than 30% of 60% of the area or statewide median income and must be occupied by tenants with incomes less than 60% of area or statewide median income.<sup>44</sup>

**Feasibility:** Medium – Tax exemptions for affordable housing is currently legal under Texas law. Therefore, the City of Houston could enact this policy solely, as well as with other local taxing authorities to establish such an agreement to benefit the providers of affordable housing in a specific target area based on defined priorities.

#### 10. Create tenant’s right-of-first refusal policy

**Description:** Such a policy would require that owners of single-family rental properties who plan on selling their properties provide tenants the opportunity to purchase their residences. If interested, tenants have a set time to secure financing and to negotiate a sale; tenants can also assign their rights to purchase to a third party and work with a CDC or another community entity to buy the home. A system could also be established where a co-ownership model with the nonprofit partner or could be tied to a community land trust.<sup>45</sup>

**Case Studies:** City of Baltimore (Baltimore, MD): The City of Baltimore has a tenants’ right of first refusal policy. The policy insures that tenants are given 30 days to match a third party offer on the property. It does not prevent private offers on real estate.<sup>46</sup>

Monseñor Romero Apartments (Washington, D.C.): A large apartment complex was destroyed in a fire. Rather than permitting the private owner to resell, the City of Washington D.C. helped a tenant’s organization purchase the complex and secure impact investment to rebuild.<sup>47</sup> The District has a right-of-first-refusal policy called the Tenant Opportunity to Purchase Act that helped shape the conversation around the apartments and pave the way for the tenant organization to purchase.<sup>48</sup>

**Feasibility:** Medium – Right of first refusal agreements are already legal under Texas law, though they are usually applied to properties in general, not specifically to renters. The creation of a blanket right-of-first refusal option is politically unlikely, though not impossible. The City of Houston could implement incentives for owners to voluntarily allow for right-of-refusal. The City could also require that any homes that have received a public subsidy must have right-of-first refusal agreements. Teaming this with measures that attempt to keep the prices of homes affordable would make it more impactful; otherwise the right-of-refusal may be useless to lower-income renters.

#### 11. Pass expiring use notification and action laws

**Description:** Ensure that existing units with affordability requirements are maintained or that if their affordability is expiring that public notice is given. This applies to project-based rental assistance properties and can be extended to generally more affordable units. Expiring use laws require that when project with affordable units is set to lapse that landlords inform residents if they intend to eliminate the affordable units, give public entities the right of first refusal on purchase, and provide protections for families in affordable units. Can help ensure that project-based rental assistance properties are preserved and refurbished rather than torn down.

**Case Studies:** State of Massachusetts Expiring Use Laws: The State of Massachusetts has an expiring use law that requires the owners of properties within an affordable housing program to inform residents of their intent to sell or stop participation in the program. It also gives right-of-first refusal to the State or its agent.<sup>49</sup>

**Feasibility:** Medium – Similar to the tenant’s right-to-first-refusal, expiring use notification laws could be passed as an ordinance by the City of Houston. Requiring that private landlords offer properties to public entities first could help ensure that existing “natural” affordable housing units remain in operation. Texas, through the Affordable Communities of Texas program of the Texas State Affordable Housing Corporation can and has purchased properties with expiring affordability restrictions. The Third Ward does not have any active project-based rental assistance projects, so within the study area the approach may have a limited effect unless TSHAC or HCDD decide to purchase existing projects.

## 12. Create an inclusionary housing/zoning policy for the City of Houston

**Description:** Inclusionary housing or inclusionary zoning policies set requirements for a number or percentage of affordable units within all new market rate developments. Cities can require a threshold number of affordable units to qualify for incentives or implement blanket inclusionary requirements for all development. Less direct approaches can also be pursued such as having developers pay impact fees into an affordable housing fund or by providing permit fast-tracking for projects with affordability built into them.

**Case Studies:** The City of San Francisco (San Francisco, CA): The City of San Francisco requires developers to either pay a per-market rate unit fee into the City’s affordable housing fund or to provide a set percentage of below market rate (BRM) units. The BRM units are then rented or sold through the City’s office of Housing and Community Development via a lottery.<sup>50</sup>

The City of New York (New York, NY): City’s inclusionary housing law permits both the planning commission and the city council to require that a set percentage of affordable units be built in every new development requiring a land-use change and that a variety of affordability requirements are met. These changes have been criticized by developers for threatening to stymie growth and by affordable housing advocates for not doing enough to meet demand for affordable housing.<sup>51</sup>

**Feasibility:** Low – Houston currently accomplishes this type of incentive-based affordable through individual 380 agreements applied to particular developments. While the creation of an inclusionary housing rule would only require city ordinance, wholesale inclusionary housing is unlikely to pass in the current Houston political environment. More feasible would be the passage of a clearer approach to the use of 380 agreements and a requirement that all development incentives come with an affordable housing requirement. The State of Texas does permit the creation of inclusionary housing requirements on multi-family projects and allows it to be used on single-family projects in Homestead Preservation Districts and as a result of density bonuses programs.

## 13. Use community benefits agreements to create affordable housing

See “2. Initiate use of community benefits agreements or pass community benefits ordinance” in Economic Development section of this report

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### C. Development Regulations

The City of Houston’s development code already offers a number of tools that can be applied to helping maintain the character of an existing neighborhood. The passage of additional ordinances or the enabling of alternative approaches could further improve this ability.

#### 1. Expedite permits and relax development regulations on affordable housing

**Description:** Cities can accelerate the permitting process to provide fast-tracking review to assist developers in reducing costs and retaining their profit margin on affordable housing projects. Cities can also incentivize affordable housing development by establishing relaxed regulations on everything from parking requirements to floor-to-area ratio for projects that meet certain affordable thresholds.

**Case Studies:** Affordable/In-fill Housing and Sustainable Buildings Expedite Program (San Diego, CA): This program allows projects meeting affordability requirements to receive expedited review for permits. San Diego does charge an additional fee, even for projects with affordable units.<sup>52</sup>

S.M.A.R.T. Housing Initiative (Austin, TX): In 2000, the City of Austin implemented this policy to assist in increasing the housing stock for low and moderate income households through supporting single-family, multi-family and mixed-use development. The strategies employed include reducing permit fees, leveraging public funds, focusing on vacant lots, using existing infrastructure and services, and generating alternative funding sources.<sup>53</sup>

**Feasibility:** High – The City of Houston already has an expedited review process for single-family homes. Developers must pay a fee and can receive a review within a day. Expanding this capability to multi-family projects that contain required levels of affordable housing would help ease the production of affordable housing. Permit fees could also be waved or reduced for single-family affordable units. The Austin model could be pursued in Houston at the city level.

#### 2. Create a Homestead preservation district

**Description:** A homestead preservation district (HPD) provides local municipalities with additional tools to combat the negative effects of gentrification. Under Texas state law, cities have the right to create such districts to “increase home ownership, provide affordable housing, and prevent the involuntary loss of homesteads by existing low-income and moderate-income homeowners living in disadvantaged neighborhoods.”<sup>54</sup> These specialty districts supports affordable housing through dedicating property taxes that are collected in a designated zone to building or rehabilitating housing for low-income and moderate-income households. Additionally, these taxes can be used to fund community land trusts. It is important to note that these districts are except from the state’s ban against inclusionary zoning.

**Case Studies:** City of Austin (Austin, TX)<sup>55</sup> – This is the first and only city in Texas that has established homestead preservation districts. In 2015, Austin established three HPDs in neighborhoods that were identified as, “suffering from institutionalized housing segregation,

exacerbated by rapid gentrification which was done in 2015. The criteria specified for establishing a HPD include: 1) each census tract must have a median family income less than 80% of the City's overall median family income; 2) census tracts must be contiguous; 3) total populations must be less than 75,000 residents; 4) overall poverty rates must be at least two times the rate for the City; and 5) target area must be spatially compact.<sup>56</sup>

**Feasibility:** Medium – Many see Austin as a test case to determine the success of homestead preservation districts. However, housing advocates and housing experts assert that these districts are viable tools. Mayor Turner's Housing Transition team included HPDs in its set of recommendations.

### 3. Enact condominium conversion controls

**Description:** These controls attempt to stop or moderate the amount of affordable housing units that can be converted to condominiums or other forms of ownership housing. The loss of affordable housing can be slowed when procedural restrictions are enacted, such as notification requirements, special permitting or specific fees. More substantive restrictions include prohibiting conversions unless the city vacancy rate for affordable housing units is above a certain fixed amount. Another restriction includes requiring that a certain number of converted units must be sold to persons of very low, low and moderate incomes.<sup>57</sup>

**Case Studies:** City of Berkeley (Berkeley, CA): The City requires that property owners pay a 12.5% sales price of each unit that is converted into a condominium, which is classified as an "Affordable Housing Mitigation Fee." Additionally, the City limits conversions to 100 a year, as well as prohibits evicting tenants without a "good cause."<sup>58</sup>

City of San Francisco (San Francisco, CA): The City of San Francisco assesses an "impact fee" that ranges from \$4,000 to \$20,000 per unit, as well as limits the number of conversions to 200 per year. Additionally, the policy includes restrictions on conversion based on the number of residential units in a building and the eviction history of the building.<sup>59</sup>

**Feasibility:** Medium – The State of Texas would have to approve a new conversion tax. However, permitting fees and other requirements could be implemented locally in designated areas for specific reasons. Additionally, the City of Houston could create procedural restrictions.

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## D. Community Oriented Programs

The following programs and policies are oriented toward community members by helping provide ways to keep residents in affordable housing that already exists.

### 1. Establish Right to Return

**Description:** To prevent the permanent displacement of current residents, a specific percentage of newly constructed affordable housing units are designated for residents and families who were forced to relocate from a community due to evictions and/loss a loss of housing. The goal is to implement a plan to reverse the involuntary displaces of long-term residents. The success of this

policy depends upon the creation of a centralized and updated database of contact information for residents and family being displaced.<sup>60</sup>

**Case Studies:** Seattle Housing Authority's Yesler Terrace (Seattle, WA) – This housing authority developed and implemented a comprehensive plan to support residents returning to the public housing community, which is undergoing a complete redevelopment. Specifically, this plan included a guaranteed right for every tenant of Yesler to return. Additionally, residents were provided priority hiring on development projects, relocation services, and youth services. Currently, 20% of the more than 500 residents have returned.<sup>61</sup>

**Feasibility:** High – The City of Houston can initiate this policy at the local level in designated communities based on defined criteria. This can also be done as a community-led initiative that works with providers of affordable housing to create waiting list and priority categories for renters or new home owners.

## 2. Implement proactive code enforcement

**Description:** Proactively enforcing rental housing inspections to identify, document and address any code violations in rental housing protects the quality of life for vulnerable renters. It is necessary to make sure tenant protections are strong to prevent residents from being evicted or displaced when property owners accrue an excessive number of violations. Property can also be seized as part of a broader affordable housing strategy. Also, owners are given the option to transfer property to nonprofit housing developers or providers of cooperative housing in exchange for reduced fees associated with fine.<sup>62</sup>

**Case Studies:** Systematic Code Enforcement Program (Los Angeles, CA) – A partnership was created with tenants, neighborhood organizations and landlords that has resulted in the inspection of 95% of the multi-family housing stock and more than \$1.5 million dollars in habitual violations have been corrected. The program is funding through charging property owners \$35.52 per unit.<sup>63</sup>

**Feasibility:** High – The City of Houston is currently working on revising its inspection and code enforcement of local multi-family housing properties to improve its enforcement efforts. Additionally, stakeholder groups, such as civic and homeowner associations, can be engaged to assist with reporting efforts in neighborhoods, as well as conducting outreach to property owners to prevent violations.

## 3. Permit tax abatements for long-term residents

**Description:** Taxing entities can offer residents who have lived in their homes for an extended period of time a capped property tax rate in areas where assessments have risen quickly. These abatements often have income restrictions and time limits. In addition to being done by a taxing entity or funded by a municipality, the idea of using philanthropic support to help long-term residents stay in their homes by paying property taxes has also been proposed.

**Case Studies:** Longtime Owner Occupant Program (LOOP) (Philadelphia, PA): For owners of more than ten years whose property values have more than tripled in a given year. The abatement caps taxable value for a set period – initially 10 years so that owners know their tax rate going forward. Applies to City of Philadelphia taxes.

**Feasibility:** Medium – Harris County and other taxing entities could implement a similar program separately or in tandem. The state of Texas already allows for tax abatements to encourage economic development within certain reinvestment or enterprise zones, but those are usually to encourage the relocation of businesses. The State could also establish the ability for taxing jurisdictions to provide abatements at a smaller scale. This would need to be teamed with existing exemption programs for the elderly and veterans in Harris County.<sup>64</sup>

#### 4. Provide an option to freeze or exempt property tax payments for low-income owners

**Description:** Freezing or exempting property tax payments provides financial relief to support low-income homeowners maintaining their status as property owners in a neighborhood. This relief can be designated as temporary with the stipulation that all or part of property taxes for these low-income homeowners are paid if and when the property is sold. Therefore, the taxes are a lien on the property and must be paid along with the interest before the property can be transferred. These exemptions can apply to current or future taxes. This relief can be specified for people who own home in neighborhoods that have seen a substantial increase in property values.

**Case Studies:** Homestead Credit (Wisconsin) – This homestead credit program provides relief for individual with lower incomes that is not restricted to seniors and is based on the owner’s household income and the amount of property taxes for the calendar year.

Long-time Occupant Homestead Exemption (Cook County, IL) – This exemption is available to homeowners that have lived in their residence for more than 10 continuous years or five years if the property was purchased through a government or nonprofit housing program. It is restricted to household of \$100,000 or less and properties that are assessed higher than a specified calculated amount.

**Feasibility:** Medium – The City of Houston could implement this policy itself and received this policy recommendation recently from Mayor Turner’s Housing Transition Committee. Also, the City could work to secure the participation of other taxing entities as a part of a regional housing strategy.

#### 5. Establish just cause eviction controls

**Description:** Just cause eviction controls (JCECs) protect renters by ensuring that landlords can only evict with proper cause, such as tenants failing to pay rent, use of premises for illegal reasons, destruction of property, or failure to abide by state law. Landlords may also be required to Landlords are assessed penalties, which may include fines to the city, money paid to the tenants for relocating, and reinstatement of the evicted tenants. These controls also include a clear local process for tenants to challenge evictions with a recommended window of at least 30 days for renters to respond. Additionally, these controls can include “no-fault” eviction prohibitions for identified vulnerable populations, such the elderly, families with school-age children, or the chronically ill.<sup>65</sup>

**Case Studies:** City of West Hollywood (West Hollywood, CA): The City combined its JCEC law with other renter protection measures, such as the creation of rent escrow accounts that are put in place when property owners do not maintain health and safety standards and providing legal support for tenants facing eviction.<sup>66</sup>

**Feasibility:** Medium – The City of Houston can implement this policy at the local level. However, this may be seen as an unfair challenge to the right of property owners.

#### 6. Establish rent controls

**Description:** Protects renters in privately owned residential properties from excessive rent increases by mandating reasonable and gradual rent increases, while at the same time ensuring that property-owners receive a fair return on their investment. Property-owners are prohibited or limited to increase rents due to needed rehabilitation, renovation, or mortgage and debt services, which serve to maintain basic levels of housing habitability. These controls may include limiting the frequency of increases and/or regulating the time of increases.

**Case Studies:** Chinatown (San Francisco, CA): Rent-controlled units are restricted to those with a certificate of occupancy before 1979, which accounts for 82% of the multi-family units. Rents for this units can only be raised by a set amount that is calculated based on inflation. As a result, the number of rent-controlled units in Chinatown core area have remained very stable in contrast to the housing stock in proximate communities.<sup>67</sup>

**Feasibility:** Low – The State of Texas prohibits rent control unless the governor approves it during a disaster. Therefore, this policy would require changing state law.

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### Appendix C. Affordable Housing Indicators

- Tracking Changes in Existing Conditions
  - Number of homeowners already receiving subsidy or abatements
  - Average rent broken down by apartment class and unit-type
  - Average sales price of home
  - Number of homes with an excessive rent burden (greater than 50% of income)
  - Evictions
  - Home ownership rate
  - Residential density
  - Vacancies
  - Tax Delinquent Properties
  - Number of health and safety violations
  - Number of low-income households
  - Number of vouchers used in study area
  - Number naturally occurring affordable units
  - Number of subsidized or public housing units
  - Demographic makeup
- Locational Affordability
  - Housing purchasing capacity of Third Ward residents (ability to afford a two-bedroom home in study area)
  - Gap between income levels and housing costs, for both rentals and homes.

- Gap between housing wage and minimum wage (housing wage is hourly wage needed to afford average rent of 2-bedroom unit)
- Production of Housing
  - Number of units or SF homes produced and price point

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## *Education*

### **Policy and Research Objectives**

1. Work with all the schools and residents within or near the Emancipation Park target area to provide high-quality, holistic education experiences to students of all ages. This effort must recognize that education is tied to a broader context that includes the home and family.
  2. Identify and address the context-specific challenges facing students in early education, elementary, middle, and high school in Northern Third Ward
  3. Provide families with the tools and resources to evaluate education options available to them in the community and beyond
  4. Understand the role that education can play in helping the Third Ward create a plan for growth and change in the face of gentrification
  5. Identify required data and subsequent research needs to address above objectives in detail
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#### A. Primary Research Tasks for Phase III

#### B. Detailed Research Needs and Topics

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The education section of this report is at an earlier stage than the preceding three sections. While the EEDC has done a great deal of work on the issues of economic development, affordable housing, and historic and cultural preservation, less direct research has been aimed at tackling issues around education and health (which will be explored further in the final section). Because of the difference in status and timeline, rather than offering policy and program suggestions, the following sections instead highlight key ideas for additional research needed into the education system in the Third Ward.

To identify these research needs researchers conducted a general conversation with EEDC membership and met individually with the principals of both Blackshear Elementary and Yates High School. The following document uses these interviews to help frame primary research tasks for the next phase of work in the Third Ward around education, and highlights a few national and local case studies of research approaches or programs that help address some of the challenges faced in the Third Ward.

#### A. Primary Research Tasks for Phase III

- 1) Work to understand how transfers in and out of the Third Ward and the overall feeder patterns in the community operate. Include Baylor College of Medicine Academy in this analysis.
- 2) Document existing school programs with the intention of helping school leadership inform community of their existence and success.
- 3) Collect information about students' lives outside of school to help understand the impact that changes such as residential mobility or health problems can have on educational outcomes.

- 4) Attempt to tie any needed survey work into the larger efforts of the EDCP/EEDC teams. Good way to engage with parents not attending EEDC meetings.

## B. Detailed Research or Programmatic Needs

1. Understand the effect of HISD’s choice schools approach and area charter schools on attendance levels at local public schools

**Description:** All interviewees identified issues with a lack of understanding of how the Third Ward’s feeder system functioned. Both Blackshear and Yates are well below capacity and are not capturing all school-aged children in their zone. There is little clear documentation about what schools Third Ward students are attending. This extends particularly to the impact that the loss of Ryan Middle School has had on the overall feeder system.

**Case Studies:** The Fifth Ward Education Task Force (Houston, TX)—The task force conducted a similar review of feeder patterns in its report on the condition of education in that community.<sup>1</sup> The Kinder Institute’s Houston Education Research Consortium has published important research into the effects of school closures on low-income and non-white students. While looked at the district level, the study’s findings suggest that the closure of schools such as Ryan Middle School may have negative impacts for transferred students.<sup>2</sup>

2. Education about existing programs and opportunities at community schools

**Description:** Both Yates and Blackshear face an uphill battle in convincing families to send students to the schools because of perceptions of the schools as unsafe or educationally ineffective. However, both principals maintain a slew of programs and opportunities such as AP classes, Montessori Pre-K, and other effective structures. Principals are looking for ways to show community members that the schools are succeeding and to tie parents into school life. A major obstacle in relating this information to parents and the broader community are the school ratings that continue to fan the conception of the schools as failing, rather than acknowledging improvement.

**Case Studies:** Whitehaven High School (Memphis, TN) – Whitehaven High School in Memphis uses its “Million Dollar Scholar” program to draw attention to those seniors who have secured more than a million dollars in scholarship offers to college. The program helps to draw positive attention to the success of the school.<sup>3</sup>

3. Addressing specific challenges at different educational levels

All Levels: Addressing out of school suspensions

**Description:** Out-of-school suspensions and other disciplinary actions that result in a loss of “seat time” in schools can have an adverse effect on a child’s education. At every level of schooling the

tactic can be problematic and national research has shown that the disciplinary tact generally falls heaviest on low-income, non-white students.

**Case Studies:** Minneapolis School District (Minneapolis, MN)—One of several school districts around the nation to take a much more holistic view of discipline and education. Minneapolis schools include rigorous training for teachers about dealing with a variety of students, develop school-wide behavior plans with input from students and use data to proactively track and address problems.<sup>4</sup> In Houston, HISD has already implemented a new policy about not using suspensions for students before third grade.<sup>5</sup>

High School: Tardiness, Absences, Dropouts

**Description:** Tardiness, absences, and dropouts are interconnected issues. Addressing these issues can be as simple as instituting greater structure in the daily patterns of a school as has been done at Yates High School. However, low-level interventions are not always sufficient to engage with students at risk of falling behind or dropping out. Additional research and programs are needed to help Third Ward schools track and engage those students at risk.

**Case Studies:** Diplomas Now (National)—This program uses a variety “early warning indicators” to track students who are risk of dropping out or failing to graduate. The program involves getting students engaged with a variety of adults and teachers who keep them on track. This includes daily calls for absences, targeted tutoring, and assistance getting non-educational assistance with needs such as health care, housing, and other necessities that can be contributing factors to absenteeism.<sup>6</sup>

Elementary/Pre-K: Lack of access to childcare

**Description:** Adequate access to childcare and pre-K schools is a major issue for most high-poverty schools. Available seats in pre-K classes are limited and many communities lack adequate numbers of qualified childcare centers.

**Case Studies:** Childcare Map (Philadelphia, PA) – The first step in addressing the lack of childcare is to document its availability. Childcare Map is a project of the Reinvestment Fund which has worked in Philadelphia to locate all childcare facilities and inform parents, policy makers, and providers about gaps and needs in the system. Houston and the Third Ward could benefit from a similar project.<sup>7</sup> Additionally, the Collaborative for Children has done work on childcare throughout Houston and participated in the Fifth Ward Education Task Force effort to document that community’s needs.

#### 4. How to attract top tier staff and slow turnover

**Description:** One of the major challenges in Third Ward schools is to hire and retain excellent principals and staff. Both current administrations are relatively new, but are committed to creating sustained excellence in the Administration and on the staff. Finding ways to retain effective teachers is a major challenge. Blackshear is currently using a Title 1 grant to pay more competitive salaries and hire more staff, but the grant will expire in 2020, leaving the school struggling to find ways to keep staff.

**Case Studies:** CamdenPlus (Camden, NJ)—CamdenPlus is a project of The New Teacher Project (TNTP), a national organization working to improve the education system by strengthening teachers and administrators. CamdenPlus is a training program to bring new principals into the system and encourage long-term success.<sup>8</sup> Research has shown principal level leadership to be essential for teacher retention.<sup>9</sup>

#### 5. Bringing the Third Ward’s history into the schools

**Description:** Several community members expressed a desire to see the history of the Third Ward integrated more directly into all local schools. This effort might not only allow for closer engagement with community members, but would also mesh nicely with the policy suggestion of bringing historic preservation programs into schools.

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### Appendix D. Education Indicators

- Understanding Feeder Patterns
  - How has Ryan’s takeover disrupted local feeder patterns?
    - Can we track students impacted by closure?
  - Third Ward student distribution
    - What is demand for community schools?
    - What is the number going out?
    - Where are they going?
    - What is the number attending Ryan?
    - What are the primary reasons for attendance or transfer?
  - Non-Third Ward Students in community
    - Attendance at Ryan and Yates in particular
- Tracking funding levels (per unit allocations) for different student populations in Third Ward schools
- Grant-funded programs vs. district funding
- Collecting existing childcare center information
  - State-funded preschools in public schools
  - Head Start programs

- State-licensed childcare centers
- Tracking residential mobility of students
- Suspension and Expulsion rates
- Absenteeism
  - What are the dropout and attendance rates for each school over time?
- Graduation rates

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<sup>1</sup> Fifth Ward Education Task Force. Empowering Educational Equity in Houston’s 5th Ward.

<sup>2</sup> Stroub, K. & Richards, M. (2016, March). Evaluating the Impact of School Closures in Houston ISD Part I: The Effect of School Closures on Patterns of Student Attendance and Achievement. *HERC Research Briefs*. Retrieved from [http://kinder.rice.edu/uploadedFiles/Kinder\\_Institute\\_for\\_Urban\\_Research/Programs/HERC/closures\\_upload\\_0807.pdf](http://kinder.rice.edu/uploadedFiles/Kinder_Institute_for_Urban_Research/Programs/HERC/closures_upload_0807.pdf)

<sup>3</sup> Watt, M. (2016, April 15). “Million-dollar scholars” get spotlight at Memphis Whitehaven High School. *ChalkBeat*. Retrieved from <http://www.chalkbeat.org/posts/tn/2016/04/15/million-dollar-scholars-get-spotlight-at-memphis-whitehaven-high-school/>

<sup>4</sup> National School Board Association. (2013, April). *Addressing the Out-of-School Suspension Crisis*. Retrieved from <https://www.nsba.org/sites/default/files/0413NSBA-Out-Of-School-Suspension-School-Board-Policy-Guide.pdf>

<sup>5</sup> Texas Appleseed. (2016, February). Banning Classroom Removals for Young Children Policy Guide. Retrieved from <https://www.texasappleseed.org/sites/default/files/Yg-Stud-SuspensionBanPolicyGuide.pdf>

<sup>6</sup> Diplomas Now. Retrieved from <http://diplomasnow.org/>

<sup>7</sup> Childcare Map. Retrieved from <https://www.reinvestment.com/childcaremap/>

<sup>8</sup> Camden Plus. Retrieved from <http://camdenplus.org/>

<sup>9</sup> School Leaders Network. (2014). Churn: The High Cost of Principal Turnover. Retrieved from [https://connectleadsucceed.org/sites/default/files/principal\\_turnover\\_cost.pdf](https://connectleadsucceed.org/sites/default/files/principal_turnover_cost.pdf)

## *Health*

### **Policy and Research Objectives**

Conduct a community health needs assessment to identify key health priorities and provide empirical support for a community implementation plan to improve the overall health and wellbeing of Third Ward residents.

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- A. Primary Research Tasks for Phase III
  - B. Community-Identified Health Priorities
  - C. Case Studies
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Health is a relatively new research area within the EEDC’s ongoing efforts towards revitalizing and preserving Northern Third Ward. With this comes limited institutional knowledge about the current health status and needs of the community. Therefore, in lieu of policy recommendations, the health section of this report deals primarily with the community health needs assessment process, preliminary community-reported health priorities, and community health needs assessment case studies. Much of the health section was informed by notes gathered during an EEDC focus group discussion regarding the state of health in Third Ward.

#### A. Primary Research Tasks for Phase III

- 1) Initiate a participatory, community-led process to ascertain best practices, research priorities and methods for the community health needs assessment process.
- 2) Gather and analyze health, socioeconomic, and socio-demographic data to assess baseline health status and needs of Third Ward residents and to monitor changes in community health over time.
- 3) Examine the nature, prevalence, and impact of health disparities in Third Ward.
- 4) Identify and document specific health priorities and potential policies and interventions that fit the scope, budget and timeframe of the community health improvement plan.

#### B. Community-Identified Health Priorities

1. Reduce barriers to access to health care

**Description:** Access to comprehensive, holistic, and affordable health care services is a frequently cited health need in the community. Interviewees from the focus group had many questions about the extent of insurance coverage in Third Ward. This is especially relevant because Texas currently has the highest percentage of uninsured residents in the country, in part due to the state’s refusal to expand Medicaid coverage.<sup>1</sup> There are also concerns about the availability and range of quality, culturally-appropriate health services in Third Ward, and particularly since the closing of Riverside Hospital, which was considered a “one-stop shop” for many of the health needs of community members. Furthermore, even in situations where affordability and availability of health services are

not an issue, fear and stigma prevented some individuals from accessing certain types of care, such as HIV and prostate cancer screenings.

## 2. Improve access to behavioral health services

**Description:** Behavioral health services are notoriously difficult to access in many low-income and minority communities. Interviewees cited an inordinate burden of mental and behavioral health issues in Third Ward and a subsequent need for resources to address these problems. Key areas of concern include substance abuse, violence, and access to mental health services. In addition to youth and gun violence, the group identified intimate partner violence, sexual violence, and child abuse as urgent areas for intervention and community action.

## 3. Focus on prevention, diagnosis, and management of chronic conditions

**Description:** Chronic conditions, such as type 2 diabetes, high blood pressure, obesity, and childhood asthma were identified as some of the most pressing health concerns by interviewees and account for 86% of the country's healthcare spending and about 70% of U.S. deaths annually.<sup>2</sup> In Third Ward, the complex interplay of social, economic, and environmental issues likely perpetuates chronic health inequality. In a 2012 Health Equity Assessment, Third Ward was ranked as one of a handful of geographic areas in Harris County with high levels of relative disadvantage associated with health status. It also reported higher percentages of residents affected by social determinants of health associated with obesity and some of the highest rates of obesity in the county.<sup>3</sup> Community members spoke about addressing the root causes of chronic disease, improving access to health screenings, and exploring opportunities for mobile and coordinated care options, especially for community members who have difficulty reaching health care facilities or who struggle with adherence to treatment regimens.

## 4. Assess nutrition and food access

**Description:** Poor nutrition, limited food access and food insecurity are all symptoms of Third Ward's socioeconomic environment and its status as a food desert. In particular, community members wanted to learn more about nutrition in local schools and about the impact of nutrition education programs on health behaviors.

## 5. Address the social determinants of health

**Description:** There are various negative public health outcomes associated with low quality housing, homelessness, unemployment, poverty, lack of social support and issues related to the built environment, a major source of concern in Third Ward. For example, African American children are significantly more likely to live in communities where they may be exposed to environmental triggers and twice as likely to be hospitalized for asthma than white children.<sup>4</sup> In Third Ward, there are specific concerns about the effect of vacancies, overgrown lots, illegal dumping, and poor infrastructure on health and wellbeing.

## C. Case Studies

Community Action (Nebraska): In 2010 and 2013, Community Action of Nebraska conducted

statewide needs assessment surveys to gather information about healthcare, housing, poverty, education, employment, and basic needs. The more recent iteration of the needs assessment compares changes in state and regional survey and census data over time and highlights the most widespread manifestations of need and poverty. The assessment provides data for policymakers about the financial burden of basic services and guidance for Community Action’s ongoing programs and planning process.<sup>5</sup>

Geary County Health Department, Geary Community Hospital, and Geary County Schools (Geary County, KS): These entities pursued a two-year, county-level community health assessment process. The purpose of this assessment was threefold: to accumulate knowledge about community health issues and existing resources, to work towards collective impact, and to provide evidence for future programs and policies. A list of strengths and assets, perceived community challenges, and conditions for promoting health emerged from the process, which then informed a framework for improving health across the county.<sup>6</sup> The assessment also demonstrates the value of a multi-sector & multi-method approach, which is considered a “best practice” within community health assessments processes.<sup>7</sup>

San Francisco Health Improvement Partnership (San Francisco, CA): The San Francisco Community Needs Assessment process utilized a detailed, holistic framework centered around reducing health inequality. The assessment took a comprehensive approach to health and wellness and connected upstream root causes, i.e., the various determinants of health, to downstream health outcomes and consequences to promote effective interventions and evidence-based policy strategies. The most recent needs assessment brings attention to two broad issues – economic barriers to health and racial health inequalities – and seven health needs that have the greatest impact on the City’s morbidity and mortality rates.<sup>8</sup>

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## Appendix E. Health Indicators

- Access to Health Care
  - Insurance coverage, including rates of uninsured and underinsured residents and Medicare and Medicaid population
  - Type, distribution, and demographics of health care providers in Third Ward
  - Location of and transportation options to nearby health care facilities
  - Capacity of nearby health facilities
- Health Status
  - Prevalence of chronic diseases (diabetes, asthma, heart disease, hypertension, obesity, etc.)
  - Early onset of chronic disease, particularly in children
  - Leading causes of morbidity and mortality
  - Leading causes of morbidity and mortality for high risk groups
- Behavioral Health
  - Prevalence and type of substance abuse in the community
  - Location and costs associated with rehabilitation and treatment program for substance abuse
  - Statistics related to violence by type
- Social Determinants of Health

- Availability of resources to meet daily needs
  - Access to educational, economic, and job opportunities
  - Access to health care services
  - Quality of education and job training
  - Availability of community-based resources and opportunities for recreation/leisure
  - Transportation options
  - Social support
  - Social norms and attitudes (e.g., discrimination, racism, and distrust of government)
  - Exposure to crime, violence, and social disorder
  - Socioeconomic conditions
  - Residential segregation
  - Language/Literacy
  - Access to mass media and emerging technologies
  - Built environment, such as buildings, sidewalks, bike lanes, and roads
  - Housing and community design
  - Exposure to toxic substances and other physical hazards
  - Physical barriers, especially for people with disabilities
- Nutrition & Food Access
    - Type and quality of food in schools
    - Average distance to grocery stores
    - Food insecurity rates among children, adults, and seniors

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<sup>1</sup> Sommers, B.D. (2016, April). Medicaid Expansion in Texas: What's at Stake? The Commonwealth Fund. Retrieved from <http://www.commonwealthfund.org/publications/issue-briefs/2016/apr/medicaid-expansion-texas>

<sup>2</sup> Centers for Chronic Disease Prevention and Health Promotion. (2016, November 16). *Chronic Disease Prevention and Health Promotion*. Retrieved from <http://www.cdc.gov/chronicdisease/>

<sup>3</sup> Houston/Harris County Community Transformation Initiative. (2012). *Health Equity Assessment 2012*. Retrieved from [https://www.houstontx.gov/health/communitytransformation/HE\\_Assessmentt\\_Final.pdf](https://www.houstontx.gov/health/communitytransformation/HE_Assessmentt_Final.pdf)

<sup>4</sup> United States Environmental Protection Agency. Children's Environmental Health Disparities: Black and African American Children and Asthma. Retrieved from [https://www.epa.gov/sites/production/files/2014-05/documents/hd\\_aa\\_asthma.pdf](https://www.epa.gov/sites/production/files/2014-05/documents/hd_aa_asthma.pdf)

<sup>5</sup> Community Action of Nebraska. (2013). State and Regional Community Assessment Report. Retrieved from [http://www.communityactionatwork.org/about/community\\_needs.html](http://www.communityactionatwork.org/about/community_needs.html)

<sup>6</sup> University of Kansas Work Group for Community Health and Development. (2014). Geary County Community Health Assessment 2014. Retrieved from [http://ctb.ku.edu/sites/default/files/toolkits/geary\\_county\\_community\\_health\\_assessment\\_update\\_2.pdf](http://ctb.ku.edu/sites/default/files/toolkits/geary_county_community_health_assessment_update_2.pdf)

<sup>7</sup> Barnett, K. (2012, February). Best Practices for Community Health Needs Assessment and Implementation Strategy Development: A Review of Scientific Methods, Current Practices, and Future Potential. Public Health Institute. Retrieved from <http://www.phi.org/uploads/application/files/dz9vh55o3bb2x56lcrzyel83fwfu3mvu24oqqvn5z6qaeiw2u4.pdf>

<sup>8</sup> San Francisco Health Improvement Partnership. (2016). San Francisco Community Health Needs Assessment 2016. Retrieved from <https://www.dignityhealth.org/saintfrancis/documents/community-benefit-reports/chna-2016-needs-assessment>