

Redeveloping the East End Catalysts for Sustainable Transitions



Urban Land Institute Technical Assistance Panel Report
November 10-11, 2015



**Urban Land
Institute**

Houston

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Sponsored by:

Buffalo Bayou Partnership

Greater East End Management District

Harris County Commissioner Jack Morman, Precinct 2

Lovett Commercial

Metropolitan Transit Authority of Harris County (METRO)

New Hope Housing

ULI Houston

ULI Houston is a district council of ULI—the Urban Land Institute, a nonprofit education and research organization supported by its members. Founded in 1936, the Institute today has approximately 36,000 members worldwide representing the entire spectrum of land use planning and real estate development disciplines, working in private enterprise and public service.

As the preeminent, multidisciplinary real estate forum, ULI facilitates the open exchange of ideas, information, and experience among local, national, and international industry leaders and policy makers dedicated to creating better communities.

ULI's mission is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI Houston carries out the ULI mission locally by sharing best practices, building consensus, and advancing solutions through its educational programs and community outreach initiatives.

Technical Assistance Panel

The objective of ULI Houston's Technical Assistance Panel (TAP) program is to provide expert, multidisciplinary advice on land use and real estate issues facing public agencies and nonprofit organizations in the Greater Houston Metropolitan area. Drawing from its extensive membership base, ULI Houston conducts two-day panels offering objective and responsible advice to local decision makers on a wide variety of land use and real estate issues ranging from site-specific projects to public policy questions. The TAP program is intentionally flexible to provide a customized approach to specific land use and real estate issues.

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We would also like to thank the stakeholders who agreed to participate in the background interview sessions, for providing their insight to augment the multiple decades of on-the-the-ground experience represented among the ULI panel members.

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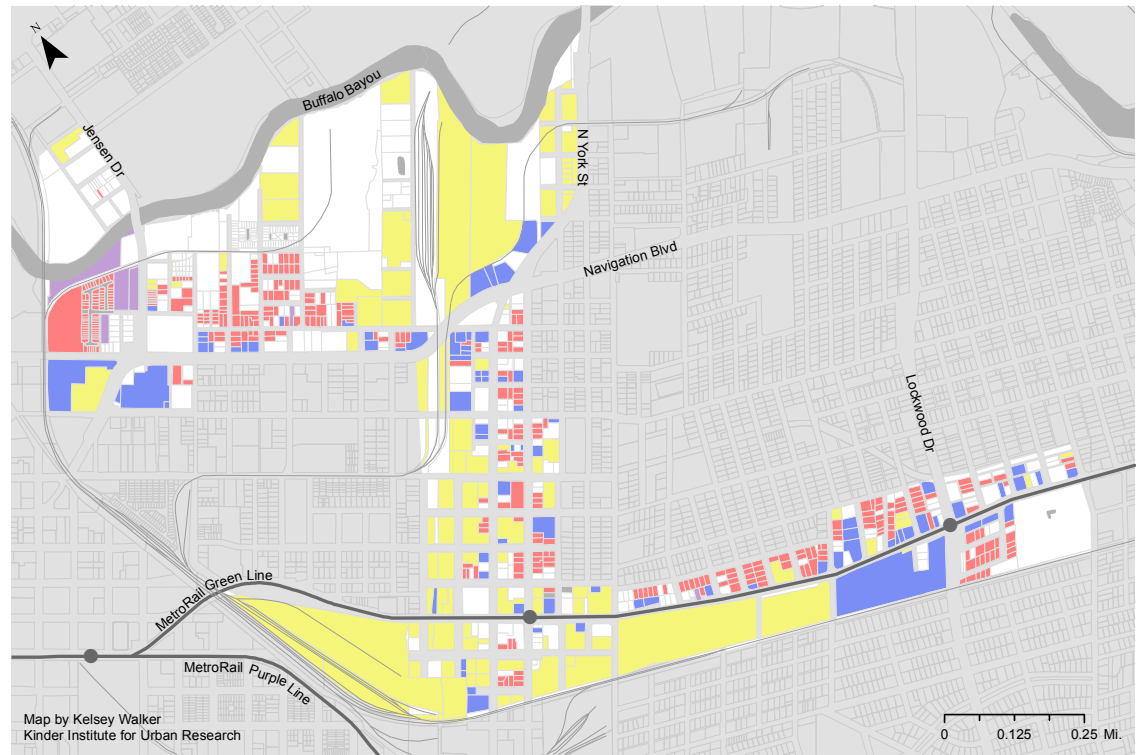
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Study Area Map and Land Use

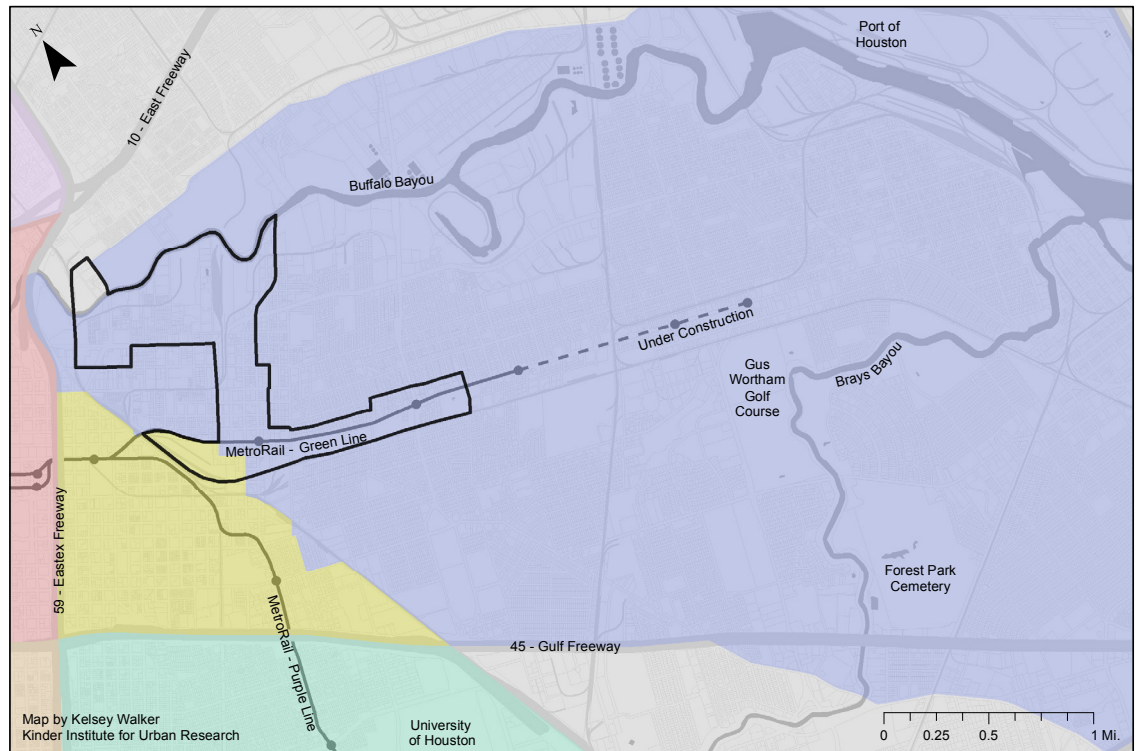


Land Use, 2014

Source: Harris County Appraisal District

Residential Commercial & Office Industrial & Utility Public & Institutional Undeveloped Unspecified/Unknown

Study Area in Context



Study Area & Management Districts

Source: City of Houston, Harris County Appraisal District

Study Area East End East Downtown Greater Southeast Downtown Greater Northside Midtown

Foreword: Overview and Panel's Assignment

In recent years neighborhoods within Houston's inner loop have experienced a high degree of redevelopment. Stoked by an influx of new residents attracted to downtown amenities and primed by the region's growing economy, residential and commercial development has taken off in central Houston. Public and private investments in the public realm—from new light rail lines to mixed-use developments to significant greenspace improvements—have amplified this growth. Despite its rapid pace, new development, and the benefits it brings, has not spread evenly across the city's central neighborhoods.

The East End is one of the few remaining near-downtown areas to not have experienced major redevelopment. While the neighborhood possesses a slate of positive characteristics, it also faces a number of challenges preventing it from capitalizing on its growth potential.

Situated between several major employment centers and lying just to the south of Buffalo Bayou, a major amenity, the community's geographic location makes it ripe for further residential and commercial development. Augmenting its physical attributes, in 2015, METRO opened a light rail line through the East End that will eventually have six stations operating in the community. Each of these stations can act as a hub for transit-oriented development.

Other important strengths of the area are its committed, strongly-rooted residential population, its collection of active community organizations and institutions, and its rich cultural history. Long-time residents and community organizations recognize the importance of drawing development into the neighborhood. Indeed, these committed East Enders represent an excellent source for ideas about how the community can continue to grow



without losing its current character. The engagement of these residents in this TAP and other planning processes demonstrate how important the community is to them and how much energy exists to make it even better.

Despite these assets, the area has struggled to attract meaningful, coordinated development and investment. The task of this Technical Assistance Panel, therefore, is to recommend measures that can catalyze more cohesive redevelopment in the East End. Specifically, sponsors have sought recommendations from panelists in order to help realize the following desired outcomes:

1. More cohesive and less haphazard redevelopment of vital urban neighborhoods, particularly adjacent to major transit corridors;

2. Housing for a range of incomes to serve employees working in major employment centers including Downtown, University of Houston, the Medical Center, and businesses serving the Houston Ship Channel;

3. Development that allows equitable access to Houston's most desirable natural urban asset—Buffalo Bayou—while accommodating redevelopment of post-industrial properties.

In the process of forming its recommendations, the panel was charged with tackling the following questions:

1. In light of the several previous studies, what does the panel recommend as a balanced approach to residential (including affordable), retail, institutional, and other uses that includes more density around rail stations within the target redevelopment area?

2. What are the potential barriers these plans must overcome?

3. What incentives are needed to prompt successful development?

4. What additional funding sources and partnerships are available to ensure plans are realized?

In conducting this effort, the TAP panel benefitted from existing professional studies conducted on the East End in recent years. The Greater East End Master Plan,¹ East End Mobility Study,² the latest of a set of Livable Centers Studies,³ the Buffalo Bayou Master Plan,⁴ and the METRO TOD report on the East End,⁵ each provided thorough and essential background information on the state of the community and the issues it is facing.

1 *Greater East End Livable Center Master Plan* (February 2011) retrieved November 23, 2015, <http://www.gretereastend.com/wp-content/uploads/East-End-Master-Plan-Report-3.pdf>

2 *East End Mobility Study* (March 2012) retrieved November 23, 2015, <http://www.houstontx.gov/planning/mobility/CMP/EastEndMobilityStudyFinalReport.pdf>

3 *Fifth Ward/Buffalo Bayou/Greater East End Livable Centers Study* (June 2015) retrieved November 23, 2015, [http://www.h-gac.com/community/livablecenters/past-planning-studies/documents/5WBBEE%20LC%20Final%20Report%20\[Web\].pdf](http://www.h-gac.com/community/livablecenters/past-planning-studies/documents/5WBBEE%20LC%20Final%20Report%20[Web].pdf)

4 *Buffalo Bayou and Beyond* (2002), retrieved November 23, 2015, <http://issuu.com/buffalobayou/docs/2002masterplan>

5 METRO Transit-Oriented Development Report (Forthcoming, 2015-2016)

Executive Summary

ULI Houston convened an expert Technical Assistance Panel in response to a request from the Greater East End Management District, New Hope Housing, Buffalo Bayou Partnership, Lovett Commercial, the Metropolitan Transit Authority of Harris County, and Harris County Commissioner Jack Morman. These sponsors sought the panel's assistance for ideas of how to catalyze cohesive redevelopment in the East End that includes housing for a range of incomes, encourages the growth of retail and other services, builds connections to Buffalo Bayou, and focuses growth along transit corridors and underutilized, post-industrial property.

The panel's primary recommendations call for the creation of an area-wide 380 agreement called the **Harrisburg Living Initiative**, modeled upon Houston's earlier Downtown Living Initiative, to spur initial, catalytic residential development along the light rail line and near Buffalo Bayou.⁶

The **Harrisburg Living Initiative** should revolve around a core set of financial incentives, likely a per-

unit reimbursement, offered for the lesser of 4 years; or the first 2,500 multifamily units. To encourage initial investment the panel suggests that this incentive occur in two stages. During the first term of the program developers would not face any specific workforce housing requirements to encourage initial construction. However, stakeholders could consider adding an optional workforce component to this stage that would qualify developers for an additional incentive. Then, starting at a pre-determined cut-off point, a second term of incentives would begin with a required workforce housing component.

In a part of town where multifamily investment has been slow to accrue because of perceptions and realities of financial risk, such an incentive program would offer developers a stable basis from which to begin large-scale projects. The addition of "rooftops" to the community would have ancillary impacts that might make the community more attractive for subsequent retail investment as well.

In addition to forwarding this primary recommendation,



⁶ *Downtown Living Initiative Program* (2014) retrieved December 3, 2015. http://www.downtownhouston.com/wp-content/uploads/2015/04/140425_Combined_Toolkit_Program_Description_Eligibility.pdf

the panel highlights a number of other ways the community, TAP sponsors, and the City of Houston might work in concert to address the East End's challenges and take advantage of its strengths. This starts with continued engagement with East End stakeholders on efforts to structure and implement a consolidated, collaborative vision for the community's future.



The panel reached its final recommendations after surveying the economic, physical, social, and political landscape of the community through tours, interviews, and extensive background reading. Several key overarching suggestions and observations augment the final recommendations.

Build on existing visions

The East End has the fortune to have been the focus of a number of professional planning and development studies prior to this Technical Assistance Panel. Drawing out parallel recommendations from these products allows a shared vision for the future of the community to coalesce. Each previous study touches on the following:

- Need for multi-family housing and retail development in the area.
- Need for workforce housing both to keep area affordable and build on proximity to job centers.
- Encourage connectivity and plan for a variety of users (pedestrians, people on bikes, mass transit riders, drivers) in area transportation planning.

Create an investable landscape

One of the most difficult challenges of bringing development to the East End is the lack of investment safety nets. Without area-wide incentives in place, developers have focused on townhome development, which has high returns on investment. An area-wide 380 would allow for the incentive structure to be incorporated into pro forma and give developers greater security in their investment. A key challenge here, though, is to also maintain a viable approach to workforce and affordable housing.

Find a catalytic project

A landmark project is needed to drive subsequent investment. Several developers are sitting on land waiting

for higher demand or for an initial project to move the needle. The panel contends that a few residential projects could represent such a catalytic opportunity. Initial projects would provide important comparisons to be used to justify future investment.

Aim for cohesive residential development

Much of the current development revolves around new townhome construction. While this is a justifiable investment, townhomes tend to be developed more haphazardly on smaller lots and not as a part of an overall neighborhood strategy. Townhomes are also often prohibitively expensive for many middle- and lower-income Houstonians. A variety of multi-family buildings could help address this issue by both bringing greater density to the area and providing more of a chance for workforce housing.

Leverage cultural and physical assets

The East End possesses a diverse cultural heritage that informs its present-day assets. These include a pool of committed residents, a strong tradition of artistic production, and several strong community institutions—from restaurants to churches. The East End also contains several physical assets some that have been central for decades, such as Buffalo Bayou, and others that are new, such as the remade Esplanade along Navigation Boulevard's restaurant row. All plans should take these assets into account and build upon them where possible.

Take advantage of existing development opportunities

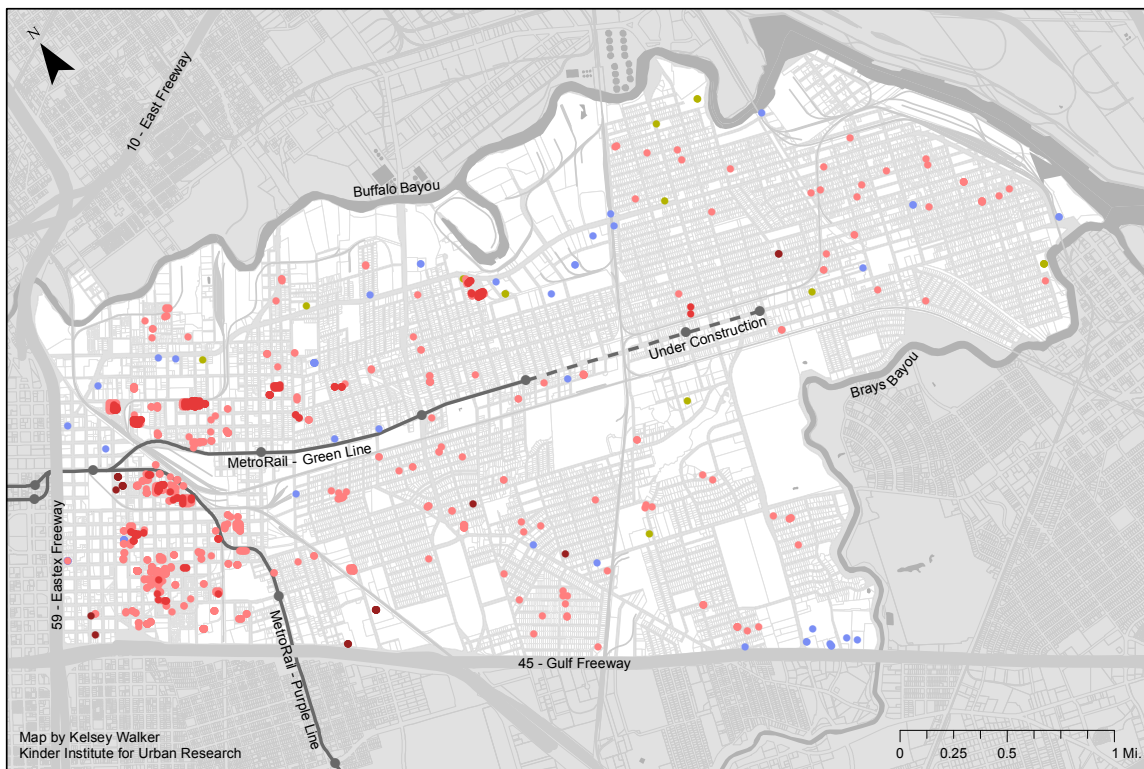
The East End's unique mix of residential, commercial, and industrial land uses offers a flexible landscape for development. Deindustrialization has made over 400 acres of vacant or underutilized land ready for redevelopment. Much of this land is held in large tracts by a small number of investors. The continuity of landownership presents a major opportunity for large-scale, coordinated projects to be built. Unoccupied post-industrial and formerly commercial plots can also be developed with little displacement.

Utilize existing built environment

The built environment of the community is also unique. Its residential areas are mostly single-family detached homes. Its streets make a walkable grid. The community is bisected by a system of thoroughfares that offer suitable sites for larger multi-family, commercial, and retail options without causing high levels of disruption on smaller side streets. The existence of many vacant or underutilized warehouses and other structures also make the community fertile for adaptive reuse. Whatever policies are put into place must be careful not to incentivize the undermining of this character.

Invest in infrastructure

Despite its good bones, many parts of the community's infrastructure systems require significant investment. Developers, community institutions, and the city should work together to build on existing and in progress



City of Houston Building Permits, January 2010 - September 2015

Source: City of Houston, Harris County Appraisal District

● Residential, General ● Residential, Townhome ● Residential, Apartment ● Commercial, Office & Retail ● Industrial

The above map illustrates the slower pace of development in the East End. The map displays new building permits for both East Downtown and the East End between 2010 and 2015. Notice the complete lack of multi-family building construction west of the MetroRail Purple Line and north of the MetroRail Green Line. The map also reflects the growing number of townhomes in the East End. Some of the markers for single-family may also be townhomes, but because of inconsistencies in the data source's categorization may have been labeled as traditional single-family.

programs. Both the Greater East End Management District and METRO have invested a great deal of resources and time into improving the pedestrian and street realms. Each of these investments should be leveraged to create further opportunities. Additional sidewalk, street repair, and drainage improvements could benefit the whole community.

Encourage further mobility and connection to city

Tied into improving the overall infrastructure is the importance of strengthening and building upon existing mobility assets and connecting the neighborhood to the wider city. This work is especially vital because 20% of East End residents do not have access to a car and 10% take transit to work.⁷

Shift negative perceptions

Interviewed stakeholders and sponsors repeatedly mentioned that negative perceptions of the East End as both a site for investment and potential residence are stymying development. Shifting the conversation around these perceptions may be central to creating investment.

Take advantage of community support

Community members and institutions are eager for

redevelopment. Interviewed stakeholders, almost without exception, called for greater retail and residential development, pointing especially to the need for a grocery store. While they support growth and development, residents also want a central role in determining how, when, and where that development occurs. Residents, both new and long-established, want to be a part of the decision-making process and want to ensure they and their neighbors are not displaced.

⁷ Fifth Ward/Buffalo Bayou/Greater East End Livable Centers Study (June 2015), 45.

Opportunities and Challenges

The East End, similar to many other neighborhoods close to the core of the city, contains both immense change and elements of permanence. There is a great deal that is new and changing about the community: a nascent light rail, quickly transforming land uses, the adaptive reuse of older buildings, and shifting demographics. At the same time, there are pieces that have seemingly remained unchanged for years. Commercial and industrial traffic on Buffalo Bayou, and the location of the Port of Houston along its banks, has shaped the community's landscape and built environment since the late 1800s. Concentrations of industry and manufacturing in the East End have also meant that freight rail lines and heavy truck traffic have been regular features on the city's streets for years. The mix of industrial, manufacturing, and residential land-uses brings with it distinct sensory experiences—the smell of coffee coming from the processing plant and Sunday barbeques coming from residents' backyard grills, the sound of ships' horns, the sight of trains rumbling through the community.

This mix of history and transition presents residents, developers, and officials with a plethora of opportunities and challenges. Recognizing what is changing and what will remain is essential to long-range planning. Building from the foundational elements and acknowledging what is temporary can allow for all stakeholders to craft a plan that appropriately shapes the transition and amplifies permanent assets.

OPPORTUNITIES

Accessible location

- **Proximity to employment centers.** The East End is an easy light rail ride from downtown, the Texas Medical Center, and the University of Houston. It is also near to the Port of Houston and its ancillary services. This proximity means that approximately 310,000 jobs are within a short distance.
- **Near downtown amenities.** The area is near sports stadiums, popular destinations such as Discovery Green, and greenspaces/recreational locations such as the Bayou hike-and-bike trail.
- **Highway access.** The neighborhood also has easy access to several highways making car travel to other job and activity centers manageable.

Transportation and light rail

- **Internal connectivity.** The area has good internal links and the new light rail line offers improved connections to downtown.
- **Bus lines.** The area is also served by 8 bus lines that have much improved service as a product of the system reimagining that occurred in August 2015.
- **Light rail TOD.** The new light rail should be seen as an asset that can be leveraged through transit-oriented development.
- **Improved pedestrian and bike networks.** Existing bicycle and pedestrian infrastructure can be expanded and improved in line with the suggestions of previous studies and taking advantage of the Houston Bike Plan (currently in progress).

Underutilized land and buildings

- **Ready land.** 400 acres of vacant or underutilized land is currently available and there will be more opportunities to increase this amount as formerly industrial and manufacturing sites become available.
- **Adaptable structures.** The East End's unique mix of uses—the combination of industrial, commercial, and residential uses makes the area ripe for adaptive reuse and innovative intermixing of activity.

Cultural assets

- **Build on cultural district.** The community is one of five cultural districts in Houston, so designated by the Texas Commission on the Arts. The designation is intended to promote economic development around historic and cultural heritage.
- **History of diverse residents.** Home at one point to Houstonians of German, Italian, and Mexican origin, this legacy and the current strength of its long-term Mexican-American population offer the foundation for the formulation of a powerful story of the area's past, present, and future.
- **Concentration of art.** Artists, public art, and production spaces offer the opportunity to frame the East End as a Maker district. This can also be tied to the long history of industry and manufacturing in the community.
- **Remade public spaces.** Revamped public spaces such



as the Navigation Boulevard Esplanade in front of the community's famous restaurant row can be emulated and expanded to strengthen cultural identifiers and public spaces.

- **Parks and greenspaces.** Guadalupe Plaza Park, Settegast Park, Tony Marron Park, Eastwood Park, the Buffalo Bayou trail area, Evergreen Cemetery, and pocket parks offer a base for expanding recreational uses.
- **Strong community institutions.** Ripley House, Our Lady of Guadalupe Church, Houston Community College, Talento Bilingue and many other entities offer anchor institutions tied directly to the community and its cultural history.

Buffalo Bayou

- **Regional amenity.** The bayou crosses through much of the East End and represents one of the community's most important permanent assets.
- **Pending improvements.** The eastern section of the bayou has seen far less construction and improvement than the western portion. Led by the Buffalo Bayou Partnership the eastern section is slated for major improvements in the coming years.
- **Lack of cohesiveness.** Despite the efforts of the Buffalo Bayou Partnership to purchase land along the shoreline, there is still a need to protect the waterway's edges to maintain continuity. Jointly planning and protecting this asset is a great chance for stakeholder cooperation and visioning.
- **Bayou as connective.** The Buffalo Bayou Partnership wants its projects on the eastern section of the Bayou to encourage diverse neighborhoods and to connect

the East End and Fifth Ward to one another and to the rest of the city.

Institutional infrastructure and support

- **Active community organizations.** Many of this TAP's sponsors and other groups are working diligently to improve the landscape and community in ways that will encourage further development, while also maintaining the neighborhood's historic integrity.
- **Mediators of funding.** These organizations act as important navigators of local, state, and federal grant and funding opportunities.
- **Leveraged investment.** Existing investments must be leveraged. The Greater East End Management Districts has turned \$2.5 million into \$29 million in capital improvements. METRO spent \$587 million on the light rail line.

CHALLENGES

Negative perceptions of area

- **High crime rate.** While the crime rate in the neighborhood is actually lower than the Houston average, it is perceived by most outsiders to be higher. This reputation causes hesitation for developers and potential residents alike.
- **School quality.** Although many potential renters and buyers do not have children, a perception of poor schools is nevertheless a drag on the market.
- **Poor air quality and legacy pollution.** The long history of industrial uses and perceived pollution of the bayou play into concerns about the quality of the ambient environment.



- **Unattractive underutilized land.** Developers often leave properties in a problematic state—with graffiti or refuse visible—while it waits for development. This lack of care feeds into perceptions of crime and disorder.
- **Weak rental market.** Townhouse market has proven vital, but low rents and idea that rental market is slow prevents major project development.

Lack of retail

- **Major obstacle to development.** Lack of grocery store and limited neighborhood retail reflects lack of interest from large retailers who see projects as unfeasible in the current situation. Absence leads many residents to shop outside the community.
- **Not enough rooftops.** There are many current residents in the study area, but not nearly enough to attract significant retail development.
- **Not enough buying power.** Many of the existing households have relatively low incomes, further reducing the study area’s attractiveness to retailers.
- **Mixed market.** The market is divided between mostly longtime Hispanic families and newer residents, making it difficult for retailers to know who their market really is.
- **Other concerns of retailers.** Retailers share concerns about crime and neighborhood character. They are also waiting to gauge the light rail’s impact on the community.

Preserving neighborhood fabric in face of change

- **Large townhomes and patio homes in residential neighborhoods.** New townhomes and patio homes are being built in neighborhoods that have traditionally included small single-family homes on standard size lots, creating a “scale” question that concerns current residents.
- **Displacement of current residents.** The current hot real estate market is displacing some residents. This is especially true for renters, though longtime

homeowners also feel pressure from developers to sell out.

- **Education on residential protections.** Long-term residents lack knowledge of potential protective measures such as preservation ordinances and minimum lot sizes that could help structure location of growth to major corridors and underutilized areas.
- **Maintenance of historic homes.** Many historic homes are owned by longtime residents with modest incomes, making it difficult for them to maintain those homes. Few programs exist to assist with this issue.

Market defaults toward townhomes

- **Shrinks options for workforce or other affordable housing.** Townhomes tend to have higher price points. Their construction allows land prices to rise, making other housing options less feasible. The city has no policy to encourage construction of workforce housing, therefore the market must provide.
- **Reduces possible density.** Few Houston-style townhome developments contribute to a truly walkable, dense urban fabric. Townhome development around transit stops would prevent the possibility of higher densities.
- **Not cohesive.** Current townhome construction in the East End is happening mostly on isolated lots amidst traditional bungalow residences, leading to concerns from neighbors that they threaten the nature of residential streets.

Market Potential

The East End is likely to face inevitable development pressure in the future due to the relatively slow pace of development throughout the community in recent years and its latent potential. While land prices have steadily increased, land in the East End remains far cheaper than land in other parts of the city. Acting now to create financial incentives for larger projects would create greater flexibility for both developers and officials to find ways to mix workforce and market-rate housing ahead of the next development cycle. As land prices rise, workforce housing becomes more difficult for non-profits, developers, and city officials to pursue. Increasing land values will also place greater pressure on homeowners in the community as property values and taxes rise. Creating a dense environment of new residents while also providing workforce housing to existing residents in the community are the key challenges the ULI TAP panel sought to address.



In order to achieve the cohesive, transit- and post-industrial focused development sought by the TAP sponsors, the panel recommends that stakeholders focus on bringing growth to two distinct zones of the study area—the Buffalo Bayou/Navigation Esplanade area in the northwestern portion of the study area and the light rail corridor along Harrisburg Avenue. These two subsections contain a wealth of the cultural and physical assets of the East End, as well as several examples of vacant or post-industrial parcels ripe for redevelopment without displacement. These existing large tracts of land represent ideal sites for the catalytic residential projects the panel feels are crucial to bringing rooftops to the East End. If projects are built on these tracts they would ideally lead to subsequent investment in retail and commercial development.

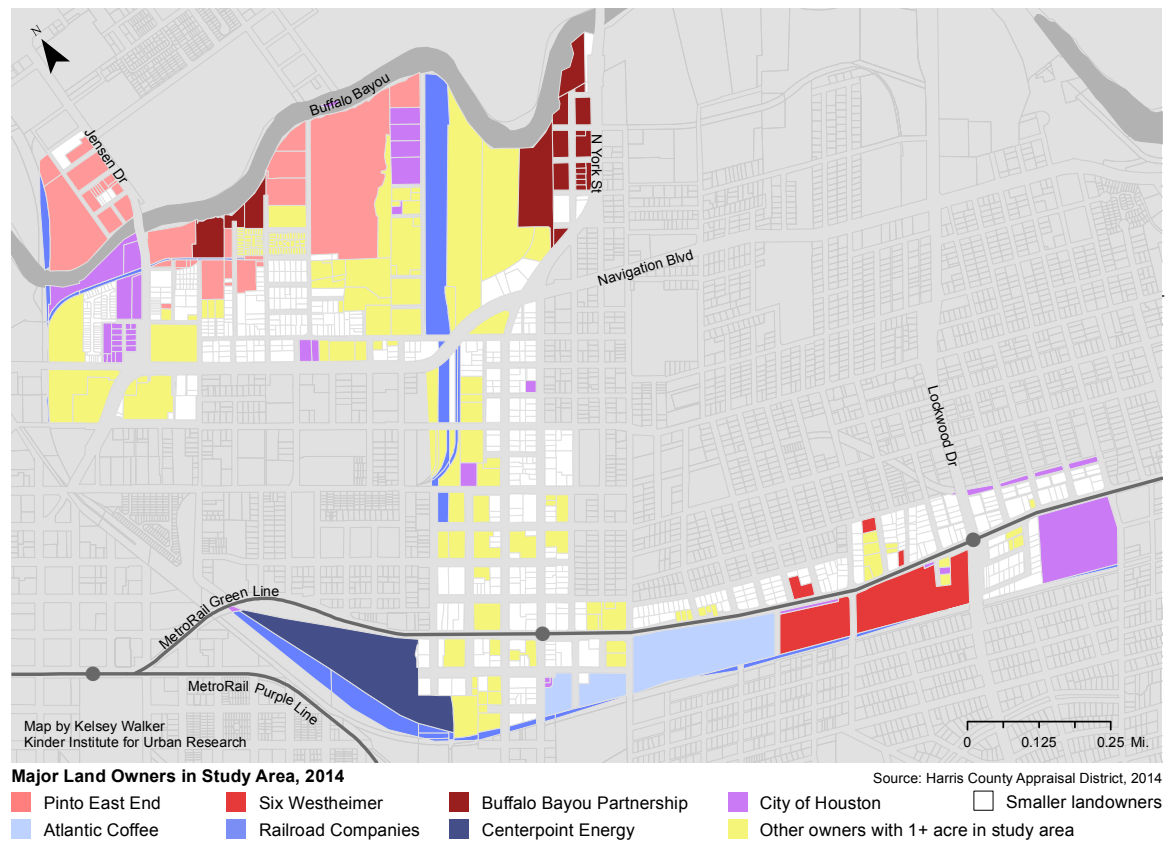


Buffalo Bayou/Navigation Esplanade

The Buffalo Bayou Partnership owns three abandoned silos just to the south of Buffalo Bayou. Already used as a venue for artistic performances, and located alongside a section of the bayou with an existing bike and pedestrian path, this site lies at the crossroads of one of the most promising areas for potential redevelopment in the East End.

The Buffalo Bayou Silos sit in the northwest corner of the TAP study area and are surrounded by vacant, post-industrial land ripe for development on both sides of the bayou. With unimpeded views of the downtown skyline and the bayou, the section presents a desirable site for development. Some townhome projects are already under construction in nearby empty lots on the south side of the bayou with several other projects slated to begin soon. The north side of the bayou, while mostly out of the TAP study area, consists of two huge tracts of post-industrial land owned by single owners. This corner of the study area is situated near two major activity nodes for the neighborhood—the Navigation Esplanade and its restaurant row. The direct connection to the bayou trail offers a key link to a future activity node and recreational amenity. In addition to its connection to the bayou trail, the area is nicely tied into other mobility systems. Nestled near Jensen Drive, which has several major bus lines running on it, and not far from Interstates 10 and 69, this part of the East End offers a major mobility advantage if it can be further connected to the overall transportation network.

Much of the property in this area is owned by a small number of investors and developers. This presents a



The above map displays the Harris County Appraisal District ownership information for the study area. Note the concentration of ownership in the northwestern bayou district. Between Pinto Properties, the Buffalo Bayou Partnership, and the City of Houston, a large amount of acreage is under the control of a small set of owners. The silos are located on the Buffalo Bayou Partnership's westernmost properties.

significant opportunity to create a cohesive development plan that meets the desires of a wide group of stakeholders. The growth of this area will be crucial to the overall direction of the neighborhood. Along with transit corridor development, projects in this sector could act as major catalytic investments without displacing existing residents or disrupting the character of more historic portions of the community.

However, for all its advantages, this section of the study area also faces a number of challenges. First and foremost is the lack of investment security. While landowners and developers have started to build townhomes, they have been reticent to pursue large-scale multi-family projects. As highlighted above, if the construction of townhomes predominates it would represent a missed opportunity to form a densely-developed anchor for the community.

A second major impediment to growth in this section is the poor state of infrastructure—both in terms of streets and drainage. This problem is highlighted by several earlier studies, including the East End Mobility Study

and the Greater East End Management District's Development Potential Report. Some streets are in major disrepair. Others are formerly private roads that now haphazardly connect to public streets. The intersection of Jensen and Navigation is a jumble and pending highway realignments could alter some of the highway connectivity to the area.⁸ Beyond the streets, entire parcels lack adequate drainage structures and other utilities. A 380 agreement could clarify how developers can be paid back for taking on these infrastructural improvements. The Harrisburg TIRZ could also fill this role, but until the TIRZ possesses significant funds this is impossible. Because of this reality such improvements have been made sparingly thus far.

Harrisburg Transit Corridor

METRO's Green Line light rail opened in April of 2015. This nearly \$600 million dollar investment will eventually bring six stations through the heart of the East End. Of these six stations, two are within the TAP study area—Coffee Plant/Second Ward Station and Lockwood/

⁸ The mobility study highlights each of these three examples as sites of needed improvement. The study proposed a roundabout for Jensen/Navigation, a new road between Navigation and the bayou, and for a redesign of the Runnels/I-69 onramp.



Eastwood Station. Sponsors asked the panel to focus on these two nodes as areas for potential development. The suggestions of the panel can work in concert with those of completed and soon-to-be completed studies such as METRO's transit-oriented development report. METRO's study offers suggestions for the two stations within the TAP study area.

The light rail corridor is positioned to be a key growth driver for the East End. Not only does the line offer a direct connection to the downtown job center, but with a single easy transfer to the Red Line, riders can reach the Texas Medical Center. Further, the Harrisburg corridor would seem to be the next logical step in development that is beginning to spill over slowly into the East End. This assumption is borne out by the building permit patterns illustrated in the earlier map. Some townhome and single-family development is already concentrating in the proximity of the Coffee Plant/Second Ward station and this trend seems likely to continue.

New Hope Housing has plans to build a large mixed-use building at the corner of Harrisburg and Sampson. This development will include 175 single room occupancy affordable units, 4,000 square feet of retail space, and 7,000 square feet of commercial space. This building will be the first large project built along the light rail in the East End. If teamed with subsequent market-rate and further workforce housing options, the project could serve a key role in the larger push for residential growth.

Each of the light rail stations sits near relatively large tracts of developable land. Both METRO and Lovett Commercial, each sponsors of the TAP, have focused attention on two lots owned by Lovett stretching westward from the corner of Lockwood and Harrisburg. METRO's study calls for creating a mixed-use residential and retail development on the parcels. Lovett's current plans call for the development of townhomes on one tract and to reserve a large portion of the second tract for a future grocery store and other retail. This site represents an ideal example of a location that could benefit from close engagement between stakeholders. Collaboration on a combined

vision for what the tract could be used for and how its development could be incorporated into a larger plan for the corridor would be beneficial.

Transit-oriented development (TOD) along the light rail offers a number of advantages. Often centered on dense, mix-use development, TOD is currently an in-demand option throughout the nation. TOD is one of the few housing and development forms that appeal to growing numbers of millennials and baby boomers alike. This draw stems from the fact that most TOD is built around the principle that dense, walkable, activated areas can create 24/7 nodes. This concentrated development ideally contributes to less driving by residents (and potentially a positive environmental impact) and offers a way to focus economic activity in particular areas as well. Most TOD includes a mixture of residential, retail, and commercial uses. In a place like the East End, TOD could achieve a number of goals—bring mixed-income housing, lead to the redevelopment of post-industrial and vacant spaces rather than displacement of existing residential, close the retail gap, and bring more economic activity to the community.

METRO's TOD study and pending pilot projects offer a vital opportunity to the East End. Stakeholders should work to leverage the METRO study and consider attempting to secure federal funding available to support TOD projects through the FAST Act. The new federal transportation bill dedicates a portion of the low-interest Transportation Infrastructure Finance and Innovation Act (TIFIA) and Railroad Rehabilitation & Improvement Financing (RRIF) loans to TOD pilot projects that cost over \$10,000,000.⁹

The need for a grocery store

A major residential project in both or either of the two focus areas could propel forward the push to bring a grocery store to the East End. Without exception the stakeholders the panel spoke with highlighted this as the community's greatest retail need.

The panel suggests that stakeholders meet with several grocers to clarify what the businesses see as thresholds for economic viability. Key information to gain in this discussion would be to find out the number of rooftops, desired income levels, and other factors the grocers require within a certain distance of a store to make it viable. Having this information can then shape the projects that are pursued and the incentives that are put in place to attract development.

⁹ See text of Fixing America's Surface Transportation Act, <http://transportation.house.gov/fast-act/>

Design Strategies

Plans and vision

As decisions about the future of the community are made, it is vital that area stakeholders leverage past studies. The best way to leverage the wealth of thought and expertise that has been poured into the area in recent years is to work jointly to develop a cohesive, consolidated vision for the community in the years to come. To accomplish this, all stakeholders—residents, community institutions, private developers, and public officials—must work in concert. A fundamental goal of this visioning effort should be the review of identified projects and the prioritization of future improvements to support the vision for the future. If the recommendations of this panel are followed, the first two priorities should be catalytic, multi-family residential developments that enable the building of a major grocery store in the East End. Subsequent priorities should include workforce housing, infrastructure, and improved greenspaces.



Reinforce assets

As already addressed, the community has a number of well-functioning, highly traveled corridors. In addition to the new light rail line, Jensen, Lockwood, York, and Sampson, all carry moderate traffic loads. Furthermore, the bayou trail and the Harrisburg bike trail present additional pedestrian and bicycle routes that can be built upon and expanded.

Although the area is well situated at the core of the city and proximate to downtown, it still faces significant

mobility challenges from heavy freight rail traffic bisecting the community and problematic intersections. Moreover, as highlighted in the mobility study, the community lacks enough biking and pedestrian facilities, despite the efforts of the Greater East End Management District. While roadway and transit connections should be built upon, investment in the infrastructure for other modes must not be neglected.

Buffalo Bayou represents an asset of immense promise, but because of the lack of continuous ownership along its banks, that promise is at risk. There should be a concerted effort between public, private, and non-profit actors to coordinate the purchasing, development, and management of bayou-fronting properties as publically accessible greenspace. One essential step is for the Buffalo Bayou Partnership to strengthen connections to the bayou on its existing properties. Public access to the bayou should be written in as a deed restriction in each of the organization's subsequent sales to ensure accessibility through frontage properties.

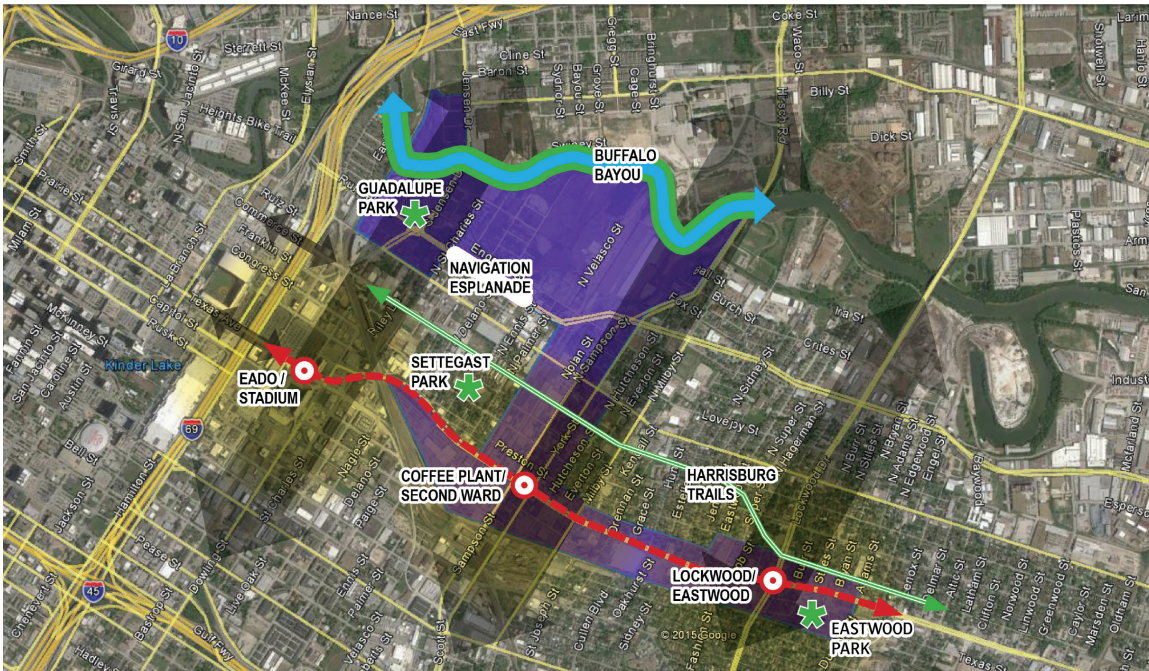
An essential step in this effort is to improve upon the wayfinding, public realm, and visible branding of the East End. The Greater East Management District has already undertaken major sidewalk improvement, added branded benches and bus shelters, and installed numerous streetlights. These efforts should be continued and expanded. Further, broader wayfinding measures that reinforce the connections and assets of the community should be added. Making the built environment more legible for visitors and residents alike can encourage more engagement with the community, its physical assets, and its institutions.

Design of future development

The implementation section, below, outlines the details of the proposed **Harrisburg Living Initiative**. The panel recommends that within the broader confines of the program that a number of design elements be taken into consideration.

First, just as the incentive package for the East End is modeled off of the Downtown Living Initiative, the panel calls for design standards for the East End to be drawn from downtown's street design standards.¹⁰ While clearly

¹⁰ *Downtown Houston Storefront and Streetscape Design Guidelines* (2011) retrieved December 3, 2015 http://downtownhouston.org/site_media/uploads/attachments/2011-04-28/4.2011.V2.FINAL.DT_Design_Guide.pdf;



There are a number of important links in the East End, including the Green Line light rail (shown in red), the Harrisburg bike trail (green), and Buffalo Bayou (blue). These should be interwoven with other corridors to encourage multimodal mobility through the area making way for automobiles, transit, bikes, and pedestrians.

not every design standard from a major downtown job center can or should be applied to a mainly residential, low-rise neighborhood, there are several aspects of the downtown design standards that could be helpfully emulated in the East End. These include maintaining the integrity of historic buildings by using consistent materials, encouraging the filling of empty walls with public art, an effort the East End is already undertaking, and focusing on making sidewalks and retail spaces active, attractive, and designed to reinforce a pedestrian-friendly public realm.

The second design and regulatory element that could be meaningfully incorporated into future development in the community, especially along the transit corridor on Harrisburg, would be new parking requirements. A number of the interviewed stakeholders mentioned that parking minimums for both retail and residential uses often restrict the form of buildings that developers build and the types of businesses that are opened. Stakeholders could work with the city to develop a special parking area within a certain radius of the light rail stops that would lower the parking minimums. There are several examples of such parking approaches across the city including in the central business district and the museum district.¹¹



¹¹ See special parking area designations for City of Houston at <http://www.houstontx.gov/planning/Off-Street-Parking-Ordinance>

Implementation

The panel calls for the creation of an area-wide 380 agreement to promote economic development and stimulate business and commercial activity by providing economic and other incentives for new, pedestrian friendly multifamily residential mixed-use developments.

The panel feels that an area-wide 380 is crucial. Piecemeal, project-by-project agreements do not provide the same level of investor confidence in the area. Such an approach might lead to a single project, but without a clear commitment to the entire area further projects might not materialize.

In what follows, the panel forwards one proposal for a potential incentive package. This is based both on the downtown living initiative and on the recommendations of a previous East End 380 agreement proposal. The panel suggests that a final economic study of any proposed 380 area be conducted to determine the exact metrics and incentives to be offered by the **Harrisburg Living Initiative**.

Further, the panel recognizes that stakeholders and city officials will have to jointly work out the final details of any initiative. In particular, the panel acknowledges the challenge of bringing rooftops to the community but also balancing that need with ensuring the availability of workforce and affordable housing. The panel feels that offering a two-stage incentive that encourages an initial set of investments at market-rate, with an optional additional incentive for developers choosing to include workforce units, and a second stage that includes requirements for affordability could strike the needed balance. Stakeholders will need to mediate these proposals and would have to collaboratively decide upon the cutoff points between the first and second stages.¹²

An additional option for securing adequate supply of workforce housing would be to rehabilitate the existing housing stock that is in disrepair. If a funding mechanism or city program could be found to encourage rehabbing of older homes, this would not only increase overall property values in the neighborhood but would also

mean that more affordable units remain in the community. Such an incentive or program would likely have to be pursued separately from the 380 agreement.

The panel proposes that the **Harrisburg Living Initiative** be built around the following concepts.

1. The offering of financial incentives for multi-family, pedestrian-friendly development in one of the two subsections of the study area—either the Harrisburg Transit Corridor or the Buffalo Bayou/Navigation Boulevard Corridor.
2. These incentives should be offered to market-rate developers for the lesser of: 4 years; or 2,500 multifamily units. Additional incentives could be considered for developers choosing to include optional workforce housing during this initial stage.
3. After the unit threshold has been met a second stage with workforce housing requirements should be implemented.

Mechanics of the Harrisburg Living Initiative

If modeled on the Downtown Living Initiative, the **Harrisburg Living Initiative** would consist of giving developers whose projects fall within the focus areas and meet the criteria and design guidelines for the initiative a reimbursement upon completion of the project that is the lesser of \$15,000 per unit or 75% of the tax increment increase to the Harrisburg TIRZ and 75% of the assessment paid to the Greater East End Management District paid back over 15-20 years.

¹² There are also a variety of other ways to work toward building in workforce and affordable housing, especially as a part of transit-oriented development. Many of which are laid out in a recent ULI Terwilliger Center for Housing and NeighborhoodWorks America report “Doing Well by Doing Good: Innovative Financing Vehicles Preserving Workforce and Affordable Housing,” (2015). Denver’s transit-oriented development fund offers one very comparable example.



Financial outline

For the purpose of illustrating what such an incentive would allow, panelists with financing expertise estimated the expected value of potential development and what paying back developers would entail. These numbers are based solely on the assumptions of the panel and would have to be refined in line with the actual initiative, but they provide some idea of what development might entail.

The construction of 2,500 multi-family units along the light rail corridor and another 2,600 multi-family and single-family units built on the roughly 100 open acres near the Bayou/Navigation corridor would result in a roughly \$670 million increase in property values in the East End. With that amount the TIRZ would collect approximately \$4,000,000 a year. This total is what the TIRZ would use to reimburse developers under the **Harrisburg Living Initiative**. Panelists estimated that the housing incentive and infrastructure improvements suggested in the report would cost roughly \$82.1 million. With the expected \$4,000,000 a year in TIRZ funds, the entity would be able to pay developers back for initiative-eligible development within no more than 20 years. This reimbursement date would likely accelerate as property values, and therefore the original increment, grew over time.

This program would give developers security in their investment, making the type of large-scale, multi-family developments a more feasible option. In addition, the implementation of a 380 would likely lead to further



investments in area infrastructure, streetscape, and transportation options.

Administration

The **Harrisburg Living Initiative** would be approved by the City of Houston and can be administered by the appropriate public entities and modeled after the successful downtown living initiative. The panel suggests that area stakeholders and the city decide jointly on what management arrangement makes most sense for the administration of the 380 agreement funds.

Findings

Beyond the particular step of the area-wide 380 the panel suggests that the stakeholders and residents of the East End continue to build upon the positive momentum and strengths of the area today.

Creating a successful development program and bringing on board a catalytic project could operate as a marketing tool for the community. The success would be a sign that the East End is an investable and desirable locale for further residential, retail, and commercial development.



A program like the **Harrisburg Living Initiative** can only come to fruition through the concerted effort of stakeholders. Those working to improve and build on the East End's success must distill and refine the existing studies into a fine-point vision. The panel suggests that an area-wide 380 to encourage multi-family residential should be the first step of that vision. It should also keep both the historic legacy and community assets of the East End in mind. These elements should be amplified by the next steps in development, not diminished.

TAP sponsors and the City of Houston each have integral roles to play in this effort. Each of the sponsors and residents of the East End must continue to solidify their relationship to the city and work to craft a program that works both for the community and Houston writ large. Both TAP sponsors and the City should continue to seek outside funding to augment efforts such as the 380 agreement. Both private philanthropic funds, such as those given to develop Buffalo Bayou, and federal funding, such as that available for transit-oriented development pilots, offer potential pools for additional resources.



Finally, the sponsors should continue to work among themselves to find solutions to their individual and collective problems. As champions of the East End and its future, these committed organizations, companies, and officials have much to offer and learn from one another. A pilot project building from METRO's soon to be completed TOD study would offer an ideal situation for each of the TAP's sponsors to weigh in. The panel would encourage this synergy.

The East End has been and will continue to be a locus of growth, vitality, and production serving the city and region. Working together, area stakeholders can augment the area's strengths, shore up its weaknesses, and carve new avenues to success. The TAP panel hopes its suggestions can help the many committed stakeholders we engaged with during the process achieve those and other goals.

About the Panel

Gary Altergott

Gary L. Altergott, AIA, LEED AP has 40 years of architecture experience including real estate strategic planning and development. He is a Vice President and currently manages the Houston office of Morris Architects, a Huitt Zollars Company. He has held LEEDTM accredited professional status and is a graduate of University of Kansas with a Bachelor of Environmental Design. He is a member of the Urban Land Institute and has served on the ULI Houston Executive Committee as Vice Chair.

Bart Barrett

Bart Barrett is director of Wood Partners' Houston office, responsible for overseeing the development, design and financing of construction in Houston. Barrett was instrumental in developing more than 3,400 housing units with a capitalization of more than \$500 million as managing director at Alliance Residential Company prior to joining Wood Partners. Barrett earned a bachelor's degree in business administration and a Bachelor of Arts degree from Southern Methodist University.

Justin Boyar

Mr. Boyar is an Associate Director of Research for HFF's Houston office. He has more than eight years of real estate industry experience and is focused on executing in-depth analysis of economic, property and capital markets trends. Mr. Boyar is also responsible for providing extensive market reports, client presentations and deal-specific research for the debt placement and investment sales groups.

Bill Fulton

William Fulton is Director of the Kinder Institute for Urban Research at Rice University. He is a former Mayor of Ventura, California, and Director of Planning & Economic Development for the City of San Diego. In addition to a successful public career, he is also an accomplished author, having published five books. He holds master's degrees in mass communication from The American University and urban planning from UCLA.

Ron Lindsey

Mr. Lindsey's career encompasses more than 30 years of multifaceted experience in real estate including the development, finance, leasing and management disciplines spanning the retail, multifamily, land development and mixed use product types. Through the Houston Real Estate Council, Mr. Lindsey reviews and consults with the City of Houston on all significant ordinances and design manuals related to real estate.

Eta Paransky

Eta Paransky recently retired from the City of Houston as Assistant Director of the Housing and Community Development Department, responsible for all multifamily housing activities. During her tenure, she oversaw the city's investment of \$236 million of loans and grants in 44 completed or under-construction multifamily communities yielding 9,000 new or rehabbed units with a total investment of \$960 million. She currently has a consulting firm, Eta Paransky LLC.

Abbey Roberson

Abbey Roberson is Vice President, Regional Leader of Planning for HOK. With a specialty in master planning, her experience includes projects in cities across the US and around the world. Abbey's portfolio encompasses commercial, mixed use, health care, and public and institutional projects. She holds a Master of City and Regional Planning from the Georgia Institute of Technology and a Bachelor degree in Environmental Design from Texas A&M University.

Sherry Weesner

Ms. Weesner is Director of Projects for Scenic Houston. A registered professional engineer, her experience has included managing equipment design for an engineering construction firm, and serving as Chief of Staff for a City of Houston At-Large Council Member, implementing a broad array of strategies to achieve the various public policy objectives. Sherry enjoys research, public policy, planning and working with public agencies.

Kyle Shelton

Kyle Shelton is a Program Manager and Fellow at Rice University's Kinder Institute for Urban Research. He manages two of the Institute's program areas: the Development, Transportation, and Placemaking program and the Urban and Metropolitan Governance Program. Shelton has a PhD in 20th century American history and specializes in research and writing about transportation, urban growth, and urban politics.

Oliver Sanchez

Oliver Sanchez is a Senior Project Designer and Project Architect at Tramonte + Johnson. He is a registered architect and LEED AP with over 8 years' experience in commercial and institutional projects. Oliver is active in ULI, ULI YL, and Rice Design Alliance (RDA).

Notes

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