

A Technical Assistance Program (TAP) Report

Making the Case for Urban Green Space in Southeastern Downtown



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A Technical Assistance Program Panel Report

Houston, TX

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ULI Houston

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About ULI Houston

A District Council of the Urban Land Institute

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 almost 30,000 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.

About Technical Assistance Program (TAP)

The objective of ULI Houston's Technical Assistance Program (TAP) is to provide expert, multidisciplinary advice on land use and real estate issues facing public agencies, nonprofit organizations and private interest 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 is intentionally flexible to provide a customized approach to specific land use and real estate issues.

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ULI Houston is grateful for the technical assistance of **Mr. Patrick Carrigan**, *Project Director*, AECOM, **Ms. Abbey Roberson**, *Vice President and Director of Planning*, HOK, **Mr. Lonnie Hoogeboom**, *Director of Planning & Design* and **Ms. Jacqueline Posenecker**, *Planning & Design Coordinator*, Houston Downtown Management District, and **Stephen Stelmak**, *Senior Graphic Designer, Creative Marketing and Communication*, AECOM.

Additionally, ULI Houston would like to express appreciation to **Mr. Robert Eury**, *President*, Central Houston Inc.; **Mr. John Kirksey**, *President*, Kirksey Architecture; **Mr. John Avlon**, *President*, Main Bell Realty Company.; **Mr. Bill Odle**, *Managing Principal*, TBG Partners; and, **Mr. Jeffery Munger** who was *Director of Research*, HFF, all of whom provided additional informational resources and invaluable assistance.

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ULI Houston would like to acknowledge the contributions and participation of District Council Chair, **Mr. Greg Erwin**, Winstead, P.C., and **Mr. Todd Meyer**, *Director of Planning & Urban Design*, SWA Group, as well as fellow ULI Houston Management Committee Members:

- **Brian Attaway**, Trammell Crow Company
- **Matthew Behrmann**, Hines
- **Jonathan Brinsden**, Midway Companies
- **Lisa Chahin**, Genesis Collaborative
- **Cortney Cole**, HFF
- **Edwin Friedrichs**, Walter P Moore
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- **Sandra Porter**, Hines
- **Carleton Riser**, Transwestern
- **Abbey Roberson**, HOK
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- **Reid Wilson**, Wilson, Cribbs & Goren, P.C.

The findings and recommendations provided in this report are based on the collective expertise of the Panel, along with the TAP briefing book and research materials, and information gleaned from a tour of the study area, stakeholder presentations, and roundtable discussions conducted during the Panel’s two-day meeting and deliberations.

ULI Houston – TAP Panel

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Stakeholders

We would also like to thank the stakeholders who agreed to participate in the interview sessions for providing their insight to augment the multiple decades of on-the-ground experience represented among the ULI TAP Panel members. These stakeholders included:

- **John Avlon**, Main Bell Realty Company
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- **Jonathan Brinsden**, Midway Companies
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- **Susanne Theis**, Discovery Green
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- **Tricia Wright**, Houston House

Foreword: Overview and Panel Assignment

In October, 2012, the Urban Land Institute Houston District Council received an Urban Innovation Grant, “Making the Case for Urban Green Space,” from the ULI Foundation. This grant is funding a unique educational collaboration between graduate real estate students and faculty at Texas A&M University, ULI member volunteers, and ULI staff.

Texas A&M graduate students and Professor Geoffrey J. Booth, with the assistance of ULI volunteers, prepared background briefing materials and conducted a Quadruple Net Value (QNV) analysis on a site within the study area. The QNV methodology is outlined in the ULI publication “Urban Design and the Bottom Line: Optimizing the Return on Perception,” authored by Mr. Dennis W. Jerke, Adjunct Professor in the Texas A&M Master of Land and Property

Development program. Mr. Jerke also served as ULI TAP Panel Chair and as faculty advisor to the student research team. A summary of the QNV research is provided in this report’s “Appendix.”

This ULI TAP Panel focused on a study area in the southeastern quadrant of Downtown Houston, generally bounded by Clay Street to the north, IH-45 / Pierce Street to the south, Milam Street to the west, and US-59 / Hamilton Street to the east.

This study area was selected based on challenges and opportunities, including the following:

- Shortage of public green space other than Root Memorial Square.
- Relative lack of vertical development and prevalence of surface parking lots.



Aerial representing defined focus area for ULI TAP Panel. Source: Houston Downtown Management District

- Proximity to public transit, major highways and good surface street access.
- Nearby “shoulder neighborhoods” with residential and retail activity, investment, and vibrancy; the study area is less than one mile from Midtown, Neartown, and East Downtown (EaDo).
- New investment and renewed interest in the immediate area due to recent transactions: Novare Group purchase of block 350 for high rise, rental residences, and Shorenstein purchase of 800 Bell, which will be vacated by ExxonMobil in 2015.
- Challenges to area redevelopment posed by deteriorating properties, freeways which create barriers to “shoulder neighborhoods,” and presence of less desirable elements requiring a higher level of creativity and expertise.

“Use Quadruple Net Value (QNV) analysis to measure the holistic real estate performance for specific projects in the southeastern Downtown study area. The QNV process measures the social/cultural, environmental, economic and sensory value of a project or project area.”

- What tools provide incentives to encourage successful public / private partnerships to accomplish redevelopment?
- What is the road map to navigate from current conditions to the desired outcome, including phasing of development and potential challenges?

Houston business leaders appreciate the importance of making sure this next phase of urban development adds maximum value to the City and its citizens. Developed skillfully, southeastern Downtown can strengthen connections between Houston’s Central Business District and adjacent neighborhoods which are on the upswing. Southeastern Downtown can capitalize upon transit access with rail and bus connectivity. The area has the potential to increase vitality and spur additional investment with a vibrant, engaging street-level experience, in service to Downtown’s business people, residents, and visitors from the larger metropolitan area. Thoughtful incorporation of urban green space and public realm improvements are vital to this urban transformation.

ULI TAP Panelists are real estate and community leaders committed to delivering objective and independent findings and recommendations. Panelists were asked to consider QNV analysis and related background briefing information, in addition to their own professional judgment and extensive personal industry and community leadership experience, to answer these questions:

- How could public realm improvements and urban green space be incorporated into a redevelopment program for this area that encourages a mix of uses: office, residential, cultural, entertainment, retail, institutional, and other uses? Where are the opportunity area(s)?



Study areas highlighted on Downtown aerial map. Source: Houston Downtown Management District

The TAP Panel, ULI Houston, A&M students and faculty, and concerned stakeholders all share a common interest in working toward these shared goals:

- Improved environment for property owners, employers, employees, residents and visitors.
- Increased resources flowing back to the City of Houston.
- A diverse offering of cultural experiences and urban green space to attract more private investment and increase utilization by visitors, businesses, and residents.

The recently completed *Southern Downtown / CBD Market Assessment, 2013 Downtown Management District, Houston, Texas* report and the *CBD Vision 36* report provide additional background information on the existing conditions and possible solutions.^{[1] [2]} The TAP Panelists were indeed fortunate to have the benefit of these previous reports before they began their own process, and recommend these recent studies to others seeking a broad overview of Houston’s southern Downtown. Thus, the Panel does not attempt here to reiterate the information contained in those reports, but rather seeks to move quickly – as it did during its two-day session – to assess the market potential for the study area, and to develop recommendations that provide a pathway towards achieving that potential.

Executive Summary

Houston has an enviable market opportunity to capitalize on the current economic upturn and position itself to thrive for the longer term. Viewed favorably by investors, Houston has strong employment and population growth, and is rated one of America's best cities for college graduates to start careers.^[3] As this cohort of young, upwardly mobile professionals arrive in Houston to start careers, and as two-thirds of Houston's households do not have children under the age of 18 at home, a growing number of residents are finding neighborhoods to their liking in Downtown, Midtown, EaDo, the Greater East End, and Neartown. Overall, Harris County residents are expressing a desire for a more urban lifestyle; many Houstonians now prefer a "smaller home in a more urbanized area, within walking distance of shops and workplaces" as indicated by an increase from 39% in 2010 to 51% in 2012.^[4]

Residential developers have geared up to meet this demand. New Downtown residents are bringing their purchasing power to the urban core of Houston. As the Downtown population increases, food and beverage, entertainment, and a wider variety of goods and services retailers will follow to serve the growing population.

Performances in the Theater District and events at Downtown's convention, sports and entertainment venues – including the George R. Brown Convention Center, Discovery Green, Minute Maid Park, Toyota Center, BBVA Compass Stadium, and the newly reintroduced GreenStreet, formerly Houston Pavilions – draw visitors to the area.

Investment in the beautification of Buffalo Bayou, improvements in access to transit with METRO light rail expansion, the continued success of Discovery Green, a major investment in upgrading Downtown's convention and hotel facilities, and improved pedestrian and bicycle linkages to major attractions are changing the face of Downtown.

The strong foundation of Downtown Houston continues to be its robust office market, which brings approximately 150,000 employees to work within a one-mile radius every workday. In 2012, Downtown saw 5.1 million square feet of direct leasing activity, its fourth-highest year ever. Hines, Skanska, Brookfield, Stream / Essex and Crescent have made known their desire to develop office towers on property they own in Downtown, and additional announcements may follow.^[5]

All of these building blocks are bolstered by a surging Texas economy. As past ULI Houston Technical Assistance Programs have noted, Houston's public sector, civic leaders and private developers have done the "heavy lifting" to position Downtown for a bright future. Since 1995, \$5 billion of construction has been completed in over 112 public and private projects, plus another \$634 million of infrastructure improvements by the City of Houston, METRO, TxDOT, the Downtown Redevelopment Authority and the Downtown District including the reconstruction of 23 Downtown streets.

Now, the challenge is to fill in the framework that has been set in place, specifically with:

- high quality pedestrian experiences at the street level to create connections between Downtown’s major activity generators,
- more residents living in and around Houston’s Downtown core,
- who will attract and support additional restaurant and retail businesses,
- in order to create an overall result that is greater than the sum of each of these parts.

Within this context, the ULI TAP Panel convened on March 20-21, 2013 to examine the potential for well-executed urban green space to help catalyze the redevelopment of an underutilized area in southeastern Downtown, within the general boundaries of Clay Street to the north, IH-45 / Pierce Street to the south, Milam Street to the west, and US-59 / Hamilton Street to the east.

The following key findings and recommendations were delivered by the ULI TAP Panel on March 21, 2013 to the public:

- The study area **lacks attractive and active public green space.**
- The study area lacks identity; **there is no branding to create a “there, there.”** Specifically, the area is too removed from the Convention District and Discovery Green or the newly renamed GreenStreet or the major concentration of Downtown office development to “borrow” identity from any of those activity drivers.

- Therefore, the Panel recommends a **strong placemaking and branding initiative** that incorporates the principles of the TAP recommendations.
- **Creating a park, by itself, is not enough.** Urban green space must be well designed and actively managed to avoid detrimental uses. Park space must be linked to other active areas – particularly residential development – in order to make it attractive, easy to visit, and successful.
- **The area is hindered by the negative impacts** of the long-distance bus facility south of the Pierce Elevated plus numerous vacant blocks, surface parking lots, and derelict properties, especially the Days Inn, with a visible presence of transient and homeless people.
- **New urban green space could be added where the Days Inn is currently,** at least as a holding strategy for eventual redevelopment.
- The Archdiocese of Galveston – Houston has considered creating a **public plaza or green space immediately south of the Co-Cathedral of the Sacred Heart.** The Panel applauds this in concept, but also encourages thoughtful design and supportive measures to mitigate potential negative impacts from transient, homeless people in that green space.
- **A new park on the eastside of the Study Area** would be an important amenity for residential development in the immediate area, which the Panel also recommends.

-
- These potential green spaces in southeastern Downtown – at the Days Inn site, facing the Co-Cathedral of the Sacred Heart, and in the area south of Tundra Garage identified for residential development – should be linked to each other and to important destinations with **attractive, pedestrian-friendly streetscapes, which the Panel designated as “greenways.”** Special emphasis should be given to Leeland Street, LaBranch Street, St. Joseph Parkway and Main Street.
 - As future office tower and mixed-use developments near Main Street are realized, the Panel encourages **an opening of the Downtown tunnel on the western end of the Leeland Street greenway**, where a visual linkage could entice tunnel pedestrians up to the street level and out to the greenway.
 - Strong **connections to shoulder neighborhoods and the elevated freeways present design opportunities** to strengthen the study area.
 - **LaBranch Street was identified as another opportunity for street level greenway.** LaBranch has the potential to become a favorable location initially for restaurant / bar development and eventually, when the residential population could support them, additional necessity, services, convenience, and soft goods retail.
 - The TAP Panel concurs with the recommendation of an earlier ULI Technical Assistance Program for Downtown’s Convention District, which urged **additional residential development as the key** to activate this underdeveloped area of southeastern Downtown. Incentives are in place to encourage residential development throughout Downtown, which can eventually accommodate and fuel retail development when the market will support it.
 - *Downtown Living Initiative Chapter 380 Program* **incentives and relatively lower land costs in the area east of Jackson Street and south of Leeland Street could make mid-rise, multifamily development feasible.**
 - The Panel **encourages the use of Quadruple Net Value (QNV) analysis** to measure the potential of recommended redevelopment strategies in a holistic context. QNV evaluates individual projects within a broader context of value created by an accumulation of social and cultural, environmental, sensory, and economic values of a project.
 - Finally, the Panel expresses **a sense of urgency**, as the current economic climate offers a window of opportunity to capitalize upon the growth, demographic shifts, and major building blocks already in place, in order to advance development toward and within the southeastern quadrant of Downtown Houston.

Market Potential

Houston entered the Great Recession later and emerged earlier than the rest of the country, and the Downtown Houston office market has seen vigorous activity in transactions, new construction and leasing. At the end of 2011, Hess Tower in Downtown Houston sold to Canadian Real Estate Investment Trust H&R REIT, setting the record price per square foot for a large Houston office property. Less than a year later, in July of 2012, One and Two Shell Plaza in combination sold for the highest total price of any office transaction in Houston's history.

Although concern was aroused by news that ExxonMobil would leave the Downtown building at 800 Bell Street as it consolidates employees into a new campus facility in Houston's northern suburbs, an announcement followed quickly that the building's new owner, Shorestein Properties of San Francisco, planned to renovate and upgrade 800 Bell.

Other projects contributing energy and momentum in Downtown include the following:

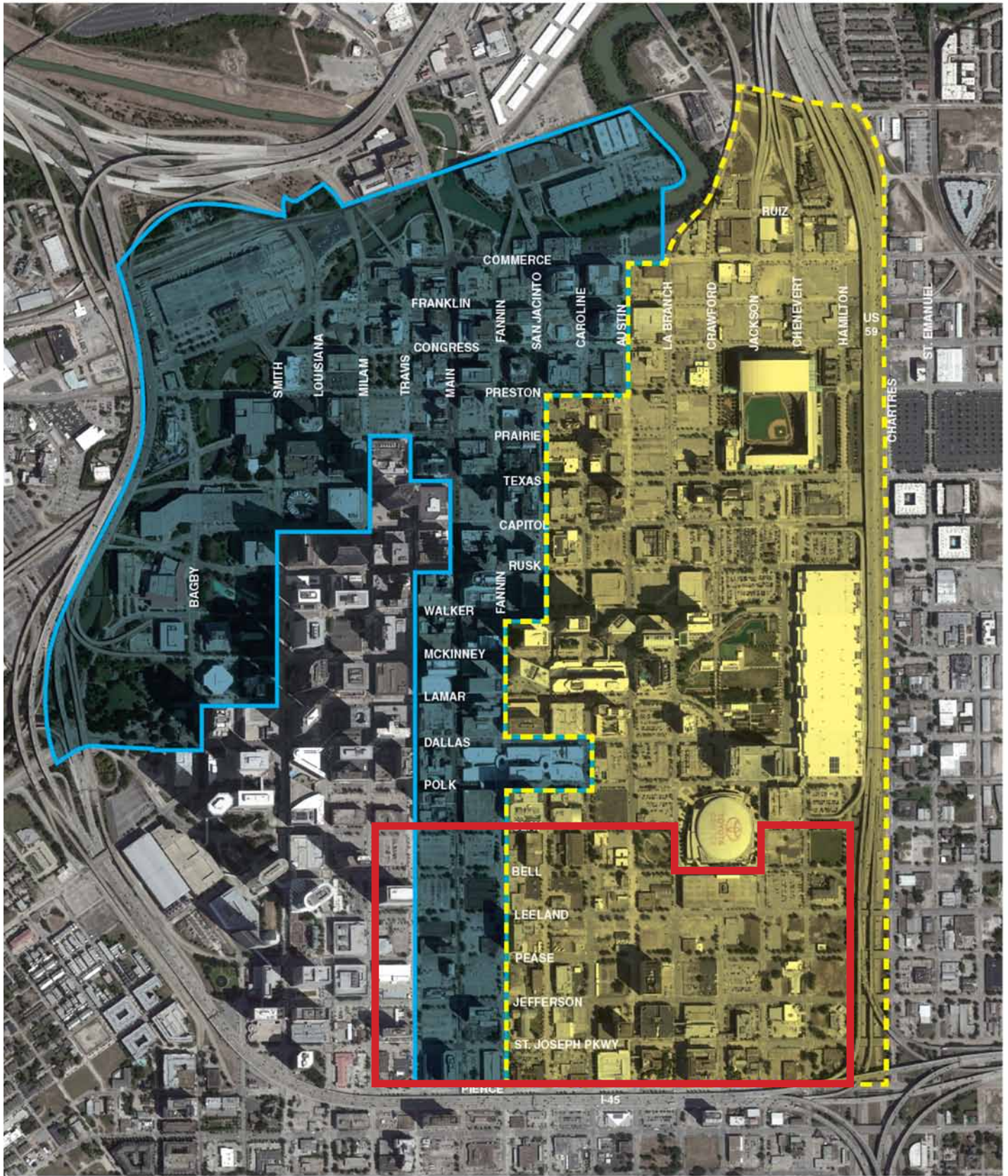
- the new Marriott Marquis 1,000-room hotel adjoining the George R. Brown Convention Center by Rida Development of Houston;
- two significant new residential projects: a mid-rise multifamily development by The Finger Companies adjacent to the Minute Maid Park, and a high-rise rental development, "SkyHouse Houston," by Novare Group out of Atlanta;


- the repositioning and reintroduction of the mixed-use office, retail and entertainment development formerly known as Houston Pavilions, now rebranded "GreenStreet," under the new ownership of Midway.


The Panel saw potential for additional residential development within a target area of southeastern Downtown. The Downtown blocks bound by Leeland Street, Jackson Street, IH-45 / Pierce Street, and US-59 / Hamilton could present an opportunity for additional mid-rise multifamily development to capitalize upon the *Downtown Living Initiative Chapter 380 Program*.^[6]



SkyHouse Houston by Novare Group under construction in the study area.



 **TIRZ #3 Downtown Living Chapter 380 Program Boundaries**

 **Downtown Living Initiative Chapter 380 Program Boundaries**

 **ULI TAP Study Area**

Source: Downtown Redevelopment Authority and Houston Downtown Management District.
 For information: <http://downtownhouston.org/resource/residential/>

“Shoulder neighborhoods surrounding Downtown are growing, property values are climbing.”

Areas described as “shoulder neighborhoods” surround Downtown and are experiencing residential population growth, climbing property values, and a higher level of build-out. These adjacent neighborhoods increase the pressure to redevelop the underutilized properties in the study area. The following offers a sampling of redevelopment activity in these so-called “shoulder neighborhoods.”

To the south of the IH-45 / Pierce Elevated, Houston’s Midtown is a thriving, mixed-use urban area undergoing revitalization and redevelopment. Examples of significant new residential projects in Midtown include the expansion of The Post Midtown Square mixed-use project, the Jonathan Farb Apartment Homes, the Superblock redevelopment project by Camden and the Midtown Redevelopment Authority, and Morgan Group’s new apartment project, The Pearl Midtown. The East Downtown Management District (EaDo) is also redeveloping, adding multifamily residential, restaurant, entertainment and creative loft-style office / warehouse projects to serve the population who want to live close to Downtown in an edgy urban setting. To the west of the study area, culturally rich Neartown also has a diverse and growing residential population, with new projects coming online from The Finger Companies, The Hanover Company, and the revived Regent Square mixed-use development by GID Urban Development Group.

The ULI TAP Panel sees the vigorous redevelopment of these shoulder neighborhoods to the east, south and west of the study area, plus continuing redevelopment in the central core of Downtown and the Convention District to the north of the study area, as contributing to the increased demand for redevelopment in southeastern Downtown.

Private Sector Involvement

Since 1995, over \$5 billion has been privately invested in Downtown Houston. The City of Houston and a variety of public / private partnerships have demonstrated their desire, flexibility, and effectiveness in generating redevelopment and new economic activity.

The TAP Panel contends that the southeastern Downtown study area needs a cultural context with a strong placemaking feature. A neighborhood brand should be developed. Two concepts the Panel discussed were exploring the potential to leverage the brand equity of Discovery Green or establishing a new identity such as a “Gateway District” to emphasize connections to adjacent neighborhoods and greater Downtown. The difficulty of establishing, naming, and branding sub-districts within Downtown Houston should not be minimized. Beyond what this ULI TAP could accomplish, the Panel recommends a more comprehensive exploration of the branding potential for southeastern Downtown.

In addition, the Panel recommends the study area be redeveloped to include the following:

- Attractive, complete streets which accommodate street-level vitality with retail and restaurants;
- Public parks connected to each other and a number of important destinations by greenways;
- A well-defined and identifiable residential area offering a mix of housing;
- Well-designed connections to Midtown, EaDo, the Convention District and Discovery Green, and the major concentration of office development to the north.

One point the Panel would like to emphasize is that living in an urban setting is a definite lifestyle choice. A lifestyle that reduces dependency upon an automobile and provides close proximity to work, entertainment and cultural venues is an appealing option to a growing number of Houstonians. Houston House, a recently renovated high-rise rental property within the study area, reports that 30% of its tenants do not own cars by choice. Major employers within Downtown boast 40% of employees do not drive to work.

The Panel found that the private transportation facility hosting long-distance bus services concurrently with local bus service does not function optimally. The current facility is detrimental to surrounding properties, and the Panel strongly recommends working with private, long-distance bus operators to relocate them to another site away from southeastern Downtown.

“Living in an urban setting is a definite lifestyle choice.”

Hospitality

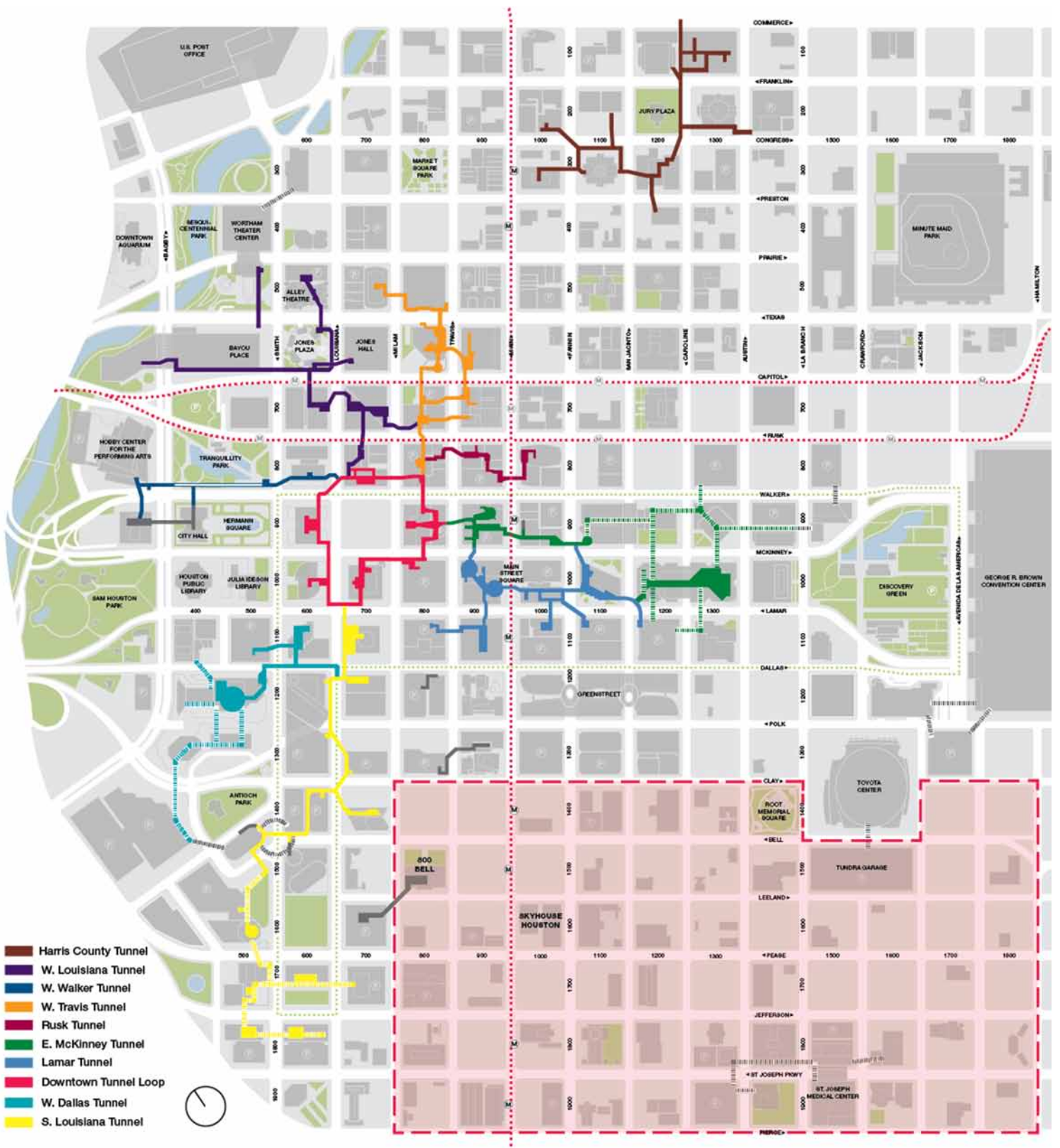
There are two vacant hotels within the study area. One is the Savoy and the other is the Days Inn. In terms of urban blight, the Days Inn is of concern and the Panel recommends a concentrated effort to achieve its demolition. There is a limited service Holiday Inn Hotel Express & Suites within the study area, and although hospitality is vitally important to Downtown, the focus of new hotel construction will be closer to the George R. Brown Convention Center, as the new 1,000-room Marriott Marquis convention hotel breaks ground in 2014. The Panel identified residential, retail, and green space as the three most important types of development needed to improve the study area within the next few years.

Office

Southeastern Downtown provides ready access to major thoroughfares and highways, convenience to other Downtown businesses, healthcare and government facilities, as well as proximity to a variety of well-established and up-and-coming residential areas. Major office tenants on the western edge of the study area include Chevron and ExxonMobil. Chevron is expanding its workforce and increasing its Downtown presence; it owns and occupies two Class-A office buildings, and has recently purchased a 10-story parking garage, as well as the site of the former Downtown YMCA, which it is holding for future development or sale opportunity. As was noted earlier, ExxonMobil has announced plans to vacate the building at 800 Bell, but the new owner has indicated the property will be renovated and upgraded, which may include a connection to the Downtown tunnel system that ends one block to the north.

On eight blocks within the study area, St. Joseph Medical Center is staffed by over 650 board certified physicians and more than 1,800 medical professionals and staff. Adjacent to the study area, the South Texas College of Law (STCL) enrolls more than 1,300 students and employs more than 100 faculty. According to property managers at Houston House, many of their tenants are STCL students. A diversity of residential product and mixed-use development readily supports the medical and educational institutions in the study area.

Downtown Houston streets have at times been characterized as barren because the extensive tunnel system serves a large portion of the daytime office population’s dining and shopping needs. The tunnels, while active during workdays and protected from inclement weather, come at a cost to street life. Activating the pedestrian realm is a challenge that must be addressed to create an



Downtown Houston Tunnel System map. Source: Houston Downtown Management District

“Successful retail development requires concepts and operators who are savvy about urban challenges and opportunities.”

well as residents and visitors. Thinking “outside the tunnel” – or introducing new ways to bring daylight in and coax tunnel walkers out – should be encouraged. In this vein, one or more public parks within the southeastern Downtown study area would encourage street life during the workday and activate the area on weekends, provided the parks are thoughtfully designed and managed to attract and serve Downtown residents and workers.

Retail

At this time, there is no large destination for retail in southeastern Downtown. Outside of the study area but still within Downtown, The Shops at Houston Center close at 6 pm on weekdays and Saturday, and retail operators in the private tunnel system are small convenience stores, restaurants and services catering to office workers occupying those buildings during business hours Monday to Friday. The former Houston Pavilions is undergoing redevelopment by Houston-based Midway as GreenStreet to position itself as a linear urban park and destination in Downtown Houston. The project aims to attract new tenants and establish Downtown for future retail and entertainment expansion.

Houston Mayor Annise Parker has appointed a Downtown Retail Task Force to work in cooperation with the Houston Downtown Management District, and has charged the Task Force with exploring multiple alternatives to add and enhance retail options. The ULI TAP Panel applauds this action and the priority it places on the development of retail to enhance Downtown as a desirable mixed-use activity center.

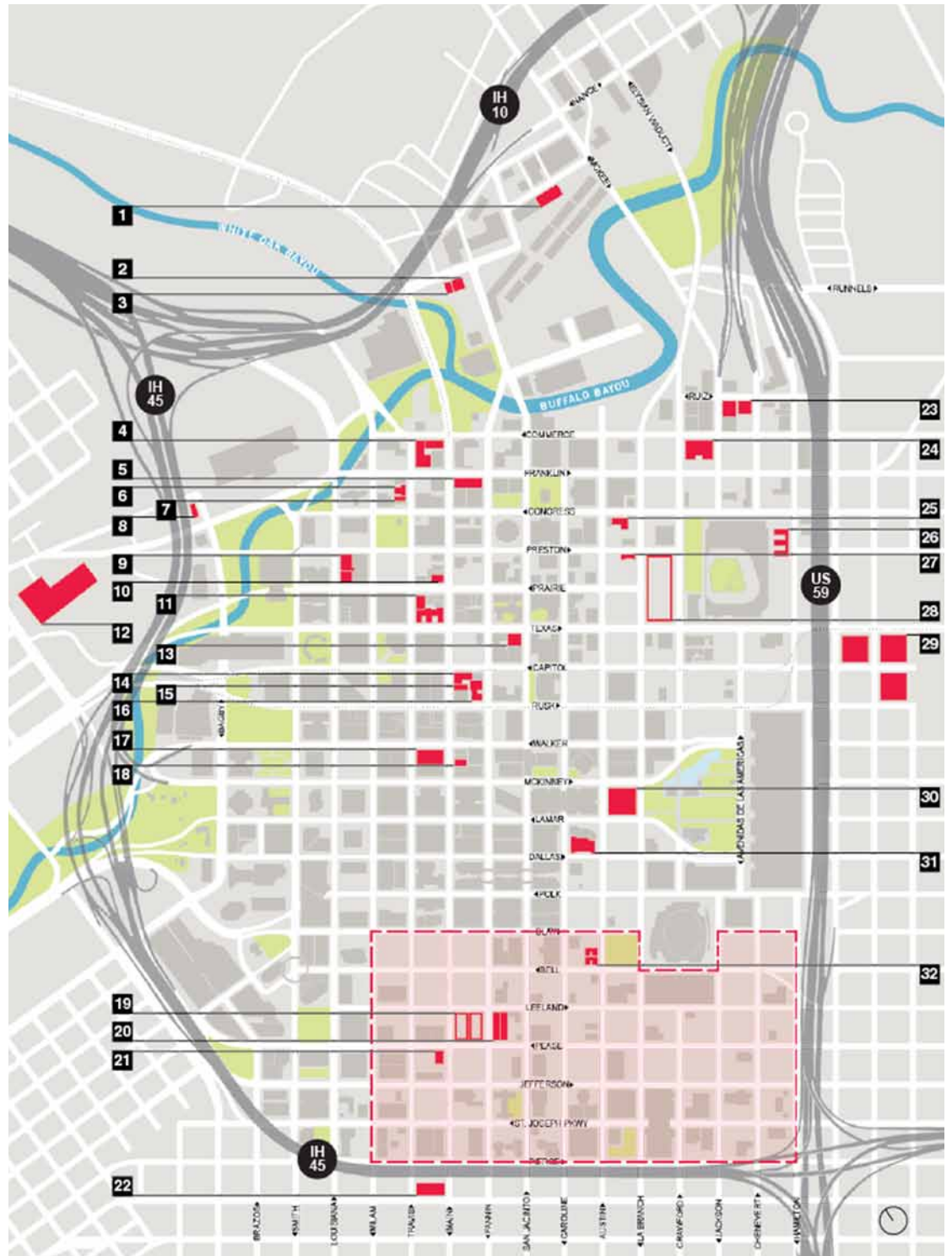
Although retailers such as Target have explored the potential to locate a store closer to or within Downtown, the lack of residential critical mass and difficulty of assembling affordable land have been a deterrent. Without subsidies to prop them up, retail follows residential.

The ULI TAP Panel also recommends street improvements and an enhanced pedestrian, street-level experience to encourage restaurant-bar development. The Panel concurs there is the eventual potential for additional retail development, as necessity retail and finally soft goods and other merchants arrive to serve the residential, medical, educational and office populations; however, the Panel also advises against looking at demographics and spending power in isolation, and expecting to duplicate successful suburban retail operations in this urban setting. Instead, the Panel emphasizes that successful retail development requires the right fit for the urban environment with emphasis on the importance of attracting concepts and operators who are savvy about the unique challenges and opportunities in this urban setting.

Residential

Novare Group broke ground on its 24-story, 336-unit SkyHouse Houston rental project in April 2013 on Downtown’s block 350. As the first development to take advantage of the *Downtown Living Initiative Chapter 380 Program*, SkyHouse Houston will be designed to accommodate active ground floor uses. Also within the study area, the 31-story, 396-unit Houston House apartment was originally built in the mid-1960s and, following its recent renovation, reports a 92% occupancy. The Panel sees the value of creating green space to encourage and support residential developments like these. Moreover, the ULI Panel has identified up to 34-blocks of the study area to concentrate residential development. Residential projects within the southeastern Downtown study area should include a mix of densities and price points to accommodate the diverse housing needs of employees and students in Downtown.

- 1** Dakota Lofts
53 Units
- 2** San Jacinto Lofts
16 Units
- 3** White Oak Lofts
12 Units
- 4** Bayou Lofts
108 Units
- 5** Franklin Lofts
62 Units
- 8** Hermann Lofts
33 Units
- 7** Foley Building
2 Units
- 8** Tennison Lofts
39 Units
- 9** Hogg Palace
79 Units
- 10** Byrds's Lofts
5 Units
- 11** Post Rice Lofts
312 Units
- 12** Sabine Street Lofts
198 Units
- 13** Keystone Lofts
31 Units
- 14** St. Germain
109 Units
- 15** Capitol Lofts
37 Units
- 16** Club Quarters
70 Units
- 17** Commerce Towers
132 Units
- 18** Kirby Lofts
65 Units
- 19** Skyhouse Houston
336 Units
(Under Construction)
- 20** Houston House
394 Units
- 21** Beaconsfield Condos
18 Units
- 22** 2016 Main
353 Units
- 23** City View Lofts
57 Units
- 24** Eller Wagon Works
32 Units



Residential Developments in Downtown. Source: Houston Downtown Management District

- 25** 1414 Congress
57 Units
- 26** New Hope Housing
130 Units
- 28** Ballpark Apartments
397 Units
(Under Construction)
- 31** Four Seasons Residences
106 Units
- 29** Lofts at the Ballpark
375 Units
- 32** Plaza and Peacock Apartments
32 Units
- 30** One Park Place
364 Units

Public Realm

The Panel found many opportunities to enhance the public realm. Several core beliefs were affirmed at the outset.

- Everyone needs a park and parks should be available to everyone.
- Every environment needs the social and cultural activities associated with parks.
- The majority of Downtown residents lease their homes and have little access to private green spaces connected to their dwellings; therefore the public domain must provide enough green space to satisfy the needs of these local residents.

The Panel also recognized the importance of high quality urban design that will holistically incorporate multi-modal transportation options, architecture, and green infrastructure including storm water management.

Understanding and managing the complex problems of Houston's homeless population is paramount. The ULI Panel commends the appointment of Mandy Chapman-Semple, the City's first Special Assistant to the Mayor for Homeless Initiatives, who will lead the City's efforts to create and implement a comprehensive, collaborative plan to address chronic homelessness. This newly created position is funded through a public / private partnership between the City of Houston (utilizing Homeless and Housing Bond funds) and the Houston Downtown Management District. The Panel applauds this creative, collaborative approach.

The Panel sees a role for the many churches that serve this study area to coordinate their efforts and resources with the City and Houston Downtown Management District's wide variety of weekend and weekday events that activate streets, parks, and public spaces.

The economics of the public realm play heavily into planning and decision-making, and funding green space requires a multi-pronged approach. The ULI Panel recommends taking a cue from Discovery Green or Buffalo Bayou Park, both of which are generously supported by private philanthropy. Any new green space would likely need to attract considerable private support from a variety of funding sources, and a conservancy could be established to offset capital and operating requirements. All potential public sources of funding should be explored as well. The Panel recommends engaging with the Houston Parks & Recreation Department and exploring funding potential from an existing TIRZ.



Study area tour

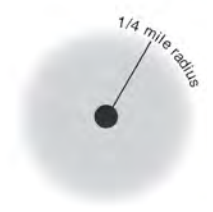


Existing Green Space

- 1 Root Memorial Square
- 2 Discovery Green
- 3 Buffalo Bayou Park: Sabine to Shepherd (Under Construction)
- 4 Eleanor Tinsley Park
- 5 Sam Houston Park
- 6 Sabine to Bagby Promenade
- 7 Tranquility Park
- 8 Sesquicentennial Park
- 9 Market Square Park
- 10 Allen's Landing
- 11 James Bute Park

Proposed Green Space

- A ULI TAP: Park at Days Inn block
- B ULI TAP: Plaza at Co-Cathedral
- C ULI TAP: Park near Tundra Garage



Development Strategies



ULI TAP Proposed Development Plan

Success of this development initiative hinges on creation of residential properties. The ULI TAP Panel recommends creating a focused residential strategy and implementing it for the study area in southeastern Downtown.

Current residential developments in design or under construction target residents earning over \$80,000 a year. Stakeholders reported a need for Downtown housing that serves the workforce earning between \$50,000 and \$80,000 a year. The Panel believes that Downtown should redevelop with a diversity of housing options in order to prevent healthcare, hospitality, and mid-level salary Downtown employees from being priced out of this market. The Panel commends the *Downtown Living Initiative Chapter 380 Program*, with incentives tied to public realm enhancements and multi-use development; this innovative program encourages a residential mix to meet the needs of a diverse Downtown population

Mitigating negative impacts by relocating the long distance bus companies and implementing a plan of action for demolition of the Days Inn Property should be undertaken as soon as possible.

The ULI TAP Panel supports the idea of creating better linkages between southern Downtown and Midtown, including transforming the Pierce Elevated in the future. Removing the physical barriers that separate Downtown from the shoulder neighborhoods to the east, south and west is also recommended. Street activation is critical to the success of future development.

Downtown’s tunnel system draws employees and residents below ground. One of the goals advanced by the ULI Panel is to draw people up and out. Activating street-level shopping and dining will help achieve placemaking. Streetscape, trees, lighting and security are very important and should be accentuated in the final design. Since the study area is not currently connected to the downtown tunnel network, new connections, if and when made, should be designed to create visual connections from the tunnel to above-ground greenways wherever possible.

Once the preferred locations of the parks are determined, activity programming and maintenance routines should be established and funded. This is necessary to successfully activate and manicure the space to make it welcoming to the general public. Incorporating food truck and eventual restaurant activities should be a priority given the effectiveness of food venues to draw visitors and stimulate park visitation.

The ULI Panel recognizes that negotiating with the City for “linked” properties requires significant investment. Establishing the public/private partnerships required for a cohesive redevelopment program that can link properties into a “better than the sum of their parts” outcome is and should be the shared goal. In addition, the Panel agrees development strategies should be adopted with ample stakeholder involvement, and indeed, residents and business owners should be encouraged to claim their role in the process.

“Well designed, new urban green space can have a powerful catalytic effect, but only when integrated seamlessly into a favorable setting.”

In the case of Discovery Green, developers saw the park as an asset and immediately purchased the surrounding land, highlighting park frontage as an amenity in their project marketing. The Panel believes well-designed, new urban green space can have a powerful catalytic effect, but only when it is integrated into an overall plan with strong participation and buy-in from neighbors to weave it seamlessly into a favorable setting. Discovery Green was added into an area of Downtown that provided a canvas primed with supporting and activating elements already in place.

While this Panel does not suggest the proposed park developments should be thought of as “another Discovery Green,” or for that matter, as “another Market Square Park,” the lessons learned from these recent park projects provide a benchmark for surrounding residential development, a mixed-use neighborhood, connectivity to other activity centers via attractive pedestrian greenways, and a variety of built elements that activate the park.

The goal is to provide “eyes on the street” with actively programmed and managed public space that produces one or more new urban parks as development catalysts.

Implementation

There are a total of 64 blocks in the southeastern Downtown study area. Of these, 13 blocks do not pay property taxes or Downtown District assessments due to religious, governmental or educational exemptions, leaving 51 remaining taxable blocks. Currently, 25 full blocks and seven half blocks are underdeveloped or surface parking lots. Redeveloping surface lots and underdeveloped areas so that the public realm, sidewalks, greenways and parks are designed, constructed, operated and maintained to provide safe, attractive access for all users will be less expensive here than in heavily developed areas that would require extensive retrofitting.

The following example was suggested as an approach to an implementation strategy for redevelopment, with these costs and valuations given for illustration purposes only.

It was suggested that a goal of 250 units per block be set for a residentially focused neighborhood in the eastern side of the study area. Initially, 750 residential units of workforce and student housing could be built on three blocks near the IH-45 / US-59 interchange. Within a tightly timed development schedule, an additional 1,000 residential units could be built on four blocks just to the north. This residential neighborhood would have close proximity to a new “eastside park” to the south of the Tundra Garage. Represented as “Residential” yellow on the Proposed Development Plan, the seven blocks of workforce and student housing coupled with near-term high-rise, mixed-use residential development along Main Street in the western side of the study area would create approximately \$335 million in taxable value.

The additional tax revenue from the increases in property values would help offset the costs to implement the proposed park and greenway development strategy. After these initial units are absorbed, developers with private capital will again add a comparable number of market rate residential units along the Leeland Street greenway (represented as “Mixed Use” orange on the Proposed Development Plan), creating an additional \$325 million increase in taxable value. Over a seven- to 10-year time frame, the increases in tax revenue generated by \$660 million of new development would pay for any needed incentives to implement the proposed plan and public realm improvements.

Approximated investments:	
Leeland Street greenway	\$6 million
La Branch Street greenway & St. Joseph Parkway enhancements	\$6 million
Westside park: Days Inn land, demolition and park construction	\$38 million
Eastside park: land and park construction	\$8 million
Total estimated cost	\$58 million

The ULI Panel recognizes that collaboration and partnership between private sector civic organizations, private developers and consultants, philanthropic interests, City and County departments, and Federal agencies is paramount to successful implementation. These groups have a long history of working together with their constituents on various initiatives to develop Downtown. Prior efforts include the Downtown Development Framework, the Houston-Galveston Area Council’s Livable Centers Planning Studies, Houston Urban Corridor Planning, the Urban

Houston Framework Project, and many other collaborative, long-range planning efforts.

Building on existing relationships, new voices and new partnerships must also be incorporated to bring focus and urgency to addressing this underdeveloped sector of Downtown. Many of Houston's park and bayou advocates are heavily engaged in fundraising for \$215 million in Bayou Greenways projects plus another \$55 million raised for Buffalo Bayou Park improvements, as well as the multimillion-dollar RE-Plant Houston effort to restore Houston's urban forest devastated by the 2011 drought.

Despite these and many other important priorities competing for leaders' attention and resources, the ULI TAP Panel believes exploration, discussion and most importantly, implementation of sound strategies for redeveloping southeastern Downtown should be given priority. Houston has a remarkably generous philanthropic community, civic-minded businesses, and a strongly entrepreneurial public sector that is exhibiting flexibility and adaptability to capture market opportunities. This is an ideal time and opportunity to apply Houston's "can do" spirit.



Panel Presentation for ULI TAP Southeastern Downtown



ULI TAP Panelists (left to right): Theola Petteway, Keiji Asakura and Lance Gilliam

About the Panel

DENNIS JERKE, Adjunct Professor, Texas A&M University, Bryan / College Station, is a former principal with TBG Partners in the Dallas / Ft. Worth area. He was a partner with Carter Burgess of Ft. Worth where he led the firm's national land planning and landscape architecture initiatives for large-scale development and public projects. Dennis' current focus is research that relates to the impact of design on real estate value in urban environments. Jerke trademarked the term "Return on Perception," and authored a book published by the Urban Land Institute in December 2008, entitled "Urban Design and the Bottom Line: Optimizing the Return on Perception."

KEIJI ASAKURA, ASLA, CLARB, Principal, Asakura Robinson Company (ARC), Houston, holds over 36 years of experience in Urban Design, Landscape Architecture and Community Planning throughout the US and internationally. Keiji was a founding principal of SLA Studio Land Inc. in Houston, California and Tokyo before opening ARC in 2004. His current advocacy includes service on the City of Houston Planning Commission, the Blueprint Houston Board and the Sister City Advisory Committee.

LANCE GILLIAM, SCSM, SCLS, CDP, Managing Partner, UCR, Houston, is also a member of the firm's Executive Committee. He is an active member of the International Council of Shopping Centers (ICSC) and the Urban Land Institute where he serves on the Houston District Council's Management Committee. In service to the community, he is the current President of the Board of Directors for The Children's Museum of Houston and Chairman of the Board of Commissioners for the Houston Housing Authority.

FRED GRIFFIN, Chairman, Griffin Partners, Inc., Houston, began his real estate career with Friendswood Development Company, a subsidiary of Exxon Corporation in 1969 and played a key role in the purchase, planning, and development of Kingwood,

Woodlake, Greenspoint, Copperfield, Clear Lake City, and other substantial projects throughout the greater Houston area. Fred serves on the Board of Directors of Central Houston, Inc., and on the Boards and Executive Committees of the Bay Area Houston Economic Partnership and Space Center Houston. He is Co-Chair and President of CBD Vision, and Chairman of the Mayor's Downtown Retail Task Force.

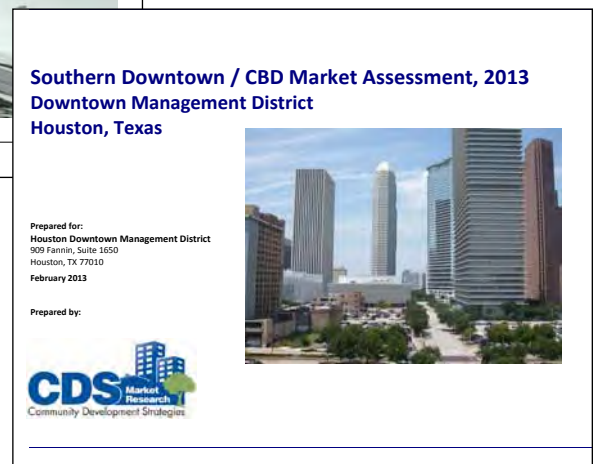
THEOLA PETTEWAY, Executive Director, OST / Almeda Corridors Redevelopment Authority-TIRZ #7, Houston, a local government corporation created in July 1998 by the Houston City Council to administer the Project Plan and Financing Plan of Reinvestment Zone Number Seven, City of Houston, Texas. She is an active community and civic leader, serving on the boards of Project Row Houses / Row House CDC, Blueprint Houston and the Main Street Coalition.

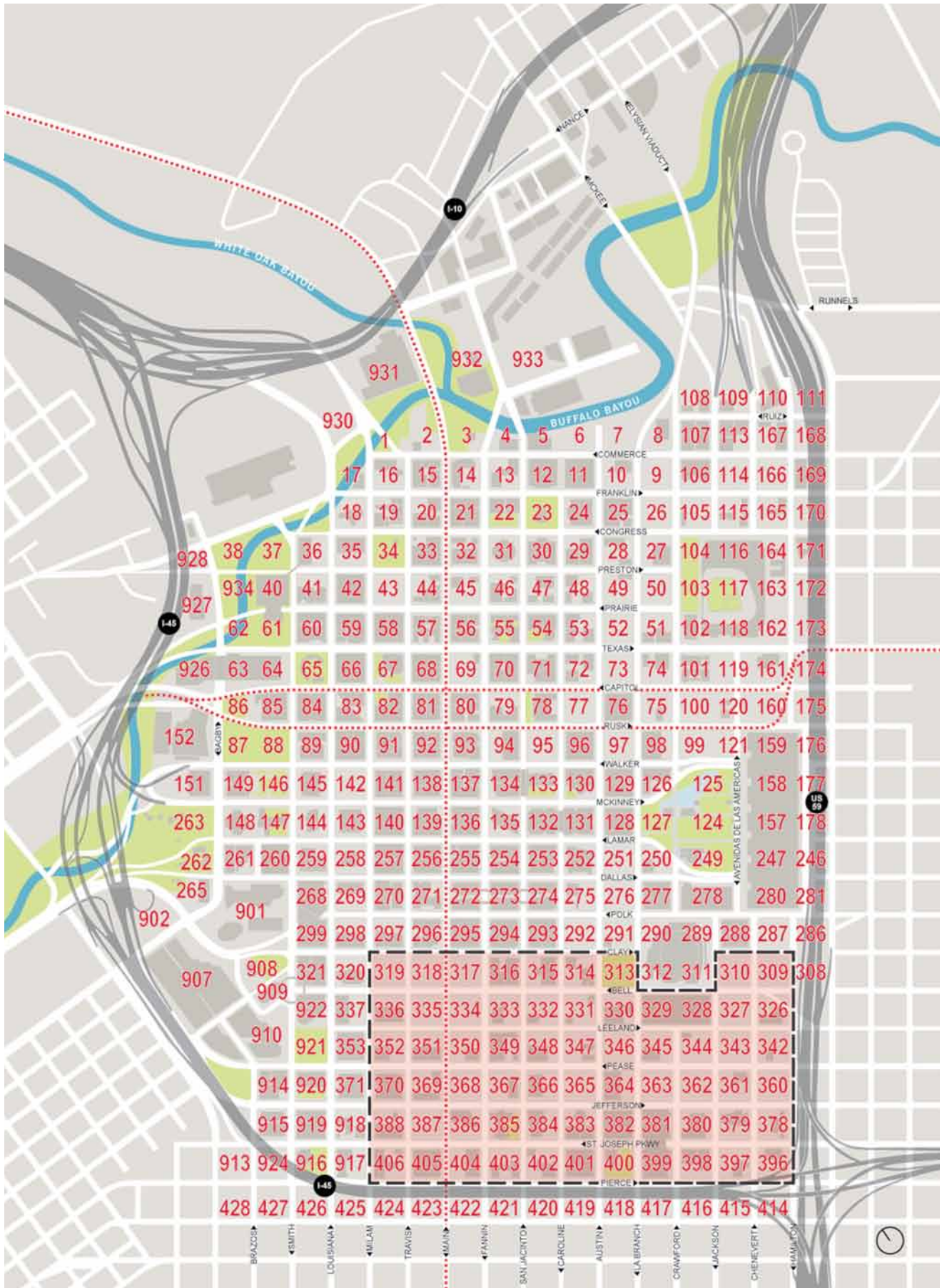
RUDY RASMUS, Co-Pastor, St. John's United Methodist Church, Houston, since 1992. St. John's has grown to over 9,000 members into one of the most culturally diverse congregations in the country. Pastor Rudy is currently a featured faith-blogger in the Houston Chronicle's on-line edition, the author of two books, an on air personality on SiriusXM. He also founded the non-profit Bread of Life, Inc. with his wife, Juanita, in 1992 and began serving dinners to the homeless in the sanctuary at St. John's. Years later the Bread of Life provides an array of services to homeless men and women seven nights a week in the Bread of Life facility on the St. John's campus.

WALLY REID, Senior Managing Director – Co-office Head, HFF (Holliday Fenoglio Fowler, L.P.), Houston. He joined the firm in November of 2003 and specializes in office, industrial, retail and multifamily properties. Mr. Reid has extensive experience in arranging equity joint ventures, participating debt, development loans and other structured finance transactions with life insurance companies, pension funds, banks and CMBS lenders.

Notes

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4. Rice University Kinder Institute for Urban Research, *The 2013 Kinder Houston Area Survey*, (April, 2013). http://has.rice.edu/uploadedFiles/Houston_Area_Survey/2012%20Kinder%20Houston%20Area%20Survey.pdf
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Downtown Houston Block Map. Source: Houston Downtown Management District

Appendix

Quadruple Net Value analysis on a two-block site within the study area

Texas A&M University Student Team:

- **Katherine Flansburg**, Master of Land and Property Development Candidate
- **Yi Xue**, Master of Land and Property Development Candidate
- **Jason Wilcox**, Master of Real Estate Candidate

Texas A&M University Faculty Advisors:

- **Geoffrey J. Booth**, Youngblood Endowed Professor of Land Development, College of Architecture
- **Dennis W. Jerke, Adjunct Professor**, Master of Land and Property Development

Social and Cultural Value

The social and cultural value of southern Downtown Houston is measured by the following metrics: safety and security, connectivity, context sensitivity, social activity, educational activity, residential adjacency, placemaking, public engagement and historical significance.

Safety and security are key elements that reflect the level of social and cultural activities in the southern downtown area of Houston. In the month of February 2013 there were over eight thefts in the three-block area of the Bell Street METRO station (ArcGIS Data Sources). Social and cultural activities associated with improved site development will reduce the crime activity by populating the site with more than parked cars.

Downtown Houston is becoming more bicycle friendly due to light rail bike access and the recently launched B-cycle bike share program. Bicycle lanes and shared lanes will occur as more downtown residential growth occurs and alternative modes of transportation and connectivity are emphasized. The Bell Street

METRO station is approximately one mile from the Buffalo Bayou, Columbia Tap and Heritage hike and bike trails.

The architectural context of the site area is dominated by modern high rise office buildings and parking structures. The exception is the First Methodist Church on Main Street that was built in 1910. It is a Victorian/Late Gothic style of architecture that features stained glass.

The First Methodist Church and the Tellepsen Downtown YMCA are primary sources of social and cultural activities in this area of downtown. Southern downtown is generally not considered as an alternative area for festivals or social activities. However, residential growth will activate the area and increase demand for social and cultural opportunities.

Downtown educational offerings include the Trinity Lutheran School, The Incarnate Word Academy (K-12 girls school), the recently opened Houston Ballet Academy and the recently announced HISD High School for the Performing and Visual Arts, expected to open in 2016. For post-secondary education, downtown has long-benefitted from the University of Houston Downtown and the South Texas College of Law.

The 2010 residential population within a one mile radius of the Bell Street METRO station was 16,152 with 2,718 owner occupied units and 5,243 renter occupied units. The average age of this population is 34.6 with an average household income of \$76,744 (Environmental Systems Research Institute).

There are approximately 102,000 parking spaces in the downtown area. METRO's Red Line, 81 bus routes and auto access to major highways provides optimal connectivity for any future land uses.

The George R. Brown Convention Center, Minute Maid Park (home to the Houston Astros) and Toyota Center (home to the Houston Rockets) are major downtown venues, generating over 5.3 million tourists (<http://downtownhouston.org/retail/demographics-reports/>).

City leaders are focused on creating a high-quality urban core for creativity, health, and satisfaction of the 150,000 employees and residents of downtown. The major investment in Discovery Green is an example of the commitment by city leaders to create a quality, safe and healthy environment.

Economic Value

The research of economic value measured the taxable value, surrounding property rents, occupancy rates, construction activity and job creation trends, tourism, real estate transactions and trends, and downtown business organizations that support the economic health of the area.

The property value for many street blocks in southern downtown Houston peaked in 2009, per Harris County Appraisal District records. By way of example and since 2003, the value of block 335 increased by 535% to an appraised value of \$5,073,453 in 2012. Similarly, block 318 increased in value by 215% to \$6,255,469 in 2012. Both blocks adjoin the Bell Street METRO station. Half of the residents within one mile of the Bell Street METRO station lease their homes. The 150,000 office workers in downtown Houston spend an average of \$134 per week on meals and consumer goods. 32% of office workers polled say they shop during their lunch hours (<http://downtownhouston.org/retail/demographics-reports/>).

Average citywide office lease rates in Houston have been recovering since 2010. Currently,

asking rates are just under the 2009 levels. Expansion in the energy sector has driven demand for new office development. Currently, over 4.2 million SF of office space is under construction and approximately 50% of it is pre-leased (Colliers International 4Q 2012 Houston Office Market Research & Forecast). A recovery in the office market is evident with vacancy rates steadily declining in tandem with new construction deliveries. The average annual office rental rate increased from \$22.20 per SF to \$23.97 per SF in 2012 (Colliers International 4Q 2012 Houston Office Market Research & Forecast).

The asking price for office properties has fallen in the last quarter by 2.4% to \$118.45 per SF, however in the last year asking prices have risen by 2.1%. The asking price for office properties peaked in 2009 at \$124.56 per SF. The asking price for retail properties in Houston has risen by 1.7% in the last year to \$132.85 per SF. The retail asking price peaked in December of 2008 at \$151.44 per SF (LoopNet, Office Property Asking Index – Sales Trends).

Vacancy rates for Class A office space in Houston in 2012 fell to 7.1% compared to 13% in 2011. Overall lease rates for Class A space increased to \$33.11 per SF, an 8% increase from 2011 (Cushman & Wakefield Marketbeat Office Snapshot 4Q 2012). The CBD vacancy rate fell to 9.7% in Q4 2012, which indicates a healthy downtown submarket (CBRE 4Q 2012 Market Report).

Current and recent construction activity in proximity to southern downtown Houston includes new residential development, “SkyHouse Houston” by the Novare Group, at block 350; upgrades to GreenStreet, formerly Houston Pavilions; the Mickey Leland Federal Building renovation; and the Tellepsen Family YMCA

(completed 2011). Additional commercial, residential and hospitality development sites have been announced throughout the Central Business District.

In general terms, the construction industry is recovering from the recession with a 9% growth rate in 2012, adding 15,300 jobs in the Houston area (Cushman & Wakefield Marketbeat Office Snapshot 4Q 2012). The tourism industry has steadily grown in the downtown area with the George R. Brown Convention Center, Minute Maid Park, Toyota Center and the recently completed BBVA Compass Stadium. Minute Maid Park and Toyota Center generated over 4.3 million visitors in 2012. Discovery Green generated 1 million visitors and the Convention Center generated 1 million visitors (<http://downtownhouston.org/retail/demographics-reports/>). Downtown Houston is a destination and will continue to add venues that encourage tourism.

The downtown residential market and the demand for green space for these residents will continue to increase. The growth in office demand translates to increases in young office workers that will live, work and play in the downtown area.

Environmental Value

The environmental impact and benefit is measured by the following elements: permeable surface, green infrastructure, energy conservation, stormwater management, air quality, water conservation and environmental education.

Dense urban downtown areas generate significantly warmer temperatures and take longer to cool in the evening. The need for green space is evident when evaluating the urban heat island effect. Several street blocks and sites in the study area are sealed with dark asphalt and generate greater heat than other more reflective surfaces.

Stormwater runoff contains pollutants from auto leaks and oil from the asphalt paving. Polluted stormwater runoff has a negative impact in that it ultimately drains into Galveston Bay and the Gulf of Mexico. Rainwater harvesting and pollutant control techniques can minimize the negative impact of stormwater runoff with new development.

Drip irrigation systems are the most efficient method of watering street trees. It is important to maintain this system to maximize the growth of the street trees. Adjacent parking lots and roadways create soil compaction, reduce soil moisture and stunt tree growth.

The parking lots adversely impact the carbon footprint of downtown because of the lack of plant material, rapid evaporation after a rain event and increased temperatures, with asphalt parking surfaces 3-7 degrees warmer than green lawn. The addition of water features for future development will enhance stormwater management, cool the site and provide an aesthetic benefit to the downtown environment.

Sensory Value

The sensory value of a place is measured by the positive or negative sensory energy that is created. We intrinsically perceive space / design / place and our surroundings with our five senses.

Our senses inform us as to aesthetics, safety, comfort, irritations, quality, functionality, repeat visitation, and duration of stay, with a host of other sensory reactions to place. The sensory value of southern downtown Houston is negatively impacted by the current quality of development and use. Significant potential exists in the conceptualization, design, construction, activation and management of real estate development in the study area to enhance its sensory value.

With respect to southern downtown, the five senses are impacted as follows:

- The sight value for much of the study area is not of a high standard. The streetscapes help to minimize the negative visual impact, but the baseline visual value is minimal. Green space is limited to street trees. There is no visual theme or predominant design element that distinguishes or adds a premium to the value of this area.
- The sound value of the study is negatively impacted by the high speed and volume of traffic on the streets and the light rail line. There are no attractive social activities that generate

people sounds (laughing, talking, dining, playing or creating sound energy). The First Methodist Church bell and chime generates a familiar sound experience in the area.

- The smells associated with the study area are generally negative. The following elements adversely impact the olfactory value of the site: auto and transportation-based emissions, lack of adjacent restaurants or food vendors, lack of plant material, and undesirable social activities that generate urine and trash odors. The study area does benefit from the prevailing breezes that create a cleansing effect on air quality.
- The touch and feel of the study area lacks desirable sensory value. Few existing features generate a positive tactile experience. Elements such as water, landscape, shade features to minimize heat, public art that can be touched and experienced, varied paving textures, pedestrian comfort areas or well-designed screens from vehicles could all enrich the sensory experience.
- The sense of taste impacts the desire to stay or return. The study area generally lacks restaurants, food vendors or opportunities to tempt our palates.

Government

The City of Houston operates under a municipal form of government with separate council districts. The current Mayor, Annise Parker, has been serving since January 2010. The study area lies within Council District I represented by James Rodriguez. The following five At-Large City Council Members also represent the area: Stephen Costello, Andrew Burks, Jr., Melissa Noriega, C.O. “Brad” Bradford and Jack Christie.

Texas House District 147, Rep. Garnet Coleman, Texas Senate District 13, Sen. Rodney Ellis, and U.S. Congressional District 18, Congresswoman Sheila Jackson Lee, Harris County Judge Ed Emmett, and Harris County Precinct 1, Commissioner El Franco Lee, also represent the study area.

The study area lies within or is affected by the following local jurisdictions:

- Houston ISD
- Harris County
- Harris County Flood Control District
- Port of Houston Authority
- Harris County Hospital District
- Harris County Education Department
- Houston Community College District
- City of Houston
- Houston Downtown Management District
- Downtown Redevelopment Authority – TIRZ #3
- Super Neighborhood – Downtown No. 61

Street parking regulations limit street parking to a 2-hour limit during non-rush hours.

The nearest schools are Crocket Elementary (highest exemplary status), Young Scholars Academy (serving K-6 with an acceptable academic status), Gregory-Lincoln Middle School and Carnegie Vanguard High School (highest exemplary rating).

The local jurisdictions are encouraging downtown residential development through a variety of rebate and tax incentives through June 2016. The *Downtown Living Chapter 380 Program* promotes economic development with an incentive program for residential projects.

To order copies of the ULI Book,
“Urban Design and the Bottom Line:
Optimizing the Return on Perception,”
please visit the ULI Bookstore online:

[http://www.uli.org/publications/
bookstore/](http://www.uli.org/publications/bookstore/)

For questions regarding the Quadruple
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on the Master of Land and Property
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