

A Technical Assistance Program (TAP) Report

Re-Imagining the Richmond Corridor:

A road map and tool kit to transform the
Richmond Corridor area



February 22-23, 2015

Re-Imagining the Richmond Corridor:

A road map and tool kit to transform the
Richmond Corridor area

A Technical Assistance Program Panel Report
Houston, TX
February 22-23, 2015
ULI Houston
2617-C West Holcombe #122
Houston, TX 77025
Phone: 713.349.8821
Fax: 713.349.8812
houston.uli.org

About ULI Houston

A District Council of the Urban Land Institute

ULI Houston is a district council of the ULI — the Urban Land Institute, a nonprofit education and research organization supported by its members. Founded in 1936, the Institute today has almost 35,000 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 the Technical Assistance Program (TAP) 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, nonprofit organizations, and private land owners 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.

Contents

Acknowledgements	1
ULI Houston Panel	2
Forward: Overview and Panel's Assignment	3
Executive Summary	4
Snapshot Perceptions from the Panel	8
Vision and Land Use	10
Infrastructure	15
Market Fundamentals	18
Financial Opportunities	20
Management Challenge	22
Conclusion	24

Acknowledgements

ULI Houston would like to acknowledge the leadership of Houston Independent School District, (HISD), Metropolitan Transit Authority of Harris County, (METRO), Houston City Council District J, Council Member Mike Laster, and a group of concerned property owners for inviting the Urban Land Institute to provide independent, objective expert advice on the critically important next phases of redevelopment surrounding the Richmond Corridor.

Specifically, we would like to acknowledge sponsors including Feroze Bhandera Interests Inc./Ardenwood Group, Royalty 1 Properties Ltd. and Kensinger Donnelly LLC. We are grateful to STG Design for donating the services of Oliver Sanchez and Gensler for donating the services of Suzan Ozcelik, without whom we would not have professional graphic design to translate the panel's recommendations into easily understood and powerful visual form.

We would also like to thank all of the participants who gave input and donated their time to this effort, including: Jason Ankar, Bobby Babar, Larry Badon, Kristen Barker, Berzin Bhandara, Fred Bhandara, David Bonem, John Breeding, Daniel Brents, Kenneth Brown, Julian Cao, Leigh Cavazos, Moziar Chalajour, Henry Chapman, Drew Crawford, Capt. James Dale, Lisa Dennis, Frank Donnelly, Cynthia Don Xie, John Dupuy, Tom Einhorn, David Foor, Tyler Ford, Cat French, Edwin Friedrichs, Marlene Gafrick, Ignacio Gamez, Shawn Golan, Yehuda

Golan, Roland Gramajo, Simon Ha, Taghi Hajizade, Christine Hall, John Hannigan, David Hawes, Tom Imber, Amay Inamdar, Stuart Kensinger, Mark Kirschke, Leonard Lane, Council Member Mike Laster, Henry Leon, Kenneth Lewis, Mike Long, Anne Marie, Beth Martin, B.J. Mehrinfar, Ujari Mohite, Harvin Moore, Sarah Newberry, Richard Ong, Suzan Ozcelik, Suzanne Page-Pryde, Percy Pelaez, DC James Pennington, Frank Pugh, Jim Rawson, Chris Reyes, Monico Rivas, Michael Roa, Susan Rogers, Mary Ryder, Joseph Sabesta, Mercedes Sanchez, Oliver Sanchez, Duane Sandefer, Daphne Scarbrough, Sr. Capt. Ryan Schindewold, Jacob Shalev, Jay Shani, Justin Silhavy, Randy Sim, Sam Soliman, Stephen Soussan, Stacey Spencer, Steven Spillette, Larkin Stallings, Pablo Szub, Andy Teas, Monte Tinkham, Johathan Trinh, Martha Tripp, Keith Vanmarter, Raj Varma, Sanjay Varma, Eugene Wang, Jeff Weatherford, Dave Wheat, Curtis Willeford, Sean Williams, Tim Williamson, Joshua Wiseman, Taylor Wright, Ed Wulfe, and Jin Li Zhao.

The findings and recommendations provided in this report are based on the collective expertise of the panel, along with the briefing materials and information gleaned from the tour, sponsor presentations and roundtable discussions with stakeholders conducted during the panel's two-day effort.

Video of the panelists' presentation on February 24, 2015 is available online at Houston.ULI.org under ULI in Action / Advisory Services.

ULI Houston Panel

PANELISTS

Panel Chair

DANIEL BRENTS, FAIA, AICP
Principal, Daniel Brents Consulting

JOHN DUPUY
Landscape Architect and Senior Associate, TBG Partners

DAVID FOOR
Vice President, Lovett Commercial

TYLER FORD
Associate Director, HFF

EDWIN FRIEDRICHS
Division President, Walter P Moore

MARLENE GAFRICK
Director of Planning, MetroNational

AMAY INAMDAR
*Principal, Real Estate Investments,
AAI Affordable Housing*

CHRIS REYES
Associate, Tenant Advisory, Transwestern

STEVEN SPILLETTE
President, CDS Market Research

JEFFREY WEATHERFORD
*Deputy Director, City of Houston Dept. of
Public Works & Engineering*

Assisting the panel:

ULI Houston Advisory Services Chair

WALLY REID
Senior Managing Director, HFF

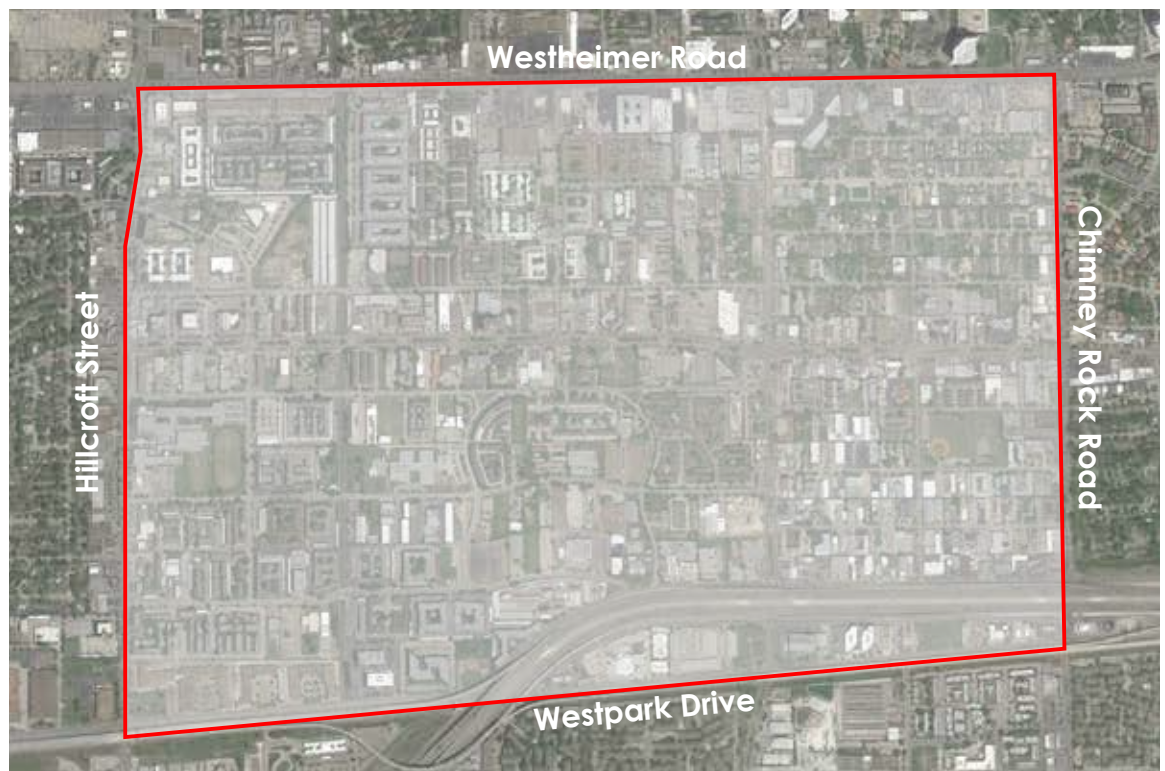
OLIVER SANCHEZ
Designer/Project Architect, STG Design

SUZAN OZCELIK
LEED Green Associate, Gensler

Foreword: Overview and Panel Assignment

A group of concerned area property owners, in partnership with Houston Independent School District, (HISD), Metropolitan Transit Authority of Harris County, (METRO), and Houston City Council District J, Council Member Mike Laster, invited the ULI Houston District Council to provide expert advice on an area with Richmond Avenue forming its spine, and extending from Chimney Rock Road, to Hillcroft Avenue, and from Westpark Drive to Westheimer Road, in order to create desired results for the following outcomes:

1. Develop a realistic plan of action, which could be executed by stake holders in the study area, and which should chart a path to achieve a vision of an improved and sustainable neighborhood.
 2. Highlight opportunities for public and private investment in the study area.
 3. Market the area as the opportunity-rich place it is today, helping to over come its negative reputation.
 4. Bring stakeholders together behind a common vision. With diverse property ownership and few large tracts of land, it's necessary for stakeholders to collaborate on development and redevelopment.
- To that end, the panel was charged with the following questions:
1. What is an attainable vision for the study area to promote a vibrant, economically viable and sustainable neighborhood?
 2. What are the challenges to achieving our goals for the study area?
 3. What changes in land use would be required or desired to fulfill the vision described above?
 4. What improvements in public infrastructure are needed to fulfill the vision described above?
 5. What are the specific tools and strategies in finance, regulatory process, land ownership, infrastructure and design, and public awareness that will be required to fulfill the proposed vision?
 6. What is the step-by-step plan to implement the vision and recommendations proposed by the TAP?



Executive Summary

ULI Houston convened an expert Technical Assistance Program (TAP) panel in response to a request by Houston City Council District J Council member Mike Laster, in partnership with HISD, METRO, and private property owners Kensinger Donnelly, Royalty 1, and Feroze Bhandera Interests/Ardenwood Group, to consider potential redevelopment and development options for the Richmond Corridor. Sponsors gave presentations on the history of the area, demographics, property ownership, pricing, and land uses. An extensive briefing

book prepared by sponsors, two tours of the study area, both after dark and in the daylight gave the panel more insights. These were followed by interviews with a broad cross section of almost 90 stakeholders, including property and business owners, residents, public officials, investors and lenders, brokers, and institutional/not-for-profit interests. After robust discussion and deliberation, the panel identified tools and resources that stakeholders could use to get the Richmond Corridor on the path to a successful transition.



Area overview

In the late 1970s and through the 1980s, a vibrant area popularly known as the “Richmond Strip” attracted original restaurant concepts, such as Houston’s first Chuy’s restaurant, the first Taco Cabana and the first Joe’s Crab Shack. Apartments surrounding this commercial strip were sought out by young professionals working in the Galleria area.

The study area has great potential — it is close-in, compact, and has tremendous access. It has a mix of commercial, residential, and public uses, including

some unique businesses. In addition, the area is situated between well-established residential and commercial areas and burgeoning new immigrant-dominated areas, and is adjacent to and crossed by major traffic corridors and arteries. Like Houston, it continues to transform, and like Houston it has experienced both boom and bust eras. But unlike much of Houston’s well-located urban areas, the recent surge in redevelopment of the last decade has passed the study area by.



The recent surge of redevelopment in well-located urban areas has passed by the study area.

Bring the community together

Currently, the area includes diverse property ownership. The panel recommends that stakeholders revive and strengthen the existing dormant management district; refashion it as an umbrella organization to bring all of these entities together; and to speak with a unified and more powerful voice in order to achieve common goals. The area also needs to tap into one or more of the existing TIRZ (Tax Increment Reinvestment Zones) surrounding the study area, and make use of existing City Chapter 380 agreements or other funding opportunities.

Improve the area's reputation

The Richmond Corridor study area has a perception problem.

What once was a vibrant area that launched a multitude of original restaurant concepts from Sam's Place to Joe's Crab Shack to Taco Cabana, eventually gave way to other businesses, including Rick's Cabaret, a men's club chain. At one time, the area was well known for dance clubs, however, over the years many of those restaurants and businesses left, leaving room for less desirable nightlife. Crime in the area increased, and decades later, the area's appeal for young professionals declined. Vacant, boarded up properties and adult entertainment venues mingle with struggling office and restaurant developments as well as nearby residential areas. The panel sees a need for the area to be revitalized and rebranded, taking advantage of different dynamics to evolve in a new direction.

Play up assets and opportunities

Some of those assets include schools. Lee High School, originally built in 1962, is about to be completely redeveloped with a state-of-the-art Lake/Flato designed campus. Lee has the most diverse student population in the HISD, with students from more than 100 countries speaking over 60 different languages. A new Pilgrim Elementary was completed a few years ago on Skyline, just east of Lee. When the high school's expansion is completed, Lee and Pilgrim will be adjacent to each other. In addition, a new Mandarin Language Immersion School is currently under construction by HISD, adjacent to St. George Place Elementary School, an area just outside and east of the study area.

Anderson Park on Beverly Hill Street and Bering Drive includes a soccer field and baseball diamond available to Lee High School, but seldom used by anyone. Most of the park is underutilized and undeveloped, which presents an opportunity to add lights, playgrounds, and a dog park to appeal to the changing dynamics of the community. Anderson Park, if improved and converted for dual use as storm water detention, also offers the opportunity to mitigate flooding.

New residential, in the form of higher quality townhomes, continues to be developed, particularly in the northeast section of the study area. The panel recommends finding ways to complement and encourage that activity to drive more development to the west.

Enhance walkability

Open drainage ditches and lack of sidewalks make it difficult for residents to walk around the area, as well as for businesses to have adequate parking. Students walking to Lee High School, including most who live in the surrounding neighborhoods, must walk in the street. The panel found areas for improvement could include building sidewalks over the drainage, as well as turning a large drainage area, spanning from the south to the north, into a closed culvert with street and sidewalk for more connectivity on the west side of the study area. Residents have already carved out dirt trails along this drainage area, but few adequate walkways presently exist.



Improve infrastructure

In addition to the open drainage ditches, stakeholders said flooding was a major issue. The Richmond Avenue right-of-way includes three travel lanes in each direction, a very wide median running the length of the study area, and poorly maintained sidewalks on both sides of the street. Also, the street is poorly lit, which due to its expanse, makes the public area appear even darker at night.

Utilities in the area continue to be substandard, particularly with respect to storm drainage. Much of the interior lacks any form of storm sewer system, relying instead on open ditches, which not only flood, but are

difficult to maintain. Many such ditches have filled with soil or debris, and others have been covered by “unpermitted culverts.”

They also create a driving hazard, even in the best weather. In several areas, power is distributed in easements that run through the middle of blocks where backyards used to meet, making re-platting for larger development difficult and expensive. Some water and sanitary sewer lines are still sized for the older, more modest, residential demands, but in many cases, current capacity is adequate to accommodate significant redevelopment.



Snapshot Perceptions from the Panel

1. Perhaps the most important, overriding observation is that the area needs an oversight organization and identity that can build accord and recognition. When a property is listed on commercial real estate websites right now, this area is not identified by name, and it doesn't fit in any of the adjacent areas. The idea of merging into an existing management district or a TIRZ should also be explored. When a need emerges for streetlights or sidewalk or curb maintenance, the management district or TIRZ would lead that effort. In addition, an umbrella organization would help build an identity, even introducing stylized street furniture and distinctive area signage
2. Developers will want to buy large parcels of five acres or more to really transform the area. Most apartments are 100 percent occupied, so landlords have little incentive to improve them and will want more money to sell. It is a great location that is salvageable, but will take time. Finding out what HISD pays for land will be a useful benchmark.
3. There is momentum on the fringe of the study area. To the north and east, high-income, single-family development creates stability. There needs to be infiltration from north to south and from the east to west.
4. This heavily populated area needs retailers and services: Grocery stores, office, and others that cater to a more stable market.
5. More upmarket retail will be among the last uses to come in, and that won't happen until more there is more density of higher quality townhomes and residential with prices that are \$500,000 and up. Sous-chef concepts and restaurants that reflect the rich diversity of the area could be a catalyst, because these businesses are seeking more affordable rent than is available nearby in the Galleria area.
6. It is important to get people on the streets. Windswept seems to be the most heavily traveled by foot. The Harris County Flood Control drainage corridor ditch could be covered and the easement redeveloped to create an important additional north-south vehicular connector, with attractive, well-lit sidewalks replacing the existing dirt paths along its edge, especially if this unofficial pedestrian thoroughfare is improved. Activating anchors like Anderson Park and places of worship can create more eyes on the street, potentially reducing the negative element.



-
7. Richmond Avenue divides the area north and south. The north half is developing, but it is vital to find ways to accelerate that growth so its spills over onto the south side.
 8. Land tracts are different in each area. Developers should sit down with private utilities to find out the best way to handle utility poles and whether they should be between back property lines or along the streets. Area advocates should press for a drainage study to address water, and wastewater in the area. There needs to be buy-in from all of the local businesses. Many current business owners do not like the term “Richmond Corridor.” People had a sense of pride about where they worked, but no catalyst in helping with the visions. The area needs to become a more appealing destination, not just a corridor — there needs to be a positive reason for people to come there and not just view it as a place to pass through.
 9. Incentives are needed to encourage property owners to make better decisions about who they lease to, and the area needs to be made less attractive for undesirable businesses.
 10. A positive aspect of the area is all of the independent businesses. However, care needs to be exercised that improving the area should not price them out of the market. Keeping that market niche — the local, international flavor—while discouraging negative uses and improving the public realm could create a unique destination.
 11. The sexually-oriented businesses are not going soon, but some seem better at managing behavior than others. Stakeholders differentiate some of the more traditional “gentlemen’s clubs” from the small-scale massage parlors and spas, and from the newer entrants into the market who operate after-hours and create more of a nuisance and attract more crime.
 12. Residents observed that the crime situation has improved, but others said the vacant buildings are attracting squatters, and are also driving some of that criminal activity.
 13. One idea for the vacant buildings could be to allow an owner to rent to someone, like a startup, for \$1 a year. The building wouldn’t be vacant, and when the business does well, they start paying.
 14. There is so much more potential to the area than just the Richmond Strip, but as stakeholders pointed out, there are no silver bullets, although there are tools to help the area become anything it wants to be.



Vision and Land Use

The study area is bound to the north by Westheimer Road, east at Chimney Rock Road, south by Westpark Drive and to the west by Hillcroft Avenue.



Its fragmentation has grown over time, and like much of Houston, the study area has grown organically without a regulatory process or adequate enforcement to control land uses. What has happened is an ad hoc mixture of residential, commercial, and institutional uses. The project area was originally intended to be a community of large-lot, single-family residential developments, but has transformed into commercial, industrial, multifamily, and single-family uses. There is not really an order to it, save for the

Richmond Strip proper, which at one time included restaurants and very successful nightclubs. That has since transitioned with a general decline and the intrusion of less desirable commercial businesses.

The panel looked forward five, 10, and 15 years to see how land development patterns might be influenced by more thoughtful and intentional community development, from an economically viable standpoint.

After speaking with stakeholders — business owners, residents, neighborhood groups, and commercial property owners— the panel learned there was a strong desire to see the neighborhood more vibrant and connected. The panel responded with a menu of recommendations to encourage the former Richmond Strip and its surroundings to evolve in a more positive way.



The panel recommends playing up anchors of stability, including schools, churches and parks.

Maximize anchors of stability and vitality

The panel recommends identifying places within the area that could serve as community anchors — such as parks, open spaces, schools, and churches — and as an organizing element. There are elements that could support this approach already in place, to some degree, with Lee High School, Unity Church, Anderson Park, and the growing single-family residential neighborhood nearby in St. George Place.

Families, working people, and students frequently walk on dark, unsafe streets to shop, get to work, or go to school. Today, there is limited lighting, and there are open ditches. These neighborhood streets could become green ribbons and fingers that connect throughout the study area.

Accommodate vehicles, but serve pedestrians

The area would also benefit from bringing more of the positive pedestrian and community life off of Richmond Avenue and into the residential streets. For example, the two streets offset parallel to the north and two to the south of Richmond, Sky Lane and Waverly, can act as pedestrian collectors, and be the corridors that residents and commercial businesses can use to circulate through the area without being as dependent on Richmond.

Those streets are in need of improvement and should have a different character. Infrastructure is lacking, and yet, even in spite of this, pedestrians living in the area make heavy use of the inadequate or completely lacking pedestrian realm.

Improve north-south connection

A third vision is of opportunities that have not been developed. There is a drainage canal that runs north and south, currently heavily used informally as pedestrian access, that could be put into a box culvert and turned into a pedestrian, human-scale street.

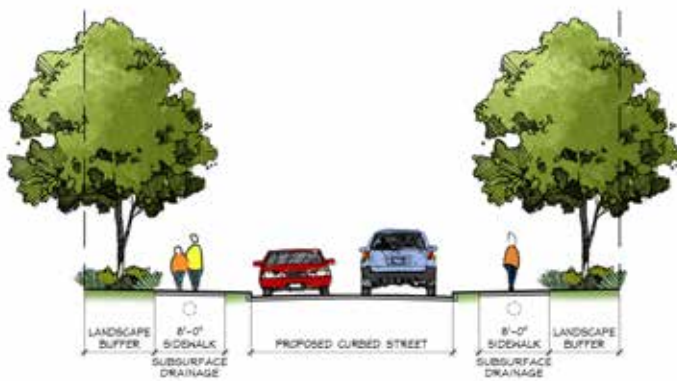


Think of distinctive Districts within the study area

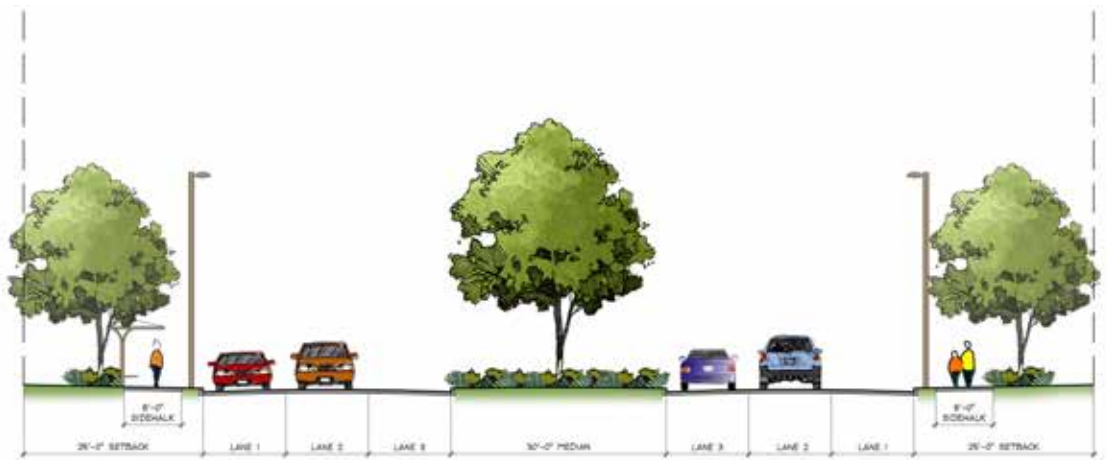
The east section of the study area currently has more single-family development. Strategic connections could encourage the spread of this type of development down to the southern quadrant and build on existing development.

That district could be anchored by Anderson Park, and could have pocket parks developed as new single-family is developed around new neighborhood amenities.

EAST DISTRICT



CENTRAL DISTRICT

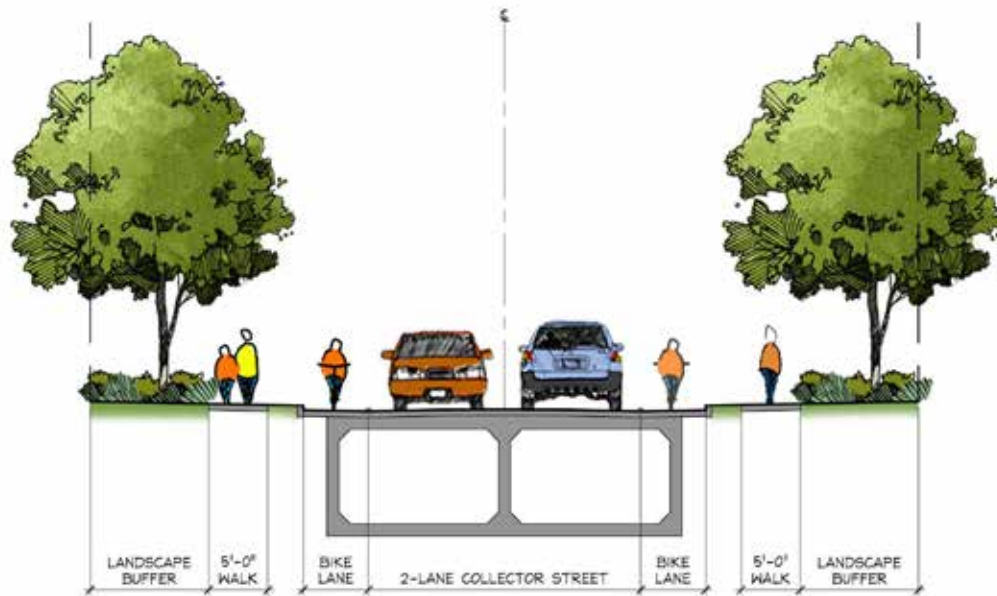


The central district — the heart of the study area — could have potential as a north-south connector through to the Richmond corridor. It connects an existing residential area and an energetic community of up-and-coming residents. In addition, it has social activity, such as soccer leagues, and vibrant community ties.

This can be seen as the district's incubator area for residential. As that area transforms, building on that could be a green connector — a developed streetscape — to take residents and commercial users to the north. There might be a way to reimagine this, with buy-in from adjacent landowners and buy-in for public access on private property.

Without changing the right-of-way or alignment on Richmond Avenue, improvements could include areas for mass transit and multimodal transit areas. Improvements to landscaping and lighting would make this a more inviting public realm. This also would provide an amenity that bolsters the attractiveness of retail from the Galleria west toward Richmond.

WEST DISTRICT



In the west district, there is a north-south Harris County Flood Control drainage corridor, currently a concrete-lined channel, that is heavily traveled by pedestrians but underdeveloped. One vision would be to put in a box culvert, which would increase capacity, while covering it with a simple two-lane collector surface street that is enhanced with bike lanes, pedestrian walks, and a landscape buffer on the edges.

The panel encourages the development and further refinement of this vision of the different districts within this area and the connectivity that could take place, not only with commercial, but also the open spaces that knit the community together.

Infrastructure

Many stakeholders complained about inadequate drainage, and the flooding that characterizes much of the area.

Address storm sewers and open ditches

The capacity of a number of storm sewers in the area is inadequate. Many storm sewers in the study area do not meet the City of Houston's minimum two-year storm criteria. Some of the needed storm sewers are as large as 96 inches in diameter.

The study area also has six miles of open ditch roadways. Local businesses have been filling in the ditches with culverts. Filling in the ditches takes away storm water storage, which displaces water into residents' and businesses' front yards. Some of the ditches were not being maintained, resulting in culverts being partially

filled with sediment, which significantly reduces their capacity. The western part of the site has storm sewer systems in many of the roadway and curb design sections.

There is an opportunity to add or improve drainage in the area by constructing additional storm water detention facilities, such as making improvements to Ditch W142, a Harris County Flood Control drainage ditch that runs north and south from Westpark to Buffalo Bayou. In Anderson Park, the land could be lowered in some of the fields, and shallow detention basins could be developed there to help alleviate flooding during high-intensity, short-duration rainfall.



Improve drivability and pedestrian connectivity

Vehicular circulation also is inadequate. The area has few north-south thoroughfares that run continuously through the study area, and the existing major thoroughfares carry 35,000 to 40,000 vehicles per day. Westheimer Road carries more than 70,000 vehicles per day in this area, and Richmond Avenue has approximately 35,000 vehicles per day. In short, congestion in these corridors could be relieved through changes in the vehicular circulation network.

There are opportunities for connectivity improvements north and south, such as extending Bering Drive to connect to Westheimer Road. Additionally, the W142 drainage right-of-way could be used as a new north/south roadway from Westpark Drive to Westheimer Road. This right-of-way could also consider additional mobility opportunities such as bike lanes and significant pedestrian corridors. Some east/west roadways that cross Fountain View, such as Berryhill and Skyline, do not align across the roadway, which results in additional turning movements and congestions. Alignment of these roadways at Fountain View could facilitate better traffic flow.

The study area includes many two-lane roadways, which make it difficult for passenger vehicles to pass, as well as emergency vehicles. Poor road conditions exist where there are open ditches and areas with asphalt overlays, and there are also numerous sections of Richmond Avenue that have failed and have been patched with asphalt. There is little space to park on the narrow two-lane streets because of the open drainage ditches. Some of the ditches are deep, presenting a traffic and safety hazard. Improving these conditions would not only improve traffic flow access for emergency vehicles and pedestrian safety, but could also bolster property values.

Richmond Avenue itself today is a six-lane road, and has 110 feet of right-of-way. The city is currently studying options for reconstruction of the thoroughfare, including widening Richmond to eight lanes. Consideration should be given to maintain the existing six-lane design and promoting transit ridership options. Now is the time for property owners to engage with the city on the future development of Richmond Avenue.



Rehabilitate water and wastewater systems

Existing water lines in the area range in size from 8 inches to 20 inches. Having minimum 8-inch water lines is supportive of dense development and could support additional new development. Some of the water lines in the area were constructed in the 1960s and 1970s, and will need to be replaced in the next 10 to 20 years.

When the wastewater system in this area was developed, the city was using extra-strength concrete pipe, which has a life of 40 to 50 years. Some of them have already been lined with polypropylene, and are ready for redevelopment. However, other unlined concrete pipes have likely deteriorated due to the corrosive nature of the wastewater they carry.

In addition, many of the wastewater pipes in the area are located within the street right-of-way, which is favorable for redevelopment. There should be more engagement with the City of Houston Capital Improvement Plan to see where the city stands with rehabilitation of the area wastewater collection system.

Improve utilities

Stakeholders are urged not to forget about private utilities, which are often left to the developer. Part of the overall plan should involve putting utilities in the back lots or front lots. If in the front, the utilities could impact trees. In back, for safety and access reasons, the utilities have to follow minimum code clearance distances from buildings.

Improved street lighting is an urgent need, especially in areas where there is heavy foot traffic. Better lighting will help deter undesirable activity.

Streetscape opportunities include improving mobility for walking and biking. Drainage ditches could be boxed with sidewalks above and away from the road. In addition, there could be bike lanes added to streets as they are widened.

Capitalize on transportation

A parking plan should be developed for the area, which could include opportunity for shared parking. There may also be a need in the future to consider residential parking permits if commercial or entertainment parking spills into the residential areas.

The area will benefit from the redesign of bus service and the plan encourages finding ways to capitalize on the service improvement. METRO's New Bus Network includes implementation of a reliable 'grid' transit system, including providing service every 15 minutes, or even less on some routes. This system of convenient, reliable service should increase transit ridership in the area. This area is heavily traveled by public transit, and finding ways to improve access to this amenity is encouraged, such as improving pedestrian connectivity to the Hillcroft Transit Center.

HISD should reconsider its policy of not bussing children within a two-mile radius of their schools rather than forcing them to walk on crowded and dangerous thoroughfares. The ability to utilize the new METRO System Reimagining routes should be studied.

Create more amenities

There are no playgrounds, dog parks or places for community gathering in the area. There is a significant need for amenities such as these to be included to support higher quality residential development.

Market Fundamentals

Looking at existing conditions, there are some key challenges and opportunities from a private development standpoint.

Promote more residential development to the south

There are very few remaining single-family homes left from the original residential development of the area. Most have been converted to commercial or multifamily uses.

The apartments built in the late 1960s and 1970s are aging, but many are fully occupied. Cash flow for these apartments is strong enough that there is no economic incentive to rehabilitate those units, so they will likely remain in their present state for the near future. As a result of affordable rents and location, this area has become a major destination for large immigrant populations. They often have strong social cohesion, but low incomes.

Townhome development is spotty throughout the area, from the north to the southwest. Some of this is feeding off of development from Uptown and St. George Place, where prices have increased. There is an opportunity east of Fountain View for developers to bite off land in small pieces for townhome developments.

The panel suggests encouraging townhome growth to move to the south, where the area is more industrial today, for example, near Anderson Park. Townhomes are traditionally not entry-level properties, but the long-term value of the area will be strengthened if there are more neighborhood-area amenities developed in addition to the residential.

In addition, new Class A development is occurring in adjacent areas on Westheimer and other areas close by, but has not penetrated much of the study area yet.

Long-term, new multifamily will become more viable as older apartment structures reach their end-of-useful-life and are not worth rehabbing. Part of the attraction for higher quality residential development is independent businesses, ethnic-oriented dining, and entertainment that are positive for the area.



Heritage businesses and mom-and-pop shops are key

Within the area's commercial sector, rents for retail and office are several notches lower than in nearby areas, so redevelopment could be difficult until higher rents can be justified.

Newer sexually-oriented businesses are not integrating as well as some of the older businesses, and that is exerting downward pressure on new investment. While these sexually-oriented businesses are paying higher leasing rates than some other businesses are willing to

pay, there should be an ongoing development strategy aimed at increasing rents in the area. Current demographics don't support national retailers and chains, so most businesses will not find they fit the standard formulas. In addition, infrastructure and drainage are challenges.

The study area's strengths include a tie to heritage businesses, including Barry's Pizza, French Riviera Bakery, and Pappasito's. Mom-and-pop stores, as well as ethnic-based businesses and exotic car dealerships, are also giving the area value.

Play up proximity to surrounding areas

While immediate demographics aren't attractive, the area is close to destinations where they are better, so there are opportunities to seek out better offerings such as chefs looking to open a restaurant.

There is excellent regional access, which is why the area developed as an entertainment district a few decades ago, and that has not changed. As such, if parcels can be assembled in a large enough size, access to the area could serve a new destination development that would become the area's CityCentre or Sugar Land Town Square.

Financial Opportunities

The need for capital is an obvious requirement. The panel recommended four financial strategies for improving the area's appeal and viability.

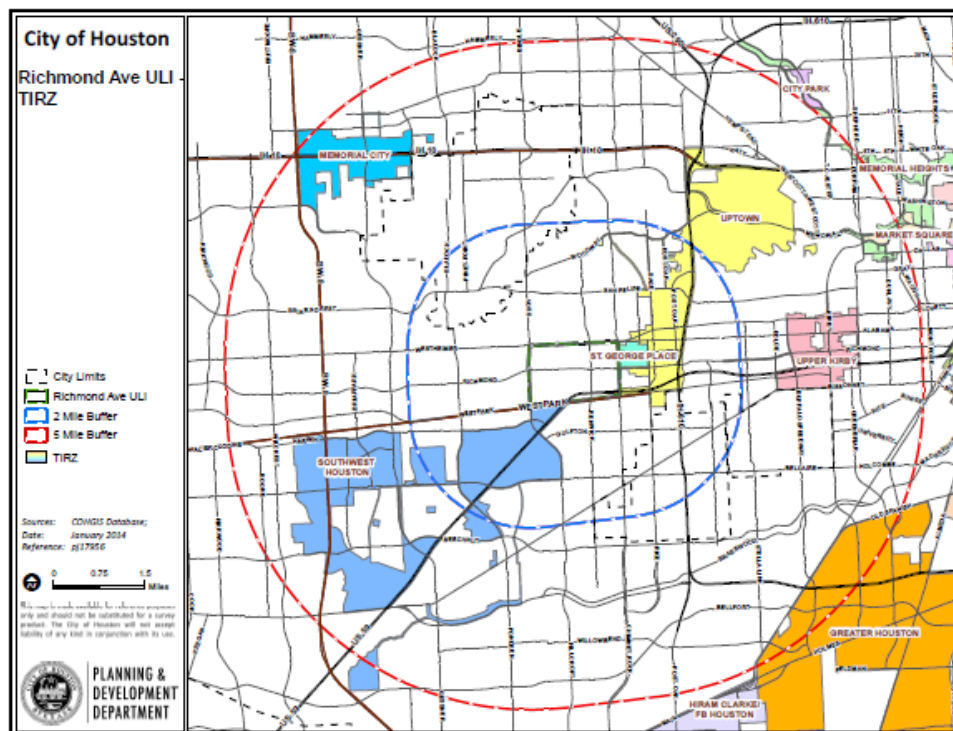
These are:

Management district revitalization and expansion

- Management Districts can help provide funding through an incremental tax assessment of landowners within the boundaries of the district.
- Funds can be utilized for branding efforts, beautification projects, code enforcement, enhanced security, graffiti removal, and limited infrastructure projects.
- A key takeaway is that management districts alone will only provide a limited amount of capital, and that a more prolific and long-term capital strategy will be needed to sustain the infrastructure demands of the future as the area undergoes revitalization.

Tax Increment Reinvestment Zone funds

- Tax Increment Reinvestment Zone (TIRZ) designation would be a longer-term option.
- The favored recommendation is to create a new TIRZ. As values increase, more capital will become available to fund new projects that will amenitize the study area.
- TIRZ designation requires marginal capital investment today, however, by providing a source of funding for infrastructure improvements, it could have a force-multiplying impact on the area. It is also attractive to investors when evaluating the study area for potential real estate investment.



Existing Tax Increment Reinvestment Zones (TIRZ) near the study area. TIRZ designation requires minimal capital investment today and is attractive to investors evaluating an area's potential.

-
- An additional option to creating a new TIRZ, is to be partially annexed into an existing TIRZ that borders the study area. Existing TIRZ areas include St. George Place (Tax Increment Reinvestment Zone #1), Uptown TIRZ (Tax Increment Reinvestment Zone #16) to the east, and Southwest Houston (TIRZ #20) to the south. These are existing entities with capital today, and the incorporation of the study area into one or more of these would have immediate impact. These existing districts might also have a vested interest to help improve the study area due to locational proximity.
 - One of the challenges with annexation could be that it may pose some independence problems for the study area's stakeholders. As property values increase, a TIRZ board, composed of stakeholders from outside the study area, would have a say-so on where the incremental tax revenues from the study area would be spent.

Chapter 380 Agreements

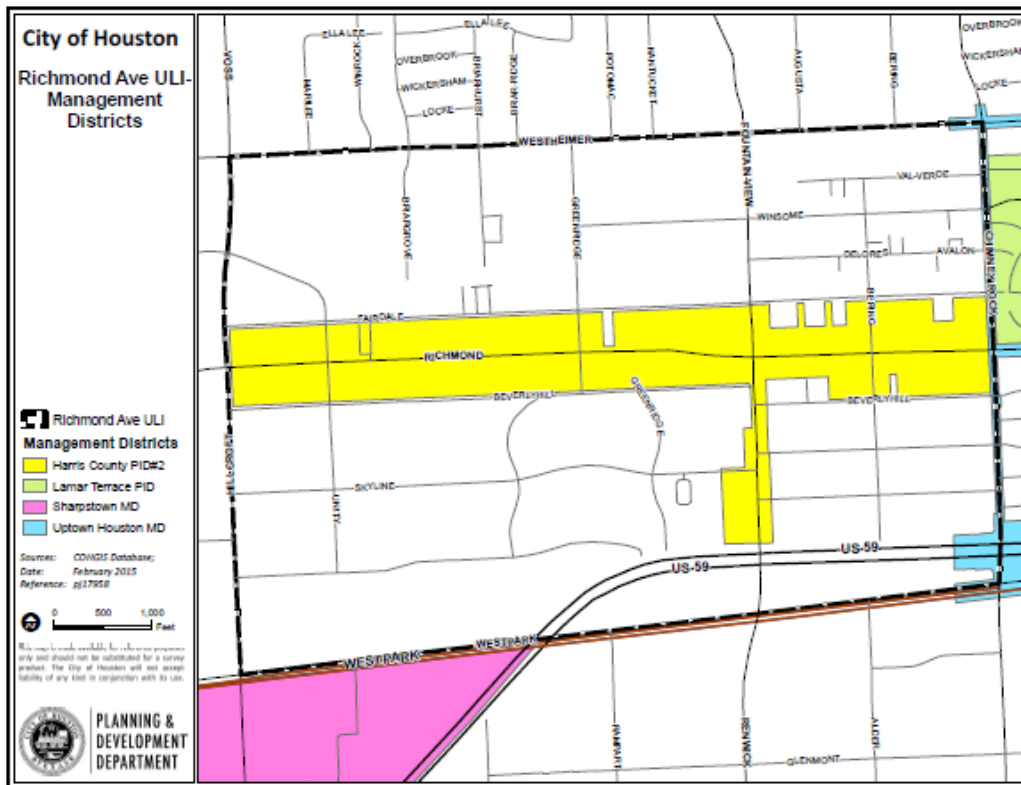
- The City of Houston is also supportive of Chapter 380 agreements, whereby an individual developer self-finances the capital necessary for public utility infrastructure, and in return, receives incentives for his capital investment through real estate tax abatements or participation in sales tax revenue.

- Win/win for the municipality and developer as the infrastructure improvements meet the demands of the specific project with limited, immediate costs to the municipality.
- Application of these agreements is controlled at the local level.

Public-Private Partnerships

- Public-private partnership is the most varied type of opportunity.
- These partnerships come in many forms, including the donation of a parcel of land from a private entity to accomplish a civic purpose.
- Such partnerships can also used to amenitize the area with green space.
- Stakeholders can be creative with their assets to promote the long-term viability and benefit to the immediate area.
- It is important to understand these are a two-way street, and that such partnerships must be built on mutual opportunities and interests.

Management Challenge



The panel recommends invigorating the dormant Public Improvement District #2.

Community involvement in this Technical Assistance Program was highly engaged. More than 90 stakeholders responded, and that represents an unusually high participation rate. In addition, there were some common themes throughout the sessions.

The following panel recommendations on leadership development focus on actions that can be completed over three time spans: in less than two years; a mid-term two-to four-year range; and long-term, beyond four years.

The conclusion is that there needs to be a central, organizing glue to hold the momentum together for the area to take the next steps.

Near- and mid-term recommendations

For the short-term, an initial recommendation is to invigorate the dormant Public Improvement District #2,

utilizing existing boundaries. The Richmond Avenue-area merchants, many of whom were the driving force behind organizing this ULI Technical Assistance Panel, would be initial board members. The panel also urges these leaders to consider expanding the district to include the entire study-area boundary.

To achieve lasting and needed results, this organization must be more than the management district that promotes the area. It must bring together and address the needs of the commercial property owners, the multifamily owners, the residential owners, and the business owners. Representatives of each of these groups should have regular interactions with the board. That could be done through a stakeholder group or by creating an overarching, umbrella civic organization that would pull everyone together.

The panel strongly recommends professional management of the management district, since the leaders who have been instrumental thus far, also are busy operating their own businesses to serve ad hoc. It will take an advocate who has single-minded focus on this task for any real progress to take place.

The panel has presented some recommendations to consider from infrastructure improvements to parks, lighting, and branding. A management district can also explore a credit check on multifamily applicants or work with the district attorney's office on the issue of enforcement against human trafficking and other illegal activities in the area. Also, the management district can help celebrate and create visibility for any successes, as they happen, large or small.

All available funding sources should be thoroughly explored during this short-term period. The management district will not be able to do it all, so the district should

consider a range of financial vehicles and be an advocate for the area to attract private development enhancements, as the panel recommended.

In the mid-term, a capital improvement plan should be developed.

Long-term, major investment projects should be identified with alternative sources of funding. If there are run-down apartments or abandoned apartments, the organization should explore ways to get them torn down and encourage new investment.

Overall, this area needs professional management of the management district to work with an umbrella organization to build alignment and to build consensus around plans to move the vision forward. A single entity with a unified voice speaking on behalf of the area will accomplish far more than any one single community or property owner could do on their own.

Conclusion

There are exciting possibilities for this area. The panel thought about this as a study area, but recognizes there are numerous property owners, interests, and many different kinds of activity.

Stakeholders need to create an overall umbrella organization that has the shared interests of the entire area at heart. That organization would provide the area-wide leadership, planning, advocacy, solutions, and improvements over time to turn the area around and change it. This is step one.

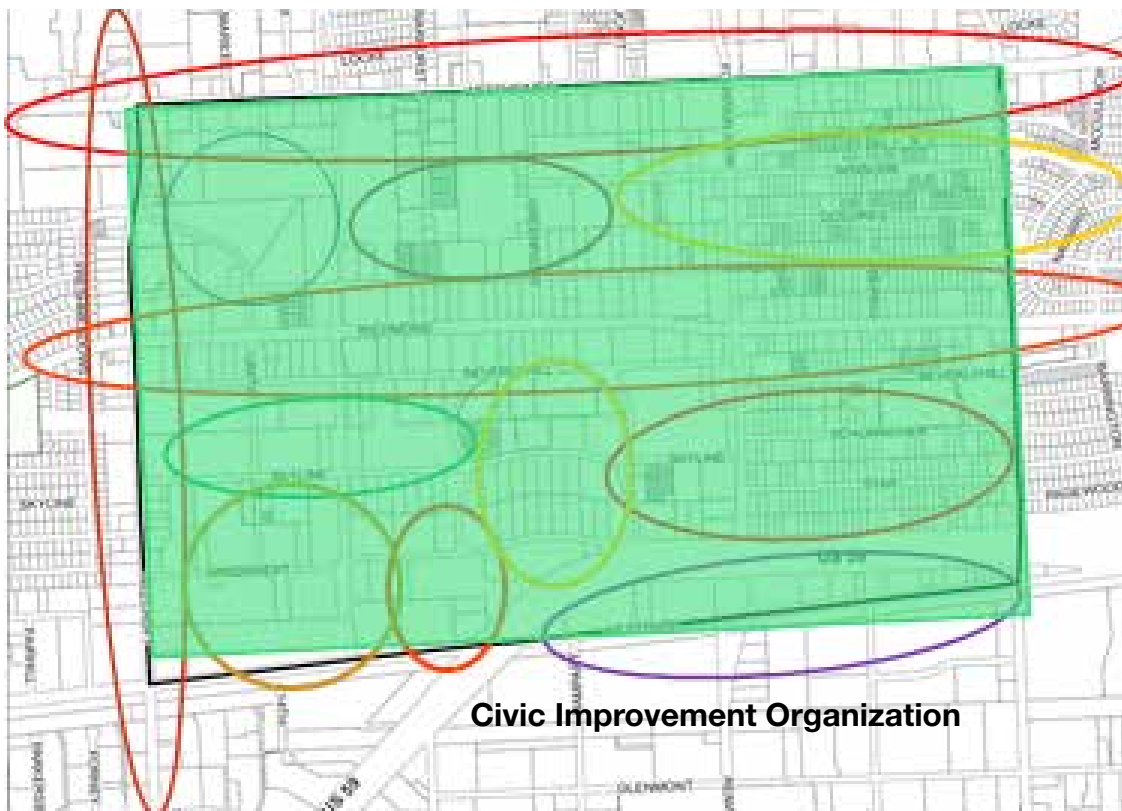
This organization would also be in charge of long-range planning; advocacy and petitioning; short-term funding; TIRZ creation or annexation; long-range funding; branding and identity; infrastructure improvements; repairs and maintenance; legal remedies; and civic programs.

The panel heard about the “Richmond Corridor” and the “Richmond Strip,” and those terms should be made

irrelevant, but it will take this kind of an organization to turn it around and change this perception. The organization will need to create a branding strategy to change the public’s perception. As perceptions change, property values will increase as well as the tax base.

Having that single individual or entity to carry this banner forward will enable many of these things to happen.

In Houston, an area like the former “Richmond Strip” can lose its luster and change character in just a few decades. However, Houston’s dynamism and flexibility also offer the opportunity for such an area to reposition itself and regain its footing, with the right leadership, strong partners, and patient, focused work.



Creating an overall umbrella organization to unite the different communities and promote the shared interests of the entire area is step one.

ULI Houston Management Committee

CARLETON RISER

Transwestern
District Council Chair

ALAN ARNOLD

Rice University

CARTER BECHTOL

The Morgan Group

JONATHAN BRINSDEN

Midway
Trustee

CORTNEY COLE

HFF
Treasurer

BLAKE COLEMAN

TBG Partners
Programs Chair

DANA EFTHIM

Midway
Communications Chair

GREG ERWIN

Winstead, P.C.
Governance Chair

EDWIN FRIEDRICHS

Walter P Moore

Public Policy Co-Chair

BILL ODLE

TBG Partners
Chair of Mission Advancement

TOM OWENS

Hines
Trustee

WALLY REID

HFF
Advisory Services Chair

ABBIE ROBERSON

HOK
*Development of Distinction
Awards Chair; Membership
Co-Chair*

CASSIE STINSON

BoyarMiller
*Women's Leadership Initiative
Chair*

JASON TRAMONTE

STG Design
*District Council Vice Chair;
Sponsorship Chair*

REID WILSON

Wilson, Cribbs & Goren, P.C.

Special Projects Chair

JOHN WALL

1912 Ventures
Young Leaders Chair

ANN TAYLOR

ULI Houston
Executive Director

