

Downtown Living Initiative Program

Houston Downtown Management District/ Downtown Redevelopment Authority

Program Description

The Downtown Living Initiative is the combination of the Downtown Living Initiative Program of the Houston Downtown Management District and the TIRZ#3 Downtown Living Program of the Downtown Redevelopment Authority. Participation in one program or another is dependent upon the location of a proposed project site within a combined program area. The two programs are referred to herein as “Program.”

Purpose:

The purpose of the Downtown Living Initiative is to promote economic development and stimulate business and commercial activity in the combined target area by providing economic and other development incentives for certain new multifamily residential mixed-use developments. The target area comprising most of downtown offers exciting attractions and amenities including Discovery Green, Phoenicia Specialty Grocery, churches and schools (including the planned HISD High School for the Performing and Visual Arts), major hotels, three of the region’s four major sports venues and the George R. Brown Convention Center, ranked in the nation’s top twenty.

Combined Target Area:

The combined program target area includes portions of TIRZ#3 and the Houston Downtown Management District containing the office core, convention and performing arts facilities, Historic District, Discovery Green and Market Square Park (see Figure 1).

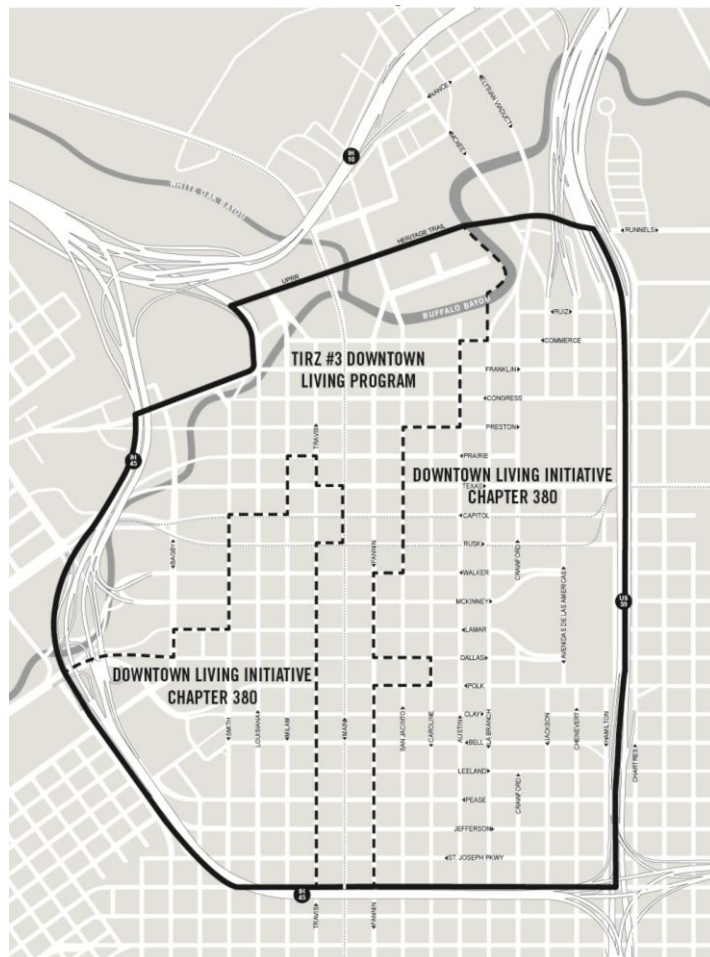


Figure 1: Combined Downtown Living Initiative Target Area

The Toolkit:

The Program incorporates financial and other benefits to assist in the development of mixed use residential development. These include the following:

Financial incentives:

- A qualifying project in the Program will receive a reimbursement of the lesser of \$15,000 per residential unit **or** equal to seventy-five percent (75%) of the incremental City of Houston property tax and the Houston Downtown Management District (HDMD) incremental assessment paid per unit over 15 years from the project's completion.
- Program target area is exempt from the \$700 per unit in lieu fee for open space land dedication requirements, per Houston Code of Ordinances, Sec. 42-251.

Parking:

- Program target area is exempt from all City of Houston off-street parking requirements, per Houston Code of Ordinances, Sec. 26-473 (d).
- There are over 100,000 parking spaces in the target area.

Improved streetscapes: Program target area includes substantially upgraded infrastructure including above standard street lighting, sidewalks, landscaping and street fixtures maintained by HDMD. Most sidewalks that have not been upgraded are in the process of being approved or have been funded for improvement in the upcoming years. Participating developers will be expected to preserve or replace streetscapes to a level equivalent to or exceeding the existing upgraded level.

Coordinated development approvals: HDMD/ Downtown Redevelopment Authority (DRA) will assist participating developers with situations requiring special permits and licenses including sidewalk cafes, balcony encroachments, signage and bridges over public streets. This does not mean that variances will be granted to all requests, but answers may be obtained in an expedient manner.

Access and circulation:

- Target area is traversed by METRO's Main Street light rail line with stations at St. Joseph Parkway, Bell, Main Street Square, Rusk, and Preston. The Southeast Corridor line along Capitol and Rusk Streets opening late 2014 has stations located at Smith, Fannin, Avenida de las Americas and to the east at BBVA Compass Stadium / EaDo.
- HDMD's free Greenlink circulator service travels east on Dallas, north on Avenida de las Americas and west on Walker, south on Smith to Jefferson and north on Louisiana connecting hotels, residential, retail and offices Mondays through Fridays.
- A total of 59 METRO bus routes traverse the target area including local and park & ride service.
- Direct freeway access is provided to I-10, US 59, I-45 and SH 288.
- Buffalo Bayou, Columbia Tap and Heritage hike & bike trails connect to the area via surface streets, Walker/Rusk and McKee, respectively.
- The target area has twelve B-cycle stations that allow residents to check out bicycles for short trips or recreational purposes (daily, weekly or annual membership fees apply).
- The target area has five Zip Car locations.

Public safety: Target area is covered by homeland security surveillance camera system monitored by HPD / HDMD. HPD Special Operations is located on Rusk within the target area. HDMD operates a Downtown Public Safety Guide Program in the target area.

Utilities:

- Chilled water is available by contract from Entergy district cooling plant located on the block bounded by Austin, Capitol, La Branch and Rusk.
- Most of target area is served by underground utilities, creating a better streetscape and improved safety during storms and hurricanes.

Sustainability: Building a residential project in a downtown environment is by its nature sustainable. New projects will be located in a highly walkable environment where residents will be less automobile-dependent and will have access to a large number of public transit options. Dense, downtown residential projects make more efficient use of existing infrastructure, requiring fewer miles of roads, water lines, etc., per person. These new projects are considered to be infill development and do not displace any natural habitat. Most projects within the target area will automatically qualify for at least 10 points on the LEED Rating Systems for homes or new construction.

Residents' benefits:

- Target area facilities host some 400 sporting events, shows, concerts, festivals and other events annually. This does not include the over 500 smaller events at Discovery Green, Market Square Park and other downtown destinations and venues.
- Much of the target area is within walking distance of the Theater District which also includes Sundance Cinemas.
- Target area features award-winning public parks including Discovery Green, Market Square Park, Buffalo Bayou Sesquicentennial Park and Promenade, Fish Plaza, Jones Plaza, Tranquillity Park, Hermann Square, Sam Houston Park and Root Memorial Square and other active downtown public spaces.
- Within the target area are Phoenicia Specialty Grocery on Austin and Lamar and Georgia's Market on Main and Prairie.
- Target area contains the private Incarnate Word Academy K-12 girls' school, South Texas College of Law and the designated site of the new HISD High School for Performing & Visual Arts. University of Houston Downtown is accessible via METRORail and within walking distance of much of the target area.
- Residents have access to roughly 150,000 jobs within the target area and easy METRORail access to the Texas Medical Center and Rice University.

Program Term:

The financial incentive will be paid for the first 5,000 residential units under contract to participate in this Program **or** for a four year period from July 2012 through June 30, 2016.

Eligibility Criteria:

- The proposed project is located in the target area identified as "Downtown Living Initiative Target Area" reflected in the Downtown Living Initiative Design Guidelines (Guidelines, Exhibit A) or
- Only residential projects generating ten (10) or more new dwelling units will be considered; this includes adaptive reuse of existing buildings.
- The project is designed to support an enhanced pedestrian environment in accordance with criteria specified in the Guidelines.

Application and Submission Requirements:

Applicants will consult with the Residential Program Manager prior to application submittal to determine project eligibility. HDMD or DRA reserves the right to reject any application that does not meet the criteria of the Design Guidelines. If applicant is determined eligible, the applicant will be required to submit the following documents:

1. Completed application (Application, Exhibit B)
2. Ground floor plan including location of residential, retail, landscaping, amenities and open space
3. Layout of the proposed vehicular and pedestrian access and circulation (may be indicated on ground floor plan)
4. Utility and loading locations (may be indicated on ground floor plan)
5. Schematic elevations for all street-facing facades with materials noted
6. Renderings (optional)
7. Parking plan for residents and visitors (onsite and off-site parking provisions)
8. Sustainability features

Application and Agreement Process:

Project application will be reviewed by HDMD/ DRA staff and will be determined eligible for the Program based on the project's ability to meet the Guidelines. Agreement substantially in the form of the attached sample agreement (Exhibit C, Example Agreement) will be drafted and approved by the City of Houston's Chief Development Officer and the HDMD or DRA Board depending on location of the applicant project. Generally this process will require 90 days or less from initial inquiry by the applicant. Any approved agreement shall terminate if project does not commence construction within one year or obtain Certificate of Occupancy within three years of approval of agreement by HDMD or DRA board.

Release of funds:

Release of funds is subject to completion of the project without substantial deviation from plans and elevations approved by HDMD or DRA, and continued compliance with the Guidelines over the full period of fund distribution. Funding will commence with the first tax year after a project receives its Certificate of Occupancy and tax and assessment revenues are received by the City or DRA and HDMD, respectively. Funding will be in the form of a reimbursement. HDMD or DRA will monitor annual incremental City of Houston property tax revenue and incremental HDMD assessment revenue paid by the project. HDMD or DRA will make payment equal to 75% of these increments to the project annually. HDMD or DRA will track annual payments towards the cap of \$15,000 per unit. Payments will be made annually until the earlier of the 15th annual payment **or** the cap of \$15,000 per unit is reached. Interest costs will not be paid by HDMD or DRA.