

# Downtown Living Initiative Chapter 380 Program

## Houston Downtown Management District

### Program Description

#### Purpose:

The purpose of the Downtown Living Initiative Chapter 380 Program (Program) is to promote economic development and stimulate business and commercial activity in the target area by providing economic and other development incentives for certain new multifamily residential mixed-use developments. The target area comprising the east side of downtown offers exciting attractions and amenities including Discovery Green Park, Phoenicia Market, 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.

#### Target Area:

The Program target area is bounded by Runnels Street on the north, the TIRZ #3 boundaries on the west, Chartres Street on the east and Pierce Street on the south (see Figure 1).

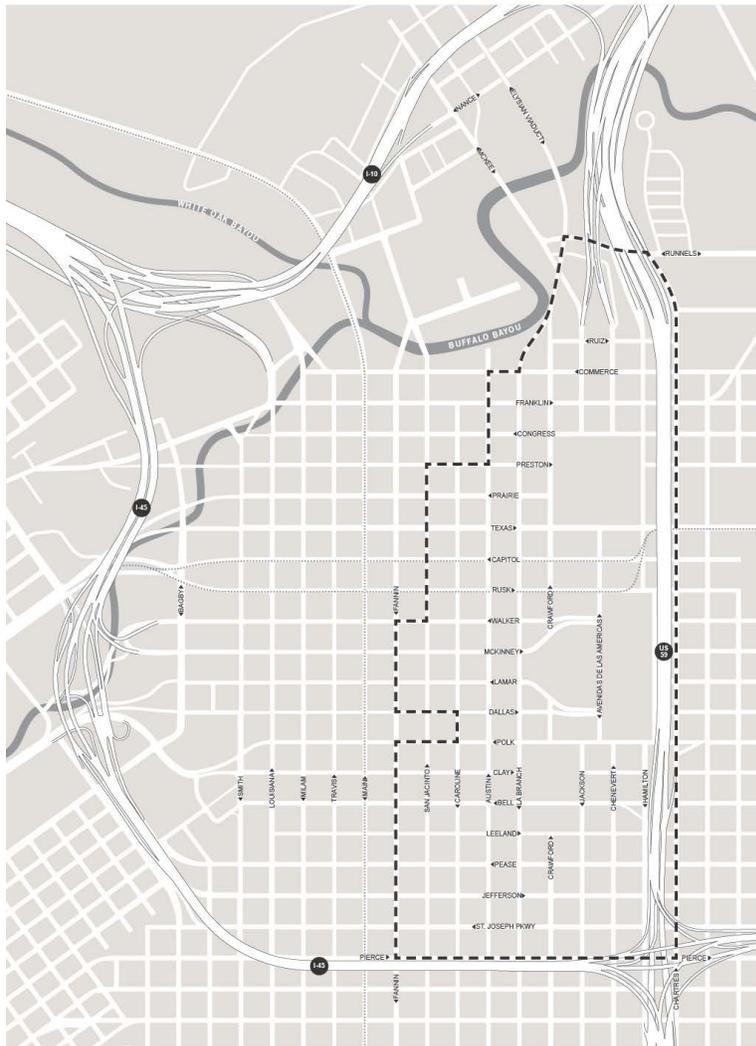


Figure 1: Program boundaries

## **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 30,000 parking spaces in the area.

***Improved streetscapes:*** Program target area includes substantially upgraded infrastructure including above standard street lighting, sidewalks, landscaping and street fixtures maintained by the Downtown District. 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:*** The Downtown District 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 Southeast Corridor light rail line along Capitol and Rusk Streets with stations at Avenida de la Americas opening late 2014. Stations to the west are located at Fannin Street and Smith Street and to the east at BBVA Compass Stadium / EaDo. The existing Main Street light rail runs two blocks to the west of the Program boundaries.
- The District's free Greenlink circulator service travels east on Dallas, north on Avenida de las Americas and west on Walker, connecting to retail and office employment on the southwest side of downtown Mondays through Fridays.
- More than 20 METRO bus routes traverse the target area.
- Direct freeway access is provided to I-10, US 59, I-45 South 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 one existing B-cycle station and will have more by the end of 2012. This will allow residents to check out bicycles for short trips for a small annual membership fee.

***Public safety:*** Target area is covered by homeland security surveillance camera system monitored by HPD / Downtown District. The HPD Special Operations base is located on Rusk within the target area. The Downtown District operates a Downtown Public Safety Guide Program in the vicinity of the George R. Brown Convention Center.

### ***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 350 sporting events, shows, concerts, festivals and other events annually. This does not include the almost daily smaller events at Discovery Green 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 two public parks, Discovery Green and Root Memorial Square, and is easily accessible to other active downtown public spaces.
- Phoenicia Specialty Foods grocery on Austin Street is located in the target area, and Georgia's Market Downtown on Main Street is two blocks west of the area.
- 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 140,000 jobs within a 1-mile radius of 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 2,500 residential units under contract to participate in this Program *or* for a four year period from July 2012 through June 2016.

**Eligibility Criteria:**

- The proposed project is located in the target area identified as "Downtown Living Initiative Chapter 380 Program" reflected in the Downtown Living Initiative Design Guidelines (Guidelines, Exhibit A)
- 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 HDMD's Retail Development Coordinator prior to application submittal to determine project eligibility. HDMD 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 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 Board. 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 board.

**Release of funds:**

Release of funds is subject to completion of the project without substantial deviation from plans and elevations approved by HDMD, 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 and HDMD, respectively. Funding will be in the form of a reimbursement. HDMD will monitor annual incremental City of Houston property tax revenue and incremental HDMD assessment revenue paid by the project. HDMD will make payment equal to 75% of these increments to the project annually. HDMD will track annual payments towards the cap of \$15,000 per unit. Payments will be made annually until the earlier of the 15<sup>th</sup> annual payment *or* the cap of \$15,000 per unit is reached. Interest costs will not be paid by HDMD.