

ULI ADVISORY SERVICES PANEL Final Report

Galveston, Texas

May 31—June 5, 2009



Introduction

Smedes York, Chairman

York Properties/McDonald-York

Raleigh, North Carolina

ULI – The Urban Land Institute

ULI—the Urban Land Institute is a nonprofit research and education organization.

Mission:

to promote leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.



Advisory Services

Assembles teams of land use professionals to make strategic recommendations on land use challenges.

- Program started in 1947
- 20-30 panels each year
- Teams composed of ULI members
- Panels organized both across the country and internationally



Sponsor



ULI Houston District Council

ULI Foundation

Key Principles

- Focus on the Historic Neighborhoods
- Leverage Competitive Advantages
- Implement enhanced regional cooperation
- Support entrepreneurship
- Reorganize governmental structure
- Build on existing economic strengths



Special Thanks to ...

- City of Galveston Staff and Elected Officials
- ULI Houston District Council
- Galveston Recovery Committee
- All those who spent time interviewing with the panel



The Panel:

Chair:	Smedes York
Market Potential	Agnes Artemel and James Lima
Planning & Design	John Knott Jr. and Marshall Anderson
Development Strategies	Mossik Hacobian and Jana Freedman
Implementation	Sue Southon and Tom Murphy
ULI Project Director	Matt Rader
ULI Intern	Drew Sanderford



Market Potential

Agnes Artemel
Alexandria, VA

James Lima
New York, NY

Market Assessment

- What residential target markets should Galveston seek to attract?
- How should Galveston stimulate more housing demand?



Methodology

- What is Galveston's place in the regional economy?
- How do economic forces influence your housing agenda?

Source Data

- Island stakeholder interviews
- GCRC Report
- 2 Windshield Surveys
- 2007 Census



Sustained, Diverse Housing Markets Depend On:

- Proximity of housing to jobs
- Quality of schools
- Safety
- Quality of life, amenities, and services
- Relative costs

*On most of these measures, Galveston already
has a sizable potential market in the region.*

Opportunity

- Overall finding: Public-Private Partnerships offer significant opportunity for Galveston to increase its middle class resident base.



Stimulating Housing Demand

Must leverage:

- Low cost (City owned) land
- Community development financing incentives
- Demand for variety of housing types and different price points



Galveston Demographic Profile Elements

- Population base of 59,000
- 5 to 7 million visitors annually
- Income: 80% of Galveston families have income under \$50,000
- 2007 Median Household Income: \$34,153 (US: \$50,007)
- Employed Population: 24,642

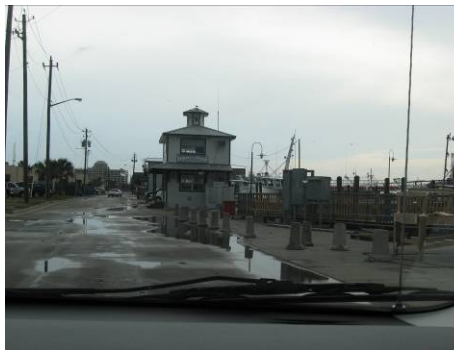
On-Island Employment

By Sector (major employers)

Educational and Health Care	22,200
Hospitality	2,800
Finance, Insurance, Real Estate	1,517
Government	2,100
Port and Trade	1,000
Retail	2,188

Galveston has Major Employers and Growth Potential

- Tech Sector
- Health Care and Education
- Hospitality, Eco-Tourism, and Cultural Centers
- Port, Goods Movement, Cruises
- Institutional (Government)
- Small Business
- Insurance and Finance





Will you capture that housing
opportunity?

Housing as Economic Development

- Housing is an integral part of the City's growth strategy.
- Having a diversity of housing choices and price points strengthens Galveston's competitive advantages.

Galveston Housing Stock

- Galveston employees' housing options are limited.
- 23,710 Occupied Units
 - Housing units by type 53% single-family
 - Rental versus owner 43% ownership; 57% rental*
- High vacancy 28.9% vacant (over 9,000 units)
- High number needing rehab/repair 17,000

*Source: American Community Survey 2007



Employees are Underserved

- Available housing does not match worker demand
- Housing stock is poorly located or the wrong size or targeted to the wrong income levels
- Opportunities to develop new housing stock that better match the needs
- Parcels within the core are available for redevelopment (vacant, abandoned, parking lots)



Housing Affordability

- \$150,000 Single Family House
 - \$1,200/month = Housing Cost
 - \$48,000 = Required Annual Income
 - 80% of Area Median Income = \$51,050*
- \$200,000 Single-Family House
 - \$1,611/month = Housing Cost
 - \$64,400 = Required Annual Income
 - 100% of Area Median Income= \$63,800

*HUD calculated data

Main Market Segments for New/Improved Housing

- Regional workers
- Faculty / Students
- Empty-nesters
- Niche markets:
 - Urban dwellers
 - Outdoor enthusiasts
 - Historic preservation buffs
 - Artists
 - Gay/lesbian community
 - Children of old Galveston families
- Vacation/second home owners

Achieving Revitalization Goals

- High-Speed Rail link to Houston
- Expand National Register District and adopt State Rehabilitation Tax Credit
- Core infrastructure investment
- Schools performance
- Encourage employers to provide incentives to employees to reside on-island
- Apply for HUD-assisted programs that can result in high-quality housing (mixed-income housing)

Strengthen the Core

- Housing demand should be channeled to reinforce core district
- Build from existing strengths that have broad appeal
- Core district is close to on-island job centers
- Provides potential for transit linkages to job centers and mainland
- Avoids sprawl and resulting high demand for public investment in infrastructure
- Potential for new housing options with close-by neighborhood services
- Potential for an appealing vibrant, walkable district that could be nationally renowned

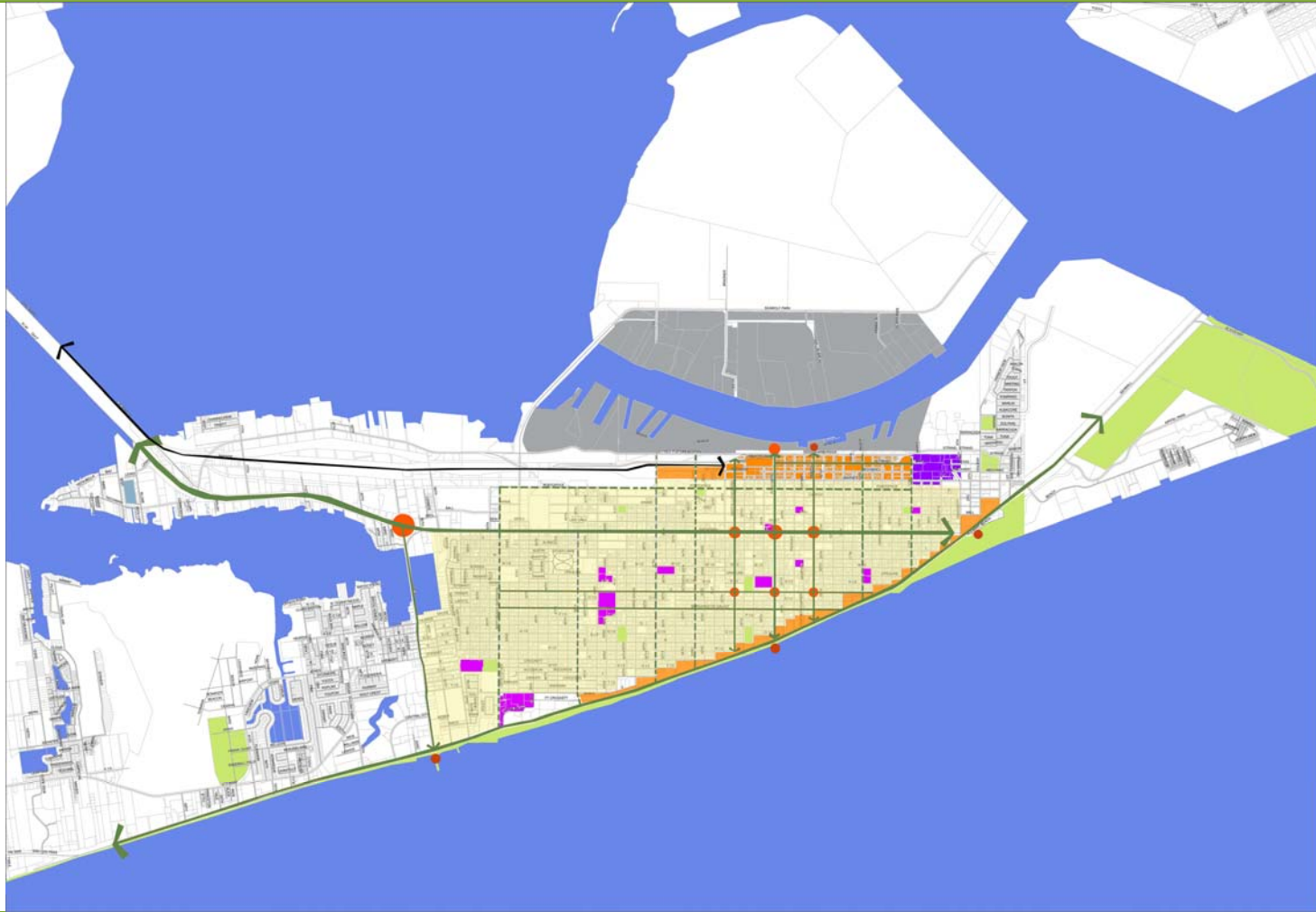


Planning and Design

John L. Knott Jr.
North Charleston, SC

Marshall Anderson
Birmingham, AL

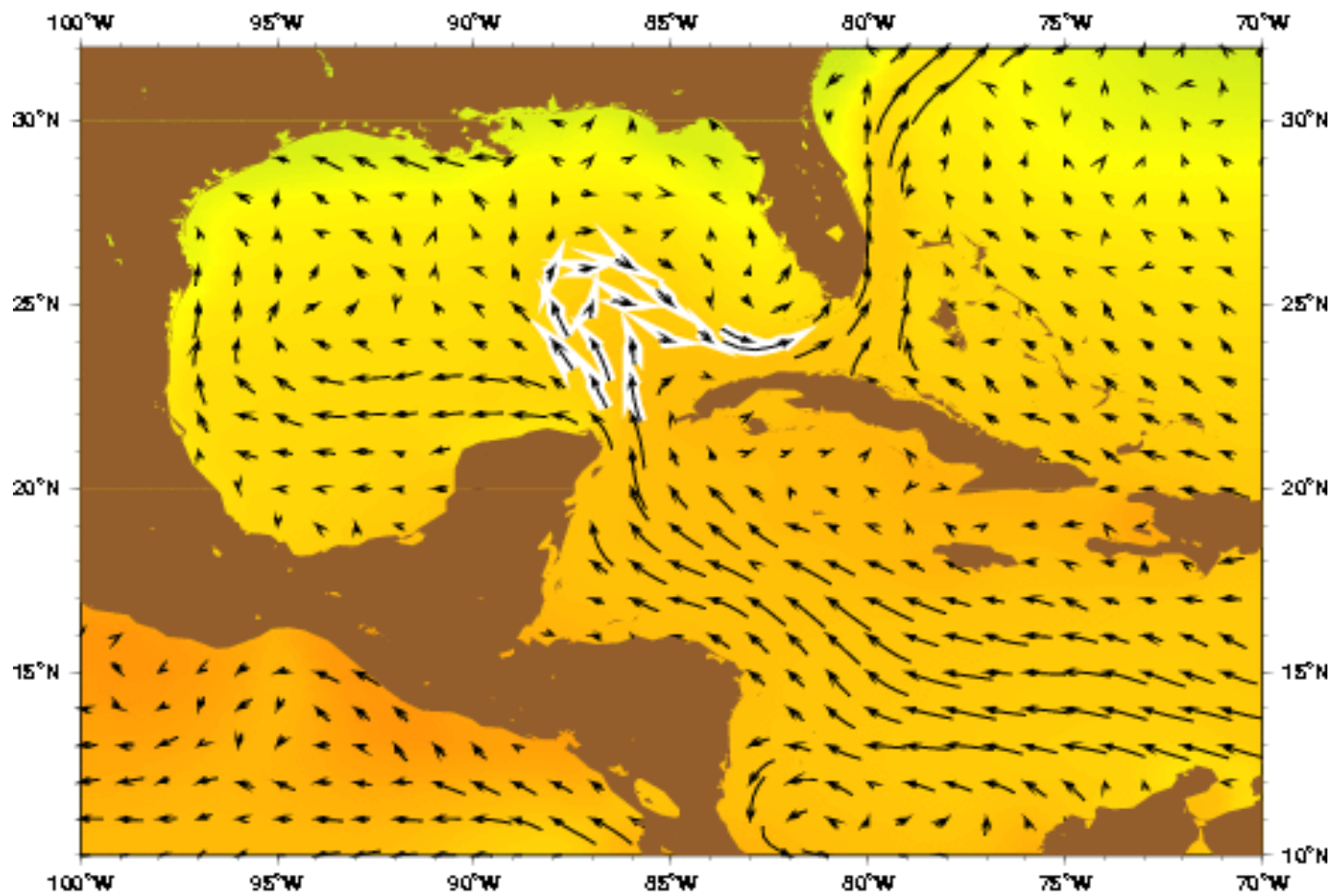
Planning and Design



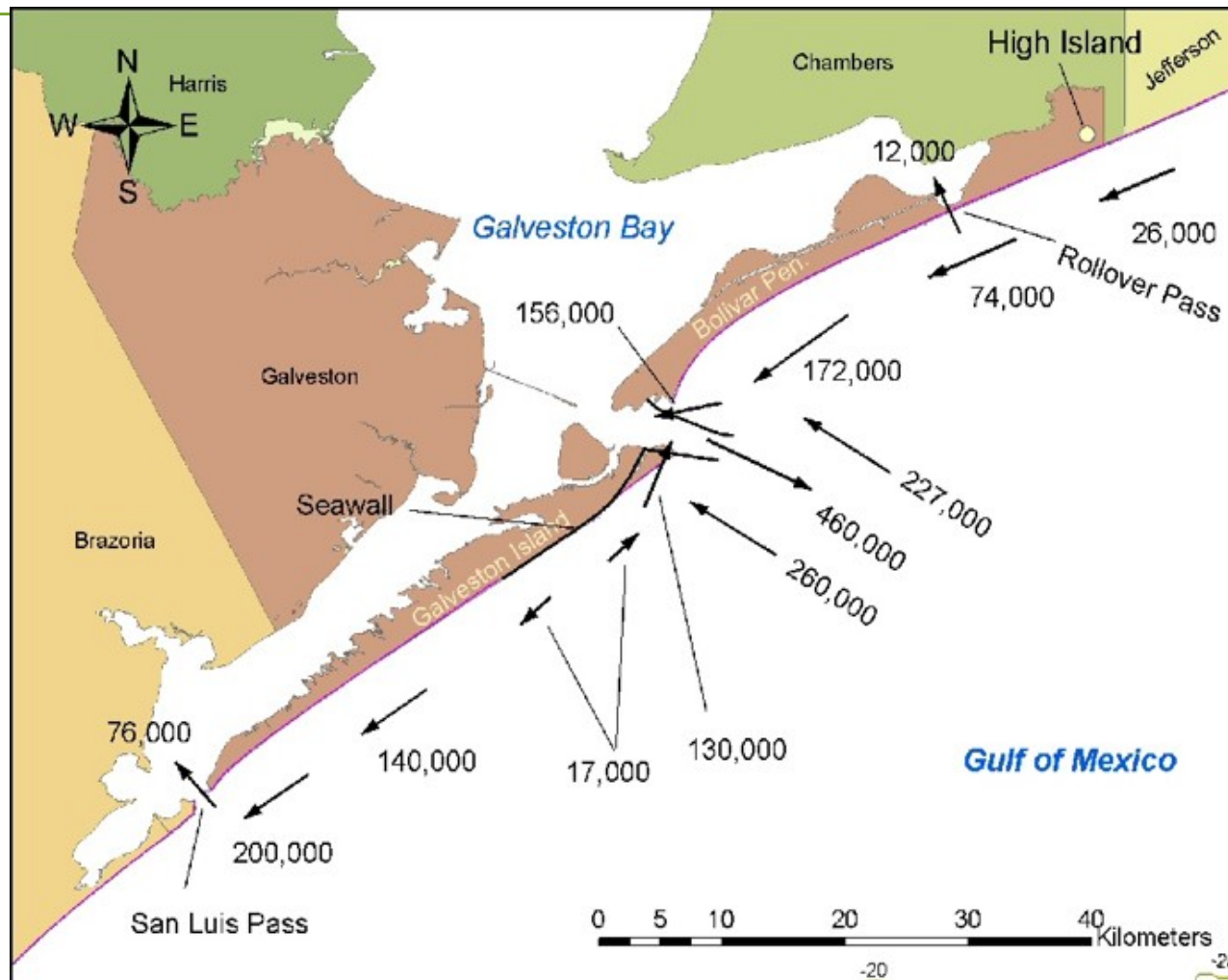
Collective Vision



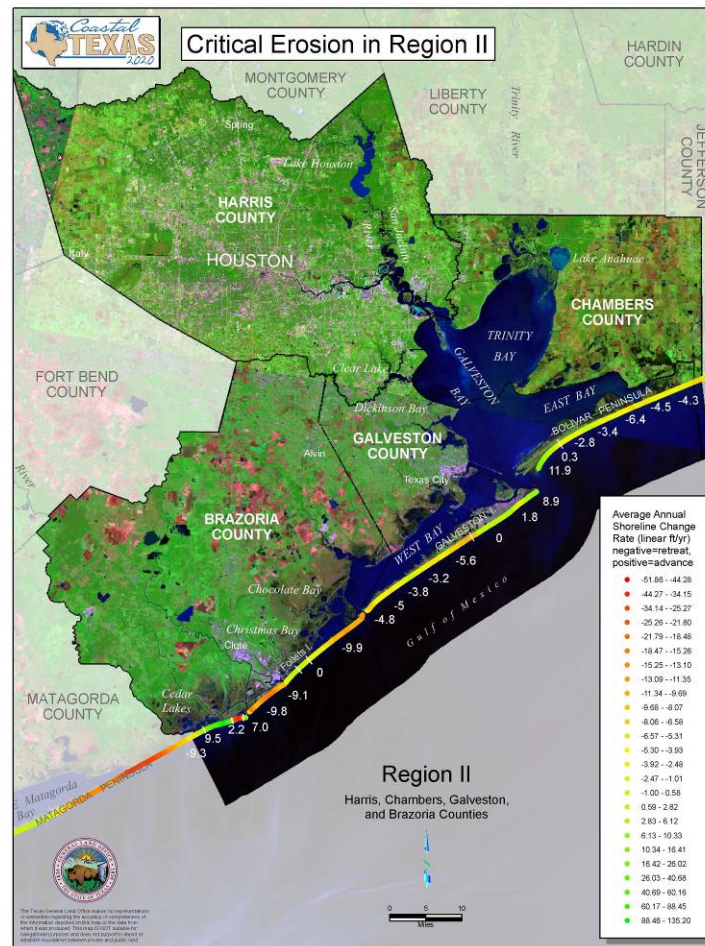
Gulf Scale Currents Loop



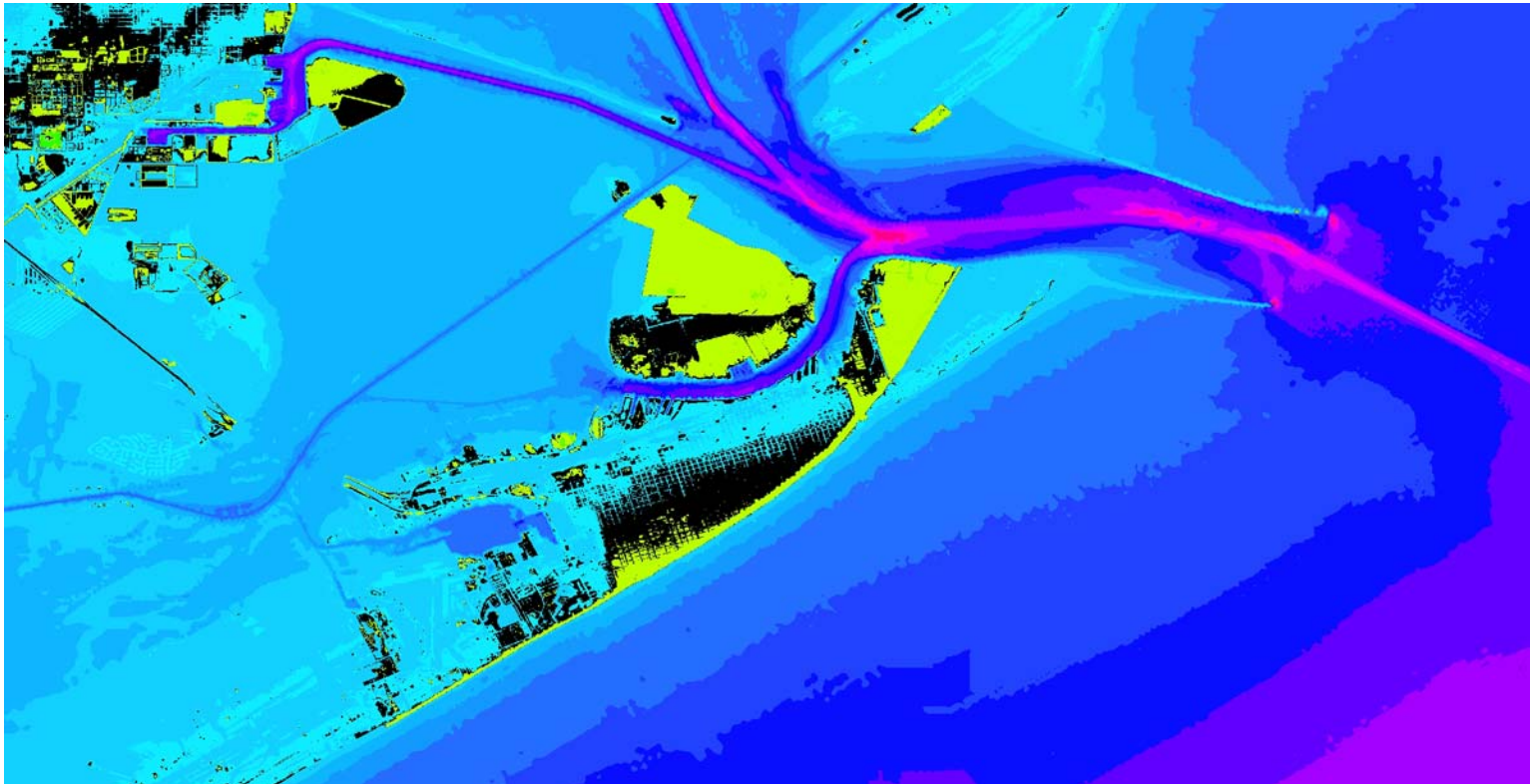
Regional Scale-Sediment Transport



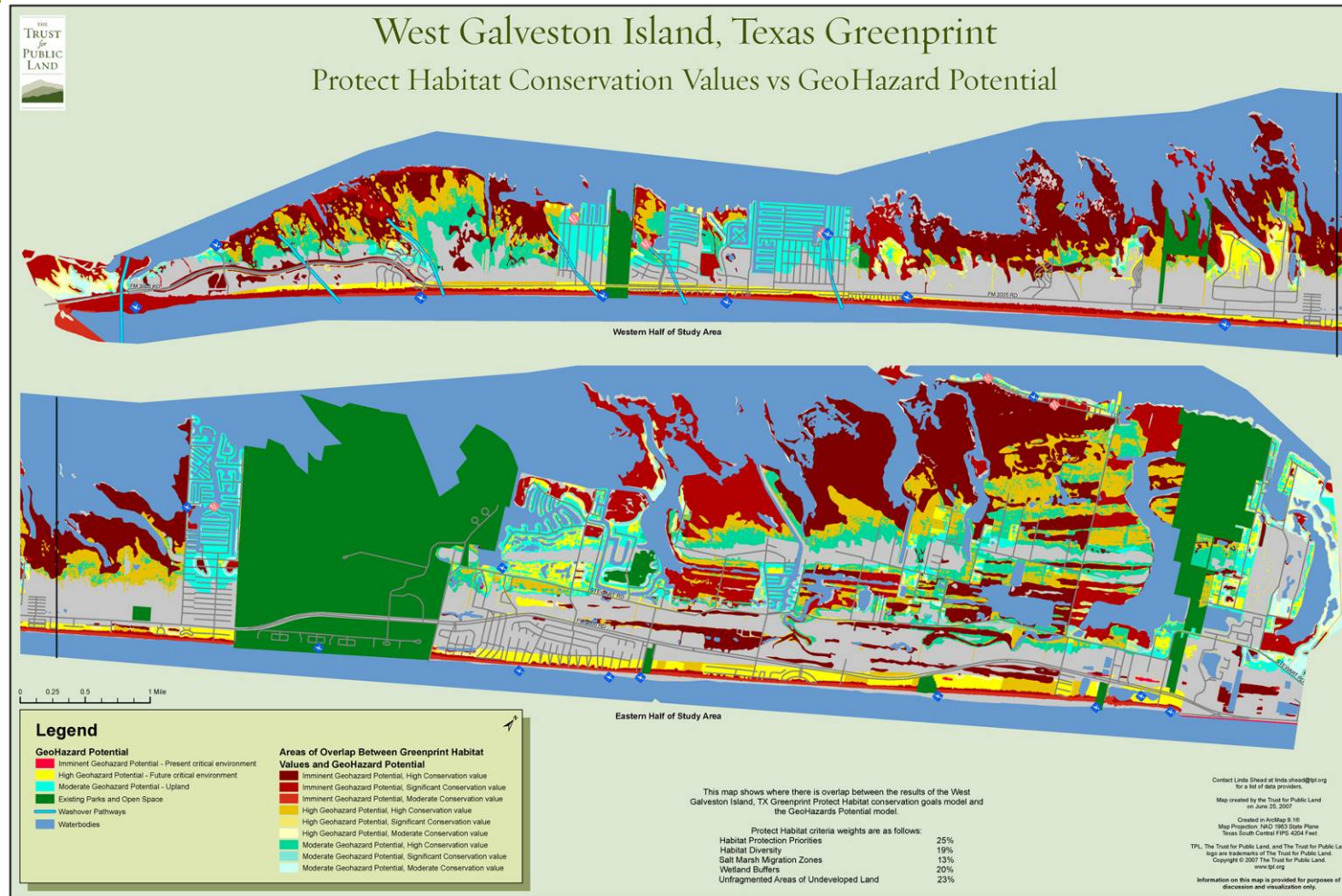
Shoreline Change



Graphic Representation of Base Flood Elevation

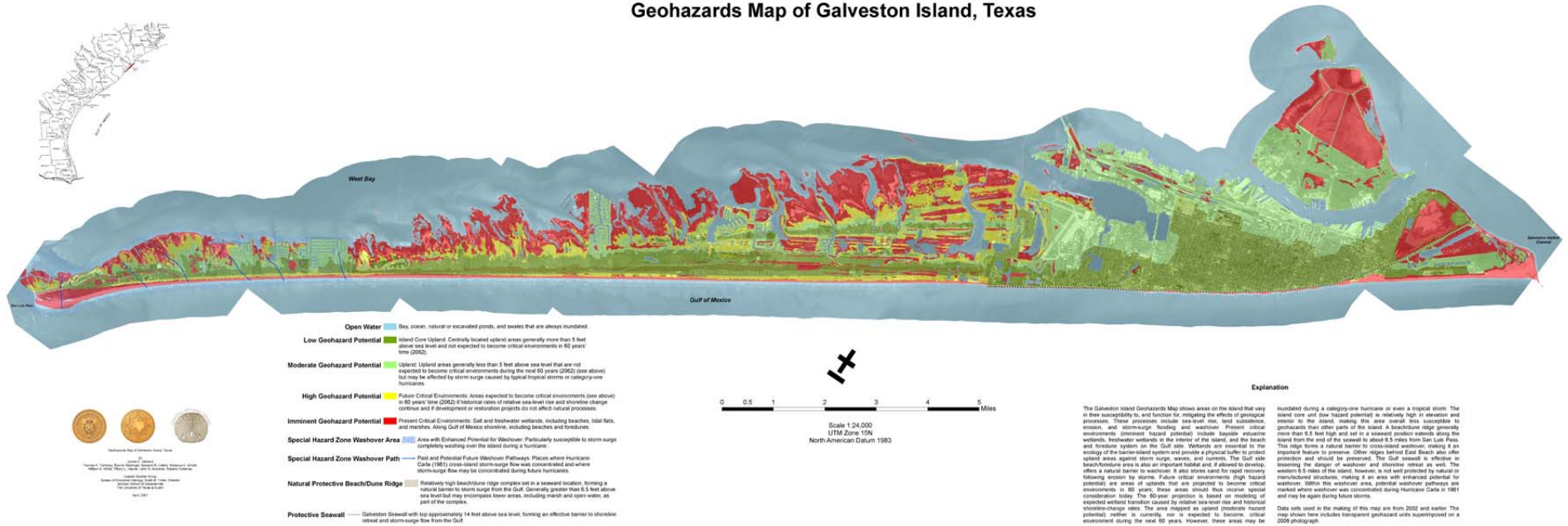


GreenPrint

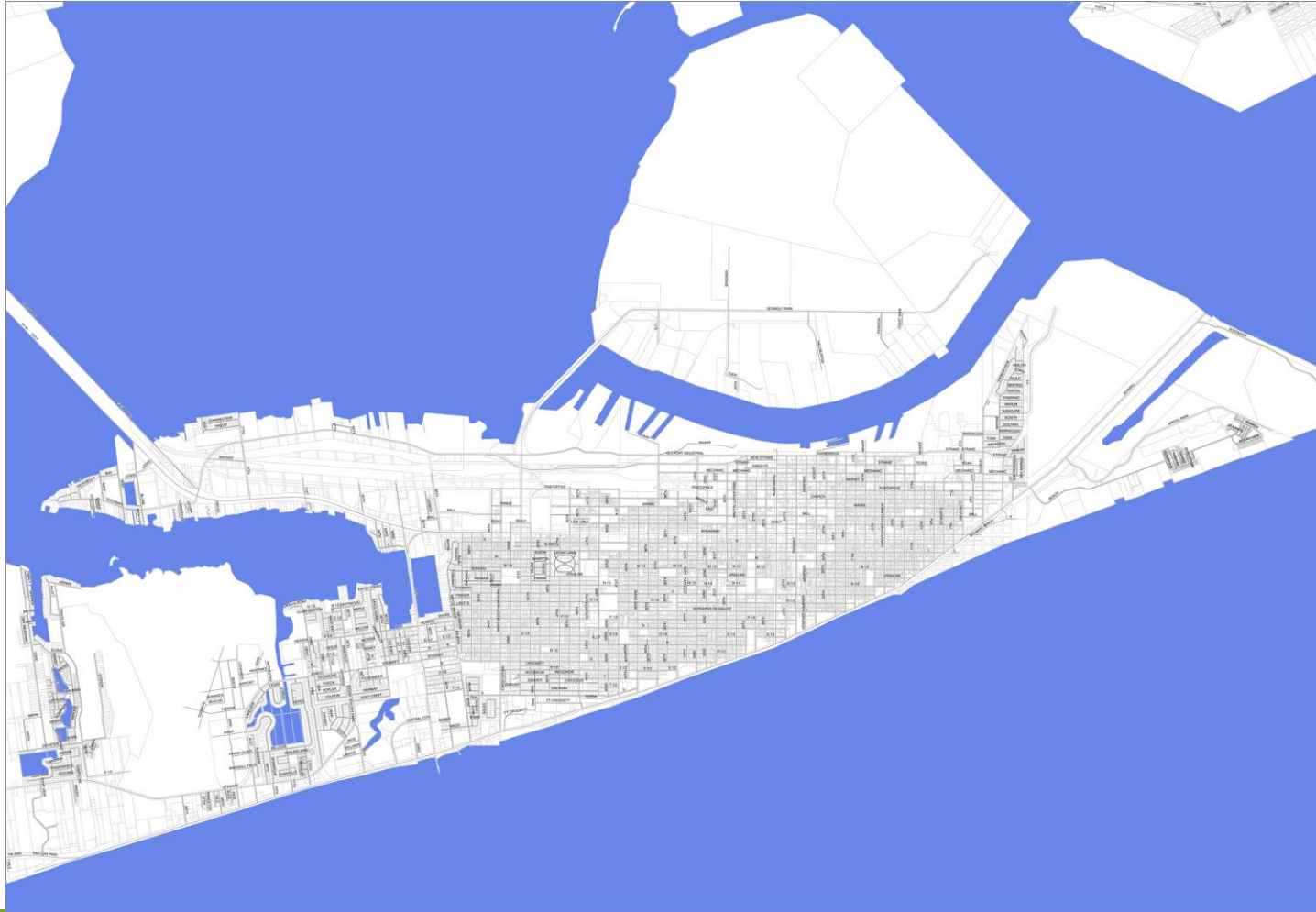


Geo-Hazard Map

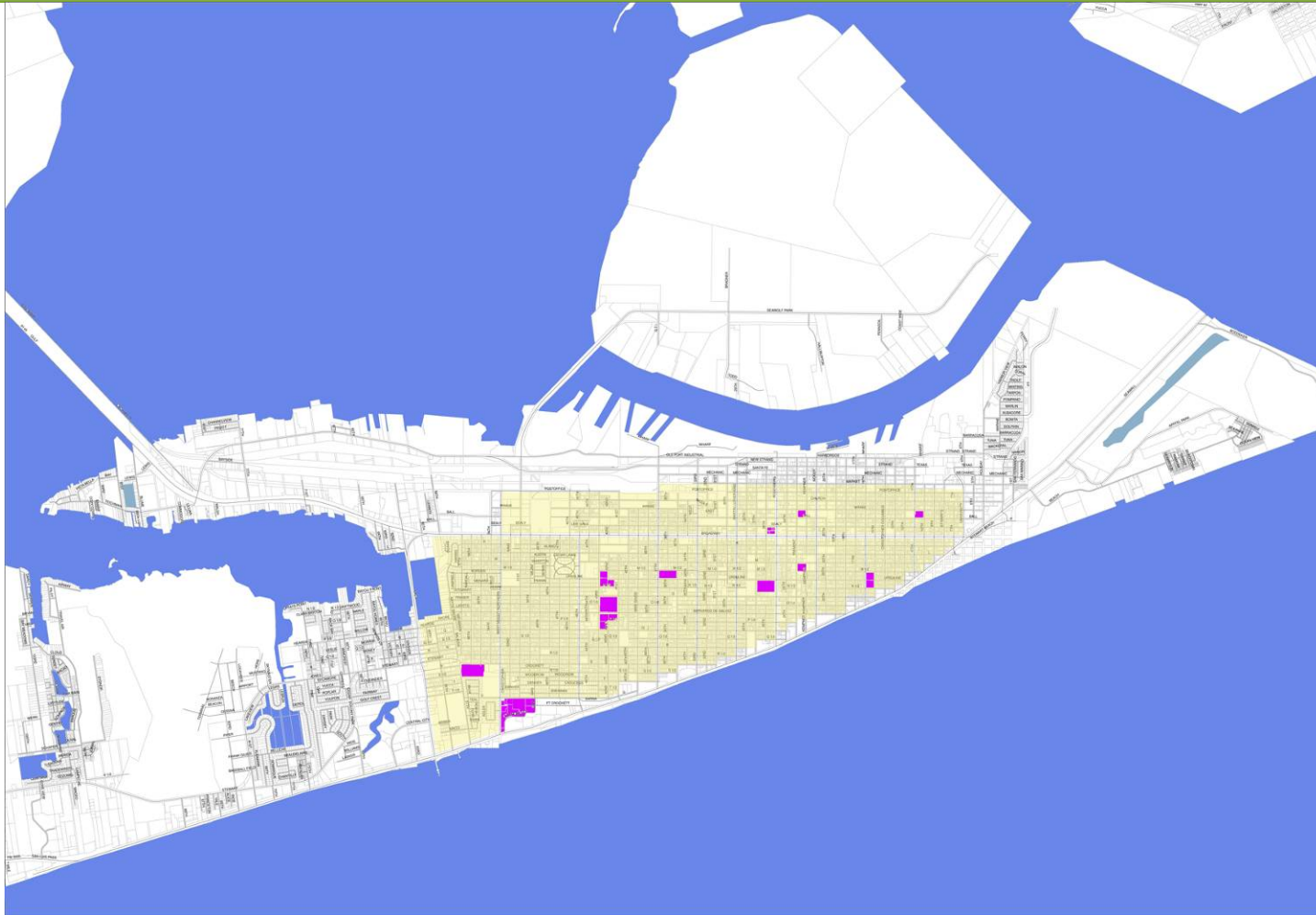
Geohazards Map of Galveston Island, Texas



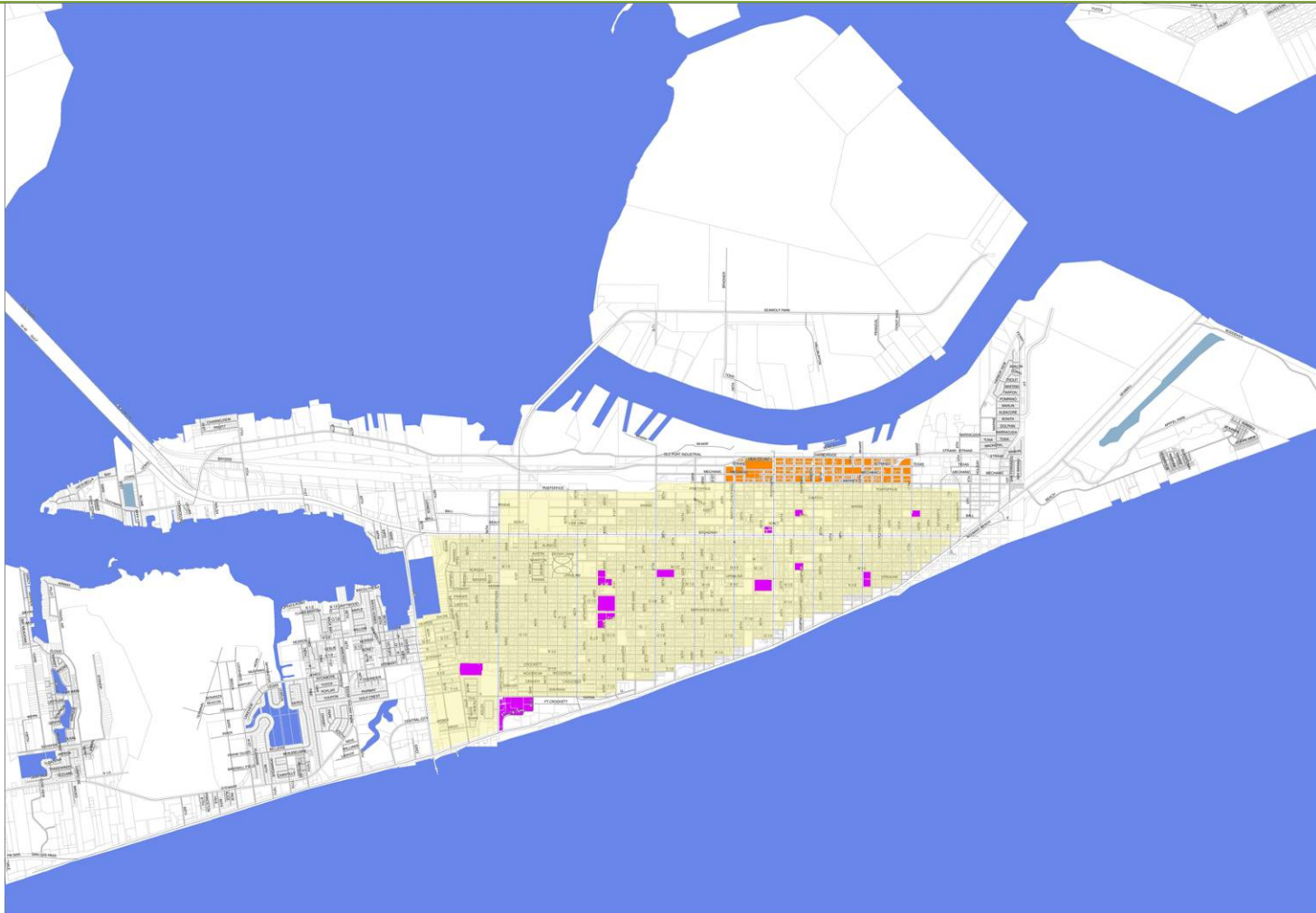
Galveston Island



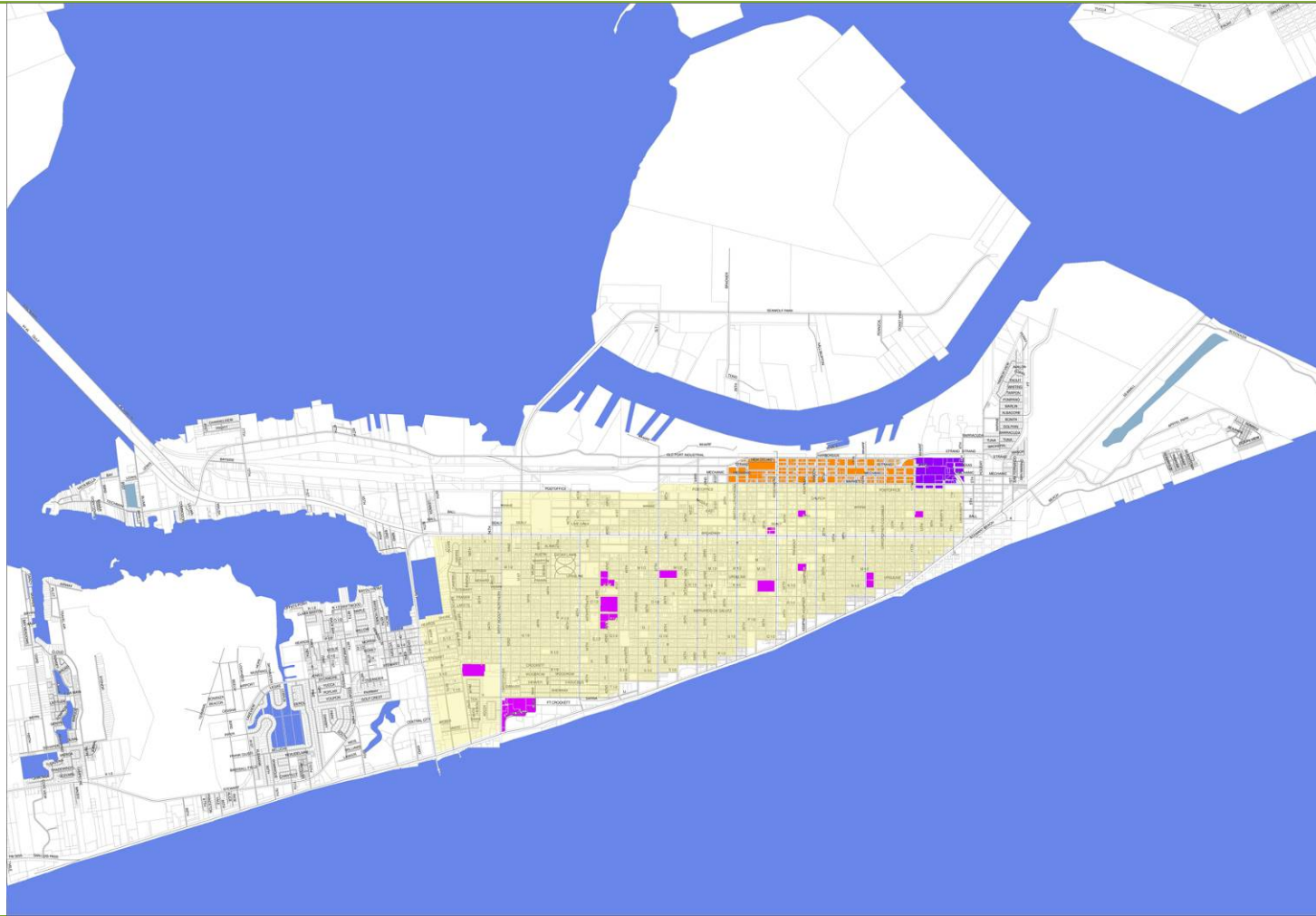
Galveston Assets-Residential Core



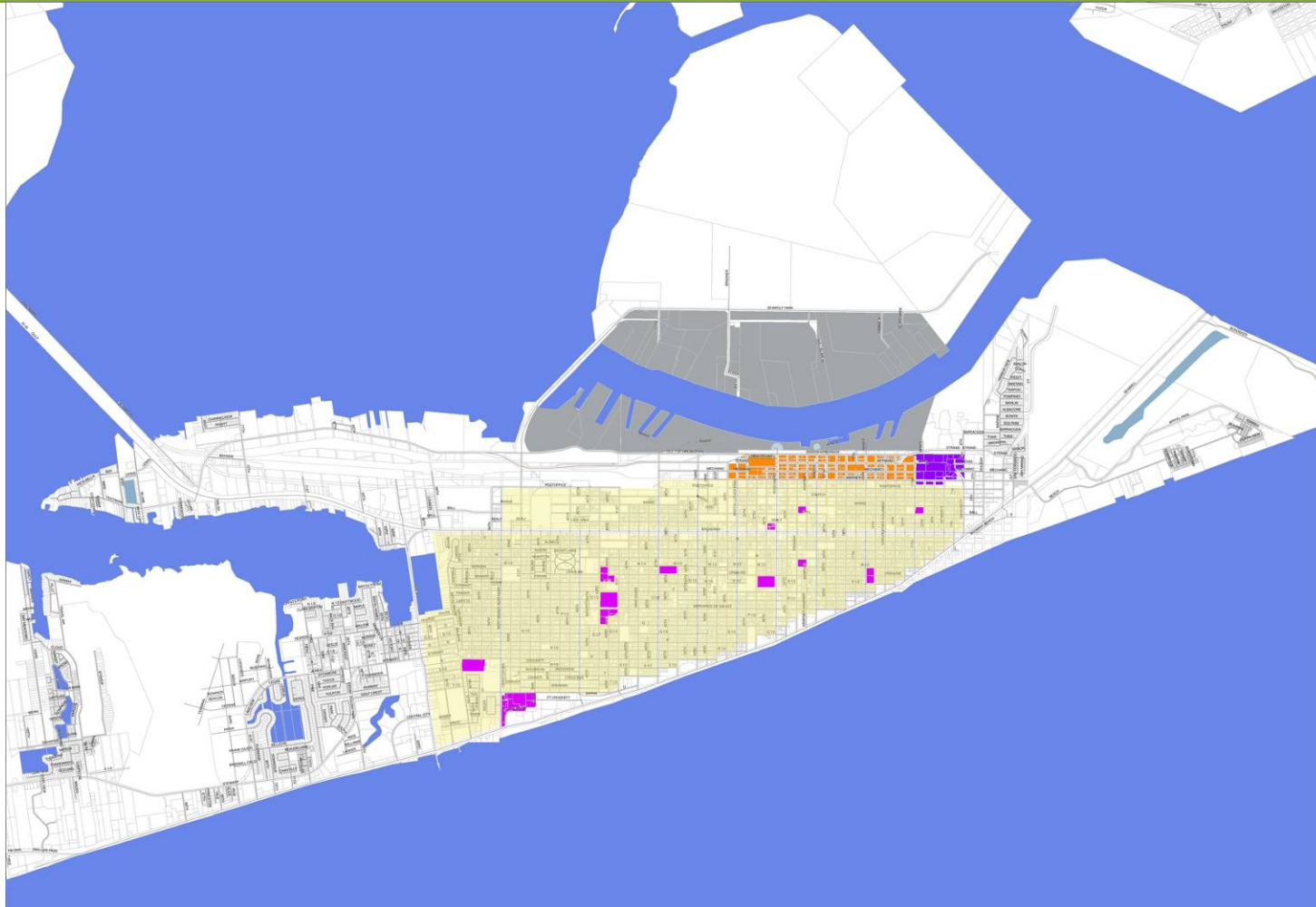
Galveston Assets-The Strand



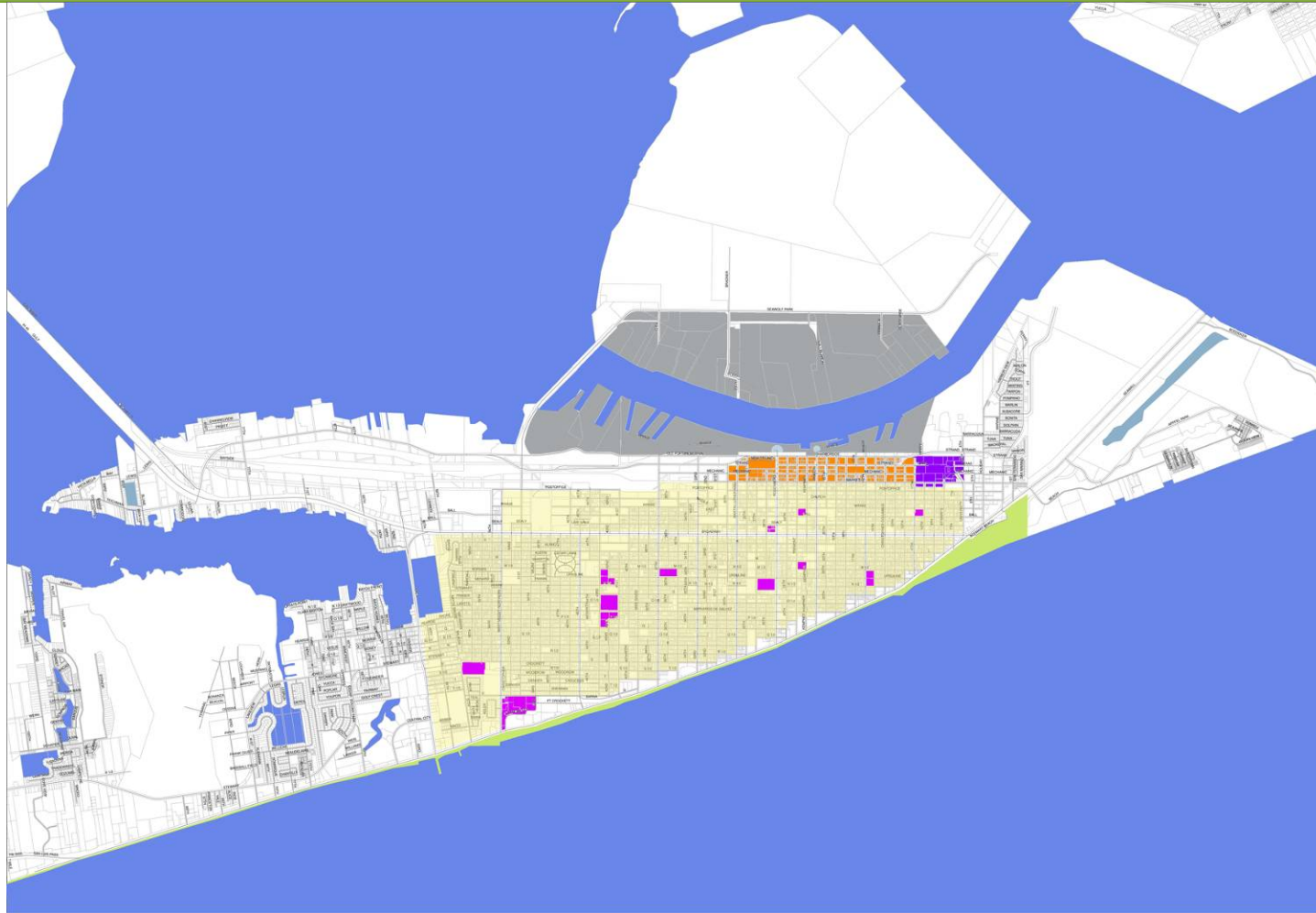
Galveston Assets-University of Texas Medical Branch



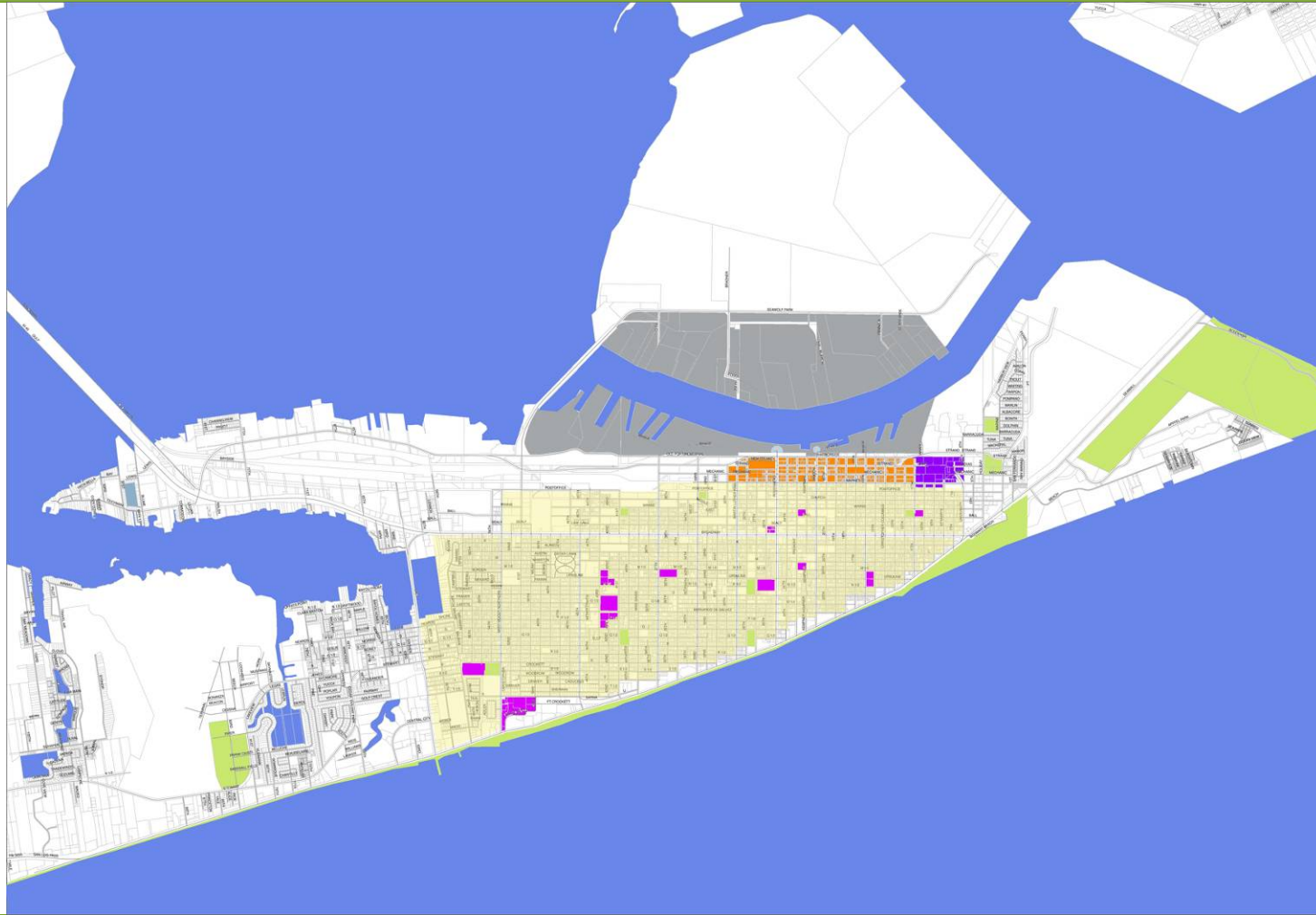
Galveston Assets-The Port of Galveston



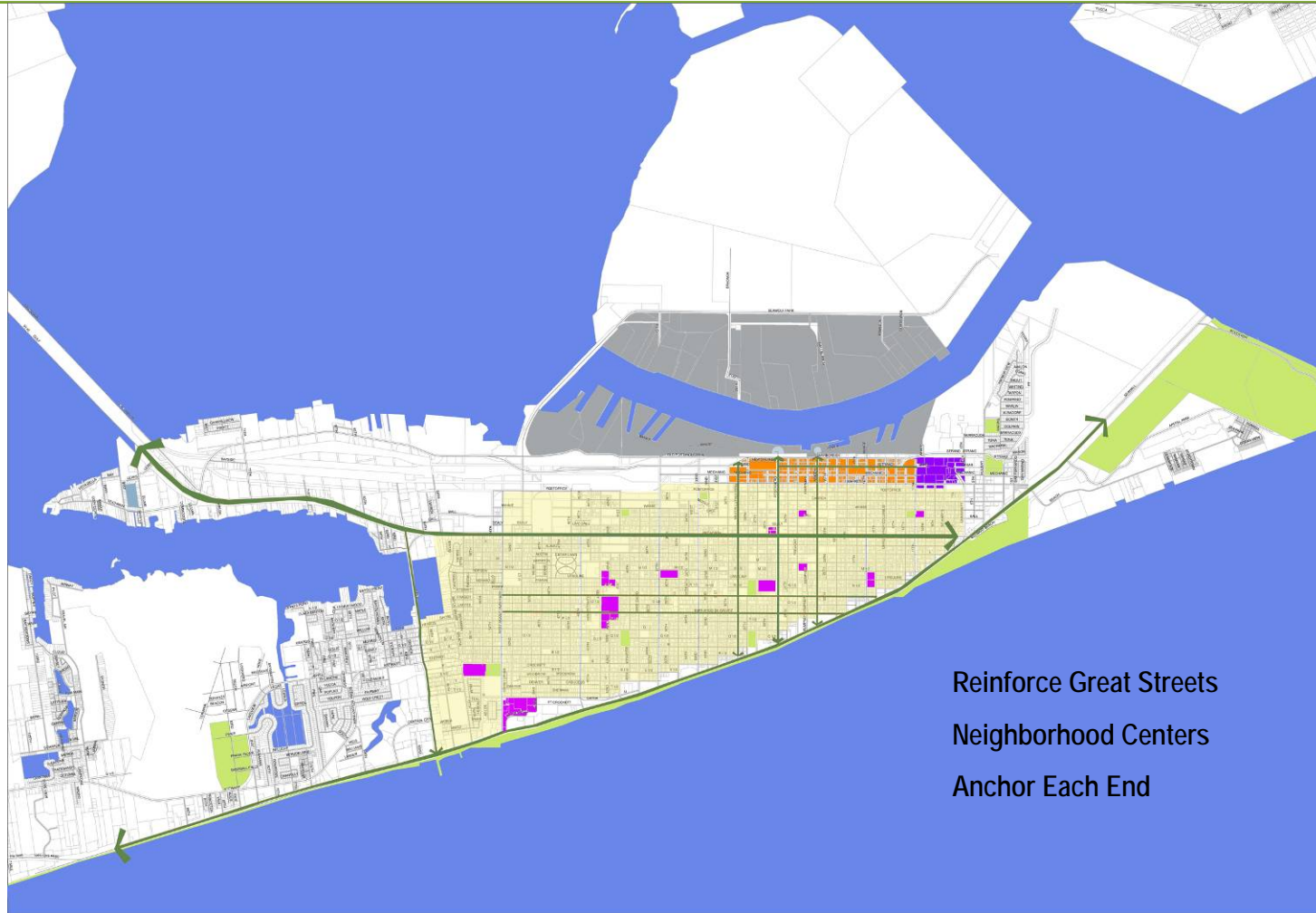
Galveston Assets-The Beach



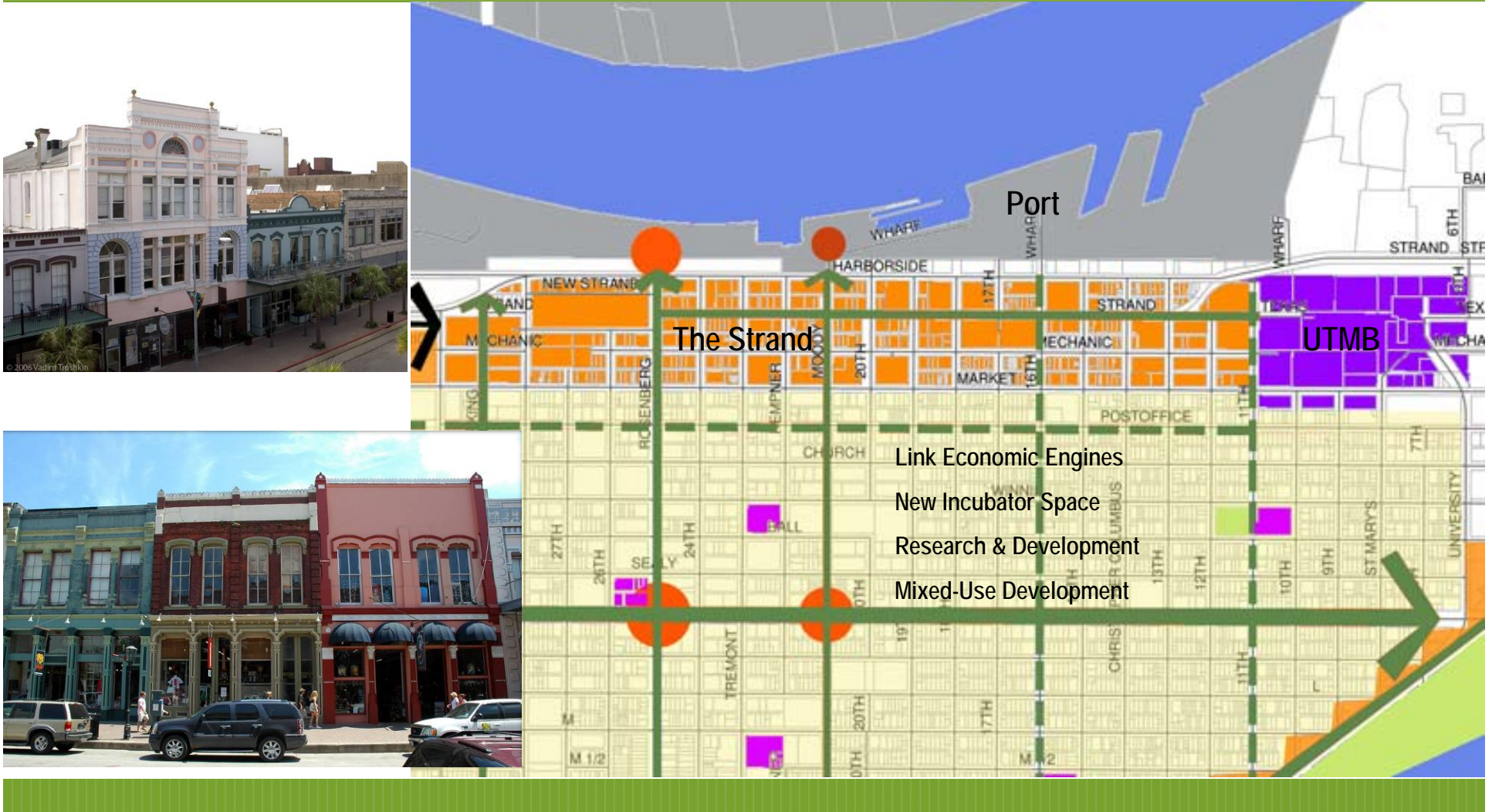
Galveston Assets-Natural Resources



Linkages-Corridors



21st Century Urban Core – The Strand and UTMB



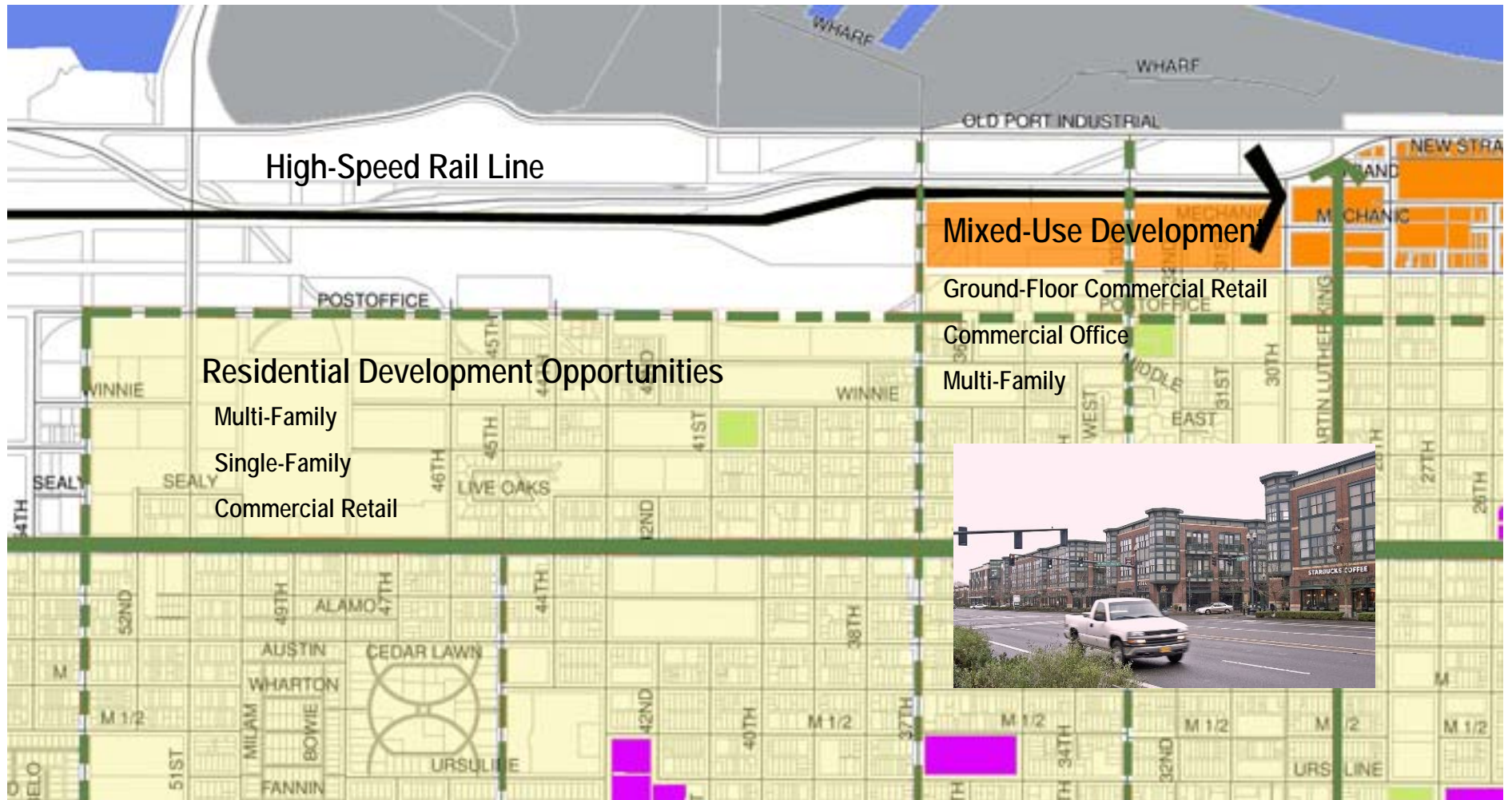
Reinforce Existing Residential Core



Development of Seawall Boulevard



Transit Oriented Development – Mixed Use Development



Framework Investment & Land Use Decisions

- Contract with Coastal Communities Planning Atlas Mapping Service
- Inventory Historical Neighborhoods
- Establish Complete Streets Ordinances
- Establish Housing Design Program
- Partner to design green infrastructure and building standards
- Establish Mixed-Use Overlay Zones





Development Strategies

Jana Freedman
Portland, OR

Mossik Hacobian
Boston, MA

Galveston Island Comparison

Galveston Land Area = 46 sq miles

Pre-Ike Population = 60,000

City of Boston land area = 45 square miles

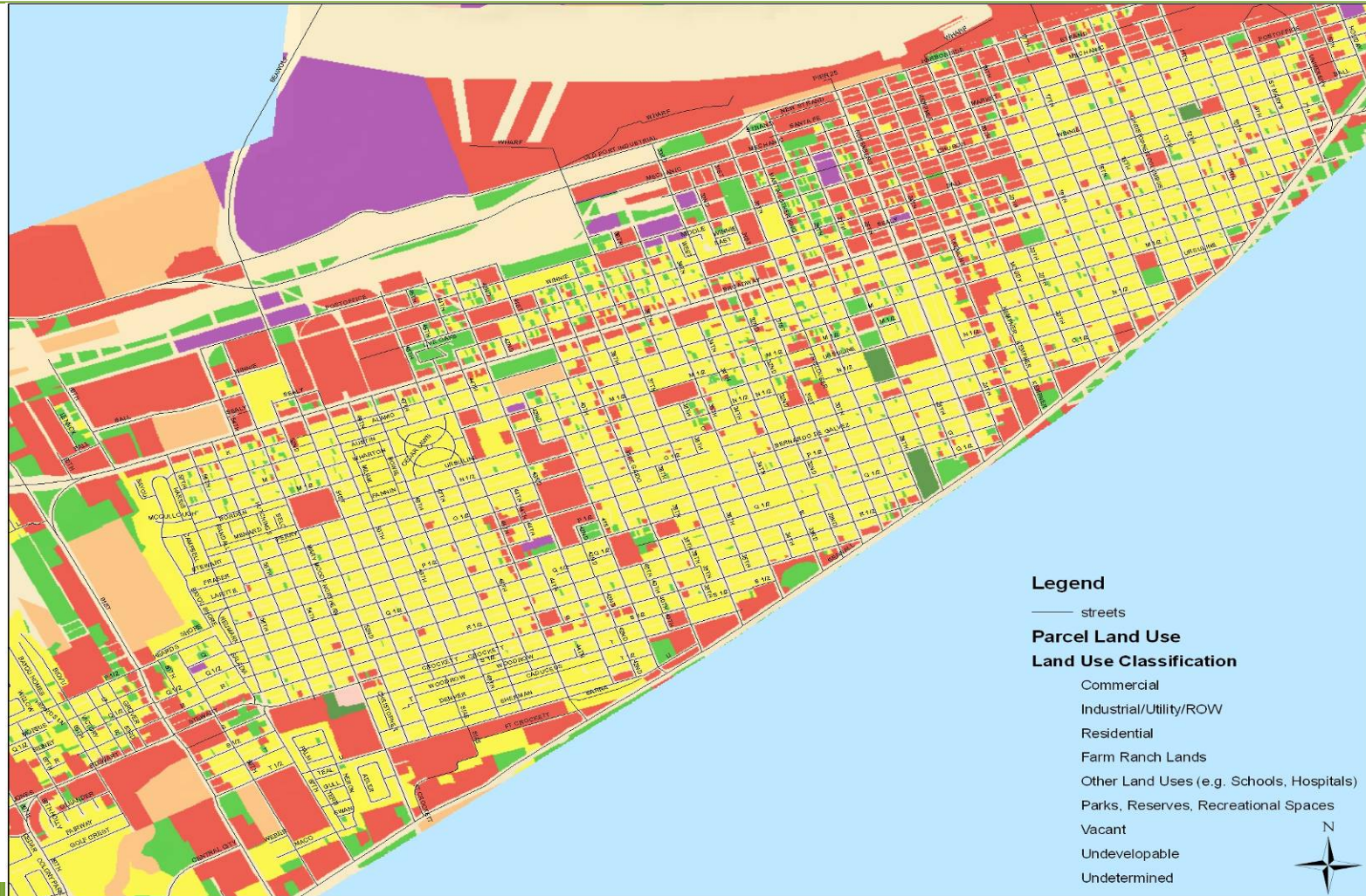
Population = 600,000

Same land area,
one-tenth population

Housing for Whom?

- More than 500 displaced public housing families
- Homeowners and renters displaced by flood and want to return
- Workers who support tourism
- Students and faculty at UTMB
- Attract and retain growing middle class

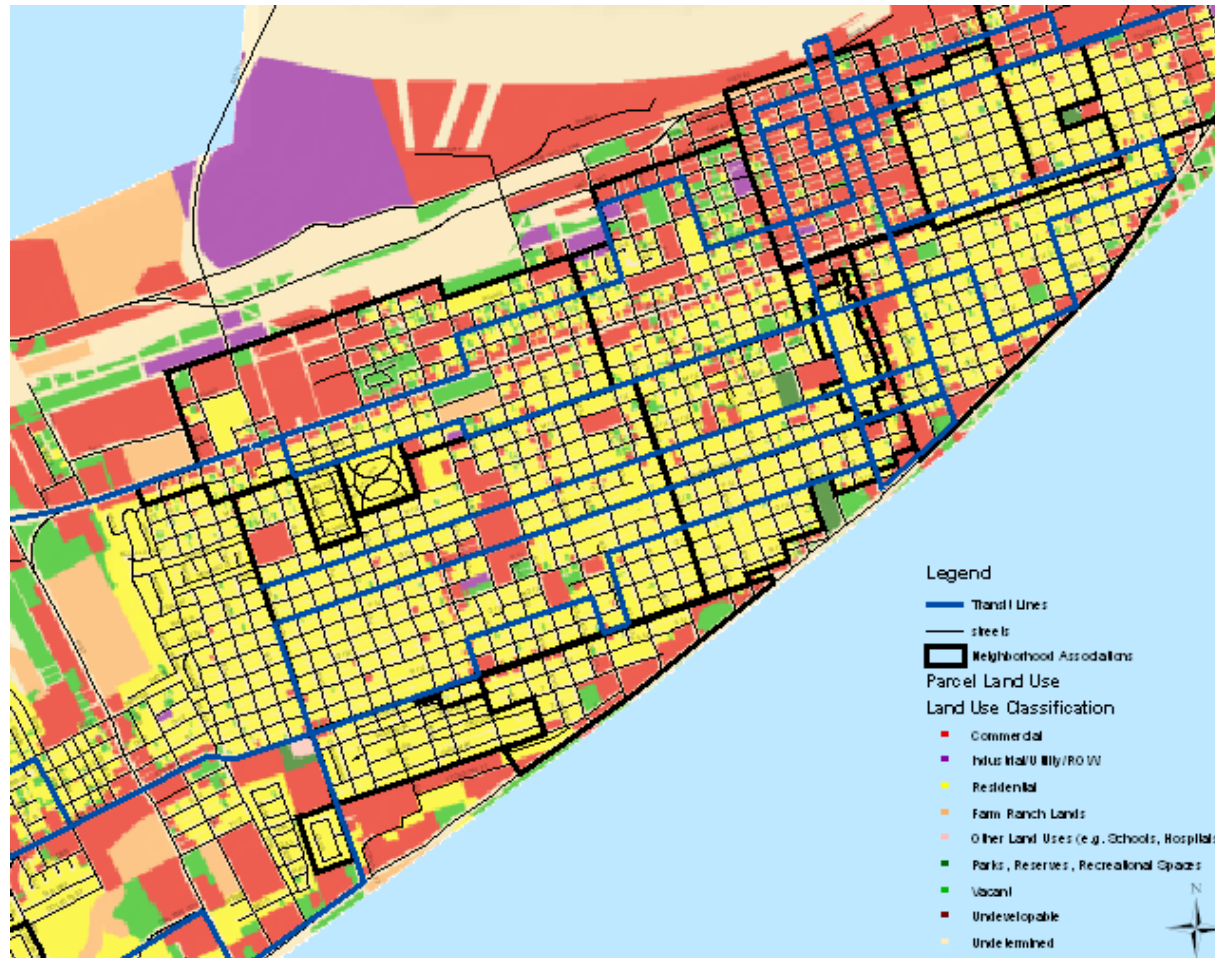
Map of Vacant Lots



Where to Create Housing

- Repair damaged properties
- Build on vacant parcels
- Focus for greatest impact
- Reinforce connecting corridors
- Build along public transit lines
- Support major economic drivers

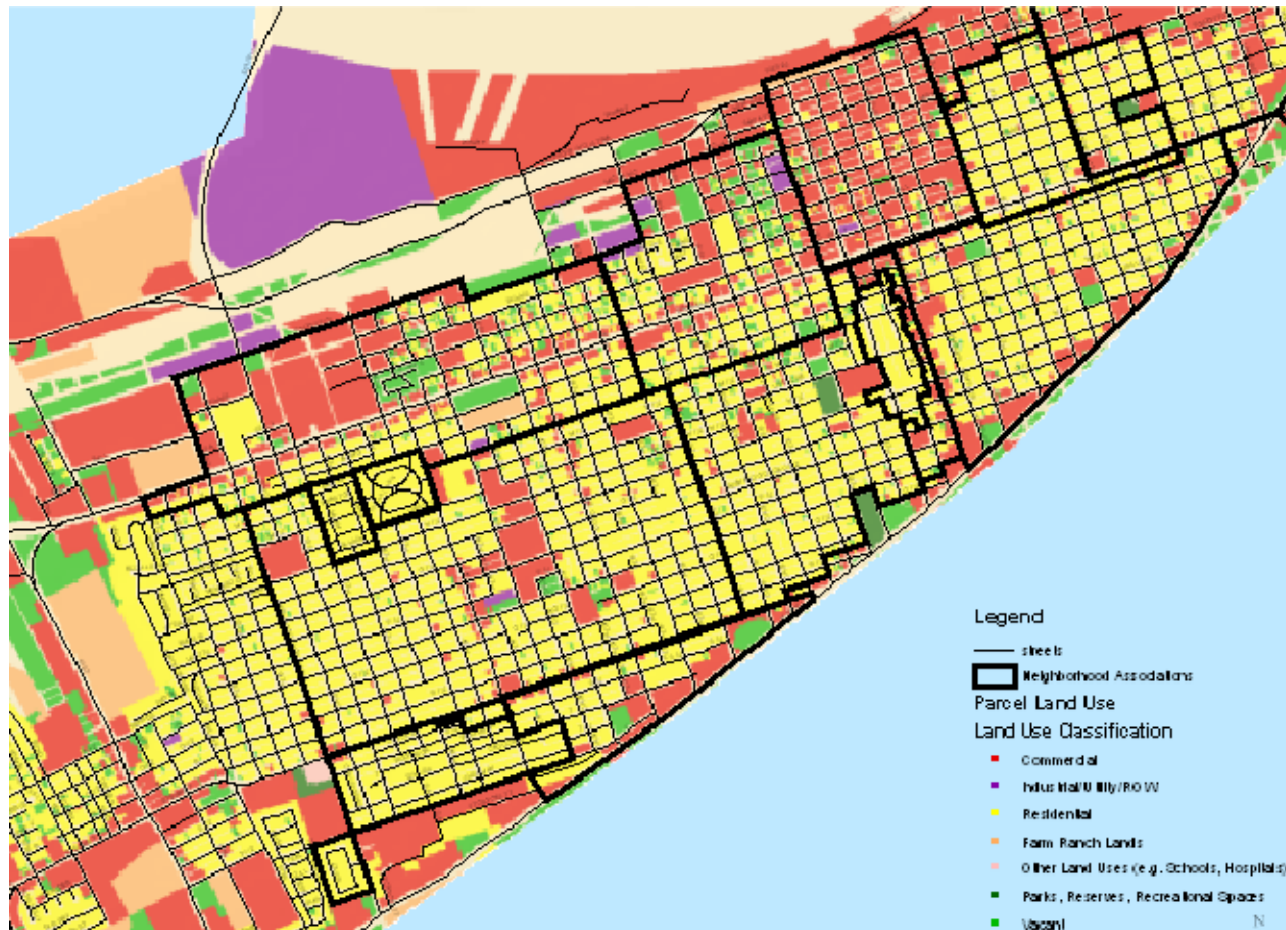
Map of Transit Systems (Bus & Trolley)



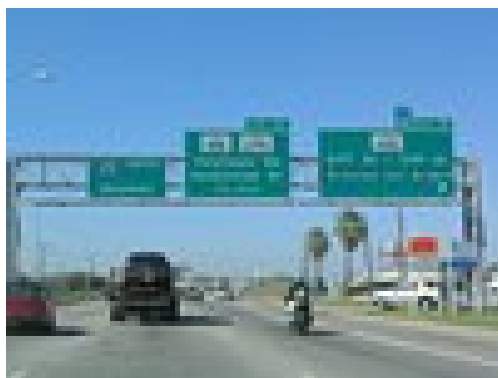
How to Build

- Capitalize on consensus of Recovery Committee work
- Create inclusive public-private partnership
- Ensure participation of all stakeholders including neighborhood associations

Map of Neighborhoods



Infrastructure Requiring Attention



Examples of Public Gathering Places (USA)



Small Business Incubator and Public Market



Housing and Jobs

- Up to \$1.1 billion investment in housing
- 3 to 5 year timetable
- 2,000 new housing units, including public housing replacement units
- 17,000 repaired homes
- 1,000 to 2,800 construction jobs

Housing Creation and Job Generation

Galveston Housing Repair and Production and Related Job Generation Projections

5-Jun-09

Source: May 8, 2009 Steve LeBlanc Memo

	No. of Houses	FEMA Damage Assessment	Percent Labor	Dollars Labor	Hourly Labor Cost	Labor Hours	Labor Hours Per Year	Labor Years	Years of Constr.	No. of Jobs	Cost per unit
Houses with minor damages	8,350	\$4,978,000									\$596
Houses with major damages	7,575	\$88,610,000									\$11,698
Houses substantially damaged	1,070	\$41,541,000									\$38,823
Total all houses in need of repair	16,995	\$135,129,000	50%	\$67,564,500	\$20	3,378,225	2,000	1,689	5	338	\$7,951

Source: Conversation with Sterling Patrick

Estimate of actual cost	16,995	\$849,750,000	50%	\$424,875,000	\$20	21,243,750	2,000	10,622	5	2,124	\$50,000
FEMA assessment/cost estimate		16%									

Source: Briefing Book, 6H, page 5, Property Analysis and Maps

	Sq. Ft.	Percent Labor	Dollars Labor	Hourly Labor Cost	Labor Hours	Labor Hours Per Year	Labor Years	Years of Constr.	No. of Jobs
Galveston parcels substantially damaged or destroyed	10,219,590.25								
Average single house lot: 120' x 40'	4,800								
Potential number new houses	2,129								
TDC per new house	\$125,000								
TDC 2,129 new houses	\$266,135,163	50%	\$133,067,581	\$20	6,653,379	2,000	3,327	5	665

Projected Jobs Generated and Targeted

Total construction jobs	1,003	2,790
50% Construction jobs Galveston residents	502	1,395
50% Construction jobs GHA residents	251	697
Job Ready	50	50
Trained over two years	201	647

Proposed Steps

- Inventory vacant lots and buildings
- Identify all parcels appropriate for new housing construction
- Identify all vacant buildings that can be saved and renovated
- Establish 5-year construction schedule
- Agree on employment goals for Galveston and public housing residents
- Design and implement training programs to help meet employment goals

Four Proposed Corridors





Galveston Historical Foundation



Implementation

Sue Southon

Detroit, MI

Tom Murphy

Pittsburgh, PA

A Moment in Time

- Global challenges
 - Energy demand
 - Climate change
 - Global economy
 - Infrastructure needs
 - Quality of life
- Local Challenges
 - 7% population loss
 - 37% lower median income
 - 15% job loss
- A structure to succeed in a 21st Century economy



Redevelopment Authority – Functions

- Bring money, land and deal making capacity through power of public private partnership
 - Focus on housing, commercial and economic development
 - Brings together land, financing and deal making capacity
 - Nimble, transparent, entrepreneurial
 - Models (Pittsburgh, Cincinnati, Baton Rouge, Chattanooga, Mississippi Gulf Coast)
 - Partner with other nonprofit development agencies and local foundations
 - Sophisticated market intervention strategy
 - Coordinate City, County, Army Corps, Park Board, and others
 - Pro-active approach

Redevelopment Authority - Powers

- Power to contract
- Power to manage and provide
 - Economic development financing
 - Commercial development financing
 - Housing financing
- Power to contract with other development partners (Historic Galveston, Galveston Housing Authority, Galveston Business Incubator)
- Power to create Land Bank

Redevelopment Authority - Structure

- Governance
 - 5-11 members
 - Elected leaders, business leaders, community leaders
 - Appointed by Mayor, approved by Council
- Professional staffing that can
 - Assemble resources and capacity to capture “fair share”
 - Layer various funding streams and resources
 - Use public resources to leverage private investment
 - Secure resources from diverse sources

Pittsburgh Technology Center-Before



Pittsburgh Technology Center-After



Funding Sources

- City of Pittsburgh
- Urban Redevelopment Authority of Pittsburgh
- Pittsburgh Water and Sewer Authority
- Tax Increment Financing District
- Pennsylvania Department of Commerce
- Pennsylvania Department of Community Affairs,
- Private Foundations
- University of Pittsburgh Center for Biotechnology and Bioengineering
- Carnegie Mellon Research Institute
- Union Switch & Signal

Development “Tool Box”

- Unprecedented opportunity to leverage federal resources
 - Disaster Recovery
 - Housing and Economic Development Recovery Act
 - Stimulus Package (American Recovery and Reinvestment Act)
 - For example – Neighborhood Stabilization Program II will provide minimum grants of \$5 million to qualified areas, due to HUD July 17, 2009
- Use federal and state programs to impact your market
- Local funds (e.g. TIFs, CDBG, foundations)
- Report will include additional financing and technical assistance resources

Galveston's 21st Century Urban Core

- Exciting mixed use development of work, retail and living
 - Connects
 - Development on Strand/Postoffice—housing, office and retail adaptive reuse of vacant and underutilized buildings, and new construction on vacant land
 - Potential connection with high speed rail and local transit
 - Technology related employment opportunities of UTMB
 - Mixed income housing opportunities for downtown and UTMB employees and students
- Resources to seed early stage start-up companies (Penn Ben Franklin Partnership, Ohio's Thomas Edison Fund, Southeast Michigan's New Economy Fund)

Creating Neighborhoods of Choice

- Historic rehabilitation and infill housing—starting with a focus on Broadway to O Street, 15th to 45th Street
- Leverage assets to compete effectively for market share:
 - Create infill housing opportunities
 - Provide housing at variety of price points to compete with suburban developments
 - Acquire and redevelop historic structures
 - Make good use of financing tools and incentives for:
 - Developers
 - Buyers
 - Existing Owners
 - Explore creation of state historic preservation tax credit



Seawall Boulevard

- Implement a pilot project from 21st to 25th Street
- Pursue Recovery Plan recommendations--landscaping, street furniture, lighting, signage and public art.
- Look to Stimulus Package for funding to support these improvements: Surface Transportation Grant and Public Works and Economic Development Facilities (EDA)



Your Choices

Managing decline OR invest in future?

