Gulfton Urban Planning and Adaptive Reuse Feasibility Study

February 2022

This study is commissioned by Connect Community, in collaboration with the Houston Land Bank.

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Image Source: positiveimage.com

Gulfton Urban Planning and
Adaptive Reuse Feasibility Study

1. Executive Summary

Image Source: positiveimage.com

Acknowledgements

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Project Summary (page 1 of 2)

This project aims to advance affordable housing in Sharpstown/Gulfton by studying the feasibility of renovating existing apartments and building new housing on underutilized sites. This study is intended to be the **initial step in a larger housing strategy** for the neighborhood.

Perhaps the neighborhood's **greatest asset**, Sharpstown/Gulfton's density of Naturally Occurring Affordable Housing (NOAH) is also one of its **greatest challenges**. Once built for young single professionals working in the oil boom industry of the 70's and 80's, the area's apartments are **unsuited to needs of the families of immigrants and refugees** living there today. Additionally, given their age, the majority of the area's housing stock is at the end of their useful life and needs **significant renovation and/or potential redevelopment** in the coming years. Coupled with the extremely low percent of homeownership opportunities in the area, Sharpstown/Gulfton will need to more broadly **diversify its housing stock** to **accommodate upwardly mobile households**, **reduce the negative impacts stemming from high neighborhood turnover**, and **increase overall community retention** in the area.

Due to the prevalence of aging apartments and the limited availability of vacant land in the area, renewing and diversifying Sharpstown/Gulfton's housing stock is a challenge that the district cannot simply "build its way out of." Instead, as studied in this report, the district will need to rely on: **1. tactical, cost-effective ways to renovate existing apartments; 2. carefully phased strategies to redevelop apartments no longer viable to save; and 3. opportunistic sites capable of hosting new equity-building housing models**.

Project Summary (page 2 of 2)

Demographic and market analysis (Section 2.) reveal that the **housing demand is significantly more diverse than the current supply**. Despite the abundance of NOAH, a large portion of Gulfton residents is **severely-rent burdened** and requires deeply affordable housing. At the same time, a quarter of residents are at or above Houston's area median income and many seek **homeownership opportunities**. Based on this market gap analysis and additional community feedback, the consultant team created a series of different adaptation and new housing scenarios (Section 3.) and tested the financial feasibility of 3 select scenarios through associated conceptual proformas (Section 4.). While funding gaps were discovered for all three proforma scenarios, **renovations appear to be much more achievable**, followed by new housing construction on soft sites. Redevelopment, however, appears to be **significantly more costly**, requiring a number of considerable subsidies to be viable. Given the limitations of existing public funding programs (e.g., LIHTC, housing vouchers, etc.) and the scale of Sharpstown/Gulfton's housing needs, this report references a number of **additional "creative" funding types** and associated examples meant as **potential templates** for the area's public and non-profit sectors to emulate.

This report concludes with a list of **recommendations** (Section 5.), beginning with **priority next steps**. Of these, the **most important are to build capacity and establish funding programs**. First, the district will need to **build administrative and technical capacity** to develop relationships with local owners, support local renovations, test the feasibility of different housing scenarios, and build consensus in the area to attract investments; and second, the district will need to **establish different funding programs** tailored to different housing scenarios (e.g., landlord incentive programs vs new construction funds, etc.). Beyond priority next steps, additional housing scenario recommendations and policy tools are also included. Finally, the Appendix (Section 6.) gathers other resources, maps, site observations, and proforma scenario spreadsheets.

Sharpstown/Gulfton and Gentrification Pressures

Located in southwest Houston just outside the 610-loop, Sharpstown/Gulfton is a critically important part of the city, situated as a **gateway neighborhood for many immigrants and refugees**. The median Sharpstown/Gulfton household's income is well below that of the metropolitan area and the city of Houston. Therefore, despite the density of NOAH in the area, more than half of residents are **rent burdened**, spending more than 30% of their household income on rent. Coupled with the fact that approximately 95% of the area's housing stock is renter occupied (and only 5% owner occupied), the Sharpstown/Gulfton district sees significant turnover and experiences a population churn that **concentrates poverty** and creates a number of **associated negative impacts** on families.

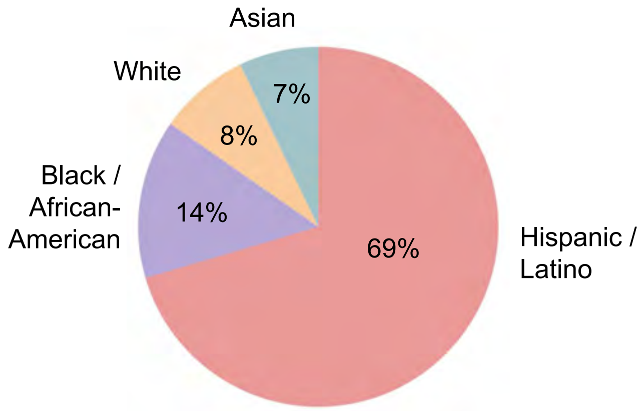
In addition to issues of housing affordability, housing diversity, and poor living conditions, the district may face **significant gentrification threats** in the coming years as the city of Houston continues to see increasing population, land values, and a general desirability for housing in the central urban core. According to the report *Preserving Affordable Housing in Harris County* by the Rice University Kinder Institute, NOAH in **amenity-rich** areas is especially susceptible to gentrification and requires special attention. Within easy access to two major transportation corridors (Highway 69 and 610), Sharpstown/Gulfton shares **geographic similarities** to other Houston neighborhoods that have seen gentrification in recent decades, such as Independence Heights and the Third Ward.

Besides affordable housing, another critical strategy to blunt the effects of gentrification is **strengthening economic development** in the area, specifically by identifying and engaging underutilized sites and spaces for **small businesses and small-batch manufacturing**. Increasing hyper-local businesses contributes to **local property taxes**, increases **per capita income**, and reduces **transportation costs**. As illustrated in the Housing Scenarios (Section 3.), such sites and spaces may include underutilized commercial lots, converted spaces within existing apartments, and incorporating production spaces in new construction.

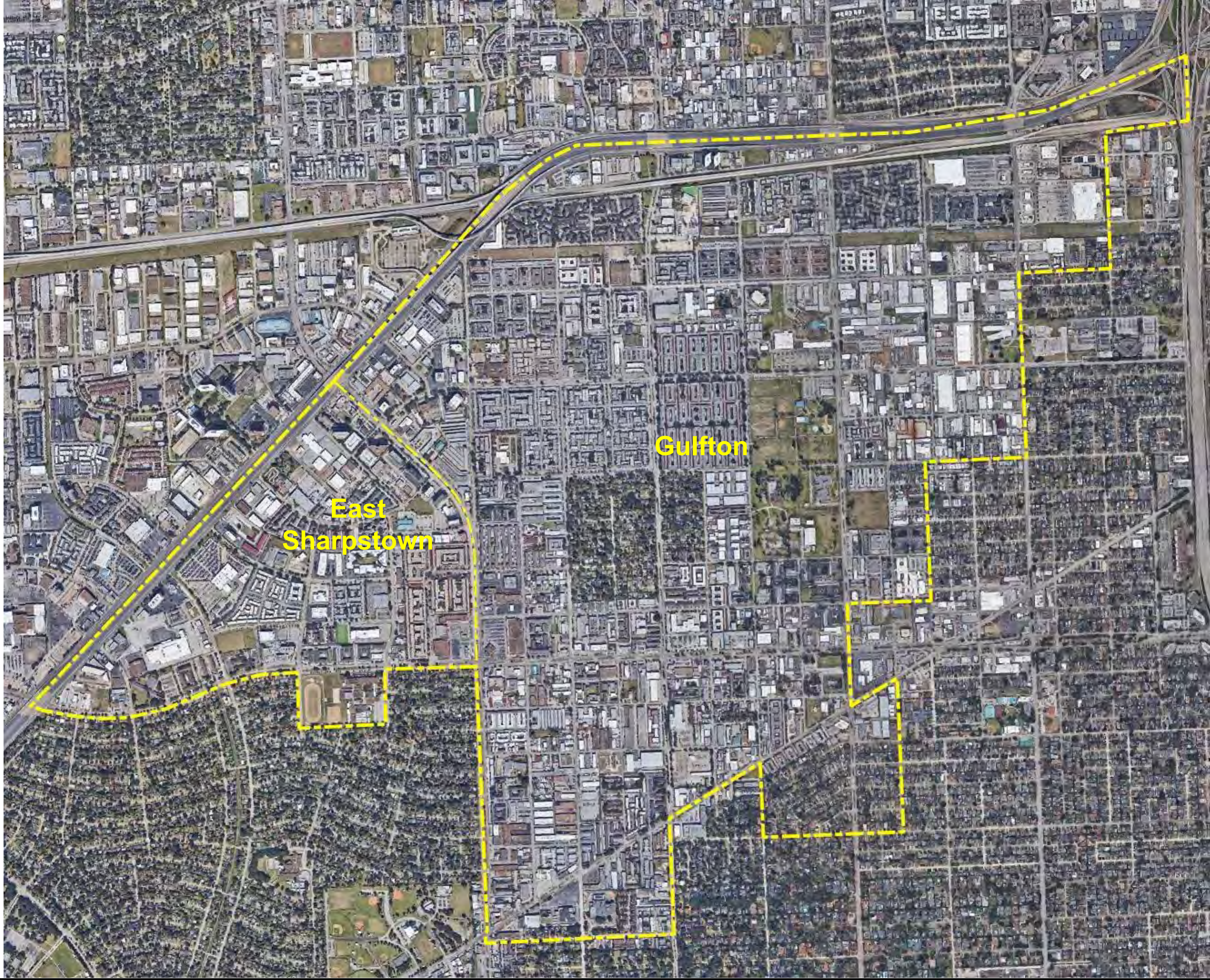
In sum, this report aims to be a critical step in addressing issues of **housing affordability**, **gentrification pressures**, and **reinforcing community retention** in the Sharpstown/Gulfton neighborhood.

Sharpstown/Gulfton

- Study area is **2,197 acres** (approx. 3.4 sq miles)
- One of the **most dense** residential neighborhoods in Houston.
- Serve by **only 1 public park**.
- Highest priorities are **safety**, **parks and open space**, and **affordable housing**.
- In 2015, **59% of residents were foreign born**, compared to 29% in Houston overall.

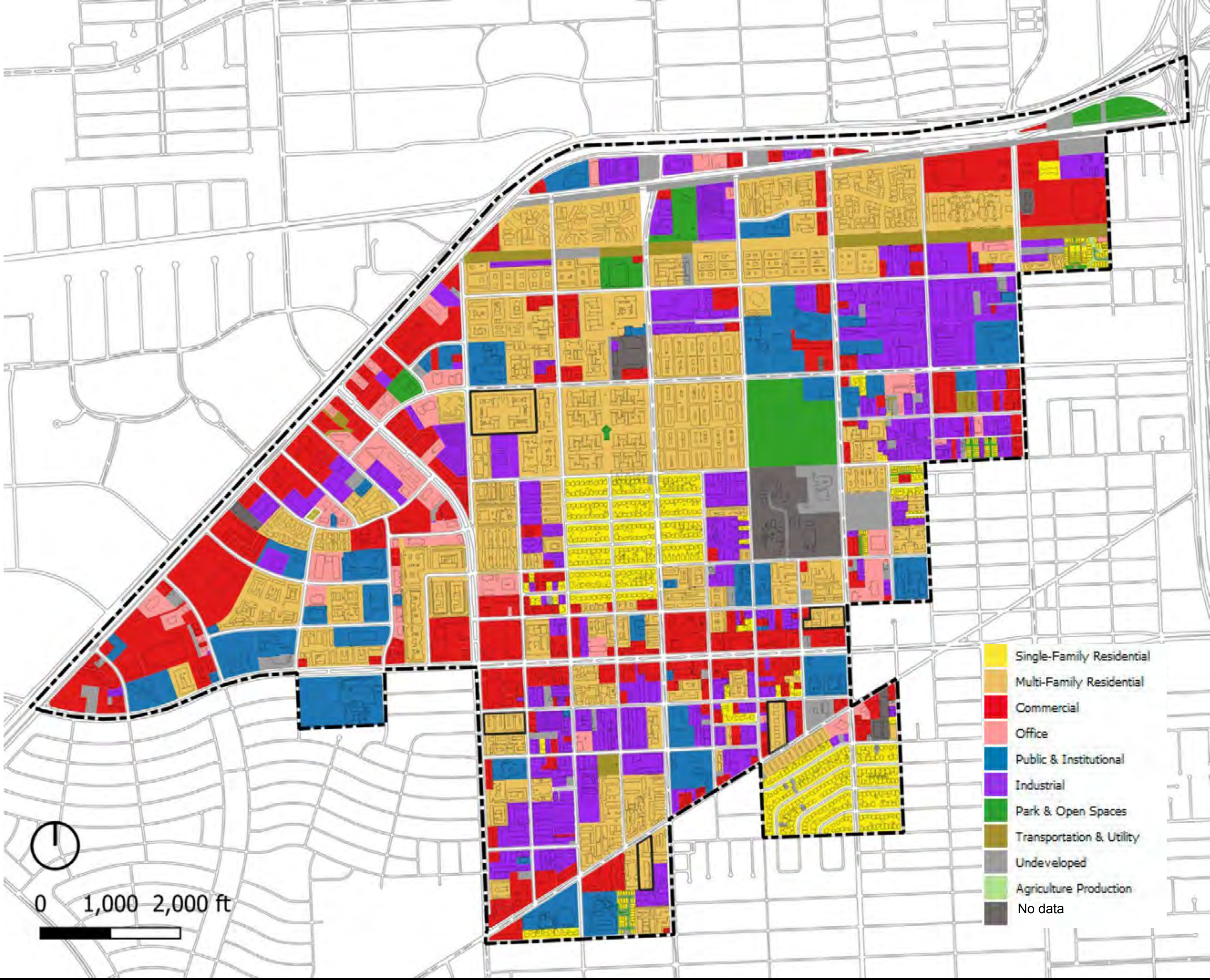


Source: *Gulfton Complete Communities Action Plan*, 2018 (see Appendix for link)



Land Use

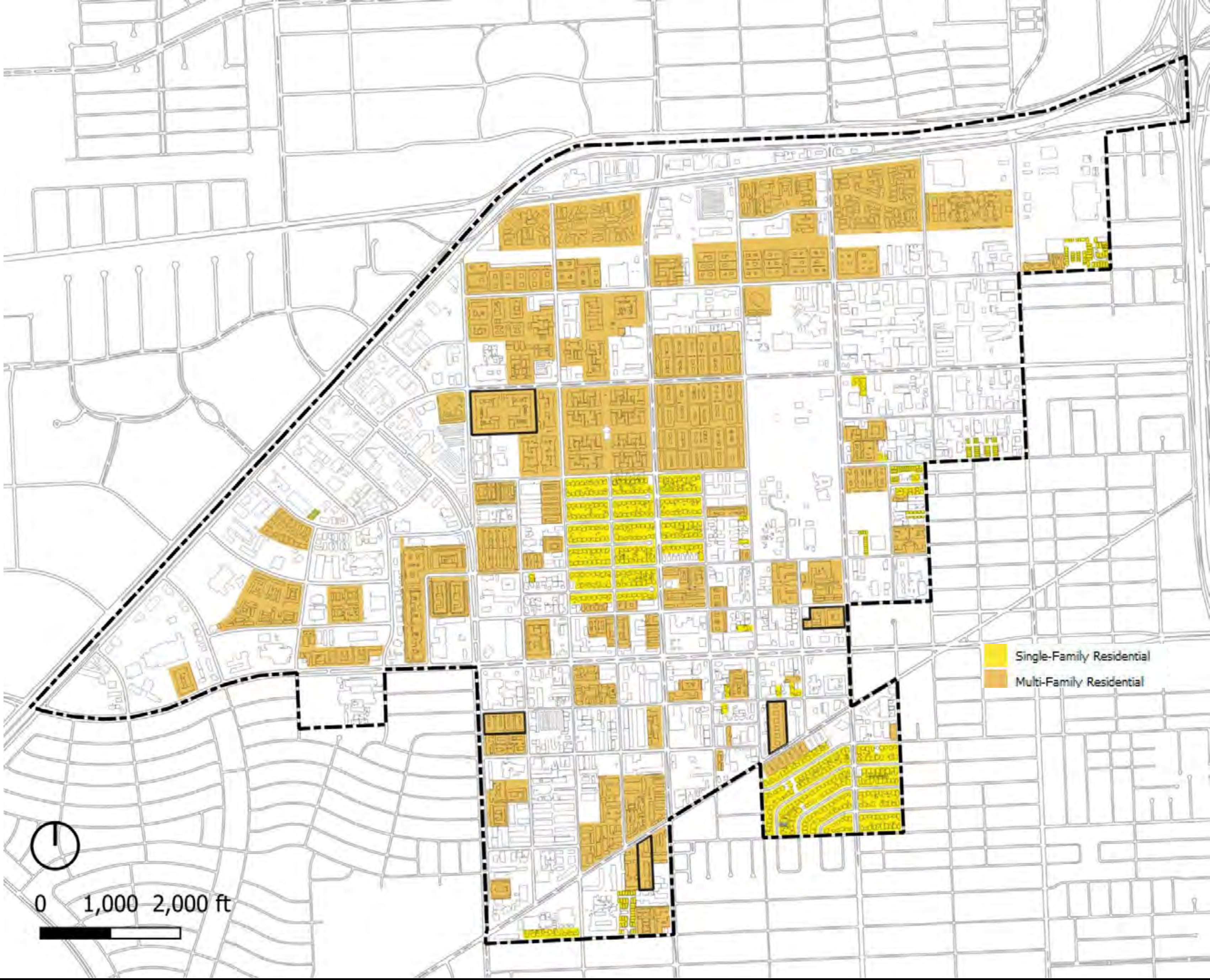
- Multifamily properties: **89**
- Multifamily buildings: **1,313**



Data source: [City of Houston online GIS map]

Land Use:
Residential Only

- Multifamily properties: **89**
- Multifamily buildings: **1,313**
- Number of units: **15,000+**
- Date of construction: **70's & 80's**
- Units: **95% renter occupied**



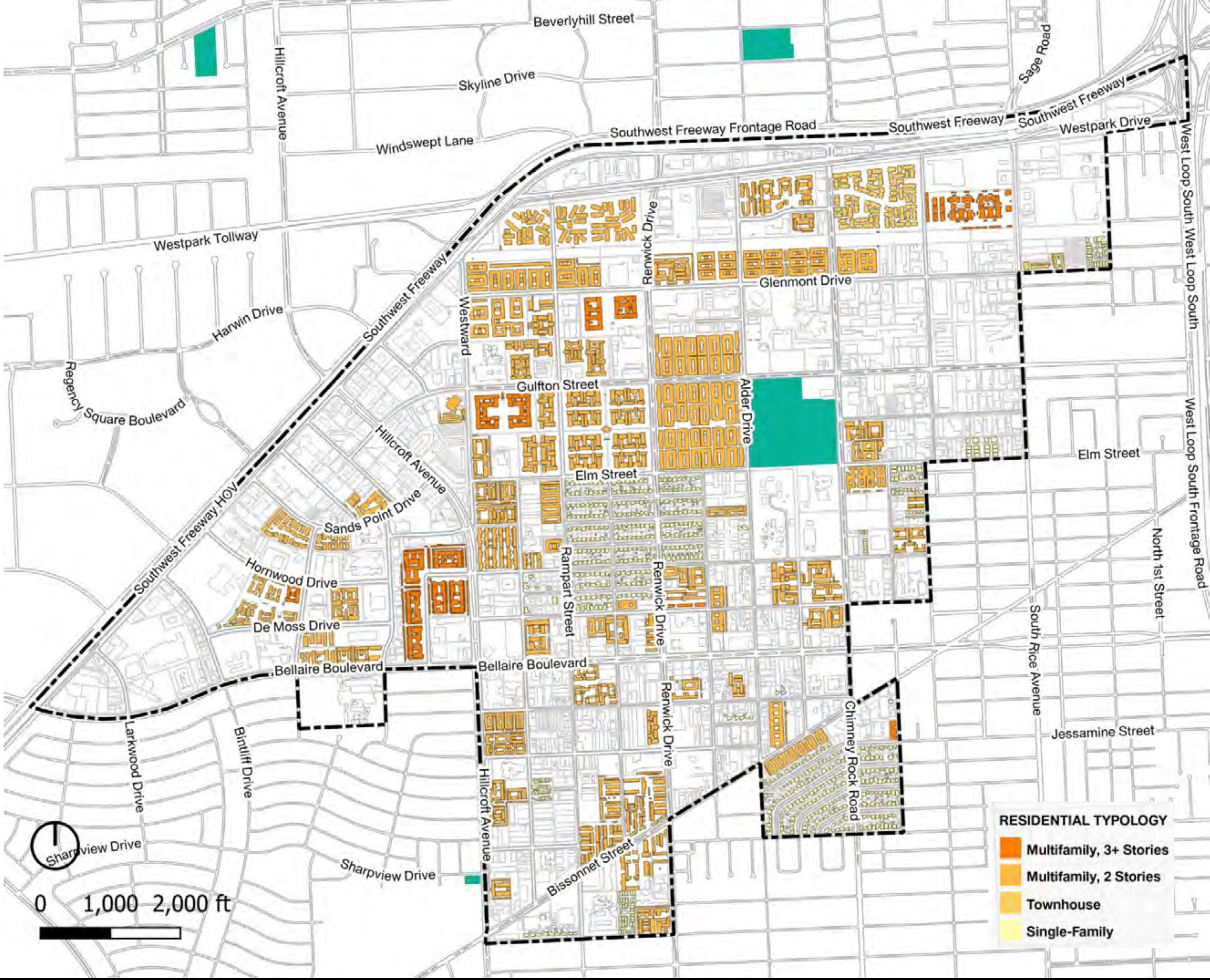
Data source: [City of Houston online GIS map]

Project Overview

Residential Building Typology

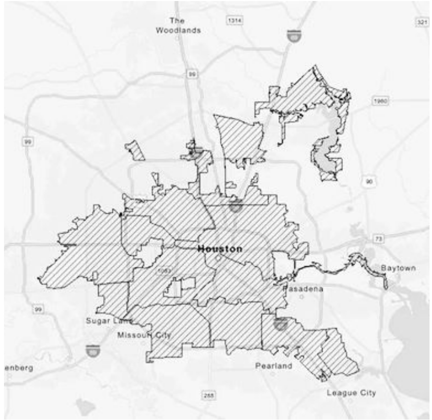
- Multifamily properties: **89**
- Multifamily buildings: **1,313**
- Number of units: **15,000+**
- Date of construction: **70's & 80's**
- Units: **95% renter occupied**

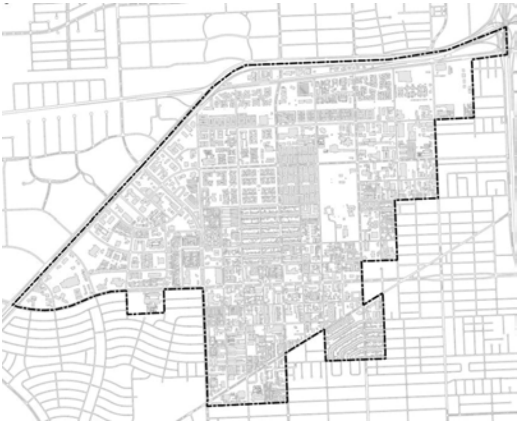
Example: La SeVilla Apts



Area Median Income

(defined per HUD as 4-person Median Family Income)





Median contract rent in Gulfton is **$764**, affordable to those at the **40% HUD AMI** level.

	Greater Houston Metropolitan Area (HUD's AMI basis)	**City of Houston**	**Sharpstown/Gulfton**
100% Area Median Income	**$79,200**	**$52,338**	**$33,500**
80% Area Median Income	**$63,360**	**$41,870**	**$26,800**

*Based on Houston Metro 2021 Area Median Income

Project Timeline and Goals

Project Timeline

Base Feasibility Report

April 2021
Task Force Meeting #1:
Resident and stakeholder feedback

June 2021
Task Force Meeting #2:
Market gap analysis and site selection criteria

October 2021
Task Force Meeting #3:
Retrofit and new housing scenarios

Feb 2022
Task Force Meeting #4:
Funding strategies and next steps

Final Report
(Feb 2022)

Project Goals

1. **Renovate / redevelop existing housing stock** while maintaining affordability.
2. Increase **homeownership opportunities** for those that can afford to buy.
3. Support **community retention** by strengthening economic development and reducing turnover.
4. Prioritize **resilience**, **communal uses**, and **public realm benefits** in housing scenarios.

1. Renovate / Redevelop Existing Apartments

"Apartment outside may be nice, but inside there's **mold, rotting wood, rodent, and pests**."

"Apartments are **too small**; sometimes 2 families are living in one 1-bedroom unit."

"There is a **lack of windows** for light, fresh air, and views."

"Apartment complexes are **not family- or kid-friendly**. There is no playground, green space, or even benches."

"Need **communal spaces**, for working, small businesses, and for gathering."

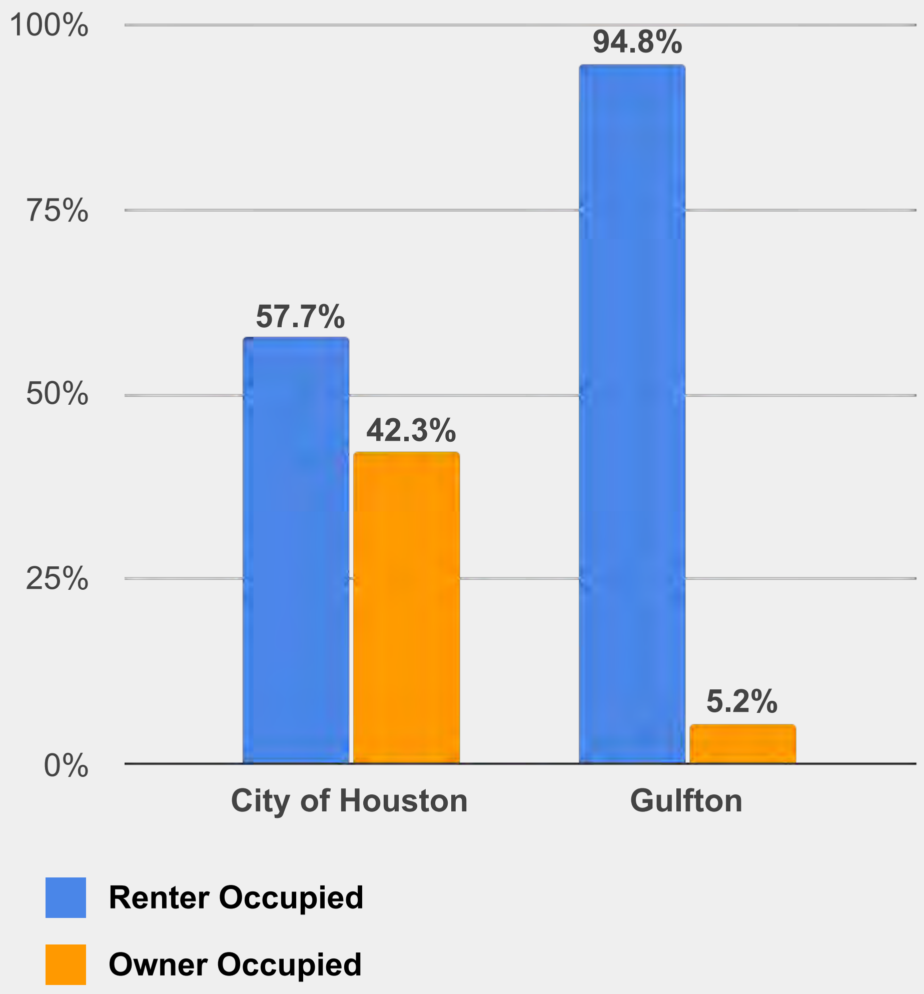
2. Increase Homeownership Opportunities

"In 2016, more than **69% of residents** had lived in the neighborhood for **less than 5 years**."

The objective is to build **300 new units** of affordable housing by 2023"

-Gulfton Action Plan (2018)

Household Tenure Comparison (ACS 2019)



3. Support Community Retention

“The **loss of upwardly mobile families** means that [Gulfton and Sharpstown] continue to experience a churn of residents and maintain **a high concentration of poverty**.

Keeping **economically successful families** in Gulfton is therefore an important objective for multiple reasons.”

-Gulfton-Sharpstown
Revitalization Plan (2018)

3. Support Community Retention

Additional benefits of affordable housing:

- **Spending less on rent and potentially transportation frees up income** for other necessities like good food and health care.
- **Reducing the stress of being displaced or evicted** improves chronic health conditions.
- Children raised in stable households are **better prepared for school** and attain **higher academic achievements**.
- Workers living in high opportunity areas enjoy **more success in their careers** and provide **greater economic opportunities** for their families.

- NOAH Impact Fund, Minnesota
(https://noahimpactfund.com/)

4. Prioritize Resilience, Communal Uses, and Public Realm Benefits

> Incorporate **sustainability and resiliency strategies** into housing design / retrofits and open space planning.

> Incorporate **opportunities for communal spaces**, such as for gathering, celebrating, studying, and working.

> Maximize **public realm co-benefits**, such as enhancing sidewalks with active commercial / cultural uses.

Housing and Proforma Scenarios

Market Gap Summary

Market analysis shows housing demand to be **more diverse** than the existing supply. A large portion of households are rent burdened or severely rent burdened, identifying **a demand for permanent and deeply affordable housing stock**. At the same time, income data demonstrated an income cohort at a level that could support homeownership, identifying **an opportunity for different equity-building housing models**.

Existing Apartment Complexes (i.e., NOAH)

Single-family Houses (i.e., Shenandoah)

Existing Supply:

Existing Demand:

Deeply Affordable Housing for very low-income renters

Existing Apartment Complexes (i.e., NOAH)

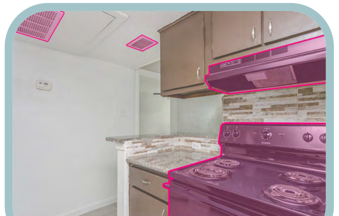
Better Market-rate Rentals for renters at or above the median HH income

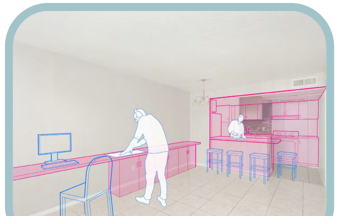
Homeownership Opportunities for households that can afford to buy

NOAH = Naturally Occurring Affordable Housing

Housing Scenarios

1. Renovations


1. Upgrading utilities and systems

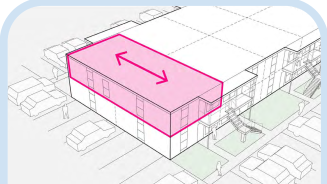

2. Maximizing unit interior space


3. Creating private outdoor gardens

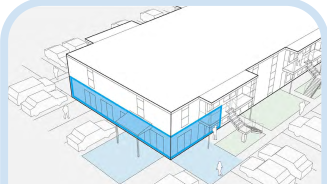

4. Improving parking lots


5. Improving shared outdoor spaces

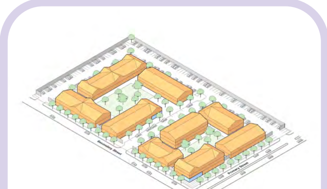
2. Retrofits


1. Combining adjacent units to create family-sized units


2. Combining adjacent units to create attached in-law units


3. Converting ground floor units to communal uses

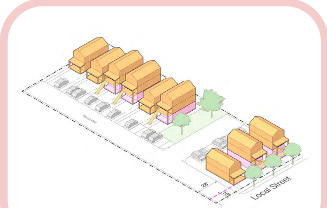
3. Redevelopments

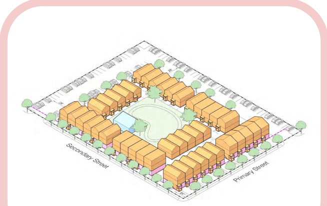

1. Rebuilt as Low-rise Garden Apartments (2-3 stories)

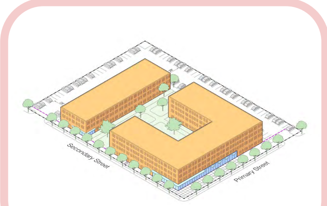

2. Rebuilt as Mid-rise Apartment Buildings (5-6 stories)


3. Rebuilt as High- and Low-rise Buildings (12+ stories)

4. New Housing on Soft Sites


1. Single-family on small lots


2. Townhouses on Medium lots

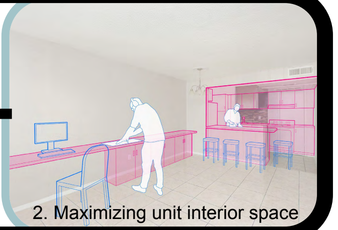

3. Multifamily Bldg(s) on Med lots


4. Single-family Houses & Townhouses on Large lots

Proforma Scenarios

1. Renovations


1. Upgrading utilities and systems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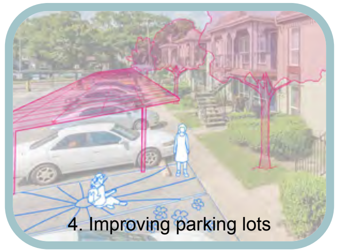
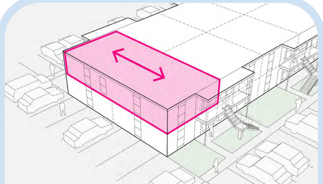

4. Improving parking lots


5. Improving shared outdoor spaces

2. Retrofits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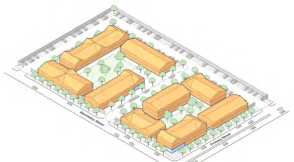
3. Converting ground floor units to communal uses

3. Redevelopments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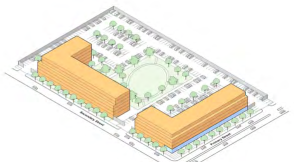
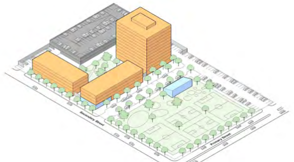
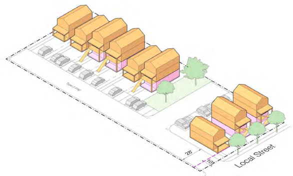
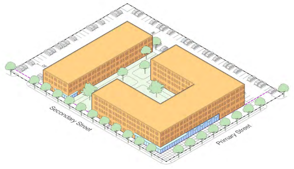

2. Rebuilt as Mid-rise Apartment Buildings (5-6 stories)


3. Rebuilt as High- and Low-rise Buildings (12+ stories)

4. New Housing on Soft Sites

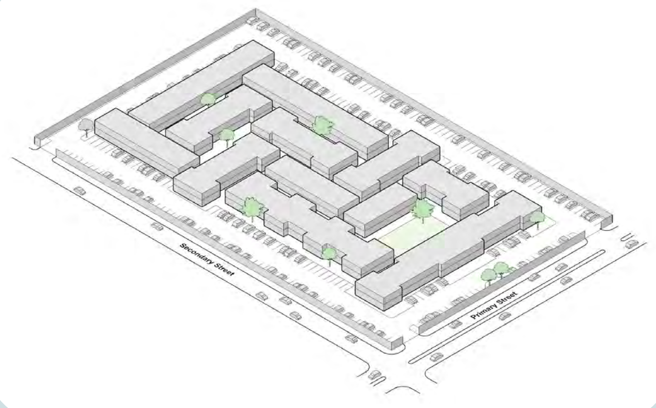

1. Single-family on small lots


2. Townhouses on Medium lots


3. Multifamily Bldg(s) on Med lots


4. Single-family Houses & Townhouses on Large lots

Proforma Scenarios



<u>A. Renovation</u>

> Renovate all units of a medium-size apartment complex, including light cosmetic repairs, moderate systems/utilities upgrade, and tactical floor plan layout changes.

<u>B. Redevelopment</u>

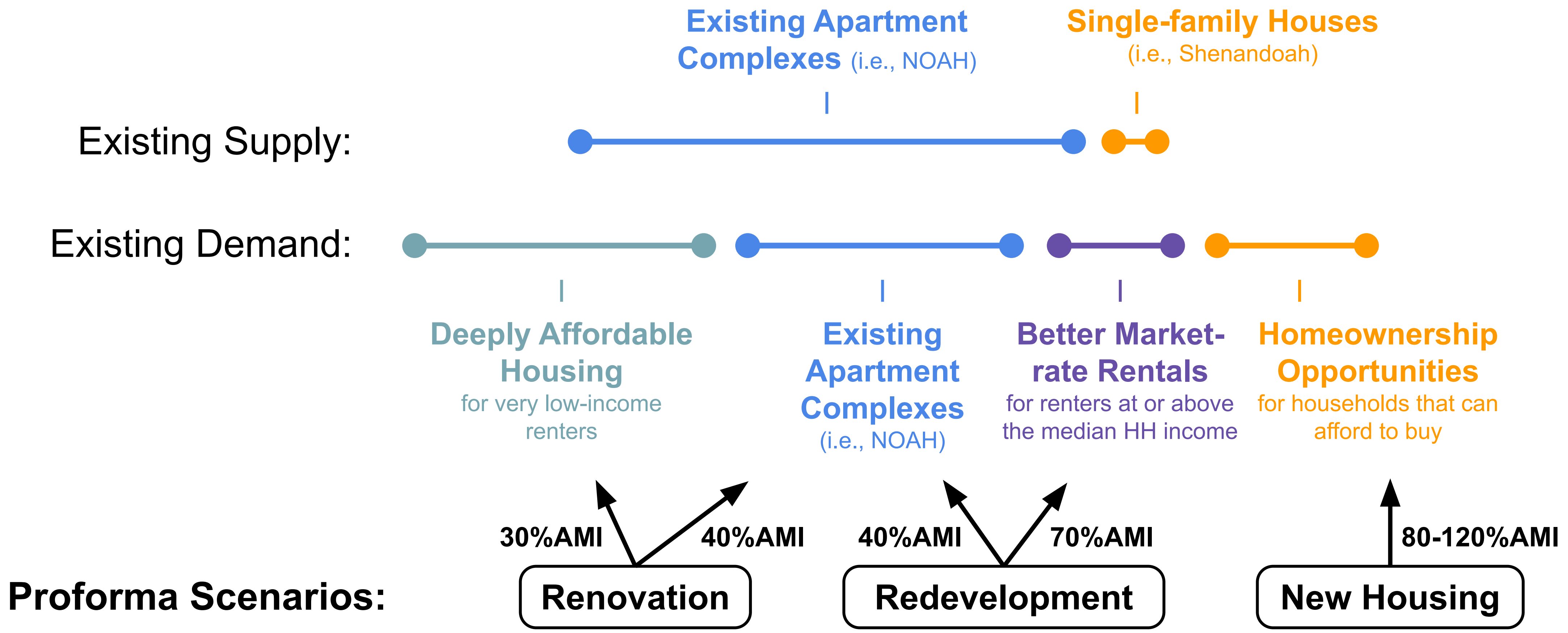
> Demolish and redevelop a mid-size apartment complex into mid-rise apartment buildings (5-6 stories) in multiple phases. New construction would include community spaces and public realm enhancements.

<u>C. New Construction</u>

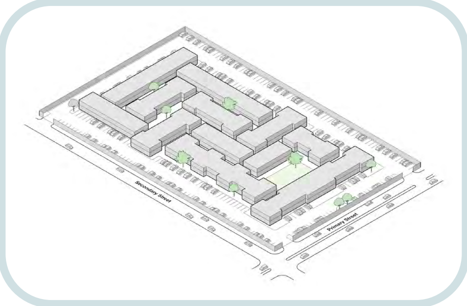
> Build single-family houses & townhouses on a large undeveloped lot for homeownership units. New site layout would include courtyards, community spaces, and public realm enhancements.

NOTE: Redevelopment and New Construction should consider highly underutilized sites beyond existing residential properties, including commercial and industrial sites.

Proforma Scenarios and Target Affordability Bands

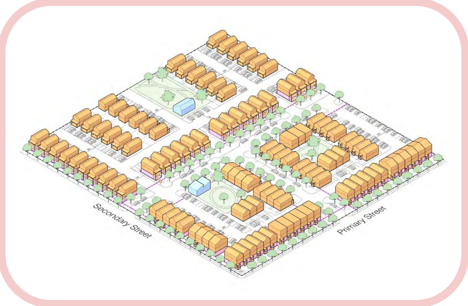


Proforma Scenarios Summary



A. Renovation
Medium-size Apt Complex
(rentals)

B. Redevelopment
Rebuilt as Mid-rise Apartment Buildings
(rentals)



C. New Construction
Single-family & Townhouses on XL lots
(ownership)

Affordability splits	30% of units at 30% AMI and 70% of units at 40% AMI	40% of units at 40% AMI and 60% of units at 70% AMI	70% of units at 80% AMI and 30% of units at 120% AMI
Funding gap / unit	$	$$$	$$
Takeaways	**Most achievable** funding gap; deal **requires negotiations** with current owners to buy into partnership.	**Most costly** of all scenarios at this building scale; **buy-in fund** is the least impactful of the funding types.	Additional funding gaps can be closed with **direct homebuyer assistance programs**.
Recommendations	Create (or utilize) a **NOAH preservation fund**; **incentivize existing owners** to do the renovations work themselves	Engage apartments in **most disrepair**; consider **smaller-scale buildings** (2-4 stories) built out **incrementally**.	Prioritize **public / institutional land**; establish **CLT** and/or **LEC** structures; start with a **smaller pilot project**.

Funding Types and Examples

Funding Types and Example Programs

See Section 4. Proforma Scenarios and Funding Strategies for a full list of examples.

Capital Stack

Development Offsets

Direct

Targeted Funding Types and Examples

Development Process

Types	**Capital Stack** Equity	**Capital Stack** Debt (Low Interest Loans)	**Development Offsets** Costs / Acquisition	**Development Offsets** Tax Liability	**Development Offsets** Public-Private-Partnership	**Direct** Owner/Renter
Examples	**Austin Housing Conservancy Fund** Austin, TX	**Oregon Housing Acquisition Fund** Minn., MN	**Small Buildings Program** Washington, DC	**Micro-TIF** Michigan	**Land Donation**	**Pay it Forward** Northwest Arkansas
	Healthy Neighborhoods Equity Fund Boston, MA	**Texas Housing Impact Fund** Texas	**NALCAB Catalyst Fund** Houston, TX	**4d Affordable Housing Incentive** Minn, MN	**Infrastructure Upgrades**	**NOAH Affordability Vouchers** Charlotte, NC
	NOAH Impact Fund Minn., MN	**NOAH Preservation Loan** National	**Avenue CDC Social Impact Fund** Houston, TX			

NOTES:
- Some funding programs can be classified under multiple funding types.
- Example funding programs require varying technical resources and capacity to establish and maintain.

Austin Housing Conservancy Fund (Austin, TX – $105M Private Equity Fund)

- Administrator/Manager: Affordable Central Texas (non-profit)
- Projects: Geographically diverse, transit-rich, high-opportunity areas near jobs, schools, and healthy food options
- Funding Sources: Private capital
- How it works:

  The fund invests and preserves rapidly disappearing multifamily properties currently affordable to moderate and middle-income individuals and families by maintaining affordable rental rates that increase proportionally with wage growth.

  With a flexible, discretionary investment strategy, the Fund delivers to investors high single-digit financial returns, as well as social and environmental outcomes that directly benefit Austin's working professionals. The fund targets workforce housing for households earning 60-120% of AMI.

Link: https://www.austinhousingconservancy.com

NOAH Impact Fund (Minneapolis, Minnesota – $33M Equity Fund)

- Administrator/Manager: Greater Minnesota Housing Fund (CDFI)
- Projects: Acquisition of existing NOAH properties (50+ units)
- Funding Sources: Public & Private Capital
- How it works:

The NOAH Impact Fund blends private capital, patient capital, and public agency capital with equity to produce a blended, low-cost source of equity for properties with 75% or more units at 80% AMI or less.

Program targets: The NOAH Impact fund targets Class B and C rental buildings with more than 50 units that are not subsidized. The ideal building size, however, is more than 100 units.

Financing structure: Given the market conditions and lack of tenant protections, the fund seeks to be "nimble" and serve as a "quick strike" against housing loss. The fund acts as the equity partner for developer-managers proposing property acquisition, providing 90% of the equity required with the operating partner co-investing 10%. Buildings will remain affordable for 15 yrs, with the Fund exiting the deal after 10 yrs.

NOAH IMPACT FUND

Link: [NOAH Impact Fund: Invest in and Preserve Affordable Housing]

Texas Housing Impact Fund (Texas – Short- and Long-term Loans)

- Administrator/Manager: Texas State Affordable Housing Corporation (TSAHC)
- Projects: Various
- Funding Sources: Public and Private capital
- How it works:

The THIF includes both short and long-term loans to developers to build affordable housing units with an emphasis on local nonprofits. Permanent loans with long-term financing help new development or rehabilitation of affordable housing, and construction loans with short-term financing allow acquisition, construction or rehabilitation.

It requires an affordable housing project to accommodate at least 20% of the total units to families earning 50% of the AMI and 40% of the total units to families earning 60% of the AMI.

The THIF provides financing to nonprofit and for-profit developers that can preserve and increase Texas's affordable housing stock. Loan products can also be combined with other financing products.

tsahc

Link: https://www.tsahc.org/developers/loan-products

Good Landlord Program (Ogden, Utah – Financial incentives for well maintained properties)

- Administrator/Manager: Utah Housing Coalition (local public agency)
- Projects: Owners of rental housing
- Funding Sources: Local impact fees / taxes
- How it works:

The program provides financial incentives to landlords who actively implement the objectives of the landlord training course, keep their properties free of criminal activity, and maintain their properties free of code violations. It also authorizes a discount toward disproportionate impact fees assessed against rental dwellings under the City's business licensing regulations.

Disproportionate impact fees are assessed based on the amount of police and fire services provided to rental dwellings, the discount is offered to landlords who help the City reduce the occurrences for such services required on rental properties.

Good Landlord Program

Goal

Started in October 2004, the goal of Ogden City's Good Landlord Program is to address aspects of property management that may encourage the elimination of code violations and public nuisances while controlling and preventing illegal activity on rental properties that affect the quality of life within our neighborhoods.

About the Program

The program provides financial incentives to landlords who actively implement the objectives of the landlord training course, keep their properties free of criminal activity, and maintain their properties free of code violations. It also authorizes a discount toward disproportionate impact fees assessed against rental dwellings under the City's business licensing regulations. Disproportionate impact fees are assessed based on the amount of police and fire services provided to rental dwellings, the discount is offered to landlords who help the City reduce the occurrences for such services required on rental properties.

Program Requirements

Landlords must complete an eight-hour training course through the program that teaches them:

- Avoid Discrimination
- Comply With the Fair Housing Act
- Identify Criminal Activity, Observe Zoning Laws
- Screen Tenants Through Background Checks and Credit
- To Maximize the Use of Rental Applications

UTAH HOUSING COALITION

Over 1,300 landlords have already received the training.

Link: https://www.ogdencity.com/203/Good-Landlord-Program

4d Affordable Housing Incentive (Minneapolis, Minnesota – 10-yr Reduced Tax Liability)

- Administrator/Manager: City of Minneapolis (public agency)
- Projects: Owners/investors of affordable apartments
- Funding Sources: Local property taxes
- How it works:

Property owners who have affordable units can lower their property taxes.

The property owner records a 10-year affordability declaration on their property stating:

- At least **20% of units** at a property will remain affordable to households making **60% of AMI**. Property owner may enroll up to 100% of the units in the building.
- As units turn over, new tenants must have household incomes at or below 60% AMI.
- Rent increases for tenants in affordable units are limited to 6% or less annually, unless the unit is turning over to a new tenant

After this recording the property owner receives:

- 10-year eligibility for 4d property tax rate, also known as the Low Income Rental Classification (LIRC) which provides an approximate **40% tax rate reduction on qualifying units in most cases**.
- Grant of $100 per affordable unit, capped at $1,000 per property
- Payment of first year LIRC fees to the State of Minnesota
- **Green Cost Share funding** up to $50,000 per building & 90% of project costs, with eligibility determined by a free energy assessment; and Solar Energy incentives up to $50,000 per project

Link: [4d Affordable Housing Incentive - City of Minneapolis (minneapolismn.gov)]

Existing Public Funding Programs

- **Federal**
    - Low-income Housing Tax Credit (LIHTC)
    - Section 8 Housing choice vouchers (HCVs) and Project-based vouchers (PBVs)
    - American Rescue Plan Act funds toward a countywide Housing Trust Fund
    - National Housing Trust Fund (which the Texas Department of Housing and Community Affairs (TDHCA) has implemented)
    - Opportunity Zones funding
- **State**
    - Texas PACE Loans
    - Texas Housing Impact Fund (THIF), created by the Texas State Affordable Housing Corporation (TSAHC)
    - Section 303.042(f) Tax Break for Apartment Developments in Texas
- **County**
    - Administers section 8 vouchers
- **City**
    - Community Development Block Grants (CDBG)
    - HOME allocations (e.g., NOFA for single-family development)
    - TIRZ funding (for market-rate developments that would include a percentage of affordable units)
    - 380 Agreements (a case-by-case award of a loan or a performance-based grant)
- **Others**
    - PFC (Public Facility Corporations)
    - HFC (Housing Financing Corporation)

Strategies for Long-term Affordability

- **Community Land Trust (CLT):** Community land trusts (CLTs) are nonprofit, community-based organizations tasked with holding land permanently "in trust" for the benefit of people in the community. CLTs are primarily used to ensure long-term housing affordability and are governed by a board of directors made up of housing residents, community representatives, and members of the general public.[1]

- **A limited equity cooperative (LEC):** A homeownership model in which residents purchase a share in a development (rather than an individual unit) and commit to resell their share at a price determined by formula—an arrangement that maintains affordability at purchase and over the long term.[2]

- Note that both shared-equity models require potentially significant technical resources to establish and maintain. Additionally, it is important that residents are capable of maintaining the property.

Traditional Ownership

> Individual houses and their respective lots are owned outright.

Community Land Trust (CLT)

> A community corporation owns the land and residents purchase 99-yr leases. Sale prices are capped at exit to ensure long-term affordability.

(Limited Equity) Cooperative (LEC)

> Residents purchase shares of a property that entitle them to a unit. Sale prices are capped at exit to ensure long-term affordability.

CLT + LEC

> A community corporation owns the land and residents purchase shares of the improvements that entitle them to a unit. Sale prices are capped at exit to ensure long-term affordability.

1. https://www.houstonclt.org
2. https://localhousingsolutions.org/housing-policy-library/limited-equity-cooperatives/

Priority Recommendations

Priority Next Steps

1. **Build technical capacity** to support apartment owners, explore housing scenarios, and build consensus.
2. Establish **funding programs** for different affordable housing scenarios.
3. For existing apartments, develop an **affordable housing preservation strategy**.
4. For new housing, engage **priority soft sites**.
5. Create an **Affordable Housing Database and Navigator** for preservation groups and residents.
6. Explore **long-term affordability** strategies.

Build administrative and technical capacity

Support Existing Apartments

&

- **Build relationships with local property owners,** potentially from a placemaking perspective, and work with them to understand the financial feasibility of existing and new **incentive programs**.
- **Provide support for apartment owners** to apply for and maintain affordable housing incentive programs.

Explore Different Housing Scenarios

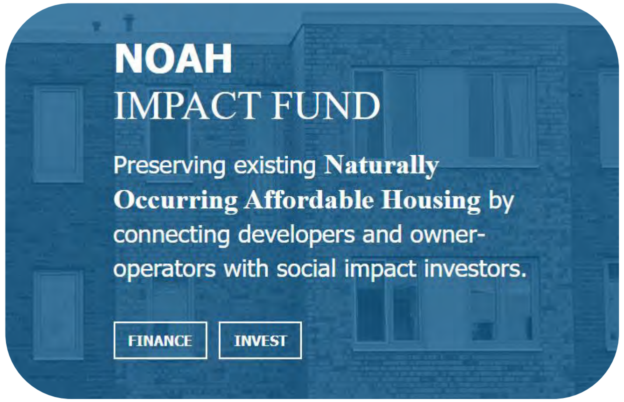
&

- **Increase real estate capacity** to test the feasibility of acquisitions, rehabilitations, and new housing scenarios.
- **Identify developers that have experience with NOAH preservation**. Additionally, provide funding to developers for exploration and infrastructure-building around NOAH preservation.

Build Consensus

- Engage in education and **build consensus** around NOAH preservation.
- **Obtain commitments for significant local investments** from philanthropic and social investors.
- Identify and enable an **intermediary fund manager** to oversee money sources.

Establish funding programs for different affordable housing scenarios



NOAH Impact Fund (Minneapolis, Minnesota)

4d Affordable Housing Incentive Program

Texas Housing Impact Fund

NOAH Preservation Fund

> Establish a NOAH preservation fund for acquisition and rehabilitation of existing apartments.

Owner Incentive Program

> Establish program(s) to incentivize owners to undertake renovations, such as via property tax abatements or a “Good Landlord Program.”

Development Fund

> Establish a development fund for housing redevelopment and/or new construction.

> **Tailor funding strategies to different apartment conditions**: For existing apartments in average to good conditions with well-meaning landlords, establish incentive programs for owners to undertake renovations themselves. For apartments in poor conditions with neglectful landlords, step in from a code enforcement perspective so that noncompliant landlords are either forced to improve their properties or – with enough pressure – potentially sell the property to the City or a developer, with the City’s political and financial support.

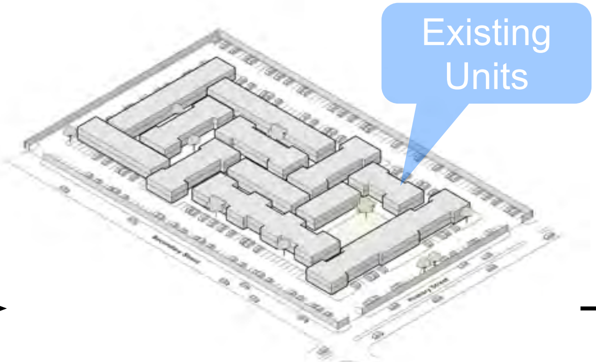
> Where possible, **maximize public funds** by utilizing them (e.g., CDBGs) as **backstops** to attract investment.

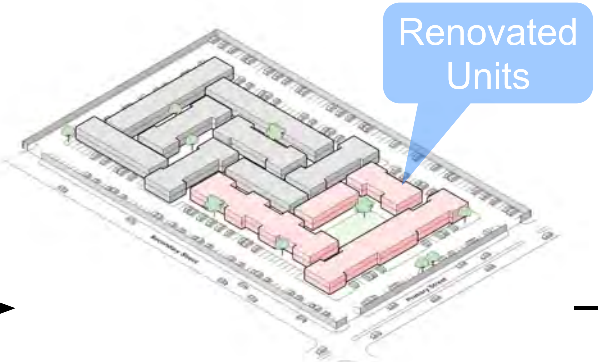
- Existing
- Renovated
- New Construction

Create an affordable housing preservation strategy

Possible phasing example:

Existing or New Build



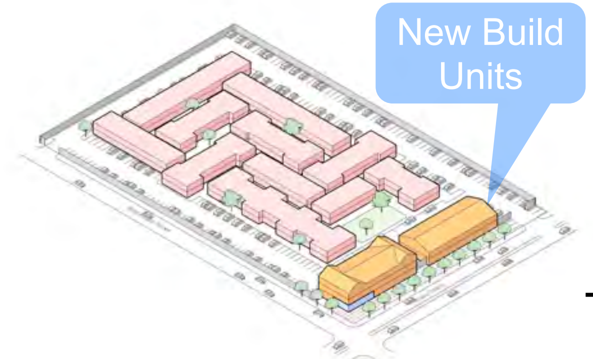


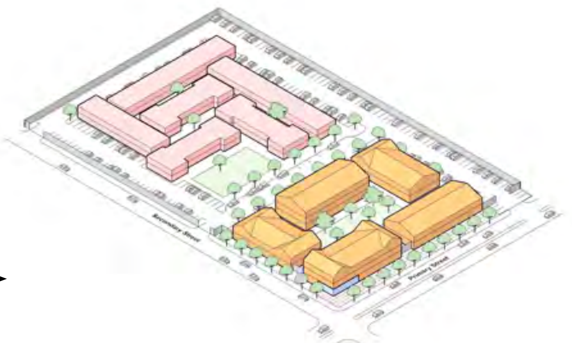
1. Acquire a “swing site” with existing or to-be-built vacant units to accommodate future relocated residents.

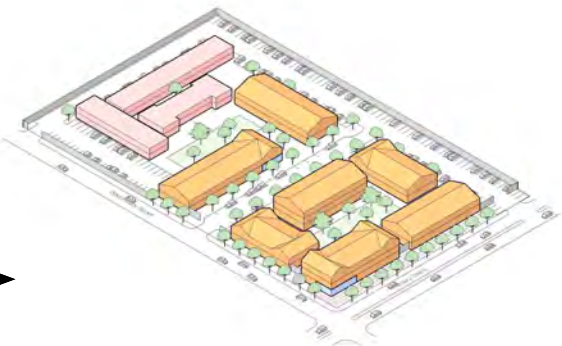
2. Acquire NOAH property outright, partner with property owner, or incentivize property owner.

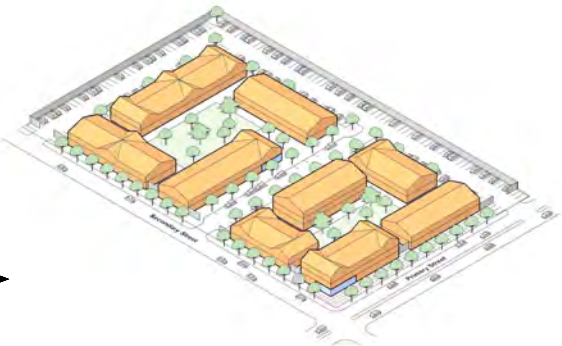
3. Renovate ~50% of units; maintain all units at affordable rates; hold for 2-5 years.

4. Renovate remaining units; maintain all units at affordable rates; hold for 5-10 years.









5. Redevelop ~25% of property & rent new units at “market-rate” to cross-subsidize affordable units; hold for 2-5 years.

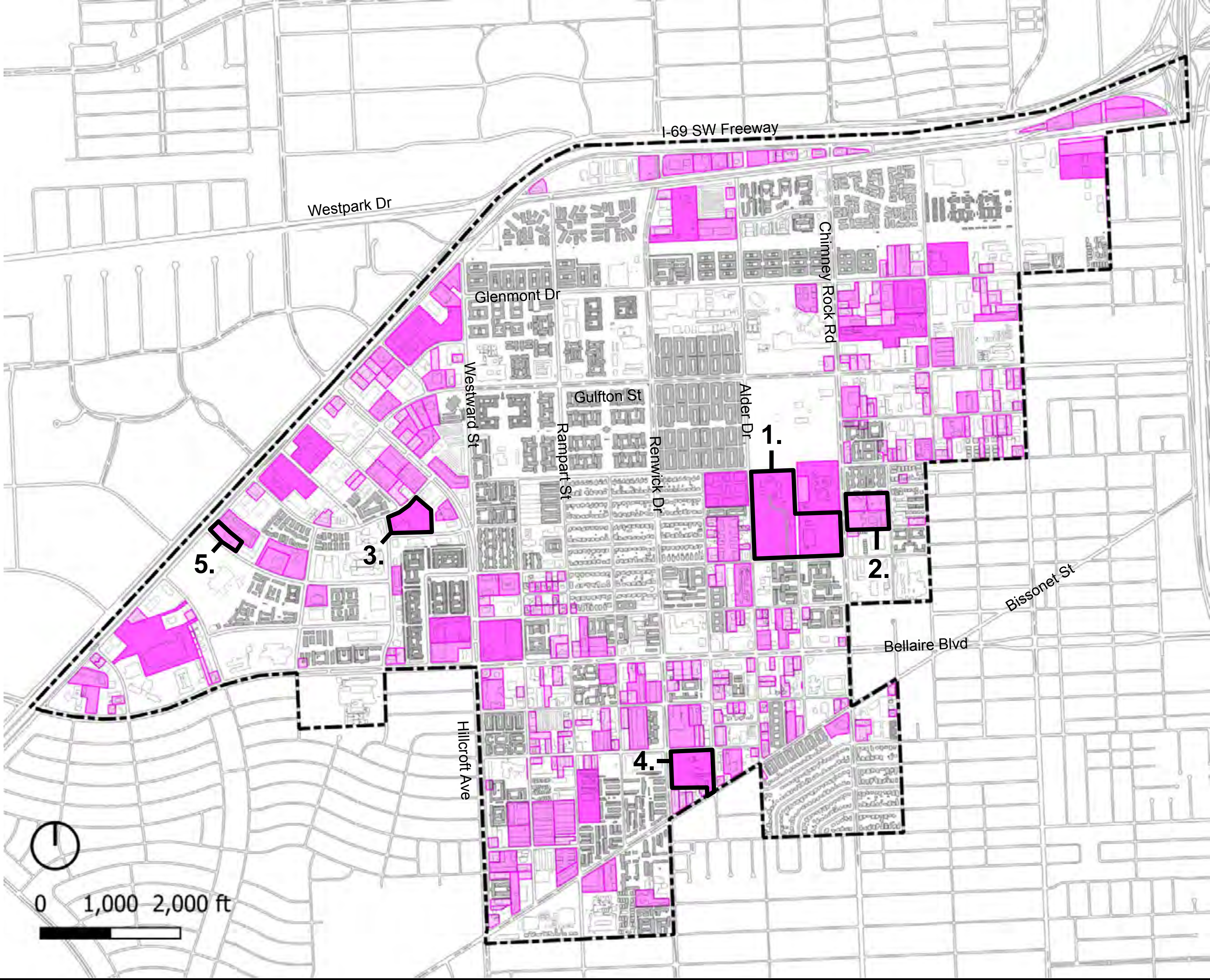
6. Redevelop another ~25% of property and rent new units at mixed-income rates; hold for 5-10 yrs.

7. Redevelop another ~25% of property and rent new units at mixed-income rates; hold for 2-5 yrs.

8. Redevelop final ~25% of property and rent new units at mixed-income rates.

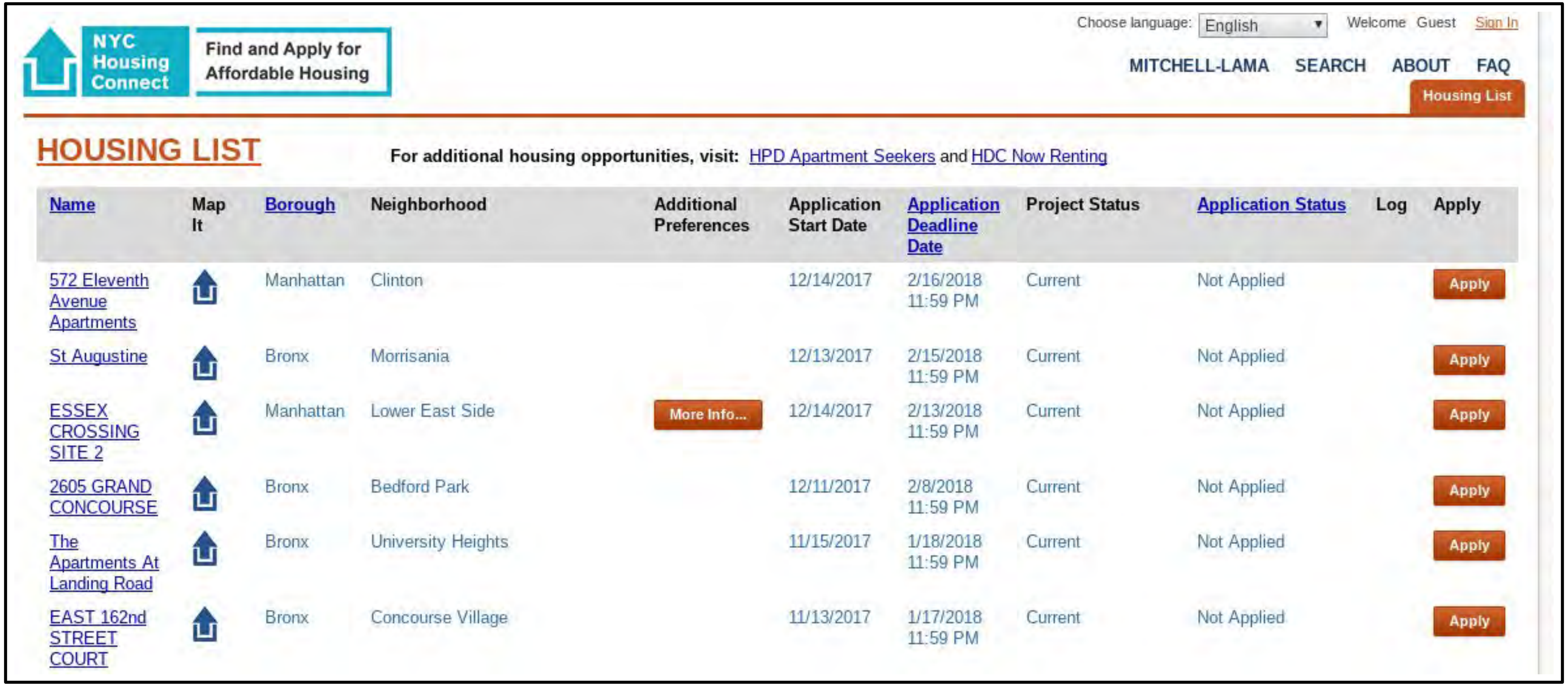
Engage priority soft sites for new housing

1. Owned by Harris County (1.3 mil sf)
2. Owned by University of Texas (323,100 sf)
3. Owned by COH (partially vacant)
4. Owned by COH (Public Works, 330,000 sf)
5. Romana Hotel (79,800 sf)



Create an affordable housing database & navigator

Can include all income-restricted affordable housing funded or incentivized by the city as well as other housing programs.


NYC Housing Connect Find and Apply for Affordable Housing

Choose language: English Welcome Guest Sign In

MITCHELL-LAMA SEARCH ABOUT FAQ

Housing List

HOUSING LIST

For additional housing opportunities, visit: HPD Apartment Seekers and HDC Now Renting

Name	Map It	Borough	Neighborhood	Additional Preferences	Application Start Date	Application Deadline Date	Project Status	Application Status	Log	Apply
572 Eleventh Avenue Apartments		Manhattan	Clinton		12/14/2017	2/16/2018 11:59 PM	Current	Not Applied		Apply
St Augustine		Bronx	Morrisania		12/13/2017	2/15/2018 11:59 PM	Current	Not Applied		Apply
ESSEX CROSSING SITE 2		Manhattan	Lower East Side	More Info...	12/14/2017	2/13/2018 11:59 PM	Current	Not Applied		Apply
2605 GRAND CONCOURSE		Bronx	Bedford Park		12/11/2017	2/8/2018 11:59 PM	Current	Not Applied		Apply
The Apartments At Landing Road		Bronx	University Heights		11/15/2017	1/18/2018 11:59 PM	Current	Not Applied		Apply
EAST 162nd STREET COURT		Bronx	Concourse Village		11/13/2017	1/17/2018 11:59 PM	Current	Not Applied		Apply

NYC Housing Connect Portal (https://a806-housingconnect.nyc.gov/nyclottery/lottery.html#home)

Explore long-term affordability strategies

- **Community Land Trust (CLT):** Community land trusts (CLTs) are nonprofit, community-based organizations tasked with holding land permanently "in trust" for the benefit of people in the community. CLTs are primarily used to ensure long-term housing affordability and are governed by a board of directors made up of housing residents, community representatives, and members of the general public.[1]
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1. https://www.houstonclt.org
2. https://localhousingsolutions.org/housing-policy-library/limited-equity-cooperatives/

Priority Next Steps and Potential Partnerships

Task Time Frame / Order
- Near-term
- Medium-term
- Long-term

Next Steps	Potential Partnerships
Build technical capacity to support owners, explore housing scenarios, and build consensus • Build relationships with property owners and assist in affordable housing incentive programs. • Increase real estate capacity to test the feasibility of acquisitions, rehabs, and new housing. • Build consensus around NOAH preservation and obtain commitments for investments.	• Houston Land Bank (HLB) • Local CDC / Non-profit Organizations • Philanthropic / social investors
Establish funding programs for different affordable housing scenarios. • For existing apartments in average to good conditions with well-meaning landlords, establish incentive programs for owners to undertake renovations themselves. • For existing apartments in poor conditions with neglectful landlords, establish a NOAH preservation fund for acquisition and rehabilitation. • For redevelopment and/or new construction, establish a development fund.	• City of Houston (COH) / Housing and Community Development Dept (HCDD) • Harris County Community Development • Housing Authorities • Texas State Affordable Housing Corporation (TSAHC) • Local and National CDFI • Philanthropic / social investors
For existing apartments, develop an affordable housing preservation strategy. • Acquire and renovate with an eye toward incremental redevelopment. • Utilize new market-rate redevelopment units to cross-subsidize affordable units.	• COH / HCDD • Harris County Community Development • Houston Housing Collaborative
For new housing, engage priority soft sites. • Prioritize publicly- / institutionally-owned sites and/or “friendly sellers.” • Engage select sites and owners.	• Houston Land Bank (HLB) • City of Houston • Harris County Community Development
Create an affordable housing database and navigator. • Monitor the stock and condition of multi-family properties. • Utilize an online navigator to assist Gulfton residents looking for affordable housing.	• Kinder Institute, Rice University, University of Houston • Local Initiatives Support Corporation (LISC) • Houston Association of Realtors • Philanthropic / social investors
Explore long-term affordability strategies. • Work with the Houston and Harris County Community Land Trust to establish CLTs. • Explore the feasibility of Limited Equity Cooperatives in Houston.	• Houston CLT and Harris County CLT • Kinder Institute • Houston Housing Collaborative • Philanthropic / social investors

Gulfton Urban Planning and
Adaptive Reuse Feasibility Study

2. Market Analysis and Site Selection Criteria

Overview

The Gulfton Market Analysis includes demographic and housing data from DemographicsNow, American Community Survey (ACS), and Zillow.com. The data analyzed explores existing conditions around housing metrics and includes differences between renters and homeowners for a clearer understanding of their differing needs. Additionally, these data looked at current supply, as in what currently exists in the local market, and demand, as in what types of housing product are available for the various income cohorts, both renters and homeowners.

What we found was a **median contract rent lower than the city at large** and equating to approximately **40% of the city-wide area median income** (AMI). Even with this lower median contract rent, a large portion of households are **rent burdened or severely rent burdened**, identifying a need (i.e., demand) for permanent and **deeply affordable housing** stock.

Additionally, ACS income data demonstrated an income cohort at a level that could **support homeownership**. The housing composition showed an incredibly limited supply of this housing type and mainly in the form of single-family homes. This analysis communicates an **opportunity for homeownership opportunities**, though based on a building type less expensive than a traditional stand-alone single-family house.

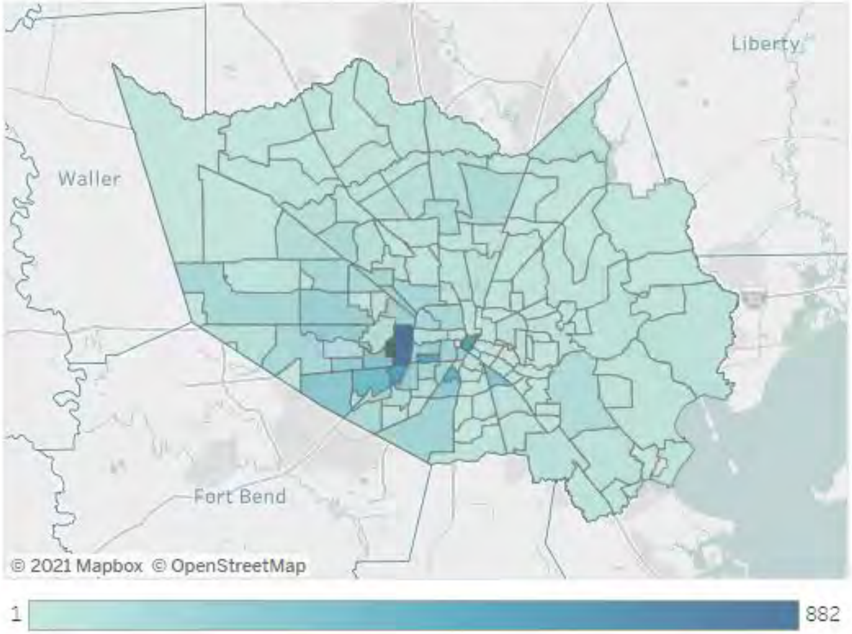
Key Takeaways:

- Traditional HUD-defined median income levels are **out of step** with that of Gulfton's, where the median income level is **much lower**.
- A major need for permanent and **deeply affordable housing**.
- Opportunities exist for **homeownership building types** to meet demand.

Market Analysis Findings

Employment Analysis

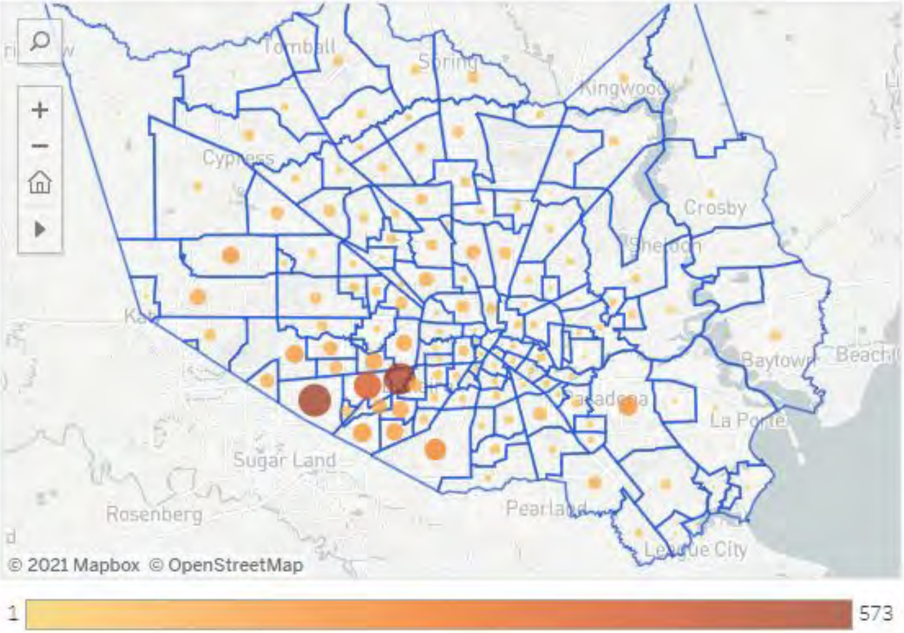
Where do Gulfton Residents Work?



Rank by Number of Jobs

Uptown	882
Downtown	553
Gulfton	538
Upper Kirby / Greenway	521
Medical Center	419
Sharpstown	368
Gulfgate Riverview / Pine Valley	279
Mid-West	279
Alief	249

Where do Gulfton Workers Live?



Rank by Number of Workers

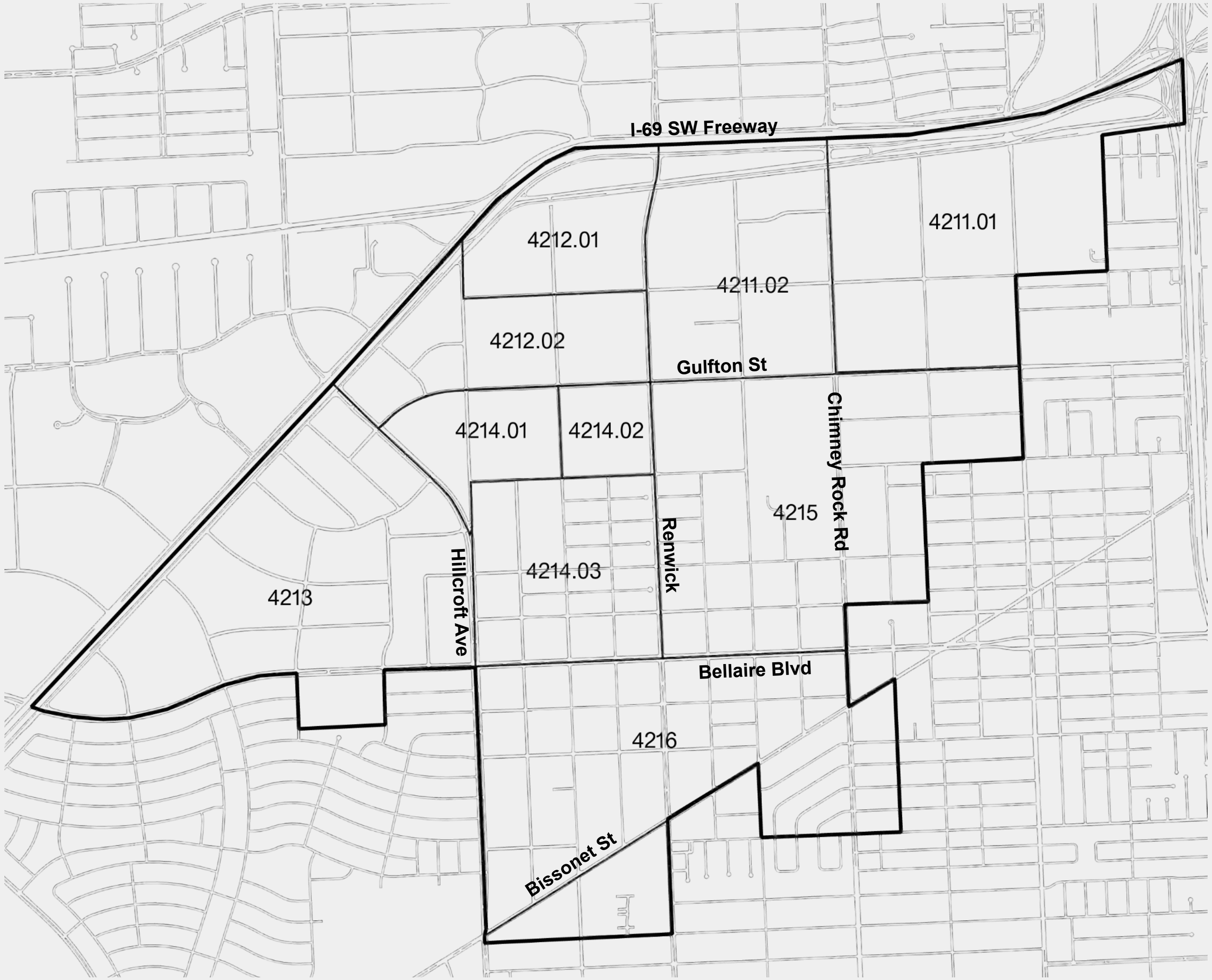
Alief	573
Gulfton	538
Sharpstown	403
Five Corners	247
Pasadena	198
Brays Oaks	191
Eldridge / West Oaks	181
Bear Creek	165
Mid-West	164

Source: https://www.datahouston.org/story/Commuting.html

Market Analysis

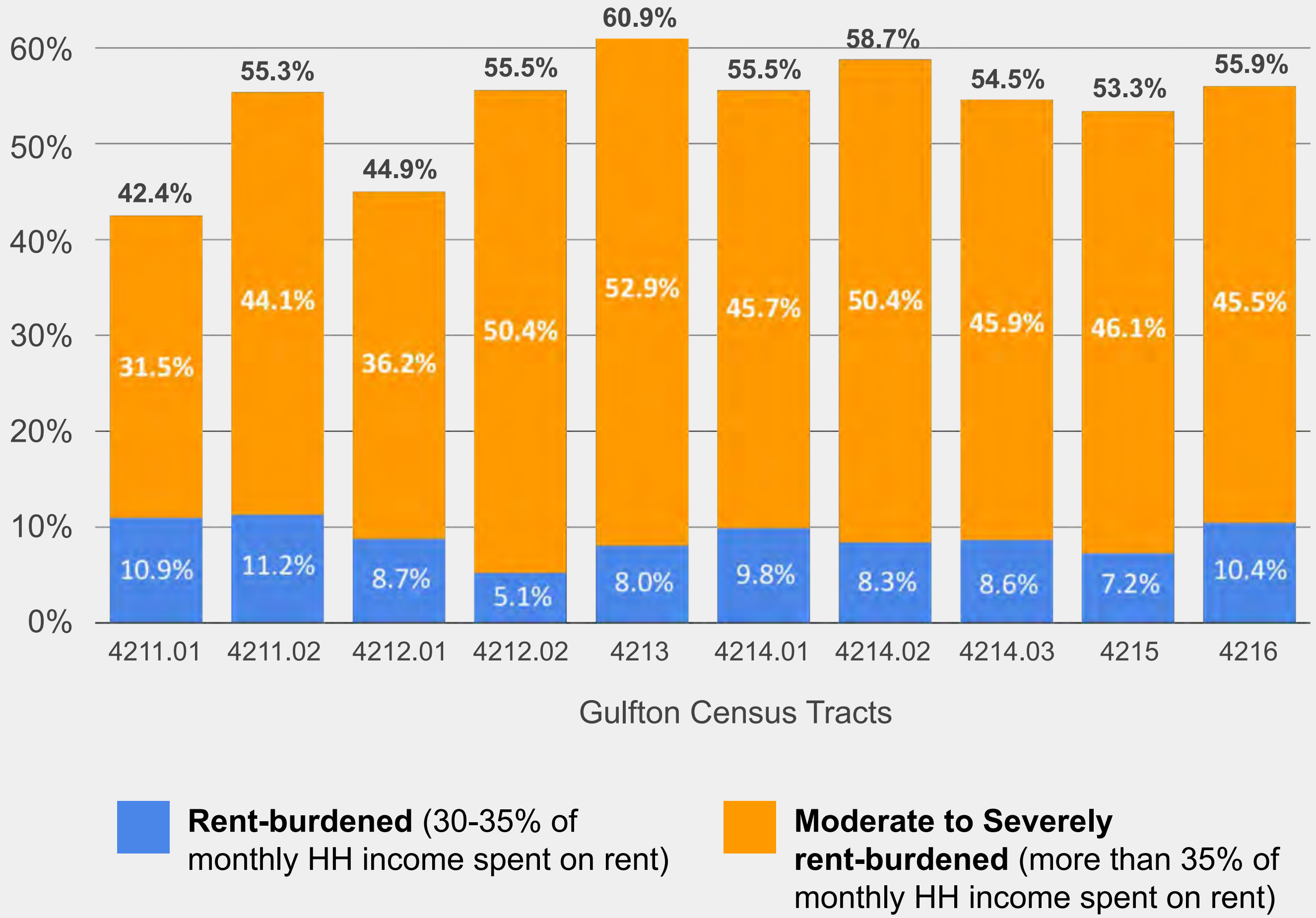
Gulfton Census Tracts

Primary market data source:
American Consumer Survey
(ACS 2010, 2019)



Over half of Gulfton residents are rent-burdened.

Percent of Gulfton Residents that are Rent-burdened (ACS 2019)

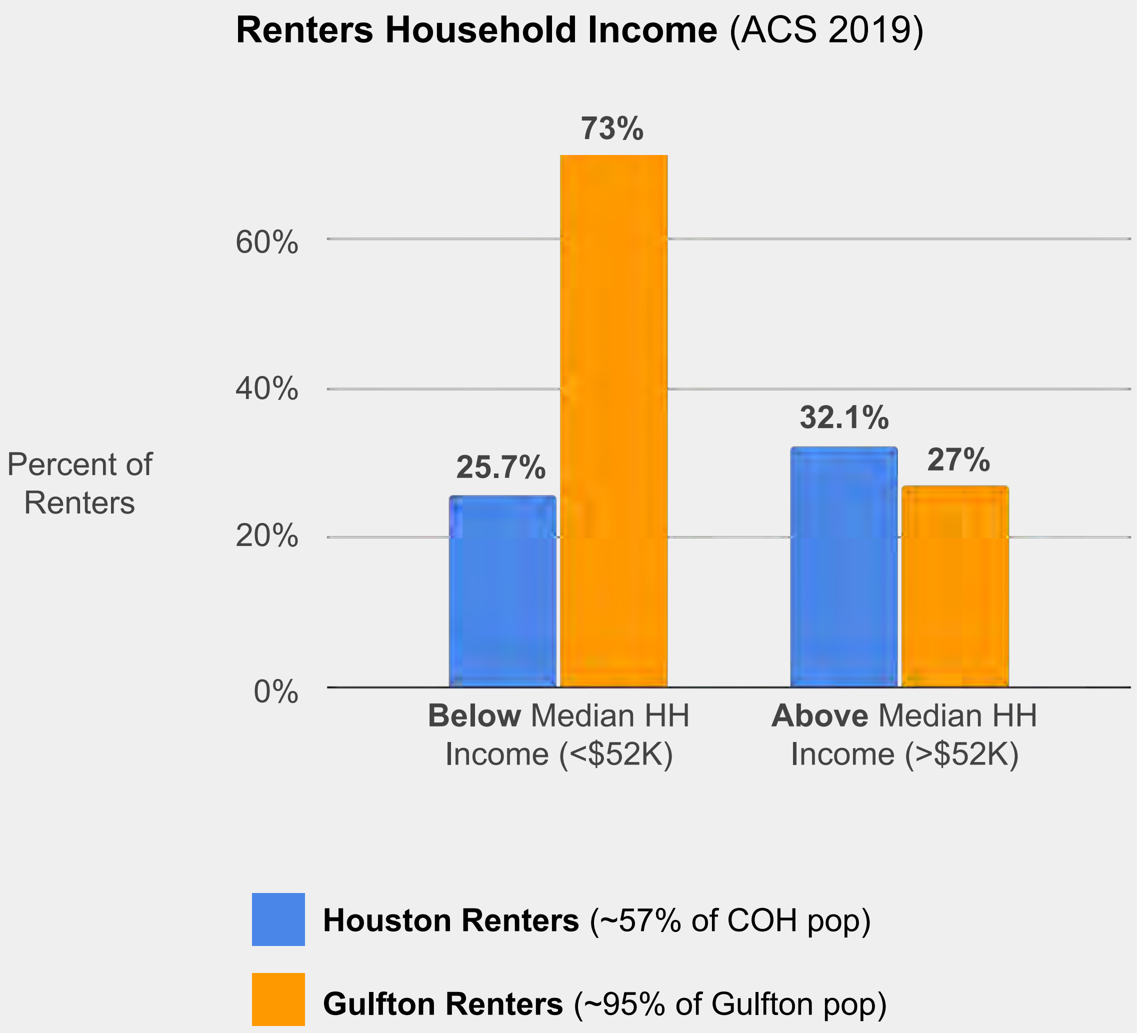


*Excludes transportation costs

> **Takeaway**: There is a need for deeply affordable housing options among the low- to very low-income residents.

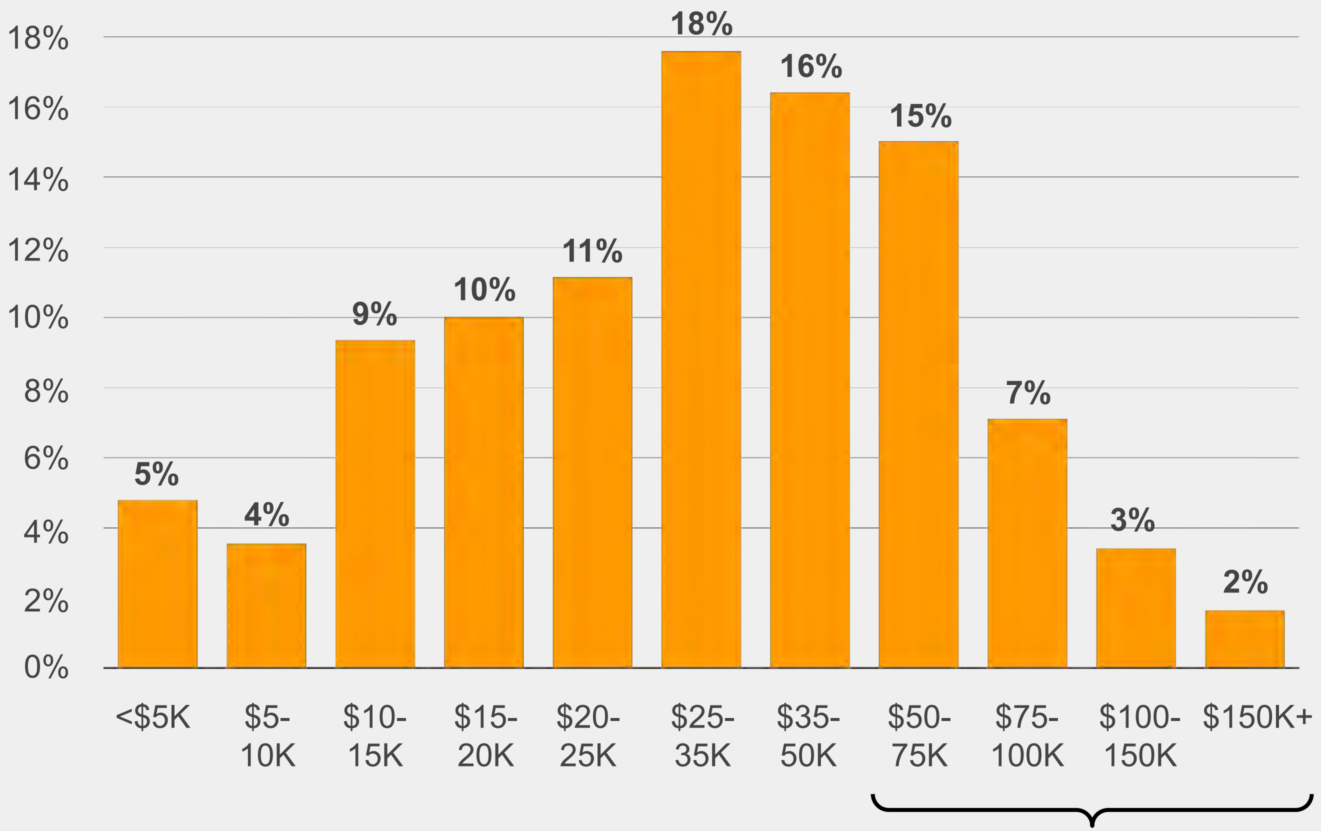
Market Analysis

27% of Gulfton renters are at or above the city's median household income.



27% of Gulfton renters are at or above the city’s median household income.

Gulfton Renters Household Income Brackets (ACS 2019)

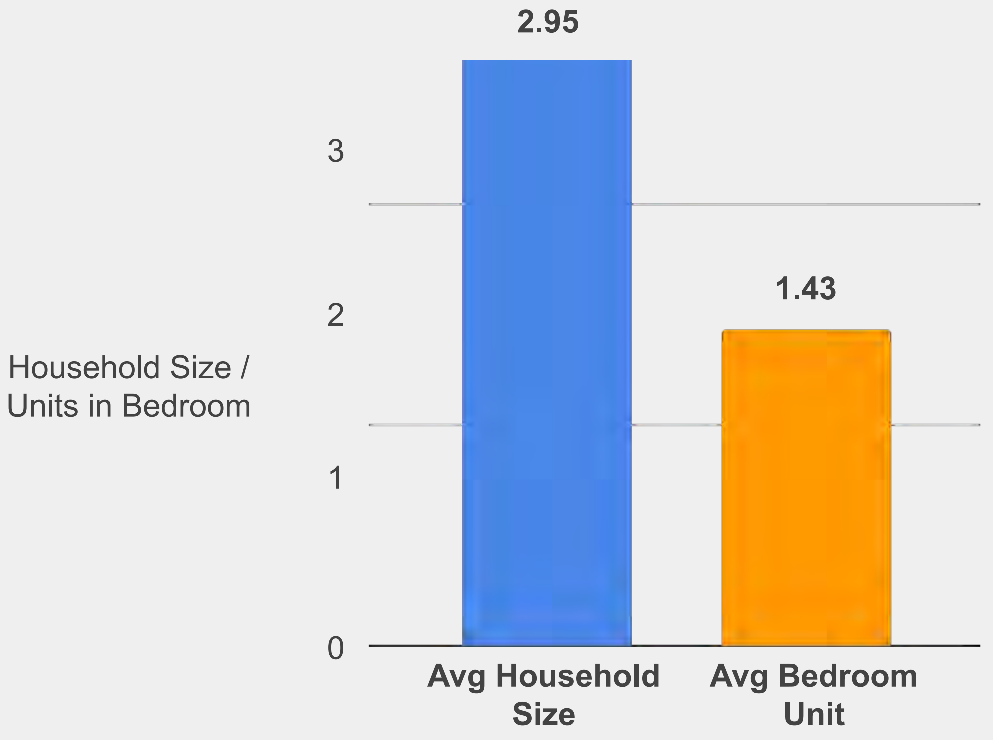


About **27%** of Gulfton renters are at or above Houston’s median HH income of $52,338 (equal to ~4,950 Households)

> **Takeaway**: There is also potential demand for better market-rate rentals (e.g., larger, higher-amenity) and homeownership options.

There are not enough family-sized housing units in Gulfton.

Avg Household Size vs Avg Bedroom Unit (2019)

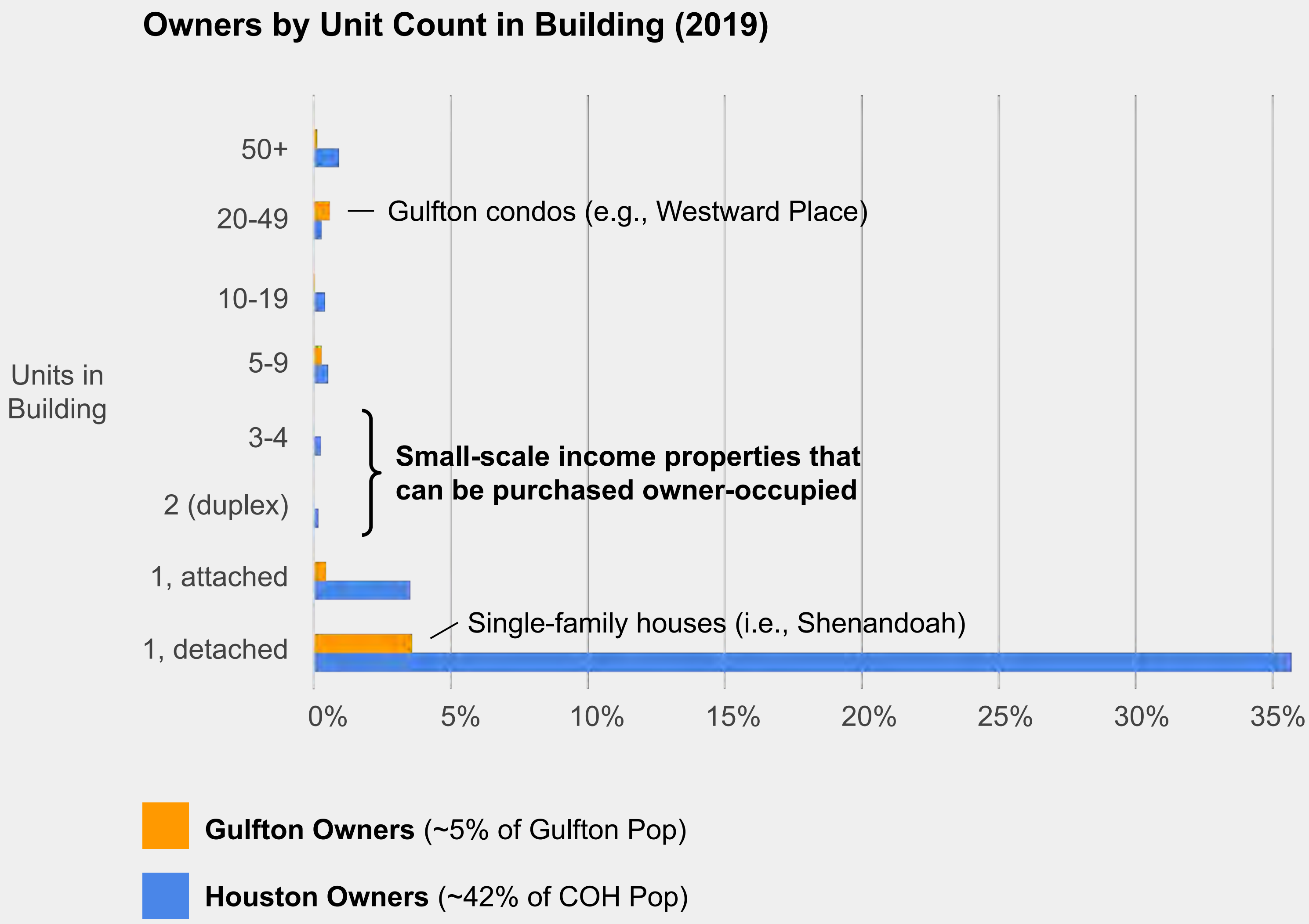


57%	1-Bed units
32%	2-Bed units
6%	3-Bed units

> **Takeaway**: Explore the feasibility of accommodating larger, family-sized households without sacrificing affordability.

Market Analysis

There are no 2- to 4-unit owner-occupied residential buildings in Gulfton.



> **Takeaway**: Explore 2-4 unit building types as a more cost- and space-efficient strategy to increase homeownership options and housing stock more generally.

Market Gap Summary

Existing Apartment Complexes (i.e., NOAH)

Single-family Houses (i.e., Shenandoah)

Existing Supply:

Existing Demand:

Deeply Affordable Housing for very low-income renters

Existing Apartment Complexes (i.e., NOAH)

Better Market-rate Rentals for renters at or above the median HH income

Homeownership Opportunities for households that can afford to buy

NOAH = Naturally Occurring Affordable Housing

Retrofit Sites Selection Criteria

Retrofit Sites Definition

Retrofit Sites = Sites with existing apartment complexes in need of recommended repairs, upgrades, and/or rebuilds.

Examples:

Small (20-100 units)
(e.g., San Miguel Apts)

Medium (100-250 units)
(e.g., Pelican Pointe Apts)

Large (250+ units)
(e.g., La Plaza Apts)

Retrofit Sites Goals

1. **Renovate / rebuild existing apartment complexes** in poor conditions while maintaining affordability.
2. **Improve the open space** within apartment complexes, such as to better accommodate families and children.
3. Explore **long-term affordability** options in existing apartment complexes through policy and/or ownership strategies.

Retrofit Sites Selection Criteria

Select **2 Retrofit Sites** for the feasibility study based on these criteria:

1.
In the Worst Conditions according to HCAD

\+

2.
In-person Site Visits by consultant & task force members

\+

3.
Participating Owners willing to work with us on this feasibility study

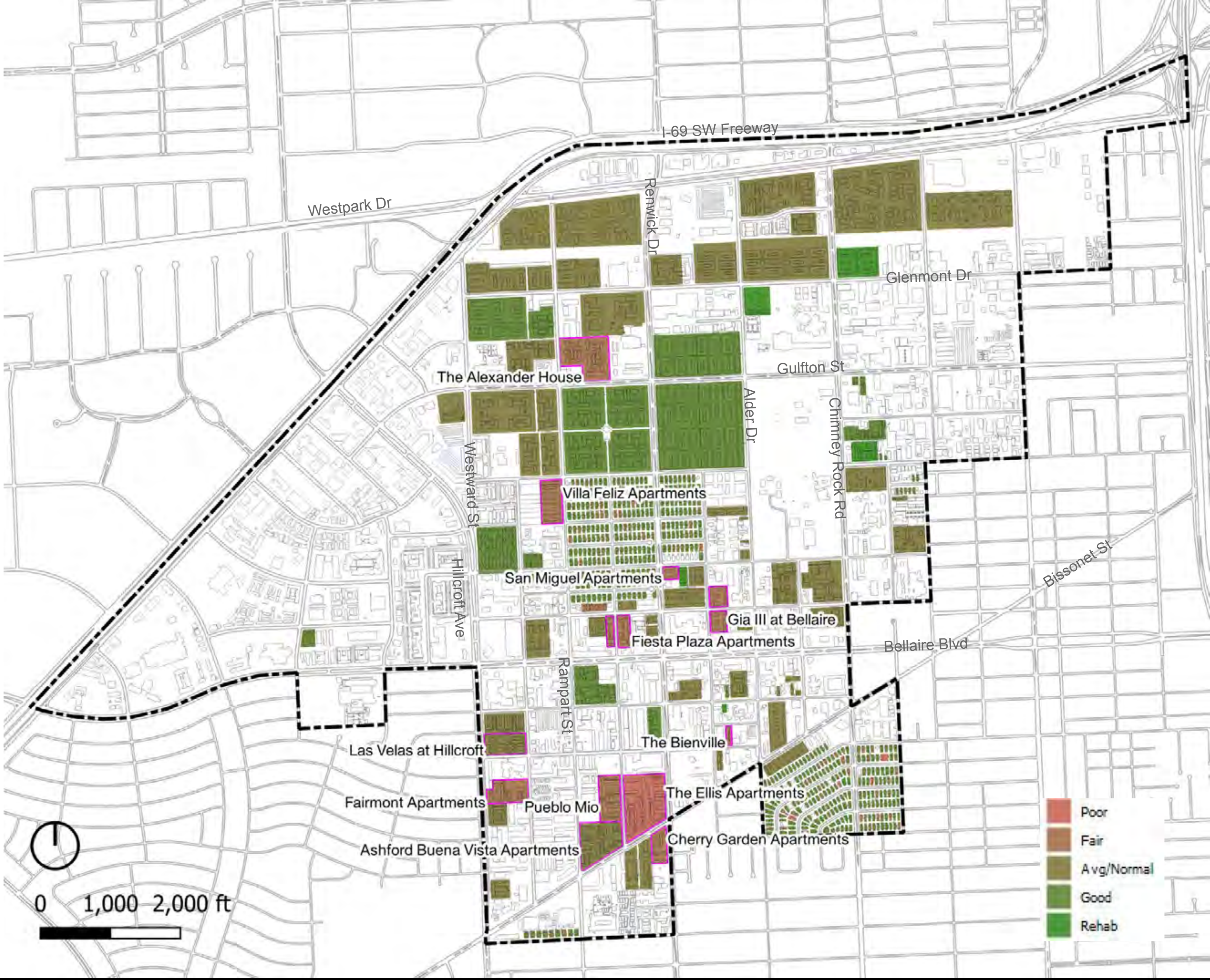
HCAD = Harris County Appraisal District

Select Sites for Retrofits

In the Worst Conditions

Example: Bienville Apt and San Miguel Apts

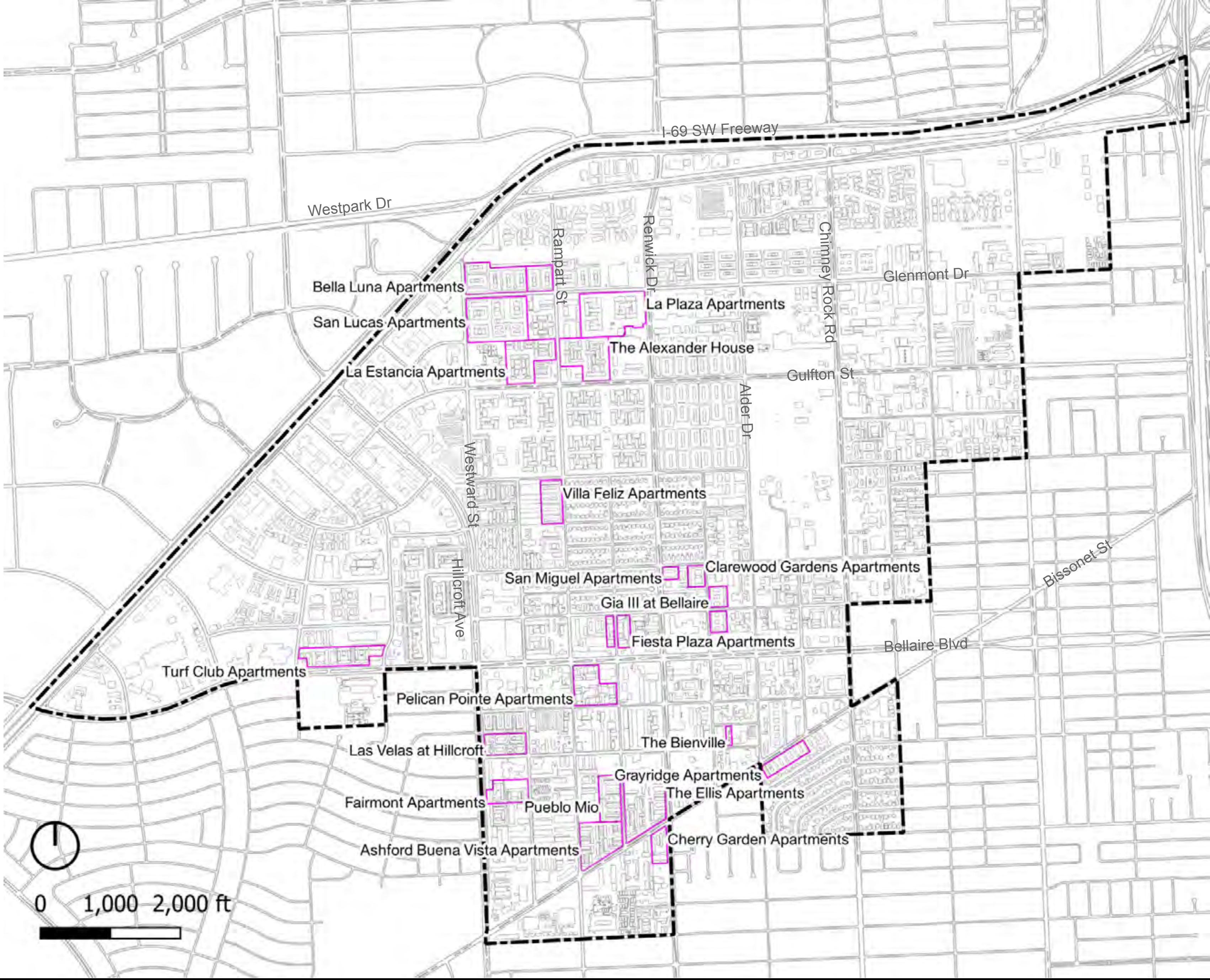
Potential retrofit sites



Select Sites for Retrofits

In Poor or Fair Conditions + **In-person Site Visits**

Example: Clarewood Gardens Apts



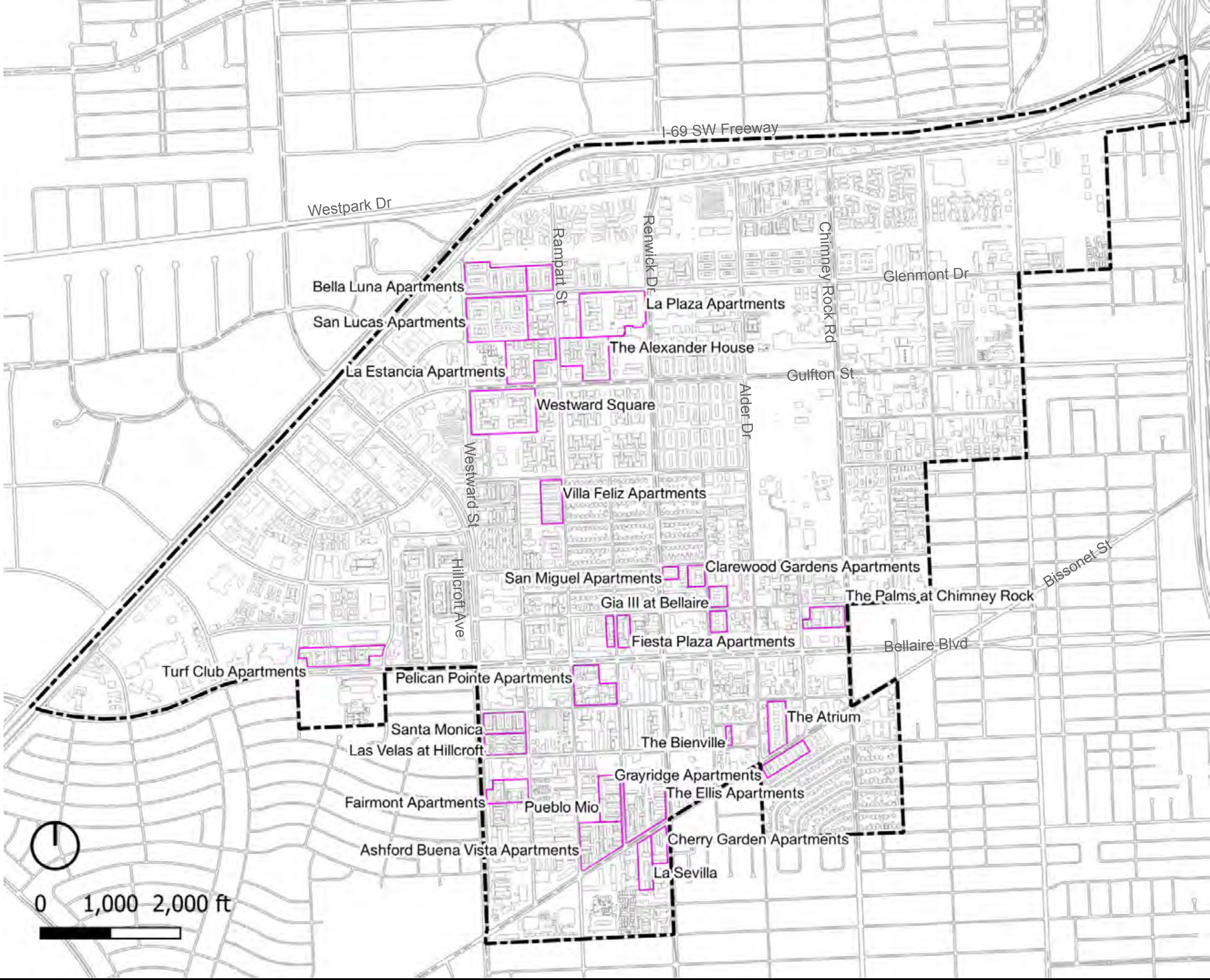
Potential retrofit sites

Select Sites for Retrofits

In Poor or Fair Conditions + In-person Site Visits + **Participating Owners**

Example: La SeVilla Apts

Potential retrofit sites



Select Sites for Retrofits

Retrofit Sites Summary List

Poor or Fair Conditions

1. The Ellis Apartments
2. Villa Feliz
3. The Alexander House
4. Fiesta Plaza Apartments
5. Gia III @ Bellaire
6. Fairmount Apartments
7. San Miguel Apartments
8. Pueblo Mio
9. Las Velas at Hillcroft
10. The Bienville
11. Cherry Garden Apartments
12. Ashford Buena Vista Apartments

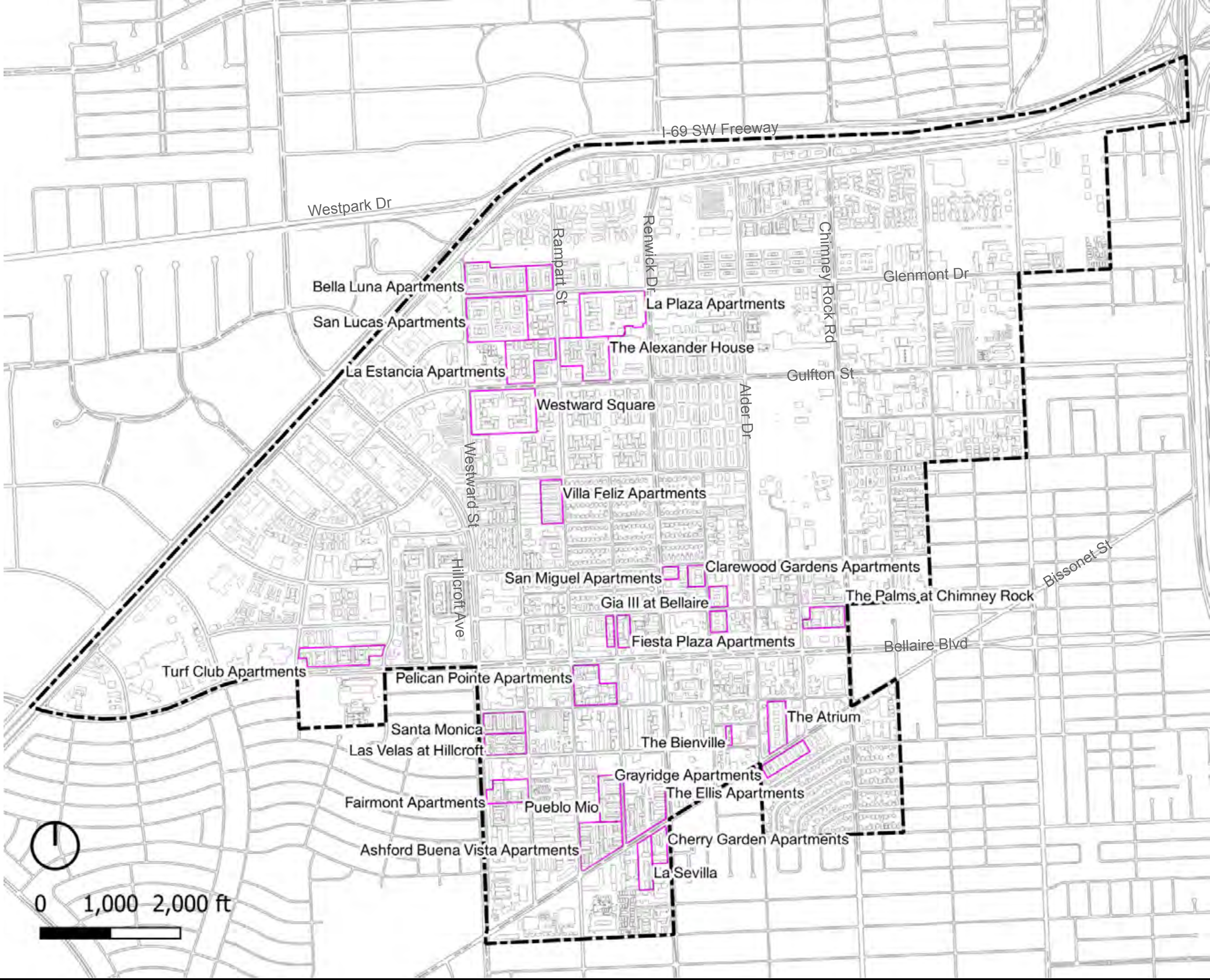
In-person Site Visits

13. Clarewood Gardens
14. La Estancia
15. Bella Luna
16. Pelican Pointe
17. Grayridge Apartments
18. Turf Club
19. La Plaza
20. San Lucas

Participating Owners

21. Westward Square
22. Santa Monica
23. La Sevilla
24. The Atrium
25. The Palms at Chimney Rock

Potential retrofit sites

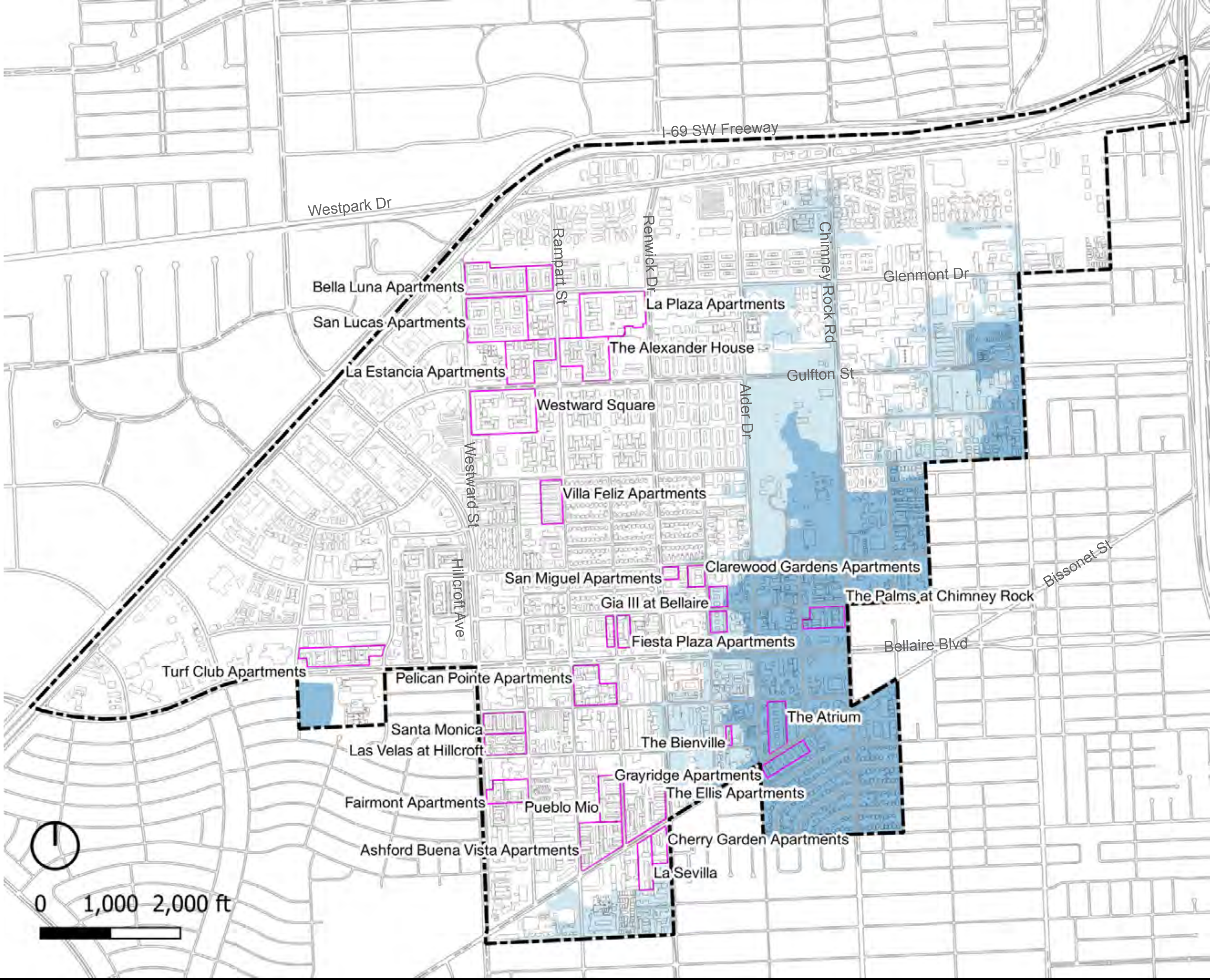


Select Sites for Retrofits

Sort by: **Proximity to the Floodplain**

> Existing apartments outside of the floodplain may be prioritized for renovations.

> Existing apartments inside the floodplain may be retrofitted to be more flood resilient.



Potential retrofit sites

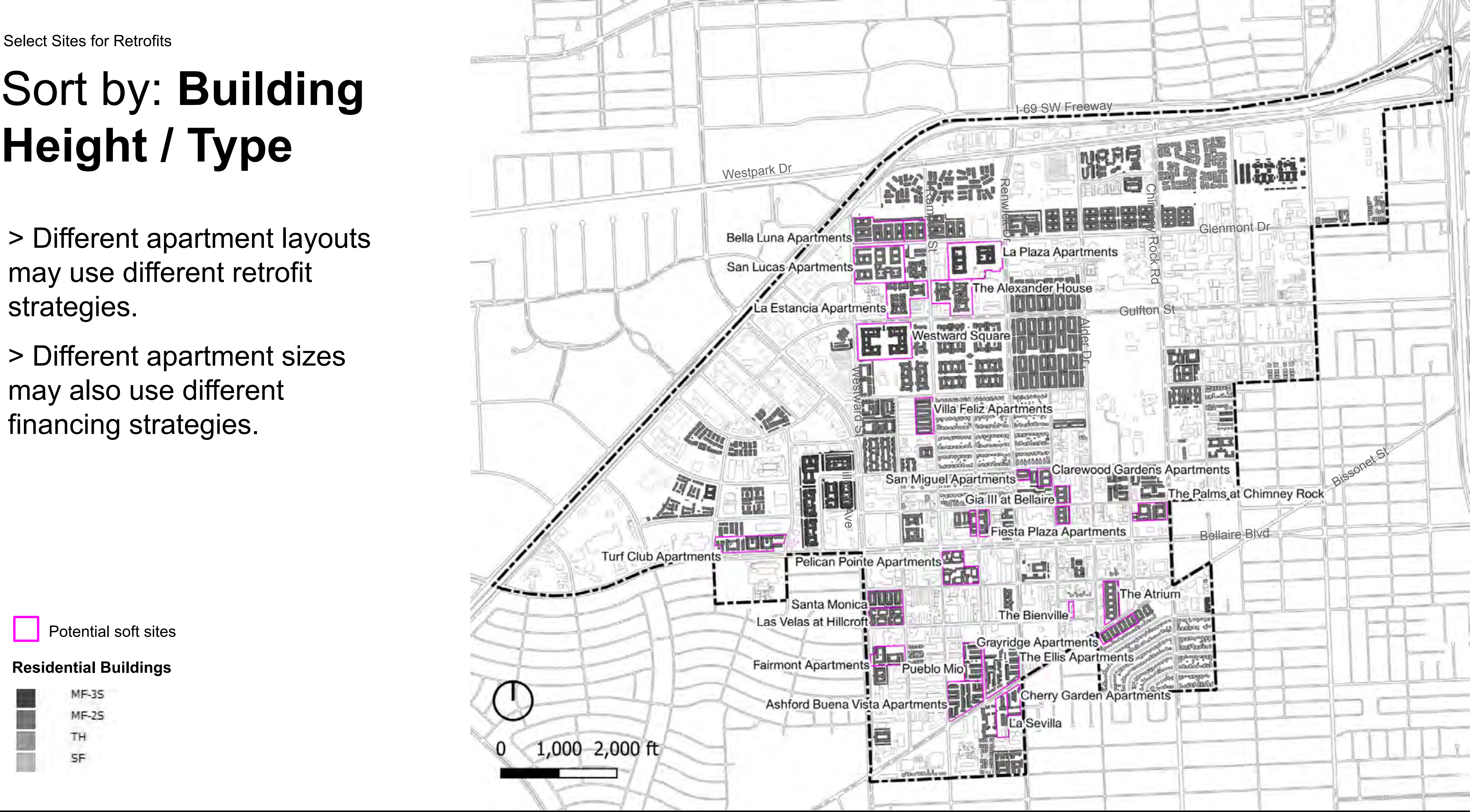
Floodplain

100 year floodplain
500 year floodplain

Sort by: **Building Height / Type**

> Different apartment layouts may use different retrofit strategies.

> Different apartment sizes may also use different financing strategies.



Soft Sites Selection Criteria

Soft Sites Definition

Soft Sites = Potential sites most likely to be redeveloped into new housing in the near term.

Examples:

1. Empty sites

2. Publicly-owned sites

3. Underutilized sites

Soft Sites Goals

1. Increase **homeownership opportunities** for Gulfton residents who are able to buy.
2. Provide **temporary housing** for those whose existing apartments are being renovated.
3. **Rebalance the residential density** of Gulfton by locating new housing in less dense areas within the district.
4. Explore **long-term affordability options** for said new housing through policy and/or ownership strategies.

“Underutilized Sites” Definition

Underutilized Sites = Sites with an improvement value less than its land value. Generally, sites with low improvement-value to land-value ratios are more likely to be redeveloped.

Examples:

High Improvement-Value to Land-Value Ratio

Sterling Point Apartments
Improvement Value: $48.5 mil
Land Value: $9 mil
Ratio: 5.4

Low Improvement-Value to Land-Value Ratio

FAMSA Shopping Plaza
Improvement Value: $1 mil
Land Value: $6.5 mil
Ratio: 0.16

“Underutilized Sites” Definition

High Improvement-Value to Land-Value Ratio

Sterling Point Apartments
Improvement Value: $48.5 mil
Land Value: $9 mil
Ratio: 5.4

Low Improvement-Value to Land-Value Ratio

FAMSA Shopping Plaza
Improvement Value: $1 mil
Land Value: $6.5 mil
Ratio: 0.16

Soft Sites Selection Criteria

Select **2 Soft Sites** for the feasibility study based on these criteria:

1. Prioritize

Lot Vacancy
(Add currently empty sites)

Land Use
(Add public or institutionally owned sites)

Underutilization
(Add sites whose improvement-value to land-value ratio is at or below 1.0)

2. Filter Out

Existing Buildings Assessment
(Remove sites with buildings that are relatively new or in good conditions)

Existing Residential Density
(Remove sites in already-dense residential areas)

Not Available or Desired
(remove sites that are difficult or not desirable to acquire)

3. Sort By

Size
(Small, med, or large)

Floodplain
(Inside / Outside)

Strategic Adjacencies / Proximities
(To bus transit; To main streets & intersections; To amenities)

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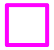
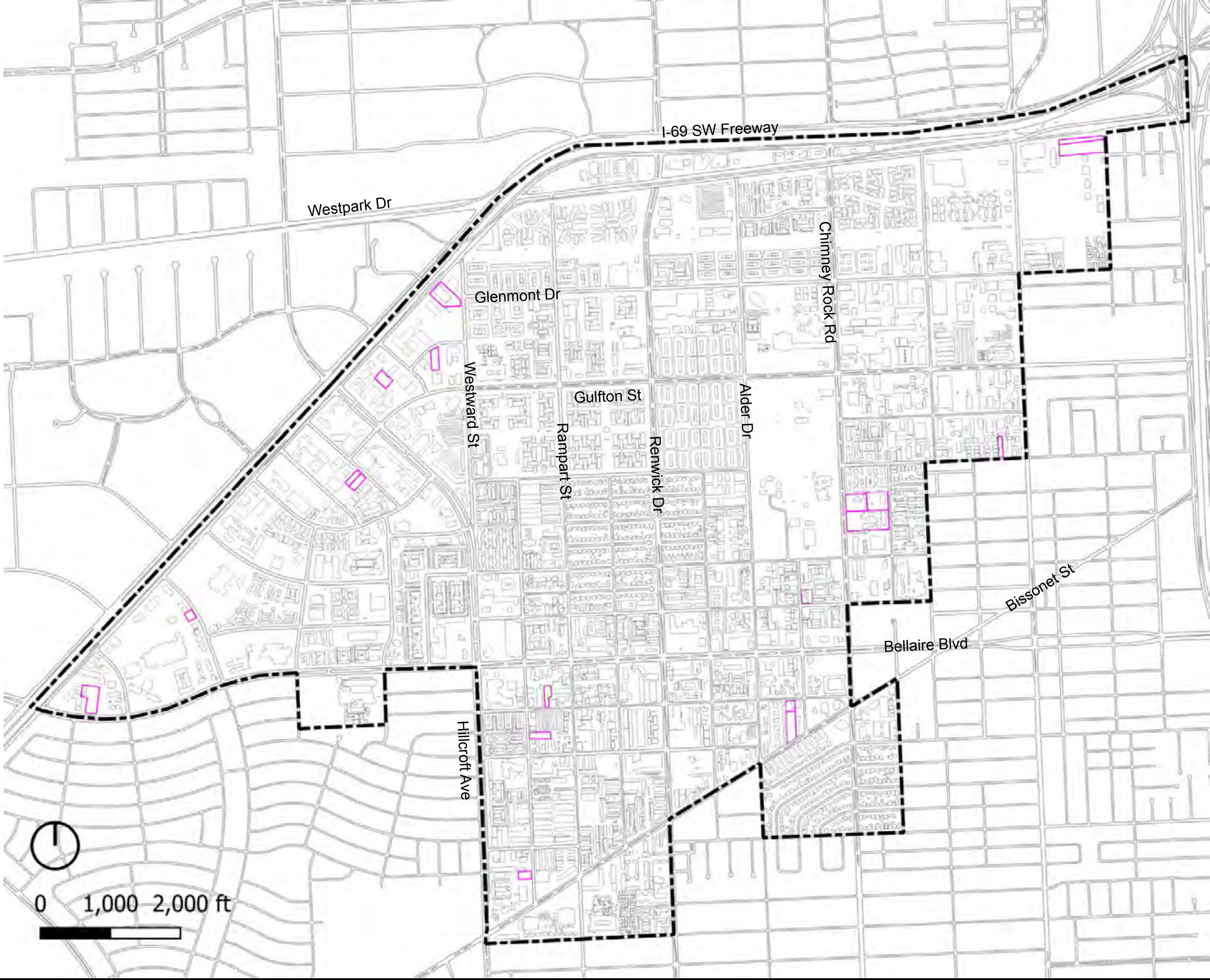
Select Sites for New Housing

Lot Vacancy

Examples at Westpark Dr & Anderson St and on Chimney Rock Rd



Potential soft sites



Select Sites for New Housing

Lot Vacancy + **Publicly- or Institutionally-Owned**

Example at Jessamine & Renwick

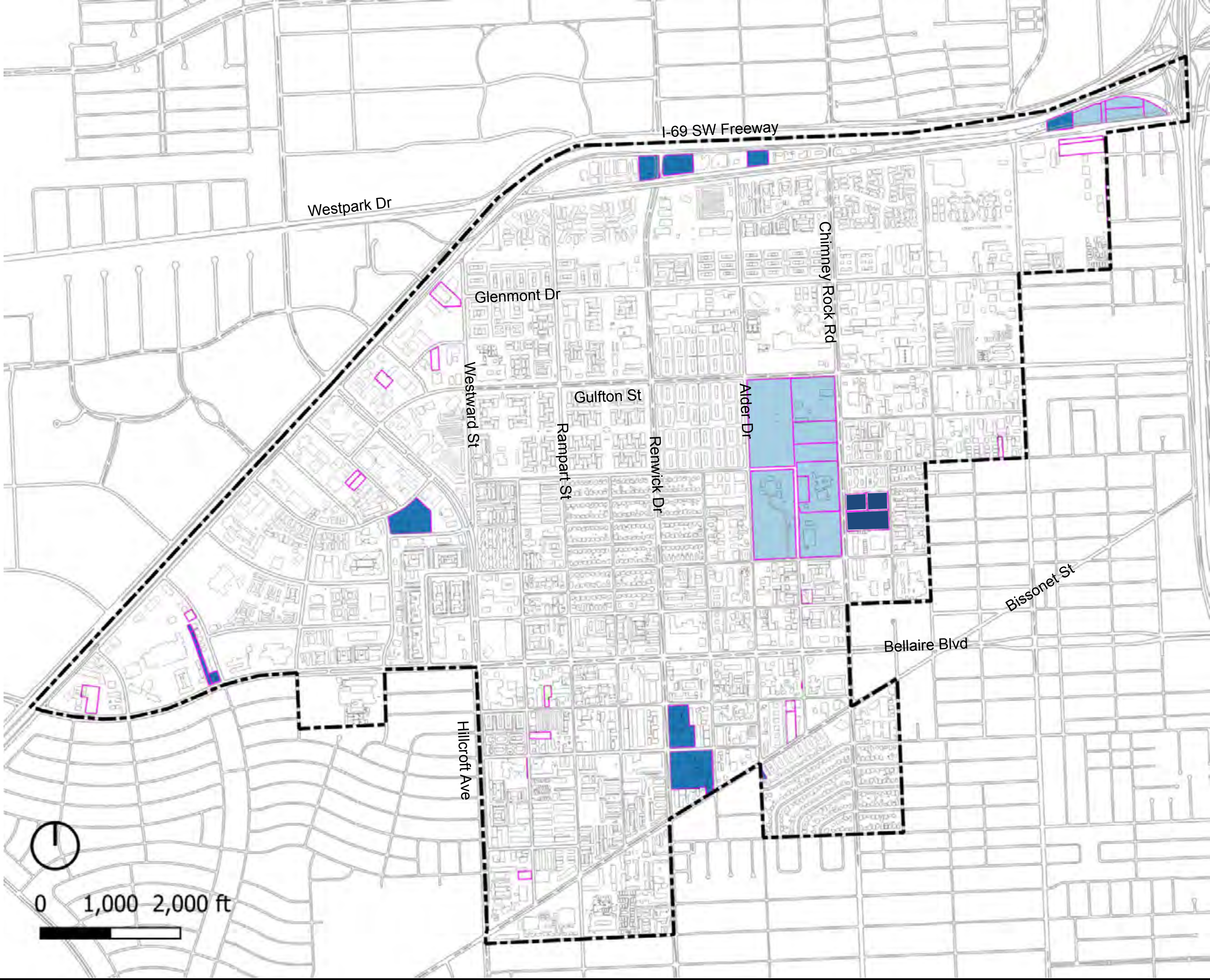
Potential soft sites

Land Use

Property owned by County of Harris

Property owned by City of Houston

Property owned by University of Texas



Select Sites for New Housing

Lot Vacancy + Publicly- or Institutionally-Owned + **Underutilized**

Example at Bellaire & Hillcroft Ave

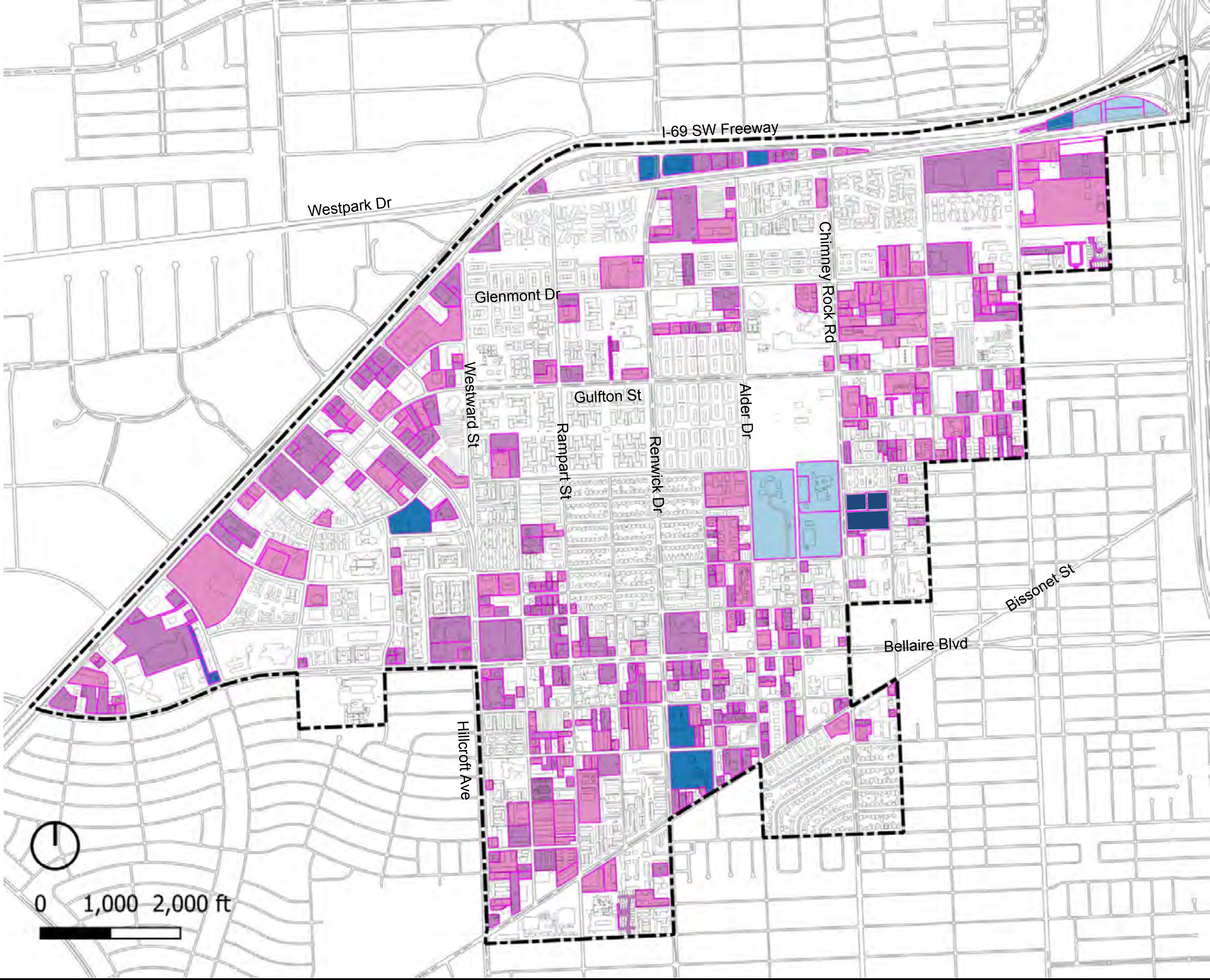
Potential soft sites

Underutilization

Building value to land value ratio < 0.5

Building value to land value ratio <1

*Excludes sites smaller than 10,000 sf
(equivalent to typical single family parcel area)



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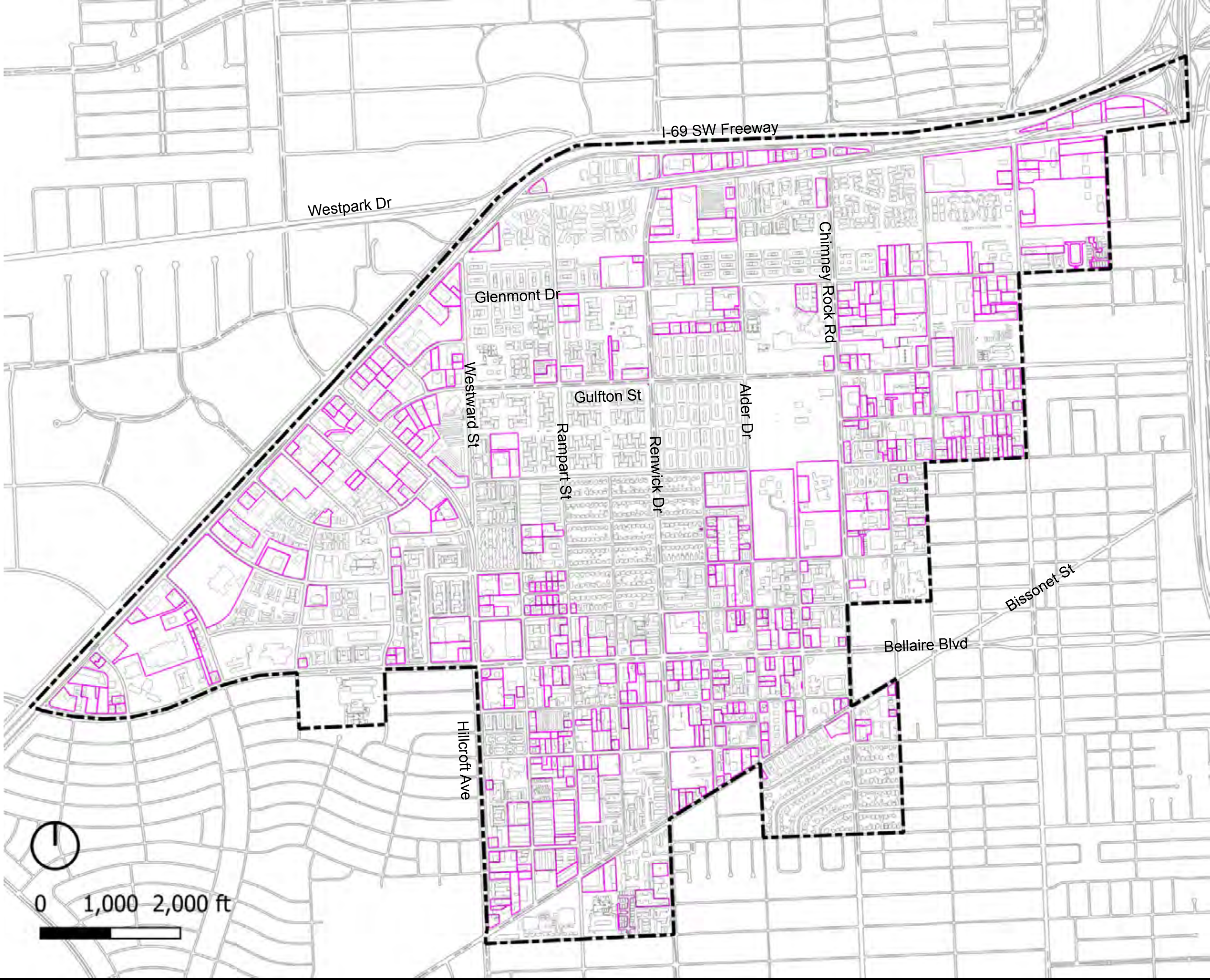
Select Sites for New Housing

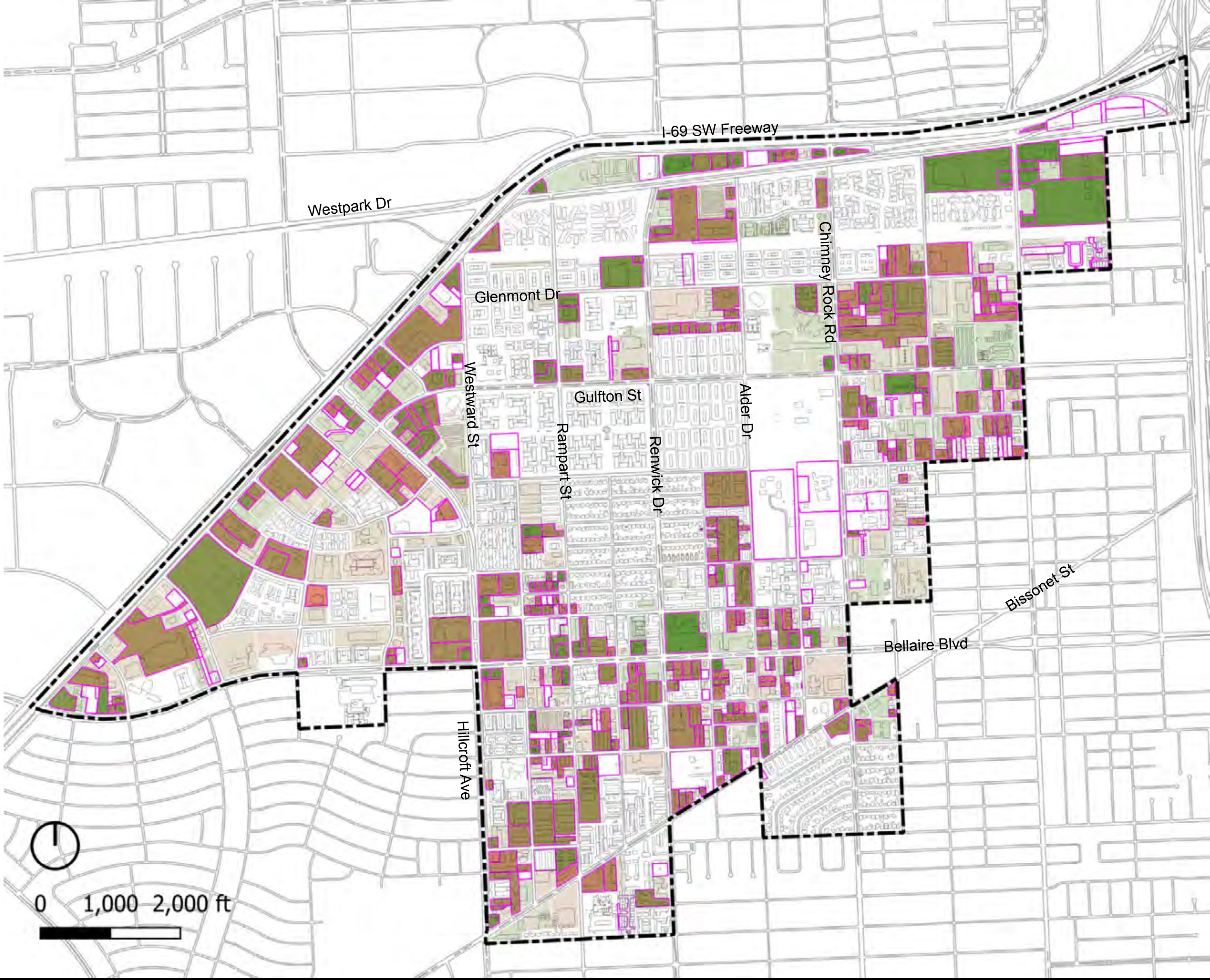
Soft Sites Priority List



Potential soft sites

Select Sites for New Housing

Building Age, Condition, and Quality Filter



Potential soft sites

Bldg Age, Condition and Quality gradient

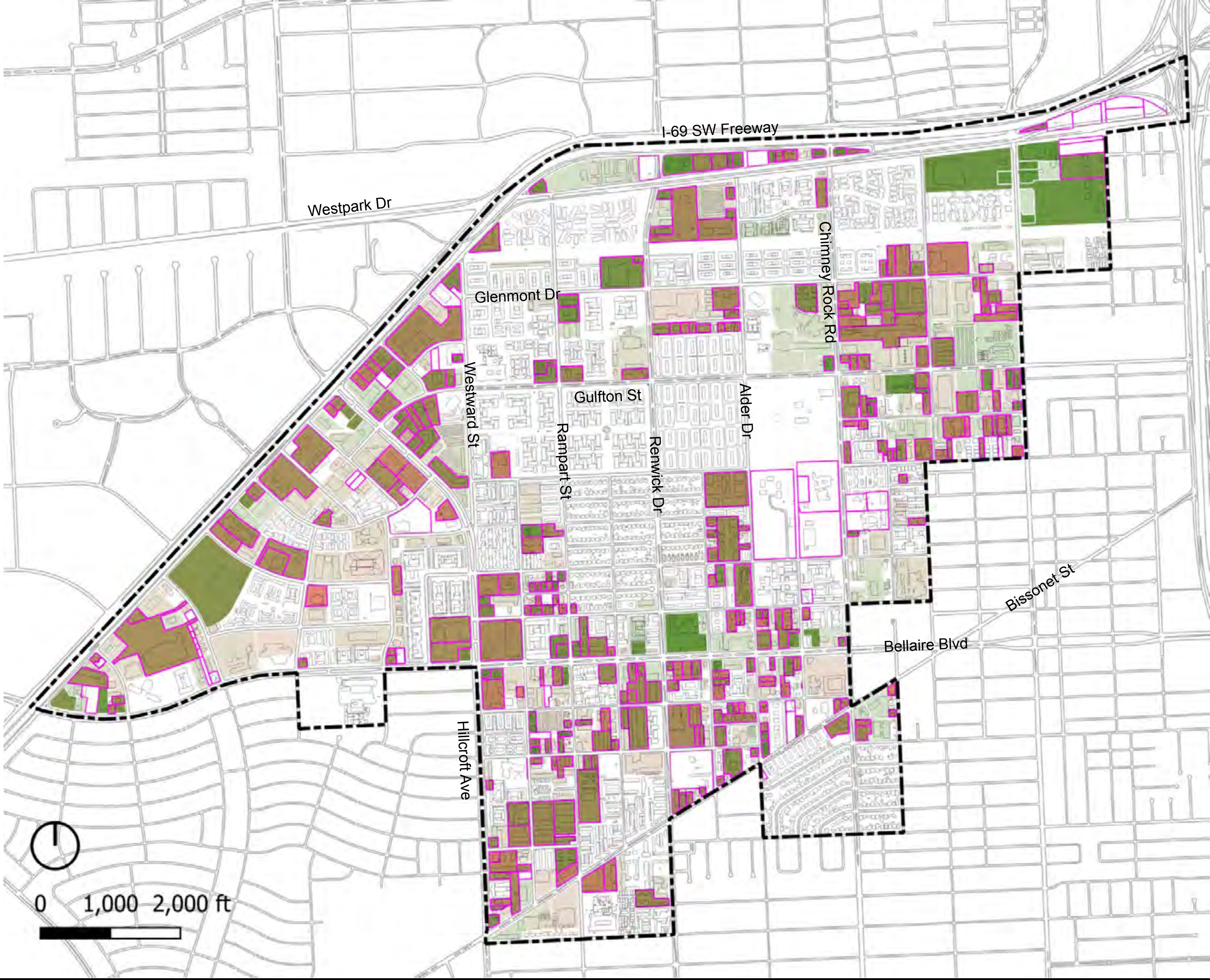
Older buildings with lower quality and poor conditions

Newer buildings with higher quality and better conditions

Select Sites for New Housing

Building Age, Condition, and Quality Filter

Resultant Soft Sites



Potential soft sites

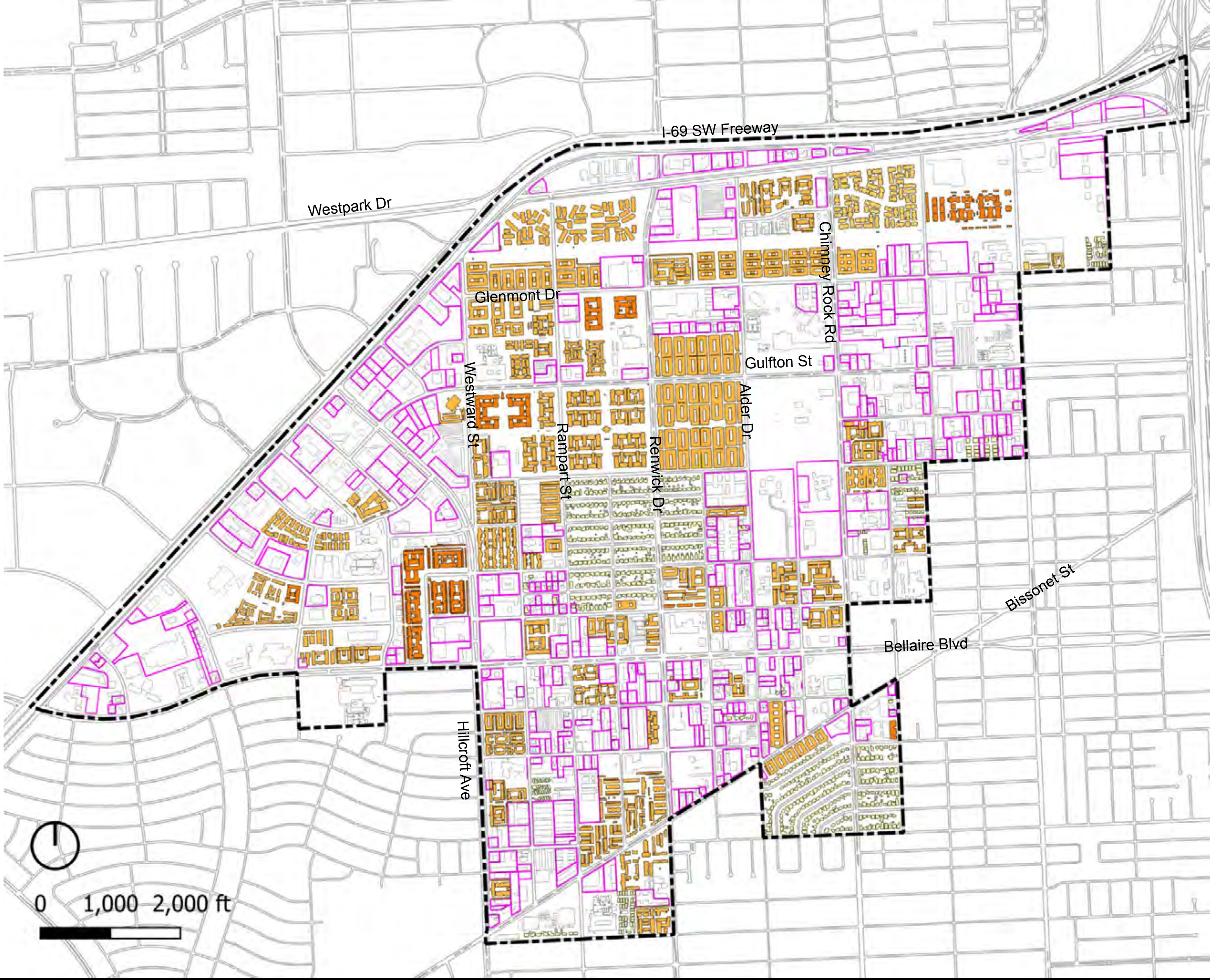
Bldg Age, Condition and Quality gradient

Older buildings with lower quality and poor conditions

Newer buildings with higher quality and better conditions

Select Sites for New Housing

Residential Density Filter



Potential soft sites

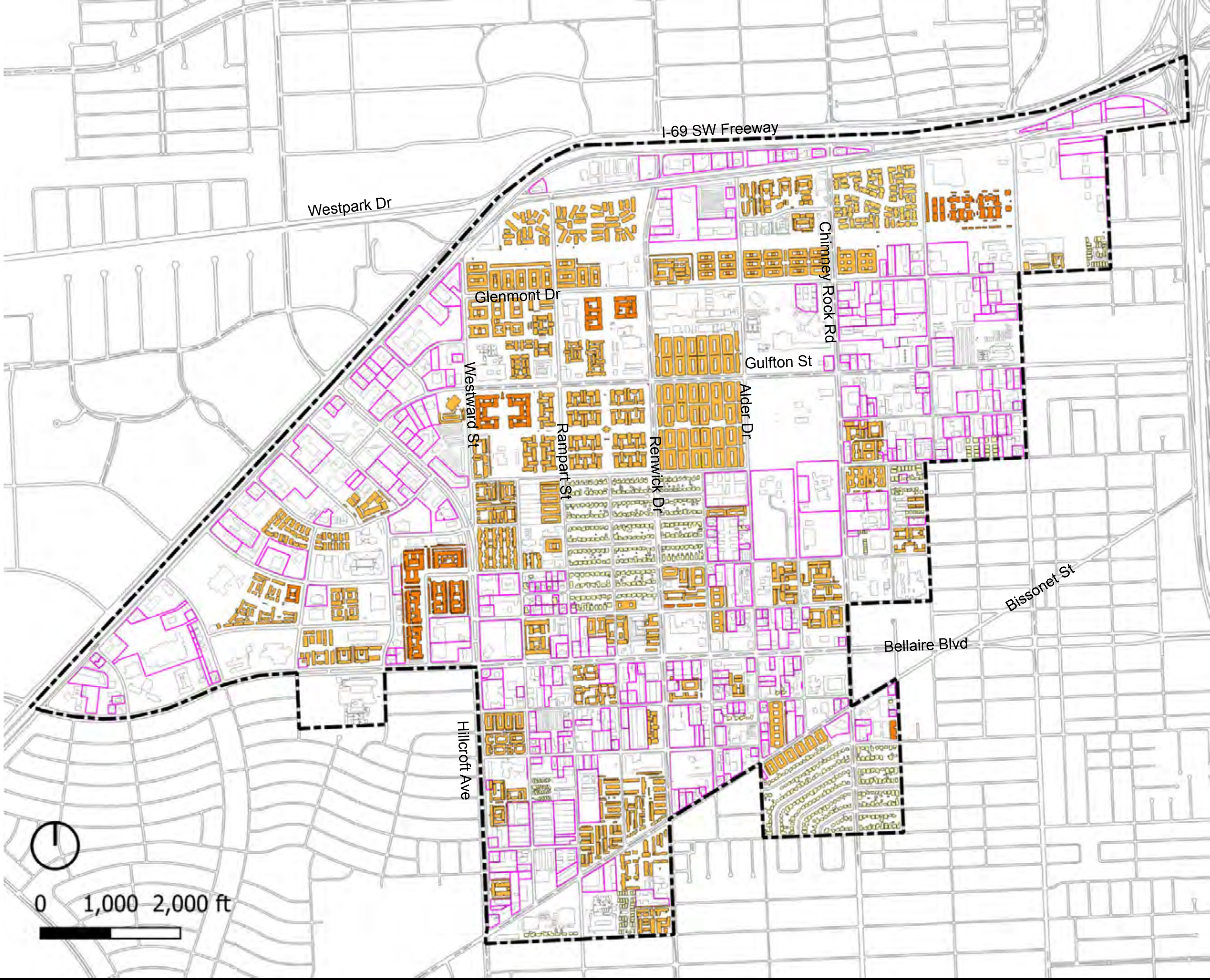
Residential Buildings

MF-3S
MF-2S
TH
SF

Select Sites for New Housing

Residential Density Filter

Resultant Soft Sites



Potential soft sites

Residential Buildings

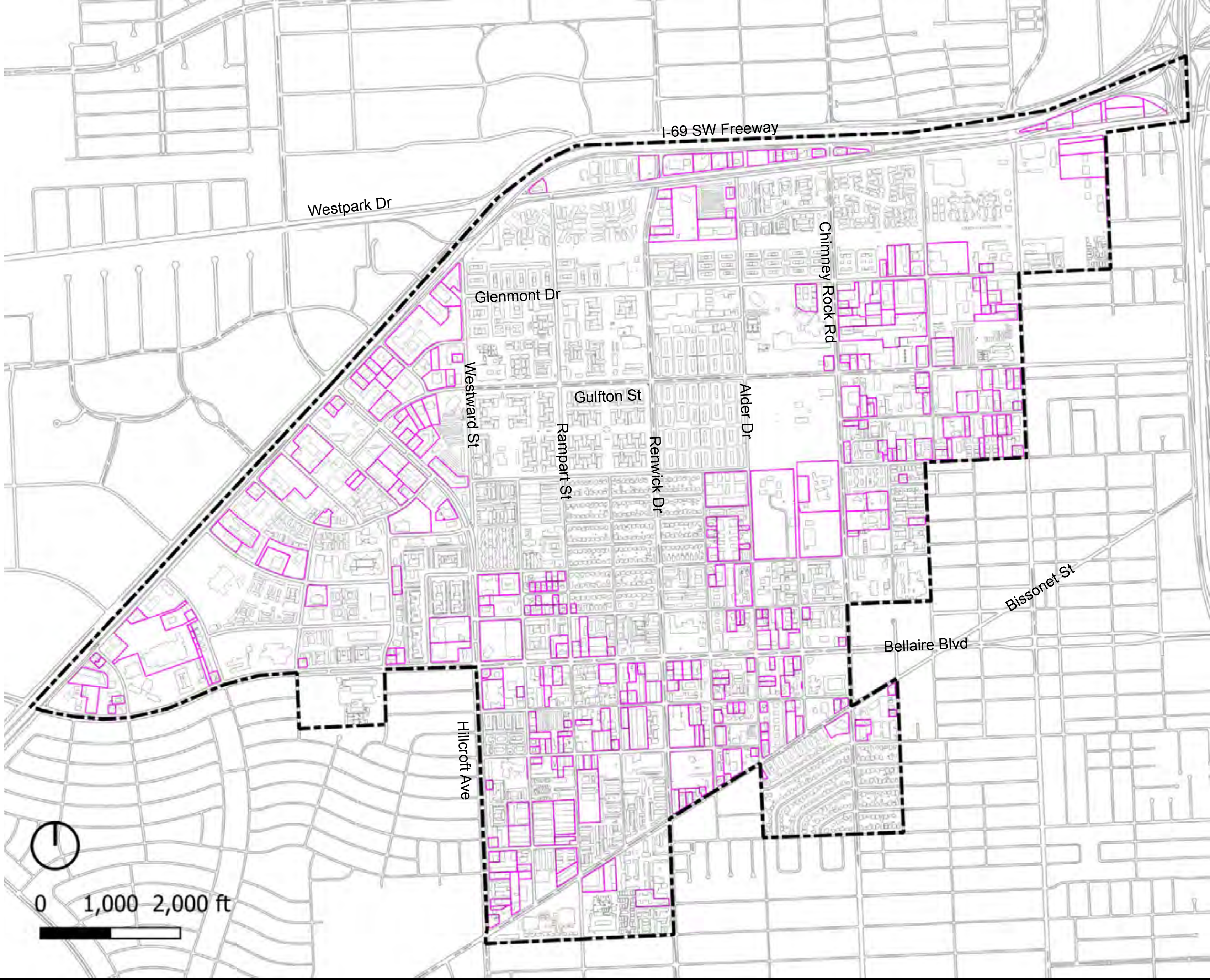
MF-3S
MF-2S
TH
SF

Select Sites for New Housing

Soft Sites Summary

= 10% out of Study Area

(319 / 2,993 Sites)



Potential soft sites

Soft Sites Selection Criteria

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3. Sort By

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Floodplain
(Inside / Outside)

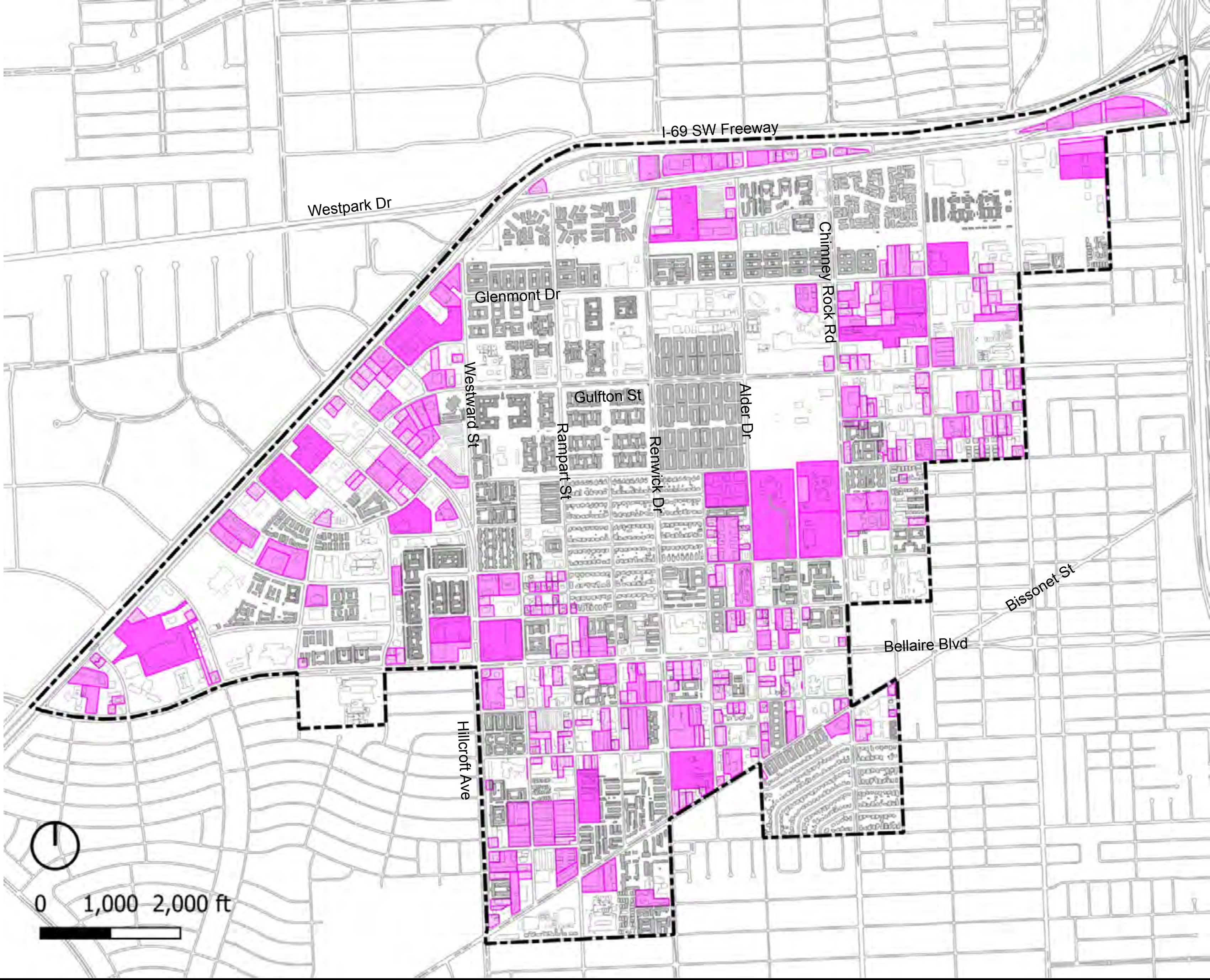
Strategic Adjacencies / Proximities
(To bus transit; To main streets & intersections; To amenities)

Select Sites for New Housing

Sort by:
Parcel Size

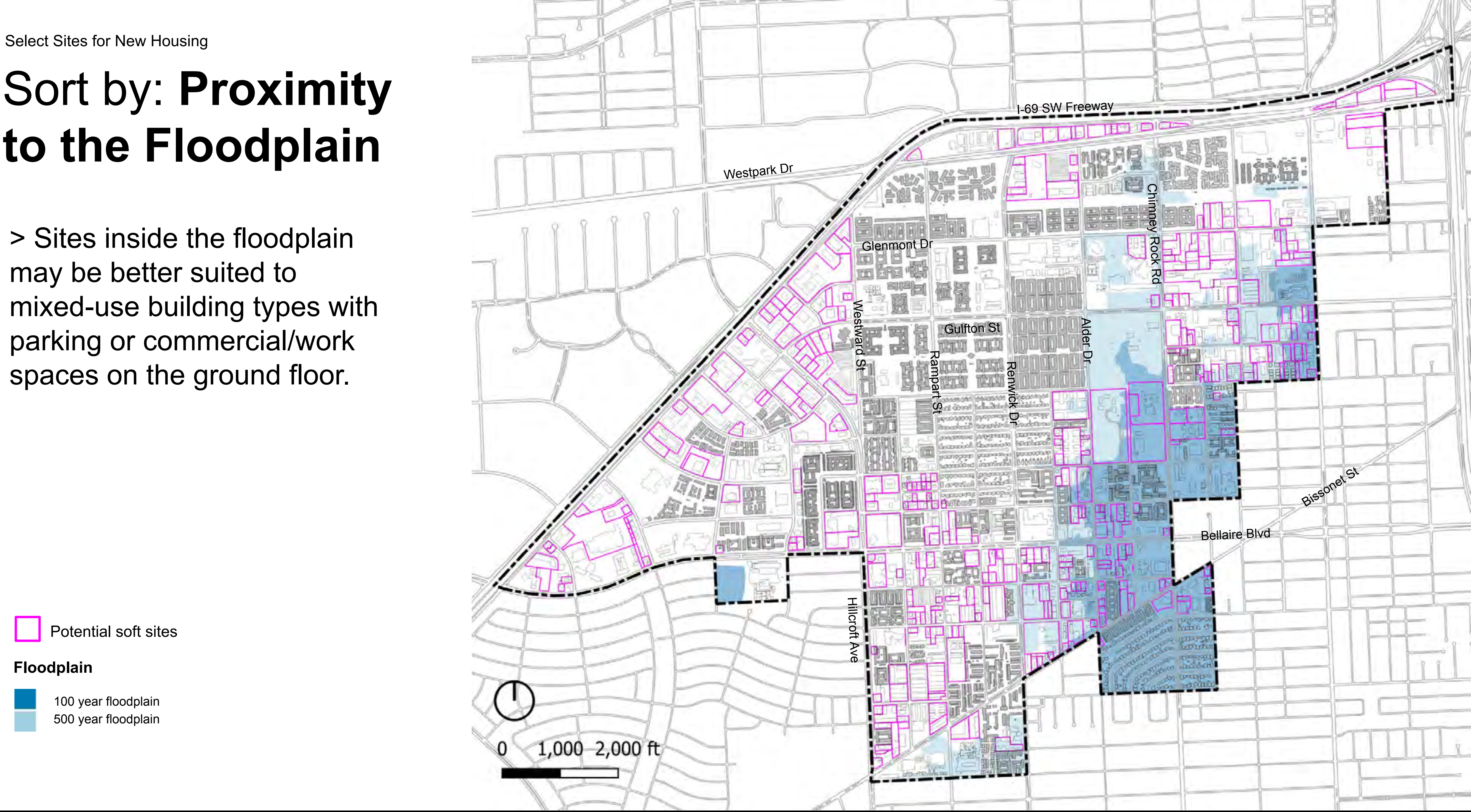
> Smaller sites may be better suited to single- or missing middle housing types.

> Larger sites may be better suited to larger, mixed-use housing types.



Sort by: **Proximity to the Floodplain**

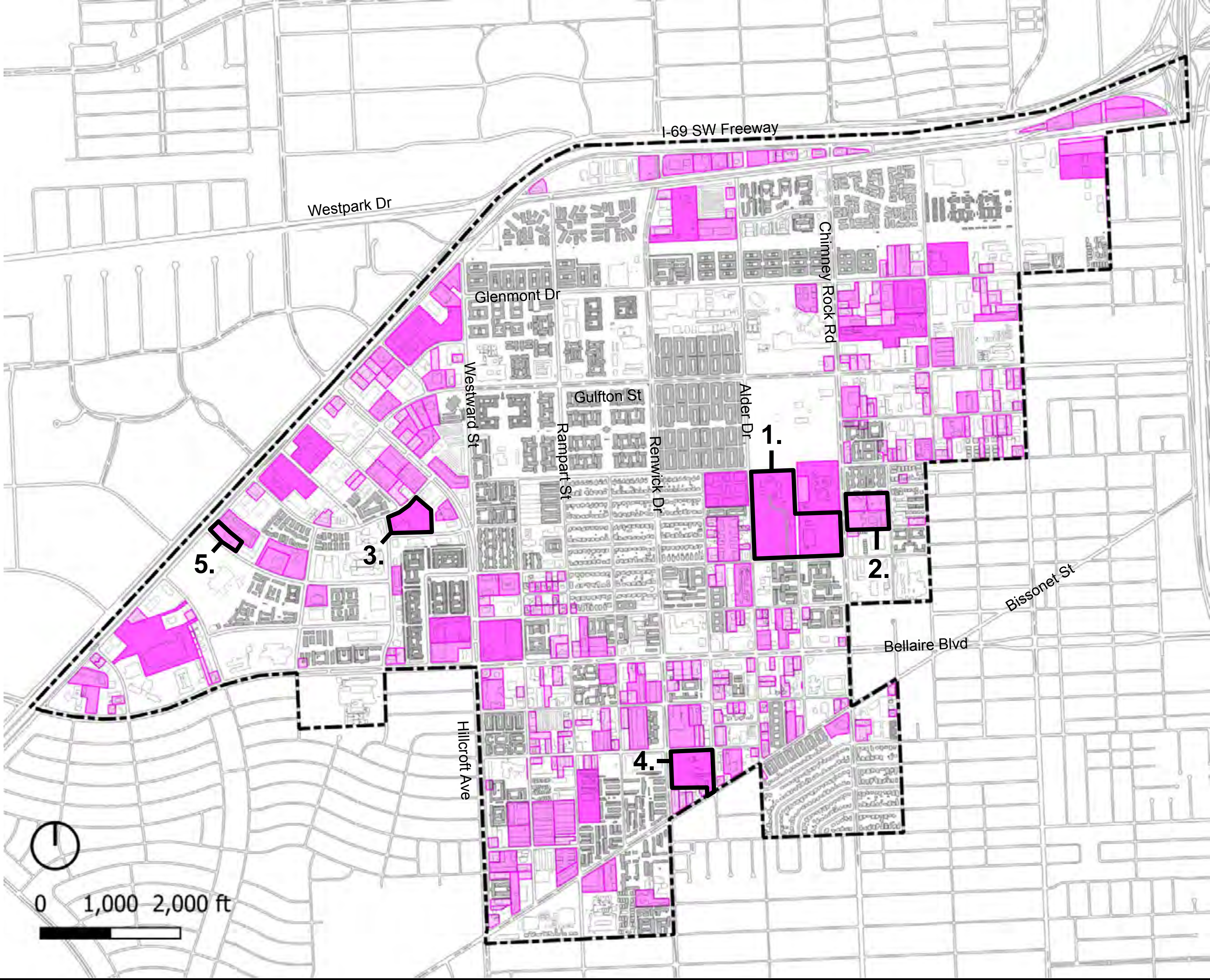
> Sites inside the floodplain may be better suited to mixed-use building types with parking or commercial/work spaces on the ground floor.



Select Sites for New Housing

Priority Soft Sites for New Housing

1. Owned by Harris County (1.3 mil sf)
2. Owned by University of Texas (323,100 sf)
3. Owned by COH (partially vacant)
4. Owned by COH (Public Works, 330,000 sf)
5. Romana Hotel (79,800 sf)



Soft Sites by Parcel Size (sf)

- small (10-50K)
- medium (50-200K)
- large (200K+)

Gulfton Urban Planning and
Adaptive Reuse Feasibility Study

3. Housing Scenarios

Overview

Based on **community feedback**, this section illustrates 4 different housing scenarios that would meet a range of **resident needs** and contribute to **placemaking opportunities**: 1. light renovations of existing apartments, 2. more intense retrofits of existing apartments (that may combine units), 3. redevelopment of existing apartments, and 4. new housing production on underutilized sites. The scenarios are illustrated through a relatively genericized apartment or site so that they are understood to be more **widely applicable across Gulfton**.

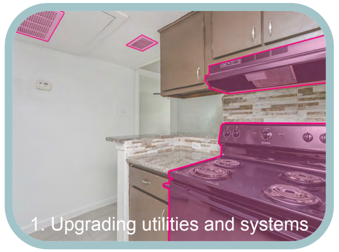
The renovation scenarios illustrate light, cost-effective improvements to existing apartments that would create significant improvements on the **quality of unit interiors**, monthly **utility bills**, and **outdoor spaces**. The retrofit scenarios depict more intense adaptations of existing apartments by exploring the opportunities of combining or converting units. For example, 2 adjacent units are combined to create a larger unit with an attached in-law suite, thereby accommodating for **multigenerational living**.

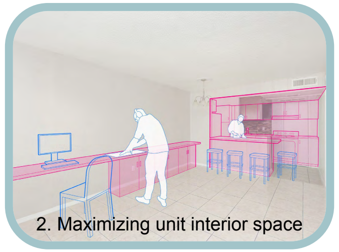
The redevelopment scenarios illustrate new apartment construction replacing existing apartments that are no longer financially feasible to renovate or retrofit. Here, different building scales and densities are arranged in ways that also **enhance the public realm** (e.g., sidewalk, open space, ground floor community uses, etc.). Lastly, the new housing on soft sites scenarios show a range of Gulfton-specific homeownership building types and their potential unit yield across different underutilized sites. Here, single-family houses and townhouses have alternate versions that also include **ground-floor flex units**, designed to **accommodate additional uses**: in-law units, live-work units, rentals, or commercial spaces.

Each set of scenarios incorporates some form of indoor **communal space**, such as for gatherings, celebration, production, or potentially light-manufacturing uses. While these scenarios are meant to demonstrate distinct possibilities, real projects would likely combine **a number of different strategies**.

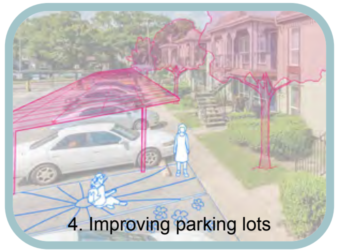
Scenarios Overview

1. Renovations


1. Upgrading utilities and systems

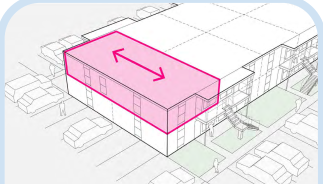

2. Maximizing unit interior space


3. Creating private outdoor gardens


4. Improving parking lots


5. Improving shared outdoor spaces

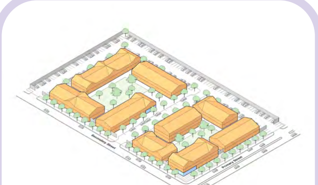
2. Retrofits


1. Combining adjacent units to create family-sized units


2. Combining adjacent units to create attached in-law units


3. Converting ground floor units to communal uses

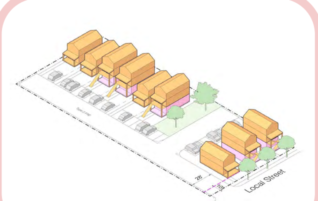
3. Redevelopments


1. Rebuilt as Low-rise Garden Apartments (2-3 stories)

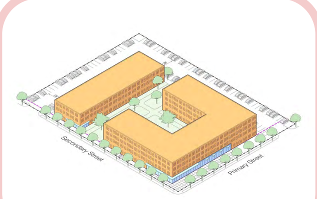

2. Rebuilt as Mid-rise Apartment Buildings (5-6 stories)

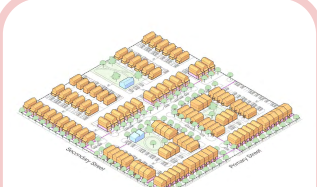

3. Rebuilt as High- and Low-rise Buildings (12+ stories)

4. New Housing on Soft Sites


1. Single-family on small lots


2. Townhouses on Medium lots


3. Multifamily Bldg(s) on Med lots


4. Single-family Houses & Townhouses on Large lots

Scenarios Overview

Adaptation to Existing Apartments

New Construction

1.
Renovations

> Light, small-scale repairs, alterations, and/or upgrades to existing units.

Applies to: Existing apartment buildings in acceptable conditions where light strategic renovations would yield significant improvements.

2.
Retrofits

> Significant repairs, alterations, and/or upgrades that potentially combine or convert units.

Applies to: Existing apartment buildings with structural, mechanical, and/or architectural integrity, and is worth reusing via some significant alterations.

3.
Phased Redevelopment

> Phased demolition of existing apartments and construction of new housing.

Applies to: Existing apartment buildings that do not make economic sense to renovate or retrofit due to structural, mechanical, and/or architectural disrepair.

4.
New Housing on Soft Sites

> New housing production on soft sites, prioritizing home ownership over rentals.

Applies to: Underutilized sites where new construction can increase the overall housing stock in Gulfton, especially for new homeownership opportunities.

Scenarios Overview: **Renovations**

Adaptation to Existing Apartments | New Construction

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Renovations

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4.
New Housing on Soft Sites

> New housing production on soft sites, prioritizing home ownership over rentals.

Applies to: Underutilized sites where new construction can increase the overall housing stock in Gulfton, especially for new homeownership opportunities.

Renovations Goals

1. **Upgrade utilities and systems** to reduce utility costs and improve indoor air quality and comfort
2. Maximize space efficiency for **family-oriented living**
3. Prioritize **low-cost solutions** that yield significant benefits
4. **Convert outdoor spaces** into semi-private spaces
5. Improve **shared outdoor spaces** (parking lots, parks)

Community Feedback on: **Apartment Buildings & Units**

Existing Shortcomings:

- **Poor conditions:** outside may look nice, but inside there's **mold, rotting wood, rodent, pests**
- **Unaffordable for many**: some move from a $20 rent increase
- **High utilities bills**
- **Apartments too small:** Family of 4 (sometimes up to 7, or 2 families) living in a **1-bedroom unit**
- **Lack of windows:** to light, fresh air, views
- Interior layout **very subdivided** and not spacious
- **Lacks storage**

Desired Housing Types:

- **More apartment choices & sizes with different bedrooms**
- **New buildings with amenities**, not surrounded by parking
- Opportunities for **homeownership:** for those who want single-family houses has to move out
- Condos with **in-law suites**: for multi-generational households





Community Feedback on: **Apartment Open Spaces**






Existing Shortcomings:

- **Not family- or kid-friendly:** Kids often play in parking lots
- Courtyards / open spaces are often **barren and empty**: Lack of playground, green space, benches
- **Heat Island Issue**: little tree cover & lots of paved asphalt
- **Lack of biodiversity,** contributing to flooding

Desired Amenities:

- **Outdoor programs:** Gardens, playgrounds, seating, gazebos, etc.
- **Gathering spaces**, especially for youths, and for holidays like Ramadan
- **Communal spaces**: for working, eating, celebrating, studying, exercising, etc.
- **Small businesses** (i.e., retail) in the apartment complex
- **Re-engage the sidewalks & streets** (the public realm)
- Garages to protect cars, storage

Renovations / Retrofits Sites List

<u>Poor or Fair Conditions</u>

1. The Ellis Apartments
2. Villa Feliz
3. The Alexander House
4. Fiesta Plaza Apartments
5. Gia III @ Bellaire
6. Fairmount Apartments
7. San Miguel Apartments
8. Pueblo Mio
9. Las Velas at Hillcroft
10. The Bienville
11. Cherry Garden Apartments
12. Ashford Buena Vista Apartments

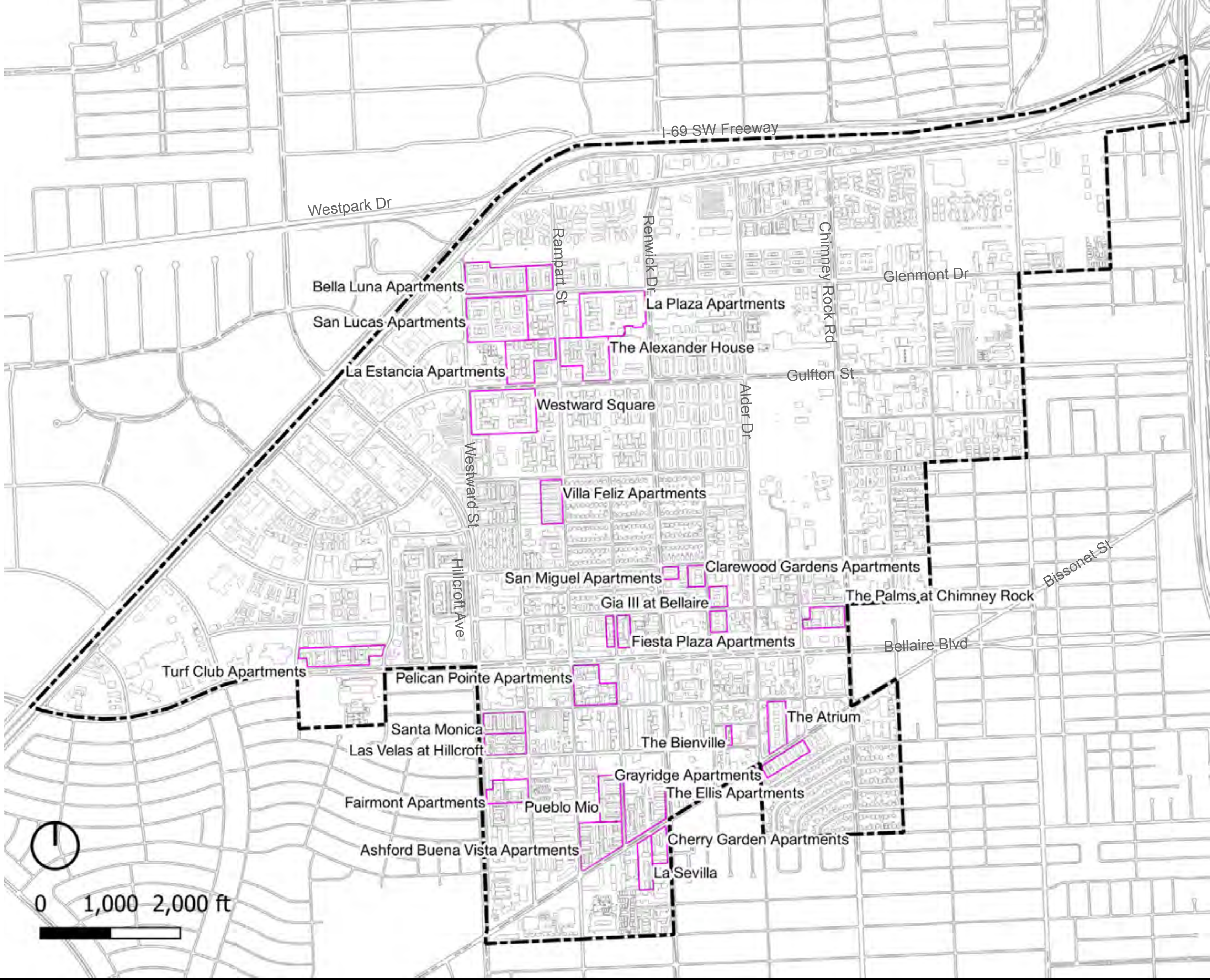
<u>In-person Site Visits</u>

13. Clarewood Gardens
14. La Estancia
15. Bella Luna
16. Pelican Pointe
17. Grayridge Apartments
18. Turf Club
19. La Plaza
20. San Lucas

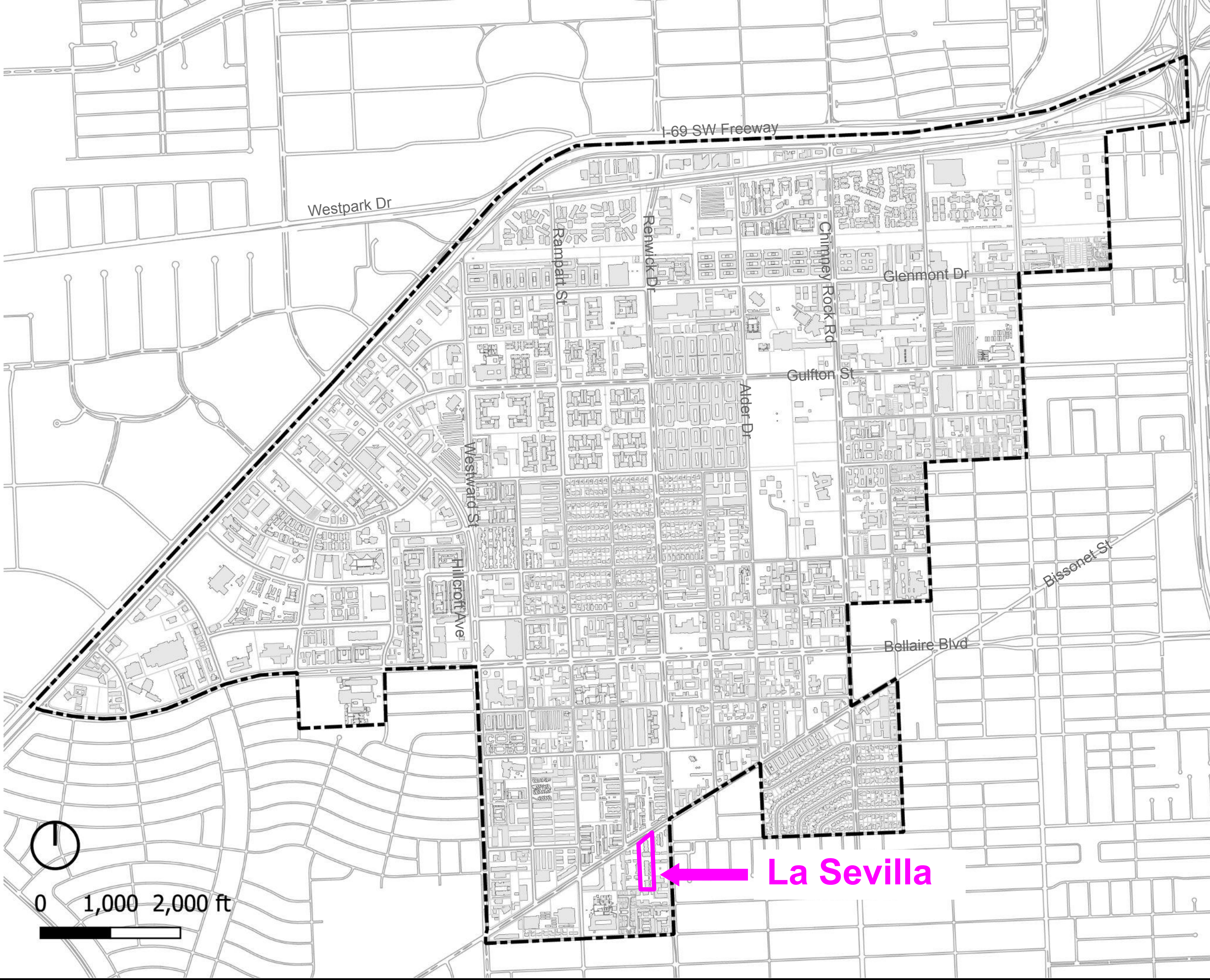
<u>Participating Owners</u>

21. Westward Square
22. Santa Monica
23. La Sevilla
24. The Atrium
25. The Palms at Chimney Rock

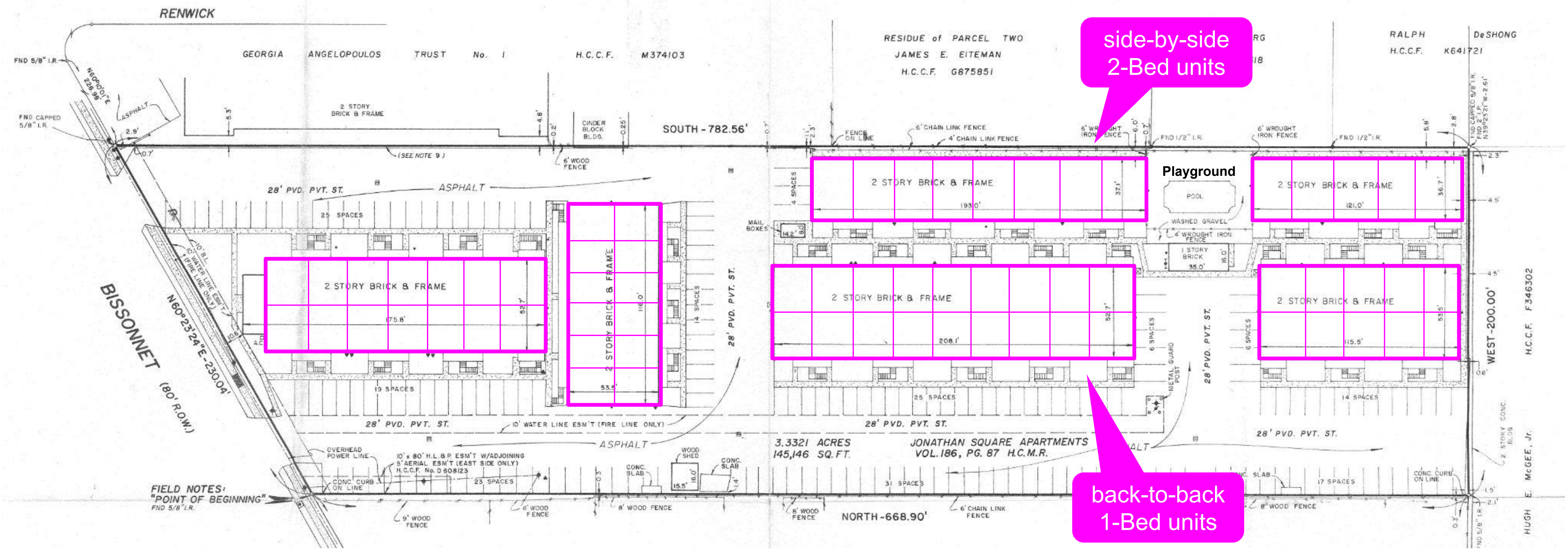
Potential retrofit sites



La Sevilla Apts as the "typical" apartment to demonstrate adaptation scenarios

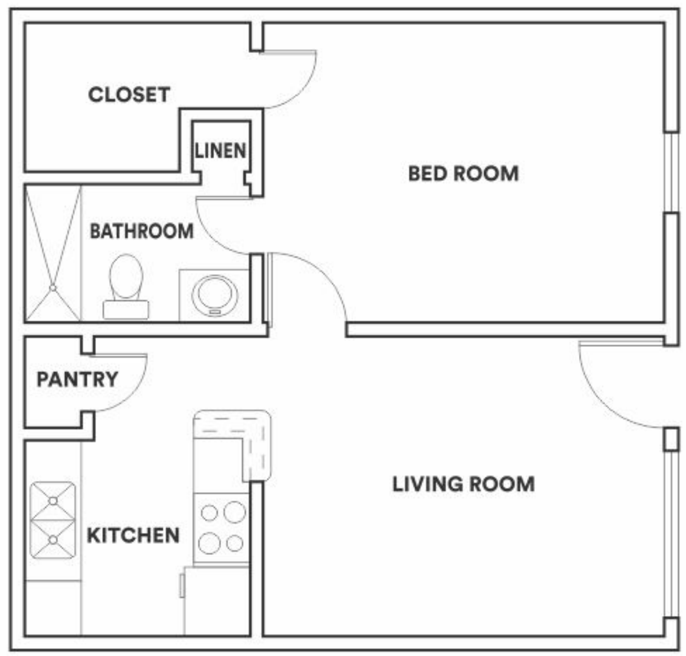


La Sevilla Apts Site Plan

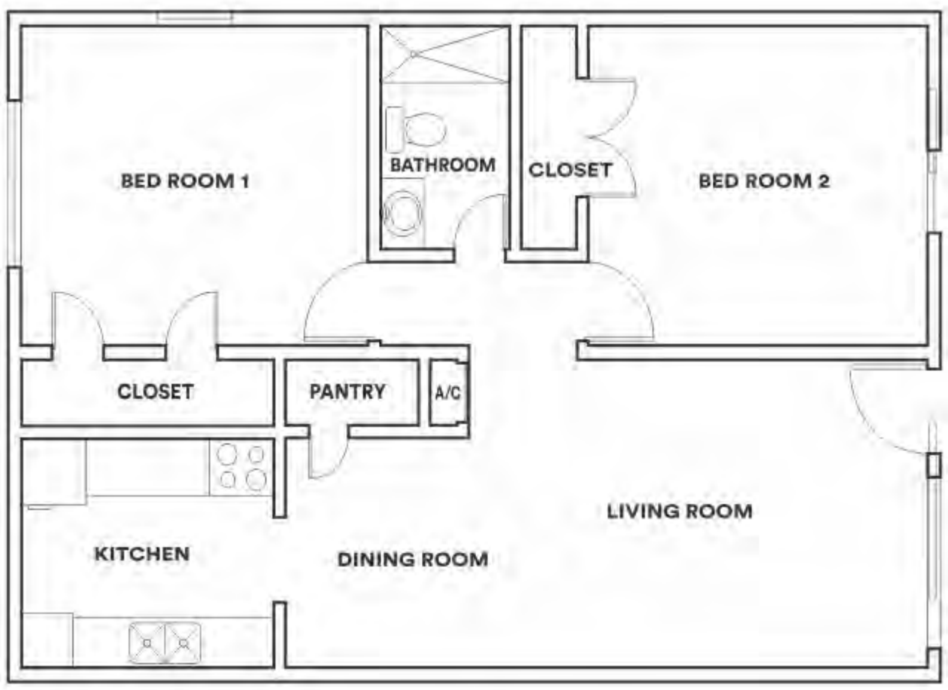


Built 1965
130 Units (1- and 2-Bedrooms)

La Sevilla Apts Unit Plans



1-Bedroom Unit (570 sf)



2-Bedroom Unit (860 sf)

Renovations Toolkit

1. Upgrading utilities and systems

2. Maximizing unit interior space

3. Creating private outdoor gardens / yards

4. Improving parking lots

5. Improving shared outdoor spaces

Renovations Toolkit for **Upgrading Utilities and Systems**

Existing Living Room View

Existing Kitchen View

Typical shortcomings:

Unit systems and appliances may be aged and inefficient, driving up utility costs. Building envelope may not be sealed or well insulated. There may not be natural ventilation. Particular building materials may emit indoor pollutants.

Renovations Toolkit for **Upgrading Utilities and Systems**

Potential Living Room Upgrades

Potential HVAC and Kitchen Upgrades

How this meets residents needs:

Upgrading to energy-efficient building envelopes, systems, and appliances reduces utility costs. Adding a fan reduces reliance on A/C. Adding natural ventilation improves air circulation indoors and promotes a healthier living environment. Weatherizing exterior plumbing protects against extreme weather events.

Renovations Toolkit for **Upgrading Utilities and Systems**

Potential Kitchen Upgrades

Potential Bathroom Upgrades

How this meets residents needs:

Upgrading to energy-efficient building envelopes, systems, and appliances reduces utility costs. Adding a fan reduces reliance on A/C. Adding natural ventilation improves air circulation indoors and promotes a healthier living environment. Weatherizing exterior plumbing protects against extreme weather events.

Renovations Toolkit for Maximizing Unit Interior Space

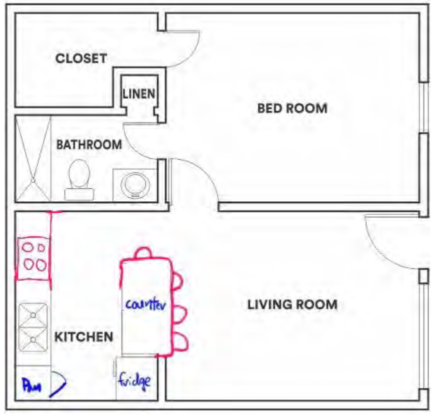
Existing Floor Plan

Typical shortcomings:

Units often feel too subdivided and small, especially for a family of 4. There is not enough storage.

Existing Living Room View

Renovations Toolkit: **Opening the kitchen & dining counter**

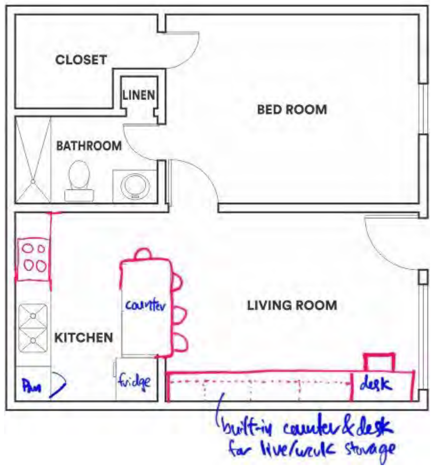


Conceptual Floor Plan

How this meets residents needs:
An opened kitchen makes the living areas to feel bigger and allows the cooking parent to keep an eye on kids in the living room. The enlarged built-in kitchen counter can be used as a dining table, reducing move-in furniture costs.

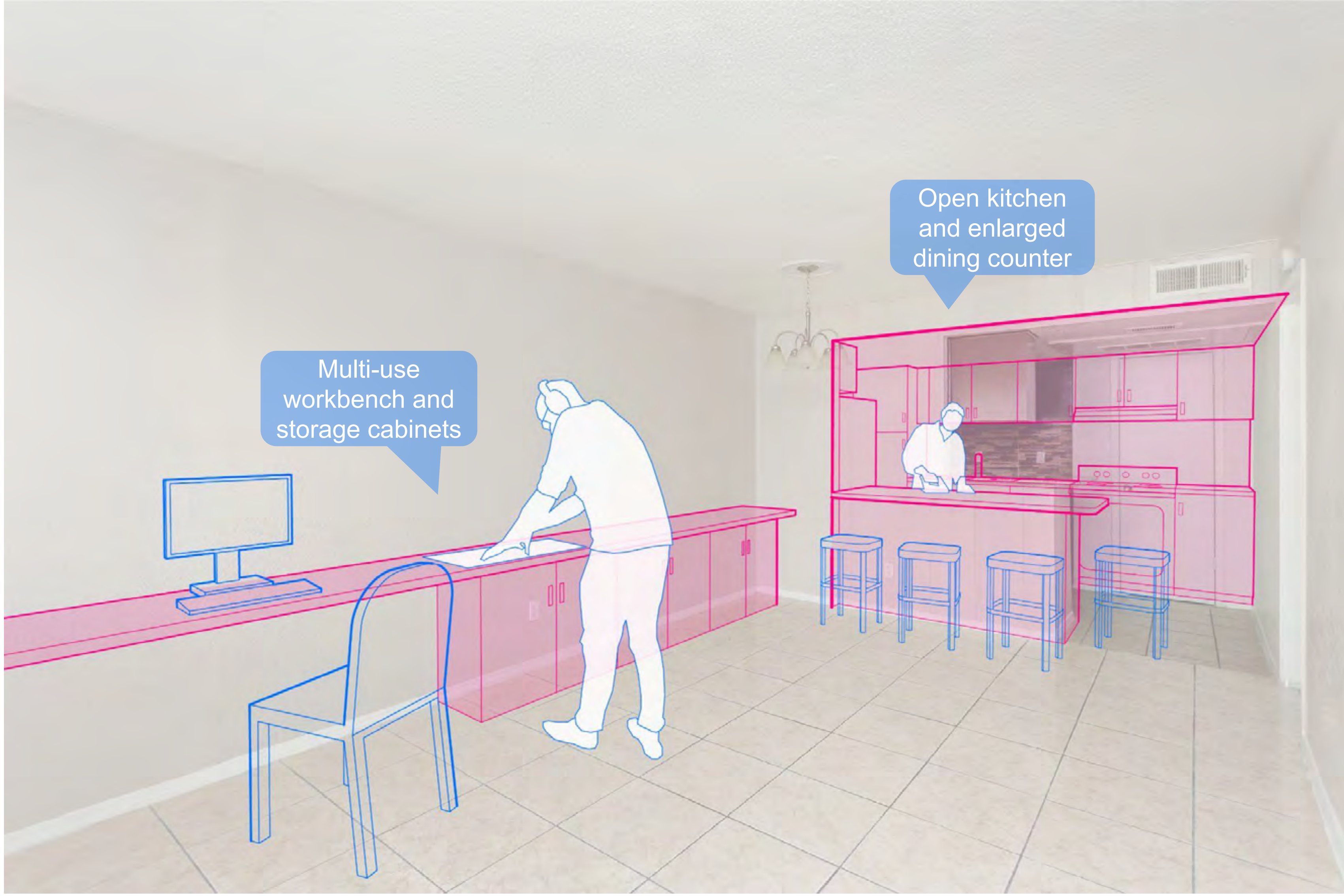
Potential Living Room View

Renovations Toolkit: **Adding a multi-use counter & cabinets**



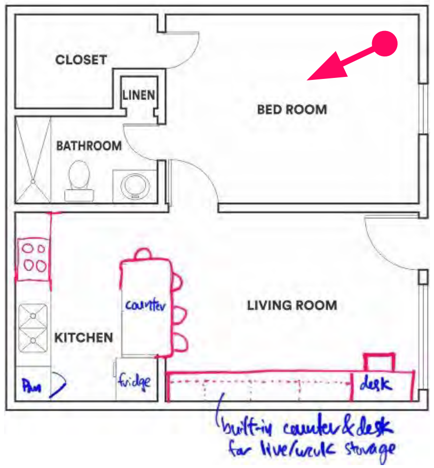
Conceptual Floor Plan

How this meets residents needs:
A built-in multi-use counter and storage cabinet support live-work uses, provide a desk space, add storage, and double as a TV counter.



Potential Living Room View

Renovations Toolkit for Unit Bedrooms

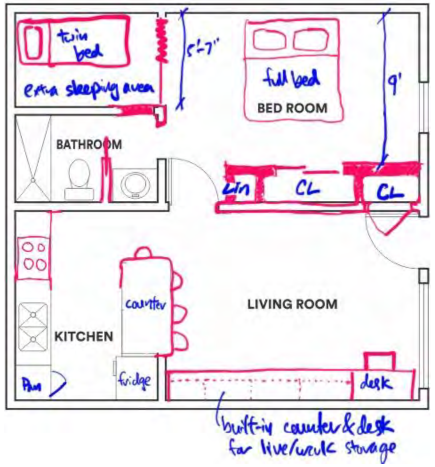


Conceptual Floor Plan

Typical shortcomings:
1-bedroom units are too small to accommodate family-sized households (4+ persons).

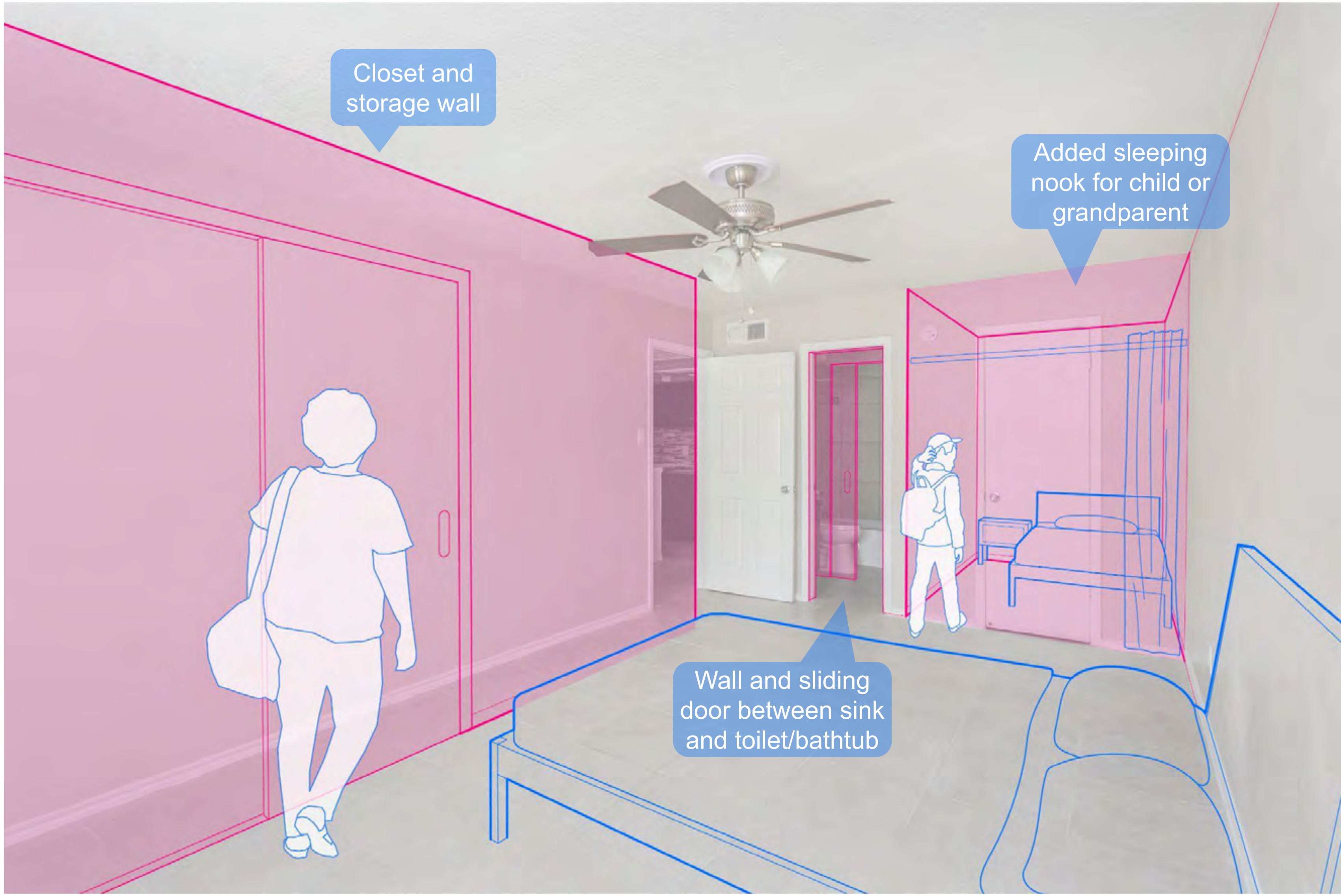
Existing Bedroom View

Renovations Toolkit: **Creating an extra sleeping nook**



Conceptual Floor Plan

How this meets residents needs:
Creating an extra sleeping "nook" provides space for a crib, a grandparent, or an older relative, potentially protecting a family from having to move. Adding a wall between the restroom sink and toilet & bathtub allows for multiple occupants to use the bathroom.



Potential Bedroom View

Renovations Toolkit for Unit Entry Areas

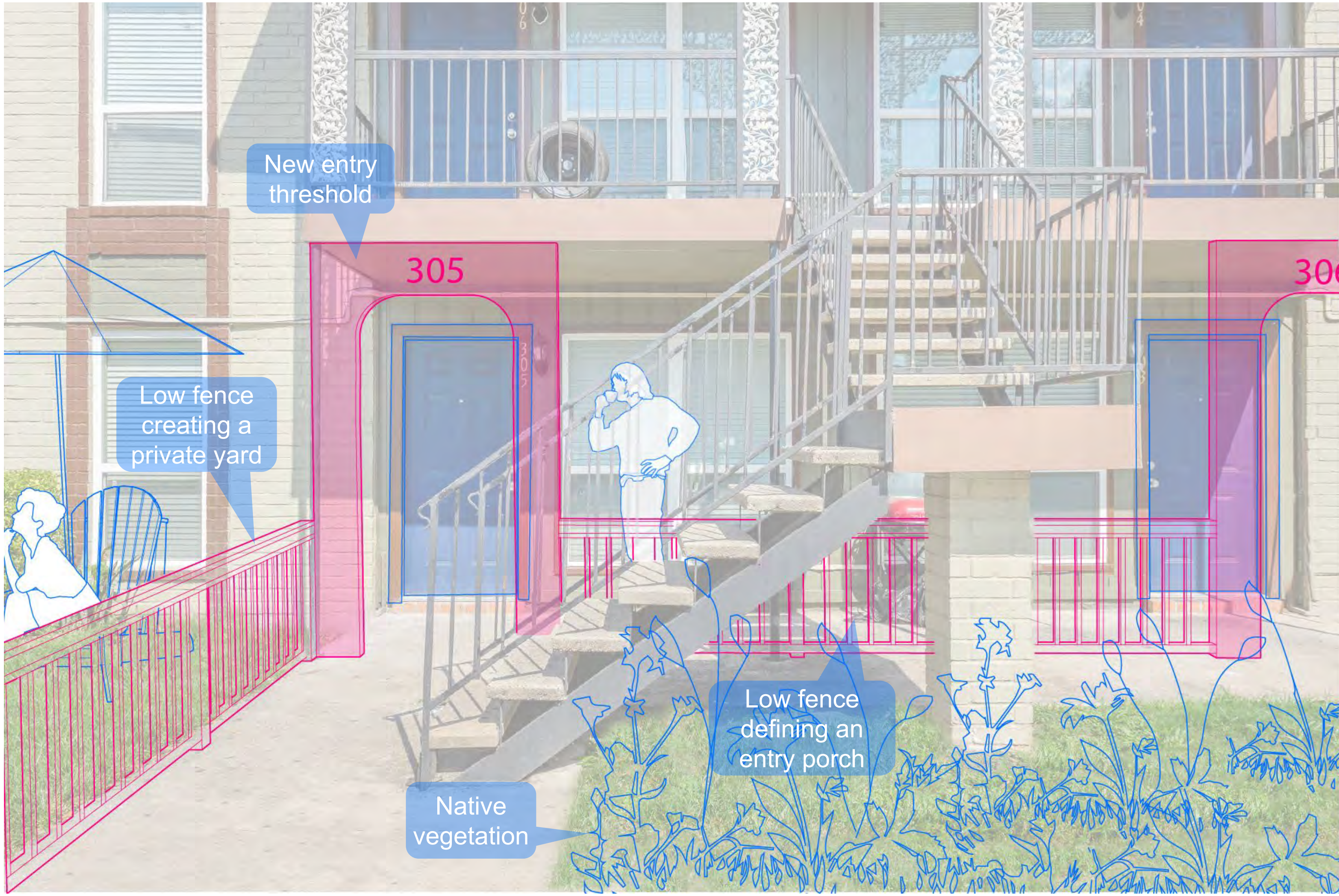
Typical shortcomings:
Unit entries can often feel the same. Open space outside the units is often empty or closed off.

Existing Unit Entry View

Renovations Toolkit: **Defining private gardens; adding thresholds**

Typical shortcomings:
Unit entries can often feel the same. Open space outside the units is often empty or closed off.

How this meets residents needs:
A threshold helps define the unit entry and allows it to feel unique to each unit. A low fence is an inexpensive way to make a unit feel larger by extending into outdoor space.



Potential Unity Entry View

Renovations Toolkit for Building Exterior Spaces

Typical shortcomings:
Unit entries can often feel the same. Open space outside the units is often empty or closed off.

How this meets residents needs:
A threshold helps define the unit entry and allows it to feel unique to each unit. A low fence is an inexpensive way to make a unit feel larger by extending into outdoor space.

Existing Building Front View

Renovations Toolkit: **Scenario 3a - Defining private gardens**

Typical shortcomings:
Unit entries can often feel the same. Open space outside the units is often empty or closed off.

How this meets residents needs:
A threshold helps define the unit entry and allows it to feel unique to each unit. A low fence is an inexpensive way to make a unit feel larger by extending into outdoor space.

Potential Building Front View

Renovations Toolkit: **Scenario 3b - Creating an outdoor gathering space**

Typical shortcomings:
Unit entries can often feel the same. Open space outside the units is often empty or closed off.

How this meets residents needs:
A more sturdy covered area allows extended families (and neighbors) to gather for shared dining, celebrations, and communal events.

Potential Building Front View

Renovations Toolkit: **Scenario 3c - Improving parking lots**

Typical shortcomings:
There is often large parking lots that surround apartment buildings, contributing to an urban heat island effect and a lack of biodiversity.

How this meets residents needs:
Canopy over parking lots provide shade for resident cars. Solar PVs atop these canopies can offset owners utility costs. Adjacent trees adds biodiversity and additional shade. Painted parking spaces helps to soften large concrete lots.

Potential Building Front View

Renovations Toolkit: **Scenario 3d - Short-term improvements**

Typical shortcomings:
There is often large parking lots that surround apartment buildings, contributing to an urban heat island effect and a lack of biodiversity.

How this meets residents needs:
Near-term improvements can be transformative in an instant, simple, and accessible way, without committing significant resources.

Potential Building Front View

Renovations Toolkit for Common Open Spaces

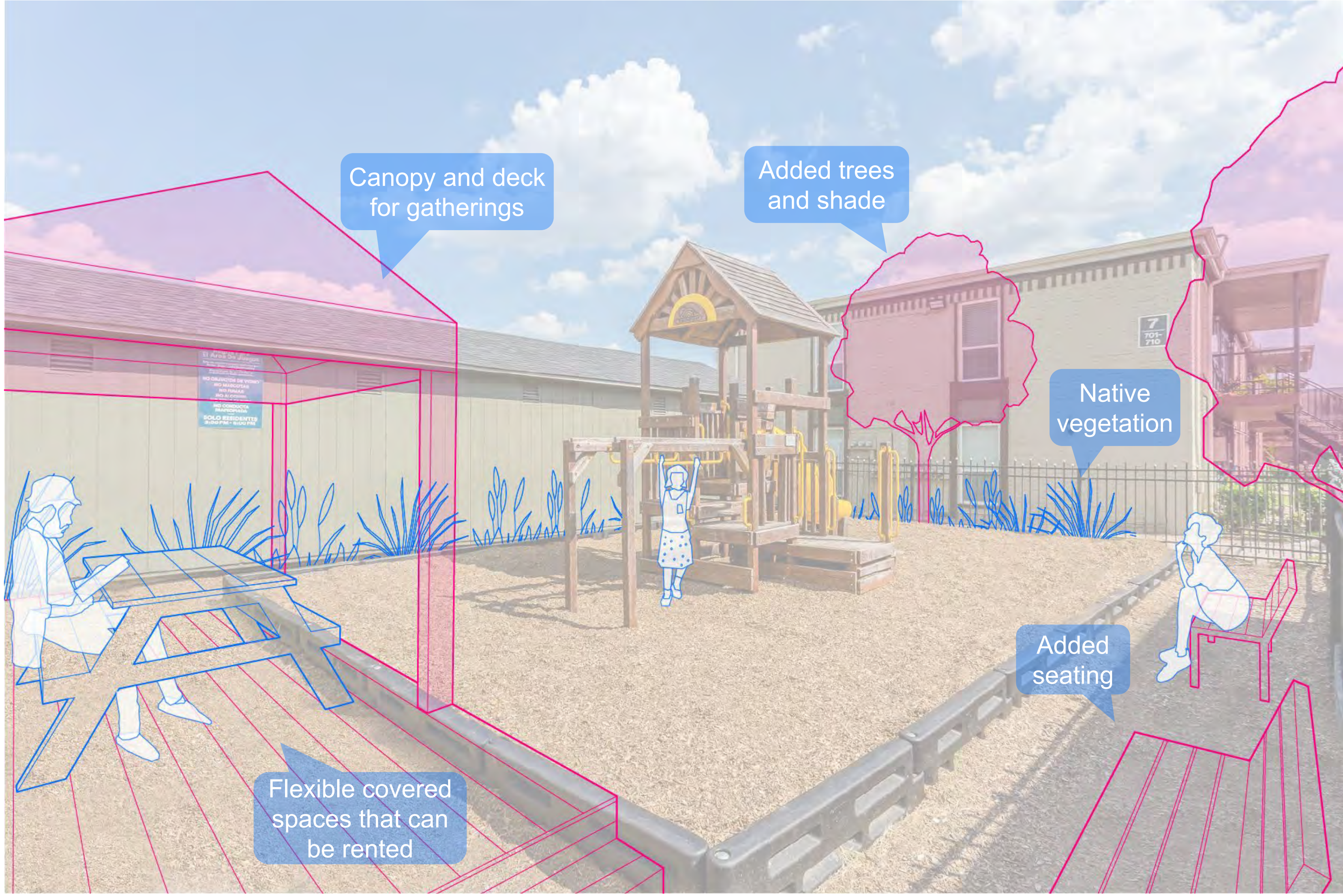
Typical shortcomings:
Often empty or closed off; unwelcoming or inviting; does not have seating; little vegetation.

Potential Playground View

Renovations Toolkit: **Adding seating, vegetation, and shade**

Typical shortcomings:
Often empty or closed off; unwelcoming or inviting; does not have seating; little vegetation.

How this meets residents needs:
A playground is a step in the right direction, but added seating allows parents to sit, eat lunch, and watch their children. Decking creates a flat surface for communal gathering. Roof shade allows the space to be used all year round. Trees and vegetation makes the space more inviting.



Potential Playground View

Stakeholder Feedback on Renovation Scenarios

- Poll result shows participants mostly favored #1 and #3, upgrading systems/utilities and maximizing interior living spaces respectively. In particular, attendees expressed interior in opening up the kitchen.
- Residents expressed strong preference for #5, improving open space, especially since kids currently often play in parking lots.
- Exterior work would be easier from a implementation perspective since it sidesteps needing to relocate residents. Nevertheless, residents often welcome renovations (since it improves their quality of life) and are willing to live with it.
- Cost is important but equally important is finding a dependable contract and supplies, given the current supply shortage resulting from the pandemic.
- Creating individual outdoor gardens is preferred over creating a shared outdoor space, which may cause unwanted noise and disruptions.

Scenarios Overview: **Retrofits**

Adaptation to Existing Apartments

New Construction

1.
Renovations

> Light, small-scale repairs, alterations, and/or upgrades to existing units.

Applies to: Existing apartment buildings in acceptable conditions where light strategic renovations would yield significant improvements.

2.
Retrofits

> Significant repairs, alterations, and/or upgrades that potentially combine or convert units.

Applies to: Existing apartment buildings with structural, mechanical, and/or architectural integrity, and is worth reusing via some significant alterations.

3.
Phased Redevelopment

> Phased demolition of existing apartments and construction of new housing.

Applies to: Existing apartment buildings that do not make economic sense to renovate or retrofit due to structural, mechanical, and/or architectural disrepair.

4.
New Housing on Soft Sites

> New housing production on soft sites, prioritizing home ownership over rentals.

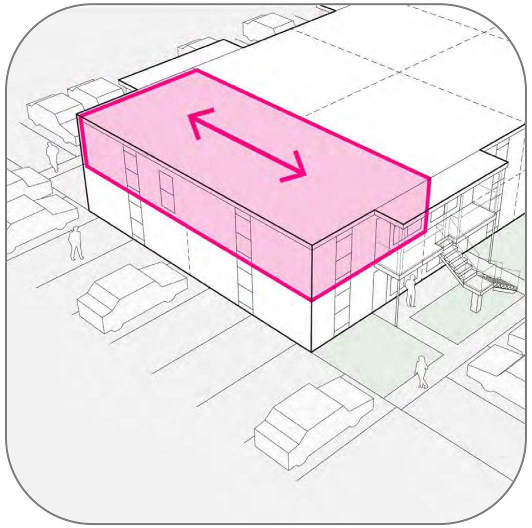
Applies to: Underutilized sites where new construction can increase the overall housing stock in Gulfton, especially for new homeownership opportunities.

Retrofits Goals

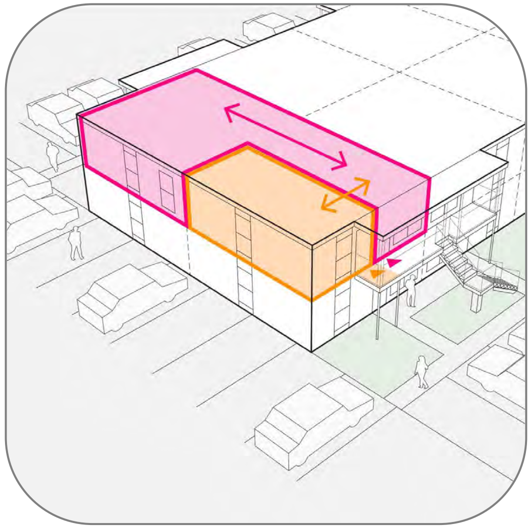
In addition to previous renovation goals:

1. Maximize for **family-sized units** (3- and 4-Bed units)
2. Create attached **in-law units** for multigenerational living
3. Increase **communal spaces** (such as gathering spaces, study areas, and workshops)

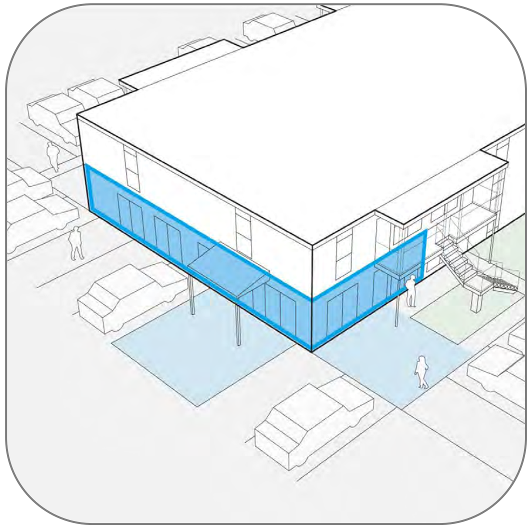
Retrofits Toolkit



1. Combining adjacent units to create family-sized units

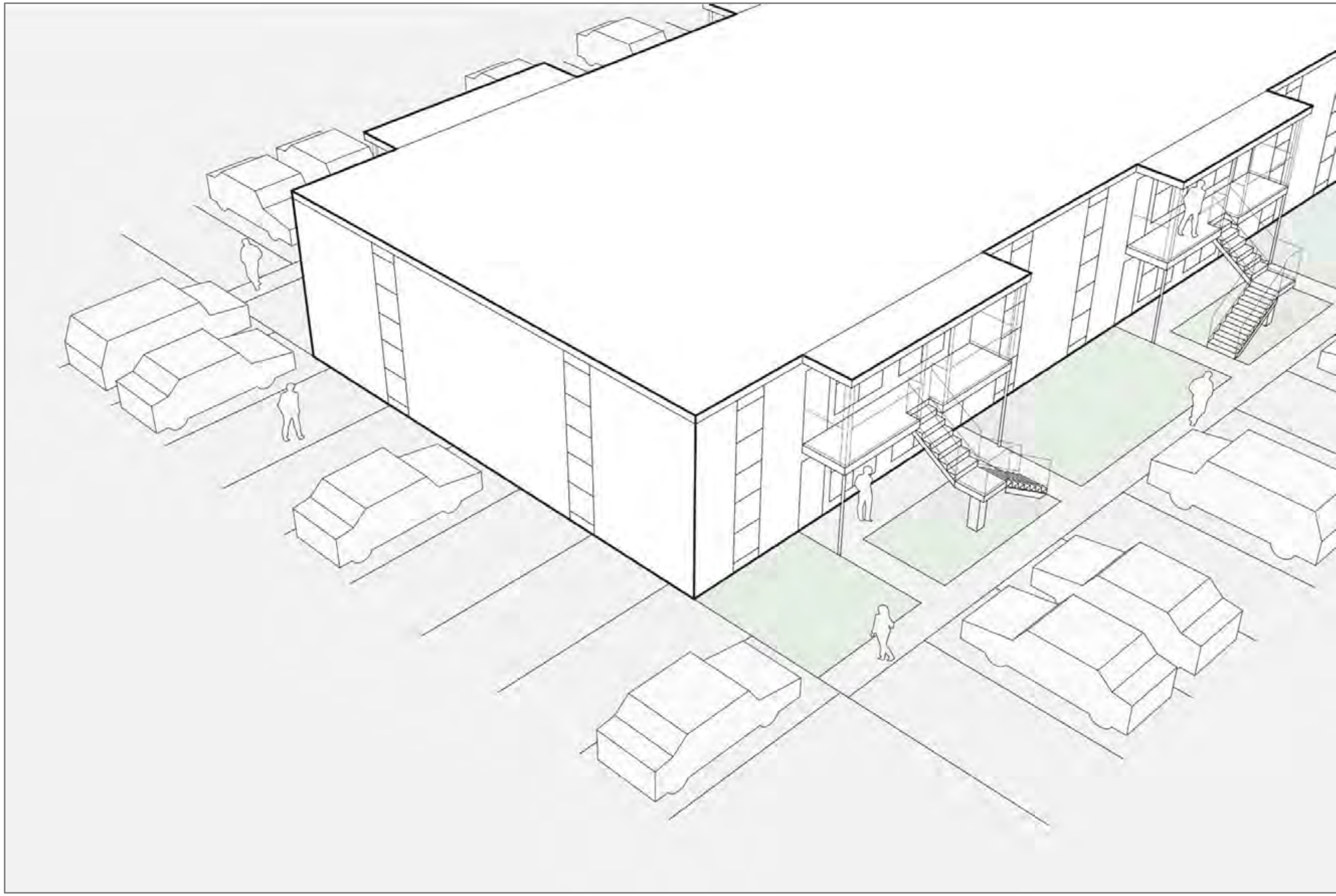


2. Combining adjacent units to create attached in-law units



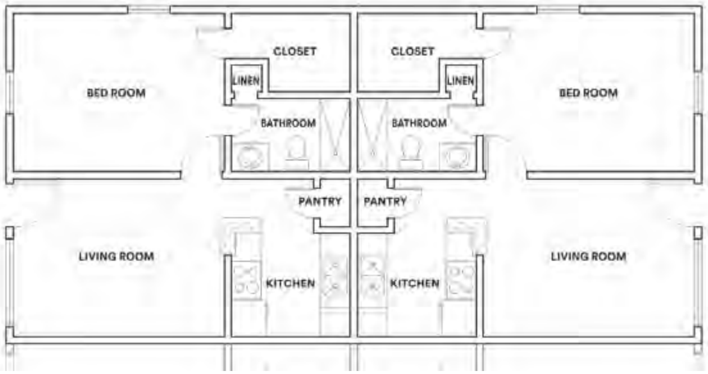
3. Converting ground floor units to communal uses

Retrofits Toolkit for Combining or Converting Units



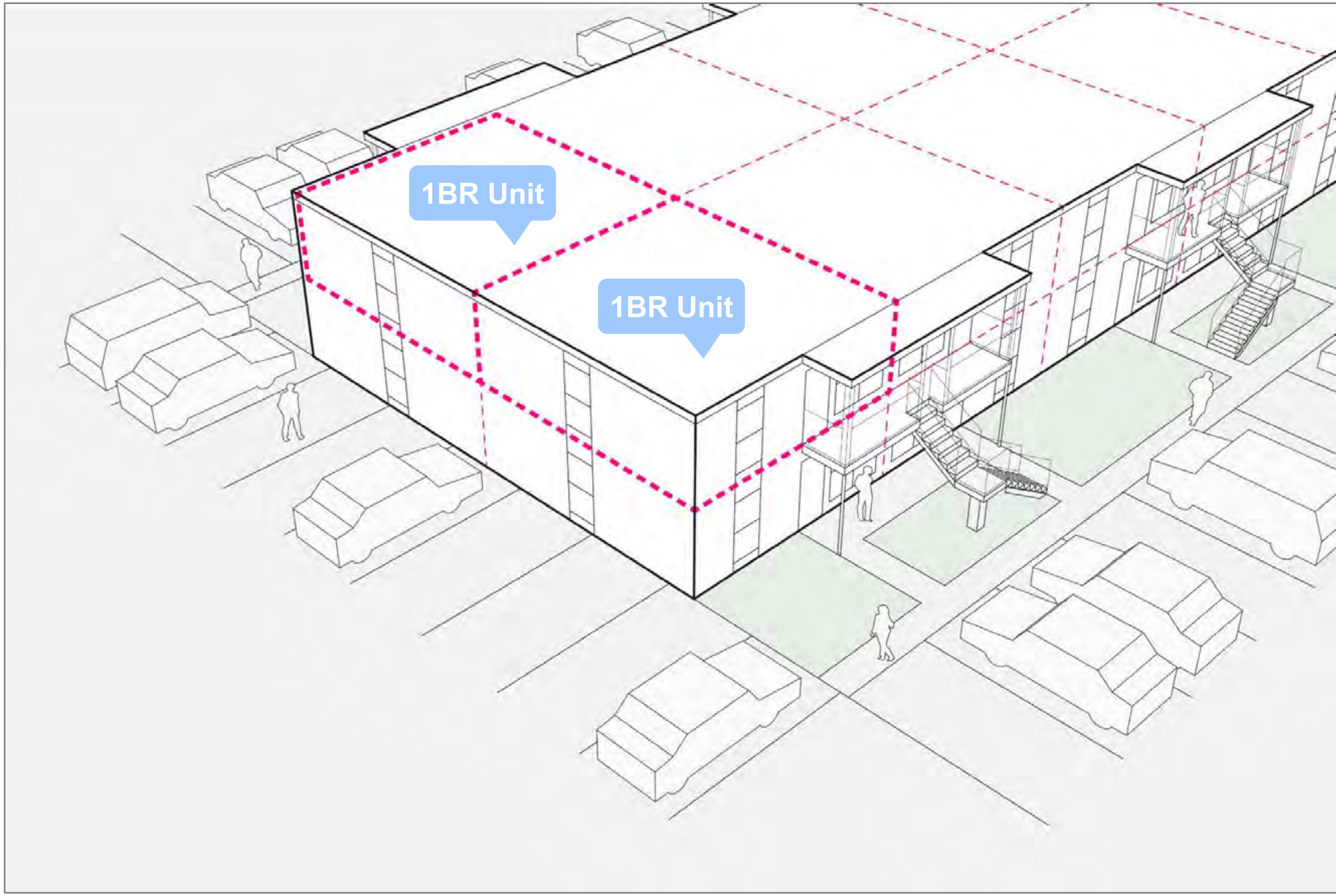
Existing Apartment View

Retrofits Toolkit for Combining or Converting Units



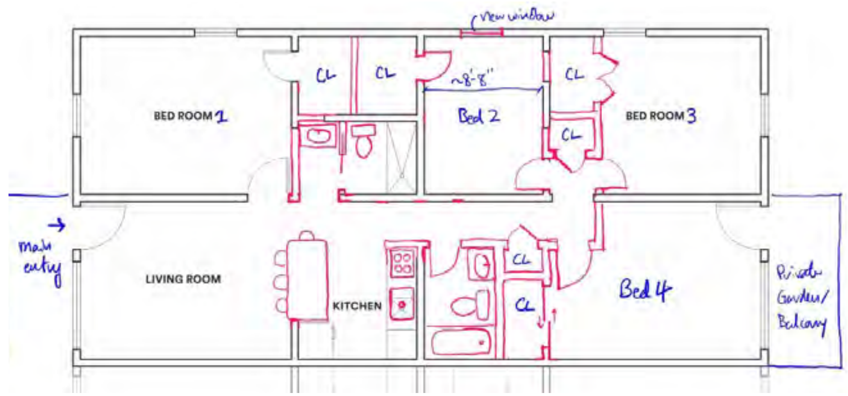
Existing Plan (Back-to-back 1BR Units, 570sf ea)

Typical shortcomings:
Apartments lack unit diversity; not enough family-sized units (e.g., 3-Bedrooms); no in-law units for multigenerational households.



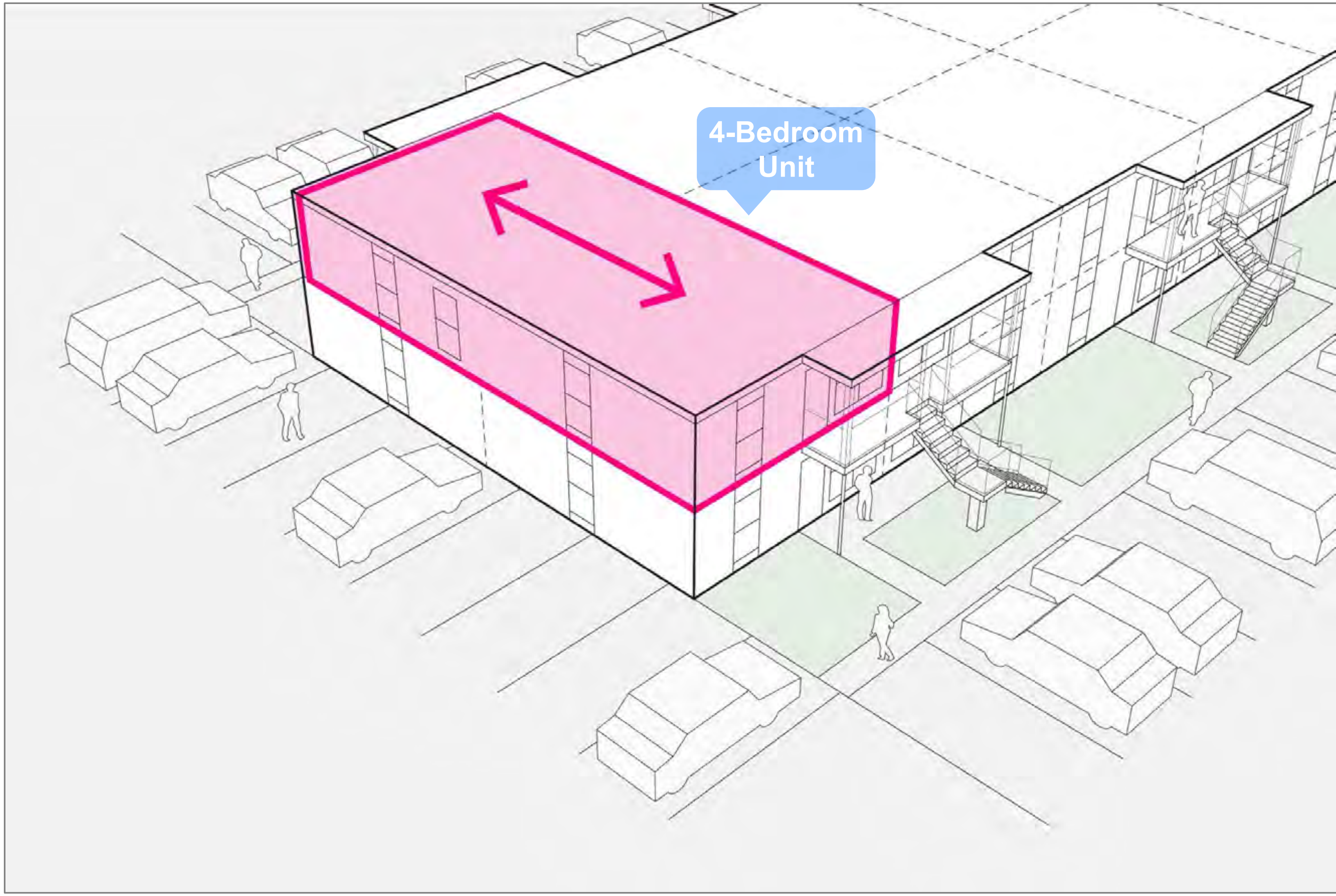
Existing Apartment Unit Organization

Retrofits Toolkit: **Creating family-sized units (4BR)**



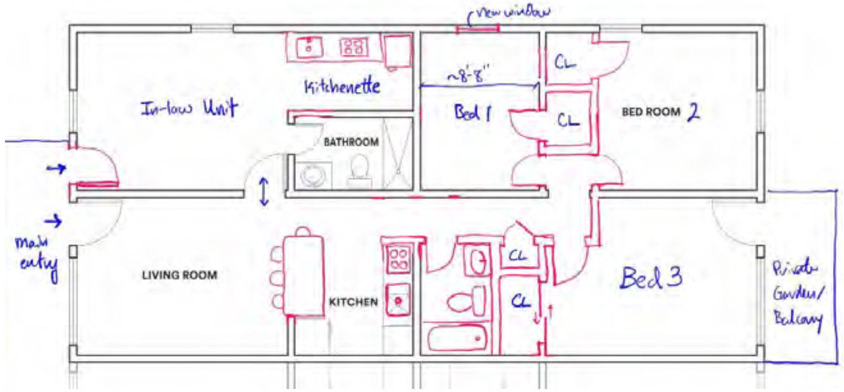
Potential Plan (4BR/2BA Unit at 1,140 sf total)

How this meets residents needs:
A 4-bedroom unit gives more housing options and accommodates larger, multi-generational families.



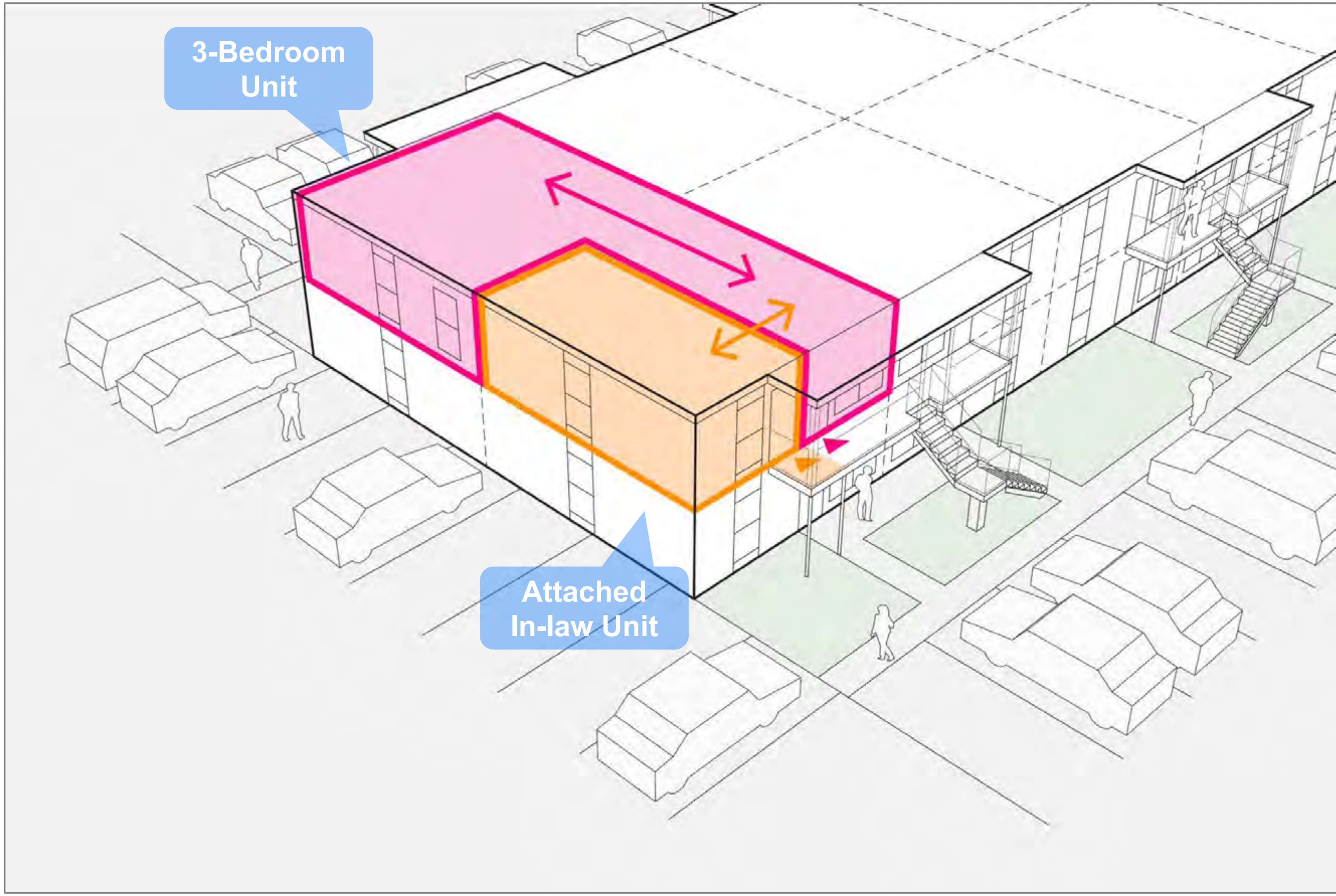
Potential Apartment Unit Organization

Retrofits Toolkit: **Creating attached in-law units**



Potential Plan (4BR/2BA Unit at 1,140 sf total)

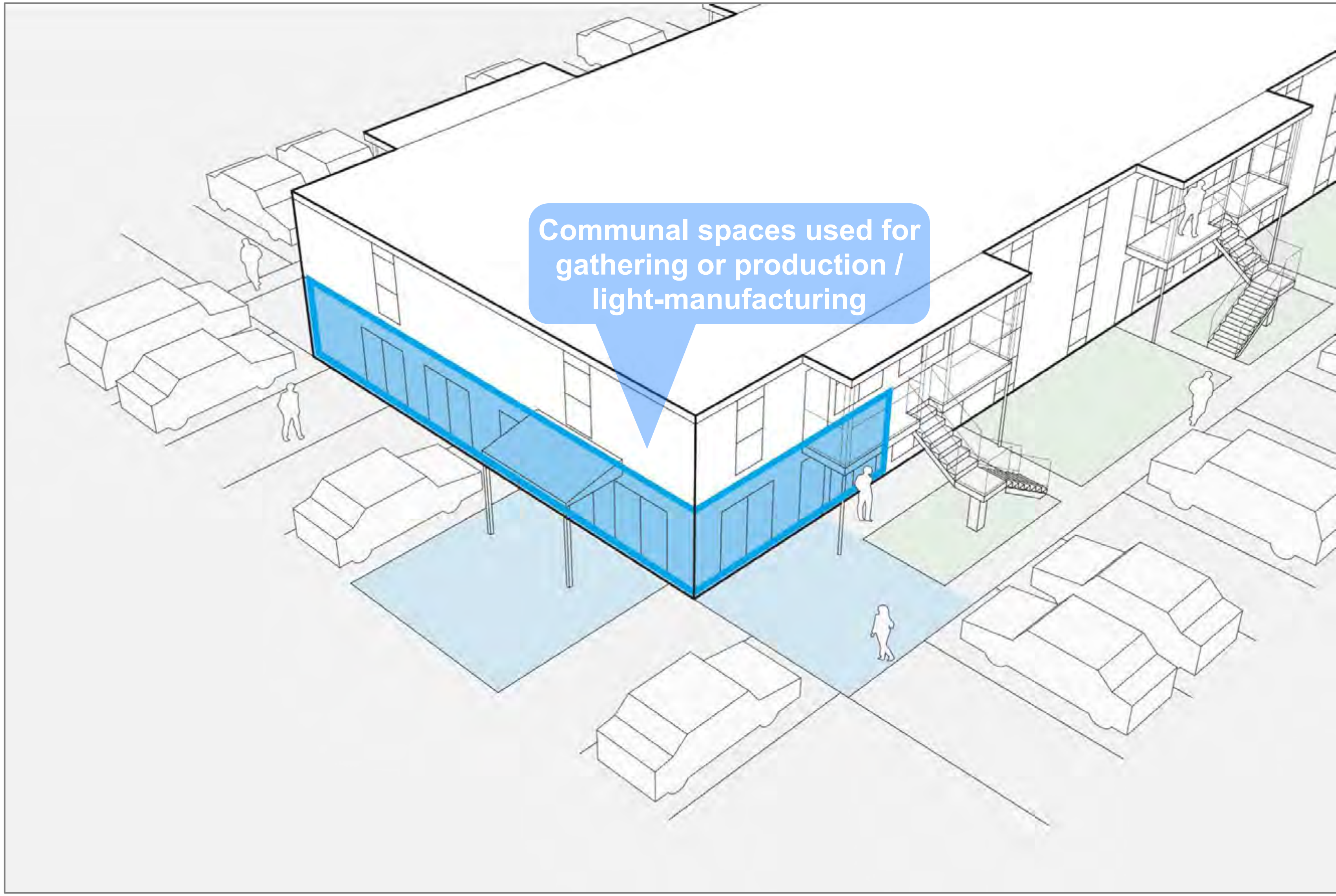
How this meets residents needs:
A 3-bed + In-law unit gives more housing options and accommodates larger, multi-generational families.



Potential Apartment Unit Organization

Retrofits Toolkit: **Converting ground floor units to shared uses**

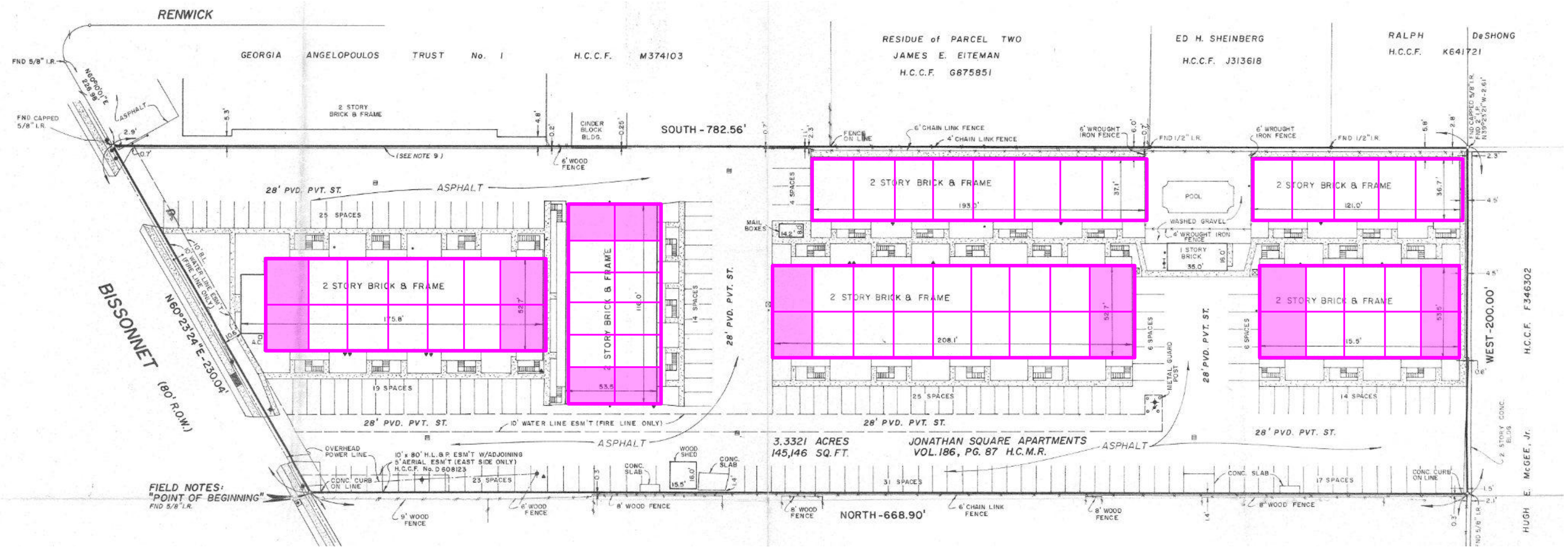
New Hope Housing Harrisburg, Houston



Potential Apartment Unit Organization

Potential Unit Mix Scenario

If all building end-units were retrofitted to have 3-Bed + In-law units on the GF and 4-Bed units on the 2nd floor



<u>Existing Unit Mix</u>
1-Bedroom: **108** units (80%)
2-Bedroom: **26** units (20%)

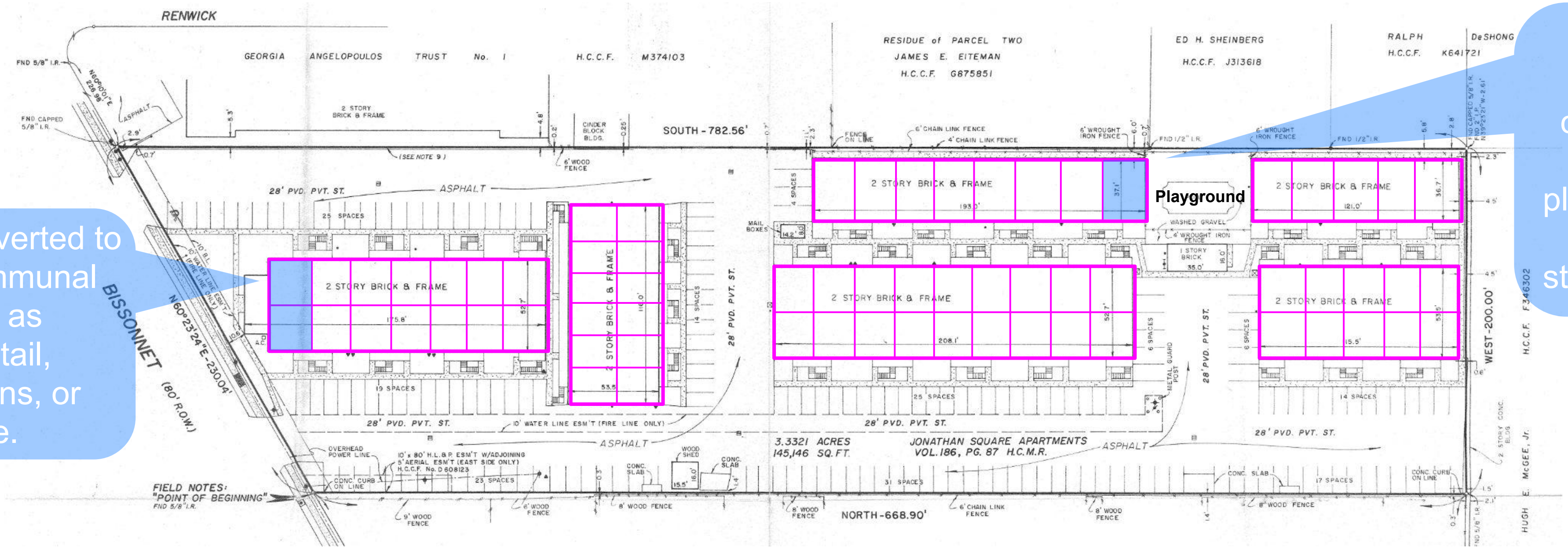
Total: 134 Units
Total Bedrooms: 160

<u>Potential Unit Mix</u>
1-Bedroom: **76** units (64%)
2-Bedroom: **26** units (22%)
3-Bedroom with In-law suites: **8** units (7%)
4-Bedroom: **8** units (7%)
Total: 118 Units
Total Bedrooms: 192

Retrofits Toolkit: **Converting ground unit(s) to community spaces**

If select ground floor unit(s) were converted to communal uses, located either at the front or by the playground

Unit(s) can be converted to public-facing communal spaces, such as small-scale retail, incubator kitchens, or makerspace.



Unit(s) can be converted to community rooms next to the playground, such as for celebrating, studying, & working.

Star Apartments, LA

New Hope Housing Harrisburg, Houston

Stakeholder Feedback on Retrofits Scenarios

- Poll result shows participants mostly favored #1 and particular #2, creating family-sized units and creating attached in-law units respectively.
- Nevertheless, scenario #1 and #2 are difficult to achieve from a market demand perspective–residents who can afford such large units ($1200+ rent) would generally look to rent single-family homes with more space, a yard, and a dedicated driveway.
- Scenario #3 (creating communal and production spaces) would work if leased for revenue, such as from a 3rd party organization like the YMCA or by residents seeking additional production or light-manufacturing space.
- Current on-site community spaces are rarely used, in part because there is a rental fee; family typically just go to the park.
- Explore shared-equity models, such as a Limited Equity Cooperative to increase homeownership opportunities.

Scenarios Overview: **Phased Redevelopment**

Adaptation to Existing Apartments | New Construction

1.
Renovations

> Light, small-scale repairs, alterations, and/or upgrades to existing units.

Applies to: Existing apartment buildings in acceptable conditions where light strategic renovations would yield significant improvements.

2.
Retrofits

> Significant repairs, alterations, and/or upgrades that potentially combine or convert units.

Applies to: Existing apartment buildings with structural, mechanical, and/or architectural integrity, and is worth reusing via some significant alterations.

3.
Phased Redevelopment

> Phased demolition of existing apartments and construction of new housing.

Applies to: Existing apartment buildings that do not make economic sense to renovate or retrofit due to structural, mechanical, and/or architectural disrepair.

4.
New Housing on Soft Sites

> New housing production on soft sites, prioritizing home ownership over rentals.

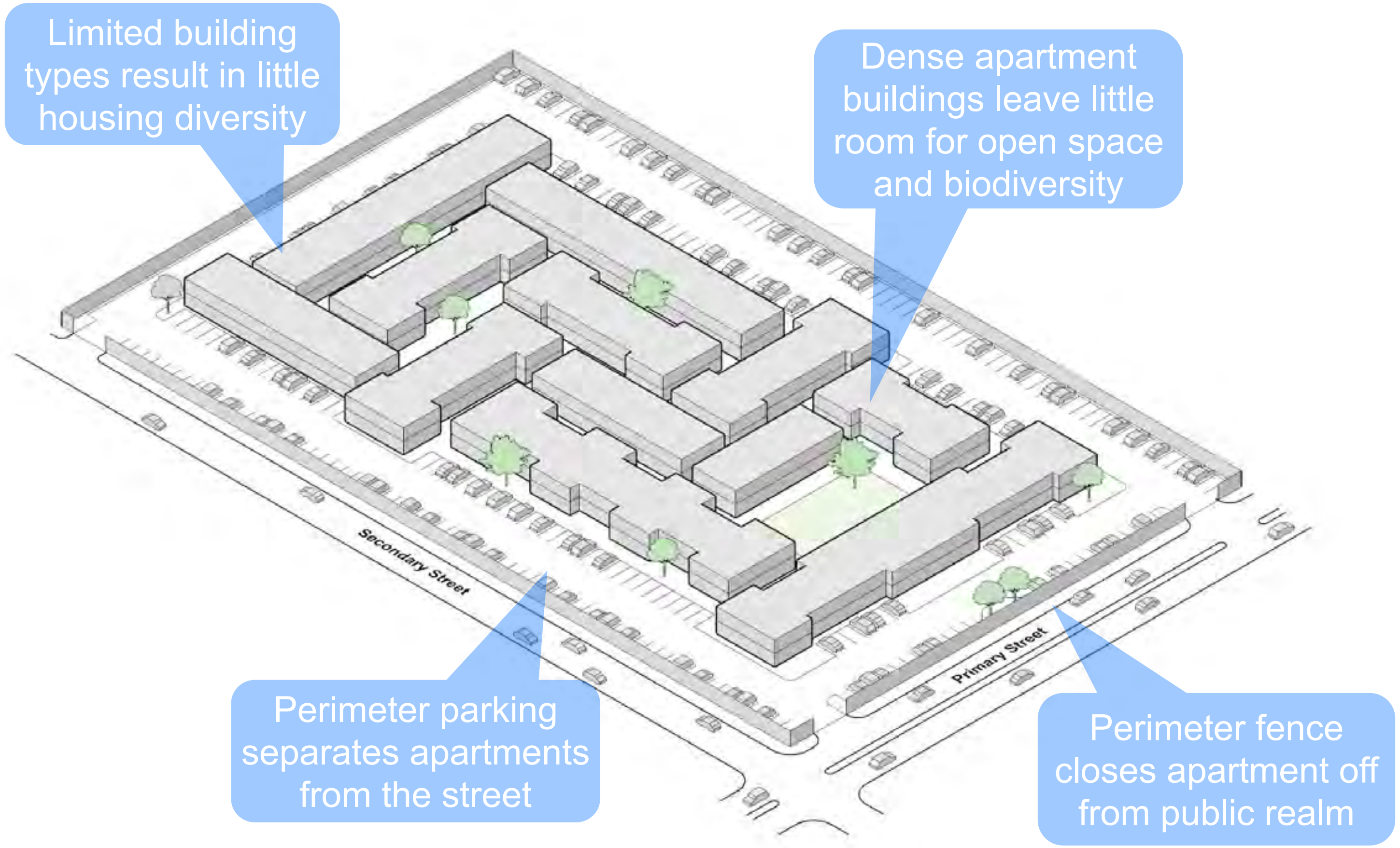
Applies to: Underutilized sites where new construction can increase the overall housing stock in Gulfton, especially for new homeownership opportunities.

Phased Redevelopment Goals

1. **Reconceive site planning** to enhance open space and engage the public realm
2. Prioritize **family-sized units** (i.e., 2- and 3-Beds)
3. Create space for more **communal amenities and/or production / light-manufacturing uses**
4. Explore increasing **net new units** in areas of lesser density

The “Typical” Apartment Complex

Example Apartments



Aerial View

Phased Redevelopment Scenarios

1. Rebuilt as **Low-rise Garden Apartments**

(2-3 stories, no net units)

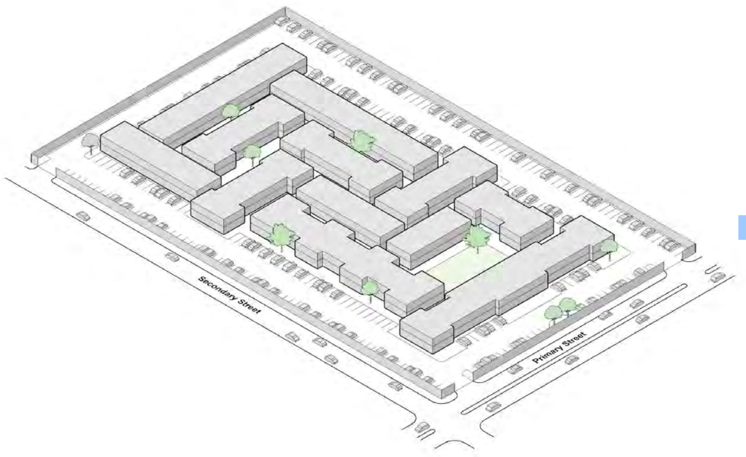
2. Rebuilt as **Mid-rise Apartment Buildings**

(5-6 stories, 80 net units)

3. Rebuilt as **High- and Low-rise Buildings**

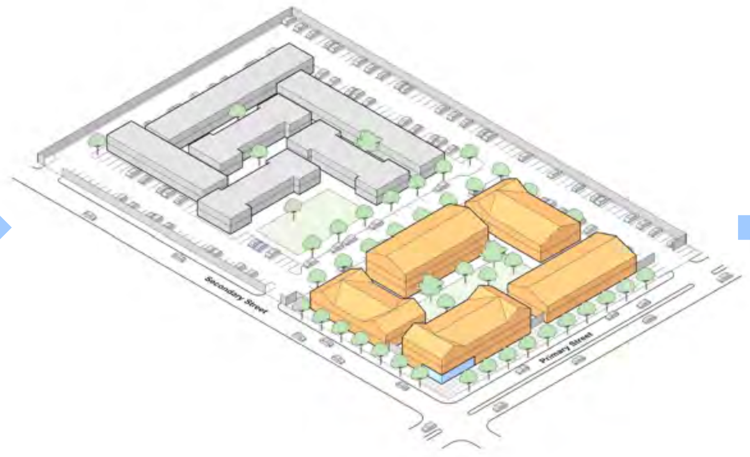
(12+ stories, 40 net units)

Sc01: Rebuilt as Low-rise Garden Apartments (2-3 stories)



Existing

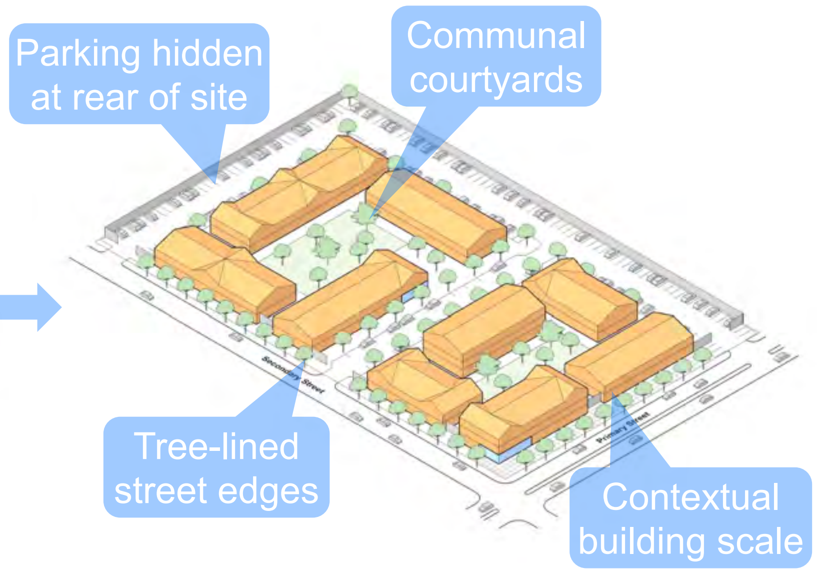
Total Units: 150



Interim Phase(s)

Total Units: 150

Net Units: 0



Full Redevelopment

Total Units: 150

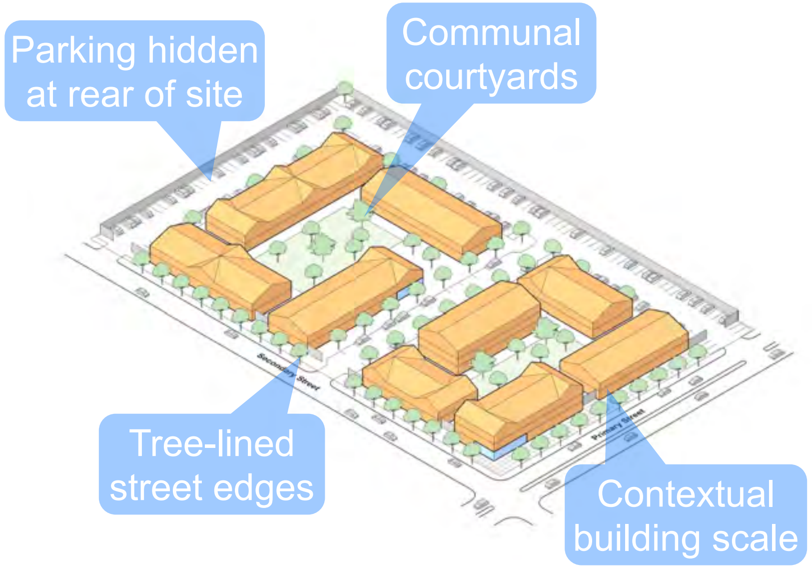
Net Units: 0

Existing

New Construction

Amenity / Production

Sc01: Rebuilt as Low-rise Garden Apartments (2-3 stories)



Full Redevelopment

Total Units: 150

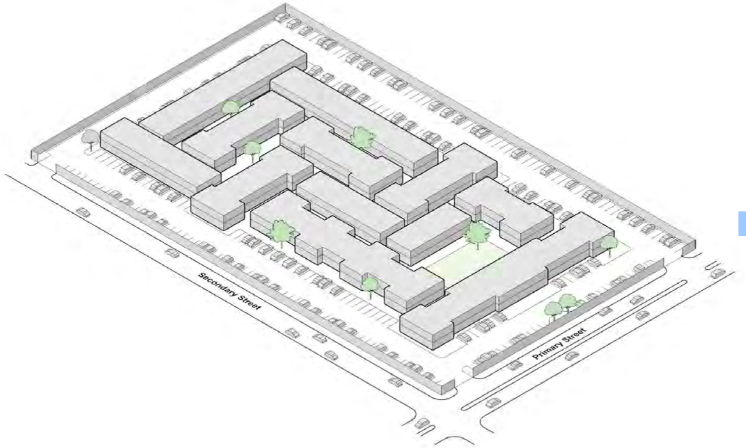
Net Units: 0

Existing

New Construction

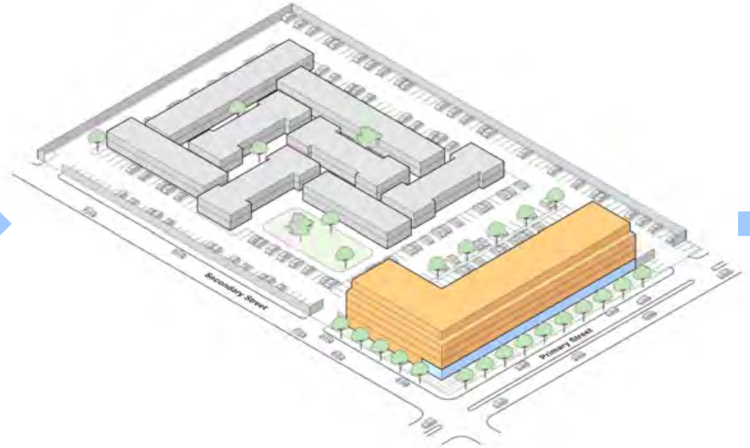
Amenity / Production

Sc02: Rebuilt as Mid-rise Apartment Buildings (5-6 stories)



Existing

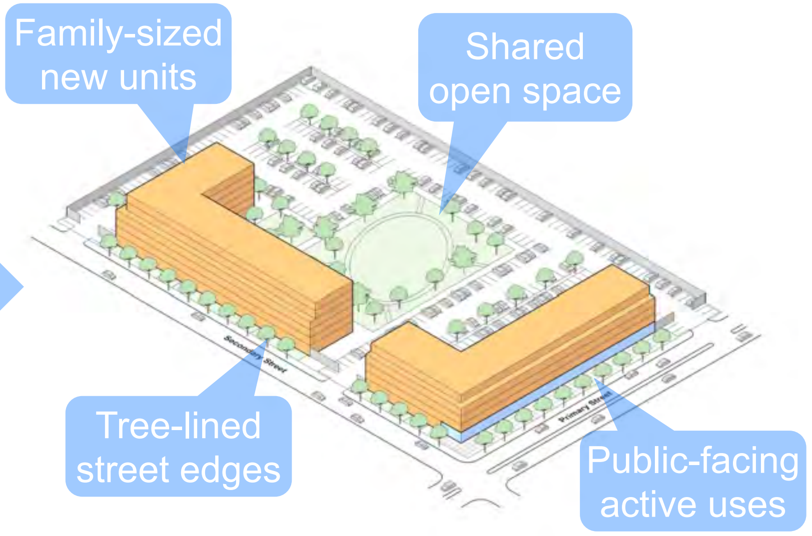
Total Units: 150



Interim Phase(s)

Total Units: 190

Net Units: +40



Full Redevelopment

Total Units: 230

Net Units: +80

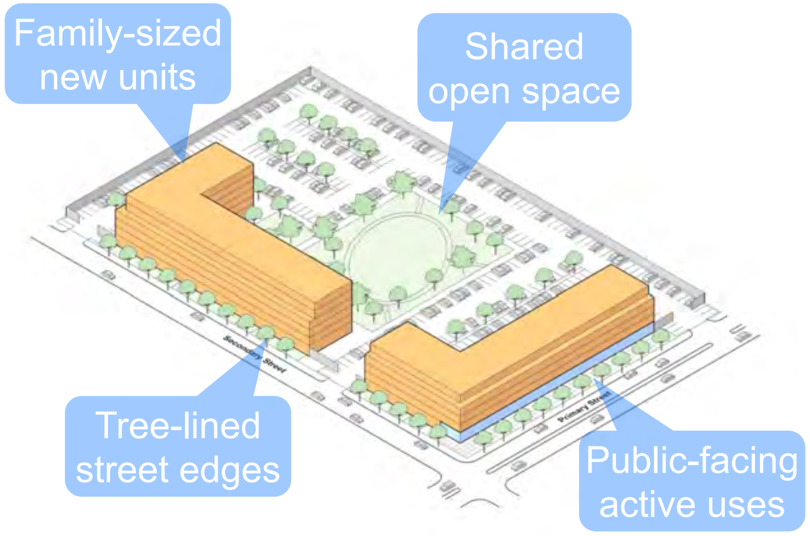
Existing

New Construction

Amenity / Production

Sc02: Rebuilt as Mid-rise Apartment Buildings (5-6 stories)

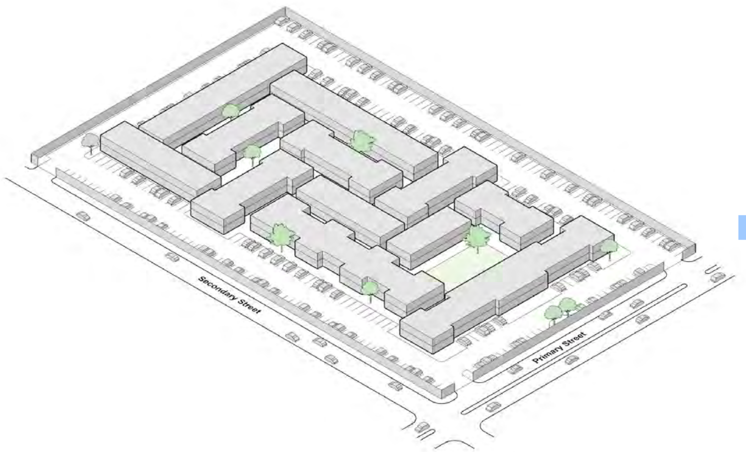


Full Redevelopment
Total Units: 230
Net Units: +80

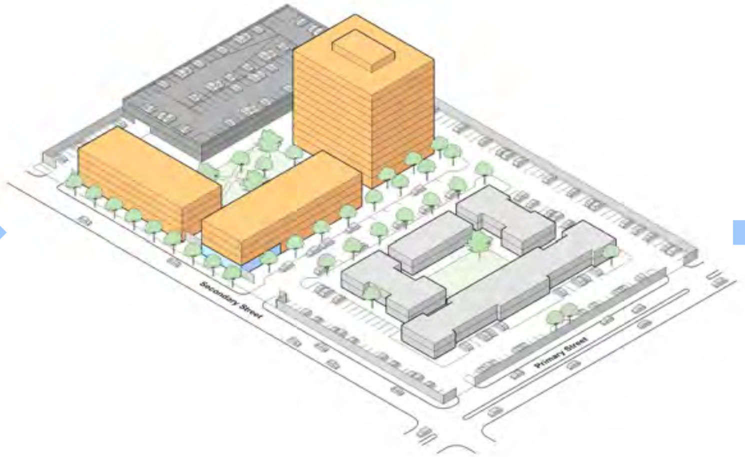
Existing
New Construction
Amenity / Production

Sc03: Rebuilt as High- and Low-rise Buildings (12+ stories)



Existing

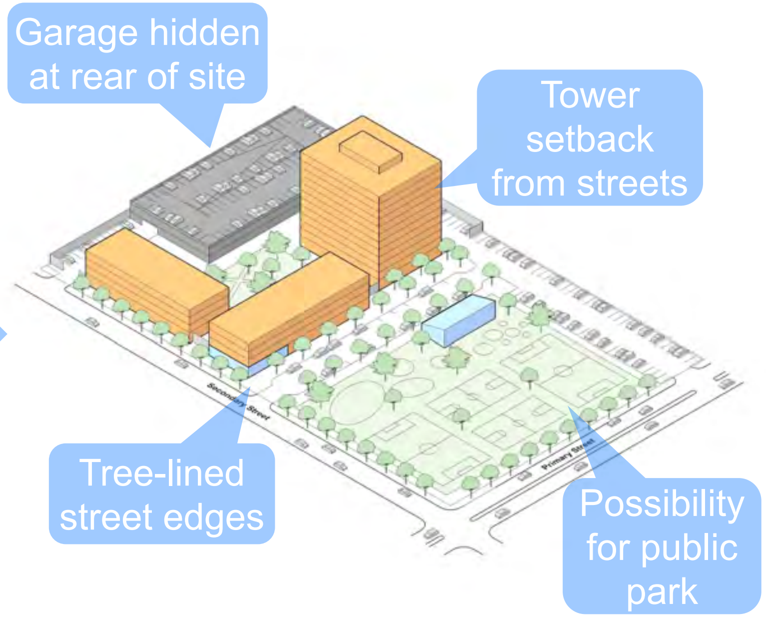
Total Units: 150



Interim Phase(s)

Total Units: 240

Net Units: +90



Full Redevelopment

Total Units: 190

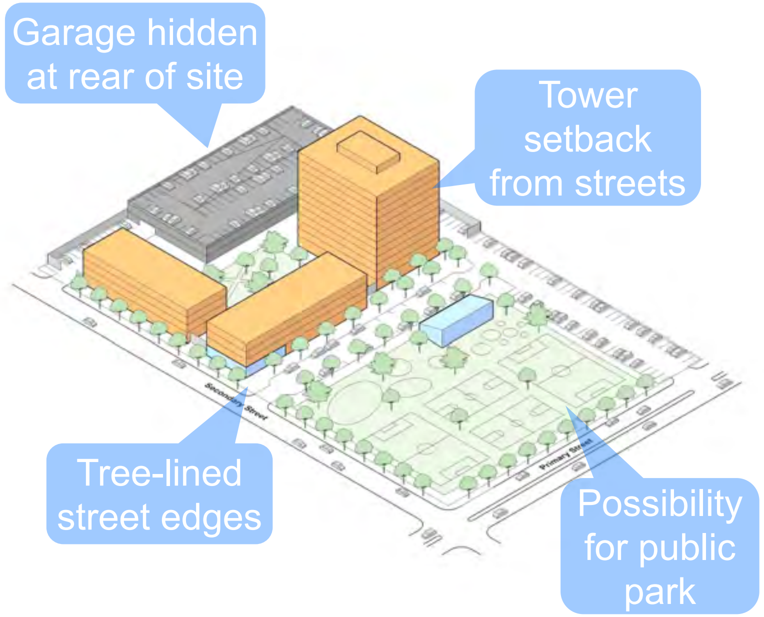
Net Units: +40

Existing

New Construction

Amenity / Production

Sc03: Rebuilt as High- and Low-rise Buildings (12+ stories)



Full Redevelopment

Total Units: 190

Net Units: +40

Existing

New Construction

Amenity / Production

Phased Redevelopment Caveats / Considerations

- Underground utilities may alter or preclude a phased redevelopment strategy
- Potentially centralized mechanical systems (e.g., cooling towers) would complicate strategy
- Fair Housing regulations may limit relocation strategy (and would likely require site control)
- Interim parking and site access will need to be carefully coordinated
- Lower parking ratios will require a city variance
- Staging for new construction may require additional site area
- Adjacent construction may pose significant noise disruptions
- Taller buildings (5, 6, 7, 8-stories) may not be positively received by community
- Requires a special funding apparatus to sustain the phases and put the effort under one umbrella

Stakeholder Feedback on Redevelopment Scenarios

- Poll result shows participants mostly favored #2, rebuilt as mid-rise apartments.
- Residents iterated the importance of individual gardens and also communal spaces
- Recommend decoupling parking from units such that residents can buy parking spaces as needed (up to a maximum), but are not required to.
- Recommend exploring a mid-rise apartment scheme coupled with a parking garage (similar to a “Texas Donut” building type).
- Residents reiterated the importance of not adding density in areas that are already densely populated.

Scenarios Overview: **New Housing on Soft Sites**

Adaptation to Existing Apartments

New Construction

1. Renovations

> Light, small-scale repairs, alterations, and/or upgrades to existing units.

Applies to: Existing apartment buildings in acceptable conditions where light strategic renovations would yield significant improvements.

2. Retrofits

> Significant repairs, alterations, and/or upgrades that potentially combine or convert units.

Applies to: Existing apartment buildings with structural, mechanical, and/or architectural integrity, and is worth reusing via some significant alterations.

3. Phased Redevelopment

> Phased demolition of existing apartments and construction of new housing.

Applies to: Existing apartment buildings that do not make economic sense to renovate or retrofit due to structural, mechanical, and/or architectural disrepair.

4. New Housing on Soft Sites

> New housing production on soft sites, prioritizing home ownership over rentals.

Applies to: Underutilized sites where new construction can increase the overall housing stock in Gulfton, especially for new homeownership opportunities.

New Housing on Soft Sites Goals

1. Increase **homeownership opportunities**.
2. Provide **temporary housing** for those whose existing apartments are being renovated or rebuilt.
3. **Rebalance the residential density** of Gulfton by locating new housing in less dense areas within the district.
4. Explore **long-term affordability options** for new housing.

Soft Sites List

Prioritizing:

- Vacant sites,
- Publicly- or institutionally-owned sites, and
- Underutilized sites.

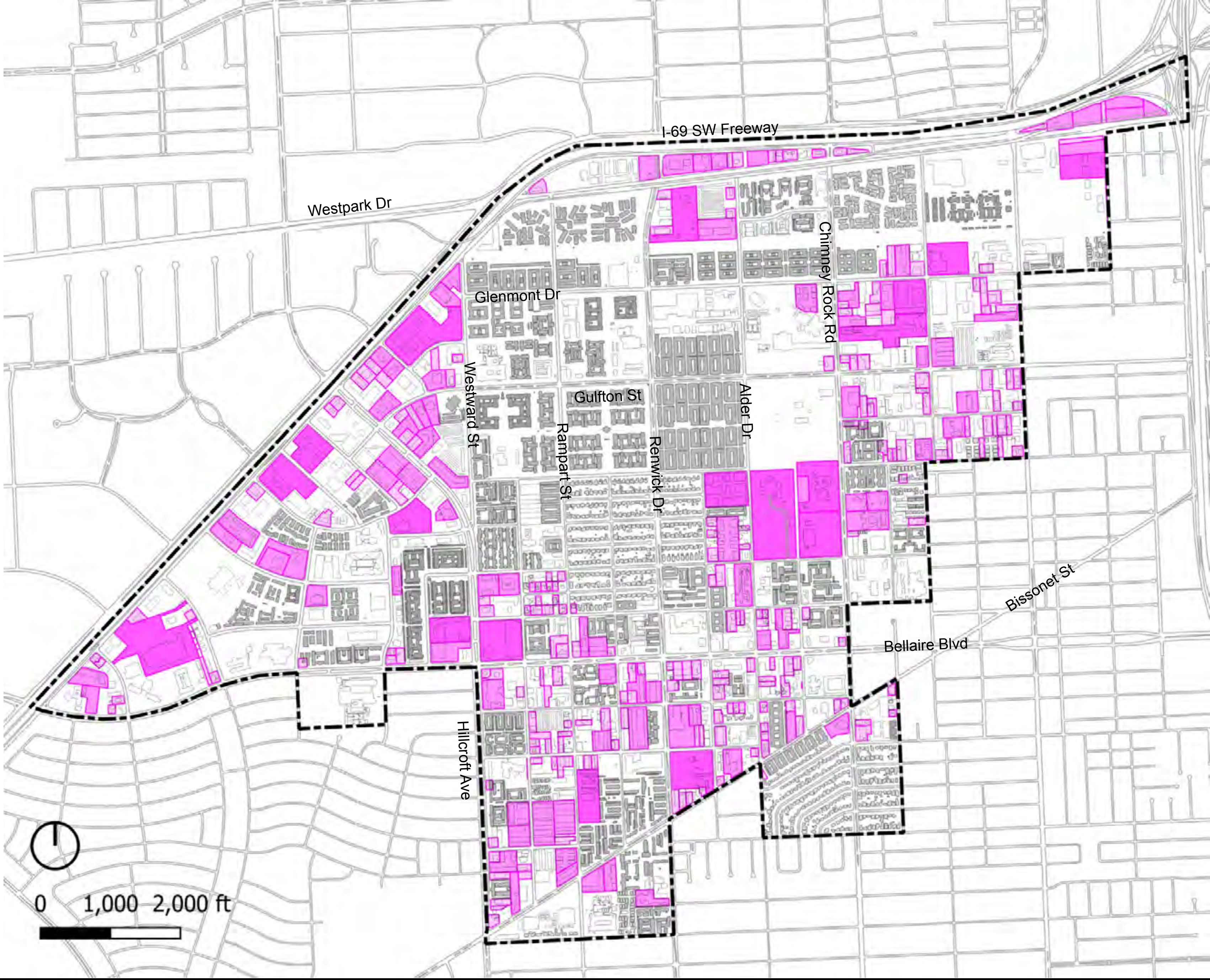
Removing:

- Sites with buildings in good conditions, and
- Sites in already-dense residential areas.

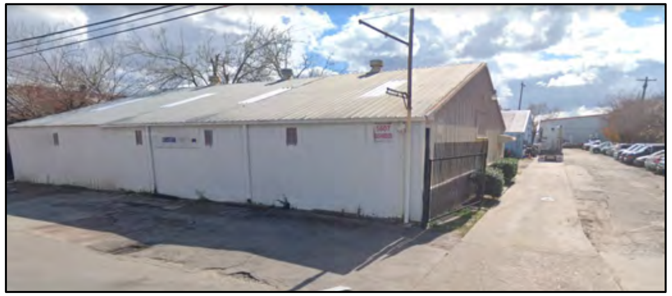
Potential soft sites

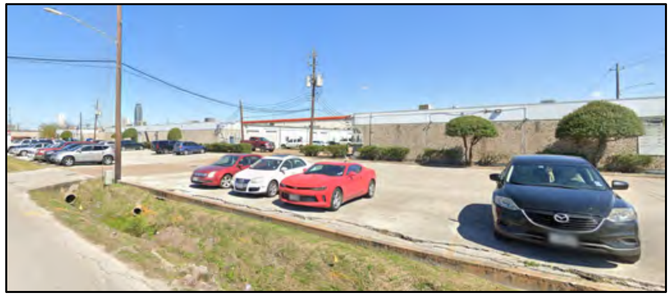
Parcel Size (sf)

small (10-50K)
medium (50-200K)
large (200K+)



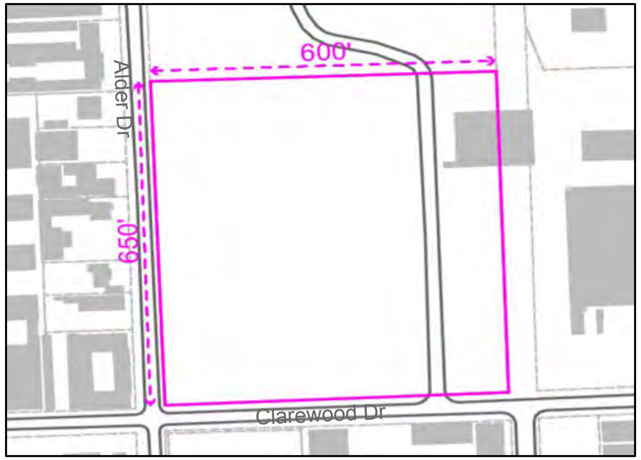
Soft Sites Examples





Typical Small Sites
130’ x 300’
39K sf (0.9ac)

Typical Medium Sites
300’ x 400’
120K sf (2.75ac)



Typical Large Sites
600’ x 650’
390K sf (8.9ac)

Potential Residential Typologies

1. **More dense single-family types**
   - New construction
   - Includes small row houses / “shotgun” types to 2- to 4-story “houston townhouse” types
2. **2-4 unit “missing middle” types**
   - New construction
   - Includes duplexes, triplexes, fourplexes
3. **2-3 story garden “apartment” types**
   - Retrofits or new construction
   - Includes walk-up buildings without elevators
4. **4+ story mixed-use type**
   - New construction
   - Includes multi-family buildings with commercial / cultural uses, often on the ground floor

Dense Single-family Types

Project Row House, Live-work Artist Studios, 3rd Ward

Affordable Single-family-like Condos, New Orleans

Row House Condos, The Heights

2- and 3-bedroom units around a common courtyard

2-4 Unit “Missing Middle” Types

Live-work Commercial Condos, Chinatown

Project Row House, Affordable Duplexes, 3rd Ward

2- to 3-Story Garden “Apartment” Types


Mixed-tenure housing, London

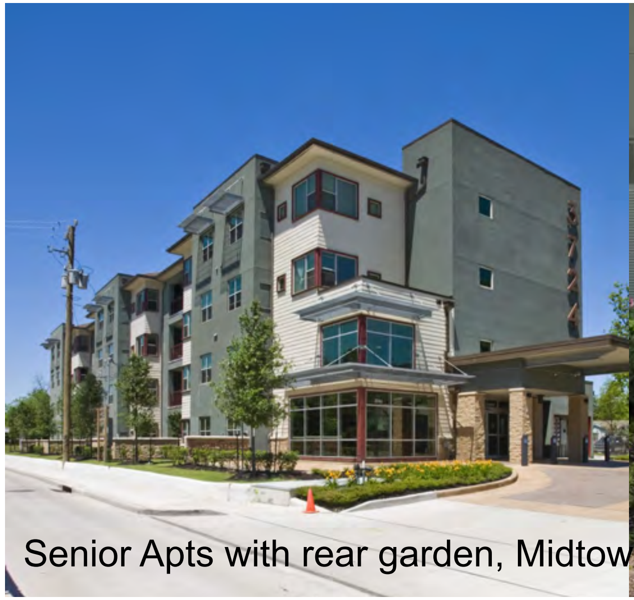

Retrofit Apts with private yards, Germany


Garden Apt with low-maintenance, pervious courtyard, LA


Retrofit with sustainability-first strategies, Denmark


Affordable condos for first-time homebuyers, San Francisco

4+ Story Mixed-use Types



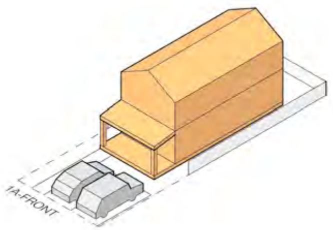
Senior Apts with rear garden, Midtown Houston

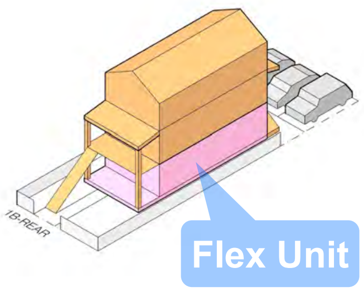
Affordable housing with ground floor retail / community uses, Boston

Affordable 1- and 2-bed rentals in mixed-use building

3 Building Types

Detached

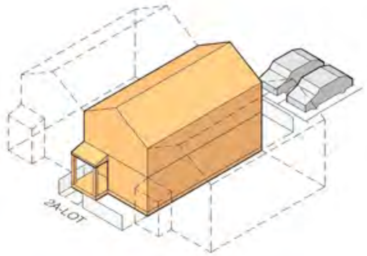


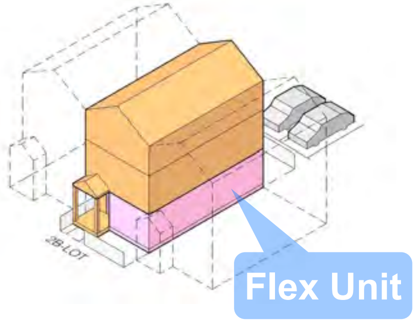


1A
2-Story Single-family House
(3BR/2.5BA, 1300 gsf)

1B
2-Story Single-family House over Flex Unit
(3BR/2.5BA, 1300 gsf) & (650 gsf Flex Unit)

Attached

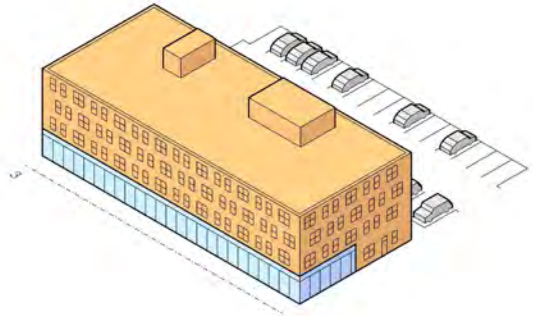




2A
2-Story Townhouse
(3BR/2.5BA, 1440 gsf)

2B
2-Story Townhouse over Flex Unit
(3BR/2.5BA, 1440 gsf) & (650 gsf Flex Unit)

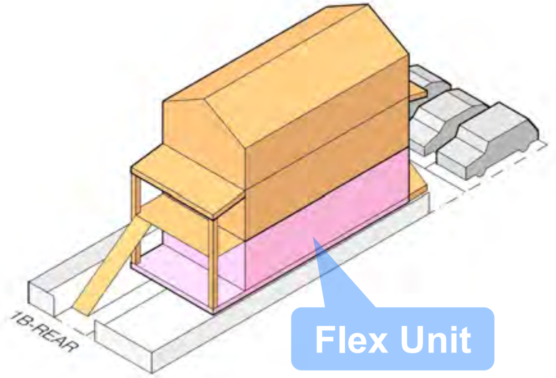
Multifamily Building



3
3- to 5-story Mixed-use Multifamily
(1BR, 2BR, and 3BR Units, avg 1145 total bldg gsf / unit)

Communal / Commercial
Residential
Flex Unit

Flexible Ground Floor Units



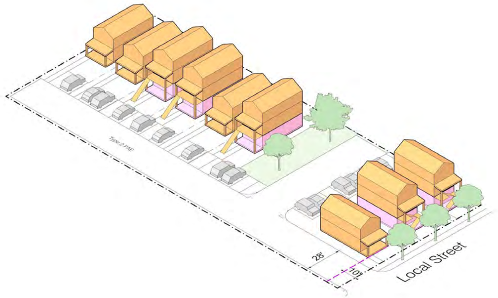
In-law Units / “Granny Flats”

Accessory Dwelling Unit (ADU, attached or detached)

Accessory Commercial Unit (ACU)

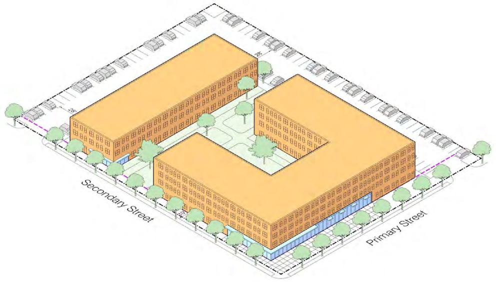
Live-work (Townhouse) Units

New Housing Scenarios

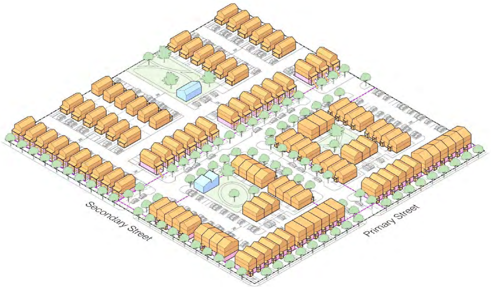


1. Single-family Houses on **Small lots**

2. Townhouses on **Medium lots**



3. Multifamily Building(s) on **Medium lots**



4. Single-family Houses & Townhouses on **Large lots**

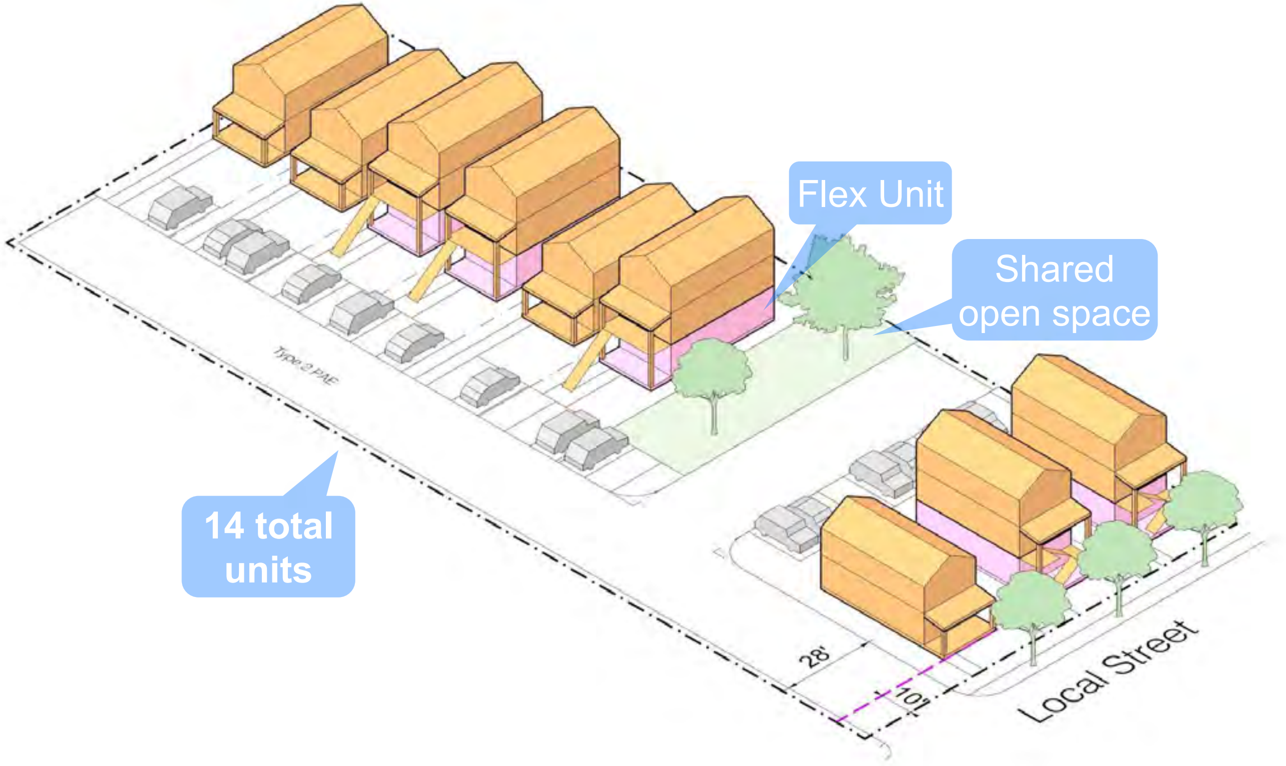
Sc1: Single-family Houses on Small Lots

Type 1A Single-family + **1B** Single-family over Flex Unit

Total Units	**14**
Units per acre	15.7
Parking per Unit	2.0
Open Space (sf)	2,200

*Flex Units counted as individual units

Example Images



Aerial View

Residential

Flex Unit

New Housing on Soft Sites

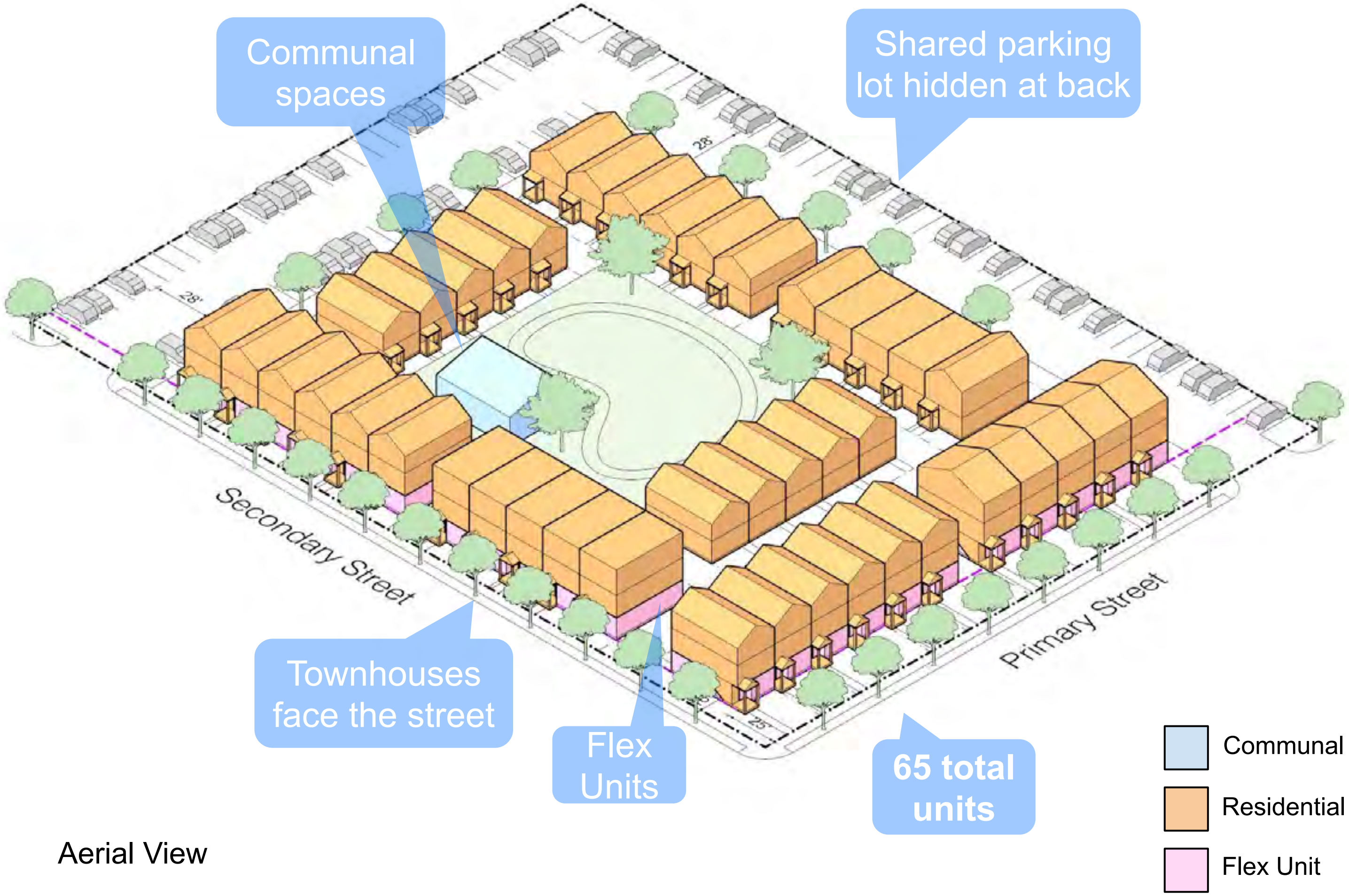
Sc2: Townhouses on Medium Lots

Type 2A Townhouse + **2B** Townhouse over Flex Unit

Total Units	**65**
Units per acre	23.5
Parking per Unit	1.5
Open Space (sf)	16,500

*Flex Units counted as individual units

Example Images

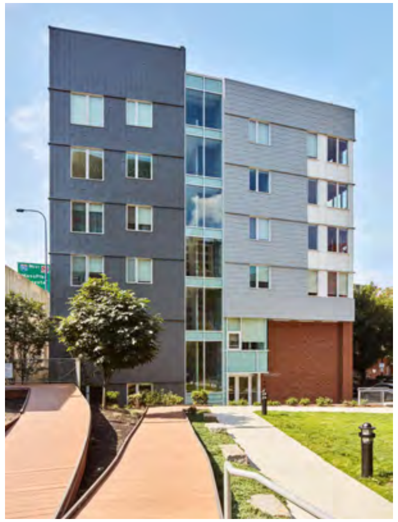


Aerial View

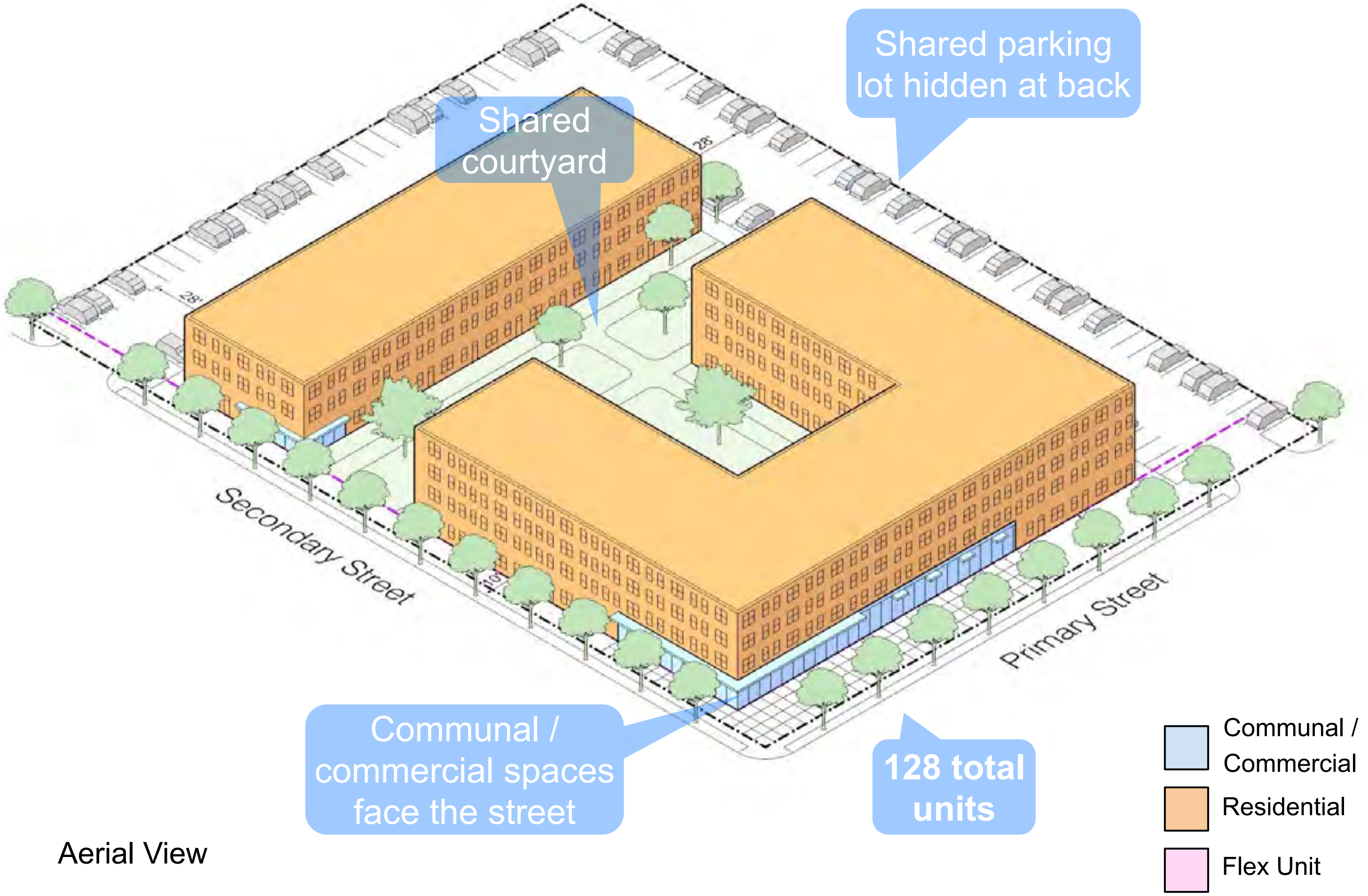
Sc3: Multifamily Building(s) on Medium Lots

Type 3 Mixed-use Multi-family

Total Units	**128**
Units per acre	46.5
Parking per Unit	1.0
Open Space (sf)	22,000



Example Images



Aerial View

New Housing on Soft Sites

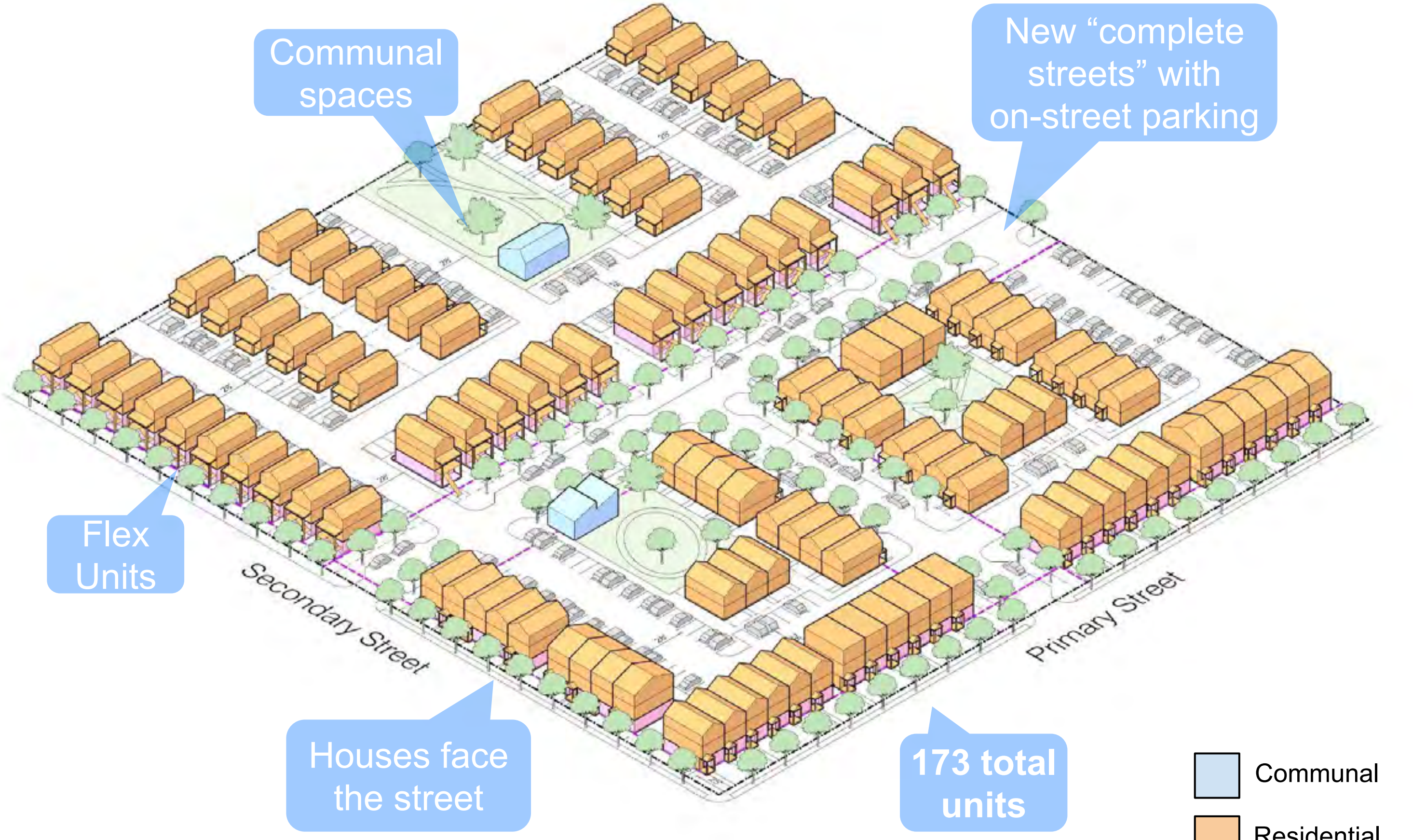
Sc4: Single-family and Townhouses on Large Lots

Type 1A + 1B Single-family types and **2A + 2B** Townhouse Types

Total Units	**173**
Units per acre	19.3
Parking per Unit	1.5-2.0
Open Space (sf)	42,300

*Flex Units counted as individual units

Example Images



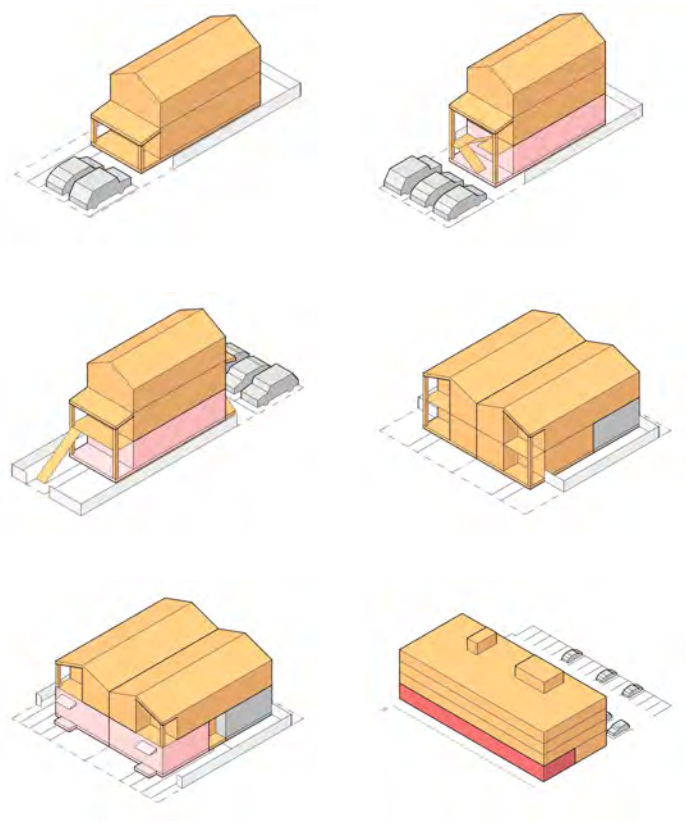
Aerial View

Soft Site Acquisition Strategies / Barriers

- Prioritize publicly and/or institutionally-owned lots, such as the county lot south of Burnett Bayland Park.
- There may be a need to invest / purchase properties at a premium.
- Ownership structures may be complex (e.g., international owners).
- Work may be required to prepare land (such as remediation costs).

Feasibility Thresholds

1. **Building Code**
   > When do additional building code requirements kick in for multi-unit buildings? These may include accessibility requirements, sprinklers, etc.
2. **Ch42 & Infrastructure Design Manual (IDM)**
   > When do subdivision development and stormwater detention requirements become too burdensome?
3. **Construction Efficiency**
   > When do economies of scale make a project viable?
4. **Marketability**
   > How big should the unit & its the private open space be to attract Gulfton residents (particularly for naturally occurring affordable homeownership models)?



Stakeholder Feedback on New Housing Scenarios

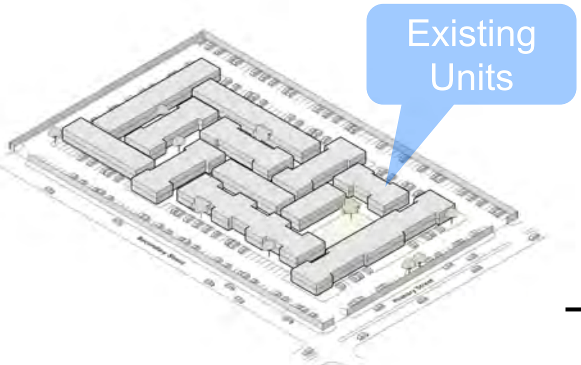
- Poll result shows participants mostly favored #2, #3, and #4 somewhat equally. There was a general desire to see a substantial increase in homeownership units.
- Residents reiterated the existing lack of supply in Gulfton and the importance of increasing said homeownership opportunities.
- Residents also appreciated the idea of a flex unit at the ground floor. Houses with ADUs on the ground floor would be very desirable in a starter-home scenario. Additionally, ADU's can be rented, providing the owner an added income source.
- Price points would be significantly different for large lot scenarios vs small lot scenarios.
- Rental townhomes are also attractive to existing residents.

Renovation & Redevelopment Hybrid Strategy Example

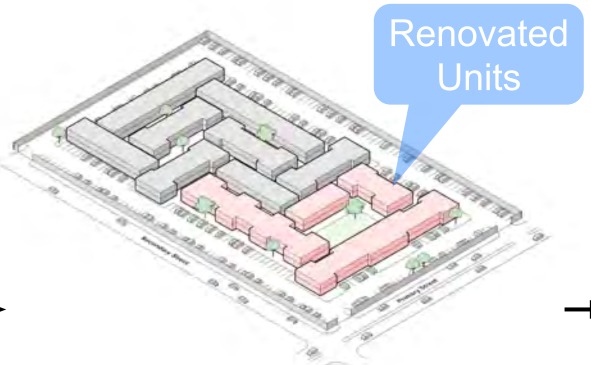
Existing
Renovated
New Construction

Existing or New Build

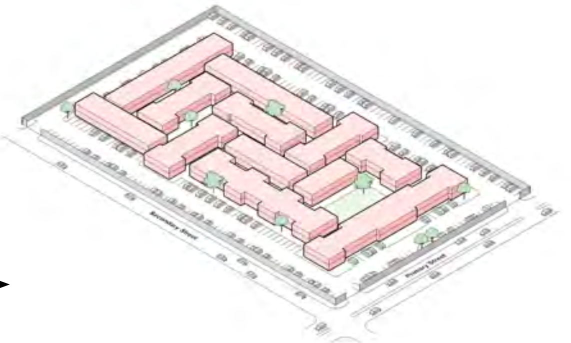
1. Acquire a “swing site” with existing or to-be-built vacant units to accommodate future relocated residents.



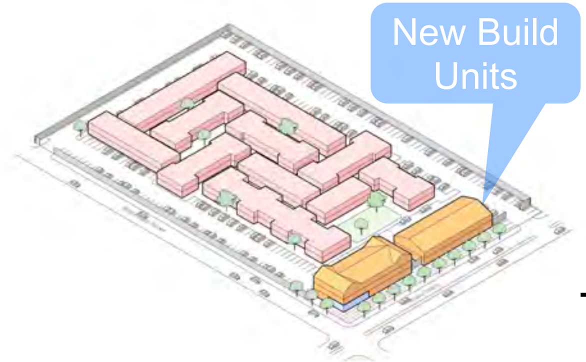
2. Acquire NOAH property outright, partner with property owner, or incentivize property owner.



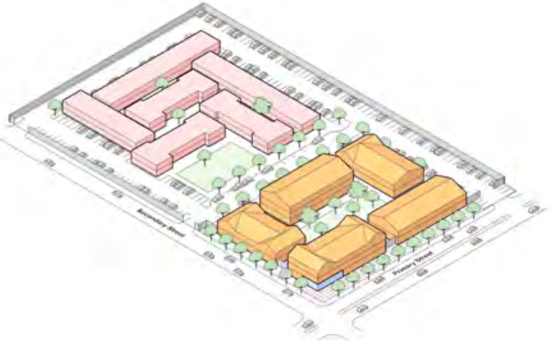
3. Renovate ~50% of units; maintain all units at affordable rates; hold for 2-5 years.



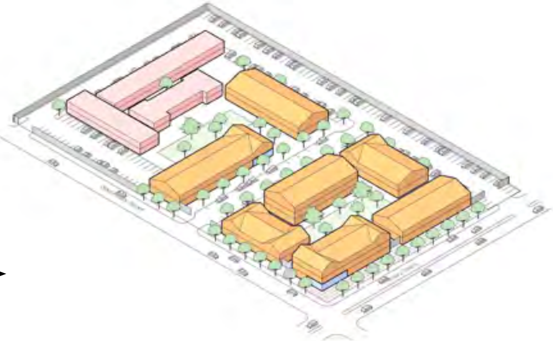
4. Renovate remaining units; maintain all units at affordable rates; hold for 5-10 years.



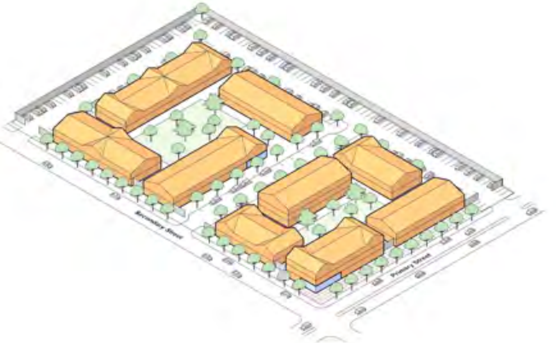
5. Redevelop ~25% of property & rent new units at “market-rate” to cross-subsidize affordable units; hold for 2-5 years.



6. Redevelop another ~25% of property and rent new units at mixed-income rates; hold for 5-10 yrs.



7. Redevelop another ~25% of property and rent new units at mixed-income rates; hold for 2-5 yrs.



8. Redevelop final ~25% of property and rent new units at mixed-income rates.

Gulfton Urban Planning and
Adaptive Reuse Feasibility Study

4. Proforma Scenarios and Funding Strategies

Overview

To understand the financial feasibility of different housing scenarios shown in the previous section, the consultant team selected 3 specific scenarios to model a **conceptual proforma**, identify **funding gaps**, and explore the efficacy of different **gap-closing mechanisms**.

The affordability bands of the proforma scenarios were set up to meet the **full range of Gulfton resident needs**, from the severely rent burdened to those looking to enter the homeownership market. The renovation proforma scenario assumes that an affordable housing entity becomes an equity investor in an existing apartment complex and partners with the owner to undertake renovations for the whole property and keep 30% of them affordable to those making **30% AMI**, targeting the most **severely rent-burdened**. The redevelopment proforma scenario assumes that an entity partners with an existing property owner to demolish and redevelop new affordable units at a greater density in a larger building, keeping 40% of them at **40% AMI** and the remaining units at **70% AMI**. Lastly, the new housing on soft sites proforma scenario assumes that an affordable housing entity partners with a developer to construct new single-family and townhouses on a large undeveloped land, targeting a **workforce** demographic at the **80% to 120% AMI**.

The financing gaps for the 3 scenarios varied greatly. The renovation scenarios had the **most achievable funding gap**, followed by the new housing scenario. The redevelopment scenario was the **costliest**. To close these funding gaps, a number of different funding types and associated examples were collected to illustrate potential precedents or templates that Gulfton public / non-profit sectors may emulate. The study focused particularly on more **"creative" funding types** beyond the traditional public programs (e.g., Low-Income Housing Tax Credit, etc.).

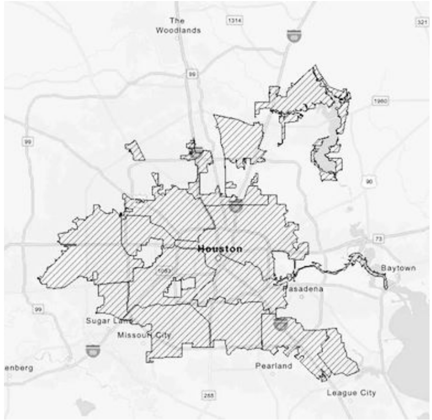
Given the difficulty of acquiring existing apartment properties, the study recommends **tailoring different strategies to the conditions of the apartments**: properties in decent shape with well-intentioned landlords would likely benefit from incentive programs while apartments in poor shape with absentee landlords may require the City to step in from a code enforcement perspective so that noncompliant landlords are required to improve their apartment or sell them to the City.

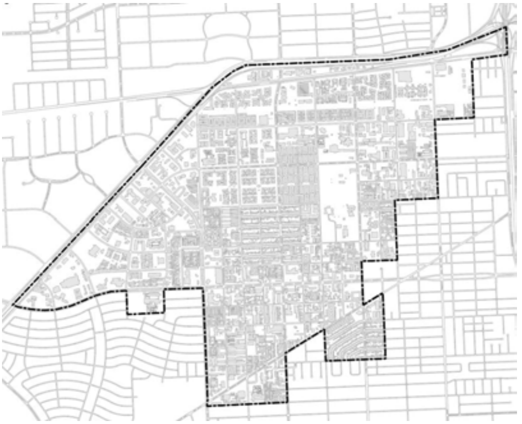
Proforma Scenarios Goals

1. Understand the **funding gaps** of different housing scenarios and the relative efficacy of different **funding types** to close said gaps.
2. Identify **potential funding strategies** that the public and nonprofit sectors can create and/or implement.
3. Equally important, identify **incentives for private property owners** to undertake renovations work themselves.

Area Median Income

(defined per HUD as 4-person Median Family Income)





Median contract rent in Gulfton is **$764**, affordable to those at the **40% HUD AMI** level.

	Greater Houston Metropolitan Area (HUD's AMI basis)	**City of Houston**	**Sharpstown/Gulfton**
Area Median Income	**$79,200**	**$52,338**	**$33,500**
80% AMI	**$63,360**	**$41,870**	**$26,800**

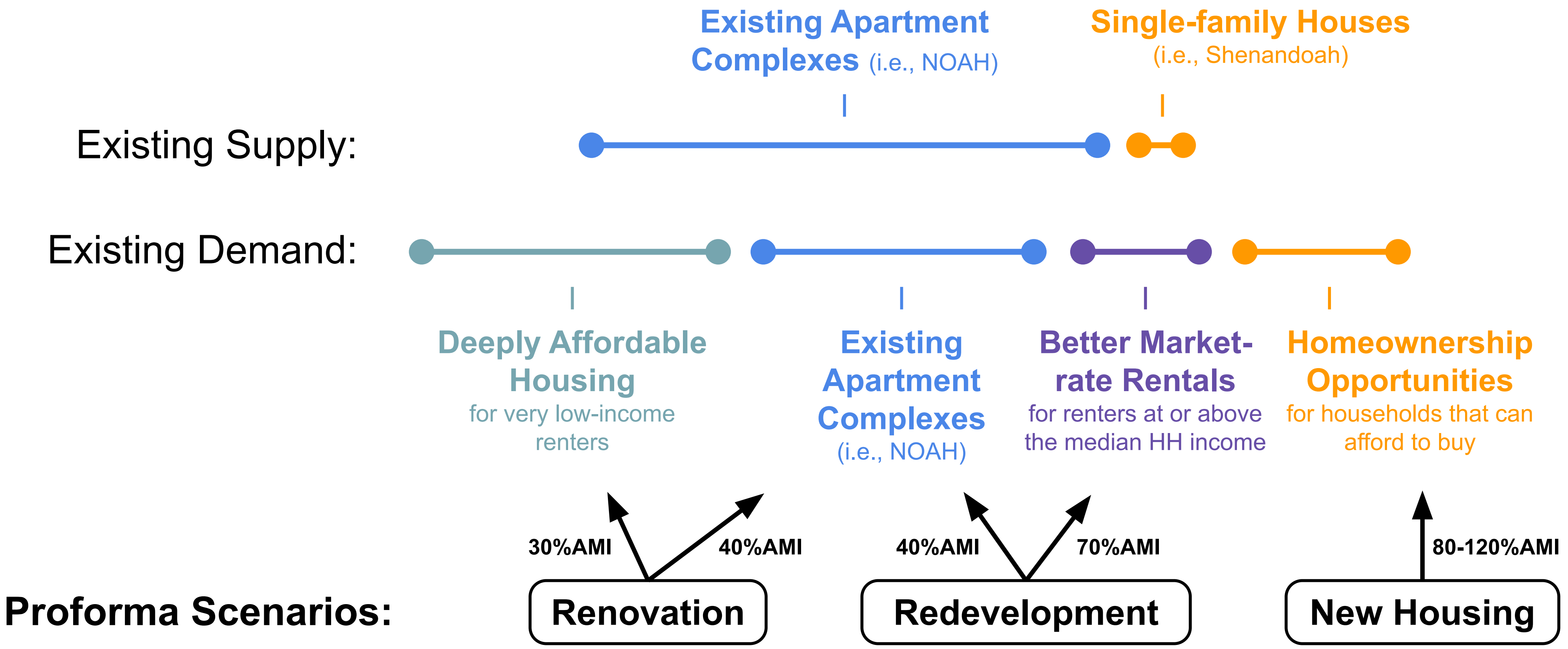
*Based on Houston Metro 2021 Area Median Income

Background on the definition of AMI in the proforma studies

The AMI percentages used in this study is based on HUD's definition (the standard used in the regulated affordable world). This definition for Houston includes the metro area, which includes the wealthier neighborhoods of Sugarland and Woodlands, bringing that household income to **$79,200**. However, the median household income for Gulfton is **~$33,500**, which is less than half of the HUD AMI, which is why, for example, a unit rented at 80% AMI in Gulfton would still be unaffordable. In fact, the median contract rent in Gulfton is **$764**, which equals a unit at the **40% HUD AMI**, hence why they're considered NOAHs.

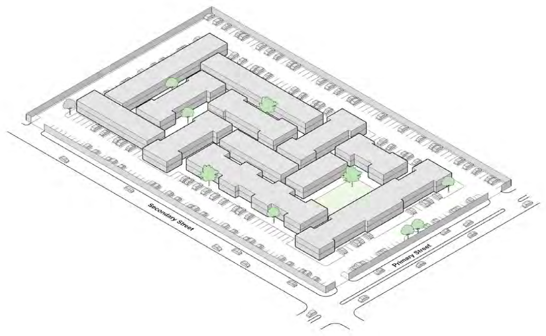
Regarding the affordability splits in the proforma studies, the idea is that, generally, renovated apartments would be geared for the lowest-income bracket, the redeveloped apartments would be for the middle bracket, and new homeownership housing would be for that upper band of Gulfton income residents able and ready to buy a house.

Targeted Bands of Affordability

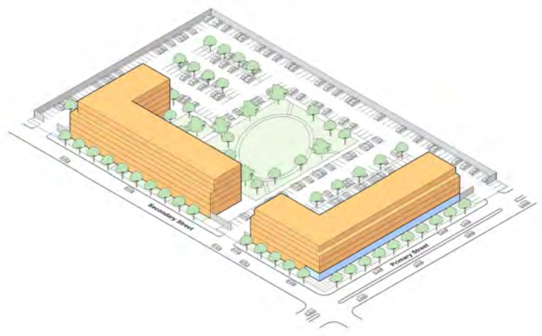


Proforma Scenarios Steps

1. Choose 1 renovation, redevelopment, and new housing scenario.
2. For each, build a baseline proforma model (i.e., market-rate).
3. Identify and quantify gaps.
4. Apply different funding mechanisms.
5. Share findings.
6. Determine most feasible and/or politically palatable suite of options.



A. Renovation
Medium-size
Apartment Complex
(rentals)



B. Redevelopment
Rebuilt as Mid-rise
Apartment Buildings
(rentals)

C. New Construction
Single-family houses &
Townhouses on Large lots
(ownership)

Renovation Proforma Scenario

Renovation Proforma Scenario Overview

A pro forma was built to explore the implications and opportunities of renovating 100% of the units within an existing rental property and reposition 30% of them as regulated and permanently affordable. As in all the scenarios, further analysis explored the efficacy of various funding types through ‘sensitivity testing’. Sensitivity testing is holding all other variables constant while applying a single funding strategy to measure its relative impact on closing any identified funding gap. Each funding strategy is tested individually, then cumulatively, to determine any remaining funding gap, if applicable.

In this renovation scenario, it is assumed that an affordable housing entity ‘buys-in’ to 30% of a property and partners the property owner to renovate 100% of the units where 30% are converted to regulated deeply affordable targeting those earning 30% or less of AMI (i.e., the severely rent burdened). The financial analysis demonstrates that having access to and leveraging a ‘buy-in’ or acquisition fund carries the greatest weight by closing approximately 1/3 of the funding gap required. This is due to the market value of economically functioning units.

Of the 3 pro forma scenarios explored, this proved to be the least costly both in total cost and on a per unit basis due to the low construction costs at an assumed average of $15,000 per unit, a figure that could vary greatly depending on the conditions of the existing apartment and the extent of the renovation. One challenge in this scenario is negotiating a modification to an already potentially complex ownership structure that is currently leveraged with bank financing and investor payback terms.

Key Takeaways:

- Least costly in total and on a per unit basis.
- Most complex scenario in modifying existing ownership / finance structure

Renovations Scenarios

1. Upgrading utilities and systems

2. Maximizing unit interior space

3. Creating private outdoor gardens / yards

4. Improving parking lots

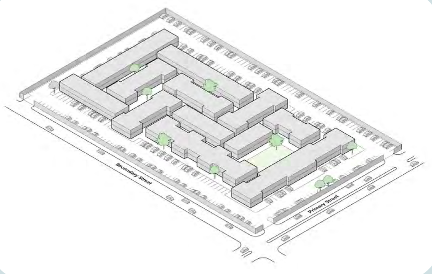
5. Improving shared outdoor spaces

Assumed to total **$15K per unit**, including hard and soft costs. Total cost will vary depending on existing building conditions, extent of renovations, etc.

Renovation Proforma Scenario Goals

Study what it'll take to:

1. Renovate **100%** of a mid-size apartment complex without needing to acquire it.
2. Rent **30%** of them at **30% AMI,** equal to the approximate number of severely rent-burdened households in Gulfton.
3. Keep the remaining **70%** of units at the existing NOAH bracket of ~**40% AMI**.
4. Minimize existing tenant relocation by assuming a **vacancy-based phased approach**.



A. Renovation
Medium-size
Apartment Complex
(rentals)

Renovation Proforma Scenario Setup

- Size and Ownership Format:
  - Medium-size rental (~150 units)
  - Same owner + equity investor (no sale)
- Sequence:
  - An owner partners with an equity investor to renovate **100%** of an apartment complex and afterwards rents **30% of the units at 30% AMI** and the rest **70% of the units at 40% AMI**.
  - The renovations are **upgrading building systems**, **exterior repairs**, and **opening up the kitchen**, totaling ~$15K.
  - This scenario assumes a **vacancy-based phased approach** over a number of years to minimize tenant relocation.
- Potential Funding Strategies:
  - NOAH impact fund
  - Targeted renovations fund (e.g., DC's small buildings program)
  - Affordability vouchers (e.g., via property tax relief)
  - Reduced return rate

Renovation Proforma Assumptions

Affordable Housing entity engages single owner (LLC) to purchase a 30% share of a 150-unit project totaling 45 units.

Value of these units will be determined based on current local cap rates and project NOI - *(Model assumes $52,000 per Class C unit totaling $2,340,000 based on comps data)*

Buy-in Amount: **$2.34M** for (regulated control of) **45** units
Renovation Hard Costs (**150** Units @ **$15k** ea.): **$2.52M**
Parking Repave Costs: **$126k**
Soft Costs (professional fees, insurance, taxes): **$726K**
Total costs: $5.8M

The buy-in fund is similar to an acquisition fund (from the perspective of the entity that's the partial investor), whereas the equity is money required (~20% down payment) to obtain construction funds. The two are separate here based on precedent funds we've seen that have been distinct (e.g., quick strike acquisition funds vs preservation/renovation funds, etc.). Additionally, the tax abatement is only for the 45 regulated affordable units, not for the whole project. However, setting up tax abatements for the whole property could further close the gap and incentivize the owner.

The proforma and funding strategies are structured such that the equity investor shares in the returns. We've set the return rate at 10%, and depending on the deal structure, 4-7% could go back to the investor, with the remaining going to the operating partner (likely the housing agency / nonprofit involved).

Caveats:

- Lost revenue is currently not captured by the proforma
- Assumes the buy-in (30%) amount is fair, but would depend on negotiations with existing owners.

Renovation - Physical Inputs

Scenario B -Renovations
Gulfton, Houston, TX

BUILDING FORM

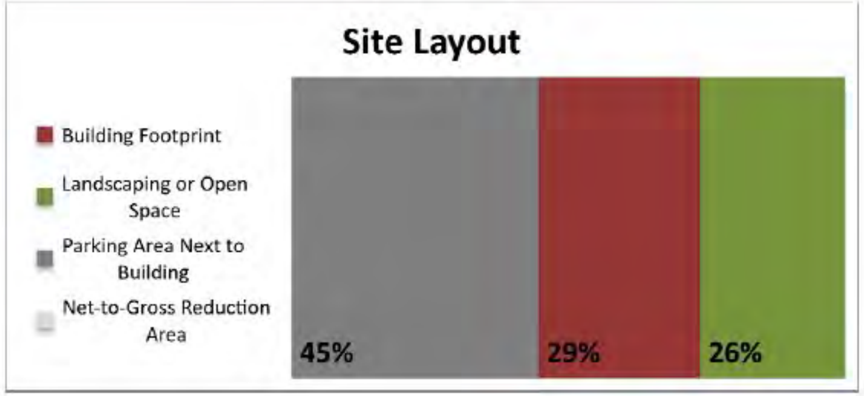
Lot area	80,883	sf
Lot area	1.86	acres
Building Footprint	23,664	sf
Parking Footprint (Surface)	36,000	sf
Avg Height	2.0	stories
Floor-area ratio	0.59	FAR

DEVELOPMENT PROGRAM

Use	Gross	Net
Residential	47,328	41,175
Retail	-	-
Office	-	-
Internal Parking	-	-

UNITS AND EMPLOYEES

Residential Units	45		24	/acre
Average amount of living area	915	sf		
Employees	-		-	/acre



PARKING

Residential	90	2.00	/ per unit
Retail	-	-	/ 1000 sq ft
Office	-	-	/ 1000 sq ft
Total parking spaces	90		

Renovation - Costs & Outputs

Scenario B -Renovations
Gulfton, Houston, TX

TOTAL LANDSCAPE & OPEN SPACE

Landscaping and open space area	48%

CONSTRUCTION COSTS

TOTAL COSTS	**$**	**(5,825,415)**	
Acquisition Costs	**$**	**(2,340,000)**	$20 /sf
Construction Costs (all 150 units)	**$**	**(2,729,017)**	
Residential	$	(2,603,017)	$55 /sf
Retail	$	-	$180 /sf
Parking	$	(126,000)	
Soft Costs	**$**	**(726,397)**	
Other Costs	**$**	**(30,000)**	
Demolition Costs	$	-	
Site Development Costs	$	-	
Impact Fees	$	(15,000)	
Permit Fees	$	(15,000)	
Off-site Improvements	$	-	

RENTS AND SALES PRICES

Residential Unit Sales Price (Avg)	N/A	N/A /sf
Residential Rent (Avg)	**$594**	**0.54 /sf**
AMI Level (4-person HH)	30%	

FINANCIAL PERFORMANCE

Rental

Cash-on-Cash (After Year 3)	6.4%
IRR on Project Cost (Unleveraged Return)	**12.0%**
Debt Service Coverage Ratio (Year 3)	0.55

Owner

Project Rate of Return	0.0%

Gap funding amount to bring avg unit rent to affordability average

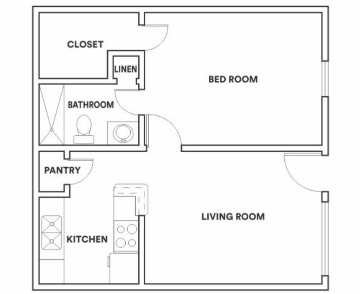
40% AMI Target Monthly Rent	$	792
30% AMI Target Monthly Rent	**$**	**594**
Funding Amount	$	3,686,785
Gap Amount per Door	$	81,929
% of Project Costs		*64%*

Renovation - Funding Sensitivity

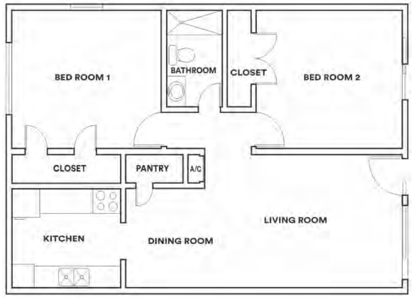
Owner as Equity Partner	Scenario A - Funding Tool Sensitivity Testing						
	Renovation	*Renovation Affordable*					
	Base Scenario Market Rate (12% IRR)	Gap Analysis Aff 30% AMI	Funding Tool For Rent Target: 30%AMI				Cumulative Funding Tools (Buy-in + Equity)
			Buy-in Fund (30% of property)	Equity Fund (20%)	Tax Abatement (10 yrs)	Reduced Return Rate (8% IRR)	
Number of Market Units	45	0	0	0	0	0	0
Number of Affordable Units	0	45	45	45	45	45	45
Unit Size (avg)	915	915	915	915	915	915	915
Avg Rents per Unit Required	**$ 1,213**	**$ 594**	**$ 821**	**$ 1,018**	**$ 990**	**$ 982**	**$ 625**
AMI Level	61%	30%	41%	51%	50%	50%	32%
30% AMI Target Rents	$ -	$ 594	$ 594	$ 594	$ 594	$ 594	$ 594
Development Offset	$ -	$ -	**$ 2,340,000**	**$ 1,159,083**	**$ 1,326,673**	**$ 3,256,302**	**$ 3,499,083**
Funding Gap Total	**$ -**	**$ 3,688,913**	$ -	$ -	$ -	$ -	$ -
Funding Req per Door	**$ -**	**$ 81,976**	**$ 52,000**	**$ 25,757**	**$ 29,482**	**$ 72,362**	**$ 77,757**
Pct Chg in Rents Req		**-51%**	**-32%**	**-16%**	**-18%**	**-19%**	**-48%**

Affordable Gap Funding Amount
$ 3,688,913
Gap Amount Still required
$ 189,830

Renovation - Scenario Rent Range



Example floor plan



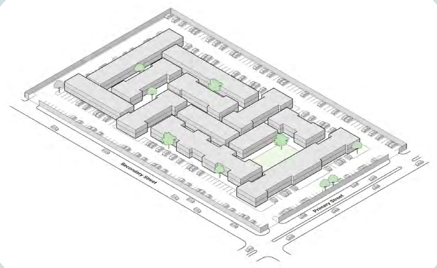
Example floor plan

	1-Bedroom Unit ~570 sf	**2-Bedroom Unit** ~860 sf
Rent at 30% AMI	**$445**	**$534**
Rent at 40% AMI	**$594**	**$713**

*Based on Houston Metro 2021 Area Median Income

Takeaways

1. Renovations have the **most achievable funding gap** per unit.
2. A **buy-in fund** would be the **most impactful** of the funding types in this scenario.
3. Deal requires **negotiations with current owner** to buy into partnership. Deal structure may be more complex depending on owner's financial and/or ownership structure.
4. More ideal scenario is to **incentivize owners** to take on renovation work themselves. Removing the buy-in cost also **reduces the funding gap**.



A. Renovation
Medium-size
Apartment Complex
(rentals)

Redevelopment Proforma Scenario

Redevelopment Proforma Scenario Overview

A pro forma was built to explore the implications and opportunities of purchasing a portion of an existing rental property to demolish but build back a large number of units in a bigger building that are regulated affordable housing. Similar to the other scenarios, further analysis explores the efficacy of various funding types through ‘sensitivity testing’.

In this redevelopment scenario, it is assumed that a housing entity purchases Class C units from an existing property owner and build new regulated affordable units (plus ground floor business incubation and community spaces) where 40% are targeted to those earning 40% or less of AMI and 60% targeting those earning 70% AMI. The financial analysis explores Phase 1 of the total project, assuming that Phase 2 will look similar, but the full scenario envisions a complete redevelopment of the property over time.

Of all the scenarios explored, this proved to be the costliest both in total cost and on a per unit basis. This cost is largely due to several reasons: purchasing Class C economically functional units, added demolition costs, and replacing with a new intense and expensive podium-construction building type. Targeting Class D and/or less economically functional properties will prove less costly.

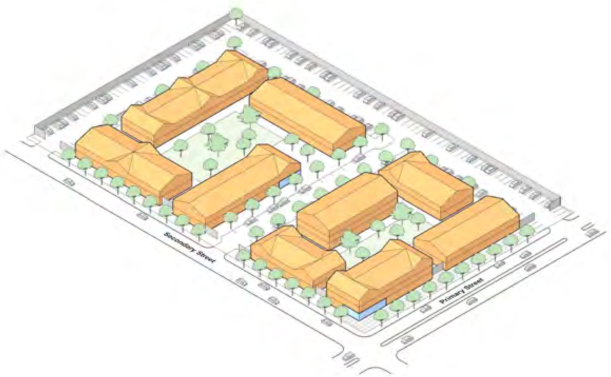
The funding gap in this scenario equates to approximately $37.3 million, a 10-fold increase from the renovation scenario and exceeding the total funding amount in many of the programs applied as strategies in these scenarios. Due to the high construction costs, having access to and employing 30% equity to obtain construction financing proved to show the greatest effect on closing the funding gap.

The opportunity in this scenario is to bring higher quality, newly constructed unit to the neighborhood. Building in smaller pieces, incrementally, and reducing the height of the building will result in a less expensive construction type and increased feasibility.

Key Takeaways:

- Most number of newly created affordable units.
- Most costly in total and on a per unit basis.
- Added complexity when considering a ‘swing site’ for temporarily relocated residents.

Phased Redevelopment Scenarios



1. Rebuilt as **Low-rise Garden Apartments**

(2-3 stories, no net units)

2. Rebuilt as **Mid-rise Apartment Buildings**

(5-6 stories, 80 net units)

3. Rebuilt as **High- and Low-rise Buildings**

(12+ stories, 40 net units)

Redevelopment Proforma Scenario Goals

Study what it'll take to:

1. Redevelop a mid-size apartment complex via a **co-ownership**, **co-developer partnership**.
2. **Increase density of rental units** via a larger multifamily building type.
3. Rent **40%** of the new units at **40% AMI**, consistent with the existing NOAH bracket.
4. Rent the remaining **60%** of new units at **70% AMI**, equal to the highest achievable rent in Gulfton today (as a proxy for **market-rate** units).

B. Redevelopment
Rebuilt as Mid-rise Apartment Buildings (rentals)

Redevelopment Proforma Scenario Setup

- Size and Ownership Format:
  - Medium-size rental (~150 units)
  - Same owner + another entity as co-owners & co-developers
- Sequence:
  - An owner partners with an entity to **co-redevelop** an existing apartment complex in two phases.
  - **40%** of the units will be at **40% AMI**. The rest **60%** will be at **70% AMI**.
  - This scenario assumes a **swing site** needed to temporarily house relocated residents is resolved through a **different independent setup** (e.g., the entity already has access to empty units, or preceding this redevelopment, the entity developed a soft site into new housing, etc.).
- Potential Funding Strategies:
  - Land contribution (owner as equity partner)
  - Equity / low-interest loan (e.g., Texas Housing Impact Fund)
  - Affordability vouchers (e.g., via property tax relief)
  - Reduced return rate

Redevelopment Proforma Assumptions

- Proforma scenario only represents phase 1 of a 2-phase redevelopment scenario. The second phase would conceptually mirror the first phase.
- Study assumes median apartment (i.e., Class C property) for tear down. Most likely, a to-be-redeveloped apartment complex would be in the worse condition (i.e., Class D property), representing a lower opportunity cost.
- Scenario assumes a surface parking strategy. Alternate parking strategies combined with more units may result in more efficient outcomes.
- Assumptions based on most conservative acquisition and construction cost figures.
- Program assumes all large family size units (915sf) yet actual program will likely vary.

Redevelopment - Physical Inputs

Scenario B -Redevelopment - Phase 1

Gulfton, Houston, TX

BUILDING FORM

Lot area	115,721	sf
Lot area	2.66	acres
Building Footprint	26,853	sf
Parking Footprint (Surface)	62,400	sf
Avg Height	5.0	stories
Floor-area ratio	1.16	FAR

DEVELOPMENT PROGRAM

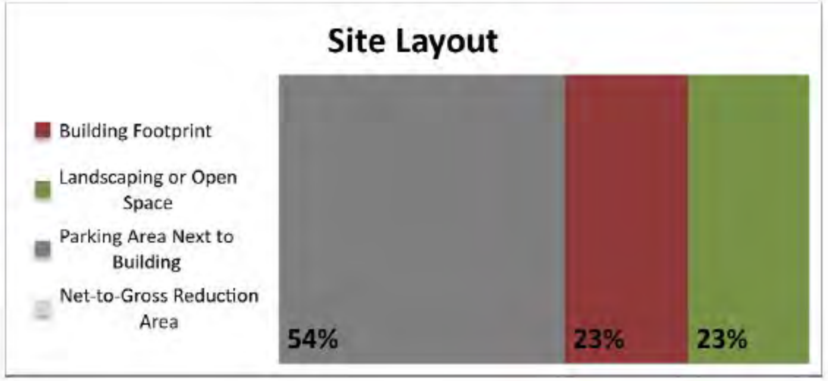
Use	Gross	Net
Residential	126,207	109,800
Retail	8,056	6,847
Office	-	-
Internal Parking	-	-

UNITS AND EMPLOYEES

Residential Units	120		45	/acre
Average amount of living area	915	sf		
Employees (1 per 450 sf)	17		6	/acre

PARKING

Residential	156	1.30	/ per unit
Retail	-	-	/ 1000 sq ft
Office	-	-	/ 1000 sq ft
Total parking spaces	156		



Redevelopment - Costs & Outputs

Scenario B -Redevelopment - Phase 1

Gulfton, Houston, TX

TOTAL LANDSCAPE & OPEN SPACE

Landscaping and open space area	23%

CONSTRUCTION COSTS

TOTAL COSTS	**$**	**(45,321,340)**		
Acquisition Costs	**$**	**(3,172,000)**	$27 /sf	
Construction Costs	**$**	**(31,888,657)**		
Residential	$	(29,658,621)	$235 /sf	**cost/unit: $377,678**
Retail	$	(1,450,037)	$180 /sf	
Parking	$	(780,000)		
Soft Costs	**$**	**(8,375,302)**		
Other Costs	**$**	**(1,885,381)**		
Demolition Costs	$	(793,000)		
Site Development Costs	$	(115,721)		
Impact Fees	$	(432,450)		
Permit Fees	$	(294,210)		
Off-site Improvements	$	(250,000)		

RENTS AND SALES PRICES

Residential Unit Sales Price (Avg)	N/A	N/A /sf
Residential Rent (Avg)	**$1,052**	**1.15 /sf**
Avg AMI Level (4-person HH)	53%	

FINANCIAL PERFORMANCE

Rental

Cash-on-Cash (After Year 3)	7.0%
IRR on Project Cost (Unleveraged Return)	**12.0%**
Debt Service Coverage Ratio (Year 3)	0.30

Owner

Project Rate of Return	**0.0%**

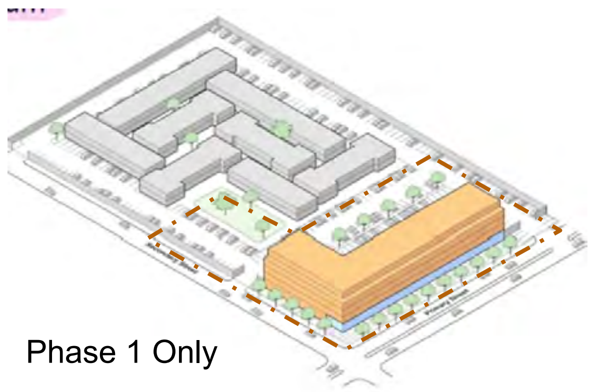
Gap funding amount to bring avg unit rent to affordability average

70% AMI Target Monthly Rent	$	1,386
40% AMI Target Monthly Rent	$	792
Funding Amount	**$**	**37,360,581**
Gap Amount per Door	$	311,338
% of Project Costs		*84%*

Redevelopment - Opportunity Cost & per Unit Calcs

Scenario B - Opportunity Cost Calculator						
Gulfton Comps (10)						
	Sale Price per Unit (for reference)					
Avg	$	79,346				
Class A	$	132,400				
NOI / Cap Rate Calculator	**Westward Square (672 Class C units)**		**San Miguel (77 Class D Units)**			
Avg Rent psf	$	1.01	$	1.03	$	1.02
Units		672		77		
Total SF		483,327		55,681		
Total Rent (Est GPI)	$	5,857,923.24	$	688,217.16		
Vacancy (5%)	$	5,565,027.08	$	653,806.30		
OpEx (30%)	$	3,895,518.95	$	457,664.41		
Est NOI	**$**	**3,895,518.95**	**$**	**457,664.41**		AVG
Est NOI per Unit	**$**	**5,796.90**	**$**	**5,943.69**	$	5,870.30
Appraisal Value	**$**	**31,854,965**	**$**	**1,808,162**		
Est Cap rate		**12.2%**		**25.3%**		
Sale Price per Unit		*47,403*		*23,483*		
Scenario B - Redevelopment (Class C)						
Number of existing Units		148				
Avg Unit Revenue per Year (+10%)	$	6,457.33				
Units Offline During Construction		61				
Lost Revenue per Month	$	32,825				
30-Month Construction + Re-Lease	**$**	**984,742.56**				
Cost per Unit	$	52,143.54				
Total Opportunity Cost	**$**	-				

Redevelopment - Funding Sensitivity



Phase 1 Only

Owner as Equity Partner	Base Scenario Market Rate (12% IRR)	Gap Analysis Aff 40/60 Split	Buy-in Fund	Equity Fund (30%)	Tax Abatement	Reduced Return Rate (10% IRR)	Cumulative Funding Tools
	Scenario B - Funding Tool Sensitivity Testing						
	Redevelopment	*Redevelopment Affordable*					
			Funding Tool For Rent Target: 40-70% AMI				
Number of Market Units	120	0	0	0	0	0	0
Number of Affordable Units	0	120	120	120	120	120	120
Unit Size (avg)	915	915	915	915	915	915	915
Avg Rents per Unit Required	**$ 3,404**	**$ 1,089**	**$ 3,195**	**$ 2,603**	**$ 2,763**	**$ 3,024**	**$ 910**
AMI Level (avg)	172%	55%	161%	131%	140%	153%	46%
70% AMI Target Rents (60%)	$ -	$ 1,386	$ 1,386	$ 1,386	$ 1,386	$ 1,386	$ 1,386
40% AMI Target Rents (40%)	$ -	$ 792	$ 792	$ 792	$ 792	$ 792	$ 792
Development Offset	$ -	$ -	**$ 3,172,000**	**$ 12,714,685**	**$ 10,153,508**	**$ 13,527,292**	**$ 39,567,485**
Funding Gap Total	$ -	**$ 37,360,581**	$ -	$ -	$ -	$ -	$ -
Funding Req per Door	$ -	**$ 311,338**	**$ 26,433**	**$ 105,956**	**$ 84,613**	**$ 112,727**	**$ 329,729**
Pct Chg in Rents Req		**-68%**	**-6%**	**-24%**	**-19%**	**-11%**	**-73%**

Affordable Gap Funding Amount
$ 37,360,581
Gap Amount Still required
$ (2,206,904)

Redevelopment - Scenario Rent Range

Example floor plan

Example floor plan

Example floor plan

	1-Bedroom Unit ~730 sf	**2-Bedroom Unit** ~1050 sf	**3-Bedroom Unit** ~1300 sf
Rent at 40% AMI	**$594**	**$713**	**$824**
Rent at 70% AMI	**$1,040**	**$1,247**	**$1,442**

*Based on Houston Metro 2021 Area Median Income

Takeaways

1. It is generally **most costly** per unit to redevelop an existing apartment complex into a new mid-rise multifamily building due to:
    a. Opportunity and demolition cost of existing functioning units
    b. High construction cost for a podium building
    c. Higher non-leasable square footage amounts (community area)
    d. High required rents (i.e., “market rate”) also limited
    e. Assumed larger family sized units (could provide more variety)
2. As such, wholesale market-rate redevelopment at this building scale appears unlikely today, and conversely, a project will require **many subsidies** to be financially viable.
3. No **one funding / subsidy type** will close the funding gap.
4. A **buy-in fund** is **least impactful** of the funding types.

B. Redevelopment
Rebuilt as Mid-rise Apartment Buildings (rentals)

New Construction Proforma Scenario

New Construction Proforma Scenario Overview

A pro forma was built to explore the implications and opportunities of constructing new housing (consisting of detached single-family houses and attached townhouses) on a large undeveloped vacant site resembling that of County-owned land south of Burnett Bayland Park.

In this new housing construction scenario, it is assumed that an empty publicly-owned parcel in the Gulfton area is contributed to the project in order to either reduce or eliminate land acquisition costs. This demonstrates having the most effect on filling the funding gap. This pro forma scenario assumes new housing units focused on those earning workforce housing incomes, 80-120% AMI, with the larger share, 70% of the newly built homes targeting the lesser at the 80% AMI level.

To account for horizontal land development and lot subdivision, these costs are rolled into construction hard costs, not a perfect solution but as a proxy to get a sense of total development costs and determine any funding gap targeting these stated income brackets. The development pro forma is setup to assume sale of fee simple lots and structures. Other, creative ownership models that remove land from the final cost to the buyer was shown to significantly reduce this figure, lowering the barrier to homeownership entry for Gulfton residents seeking to build equity.

Key Takeaways:

- A public/private partnership that reduces or eliminates land costs is shown to have most effect on feasibility.
- Affordable homeownership shown to be a top need for Gulfton.
- Shared-equity models (e.g., community land trust, limited equity cooperative) can further reduce the barrier to entry for homeownership.

Proforma Scenario C

New Housing on Soft Sites Scenarios

1. Single-family Houses on **Small lots**

2. Townhouses on **Medium lots**

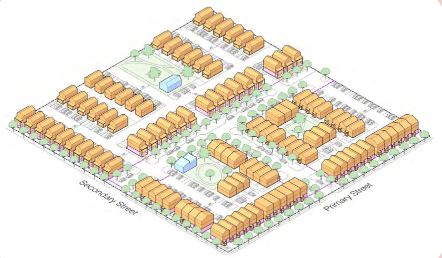
3. Multifamily Building(s) on **Medium lots**

4. Single-family Houses & Townhouses on **Large lots**

New Construction Proforma Scenario Goals

Study what it'll take to:

1. Build new **single-family** and **townhouse units** for homeownership on a large undeveloped site.
2. Target unit sales for **workforce housing**:
   - **70%** of the units to be sold at **80% AMI** and
   - **30%** of the units to be sold at **120% AMI**.
3. Preserve long-term affordability through a **Community Land Trust (CLT)** and/or a **Limited Equity Cooperative (LEC)** ownership model.



C. New Construction
Single-family houses & Townhouses on Large lots (ownership)

New Construction Proforma Scenario Setup

- Size and Ownership Format:
  - Large site similar to county parcel (~9 acres)
  - Mixed-income homeownership within a community land trust
- Sequence:
  - An entity (HCLT) acquires land and partners with a developer to construct new housing for homeownership under a **CLT model**.
  - The affordability split will be **70/30% split at 80/120% AMI** (similar to the MINT model, though currently HCLT targets 40-60% AMI).
  - Single-family homes (including those with GF flex units) will be sold as **individual properties**, and townhomes (including those with GF flex units) will be sold as **individual condos**.
- Potential Funding Strategies:
  - Land donation (e.g., from County)
  - City funds as equity (e.g., NOFA for single-family development)
  - Property tax relief
  - Reduced return rate

New Construction Proforma Assumptions

- Community Land Trust partners with private developer.
- Land contribution is justified through a public-private partnership, where it is assumed that the County donates the land.
- 15% construction equity is required due to the homeownership nature of the project; this amount could also increase.
- Pro forma assumes for-sale, fee simple ownership model, yet alternate shared ownership structures exist and simplified examples are presented in the following slides.

New Construction on Soft Site - Physical Inputs

New Housing on Soft Site - 70/30 Split 80/120% MFI

Gulfton, Houston, TX

BUILDING FORM

Lot area	390,000	sf
Lot area	8.95	acres
Building Footprint	78,568	sf
Parking Footprint (Surface)	69,000	sf
Avg Height	2.5	stories
Floor-area ratio	0.50	FAR

DEVELOPMENT PROGRAM

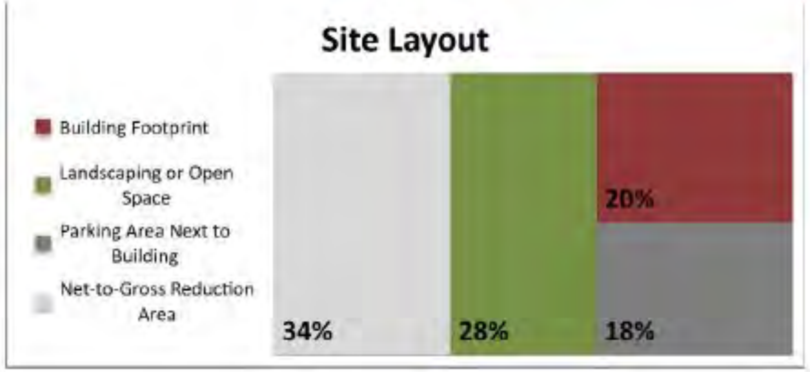
Use	Gross	Net
Residential	196,420	196,420
Retail	-	-
Office	-	-
Internal Parking	-	-

UNITS AND EMPLOYEES

Residential Units	115		13	/acre
Average amount of living area	1,708	sf		
Employees	-		-	/acre

PARKING

Residential	230	2.00	/ per unit
Retail	-	-	/ 1000 sq ft
Office	-	-	/ 1000 sq ft
Total parking spaces	230		



New Construction on Soft Site - Costs & Returns

New Housing on Soft Site - 70/30 Split 80/120% MFI

Gulfton, Houston, TX

TOTAL LANDSCAPE & OPEN SPACE

Landscaping and open space area	28%

CONSTRUCTION COSTS

TOTAL COSTS	**$**	**(46,556,403)**	
Acquisition Costs	$	(8,190,000)	$21 /sf
Construction Costs	$	(30,613,000)	
Residential	$	(29,463,000)	$150 /sf
Retail	$	-	$180 /sf
Parking	$	(1,150,000)	
Soft Costs	$	(7,120,127)	
Other Costs	$	(633,276)	
Demolition Costs	$	-	
Site Development Costs	$	(390,000)	
Impact Fees	$	(187,878)	
Permit Fees	$	(55,398)	
Off-site Improvements	$	-	

RENTS AND SALES PRICES

Residential Unit Sales Price (Avg)	$	265,329	$155.34 /sf
AvgMortgage Amount (PITI)		($1,822)	
Residential Rent (Avg)		$0	0.00 /sf
Avg MFI Level (4-person HH)		92%	

FINANCIAL PERFORMANCE

Rental

Cash-on-Cash (After Year 3)	0.0%
IRR on Project Cost (Unleveraged Return)	0.0%
Debt Service Coverage Ratio (Year 3)	-

Owner

Project Rate of Return	-34.1%

Gap funding amount to bring avg unit price to 80% MFI

120% AMI Target Sales Price	$	346,081
80% AMI Target Sales Price	$	230,721
Funding Gap Amount	**$**	**21,911,073**
Gap Amount per Door	$	190,531
% of Project Costs		*47%*

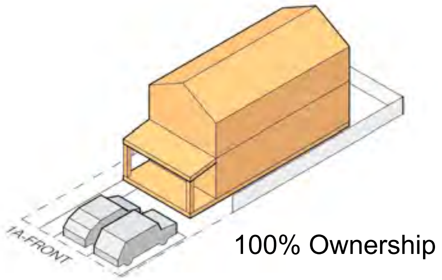
New Construction on Soft Site - Funding Sensitivity

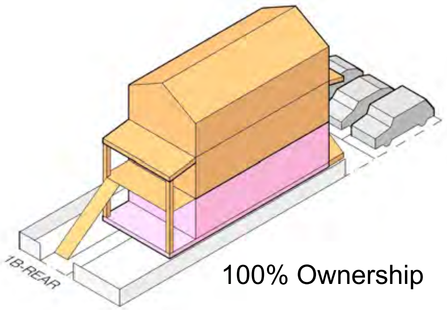
Partner with private developer	Scenario C - Funding Tool Sensitivity Testing						
	New Construction	*New Construction Affordable*					
	Base Scenario Market Rate (25% Return Rate)	**Gap Analysis Aff 70/30 Split**	**Isolated Funding Tool For Sale Target: 80-120% AMI**				**Cumulative Funding Tools** (Land + Equity + Taxes)
			Land Donation	**Equity Fund** (15%)	**Return Rate** (18%)	**Tax Abatement**	
Number of Market Units	115	0	0	0	0	0	0
Number of Affordable Units	0	115	115	115	115	115	115
Unit Size (avg)	1,708	1,708	1,708	1,708	1,708	1,708	1,708
Avg Sale Price Required	**$ 503,404**	**$ 265,329**	**$ 414,382**	**$ 427,893**	**$ 475,213**	**$ 485,915**	**$ 270,120**
AMI Level (avg)	175%	92%	144%	148%	165%	168%	94%
70% of Units at 80% MFI	$ -	$ 288,401	$ 288,401	$ 288,401	$ 288,401	$ 288,401	$ 288,401
30% of Units at 120% MFI	$ -	$ 230,721	$ 230,721	$ 230,721	$ 230,721	$ 230,721	$ 230,721
Funding Gap Total	$ -	**$ 21,911,073**	$ -	$ -	$ -	$ -	$ -
Development Offset	$ -	$ -	**$ 8,190,000**	**$ 6,946,969**	**$ 3,241,918**	**$ 1,608,973**	**$ 19,987,860**
Funding Req per Door	$ -	**$ 190,531**	**$ 71,217**	**$ 60,408**	**$ 28,191**	**$ 13,991**	**$ 173,807**
Pct of Change in Req Sale Price		**-47%**	**-18%**	**-15%**	**-6%**	**-3%**	**-46%**

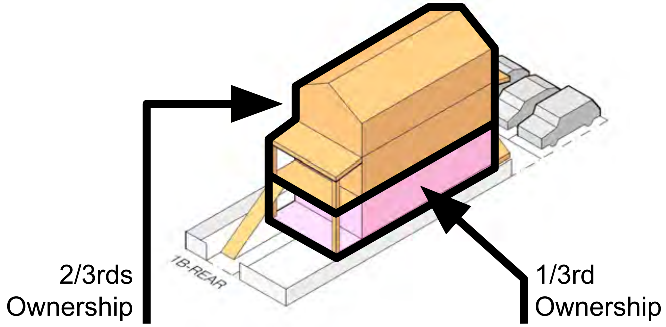
	Affordable Gap Funding Amt
$	**21,911,073**
	Gap Amount Still Required
$	**1,923,213**

New Construction on Soft Site - Potential Price Points Range

Limited Equity Co-op (LEC)





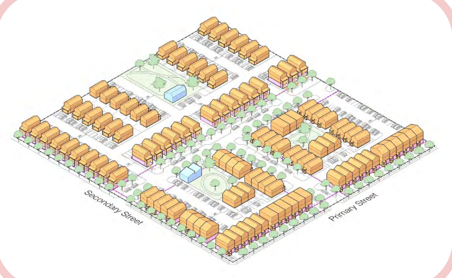


	A stand-alone 2-story Single-family House	**A 3-story Structure** with a 2-Story Single-family Unit over a Flex Unit	**Shares to the Upper Unit (2nd & 3rd Floor)** of a 2-Unit House	**Shares to the Ground Floor Unit** of a 2-Unit House
Unit Area and Type	1300 gsf (3 Bed / 2.5 Bath)	1950 gsf total (3B/2.5B over 650 gsf)	1300 gsf (3 Bed / 2.5 Bath)	650 gsf (1 Bed / 1 Bath)
Unit Purchase Price	**$230K** (80% AMI) (Fee Simple)	**$289K** (120% AMI) (Fee Simple)	**$193K** (67% AMI) (Share)	**$96K** (33% AMI) (Share)
Unit Price under CLT (~20% reduction)	**$184K** (64% AMI) (99-yr Lease)	**$231K** (80% AMI) (99-yr Lease)	**$154K** (53% AMI) (Share)	**$77K** (26% AMI) (Share)

Note: Only detached housing types shown; attached townhouse types would have a similar range of price points.
Figures based on Houston Metro 2021 Area Median Income

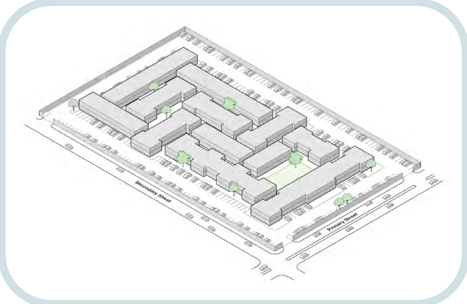
Takeaways

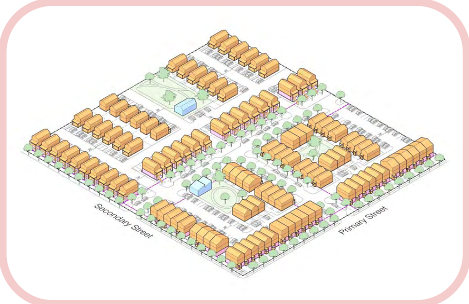
1. No **one funding / subsidy type** will close the funding gap.
2. **Land donation** is the most impactful subsidy due to the XL size of parcel.
3. Even with all subsidies included, there will likely remain a **funding gap**, which can be closed with both/either:
    a. Direct **homebuyer assistance programs**.
    b. Additional **equity funds.**
4. The CLT model **further reduces purchase cost** (by potentially ~20%, depending on the structure to land value ratio in Houston).
5. Additionally, consider setting up a **limited equity cooperative (LEC)** model as an added layer to further bring down the barrier to entry. Here, prospective households can buy **subdivided shares** of a house instead of the whole house outright.
6. Consider a smaller-scale project (~15 units) as starter project.



C. New Construction
Single-family houses & Townhouses on Large lots (ownership)

Proforma Scenarios Summary





	A. Renovation Medium-size Apt Complex (rentals)	**B. Redevelopment** Rebuilt as Mid-rise Apartment Buildings (rentals)	**C. New Construction** Single-family & Townhouses on XL lots (ownership)
Affordability Splits	30% of units at **30% AMI** and 70% of units at **40% AMI**	40% of units at **40% AMI** and 60% of units at **70% AMI**	70% of units at **80% AMI** and 30% of units at **120% AMI**
Funding Gap	**$82K per unit** ($3.7 Mil Total)	**$311K per unit** ($37.4 Mil Total)	**$191K per unit** ($21.9 Mil Total)
Most Impactful Funding Type(s)	**Buy-in Fund** (assuming buying 30% ownership)	**Equity Fund**, **Tax Abatement**, and **Reduced Return Rate**	**Land Donation** and **Equity Fund**
Takeaways / Findings	**Most achievable** funding gap; deal **requires negotiations** with current owners to buy into partnership.	**Most costly** of all scenarios at this building scale; **buy-in fund** is the least impactful of the funding types.	Additional funding gaps can be closed with **direct homebuyer assistance programs**.
Recommendations (see **Section 5.** for a complete list of recommendations)	**Incentivize existing owners** to undertake renovations themselves; create a **NOAH preservation fund**	Engage apartments in **most disrepair**; consider **smaller-scale buildings** (2-4 stories) built out **incrementally**.	Prioritize **public / institutional land**; establish **CLT** and/or **LEC** structures; start with a **smaller pilot project**.

Funding Strategies:
Types and Examples

Targeted Funding Types and Examples

Examples targeted to **various level of affordability** with funding directed at the property **owner/developer** or intended as a direct offset to the below-market **homeowner or renter.**

Funding applies to:

- **Rapid acquisition** while developer assembles long-term financing - *"quick strike"*
- Part of the capital stack for **construction/acquisition**
- Funds for **systems replacement** and other **key repairs**
- Direct offset to upfront **purchase cost** to homebuyer
- Direct offset to **monthly rents** to renter
- Reduced **tax liability** to property owner

Multiple approaches might be envisioned for application in the Gulfton neighborhood, acknowledging that building this infrastructure in Houston which includes the creation of funds, programs, and developer capacity will take time, as mentioned in the *LISC – Houston NOAH Fund Feasibility Assessment*.

Funding Types and Example Programs

Capital Stack

Development Offsets

Direct

Targeted Funding Types and Examples

Development Process

	Capital Stack Equity	Capital Stack Debt (Low Interest Loans)	Development Offsets Costs / Acquisition	Development Offsets Tax Liability	Development Offsets Public-Private-Partnership	Direct Owner/Renter
Examples	**Austin Housing Conservancy Fund** Austin, TX	**Oregon Housing Acquisition Fund** Minn., MN	**Small Buildings Program** Washington, DC	**Micro-TIF** Michigan	**Land Donation**	**Pay it Forward** Northwest Arkansas
	Healthy Neighborhoods Equity Fund Boston, MA	**Texas Housing Impact Fund** Texas	**NALCAB Catalyst Fund** Houston, TX	**4d Affordable Housing Incentive** Minn, MN	**Infrastructure Upgrades**	**NOAH Affordability Vouchers** Charlotte, NC
	NOAH Impact Fund Minn., MN	**NOAH Preservation Loan** National	**Avenue CDC Social Impact Fund** Houston, TX			

NOTES:

- Some funding programs can be classified under multiple funding types.
- Example funding programs require varying technical resources and capacity to establish and maintain.

Austin Housing Conservancy Fund (Austin, TX – $105M Private Equity Fund)

- Administrator/Manager: Affordable Central Texas (non-profit)
- Projects: Geographically diverse, transit-rich, high-opportunity areas near jobs, schools, and healthy food options
- Funding Sources: Private capital
- How it works:

  The fund invests and preserves rapidly disappearing multifamily properties currently affordable to moderate and middle-income individuals and families by maintaining affordable rental rates that increase proportionally with wage growth.

  With a flexible, discretionary investment strategy, the Fund delivers to investors high single-digit financial returns, as well as social and environmental outcomes that directly benefit Austin's working professionals. The fund targets workforce housing for households earning 60-120% of AMI.

AUSTIN HOUSING CONSERVANCY

Link: https://www.austinhousingconservancy.com

NOAH Impact Fund (Minneapolis, Minnesota – $33M Equity Fund)

- Administrator/Manager: Greater Minnesota Housing Fund (CDFI)
- Projects: Acquisition of existing NOAH properties (50+ units)
- Funding Sources: Public & Private Capital
- How it works:

The NOAH Impact Fund blends private capital, patient capital, and public agency capital with equity to produce a blended, low-cost source of equity for properties with 75% or more units at 80% AMI or less.

Program targets: The NOAH Impact fund targets Class B and C rental buildings with more than 50 units that are not subsidized. The ideal building size, however, is more than 100 units.

Financing structure: Given the market conditions and lack of tenant protections, the fund seeks to be “nimble” and serve as a “quick strike” against housing loss. The fund acts as the equity partner for developer-managers proposing property acquisition, providing 90% of the equity required with the operating partner co-investing 10%. Buildings will remain affordable for 15 yrs, with the Fund exiting the deal after 10 yrs.

NOAH IMPACT FUND

Link: NOAH Impact Fund: Invest in and Preserve Affordable Housing

Oregon Housing Acquisition Fund (Oregon – CDFI, Short-term Low-interest Only Loans)

- Administrator/Manager: Network for Oregon Affordable Housing (NOAH)
- Projects: Various
- Funding Sources: Bank capital, public, philanthropic
- How it works:

Acquisition and Preservation Loan Products provide affordable, flexible financing for acquiring and preserving affordable housing. The fund is comprised of capital from four banks which is blended with lower cost philanthropic and public capital.

Project Types:

- Multifamily rental housing with expiring federal rental subsidies (HUD or RD) or Section 42 tax credits approaching the end of the contract compliance period.
- Mixed-use development with a housing component, provided that the effective gross income from commercial tenants cannot exceed 20% of the total effective gross income.
- **Acquisition of market rate property, unrestricted by regulatory agreements, with the intent to transition to affordable housing.**
- **Acquisition of land that will have affordable housing development.**

noah
Network for Oregon Affordable Housing

Link: https://noah-housing.org/financing/acquisition-and-preservation/

Texas Housing Impact Fund (Texas – Short- and Long-term Loans)

- Administrator/Manager: Texas State Affordable Housing Corporation (TSAHC)
- Projects: Various
- Funding Sources: public and private capital
- How it works:

  The THIF includes both short and long-term loans to developers to build affordable housing units with an emphasis on local nonprofits. Permanent loans with long-term financing help new development or rehabilitation of affordable housing, and construction loans with short-term financing allow acquisition, construction or rehabilitation.

  It requires an affordable housing project to accommodate at least 20% of the total units to families earning 50% of the AMI and 40% of the total units to families earning 60% of the AMI.

  The THIF provides financing to nonprofit and for-profit developers that can preserve and increase Texas's affordable housing stock. Loan products can also be combined with other financing products.

tsahc

Link: https://www.tsahc.org/developers/loan-products

NOAH Preservation Loan (National – up to 15-year Loans)

- Administrator/Manager: Freddie Mac Multifamily Division
- Projects: Various
- Funding Sources: Loans purchased from a network of lenders, and then securitizing these loans
- How it works:

  Applies to Garden, mid-rise, or high-rise multifamily NOAH properties.

  Provides qualifying nonprofits with important underwriting flexibilities, fee reductions and rehab allowances, giving them the competitive advantage they need to acquire the property and helps them better leverage their nonprofit status and local programs to preserve long-term affordability.

  At least 50% of the units must have affordable rents at 60% / 80% / 100% / 120% area median income (AMI).

Freddie Mac MULTIFAMILY

Link: https://mf.freddiemac.com/product/tah.html and term sheet

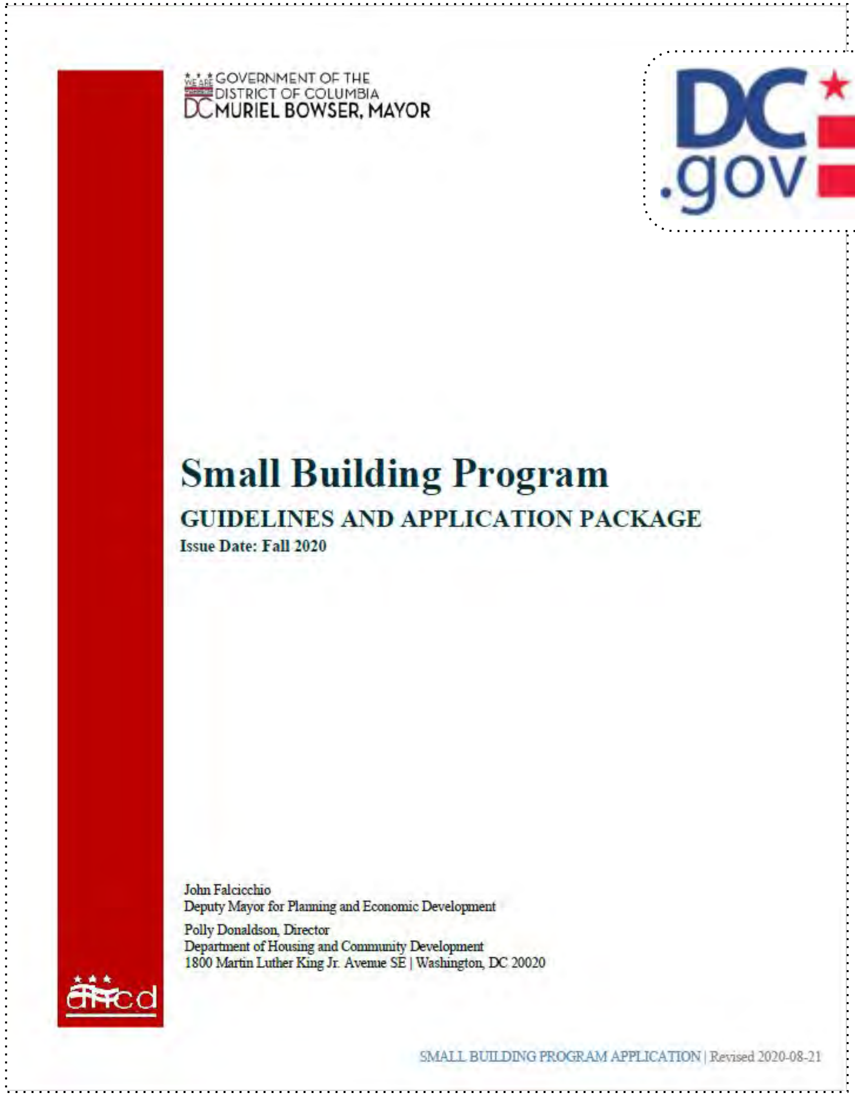
Small Buildings Program (Washington, DC – Substandard Renovations/Updates Funding)

- Administrator/Manager: Department of Housing & Community Development (local public agency)
- Projects: Owners/investors of affordable rental housing (5-20 units)
- Funding Sources: Local property taxes
- How it works:

Small Buildings Program (SBP) provides funds for limited systems replacement and other key repairs to eligible property owners of affordable housing of 5-20 units. Repairs are expected to improve substandard housing conditions, including safety and environmental hazards in the District.

Properties that meet the following criteria should apply:

- Housing accommodation has between 5 and 20 housing units
- Housing accommodation is at least 75 percent occupied
- At least 50% of housing units must be affordable to low- to moderate-income households who earn at or below 80% of the Median Family Income (MFI)
- Housing accommodation has health hazards or unsafe living conditions that need to be addressed to improve the quality of life of residents that does not exceed $25,000 per dwelling unit or $200,000 per project.


GOVERNMENT OF THE DISTRICT OF COLUMBIA
MURIEL BOWSER, MAYOR

Small Building Program

GUIDELINES AND APPLICATION PACKAGE

Issue Date: Fall 2020

John Falcicchio
Deputy Mayor for Planning and Economic Development

Polly Donaldson, Director
Department of Housing and Community Development
1800 Martin Luther King Jr. Avenue SE | Washington, DC 20020

dhcd

SMALL BUILDING PROGRAM APPLICATION | Revised 2020-08-21

Link: Small Building Program | dhcd (dc.gov)

Good Landlord Program (Ogden, Utah – Financial incentives for well maintained properties)

- Administrator/Manager: Utah Housing Coalition (local public agency)
- Projects: Owners of rental housing
- Funding Sources: Local impact fees / taxes
- How it works:

The program provides financial incentives to landlords who actively implement the objectives of the landlord training course, keep their properties free of criminal activity, and maintain their properties free of code violations. It also authorizes a discount toward disproportionate impact fees assessed against rental dwellings under the City's business licensing regulations.

Disproportionate impact fees are assessed based on the amount of police and fire services provided to rental dwellings, the discount is offered to landlords who help the City reduce the occurrences for such services required on rental properties.

Good Landlord Program

Goal

Started in October 2004, the goal of Ogden City's Good Landlord Program is to address aspects of property management that may encourage the elimination of code violations and public nuisances while controlling and preventing illegal activity on rental properties that affect the quality of life within our neighborhoods.

About the Program

The program provides financial incentives to landlords who actively implement the objectives of the landlord training course, keep their properties free of criminal activity, and maintain their properties free of code violations. It also authorizes a discount toward disproportionate impact fees assessed against rental dwellings under the City's business licensing regulations. Disproportionate impact fees are assessed based on the amount of police and fire services provided to rental dwellings, the discount is offered to landlords who help the City reduce the occurrences for such services required on rental properties.

Program Requirements

Landlords must complete an eight-hour training course through the program that teaches them:

- Avoid Discrimination
- Comply With the Fair Housing Act
- Identify Criminal Activity, Observe Zoning Laws
- Screen Tenants Through Background Checks and Credit
- To Maximize the Use of Rental Applications

UTAH HOUSING COALITION

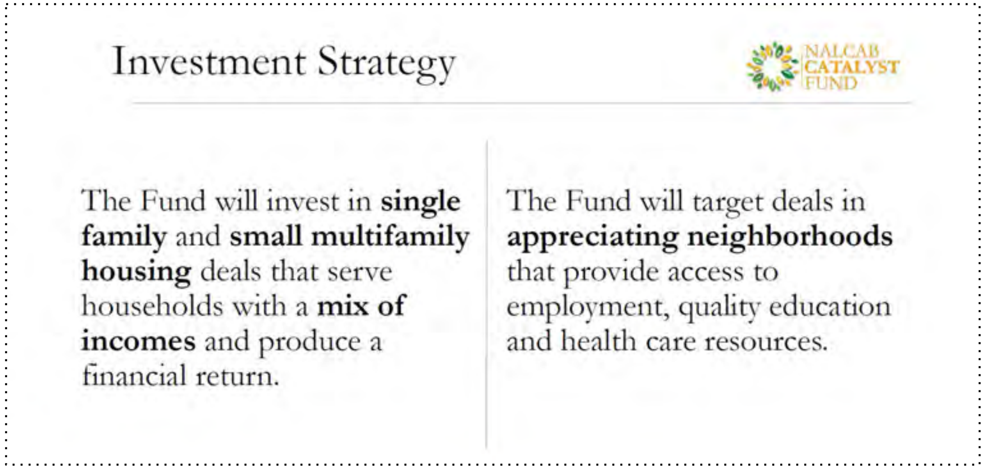
Over 1,300 landlords have already received the training.

Link: https://www.ogdencity.com/203/Good-Landlord-Program

NALCAB Catalyst Fund (Houston & San Antonio, Texas – $25M Equity Fund)

- Administrator/Manager: National Association for Latino Community Asset Builders (CDFI)
- Projects: Acquisition of existing NOAH properties
- Funding Sources: Public & Private Capital
- How it works:

  The National Association for Latino Community Asset Buildings (NALCAB) Catalyst Fund is based in Houston and San Antonio. It purchases and holds naturally occurring affordable housing, on the advice of the in-network developer, until the developer is able to purchase the property, with permanent financing in place to maintain long-term affordability.



Link: [NALCAB Catalyst Fund - NALCAB | National Association for Latino Community Asset Builders]

Social Impact Fund (Houston, TX – debt financing or equity)

- Administrator/Manager: Avenue CDC (nonprofit)
- Projects: NOAH and expiring affordable housing subsidies
- Funding Sources: public and private capital
- How it works:

Avenue CDC started the fund to acquire and update NOAH properties and properties with expiring affordable housing subsidies. The Fund targets mid-size multifamily properties with 75-150 housing units, particularly in neighborhoods that are at high risk of gentrifying.

The fund has a unique investment and corporate structure, in which social impact investors provide capital through debt financing or equity. Each property acquired by the fund would have its own LLC, and the overarching Avenue Preservation LLC would be the managing member of each property's LLC.

While it varies per project, roughly 50% of units in each acquired property will be affordable to households earning 60%-100% of the area median income.

AVENUE

Link: Example project: Oak Arbor Townhomes

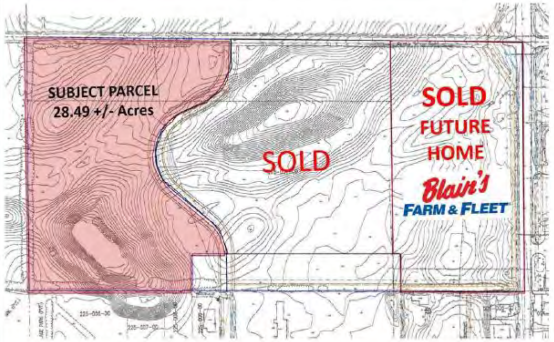
Micro-TIF (Being used in Michigan)

What can be done to fill the gap? Different types of TIF (DDA, Brownfield, Corridor, District-wide)

- Traditional TIF:
  - Establish base year – all additional tax growth within boundary is captured and reinvested in TIF area
- Projects-specific TIF Capture:
  - Rebate tax increment back to the developer to close feasibility gap.
  - Developer borrows money against this rebate – stated in Dev Agreement, allows Developer to take to bank – ~12 years. Too far out and money begins to be discounted heavily by bank.
  - Money is not paid until taxes are paid
- Evaluate Project-specific Requests:
  - Will be available to all applicants
  - Must have application and review procedures
  - Need evaluation criteria to determine the amount and duration of tax capture rebate
  - Prioritize projects (rebate time may vary based on priority level)
  - Use a development agreement – let the developer borrow the money vs community bonding against TIF revenue.

How is this different than a tax abatement?: Houston would need to have a process to allow tax abatement. Also, TIF allows authority to invest in private development through upfront capital costs. Eligible costs can include acquisition, infrastructure, demolition. Authority needs to list gap financing as eligible costs.

Link to Houston standards around TIFs, or, TIRZ: [Tax Increment Reinvestment Zones (TIRZ) (houstontx.gov)]



Parcel-Based TIF

Subject Property and
Adjacent/Contiguous
that comprises a Project

Micro-TIF

A Single
Subject Property
(or portion of)
that comprises a Project

4d Affordable Housing Incentive (Minneapolis, Minnesota – 10-yr Reduced Tax Liability)

- Administrator/Manager: City of Minneapolis (public agency)
- Projects: Owners/investors of affordable apartments
- Funding Sources: Local property taxes
- How it works:

Property owners who have affordable units can lower their property taxes.

The property owner records a 10-year affordability declaration on their property stating:

- At least **20% of units** at a property will remain affordable to households making **60% of AMI**. Property owner may enroll up to 100% of the units in the building.
- As units turn over, new tenants must have household incomes at or below 60% AMI.
- Rent increases for tenants in affordable units are limited to 6% or less annually, unless the unit is turning over to a new tenant

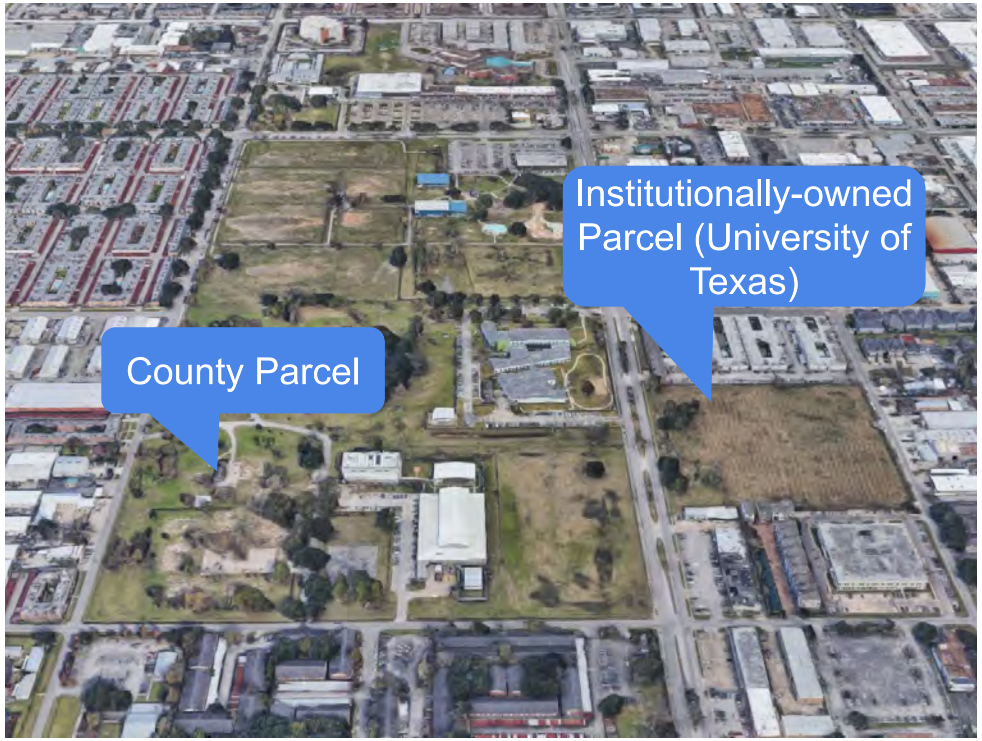
After this recording the property owner receives:

- 10-year eligibility for 4d property tax rate, also known as the Low Income Rental Classification (LIRC) which provides an approximate **40% tax rate reduction on qualifying units in most cases**.
- Grant of $100 per affordable unit, capped at $1,000 per property
- Payment of first year LIRC fees to the State of Minnesota
- **Green Cost Share funding** up to $50,000 per building & 90% of project costs, with eligibility determined by a free energy assessment; and Solar Energy incentives up to $50,000 per project

Link: [4d Affordable Housing Incentive - City of Minneapolis (minneapolismn.gov)]

Public-Private Partnerships

- **Land Donation / Transfer / Ground Lease**: from public entities, such as the City / County. This may require a new policy to ensure below-market sales price
- **Infrastructure Upgrades**: Off-site improvements (e.g., sidewalks, street trees, etc.), potentially via City funds. This could be done on a district-wide basis.



Pay it Forward (Fayetteville, Arkansas – Shared Equity Homeownership)

- Administrator/Manager: Partners for Better Housing (non-profit developer)
- Projects: Willow Bend, 9-acres, 80-home mixed income
- Funding Sources:
  - $1M from city for horizontal infrastructure
  - $2M grant from Walton Family Foundation
  - Arkansas Community Foundation as Construction Loan Guarantor
- How it works:

  All homes will be sold at market rate, yet those who qualify for the Pay It Forward program will be eligible for $35,000 in down-payment assistance that will function like an interest-free loan. The assistance will lower monthly payments.

  In turn, the buyer will agree to pay the $35,000 back upon resale or within 30 years. Partners for Better Housing will reserve the first right of refusal if a home is to be sold. Home-value appreciation will be capped at 2% annually to ensure affordability for the next buyer. This appreciation is shared between the owner and Partners for Better Housing.

  27 homes will cater to households earning below 80% median family income, another 27 of the homes will be reserved for buyers earning 80%-100% median income. The final 26 homes will be sold to buyers of any income level. All buyers will use traditional mortgage financing options, and owner-occupancy is required. (1/3, 1/3, 1/3 split)

Link: [2 million grant to spur mixed-income neighborhood development in Northwest Arkansas (nwaonline.com)]

NOAH Affordability Vouchers (Charlotte, North Carolina)

- Administrator/Manager: City of Charlotte (public agency)
- Projects: Owners/investors of affordable apartments
- Funding Sources: Public & private loan for acquisition and rehab to developer, Local property taxes for rent subsidies (i.e., a locally funded Section 8 model)
- How it works:

  This program started as a pilot project where a pair of developers (Ascent Real Estate Capital and Laurel Street) received city loans (Housing Trust Fund), investor equity, and a Fannie Mae loan to acquire and rehab NOAHs, committing to 15-year deed restrictions that will keep rents affordable

  The program today allows owners to use rebates on their annual property tax to cover part of the rent for households who otherwise could not afford to live there. These vouchers close the gap between rent price and what households earning 30% of AMI can afford.

  The program is aimed at investors who buy NOAH properties and rehab them yet allow certain rents to stay affordable. This model also allows entities wishing to retain affordability to compete with other would-be buyers.

Link: $58 million fund will buy, preserve affordable apartments | Charlotte Observer and Pilot Project Link

Existing Public Funding Programs

- **Federal**
  - Low-income Housing Tax Credit (LIHTC)
  - Section 8 Housing choice vouchers (HCVs) and Project-based vouchers (PBVs)
  - American Rescue Plan Act funds toward a countywide Housing Trust Fund
  - National Housing Trust Fund (which the Texas Department of Housing and Community Affairs (TDHCA) has implemented)
  - Opportunity Zones funding
- **State**
  - Texas PACE Loans
  - Texas Housing Impact Fund (THIF), created by the Texas State Affordable Housing Corporation (TSAHC)
  - Section 303.042(f) Tax Break for Apartment Developments in Texas
- **County**
  - Administers section 8 vouchers
- **City**
  - Community Development Block Grants (CDBG)
  - HOME allocations (e.g., NOFA for single-family development)
  - TIRZ funding (for market-rate developments that would include a percentage of affordable units)
  - 380 Agreements (a case-by-case award of a loan or a performance-based grant)
- **Others**
  - PFC (Public Facility Corporations)
  - HFC (Housing Financing Corporation)

Strategies for Long-term Affordability

- **Community Land Trust (CLT):** Community land trusts (CLTs) are nonprofit, community-based organizations tasked with holding land permanently "in trust" for the benefit of people in the community. CLTs are primarily used to ensure long-term housing affordability and are governed by a board of directors made up of housing residents, community representatives, and members of the general public.[1]
- **A limited equity cooperative (LEC):** A homeownership model in which residents purchase a share in a development (rather than an individual unit) and commit to resell their share at a price determined by formula—an arrangement that maintains affordability at purchase and over the long term.[2]
- Note that both shared-equity models require potentially significant technical resources to establish and maintain. Additionally, it is important that residents are capable of maintaining the property.

Traditional Ownership

> Individual houses and their respective lots are owned outright.

Community Land Trust (CLT)

> A community corporation owns the land and residents purchase 99-yr leases. Sale prices are capped at exit to ensure long-term affordability.

(Limited Equity) Cooperative (LEC)

> Residents purchase shares of a property that entitle them to a unit. Sale prices are capped at exit to ensure long-term affordability.

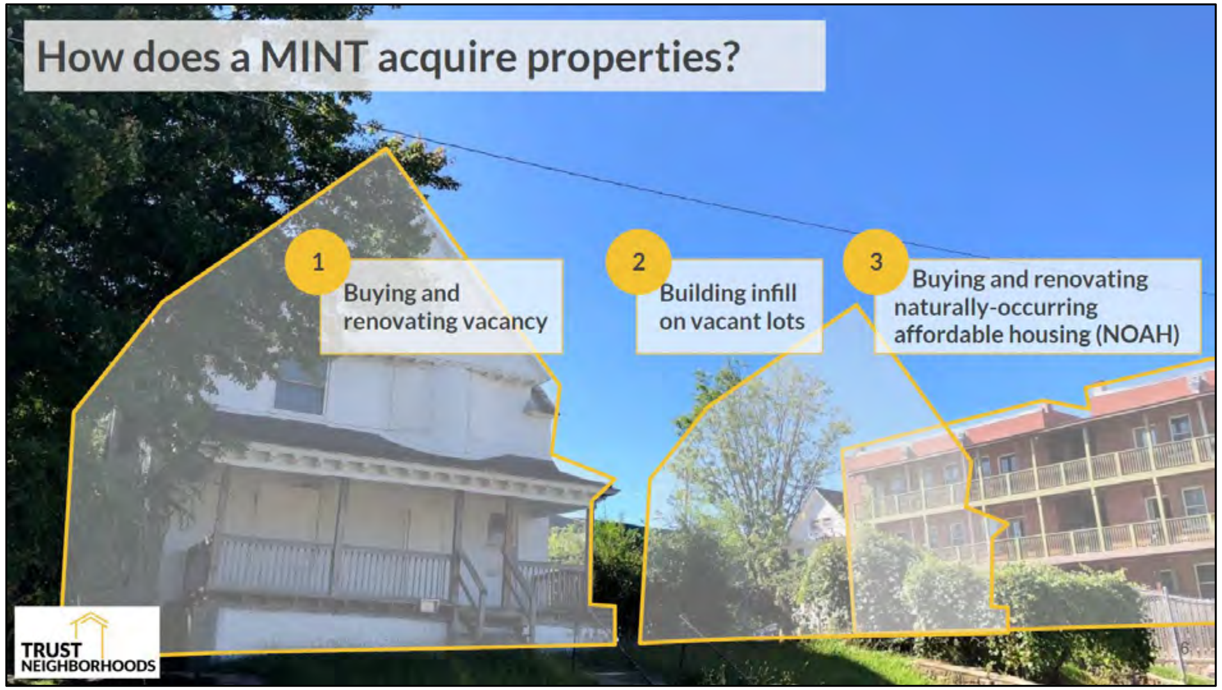
CLT + LEC

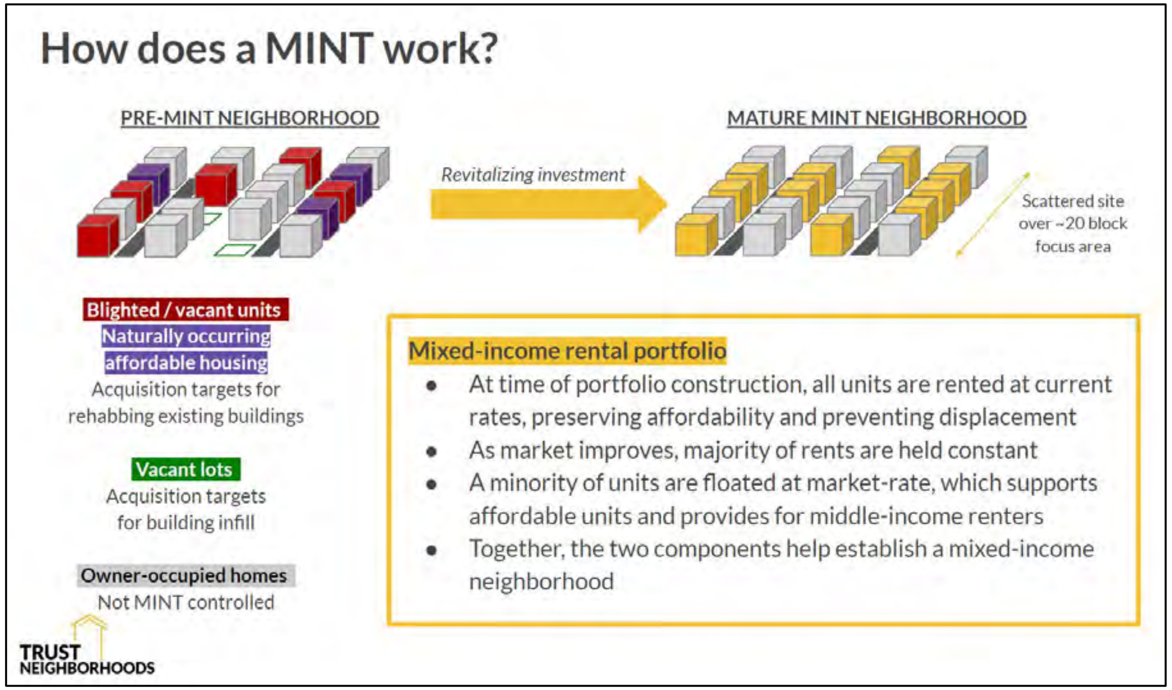
> A community corporation owns the land and residents purchase shares of the improvements that entitle them to a unit. Sale prices are capped at exit to ensure long-term affordability.

1. https://www.houstonclt.org
2. https://localhousingsolutions.org/housing-policy-library/limited-equity-cooperatives/

Strategies for Long-term Affordability

- **Mixed-Income Neighborhood Trust (MINT)** (primarily for rentals)
  - An incorporated entity is created that acquires blighted/vacant units and/or existing NOAH properties within a single neighborhood.
  - Any Equity returns are split between funders and the incorporated entity (MINT, LLC). Returns are reinvested into the neighborhood.
  - At time of portfolio construction all units are locked at current rates, preserving affordability and preventing displacement. As the market improves, the majority of rents are held constant. A minority of units are floated at market-rate intended to support affordable units and provide for middle-income renters (creating a cross-subsidy).
  - Together the two components help establish a mixed-income neighborhood.





Funding Strategies Considerations

For property owners:

1. Owners may see issues in providing an equity investment in your property.
2. Owners may have reservations about partnering with a public agency, such as the associated burdens with ensuring affordable unit compliance and administration.
3. Will need to determine what kinds of incentives would be most effective to incentive property owners to undertake renovations work (e.g. a tax relief program vs a "good landlord" program, etc.).

For residents:

1. Given limited awareness of limited equity cooperative structures in Texas and Houston, residents will need appropriate education to understand the ownership structure and attendant technical resources to establish one.
2. Explore the appeal and possibility of a lease-to-own setup in existing apartment complexes.

Gulfton Urban Planning and
Adaptive Reuse Feasibility Study

5. Recommendations

Priority Recommendations

Priority Next Steps

1. **Build technical capacity** to support apartment owners, explore housing scenarios, and build consensus.
2. Establish **funding programs** for different affordable housing scenarios.
3. For existing apartments, develop an **affordable housing preservation strategy**.
4. For new housing, engage **priority soft sites**.
5. Create an **Affordable Housing Database and Navigator** for preservation groups and residents.
6. Explore **long-term affordability** strategies.

Build administrative and technical capacity

Support Existing Apartments

&

Explore Different Housing Scenarios

&

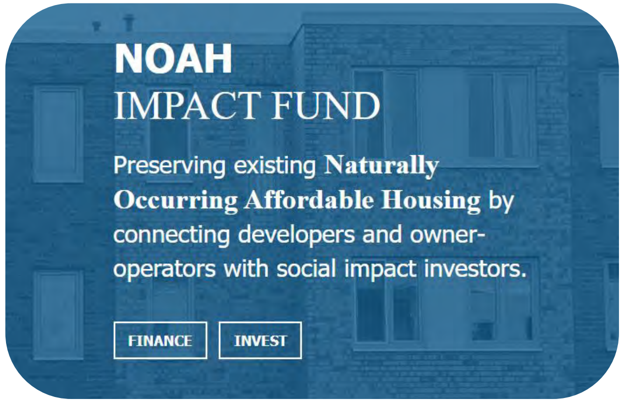
Build Consensus

- **Build relationships with local property owners,** potentially from a placemaking perspective, and work with them to understand the financial feasibility of existing and new **incentive programs**.
- **Provide support for apartment owners** to apply for and maintain affordable housing incentive programs.

- **Increase real estate capacity** to test the feasibility of acquisitions, rehabilitations, and new housing scenarios.
- **Identify developers that have experience with NOAH preservation**. Additionally, provide funding to developers for exploration and infrastructure-building around NOAH preservation.

- Engage in education and **build consensus** around NOAH preservation.
- **Obtain commitments for significant local investments** from philanthropic and social investors.
- Identify and enable an **intermediary fund manager** to oversee money sources.

Establish funding programs for different affordable housing scenarios



NOAH Impact Fund (Minneapolis, Minnesota)

NOAH Preservation Fund

> Establish a NOAH preservation fund for acquisition and rehabilitation of existing apartments.

4d Affordable Housing Incentive Program

Owner Incentive Program

> Establish program(s) to incentivize owners to undertake renovations, such as via property tax abatements or a "Good Landlord Program."

Texas Housing Impact Fund

Development Fund

> Establish a development fund for housing redevelopment and/or new construction.

> **Tailor funding strategies to different apartment conditions**: For existing apartments in average to good conditions with well-meaning landlords, establish incentive programs for owners to undertake renovations themselves. For apartments in poor conditions with neglectful landlords, step in from a code enforcement perspective so that noncompliant landlords are either forced to improve their properties or – with enough pressure – potentially sell the property to the City or a developer, with the City's political and financial support.

> Where possible, **maximize public funds** by utilizing them (e.g., CDBGs) as **backstops** to attract investment.

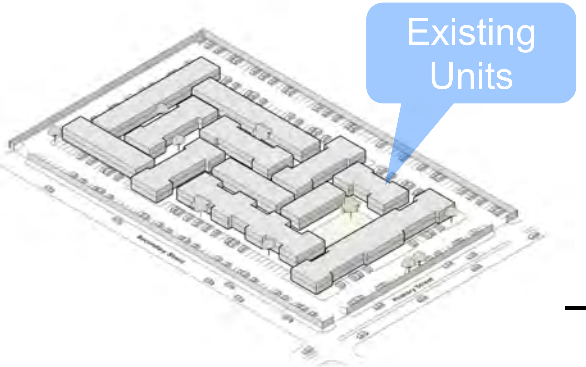
Create an affordable housing preservation strategy

Existing
Renovated
New Construction

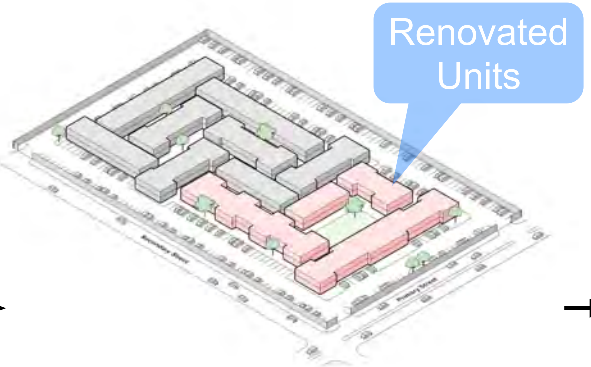
Possible phasing example:

Existing or New Build

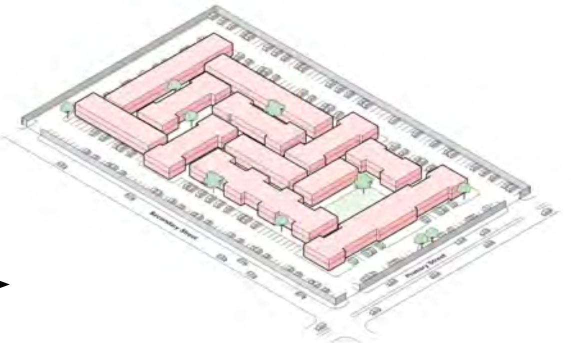
1. Acquire a “swing site” with existing or to-be-built vacant units to accommodate future relocated residents.



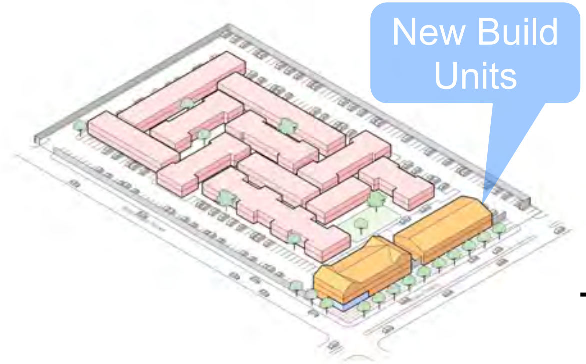
2. Acquire NOAH property outright, partner with property owner, or incentivize property owner.



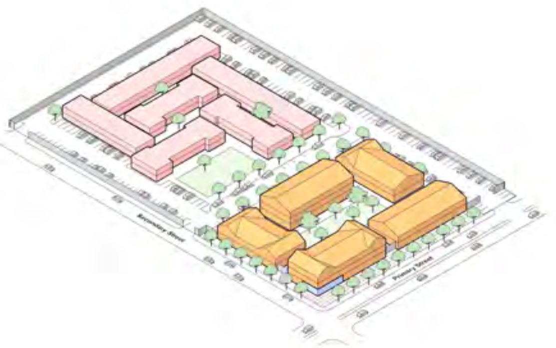
3. Renovate ~50% of units; maintain all units at affordable rates; hold for 2-5 years.



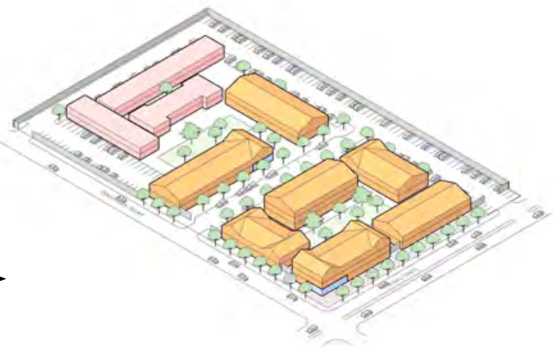
4. Renovate remaining units; maintain all units at affordable rates; hold for 5-10 years.



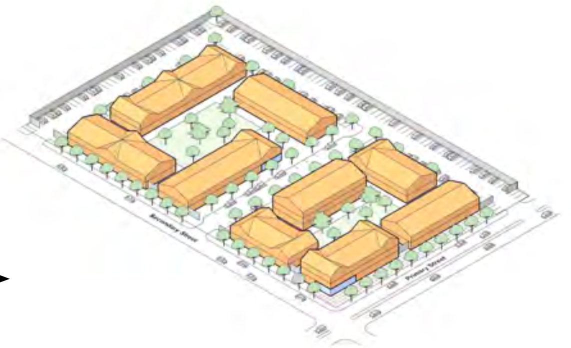
5. Redevelop ~25% of property & rent new units at “market-rate” to cross-subsidize affordable units; hold for 2-5 years.



6. Redevelop another ~25% of property and rent new units at mixed-income rates; hold for 5-10 yrs.



7. Redevelop another ~25% of property and rent new units at mixed-income rates; hold for 2-5 yrs.

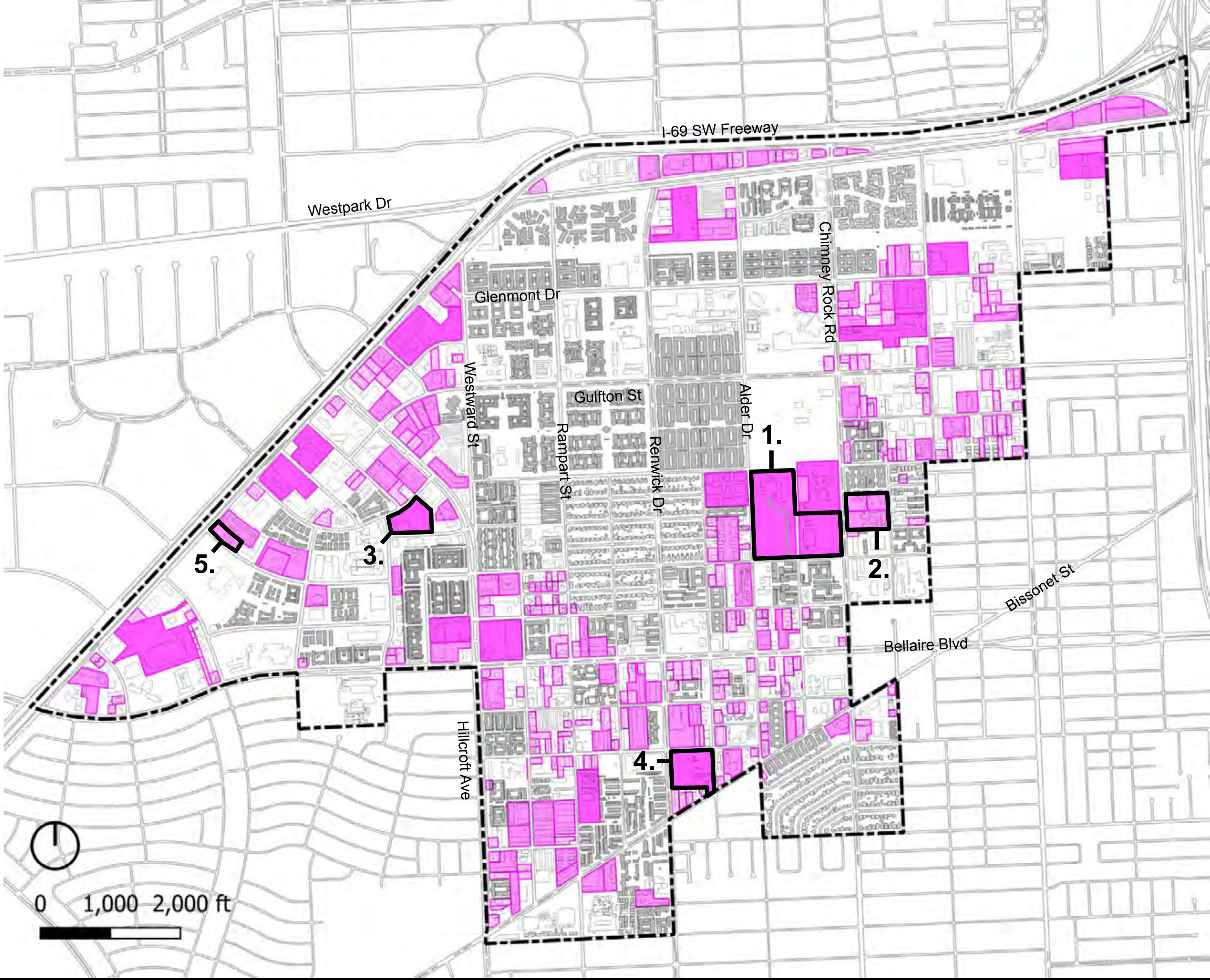


8. Redevelop final ~25% of property and rent new units at mixed-income rates.

Priority Recommendations

Engage priority soft sites for new housing

1. Owned by Harris County (1.3 mil sf)
2. Owned by University of Texas (323,100 sf)
3. Owned by COH (partially vacant)
4. Owned by COH (Public Works, 330,000 sf)
5. Romana Hotel (79,800 sf)

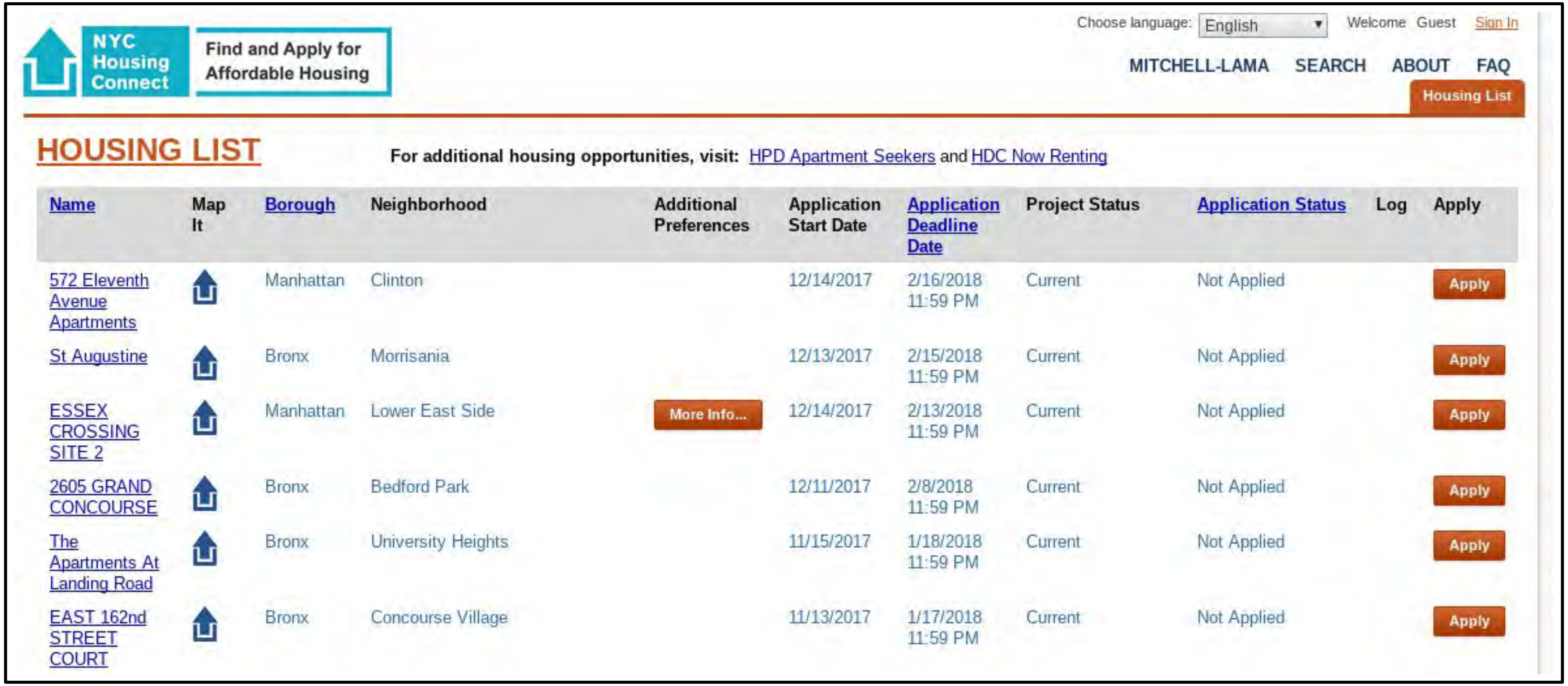


Soft Sites by Parcel Size (sf)

small (10-50K)
medium (50-200K)
large (200K+)

Create an affordable housing database & navigator

Can include all income-restricted affordable housing funded or incentivized by the city as well as other housing programs.



NYC Housing Connect Find and Apply for Affordable Housing

Choose language: English Welcome Guest Sign In

MITCHELL-LAMA SEARCH ABOUT FAQ

Housing List

HOUSING LIST

For additional housing opportunities, visit: HPD Apartment Seekers and HDC Now Renting

Name	Map It	Borough	Neighborhood	Additional Preferences	Application Start Date	Application Deadline Date	Project Status	Application Status	Log	Apply
572 Eleventh Avenue Apartments		Manhattan	Clinton		12/14/2017	2/16/2018 11:59 PM	Current	Not Applied		Apply
St Augustine		Bronx	Morrisania		12/13/2017	2/15/2018 11:59 PM	Current	Not Applied		Apply
ESSEX CROSSING SITE 2		Manhattan	Lower East Side	More Info...	12/14/2017	2/13/2018 11:59 PM	Current	Not Applied		Apply
2605 GRAND CONCOURSE		Bronx	Bedford Park		12/11/2017	2/8/2018 11:59 PM	Current	Not Applied		Apply
The Apartments At Landing Road		Bronx	University Heights		11/15/2017	1/18/2018 11:59 PM	Current	Not Applied		Apply
EAST 162nd STREET COURT		Bronx	Concourse Village		11/13/2017	1/17/2018 11:59 PM	Current	Not Applied		Apply

NYC Housing Connect Portal (https://a806-housingconnect.nyc.gov/nyclottery/lottery.html#home)

Explore long-term affordability strategies

- **Community Land Trust (CLT):** Community land trusts (CLTs) are nonprofit, community-based organizations tasked with holding land permanently "in trust" for the benefit of people in the community. CLTs are primarily used to ensure long-term housing affordability and are governed by a board of directors made up of housing residents, community representatives, and members of the general public.[1]
- **A limited equity cooperative (LEC):** A homeownership model in which residents purchase a share in a development (rather than an individual unit) and commit to resell their share at a price determined by formula—an arrangement that maintains affordability at purchase and over the long term.[2]
- Note that both shared-equity models require potentially significant technical resources to establish and maintain. Additionally, it is important that residents are capable of maintaining the property.

1. https://www.houstonclt.org
2. https://localhousingsolutions.org/housing-policy-library/limited-equity-cooperatives/

Traditional Ownership

> Individual houses and their respective lots are owned outright.

Community Land Trust (CLT)

> A community corporation owns the land and residents purchase 99-yr leases. Sale prices are capped at exit to ensure long-term affordability.

(Limited Equity) Cooperative (LEC)

> Residents purchase shares of a property that entitle them to a unit. Sale prices are capped at exit to ensure long-term affordability.

CLT + LEC

> A community corporation owns the land and residents purchase shares of the improvements that entitle them to a unit. Sale prices are capped at exit to ensure long-term affordability.

Priority Next Steps and Potential Partnerships

Task Time Frame / Order

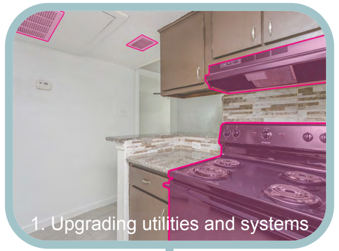
- Near-term
- Medium-term
- Long-term

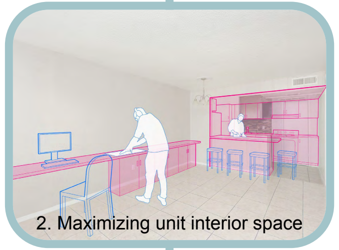
Next Steps	Potential Partnerships
Build technical capacity to support owners, explore housing scenarios, and build consensus • Build relationships with property owners and assist in affordable housing incentive programs. • Increase real estate capacity to test the feasibility of acquisitions, rehabs, and new housing. • Build consensus around NOAH preservation and obtain commitments for investments.	• Houston Land Bank (HLB) • Local CDC / Non-profit Organizations • Philanthropic / social investors
Establish funding programs for different affordable housing scenarios. • For existing apartments in average to good conditions with well-meaning landlords, establish incentive programs for owners to undertake renovations themselves. • For existing apartments in poor conditions with neglectful landlords, establish a NOAH preservation fund for acquisition and rehabilitation. • For redevelopment and/or new construction, establish a development fund.	• City of Houston (COH) / Housing and Community Development Dept (HCDD) • Harris County Community Development • Housing Authorities • Texas State Affordable Housing Corporation (TSAHC) • Local and National CDFI • Philanthropic / social investors
For existing apartments, develop an affordable housing preservation strategy. • Acquire and renovate with an eye toward incremental redevelopment. • Utilize new market-rate redevelopment units to cross-subsidize affordable units.	• COH / HCDD • Harris County Community Development • Houston Housing Collaborative
For new housing, engage priority soft sites. • Prioritize publicly- / institutionally-owned sites and/or “friendly sellers.” • Engage select sites and owners.	• Houston Land Bank (HLB) • City of Houston • Harris County Community Development
Create an affordable housing database and navigator. • Monitor the stock and condition of multi-family properties. • Utilize an online navigator to assist Gulfton residents looking for affordable housing.	• Kinder Institute, Rice University, University of Houston • Local Initiatives Support Corporation (LISC) • Houston Association of Realtors • Philanthropic / social investors
Explore long-term affordability strategies. • Work with the Houston and Harris County Community Land Trust to establish CLTs. • Explore the feasibility of Limited Equity Cooperatives in Houston.	• Houston CLT and Harris County CLT • Kinder Institute • Houston Housing Collaborative • Philanthropic / social investors

Housing Scenario Recommendations

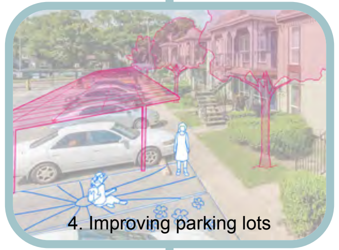
Recommendations for Renovations

- **Tailor strategies according to the conditions of the apartment**:
  - For properties in average to good conditions with well-meaning landlords, create **funding programs to incentivize owners** to undertake renovations themselves, such as via a tax relief program or a “good landlord” program.
  - For properties in poor conditions with neglectful landlords, **step in from a code enforcement perspective** so that noncompliant landlords are either forced to **improve their properties** or – with enough pressure – potentially **sell the property to the City or a developer**, with the City’s political and financial support (such as via a NOAH preservation fund).
- Verify the **financing structures of existing apartments**. In properties purchased with loans, meet with lenders early to align interests and reach buy-in for improvements.
- For equity investment / partnership deals, incorporate an option for **right of first refusal** to purchase should existing owners decide to sell their shares in the future.
- Conduct a **Project Capital Needs Assessments (PCNA)** as an initial step.
- Where applicable, utilize **public funds** (e.g., CDBGs) as **backstops** to attract investment.
- Evaluate the applicability of **housing choice vouchers (HCVs)** and **project-based vouchers (PBVs)** currently used in Gulfton and expand where appropriate. Additionally, consider implementing HCVs and PBVs toward new construction units that are already code compliant.
- Encourage tenants to lease on-site empty common spaces for **small-scale retail / production uses**.


1. Upgrading utilities and systems


2. Maximizing unit interior space

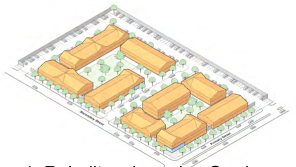

3. Creating private outdoor gardens


4. Improving parking lots

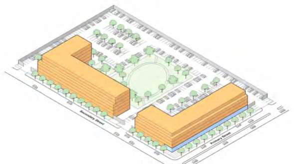

5. Improving shared outdoor spaces

Recommendations for Redevelopments

- Identify and acquire potential **“swing sites”** with existing or to-be-built vacant units to accommodate future relocated tenants, as needed.
- Engage existing apartments in **most disrepair** (i.e., Class D properties) where the opportunity costs are also the lowest.
- Conduct a **Project Capital Needs Assessments (PCNA)** as an initial step.
- Develop a renovation & redevelopment **hybrid phasing strategy**. Begin with renovation, keeping in mind future redevelopment strategies. Consider starting with **smaller-scale buildings** (i.e., garden apartments and stick-built 2-4 stories), developed **incrementally in smaller phases** to reduce the funding gaps per phase.
- For equity investment / partnership deals, incorporate an option for **right of first refusal** to purchase should existing owners decide to sell their shares in the future.
- Where applicable, utilize **public funds** (e.g., CDBGs) as **backstops** to attract investment
- Consider implementing **housing choice vouchers (HCVs) and project-based vouchers (PBVs)** toward new construction units that are already code compliant.



1. Rebuilt as Low-rise Garden Apartments (2-3 stories)



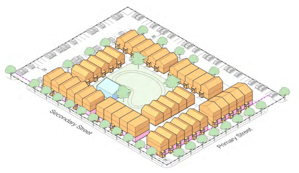
2. Rebuilt as Mid-rise Apartment Buildings (5-6 stories)

3. Rebuilt as High- and Low-rise Buildings (12+ stories)

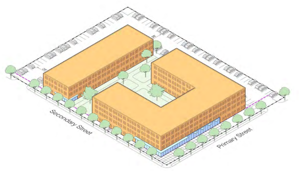
Recommendations for New Housing on Soft Sites

- Prioritize **public / institutional land** where land may be acquired at a steep discount.
- Utilize **shared-equity models** to further bring down the barrier to homeownership entry:
    - Community Land Trust (CLT)
    - Limited Equity Cooperative (LEC)
    - Mixed-Income Neighborhood Trust (MINT)
- Start with a **smaller-scale project** (~15 units) with a more manageable funding gap as a **pilot project**.
- Where applicable, utilize **public funds** (e.g., CDBGs) as **backstops** to attract investment.
- Partner with the housing authority to obtain a **property tax exemption**.
- Utilize direct **homebuyer assistance programs** to close any additional funding gaps.
- Incorporate revenue-generating spaces either in stand-alone buildings or at the ground floor of larger buildings, such as for **working, production, and/or light-manufacturing uses**.

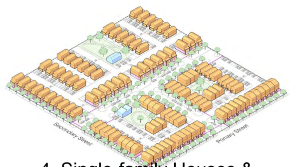
1. Single-family on small lots



2. Townhouses on Medium lots



3. Multifamily Bldg(s) on Med lots



4. Single-family Houses & Townhouses on Large lots

Additional Policy Tools

1. Tools to help existing renters in Gulfton

- Create **Anti-Retaliation Ordinance and Anti-Harassment Protections** for tenants who speak out against rent increases and living conditions in their housing units. Additionally, ensure adequate funding for monitoring and enforcing violations.
- Adopt a **Community Preference Policy** to prioritize affordable units to those at highest risk of displacement. This policy can potentially complement the redevelopment scenarios such that particular residents can be temporarily relocated to specific swing-site apartments without violating the Fair Housing Act.
- Adopt a **Tenant Relocation Assistance Ordinance** to support low-income tenants displaced by the redevelopment of apartment properties by providing advanced notice of the displacement, relocation counseling, and financial assistance. This tool could also discourage or delay the wholesale redevelopment of apartment complexes if assistance must be provided by the owner.

2. Tools to preserve and/or upgrade existing housing in Gulfton

- Adopt a **City and Tenant Right-to-Purchase Preservation Program** to provide tenants and the City with the right to purchase multifamily rental properties when the owner decides to sell the property. This policy often applies to government-subsidized housing but may also apply to unsubsidized NOAHs. For tenants seeking to collectively purchase the property, this tool helps create low- and moderate-income homeownership opportunities via a shared ownership model, such as a community land trust and/or a limited equity cooperative (LEC).
- Adopt a **Rental Registration and Proactive Inspection Program** to identify rental properties at risk because of deteriorating conditions and, after identifying an at-risk priority, to engage in appropriate interventions. This tool disincentivize landlords “milking” their properties while awaiting redevelopment opportunities. This tool needs to be accompanied by adequately-funded repair programs for owners unable or unwilling to make said repairs.
- Create a **Property Tax Abatement Program** to reduce increases in property taxes resulting from repairs that owners make to their properties. Additionally, condition the abatement on the owner agreeing to continue to rent to low-income renters.

3. Tools to increase new affordable housing options in Gulfton

- Revise Chapter 42 (Subdivision and Platting) to help facilitate **Small-Scale Multi-Family** (2-4 units) projects, allowing for greater flexibility and density on single-family lots.
- Adopt **Inclusionary Zoning** (or the Houston equivalent) for future new market-rate apartments in Gulfton.
- Consider **Density Bonuses** in new market-rate developments in exchange for the inclusion of affordable units. Additionally, consider offering the option of paying a fee in lieu of on-site affordable units to the City to fund affordable housing programs. See the Texas Anti-displacement Toolkit in the Appendix for more information.
- Where the City or nonprofit (i.e., HCLT) does not retain ownership of the land in a new housing development, adopt a **Shared Equity Model** to preserve long-term affordability (e.g., the Fayetteville Pay it Forward program). This model establishes shared equity appreciation between the homeowner and the nonprofit developer with resale restrictions (i.e., resale percentage caps) and rights of first refusal.
- Adopt **Longer Affordability Terms** for new LIHTC properties. The City of Houston can pass an ordinance requiring all developers to commit to a minimum 55-years affordability term, significantly higher than the existing 30-year term.

Gulfton Urban Planning and
Adaptive Reuse Feasibility Study

6. Appendix

Appendix I. Additional Resources

Additional Resources

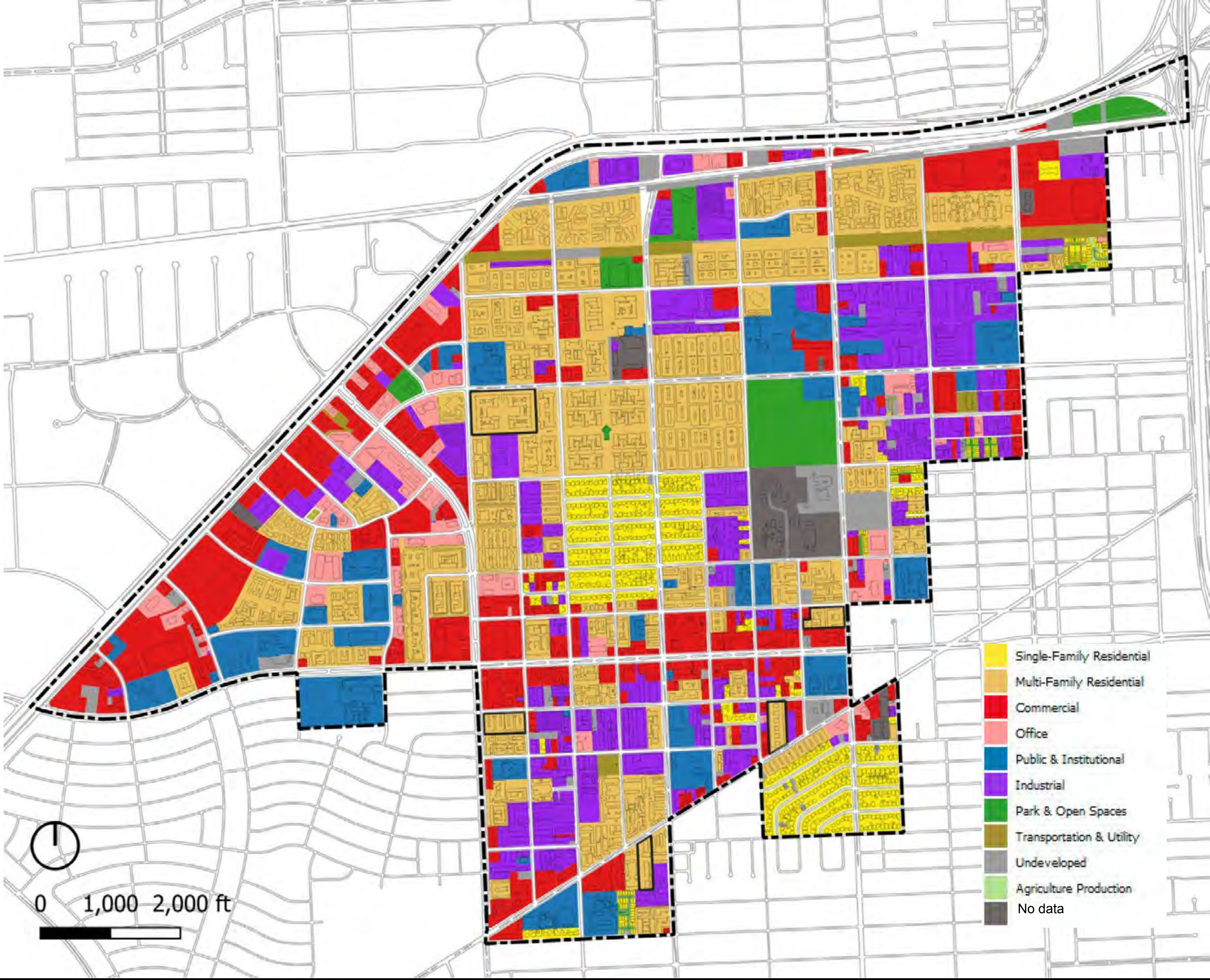
Affordable Housing and Funding Studies	**Date**	**Commissioned / Authored By**	**Link** (if available)
Austin Strategic Housing Blueprint Implementation Plan	February 2019	City of Austin	Link
Feasibility Assessment for a Houston focused Fund to Support the Preservation of Naturally-Occurring Affordable Housing	July 2020	LISC Houston	
My Home is Here: Harris County's Housing Needs Assessment and 10-Year Strategy	October 2021	Harris County	Link
Preserving Affordable Housing in Harris County	November 2021	Rice University Kinder Institute	Link
Public Facility Corporations and the Section 303.042(f) Tax Break for Apartment Developments	November 2020	The University of Texas at Austin	Link
Texas Anti-Displacement Toolkit	2019	The University of Texas at Austin	Link

Recent Neighborhood Plans	**Date**	**Commissioned / Authored By**	**Link** (if available)
A Revitalization Plan for Gulfton-Sharpstown	December 2018	Connect Community	Link
Gulfton Action Plan	June 2018	City of Houston	Link
Resilient Houston	February 2020	City of Houston	Link

Appendix II. Mapping Database

Primary Evaluation Criteria

Land Use

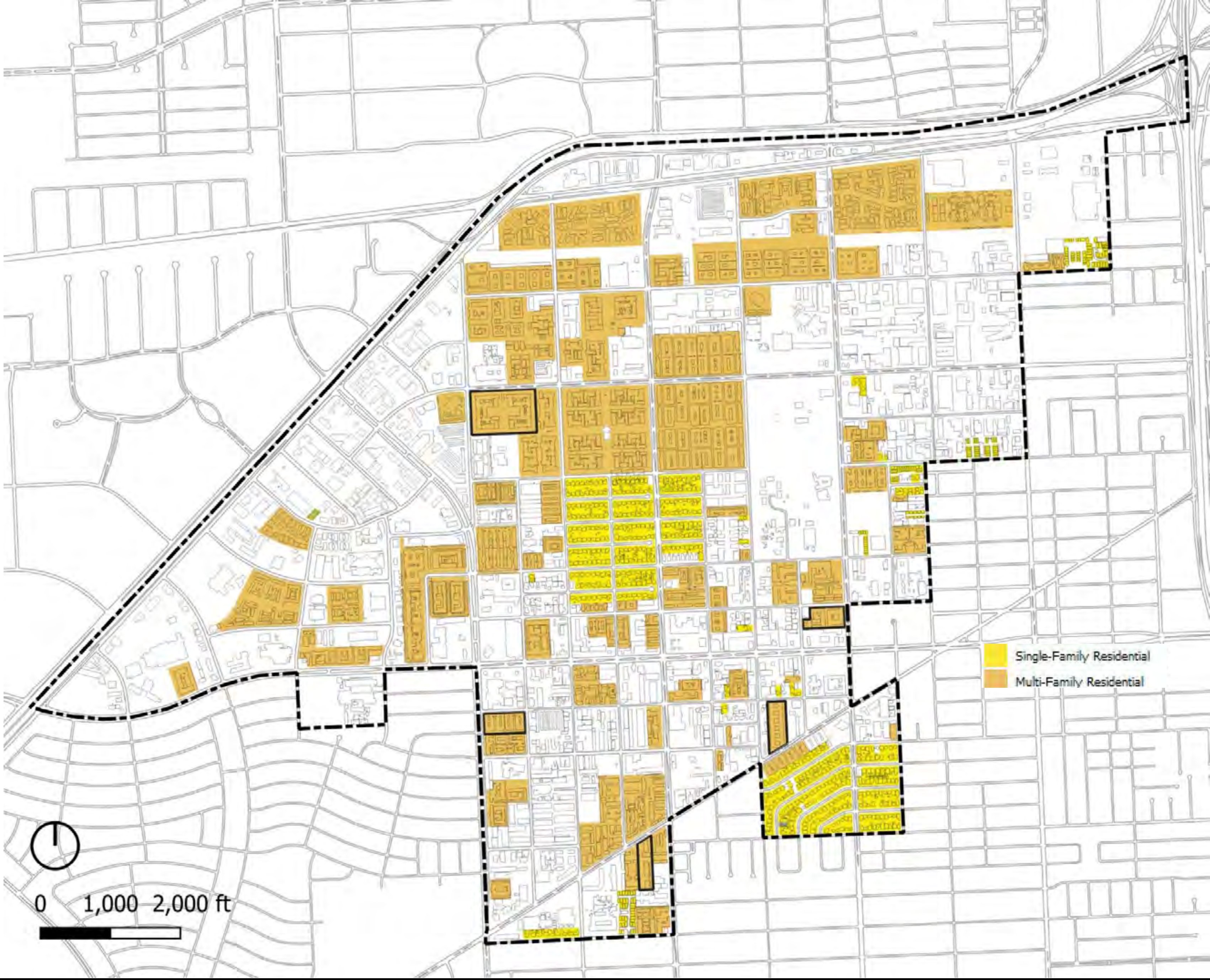


Data source: [City of Houston online GIS map]

Primary Evaluation Criteria

Land Use:

Residential Only

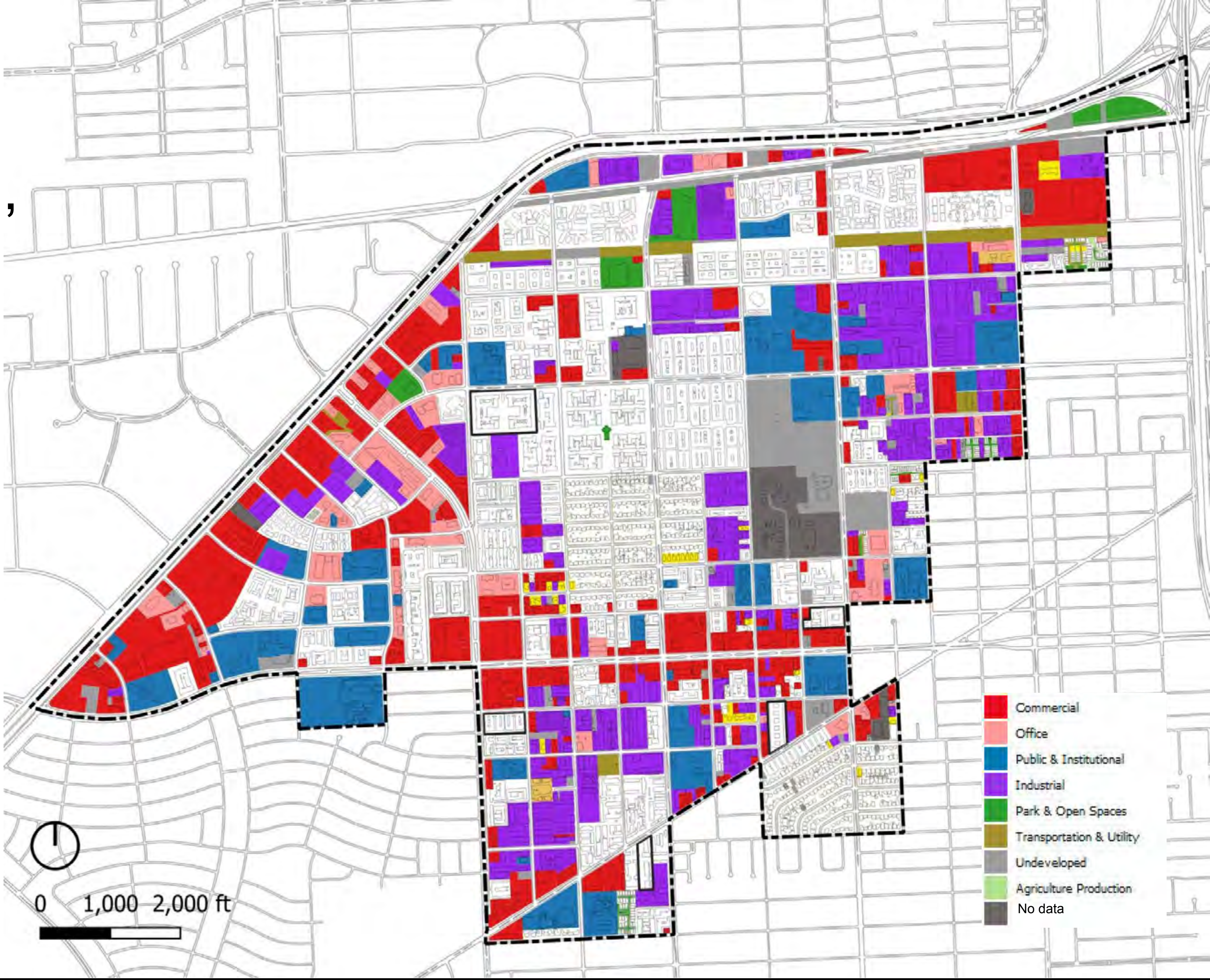


Data source: [City of Houston online GIS map]

Primary Evaluation Criteria

Land Use:

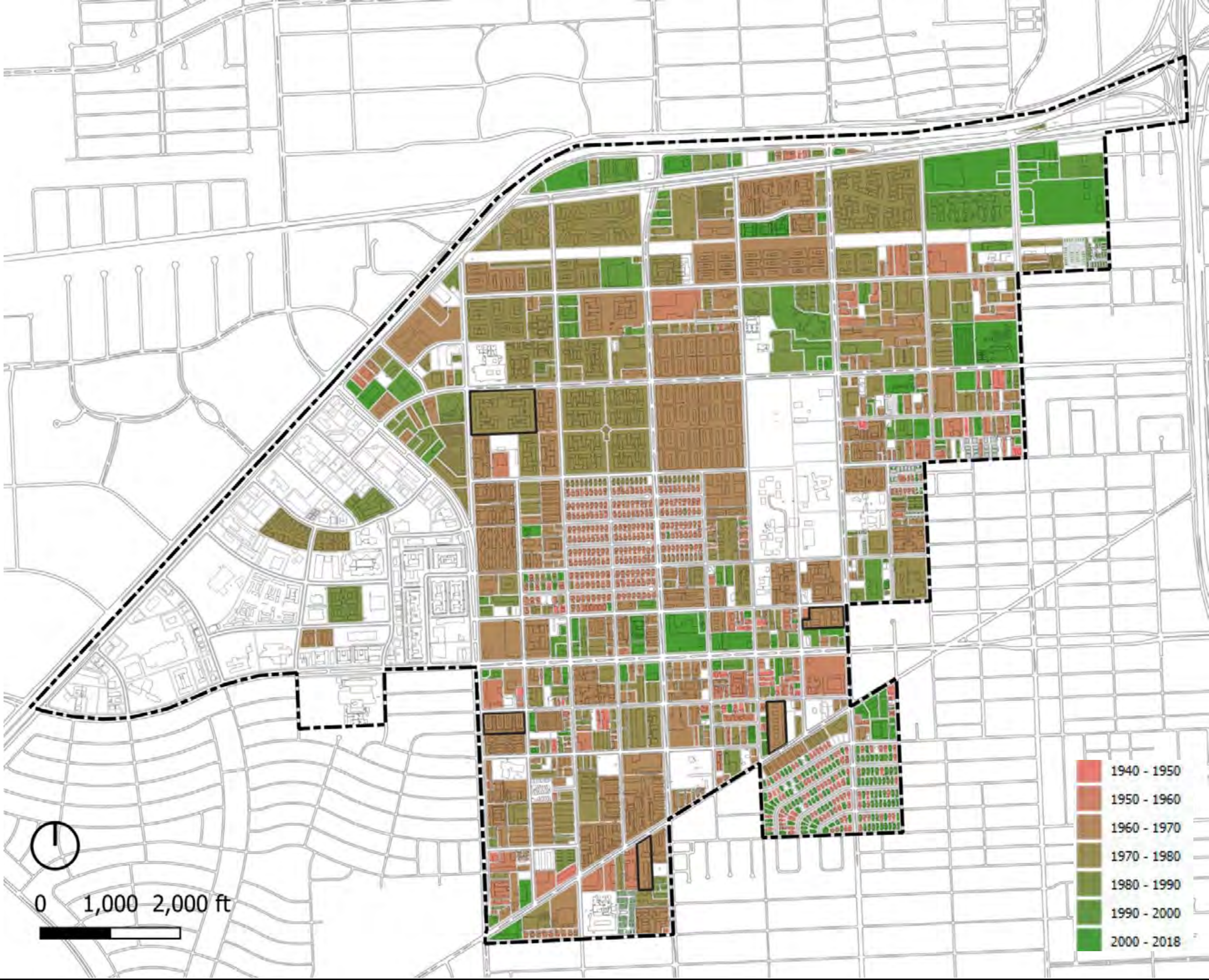
Commercial, Industrial, Institutional, Public



Data source: [City of Houston online GIS map]

Primary Evaluation Criteria

Building Age

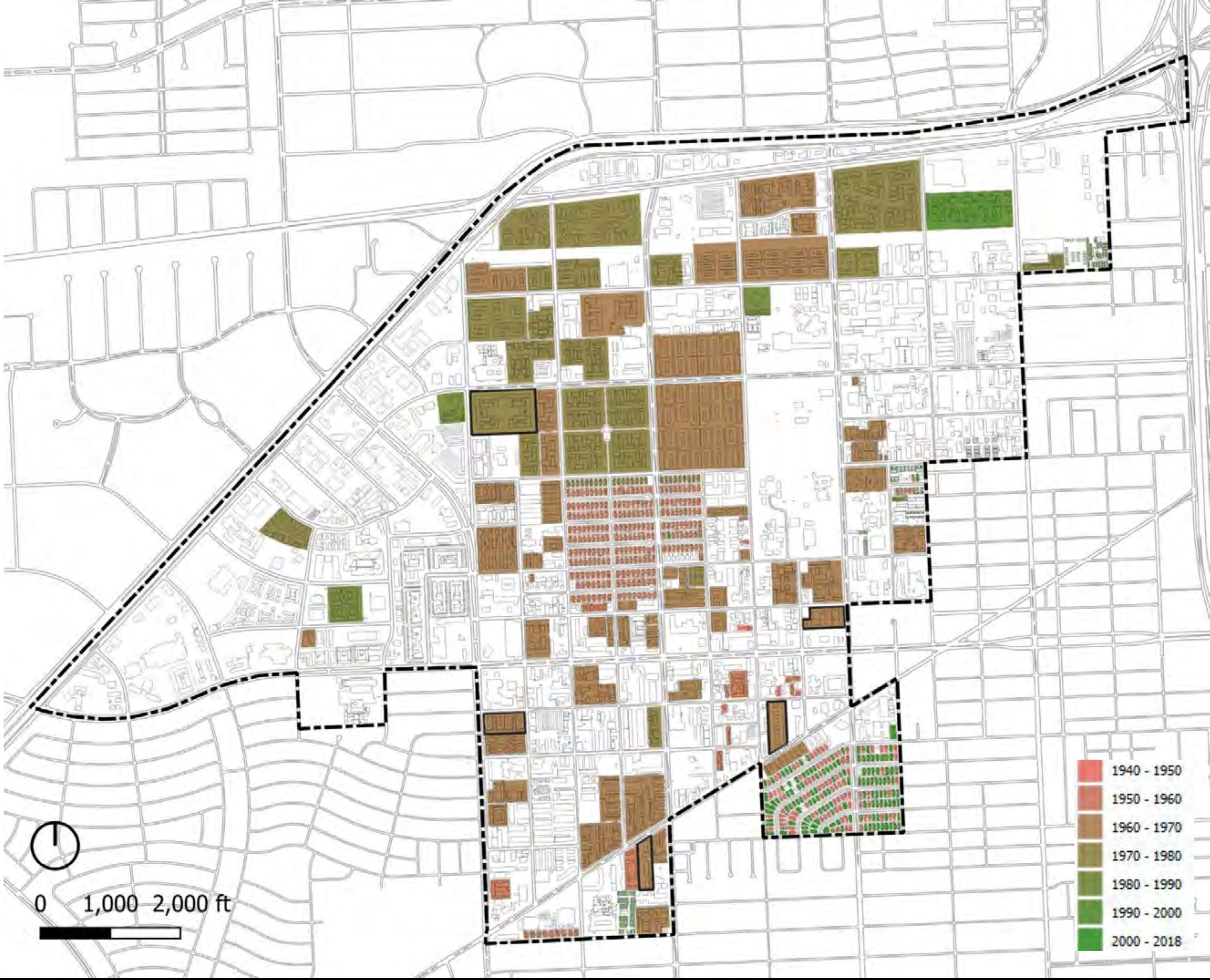


Data source: HCAD

Primary Evaluation Criteria

Building Age:

Residential Only

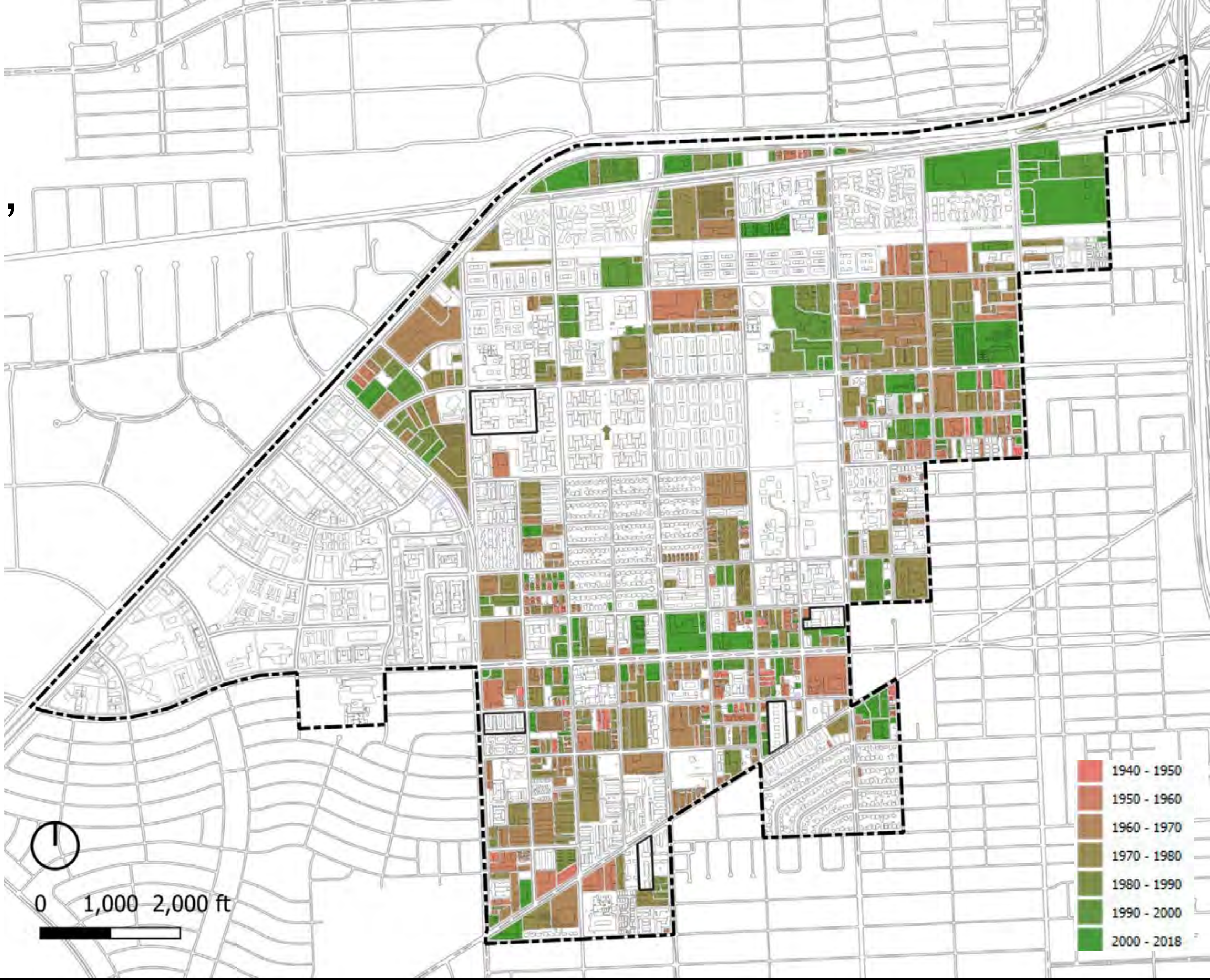


Data source: HCAD

Primary Evaluation Criteria

Building Age:

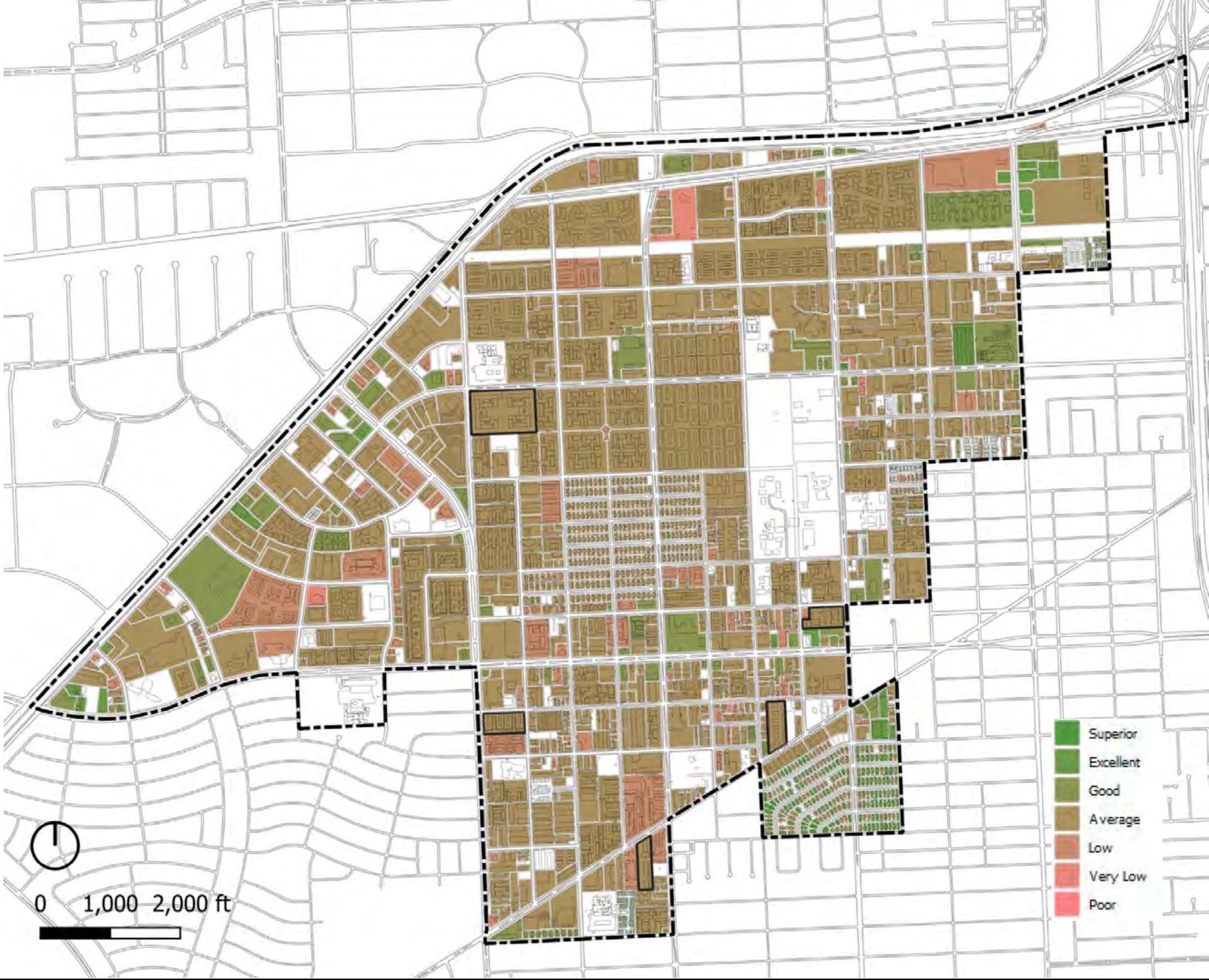
Commercial, Industrial, Institutional, Public



Data source: [HCAD]

Primary Evaluation Criteria

Building Quality

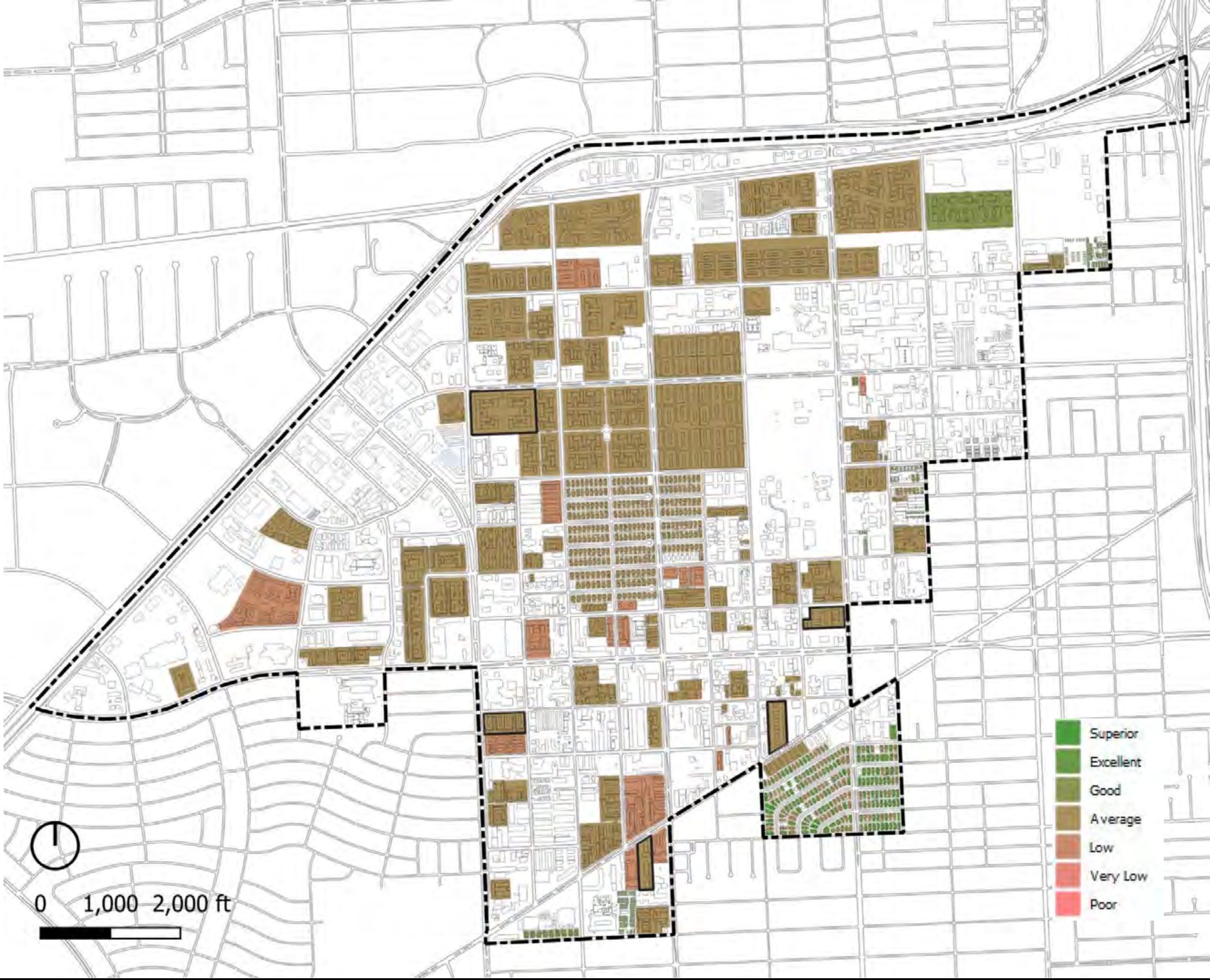


Data source: HCAD

Primary Evaluation Criteria

Building Quality:

Residential Only

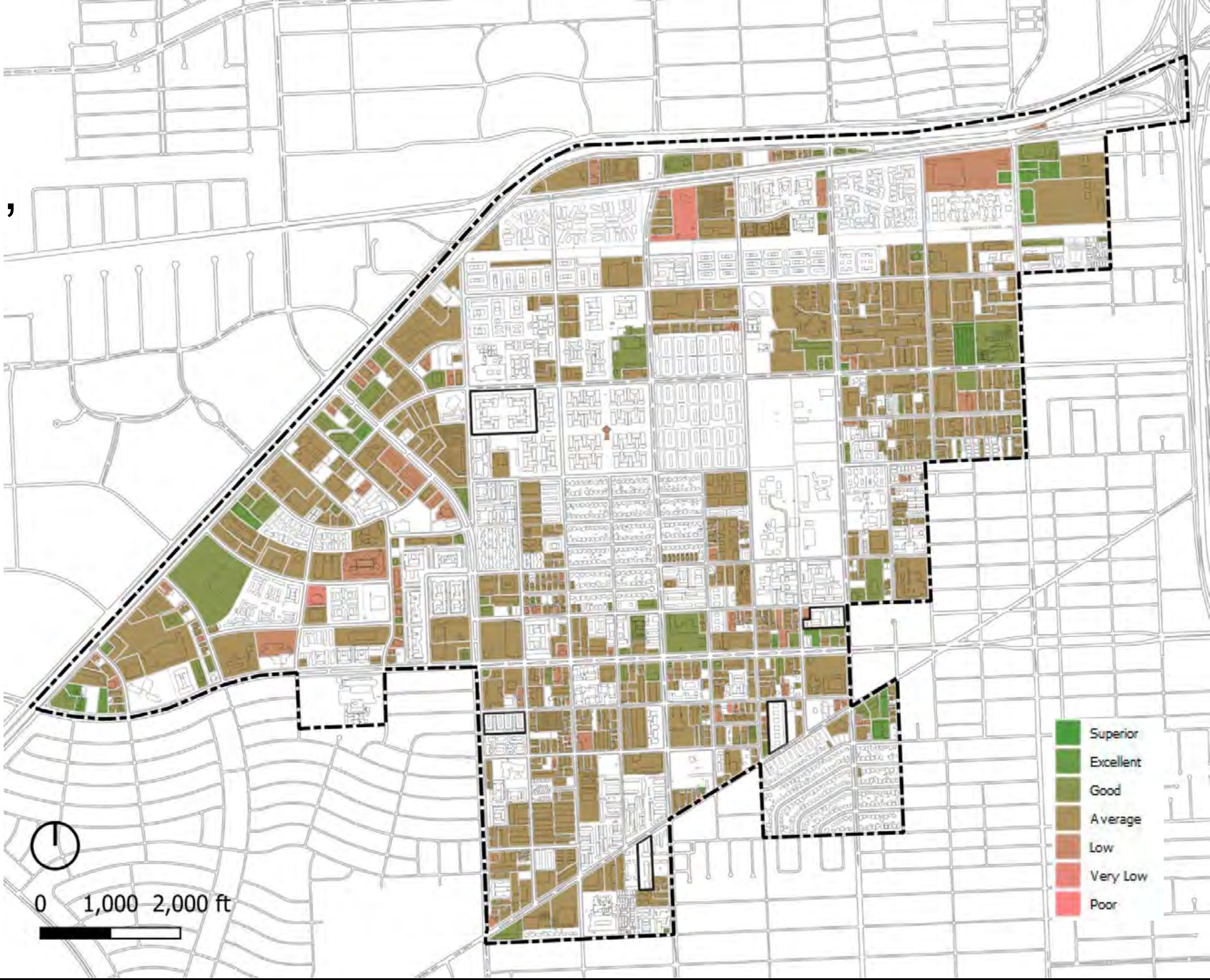


Data source: HCAD

Primary Evaluation Criteria

Building Quality:

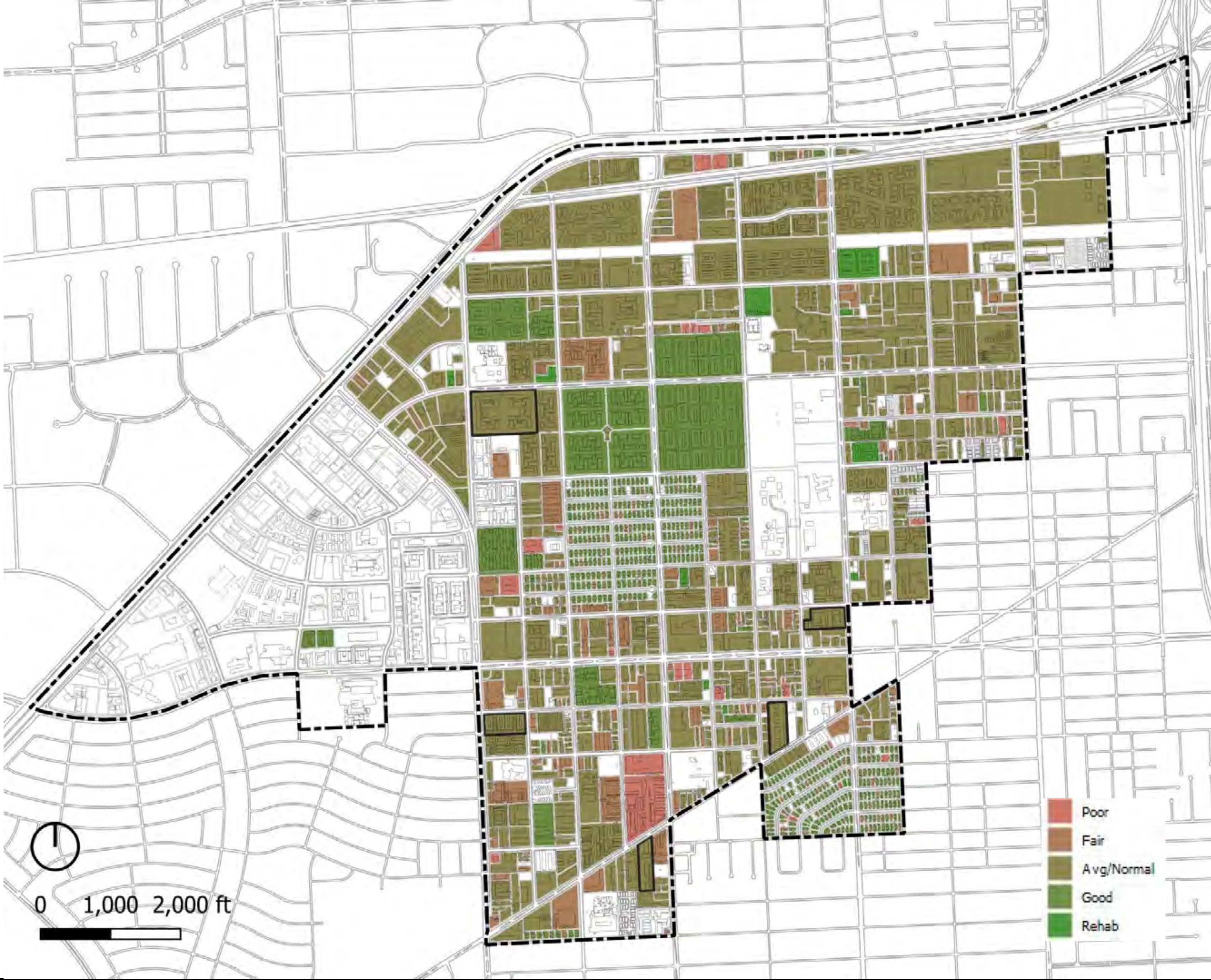
Commercial, Industrial, Institutional, Public



Data source: HCAD

Primary Evaluation Criteria

Building Condition



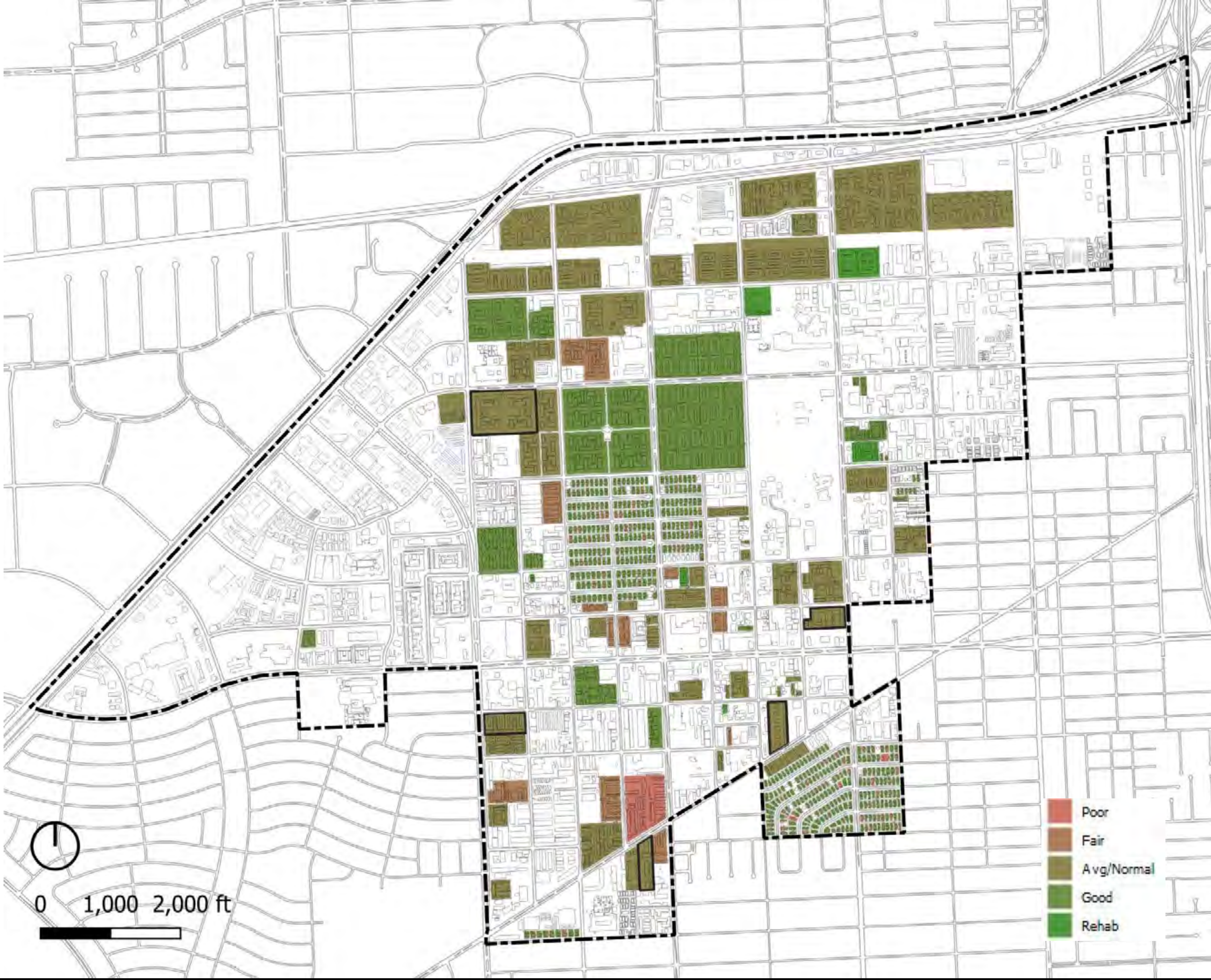
NOTE: Building condition defined as: “Overall physical condition of the dwelling relative to its age and considers the level of maintenance that you would normally expect to find in a dwelling of a given age”. -HCAD

Data source: HCAD

Primary Evaluation Criteria

Building Condition:

Residential Only



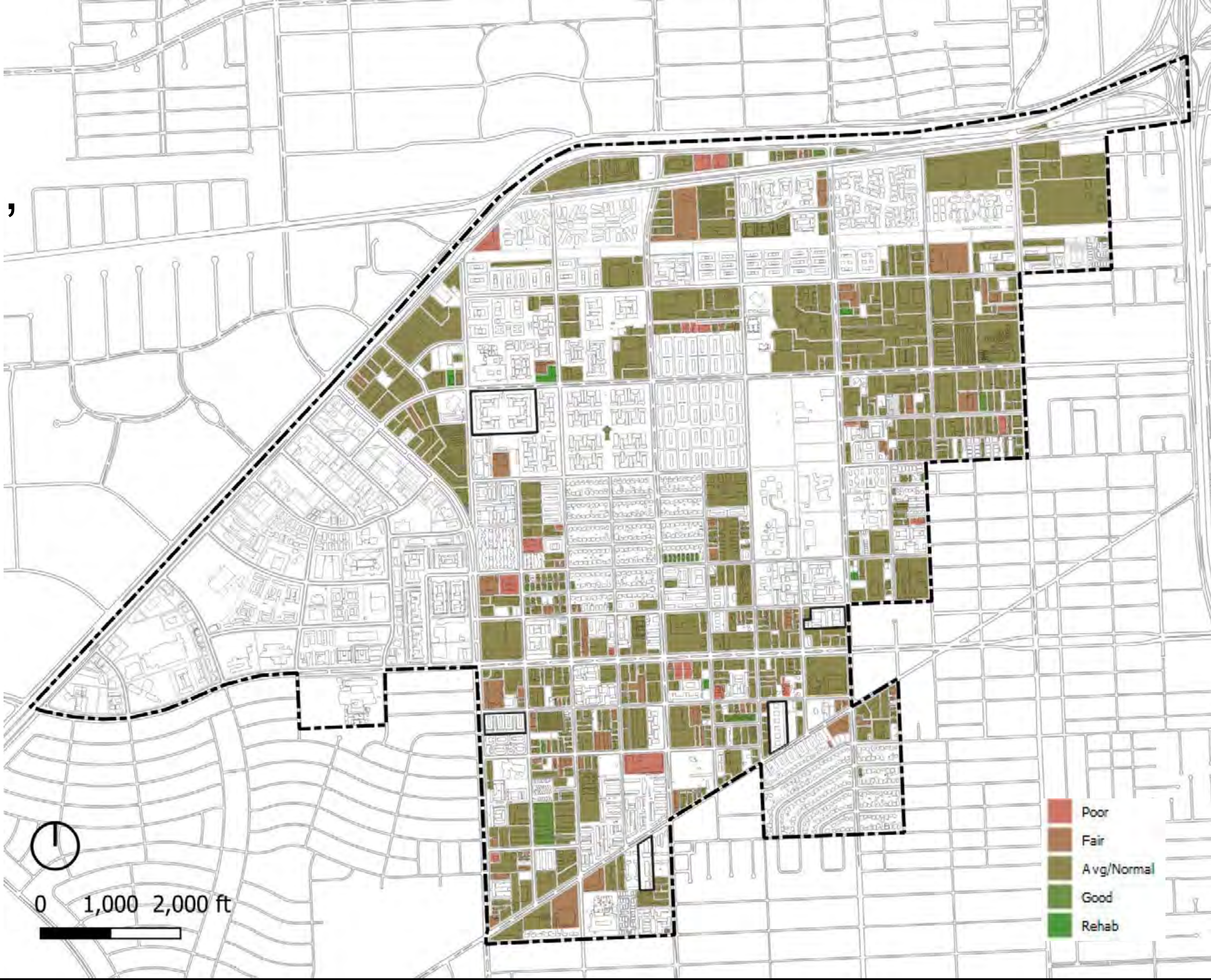
NOTE: Building condition defined as: “Overall physical condition of the dwelling relative to its age and considers the level of maintenance that you would normally expect to find in a dwelling of a given age”. -HCAD

Data source: HCAD

Primary Evaluation Criteria

Building Condition:

Commercial, Industrial, Institutional, Public



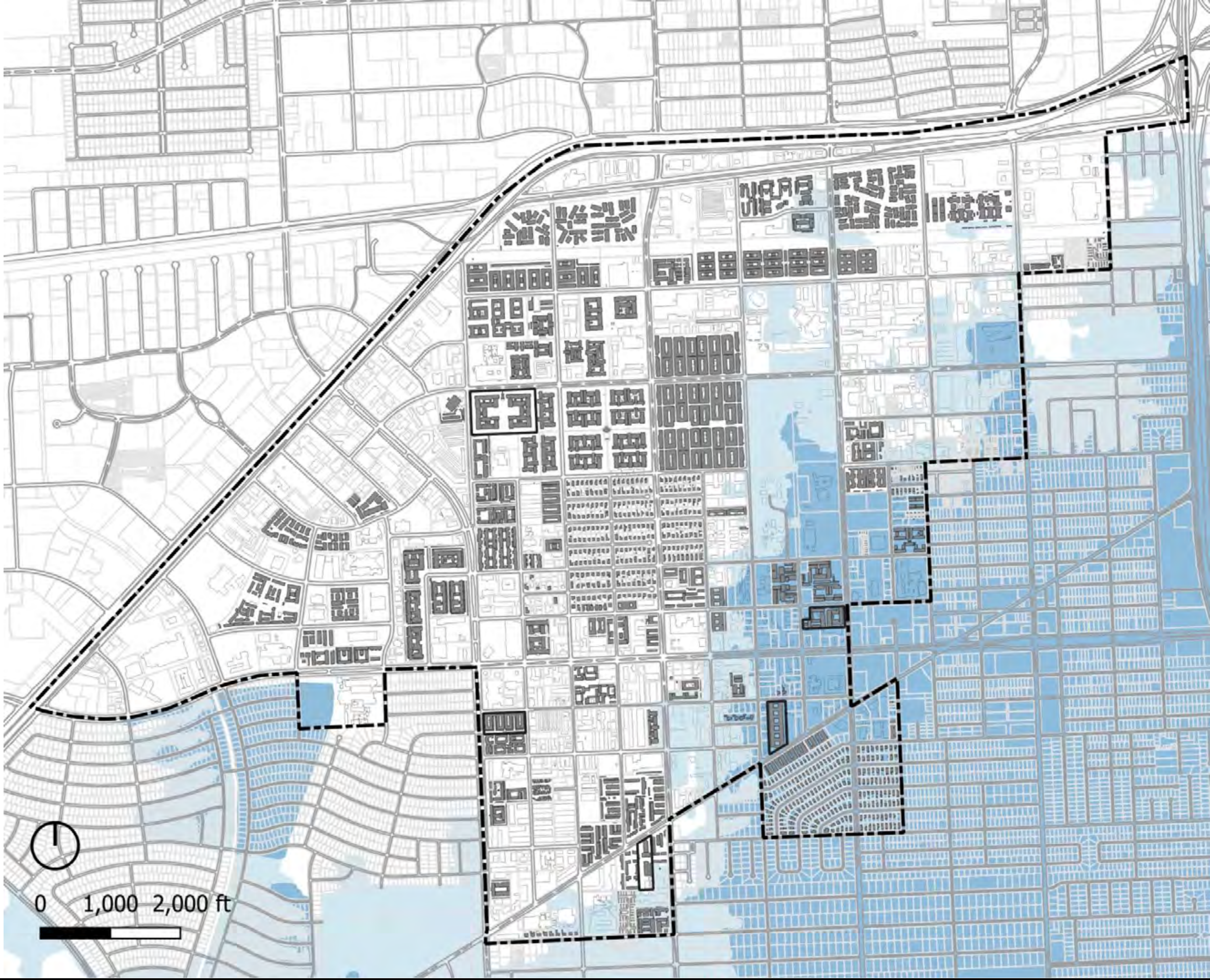
NOTE: Building condition defined as: “Overall physical condition of the dwelling relative to its age and considers the level of maintenance that you would normally expect to find in a dwelling of a given age”. -HCAD

Data source: HCAD

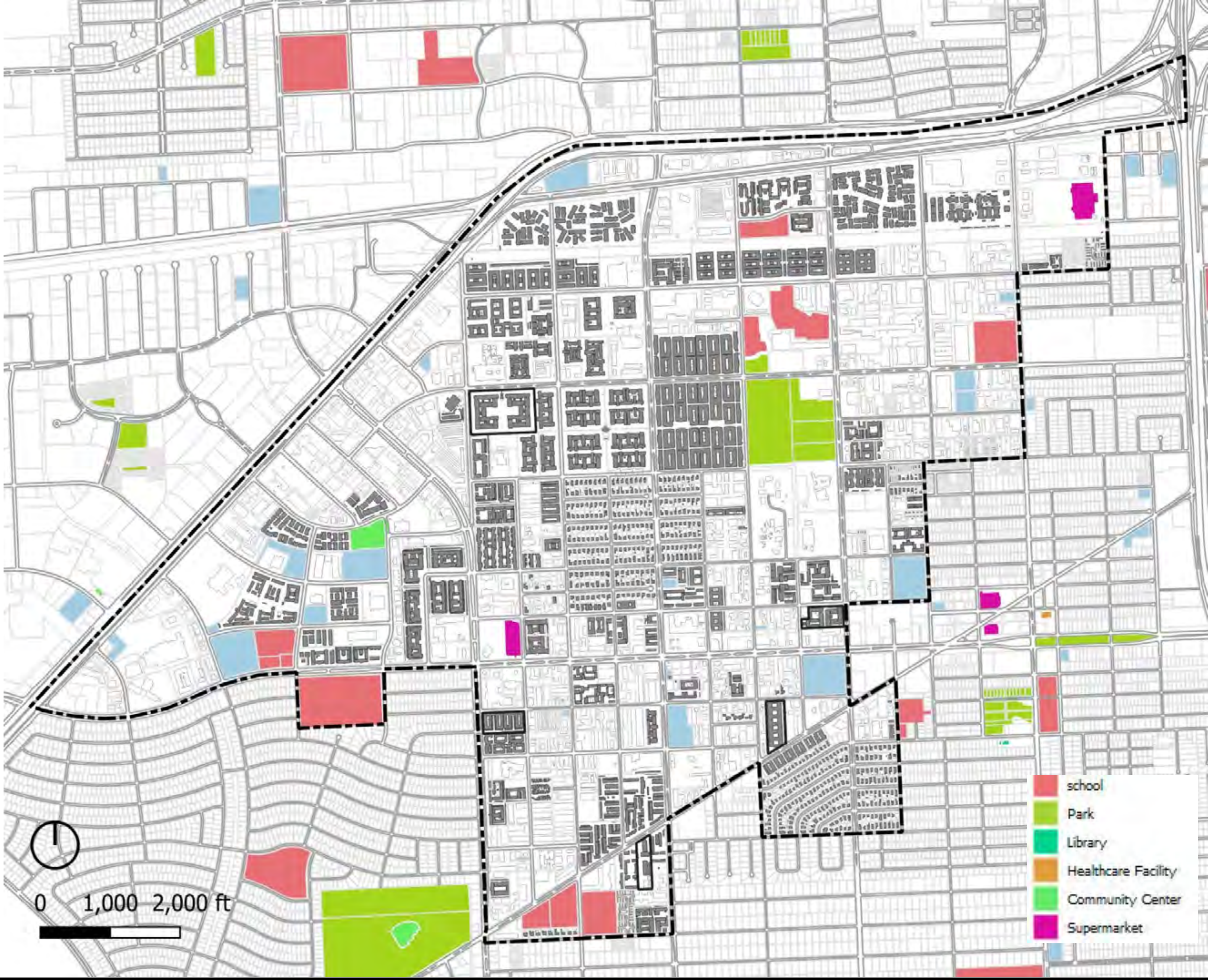
Primary Evaluation Criteria

Floodplain:

100- and 500-year

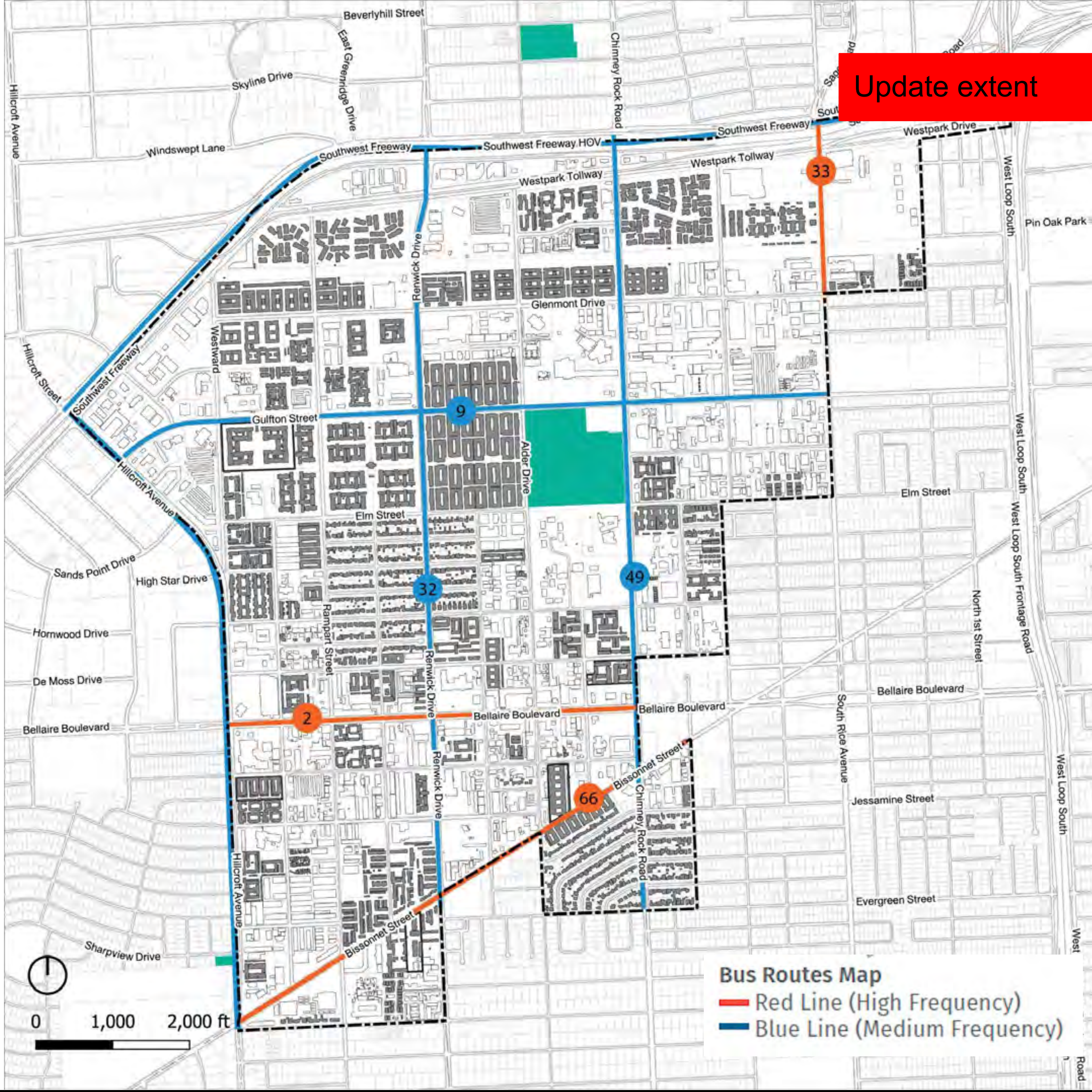


Neighborhood Amenities



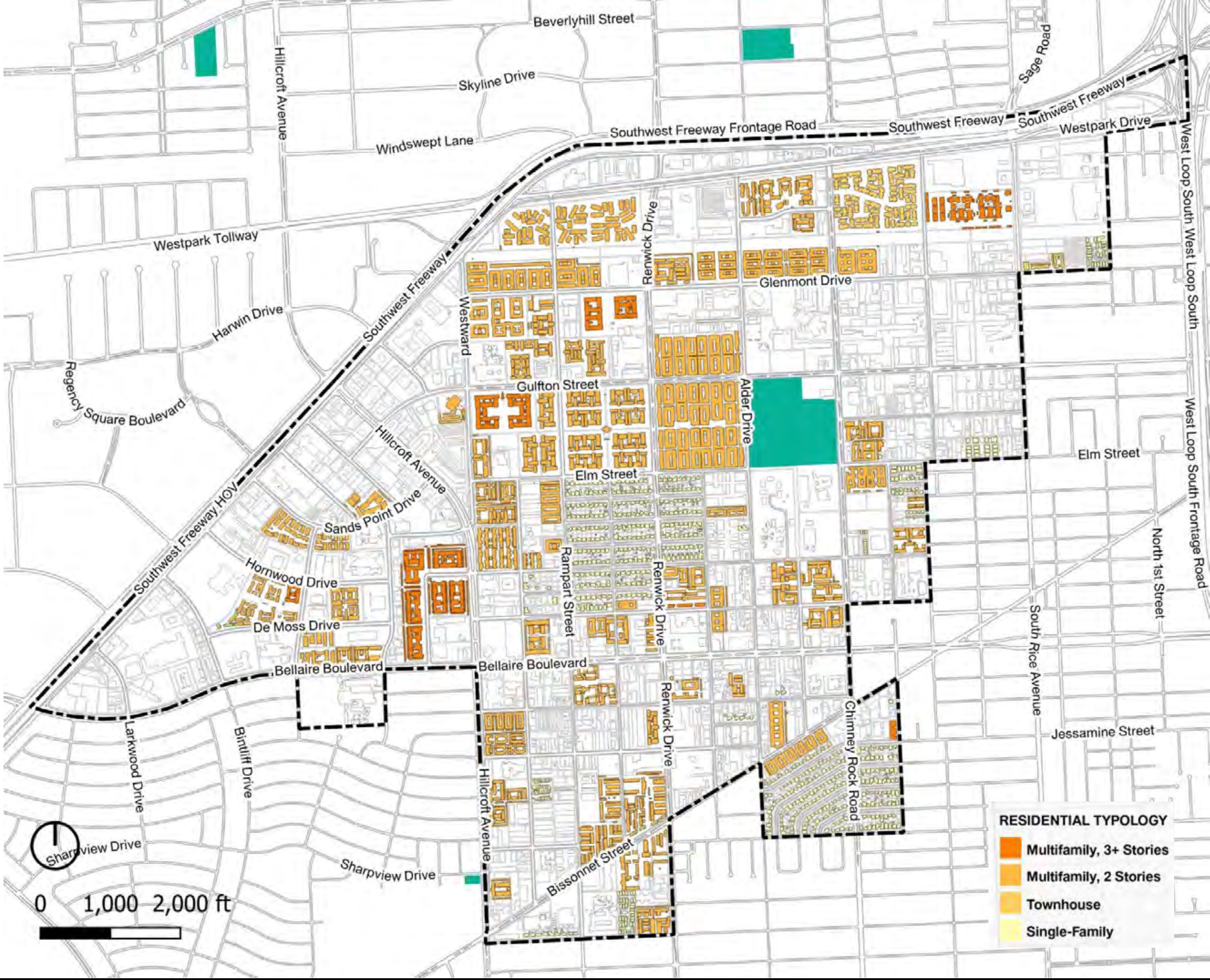
Secondary Evaluation Criteria

Bus Transit



Secondary Evaluation Criteria

Building Typology



Appendix III. Site Visit Documentation

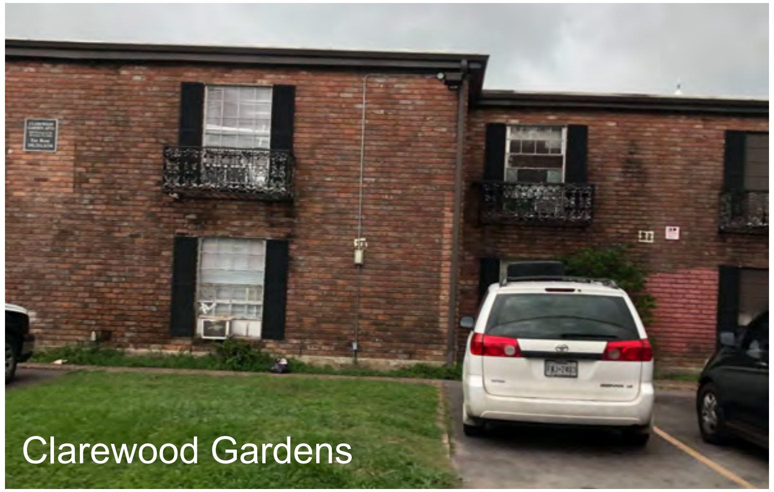
Summer 2021

Main Observations

- Larger apartment complexes appear to be in better shape than smaller, less visible ones
- There is a variety of building & unit types (e.g., single exposure vs double exposure, point-loaded vs corridor-based access, flats vs townhouses, at grade vs over parking)
- There is lots of car repair shops, single-story warehouses, industrial storage compounds
- There are lots of broken / missing sidewalks
- There are very few truly vacant lots
- Bellaire high school attendance zone overlaps with parts of Gulfton (= big pull)
- Within the complexes, there is little usable open space, much less private open space
- *Westward Square* is very dense (mat-like) with very little usable open space or trees
- *The Atrium* has a series of very quite and peaceful courtyards (if underused)
- Maintenance / Improvements is always an (often bureaucratic) issue
- HPD “Blue Star Certified” requires “properly trimmed landscaping per police rec’s”
- Indus Mgmt have bought complexes up to code in their renovations
- Added apartments to retrofits study list
- There are apartment complex condominiums
- A few apt complexes are lush, landscaped, well-maintained, with generous open spaces

Larger apartment complexes appear to be in better shape than smaller, less visible ones

- Most apt complexes appear to be in “avg” / “fair” shape
- Smaller, less visible ones are often in poor shape


Clarewood Gardens

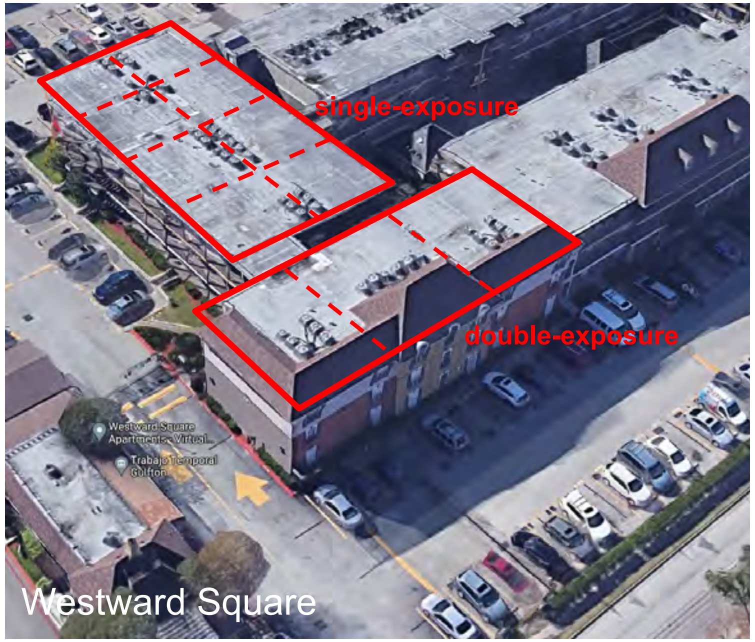

Lantern Village


San Miguel Apt

There is a variety of building & unit types

- single exposure vs double exposure
- point-loaded vs corridor-based access
- flats vs townhouses
- at grade vs over parking


Villa Contento



Westward Square


La Sevilla

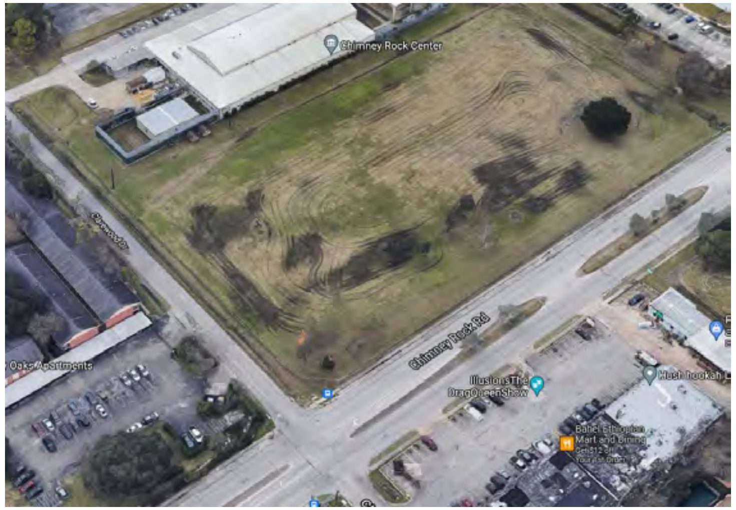
Las Velas

Car repair shops, warehouses, industrial storage compounds...

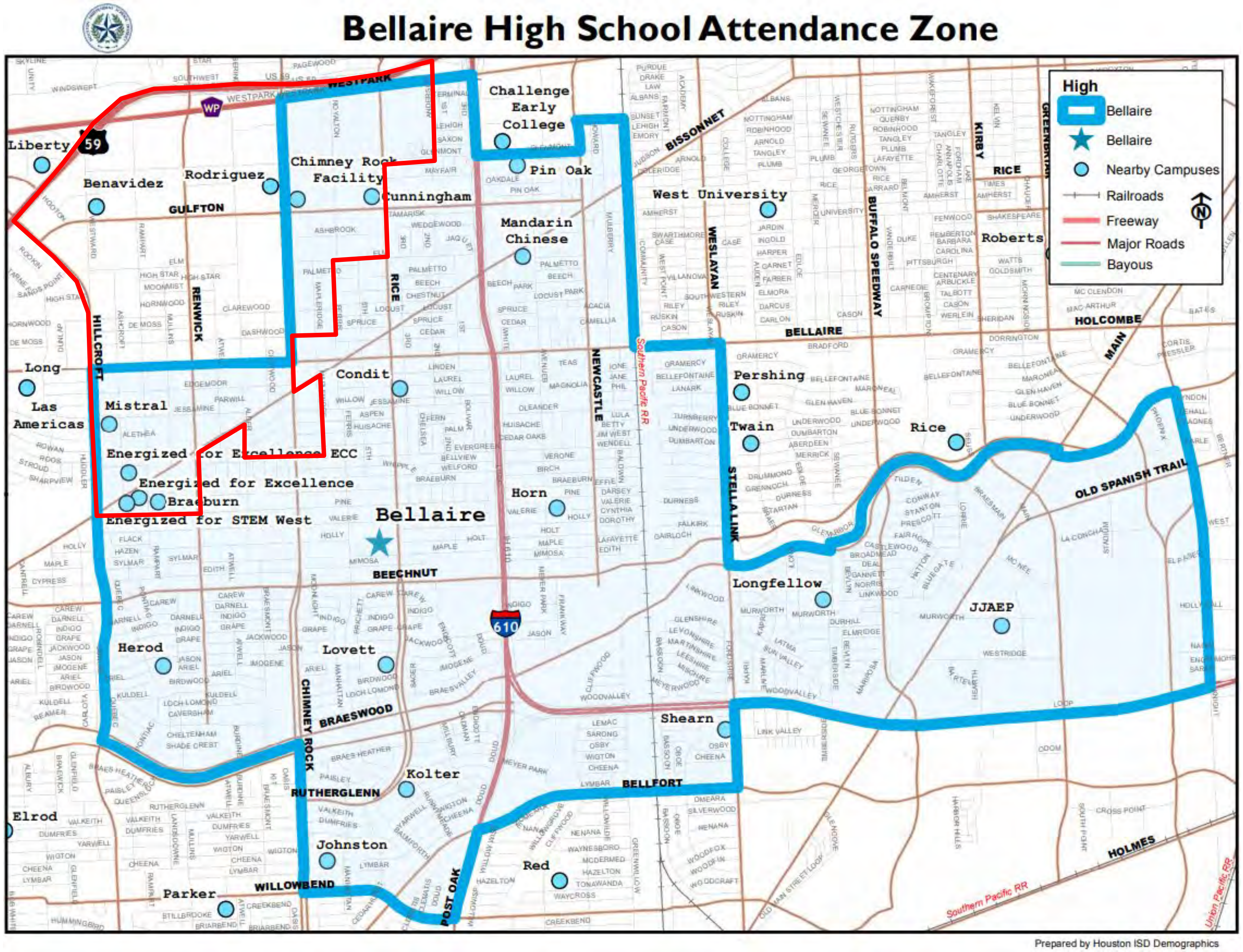
- Large amounts of industrial uses sitting on large tracts of “prime real estate”
- Manu was confused how they afforded prop taxes

There is lots of broken / missing sidewalks

Very few truly vacant sites / lots



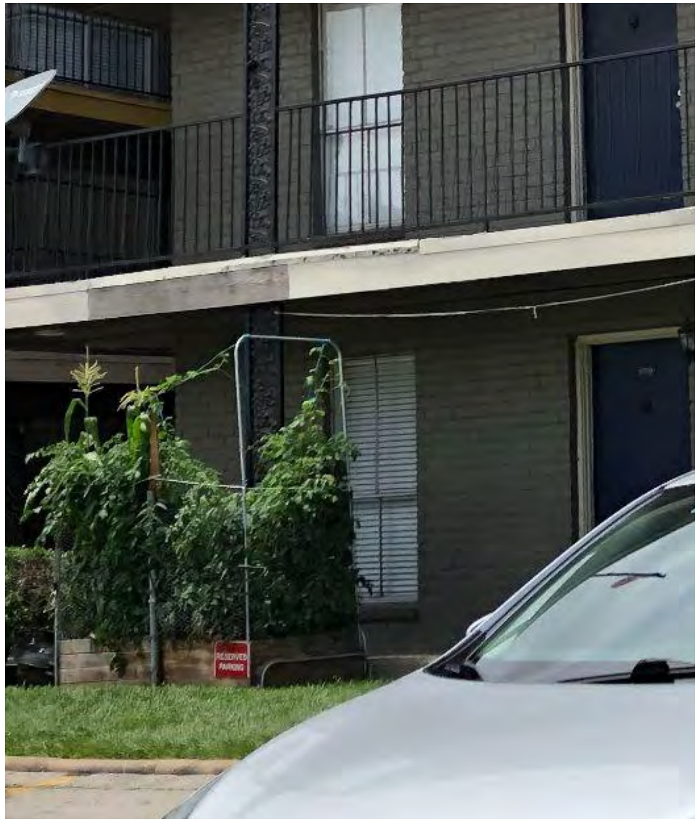
Bellaire High School Attendance Zone is a big pull for many residents



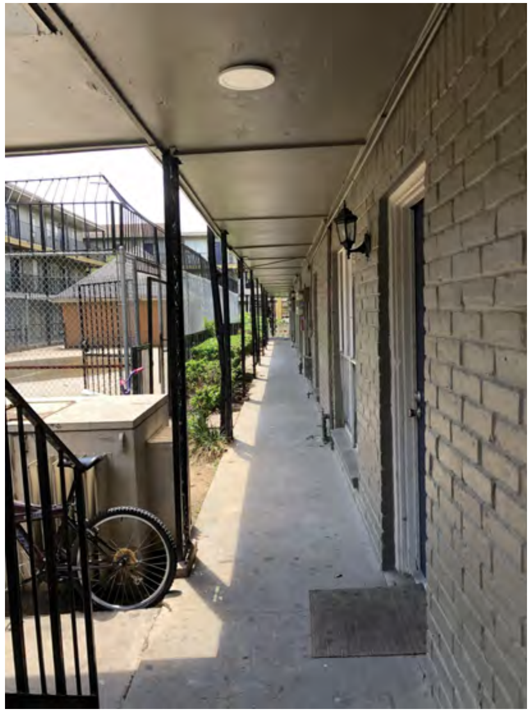
Within the apt complexes, there is little usable open space, much less private open space

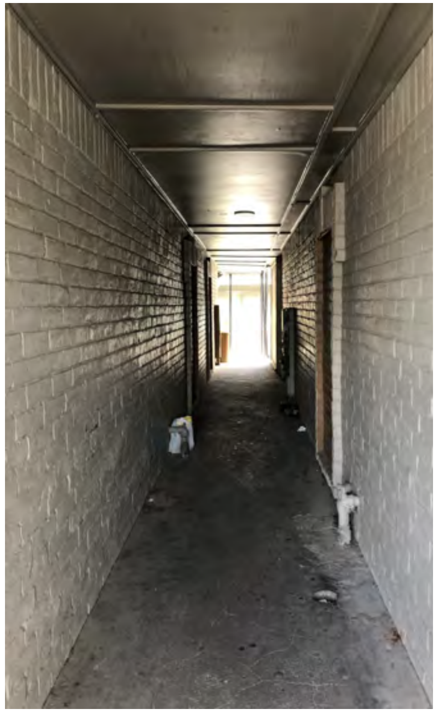
Westward Square Apt

La Sevilla



Westward Square is very dense (3 stories, mat-like) with very little usable open space or trees

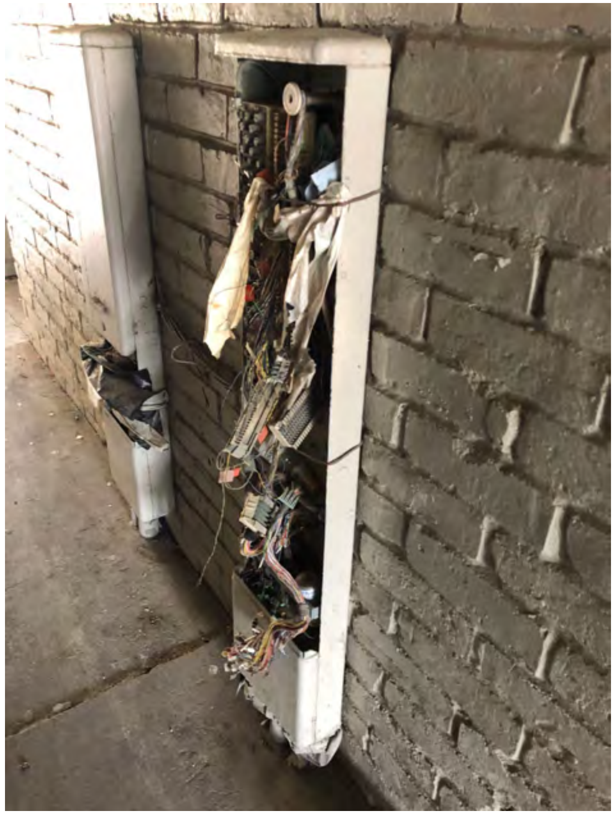




The Atrium Apt has a series of very quite and peaceful courtyards (if underused)

Maintenance is always an (often bureaucratic) issue

Westward Square Apt



So are Improvements...

The Atrium Apt

Houston Police Dept “Blue Star Multi-Housing Program”

- “Blue Star Certification” awarded via CPTED (Crime Preventions Though Environmental Design)
- 16 minimum CPTED standards, of which: “6. Properly trimmed landscaping per police recommendations”

Westward Square Apt

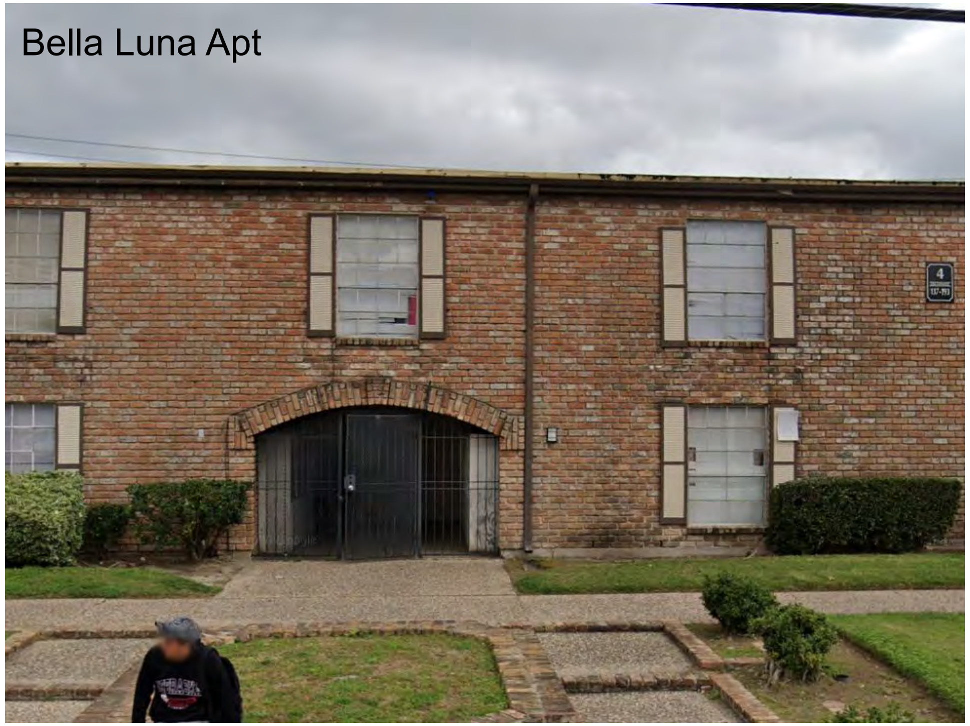
Indus Mgmt have brought apt complexes up to code during renovations

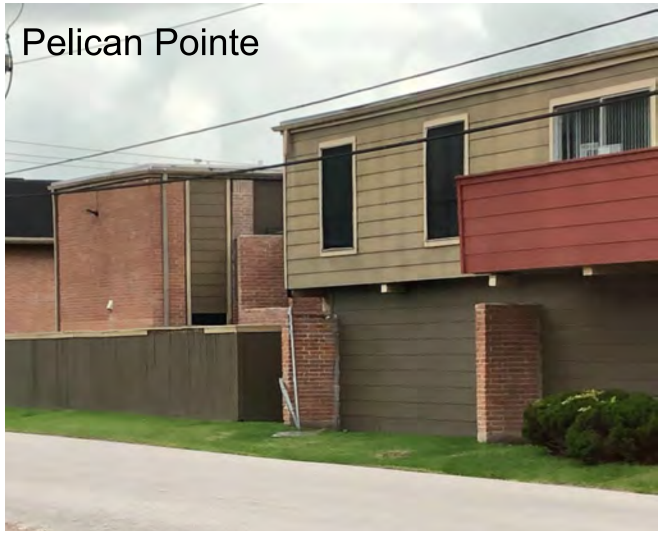
- e.g., La Sevilla’s handrails

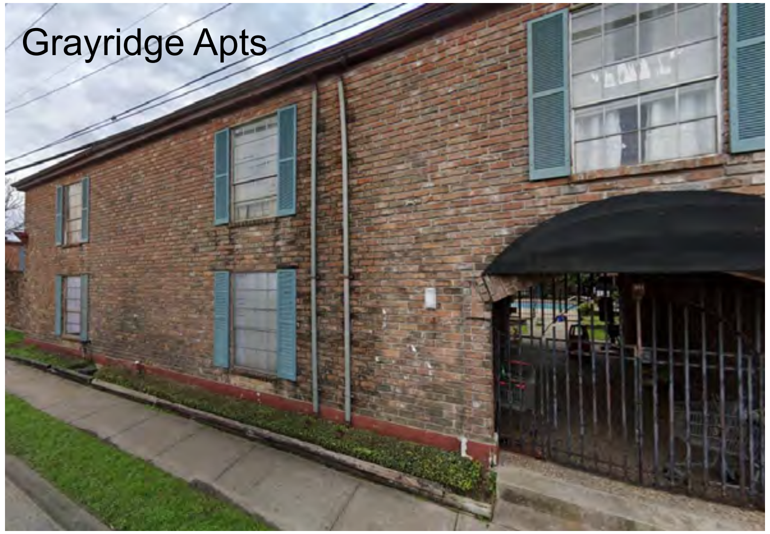
La Sevilla Apt

Added apartments to retrofits study list

- Confirmed the ones already on the retrofit list are indeed in poor shape (e.g., San Miguel Apt)
- Added: *Pelican Pointe* Apartments (w/ tuck under parking), *Grayridge* Apartments (courtyards), *Bella Luna* Apts (north of Gulfton St), *Turf Club* (on Bellaire)


Bella Luna Apt

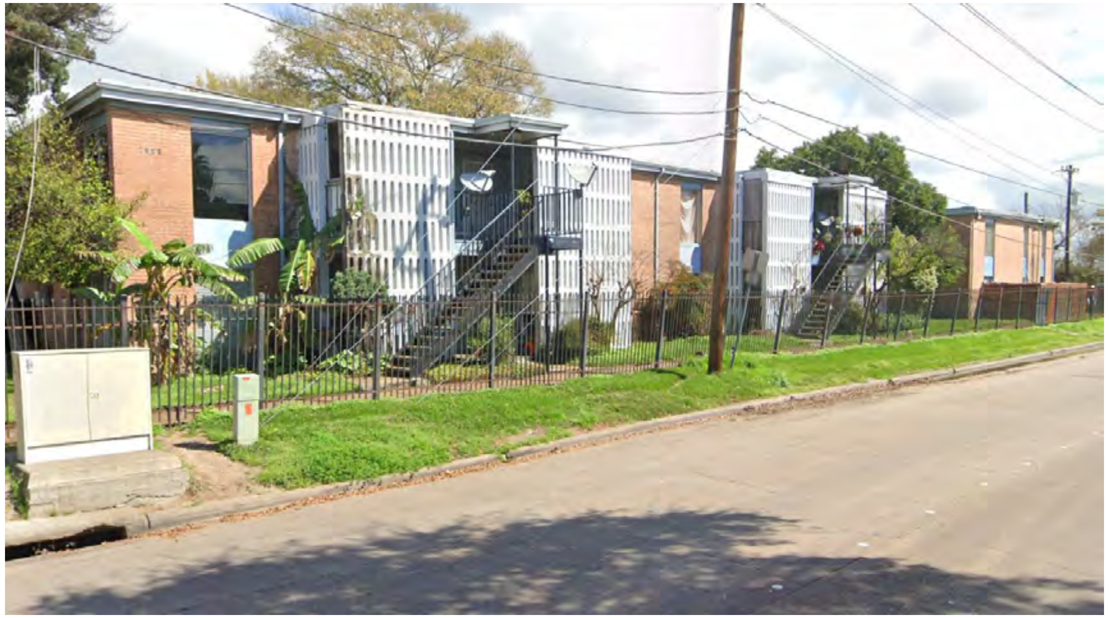

Pelican Pointe

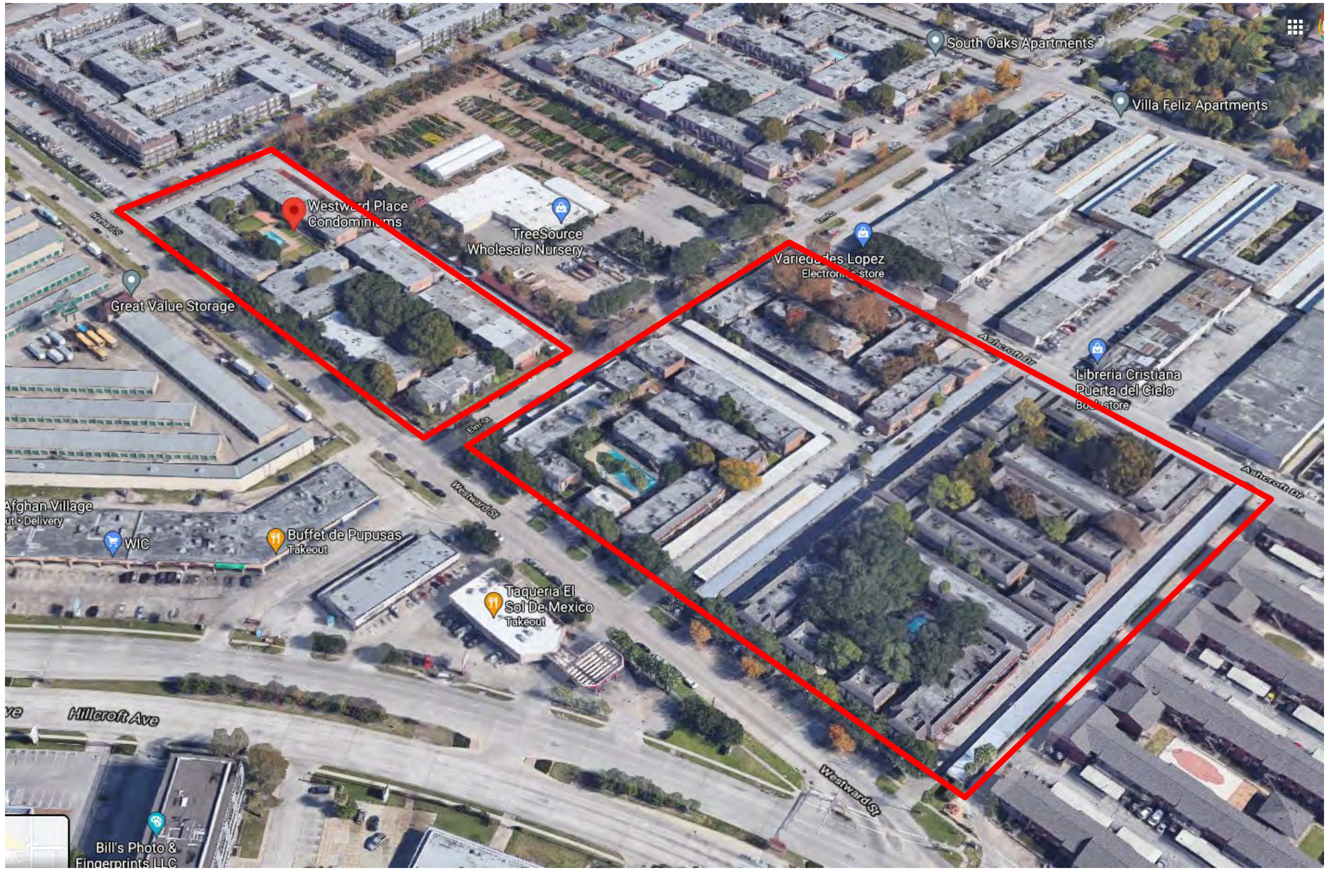

Grayridge Apts


Turf Club

There are apartment complex condominiums

- e.g., Westward Place Condominiums, Live Oak Hills Courthomes Condominiums





Site Visit Findings

A few apartment complexes are lush, landscaped, well-maintained, with a range of open spaces

Colony Oaks Apt

Appendix IV. Proforma Data

Proforma Data

Scenario A. Renovation

BUILDING FORM

Lot area	80,883	sf
Lot area	1.86	acres
Building Footprint	23,664	sf
Parking Footprint (Surface)	36,000	sf
Avg Height	2.0	stories
Floor-area ratio	0.59	FAR

DEVELOPMENT PROGRAM

Use	Gross	Net
Residential	47,328	41,175
Retail	-	-
Office	-	-
Internal Parking	-	-

UNITS AND EMPLOYEES

Residential Units	45		24	/acre
Average amount of living area	915	sf		
Employees	-		-	/acre

PARKING

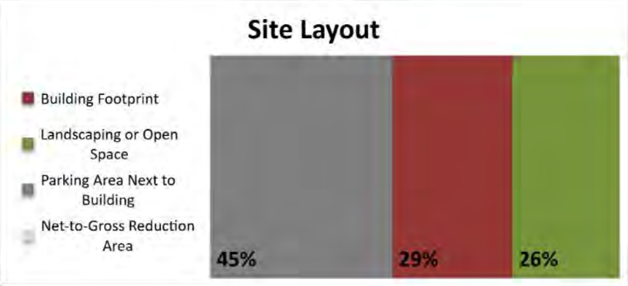
Residential	90	2.00	/ per unit
Retail	-	-	/ 1000 sq ft
Office	-	-	/ 1000 sq ft
Total parking spaces	90		

TOTAL LANDSCAPE & OPEN SPACE

Landscaping and open space area	26%

CONSTRUCTION COSTS

TOTAL COSTS	**$**	**(5,088,818)**		
Acquisition Costs	**$**	**(1,635,539)**	$20	/sf
Construction Costs (all 150 units)	**$**	**(2,729,017)**		
Residential	$	(2,603,017)	$55	/sf
Retail	$	-	$180	/sf
Parking	$	(126,000)		
Soft Costs	**$**	**(694,261)**		
Other Costs	**$**	**(30,000)**		
Demolition Costs	$	-		
Site Development Costs	$	-		
Impact Fees	$	(15,000)		
Permit Fees	$	(15,000)		
Off-site Improvements	$	-		



RENTS AND SALES PRICES

Residential Unit Sales Price (Avg)	N/A	N/A /sf
Residential Rent (Avg)	**$594**	**0.54 /sf**
AMI Level (4-person HH)	30%	

FINANCIAL PERFORMANCE

Rental

Cash-on-Cash (After Year 3)	3.7%
IRR on Project Cost (Unleveraged Return)	**20.8%**
Debt Service Coverage Ratio (Year 3)	0.68

Owner

Project Rate of Return	**0.0%**

Gap funding amount to bring avg unit rent to affordability average

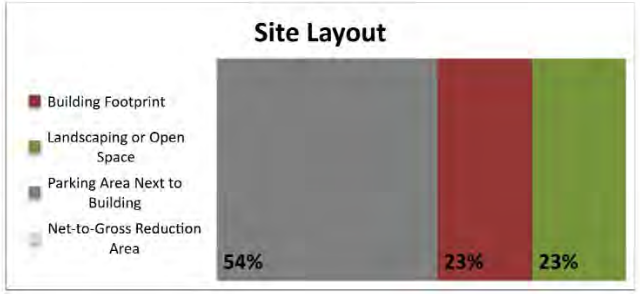
40% AMI Target Monthly Rent	$	792
30% AMI Target Monthly Rent	**$**	**594**
Funding Amount	**$**	**3,686,785**
Gap Amount per Door	$	81,929
% of Project Costs		*73%*

Proforma Data

Scenario B. Redevelopment Phase 1

BUILDING FORM

Lot area	115,721	sf
Lot area	2.66	acres
Building Footprint	26,853	sf
Parking Footprint (Surface)	62,400	sf
Avg Height	5.0	stories
Floor-area ratio	1.16	FAR



DEVELOPMENT PROGRAM

Use	Gross	Net
Residential	126,207	109,800
Retail	8,056	6,847
Office	-	-
Internal Parking	-	-

UNITS AND EMPLOYEES

Residential Units	120	45	/acre
Average amount of living area	915 sf		
Employees (1 per 450 sf)	17	6	/acre

PARKING

Residential	156	1.30	/ per unit
Retail	-	-	/ 1000 sq ft
Office	-	-	/ 1000 sq ft
Total parking spaces	156		

TOTAL LANDSCAPE & OPEN SPACE

Landscaping and open space area	23%

RENTS AND SALES PRICES

Residential Unit Sales Price (Avg)	N/A	N/A /sf
Residential Rent (Avg)	**$1,052**	**1.15 /sf**
Avg AMI Level (4-person HH)	53%	

CONSTRUCTION COSTS

TOTAL COSTS	**$ (45,321,340)**		
Acquisition Costs	**$ (3,172,000)**	$27	/sf
Construction Costs	**$ (31,888,657)**		
Residential	$ (29,658,621)	$235	/sf
Retail	$ (1,450,037)	$180	/sf
Parking	$ (780,000)		
Soft Costs	**$ (8,375,302)**		
Other Costs	**$ (1,885,381)**		
Demolition Costs	$ (793,000)		
Site Development Costs	$ (115,721)		
Impact Fees	$ (432,450)		
Permit Fees	$ (294,210)		
Off-site Improvements	$ (250,000)		

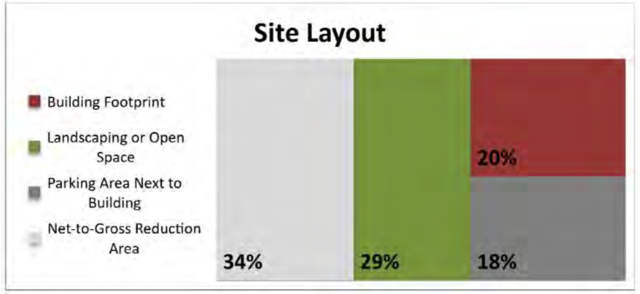
FINANCIAL PERFORMANCE

Rental	
Cash-on-Cash (After Year 3)	7.0%
IRR on Project Cost (Unleveraged Return)	**12.0%**
Debt Service Coverage Ratio (Year 3)	0.30
Owner	
Project Rate of Return	**0.0%**

Gap funding amount to bring avg unit rent to affordability average	
70% AMI Target Monthly Rent	$ 1,386
40% AMI Target Monthly Rent	$ 792
Funding Amount	**$ 37,360,581**
Gap Amount per Door	$ 311,338
% of Project Costs	*84%*

Proforma Data

Scenario C. New Housing on Soft Sites



BUILDING FORM

Lot area	390,000	sf
Lot area	8.95	acres
Building Footprint	78,568	sf
Parking Footprint (Surface)	69,000	sf
Avg Height	2.5	stories
Floor-area ratio	0.50	FAR

DEVELOPMENT PROGRAM

Use	Gross	Net
Residential	196,420	196,420
Retail	-	-
Office	-	-
Internal Parking	-	-

UNITS AND EMPLOYEES

Residential Units	115	13	/acre
Average amount of living area	1,708 sf		
Employees	-	-	/acre

PARKING

Residential	230	2.00	/ per unit
Retail	-	-	/ 1000 sq ft
Office	-	-	/ 1000 sq ft
Total parking spaces	230		

TOTAL LANDSCAPE & OPEN SPACE

Landscaping and open space area	29%

CONSTRUCTION COSTS

TOTAL COSTS	**$ (46,243,024)**		
Acquisition Costs	**$ (8,190,000)**	$21	/sf
Construction Costs	**$ (30,613,000)**		
Residential	$ (29,463,000)	$150	/sf
Retail	$ -	$180	/sf
Parking	$ (1,150,000)		
Soft Costs	**$ (6,806,748)**		
Other Costs	**$ (633,276)**		
Demolition Costs	$ -		
Site Development Costs	$ (390,000)		
Impact Fees	$ (187,878)		
Permit Fees	$ (55,398)		
Off-site Improvements	$ -		

RENTS AND SALES PRICES

Residential Unit Sales Price (Avg)	**$ 499,997**	**$292.74 /sf**
AVG Mortgage Payment (PITI)	$3,433	
MFI Level (4-person HH)	156%	
Avg Residential Rent	$0	0.00 /sf

FINANCIAL PERFORMANCE

Rental

Cash-on-Cash (After Year 3)	0.0%
IRR on Project Cost (Unleveraged Return)	**0.0%**
Debt Service Coverage Ratio (Year 3)	-

Owner

Project Rate of Return	**25.0%**

Gap funding amount to bring avg unit price to 80% MFI

Funding Amount	**$ 13,275,770**
Gap Amount per Door	$ 115,441
% of Project Costs	*29%*