

HOUSTON'S HISTORIC THIRD WARD

STRATEGIC IMPLEMENTATION
FRAMEWORK *Completed 2018 – Reviewed 2023*

*Presentation to
Houston Housing
Collaborative
2023 Annual Housing
Conference*

Curtis M. Davis
November 17, 2023



Agenda

for the presentation

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Framework Vision

Q&A / Wrap-Up

Wrap-Up

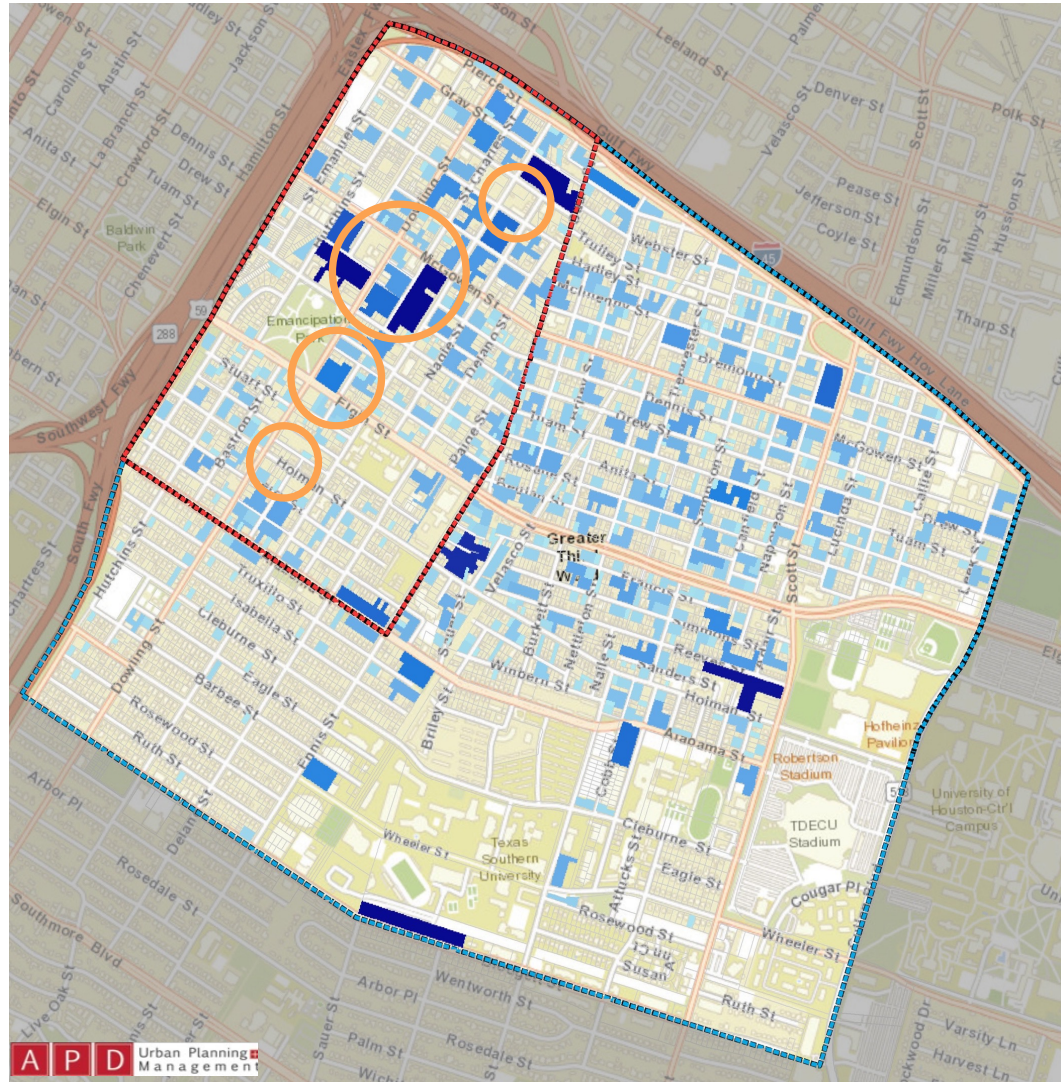


"Shotgun Third Ward #1" - John Biggers, circa 1953

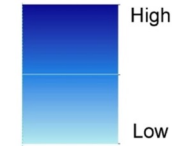
Overview

Historic Third Ward will be a thriving and prosperous community that celebrates and preserves the history, culture and the people through engagement of residents and stakeholders to create innovative and sustainable economic development opportunities, develop price appropriate housing, establish a world class educational system, and share culturally enriching activities with minimal displacement of existing residents.

Rationale



Potential Developments
based on
Land Availability

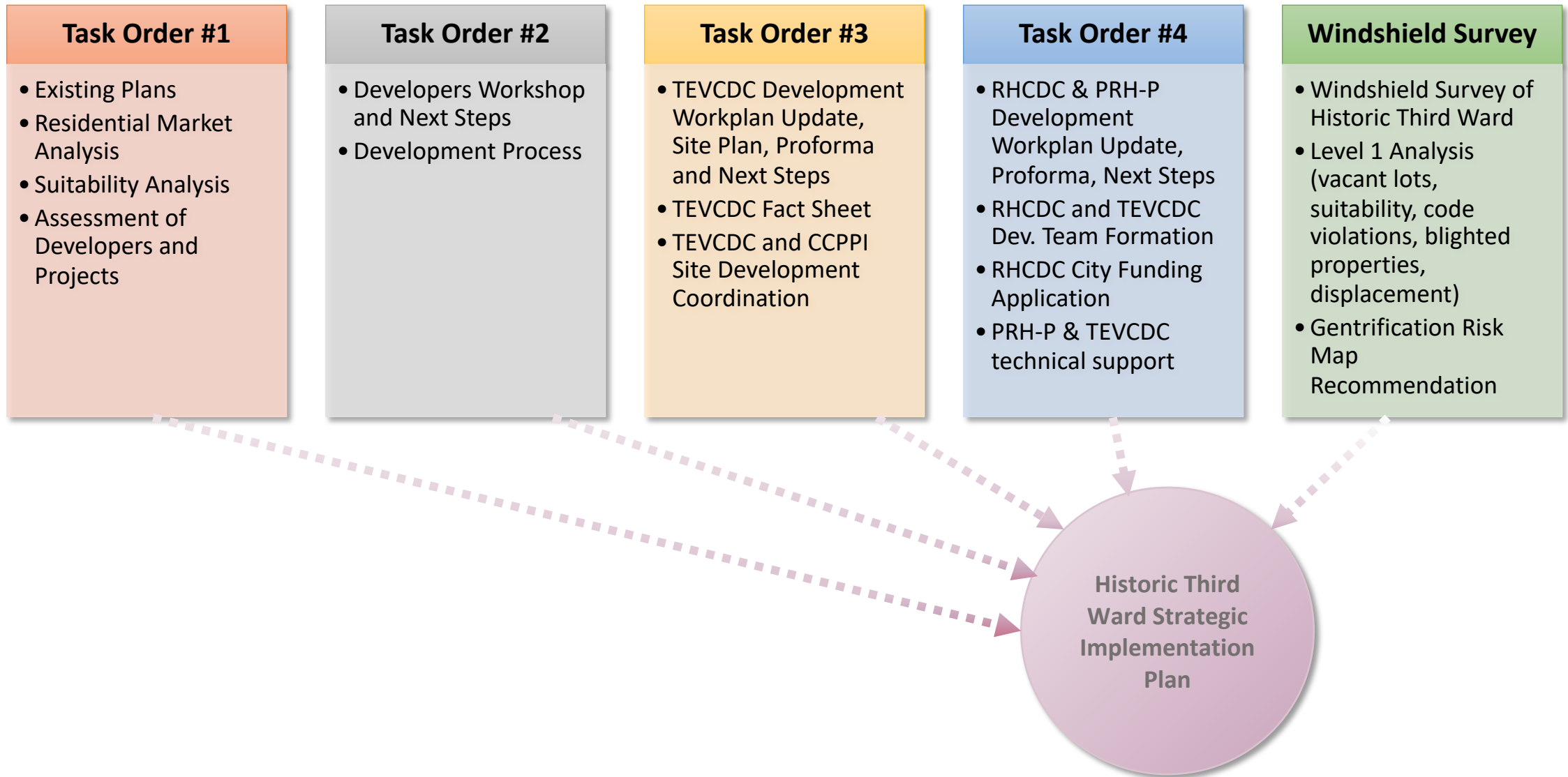


- EEDC / ECDP Target Area
- Historic Northern Third Ward
- Current ECDP Supported Projects

Roadmap for Neighborhood Stabilization & Redevelopment;

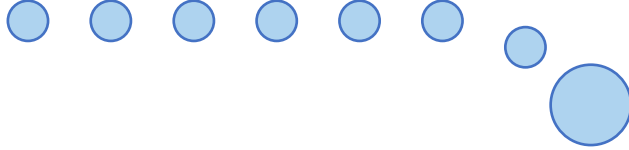
- **Preserves** history, culture and people of the community,
- **Creates** established process for implementation through a shared vision, and
- **Guides** strategic use of public and private funding.

Process: sets of tasks that describe *Inputs, Activities, & Outputs* of the *Logic Model*.



Approach

Engage & Collaborate



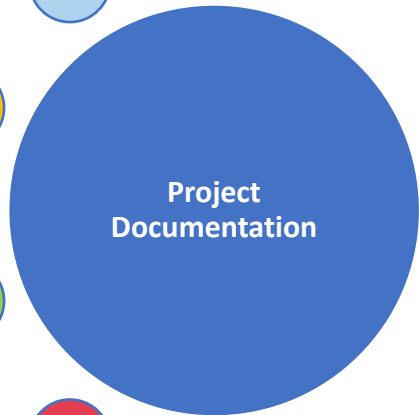
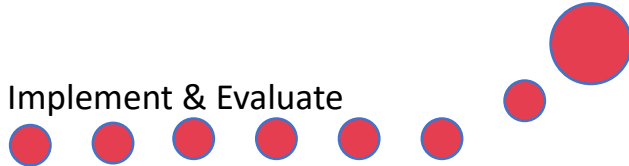
Collect & Refine



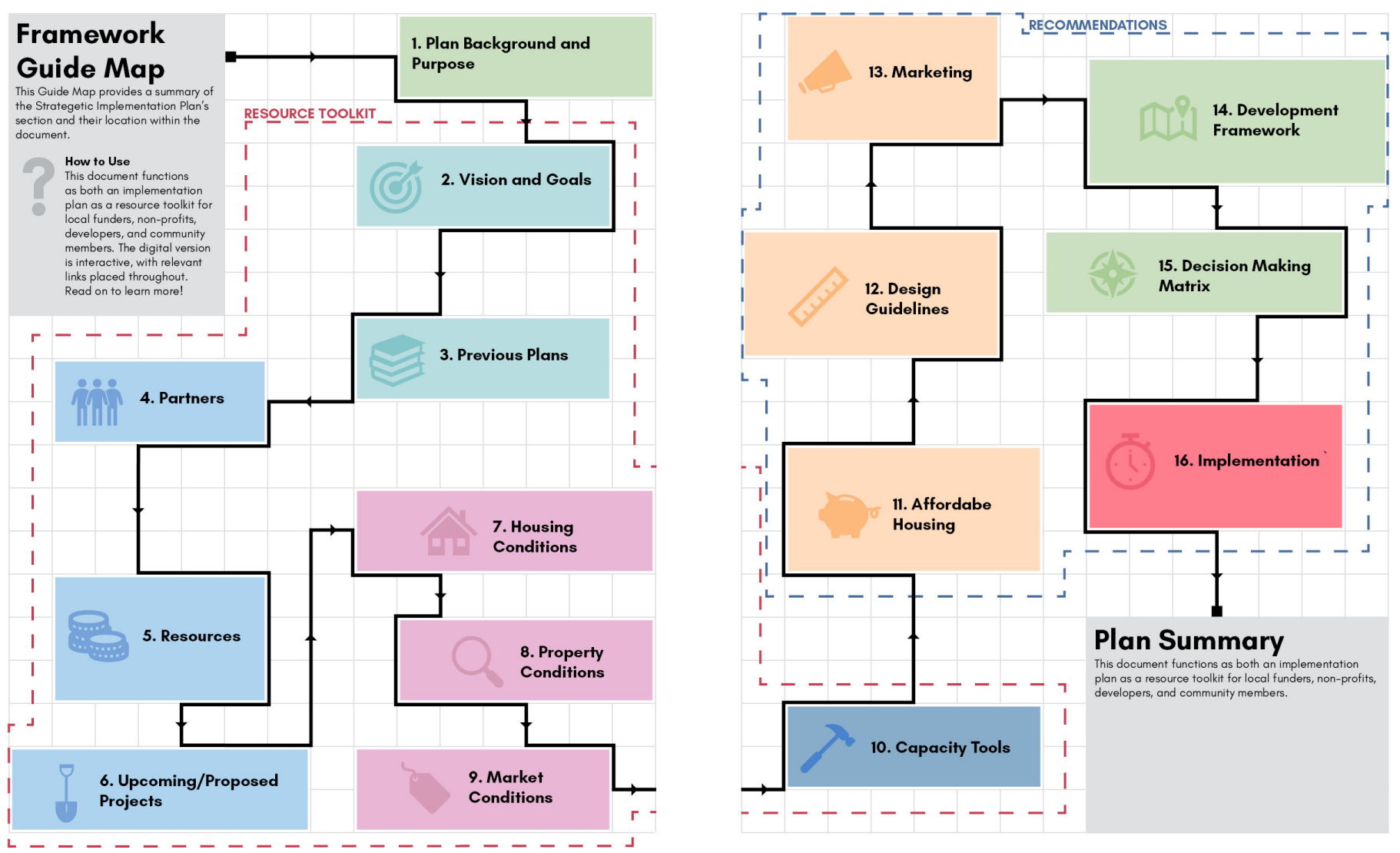
Analyze & Plan



Implement & Evaluate



Guide Map: *a summary of the flow of sections in the Strategic Framework.*



Framework Goals: *describes the work outcomes and why they are important.*



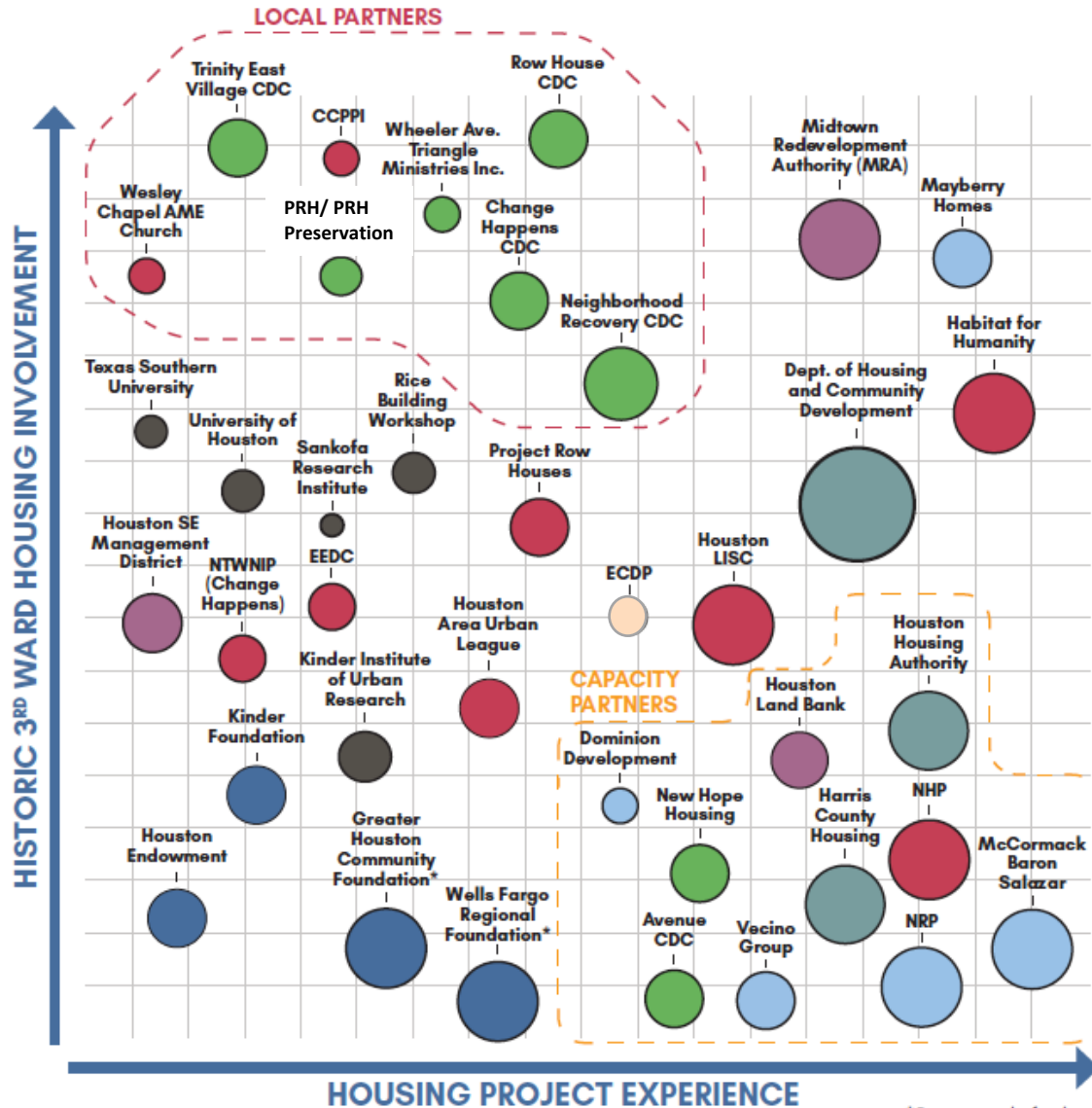
Action Goals/Objectives

- Create overarching **vision** for Historic Third Ward.
- Provide **implementation** approaches for planned development.
- Set **expectations** for future action in the community.

Value Goals/Objectives

- Guidance to stabilize community in face of **gentrification**.
- Direction to minimize **displacement** of heritage and community.

Partners



LEGEND

Organization Types

- Community Dev. Corps. (CDCs)
- Non-Profits
- Philanthropic Organizations
- Management Districts / Redevelopment Authorities / TIRZs
- Private Developers
- Local Government
- Research Institutions

Organizational Group

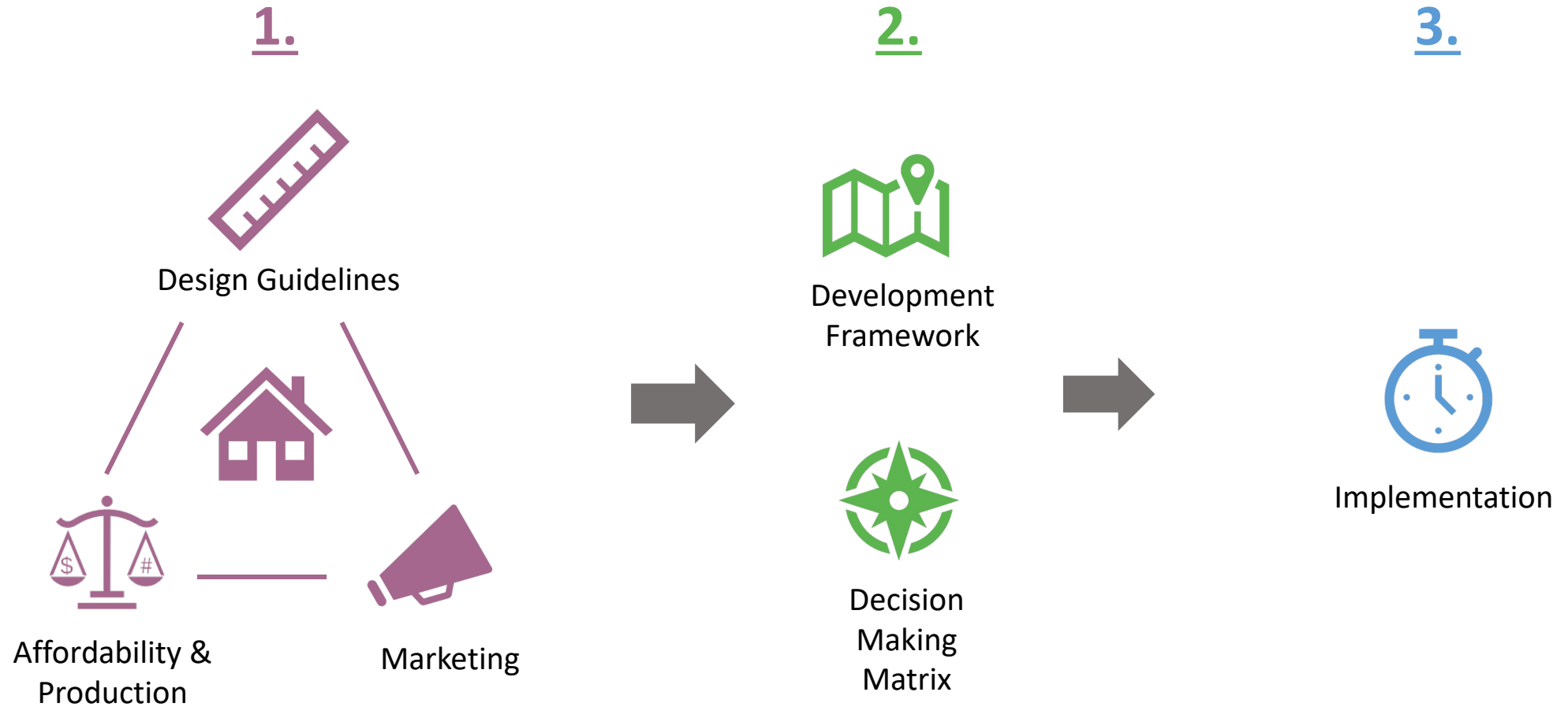
- LOCAL PARTNERS
- CAPACITY PARTNERS

Available Resources

\$ \$\$ \$\$\$

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Recommendations



Recommendations

RECOMMENDATIONS

The Framework's recommendation sections are organized into five areas, with the first four forming the criteria for the fifth, Decision Making. These recommendations are intended to provide the Historic Third Ward a clear route to implement new development that retains the character, history, and people of the community. Recommendation summaries are included in the Implementation Table.



1. AFFORDABLE HOUSING

Establishes metrics for current and future housing need, suggests production targets to meet that need, and recommends goals and related policies to achieve production.

Local Need

- 1 Current rents are pressuring rental households today
- 2 This pressure is likely to grow worse in the next 5 years
- 3 Populations threatened by displacement are identified

Goals

- 1 Reduce the housing-cost burden
- 2 Retain existing residents by minimizing displacement
- 3 Create a resilient, mixed-income community of choice

Strategies

- 1 Recommend policy actions and strategies targeted towards homeowners or renters
- 2 Strategies are centered around new construction, acquisition and rehabilitation, and blight reduction.



2. CAPACITY BUILDING

Examples and recommendations for strengthening local capacity through tools and resources are provided.

- 1 Local Development Partner development and project capacity is examined and scored
- 2 Focus areas for improvement are summarized for organizations seeking to improve their capacity potential
- 3 Examples of available capacity building resources are provided with links and descriptions where applicable
- 4 Capacity building program recommendations are provided for funders

3. DEVELOPMENT FRAMEWORK

This section recommends the formal adoption of Land Use and Design Guidelines as part of a Development Framework to guide new development in the Historic Third Ward.

Building a Development Framework

- 1 Established vision, existing conditions, and upcoming projects were analyzed to create a guiding framework
- 2 Land Use Guidelines are created using connectivity, compatibility, and preservation concepts to guide scale, location, and types of future development
- 3 The creation of Design Guidelines is recommended to improve the design quality and consistency of new developments

Enforcing a Development Framework

- 1 Enforcement mechanisms and related processes are recommended to encourage cooperation and success
- 2 A development team and associated reference material are recommended to build community buy-in
- 3 A Development Framework review process is proposed and outlined to be incorporated into variance approval

4. MARKETING & BRANDING

A marketing and branding plan is recommended to maintain the historic culture and neighborhood fabric of Historic Third Ward.

- 1 Create positive identity for Historic Third Ward
- 2 Develop brand image for revitalization vision
- 3 Coordinate housing product and program marketing and define success through the creation of metrics
- 4 Develop pipeline of qualified homebuyers for affordable housing



5. DECISION MAKING

This section recommends the coordinated adoption of a Decision Making Matrix tool to facilitate the selection of projects for funding by both public and private partners.

Decision Making Matrix

- 1 Location Suitability and Project Suitability criteria form the basis for a Decision Making Matrix funding suitability score used to guide the funding of projects
- 2 A Location Suitability map scores the displacement effect of future projects using socioeconomic, environmental, and social factors
- 3 Project Suitability scores consider organizational and project-related criteria. Criteria are related to a project's affordability, organizational capacity, Development Framework compatibility, and marketing

Coordinated Adoption

- 1 Matrix scoring criteria rewards projects and developers that adopt the Framework Plan's recommendations and values
- 2 The adoption of the matrix by key public and private funding partners is crucial in tying funding to the Framework Plan's recommendations



IMPLEMENTATION TABLE SUMMARY

This table matches the previously established goals and strategies with partners for implementation over a five to ten-year period.

Goals

- 1 Organizes and prioritizes overall goals and strategies for a coordinated implementation strategy
- 2 Matches strategic implementation goals and strategies with partners
- 3 Provides metrics to evaluate goals and strategies

KEY TAKEAWAYS

- 1 A clear vision is necessary to guide successful redevelopment and mitigate displacement
- 2 A significant number of interested and active partners creates synergy
- 3 Funding decision making must be coordinated to avoid project overlap, leverage resources, and promote Framework recommendations

Affordable Housing



Goals

1. Retain Existing Residents
2. Reduce Cost Burden
3. Promote a Mixed-Income Resilient Community of Choice

Strategies

1. New Construction
2. Target Naturally Occurring Affordable Housing for acquisition and rehabilitation
3. Reduce Rent Burden
4. Promote Homeownership

Affordable Housing

Existing Rent Burden

- 50% of renter households (HHs) are burdened by housing costs
- Gap of 815 units for those making less than 30% Area Median Income (AMI)

Threat of Displacement

Extremely Threatened – 1175 HHs

- HHs living in Market Rate rental making less than 30% AMI (735 HHs)
- HHs living in Market Rate rental making between 30% - 60% AMI (440 HHs)

Very Threatened – 450 HHs

- Those living in Market Rate rental making less than 80% AMI (260 HHs)
- Homeowners with less than 30% AMI (190 HHs)

Threatened – 230 HHs

- Homeowners making between 30% and 60% AMI

Affordable Housing

New Affordable Rental Construction

- Tax Credit deals at 60% AMI can service HH's making between 30% - 60%
- Households (HHs) making less than 30% AMI renting on the market will require a deeper subsidy
- Examples: **Trinity East CDC** and **Row House CDC**

Acquisition/Rehabilitation of Existing Naturally Occurring Affordable Housing (NOAH)

- Income-controlled units can ensure better matching
- 1,980 total NOAH units
- Examples: **PRH Preservation + (CCPPI + Others: added)**

Single Family
980 units

2 - 4 Units
288 units

Multifamily
712 units

Affordable Housing

10-Year Period



- 5-year likely too short
- Entire neighborhood likely to be threatened within next 5-years ([2018 - 2023](#))

Production Targets



- Production targeting 1175 households (HHs) “Extremely Threatened” by displacement
- Requires ~120 units/year to meet target

Mix Recommendations

- **50/50** New Construction/Rehabilitation
- **25/75** Single Family/Multifamily Mix
- **80/20** Family/Senior Mix



Affordable Housing

10-Year Mixed-Income Community Goals

- 35% / 65% Owner/Renter Mix
- 45% / 55% Single Family/Multifamily Mix
- 40% / 60% Income-Controlled/Market Mix
- 40%/30%/30% for 30%/60%/80% Area Median Income (AMI) Mix for Income-Controlled Units*



10-year Market Rate Growth Assumptions

- 2.3% annual unit growth
- 15% vacancy
- All new market units priced above 120% AMI



*Highly dependent on funding constraints

Affordable Housing

	New Construction	Rehabilitation	<i>Total</i>
Single Family	100 units	200 units	<i>300 units</i>
Multifamily + 2 to 4unit bldgs.			
Senior	240 units	0 units	<i>240 units</i>
Family	260 units	400 units	<i>660 units</i>
<i>Total</i>	<i>600 units</i>	<i>600 units</i>	<u><i>1200 units</i></u>




New Construction

- Will correspond with recommended land uses within the Development Framework section
- Will require the acquisition of about 35 acres of land

Rehabilitation

- Would require the purchase of about ~20% of total single-family stock and ~40% of 2-4 units and multifamily stock

Capacity Tools

PREPARED BY: APUD
APUD Planning Management

Description of target market (s):

Project Financing – description of available financing to sufficiently complete development:

Attachments:

() Yes () No Preliminary development budget or proforma (including sources and uses of funds)

() Yes () No Sustainable or energy efficient rehab/new construction standards

() Yes () No Development project schedule with key milestones and indicators

() Yes () No Marketing and outreach plan

If attachments are not provided, please explain:

This checklist, along with the requested information, should be presented to the Green Impact Zone to be reviewed in concert with the builder/developer. On the basis of the review, the Green Impact Zone will issue a recommendation to the Land Trust Board regarding the conveyance of the subject parcel(s).



___ Letter of comment/support from Green Impact Zone attached

Date of Zone Review: ___/___/___

Green Impact Zone Land Trust Conveyance Petition
 Prepared by APUD Urban Planning and Management, LLC Page 2

Land Trust Conveyance

LISC / NeighborWorks Real Estate Development Network(s)

2018 Series of real estate development courses for local CDCs

Session	Start Date	End Date	Topic
Session 1	1/24/2018	1/25/2018	AH142 Designing A Affordable Housing from Project Concept to Blueprint
Session 2	2/7/2018	2/8/2018	AH224 Understanding Underwriting: Successful Loans for Nonprofit Developers
Session 3	2/22/2018	2/22/2018	AH226 Creative Project Financing Strategies
Session 4	3/7/2018	3/8/2018	CP223 Single Family Development: New Construction, from Foundation to Sale
Session 5	3/21/2018	3/21/2018	AM205 Managing Nonprofit Housing (IREM MTF 205)
Session 6	4/4/2018	4/5/2018	NR150 Understanding Your Community, Analyzing Your Market
Session 7	4/18/2018	4/18/2018	NR369 Lending and Rehab Strategies for Maximum Neighborhood Impact
Online Training	5/1/2018	5/31/2018	AM121d Fundamentals of Asset Management (completion during the month of May)
Session 8	5/23/2018	5/24/2018	CP231 Building Multifamily Housing Part I: Project-Managing the Development Process
Session 9	6/6/2018	6/6/2018	AH297 No Vacancies: New Ideas to Market Your For-Sale and Rental Units
Session 10	6/13/2018	6/14/2018	Capstone - AH238 Affordable Multifamily Homeownership Models for Nonprofit Developers

CHDO ORGANIZATIONAL CAPACITY CERTIFICATION ASSESSMENT TOOL

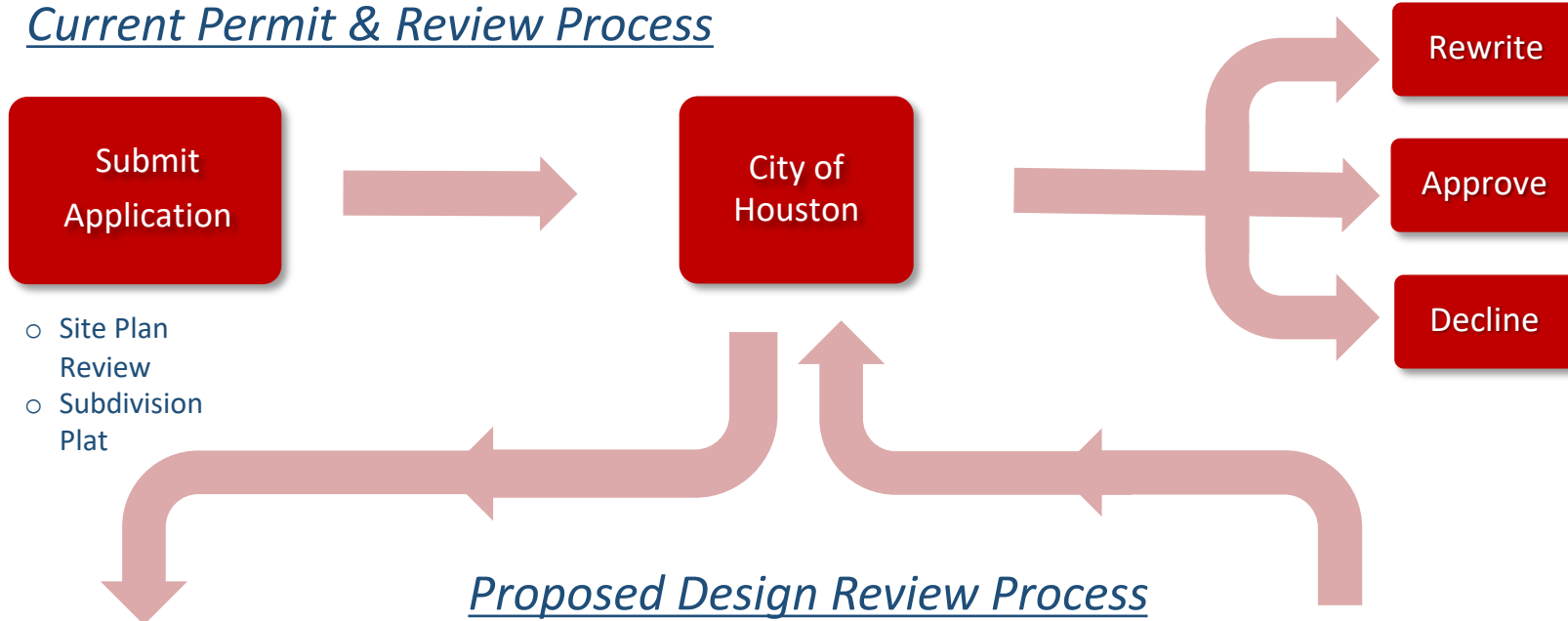
Past & Current Performance	<input type="checkbox"/> Has the CHDO performed adequately in the past on HOME, and/or other real estate development activities? <input type="checkbox"/> Is the CHDO in good standing on all its development and administrative activities? <input type="checkbox"/> Does the organization have any outstanding liens or unpaid taxes? <input type="checkbox"/> Does the organization show the capacity to take on additional development activity and continue to manage its other projects and programs?
Stakeholder Relations	<input type="checkbox"/> Do recent activities in the designated community align with the the expressed mission of the organization? <input type="checkbox"/> Does the organization have regular hours of operation that are staffed, open to public, and located in its designated service area? <input type="checkbox"/> Community Relations: <input type="checkbox"/> Is there evidence of performance activities within the community it proposes to serve? <input type="checkbox"/> What percentage of the Board Members are residents of Houston? <input type="checkbox"/> Is the low-income representation from the designated community? <input type="checkbox"/> Are Board Meetings accessible and open to the community? <input type="checkbox"/> How often are Board Meetings held? <input type="checkbox"/> Are Board Meetings posted within 72 hours to inform the designated community? <input type="checkbox"/> Is there a written commitment to provide community stakeholders and low-income program beneficiaries a formal process to advise the organization in all decisions regarding the design, development and management of affordable housing projects? <input type="checkbox"/> Does the CHDO have effective channels to negotiate with the community and potential project opponents? <input type="checkbox"/> Does the CHDO have effective working relationships with other local organizations (e.g., community/neighborhood organizations, area nonprofits, Continuum of Care members and service providers, etc.)? <input type="checkbox"/> Lender/Funder Relations: <input type="checkbox"/> Does the CHDO have good working relationships with lenders, especially those who might participate in a proposed project? <input type="checkbox"/> Does the CHDO have established relationships with other funders that might participate in a proposed project (e.g., state/local funding programs, equity investors, local foundations)?

City of Houston CHDO Organizational Capacity Certification Assessment Tool 2018 1

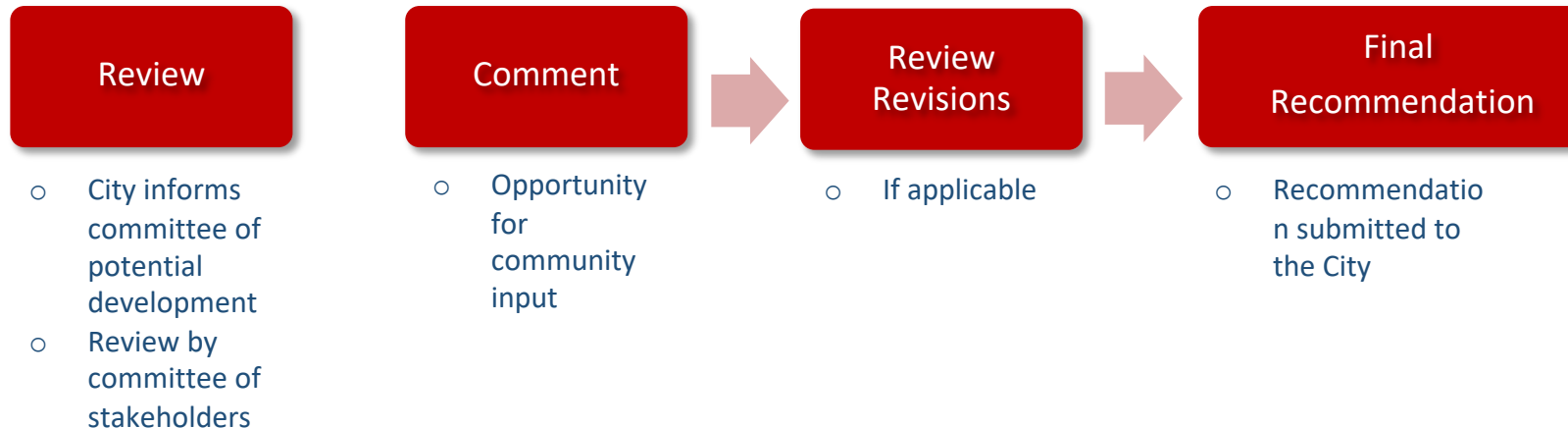
Community Housing Development Organization (CHDO) Check List

Design Guidelines:

Current Permit & Review Process



Proposed Design Review Process



2023 UPDATE

The City of Houston’s Planning Department led a multi-year process, through the “Livable Places Action Committee”, to update “Chapter 42”, Houston Real Estate Development Regulatory Guidance. It also guided the development of a “Conservation District Ordinance”. Further, the City’s Building Inspection Department updated the Building Code. These municipal policy actions will have an impact on the production of affordable housing in Houston.

Decision Making: *layers of geo-referenced data inform decisions.*

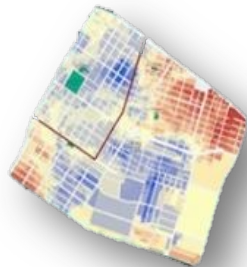
Socioeconomic Factors



Environmental Factors



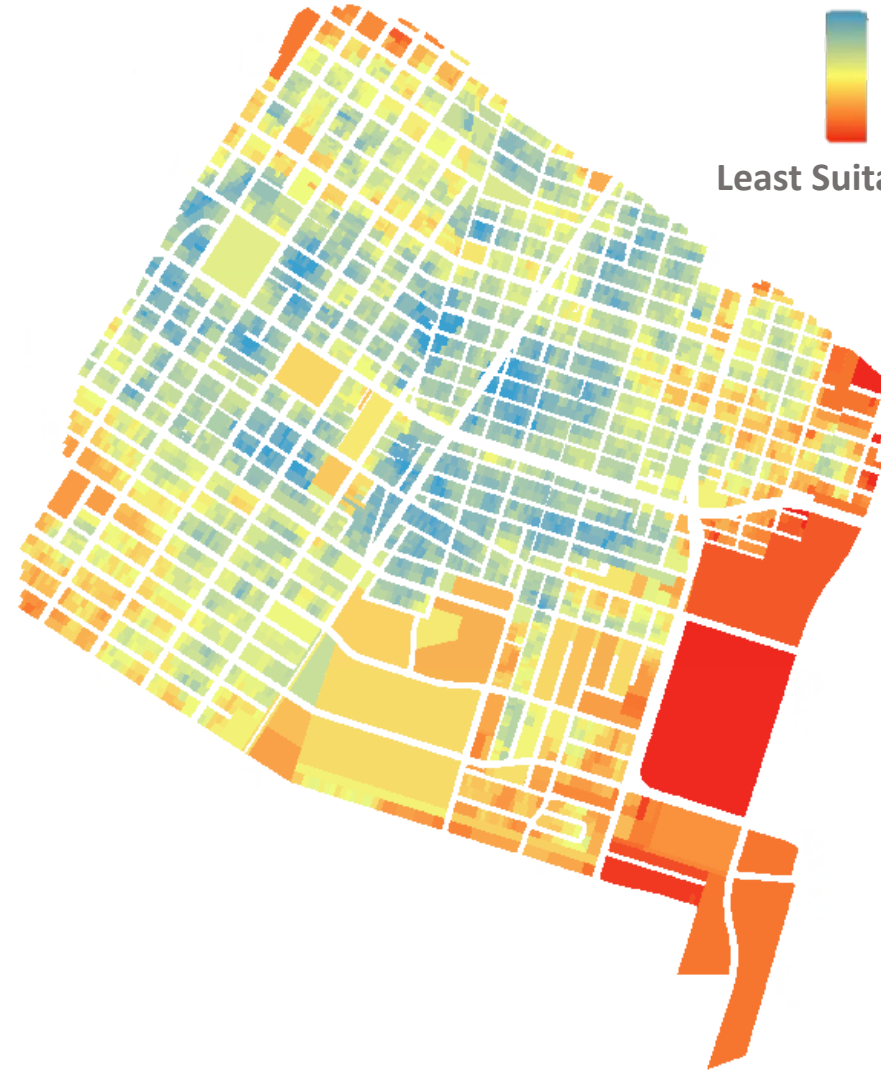
Social Factors



Most Suitable



Least Suitable



Implementation Tables: *are Performance Indicators based on the Logic Model.*

Table 7: Affordable Housing Implementation

Key: ■ = Highest Priority ● = Priority

Affordable Housing					
Goal	Action Item	Priority	Time Frame	Metrics to Measure Success	Implementation Partners
Reduce housing cost burden	Construction of new infill units for price-appropriate homeownership and rental households.	■	Short (0-2 years)	Number of new affordable units per quarter.	
	Land banking of vacant properties and vacant lots for the creation of affordable units.	■	Short (0-6 months)	Number of properties acquired per quarter.	
	Acquisition and rehabilitation of NOAH units to preserve affordable housing stock.	●	Short (0-2 years)	Number of acquired and rehabilitated properties per quarter.	
	Provide property tax abatement for rental property owners who maintain their properties and provide affordable rental to existing residents.	■	Short (0-2 years)	Number of registered property owners.	
Retain legacy residents	Ensure that existing Historic Third Ward residents receive priority for placement in newly constructed or rehabilitated housing.	■	Short (0-2 years)	Number of new affordable units per quarter.	
	Prioritize the return of existing tenants in the acquisition and rehabilitation of NOAH units.	■	Short (0-2 years)	Number of acquired and rehabilitated properties per quarter.	
	Provide low-interest rehabilitation loans to builders and developers willing to provide affordable housing.	■	Short (0-2 years)	Number of applicants approved.	
	Provide low- or no cost legal services to renters for their defense against predatory landlords.	●	Short (0-2 years)	Number of renters assisted.	
	Provide property tax abatement for homeowners under a certain income threshold to allow them to stay within the community.	■	Medium (0-5 years)	Number of registered property owners.	
	Partner property management social services with local property owners renting to lower income families.	●	Short (0-2 years)	Number of partnership between property owners and service providers.	
	Create a homeownership loan program with reduced interest and modified requirements for local residents.	●	Medium (0-5 years)	Number of loans disbursed per quarter.	
Create Resilient Mixed Income Community of Choice	Creation of new infill market rate housing for price-appropriate homeownership and rental households.	●	Short (0-2 years)	Number of new market rate housing per quarter.	
	Acquisition and rehabilitation of NOAH units for work force housing.	■	Short (0-2 years)	Number of acquired, rehabilitations, and rented properties per quarter.	
	Place new and rehabilitated affordable housing stock diffusely throughout neighborhood to avoid concentration.	■	Medium (0-5 years)	Location suitability for "Distance to Existing Affordable Housing"	
	Create/enhance blight reduction mechanisms including rental registration and code enforcement programs.	●	Medium (0-5 years)	Percent decrease of blighted properties per quarter.	

Decision Making

Criteria	Score	
	Actual	Maximum
Project Due Diligence	2.0	4.0
Project Design and Location	3.0	4.0
Project Underwriting/Financing	3.0	4.0
Project Partnerships	3.5	4.0
Community Support	4.0	4.0
Organizational Capacity	4.0	4.0
<u>ECDP Parcel Suitability Analysis</u>	2.8	4.0
TOTAL	22.3	28.0

Wrap-Up

Resource Toolkit

- Pool of knowledge
- Destination for more research
- Context and stakeholders for recommendations



Recommendations

- Strategies > Decisions > Implementation
- Establishes consensus framework for future neighborhood buildout



Next Steps

- Disseminate Implementation Framework
- Develop process for consensus action

