

Downtown Houston Progress Overview

Central Houston, Inc.

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Introduction

The year 2004 marks a turning point in the redevelopment of downtown Houston. Almost miraculously, many significant projects reached completion by the end of 2003 to enable the perception if not reality that a “new” downtown opened for our City’s Super Bowl XXXVIII guests and local citizens. Over \$4 billion of public and private and public projects have been completed in the past ten years, are in construction, or are in development. The public and private sectors have approximately a 50-50 share in this investment.

Highlights of Redevelopment Progress

Virtually every sector has made remarkable advancements:

- Over 3.2 million square feet of office space in four new towers has been constructed to bring total commercial office space to over 42 million.
- Over \$1 billion was spent on convention, public assembly, and sports facilities in the past 10 years including Minute Maid Park, Toyota Center and an expanded George R. Brown Convention Center. This brought professional sports to downtown.
- In 1999 downtown had 1,800 downtown hotel rooms in four properties; now downtown has 4,600 in 14 properties, and one more 200-room restoration opening this fall.
- 2,070 new or rehab residential units were added in 22 properties over the past 10 years. Two residential projects are in development and more projects are in the planning stage.
- Of perhaps more significance, 6,500 residential units have been built within a half-mile ring around downtown.
- Public entities including the City of Houston, Harris County, METRO and the federal government have spent \$479 million on new facilities including offices, courts facilities and correctional facilities.
- University of Houston-Downtown and South Texas College of Law have spent \$64 million on classroom, library, student activity and conference facilities.
- The magnificent \$85 million Hobby Center for the Performing Arts opened May 2002 adding 3,150 seats to bring the total Theater District seating to over 13,000 in seven halls.
- In February 2003 Landry’s Seafood Restaurants, Inc. opened its \$38 million Downtown Aquarium on Buffalo Bayou in the Theater District with over 500,000 gallons of Aquatic displays, restaurants and amusements providing a family attraction seven days a week.
- Houston’s Main Street Historic District now has more than 60 restaurants and clubs...downtown has nightlife.

- Public entities have spent over \$500 million on reconstructing infrastructure. Over 76% of the blocks in downtown have or are being reconstructed. Of importance is that this is changing the pedestrian environment of downtown by providing convenient on-street parking, great sidewalks, trees, flowers and landscaping, excellent street lighting, colorful banners, engaging public art, directional signs and delightful fountains.

In all, over 120 structures were rehabilitated or newly constructed over the past ten years. In the ten years prior to 1995, only 14 were completed.

Strong Mayoral Role

In 1995, Central Houston studied other cities noted for downtown redevelopment and looked for common themes. We found that among the leading commonalities was the leadership role of the cities' mayors in downtown development. This now seems to be the case for downtown Houston.

Mayor Bob Lanier entered office in 1992 with a significant goal of making inner city neighborhoods attractive for residential redevelopment and thereby creating the key for a vital downtown. His timing was perfect. The Downtown District's research completed in 1993 showed a significant housing demand in downtown and Midtown similar to the levels of today.

While Lanier's strategy was that we needed more people living in the inner city to turn downtown around, he took the leadership on other significant projects.

- He created a Tax Increment Reinvestment Zone to redo the historic Rice Hotel into lofts with retail at street level...the "bell cow" project.
- When Central Houston approached him about the potential for a new ballpark for the Astros at Union Station, quietly he led the charge.
- Mayor Lanier had the City buy office buildings out of the private market, helping to quicken the commercial office recovery from the late 1980's.
- The City reused the old convention center, Bayou Place, as a new vital heart of the Theater District.
- Mayor Lanier granted tax abatements for historic rehabs and corporate relocations into downtown.

Taking office in January of 1998, Mayor Lee Brown kept this effort going:

- He took on building a Main Street Light Rail, opening the day he left office January 1st of this year.
- He completed the effort started by Mayor Lanier to build a Convention Center Hotel utilizing hotel occupancy and sales tax rebates. (In fact he got Lanier to chair the City controlled non-profit owner of this building.)
- After an unsuccessful attempt in 1999, he led a victorious election in 2000 for what is now Toyota Center.
- He took the lead in an effort named the Cotswold Project to rebuild 90 blocks of the historic north end of downtown.

Both Lanier and Brown would not have been successful without leadership and support of our legislators and members of congress. Now Mayor Bill White is continuing this leadership role.

Private and “Third Sector” Roles

Then the private sector stepped up. In the past ten years, the private sector has invested nearly \$2 billion in downtown’s resurgence. Moreover, foundations, corporations and individuals have been remarkably generous and supportive of key initiatives of all sorts from the Hobby Center, Main Street Square and housing for the homeless to public referenda that have enabled such projects as Minute Maid Park, Toyota Center and light rail transit.

Finally, there is the “third” or the non-profit sector including Central Houston that has been the thread of continuity and guiding force of leadership and vision. Just a few examples of this include:

- With the assistance of the City and the Texas legislature, Central Houston helped to implement the Houston Downtown Management District that has enabled planning, capital improvements, maintenance, public relations and marketing of downtown.
- Central Houston served as the “keeper of the vision,” planner and catalyst for the critical projects sometimes even taking “civic” and financial risk.
- The organization served as a “matchmaker” to put funding together to build a quality urban place such as the reconstruction of Main Street complete with its central Main Street Square.
- Finally, the organization has successfully spent 20 years building public support as evidenced by the Houston Area Survey finding by Rice’s Professor Stephen Kleinberg that 88% of area residents believe that for “Houston’s success, improvement of downtown is important.” Four out of five public referenda involving downtown in seven years passed.

If there is a lesson to be learned from the Houston experience, it takes vision and the concentrated initiative and efforts of many, many people to pull off a come back like Houston has experienced. There is little room for disagreement, as it takes as much energy and initiative as possible to make change happen on a big scale in such a short period of time.

Looking to the Future

In the accompanying white papers, key elements of downtown are addressed. These topics were identified in interviews with Central Houston board members and other downtown leaders and include:

- Commercial office and employment situation;
- Downtown retail progress;
- Downtown and central city residential;

- Access and circulation; and
- The public realm, parks and open space.

Also included is a text only draft of the Downtown Development Framework Plan. The plan is in production and will be unveiled on the occasion of Central Houston's Annual Meeting on October 19th. This document is a quick read and good food for thought.

A paper was not prepared on downtown hospitality, conventions and tourism. This sector of activity is an important facet of downtown. However, with the recent tremendous increase in hotels and number of rooms and tepid demand, the future need of marketing downtown and Houston is very clear. Fortunately, the progress made in downtown's redevelopment is a big asset in being more competitive with other destination cities.