GALVESTON
DEVASTATION AND REVITALIZATION

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CHAPTER 21
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University of Kansas, Bachelor of Environmental Design, 1976

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American Institute of Architects
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QUESTIONS
GALVESTON DEVASTATION AND REVITALIZATION

I. INTRODUCTION

Why does Galveston matter and how can we help revitalize a significant piece of Texas as well as national history after a devastating natural disaster?

I became involved in Galveston through my profession as an architect and partner of a Morris Architects in Houston. As a diversified practice involved in many of Houston’s landmark projects the Moody family of Galveston depended on us for guidance as they were not only drivers of our regional economy with American National Insurance Company but benefactors to the community with Moody Gardens.

Moody Gardens® began in the mid ‘80s with only a horse barn and riding arena. The purpose was to begin a hippo therapy riding program for people with head injuries. Today Moody Gardens® is one of the premier educational/recreational facilities in the Southwest and includes a white sand beach, rainforest, IMAX theater, aquarium, museum, convention center, golf course and hotel. It also provides horticultural therapy, education and employment for persons with a wide range of physical and emotional disabilities resulting in approximately 2 million visitors annually.

After Hurricane Ike The Urban Land Institute, an organization I am involved with, offered a helping hand in revitalization of the island. Through a ULI program offering advisory services on redevelopment and the responsible use of land we could offer a community with limited resources a roadmap on how to organize effectively to not only revitalize homes and business’s but address some fundamental challenges that the island community has been struggling with for decades. The Urban Land Institutes district council in Houston asked Galveston City leaders if they wanted assistance in early 2009. Although overwhelmed they responded with a specific task of how to create sustainable neighborhoods on the island.

II. HISTORY

On September 8, 1900, the city of Galveston was hit by the deadliest natural disaster in United States history. Known simply as the 1900 Storm, the hurricane brought winds of 140 mph and storm surges of 15 feet that killed 20 percent of Galveston’s residents and destroyed 36,000 buildings. Galveston rebounded from this disaster by rebuilding its infrastructure, forming a home-rule municipality, and growing its population base to approximately 60,000 residents. Galveston is located along the Gulf of Mexico, 50 miles south of Houston. The island is now home to employers such as the University of Texas Medical Branch (UTMB), American National Insurance Company, and Texas A&M University at Galveston. Hospitality, food service, and other tourism-related industries provide other major sources of employment and serve Galveston’s 5 million annual visitors. After more than a century of rebuilding and stabilization, Galveston was hit by another catastrophic natural disaster. On September 13, 2008, Hurricane Ike made landfall on Galveston’s shores with sustained winds of 110 mph and storm surges of 17 feet. Ike ranks as the third most destructive hurricane to make landfall in the United States and is estimated to have caused over $3.5 billion in damage on Galveston Island. After more than two years and six months of cleanup, Galveston businesses are reopening and Galvestonians are rebounding from catastrophe once again.

III. REVITALIZATION

A. Citizens Long-Term Recovery Committee

Galveston has taken a proactive approach to recovery. In November 2008 the city council created a committee of residents to define a long-term strategy to chart a course not only to recovery but to future vitality. The committee’s more than 300 members spent over 6,000 hours considering projects and working with the Federal Emergency Management Agency (FEMA) to plan their implementation. On April 9, 2009, the city council voted unanimously to accept the committee’s 42-project Long-Term Community Recovery Plan.

Betty Massey, chair of the committee, described its vision for the future as:

- Building a community that behaves in an environmentally responsible manner, values its natural resources, and protects people, infrastructure, natural resources, and buildings from perils inherent to location on a barrier island;
- Strengthening the economy and diversifying its engines;
- Reconstructing traditional neighborhoods and making the island’s housing stock stronger, safer, more affordable, and more attractive;
- Strengthening and enhancing the effectiveness of the education system;
- Making health care available to everyone;
- Rebuilding and improving infrastructure and transportation systems;
- Keeping Galveston clean and beautiful; and
- Treasuring historical and cultural resources and maintaining the city’s unique character.
B. Long-Term Community Recovery Plan
The Recovery Plan is a guide for Galveston to use in their recovery efforts following the September 13 hurricane. It includes projects that are critical to community recovery and contains five sections that address key areas of the community, including:

• Economic
• Environment
• Housing and Community Character
• Human Services
• Infrastructure, Transportation, and Mitigation

The Galveston Long-Term Community Recovery Plan serves as a framework for decisions related to community recovery. Projects will be assigned to appropriate organizations, agencies, units of government, and private interests for implementation. FEMA has assigned recovery values to each project. Those values need to be considered when assigning priorities and time frames for implementation. There are two general principles that are being considered in assigning implementation priorities:

• Focus on projects that will have the most impact on recovery when completed
• High recovery value projects should have priority
• Move forward on projects that can be completed quickly, have significant public support
• Have available funding, or have prerequisites for future action

The City of Galveston has the primary responsibility for the implementation of this recovery plan. However, other local public and private entities have critical roles and, in several cases, are the driving forces for many of the projects. State and Federal partners, as well as private commercial and charitable entities, are key funders of these projects.

Within the Recovery Plan, you will find more than 40 projects that form the foundation of a revitalized Galveston. The recovery value is the designation assigned by FEMA to each project for its ability to help jump-start a community’s recovery from a natural disaster. Projects that positively contribute to recovery typically address issues that promote a functioning and healthy economy, support infrastructure optimization, offer housing opportunities, and revitalization of downtowns. In some communities, Galveston being a prime example, it is important to consider natural resource protection and environmental issues when a Recovery Value is being assigned. Each project in this Recovery Plan has been assigned one of four Recovery Values:

• High
• Moderate
• Low
• Community Interest

Each project has undergone an assessment (FEMA Recovery Value Tool) and has been assigned a Recovery Value based on how well it meets the criteria:

• Meets a community need
• Is sustainable
• Is feasible
• Provides a positive overall community impact that:
  - Stimulates the economy
  - Provides linkages
  - Has high visibility
  - Contributes to the community’s quality of life

C. The Downtown Revitalization Committee
Included in the recovery plan are several community based initiatives. One of those is the downtown district whose centerpiece is commonly referred to as The Strand.

The Downtown Revitalization Committee, Inc. (DBA Historic Downtown Strand Seaport Partnership) a 501(c)(3) non-profit corporation was established in 1984 to help restore the economic vitality and physical attractiveness of historic downtown Galveston, also referred to as the central business district (CBD). This 70+ square block district's boundaries are 19th Street (eastern), 26th Street (western), Broadway (southern) and the waterfront (northern, piers 19-25).

The downtown revitalization committee serves as an advocate for downtown interests at City Hall and other government entities, including the Landmark Commission and City Council. They have been leading the efforts to revitalize downtown and have long recognized the need for a clear vision to shape the future of downtown. Their vision calls for a plan to integrate the Central Business District (CBD) and the waterfront.

The Partnership has pursued its economic mission by recruiting new businesses, promoting existing ones, encouraging developers to buy and restore historic buildings, and facilitating low-interest loans for developers.

IV. THE URBAN LAND INSTITUTE
The mission of the Urban Land Institute is to provide leadership in the responsible use of land and in
creating and sustaining thriving communities worldwide. ULI is committed to;

- Bringing together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs;
- Fostering collaboration within and beyond ULI’s membership through dialogue, and problem solving;
- Exploring issues of urbanization, conservation, regeneration, land use, capital formation, and sustainable development;
- Advancing land use policies and design practices that respect the uniqueness of both built and natural environments;
- Sharing knowledge through education, applied research, publishing, and electronic media; and
- Sustaining a diverse global network of local practice and advisory efforts that addresses current and future challenges.

Established in 1936, the Institute today has more than 32,000 members worldwide, representing the entire spectrum of the land use and development disciplines. Professionals represented include developers, builders, property owners, investors, architects, public officials, planners, real estate brokers, appraisers, attorneys, engineers, financiers, academics, students, and librarians.

ULI relies heavily on the experience of its members. It is through member involvement and information resources that ULI has been able to set standards of excellence in development practice. The Institute has long been recognized as one of the world’s most respected and widely quoted sources of objective information on urban planning, growth, and development.

V. ULI ADVISORY SERVICES

The goal of ULI’s Advisory Services Program is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs, and policies. Since 1947, this program has assembled well over 400 ULI–member teams to help sponsors find creative, practical solutions for issues such as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalization, brownfields redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies, among other matters. A wide variety of public, private, and nonprofit organizations have contracted for ULI’s Advisory Services. Each panel team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the panel topic and screened to ensure their objectivity.

ULI’s interdisciplinary panel teams provide a holistic look at development problems. A respected ULI member who has previous panel experience chairs each panel. The agenda for a five-day panel assignment is intensive. It includes an in-depth briefing day composed of a tour of the site and meetings with sponsor representatives; a day of hour-long interviews of typically 50 to 75 key community representatives; and two days of formulating recommendations. Long nights of discussion precede the panel’s conclusions. On the final day on site, the panel makes an oral presentation of its findings and conclusions to the sponsor. A written report is prepared and published. Because the sponsoring entities are responsible for significant preparation before the panel’s visit, including sending extensive briefing materials to each member and arranging for the panel to meet with key local community members and stakeholders in the project under consideration, participants in ULI’s five-day panel assignments are able to make accurate assessments of a sponsor’s issues and to provide recommendations in a compressed amount of time. A major strength of the program is ULI’s unique ability to draw on the knowledge and expertise of its members, including land developers and owners, public officials, academics, representatives of financial institutions, and others. In fulfillment of the mission of the Urban Land Institute, an Advisory Services panel report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

VI. ULI NATIONAL ADVISORY PANEL

Galveston Sustainable Neighborhood Development

The panel’s recommendations build on the momentum of the recovery plan and lead to one goal: create “one Galveston.” This goal envisions an ecologically sound island community that combines resort living with a revitalized urban core. Defined as the historic neighborhoods east of 61st Street, the urban core will offer diverse housing options for permanent residents. As Galveston moves forward, the panel encourages the community to:

- Focus development efforts in the historic urban core, not undeveloped areas;
- Develop better physical connections within the historic core neighborhoods—especially the Strand, UTMB, and the Seawall—for pedestrians, cyclists, transit passengers, and vehicles;
- Build on existing economic strengths, including UTMB, the Port of Galveston, and tourism;
Galveston Devastation and Revitalization

The city of Galveston has the choice to continue to manage decline or invest in its future. The strategic advice suggested in this report will allow the city to create one Galveston while providing that investment in its future that will be the ultimate and positive legacy of Hurricane Ike.

In an effort to establish a plan to accomplish these goals the advisory panel organized their response into four categories that identified specific actions to be undertaken:

1. Market Potential
2. Planning and Design
3. Development Strategies
4. Implementation

Market Potential

Galveston has the urban fabric, climate, employment base, access to Houston, and energetic citizens necessary for it to become a very desirable place to live.

Demographic Profile

Galveston’s permanent full-time population is below 60,000. Each year 5 million to 7 million people visit the island for a day at the beach, a short stay in a hotel, or a visit to a vacation home that they have purchased.

The island’s median household income was $34,135 in 2007, substantially less than the national average of $50,007. The employed population numbered only 24,642, or considerably less than 50 percent. Educational attainment is less than the national average. These figures reflect the tendency in recent years for middle-income employees to choose to reside on the mainland.

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<tr>
<th>Employment Levels by Sector</th>
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<tbody>
<tr>
<td>Education and Health Care 22,200</td>
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<tr>
<td>Hospitality 2,800</td>
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<tr>
<td>Government 2,100</td>
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<tr>
<td>Retail 2,188</td>
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<tr>
<td>Finance, Insurance, and Real Estate 1,517</td>
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<tr>
<td>Port and Trade 1,000</td>
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Housing Affordability

Median household income in Galveston is approximately $34,000. Based on FHA underwriting criteria, a prospective single-family home purchaser earning that median income could afford to pay $839 per month. Currently, that monthly payment could support a purchase price of about $100,000, assuming no third-party down-payment assistance or housing subsidy. Similarly, at a $150,000 purchase price, minimum household income required by a borrower is about $48,000. At a purchase price of $200,000, a buyer would need to earn $64,400, almost double the area median income.

Housing Opportunities

Galveston has many opportunities to encourage workers, retirees, students, and many others to make Galveston their home by creating new housing and rehabilitating existing housing. Houston.

Link Housing to Economic Development

Galveston should use new housing to support economic development efforts, especially by creating a diverse range of high-quality housing options around the downtown and the UTMB campus. Housing located in these areas can offer an easy, walking commute to the island’s largest existing employers and those with the greatest potential for growth. Development in these areas should focus on rehabilitation, infill, and compact development to create a high-quality, urban lifestyle. The city should craft land use policy, financing incentives, and marketing efforts to implement these initiatives.

Development around downtown and UTMB will help revitalize neighborhoods. Additionally, compact development will lessen sprawl and minimize the cost of public investment in infrastructure. Compact development also produces new housing at locations best serviced by retail and other services and amenities. Fully realized, the plan to build out the available developable sites in the historic neighborhoods will produce a vibrant, walk able district that will be internationally renowned.

Pursue High-Speed Rail

A rail link to Houston will open Galveston to the regional commuter population and enhance the quality of life for islanders.

Leverage Historic Preservation

Historic neighborhoods throughout the urban core should be enveloped into one overarching district so
that all historic properties that merit consideration for historic preservation tax credit support are eligible pursuant to National Register criteria.

Planning and Design

Enduring and sustainable communities respect the strong link between social, environmental, and economic conditions. They use the constraints posed by these conditions to inform their land use decision making process. Further, these communities understand that land use policy relies on factors much broader than where development should occur. Effective land use policy will consider economic durability, quality of public education, friendliness to entrepreneurship, and other types of infrastructure.

A Planning Framework

Successful urban design rests on a clear understanding of environmental systems. On a macro scale, Galveston is part of the Coastal Gulf of Mexico system. Ocean temperatures drive currents that have shaped the Gulf Coast for millennia, independent of human habitation or hurricane activity. These currents will continue to affect the coastline, especially the barrier islands and coastal plains. Regionally, these currents drive sediment transport, which adds to the island in certain sections by accretion and takes away from the island in other areas by erosion. This process reveals how fragile coastal barrier island ecosystems are. Further, this process of erosion and accretion underscores the need to rely on solid scientific analysis to shape public policies related to growth, building, and design. Existing studies document Galveston’s fragile ecosystem, including base flood elevation, wildlife habitats, and geohazards. These studies suggest that there are areas of the island that are relatively stable or safe for development and those that are less stable. In order to pursue a safe and sustainable future for the entire island, this information must be used to make decisions about the future development of the island.

In addition to environmental influences, new development plans should consider existing physical elements. These elements include the residential core neighborhoods, the Strand and its commercial hub, UTMB and its national laboratory, the ports of Galveston and Houston, and the bay, beaches, marshes, and natural resources.

Galveston island’s land use decision making process can benefit from increased use of the existing data that documents environmental systems, historic resources, and infrastructure. To do so, this information needs to be incorporated into a layered geographic information system (GIS) that will inform public and private sector decision makers about the true risk and economics of infrastructure and development decisions. The panel strongly encourages the city to undertake an extensive study of the scientific data to ensure that future development patterns respect and enhance currently identified assets such as the historic neighborhoods between 61st and UTMB, the Strand, UTMB, and the Port of Galveston. Galveston can thrive as a full-time community and tourist destination by protecting its environmental and historic resources. The panel envisions a community that attracts the highest-value tourists and residents by combining an abundant and thriving ecosystem with a well-preserved, thriving urban core. This combination must be supported by a vibrant and innovative 21st century economy.

Making It Happen

Galveston has an incredible urban fabric—the type that new urbanites and ecologists strive to create and recreate. Galveston has a foundation of gridded streets, sidewalks, avenues, and boulevards with diverse and unique architectural assets. It also has the potential to have a world-class beach, waterfront, and natural habitat. The urban core has sufficient land and existing building capacity to support a permanent population of 70,000. This target population should meet the market demands and needs of all employers. The panel proposes a planning framework that focuses Galveston’s energy and investment on the natural and historic assets, targeting development in the safest and most economically viable locations on the island and investing in five priority areas:

- East/west and north/south connective corridors;
- The Strand-UTMB 21st-century urban core;
- Seawall Boulevard;
- Historic residential neighborhoods from 61st Street to UTMB; and
- A transit-oriented development on 25th Street.

The city can develop these assets and connect them with corridors and nodes that focus energy, effort, and funding, while limiting development of those areas that are less stable. The connecting corridors and nodes will build on Galveston’s traditional urban form. Key corridors will feature high-quality urban environments, with amenities for all users. The panel recommends focusing new public investment along these corridors that will become the most dynamic streets in Galveston and will help knit the city together from Seawall Boulevard to the bay and from UTMB to 61st Street. The panel envisions nodes that will develop at the
intersection of these corridors. The nodes will build on Galveston’s vernacular of corner stores. Currently vacant corner properties will house uses ranging from groceries to cafes to galleries that will provide neighborhood services and create moments of vitality throughout Galveston’s neighborhoods. The panel recommends that the city build a framework for public sector investment and land use decision making that focuses development in the most secure and healthy locations. This strategy will yield a sustainable Galveston that will provide long-term social, economic, and environmental health for everyone. This framework must be consistent and predictable over time, transparent, fair, and anchored to produce true economic rigor that objectively evaluates the short- and long-term impact of every decision against the vision. The framework requires the following actions:

- Contract with Coastal Communities Planning Atlas Mapping Service to integrate all available data from the city, NOAA, the Trust for Public Land, and others into an integrated GIS;
- Include the recently completed photographic inventory of all buildings in Galveston as well as the master plans for the Port of Galveston and UTMB;
- Inventory all historic neighborhoods between 61st and UTMB to determine scale, type, and condition along with all vacant or vacated property;
Map of Galveston Neighborhoods Behind the Seawall

Establish a complete street ordinance for all roads and a hierarchy and design standard including build to lines, signage, and tree and sidewalk standards for all corridor and connector roads;

• Establish a housing design program for restored and new housing development that creates the design and quality control to support and revitalize sustainable neighborhoods in the urban core;
• Consider establishing design standards that re-create the historic tile sidewalks as a unique place-making statement;
• Work with ULI’s Houston District Council, the American Institute of Architects, and the U.S. Green Building Council to establish green infrastructure and building standards to guide the design and building professions in creating a new, green economy; and
• Establish special mixed-use overlay zones for each target development area including form-based codes.
Major Development Initiatives

Within the core historic neighborhoods, the panel encourages the city to focus development efforts on three areas:

- 21st-century urban core
- Biotech village
- Beautified Seawall
- High-Speed Rail Line
- Mixed-Use Development Boulevard.
Development Strategies

The city of Galveston has land area of 46 square miles and a population in 2007 of 53,826 or population density of 1,165 persons per square mile. Galveston is likely in an unsustainable position over the long term if it chooses to continue expanding east and west rather than focusing its energy on its urbanized core.

Housing for Whom?

The city of Galveston can look to a number of market cohorts as potential buyers of new and revitalized units. The panel strongly encourages the city to ensure that the more than 500 residents of public housing who have been displaced are resettled. Similarly, the city must ensure that all homeowners and renters who lived in Galveston before Hurricane Ike are able to return to their homes or to replacement housing. The panel concurs with the recovery goal to make sure there is sufficient supply of housing affordable to the workers who support the tourism industry and to the students and faculty at UTMB. In addition, the city should find methods to create housing to attract new middle-income residents.

Where to Create Housing

Building on the planning framework discussed above, the city should focus its energy on the primary development area of 61st Street to UTMB. Within this area, the city should encourage the repair of damaged properties, new development on vacant lots, and the enhancement of corridors that connect Galveston assets. Wherever possible, new development should build around and support public transit use. By stimulating development within these areas, it is likely that the city can harness and grow its economic drivers.

Housing Assumptions and Strategies

There are many projects that need to be completed to ensure that Galveston creates a new inaugural terrain to build upon and subsequently attract and retain permanent residents. Among the most pressing is the rebuilding of various infrastructure components such as wastewater treatment plants, sewer plants, waste disposal facilities, healthcare and education campuses, and alternatives to automobile-based transportation. Similarly, Galveston has a considerable base of human capital that can add significant value to the rebuilding process. Additionally, new housing needs to be produced for almost all markets and price points. The city should seek to find methods of fueling development across product and price categories to ensure that the human capital that helped create and sustain Galveston will return and flourish.

Investing in Galveston: Projects

Data provided to the panel indicates almost 17,000 houses in need of some level of repair. The panel is concerned that the FEMA damage assessment estimate of $135 million or $7,900 per unit is too low. Imputing an average, and more conservative, construction cost of $50,000 per unit, the more probable estimated cost of these repairs is closer to $850 million. Based on this estimate, the FEMA assessment could represent only 16 percent of the estimated repair cost. Partial data of vacant buildings and parcels indicates that Galveston has sufficient residential land in the core of the city to build approximately 2,000 new units of housing, including the required replacement of 569 affordable housing units. Based on a total development cost of $125,000 per new home or apartment, this represents an additional expenditure of $266 million in construction of new homes over the next three to five years. This availability of space for new housing and rehabilitated units is an opportunity to incorporate public housing into the city’s fabric instead of concentrating it in a few locations.

Implementation

The city of Galveston has an unprecedented opportunity to leverage a plethora of federal resources to move its recovery plans forward—specifically with respect to housing. The availability of disaster recovery funding, the Housing and Economic Recovery Act of 2008, and the American Recovery and Reinvestment Act of 2009 make some of the larger projects proposed in the recovery plan more feasible.

Galveston has great assets in its history, the beach, tourism, UTMB, the Maritime Academy, a rapidly growing regional market, engaged citizens, and the port. The missing ingredient in the eventual recovery of Galveston lies in its institutional capacity to create the change it seeks to make. Currently, the city government is not structured to both efficiently manage primary operations and implement the recovery plan to reinvent the city. In order to realize its recovery goals and to become competitive in the global marketplace once again, Galveston must configure its leadership and policy structure to reflect a shift toward public entrepreneurship. It must embrace a new mindset of accountability and responsibility and also actively seek out public/private partnerships that advance public values such as creating housing that can sustain middle-income families.
Creating a Redevelopment Authority

Galveston needs to create a redevelopment authority to implement the recovery plan, and to oversee long-term development in its neighborhoods, commercial corridors, downtown, and the port. Simply responding to recovery issues will not position Galveston to take advantage of the many opportunities currently before it. Through a public/private redevelopment authority, Galveston can create the development infrastructure that will enable it to take advantage of its unique strategic opportunities, capitalizing on the federal disaster relief and stimulus funding available to jump start these projects. It will also build institutional capacity to support housing, commercial, and economic development opportunities through partnerships and leveraged resources. These opportunities will allow Galveston to create a welcoming and competitive environment to attract investment.

VII. ULI LOCAL TECHNICAL ASSISTANCE ON HOUSING
THE RESIDENTIAL CHALLENGE

The Urban Land Institute provided the national advisory services panel in June 2009 to assist the island residents in outlining priorities and specific actions that should be undertaken to not only successfully recover residential neighborhoods, but utilize “once in a lifetime disaster relief and recovery funding” to create sustainable neighborhoods. The national advisory panel’s recommendations included:

1. Focus on the historical city limits behind the seawall where there is the greatest availability of land for new construction;
2. Create a Redevelopment Authority with power to purchase and assemble land for redevelopment;
3. Undertake planning to connect major employment and tourist centers;
4. Prioritize redevelopment at the intersections of the connection points.

The City of Galveston asked the Houston District Council of the Urban Land Institute to return to the island in December of 2009 and specifically address how they should leverage the recovery and reconstruction initiatives to increase middle income housing and replace destroyed workforce housing on the island.

Five key questions the sponsor requested the panel to address are:

• How do we increase housing for middle income homeowners and improve workforce housing in Galveston?
• How do we create incentives to spur new development and renovation of existing properties that aligns with Galveston’s vision, as articulated in its comprehensive plan?
• What is a sustainable housing development for Galveston: Where is it? What type of housing? What is the price point? When/ how should it be built? Who should build it?
• How do we increase the percentage of home ownership in Galveston?
• How do we unify ULI panel recommendations, Galveston Long-Term Recovery Committee’s recommendations, CDBG requests and other plans to come up with a unified plan of mixed-income, mixed-use development?

The primary purposes of this Technical Assistance Panel was to address the need for more sustainable middle income and workforce housing within the City of Galveston as well as to recommend the development and implementation strategies deemed to be most effective in realizing that vision. A related topic was how to increase homeownership in the city. Optimizing and leveraging post-Hurricane Ike disaster assistance funds provides the financial impetus behind this effort within a very compact 24-month time frame, creating a powerful sense of urgency for city and community leaders.

Market Potential:

• The island’s middle income housing demand drivers include an established employment base, historic character, outdoor recreational opportunities and natural beauty.
• Supplies of existing housing and land must be inventoried and matched up against the types and quantities of housing in demand. Demand needs to be estimated through a statistically-defensible quantitative market study of on-island and off-island consumers representing potential target markets.
• Near-term market potential is likely strongest among households with no children under 18 years of age, from young singles and couples to empty nesters and retirees.

Recommended Development Strategies:

• Encourage full-time resident homeownership by:
  - Improving and protecting infrastructure;
- Subsidizing land and lot costs for new construction;
- Offering repair grants to refurbish existing housing stock;
- Offering weatherization and energy efficiency grants;
- Offering property mitigation grants to elevate and protect homes;
- Providing down payment assistance for new home buyers;
- Establishing deed restrictions with anti-flip provisions.

- Improve rental housing by:
  - Offering repair grants to refurbish existing housing stock;
  - Passing an ordinance requiring registration and management of all rental property;
  - Enforcing codes and establishing a regular cycle of inspections;
  - Establishing a transitional lease-to-purchase program.

- Plan and encourage mixed-use neighborhoods of the highest standards in terms of attractiveness, stability and viability.

Implementation Strategies:

- Challenges:
  - Optimizing the availability and usability of land resources;
  - Closing the price gap between on-island and off-island land, lots and housing;
  - Optimizing utilization of the large inventory of vacant homes;
  - Providing adequate infrastructure to support new housing development;
  - Upgrading the public school system and particularly the public’s perception that it is low quality;
  - Articulating an over-arching vision and a coherent and realistic strategy;
  - Providing management that is focused on delivering housing resources;
  - Organizing and implementing a coherent plan in a short period of time.

- Priorities and Action Items:
  - Create a city revitalization authority;
  - Develop comprehensive revitalization strategies to deliver sustainable neighborhoods, including strategies for stabilization, enhancement and renovation, as required;
  - Acquire and prepare vacant homes and land for residential re-use.

- Revitalization Authority Functions, Powers and Structure:
  - The Authority’s primary function would be to act as a deal-maker;
  - The Authority should embody the powers to contract, to manage and to Provide financing;
  - The Authority should be a city agency that reports to the City Manager, is governed by an advisory board of 5 to 11 appointed members, and is staffed with experienced professionals who know how to secure resources and leverage them to fulfill the Authority’s mission.

VIII. REVITALIZATION, HOUSING AND REAL ESTATE
Since completion of the ULI panels several events have taken place with the general concurrence of these recommendations even as political discourse swirls around the critical issues of public housing and a clear path to federal funding.

1. The political leadership has transitioned with a new mayor and city council with the political will to debate implementation strategies and creation of a revitalization authority
2. The Galveston Housing authority’s board has changed with the appointment of several new members and has embraced the planning guidelines established for residential neighborhoods behind the seawall
3. A federally funded housing report has been commissioned and completed by CDM Engineers that concurs with the ULI recommendations
4. CDM has been retained by FEMA to audit and qualify future funding from this source
5. The Downtown Revitalization Committee has commissioned and completed their master plan for downtown
6. A catalyst project has been funded for a downtown transit center incorporating the guidelines established in the master plan
7. The Galveston Housing Authority is pursuing acquisition of residential land to implement a
scattered site program of single family residences.

8. The Galveston Housing Authority has envisioned mixed use, mixed income neighborhoods and will select a master developer for several sites in the near future.

These events are aligned with the ULI recommendations although currently being implemented by government entities. As there becomes more notoriety about these success stories private developers will be interested in working with the city to advance the initiatives in ways that both the city and private developer can succeed. This will take an effort by the city to outline incentives and opportunities. I invite the real estate community to take a more active look at opportunities in Galveston as the city continues to recover and become a national landmark once again.