

City of Houston, Texas, Ordinance No. 2023 - 785

AN ORDINANCE APPROVING THE PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN FOR REINVESTMENT ZONE NUMBER TWENTY-EIGHT, CITY OF HOUSTON, TEXAS; CONTAINING FINDINGS AND OTHER PROVISIONS RELATED TO THE SUBJECT; AND DECLARING AN EMERGENCY.

* * * * *

WHEREAS, the City Council of the City of Houston, Texas ("City Council"), designated Reinvestment Zone Number Twenty-Eight (Medical Center Area Zone) on December 14, 2022, by Ordinance No. 2022-976 ("Zone"), pursuant to Chapter 311 of the Texas Tax Code, as amended, within a contiguous area of the City of Houston, Texas ("City"), known as the Medical Center area; and

WHEREAS, on August 17, 2023, the Board of Directors of the Zone ("Board") approved the Project Plan and Reinvestment Zone Financing Plan for the development of the Zone ("Plan"); and

WHEREAS, before the Board may implement the Plan, the City Council must approve the Plan; **NOW, THEREFORE**,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HOUSTON, TEXAS:

Section 1. Findings. That the facts and recitals contained in the preamble of this Ordinance are determined to be true and correct and are hereby adopted as part of this Ordinance.

Section 2. Approval. That the Plan, attached hereto as Exhibit "A," is hereby found to be feasible and is approved. The appropriate officials of the City are authorized to take all steps reasonably necessary to implement the Plan.

Section 3. Declaration of Emergency. That there exists a public emergency requiring that this Ordinance be passed finally on the date of its introduction as requested in writing by the Mayor; therefore, this Ordinance shall be passed finally on such date and shall take effect immediately upon its passage and approval by the Mayor; however, in

the event that the Mayor fails to sign this Ordinance within five days after its passage and adoption, it shall take effect in accordance with Article VI, Section 6, Houston City Charter.

PASSED AND ADOPTED this 27th day of September, 2023.

APPROVED this _____ day of _____, 2023.

Mayor of the City of Houston

Pursuant to Article VI, Section 6, Houston City Charter, the effective date of the foregoing Ordinance is OCT 03 2023.

A. Daniel
City Secretary

Prepared by Legal Department *Mark Swain*
MS/ems September 12, 2023 Senior Assistant City Attorney
Requested by Andrew F. Icken
Chief Development Officer, Office of the Mayor

LD-RE-0000001885

Meeting 9/27/2023

Aye	No	
✓		Mayor Turner
....	Council Members
✓		Peck
✓		Jackson
✓		Kamin
✓		Evans-Shabazz
✓		Martin
✓		Thomas
✓		Huffman
Absent due to death in family		Cisneros
✓		Gallegos
✓		Pollard
✓		Castex-Tatum
✓		Knox
✓		Robinson
✓		Kubosh
✓		Plummer
✓		Alcorn
Caption	Adopted	

Captions Published in DAILY COURT REVIEW

Date: 10/3/2023

EXHIBIT "A"

**PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN FOR THE
MEDICAL CENTER AREA ZONE**

**REINVESTMENT ZONE NUMBER TWENTY-EIGHT
CITY OF HOUSTON, TEXAS**

MEDICAL CENTER AREA ZONE

PROJECT PLAN AND REINVESTMENT ZONE FINANCING PLAN

August 2023

REINVESTMENT ZONE NUMBER TWENTY-EIGHT, CITY OF HOUSTON, TEXAS

Project Plan and Reinvestment Zone Financing Plan

Table of Contents

Introduction..... 3

Location 3

Goals 3

Authorized Projects and Project Costs 6

Project Plan..... 7

Reinvestment Zone Financing Plan 7

Map 1 – Boundary Map

Map 2 - Existing Land Uses and Proposed Land Uses

Map 3 – Proposed Project Costs and Locations

Exhibit 1 –Revenue Schedule

Exhibit 2 – Economic Feasibility Study

Introduction

Reinvestment Zone Number Twenty-Eight, City of Houston, Texas (the "Zone"), was created by the City of Houston, Texas ("City"), on December 14, 2022, by Ordinance No. 2022-976. The Zone covers approximately 1,477.41 acres in an area of the City, encompassing the Texas Medical Center, Hermann Park and surrounding properties, and is depicted in **Map 1**.

The purpose of the Zone is to facilitate the development of the Zone by financing the design, acquisition and construction of public facilities and infrastructure necessary to support public assets like the TMC, Hermann Park, the Houston Zoo and residential and commercial development and redevelopment within the Zone boundaries.

Expenditures associated with the design, acquisition and construction of public facilities and infrastructure, as well as other specific project-related costs, will be funded in whole or part by tax increment revenues derived from increases in property values following the new development.

Location

The Zone includes the Texas Medical Center, which serves as a regional destination for healthcare, research, life science and employment, and Hermann Park, one of the City's most beloved greenspaces, and is generally located east of Main Street, south of Hermann Drive, west of Grand Boulevard and north of I-610, as depicted in **Map 1**.

Goals

Given the large volume of visitors, patients and employees traveling to the Texas Medical Center and Hermann Park on a daily basis, the Zone is experiencing a number of issues related to access, mobility, parking, safety, water, drainage and stormwater management. These infrastructure constraints impact the ability to adequately serve the institutions and businesses within the area, on a daily basis, and during an emergency event. As the Texas Medical Center continues to grow, with several projects underway and planned for the future, continued expansion and improvement of public infrastructure will be needed to support the appropriate density and growth.

The availability of affordable housing options is limited within the area for both employees and students of the various medical institutions and teaching facilities.

Further, as Houston grows and more citizens and tourists visit Hermann Park and the Zoo, these facilities will need to accommodate the increased visitors and sustain their status as some of Houston's greatest tourist attractions.

The following goals define priorities for the Zone and are based on needs identified in the feasibility report and various other plans and studies. The intent of the goals is to address current conditions, strengthen overall resilience of the area, and accommodate growth that is both ongoing and anticipated. These goals clarify the magnitude of issues facing the Zone and identify potential solutions and projects for reinvestment.

Goal 1: Improve and enhance critical infrastructure.

The availability of adequate public infrastructure, including stormwater management, water, sewer, electricity and other resources, is important for the Zone area as it can impact public safety and public health, the ability to sustain medical research, and provide world class critical care

under even the most difficult circumstances. The area is also expected to see substantial growth in the coming years that can only be realized if capacity is in place to support both expansion and increased density. Additionally, adequate infrastructure is paramount to the ability to operate the Texas Medical Center during and following major events when demand for medical services may be even higher. While substantial improvements have been completed since the historic flood caused by Tropical Storm Allison, other improvements are still needed.

Stormwater management and flood reduction improvements to be undertaken by the Zone may include detention, conveyance, support to continue to “harden” facilities, green infrastructure, land acquisition and methods for better utilizing stormwater during times of drought.

Water, sewer and drainage solutions include expansion and enhancement of existing systems and addressing the need to maintain a potable, pressurized water supply during emergency events.

Goal 2: Increase accessibility, capacity, safety and functionality of the multimodal network.

The Texas Medical Center and Hermann Park area is one of the most highly-utilized multimodal areas in the Houston region, accommodating the needs of pedestrians, bicyclists, cars, delivery vehicles, ambulances, shuttle buses, METRO buses, the light rail Red Line, and life flight air service. The mobility network of roads, sidewalks, trails, and rail lines is dense but limited. The interaction between various modes is constant and rife with conflict points, all of which create safety risks and many of which must be cleared to immediately accommodate emergency vehicles. As the area continues to develop, both out to areas such as the site for Helix Park (formerly known as TMC³), and up, as a number of institutions expand services at existing locations, mobility needs will continue to increase.

Improvements to the roadway network, including upgrades and enhancements to improve access and accommodate growth, are required. Roadways such as Cambridge Street and Holly Hall Street may require full reconstruction, while others such as Almeda Road and Hermann Park Drive need intersection and multimodal improvements.

Pedestrian and bicycle traffic improvements include new and reconstructed sidewalks, bike lanes, trails, protection points when interacting with vehicles, and pedestrian bridges to allow for unimpeded movement among Hermann Park, the Texas Medical Center, and new areas of growth to the south.

Streetscape amenities including lighting, landscaping, signage, street furniture, monumentation, public art and other enhancements may also be necessary to ensure a system that is safe, easy to navigate and convenient, regardless of mode choice.

Improvements may also include enhancements to existing parking lots, construction of new parking structures and other parking improvements where appropriate. Parking improvements in Hermann Park will provide the dual benefit of better meeting park-specific parking demands and reducing vehicular and pedestrian conflicts along MacGregor Drive and other critical roadways.

Goal 3: Enhance transit service to and throughout the Zone.

Transit service is integral to mobility in the Zone, and the role of transit will increase substantially as a means of meeting both current and future transportation challenges. METRO transit service includes the light rail Red Line that travels Main Street and Fannin, as well as bus service to the area. METRO transit service in the area is complemented by shuttle services provided by the Texas Medical Center and several of the medical institutions located within the Zone.

Transit service improvements will encompass all aspects of the transit network from “first mile” to “last mile”, including enhancements to rail stops, bus stops, shelters, wayfinding, points of crossing, as well as routes and amenities where riders can transition to walking, biking or catching a shuttle. Shuttle service improvements may include convenient and improved service between institutions and to parking areas.

Enhancements to the overall transit network may include capital improvements that reduce conflict with other modes of travel and expansions of service.

Goal 4: Expand and enhance the Zone area green space and recreational amenities.

Parks, recreation and green spaces contribute to the health and wellness of the city and increase the market competitiveness of the area as a destination. Parks also provide benefits related to stormwater management, urban heat island mitigation, carbon capture and pollution reduction. The Zone includes Hermann Park, one of the City’s most actively-utilized green spaces.

Hermann Park is utilized by residents throughout the city, and the diversity of Park users is reflective of the diversity of the City. Hermann Park’s amenities include one of the City’s oldest golf courses, the Miller Outdoor Theatre, the Houston Zoo and countless other features that bring guests to the area from around the region. Numerous museums located adjacent to the Zone add to the overall cultural value of the area. More than 6 million people visit this area every year – many more than existing local parking and infrastructure can accommodate.

Improvements to public parking, including the construction of a parking structure to support Hermann Park, would improve accessibility to Hermann Park and simultaneously decrease impacts on the medical institutions within the Zone.

Additionally, improvements related to park infrastructure, sustainability, and accessibility would enhance the area as a destination. Improvements to existing facilities (and development of new facilities) may include trails, parking, drainage, green infrastructure, bridges, sidewalks and other pedestrian enhancements/connections.

Brays Bayou would benefit from improvements related to stormwater management, habitat restoration, trail access and enhanced connections.

Goal 5: Facilitate development and redevelopment of affordable housing.

In addition to its role as the largest medical center in the world, the Texas Medical Center is also a collection of the country’s top medical teaching institutions. Affordable housing in proximity to the Texas Medical Center has always been important to house student residents, nurses, security, maintenance staff, food service workers, and countless other employees that provide medical support but also provide the additional support that keeps the hospitals and complementary facilities operational.

The need for affordable housing is amplified by the growth of the institutions and businesses that comprise the Texas Medical Center and Hermann Park area. The potential to maintain close proximity between the Texas Medical Center and a portion of its workforce as a means of heightened resilience is equally important.

Improvements that support creating and maintaining affordable housing may include reimbursement for public infrastructure, with the additional possibility of land acquisition, assistance with development/redevelopment costs, or support for complementary improvements or similar activities.

Authorized Projects and Project Costs

The project costs are detailed in **Table 1**, below. The dollar amounts for each category are approximate and may be amended from time to time by the Board of Directors of the Zone with approval of the City Council.

Table 1: Estimated Project Costs of the Zone

Projects	Costs
Infrastructure and Resiliency	\$100,000,000
Mobility, Connectivity and Public Parking	\$210,000,000
Transit Improvements	\$30,000,000
Parks and Recreational Facilities	\$70,000,000
Affordable Housing	\$40,000,000
Administration	\$2,000,000
Total	\$452,000,000

Project Plan

Existing and Proposed Uses of Land (Texas Tax Code § 311.011(b)(1)):

Ninety-six percent of the property within the Zone is exempt from ad valorem taxation, primarily consisting of medical uses associated with the Texas Medical Center and park and recreational uses associated with Hermann Park. Commercial uses account for 1% of total use of property in the Zone. There are no residential uses located within the Zone boundaries.

Proposed land uses shall include residential, commercial, retail, public, educational, medical and parks and open space uses.

Map 2 depicts existing and proposed uses of land within the Zone.

Proposed Changes of Zoning Ordinances, Master Plan of Municipality, Building Codes, and Other Municipal Ordinances (Texas Tax Code § 311.011(b)(2)):

All construction will conform to existing City building code regulations. There are no proposed changes of any City development ordinances, master plans, or building codes.

Estimated Non-Project Costs (Texas Tax Code § 311.011(b)(3)):

The project costs referenced in Table 1 are inclusive of project costs to be incurred by the Zone only. The costs that would otherwise be project costs but are derived from other parties, such as the City of Houston, the Texas Department of Transportation, Texas Medical Center, Hermann Park, grant funding or private sources, are non-project costs. Funding identified in Table 1 for improvements will be leveraged to acquire non-project funding. It is estimated that non-project funding will equal approximately \$185 million over the life of the Zone.

Method of Relocating Persons to be Displaced, if any, as a result of implementing the Plan (Texas Tax Code § 311.011(b)(4)):

There will be no persons displaced as a result of implementing the Plan.

Reinvestment Zone Financing Plan

Estimated Project Costs (Texas Tax Code § 311.011(c)(1)):

Table 1 lists the estimated project costs for the Zone. As set forth in this Plan, the dollar amounts are approximate and may be amended from time to time by the Board of Directors of the Zone with approval of the City Council. The financing costs are a function of project financing needs and will vary with market conditions.

Proposed Kind, Number, and Location of all Proposed Public Works or Public Improvements to be Financed by the Zone (Texas Tax Code § 311.011(c)(2)):

These details are described throughout the Plan and include roadway construction/reconstruction, stormwater conveyance and management systems, water, wastewater improvements, intersection improvements, multi-modal enhancements, pedestrian improvements, transit enhancements, park and greenspace improvements, public parking, and affordable housing. The locations of proposed improvements are depicted in Map 3.

Economic Feasibility (Texas Tax Code § 311.011(c)(3)):

An economic feasibility study was completed for the proposed Zone boundaries and is attached as Exhibit 2. Exhibit 1 constitutes incremental revenue estimates for this Plan. The future anticipated revenue of the zone is expected to be sufficient to pay for all project costs.

The Zone and the City find and determine that the Plan is economically feasible.

Estimated Amount of Bond Indebtedness; Estimated Time When Related Costs or Monetary Obligations Incurred (Texas Tax Code § 311.011(c)(4), § 311.011(c)(5)):

Issuance of debt by the Zone may occur as tax increment revenues allow and is determined to be cost-effective for the Zone. The value and timing of the issuance of debt will correlate to debt capacity as derived from the projects and revenue schedules included in Table 1 and Exhibit 1, as well as actual market conditions for the issue and sale of notes and bonds.

Methods and Sources of Financing Project Costs and Percentage of Increment from Taxing Units Anticipated to Contribute Tax Increment to the Zone (Texas Tax Code § 311.011(c)(6)):

Methods and sources of financing may include the issuance of debt, as well as collaboration with developers, medical institutions and other entities for grant funding and partnerships. Tax increment will consist of contractual payments from the city as determined by Chapter 311 of the Texas Tax Code. This figure is calculated using a city contribution of \$0.53364/\$100 of assessed valuation.

Current Total Appraised Value of Taxable Real Property (Texas Tax Code § 311.011(c)(7)):

The 2022 appraised value of taxable real property in the Zone is approximately \$137.8 million.

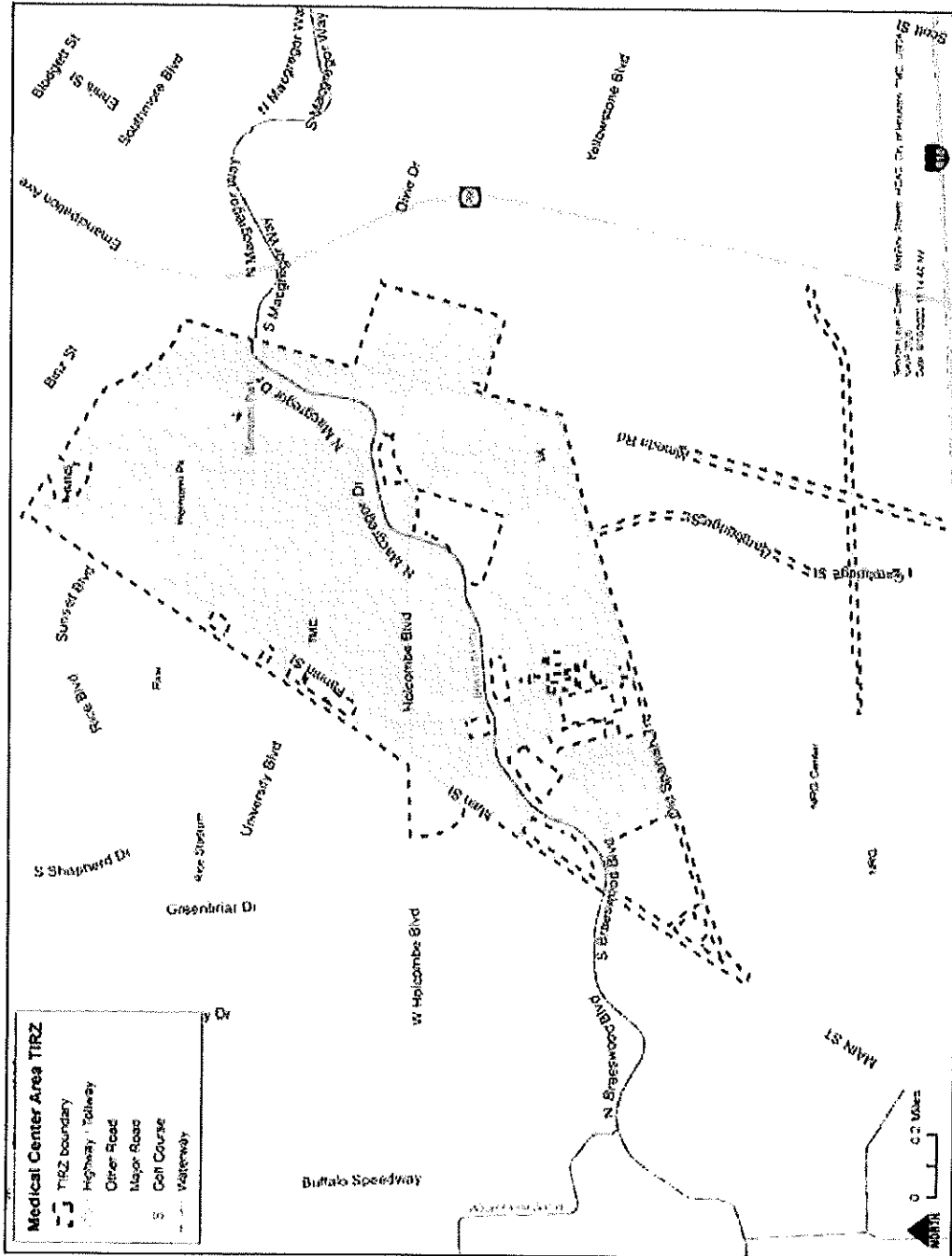
Estimated Captured Appraised Value of Zone During Each Year of Existence (Texas Tax Code § 311.011(c)(8)):

Exhibit 1 shows the estimated captured appraised value of the Zone during each year of its 30-year duration.

Zone Duration (Texas Tax Code § 311.011(c)(9)):

The Zone will terminate on December 31, 2052, unless extended by the City Council. Final tax increment payments will be received in 2053. The Zone may terminate at an earlier time designated by subsequent ordinance, or at such time, subsequent to the issuance of proposed revenue bonds, notes or other obligations, if any, that all project costs, bonds, and interest on bonds have been paid in full.

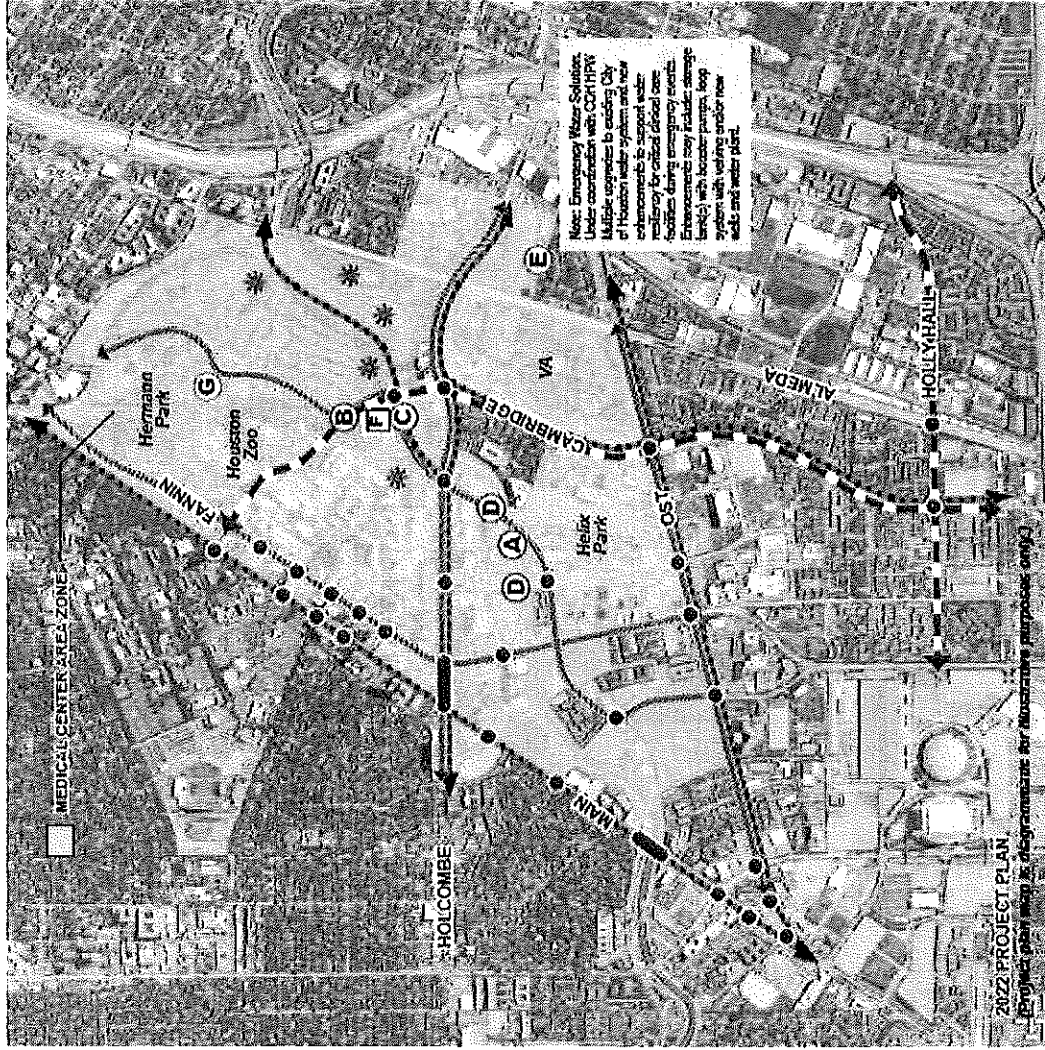
Map 1 - Boundary



Map 3 – Proposed Project Costs and Locations

Medical Center Area Zone

Estimated Project Costs	Estimated Costs (\$)
Infrastructure and Resiliency	100,000,000
Mobility, Connectivity and Public Parking	210,000,000
Transit Improvement	30,000,000
Parks and Recreation Facilities	70,000,000
Affordable Housing	40,000,000
Administration	2,000,000
Total Project Costs	452,000,000



- Legend of Major Projects**
- Street Improvements: Cambridge, Holly rail and portions of Main, Fannin, Holcombe, DST
 - Intersection Improvements: 25th/Alameda, Lighting, High Visibility Crosswalks, Signal Timing, etc.
 - Ⓐ Rehabilitation Bridge over Bayou Bayou
 - Ⓑ Rehabilitation Bridge over Cambridge
 - Ⓒ Bridge Enhancement for Patterson and Bayou Bridge (Bierber and S. Street-wood bridge)
 - Ⓓ Transit Hub, Bike Lane/Tramway and Other Major-Mode Transit Improvements
 - Ⓔ Drainage Improvements: Storm Sewer Upgrades, Natural Retention and Filtration Areas, etc.
 - Ⓕ Emergency Water Solution (Location Pending from COH 10/21)
 - Ⓖ Emergency Response: Fire Medications, Roadway Services, Aircraft Landing Points, etc.
 - Ⓗ Public Parking Garage
 - Ⓖ Nature Board Park, Plank Grove and Park Arrival Center (Trail Upgrades Throughout Park)

Exhibit 1 – Revenue Schedule

Projected Assessed Valuation

Projected Revenue

Tax Year	Base Year Valuation	City Projected Valuation	Projected Valuation City (Increment)
2022	\$ 137,836,544	\$ 137,836,544	\$ -
2023	\$ 137,836,544	\$ 195,593,275	\$ 57,756,731
2024	\$ 137,836,544	\$ 1,004,505,140	\$ 866,668,596
2025	\$ 137,836,544	\$ 1,024,595,243	\$ 886,758,699
2026	\$ 137,836,544	\$ 1,595,087,148	\$ 1,457,250,604
2027	\$ 137,836,544	\$ 2,176,988,891	\$ 2,039,152,347
2028	\$ 137,836,544	\$ 2,770,528,669	\$ 2,632,692,125
2029	\$ 137,836,544	\$ 2,825,939,242	\$ 2,688,102,698
2030	\$ 137,836,544	\$ 2,882,458,027	\$ 2,744,621,483
2031	\$ 137,836,544	\$ 2,940,107,188	\$ 2,802,270,644
2032	\$ 137,836,544	\$ 2,998,909,331	\$ 2,861,072,787
2033	\$ 137,836,544	\$ 3,058,887,518	\$ 2,921,050,974
2034	\$ 137,836,544	\$ 3,120,065,268	\$ 2,982,228,724
2035	\$ 137,836,544	\$ 3,182,466,574	\$ 3,044,630,030
2036	\$ 137,836,544	\$ 3,246,115,905	\$ 3,108,279,361
2037	\$ 137,836,544	\$ 3,311,038,223	\$ 3,173,201,679
2038	\$ 137,836,544	\$ 3,377,258,988	\$ 3,239,422,444
2039	\$ 137,836,544	\$ 3,444,804,167	\$ 3,306,967,623
2040	\$ 137,836,544	\$ 3,513,700,251	\$ 3,375,863,707
2041	\$ 137,836,544	\$ 3,583,974,256	\$ 3,446,137,712
2042	\$ 137,836,544	\$ 3,655,653,741	\$ 3,517,817,197
2043	\$ 137,836,544	\$ 3,728,766,816	\$ 3,590,930,272
2044	\$ 137,836,544	\$ 3,803,342,152	\$ 3,665,505,608
2045	\$ 137,836,544	\$ 3,879,408,995	\$ 3,741,572,451
2046	\$ 137,836,544	\$ 3,956,997,175	\$ 3,819,160,631
2047	\$ 137,836,544	\$ 4,036,137,119	\$ 3,898,300,575
2048	\$ 137,836,544	\$ 4,116,859,861	\$ 3,979,023,317
2049	\$ 137,836,544	\$ 4,199,197,058	\$ 4,061,360,514
2050	\$ 137,836,544	\$ 4,283,180,999	\$ 4,145,344,455
2051	\$ 137,836,544	\$ 4,368,844,619	\$ 4,231,008,075
2052	\$ 137,836,544	\$ 4,456,221,512	\$ 4,318,384,968

Tax Year	Coll Year	City Participation (100%)	Cumulative Revenue
2022	2023	\$ -	\$ -
2023	2024	\$ 302,049	\$ 302,049
2024	2025	\$ 4,532,392	\$ 4,834,441
2025	2026	\$ 4,637,457	\$ 9,471,898
2026	2027	\$ 7,620,943	\$ 17,092,841
2027	2028	\$ 10,664,098	\$ 27,756,939
2028	2029	\$ 13,768,116	\$ 41,525,055
2029	2030	\$ 14,057,895	\$ 55,582,951
2030	2031	\$ 14,353,470	\$ 69,936,421
2031	2032	\$ 14,654,956	\$ 84,591,377
2032	2033	\$ 14,962,472	\$ 99,553,849
2033	2034	\$ 15,276,138	\$ 114,829,988
2034	2035	\$ 15,596,078	\$ 130,426,066
2035	2036	\$ 15,922,416	\$ 146,348,482
2036	2037	\$ 16,255,282	\$ 162,603,764
2037	2038	\$ 16,594,804	\$ 179,198,568
2038	2039	\$ 16,941,117	\$ 196,139,685
2039	2040	\$ 17,294,356	\$ 213,434,041
2040	2041	\$ 17,654,660	\$ 231,088,701
2041	2042	\$ 18,022,170	\$ 249,110,871
2042	2043	\$ 18,397,030	\$ 267,507,901
2043	2044	\$ 18,779,387	\$ 286,287,288
2044	2045	\$ 19,169,392	\$ 305,456,680
2045	2046	\$ 19,567,197	\$ 325,023,877
2046	2047	\$ 19,972,957	\$ 344,996,834
2047	2048	\$ 20,386,833	\$ 365,383,668
2048	2049	\$ 20,808,987	\$ 386,192,654
2049	2050	\$ 21,239,583	\$ 407,432,238
2050	2051	\$ 21,678,792	\$ 429,111,030
2051	2052	\$ 22,126,784	\$ 451,237,814
2052	2053	\$ 22,583,737	\$ 473,821,551
		\$ 473,821,551	

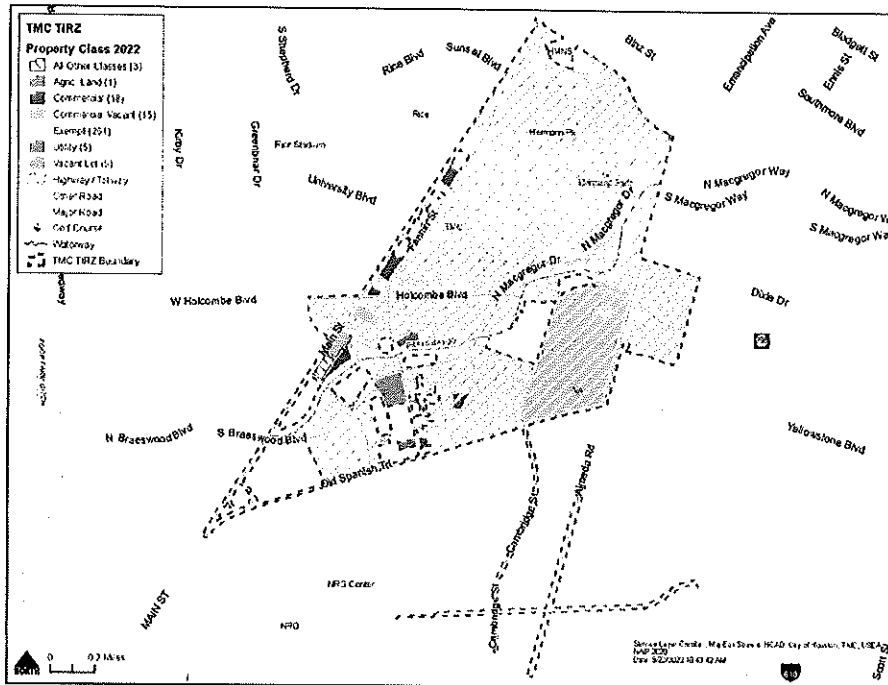
Exhibit 2
Economic Feasibility Study

Exhibit 2

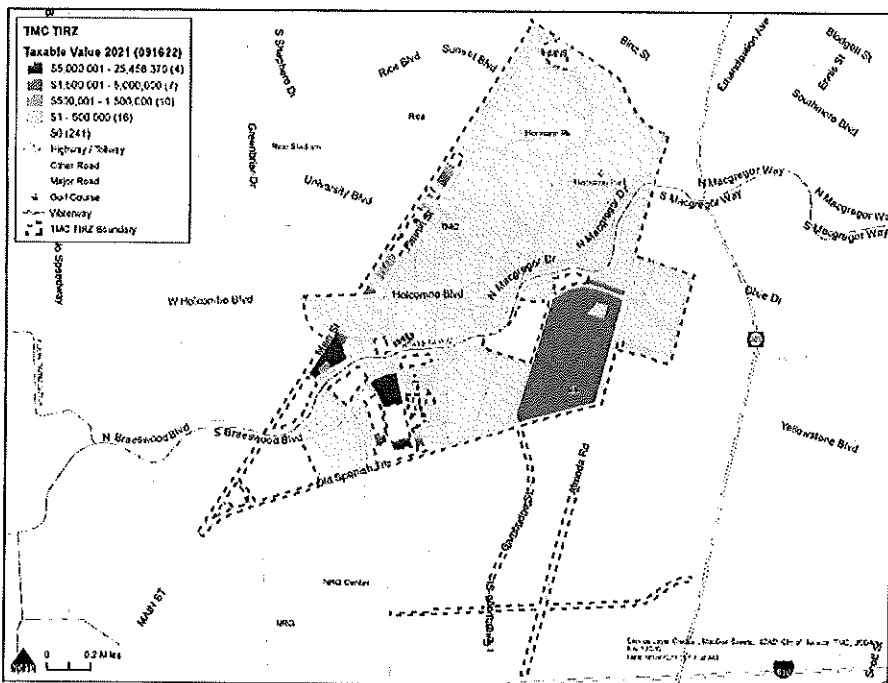
Existing Conditions & Feasibility

Tax Increment Reinvestment Zone No. 28, City of Houston

Map2 – Existing Property Classification



Map3 – Taxable Value



Existing Conditions

The Texas Medical Center is the largest medical city in the world and is a leader in healthcare, research and education. It serves as a regional destination not only for the greater Houston area but for patients and visitors from all over the world. With the Texas Medical Center being such a tremendous regional destination for health care, adequate infrastructure to support the institutions and businesses is instrumental not only from a health and safety capacity but for the City's economic vitality in maintaining its competitive edge and supporting future growth. The Texas Medical Center is a regional employment hub with 120,000 employees and 40,000 students which supports more than 12 million patient encounters annually. Given the large number of patients, employees and visitors traveling to the area, adequate access will be important not only daily but including during and in the aftermath of major events. Equally important will be the mobility and safety experience once arriving. Patients, visitors and employees should be able to move through the area efficiently, safely and in a manner that is easy to navigate, through the successful blend of multimodal activities.

There are a number of conditions and issues that are currently present within the proposed Zone boundary that constitute an economic or social liability, impact health and safety conditions, and impede the sound growth of the area and its ability to reach its full economic potential. Some of these conditions are a result of inadequate infrastructure, including sidewalks, streets, water and sewer, and as a result of deterioration of site and other improvements.

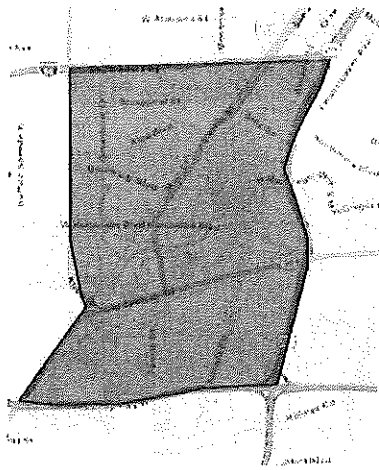
Current conditions and issues include the following:

- TMC is one of the most multimodal locations in Houston with cars, delivery trucks, ambulances, shuttle buses, light rail, bicycles and pedestrians all activated in the same confined space. This results in a number of conflict points and safety risks along the mobility network.
- Aged and outdated infrastructure is a safety hazard and inadequate to support increased density and growth.
- Roadway capacity is inadequate to accommodate existing and future traffic volumes, including along Fannin, Main, Holly Hall & Cambridge. The area is expanding both up and out, and as density increases, traffic and mobility issues will only intensify.
- Roadways currently do not adequately support multi modes of travel including movement by bike and foot, in a safe and efficient manner.
- Intersection improvements are needed for enhanced traffic flow and safety conditions.
- Parking is an issue given the number of daily visitors to Hermann Park and nearby cultural attractions. Lack of parking further exasperates traffic issues within the area and results in a safety concern with regards to the timely access of emergency vehicles.
- Given the high volume of pedestrians moving through the area, pedestrian enhancements including adequate sidewalks, crosswalks, and other amenities are needed to ensure safe movement within and through the area.
- Improvements are needed to enhance safety conditions associated with light rail and cars sharing the same road space.
- While a number of drainage improvements have been made since Tropical Storm Allison, a number of improvements are still needed as flood events continue to worsen and occur more frequently.
- Water and wastewater improvements are needed to support increasing densities, including emergency potable water solutions during various types of major events.

Demographic and Socioeconomic Overview:

An analysis of the demographic make-up and market was conducted to fully understand the patterns, trends, and needs of the community. Data for the demographic overview encompasses the study area shown in **Figure 1** and is generally bounded by US 59 on the north, SH 288 to the east, I-610 to the South and Kirby Drive to the west. In addition to the study area, demographics were also evaluated for the City of Houston and the Metropolitan Statistical Area (MSA), as the Texas Medical Center and Hermann Park are regional destinations serving residents and visitors from all over and from varying socio-economic backgrounds.

Figure 1- Demographic Study Area



Population & Households

Within the study area, there is a population of over 55,000 residents. Households are well educated, active and typically live close to their jobs. They prefer to walk, bike or take public transportation to work and entertainment destinations, and typically live in rented units. A segment of the population is young, not established and still completing their education. Median household income is \$74,360, with the majority of the population employed in the service industry. Approximately 42.4% of the population 25 years +, has a Graduate or Professional Degree as their highest level of education. The daytime population is much larger than the residential population, with over 244,000 people, reflecting the area's strong presence as a business center.

Table 1 – Demographic Summary

	Study Area	Houston	MSA
Population	55,139	2,355,890	7,421,501
Households	27,784	920,389	2,617,110
Total Daytime Population	244,403	3,135,287	7,406,677
Workers	219,814	1,936,838	3,509,654
Residents	24,589	1,198,449	3,897,023
HH Average Size	1.83	2.52	2.80
Median Age	33.1	34.2	35
Median Household Income	\$74,360	\$59,389	\$77,032
Median Home Value	\$493,890	\$242,303	\$256,750
Businesses	4,575	144,563	272,534
Employees	208,938	1,784,921	3,107,195
Employee/Residential Population Ratio (per 100 Residents)	379	76	42

Source: ESRI 2022

Housing

The majority of housing stock consists of renter occupied units, 59%, with 26% being owner occupied. There are over 17,200 multifamily units in the study area with an additional 1,000 units under construction.

Business and Industry

The Texas Medical Center is one the largest employment centers in Houston, there are over 4,500 businesses within the study area, employing over 208,000 employees. The study area has a high employee/residential population ratio of 379 indicating its strength as an employment center. With regards to business establishments the majority, 23%, are within the Health Care industry followed by Professional Services at 12%. The Health Care industry employs the largest number of employees, 75%, followed by Professional Services at 9%. The Texas Medical Center is the 8th largest business district in the nation, with 60 medical institutions as part of the Texas Medical Center Corporation, employing over 106,000 employees and having over 12 million patient encounters per year.

TIRZ as a Tool

The Texas Medical Center is a regional destination and access to and within the area in a safe and efficient manner is important not only for employees, patients and visitors, but for emergency access for people in need of critical care. Equally important is the need for continued access during and in the aftermath of major events. In addition to access, critical infrastructure including water, wastewater, and stormwater management improvements are needed to support existing and future facilities and ensure their resiliency in emergency events. Maintaining and continuing to grow the area as a premier medical and research destination will only be possible with the implementation of public improvements.

Given the area's current low taxable value and the opportunity to now capture increment as a result of the planned developments associated with TMC³ and other institutions, the area would benefit from utilizing a tool like tax increment financing. Increment generated from the planned projects within the Zone would be used to fund public improvements critical to the areas continued success as a premier medical center. Utilizing a tool like a TIRZ would support development and growth in the Zone through financing of public infrastructure including roadway, water, sewer and stormwater management improvements, multimodal improvements, parks and greenspaces and infrastructure to support affordable housing. Improvements would be funded from tax increment revenues derived from increases in property values (captured value) following new development. The development of the Zone to address additional critical infrastructure and improvement needs would not be feasible without the assistance of a tool like a TIRZ.

Potential Projects

A TIRZ is an economic development tool used to support the City's and community's goals through the funding of public infrastructure. Potential TIRZ projects may include, but are not limited to, the following:

- Stormwater management and emergency preparedness
- Pedestrian bridges over Brays Bayou and Cambridge
- Emergency water solution
- Roadway improvements along Cambridge, Holly Hall and Hermann Drive

- Intersection improvements including ADA upgrades, lighting, crosswalks, signals
- Pedestrian tunnel under N MacGregor connecting to Brays Bayou Hike and Bike Trails
- Bridge enhancement for pedestrian and bicyclist safety (Bertner and S. Braeswood bridges)
- Transit infrastructure and safety improvements, including enhanced service
- Public parking garage and surface parking improvements in Hermann Park
- Mobility and intersection improvements
- Brays Bayou connections and enhancements, including trails, access points, landscape improvements, habitat restoration, stormwater filtration

Projected Growth and Revenues

The Texas Medical Center is growing, with many of the medical institutions increasing their footprint and density within the area. Currently there is 4.2 million square feet of development under construction and an additional 5.1 million square feet under design by various institutions. Future expansion includes TMC³ Helix Parcels, O'Quinn Tower/McNair Campus, TAMU/Medistar/Mixed Use Development, TCH Pavilion for Women, Houston Methodist, MD Anderson Support Services Building, MD Anderson Rotary House Expansion and MD Anderson Cancer Center South Campus. Development associated with TMC³ will be taxable and therefore provides an opportunity to capture increment to fund critical infrastructure improvements within the Zone.

As part of the feasibility analysis, three revenue scenarios were developed that reflect different assumptions as it relates to the timing of planned projects within the Zone. Scenario 1 assumes a build out of planned projects in the year of 2028, while scenarios 2 and 3 assume a build out year of 2030 and 2032, respectively. The purpose of the scenarios is to show the growth potential within the area and demonstrate the financial feasibility of the proposed reinvestment zone.

Results of the three scenarios are shown in Tables 2 and 3. As shown, projected Taxable Value in 2052 ranges from \$4.2 billion to \$4.5 billion. Projected revenues available for TIRZ projects range from \$404 million to \$474 million.

Table 2 - Projected Taxable Value

	Scenario 1	Scenario 2	Scenario 3
2022	\$137,836,544	\$137,836,544	\$137,836,544
2027	\$2,176,988,891	\$1,599,238,451	\$1,032,816,451
2032	\$2,998,909,331	\$2,921,572,873	\$2,823,532,817
2037	\$3,311,038,223	\$3,225,652,525	\$3,117,408,380
2042	\$3,655,653,741	\$3,561,381,030	\$3,441,870,748
2047	\$4,036,137,119	\$3,932,052,429	\$3,800,103,420
2052	\$4,456,221,512	\$4,341,303,604	\$4,195,621,237

Table 3 - Projected Annual Revenues Update

	Scenario 1	Scenario 2	Scenario 3
2022	\$-	\$-	\$-
2027	\$10,664,098	\$7,642,653	\$4,680,451
2032	\$14,962,472	\$14,558,028	\$14,045,311
2037	\$16,594,804	\$16,148,265	\$15,582,183
2042	\$18,397,030	\$17,904,015	\$17,279,015
2047	\$20,386,833	\$19,842,505	\$19,152,455
2052	\$22,583,737	\$21,982,754	\$21,220,883
Total	\$473,821,551	\$443,171,420	\$404,315,999

Feasibility

The Texas Medical Center is expected to see substantial growth that will have a tremendous positive economic impact on Houston and Harris County. With the development of the TMC³ campus and additional projects by member institutions, the area will continue to be a world class medical institution and leader in medical research, life science advancements and global innovation. However, this growth can only be realized if infrastructure capacity is in place to support both expansion and increased density. Critical public infrastructure improvements funded and implemented by the TIRZ would support continued growth and density in the Zone as well as ensure adequate access to and within the area, and resiliency during major events for employees, patients and visitors. Additionally, public improvements would support infrastructure needs for Hermann Park, which serves as a major cultural and recreational destination for the entire City of Houston, benefitting citizens of all socio-economic backgrounds.

Based on values and revenue projections for the scenarios as outlined in this report, revenues generated in all three scenarios are sufficient to fund certain public infrastructure improvements within the proposed reinvestment Zone boundary. Funding from the Zone would be leveraged with other financial resources to bolster projects and allow for greater implementation of infrastructure needs. Continued growth and densification of the area and the ability of the Texas Medical Center to operate as a world class institution would not be possible without the funding of critical infrastructure improvements by the TIRZ.