



CITY OF HOUSTON

Sylvester Turner

Mayor

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Welcome to the City of Houston's Opportunity Zones Conference.

This is an important conference for our city, communities and each of the stakeholder groups represented on the panels and in the audience. The Opportunity Zone Initiative is an extensive and inclusive community revitalization program introduced by the federal administration and supported by state and local governments. Over time, this program has the potential to stabilize and energize communities to reach their highest and best potential.

The federal administration's intent for this program is to attract investment to deliver transformative and impactful projects. My intent for how this program operates in Houston is to encourage investment for "community-led, community-benefited" projects in the areas of our city that have the most need and the highest potential.

Every neighborhood should be a neighborhood of promise, hope, and opportunity, but many of the neighborhoods lack access to affordable housing, grocery, and work centers. More than half of Houston's OZs are in the 10 under-resourced areas of Houston that I designated as Complete Communities. The communities developed plans that include transformational community supported projects.

The Tax Cuts and Jobs Act has provided cities with a valuable tool to attract investment into underinvested communities while leveraging local and state resources. However, it will require a shared vision, a passion for Houston, cooperation and partnerships to turn the OZ program's intention into reality.

Thank you to our supporters from Washington for being here today and providing us with the most recent Opportunity Zone regulatory updates and the many actions that have been taken to date to further leverage the OZ investment. We share a common goal of providing access and resources to improve outcomes for all of our citizens.

And I thank each of you for your time, attendance and participation in this event. I hope that you will engage and actively interact with panelists and other attendees to learn how you can become a part of the Houston OZ success.

Warm Regards,

Sylvester Turner
Mayor



HOUSTON: Opportunity Zone Prospectus





Vision Statement

The City of Houston aims to encourage both practical and innovative investment in economically distressed areas that have been designated as Opportunity Zones in a manner that extends benefit to both investors, as well as the existing residents and businesses.



The City of Houston Investment Prospectus Content

Growth

Set economic context for city and metropolis, identifying key drivers/assets

Capital Demand

Identify investable projects and propositions within the Opportunity Zones

Inclusion

Focus on human capital, job connections, and wealth creation

Place Making

Commentary on the essential must do's to re-knit spatial and social fabric

Institutional Capacity

Recommendations on institution building options to expedite growth and inclusion



Houston Opportunity Zone Approach

This document is Phase 1 of Houston's Opportunity Zone Prospectus. The purpose of this document is to provide general knowledge of the city of Houston and provide a high-level overview of how Opportunity Zone opportunities can be woven into the growth of the city of Houston. This Phase 1 Prospectus will set the economic context for Houston & highlight a few examples of capital demand and institutional capacity.

Phase 2 of the Prospectus will involve more robust community and stakeholder engagement and will include a larger sampling of specific projects that are investment ready and other opportunities related to the Opportunity Zones in the city of Houston. The Phase 2 Prospectus will be made available later in 2019 and will also focus on more examples of inclusion and placemaking.

About Houston





The City of Houston

Nation's **7th largest** metro economy.

World's **26th largest** economy by GDP.

Houston has grown by **\$109.8 billion** over the past decade. ('07-'17)

442,700 jobs created in the last 10 years. ('08-'18)

Gulf Coast Region employment projected to grow to **3.8 million** by 2026

Home to the **World's Largest Medical Center**



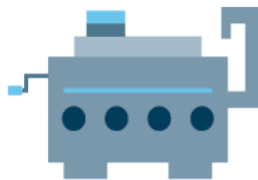
Energy Capital of the World



Third Coast for Life Sciences



Growing Innovation Ecosystem



Manufacturing Powerhouse



Top Headquarters City



Trade and Logistics Hub for the Americas



Houston's Momentum

By the Numbers

- City of Houston population over 2.3 million (ACS 2018)
- The Houston metro region offers a diverse and extensive labor force of more than three million workers, larger than 35 states.
- Houston ranks 21st among U.S. metros for venture capital deals

By the Assets

- Central U.S. location with two international airports and four major deep-water seaports
- 3rd highest concentration of Fortune 1,000 headquarters
- Home to more than 40 Fortune 1,000 corporate headquarters

By the Opportunity Zones

- Harris County contains 105 opportunity zones, over 16% of the zones designated in Texas
- Zones include transformational projects throughout the city

Houston By the Numbers





Fastest Growing Consumer Market in U.S.

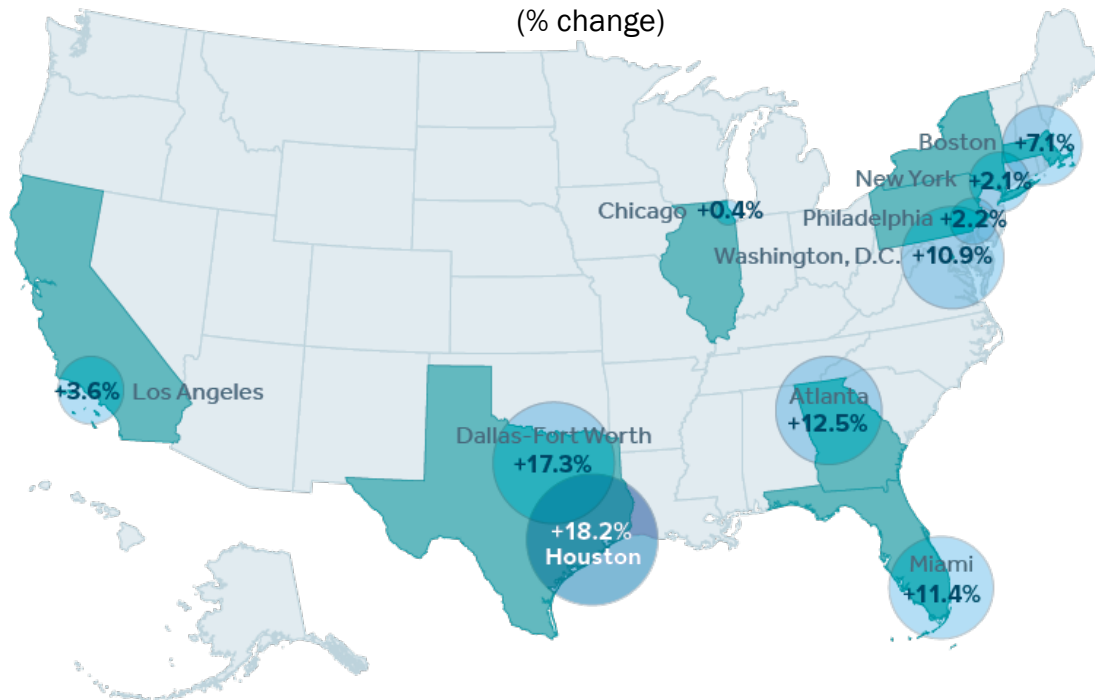
Houston is one of the youngest, fastest-growing and most diverse populations anywhere in the world.

Fastest rate of population growth among the top 20 U.S. Metros from '10 to '18

Houston's per capita **personal income** in '17 was **2.2% above the U.S. average.**

Population Growth 2010 - 2018

(% change)





America's Most Diverse City

145 languages spoken in Houston

39.8% of Houstonians speak a language other than English

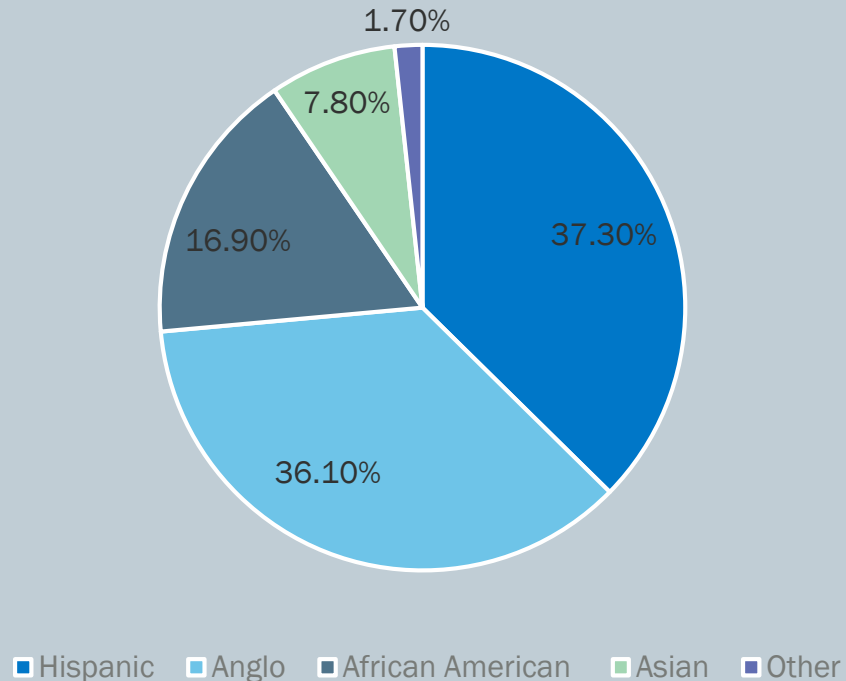
23.6% of Houstonians are foreign born.

Home to over 1,000,000 millennials, consisting of 15.0% of the population in '18

Top 10 city for attracting millennials

Top city for retaining college graduates.

Race/Ethnicity: City of Houston





Houston is Business and Wallet Friendly

Consistently **pro-growth, pro-business** attitude.

Houston and Texas have **no state or corporate income taxes**.

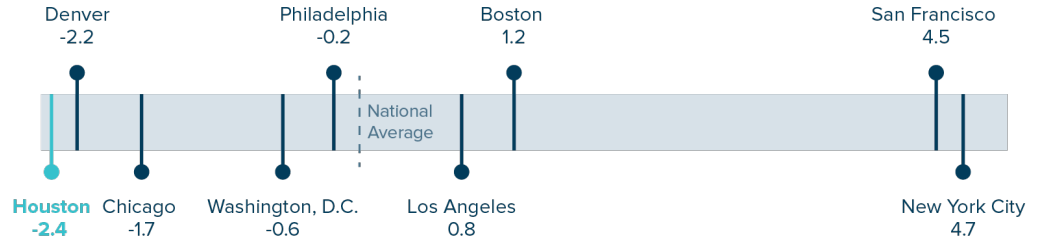
Texas is a **right-to-work state** with one of the country's lowest unionization rates.

Lower **cost for development** due to proximity to raw materials, suppliers, global air and seaports.

No zoning laws allow for quality development to take place without undue requirements.

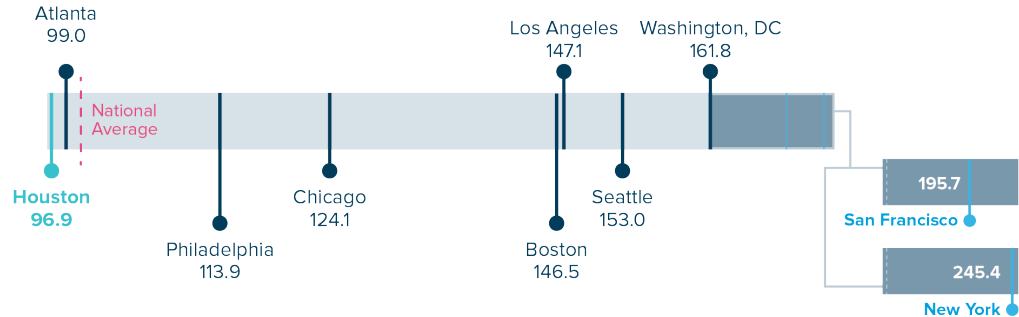
OVERALL BUSINESS COST INDEX

Percent Above/Below the U.S. Average Cost



COST OF LIVING COMPARISON

Cost of Living Index (U.S. Average = 100), Q1/18





Consistently Among the Best Cities

**America's Top State
for Business**

CNBC - 2018

**#3 Fastest Growing City in
the U.S.**

Wallet Hub

**#5 Metro in U.S.
Forbes Global 2000
Headquarters**

Forbes

**No. 2 Metro
Business Relocations
& Expansions**

Site Selection Magazine

**Top 10 Metro
America's Best Cities**

Resonance Place Equity Index

**#1 Metro for Economic
Growth Potential**

Business Facilities



Houston Employment Profile

City of Houston Employment by Industry 2017

Industry	Jobs	Percent of Total
Total Nonfarm	1,105,198	100.0
Agriculture, Forestry, Fishing and Hunting	2,207	0.2%
Mining and Logging	29,867	2.7%
Construction	117,617	10.6%
Manufacturing	91,529	8.3%
Wholesale Trade	30,195	2.7%
Retail Trade	112,623	10.2%
Trade, Transportation, and Utilities	66,607	6.0%
Information	12,530	1.1%
Financial Activities	67,743	6.1%
Professional and Business Services	162,251	14.7%
Educational and Health Services	207,555	18.8%
Leisure and Hospitality	109,196	9.9%
Other Services	65,944	6.0%
Government	29,334	2.7%

Source: U.S. Census Bureau, 2017 American Community Survey



Houston's Largest Employers

The top 100 employers in Houston account for nearly 600,000 regional workers.

More than 20,000 employees

H-E-B	Houston Methodist	Memorial Hermann Health System	UT MD Anderson Cancer Center	Walmart
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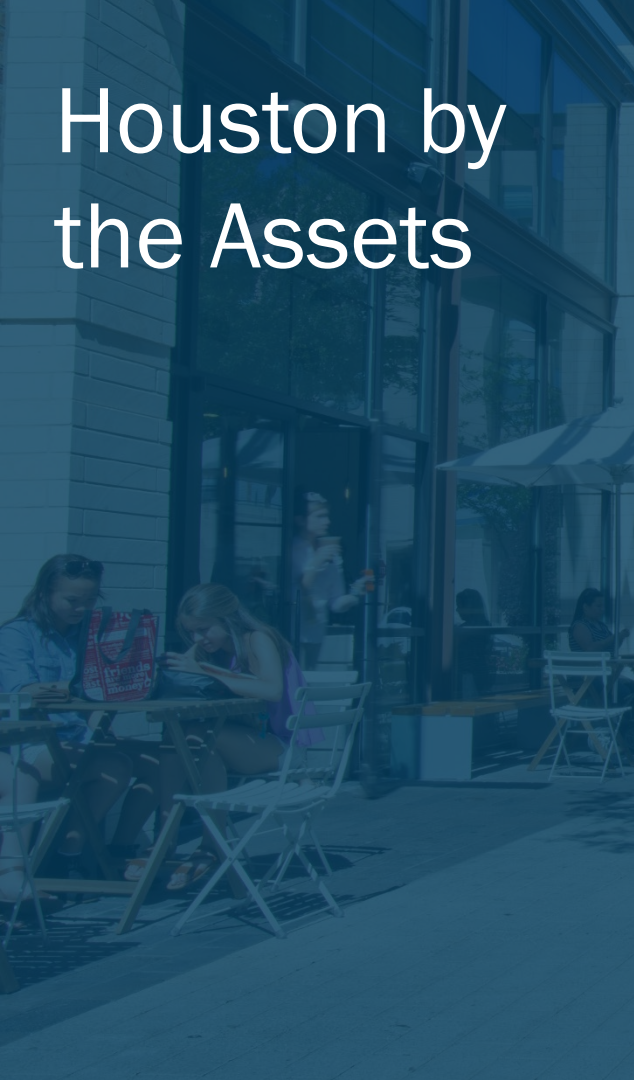
10,000 to 19,999 employees

ExxonMobil	HCA	Kroger
National Oilwell Varco	Schlumberger	Shell Oil Co.
Texas Children's Hospital HCA	United Airlines	UT Medical Branch Health System

5,000 to 9,999 employees

AT&T	Baker Hughes, a GE company	Baylor College of Medicine
BP America	CenterPoint Energy	Chevron
CHI St. Luke's Health	Dow Chemical Co.	Halliburton
Harris Health System	Hewlett Packard Enterprise	Home Depot
Houston Community College	JPMorgan Chase	KBR
Lone Star College	Michael E. DeBakey VA Medical Center	S&B Engineers and Constructors
Target Corp.	University of Houston	UT Health Science Center at Houston
	Walgreens	

Houston by the Assets





Headquarters Hub for the Americas

Corporate headquarters thrive in our region, powered by a diverse, highly-skilled and well-trained talent base who enjoy an excellent quality of life.

Houston has one of the **largest concentrations of global headquarters in the world.**

3rd highest concentration of **Fortune 1,000 headquarters** in the U.S. (ranking just behind New York and Chicago).

Home to more than **20 Fortune Global 2,000 companies'** global or regional headquarters.





Houston is a Great Global City

1,700+ Houston firms report foreign ownership.

90 consulate offices.

More than 150 companies with nearly 3,500 subsidiaries in 110 other nations.

5,000+ Houston-area firms, foreign government offices and nonprofit organizations involved in international business.

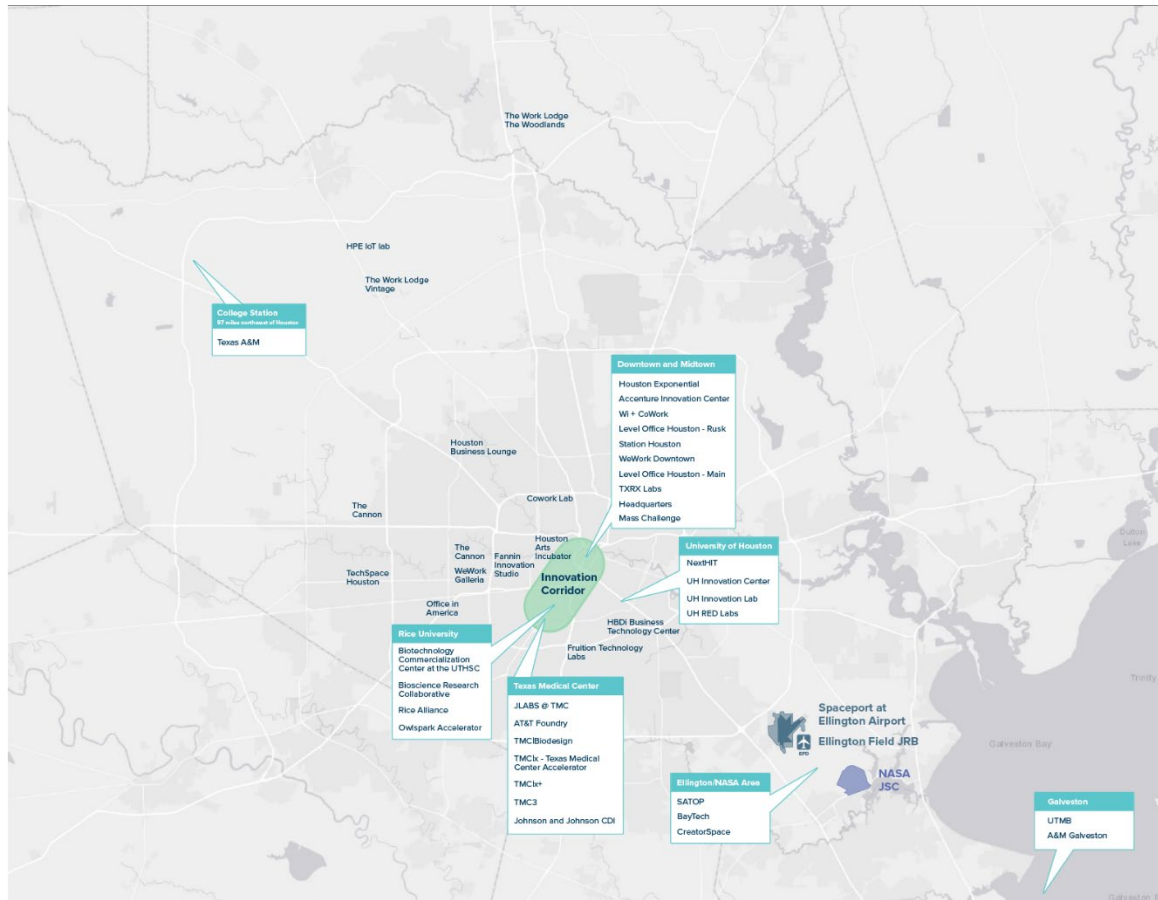
19 foreign banks, representing ten nations.

Hundreds of international companies have opened, expanded or relocated to Houston.





Houston's Innovation Ecosystem





Houston's Innovation Ecosystem

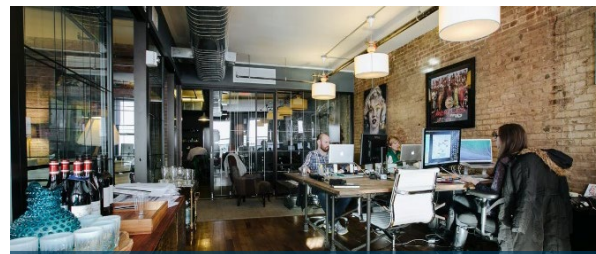
Over the last few years, Houston has made transformational moves to accelerate the growth of our innovation ecosystem, positioning Houston as a world class digital tech city over the next five years.



INNOVATION CORRIDOR



THE ION



COLLABORATION SPACES



HOUSTON EXPONENTIAL



TMC x



TMC3 - TRANSLATIONAL RESEARCH CAMPUS



Third Coast for Life Science

Home to the world's largest medical campus, the **Texas Medical Center**, one of the top destinations in the U.S. for clinical health care and medical research.

10+ million patient encounters at TMC each year.

106,000 employees including multiple **Nobel Laureates** and the highest concentration of **nationally awarded scientists**.

Houston has more than **1,760 life sciences companies**, cutting edge hospitals, health facilities and research institutions.





Digital Tech in Houston

Houston has a over 500 digital tech companies developing new and innovative technology for energy, healthcare, business services, e-commerce, cloud-computing, cyber-security, logistics and other vital industries.





Manufacturing Market in Houston



Houston is a **leading global manufacturing center** and **logistics hub for the Americas and the world**.

Houston has the **fourth largest manufacturing GDP** in the U.S.

Houston manufactures **\$83 billion in products annually**.

The labor shed for the Houston region includes **more than 529,200 workers in goods-producing industries**.

Houston manufacturers employ more than **229,000 manufacturing workers**.



Strategic Location for Global Access by Air

Houston provides direct access to every major city in the U.S. from two airports – Bush Intercontinental (IAH) and Hobby (HOU).

845 daily nonstop flights globally

Atlanta	1:50 hrs.	New Orleans	1:00 hrs.
Boston	3:40 hrs.	New York City	3:20 hrs.
Chicago	2:25 hrs.	Philadelphia	3:10 hrs.
Cleveland	2:35 hrs.	Phoenix	2:40 hrs.
Dallas/Ft. Worth	30 min.	San Diego	3:20 hrs.
Denver	2:20 hrs.	San Francisco	4:10 hrs.
Los Angeles	3:30 hrs.	Seattle	4:30 hrs.
Miami	2:20 hrs.	Washington, D.C.	2:50 hrs.





Houston Region's Ports Offer Global Access

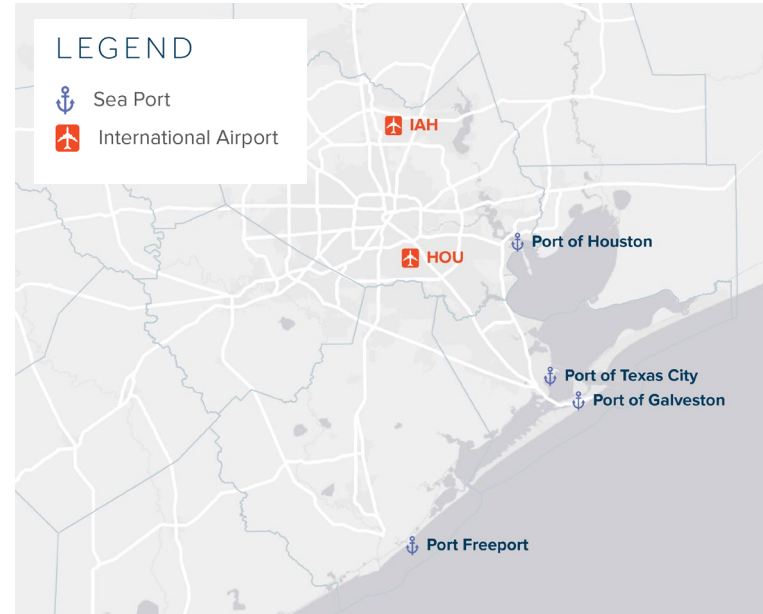
Four major deep water seaports enable companies to import goods from around the world. Efficiently linked by rail, interstate and local roadways, Houston's ports are an unparalleled gateway to global shipping lanes.

Port Houston is the largest **container** in the Gulf Coast and **5th largest** in the U.S., amounting to **over 247 million tons of cargo**

#1 import and export (combined) port in the U.S. in terms of foreign waterborne tonnage

#1 break bulk port in the nation, accounting for 52% of project cargo, break bulk and neo-bulk at Gulf Coast ports.

Each year, more than **8,200 vessels** and **215,000 barges** carry throughout the Port of Houston





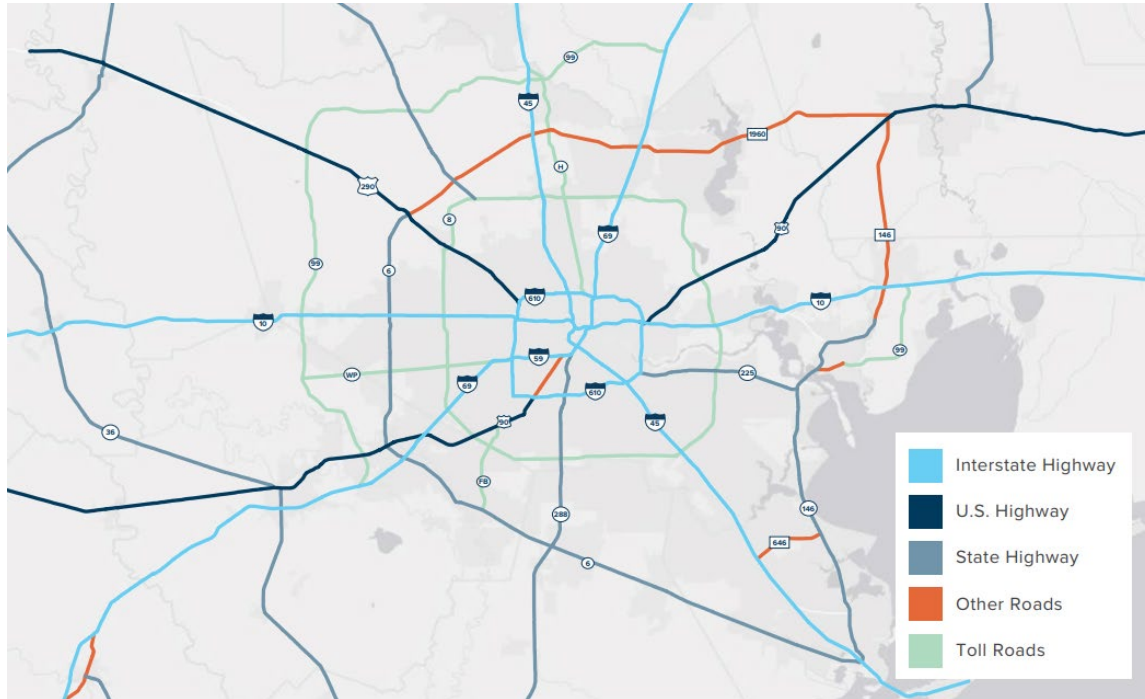
Easy Access to Major Interstates

Houston's extensive highway system is well-integrated with the ports, airports, and railroads serving the city.

Crossroads of Interstate Highways
10, 45, and 69.

I-69 is known as the **"NAFTA superhighway"** that will link Canada, the U.S. Industrial Midwest, Texas, and Mexico.

"Three-loop system" enabling easy connections across the region including Interstate 610, Beltway 8 and Highway 99.



Houston Has Talent





Extensive Talent Pool

With a labor pool of over 3 million workers, businesses thrive in our region, powered by a diverse, highly-skilled and well-trained talent base from all sectors.

HQ & Business Services – 700,000 corporate professionals

Digital Tech Talent – 233,000 jobs

Engineers – 55,870 jobs

Biotech Specialist – 16,880 jobs

Health Care – 332,700 jobs

Manufacturing – 229,000 jobs





Colleges in the City of Houston – 2 Year

ALTIERUS CAREER COLLEGE-BISSONNET	Private not-for-profit	FORTIS INSTITUTE-HOUSTON	Private for-profit		
AVIATION INSTITUTE OF MAINTENANCE-HOUSTON	Private for-profit	HOUSTON COMMUNITY COLLEGE	Public	SAN JACINTO COLLEGE-SOUTH CAMPUS	Public
CENTER FOR ADVANCED LEGAL STUDIES	Private for-profit	HOUSTON INTERNATIONAL COLLEGE	Private for-profit	SCHOOL OF AUTOMOTIVE MACHINISTS & TECHNOLOGY	Private for-profit
COMMONWEALTH INSTITUTE OF FUNERAL SERVICE	Private not-for-profit	CARDIOTECH ULTRASOUND SCHOOL		THE COLLEGE OF HEALTH CARE PROFESSIONS-SOUTHWEST HOUSTON	Private for-profit
CULINARY INSTITUTE INC	Private for-profit	INTERACTIVE COLLEGE OF TECHNOLOGY	Private for-profit	UNIVERSAL TECHNICAL INSTITUTE OF TEXAS INC.	Private for-profit
FLORIDA CAREER COLLEGE-HOUSTON CAMPUS	Private for-profit	LONE STAR COLLEGE	Public	VET TECH INSTITUTE OF HOUSTON	Private for-profit
FORTIS COLLEGE-HOUSTON	Private for-profit	MEDIATECH INSTITUTE-HOUSTON	Private for-profit		
		PIMA MEDICAL INSTITUTE-HOUSTON	Private for-profit		
		SAN JACINTO COLLEGE-NORTH CAMPUS	Public		



Colleges in the City of Houston – 4 years or above

AMERICAN COLLEGE OF ACUPUNCTURE AND ORIENTAL MED	Private for-profit	NATIONAL AMERICAN UNIVERSITY-HOUSTON	Private for-profit	THE ART INSTITUTE OF HOUSTON	Private for-profit
AMERICAN INTERCONTINENTAL UNIVERSITY-HOUSTON	Private for-profit	RELAY GRADUATE SCHOOL OF EDUCATION - HOUSTON	Private not-for-profit	THE COLLEGE OF HEALTH CARE PROFESSIONS-NORTHWEST	Private for-profit
BAYLOR COLLEGE OF MEDICINE	Private not-for-profit	REMINGTON COLLEGE-NORTH HOUSTON CAMPUS	Private not-for-profit	THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT HOUSTON	Public
CHAMBERLAIN UNIVERSITY-TEXAS	Private for-profit	RICE UNIVERSITY	Private not-for-profit	THE UNIVERSITY OF TEXAS MD ANDERSON CANCER CENTER	Public
COLLEGE OF BIBLICAL STUDIES-HOUSTON	Private not-for-profit	SOUTH TEXAS COLLEGE OF LAW HOUSTON	Private not-for-profit	UNIVERSITY OF HOUSTON	Public Two additional locations in Clear Lake and Downtown
HOUSTON BAPTIST UNIVERSITY	Private not-for-profit	STRAYER UNIVERSITY - NORTHWEST HOUSTON CAMPUS	Private for-profit	UNIVERSITY OF PHOENIX-TEXAS	Private for-profit
HOUSTON GRADUATE SCHOOL OF THEOLOGY	Private not-for-profit	STRAYER UNIVERSITY-NORTHWEST HOUSTON	Private for-profit	UNIVERSITY OF ST THOMAS	Private not-for-profit
		TEXAS SOUTHERN UNIVERSITY	Public		

About Opportunity Zones





Opportunity Zone Tax Incentives

Different than Other Tax Credits:

- More Market Oriented
- Residential, commercial real estate, and business investments
- No benefit cap

Taxpayers can defer *and* potentially reduce taxation on capital gains



by making timely investments in

Opportunity Funds



which invest in

Opportunity Zone Property & Businesses



Source: Novogradac & Company LLP



Opportunity Zone Tax Incentives

Established by the 2017 Tax Cuts and Jobs Act, the program was established as an innovative approach to spur long-term investments in low-income urban and rural communities nationwide.



Temporary Deferral

A temporary deferral of inclusion in taxable income for capital gains reinvested into an Opportunity Fund. The deferred gain must be recognized on the earlier of the date on which the opportunity zone investment is disposed of or December 31, 2026.



Step-Up In Basis

A step-up in basis for capital gains reinvested in an Opportunity Fund. The basis is increased by 10% if the investment in the Opportunity Fund is held by the taxpayer for at least 5 years and by an additional 5% if held for at least 7 years, thereby excluding up to 15% of the original gain from taxation.

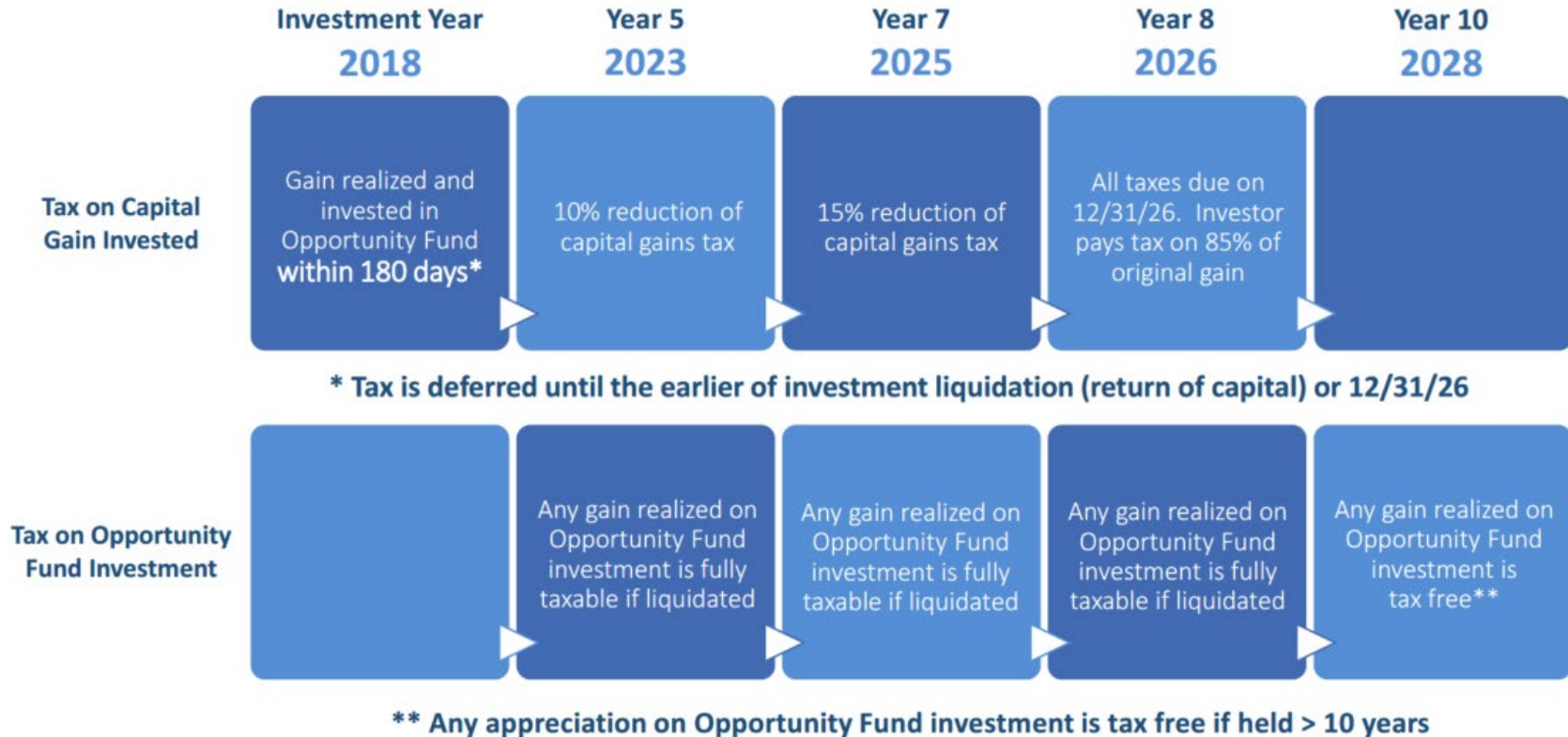


Permanent Exclusion

A permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in an Opportunity Fund if the investment is held for at least 10 years. This exclusion only applies to gains accrued after an investment in an Opportunity Fund.



Opportunity Zone Tax Incentives





City of Houston Opportunity Zone Investment Priorities



Affordable and Workforce Housing



Retail Development/Food Deserts



Manufacturing/Distribution



Innovation/Tech



Complete Communities



City of Houston Governance – Opportunity Zones

The City of Houston has multiple local entities, including tax increment reinvestment zones (TIRZs), management districts and other relevant entities.

Many (but not all of the OZs) have quasi-governmental entities that aid in the planning and development of areas.



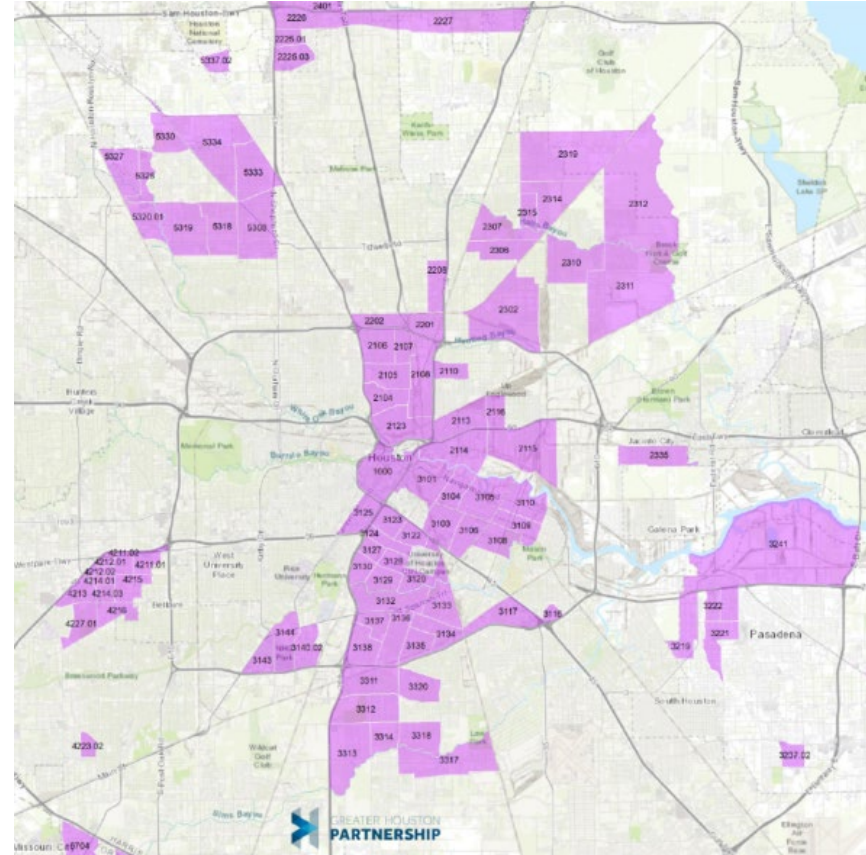


Geography of Houston's Opportunity Zones

99

census tracts designated

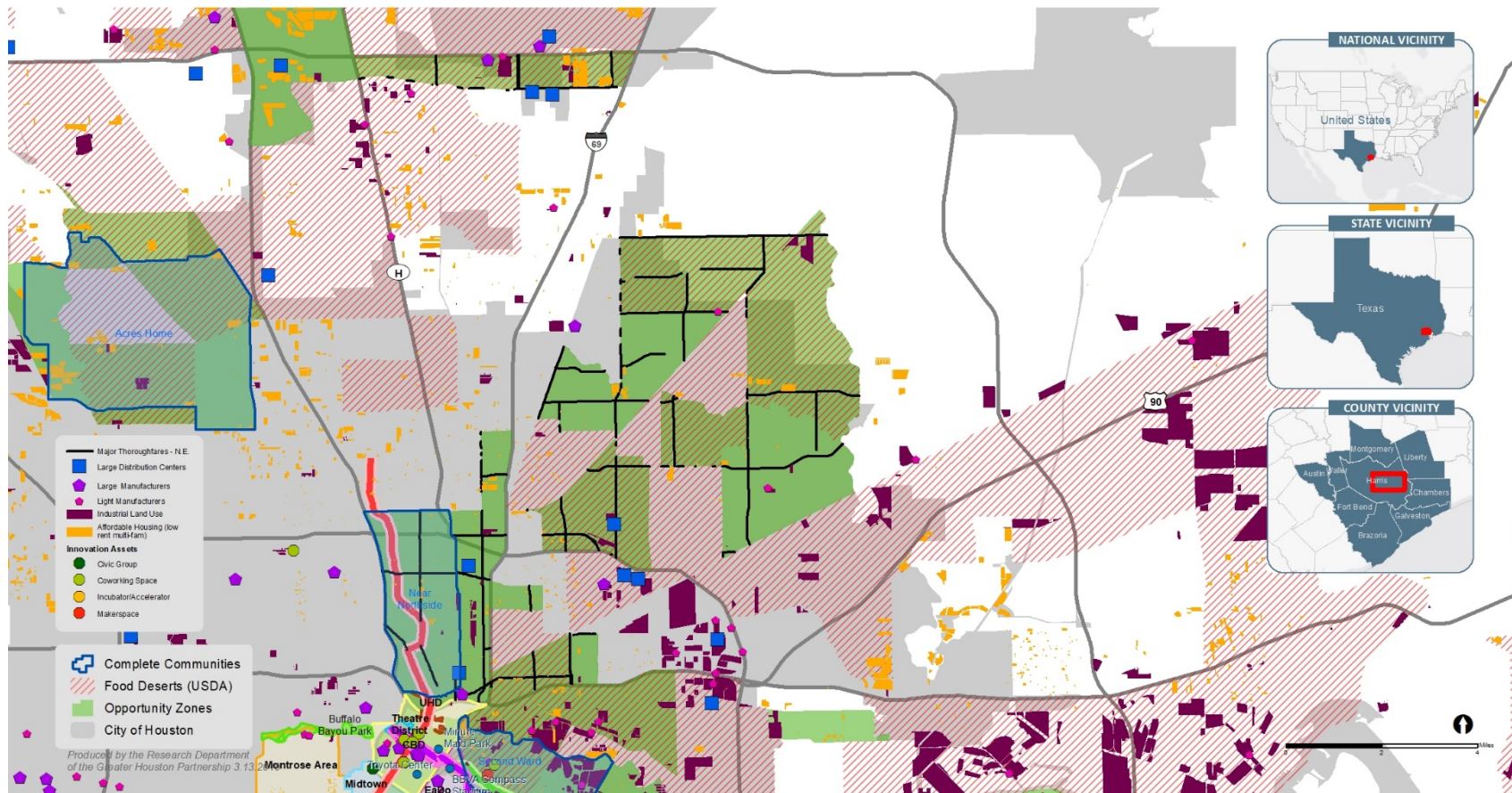
Average poverty rate	33.5%
Average unemployment rate	13.3%
Average family income in OZ census tracts relative to area median income (AMI)	56.4%



Source : LISC



Northeast Quadrant Opportunity Zones





Northeast Quadrant Neighborhoods

Neighborhoods in this quadrant include but are not limited to the following:

- [Greater Fifth Ward](#)
- [Second Ward](#)
- [Denver Harbor](#)
- [Kashmere Gardens](#)
- [Near Northside](#)
- [Trinity Gardens](#)
- [Greenspoint](#)
- [IAH Airport](#)
- [East Text Jensen Area](#)
- [Downtown](#)
- [East Little York/ Homestead](#)
- [Denver/Port Houston](#)
- [East Houston](#)
- [Magnolia Park](#)
- [Northshore](#)

Northeast Quadrant Points of Contacts

- [Near Northside Complete Community](#) - Davonte Caldwell, CC_NearNorthside@houstontx.gov
- [Greater Northside Management District](#) – Rebecca Reyna, rc.reyna@greaternorthsidedistrict.org
- [TIRZ 18 – Fifth Ward](#) – Kathy Payton, kpayton@fifthwardcrc.org
- [TIRZ 21 – Hardy/Near Northside](#) – Ralph Deleon, rdeleon1028@sbcglobal.net
- [TIRZ 22 – Leland Woods](#) – Joel Alba, joel.alba@houstontx.gov



North Main and Quitman Corridor



North Main Transit Corridor – Hardy Yards



Southeast Quadrant Neighborhoods:

Neighborhoods in this quadrant include but are not limited to the following:

- South Main
- Medical Center Area
- Astrodome Area
- Greater Third Ward
- MacGregor
- Greater Ost/South Union
- Sunnyside
- South Park
- South Acres/Crestmont Park
- Minnetex
- Greater Eastwood
- Lawndale/Wayside
- Pecan Park
- Gulfgate Riverview/Pine Valley



Innovation Corridor

Southeast Quadrant Points of Contact:

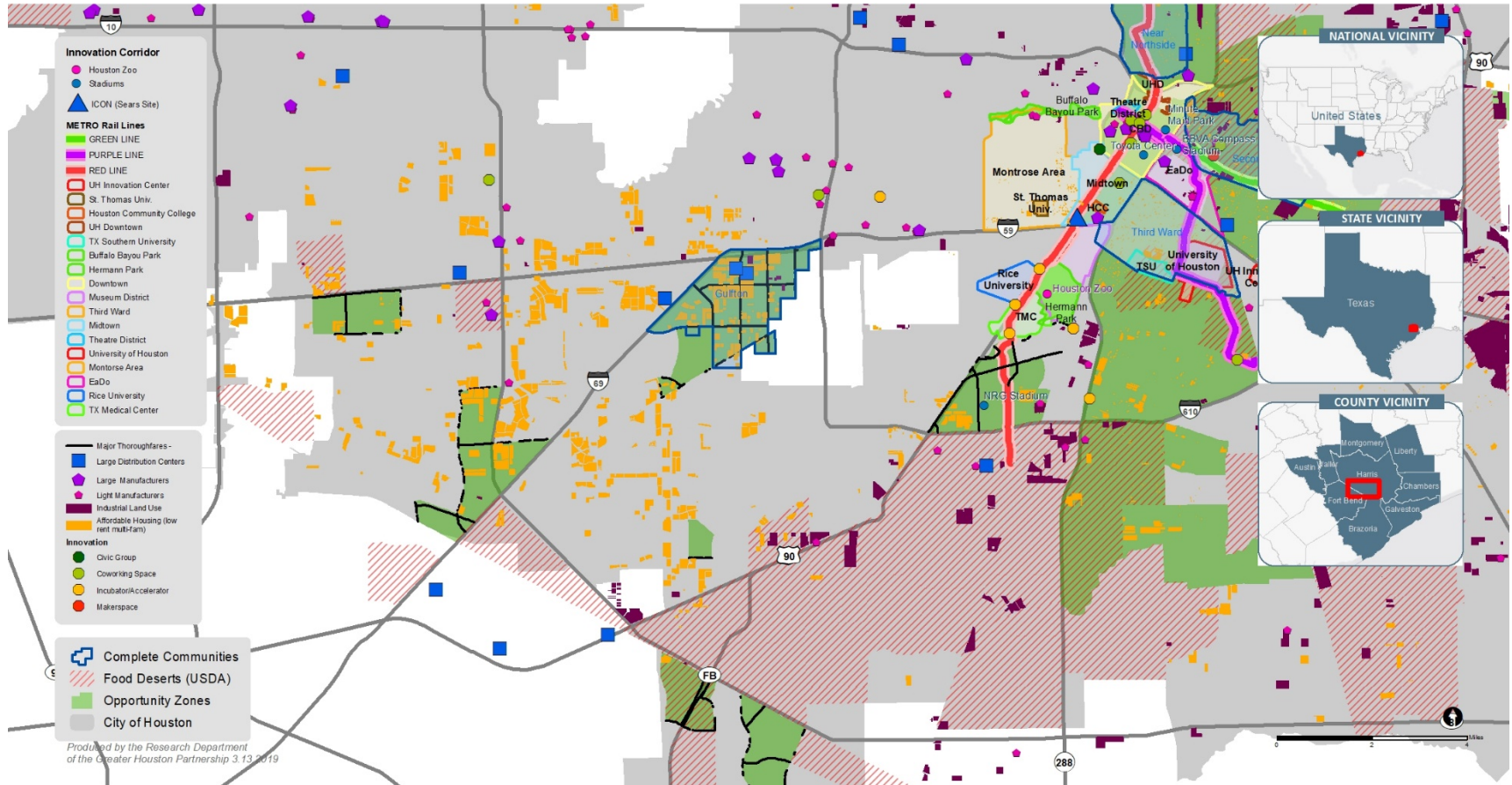
- Second Ward Complete Community - David Welch, CC_SecondWard@houstontx.gov
- Third Ward Complete Community - Lynn Henson, CC_ThirdWard@houstontx.gov
- Downtown Management District - Bob Eury, rmeury@downtowndistrict.org
- East End Management District - Veronica Gorczynski, veronica@eastenddistrict.com
- Five Corners Improvement District - David Hawes, dhawes@haweshill.com
- Hobby Area Management District - Jerry Lowry, jlowry@hadistrict.org
- Midtown Management District - Matt Thibodeaux, mattt@houstonmidtown.com
- Southeast Management District - Theola Petteway, tdpetteway@ostalmeda.com
- TIRZ 2 - Midtown - Matt Thibodeaux, mattt@houstonmidtown.com
- TIRZ 3 - Market Square - Ryan Leach, rleach@downtowntirz.com
- TIRZ 7 - O.S.T/ Alameda TIRZ - Theola Petteway, tdpetteway@ostalmeda.com
- TIRZ 8 - Gulfgate - David Hawes, dhawes@haweshill.com
- TIRZ 15 - East Downtown - Ralph Deleon, rdeleon1028@sbcglobal.net
- TIRZ 18 - Fifth Ward - Kathy Payton, kpayton@fifthwardcrc.org
- TIRZ 23 - Harrisburg - David Hawes, dhawes@haweshill.com
- TIRZ 26 - Sunnyside - Carnell Emanuel, carnell.Emanuel@houstontx.gov



East River Development



Southwest Quadrant Opportunity Zones



Produced by the Research Department of the Greater Houston Partnership 3.13.2019



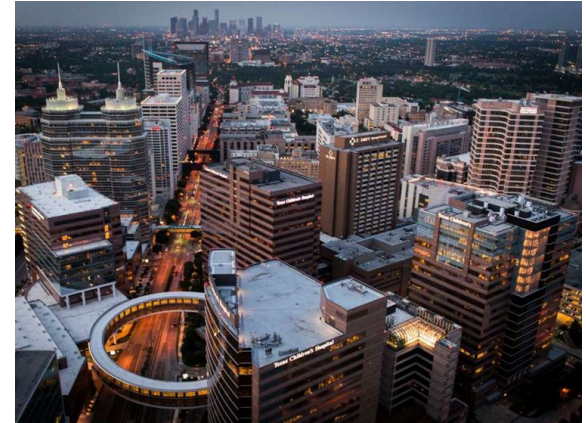
Southwest Quadrant Neighborhoods:

Neighborhoods in this quadrant include but are not limited to the following:

- Alief
- Sharpstown
- Gulfton
- Westwood
- Brays Oaks
- Westbury
- Fort Bend Houston
- Midtown

Southwest Quadrant Points of Contact:

- Gulfton Complete Community - Tonya Sawyer, CC_Gulfton@houstontx.gov
- Brays Oaks Management District - Ben Brewer, bbrewer@braysoaksmid.org
- Gulfton Management District-
- International Management District - David Hawes, dhawes@haweshill.com
- Southwest Management District - Alice Lee, alee@southwestmanagementdistrict.org
- TIRZ 20 - Southwest Houston - David Hawes, dhawes@haweshill.com
- TIRZ 25 - Hiram Clarke/Ft. Bend Houston - Ralph Deleon, rdeleon1028@sbcglobal.net



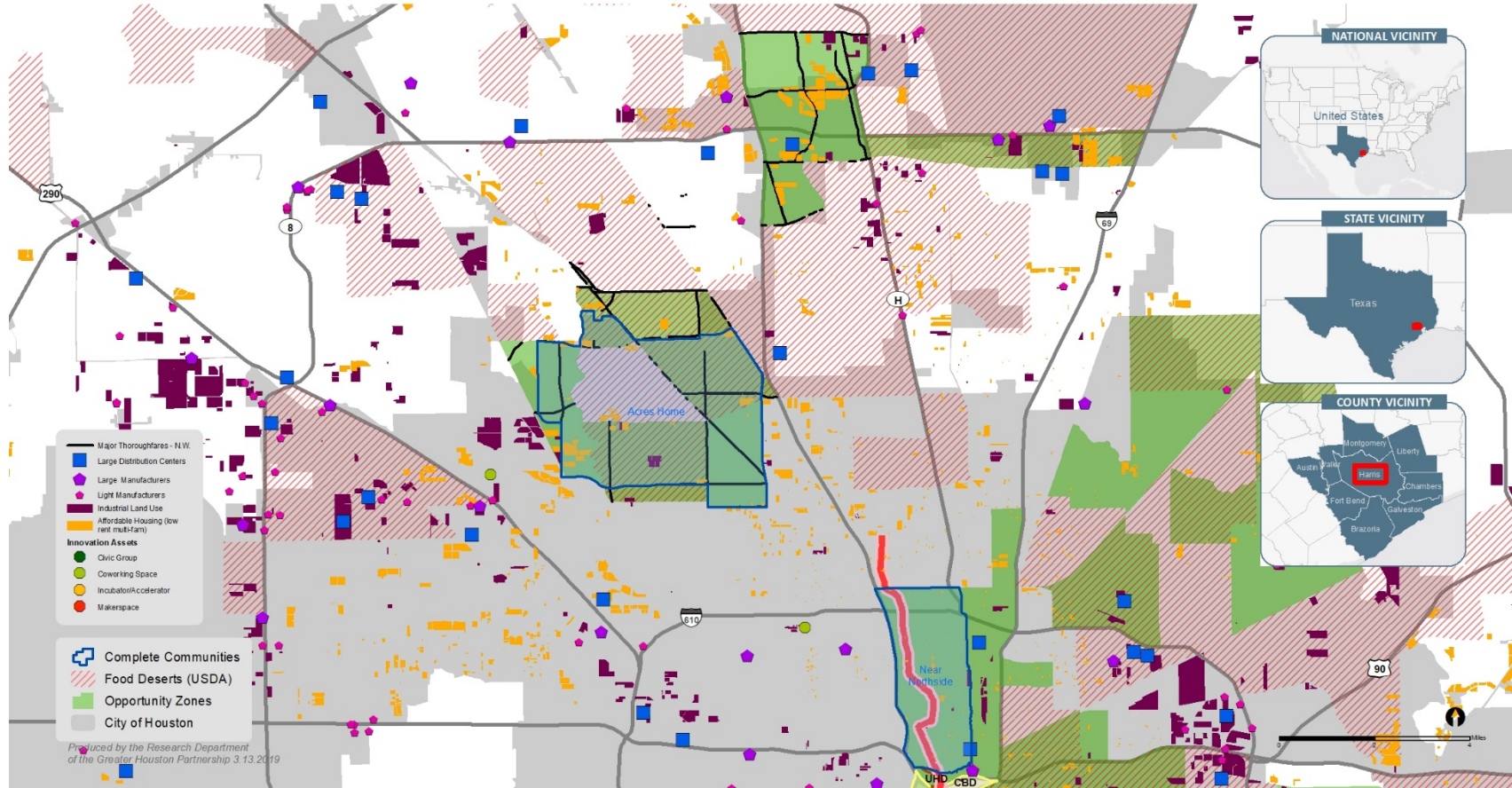
Texas Medical Center



Gulfton Complete Community



Northwest Quadrant Opportunity Zones





Northwest Quadrant Neighborhoods:

Neighborhoods in the quadrant include but are not limited to the following:

- [Acres Home](#)
- [Greater Inwood](#)
- [Greater Greenspoint](#)



Greenspoint Mall

Northwest Quadrant Points of Contact:

- [Acres Homes Complete Community](#) - Christa Stoneham, CC_AcresHome@houstontx.gov
- [North Houston Management District](#) - Greg Simpson, gsimpson@northhouston.org
- [Near Northwest Management District](#) - Wayne Norden, wnorden@nnmd.org
- [Greenspoint TIRZ](#) - Sally Bradford, sbradford@greenspoint.org



Acres Homes Complete Community

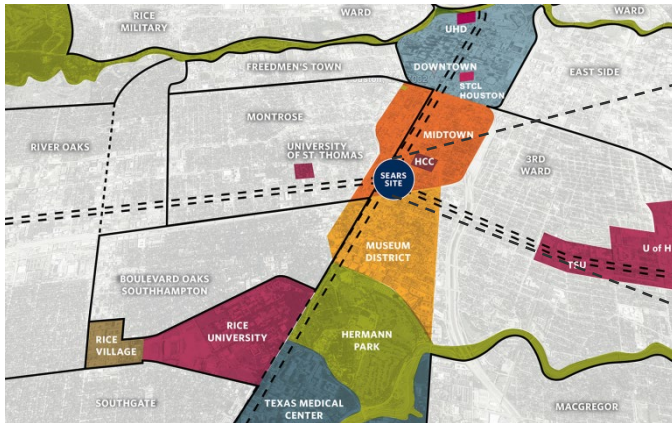
Opportunity Zone Corridor Development





Innovation Corridor

The Assets:



Innovation Corridor

- 4 miles that integrate cutting edge companies among existing research and business hubs between the Texas Medical Center and downtown Houston.
- Rail-transit oriented for ease of access.
- Investment from Rice University, City of Houston, and other collaborative partners.



The Ion & Midtown Innovation District

- The Ion is a \$100 million, 270,000 sq. ft. facility that will serve as a multi-institutional technology collaboration hub for startups and universities to innovate alongside Houston's top companies. The building will open in Q4 2020.
- The Ion is located within a 16 acre master planned district that will consist of various retail, multi-family, office, hotel, and greenspace amenities.

The Opportunities: Invest in qualifying start-ups and business expansions in a growing tech industry and partner with a major university to expand the innovation ecosystem in the City of Houston.



Innovation Corridor Programs and Incentives

- Located within a TIRZ
- Located within a management district
- Specific potential incentives include the following:
 - 380 program consideration
 - TEZ nomination (based on capital investment and job creation/retention)
 - TEF (based on job creation)





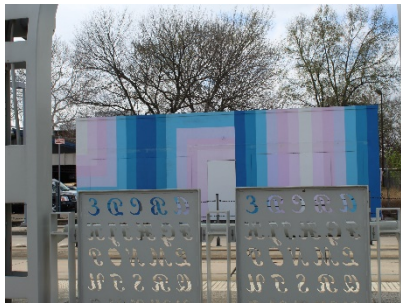
N. Main Transit Corridor

The Assets:

- Northside Livable Center Study completed in 2010
- Houston Metro Red Line Light Rail Transit opened in 2013
- Quitman Pedestrian-Transit Improvements to begin late 2019 by Greater Northside Management District
- Hernandez Tunnel Improvements to begin Mid March 2019 by the City of Houston Housing and Community Development Department including lights and artwork by Greater Northside Management District .
- Two Multi income developments – one completed 2017 by Avenue CDC and one to be completed 2019 by Zieban Group
- Planned development of a new restaurant and Brewery in vicinity.

The Opportunities:

- Redevelop Industrial and semi-industrial properties as single-family residential, neighborhood oriented commercial and community facilities.
- Develop mixed-use complexes that integrate with transit and encourage multi-family and higher density development to locate near transit stations.
- Opportunities to create vibrant community gathering places, improving the visual appearance of commercial corridors and nearby residential areas while preserving historic housing stock and commercial structures.

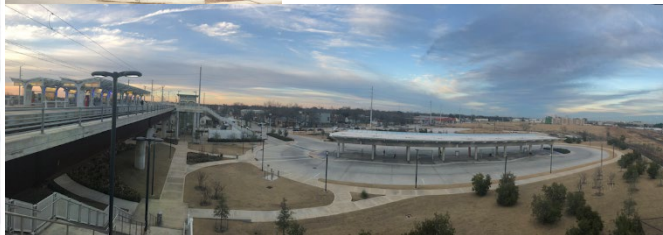




N. Main Transit Corridor – Hardy Yards

The Assets and Opportunities:

- 36 acres of developable land, currently held by Cypress Advisors or Austin, Texas. Hardy Yards has the infrastructure already in place for a mixed-use development potential. Abutting next to the Burnett Street Station of the METRO LRT, it is the perfect location for a multi-use Transit Orientated Development.
- At a major node of North Main and Burnett Street, with new wide sidewalks along Burnett and in the Hardy Yards, shovel ready.
- Near University of Houston- Downtown and with spectacular views of Downtown.
- Already existing a soon to open 350 multi-family, mixed use development by Zieban Group





Emancipation Avenue Corridor

The Assets:

The Emancipation Avenue Corridor is the primary commercial/retail spine of the vibrant Third Ward community. Emancipation Avenue has excellent access to Downtown Houston and employment centers throughout the Houston region. The corridor also features excellent access to Texas Southern University and the University of Houston, both of which are in expansion mode. Moreover, Emancipation Avenue has been designated a National Trust for Historic Preservation Main Street Corridor, a designation that will stimulate and support development and redevelopment.

Emancipation Avenue is a Designated Economic Corridor in the **Houston Southeast Community Plan** sponsored by the Greater Southeast Management District. Emancipation Avenue traverses Tax Increment Reinvestment Zone #7 (TIRZ#7). Its inclusion in the aforementioned plan and its location in TIRZ#7 means that the Emancipation Avenue corridor has been or will be the beneficiary of numerous infrastructure and placemaking improvements.

The iconic Emancipation Park (*pictured on the right*), new housing development nearby, and existing and upcoming commercial/retail development are additional assets that serve as a catalyst for new investment.





Emancipation Avenue Corridor

The Opportunities:

The Emancipation Avenue Corridor lies within a City of Houston Complete Community. The **Third Ward Complete Community** contains a number of initiatives that will serve as a catalyst for investment on and around the Emancipation Corridor, which is the gateway to a close-in neighborhood. In addition to the involvement of quasi-governmental and governmental organizations, local foundations and nonprofit land owners are engaged in planning a number of projects for the corridor, all under the banner of Revive Emancipation!

The adopted **Midtown Affordable Housing Plan** addresses potential affordable housing uses for multiple tracts of land in and around the Emancipation Avenue corridor. Moreover, several nonprofit entities own land on the Emancipation Corridor on which they anticipate constructing housing and other types of development.

Opportunities for public-private partnerships are presented by the fact that there are two tax increment financing entities (TIRZ#7 and TIRZ#2) and a management district (Houston Southeast). These entities have the ability to support projects on the Emancipation Avenue Corridor.



Complete Communities within Opportunity Zones

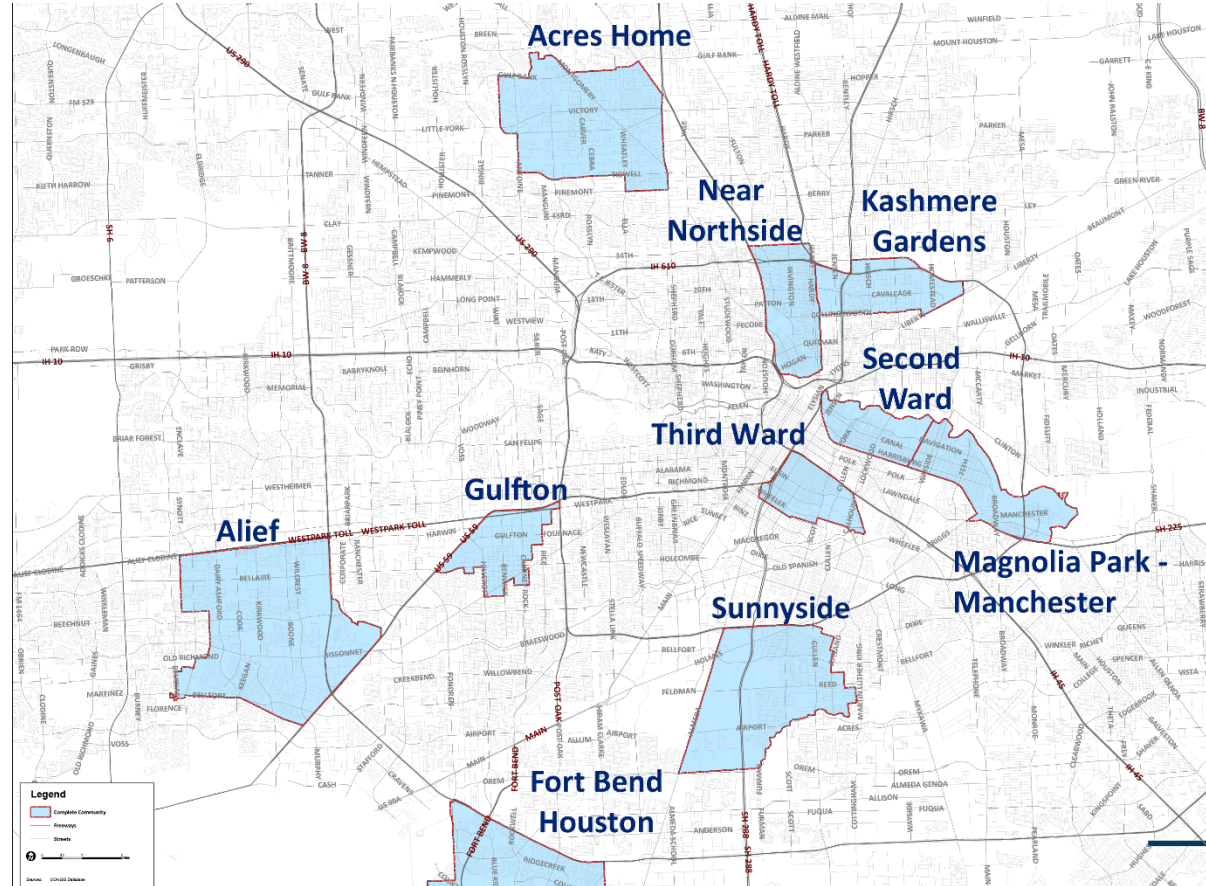




About Complete Communities

Complete Communities is an initiative led by Mayor Turner that focuses 10 communities to redirect current city and federal resources to these neighborhoods to improve access to jobs, schools, parks, quality affordable housing and more, in an effort that will require coordination across city departments as well as with outside bodies, including the local school districts and transit agencies.

Currently, the Complete Communities initiative includes Acres Home, Alief, Fort Bend Houston, Gulfton, Kashmere Gardens, Magnolia Park – Manchester, Near Northside, Second Ward, Sunnyside and Third Ward.





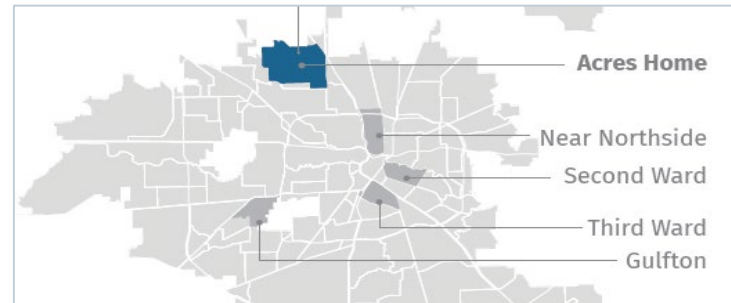
Acres Home Complete Community

The Assets:

- The existing community is 10 miles from downtown Houston and is a short commute from major employment centers.
- The community has a large amount of undeveloped land.
- Large parks including Sylvester Turner Park that features playgrounds walking trails and a baseball field sponsored by the Houston Astros.
- A potential repurposing of the Bethune Academy into the Bethune Empowerment Center.

The Opportunities:

- Partner with HCDD for CDBG funds to build higher-density, mixed income housing and a town center along West Montgomery.
- Redevelop vacant lots into single-family rental housing.
- Open a full service grocery store to meet demand in the neighborhood.





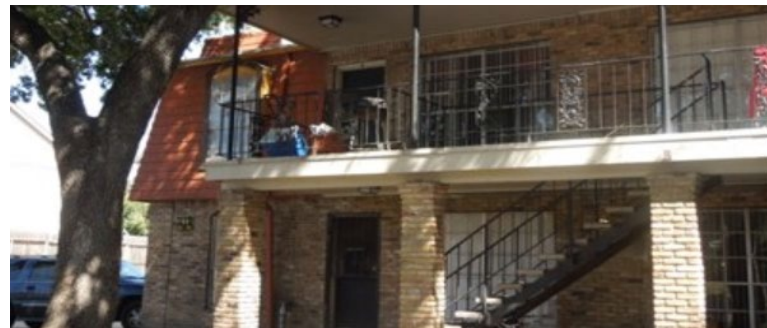
Gulfton Complete Community

The Assets:

- Burnett Bayland Park is undergoing revitalization and currently features amenities including a water playground, a children's playground, walking trail, a community garden, picnic tables, athletic fields, a basketball pavilion, and a community center.
- Gulfton is most densely populated and diverse community in Houston.
- Near major employment centers including Galleria/Uptown.

The Opportunities:

- Develop properties along I-69 freeway to compliment existing retail anchors such as Walmart and Sam's Club.
- Partner with HCDD for CDBG funds to reinvest in existing multi-family housing stock.
- Increase banking options for residents.
- Entire community located within an Opportunity Zone.





Near Northside Complete Community

The Assets:

- Construction has started on Avenue Center, a multi-million dollar community improvement center.
- Moody Park is a central gathering place in the northern part of the neighborhood and contains the iconic architecture done by Rey de la Reza.
- The area is served by METRORail and has recent upgrades to pedestrian infrastructure and an expansion of bike lanes along Hardy and Elysian.
- Hardy Yards

The Opportunities:

- Redevelop vacant or under-utilized properties along the METRORail Red Line.
- Partner with HCDD for CDBG funds to increase single and multi-family housing.
- Develop new full service grocery stores, retail or restaurants in high demand areas along major corridors such as Cavalcade, Quitman, Fulton, North Main.
- Entire community located within an Opportunity Zone.





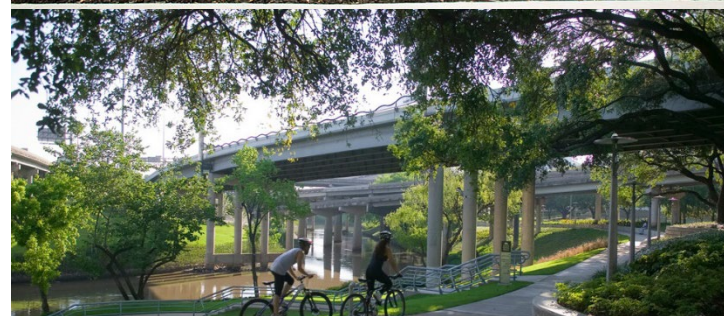
Second Ward Complete Community

The Assets:

- The completion of Harrisburg Boulevard light rail east end corridor provides high quality mass transit to downtown Houston less than two miles away.
- Navigation Boulevard is the cultural center of Second Ward it includes a wide, attractive esplanade that is both functional and artistic with restaurants, a weekly farmers market and cultural events.
- Buffalo Bayou East Sector- A master planned linear park that will feature access to the water front, a system of hike & bike trails, public art, and new recreational activities.

The Opportunities:

- Partner with HCDD for CBDG funds to redevelop large, formerly industrial properties that are available into new office, retail, mixed use, and live-work spaces.
- Develop mixed-income residential along redeveloped waterfront properties.
- Invest in the local businesses that are poised for growth.
- 100% of the neighborhood has Opportunity Zones designations.





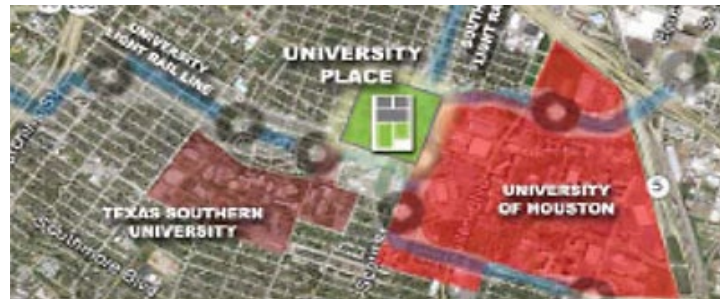
Third Ward Complete Community

The Assets:

- A \$33.6 million renovation of Emancipation Park has been recently completed. The revitalized park is already attracting new development.
- Two major universities, Texas Southern and University of Houston, are located in the neighborhood.
- Third Ward is centrally located with light rail and three major highways providing easy access to downtown Houston and the Texas Medical Center.

The Opportunities:

- Partner with HCDD for CDBG funds to redevelop vacant lots throughout the neighborhood into mixed-income, single-family housing.
- Invest in restaurants with fresh foods to increase access to healthy foods.
- Redevelop vacant lots near Emancipation Park into mixed-uses and multi-family housing.
- Majority of the neighborhood is within a designated Opportunity Zone.





Local Incentives

The City of Houston is prepared to provide local incentives for projects that benefit both investors and existing residents and businesses.

[Chapter 312 - Property Tax Abatement](#)

[Renewables Franchise Tax Deduction](#)

[Chapter 380 – Economic Development Agreements](#)

[Renewables Property Tax Exemption](#)

[Enterprise Zone Program](#)

[The City of Houston Brownfield Redevelopment Program](#)

[Tax Increment Reinvestment Zones](#)

[Foreign Trade Zones \(FTZs\)](#)

[Freeport Exemption for Aircraft Parts](#)

Additional information may be found on the following website:

[Freeport Tax Exemption](#)

<https://www.houstontx.gov/ecodev/>

[Goods in Transit Exemption](#)

[LEED Incentive](#)



State Incentives

Business Relocation Incentive

Capital Development Fund

Economic Development and Diversification Waiver

Manufacturing Sales Tax Exemption

Sales Tax Exemption on Utilities

On-the-Job Training

Pollution Control Property Tax Abatements

Permit Assistance

Research & Development Tax Credit

Self Sufficiency Fund

Skills Development Fund

Skills for Small Business

Sales Tax Exemption for Qualified Data Centers

Talent Recruitment and Employer Services

Texas Capital Fund

Texas Economic Development Act – Chapter 313

Texas Enterprise Fund

Texas Enterprise Zone Program

Texas Manufacturing Assistance Center (TMAC)

Additional information for each program may be found here:

<https://gov.texas.gov/uploads/files/business/IncentivesOverview.pdf>

Example Projects in Opportunity Zones





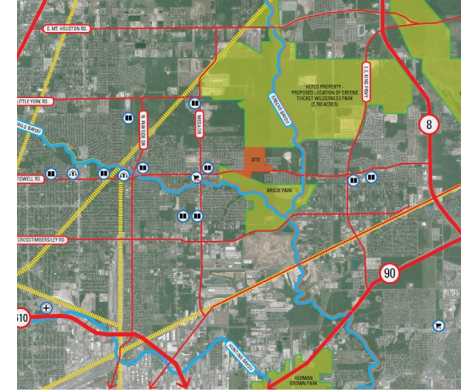
Robins Landing Houston Habitat for Humanity

The Assets:

- 127 acres on Tidwell Road, just east of Mesa Drive in Northeast Houston, TX
- Demographics: 76% Black, 19% Hispanic, 5% Other
- Education Anchors: HISD Fonwood Early Childhood Center. KIPP and YES Prep
- Greenspace: Greens Thicket Wilderness Park, Brock and Verde Forest Parks
- Transportation
- Close to major highways (610, I-10, I-69, Highway 90, Sam Houston Tollway) and thoroughfares
- Bus lines to downtown Houston and The Medical Center
- Less than 20 miles from Bush and Hobby airports
- Employment Anchors: Houston Ship Channel, Generation Park, Downtown Houston, The Texas Medical Center
- Not flooded by Hurricane Harvey and not located in floodplain

The Opportunities:

- 468 single family homes
- Jobs and job training
- \$93,600,000 in taxable value and \$750,000/yr of incremental property taxes at 2019 rates
- 12 additional acres of greenspace and access to existing parks
- Up to 400 units of multifamily and senior housing
- Not flooded by Hurricane Harvey and not located in floodplain
- Will use bio-filtration to manage storm water
- Leverages partnerships between nonprofit, for profit and government sectors
- Replicable and sustainable development model
- 100% of development within an opportunity zone (Census Tract 2312)





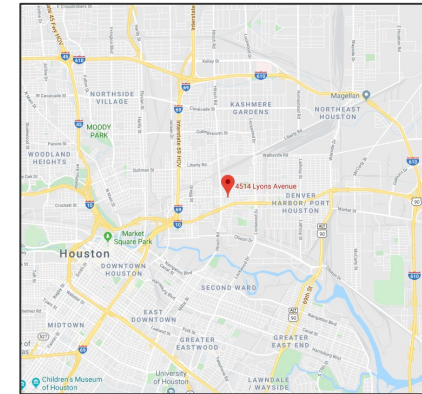
St. Elizabeth Place - 4514 Lyons Avenue Fifth Ward Community Redevelopment Corporation

The Assets

- Historic St. Elizabeth Hospital, first African American hospital in Houston during segregation
- Within 2 miles of Downtown District
- Demographics:
 - 15,000 households
 - 46% Black, 51% Hispanic, 3% Other
- Comprehensive Planning
- Located within TIRZ 18, which provides project plan and developer incentives
- Lyons Avenue is focal point of the Fifth Ward Cultural Arts District Master Plan
- Buffalo Bayou East Master Plan includes improvements to Buffalo Bayou in 5th Ward
- Multiple community anchors – Deluxe Theater, St. Elizabeth, Midway's East River (153 acres)
- Transportation
 - Close to major highways (I-10, I-69, I-45)
 - Bus lines to downtown Houston and The Medical Center
 - Less than 20 miles from Bush and Hobby airports
- Employment Anchors: Houston Ship Channel, Downtown Houston, Texas Medical Center
- Not flooded by Hurricane Harvey

The Opportunities

- Mixed income development with 179 total units, including studios, one and two bedroom units
- \$53 million investment
- Leverages partnerships between nonprofit, for profit and government sectors
- 100% of development within an opportunity zone (Census Tract 2113)





Trinity East Village Senior Housing Project

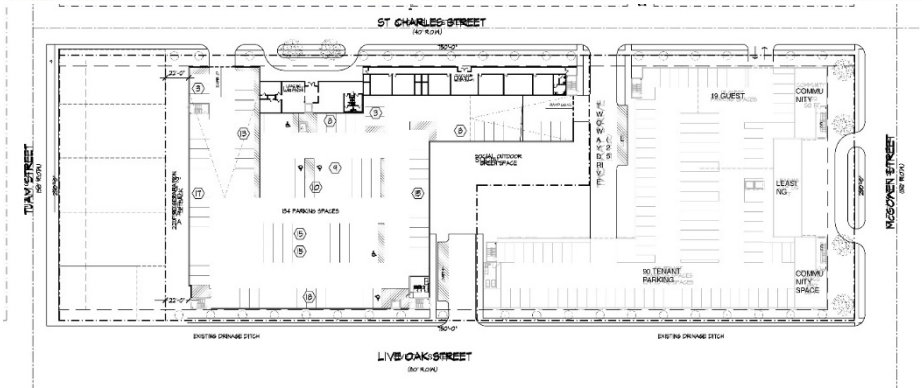
The Assets

Located within one mile of a

- Emancipation park -recently completed \$33.5 million renovation
- Grocery Store
- Located outside of 500-year flood plane.
- Public Library

The Opportunities

- Partner with Trinity East Village CDC to complete project.
- Be associated with a pillar of the community
- Take advantage of additional incentives provided by COH.





Edison Arts Complex

George E. Johnson Development

The Assets

- 7 acres at 7100 West Fuqua Street in Missouri City, TX in the Briargate Community
- Willowridge Shopping Center is was originally a 118,800 SF Commercial Retail Center built in 1981
- Demographics: 73% Black, 25% Hispanic, 2% Other
- Transportation
 - Close to major highways (610, I-10, I-69, Highway 90, Sam Houston Tollway) and thoroughfares
 - Bus lines to downtown Houston and The Medical Center
 - Less than 20 miles from Bush and Hobby airports
- Theater Occupancy: 369-Seat Proscenium Theater, a Lobby to Host Special Events for 170 to 200 Guests and a Black Box Theater to seat 164
- Approximately 5 Acres is Dedicated to a 300-unit multifamily housing development

The Opportunities

- The Edison Arts Complex consists of three projects: Multifamily Housing, a Performing Arts Center and approximately a 27,200 SF Commercial Retail Shopping Center
- Generate Measurable economic impact by creating opportunities for business owners to include Sit-Down Restaurants, Apparel and Service-Based Businesses
- The Retail Shopping Center will serve the Greater East Fort Bend, Houston and Surrounding Areas
- Generates Measurable Economic Impact and Leverages Partnerships Between Nonprofit, For profit and governmental sectors
- Retail Revenues Generated will be used to support the Arts and Events Centers Programming
- Employment Opportunities to include jobs and job training
- Impact of the Mission:
 - Produce and develop Educational and cultural and performing arts programs for children, adults and families



Houston Resources & Assistance





City of Houston Resources and Assistance

City of Houston – Economic Development

Under the leadership of Mayor Sylvester Turner, the Chief Development Officer and staff develops, implements, and manages citywide policies and procedures for encouraging and attracting growth to make Houston even more of the metropolitan city that it is.

<https://www.houstontx.gov/ecodev/>

City of Houston – Planning & Development

The Planning and Development Department's mission is to work to ensure that it remains a vibrant and sustainable city by partnering with decision makers and the community to balance a spectrum of needs and interests while addressing the dynamics of growth and change.

<http://www.houstontx.gov/planning/>

Greater Houston Partnership

Since 1840, the Greater Houston Partnership has strived to make the region the best place to live, work and build a business. We serve over 1,000 member companies in the 11-county Houston region.

www.Houston.org



Glossary of Terms

Opportunity Zone: An Opportunity Zone is a low-income census tract, as determined within New Markets Tax Credits legislation, that was designated by the governor of the state or territory in which the zone is located. These zones are typically in an economically-distressed community where new investments, under certain conditions in the program, may be eligible for preferential tax treatment.

Qualified Opportunity Zone Business: A qualified opportunity zone business is a trade or business in which:

- Substantially all of its tangible property, owned or leased, is qualified opportunity zone business property;
- At least 50 percent of its total gross income is derived from the active conduct of its business;
- A substantial portion of its intangible property is used in the active conduct of its business;
- Less than five percent of the average of its aggregate unadjusted bases of the property is attributable to nonqualified financial property; and
- No portion of its proceeds is used to provide (including the provision of land for) any private or commercial golf course, country club, massage parlor, hot tub facility, suntan facility, racetrack or other facility used for gambling, or any store the principal business of which is the sale of alcoholic beverages for consumption off premises.

A qualified opportunity zone business must maintain 70% of its assets within an opportunity zone.

Temporary Deferral: A temporary deferral of inclusion in taxable income for capital gains reinvested into an Opportunity Fund. The deferred gain must be recognized on the earlier of the date on which the opportunity zones is disposed of or December 21, 2026.

Step-Up In Basis: A step-up in basis for capital gains reinvested in an Opportunity Fund. The basis is increased by 10% if the investment in the Opportunity Fund is held by the taxpayer for a least 5 years and by an additional 5% if held for at least 7 years, thereby excluding up to 15% of the original gain from taxation.



Glossary of Terms

Permanent Exclusion: A permanent exclusion from taxable income of capital gains from the sale or exchange of an investment in an Opportunity Fund if the investment is held for at least 10 years. This exclusion applies to gains accrued after an investment in an Opportunity Fund.

Opportunity Fund: The Opportunity Fund must be certified by the U.S. Treasury Department. To become a Qualified Opportunity Fund, an eligible corporation or partnership self-certifies by filing Form 8996, Qualified Opportunity Fund, with its federal income tax return. The return with Form 8996 must be filed timely, taking extensions into account. The fund must be organized as a corporation or partnership for the purpose of investing in Qualified Opportunity Zone Property.

Qualified Opportunity Fund Investments: The funds must hold at least 90% of their assets in Qualified Opportunity Zone Property. Qualified opportunity Zone property includes newly issued stock, partnership interests, or business property in a Qualified Opportunity Zone business. Opportunity Fund investments are limited to equity investments in businesses, real estate, and business assets that are in a Qualified Opportunity Zone. Loans are not eligible for the tax incentives. Opportunity Fund investments in real estate are subject to a substantial rehabilitation requirement.

Qualified Opportunity Zone Property: Qualified opportunity zone property can be one of the following:

- Qualified opportunity zone stock
 - Qualified opportunity zone partnership interest
 - Qualified opportunity zone business property
-



Glossary of Terms

Economically Distressed Area: For the purposes of Opportunity Zones, an economically distressed area is also known as a low-income community, which is defined as a population census tract that has a poverty rate of at least 20 percent.

Management Districts: Management Districts are special districts created by the Texas legislature. These districts are empowered to promote, develop, encourage and maintain employment, commerce, transportation, housing, tourism, recreation, arts, entertainment, economic development, safety and the public welfare. Management Districts are given the power to finance their operations by issuing bonds or other obligations, payable in whole or in part from ad valorem taxes, assessments, impact fees, or other funds of the District to provide improvements and services. They may not levy a tax or assessment on single-family detached residences. Furthermore, districts may levy a tax only after holding an election within the district. These districts are intended to supplement, not supplant, existing public services.

Tax Increment Reinvestment Zones (TIRZs): TIRZs are special zones approved by City Council to counteract blight and attract new investment in an area. These zones help finance costs of redevelopment and promote growth in areas that would otherwise not attract sufficient market development in a timely manner. Taxes attributable to new improvements (tax increments) are set-aside in a fund to finance public improvements within the boundaries of the zone.

Complete Communities: An initiative led by Mayor Turner that focuses on improving access to mobility and infrastructure, housing, parks, economy, safety and more in five pilot communities. The initiative leverages and coordinates the resources of city, county, school district, and other governmental agencies, as well as non-profit and philanthropic support. The pilot areas, which include Third Ward, Second Ward, Acres Home, Near Northside and Gulfton, each concluded with an individual Action Plan driven by a community-driven process.

On June 20, 2019, five new neighborhoods were added to the Complete Communities initiative: Alief, Kashmere Gardens, Fort Bend Houston, Magnolia Park - Manchester, and Sunnyside. Each community is currently working towards a community-driven Action Plan.
