

Jersey Village TOD

Town Hall Meeting:

January 12, 2010

Presented by: Kimley-Horn, Gateway Planning Group,
and TXP



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Overview

- Overall intent of Phase 1
 - Barriers to Implementation
 - Stakeholder Input
 - Land Suitability
 - Market Feasibility

- Where do we head from here?



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TOD in Jersey Village?



Could the development occur?

- Examined potential barriers to implementation
 - Current Zoning within Annexed Area
 - Lack of Cohesive Development Pattern
 - Constraints of Floodplains
 - Industrial Nature of Current Development



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Stakeholder Involvement

- Two rounds of stakeholder meetings
 - One-on-One Interviews
 - Harris County
 - H-GAC
 - METRO
 - Land Owners
 - Stakeholder Group Meeting
 - Summarized Environmental Findings
 - Validated assumptions for Market Forecast



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Stakeholder Involvement cont.

- Agency Stakeholders see value in the location
- US-290 Commuter Rail is moving into design
- Land Owners are interested in full potential
- Overall support from Regional and County Agencies
- Discussions of next steps with Rail District



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Environmental Analysis

- Phase 1 (ASTM) Environmental Report
 - Known Constraints
 - Environmental Concerns
- TxDOT US-290 Widening/Hempstead Managed Lanes
 - Significant ROW acquisition
- Rail Corridor Options
 - Union Pacific Heavy Rail Corridor
 - 50 High Capacity Transit Corridor



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Significant Market Issues

- Compete with other communities in the region for tax base
- Maintain unique identity and community values
- Manage spill-over urban issues from core city
- Transportation choice
- Provide sufficient amenities/ opportunities to attract and retain working-age adults
- Stem possible loss of retail demand to urban centers elsewhere



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Recent Market Indicators

	A. Sales Tax	B. Population	C. County Unemployment	D. Single-Family Permits
2000	\$1,043,667	6,891	4.3%	28
2001	\$1,583,450	6,965	4.7%	30
2002	\$1,190,363	7,202	6.1%	54
2003	\$1,079,950	7,262	6.8%	34
2004	\$1,237,765	7,240	6.3%	5
2005	\$1,158,688	7,193	5.7%	23
2006	\$1,256,407	7,278	5.1%	38
2007	\$1,476,802	7,252	4.3%	36
2008	\$1,651,649	7,279	4.8%	14

Sources: A. Texas State Comptroller's Office; B. Census Bureau; C. Bureau of Labor Statistics; D. Census Bureau

- National situation influences area, but well-positioned for future growth
 - Diversified economy
 - Strong regional presence in energy, transportation, technology
 - Favorable demographics
 - Competitive cost environment

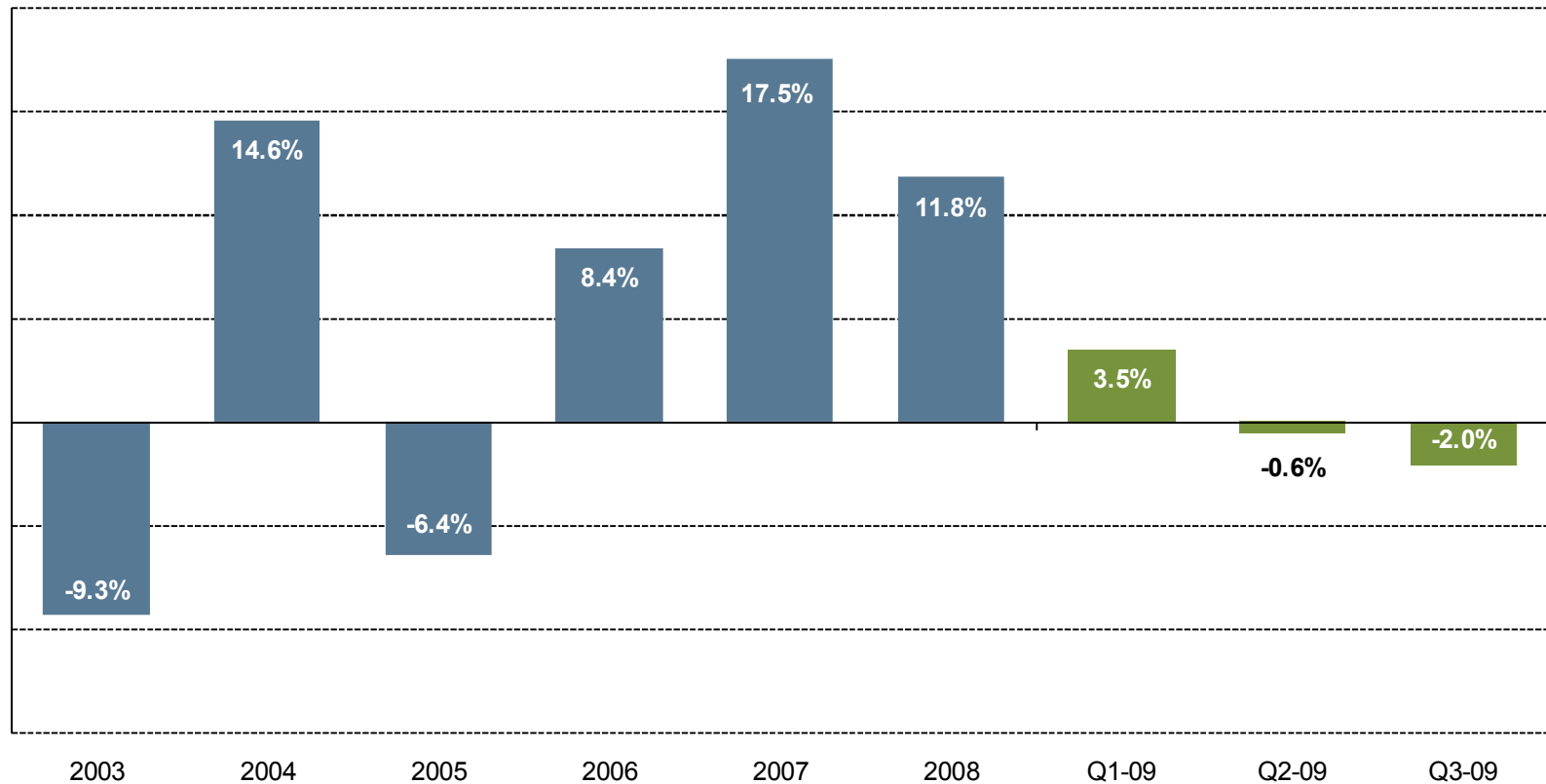


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Recent Market Indicators – Sales Tax

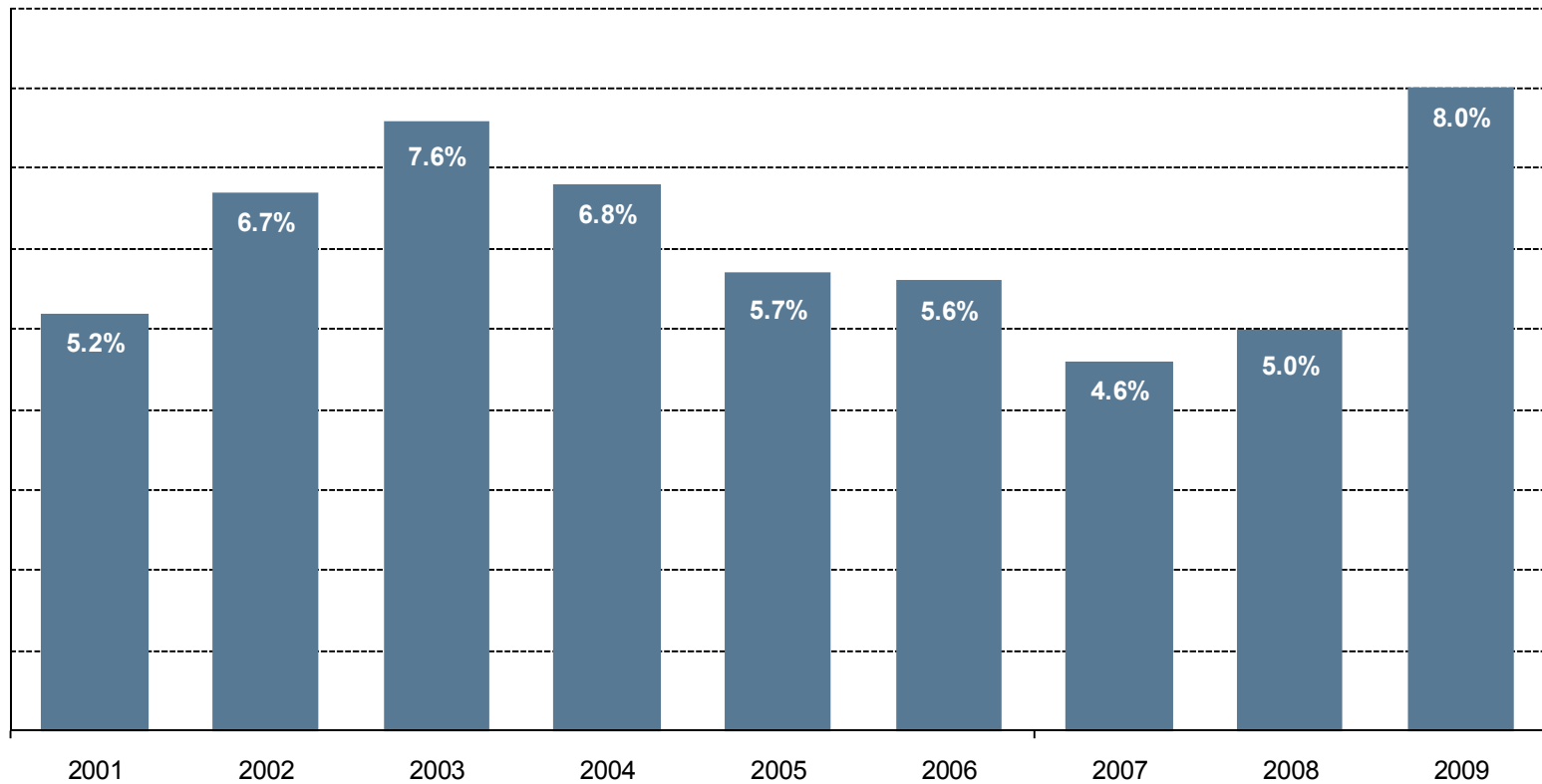


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Recent Harris County Unemployment

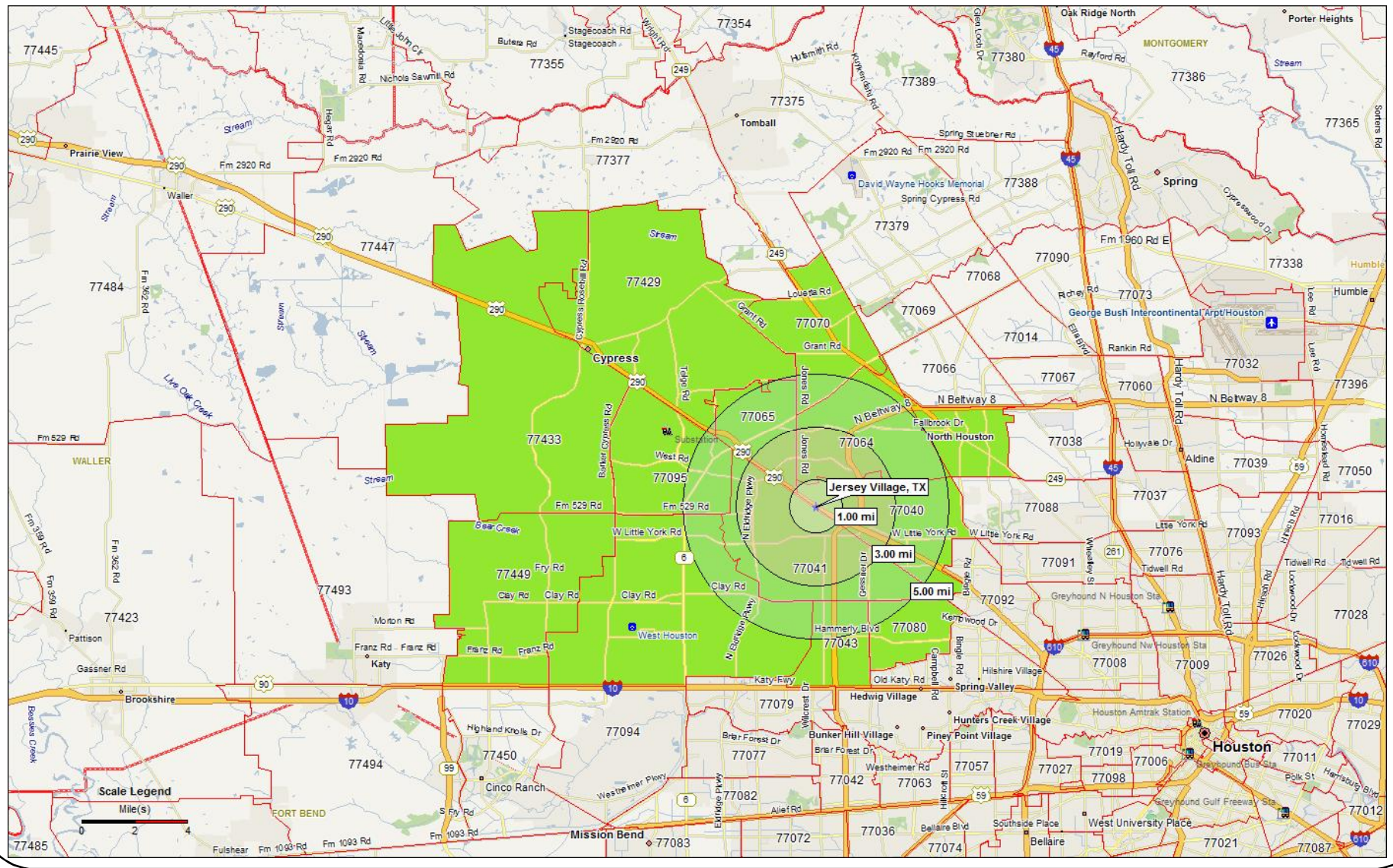


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Preliminary Market Area



Current Employment by Sector in Market

	Total Jobs	Office-Related Jobs	Retail/Rest./Ent. Jobs	Other Sectors
77040	44,880	20,288	5,284	19,308
77041	50,726	12,722	2,075	35,929
77043	20,316	7,875	2,292	10,149
77064	19,344	7,330	3,083	8,931
77065	12,623	4,605	6,302	1,716
77070	25,337	11,581	9,619	4,137
77080	7,948	2,862	1,376	3,710
77084	25,764	12,948	6,187	6,629
77086	6,168	1,021	990	4,157
77095	12,225	4,830	3,788	3,607
77429	12,178	4,184	4,256	3,738
77433	2,775	1,273	919	583
77449	8,071	3,673	3,772	626
TOTALS	248,355	95,192	49,943	103,220



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Overall Market Forecast

	Population	Households	Office-Related Jobs	Retail/Rest./Ent. Jobs
2010	625,086	204,093	92,582	48,950
2011	637,588	208,913	93,598	49,657
2012	650,340	212,587	94,855	50,485
2013	663,347	217,929	96,129	51,327
2014	676,614	223,404	97,420	52,183
2015	690,146	229,018	98,729	53,053
2016	702,569	234,772	99,989	53,905
2017	715,215	240,671	101,265	54,771
2018	728,089	246,234	102,557	55,651
2019	741,194	251,926	103,866	56,545
2020	754,536	257,749	105,191	57,453
2021	766,608	263,707	106,471	58,345
2022	778,874	269,803	107,766	59,251
2023	791,336	275,497	109,077	60,171
2024	803,997	281,312	110,403	61,105
2025	816,861	287,249	111,746	62,054
2026	828,297	293,311	113,039	62,984
2027	839,894	299,502	114,346	63,928
2028	851,652	305,221	115,669	64,886
2029	863,575	311,049	117,007	65,858
2030	875,665	316,989	118,360	66,845

Source: TXP

Key Assumptions

- Data collected from range of sources: County Business Patterns, Texas Comptroller's Office, the Bureau of Labor Statistics, the Census Bureau,
- Population forecasts based on TX State Data Center 3.0, updated with actual 2008 base data
- Household projections start with ratio from American Community Survey, followed by very slow decline



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Overall Real Estate Demand

	Housing Units	Office-Related Sq Ft.	Retail/Rest./Ent. Sq. Ft.
2010	4,900	-116,309	0
2011	3,795	254,015	459,748
2012	2,625	314,310	538,144
2013	4,273	318,532	547,116
2014	4,380	322,811	556,238
2015	4,491	327,147	565,512
2016	4,603	314,964	553,991
2017	4,719	318,983	562,891
2018	4,354	323,054	571,934
2019	4,454	327,176	581,122
2020	4,557	331,351	590,458
2021	4,663	319,879	579,777
2022	4,771	323,770	588,778
2023	4,339	327,709	597,919
2024	4,430	331,695	607,202
2025	4,524	335,729	616,629
2026	4,619	323,135	604,421
2027	4,717	326,873	613,478
2028	4,214	330,654	622,671
2029	4,295	334,478	632,002
2030	4,377	338,347	641,472

Source: TXP

Key Assumptions

- Housing units reflect number of households
- Office-related assumes 250 sq. ft./job
- Retail/Rest./Ent. Assumes 650 sq. ft./job



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Overall Real Estate Demand

	1%	2%	3%	4%	5%
Total Housing Units	924	1,848	2,772	3,696	4,620
Total Commercial Sq Ft.	179,598	359,196	538,794	718,392	897,990
Retail/Rest/Entertainment	63,283	126,566	189,849	253,132	316,415
Office	116,315	232,630	348,945	465,260	581,575

- Key Assumptions
 - Residential Capture Rate – 1%
 - Commercial Capture Rate – 5%



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Contributing Market Factors

- Demographics
 - Aging of population, fewer families
- Changing structure of the economy
 - Rise of creativity as means of adding value
- Technology
 - Capacity of distributive/remote workforce
- Shifts in tastes/preferences
 - Definition of convenience changes for some
- Transportation issues
 - Rise in costs associated with auto dependence
- Public sector fiscal capacity



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Place Making as Economic Development

- Recent trends in global economy – industrial clustering and specialization, workforce diversification, and reintegration of home and work – are placing a premium on community character and quality of life.
- Growing realization that talent a large determinant of economic success – workers want to live in places with destinations, public and civic spaces, vibrant social life, recreational opportunities, and reasonable commute.
- Developments featuring traditional urban form and mix of uses tend to have a more “durable” value – combination of land use patterns and architectural/design orientation.
- Greater density at relatively higher values than would be expected in comparable conventional developments – leads to higher tax base value.
- Analysis several years ago at George Washington University of the Kentlands in MD shows that, all being equal, houses commanded an 11.7% price premium. – recent update suggests could more like 15-16%.



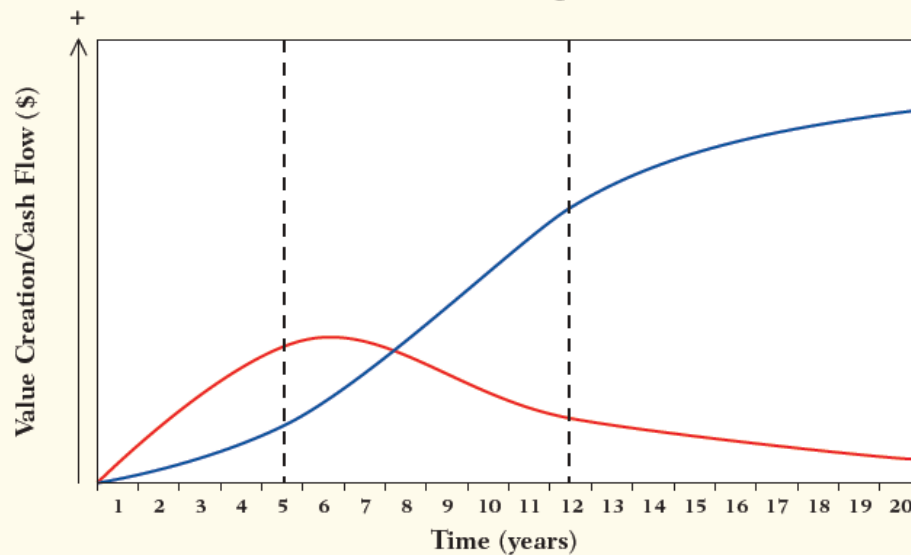
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Lifecycle Analysis: Durability of Value

Figure 1. Financial Characteristics of Downtowns with Critical Mass (Blue) versus Suburban Development (Red)



Source: Christopher B. Leinberger, Arcadia Land Co. and Robert Charles Lesser & Co.

- Durability of Values occurs in traditional design, especially in central cities

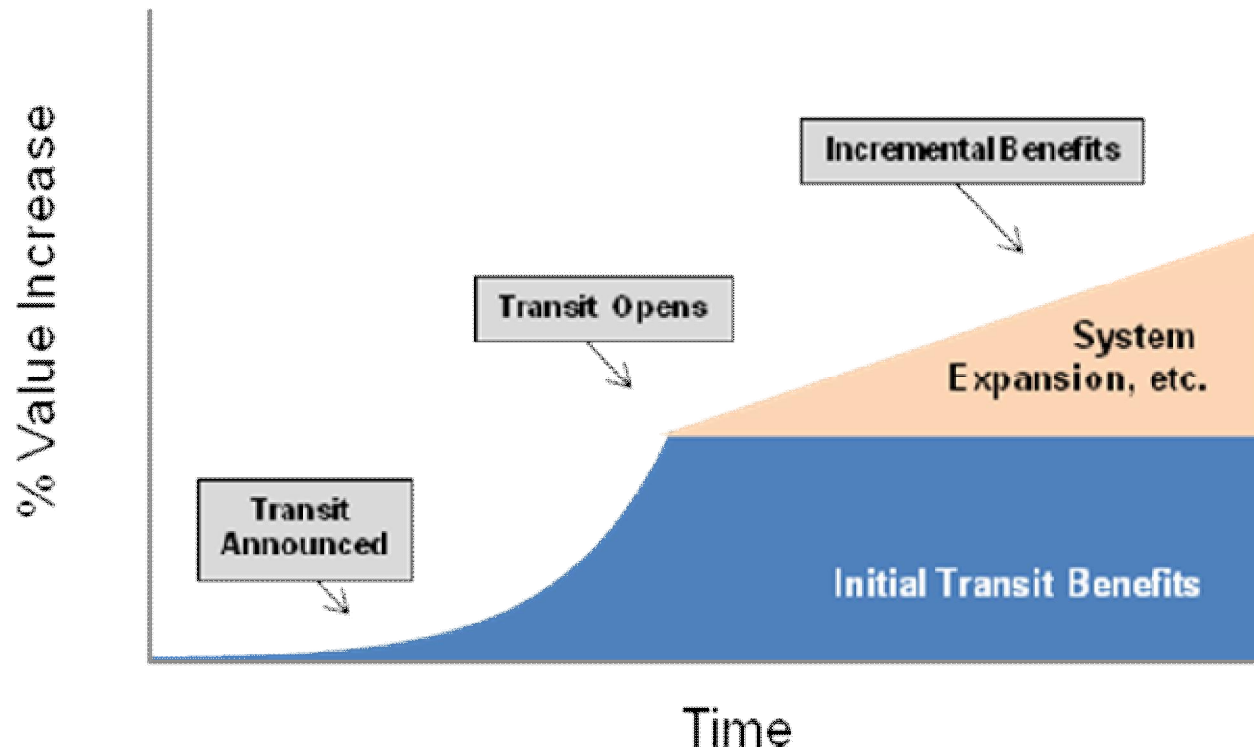


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Impact of Rail Transit



- Value gains from transit come in two phases – Announcement through System Opening, and System Expansion
- Benefits in Jersey Village will largely be in first phase – expansion will have to be extensive enough to create vehicle substitution for non-commute to fully move into second phase



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Impact of Rail Transit

Range of Estimates		Location/Analysis
Single-Family Residential		
Low	+2% within 200 ft of station	San Diego Trolley - 1992
High	+32% within 100 ft of station	St. Louis Metrolink Light Rail - 2004
Condominium		
+2 to +18% within 2,640 ft of station		San Diego Trolley - 2001
Apartment		
Low	zero to +4% within 2,640 ft of station	San Diego Trolley - 1992
High	+45% within 1,320 ft of station	Valley Transportation Authority - 2004
Office		
Low	+9% within 300 ft of station	Washington Metrorail - 1981
High	+120% within 1,320 ft of station	Valley Transportation Authority - 2004
Retail		
Low	+1% within 500 ft of station	Bay Area Rapid Transit - 1978
High	+167% within 200 ft of station	San Diego Trolley - 2004
Source: "Capturing the Value"		

- Wide range of impacts across geographies, economic cycles, system types, and land uses
- Sense that impact in first phase peaks at approximately +10% in some proximity to station.



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Redevelopment South of US-290

- Jersey Village can expect reasonable growth over the next 30 years, with ongoing demand for both residential and non-residential real estate. The TOD site can capture a fair share of that growth.
- Rail is "the icing, not the cake" – while it will provide a modest up-tick in values, it likely will not induce a significant surge in overall demand
- Mix of mutually reinforcing land uses is required, with market best indicator of general direction (but housing must be supported)
- Activity must be relatively constant and balanced – typically need both day-time employment/traffic and evening shopping/restaurants, etc.
- Entertainment & cultural attractions may also play strong part
- Public spaces are an important part of the mix, as is mobility and way-finding
- Walkability throughout the project is crucial
- Design drives sense of connection



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Where do we go from here?

- Rail is coming to the corridor
- Station Locations determined within 6 months
- Local Partnerships are key to success
- Local Contributions (Parking, access roads, operations funding) will be necessary
- Expectations?



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Questions / Discussion



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