Filling the

By Joel Warren Barna

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Clearing for new townhouse and apartment construction southwest of downtown.

It wasn't all that long ago that someone driving through the neighborhoods inside the Loop would have noticed an air of, if not necessarily decay, at least stagnancy. Houston's energy was to be found elsewhere, out along the rim, where planned communities bloomed and new commercial complexes carved out space next to the freeways. But now that's changed. Anyone cruising the real estate circumscribed by Loop 610 today can't help but be struck by the suggestion of a city being reborn, for good or ill. The area within two miles of the center of downtown Houston has been experiencing growth rates of nearly 33 percent per year in the number of dwelling units being built, a boom that is fast transforming what was only recently a struggling business district into one of Texas's fastest-growing residential neighborhoods. One statistic makes the point: in early 1995, there were some 900 apartment and condominium units available in Houston's central business district. By the end of next year, that number will grow to almost 2,000.

The change is dramatic throughout the city. Between January and June of this year, Houston's Planning and Development Department recorded applications for 3,819 new multi-family dwellings inside the Loop, and 2,921 more outside. In addition, 695 applications for single family structures were logged inside the Loop, and 1,432 outside. This influx is touted by some as bringing new life to a number of historic properties, and, more important, bringing renewed vitality to several threatened neighborhoods. Others, less sanguine, have complained that too many of the changes are destroying history rather than saving it, and that the new Houston that's being birthed is not a particularly pretty one.

In terms of size, the sections of downtown and Midtown undergoing the most rapid growth are only a small part of an awesomely sprawling whole — little more than 12 square miles out of a total geographic area of 617 square miles. In urbanistic impact, however, the current change in downtown and midtown is the most important shift of pattern since the creation of Loop 610 in the late 1950s.

Factors as diverse in scale as a rebounding national economy, an activist mayoral administration, and the end of the sewer moratorium inside 610 have combined to stimulate an interest in the central city among both builders and buyers, creating the first major centripetal force for development in Houston in more than 30 years.[1]

DOWNTOWN'S DECLINE: 1960–1994

The creation of Loop 610, which linked the spokes of Houston's radial north-south and east-west freeways, made vast tracts of land accessible from high-speed motorways, opening huge areas for new suburban subdivisions by providing fast connections to the rest of the city.

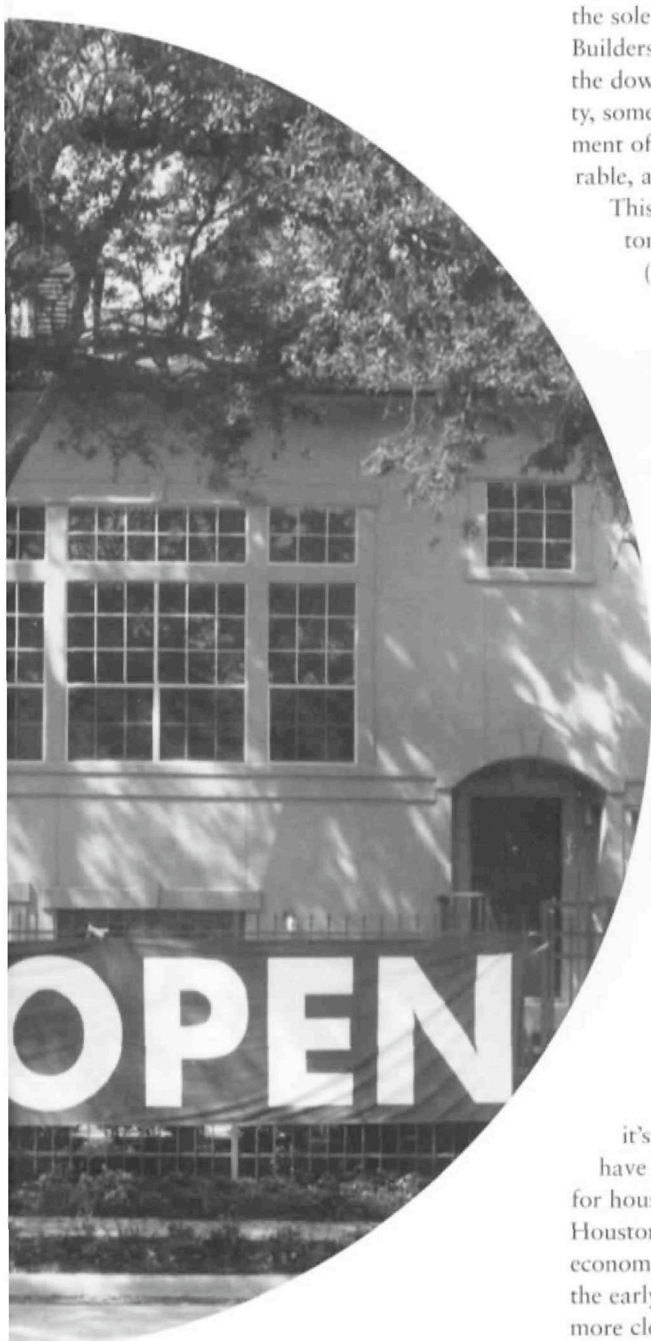
Loop 610 turned Houston from a fragmenting but still centrally focused spatial entity into something more like a doughnut, with the field of development and growth focused at its edges, and it took only a few years from the Loop's construction for the center of the doughnut — downtown — to start turning into a hole.

Interchange connections between 610 and Interstates 45 and 10 and U.S. Highways 59 and 290 afforded a huge jump in accessibility for each of those junctions, giving them the same status as centers for retail and office development that downtown had previously enjoyed. Downtown became just another node in a multinode grid, and a has-been at that, with already established high densities and high land prices. Although signature high-rise buildings continued to be built downtown throughout the seventies and early eighties, after 1970 the volume of office space outside the city core outranked that downtown by more than three to one. Downtown began a decline that turned precipitous in the mid-eighties, when the bank and savings-and-loan crisis drove the high-dollar name tenants of the downtown towers first into retrenchment and then, in many cases, completely out of business. The economic bust hurt the suburban real estate market too, of course: The statistics for suburban office vacancy were almost always higher than for downtown. But those figures masked a deeper abandonment of the central city. By the late 1980s, almost 35 percent of downtown Houston was given over to surface parking.

Similar scary conditions developed just outside the downtown core, where increasing numbers of properties went vacant. Residential and small commercial properties on and around Main Street south of the Pierce Elevated were abandoned; many burned, leaving gaps in the city fabric. The decline, already pronounced in the Scott Street area east of downtown, moved westward from the central busi-

Doughnut

ness district, clearing away blocks of Fourth Ward and traveling through Midtown along Dallas and West Gray, up through the eastern ends of Westheimer, Alabama, and Richmond, into Montrose and across Waugh Drive to finally lap at the edges of River Oaks along Shepherd Drive.



DOWNTOWN BACK AGAIN

It is in reversing this trend that the present resurgence of development is so significant. The nodes of Loop 610 have almost filled in, and now that Beltway 8, some five to seven miles farther out, is nearing completion, it seems that a sizable market of home buyers and renters who want to escape the suburbs and the time demands of commuting has developed. It's as if Houston had stretched out so far that its sprawl began doubling back on itself. The hole in the doughnut has turned into a city edge on a par with the edges outside Beltway 8, and is now open for the big shifts in density that used to be the sole province of suburban tracts. Builders and buyers have discovered that the downtown skyline is a unique amenity, something that turns the intown segment of the multinode grid into a memorable, affecting place.

This is a historic moment for Houston, albeit one that is not unique (similar interest in downtown living has been developing in Fort Worth, Dallas, and Austin). Not only are the young and the hip gravitating in increasing numbers to inner-city loft spaces, but they're also being accompanied by a sizable number of older "empty nester" buyers uninterested in suburban schools and bored by suburban sameness.

Still, these trends have existed, at least in an attenuated form, for a long time. The real surprise is that a major suburban residential developer is doing a booming business within a stone's throw of downtown, selling the equivalent of regular suburban houses to people very much like regular suburban buyers.

This is a remarkable change, and it's worth tracing the factors that have combined to stimulate the market for housing in and near downtown Houston. First, at the national scale, the economy recovered from the recession of the early 1990s, and Texas, now much more closely aligned with the national economy than before, completed its recovery from the effects of the real estate and oil busts of the 1980s. Interest rates for commercial and residential loans fell. Then, for reasons that are still being debated across the country, crime rates began to fall. The fear of walking on downtown streets began to decline. Throughout the city there was confidence in the economy, money available to finance construction, and a new perception about Houston's safety.

So all of a sudden, young couples, single people, and empty nesters could contemplate living in one of those hip loft spaces that were in the news and not feel that they were placing themselves in danger.

MAKING NEGATIVES POSITIVES

Given the state of the inner city, however, a falling crime rate was not in itself enough to induce a flood of new residents. Simply decreasing one negative aspect wasn't sufficient. There were other issues to deal with, from the presence of the homeless to the area's many empty blocks and buildings. What was needed to attract people downtown was something new and positive.

Over the years, many attempts had been made to come up with any number of positive changes downtown. The American Institute of Architects, the Rice Design Alliance, and the architecture schools at Rice and the University of Houston were among a number of groups that sponsored a steady stream of design workshops, shows, and thinkathons aimed at helping developers and the city government see the potential for redevelopment in particular properties and various neighborhoods.

What may have turned the tide were the transformations of two hulking derelicts: the Rice Hotel and the Albert Thomas Convention Center. Both had long been the subject of protracted brainstorming and negotiations that went nowhere. The turning point for these two projects, and for the attractiveness of downtown residential property in general, came with the election of Bob Lanier as mayor. A suburban apartment developer whose antipathy toward a mass transit rail system was an important part of his campaign, Lanier wasn't expected to be particularly interested in the fate of the inner city. That expectation turned out to be wrong.

"Bob Lanier was very focused from the first of his administration to the last on inner-city redevelopment. For the first time ever, he directed city resources to rebuilding central-city neighborhoods," claims Guy Hagstette, who as director of capital projects and planning for the Houston Downtown Management District has a particular interest in seeing downtown grow. "He deserves a huge amount of credit for the good things that are happening downtown now. "

Lanier's point man in pushing the rebirth of downtown was Michael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The Metropolis, a Randall Davis loft development at Waugh and West Gray, Page Southerland Page, architect (1997).

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Ubiquitous housing developer Perry Homes readies the block at Tuam and LaBranch for a 44-unit townhouse project.

Stevens, who was tapped to head the Houston Housing Finance Corporation (HHFC), a city agency that had been created to use federal funds to build affordable housing. Stevens, a real estate developer who left city government following the election of Lee Brown, and who is now pushing the creation of new arenas for basketball and football, says that he began at HHFC by "scouring the HHFC's outstanding bonds." The agency, he says, had borrowed lots of money for projects in the late 1970s and early 1980s, and was still paying for the bonds at high rates of interest. "We refinanced those bonds," says Stevens, "and generated $20 million in liquidity for HHFC."

That bankroll enabled HHFC to buy 2,500 abandoned apartment units around the city, rehabilitate them, and sell them to developers for a profit of $9 million. Though some critics claimed that the city was getting too deep into being a real estate developer and forgetting its commitment to affordable housing — restrictions on the apartment sales were supposed to keep 30 percent of the units affordable, but there was some debate over how seriously those restrictions were enforced — Stevens says that "my concept was to only do the deals that needed doing. If a building is having a positive or a neutral impact on its surroundings, don't get involved in it. But if it's having a negative impact, hurting tax revenues from property values around it, that's the type of project where involvement by the public sector can have the maximum benefit on public funds."

Stevens brought this concept, funds from the HHFC, and his experience with financing commercial projects to bear on both the Rice and the Albert Thomas Convention Center. The latter was metamorphosed into Bayou Place, which, while not exactly perfect (there's lots of interior space that remains unfinished), is already a remarkable success in urban terms. The Angelika Film Center is bringing in moviegoers from across the city, while the center's restaurants and music clubs provide ancillary attractions. The result at Texas and Smith is, at least in the early going, one of the most successful public spaces that Houston has seen. The connection between Bayou Place's sidewalk cafes and the formerly all-but-dead plaza in front of the Wortham Center crackles with energy by day, and by night, with a full complement of people on the street, it's even better.

When the Rice renovation is finished — something that's projected to happen this fall — it promises to have a similarly stimulating impact on downtown life.

The Rice Hotel project will have 312 lofts, but equally important, it will have 25,000 square feet of retail space, meaning, at least potentially, services for residents who will be able to shop for groceries without getting into their cars to drive outside downtown. The hopes for this retail space are big, perhaps unrealistically so. But it's clear that the interest in properties in and around Market Square is having important spin-off effects. For example, some 25 new restaurants have opened in the area in the past year.

"The number of restaurants that have opened in the north end of downtown is amazing," says Steve Flippo, associate director of the Downtown Historic District. As someone who works to give historic buildings new uses rather than see them cleared by the wrecker's ball, he is delighted that restaurants have opened in the street-level spaces of the Brashear Building (1882), the Hogg Building (1921), the Hermann Estate Building (1916), and the Roco Building (1870).

WHO IS BUILDING WHAT, WHERE?

The perceived success of high-profile projects such as Bayou Place and the Rice Hotel add cachet to downtown living, and have helped encourage a broader residential boom, something that has been building since the early 1990s, when the Houston central business district contained just under 900 dwelling units in four high-rise apartment/condominium projects: the Beaconsfield, built in 1908; 2016 Main, built in 1964; Houston House, built in 1965; and Four Seasons Place, which opened in 1982. In 1993, however, Randall Davis, who went on to become the developer of the Rice Hotel, opened his Dakota Lofts project, 53 converted industrial/warehouse spaces on William Street north of downtown. He followed this in 1995 with the Hogg Palace on Louisiana, with 79 loft spaces. The loft concept — high ceilings and tall windows, open plans with floating interior walls, exposed brick walls and ductwork, and industrial flooring — has been a staple of artists' live/work spaces throughout the country since the 1960s. Indeed, that's part of what makes them attractive to a wider market today. With the opening of Davis's properties, the loft apartment concept took on a new marketability in Houston. It formed the basis for the redevelopment of the Rice, and it provided the pattern for scores of smaller projects, either of conversion or new construction, built or planned north and west of downtown, with high windows turned to the Houston skyline. (Davis himself developed the most visible of these projects, the Metropolis at Waugh and West Gray, a new building in a loft style with silly-looking gargoyles, but with huge expanses of glass facing downtown.)

Other high-dollar loft residences under way for downtown include 220 Main, a 30-unit condominium project developed by Q Ratio Texas; Bayou Lofts at 907 Franklin, developed by Spire Realty, which will have 107 units; Main Street Plaza, a 110-unit project at 705 Main, developed by Randall Davis; and the 90-unit Humble Building at 1212 Main, developed by HRI. All these projects are set to open in 1999.

At the opposite end of the spectrum in terms of price, but no less significant for downtown, are four projects developed by New Hope Housing, Inc., and Houston Area Community Development Corporation. These are single room occupancy residences at 320 Hamilton and 1414 Congress that are designed to house the formerly homeless.

As significant as this stream of projects is, the numbers are almost certain to change drastically over the next year as the Rice Hotel comes on line. As Michael Stevens notes, "The more people you have walking around downtown, the more people will feel comfortable there, and the more people will feel that living downtown is a viable option."

In addition, other developments will add to the interest in downtown. The Houston Downtown Management District's Guy Hagstette, who lives downtown, says that four of his neighbors moved into the building where he lives when their employer moved its offices to the central city from the suburbs. Hagstette says that he expects to see similar effects later this year, when Continental Airlines moves its headquarters downtown.

FILLING IN MIDTOWN

All the factors that contributed to downtown's decline, and all the factors that are now contributing to its resurgence, have also affected the Midtown area, the section of the city south of downtown and west of Interstate 45 and U.S. 59. Like downtown, Midtown has a street grid turned 45 degrees from the north-south grid of neighborhoods to the west. And like downtown, Midtown has a lot of open land.

There is a special factor at play in Midtown and the neighborhoods to its west — the lifting of the city's sewer-connection moratorium. Previously, builders were limited by the local sewer capacity to the density of previous uses of a given

In Houston's Midtown, apartment developments follow a tried and true suburban model.

Even when decades-old live oaks are left in place, they can still be threatened if buildings encroach on their root systems.

piece of land (or to the number of sewer connections they were able to buy elsewhere for use with the land), but now they're free (for a fee) to develop properties at much higher densities.

The effect of this change can already be seen in four projects that occupy no more than a tenth of Midtown's area. Post Properties is developing Post Apartment

Homes of Midtown, a project in three phases with some 600 units on the Bland Cadillac property at the corner of West Gray and Bagby. Design for the project is being provided by RTKL Associates of Dallas. Jenard Gross, who built the Rincon, a 1996 apartment project on Dunlavy at Allen Parkway, is building the Oaks, a 190-unit complex, three blocks away from the Post Properties project. JPI Texas, a Houston-based firm, is constructing the Jefferson at Oak Place, designed by Kaufman Meeks Associates, on property situated between that belonging to Gross and that belonging to Post Properties. Four blocks away, Camden Realty Trust is planning a project that will take up the equivalent of six city blocks.

As construction on these projects goes forward, improvements to the streets, sewers, and water services are being undertaken with the support of the Midtown Tax Increment Finance Reinvestment Zone, or TIF, another quasi-governmental entity using the improved tax revenues from new development as seed money to get the projects the infrastructure and services they need. As those improvements are made, the rest of Midtown will be primed for even more development.

Another significant factor in the area south and west of downtown has been the work of the Perry Homes company. This residential builder, best known for suburban developments, has since 1994 built scores of townhouse projects in the River Oaks Shopping Center area around Fairview Street west of Shepherd Drive.

Barbara Brown Tennant, vice president for planning and design at Perry Homes, says that she moved into the area, a neighborhood of 1920s-era bungalows with numerous rental properties, in 1992. At the time, it had seen only a few small-scale conversions to townhouses.

"We saw the opportunity to deliver a new product with efficiency," Tennant says. "There was no new housing in the area at all, and I could see that there was a real market for new townhomes."

The projects built by Perry Homes and others have featured townhouses ranging in size from 2,500 to 3,900 square feet. They are built on vacant lots or on the sites of houses that, according to Tennant, can't be remodeled for new buyers.

Typical townhouse buyers, she adds, are older people, many of whom have second homes. "They want a simpler lifestyle than they had in the suburbs," says Tennant, "and a townhome is easier to maintain — [it's] something you can lock up and leave for the weekend to go to the country or the beach."

Perry Homes's newest project is Baldwin Square, a 44-unit townhouse project near the intersection of Tuam and LaBranch, adjacent to Elizabeth Baldwin Park. "This is a pioneering project for us," says Tennant. Indeed, Perry Homes is creating a significant expansion of the housing stock in an area that hasn't seen any new residential construction in perhaps 65 years. Two other projects are also on the drawing boards, Tennant says. All told, Perry Homes plans more than 100 units in the area. The units will sell in the $130,000 to $160,000 price range, and will be between 1,600 and 2,000 square feet in size.

The Midtown TIF played an important role in stimulating Perry Homes's interest in the area, notes Tennant. "The TIF is reimbursing us for the streetscape improvements in the right-of-way we are putting in: street trees, landscaping, sidewalks, streetlights, benches, and so on," she says. "This reimbursement helped spur all the development that is going on the area, and it's going to have a real impact on quality of life. We're not just doing sidewalks and grass. It'll be a lot nicer, because of what the TIF is willing to pay for."

A QUESTION OF QUALITY

The financial assistance and urban-design guidance of the Midtown TIF could help the Baldwin Square area avoid the problems that have plagued some other townhouse projects. Indeed, more financing for infrastructure and lots more design guidance will be necessary in the future as Midtown and downtown develop if these areas are to become the vibrant population centers that are hoped for rather than the sea of dull townhomes some fear.

One has only to look at the development around Fairview and Shepherd created in recent years by Perry Homes and others to see what should be avoided. There, the modicum of urbanity attached to the previous fabric of 1920s-era duplexes, with their classical massing and uniform setbacks, and to the bungalows from the same period, with their porches and gardens, has been replaced by inexpensively built stucco and pseudo-masonry townhouses that crowd the street, turning streetscapes of measured expansiveness and layering into areas of high density and blunt juxtaposition.

This doesn't have to be repeated; there are well-known ways to deal with the types of problems that townhouse development can create for the urban texture, and the presence of TIFs as mediators and facilitators for new development holds out hope for Midtown and neartown Houston. Still, all that is required for the triumph of the really dreadful will be for the TIF oversight mechanisms to relax.

For now, I would argue that the mere fact that residential developers want to create residences in these close-in neighborhoods, many of them otherwise perilously close to abandonment, is a positive factor that should outweigh design-related concerns, at least for the present. Although concerns about the type and quality of development in these areas have been voiced and should be pursued, overall, this is an enormously positive change for Houston.

However the development is carried out, one thing is for sure: it will be carried out. Further construction is taking place, linking the central city with the more stable residential areas west of Shepherd Drive. Within the next few years, downtown Houston and many of the close-in neighborhoods will be vastly different places than they have been for the past two decades. Residential and commercial development, fostered by the Lanier administration and carried forward by the tax increment districts and other entities created during the past ten years, will increase the uses of downtown land and property to the west to form a zone of relative high density that stretches from the central business district to the Galleria/Post Oak area. In effect, Houston's core will be redefined to embrace everything in between those two nodes, giving the city a new, bipolar center. Houston is filling the doughnut. ■

1. The sewer moratorium was the subject of an article, "Trading Toilets," by William H. Anderson and William O. Neuhaus III, in the first issue of *Cite* 16 years ago.