

## **Attachment A**

# Envisioning A Vibrant Shopping District Downtown Houston



# Envisioning A Vibrant Shopping District: Downtown Houston

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Prepared by: Mayor's Downtown Retail Task Force

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# Executive Summary

In January 2013, Mayor Annise Parker announced the formation of a Downtown Retail Task Force in cooperation with the Houston Downtown Management District. The purpose of the task force was to research all available retail opportunities and to consider physical and policy changes needed to address challenges currently impacting Downtown's consumer appeal, ease of shopping, recruitment, commerce and ability to attract retailers. The findings and recommendations of the task force are found in the following report.

The task force was chaired by Fred Griffin of Griffin Partners. Members included Jonathan Brinsden with Midway, owner of GreenStreet; George Levan, President of Crosspoint Properties; Doug Kelly with 1110 Main Partners LP; The Finger Companies' Marvy Finger; Dawn Ullrich, President of Houston First Corporation; Ed Wulfe of Wulfe & Co; Xavier Pena and Deborah Keyser of the Downtown Redevelopment Authority; and the Downtown District's Bob Eury. Also on the task force was Andrew F. Icken, Chief Development Officer of the City of Houston, who serves as liaison to the Mayor's Office.

The task force investigated demand for Downtown shopping, reached out to existing and potential retailers, identified potential sites, identified needed public realm improvements, discussed a coordinated leasing strategy and branding of a shopping district, investigated convenient shopper parking and management of the retail area and examined ways the tunnels can further engage with street level retail.

The task force set a vision for a Downtown shopping district as: At the heart of downtown, Dallas Street is transformed into an exceptional, shopping, dining and entertainment destination with a mix of anchor and specialty retailers offering the best in national, regional and local brands. The shopping district is a memorable and unique experience for residents, worker and visitors—a vibrant, bustling street life where people walk to destinations or stroll for pleasure, storefronts lure shoppers inside, restaurants provide atmosphere with scents and sounds and transit and services conveniently located.

Task force members surveyed shopping preferences of Downtown workers and central city residents, and met with stakeholders individually and in groups to gain feedback on its recommendations. Based on its investigations over the past eight months, twelve recommendations have been made by the task force:

**Recommendation #1: Downtown should have a clearly identified retail shopping district that is conveniently connected and easily accessible to office population, residents in market area in and around Downtown and to visitors to the convention district, stadiums and arts venues.**

Market demand exists for urban lifestyle options with a mix of hard and soft goods retailers, food and entertainment of at least another 350,000 to 400,000 square feet within an urban shopping district. The shopping trade area has a population of more than 71,000 within 2-mile radius, over 150,000 downtown workers and over 18 million visitors to Downtown annually.

**Recommendation #2: Develop a unique, premier setting for a shopping district on Dallas Street between Milam and LaBranch with connections to adjacent retail activity and tunnel access on Main and The Shops at Houston Center on San Jacinto and Austin.**

Centered around GreenStreet, the shopping district has a potential to physically add more than 325,000 square feet of retail space to currently occupied 370,000 square feet for a total of approximately 700,000 square feet if portions of adjacent properties can be converted and/or developed into retail space. The proposed district includes The Shops at Houston Center with 196,000 square feet of food, services and shopping, connections to the tunnel/skywalk system and METRORail, five blocks of underdeveloped land and proximity to traffic generators such as the George R. Brown Convention Center, Discovery Green, Minute Maid Park and Toyota Center.

**Recommendation #3: Provide a public realm within shopping district that is supportive of a premier retail setting which will attract national, regional and local retailers.**

Features included would be increased sidewalk widths on Dallas, pedestrian lighting that is modern and ample, beautiful landscaping, sidewalk café seating and kiosk retailers, wayfinding coordinated with downtown system and retail directories, improved signage and visible security presence.

**Recommendation #4: Provide critical mass of retailer space by securing commitments from property owners to partici-**

**pate in development, coordinated management, leasing and promotion of the shopping district.**

The advancement of proposed public realm improvements should be tied to gaining property owner interest and commitments to participate in creating the shopping district.

**Recommendation #5: Because of catalytic effect of shopping on Downtown, a strong case can be made for the provision of public incentives to help develop the shopping district.**

A strong case can be made for the provision of incentives because of the catalytic effect a shopping district could have for Downtown in attracting additional convention business, hospitality and multi-family development and creating a mixed-use urban lifestyle. A targeted shopping district incentive program should be offered to assist with building and tenant improvements. The program should be transparent, tied to performance requirements, based on reimbursements and be available for a finite time period.

**Recommendation #6: Designate or create an entity to coordinate planning, design, leasing, promotion, programming and management of the shopping district.**

The Downtown District would endeavor to achieve an appropriate mix of hard and soft goods retailers and food and beverage establishments, and with the City of Houston and Downtown Redevelopment Authority, manage the incentives provided to property owners.

**Recommendation #7: Attract anchor retailers to create urban lifestyle mix.**

Such anchors refer to stores around which other desired retailers locate and can range in size from 20,000 square feet to 130,000 square feet.

**Recommendation #8: Provide convenient parking, transit and pedestrian access to ensure high levels of shopper traffic.**

This includes increasing the perception and reality of parking convenience that includes common signage, hours, rates, parking incentives and promotions; provide strategically located valet parking stations; and publicizing B-cycle stations, bike lanes, secure bike storage plus Greenlink circulator and light rail transit connections.

**Recommendation #9: Designate portals connecting the shopping district to the tunnel system.**

Create visible and clearly marked signage to identify shopping district access points to the tunnel system.

**Recommendation #10: Develop brand awareness of the shopping district.**

Promote the area as a unique activity center Downtown, distinguished by its pedestrian-friendly environment and shopping opportunities.

**Recommendation #11: Attract additional residential and hotel development to support retail.**

Foster more projects in or adjacent to shopping district.

**Recommendation #12: Give priority to significant advancement of the shopping district by 2016 NCAA Final Four and 2017 Super Bowl LI.**

Establish a definitive timeline and start by identifying short term interim activities to build the vision, gain stakeholder participation and leverage new improvements at GreenStreet.

Because of Houston's strong real estate market, especially with many new residential and hotel projects Downtown, now is the time to start pursuit of this vision. Achieving an attractive, exciting Downtown shopping district is a critical ingredient in making Houston a top tier city in every way with a healthy, sustainable, and vibrant mixed-use Downtown.



Existing Conditions - Main and Dallas Intersection





Vision - Main and Dallas Intersection

# Introduction

The story of retail shopping in Downtown Houston is the story of Houston's development. In the mid-twentieth century, Main Street was the primary retail shopping district for a city of 600,000 people. Explosive growth in the decades to follow saw the suburbanization of the region's population and the advent of shopping malls anchored by department stores. As we entered the 21st century, new forms of shopping emerged including mixed-use lifestyle centers and internet commerce. With the region's population at 6.2 million, today Downtown has 0.69% of the region's 335 million square feet of retail. Yet, Downtown has over 2.3 million square feet of retail distributed in multiple nodes including the Theater District, Historic District, in courts, along the tunnel and skywalk system throughout office towers, in and adjacent to sports facilities, in retail centers such as The Shops at Houston Center and GreenStreet and at street level. With this distribution, it is difficult for one to perceive the large amount of retail activity that occurs Downtown.

The January 2013 announcement and the subsequent closing of the Macy's store in March, after 66 years of operation (formerly as Foley's) in its Main Street location, highlighted the lack of soft and hard goods shopping in Downtown as differentiated from food, beverage and entertainment. Mayor Annise Parker appointed a task force to make recommendations with respect to Downtown's retail shopping opportunities and challenges. Chaired by Fred Griffin, Chairman of Griffin Partners and a Downtown property owner, members included Jonathan Brinsden with Midway, owner of GreenStreet; George Levan, President of Crosspoint Properties and Midtown property owner; Doug Kelly with 1110 Main Partners

LP, the owner of the former Macy's site; The Finger Companies' Marvy Finger, developer of residential high-rise One Park Place; Dawn Ullrich, President of Houston First Corporation which operates the George R. Brown Convention Center; Ed Wulfe of Wulfe & Co, developer and broker for multiple high-profile Houston retail projects; Xavier Pena and Deborah Keyser of the Downtown Redevelopment Authority and Downtown District's Bob Eury. Also on the task force is Andrew F. Icken, Chief Development Officer of the City of Houston, who serves as liaison to the Mayor's Office.

The task force investigated demand for soft and hard goods retailers Downtown based on past research, interviews with retailers and a survey of Downtown workers and nearby residents. It reached out to potential retailers. It reviewed current and potential locations within Downtown for soft and hard goods retailers to address the question of whether significant critical mass could be achieved to have a viable shopping environment; issues associated with having an inviting, delightful public realm that becomes an urban shopping district including improvements to streets, sidewalks, lighting, landscaping and pedestrian amenities; how shoppers access such a place and how convenient parking can be provided; market economics of creating such a place and if there is economic justification for the public sector to provide incentives to create and lease strategically located retail space desired by leading retail stores; finally, it addressed the need for coordinated implementation, management and marketing of a shopping district within Downtown.

This report documents this work and the conclusions and recommendations of the task force.

# Recent Studies

A number of recent market studies and planning projects have been a critical resource to the task force. Below is a summary of the various reports and initiatives.

## **Houston Downtown Retail Analysis**

In September 2009, the Downtown District retained Gibbs Planning Group, Inc. to perform a retail market analysis for Downtown Houston. The final report was issued in January 2010 and is available for download at [www.downtownhouston.org/resource/development](http://www.downtownhouston.org/resource/development).

The market study focuses on existing and potential retail connections between the following areas of Downtown: the Historic District, Main Street Square, Houston Pavilions and the George R. Brown Convention Center. A primary task identified the challenges and opportunities for enhancing Downtown's retail offerings. The market analysis identified up to 401,000 SF of potential retail and restaurant space which could generate up to \$120 million in annual gross sales— this number did not anticipate the closing of Macy's. A variety of retail options are supported by the Downtown employment base, tourists and visitors and the residential population in and surrounding Downtown.

The key recommendations advanced by the 2010 Houston Downtown Retail Analysis include the following:

- Implement consumer friendly parking options in proximity to

retail establishments.

- Remove rush-hour mobility lanes at key retail locations to provide on-street parking.
- Improve lighting in the public realm, especially along the retail Z-Corridor of Texas Avenue, Main Street, Dallas Street and throughout the Historic District.
- Implement and enforce effective policies to reduce aggressive panhandling and loitering throughout Downtown's commercial areas.
- Implement design standards that require street level commercial frontage.
- Modify commercial signage standards for street level business to enhance visibility.
- Employ a commercial broker to recruit tenants in accord with a tenant mix strategy.

## **Houston Downtown Mixed-Use Retail Core**

In October 2010, the Downtown District retained AECOM and sub-consultants, The Fransen Company and STANTEC | CommArts, to prepare a plan for Downtown retail development. The final report was issued in October 2011 and is available for download at [www.downtownhouston.org/resource/development](http://www.downtownhouston.org/resource/development).

The planning study focused on Main Street from Polk to Rusk and on Dallas and Lamar Streets from Travis to Crawford. The plan is presented as a series of phased improvements. Phase 1 addresses an anchor retail space plus office or loft conversion at block 256, the former Macy's Downtown store.



Phase 2 addresses the “100% intersection” of Main & Dallas, with a street-level retail conversion of the former Sakowitz Building, now a garage, and a new retail corner kiosk (block 271), both leveraging on the retail success of Forever XXI in the former Houston Pavilions. Phase 3 looks for multiple opportunities to optimize and convert existing vacant spaces for retail along Main Street. Phase 4 considers ambitious retail development along Lamar Street including new parking strategies and a public plaza at the northern half of block 254 with a magnet store and sidewalk-to-tunnel connections. Phase 5 proposes retail enhancements in the former Houston Pavilions and within existing structures along Dallas Street; more importantly, the plan calls for significant streetscape improvements to Dallas with several roadway and sidewalk alternatives advanced by the consultants. Phase 6 speculates as to larger development opportunities proposing a 6-block cluster of new retail, residential and entertainment on Dallas and Polk Streets between Caroline and Crawford.

The 2011 Houston Downtown Mixed-Use Retail Core plan and the recommendations advanced in that report address the need to holistically develop and implement both public and private improvements along the key pedestrian corridors of Main, Dallas and Lamar. The plan seeks to leverage the latent retail market demand of the Downtown office population, convention visitors and tourists. The Retail Core plan reinforces the primacy of three major assets: the former Macy’s downtown store, the Houston Pavilions (now GreenStreet) and METRO light rail transit, especially Main Street Square.

In particular, the plan reiterates the importance of Dallas as a primary pedestrian promenade connecting the office core and hotel facilities on the western half of Downtown to the Convention District, Discovery Green and the sports and entertainment venues on the eastern half of Downtown. Where this east-west Dallas “convention corridor” intersects Main Street is the nexus of Downtown and should be considered as the core of future retail expansion and development.

Also during 2011, the Downtown District partnered in two related studies which are guiding future development for Downtown, including retail opportunities and public realm improvements. These two studies are available for download under the “Development” tab on the “Resources” page at [www.downtownhouston.org](http://www.downtownhouston.org).

### **Livable Centers Study**

Along with the Houston-Galveston Area Council and the East Downtown Management District, the Downtown District conducted a Livable Centers Study for 176 blocks bordered by Austin, Commerce, St. Charles and Polk Streets; the study area, centered on the George R. Brown Convention Center, is bisected by US-59 with one half of the area in Downtown and the remainder in East Downtown. The report, prepared by Morris Architects and issued in September 2011, advances 41 recommendations and focuses on three primary pedestrian corridors: Dallas (connecting the George R. Brown Convention Center with Main Street), Capitol and Rusk (specific to light rail transit and convention-related development), and redevelopment surrounding a new public space along

the Bastrop Corridor in East Downtown. Foremost to the vision for these public corridors is the necessary and related expansion of residential development in and adjacent to Downtown.

#### **George R. Brown Convention Center 2025 Master Plan**

Similarly, Central Houston Civic Improvement and Downtown District collaborated with the Houston First Corporation on the George R. Brown Convention Center 2025 Master Plan, prepared by Gensler, released in December 2011. Based on a comparative analysis with competitive convention destinations, the primary recommendation of the 2025 Master Plan calls for the near-term addition of 2,000 hotel rooms in close proximity to the Convention Center. Equally important but with far greater reach is a broad-based recommendation to build a perpetual activity neighborhood surrounding the Convention Center; this involves both residential and retail development across the eastern side of Downtown, with key pedestrian and transit connections westward into the greater CBD.

#### **Urban Land Institute's Technical Assistance Program**

An outcome of the Livable Centers Study and the 2025 Master Plan was the Urban Land Institute's Technical Assistance Program (ULI-TAP). A seven-member panel of land use, development and planning experts convened over January 26-27, 2012 and focused on the potential to build a vital neighborhood surrounding the George R. Brown Convention Center. The panel's report, *The Discovery District: A Road Map and Toolkit to Connect, Catalyze and Capitalize the Transformation of Downtown Houston*, is available for download at [www.downtownhouston.org/re-source/development](http://www.downtownhouston.org/re-source/development).

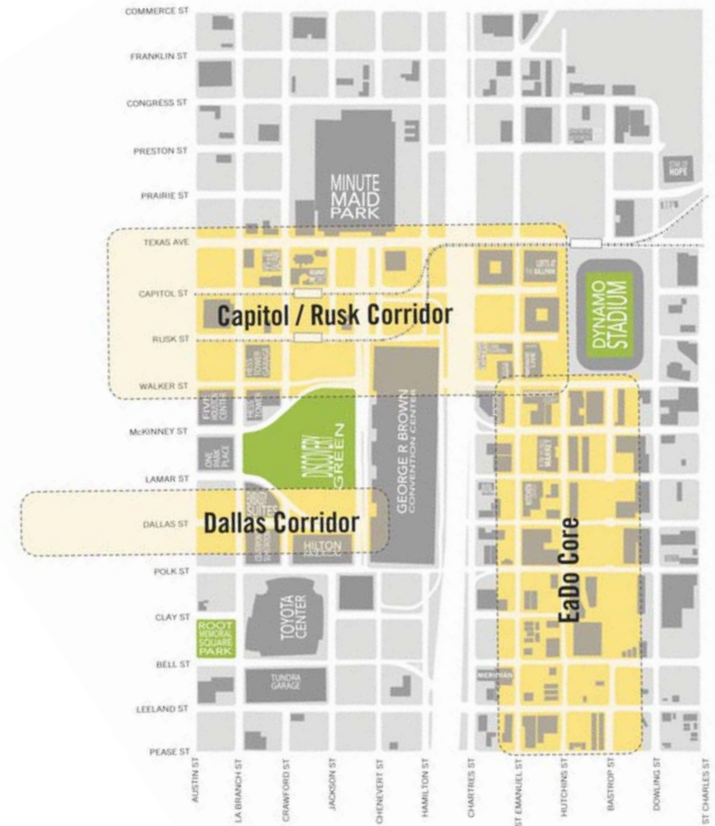
Focused on a 15-block area surrounding the Convention Center and Discovery Green, the ULI-TAP report advances a number of recommendations that parallel the previous Livable Centers Study and the Convention Center 2025 Master Plan. In summary, these include the following:

- Protect and enhance the existing assets of the Convention Center, Discovery Green and the nearby Minute Maid Park and Toyota Center.
- A convergence of opportunities with broad development goals are supported by a strong local economy.
- Tap into existing demand to create a 24-hour district, both with new convention hotels and residential development.
- Celebrate the pedestrian experience by extending Discovery Green along key corridors of Avenida de las Americas and Dallas, Rusk, and Crawford Streets.
- New hotel development is needed "now" to support the convention and tourism enterprise.
- New residential development will build a 24/7 neighborhood where Downtown residents can live, work and play within an enlivened urban community.
- Connect this district to adjacent neighborhoods including East Downtown.
- Establish a coordinated parking strategy to accommodate the influx of residents and visitors.
- Acknowledging that retail follows residential development, build new projects that can be converted to street level retail as a critical mass of residents and conventioners is realized.



-Determine how and what public incentives can be offered to new projects (hotel, residential and retail) that support the broad goals of pedestrian-oriented neighborhood development.

Based upon the convergence of the preceding planning initiatives, the City of Houston working in concert with the Downtown District established a significant implementation tool referred to as the Downtown Living Initiative. This program was adopted by City Council on August 22, 2012. In order to foster residential development throughout the eastern portion of Downtown, the incentive program utilizes Chapter 380 powers enabling the District and the City to promote new construction and conversion of existing building stock to residential product. A parallel program administered by the Downtown Redevelopment Authority is available within the area of TIRZ #3. These program's descriptions are available at [www.downtownhouston.org/resource/residential](http://www.downtownhouston.org/resource/residential).



Downtown | EaDo Livable Centers Study

# Demographics & Market Demand

There are 23,594 people living within one-mile of the proposed shopping district in Downtown, 71,278 within two miles and 167,801 within three miles.

Per the 2010 U.S. Census, below is population data of major shopping centers in the Houston marketplace:

Retail Area	Pop. w/in 1-mile	Pop. w/in 3-miles
Downtown Shopping District	23,594	167,801
Galleria	17,925	181,618
Memorial City Mall	14,075	120,762
The Woodlands Mall	3,442	47,277

Nearly one-third of Downtown Houston residents are between the ages of 25 and 34 with 42 percent of these residents earning a household income of \$75,000 or higher.

In addition to a strong residential population to support retail, Downtown has a sizeable office worker market, tourism and convention market anchored by the George R. Brown Convention Center and a strong business traveler market.

There are over 150,000 office workers in Downtown Houston. The 2010 annual household income of Downtown employees is \$120,763. Major employers include Chevron, Shell Oil, Chase Bank, KBR, ExxonMobil, Kinder Morgan, CenterPoint Energy, Hess Corporation, United Airlines, Wells Fargo, NRG and the list goes on. An employer's decision to move or stay Downtown includes: access to the largest, most diverse employment base, primarily because Downtown is at the heart of Houston's transit network;

proximity to other businesses; employee productivity based on the services and amenities within walking distance such as shopping, dining and health and recreation; adjacency to business services such as hotels and business and client amenities; vibrant environment that is a product of the huge public and private investment of Downtown that focuses on quality of life; and lastly, prestige of a Downtown Houston address.

The George R. Brown Convention Center, located adjacent to the shopping district, was opened in 1987 and expanded in 2003. The GRB has nearly two million square feet of exhibition, meeting and registration space, and ranks as one of the nation's ten largest convention centers. In the fiscal year that ended on June 30, 2012 the GRB was the site of 244 conventions and meetings.

Visitors to Downtown Houston consist of not only convention-goers but also visitors to our sports facilities, Theater District, park spaces such as Discovery Green and the numerous special events that take place in Downtown. Collectively these attract an estimated 18.3 million visitors to Downtown annually.

Before moving forward with the task force, the Downtown District conducted an online **Downtown Shopping Survey** in January 2013 to gauge market demand and customer wants and needs. Overall, the respondents said that they would shop Downtown if there was a better selection of stores and merchandise, extended evening and weekend hours, free or inexpensive parking and public space and safety improvements. Respondants also noted that advantage of shopping Downtown were the convenience from home and work and a unique mixed-use, urban environment.

### Downtown Shopping Survey Highlights:

- 1776 survey respondents
- 82% either work and/or live in or near Downtown
- Profile of respondents
  - Average age: residents 21-39; workers 40-59
  - Gender: Residents- 50/50 male/female; workers- 70% female
  - Income: majority has household income of \$100,000+
- Main & Dallas is the area people would like to see retail clustered in Downtown:
  - Residents 48.7%
  - Workers 62.5%
- Majority shop one or more times per month in Downtown and 48.5% rarely or never shop Downtown
- 94.5% would shop Downtown if the following were improved:
  - Merchandise quality
  - Merchandise selection
  - Safety
  - Customer service
  - Public space
  - Inexpensive or free and convenient parking
  - Shopping after 5 pm
  - Stores clustered
- Downtown's top advantages as shopping location:
  - Walking distance from work/home
  - Mixed-use environment
  - Convenient location
- Downtown's disadvantages:
  - Selection of stores
  - Limited store hours
  - Safety
- Appearance of public space
  - Residents more concerned with aesthetic of place than workers
- Open-ended Questions:
  - Homeless—area perceived as not safe
  - Convenience/access—tunnel connection, along/close to METRORail, shuttle service
  - Parking—less confusing, free, validation program
  - Critical mass—walkable, vibrant, unique to Downtown, street level retail
  - Mix of stores, restaurants, bars and entertainment with lots of ambiance
  - Better store signage

The Downtown Shopping Survey can be viewed online at [www.downtownhouston.org/resources](http://www.downtownhouston.org/resources).

# Existing Challenges & Opportunities

Today, Downtown Houston's shopping area has a number of challenges—lack of concentrated shopping options, parking, lighting, panhandling and street-level building design—and is overall not pedestrian friendly. Nationwide, the retail industry has endured weak sales which resulted in store closures and the suspension of new retail developments. Nonetheless, recent Downtown Houston studies show that the Downtown market is underserved and the consumer expenditure potential that Downtown could statistically capture would support an additional 350,000 to 400,000 square feet of retail space. There are also many positives that make Downtown Houston a solid market for additional retail development.

## Space Limitations

One of the largest challenges of creating a shopping district in Downtown is lack of continuous and connected street-level retail and/or available space for potential retail conversion. This issue is created by the design of many of the office building blocks. While the lack of street-level retail has limited impact on the consumer traveling to a predetermined destination, the lack of street-level retail does not induce consumers to travel one more block to see an interesting storefront or recognizable retail brand name, which would lengthen their shopping trip and increase their potential expenditure on soft and hard goods.

## Competition

There is strongly established competition from surrounding retail centers such as the Galleria, Highland Village, Rice Village and

Memorial City Mall and even further out, Sugarland Town Center and The Woodlands Mall, all which are located closer to where the Downtown employee may reside and have a broader range of retailers to meet their shopping needs. In addition to the existing retail activity centers, at least three new centers are in development within five miles of Downtown— Regent Square on Allen Parkway at Dunlavy, The River Oaks District on Westheimer and 4444 Westheimer. These major malls and/or lifestyle centers also have single ownership whereas Downtown has the challenge of multiple owners.

## Sense of Place

In general, Downtown's public realm and streetscape is maintained at a level above those usually found in municipal commercial districts. However, as compared to the region's other retail activity centers, Downtown has an appearance that is not conducive to retail. The streetscape's general character (sidewalk widths, lighting, lack of transparency and retail in frontages, landscaping, etc.) is not only, at times, uncomfortable to pedestrians, it creates in the minds of workers, nearby residents, and tourists— all potential consumers— lowered expectations regarding the quality of merchandise and services that the Downtown retailers have to offer. In the Downtown Shopping Survey, more than 65 percent of respondents strongly agreed that the look and feel of the public area was an important characteristic of a shopping environment.

## Lighting

Many areas of the Downtown area, especially Main between Walker and Polk, lack sufficient pedestrian lighting for convenient

shopping. Today, modern retailers and shopping centers carefully design lighting levels to create an exciting appearance that enhances the pedestrian's experience. Studies indicate that improved light levels can increase sales by up to 15 percent. The purpose of the lighting improvements is to promote more pedestrian movement throughout Downtown, and specifically to highlight and ease the pedestrian link from the Convention Center to Main Street.

### **Tunnel and Skywalks**

Downtown's tunnels and skywalks create direct, local competition for work day consumer business from the retailers at street level. The retailers in the tunnel system might be considered to have competitive advantages— lower operating costs by being open only during peak daytime business hours; a location in one of the many retail clusters within walking distance of major companies; and easy, direct access to the daytime employees in climate-controlled, pedestrian-orientated pathways.

Downtown's weather protected tunnel and skywalk system stretches over six miles in length and contains over 350,000 square feet of retail and personal service commercial space. The tunnels are located approximately 20 feet below the street level and, with the exception of only a couple of direct entrances from the street, are only accessible via internal building escalators, stairs, and elevator access points. The tunnel system is open from approximately 6:00 am to 7:00 pm Monday through Friday, depending on the building owner. Most retailers in the

tunnels have shortened service hours, nor are the public facilities, such as bathrooms, open 12 hours per day. The majority of the tunnel/ skywalk system is privately owned and maintained.

The tunnel/skywalk system is a major attraction for office tenants since it serves as an amenity to the Downtown worker. The tunnels also have the potential to be a key element in supporting street-level retail. When Macy's was open, the number one entrance was via the tunnel. On the other hand, the tunnels lack the urban feel of the street-level retail. Dining along one of the Downtown's sidewalks, parks, or rooftops offers a refreshing stimulus not available underground or in the skywalk network.

### **Indigent Population**

The indigent street population in Downtown is overwhelmingly one of the most negative issues for people who work, live and visit here. According to a recent survey of this population in the Main Street Square area, 63 percent of this population is homeless. The main problems associated with this street population are panhandling, crime, sanitation, drug use and sleeping in public spaces. Overall, this population is perceived to be a security issue to consumers. Strides are being made with the City of Houston for housing the homeless and civility programs such as the Downtown District's Downtown Public Safety Guide Program, to address these issues.



### Signage

Houston's current signage ordinance limits maximum height of signage in Downtown below what is necessary so that retailers, specifically anchors and/or centers, can get maximum exposure and visibility within the urban environment. Signage is a significant marketing tool for retailers and in an environment with office towers, large hotels and transportation infrastructure, visibility can be seriously obstructed. Signage can also assist with the challenge of contiguous space limitations by drawing people down the street.

### Parking

Parking in Downtown offers a significant challenge to retail. While there are approximately 75,000 garage parking spaces, 23,000 lot spaces and 4,400 on-street parking spaces, parking is not conveniently located or reasonably priced to support substantial growth of infill retail space.

In vibrant, growing downtown retail districts, shoppers using on-street parking will support retail sales. Because these centers also offer a greater variety and breadth of shopping, dining, and entertainment selections, they also draw consumers willing to take the time to use off-street parking lots and garages. In such downtowns, parking fees should be relative to a stall's convenience. Prime on-street spaces should be metered and more expensive than outlying on-street stalls, off-street surface lots, and parking garages. If possible, surface lots should be free or nearly free and garages entirely free during the first two hours of use. Though many shoppers are willing to pay a nominal fee (one to two dollars, for example) for the convenience of parking near

their destinations, more frugal shoppers and employees should be rewarded for their extra walk.

### Transportation Access

The proposed shopping district is conveniently located to a multitude of transportation options. Not only does the location provide access to retail for consumers, but it also offsets some of Downtown's challenges with parking. Transportation access is also something that many national retailers have indicated as important in their business plan and strategy. METRORail currently runs along Main Street, connecting University of Houston-Downtown to Reliant Park. This transit service has contributed towards increased access to the Downtown for commuters and local residents, enhancing its competitiveness for commercial development. The rail has been especially effective in supporting Downtown's office market. Additional rail lines along Capitol and Rusk Streets are under construction to further link Downtown to the east and southeast.

In addition to METRORail and bus, Downtown welcomed Greenlink in 2012, a free Downtown circulator. Through a partnership between the Downtown District, BG Group and Houston First Corporation, the Downtown community can utilize the environmentally friendly buses to get to popular Downtown locations quickly, Monday through Friday, 6:30 a.m. to 6:30 p.m. The route spans 2.5 miles with 18 stops and connects major office buildings along Smith and Louisiana streets to METRO transit, the convention corridor, hotels, restaurants, shopping and entertainment. Greenlink averages approximately 900 riders per day.

In 2013, the City of Houston and Bikeshare Houston launched Houston B-cycle, a bike sharing program intended to be used for short trips in and around Downtown Houston and surrounding urban areas. B-stations were strategically chosen based on origination and destination with a focus on densely populated areas, specifically close to large office buildings and or residential communities, retail and entertainment centers, recreational outlets and museums and other large attractions. To date, this program has exceeded goals and the City expects it to continue to grow in ridership changing how Houstonians and visitors move around the inner city, including shopping. There are currently three stations within the proposed shopping district located at GreenStreet, The Shops at Houston Center and One Park Place/Phoenicia Specialty Foods.

#### **Market Demand**

Previous studies have confirmed that Downtown can presently absorb up to an additional 350,000 to 400,000 square feet of street-level retail space. More than 94 percent of Downtown Shopping Survey respondents said that they would shop Downtown if there was a better selection of stores and merchandise, extended evening and weekend hours, free or inexpensive parking and public space and safety improvements. Respondents noted that advantages of shopping Downtown were the convenience from home and/or work and a unique mixed-use urban environment.

#### **Mixed-use Environment**

Unlike any other area in Houston, Downtown is a walkable, mixed-use urban environment comprised of multiple compo-

nents: office, residential, retail, entertainment, sports, convention, hotel, civic & county, theater and arts, education and green and public space. In the Downtown Shopping Survey, this was something that the respondents specifically called out as an advantage for Downtown as a retail environment and is an opportunity for Downtown to differentiate itself from the other major retail activity centers in the region.

**“Recent studies show that the Downtown retail market is underserved.”**

# Existing Downtown Retail

Currently, Downtown Houston has disconnected activity centers with retail, primarily dining and entertainment. Overall, these areas are bustling and in the case of the Historic District, expanding at an increasing rate. The segment that Downtown is lacking is soft and hard goods shopping and with Macy's closing in March, the selection of merchandise is now even more limited. The existing retail environment lacks continuous retail frontage on both sides of the street and is significantly lacking in general merchandise and apparel retailers. However, there is a major opportunity in the shopping district with the two existing mixed-use centers, GreenStreet and The Shops at Houston Center, both with available lease space for soft and hard goods retail tenants.

## GreenStreet

Formerly the Houston Pavilions, GreenStreet is a four-block project in the heart of Downtown that was recently acquired by Houston-owned Midway, in partnership with Canyon-Johnson Urban Funds. The 570,000 square foot mixed-use center is undergoing physical improvements that will solidify its place as a Downtown hub for both business and pleasure. Redevelopment commenced in August 2013 and will feature a central courtyard with monthly event programming, along with the addition of a variety of eateries, entertainment and shopping options. Currently, there is 270,000 square feet of retail which includes available space.

Notable tenants include:

XXI Forever  
BCBGMAXAZRIA  
House of Blues  
Lucky Strike Bowling

Pete's Dueling Piano Bar  
III Forks Steakhouse  
McCormick & Schmicks  
Guadalajara del Centro

## The Shops at Houston Center

The Shops at Houston Center consists of 196,000 square feet on three levels. Home to 15 specialty retailers, a food court that includes more than 30 fast-casual options, several full-service restaurants and a variety of health and beauty services, with 14,000 visitors per day.

Notable tenants include:

JoS. A. Bank Clothiers  
Dress Barn  
Radio Shack  
Trudy's Hallmark

General Nutrition Center  
Starbucks  
Potbelly Subs  
Chick-fil-A

## Historic District

The Historic District is Houston's original town center. The 1800's-era architecture and tree-lined streets set the stage for an eclectic mix of unique local eateries and nighttime hotspots. At the heart of the Historic District is Market Square Park, a neighborhood gathering place programmed with year-round movies, concerts and one-of-a-kind events. Surrounding the park are many

residential properties, boutique hotels and the University of Houston- Downtown.

Notable tenants include:

OKRA Charity Saloon	Sambuca
Treebeards	Minuti Coffee
Niko Niko's	Chipotle
Line & Lariat at Hotel Icon	Hearsay Gastro Lounge
Barnaby's Café	Spaghetti Warehouse
Batanga Tapas + Drinks	La Carafe

### Theater District

The Theater District is an impressive cultural and entertainment center adjacent to the bustling office market. The district features eight renowned performing arts organizations, and many smaller ones, in four venues – Jones Hall, Wortham Theater Center, Alley Theatre and Hobby Center for the Performing Arts. At the center of it all is Bayou Place, which is home to Sundance Cinemas, the Bayou Music Center and a variety of restaurants and clubs, and family-favorite Landry's Downtown Aquarium is just a short walk away.

Notable tenants include:

Sundance Cinemas	Birraporetti's
Hardrock Café	Bistro Lancaster
The Blue Fish Sushi	Perbacco
Artista	Downtown Aquarium





# Shopping District Vision & Boundaries

Density, critical mass and co-tenancy are crucial in creating a successful retail environment. The task force, supported by past studies and the potential for concentration of shopping activity, determined that efforts and financial resources be focused on transforming Dallas into a pedestrian-oriented retail corridor by improving the streetscape and by providing financial incentives for aligning property owners to improve their building facades with more storefront windows, new signage, enhanced building materials and interior retrofits as needed. As envisioned, Dallas would serve as the commercial spine for Downtown's shopping district, extending from Milam to La Branch. In addition to Dallas, there would also be attention paid to strategic connections to Main Street Square and The Shops at Houston Center.

Located at the center of Downtown, Main and Dallas are accessible to Downtown's dense office population located in the southwest quadrant of Downtown and in growth areas to the north and east. In addition, Downtown's "convention corridor," anchored by the George R. Brown Convention Center, is along Dallas with seven existing hotels and two in development. Proximity to traffic generators such as Minute Maid Park, Toyota Center and Discovery Green and to new residential developments just a few blocks to the south supports the shopping district. Consumers also have direct access to public transportation options.

This location already has the only concentration of downtown street level retail with GreenStreet. This property is a critical

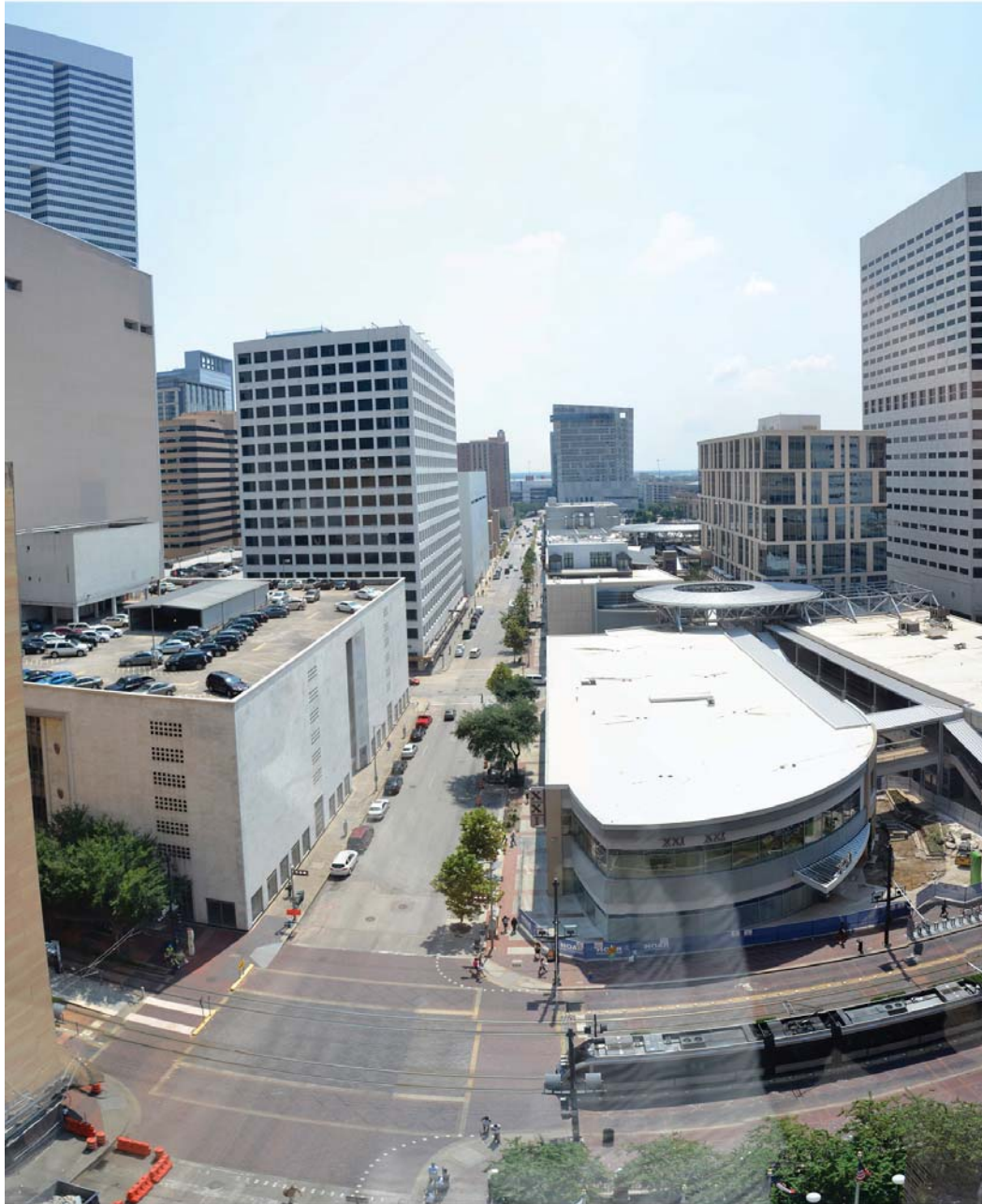
component of the shopping district and has the potential to add more soft goods, restaurant and entertainment focused retail to the development project. GreenStreet improvements, slated for 2013-14, will include sidewalk cafes along Dallas and a new hotel project at Dallas and Fannin.

Although it will be a challenge to convert and develop existing properties along Dallas into retail space, the task force believes that this area has the highest amount of potential retail space in the Downtown market—approximately 325,000 square feet of retail space has been identified.

## Vision Statement

At the heart of downtown, Dallas Street is transformed into an exceptional, shopping, dining and entertainment destination with a mix of anchor and specialty retailers offering the best in national, regional and local brands. The shopping district is a memorable and unique experience for residents, worker and visitors—a vibrant, bustling street life where people walk to destinations or stroll for pleasure, storefronts lure shoppers inside, restaurants provide atmosphere with scents and sounds and transit and services conveniently located.

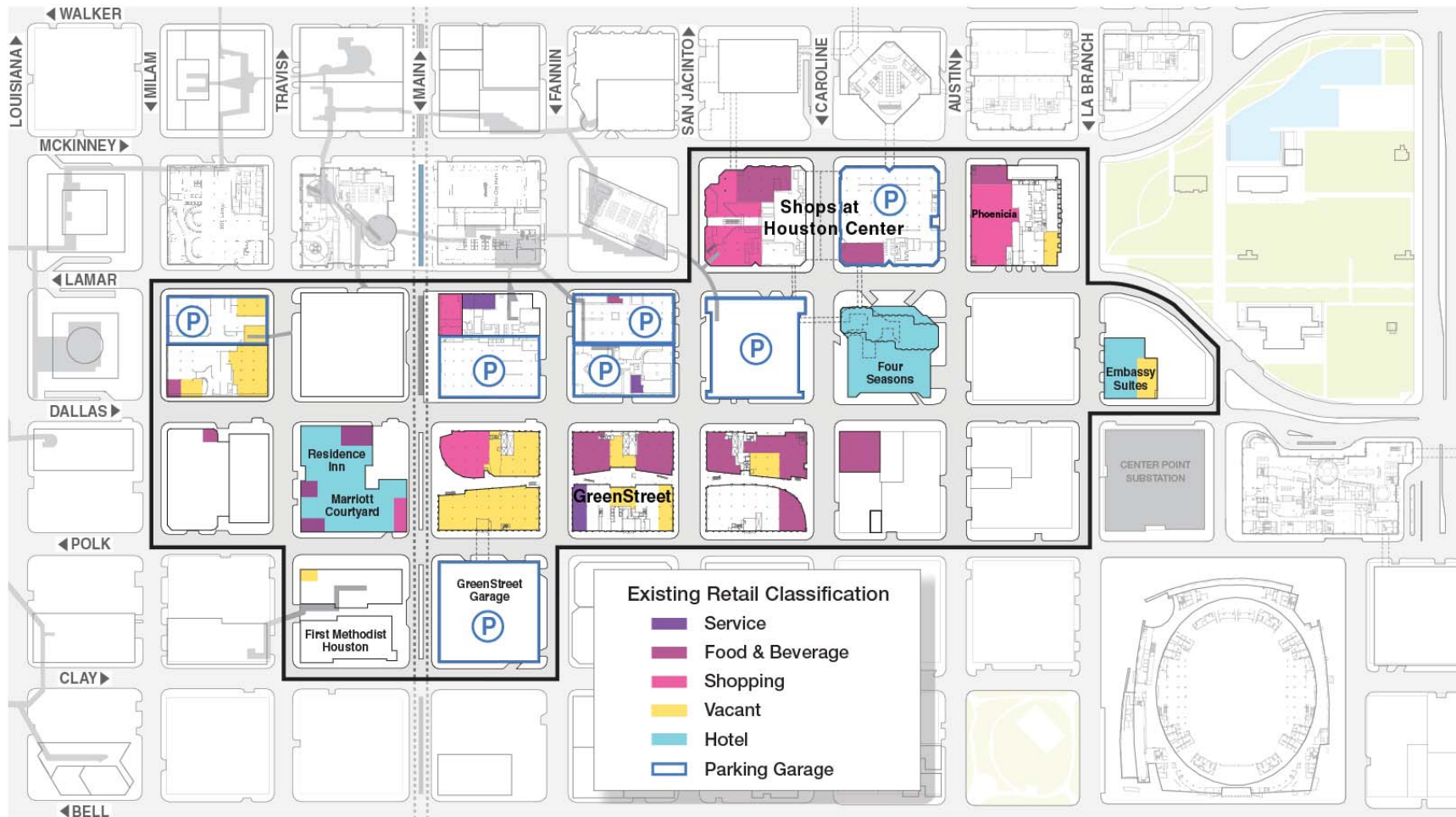




Existing Conditions - Main and Dallas Birdseye View



Vision - Main and Dallas Birdseye View



Proposed Shopping District - Plan



# Retail Recruitment Strategy

The task force heard from respondents of the Downtown Shopping Survey that it is imperative for the shopping district to offer a diversity of stores and selection of merchandise.

In creating a unified leasing strategy, the following must occur:

- Look at demographics to understand the potential shopper and create a profile based on age, economic data, and family situation.
- Discover any retail or service needs for the potential shopper that may be underrepresented in the current marketplace.
- Be aware of trends that affect the marketplace.
- Interview national and regional retailers to determine requirements to market entry.

At the core of the retail strategy is the placement of anchor tenants from which the tenancy mix will spread. Most particularly, these anchor tenants will be the draw card and the major image that customers identify with the area. Tenants will also see the anchor tenant as integral to the occupancy that they may consider for themselves. Today, anchor tenants are no longer just department stores but exist in many categories of retail shopping and also range in size. The choice of anchor tenants is essential to match the customer needs within the community. With limited space available, it is critical to understand shopper demand and to create the best combination of possible tenants.

Unlike a mall or a shopping center with sole ownership, the proposed shopping district does not have a single, dedicated retail broker. Instead, individual building owners are responsible for

their own leasing, and many of the owners are focused on office tenants and do not have retail expertise. The shopping district needs a retail consultant to represent the area and recruit tenants that accord with the merchandising mix strategy. The consultant should have a proven regional and national record, and a demonstrated ability to secure buy-in of a strategy from landlords, brokers and merchants.

Preparing space for a new retail tenant often requires capital investment that some landlords are unable or unwilling to make. Landlords rent to office tenants rather than retailers because office rents are currently higher than retail rents in Downtown, capital improvement costs are lower and occupancy is less risky. Retail-oriented economic development tools are needed to overcome the possibility that initial retail rents will not fully support the cost of converting existing uses to retail use. Absent financial intervention, storefronts will retain a non-retail use.

For the shopping district to succeed, it must not only attract Downtown's existing customer bases, but residents from the outlying neighborhoods. To do this, the selection and quality of shops must be capable of luring the shopper to Downtown. The merchandising mix should include regional and national retailers and offer shoppers a selection of options to choose from. Businesses must be intriguing, well run, and eye-catching, offer excellent customer service and be capable of generating repeat business. Since restaurant and entertainment options are already established in the shopping district, retail offerings must focus primarily on soft goods which include apparel, footwear, cosmetics, paper products and accessories, and hard goods which include electronics, appliances, furnishings and sports equipment.

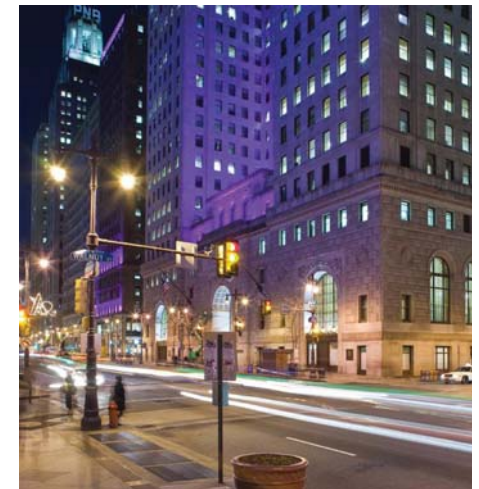
# Public Realm Improvements

The task force proposes the following enhancements to the shopping district as a unified public project, to be jointly funded and implemented by multiple agencies including the City of Houston, Downtown Redevelopment Authority, Downtown District and METRO.

1. Within the shopping district, redesign Dallas into a new 3-lane concrete roadway.
2. Widen adjacent sidewalks along Dallas to approximately 20'-0". A uniform sidewalk finish of premium architectural grade will be considered, perhaps extending the brick pavers of Main Street onto Dallas sidewalks.
3. Relocate existing street lighting to the new back of the curb and consider a new signature street light for the shopping district along Dallas.
4. In collaboration with METRO, re-evaluate the eastbound bus service and transit stops on Dallas. The task force recommends relocating existing bus service from Dallas.
5. In collaboration with the respective City of Houston departments of Public Works & Engineering and Parking Management, on-street parking within the shopping district will be re-evaluated.
6. Extend new LED pedestrian lighting throughout shopping district.
7. In addition to the LED pedestrian lighting and signature street lights, additional pedestrian realm lighting is to be considered. Whether tree lights or festoons suspended over the roadway and/or sidewalks, additional lighting is a priority recommendation for proposed shopping district streetscape improvements.
8. As part of a larger Downtown District project, pedestrian wayfinding will be incorporated into the shopping district, particularly along Dallas and Main.
9. Wherever possible, wayfinding and visual cues to more seamlessly connect tunnel access with building entrances and the surrounding streetscape will be evaluated on a case-by-case basis.
10. Modify Houston's current signage ordinance that limits maximum height of signage in Downtown to 42.5 feet from ground level, below what is necessary so that retailers, specifically anchors and/or centers, can get maximum exposure and visibility within the urban environment.
11. In order to establish Dallas as a premier retail corridor, landscape and floral enhancements are envisioned as a prominent design element. The recommendation of the task force is that extensive landscape and irrigation be designed, installed and maintained as a signature identifier for the shopping district. The landscape design is to be considered a highly prominent public realm amenity while serving as a physical and visual buffer between roadway traffic and pedestrian activity on the widened sidewalks. The tree species, tree gratings or wells, seasonal flower wells, raised flower pots, suspended floral baskets, and vertical gardens (green screens adjacent to buildings that cannot be altered) are all to be considered as part of the landscaped realm within the shopping district.



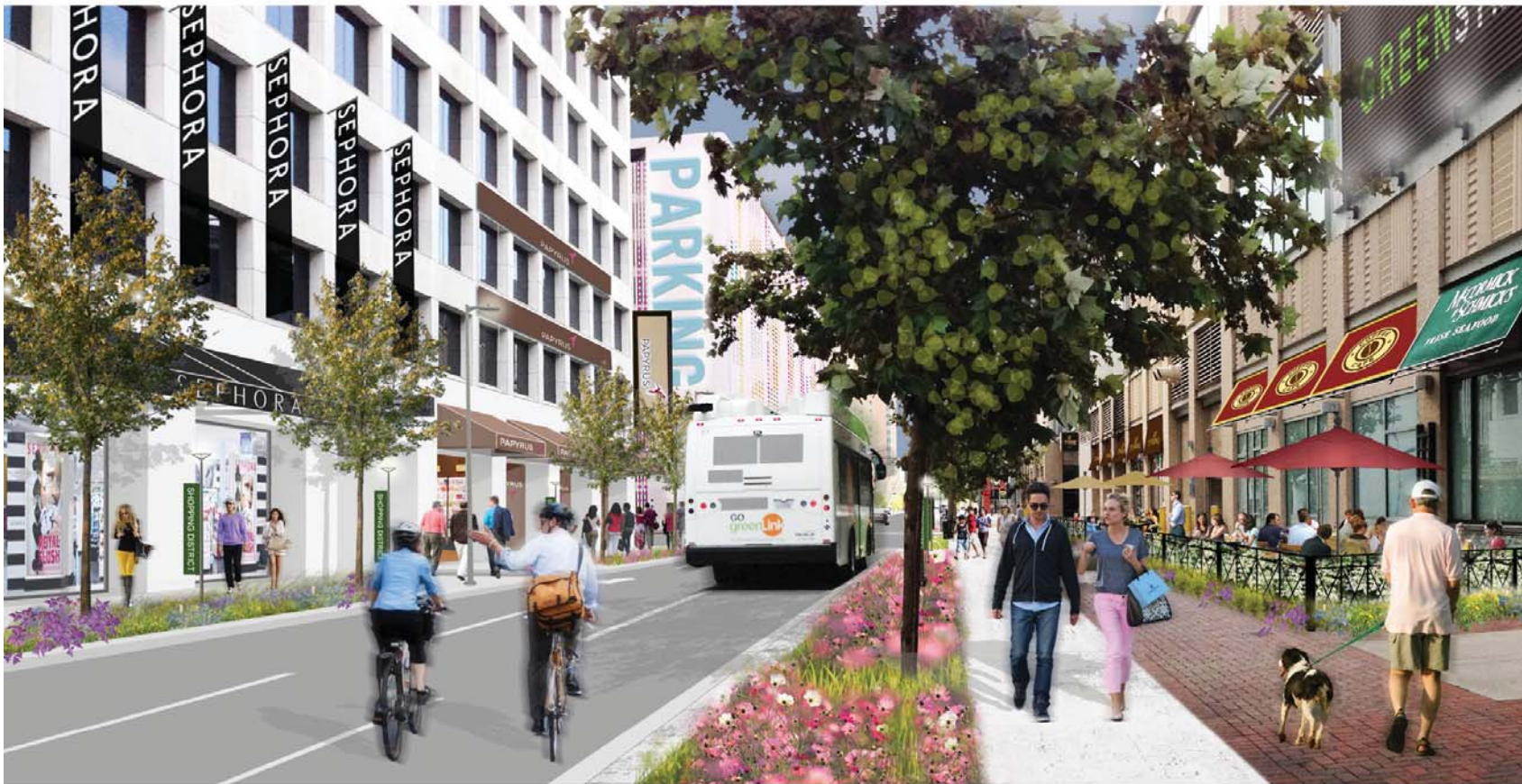
13. Pertinent to other initiatives within Downtown, bicycle integration with the shopping district is a planning priority. This includes the possibility of designated bike lanes (street or streets to be determined) and additional bike racks as part of streetscape furnishings.
14. As part of the public realm improvements, the development of storefront and streetscape design guidelines that provide guidance to short-term and long-term development of private facilities is seen as a desirable and necessary tool. These design guidelines, while voluntary, may be tied to development incentives within the shopping district. Elements such as glazing percentages at street level, visible transmittance of glass, building lighting, retail signage, canopy structures, sidewalk café barricades, sidewalk surface finishes and the like will be considered as the design guidelines are developed.
15. In collaboration with respective building owners within the shopping district and with respect to the storefront and streetscape design guidelines, private improvements to new and existing building frontages will be processed on a case-by-case basis.
16. In addition to physical changes increase the feeling of personal comfort with visible police and Downtown Public Safety Guide patrols in the shopping district.
17. Reduce the presence of street homeless as the City's 100,000 Homes for the Homeless Campaign progresses moving 2,500 chronically homeless individuals and veterans to permanent supportive housing with on-going case management and services by 2016. In addition, recent increased coordination and collaboration within Houston's Continuum of Care related to prevention, services and housing will also lessen the presence of street homeless in the area.



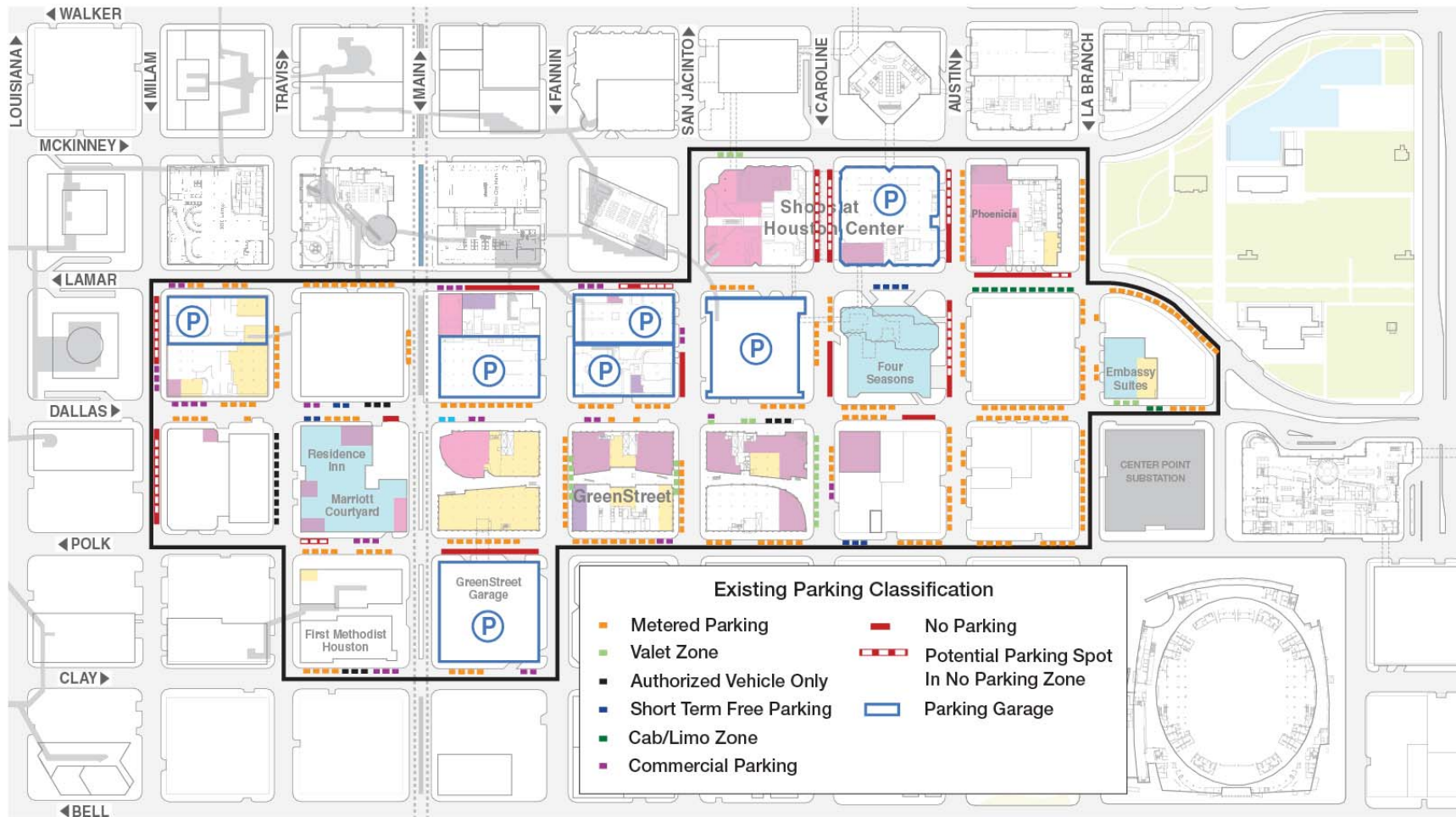


Existing Conditions - 1100 Block of Dallas





Vision - 1100 Block of Dallas



Proposed Shopping District - Public Parking Plan

# Parking

Revitalizing retail in a Downtown setting is one of the most difficult elements, and convenient, plentiful and easily accessible parking is especially critical to the success of retail in a downtown area. What is often overlooked or underestimated in retail revitalization projects is a comprehensive retail parking strategy. In many cases this will involve significant investment in new parking infrastructure or at least a restructuring or reallocation of existing parking resources. Once the parking supply issues have been addressed, a wide range of parking management strategies should also be considered.

Parking is the first and last impression of thousands of Downtown patrons that drive each day, whether employees, residents or visitors. To date, parking Downtown has biased towards the office market with a goal of getting people in and out of Downtown as quickly and efficiently as possible. An emphasis has been on improving traffic circulation rather than developing strategies that would enhance economic development and support the needs of multiple user groups, all set in an urban, mixed-use environment.

The City of Houston Parking Management, with support of the Downtown District, is currently implementing the first phase of a Downtown Parking Plan which focuses on improvements to on-street parking. The program aims to improve signage, modify mobility lanes and commercial zones to increase parking supply and evaluate meter rates and durations to improve public parking for visitors and employees. The second phase will be to create a

program that assists visitors in identifying parking availability, specifically in parking garage and surface lots. Key elements of this phase will be wayfinding signage, technology enhancements and marketing.

The established retail parking model in urban environments throughout the country is to offer convenient, highly visible on-street parking at a premium price. This can only happen if there are less expensive off-street parking options. Unfortunately, Downtown Houston's model is upside down because the majority of parking surface lots and parking garages are privately owned, operated and priced at a premium. In many downtowns, the City owns and operates municipal garages that can support retail businesses and create a healthy parking model. Prime on-street spaces should be metered and more expensive than outlying on-street stalls, off-street surface lots and garages. If possible, surface lots should be free or nearly free and garages entirely free during the first two hours of use. Please note that this model does not have to be implemented in all of Downtown, but is necessary to support the shopping district. Thus, the key elements of a parking strategy for the shopping district are outlined below:

## On-street Parking

As the most conveniently located parking assets (and therefore the most valuable), effective management of on-street parking is critical. This generally includes:

- On-street parking being prioritized for short-term, visitor parking.



- On-street parking being priced higher than off-street parking.
- The use of easy to read/color-coded time-limit stickers on meters is a simple but important tool that lets drivers know the time-limit of an on-street space before pulling in to park.
- Having an effective Downtown loading zone plan to support retail deliveries.
- Implementing a fine structure for on-street parking that is more forgiving to the occasional violator and more aggressive toward the real problem – repeat long-term parkers taking up what should be short-term parking.
- A combination of on-street parking rates, fines and enforcement that ultimately promotes a consistent 15 percent vacancy rate for on-street spaces. Having a 15 percent on-street vacancy rate is considered important because it makes the Downtown area appear to be more accessible and encourages potential customers to stop and shop if they see a well designed storefront that appeals to them.
- In combination with the strategy above, providing signage about the availability of off-street retail parking is also important so that customers feel they have choices.
- The use of on-street parking meter technologies that provide more customer-friendly payment options.

### Off-street Parking

In a downtown environment the primary issues related to retail parking are to provide large, easy-to-find reservoirs of parking within close proximity to the retail cores or corridors. Small pockets of off-street parking may be useful for those who frequent

the Downtown area, but these resources are not adequate to effectively support a successful branded shopping district as proposed. Specific issues for retail parking include:

- Parking garages provide parking for long-term shoppers and, more importantly, for retail employees, office workers, and patrons of major anchors, such as cinemas and restaurants. The decks also provide spaces for valet parking services.
- As much as practical, retail parking reservoirs should be located within line-of-sight of the retail anchors and very convenient to the contiguous retail corridors (adjacent to or within a block of the prime shopping destination).
- Direct connections from the retail parking structure to a retail anchor (via sky bridge, for example) are desirable features.
- The perception of safety and security is critically important for a retail parking facility. Recommended design strategies for improving parking facility security include: glass-backed stair and elevator towers, adopting enhanced lighting levels, painting interiors white to improve lighting reflectivity and enhancing the feeling of openness and securing the areas beneath stairwells.
- Effective wayfinding and facility signage is essential.
- Other interior facility enhancements such as creative level-themed concepts, interior wayfinding and level identification signage can also help make garages more colorful, visually interesting and aid patrons by making it easier to remember where they parked. Advertising could be implemented to provide vitality while at the same time generate revenue for the garage owner/operator.
- The lower levels (or more accurately, the most convenient parking areas) should be reserved for retail customer use.

Employees or other groups should be assigned to park in other areas of the facility.

- The use of newer technologies and more customer friendly parking access and revenue control systems can reduce wait times upon exiting and improve customer service by providing more convenient customer payment options.
- Ideally, the garage should be located so motorists can enter with an easy right-hand turn. At the entrance, the garage should have large, illuminated signage that is coordinated with a brand for Downtown visitor parking.
- Enhancing parking websites with effective tools such as interactive parking maps, on-line payment options, parking rate, special events and other information is expected these days. An important “best practice” in this area is a website that provides a comprehensive overview of Downtown including retail and restaurant offerings, cultural and special event venues and of course parking and transportation information.
- Integrate marketing programs such as a “first two hours free” that can make Downtown appear more visitor friendly while providing both a more equitable program and simplifying the administration of traditional parking validation programs.
- Leveraging all of these program enhancements into a recognizable parking “Program Brand” can make people associate all the program enhancements with the public parking facilities and therefore they are more comfortable with Downtown parking.



# Marketing, Branding & Events

Although it is critical that individual retailers and/or retail centers have their own annual marketing plan and budget, there is a benefit of also supporting the shopping district with a cohesive marketing and advertising campaign that promotes and establishes a brand for the area as a whole.

By creating a unique area, identified by the streetscape environment and shopping opportunities, the area can be branded as the shopping district, similar to other areas of Downtown such as the Theater District and Historic District. Targeted campaigns are recommended that would be aimed at specific user groups such as Downtown workers, residents and visitors, and could be seasonal in nature. What is most important is that once a critical mass of retailers is reached, the area can be promoted and branded as a shopping, dining and entertainment destination.

A public relations plan should also be in place to make and/or support major retail announcements and continue to educate the public on the progress of the shopping district. Special events should also be considered that support shopping. Restaurants and specialty stores such as coffee and ice cream shops generally report increased sales during events, but data supports that retail sales for general merchandise can actually decline during events. With this being said, events and programming need to support, not compete, with shopping. Sidewalk sales, outdoor buskers/street performers and holiday programming are recommended versus full-scale festivals or street fairs.

**“GreenStreet will serve as the anchor to Downtown’s new shopping district.”**





Photos courtesy of GreenStreet



# Public Sector Incentives

Houston's Downtown has undergone dramatic change over the past 30 years with over \$6.1 billion of public and private investment. The ad valorem tax base has increased from \$2.5 billion in 1995 to over \$8.7 billion in 2012. In the past 30 years, office space has increased by twelve percent; hotel rooms by 283 percent; residential units by 379 percent. Yet retail space has not followed this trend dropping by 60 percent.

The case can be made that shopping is a critical element of thriving downtowns that provide a strong image of a desirable urban core. Of the nation's top 24 cities Houston falls among a group with weak downtown soft and hard goods retail shopping opportunities. Houston faces a decision of whether or not it will compete in retail shopping presence with its competitive set of largest cities (ranked by city size).

## **Downtown Central Business District (CBD) National Retail Analysis**

Prepared by the Downtown District, cities below were given a score of STRONG, MEDIUM or WEAK based on their current retail market. Cities scoring a STRONG had ten or more national, destination, soft goods retailers in one contiguous area within the Central Business District, MEDIUM had five or more and WEAK has less than five and/or do not have contiguous shopping.

Rank	City	Population	Score
1	New York	8,175,133	STRONG
2	Los Angeles	3,792,621	MEDIUM
3	Chicago	2,695,598	STRONG
4	Houston	2,099,451	WEAK
5	Philadelphia	1,526,006	STRONG
6	Phoenix	1,445,632	WEAK
7	San Antonio	1,327,407	MEDIUM
8	San Diego	1,307,402	STRONG
9	Dallas	1,197,816	WEAK
10	San Jose	945,942	WEAK
11	Jacksonville	821,784	WEAK
12	Indianapolis	820,445	STRONG
13	San Francisco	805,235	STRONG
14	Austin	790,390	MEDIUM
15	Columbus	787,033	WEAK
16	Fort Worth	741,206	WEAK
17	Charlotte	731,424	WEAK
18	Detroit	713,777	WEAK
19	El Paso	649,121	WEAK
20	Memphis	646,889	WEAK
21	Baltimore	620,961	STRONG
22	Boston	617,594	STRONG
23	Seattle	608,660	STRONG
24	Washington DC	601,723	STRONG



While the market demand supports more Downtown shopping opportunities, Downtown Houston is faced with the challenge of attaining a threshold of critical mass of soft and hard goods retailers that clearly establishes the image as a place to shop. This involves a physical and financial challenge of conversion of sufficient leasable space situated in close proximity to make a shopping district. In some cases, this will involve retrofit of the street level of existing buildings; in other cases, it will involve new development; in all cases, it will involve a high level of tenant finishes and likely rent inducements to the tenant.

Comparing the shopping district to other successful, competitive shopping locations in Houston's inner city, there are material cost differences for an owner or developer of retail in Downtown:

- Land cost is at least \$100 per square foot more than competitive inner city locations.
- Difficulty of Downtown construction may add 15% to 20% to construction costs to provide space suitable for retail.
- Initial sales per square foot as the shopping district gains brand recognition and customer traffic may drive likely rents lower by as much as 25 percent compared to competitive inner city locations.

To achieve an acceptable return for a property owner based on these economic differences, the task force recommends a special shopping district retail incentive program that would have the following attributes:

- Incentives would be available only to projects in the shopping district target area.

- They would be scaled to make economics comparable to competitive lifestyle shopping locations in the inner city market area.
- They would be tied to performance requirements regarding:
  - Class A soft and hard goods retailers;
  - Store mix compatibility;
  - Ground level single or multi-story space;
  - Operates seven days per week;
  - Compliance with street frontage design guidelines;
  - Participate in coordinated place branding and marketing;
  - Re-tenanting.
- Grant would be paid to a property owner as a reimbursement based on performance up to a maximum limit.
- Incentive program would only be available for a time period of four years.

This program would be operated by the Downtown District under an agreement with the City of Houston in a manner similar to the Downtown Living Initiative Chapter 380 Program now in operation.

# Recommendations

The task force recommends the following as a path forward to ensure the evolution of shopping in Downtown:

**Recommendation #1: Downtown should have a clearly identified retail shopping district that is conveniently connected and easily accessible to office population, residents in market area in and around Downtown and to visitors to the convention district, stadiums and arts venues.**

Demand exists for urban lifestyle options with a mix of hard and soft goods retailers, food and entertainment of at least another 350,000 to 400,000 square feet in a shopping trade area with more than 74,000 residents within 2-mile radius, over 150,000 Downtown workers and over 18 million visitors annually. This new district will serve as a catalyst for additional residential development and support convention and tourism growth.

**Recommendation #2: Develop a unique, premier setting for a shopping district on Dallas Street between Milam and LaBranch with connections to adjacent retail activity and tunnel access on Main and The Shops at Houston Center on San Jacinto and Austin.**

Anchored by GreenStreet— a three block concentration of restaurants, entertainment and retailers—there is the potential to physically add more than 325,000 square feet of retail space to the currently occupied 370,000 square feet of space currently occupied for a total of approximately 700,000 square feet.

To meet the objectives of concentration and critical mass, adjacent properties will need to be converted or developed into retail shopping space. This target area includes The Shops at Houston Center with 196,000 square feet of food, services and shopping and five blocks of land used for surface parking. This target zone is unique within Downtown because Dallas Street is Downtown’s “convention corridor” with seven existing hotels and two in development with over 3,500 rooms. It is in close proximity to major traffic generators: Minute Maid Park, Discovery Green, George R. Brown and Toyota Center. It connects to office worker population (with tunnel/ skywalk connections at 1000 Main, One City Centre, Total Plaza and The Shops at Houston Center). It is also at the site of the METRORail Main Street Square station.

**Recommendation #3: Provide a public realm within shopping district that is supportive of a premier retail setting which will attract national, regional and local retailers.**

Transform 800 to 1400 blocks of Dallas into a premier shopping street by providing wide sidewalks for strolling, sidewalk cafes, kiosks and stunning, carefully maintained landscaping. Improve pedestrian experience on Main Street to Main Street Square and the 1000, 1100 and 1200 blocks of San Jacinto, Caroline and Austin Streets to The Shops at Houston Center. Ensure that the pedestrian environment is attractively lit and comfortable after dark. Provide on-street security presence. Provide shade trees and canopies to add comfort for pedestrians. Provide wayfinding signage coordinated with Downtown’s system and retail directories of area stores. Improve signage by allowing larger iconic signs

where appropriate. Maintain on-street parking where possible. Relocate METRO bus routes from Dallas except for the Greenlink circulator. The Downtown Development Authority and the Downtown District should take the lead on these changes to the public realm working in concert with the City of Houston and METRO. In addition, provide visible police and Downtown Public Safety Guide patrols and reduce the number of street homeless permanently housed through the City's 100,000 Homes for the Homeless Campaign.

**Recommendation #4: Provide critical mass of retailer space by securing commitments from property owners to participate in development, coordinated management, leasing and promotion of the shopping district.**

The shopping district will thrive only if enough of the right retailers are located in the right locations and the density of diverse shopping choices are located in convenient, visible and walkable proximity. Many individuals and entities own properties in the proposed district. The targeted amount of additional space required to make the vision successful is 250,000 square feet with a minimum threshold commitment of 100,000 square feet to initiate improvements to the public realm.

**Recommendation #5: Because of catalytic effect of shopping on Downtown, a strong case can be made for the provision of public incentives to help develop the shopping district.**

Because of the catalytic role that shopping has related to the

economy of Downtown, a strong case can be made for the use of public incentives to initiate this program. Downtown's tax base of \$8.7 billion (2012) is significantly enhanced by growth of the office, hotel and residential properties— all benefitted by the presence of shopping. Because of higher land costs, capital required to repurpose ground level space in existing buildings and address the risk associated with bringing in the catalytic mix of retailers, public incentives will be required.

The task force recommends a targeted shopping district incentive program to assist with the expense of conversion of ground level space, new development and tenant improvements. Similar to the successful Downtown Living Initiative grant program, the shopping district incentive program would be based on the cost differential of an owner to lease competitive Class A retail space, be available only to applicants within the proposed shopping district, be payable as reimbursement based on performance up to a maximum limit, provided only if the space maintains conformance with program guidelines including store types and quality, store mix compatibility, design standards, participation in coordinated marketing and branding and re-tenanting.

**Recommendation #6: Designate or create an entity to coordinate planning, design, leasing, promotion, programming and management of the shopping district.**

Because of the number of different property owners within in the proposed shopping district, coordination is crucial to achieve the vision. The task force recommends that the Downtown District be

charged with the responsibility of this coordination. The District would work in close coordination with the Downtown Redevelopment Authority and the City of Houston on administering financial incentives. It also will coordinate modification and management of the public realm within the shopping district as well as oversee planning, design, leasing and promotions and all contractors involved in the project.

**Recommendation #7: Attract anchor retailers to create urban lifestyle mix.**

Coordinated leasing would be focused on building a dynamic mix of retailers around anchor stores. The task force has identified possible redevelopment or development locations within the shopping district for anchor stores ranging in size from 20,000 square feet to 130,000 square feet.

**Recommendation #8: Provide convenient parking, transit and pedestrian access to ensure high levels of shopper traffic.**

Provide coordinated off-street parking options with common signage, hours, rates and parking incentives and promotions through a new City of Houston Parking Management initiative or separate program. Provide as many on-street parking spaces within and on streets adjacent to the shopping district to increase the perception and reality of parking convenience. Strategically locate and operate valet parking stations in the shopping district. Addressing convenient and easy parking is fundamental to the success of the shopping district because of need for easy access,

for residents of the trade area especially in the evenings and on weekends. For those who ride bicycles, B-cycle stations and bike lanes in proximity to the shopping district and secure bike storage must be addressed. With the coming expansion of the METRORail system from 16 to 39 stations, the Main Street Square station becomes a key access point for the shopping district. Continue and expand the Greenlink circulator transit service to connect Downtown workers, residents and visitors to the shopping district.

**Recommendation #9: Designate portals connecting the shopping district to tunnel system.**

While there is approximately 356,000 square feet of retail in tunnel system, limited store hours, building operating hours and security limit its role in creating an evening and weekend shopping environment. The task force recommends visible, consistent street level signage to mark tunnel access as well as convenient access from the system to sidewalks at 1000 Main, 1101 Main, One City Centre, 1010 Lamar, First City Tower and The Shops at Houston Center.

**Recommendation #10: Develop brand awareness of the shopping district.**

Promote the shopping district as one of multiple retail experiences within Downtown, distinguished by a unique streetscape environment and its shopping opportunities. Create a strong brand for the area. Consider renaming of Dallas Street to a name more connected to Houston.

**Recommendation #11: Attract additional residential and hotel development to support retail.**

The chances of success for the shopping district are significantly increased by the number of Downtown residents and visitors. Using current or new incentive programs, foster more hotel and residential development in close proximity to the shopping district.

**Recommendation #12: Give priority to significant advancement of the shopping district by 2016 NCAA Final Four and 2017 Super Bowl LI.**

**Time line for implementation:**

September 2013	Task Force recommendations are released
November 2013	District coordination begins
January 2014	Complete conceptual public realm design Launch retail incentive grant program Ascertain level of owner commitment within the shopping district
September 2014	Start construction of public realm improvements
July 2015 (ongoing)	New tenant spaces begin to come on line
March 2016	Complete public realm improvements
April 2016	NCAA Final Four
February 2017	NFL Super Bowl LI



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Mayor Annise D. Parker

