From autumn 2014 through spring 2015, HBDi worked closely with its consultant team to create a redevelopment vision for the Palm Center – Business Technology Center. Through extensive research on existing conditions, discussion with HBDi Board members, and engagement with the Southeast Houston community, the team has produced a plan which capitalizes on the positive changes happening in the immediate vicinity, improves its services to the neighborhood, creates an urban node of economic opportunity for the wider region, and helps further HBDi’s mission.
Over the long term, Palm Center - BTC will become:

• A much denser, multi-use destination that radiates vitality and integrates into the surrounding neighborhood
• An array of onsite businesses and services that answer the needs of the immediate neighborhood, such as new places for dining
• A center of excellence for the population overall in Southeast Houston, where an ambitious middle class can find ways to link itself into the key engines of the Houston economy
The site will offer space to accommodate programs that foster small businesses, develop and train a valuable workforce, enhance youth entrepreneurship and global trade capabilities, provide healthcare services, as well as nurture a live-work-play environment accessible by transit.

**CAPITALIZE UPON CURRENT OPPORTUNITIES**

Thorough research of existing conditions and other recent studies revealed:

**MARKET SUPPORT**

The consultant team’s Market Study showed that limited increments of office space and retail / commercial space would be supportable in the early redevelopment period, but improving demographics and the momentum of transformation both within and in proximity to the Palm Center - BTC would support higher rents and larger quantities of space in the future.

- **Office** – Locally generated Southeast Houston businesses will be seeking reasonable quality newer office space at competitive lease rates
- **Commercial/retail** – Initially relatively small increments of space will attract independent businesses provided that lease costs are kept reasonable; moderately priced café or sit-down restaurant would be an appropriate anchor
- **Residential** – Quality multifamily rental units affordable to middle class workers will be in demand; new townhomes in the upper $200s will fit in well; light rail access a strong plus; can go on Palm Center - BTC site or nearby redevelopment sites such as north side of Griggs Road

**PHYSICAL AND INFRASTRUCTURE EVALUATION**

An evaluation of the existing buildings by professional architects revealed the strength of the real property assets at Palm Center - BTC.

- Other than the need for roof replacement or improvement, the existing buildings are well-built and in good shape for reuse
- Building D can be reused as office space, meeting space, or event space
- Total site covers 20 acres, including buildings and parking lot

**COMMUNITY ENGAGEMENT**

While the Palm Center - BTC now serves a large portion of Southeast Houston and will continue to do so as its role evolves, it also provides an important focal point for the immediate neighborhood. The consultant team reviewed recent input from the surrounding community, which has grown more organized in the last few years. HBDi also hosted a community meeting to present initial plan concepts and solicit feedback.

- There were 135 people in attendance at the community meeting on March 30, 2015
- The plan responds to community desires by calling for new retail/dining uses, a meeting and event space, and new public space and landscaping
BUILD FLEXIBILITY INTO THE CONCEPT

A major benefit of the Redevelopment Plan concept is that it allows for a variety of different land use configuration scenarios on the Palm Center - BTC site. The parceling plan enables HBDi to take advantage of different partnering opportunities as they arise over the course of Plan implementation, thereby accommodating potential interest from private developers, economic development services organizations, small commercial businesses, and healthcare institutions.

PHASE THE PLAN ACCORDING TO MARKET OPPORTUNITIES

Market conditions will not support the assumption of massive new development at the very outset of redevelopment. However, the Plan is intended for an incremental implementation, with early phases to dramatically change Palm Center - BTC’s appearance and add value to existing and future structures.

FACADE RENOVATIONS TO EXISTING BUILDINGS

1. The First Step: Beautification and Facade Improvement

- Upgrade existing building facades
- Renovate Building D and possibly other building interiors
- Add public plaza at light rail station
- Improve landscaping and walkways

**Market opportunities:** Local small-business office demand, per market study

**Approximate cost:** Plaza and landscaping $750,000 plus design cost, building renovations $3.5 million (façade redo and Building D interior only) to $11.0 million (all of existing space).
**Implementation strategy:** Leverage internal assets and cash flow for private funding. Improvements will allow for future rent increases. Supplement funding for public plaza and sidewalks with TIRZ request. Seek further assistance from City of Houston Housing and Community Development Department (example: CDBG). Seek out conference / event facility operators about partnering on such a facility within Building D through a lease / operator agreement.

### 2. Initial Development: Small-Tenant Office / Commercial

- Add 40,000 square feet of small-tenant office space with surface parking
- Include up to 20,000 square feet of ground floor commercial / retail
- Fronting on and activating public plaza

**Market opportunities:** Demand for quality, reasonably priced, new office space for small businesses, plus neighborhood-oriented commercial and dining, per market study.

**Approximate cost:** $9.5 - $10.0 million

**Implementation strategy:** RFP distributed through public and organizational channels to commercial office and mixed-use developers for ground lease development agreement, subject to design standards and target lease rate levels. Facilitate usage of Community Reinvestment Act, EB-5 international investors, and New Market Tax Credits to assist financing as appropriate. Offer incentives through City of Houston Chapter 380 agreements or directly from HBDi (reduced lease costs for example). Include designated restaurant / café space within commercial portion with kitchen and associated utilities already built out.

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**BROAD VIEW INCLUDING METRORAIL STATION AND NEW PLAZA**

**INCREMENTAL LONG TERM POTENTIAL BUILDOUT PHASING**

- **Phase 0**: Initial Design
- **Phase 1**: Site Preparation
- **Phase 2**: Construction of Core Infrastructure
- **Phase 3**: Commencement of Office/Retail Phase
- **Phase 4**: Expansion of Office/Retail Area
- **Phase 5**: Completion of Phase 3
- **Phase 6**: Full Buildout
ULTIMATE VISION

- Timeframe of 5 to 20 years
- Cultivate anchor tenant partnerships with synergistic economic development and health service organizations;
- Ground lease parcel by parcel to developers each parcel for new development, with structured parking:
  1. Physical sit allows up to 271,000 sq.ft. additional office / medical space total over long term; larger increments if anchor tenant partnerships created;
  2. Up to 110,000 sq.ft. ground floor commercial / retail space, reduce as needed per market constraints.

Market opportunities: Local small business and organization demand, growing in volume and willingness to pay as Palm Center BTC and surrounding area become more attractive and vibrant; growing demand for workplaces and retail near light rail station over time.

Approximate cost: Up to $75.0 million

Implementation strategy: Outreach through employment of a dedicated real estate broker and direct invitations to cultivated partners; offering of incentives from HBDi directly (reduced lease costs for example), or through arrangements with City of Houston for Chapter 380 agreements; promotion of New Markets Tax Credits, Community Reinvestment Act and EB-5 as incentives to attract private capital investment; tapping into large nonprofits, public agencies, traditional and nontraditional venture capital to provide other capital investment related to economic development or health care anchor tenants.

3. Long Term Future Phases: Incremental Commercial, Office, and Medical Space

- Time frame of 5 to 20 years
- Cultivate anchor tenant partnerships with synergistic economic development and health service organizations;
- Ground lease parcel by parcel to developers each parcel for new development, with structured parking:
  1. Physical sit allows up to 271,000 sq.ft. additional office / medical space total over long term; larger increments if anchor tenant partnerships created;
  2. Up to 110,000 sq.ft. ground floor commercial / retail space, reduce as needed per market constraints.

Market opportunities: Local small business and organization demand, growing in volume and willingness to pay as Palm Center BTC and surrounding area become more attractive and vibrant; growing demand for workplaces and retail near light rail station over time.

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PROACTIVELY SEEK PARTNERS FOR IMPLEMENTATION

HBDi does not have unlimited resources of its own to tap for implementation of the Redevelopment Plan. However, HBDi and the consultant team have identified a range of partners who could help fund and manage the physical and programmatic elements added to the Palm Center - BTC over time.

Key strategic redevelopment components:

- Conference and event facility
- Commercial/retail/office space
- Small business development programs
- Healthcare services and training programs
- Workforce development and skills training
- Small business trade programs
- Youth entrepreneurship programs
- Public space, infrastructure, and facilities

HBDi has a number of avenues through which it can accomplish plan implementation:

- Ground leases can provide individual development sites to developers and generate a revenue stream for HBDi.
- Larger economic development or healthcare services organizations may have their own capital to contribute toward new development.
- Public funds or subsidies may be available to HBDi to reduce the costs of development.

SUMMARY PERSPECTIVE

The future Palm Center BTC will create a commercial activity node that is but one of the components of a revitalized and transformed neighborhood. Seamlessly integrated with the development projects already underway today, the expanding transit system, and the anticipated residential redevelopment on nearby sites such as the north side of Griggs Road, this portion of Southeast Houston will be a point of pride for the surrounding community and indeed the City of Houston as a whole. Once again the Palm Center area will be the core of vitality and source of economic empowerment, facilitating the evolution and renewal of Southeast Houston and its residents.
CONCEPTUAL VISION

VIEW BETWEEN NEW COMMERCIAL AND BUILDING D

VIEW DOWN LANDSCAPED CORRIDOR

VIEW FROM RIGGS AT BEEKMAN

VIEW FROM PLAZA TOWARD BUILDING D

MAIN ENTRY VIEW

PLAZA VIEW FACING NEW COMMERCIAL

VIEW BETWEEN EXISTING BUILDINGS

VIEW ALONG GRIGGS