

East End 2017-2020 Economic Development Strategy



GREATER
EAST END
DISTRICT

PREPARED FOR THE
GREATER EAST END MANAGEMENT DISTRICT BY:

April 10, 2017





TABLE OF CONTENTS

Introduction.....	2
SWOT Analysis.....	10
Economic & Demographic Assessment.....	17
Strategic Plan.....	36
Target Industry Recommendations.....	47
Appendix: Real Estate Maps.....	58



Introduction

About this Project

The Economic Development Strategic Plan for the Greater East End Management District involves two distinct phases:

PHASE 1: Competitive Evaluation

During the initial phase of the project, the consulting teams conducted a thorough evaluation of the East End. The process includes one-on-one interviews and group discussions with local stakeholders, a review of previous studies on the community, an on the ground tour, and an analysis of quantitative economic and demographic data. Insights from this process are then integrated into an executive summary assessing the East End's overall competitiveness.

PHASE 2: Decision Making Methodology

The second phase of the project involves the identification of target industries that will serve as the basis for future economic development activities in the East End. Target industry profiles include an overview of local, regional, and national industry, supporting industry niche sectors, location requirements and relevant local assets. The Decision Making Methodology will conclude with strategic recommendations that address critical economic development elements such as business attraction and expansion initiatives, internal and external marketing, and a tactical implementation plan.

About this Report

The *Competitive Evaluation* integrates qualitative and quantitative data collected during interviews, local focus groups, and an analysis of economic and demographic data. Findings from the *Competitive Evaluation* serve as the foundation for the selection of target industries.

Section One: Competitive Summary

The *Competitive Evaluation* begins with a brief summary detailing the findings of this assessment. Insights are presented in a SWOT-style inventory of strengths, weaknesses and overall competitiveness. The Competitive Summary highlights elements of the East End that are most relevant to the community's existing and future economic development objectives.

Section Two: Economic and Demographic Assessment

The second section of the *Competitive Evaluation* explores recent economic and demographic trends within the East End. The consulting team focuses on dynamics such as employment and population growth and includes select benchmarking with the city of Houston to help place local performance in a broader regional context.

Section Three: Real Estate Asset Inventory

The final section of the *Competitive Evaluation* includes an analysis of land use composition within the East End and provides a detailed inventory of buildings located District's most strategic nodes and corridors.

Acknowledgements

The Greater East End Management District and the consulting team of Avalanche Consulting, Inc. and CDS, sincerely thank the many East End residents and business leaders who contributed ideas to this strategic plan. In addition to the 1,284 residents who participated in the Grocery and Retail survey, more than 40 people served on the project's Steering Committee and in focus groups and interviews. They include:

Alan Hassenflu, Fidelis
Amar Mohite, City of Houston
Amy Dinn, Idylwood Civic Association, East End Foundation
Andrew Kaldis, Kaldis Development Interests
Anil Mohammed, Navigation Investments
Ann Taylor, Midway Development
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Charles Grube, Charles Grube Properties
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Daniel Santamaria, City of Houston, District I
Diane Schenke, GEEMD
Domenic Laurenzo, El Tiempo Cantina
Emily Abeln, New Hope
Erin Dyer, Lovett Commercial
Frances Dyess, Houston East End Chamber of Commerce
Gwen Tillotson, City of Houston
Hedy Wolpa, GEEMD
Joaquin Martinez, City of Houston, District I

Joe Meppelink, Metalab
Jonathan Grenader, JG Management
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Jose Valdez, Frost Bank
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Mark Licata, Goldking Realty
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Nory Angel, SER Jobs for Progress
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Roland von Kurnatowski, TX/RX Labs
Shane Williams, Port of Houston Authority
Stephen Pheigaru, Aron Companies
Steve Timms, Houston Golf Association
Tony Patronella, Read King

Developments Since Last Strategy

The following *Competitive Evaluation* builds upon numerous previous studies of the East End. Historically, these past examinations have emphasized physical redevelopment and improvements to the community. In 2013, however, Avalanche Consulting produced the first study on the East End primarily focused on the community's economic development. The current Competitive Assessment represents an update on this plan while also incorporating recent initiatives that have taken place within the East End:

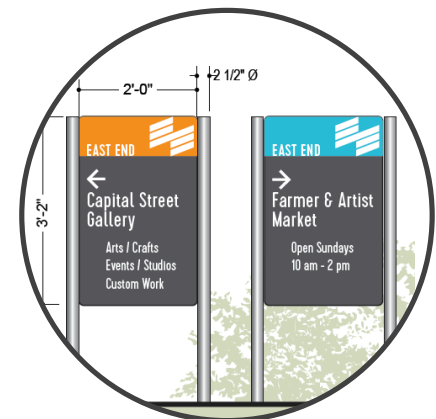
The Houston East End Cultural District Plan

Produced in 2016 by the Greater East End Management District, the Houston East End Cultural District Plan established two cultural destinations within the community. In the years since the original project concluded, the Greater East End Management District and its partners have invested more than \$31 million within the Houston East End Cultural District. Other notable milestones include include the East End Light Rail Line, sidewalk improvements throughout the community, trails connecting transit to residential areas, and the first phase of renovations to Guadalupe Plaza Park. GEEMD has built upon the community's existing assets through partnerships with public, private and nonprofits sectors and other local stakeholders. Specific activities included opening a market on the Navigation Esplanade in April 2015, receiving a formal destination of Houston's East End Cultural District by the Texas Commission on the Arts in October 2014, the creation of public art tours, and continued support of artisan makerspaces within the cultural district. Many of the initial goals approved by the TCA have been accomplished, such as one website to promote cultural activities, the wayfinding discussed in more detail below, and various joint activities such as two cultural district open houses, a music festival and an upcoming piñata festival.



East End Signage Plan

The East End Signage plans leverages streetscape improvements throughout the District into a compelling and coherent brand identity. GEEMD has established a master plan of the District's primary corridors and the placement of directional signage at critical intersections. GEEMD has also commissioned design templates for a variety of signage, including materials and visual layout. Due to a grant from the Texas Commission on the Arts, the fabrication and installation artwork have been issued, and new signage will be installed summer 2017.



Developments Since Last Strategy

Urban Circulator Alternatives Analysis

The Urban Circulator Alternatives Analysis (AA), completed in 2015, identified potential routes for a transit system that would complement the existing light rail system and associated bus routes. The purpose of the study was to explore transit options that would connect the Second Ward to cultural and economic nodes within Houston, thus facilitating the successful development and redevelopment of East Downtown and Second Ward as vibrant urban centers. The project's goals includes the promotion of a multi-modal transportation network that expands upon previous infrastructure investments; the facilitation of mixed-use, transit-oriented in-fill development; the restoration of economic vitality throughout the East End; and enabling residents and employers to reduce their dependence on personal automobiles. The analysis explored the technical feasibility, ridership potential, and economic development impact of possible route alternatives. The AA resulted in the development of a locally preferred urban circulator route.



Urban Land Institute - Redeveloping the East End: Catalysts for Sustainable Transitions

In 2015 the Urban Land Institute established a Technical Assistance Panel (TAP) to help the East End attract meaningful, coordinated development and investment. Specifically, the goals of the panel included promoting more cohesive redevelopment, especially in areas adjacent to major transit corridors; encouraging housing development for individuals across the income spectrum; and facilitating development that provides equitable access to natural assets such as Buffalo Bayou. The panel's primary recommendation included a call for the creation of an area-wide 380 agreement to spur catalytic residential development along the light rail line and near Buffalo Bayou. The panel cited Houston's Downtown Living Initiative, which provided financial incentives to developers constructing multi-family units, as a model 380 agreement.



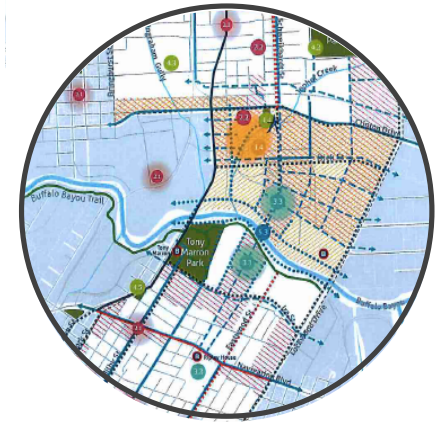
Developments Since Last Strategy

Fifth Ward / Buffalo Bayou / East End Livable Centers Study

Through a Livable Centers grant from the Houston-Galveston Area Council, the GEEMD completed a study on the Fifth Ward / Buffalo Bayou / East End in 2014-2015. The collaborative project assesses development opportunities along Buffalo Bayou with the communities bordering it. The process engaged government agencies, residents, workers and other institutions in looking at topics like placemaking, wayfinding, circulation, connectivity, economic development, sustainability, open space, and housing choice. A series of recommendations are offered around the topics of House, Create, Eat, Play, Build, and Connect. Part of the \$31 million investment discussed above include streets identified by this Strategy.

Buffalo Bayou East Sector Report

Buffalo Bayou Partnership (BBP) has started its effort to develop a Master Plan for the East End Sector--Buffalo Bayou from Downtown to the Port of Houston Turning Basin, a distance of four miles. The Plan represents a significant update on a Livable Center Studies project conducted in 2009. The first phase, an assessment of the real estate and discussions with stakeholders, has produced a goal to ensure that the new master plan will focus on three themes--Connectivity, Authenticity, and Inclusivity.. BBP is in the final steps of selecting a landscape architecture team to start the detailed planning work. This effort will have major impacts on the Post-Industrial Bayou catalytic corridor.



Executive Summary

The East End remains one of the most underutilized gems in the City of Houston. Located immediately adjacent to downtown Houston, the East End boasts a rich cultural heritage, contains one of just three light rail lines in Houston, and hundreds of acres of land ripe for redevelopment. The East End also features an uncommon balance of industrial, commercial, and residential activity—the East End is home to nearly the same number of residents as it has jobs.

Despite its many strengths, the East End also faces several challenges. Though close to the Houston's urban core is, the East End is separated from much of the city by two freeways and Buffalo Bayou. While outsiders and residents alike celebrate restaurants such as El Tiempo and Ninfa's, the East End lacks a major grocery store and other retail and personal service outlets that contribute to a community's overall quality of place. Finally, the balance of jobs and residents within the East End obscures the fact that there is virtually no overlap between the community's population and its workforce. More than 90% of residents work outside of the East End. Conversely, more than 90% of jobs in the East End are filled by individuals who live outside the community.

The East End's abundance of vacant land and buildings, combined with its prime location within Houston, also place the neighborhood at great risk of gentrification. Already, there are several signs of change within the community. Despite an increase in non-family households, the East End's population has steadily declined during the past 15 years as the number of families living within the community has fallen. The departure of families has disproportionately impacted the East End's Hispanic residents. While Hispanics still represent the bulk of the East End's population, their numbers have declined significantly since 2000. During this same period, the number of non-Hispanic individuals living within the Greater East End has risen.

The specter of gentrification not only threatens to displace existing residents, but could also jeopardize the East End's appeal to existing businesses. Historically, the East End has supported significant industrial manufacturing operations (which in turn support the Greater East End Management District). Real estate speculation, fueled by rising interest in the East End as a residential destination, could fundamentally alter the East End's value proportion to existing and prospective industrial firms. Rising land costs might prove especially untenable given the community's infrastructure needs. Historic neglect by the City of Houston, for example, has left the East End in need of critical roadway and drainage improvements.

Fortunately, the East End possesses the leadership necessary to successfully reconcile the often competing needs of the community's many stakeholders. Since 2010, for example, the Greater East End Management District and partners have constructed or managed \$31 million in infrastructure improvements throughout the community. Perhaps even more impressively, the Management District's original investment totals just \$2.9 million, with grants and partner contribution representing the remaining funding. These investments have supported the completion of two miles of hike and bike trails, four parks, nine miles of street bike paths, and 35 miles of sidewalks. Looking ahead, the Greater East End Management District will continue to take advantage of new funding opportunities that ensure the East End is a dynamic community in which both residents and businesses thrive.

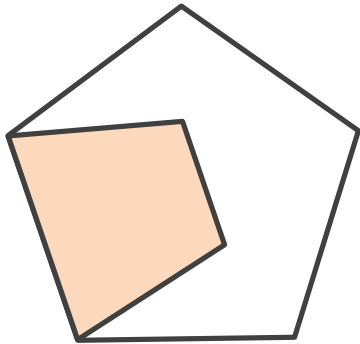
This Strategy includes an objective view of the East End's strengths and challenges, as well as its current competitive position and recommended target audiences. It establishes three strategic goals for advancing the East End's economy in the upcoming years, and tactics, metrics, and task assignments for achieving those goals. Once the GEEMD adopts this Strategy, the GEEMD's staff and board members should operationalize the plan by developing a detailed work plan for years 1, 2, 3 and beyond.



SECTION ONE: SWOT ANALYSIS

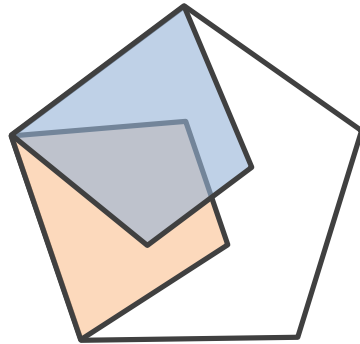
Strengths, Challenges, Opportunities & Threats

The following SWOT analysis provides a quick snapshot of the East End's competitive position. The SWOT assessment examines the community's overall competitiveness across five areas critical to the East End's success in attracting investment and residents:



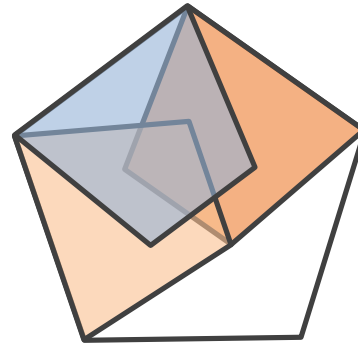
Economic Development Marketing:

Is the East End effectively communicating its story to outside residents and companies?



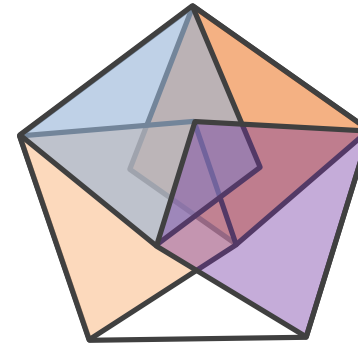
Entrepreneurship:

Is the East End a place that supports entrepreneurship and innovation?



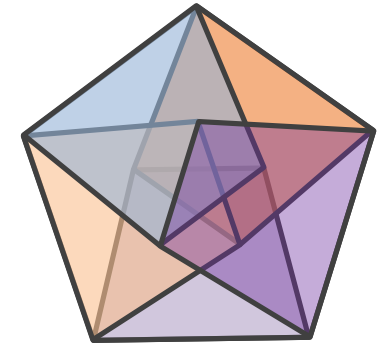
Education & Workforce:

Does the East End provide companies with a sustained pipeline of talent? Does the neighborhood provide residents with opportunities for further educational attainment?



Infrastructure & Land Use:

Does the East End provide the utilities, telecommunications, real estate, and transportation assets necessary to support business operations? Does the East End provide an appropriate choice in existing land uses to accommodate current and future users?



Quality of Place:

Does the East End provide residents and workers with a safe environment with sufficient amenities?

The following pages summarize the East End's competitive advantages and challenges within each of these topics. The findings represent the culmination of quantitative research, public input, and the consulting team's expertise.

Marketing



STRENGTHS

- The East End is one of Houston's most historic neighborhoods.
- The community's rich cultural heritage and celebrated restaurants provide the East End with a distinctive brand identity.
- Both the East End Management District and the East End Chamber of Commerce provide the community with the institutional capacity to direct positive change.
- Despite the Greater Houston's renowned sprawl, people are flocking to the city's urban core. Between 2010 and 2015, the City of Houston's population grew by 50,000 more people than in the previous decade.

WEAKNESSES

- Despite popular of restaurants such as El Tiempo and Ninfa's, and the BBVA Compass Stadium, the East End remains relatively unknown by many Houston residents.
- The East End's mix of longtime residents and recent transplants can make community engagement more difficult.
- The "Greater East End" brand is often confused with EaDo's.
- The extended construction period of the recently completed light rail network within the East End often made navigating the community more difficult and unpleasant, and hurt existing businesses.

OPPORTUNITIES

- The final build out of the light rail network within the Greater End will provide more transit opportunities for individuals interested in visiting the community.
- The East End Signage Plan will provide the community with needed wayfinding and branding infrastructure.
- Substantial investments in physical infrastructure such as sidewalks and bike paths will pleasantly surprise visitors to the community that might be unaware of recent changes within the East End.

THREATS

- Despite the East End's relative safety, many outsiders still hold misconceptions that community is crime-ridden.
- With several other revitalized neighborhoods in the City of Houston, it can be difficult for the Greater End to compete for the attention of developers, visitors, and prospective residents.
- The recent slowdown in the energy sector has dampened some of the region's economic momentum.

Entrepreneurship



STRENGTHS

- Real estate remains relatively affordable throughout the East End, especially when compared to nearby options in downtown.
- The growing number of collaborative workforce spaces and maker spaces reflects the East End's appeal to entrepreneurs, particularly artists and makers. Plus, vacant buildings provide room for more.
- The East End has a well-established culture of entrepreneurship and support for local businesses.
- The Houston Community College Small Business Development & Entrepreneurship Center is located near the East End.

WEAKNESSES

- Despite its close proximity to downtown, physical barriers such as interstates and Buffalo Bayou can make East End invisible to outsiders and limit prospective retail traffic.
- The same lack of awareness that hampers the East End's marketing activities also tempers investment enthusiasm among prospective entrepreneurs.
- Existing employers in the community report some difficulty in filling positions that require specific skills.

OPPORTUNITIES

- Household income within the East End continues to rise, increasing the overall wealth available to support local entrepreneurs.
- The types of personal service offerings residents would like to see in the community such as hair care and dry cleaning are typically provided by small business owners
- The significant and unmet demand for retail goods within the East End represents an untapped opportunity for enterprising entrepreneurs.
- The Greater East's existing small businesses and entrepreneurs provide a vital base for future expansions possibilities.

THREATS

- Energy sector downturn dampens demand for retail and other services.
- Misperceptions of crime in the East End's discourage some potential visitors from spending time in the community, artificially limiting the potential customer base of retailers and personal care providers.
- As entrepreneurial ventures grow in East End co-working and maker spaces, they could leave the East End if larger spaces are not available to accommodate them.
- Longer term, investment in the East End could drive up property values, making it costly for makers and other entrepreneurs.

Education & Workforce



STRENGTHS

- During the past five years, educational attainment at both the Associate's degree and Bachelor's degree level and above have increased.
- The East End's local labor force is characterized by competitive wages.
- Few communities of the East End's size possess post-secondary assets such as the HCC– Southeast campuses and the University of Houston. These schools have programs such as HCC's Corrosion Technology Academy that directly relate to local employers' needs.
- Innovative K12 programs such as Milby's STEM programs and the new HISD High School for Law and Justice ready East End students for careers.

WEAKNESSES

- Educational attainment among Greater East residents at the Bachelor's degree and above level trails the regional average by a significant margin.
- Many residents in the East End are not proficient in English.
- The quality of education at local primary and secondary schools remains uneven.
- Locally, there is a lack of programs such as internship and apprenticeship programs to better facilitate the entrance of local high school and college graduates into the labor force.

OPPORTUNITIES

- The East End's labor force continues to grow. Since dipping during the recession, the number of employed individuals residing in the community has increased nearly 15%.
- Given relatively low levels of labor participation and relatively high unemployment in the East End relative to the City of Houston, the community possesses additional labor 'flex' capacity.
- While there is little overlap between residents and workers employed within the East End, few communities possess such a balance between residential and commercial activity.

THREATS

- The overall population of the East End continues to decline which may ultimately limit the community's available labor force.
- Negative perceptions of the Houston Independent School District often extend to the East End.
- Many existing residents may lack the skills necessary to take advantage of emerging sectors within the East End.

Infrastructure & Land Use



STRENGTHS

- After several years of construction, the East End portion of the Green Line is finally complete.
- The East End is adjacent to multiple freeways.
- The Harrisburg TIRZ provides the East End with a funding mechanism to support infrastructure investment throughout the community.
- The GEEMD continues to invest heavily in pedestrian amenities such as sidewalks and trails.

WEAKNESSES

- The East End's age presents formidable challenges in maintaining adequate road, water, and drainage infrastructure necessary to support residential, commercial, and industrial activity.
- Parts of the East End lack sidewalks.
- Past industrial activity in the East End has resulted in several areas in need of environmental remediation.
- Multiple railroad crossings throughout the East End contribute to delays and safety risks for pedestrians and motor vehicles alike.

OPPORTUNITIES

- Recent redevelopment activity has been limited; the Greater East still possesses a large inventory of vacant land and industrial buildings ripe for transformation.
- A recently completed Urban Circulator Alternative Analysis identified potential routes for a transit system within the East End to connect existing business service with the light rail system.
- Despite its proximity to downtown Houston, the East End could benefit from improved connectivity to the urban core. Similarly, the community could be better physically connected to the University of Houston.

THREATS

- Real estate developers, already risk averse about investing in new areas, may be even more so due to the cooling economy of the regional economy.
- The absence of adequate infrastructure makes redevelopment more expensive in some parts of the East End.

Quality of Place



STRENGTHS

- East End residents already possess extensive pride in their community and its rich cultural heritage. Such confidence not only provides momentum for additional positive change within the community, but also provides the East End with a unique character.
- In 2014, the Texas Commission on the Arts designated Houston's East End as a Texas cultural district.
- The recent renovation of Guadalupe Park demonstrate the community's commitment to improving public spaces.
- Few communities feature the East End's proximity to both the urban core and the city's major sport stadium facilities.

WEAKNESSES

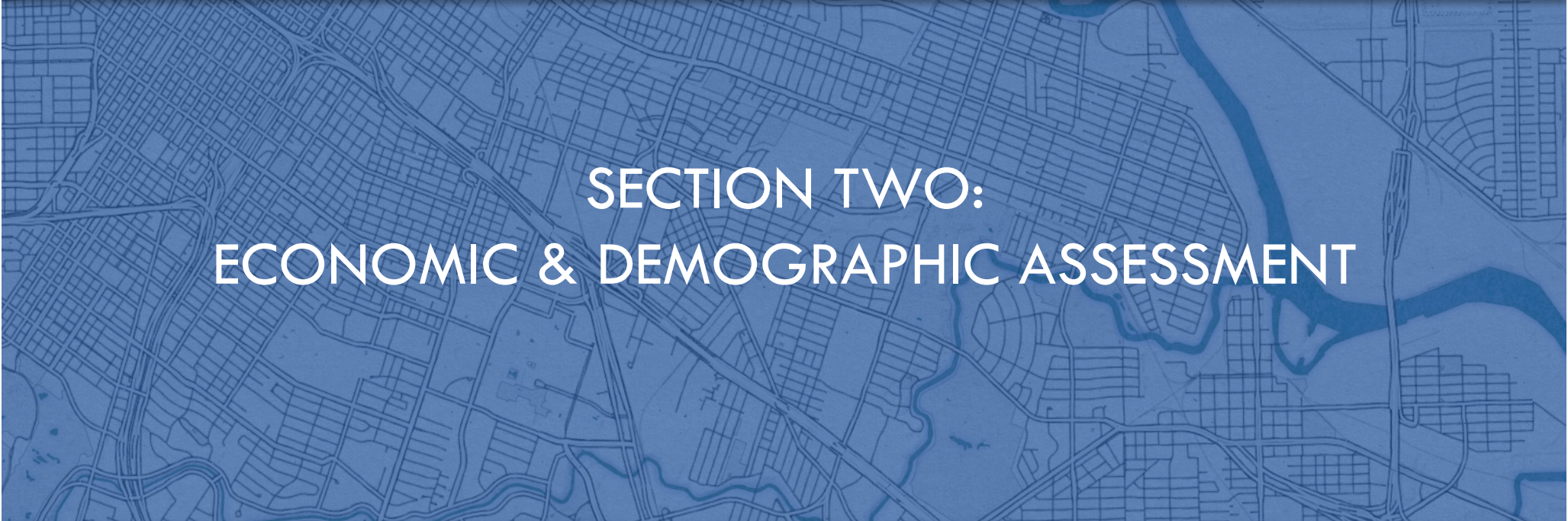
- The lack of greater retail and personal services options within the East End is a primary complaint of existing residents and dampens interest in the community among outsiders.
- Vacant lots and buildings throughout the community lessen the community's visual appeal and contribute to the perception that the East End is not safe.
- While homeownership rates among white residents has increased in recent years, the Hispanic homeownership rate dipped slightly between 2010 and 2015.

OPPORTUNITIES

- The full potential of the Buffalo Bayou as a lifestyle amenity for East End residents and visitors remains unrealized.
- Few communities in the Houston region feature both the East End's proximity to downtown and the community's large inventory of redevelopment opportunities.
- The success of the East End Street Market, which features food, artisan crafts, and live music, demonstrates demand for these amenities and opportunities to expand them.
- The redevelopment of the former KBR site "will shift the center of gravity of Houston's urban core toward the east" according to its developer.

THREATS

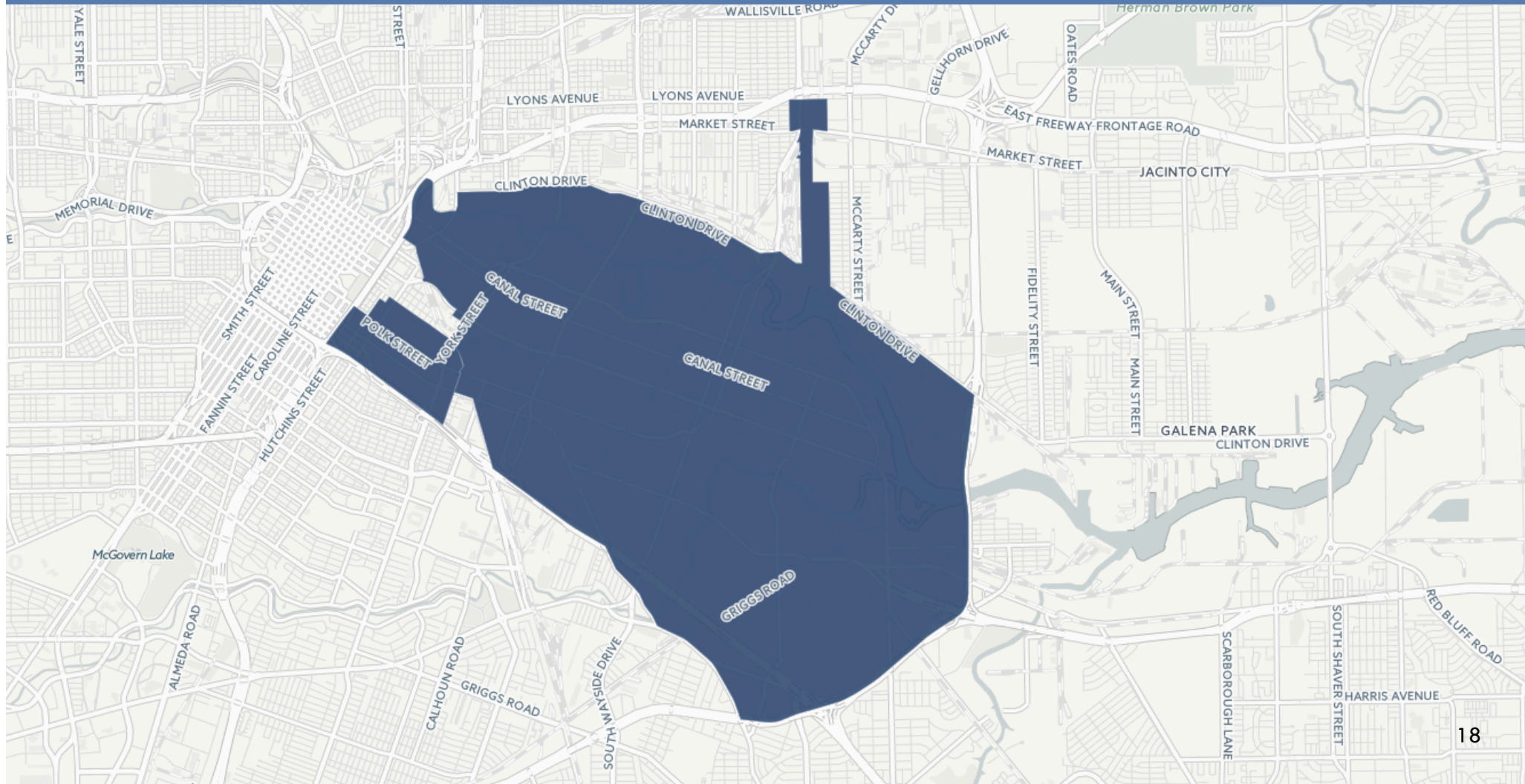
- While the East End is becoming more affluent, the population is also declining. Over the long-term, this trend could potentially limit future retail development.
- The East End continues to suffer from its perception as a high crime area.
- Failure of the city to approve financial incentives to spur residential development activity will inhibit the construction of new housing units within the East End.



SECTION TWO: ECONOMIC & DEMOGRAPHIC ASSESSMENT

Study Area

All census data on the Greater East End Management District are based on the following census tracts (pictured below): 3101, 3102, 3103, 3104, 3105, 3106, 3107, 3108, 3109, 3110, 3111, 3112, 3113, 3114, 3115, and 3116.



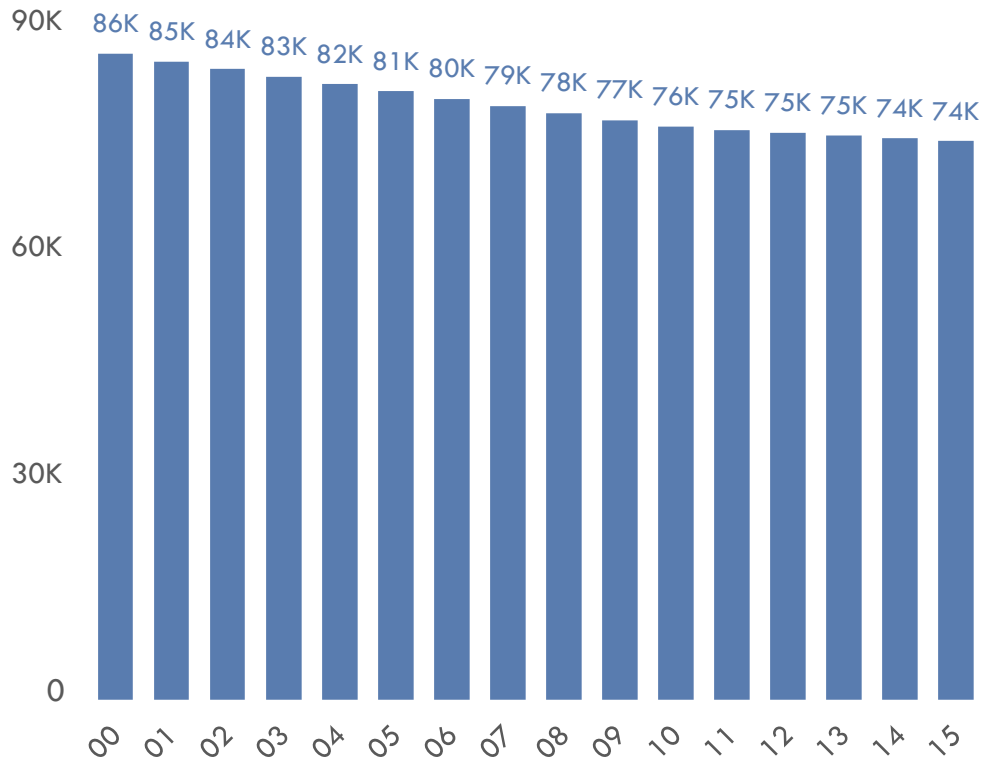
Population Dynamics

WHY IS THIS IMPORTANT?

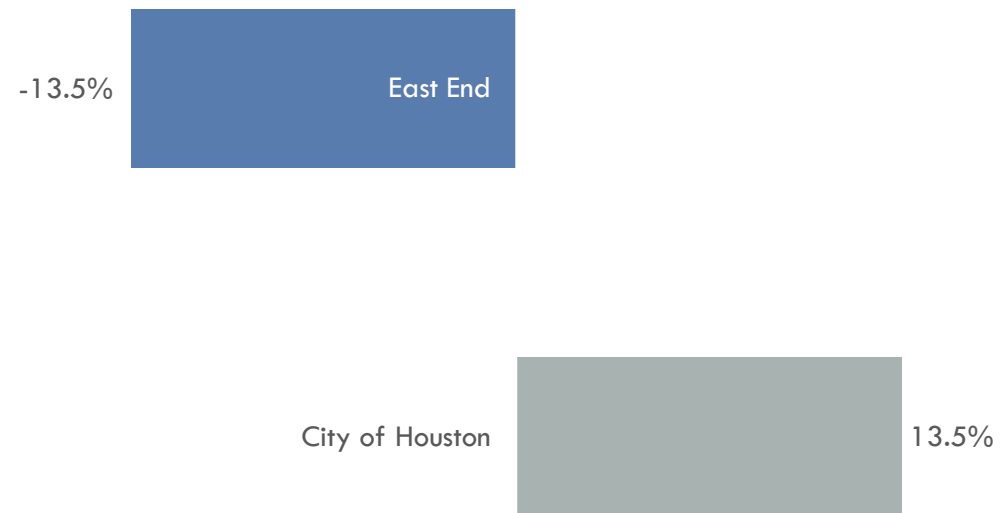
The East End's population has declined during the past 15 years. In 2000, the community's population was approximately 86,000. By 2015 the population had fallen to 74,000, a decline of 13.5%. During this period, overall population growth in the City of Houston was more than 13%. Prevailing population trends within the East End obscure a far more complex dynamic. With such a large and diverse geography, trends at the census tract level vary greatly across the East End. For example, the populations of two western census tracts in the community have increased 34% and 23% respectively during the past 15 years (as illustrated on the following page).

Population growth is one of the base indicators of overall economic prosperity in a community. A growing population shows that a community has assets and job opportunities that retain younger residents and attract new workers. A growing population also reassures businesses that they will have workers and new customers available in the future.

EAST END TOTAL POPULATION



POPULATION CHANGE, 2000 - 2015



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

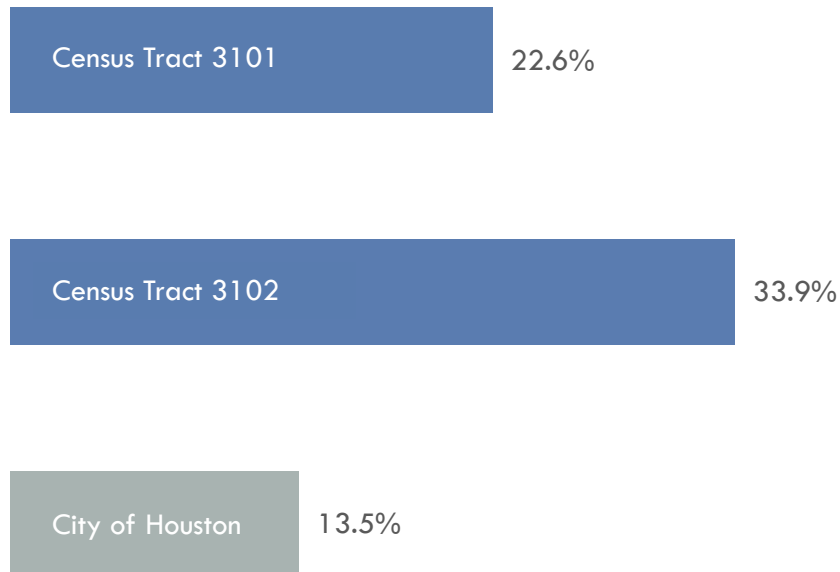
Population Dynamics: Tracts 3101 & 3102

WHY IS THIS IMPORTANT?

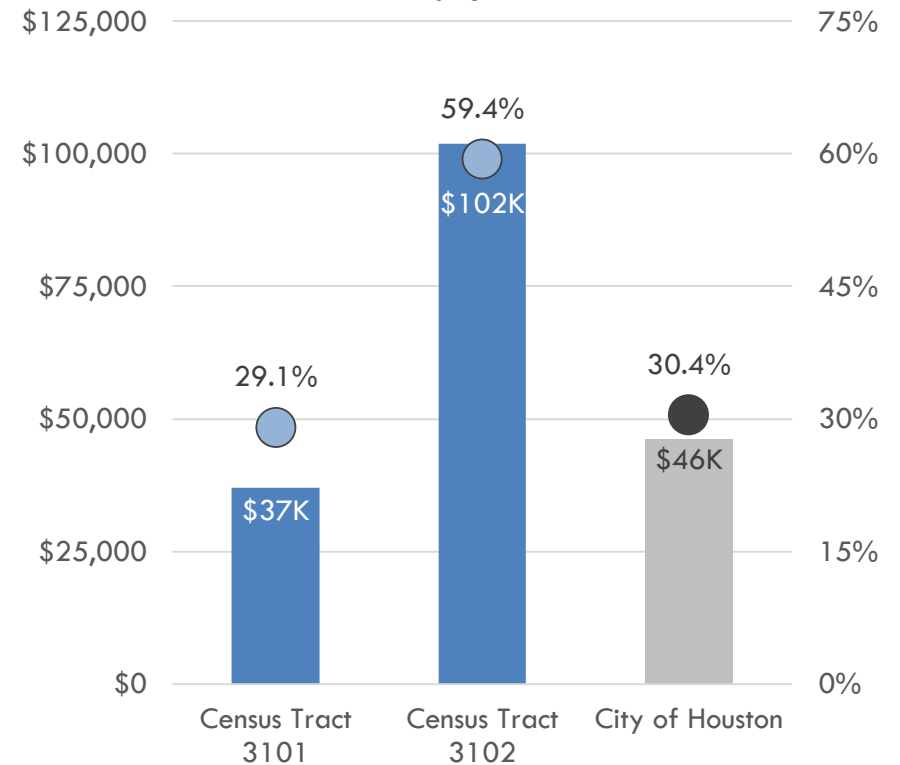
The western edge of the Greater East End is characterized by several unique economic and demographic dynamics. Perhaps most strikingly, two census tracts on the western edge are experiencing substantial population growth. Between 2000 and 2015, the populations of census tracts 3101 and 3102 increased 23% and 34% respectively. These two areas are also wealthier and more educated than many surrounding areas. Median household income in census tract 3102, for example, exceeds \$100,000 annually. Nearly 60% of residents in this census tract also possess a bachelor's degree or higher level of educational attainment. In census tract 3101, approximately 30% of residents possess a bachelor's degree or higher level of educational attainment, comparable to the citywide average.

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POPULATION CHANGE,
2000 - 2015



MEDIAN HOUSEHOLD INCOME
2015



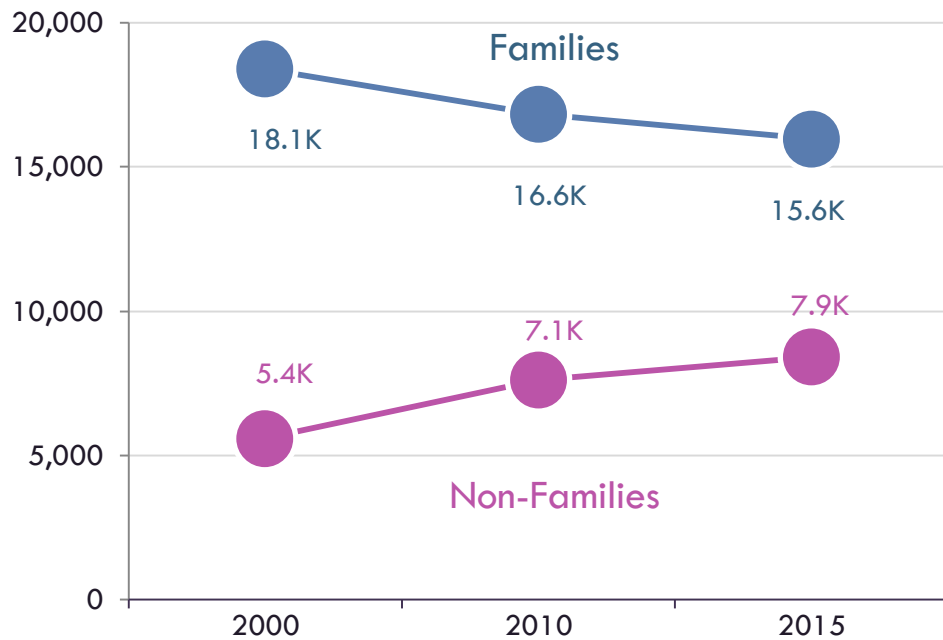
Household Dynamics

WHY IS THIS IMPORTANT?

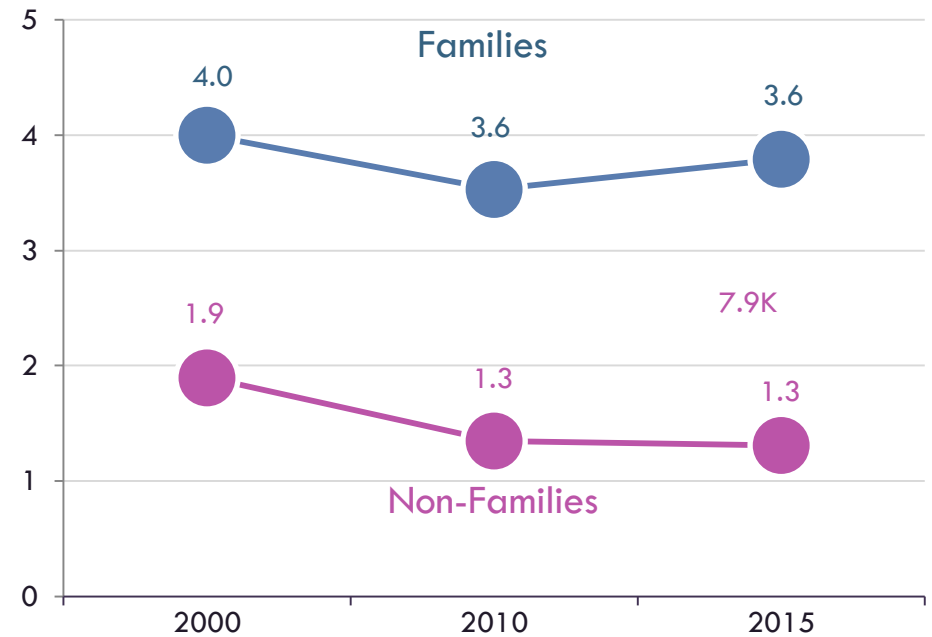
Declining population within the East End is primarily fueled by long-term changes in the community's household composition. Specifically, the number of families residing in the East End have steadily fallen since 2000. At the same time, the number of non-family households in the East End have increased substantially during the past 15 years. Notably, the average household size for families is more than twice the average household size of non-family households. As a result, the number of households living in the East End has remained largely unchanged despite a declining population.

Population trends often obscure the true dynamics of communities experiencing significant changes. A declining population, for example, may reflect a shift from a community dominated by families to one that is home to a growing number of non-family households.

HOUSEHOLD COMPOSITION



AVERAGE HOUSEHOLD SIZE



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Ethnicity & Home Ownership

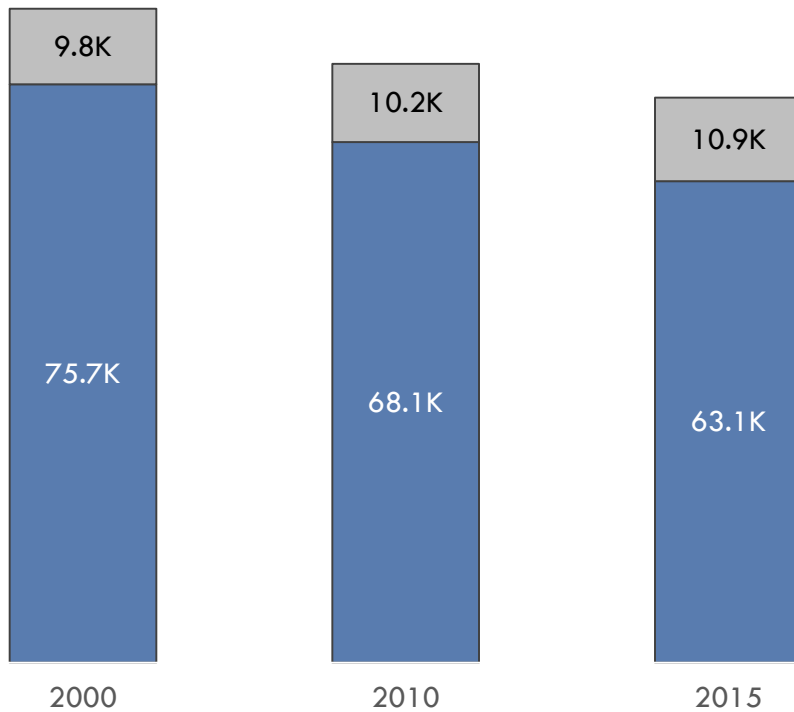
WHY IS THIS IMPORTANT?

The change in household formation within the East End also has significant implications for the community's ethnic composition. Historically, Hispanics have represented most families residing in the East End. As a result, the decline in the number of families living in the East End has corresponded with a decline in the East End's Hispanic population. Since 2000, the number of Hispanic individuals living in the East End has fallen by approximately 12,500. During this same period, the number of Non-Hispanic East End residents has increased by nearly 1,100. As a result of these two trends, homeownership rates among Non-Hispanic residents is now significantly higher than for Hispanic residents. Just five years ago, Hispanic individuals living in the East End were more likely to own homes than their Non-Hispanic counterparts.

High levels of homeownership can provide a buffer against exceptionally rapid turnover among a community's population.

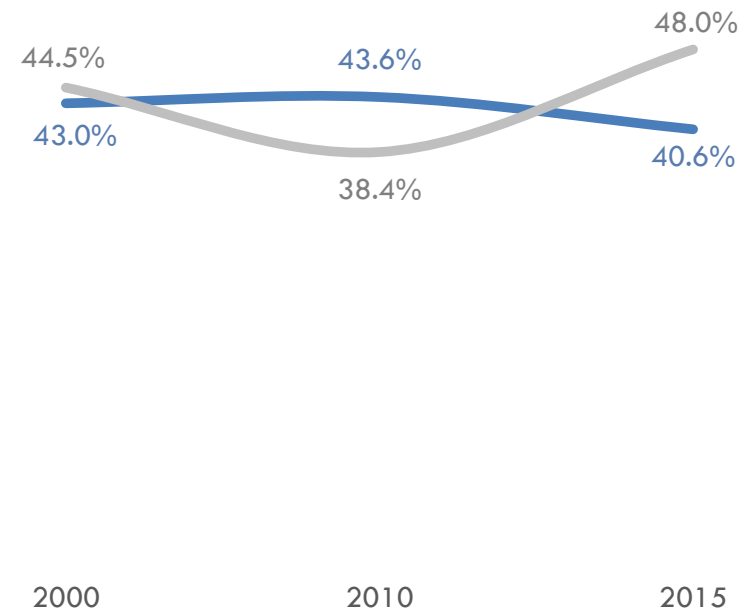
POPULATION BY ETHNIC ORIGIN

■ HISPANIC ■ NON-HISPANIC



HOME OWNERSHIP BY ETHNICITY

— HISPANIC — NON-HISPANIC



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Resident Tenure

WHY IS THIS IMPORTANT?

Individuals living in the East End are more likely to have lived in their current residences far longer than their counterparts living elsewhere within the city of Houston. This is especially true of homeowners. More than 6% of all renters residing in the East End have lived at their current residence since 1990 or earlier. In the city of Houston, the figure is just 4%. More than 57% of homeowners in the East End have lived at their current residence at least 25 years. In the city of Houston, slightly more than 41% of homeowners have resided at their current homes since 1990 or earlier.

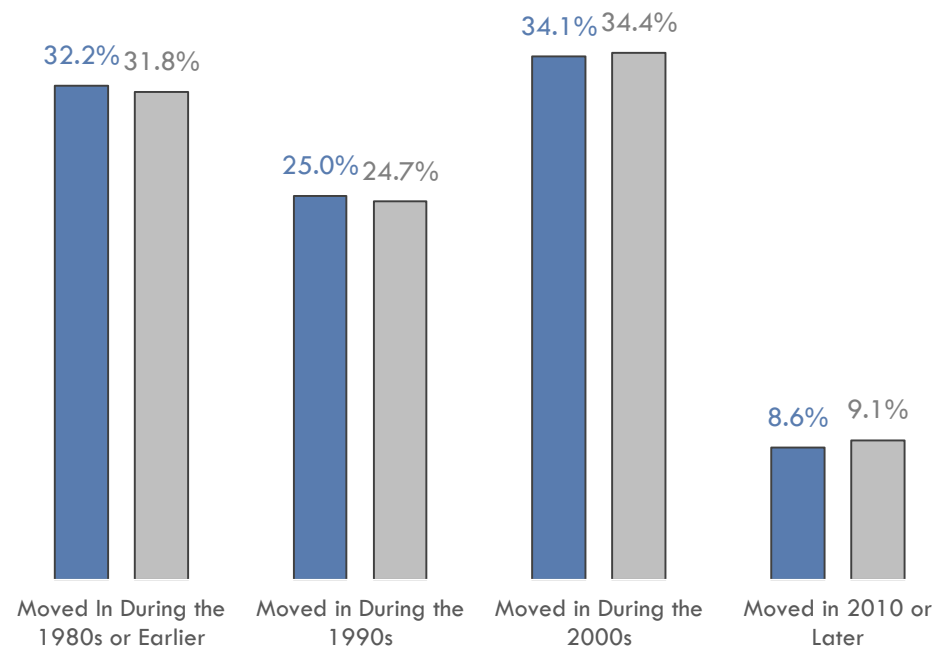
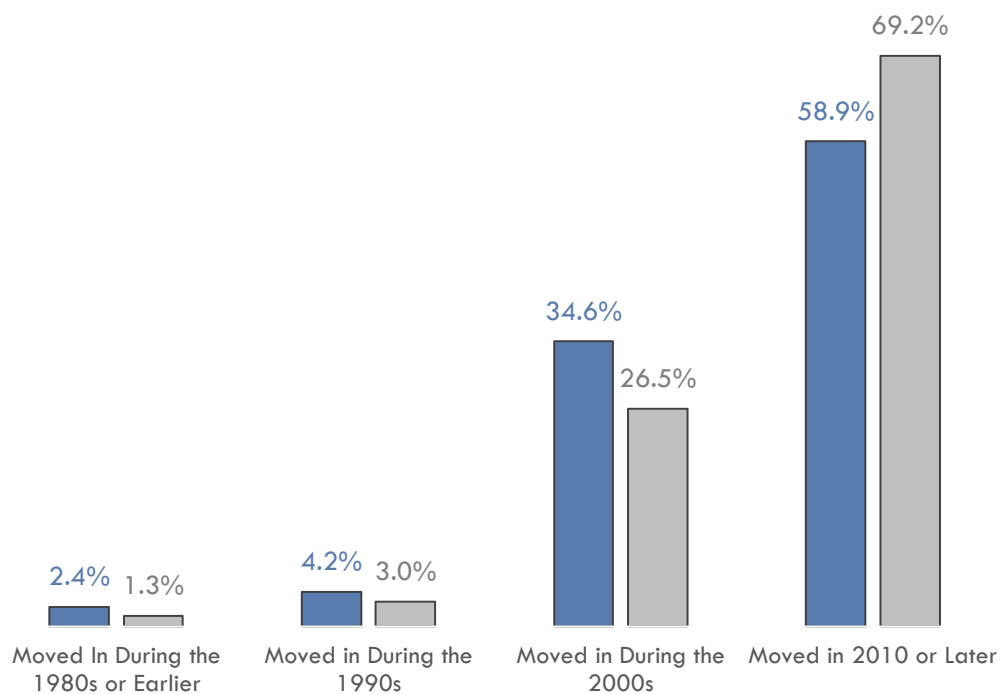
Communities with many long-term residents often benefit from increased civic engagement. At the same time, established residents may be hesitant to embrace change within a community.

RENTERS - YEAR MOVED INTO CURRENT RESIDENCE

HOMEOWNERS - YEAR MOVED INTO CURRENT RESIDENCE

■ EAST END ■ CITY OF HOUSTON

■ EAST END ■ CITY OF HOUSTON



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Ethnicity & Race

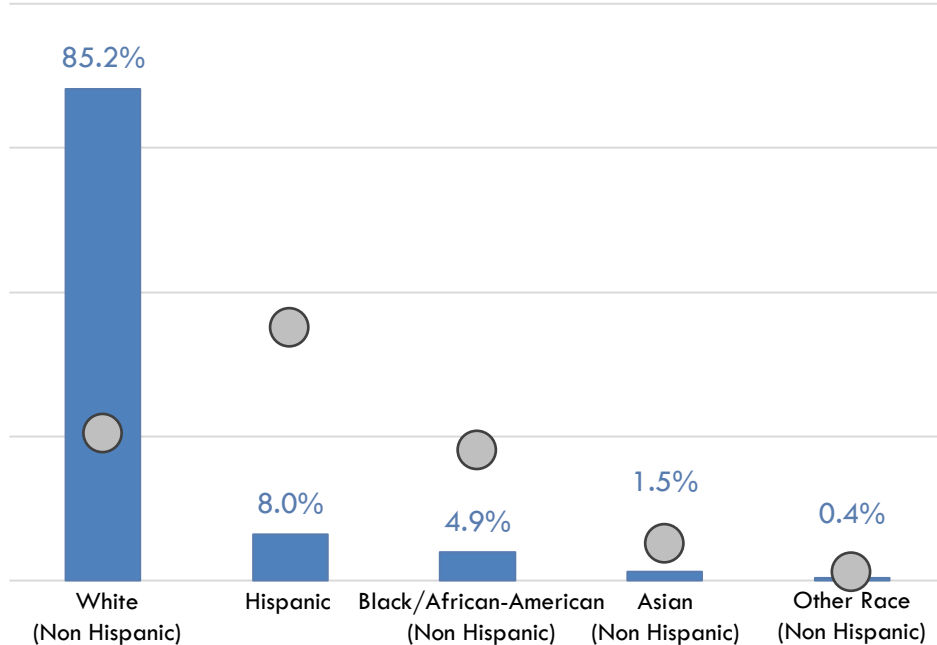
WHY IS THIS IMPORTANT?

Despite declining levels of homeownerships, Hispanics still represent more than 85% of all individuals residing in the East End. White and Black/African-American individuals comprise 8% and 5% of the East End's population respectively. Since 2010, the East End has experienced a 9% increase in the number of White residents. Despite a nearly 40% increase during the past 5 years, Asian residents represent less than 2% of the East End's population. Since 2010, the East End's Hispanic population has declined nearly 4%. The Black/African-American population fell 3% during this period. Within the City of Houston, all racial and ethnic groups posted population gains between 2010 and 2015.

Racially and ethnically diverse regions often grow more quickly than their less diverse counterparts.

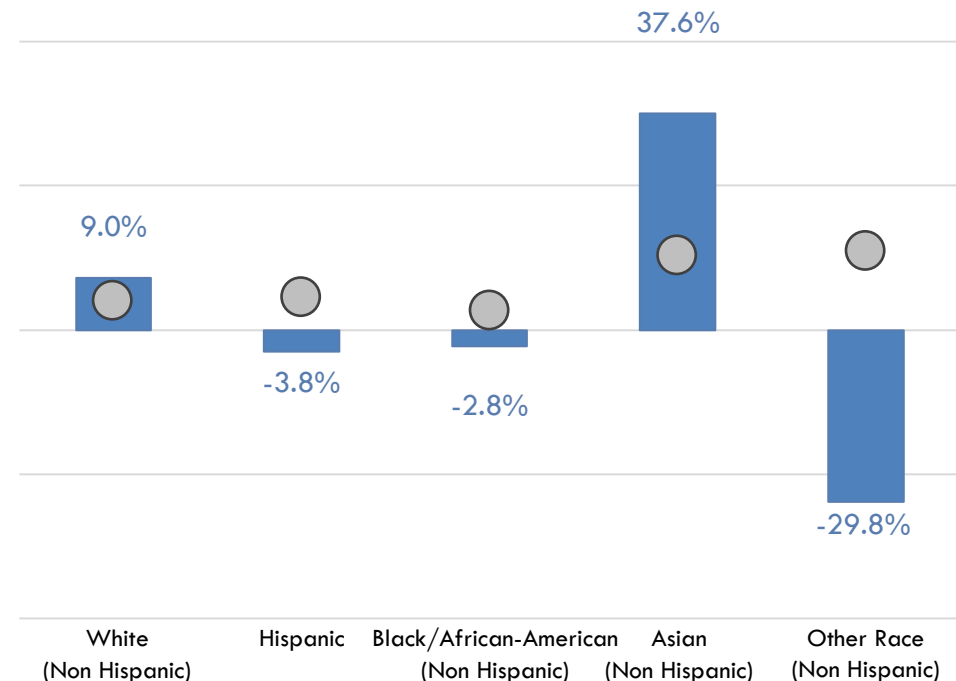
RACIAL/ETHNIC COMPOSITION, 2015

■ EAST END ■ CITY OF HOUSTON



CHANGE IN RACIAL/ETHNIC COMPOSITION, 2010 - 2015

■ EAST END ■ CITY OF HOUSTON



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Age

WHY IS THIS IMPORTANT?

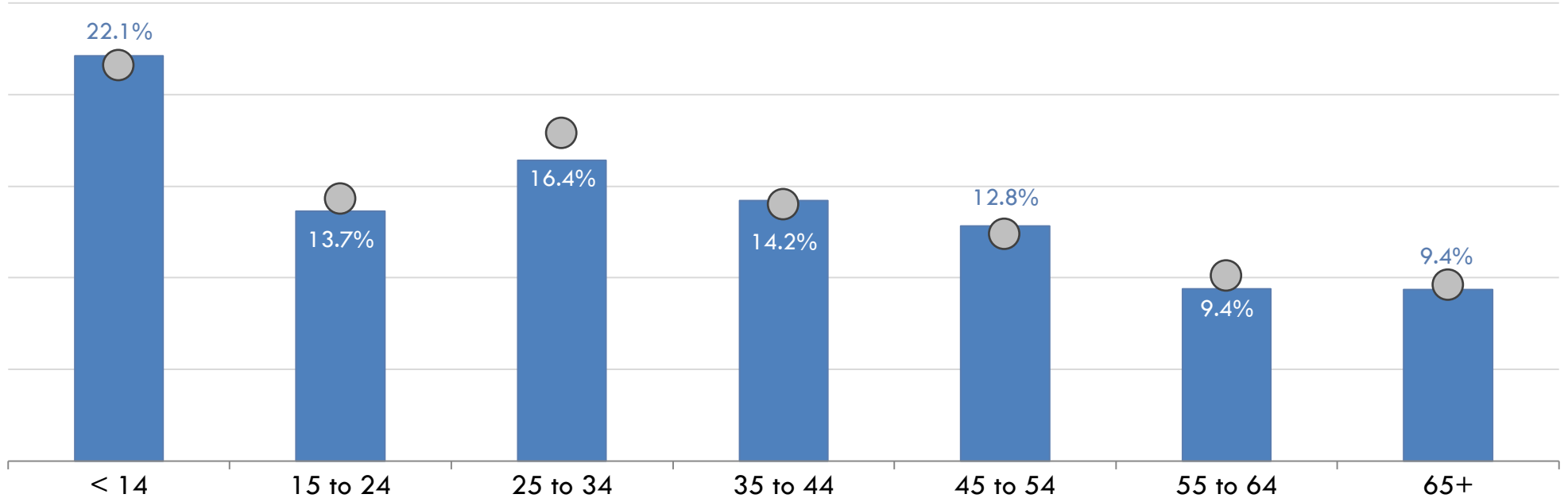
Historically, the preponderance of families with children residing in the East End resulted in a relatively young population in comparison to the rest of Houston. In recent years, however, migration patterns within the East End have resulted in a population that closely mirrors the citywide age distribution. More than 16% of East End residents are between the ages of 25 and 34, slightly less than the citywide average. In all other instances, differences in the age composition between the East End and the city of Houston are one percentage point or less.

The age distribution of a population can help better understand where to prioritize community investments.

Age distribution helps understand gaps in workforce availability and identify populations that may have distinct needs – such as children and the elderly.

COMPOSITION BY AGE,
2015

■ EAST END ■ CITY OF HOUSTON



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

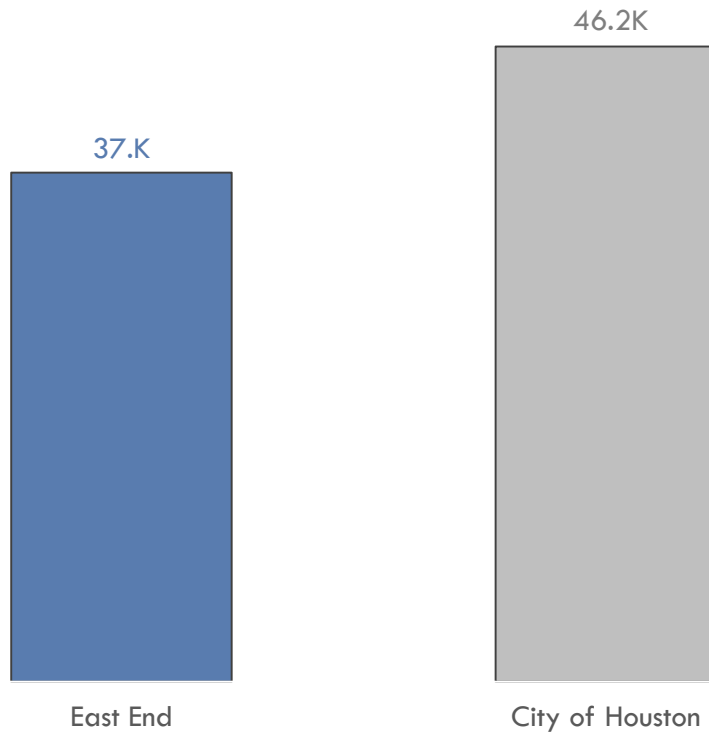
Income

WHY IS THIS IMPORTANT?

In 2015, median household income in the East End approached \$35,000 annually. Although median household income in the East End trails the citywide figure by more than \$10,000, the community is gradually closing the gap. Between 2010 and 2015, median household income in the East End increased nearly 9%. In the city of Houston, median household income rose just 7.5% during this period.

Wealth creation is an important goal of economic development and a strong measure of a community's economic health. When residents of a community have high household incomes they are able to reinvest locally – purchasing goods and services that spur additional economic growth.

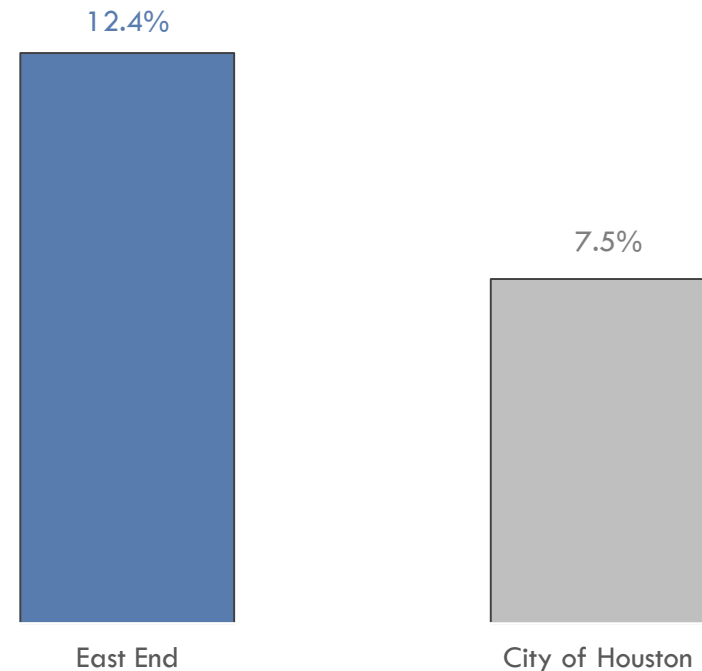
MEDIAN HOUSEHOLD INCOME,
2015



East End

City of Houston

CHANGE IN MEDIAN HOUSEHOLD INCOME,
2010 - 2015



East End

City of Houston

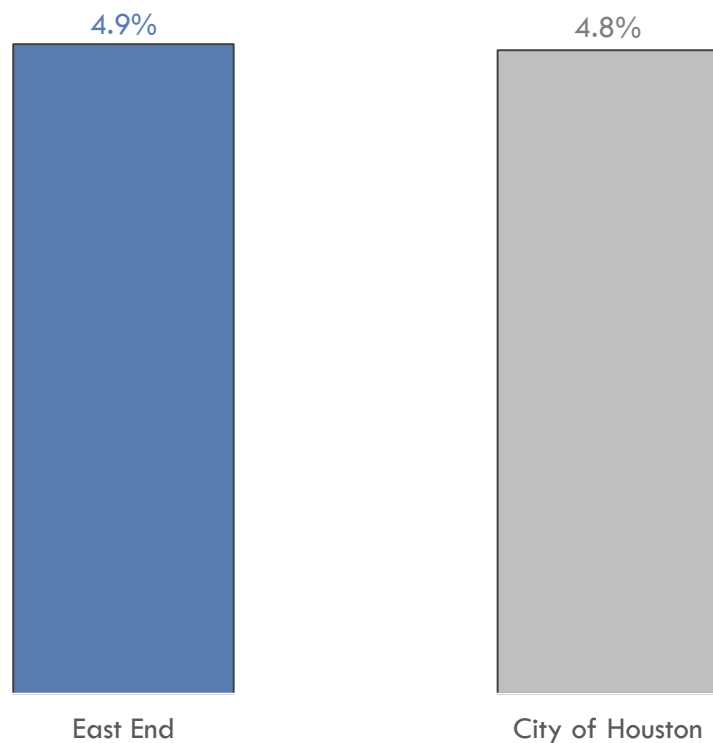
Educational Attainment

WHY IS THIS IMPORTANT?

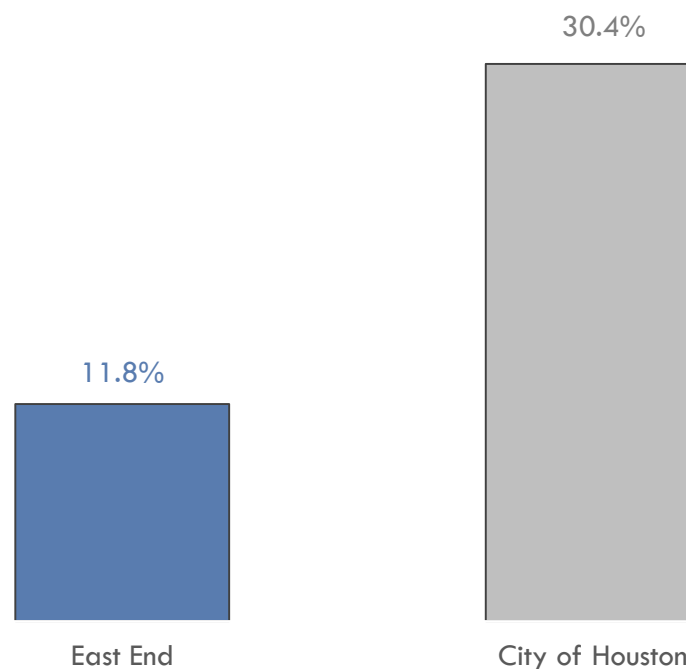
Relatively low household income levels in the East End are at least partially a result of lagging educational attainment levels. In recent years, the proportion of East End residents with an Associate's degree has reached parity with the city of Houston. In 2015, approximately 5% of residents age 25 and older in both the East End and city of Houston possessed an Associate's degree. At the bachelor's degree and above level, however, educational attainment levels in the East End remain significantly lower than the citywide average. In 2015, approximately 12% of East End residents age 25 and older possessed a bachelor's degree or higher level of educational attainment. Within the city of Houston, the figure exceeds 30%.

The modern economy is increasingly knowledge-intensive. New jobs often require education beyond a high-school diploma – ranging from a certificate to a master's degree. Due to this growing reliance on skilled workers, many businesses expand in and choose new locations based on the presence of a well-educated population.

EDUCATIONAL ATTAINMENT – ASSOCIATE'S DEGREE, 2015



EDUCATIONAL ATTAINMENT – BACHELOR'S DEGREE, 2015



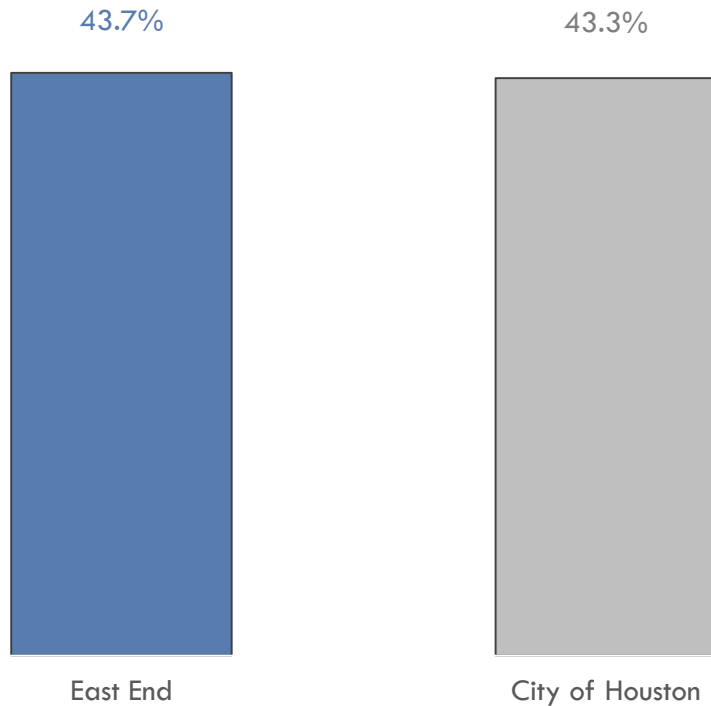
Homeownership & Housing Vacancy

WHY IS THIS IMPORTANT?

Homeownership within the East End is on par with the citywide average. Nearly 43% of all housing units in the East End were owner-occupied in 2015, virtually identical to the city of Houston average. Approximately 15% of housing units in the East End are currently vacant, a figure that has remained virtually unchanged in recent years. Within the city of Houston, the vacancy rate is approximately 12%.

Homeownership benefits communities in several ways. Communities with exceptionally low levels of homeownership, for example, may lack sufficient levels of civic engagement. Additionally, low levels of homeownership might reflect a lack of housing affordability.

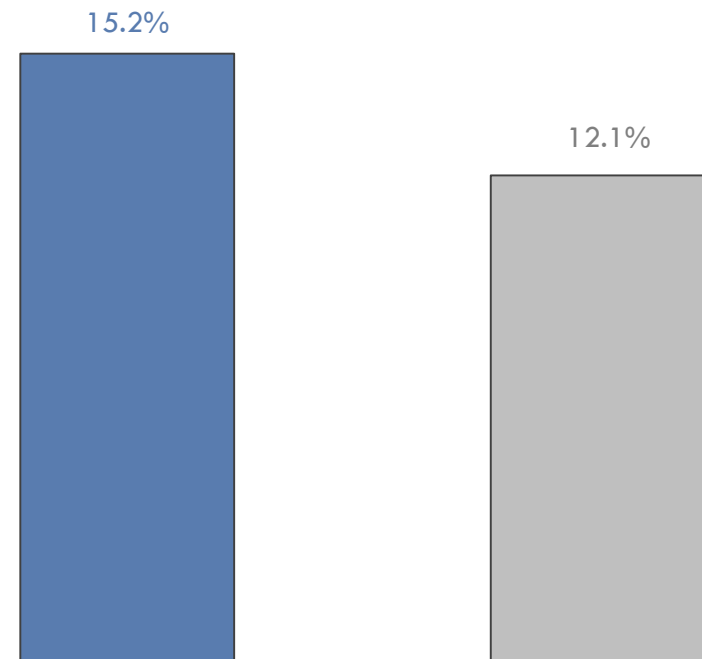
HOMEOWNERSHIP RATE,
2015



East End

City of Houston

HOUSING VACANCY RATE,
2015



East End

City of Houston

Crime

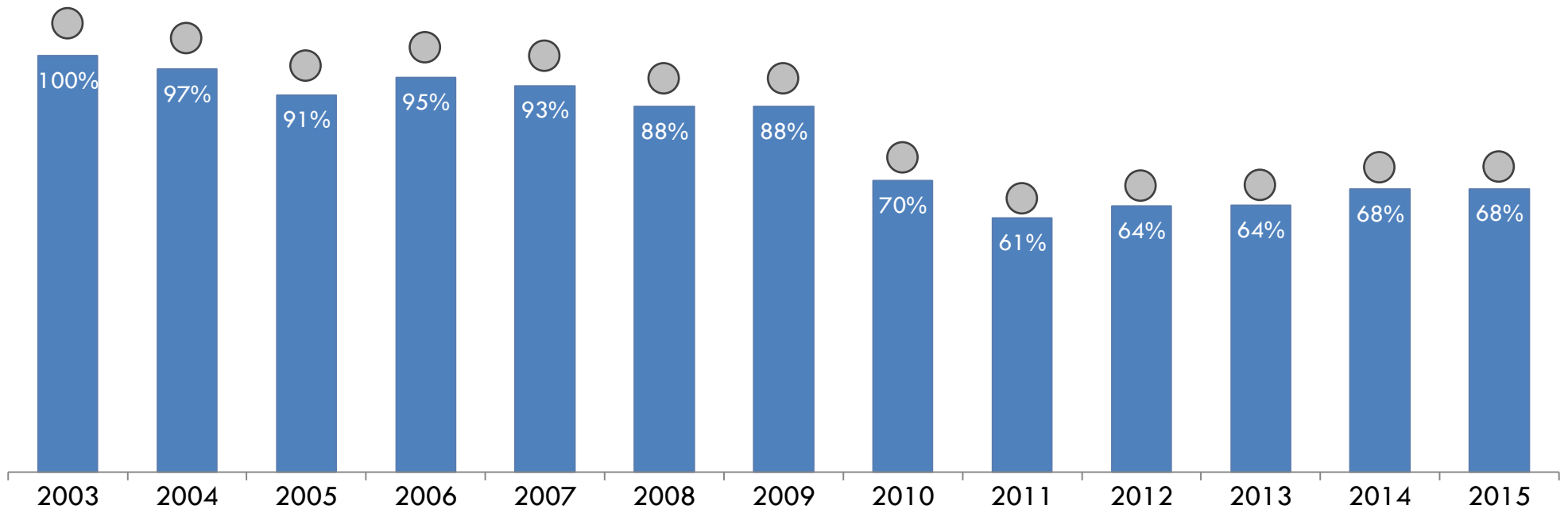
WHY IS THIS IMPORTANT?

Crime within the East End remains relatively low compared to the City of Houston. By 2015, crime in the East End had fallen more than 30 percentage points from its peak. Within the City of Houston, crime is down approximately 25 percentage points from its peak.

Actual and perceived crime rates play a significant role in location decisions for residents and businesses.

CRIME RATE RELATIVE TO 10-YEAR PEAK
2003 - 2015

■ EAST END ■ CITY OF HOUSTON



SOURCE: AVALANCHE CONSULTING / East End MANAGEMENT DISTRICT

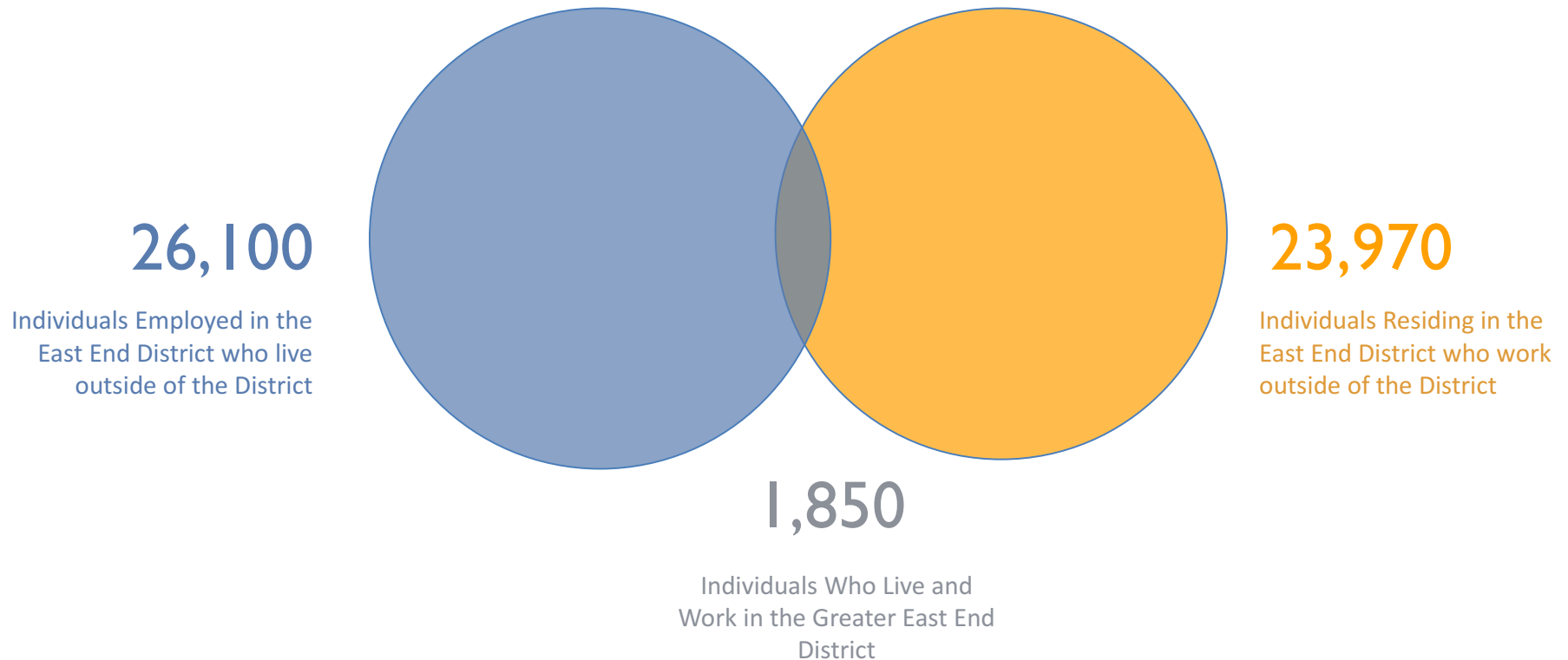
Commuting Patterns

WHY IS THIS IMPORTANT?

The East End is home to two largely distinct populations—residents who live in the East End but who work elsewhere and individuals employed within the East End but who live outside of the community. Overlap between these two populations is minimal. Approximately 93% of East End residents are employed outside of the community. Conversely, more than 93% of workers employed within the East End live outside of the community. Fewer than 1,900 individuals live and work in the East End.

Commuting patterns play several important roles in a region's economy. Regions that can draw from the available talents and skill sets present outside of their communities can significantly increase their available workforce.

East End COMMUTING PATTERNS,
2014



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

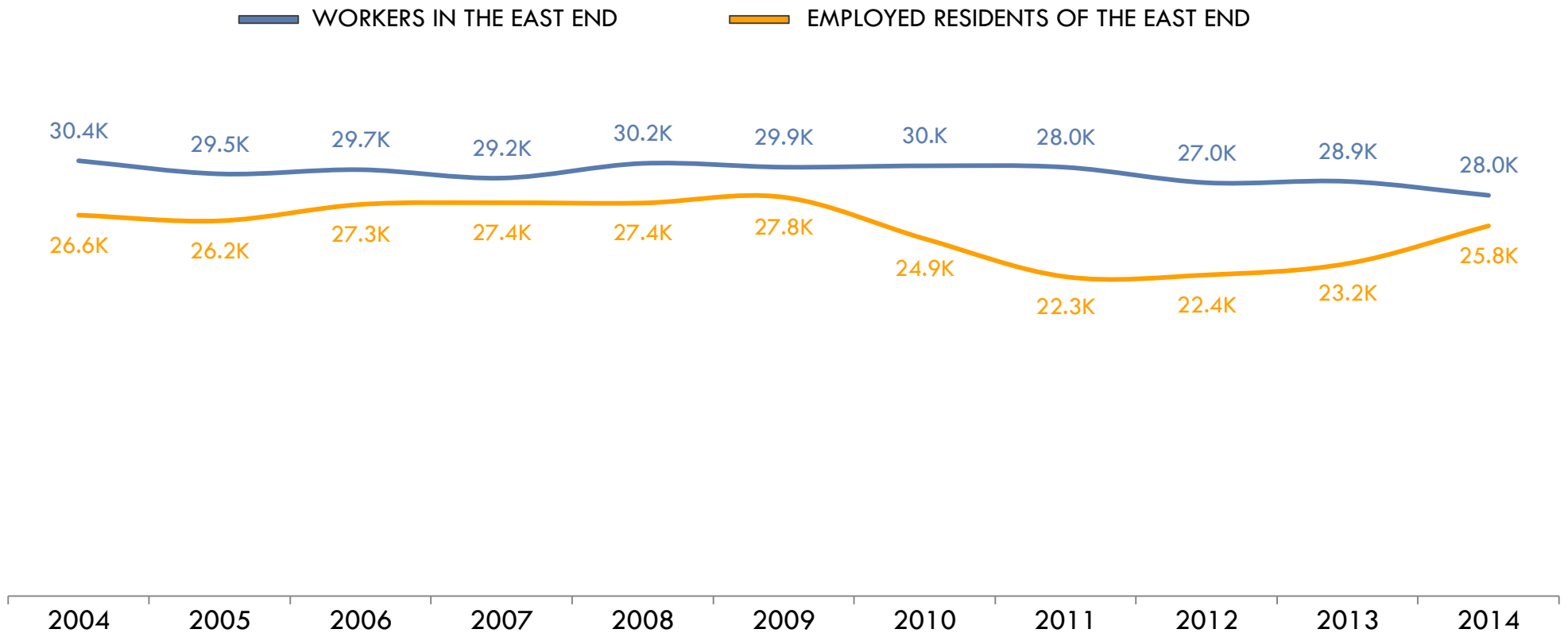
Commuting Patterns

WHY IS THIS IMPORTANT?

The East End has traditionally been home to more jobs than people. In recent years, however, the difference between the number of jobs and residents within the community has narrowed. The convergence is the result of a slight decline in employment within the East End as well as increased employment among residents within the community. Between 2011 and 2014, the number of primary jobs within the East End declined 6.5%. During this period, the number of employed East End residents increased nearly 16%. If current trends continue, the East End will likely become home to more residents than jobs within the next several years.

Commuting patterns play several important roles in a region's economy. Regions that can draw from the available talents and skill sets present outside of their communities can significantly increase their available workforce.

EAST END PRIMARY JOBS & EMPLOYED RESIDENTS



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

Employment by Industry

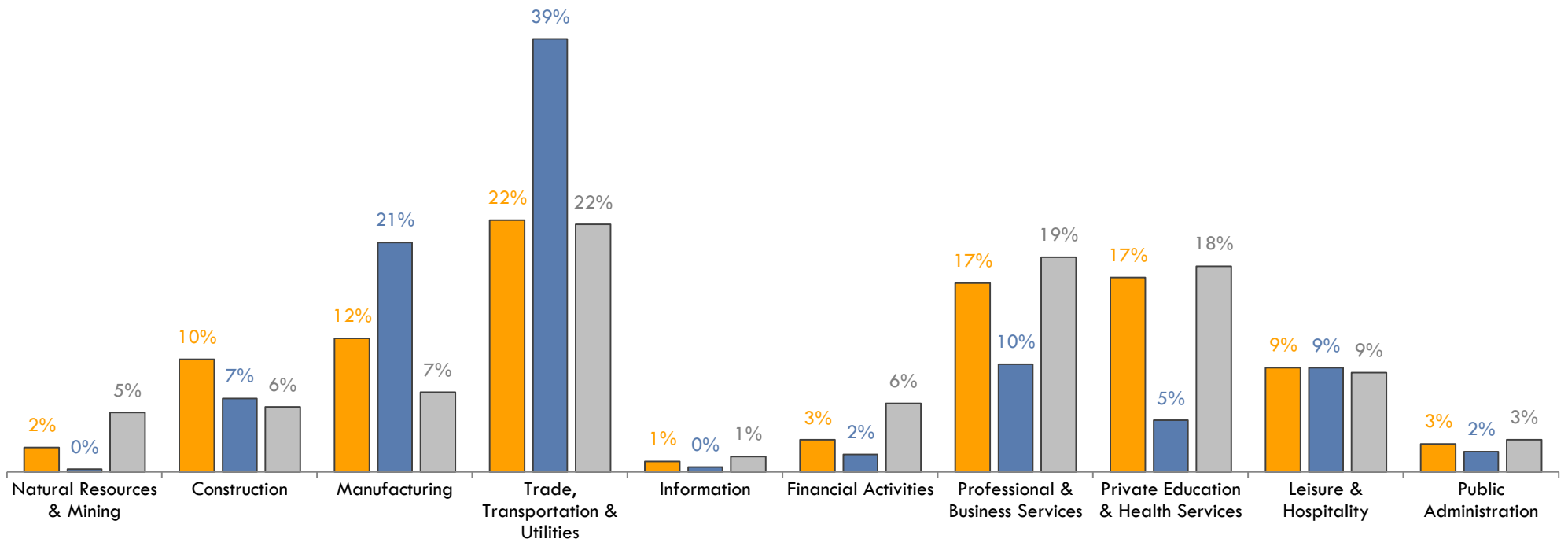
WHY IS THIS IMPORTANT?

Significant differences exist between the jobs occupied by East End residents and jobs located within the community. East End residents are more likely to be employed in industries such as Construction, Retail Trade, Professional & Business Services and Education. In contrast, individuals employed within the East End are more likely to work in industries such as Manufacturing, Wholesale Trade, and Transportation. As a result of these differences, individuals employed within the East End are more likely to hold higher skill, higher wage positions than individuals residing in the community.

Resilient economies employ residents in a diverse mix of industries. A diverse industry base allows communities to better weather economic downturns that affect one industry more than others. A diverse economy also provides jobs with different educational and experience requirements that help sustain all residents.

EAST END PRIMARY JOBS & EMPLOYED RESIDENTS

■ EMPLOYED RESIDENTS OF THE EAST END
 ■ WORKERS IN THE EAST END
 ■ WORKERS IN THE CITY OF HOUSTON



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

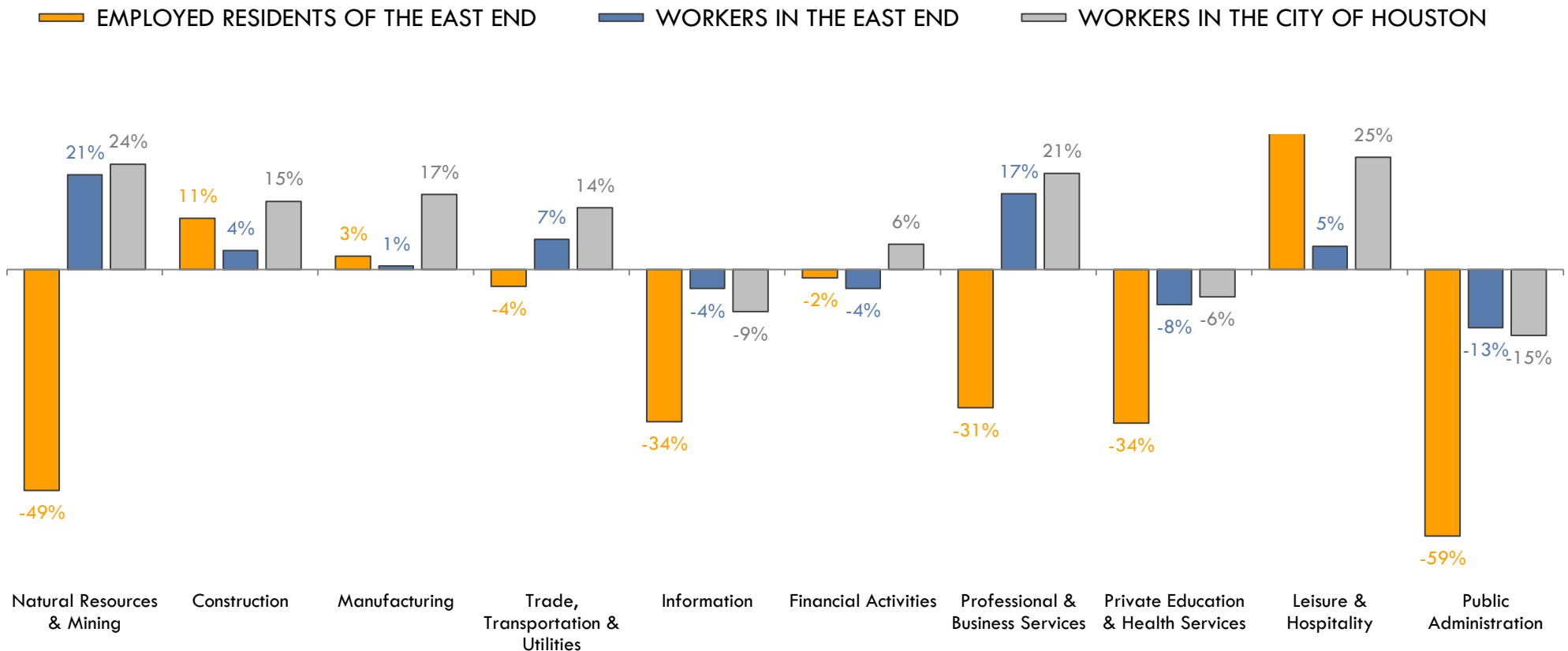
Change in Employment by Industry

WHY IS THIS IMPORTANT?

Since 2010, the employment performance of individual industries among those living in the East End and those working within the community have also varied widely. Employment among individuals residing within the East End increased across multiple industries, including Natural Resources & Mining, Construction, Manufacturing, Trade, Transportation & Utilities, Professional & Business Services, and Leisure & Hospitality. Conversely, employment among those working in the East End declined across most major industry sectors, including Natural Resources & Mining, Construction, Information, Financial Services, Professional & Business Services, Private Education & Health Services and Public Administration. During this same period, employment within the city of Houston increased in every industry except Information, Financial Activities, Private Education & Health Services, and Public Administration.

Resilient economies employ residents in a diverse mix of industries. A diverse industry base allows communities to better weather economic downturns that affect one industry more than others. A diverse economy also provides jobs with different educational and experience requirements that help sustain all residents.

CHANGE IN EAST END PRIMARY JOBS & EMPLOYED RESIDENTS, 2010 - 2014



SOURCE: AVALANCHE CONSULTING / US CENSUS BUREAU

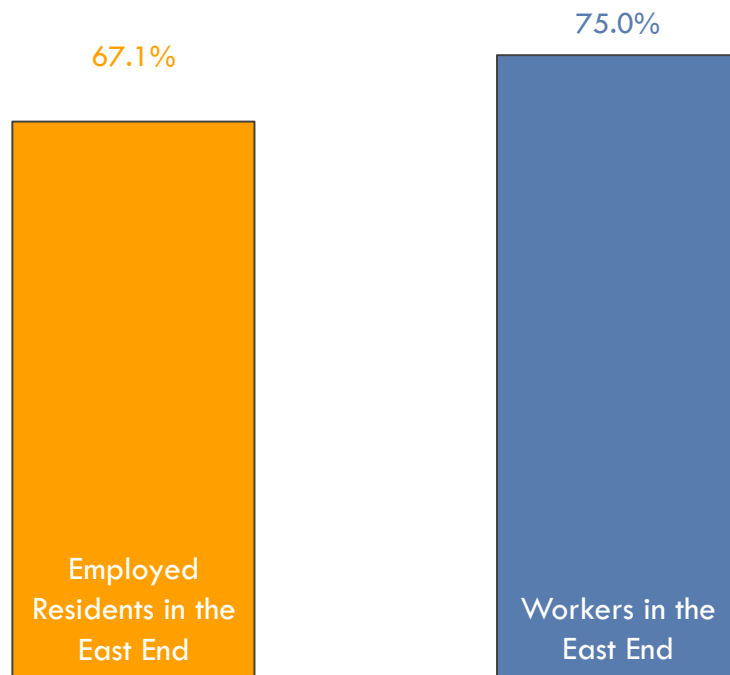
Workforce Educational Attainment

WHY IS THIS IMPORTANT?

At both the high school and post-secondary level, educational attainment levels among employed residents of the East End trail those of individuals working within the community. Nearly 76% of workers employed within the East End possess a high school degree. Among employed East End residents, the figure is less than 67%. A similar dynamic characterizes educational attainment at the Bachelor's degree and above level. Approximately 19% of individuals employed within the East End are college graduates. Just 15% of employed East End residents possess a Bachelor's degree or higher level of educational attainment.

The modern economy is increasingly knowledge-intensive. New jobs often require education beyond a high-school diploma – ranging from a certificate to a master's degree. Due to this growing reliance on skilled workers, many businesses expand in and choose new locations based on the presence of a well-educated population.

EDUCATIONAL ATTAINMENT – HIGH SCHOOL
2014



EDUCATIONAL ATTAINMENT – BACHELOR'S DEGREE OR HIGHER
2014



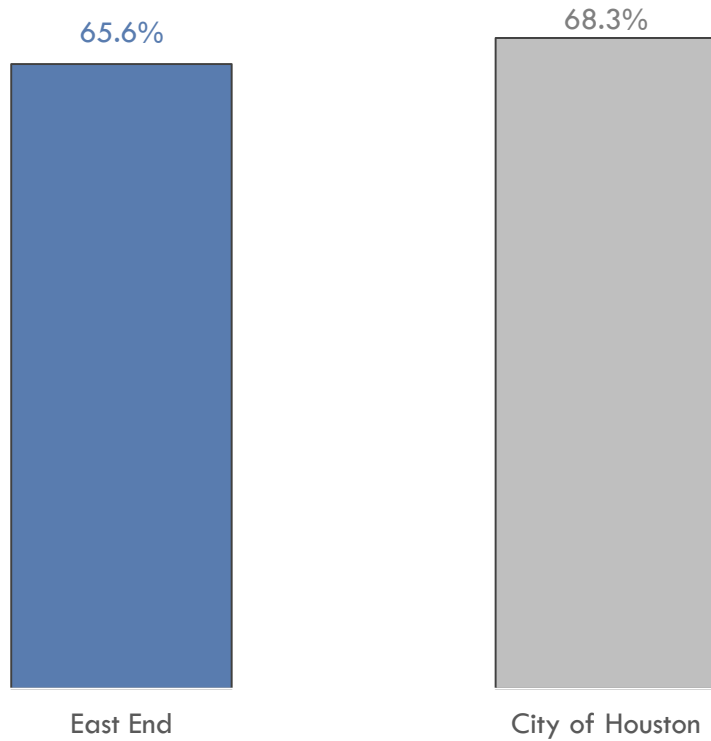
Labor Participation & Unemployment

WHY IS THIS IMPORTANT?

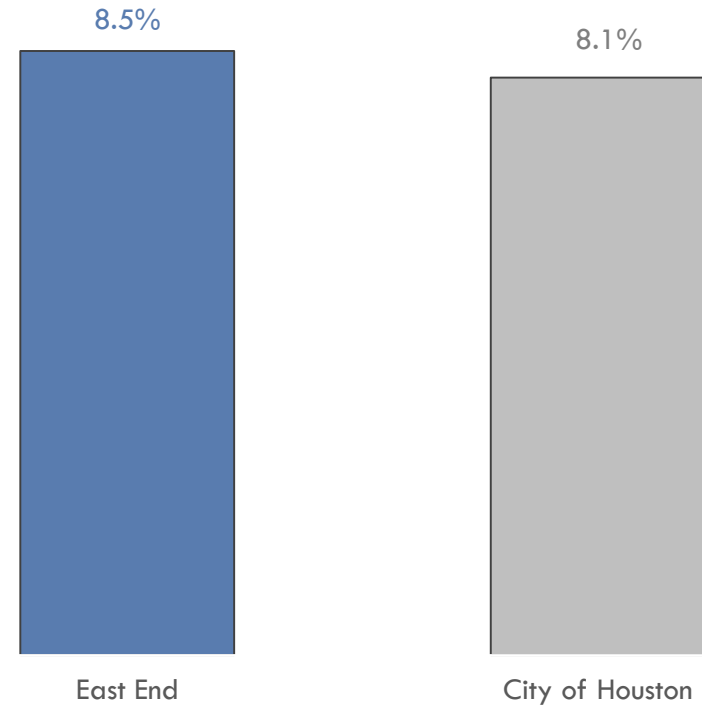
Labor participation among East End residents is slightly less than the citywide average. Approximately 65% of East End residents are part of the workforce (either employed or unemployed). The labor participation rate for the entire city of Houston is approximately 68%. In 2015, the five-year unemployment average was 8.5%. In recent years, the East End's unemployment rate has steadily declined and is gradually approaching the citywide average.

Low unemployment suggest that the residents are able to secure employment. Especially low unemployment, however, may also indicate a potential workforce shortage. Higher unemployment may also indicate that a larger portion of residents are actively seeking jobs.

LABOR PARTICIPATION RATE,
2015



UNEMPLOYMENT RATE,
2015





SECTION THREE:
STRATEGIC PLAN

Vision

The East End Economic Development Strategy is a comprehensive initiative aimed at strengthening the local economy and improving the ability of the district to meet the needs of both residents and businesses. Today, the East End is a remarkably diverse community, a commercial hub and home to tens of thousands of residents. The district continues to undergo a period of profound transition, creating an opportunity to become a model of urban revitalization and balanced economic development.

Both local residents and area business owners repeatedly cited the East End's potential throughout the planning process. Stakeholders of all stripes also reported that all too often, outsiders are unfamiliar with the multitude of positive attributes they cherish about their community. As a result, many of the recommendations contained in this strategy reflect the need to sharpen the brand of the East End, continuing in investments in cultural amenities, business services, and catalyst projects that reflect the East End's authentic identity. The East End's economic development vision statement continues to be:

Vision:

The East End is a dynamic and distinct community in Houston in which both residents and businesses thrive.

In practice, the preceding vision statement underscores the fact that the East End is a distinctive place without peer in the Houston region. No other community offers the breadth and depth of residential and commercial development potential in such close proximity to downtown Houston and the Port of Houston. In areas such as marketing, business development, and infrastructure, the East End must pursue investments that enhance the district's ability to thrive as both a residential and commercial destination.

This report outlines goals, strategies, and tactics that will help determine the GEEMD and other partner's approach over the next three years. The first section of the report provides a brief overview of the East End's strengths and challenges. The second section of the report shares an updated economic and demographic overview of trends. The third section offers three goals and supporting recommendations and tactics that will continue to propel the East End toward its vision. The final section shares profiles of target industries that should be the focus of the East End's marketing and economic development activities. Also included at the end of the report are tools that the GEEMD can use to promote its many opportunities, including the results of a survey identifying the East End's grocery and retail demand and an inventory and map of real estate.

Ultimately, the success of the recommendations in this report rests on all stakeholders within the East End. Despite its role as an effective champion of the community, the Greater East End Management District alone cannot implement all of the actions necessary to lead growth in an intentional, positive direction. Residents, businesses, and educational leaders must all play a critical role in fostering long-term economic growth. The following strategy, which serves as roadmap for successful collaboration, will empower all stakeholders to pursue a coordinated initiative.

GOAL 1.0

THE EAST END HAS A CLEARLY COMMUNICATED BRAND IDENTITY THAT INSPIRES RESIDENTIAL AND COMMERCIAL DEVELOPMENT.

Rationale: The East End will benefit from a better defined identity and greater awareness among its target industries.

STRATEGY	1.1 Update Greater East End Management District’s identity to reflect the “East End” name and graphic design used in the new Cultural District wayfinding signage.
METRIC	Updating all marketing materials with the new look; increased website traffic; increased inquiries; increased media mentions
RESPONSIBILITY	GEEMD
TACTIC	Develop a timeline and budget for overhauling all GEEMD marketing materials , office space, and vehicle wraps to reflect the new design.
TACTIC	Update all GEEMD marketing materials, collateral, websites, and office space with the new updated design. Change the name of the Greater East End Management District to “East End District.”
TACTIC	Involve the Chamber, the East Downtown Management District, and other partners in the re-branding, so that the East End brand is also visible in their marketing activities.
TACTIC	Seek new funding sources for extending the wayfinding signage program , to point to areas of the District that are suited for GEEMD’s other target industries: Retail, Logistics & Distribution, and Light Manufacturing.
	Adopt the theme of the East End as Houston’s destination for makers , as the East End’s cohesive identifying cultural thread . <i>“Houston’s original maker space continues to thrive today.”</i> (“Makers” = people who produce things with their hands – this can include everything from traditional fabrication operations to creative design, the arts, and culinary.)
TACTIC	Lead a communications campaign to unveil the new name and design. Host a launch event and seek media coverage. Provide board members and constituents with speaking points and promotional items they can use in their own marketing activities (e.g., a “Proud East End Business” button businesses can add to their websites or stickers to put in their storefronts; “Made in the East End” t-shirts and labeling; street banners; etc.)
ROI	A refreshed brand will indicate that the East End is a creative, evolving area of Houston. The brand launch itself will draw attention to the East End. Shortening the name to “East End” will make it more memorable, aligning more with how people naturally refer to the district today. <i>Ultimately, this will improve awareness of the East End among all of its target industries.</i>

GOAL 1.0

THE EAST END HAS A CLEARLY COMMUNICATED BRAND IDENTITY THAT INSPIRES RESIDENTIAL AND COMMERCIAL DEVELOPMENT.

Rationale: The East End will benefit from a better defined identity and greater awareness among its target industries.

STRATEGY	1.2 Develop the Cultural District to enrich the East End’s sense of community, distinctive authenticity, and brand identity, while enhancing the vitality of cultural partners.
METRIC	Execution of Cultural District Designation Plan
RESPONSIBILITY	GEEMD
TACTIC	Develop a timeline and budget to implement the Cultural District Plan. In the future, dedicate staffing and resources to manage the East End Cultural District.
TACTIC	Conduct an artist / maker census of the East End that quantifies the number of makers and their annual economic impact. Widely publicize the results to raise awareness that makers are an economic engine and that other makers will find a strong community of peers in the East End.
TACTIC	Continue to invest in new public art such as murals and East End-crafted street lights that reflects the East End’s brand identify and authentic aesthetic. Secure funding to create permanent gallery space on the Esplanade , which can house a rotating show space for East End makers and artists.
TACTIC	Host a run / bike / paddle event to expose people to the East End’s tremendous trail network and Buffalo Bayou access . For example, organize a family-friendly event that takes place on a Farmer’s Market day and involves walking, biking, and paddling / kayaking through the East End.. Market the event to target audience associations in the Greater Houston area, for example, commercial developers and retail business associations. For extra exposure, include temporary installations of East End-made products and art along the routes.
TACTIC	Continue expanding the East End Farmer’s Market , including infrastructure to support additional vendors and to showcase East End-made products (e.g., pop-up retail space).
TACTIC	Create an annual “East End Studio Tour” weekend in which makers open their shops to the public. Develop maker maps and a directory of participating makers to allow guests to go on self-guided tours.
ROI	Cultural development projects strongly reinforce the East End’s brand and draw visitors into the District. Increasing awareness of the East End and creating a cool vibe will entice new businesses and residents to invest in the East End. <i>This recommendation supports the growth of the Creative & Cultural target industry as well as the Handcrafted, Artisan & Maker Goods niche sector within the Light Manufacturing target industry.</i>

GOAL 1.0

THE EAST END HAS A CLEARLY COMMUNICATED BRAND IDENTITY THAT INSPIRES RESIDENTIAL AND COMMERCIAL DEVELOPMENT.

Rationale: The East End will benefit from a better defined identity and greater awareness among its target industries.

STRATEGY	1.3 Continue to market the East End as a prime location in Houston for target industry businesses, residents, and visitors.
METRIC	Job Growth, Population Growth, Increased Tax Base, Increased Single and Multifamily Permits
RESPONSIBILITY	GEEMD, GHCVB
TACTIC	Work with GHCVB to market the East End as a visitor destination , for visitors who want to experience an authentic side of Houston. Coordinate events in the East End for visitors that highlight the maker culture.
TACTIC	Market the results of the Grocery / Retail Survey to grocers, retailers, and developers. Continue to attend ICSC events and participate in Houston-area real estate associations to raise awareness of the pent-up demand.
TACTIC	Host developers days in the East End 1-2 times per year. Invite Houston area brokers and developers to the East End for a guided tour and lunch catered by an East End restaurant. Invest in a driving map specifically for developers and brokers to use on the developers day and have on hand in the office for every day use. The map should highlight current real estate along with investment opportunities specific to the GEEMD's target industries : Creative & Cultural, Light Manufacturing, Retail & Personal Services, and Logistics & Distribution.
TACTIC	Market the East End at select target industry events and trade shows taking place in Greater Houston. Work with the GHCVB to identify upcoming shows that will include executives from the GEEMD's target industries. Develop an annual event calendar for the GEEMD's economic development team.
TACTIC	Seek new funding sources for extending the wayfinding signage program , to point to areas of the District that are suited for GEEMD's other target industries: Retail, Logistics & Distribution, and Light Manufacturing.
TACTIC	Continue to pursue funding for economic development , such as those sources identified in the February 2016 Board Workshop report.
ROI	Continued investment in the East End by businesses, new residents, and visitors not only add to the District's vibrancy but also to its tax base, generating revenue to pay for infrastructure and amenities. <i>This recommendation will enhance the East End's appeal to all of its target industries.</i>

GOAL 2.0

THE EAST END SUPPORTS THE EXPANSION AND RETENTION OF EXISTING BUSINESSES AND ENCOURAGES ENTREPRENEURIALISM AND SMALL BUSINESS CREATION.

Rationale: Employment growth in the East End will be driven by the expansion of existing businesses and creation of new businesses.

STRATEGY	2.1 Ensure that the East End anticipates the real estate needs of businesses and entrepreneurs.
METRIC	Establishment of a CDC, Increased Square Footage of Viable Commercial Real Estate, Increased Permitting
RESPONSIBILITY	GEEMD
TACTIC	Financially support the establishment of a Community Development Corporation (CDC) . The CDC offers a structure for renovating and repurposing vacant warehouses and developing / redeveloping residential and commercial spaces. Through low cost financing and grants, a CDC can help provide below market rate real estate for residents, entrepreneurs, cultural activities, and growing businesses in the East End. Through the CDC, for example, establish an affordable real estate development dedicated to fostering makers, artists, retailers, and other entrepreneurs in the East End's target industries . Develop a restaurant incubator and/or food truck courtyard in the East End. The incubator could be a dining destination for foodies across the Houston region. Similarly, food trucks are great incubators for new restaurants. (e.g., https://www.thepicnicaustin.com)
TACTIC	While today the East End is highly attractive to Creative & Cultural businesses, as well as entrepreneurs in other target industries, there is concern that those businesses will leave as they grow because of a shortage of next-scale real estate. Long-term, as East End gains more momentum, property costs will rise and make it less affordable. Inventory unique commercial properties in the eastern side of the East End . Provide this information in a real estate guide to target industry businesses and developers interested in investing / expanding in the East End but who find few viable options closer to downtown.
TACTIC	Continue investing in crime prevention programs, mowing, trash pick-up, and graffiti remediation that make the East End safe and desirable for target industry businesses and residents alike.
TACTIC	Continue to provide maps and other market information to developers.
TACTIC	Continue to attend the ICSC conference and provide retailers and developers information about the East End.
ROI	Expanding the East End's viable real estate for its target industries will encourage new investment and business expansions, which increase the District's vibrancy and tax base. <i>This recommendation will improve the East End's competitiveness for all target industries.</i>

GOAL 2.0

THE EAST END SUPPORTS THE EXPANSION AND RETENTION OF EXISTING BUSINESSES AND ENCOURAGES ENTREPRENEURIALISM AND SMALL BUSINESS CREATION.

Rationale: Employment growth in the East End will be driven by the expansion of existing businesses and creation of new businesses.

STRATEGY	2.2 Continue to connect small businesses and entrepreneurs to resources that help them grow.
METRIC	Increase in the Number of Businesses Served
RESPONSIBILITY	GEEMD, UH, Banks, East End Maker / Co-Working Space Managers
TACTIC	Continue to foster close working relationships with banks and other capital providers in the East End, so that the GEEMD can readily connect small businesses and entrepreneurs to lenders.
TACTIC	Continue directing small businesses to the Small Business Development Center at the University of Houston , which has educational tools, a SCORE chapter, that Lift Fund, and other support services.
TACTIC	Create a self-sustaining entity that becomes the hub for commercial and retail activity in the Second Ward and manages initiatives such as the East End Farmer's Market and Guadalupe Plaza Park Waterfront. (Consider the recommended CDC or the East End Improvement Corporation.)
TACTIC	Explore with UH or other group that supports small businesses to open offices in the East End.
ROI	Small businesses account for a majority of jobs created in this country. Fostering an entrepreneurial environment in the East End will spark new company creation, increase jobs, and attract people. <i>This recommendation supports the advancement of startup businesses in all of the East End's target industries.</i>

GOAL 2.0

THE EAST END SUPPORTS THE EXPANSION AND RETENTION OF EXISTING BUSINESSES AND ENCOURAGES ENTREPRENEURIALISM AND SMALL BUSINESS CREATION.

Rationale: Employment growth in the East End will be driven by the expansion of existing businesses and creation of new businesses.

STRATEGY	2.3 Continue to be involved in skills training and other educational programs for residents and workers.
METRIC	Improved High School, 2-Year, and Bachelor's+ Degree Attainment by East End Residents
RESPONSIBILITY	GEEMD
TACTIC	Stay involved in SER-Jobs for Progress . Encourage participation by East End residents.
TACTIC	Attract the TXRX program for grades 5-12 . This is a project-based maker program at which kids learn engineering and math, and then move into challenge programs with corporations. Support efforts of TXRX to obtain grants and other funding for the program.
TACTIC	Similarly, encourage the expansion of STEM-oriented after school programs at East End schools through TXRX and other organizations. Document the specific skills needs of each of the East End's target industries . Share this information with educational institutions and encourage them to align future investments in STEM and other programs with those needs.
TACTIC	Continue to participate in the "Central Living" initiative, alongside the Downtown Management District and other downtown-adjacent Management Districts, to promote success stories and positive ratings of individual schools in the three-mile radius around downtown.
ROI	Access to talent is a core driver of site selection decisions. Participation in workforce development and education improves career options for residents, ultimately improving their quality of life. <i>Improving the skills and educational attainment of East End residents will benefit all target industries.</i>

GOAL 3.0

INVESTMENT IN CATALYST CORRIDORS AND INFRASTRUCTURE ENERGIZES ECONOMIC GROWTH.

Rationale: The East End's Catalyst Corridors, together with infrastructure improvements, will spark sustained economic activity.

STRATEGY	3.1 Support catalyst projects in key areas of the East End that spark target industry investment and reflect the East End's authentic aesthetic.
METRIC	Increased Capital Investment; Tax Base; Population Growth (Particularly Among 24-44 Year Olds)
RESPONSIBILITY	GEEMD, TIRZ Districts
TACTIC	Continue to support the Midway Cos.' redevelopment of the KBR property . Encourage Midway to incorporate the East End's brand identity and authentic culture into master plans for the sites. Ensure that plans consider the real estate needs of the East End's target industries, specifically Creative & Cultural; Retail & Personal Services; and Light Manufacturing.
TACTIC	Continue to concentrate investments on the Catalyst Corridors identified in the last strategic plan. Consider adding new Catalyst Corridors to the priority list: Navigation from the rail tracks to the ship channel and the 1-45 / Telephone Road area.
TACTIC	Fully participate in ongoing regional planning efforts such as the Buffalo Bayou East Sector Plan, the "Plan Downtown" effort, the Planning Department's Walkable Communities initiative, and the Mayor's Complete Communities program
TACTIC	Develop a plan for the Broadway area near Loop 610 and work with TXDOT to improve its property.
TACTIC	Encourage development and redevelopment of residential and commercial real estate in areas like Idylwood and Lawndale , and on a smaller scale, the blocks around the Cesar Chavez rail stop.
TACTIC	Explore the potential to offer incentives, such as grants, to alleviate costs associated with development . For example, establish a fund to offset the costs of conducting environmental impact assessments in the East End.
ROI	Focusing investment in catalyst corridors will fuel target industry and population growth across the East End, and ensure that the GEEMD and other partners' resources are maximizing their return on investment.

GOAL 3.0

INVESTMENT IN CATALYST CORRIDORS AND INFRASTRUCTURE ENERGIZES ECONOMIC GROWTH.

Rationale: The East End's Catalyst Corridors, together with infrastructure improvements, will spark sustained economic activity.

STRATEGY	3.2 Encourage meaningful and destination-focused investment around East End rail stations, including office, retail, maker studios, residential, and parking.
METRIC	Investment / Square Footage of New Development in Areas Surrounding Rail Stations
RESPONSIBILITY	GEEMD
TACTIC	The station at Eastwood and Harrisburg is the largest site along the light rail line and is a prime opportunity for a transportation oriented development (TOD). Promote the site to developers.
TACTIC	Continue to invest in sidewalks and a connected hike/bike trail network in the East End as the GEEMD has done with sidewalks around the Magnolia Transit Center and other spaces. Establish a sidewalk SWAT team. Ensure that sidewalks and the trail network link to rail stations.
ROI	The East End's rail stations connect to some of Houston's strongest job centers. TODs will attract people to the East End, putting live, work and play options within easy access. <i>This recommendation will especially encourage the growth of the Creative & Cultural industry and the Retail & Personal Services industry.</i>

GOAL 3.0

INVESTMENT IN CATALYST CORRIDORS AND INFRASTRUCTURE ENERGIZES ECONOMIC GROWTH.

Rationale: The East End's Catalyst Corridors, together with infrastructure improvements, will spark sustained economic activity.

STRATEGY	3.3 Continue to advocate for investments in East End infrastructure, like improving roads and flood mitigation, and beautification projects that enhance the East End's overall attractiveness.
METRIC	Capital Investment in Infrastructure Improvements in the East End; New Port of Houston Investments in the East End; Neighborhood Associations / Groups Participating in Beautification Initiatives
RESPONSIBILITY	GEEMD, Developers, Port of Houston
TACTIC	Rally partner organizations both in and out of the East End to advocate for the City to be receptive to improved infrastructure investments in roadways, drainage, housing that is affordable and other projects that make the East End an even more viable location for businesses and residents. For example, partner with groups like Houston First and the Texas Medical Center to advocate for the East End to be a destination for workforce housing, then work together to persuade the City of Houston to make investments that help bring that vision to fruition.
TACTIC	Evaluate parking options and demand in the East End , particularly in the area near downtown Houston where older commercial properties are being converted into co-working and maker spaces. As those spaces house more employees than their original use, parking could become a deterrent for investors.
TACTIC	To help grow the East Ends' target industry of Logistics & Distribution, engage in conversations with the Port of Houston about marketing East End sites near the Port. Encourage the Port of Houston to consider making new investments in the East End.
TACTIC	Continue to work to implement the recommendations of the 2014-2015 Fifth Ward / Buffalo Bayou / East End Livable Centers study. Also, continue to work in the design of and future implementation of the Buffalo Bayou East Sector Plan.
ROI	These activities will result in new infrastructure investments and beautification initiatives that increase the East End's competitive position and ultimately, new business and residential development / redevelopment. <i>This recommendation will encourage growth in the Logistics & Distribution industry as well as other target industries.</i>



SECTION FOUR: TARGET INDUSTRY RECOMMENDATIONS

Cluster Evaluation & Selection

Selecting target clusters for a community is an iterative process that integrates quantitative and qualitative information. Factors such as global trends, existing industry base, workforce skills and educational programs, and the community's goals and vision are all considered.

Growing target clusters in a community requires a multi-faceted approach. Community leaders should commit to working together to create an environment in which each cluster can thrive. This involves investing in infrastructure, real estate, workforce training and education programs, entrepreneurship capacities, and smart public policies that address the cluster's needs. The community must also lead marketing and business development activities – both at home and outside of the community – to raise awareness among target cluster businesses and influencers.

To identify target clusters, four broad questions are explored to filter the universe of potential targets into a highly focused, actionable list:

1. Which clusters have strong projected performance within the US and world?

Local strengths and assets are an important component of the cluster selection process. Examining regional, national, and international trends places local information into a broader context.

2. Which clusters have an existing presence in the region and the community?

Answering the second question in the evaluation process involves examining regional dynamics such as current local cluster concentrations and those of surrounding communities.

3. Which clusters are best suited to the community's and the region's many assets?

The *Competitive Assessment* report (Report 1) examines local dynamics, strengths and challenges. The process identifies assets that can enhance cluster activity and support cluster ecosystems.

4. Which clusters align with community values and provide a high return on investment?

High impact clusters must reinforce the values of the community and have the highest potential to accelerate the community toward its vision. Conversations with residents, business owners, education representatives, and political leaders in the community helped the consulting team understand local values.

It is important to note that having target clusters does not mean that the community ignores other industry sectors. Economic vitality resulting from target cluster growth will bring new dollars into the community, boosting wealth creation, generating new business opportunities, and enhancing residents' standards of living.

HIGH IMPACT CLUSTER EVALUATION

Which clusters have strong projected performance within the US and world?

1

Which clusters have an existing presence in the region and in the community?

2

Which clusters are best suited to the community's many assets?

3

Which clusters align with the community's values and provide a high return on investment?





4

Target Cluster Identification

Avalanche recommends the following four target clusters and supporting niche sectors for the East End:

Creative & Cultural Industries
Light Manufacturing
Personal Services & Retail
Logistics & Distribution

These targets provide high-growth opportunities to attract additional investments and jobs within the East End that ultimately contribute to the community's economic resiliency and the well-being of residents.

TARGET CLUSTER	NICHE SECTORS
 CREATIVE & CULTURAL INDUSTRIES	Artisan & Maker Goods
	Culinary Arts
	Design, Architecture & Engineering
	Digital Media Production
 LIGHT MANUFACTURING	Food Processing
	Artisan & Maker Goods
	Metal & Component Fabrication
	Re-packaging & Assembly of Port Goods
 RETAIL & PERSONAL SERVICES	Healthcare Services
	Grocery
	Other Personal Services
	Unique Entertainment & Retail Experiences
 LOGISTICS & DISTRIBUTION	Freight Storage & Distribution
	Consumable Products & Distribution
	Logistics Management



Creative & Cultural Industries

East End Target Niche Sectors



Artisan & Maker Goods

Culinary Arts

Design, Architecture & Engineering

Digital Media Production

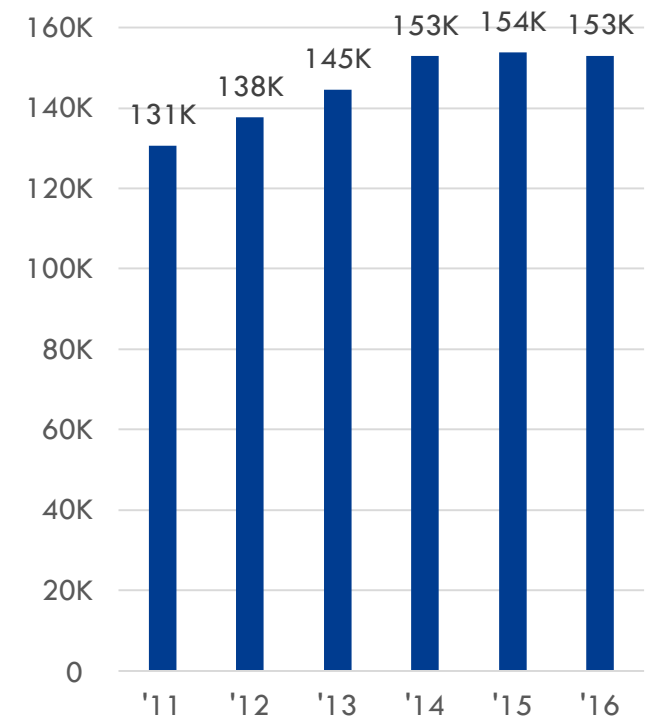
About the Industry

Creative Industries encompasses a diverse collection of niche sectors focused on the design and production of inventive goods. Both the Artisan Goods and Culinary Arts involve the creation of physical products such as handcrafted jewelry and prepared meals. In contrast, Design, Architecture & Engineering and Digital Media Production focus on the development of intangible goods such as building plans and online marketing campaigns.

In recent years, many of the Creative Industries niche sectors have thrived in the face of evolving market dynamics. Today, digital is king. While the change has decimated traditional media outlets such as newspaper and magazines, it has been a boom for digital media companies. Newspaper and magazine advertising spending, once the dominant players in media, today account for just 45 cents of every dollar spent on advertising. Online platforms have also forced significant changes in the retail sector and forced brick and mortar stores to focus on unique items that cannot be readily found elsewhere. This same trend has helped elevate the culinary arts. With many department stores faltering, restaurants are increasingly viewed as the new retail anchors.

During the past five, the Creative Industries have enjoyed significant growth throughout the Houston region. Between 2011 and 2016, Creative Industries employment increased 17%. During this period, total employment within Harris County increased just 12%. While Creative Industries dipped modestly in 2016, the decline was almost entirely the result of engineering job losses related to the downturn in the energy sector. According to current projections, total Creative Industries employment within Harris County is projected to rise more than 20% through 2021, outpacing the overall rate of local job growth during this period.

HARRIS COUNTY
CREATIVE INDUSTRY EMPLOYMENT



SOURCE: AVALANCHE CONSULTING / EMSI



Creative & Cultural Industries

East End Target Niche Sectors



Artisan & Maker Goods

Culinary Arts

Design, Architecture & Engineering

Digital Media Production

Why the East End?

The East End's geographic and physical characteristics make the community an ideal location for Creative Industries. Companies located in the East End enjoy close proximity to downtown Houston without the high leasing rates and limited parking availability that characterize the urban core. The East End also possesses an abundance of underutilized buildings and undeveloped land, including a significant inventory of former warehouses ideally suited for creative offices.

In recent years, the Greater East End has proven increasingly attractive to Creative Industries. Between 2009 and 2014, the number of professional services jobs increased by approximately 40%. The employment performance of professional services, an employment category that includes creative sectors such as Design, Architecture & Engineering, is all the more impressive given the overall job declines that occurred in the community during this period. A similar dynamic characterizes the Greater East End Creative Industries workforce. After a brief dip in 2010 associated with the lingering effects of the recession, the number of Greater East End residents employed in professional service fields has increased 20%. If current trends continue, professional service may ultimately emerge as one of the largest class of workers residing in the East End.

Future growth in the cluster will require the continued leadership and vision of real estate developers capable of demonstrating the East End's ability to support the Creative Industries. The recent completion of a collaborative workforce space dubbed "Headquarters", for example, illustrates how former warehouse facilities can be transformed into an ideal office space for the Creative Industries.

Top Selling Points

- During the past decade the East End has proven increasingly attractive to both Creative Industries companies and workers.
- The East End provides companies with a location immediately adjacent to downtown Houston without the high lease rates associated with the urban core.
- The Greater East End features extensive free parking as well as one of the city's most extensive light rail infrastructure.
- The East End remains home to numerous warehouse facilities ripe for redevelopment.



Light Manufacturing

East End Target Niche Sectors



Food Processing

Artisan & Maker Goods

Metal & Component Fabrication

Repackaging & Assembly of Port Goods

About the Industry

Light Manufacturing involves the production of goods with minimal environmental impact during the manufacturing process. The sector also includes the assembly of individual components into finished products.

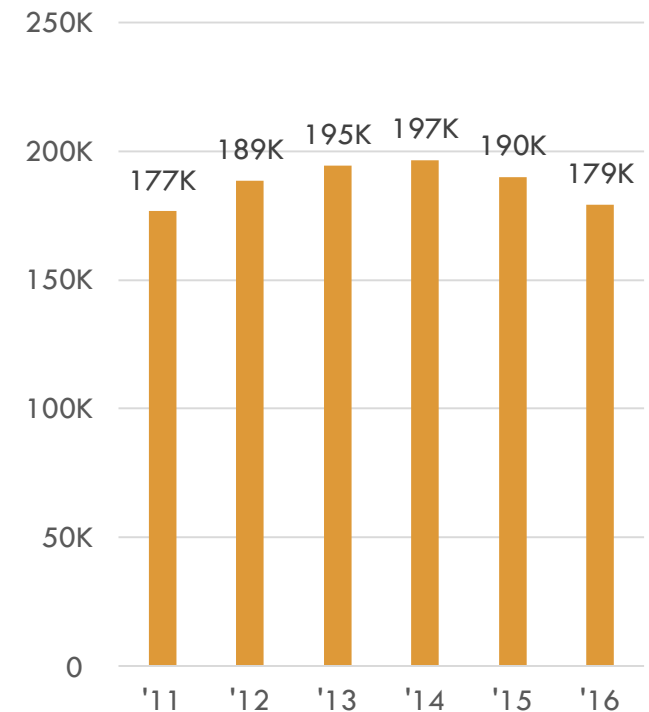
Despite widespread reports to the contrary, the death of US manufacturing has been greatly exaggerated. The US remains the world's second-largest manufacturer and employment in the sector has increased for five consecutive years; the cluster currently employs approximately 12.3 million workers in the US.

Domestic manufacturing operations have remained globally competitive thanks to substantial gains in productivity. This productivity is driven by highly automated systems operated by highly trained workers. As a result, the availability of skilled labor has become critical in supporting manufacturing operations.

The Houston region is home to one of the country's most dynamic manufacturing sectors. While employment has declined during the past two years due to falling energy prices, regional manufacturing employment has increased since 2011 on a net basis. After falling to a 12-year low in early 2016, crude prices have since rebounded. Additionally, manufacturing sectors with fewer ties to the energy market, including food processing, continue to experience regional employment growth.

Looking ahead, manufacturing in the region should benefit from rising energy prices and increased activity at the Port of Houston due to the recent completion of the Panama Canal expansion.

HARRIS COUNTY
MANUFACTURING EMPLOYMENT



SOURCE: AVALANCHE CONSULTING / EMSI



Light Manufacturing

East End Target Niche Sectors



Food Processing

Artisan & Maker Goods

Metal & Component Fabrication

Repackaging & Assembly of Port Goods

Why the East End?

Light manufacturing is already one of the most concentrated industry clusters in the East End. With more than 5,400 workers, manufacturing represents 21% of all workers employed within the East End's boundaries. Within the broader Houston region, manufacturing employs less than 10% of all workers.

In recent years, manufacturing has also proven itself as among the most resilient clusters the East End. In the face of rising residential activity within the community, overall employment in the East End declined 7% between 2009 and 2014. During this same period, however, manufacturing employment in the East End increased 10%. The East End is also home to a sizable manufacturing workforce. One in eight workers living in the East End is employed in manufacturing, a greater share than in any other sector.

Beyond an available labor force, the East End offer prospective manufacturers a sustained pipeline of talent thanks to the presence of several educational institutions. The Southeast campus of Houston Community College, for example, is the designated manufacturing school of the Houston Community College. Additionally, Houston Community College is home to a Corrosion Technology Academy that provides training on the maintenance of manufactured goods. The creation of this program, which was made in response to local employer demand, further underscores the community's ability to proactively support manufacturing.

Top Selling Points

- The Port of Houston and several nearby highways provide local manufacturers with easy access to several major infrastructural assets.
- As the home of one of just three decaffeination plants in the US, the East End has long held allure for food processing operations.
- The East End has a proven track record of supporting Light Manufacturing firms.
- An existing manufacturing labor force provides an immediate talent pool for prospective Light Manufacturing firms. The Houston Community College and the University of Houston provide ensure a long-term supply of talent.



Retail & Personal Services

East End Target Niche Sectors



Healthcare Services

Grocery

Other Personal Services

Unique Entertainment & Retail Experiences

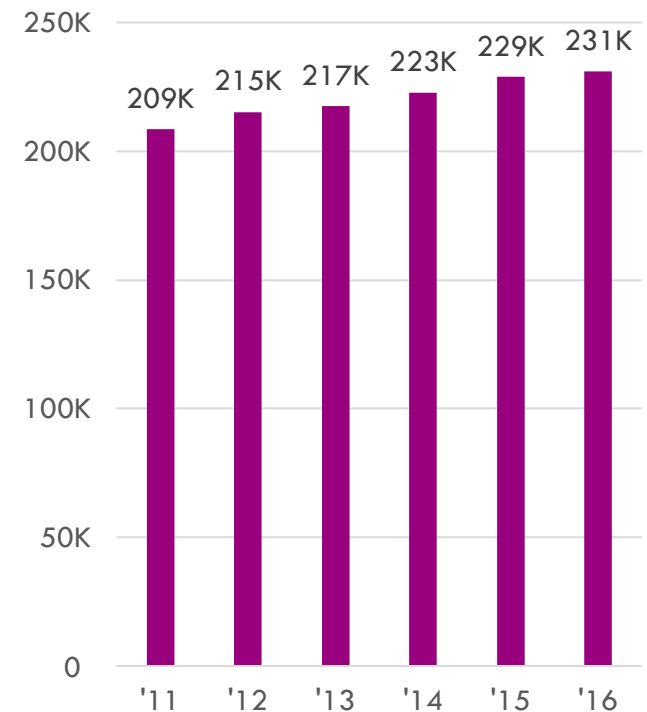
About the Industry

The Personal Services & Retail sector includes firms that provide services and products directly to consumers. While the specific nature of various Personal Services & Retail niche sectors vary, they each contribute to the overall desirability of the East End as a place to live and work. The Personal Services component includes Healthcare Services that deliver routine medical treatment such as doctors and chiropractors as well as Other Personal Services focused on personal appearance, including beauticians and drycleaners. The Retail component includes Grocery Stores as well as Unique Entertainment & Retail Experiences that provide more distinctive offerings.

During the past five years, a sustained economic recovery has supported strong growth in the Personal Services & Retail sectors. The rise of online shopping has forced retailers to find more creative ways of engaging consumers such as a focus on curated artisan goods than can't be readily found elsewhere. Declining unemployment rates translate into less free time and more disposable income for many Americans, two trends that benefit the Personal Services sector. An aging population, combined with greater rates of insurance coverage, has made the Healthcare Services sector largely immune to the ups and downs of the broader economy; in both good times and bad, Healthcare Services employment increases.

In Harris County, the Personal Services & Retail sector has benefitted from a booming economy. More than one in 10 Personal Services & Retail jobs within the county has been created in just the past five years. Although Personal Services & Retail employment growth has slowed as the regional economy has cooled from extraordinary highs, continued population growth should help insulate the sector in the years ahead.

HARRIS COUNTY
PERSONAL SERVICES & RETAIL EMPLOYMENT



SOURCE: AVALANCHE CONSULTING / EMSI



Retail & Personal Services

East End Target Niche Sectors



Healthcare Services

Grocery

Other Personal Services

Unique Entertainment & Retail Experiences

Why the East End?

Unlike the other target clusters highlighted in this report, the selection of Personal Services & Retail is based less on the despite for job creation but instead the need for more lifestyle amenities within the community. Historically, the East End has been significantly underserved by Personal Services & Retail establishments. According to a retail leakage study completed in 2013, existing residents and workers spend hundreds of millions of dollars outside the community each year on goods and services that cannot be obtained within the East End.

Perhaps even more importantly, additional Personal Services & Retail outlets are crucial in enhancing the East End's quality of life. During interviews with existing residents and workers, the lack of local shopping options—especially a large grocery stores—was a constant lament. Similar sentiments were expressed by a recent online survey of residents. Among survey respondents, more than 50% of East End travel at least 5 miles to reach their most frequent grocer. An additional XX% of respondents reported regularly shopping at specialty grocery stores outside the East End. On average, these individuals spend \$XX per month at specialty grocery stores.

Greater availability of Personal Services & Retail outlets would not only contribute to the community's quality of life, but also create new entrepreneurial and marketing opportunities for the East End. Personal Services such as dry cleaning and hair care tend to be provided by small business owners. The same dynamic also holds true for Unique Entertainment & Retail Experiences. Unique Entertainment & Retail Experiences can also serve as magnet for outside visitors, which could help introduce the East End to individuals who don't live in the community.

Top Selling Points

- The East End's purchasing power is far greater than the local availability of Personal Services & Retail establishments would suggest. This figure is also growing; the median income of East End households increased approximately 9% between 2010 and 2015.
- The Greater East still provides businesses with competitive wages and real estate costs relative to the rest of Houston.
- As demonstrated by the popularity of Ninfa's, compelling destinations in the Greater East End can attract customers from outside the East End.
- For the past four years, the GEEMD has attended the ICSC Conference and has a foundation of strong relationships with retailers and retail developers.



Logistics & Distribution

East End Target Niche Sectors



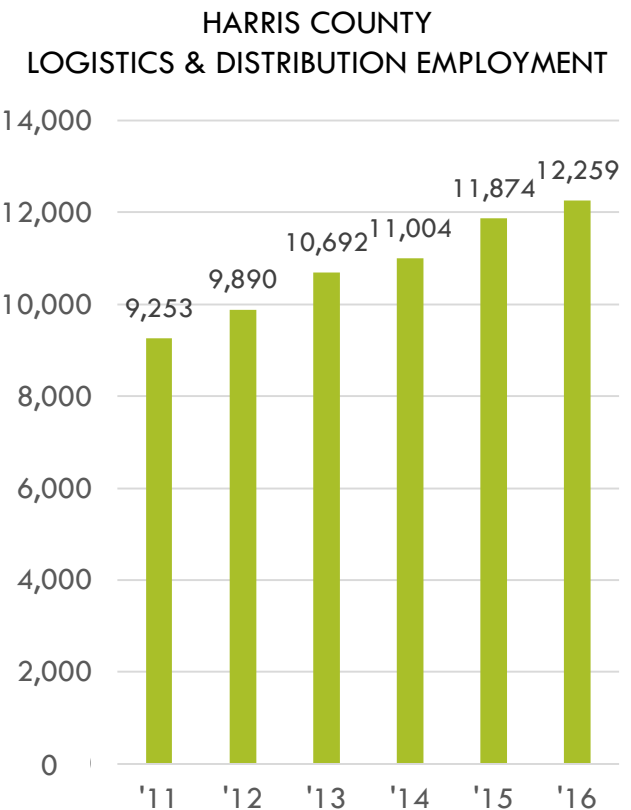
Freight Storage & Distribution
Consumable Products & Distribution
Logistics Management

About the Industry

Logistics & Distribution involves the storage and distribution of goods. Given the community's proximity to the Port of Houston, the East End's primary Logistics & Distributions opportunities include the storage and distribution of in-bound and out-bound freight and consumable products as well as services that facilitate more efficient supply chains.

During the past quarter century, the Logistics & Distribution cluster has thrived thanks to a dramatic rise in globe trade. This trade has been facilitated by the rise of multilateral trade agreements such as the North American Free Trade Agreement (NAFTA). Despite potential threats from a change in federal trade policy, the Logistics & Distribution continues to grow thanks to a revitalized domestic manufacturing sector and the rise of online retailing. Between 2011 and 2016, employed in Logistics & Distribution support sectors such as Warehousing & Storage and Logistics Consulting Services increased by 33%, more than four times the average rate of job growth. In Harris County, Warehousing & Storage and Logistics Consulting Services employment also increased by 33% during this period.

The long-term rise in both regional exports and imports has contributed to local Logistics & Distribution employment gains. Despite a drop in energy prices, the total value of exports from the Houston region increased approximately 20% between 2010 and 2015. The sector has also benefitted from the growth of trade less directly tied to energy production. In the Houston-Galveston port district, for example, the value of exported agricultural and processed food and beverage products increased nearly 18% between 2014 and 2016. The recent rebound of energy prices, combined with a continued rise in the trade activity of other goods and commodities, are expected to contribute to future Logistics & Distribution employment gains within the Houston region.



SOURCE: AVALANCHE CONSULTING / EMSI



Logistics & Distribution

East End Target Niche Sectors



Freight Storage & Distribution
Consumable Products & Distribution
Logistics Management

Why the East End?


Logistics & Distribution is among the most established sectors within the East End. With nearly 2,900 workers, Logistics & Warehousing is responsible for more than 11% of all East End jobs. As a proportion of total employment, Logistics & Warehousing is more than twice as concentrated in the East End than in the City of Houston as a whole. The East End's inherent advantages in supporting Logistics & Distribution operations has enabled the community to support local employment growth despite increased residential development. While total employment in the East End declined between 2010 and 2014, Logistics & Warehousing posted job gains.

Logistics & Distribution companies in the East End benefit from several distinctive locational and infrastructural characteristics. Specifically, East End possesses a broad spectrum of intermodal assets within a highly concentrated area. Logistics & Distribution companies in the East End enjoy access to one of the country's busiest ports (the Port of Houston), multiple freeways (I-45, I-10, I-69, and 610), and numerous rail lines. The district's combination of location and accessibility, combined with continued infrastructure investment in roadways and improved drainage, position the East End as a deeply compelling location for Logistics & Distribution operations.

In addition to the East End's physical competitive advantages, the community also offers existing and prospective Logistics & Distribution firms the human capital necessary to thrive. The Houston Community College flagship Maritime Logistics program produces approximately 400 graduates annually. Additionally, the University of Houston Supply Chain and Logistics Technology program offers instruction in areas such operations, systems management, and global logistics.

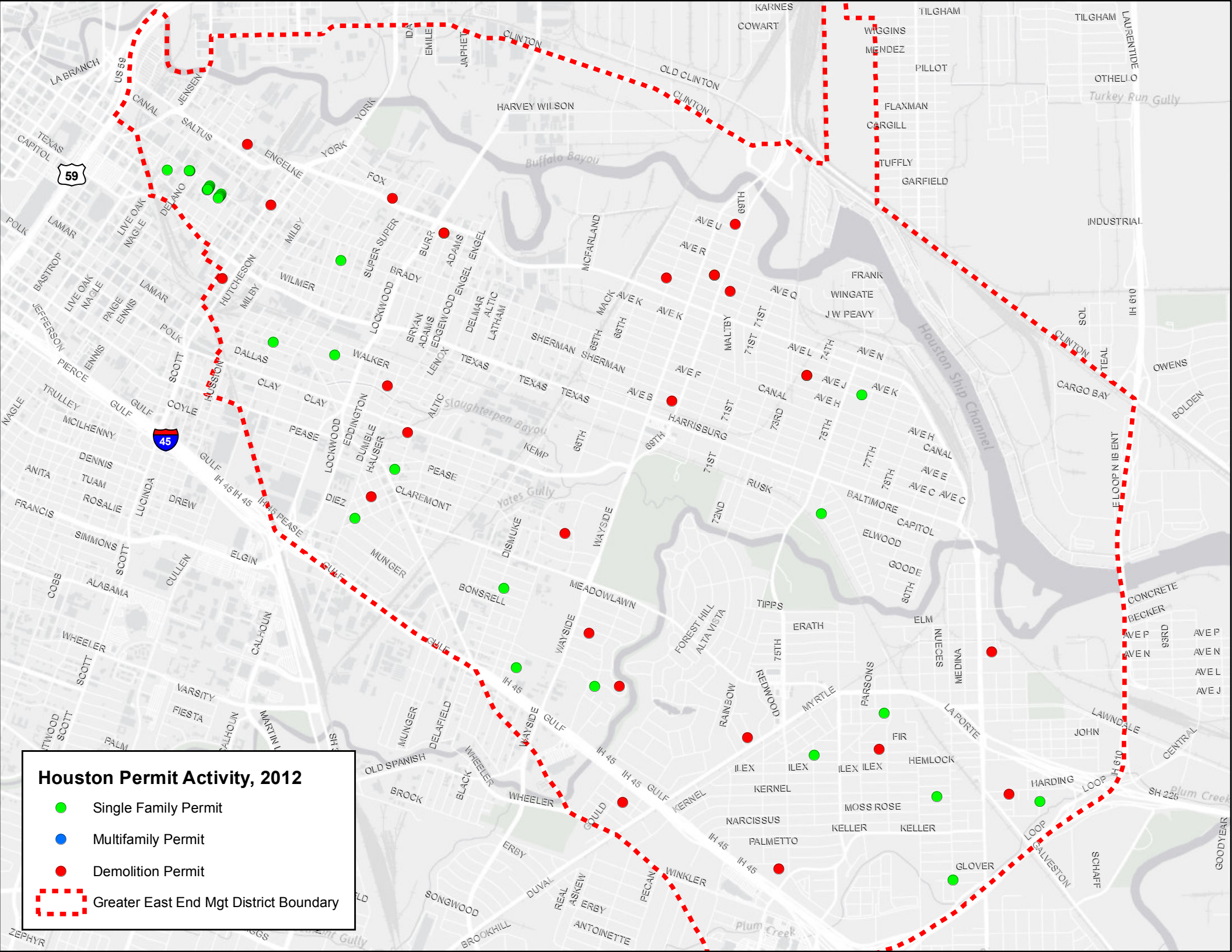
Top Selling Points

- The East End has a long history of supporting Logistics & Distribution operations.
- The East End's intermodal infrastructure can facilitate distribution by road, rail, or sea.
- The University of Houston and Houston Community College provide a continually replenished pool of skilled Logistics & Distribution workers.
- The recent completion of the Panama Canal should create new opportunities for Logistics & Warehousing firms in the Houston region, including the East End



APPENDIX: REAL ESTATE MAP & INVENTORY

The following pages include an updated real estate map of the East End, depicting different types of commercial uses including retail, office, industrial and heavy industrial. In addition, it includes an inventory of existing buildings in the District.



Houston Permit Activity, 2012

- Single Family Permit
- Multifamily Permit
- Demolition Permit
- Greater East End Mgt District Boundary

59

45

SH 226

LOOP

LA PORTE

WHEELER

WHEELER

WHEELER

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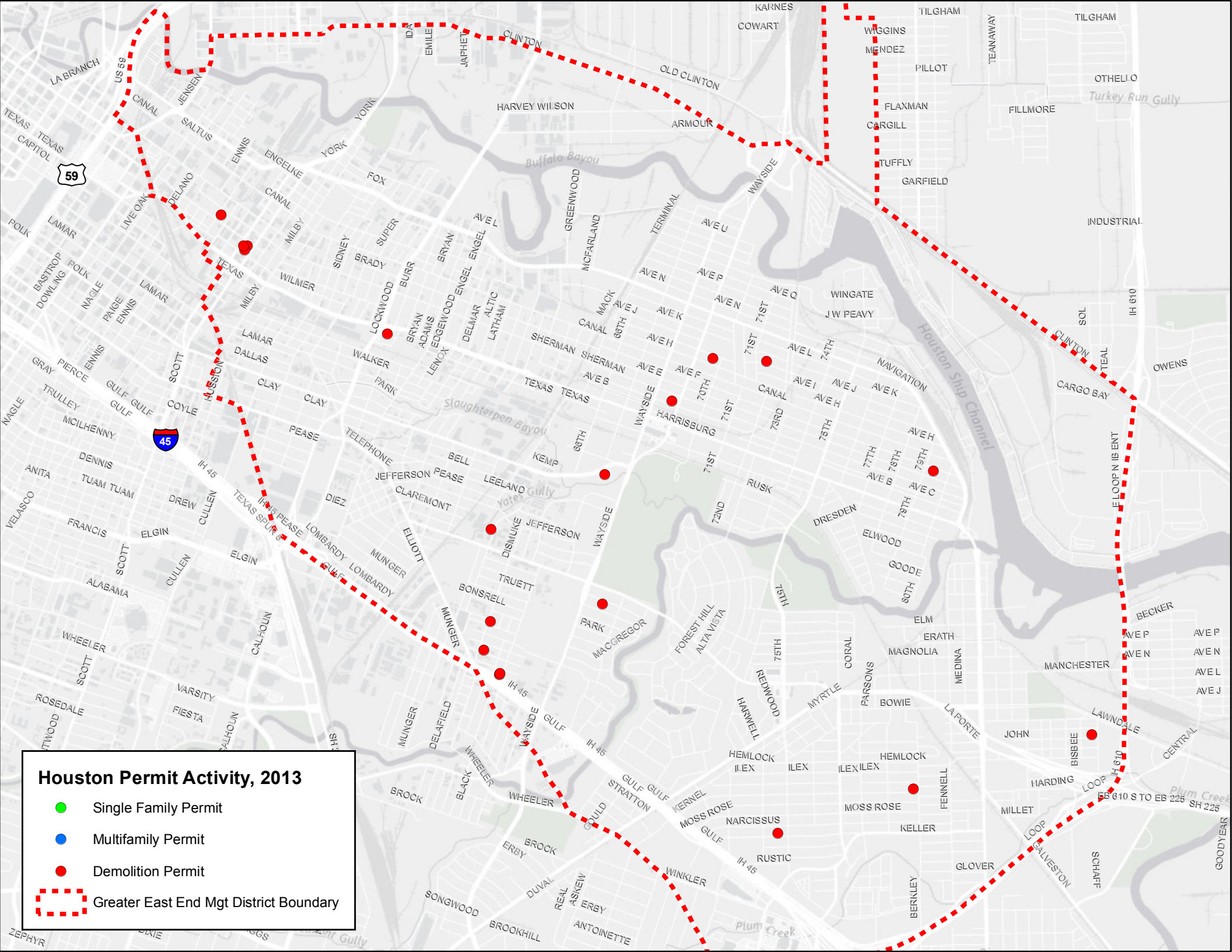
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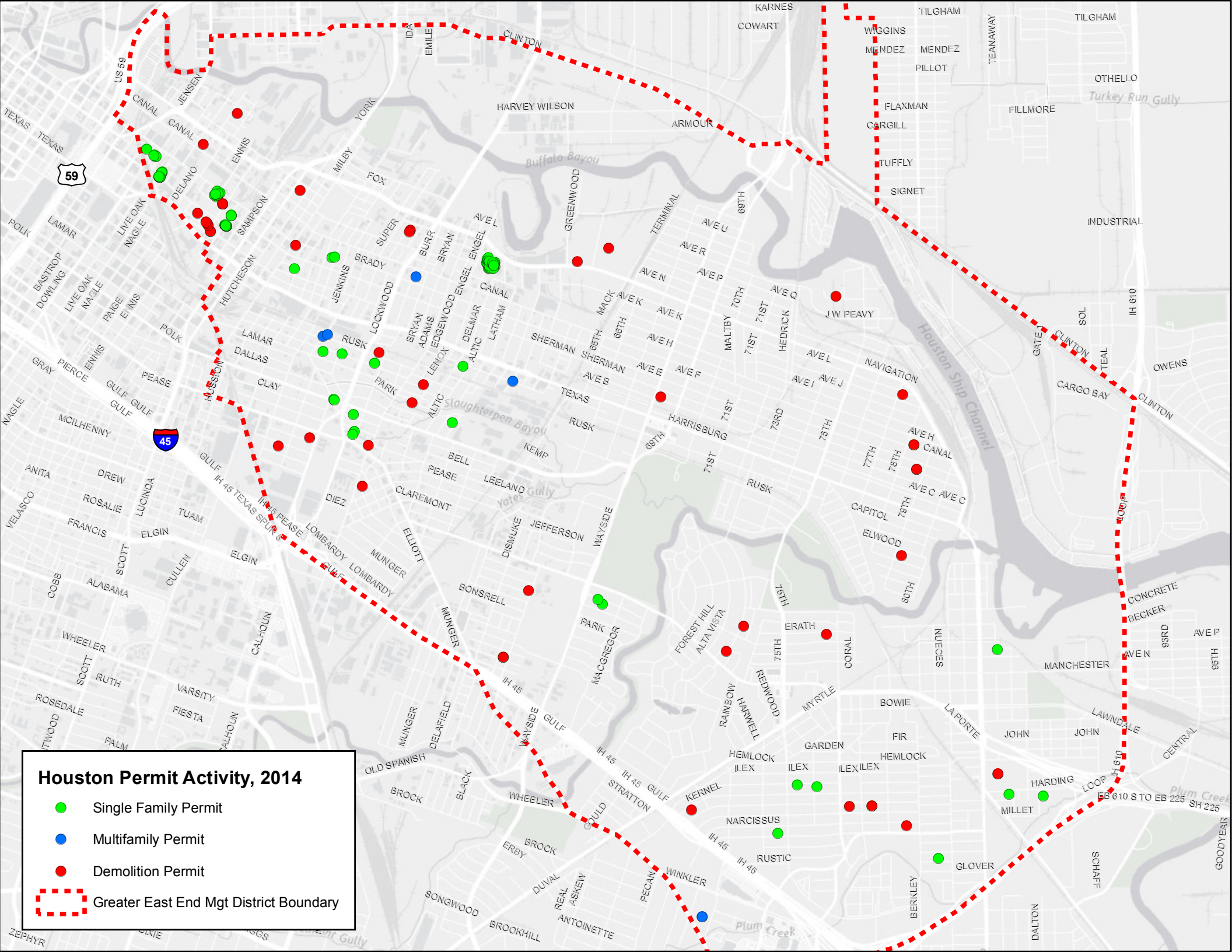
WHEELER

WHEELER



Houston Permit Activity, 2013

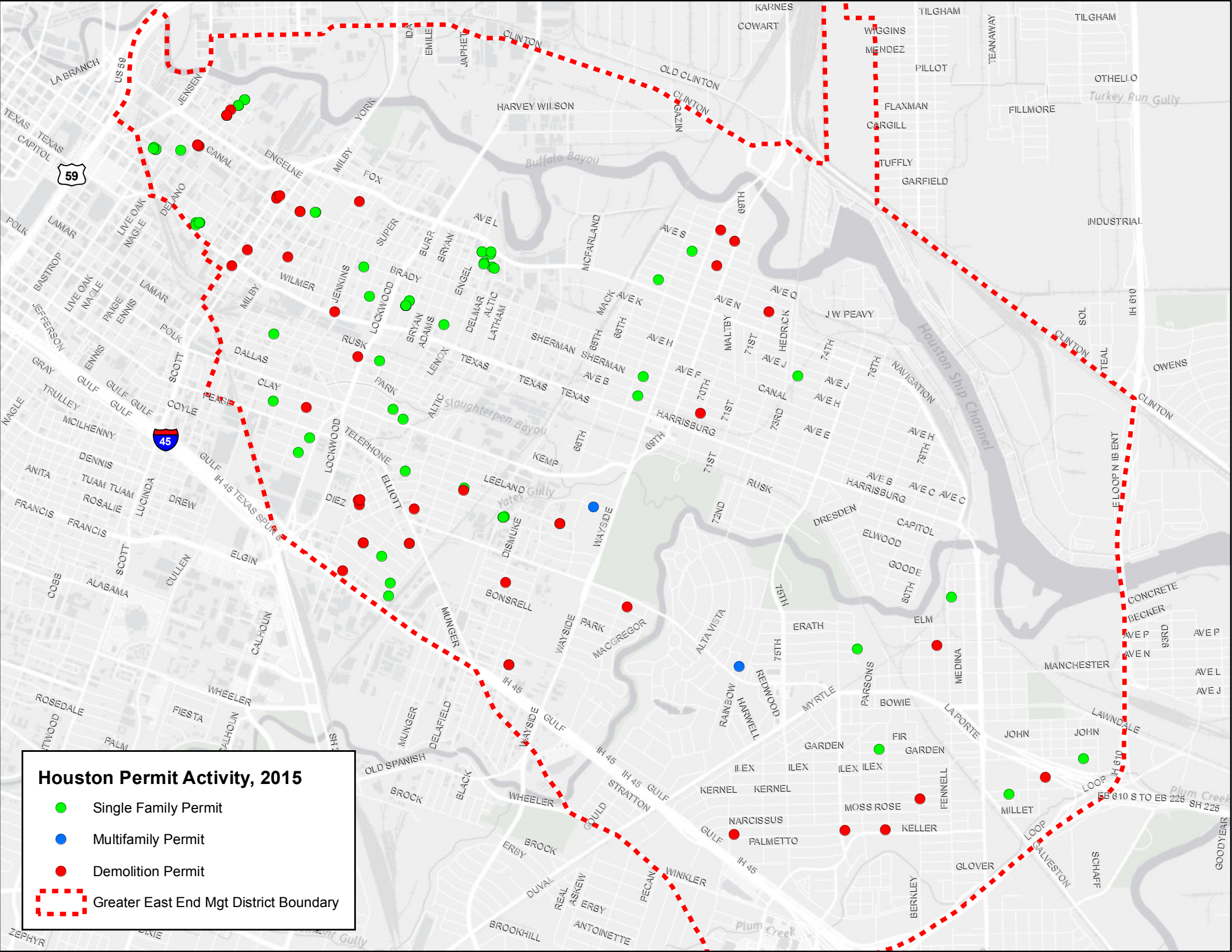
- Single Family Permit
- Multifamily Permit
- Demolition Permit
- ▭ Greater East End Mgt District Boundary



Houston Permit Activity, 2014

- Single Family Permit
- Multifamily Permit
- Demolition Permit

Greater East End Mgt District Boundary



Houston Permit Activity, 2015

- Single Family Permit
- Multifamily Permit
- Demolition Permit
- Greater East End Mgt District Boundary

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Buffalo Bayou

Houston Ship Channel

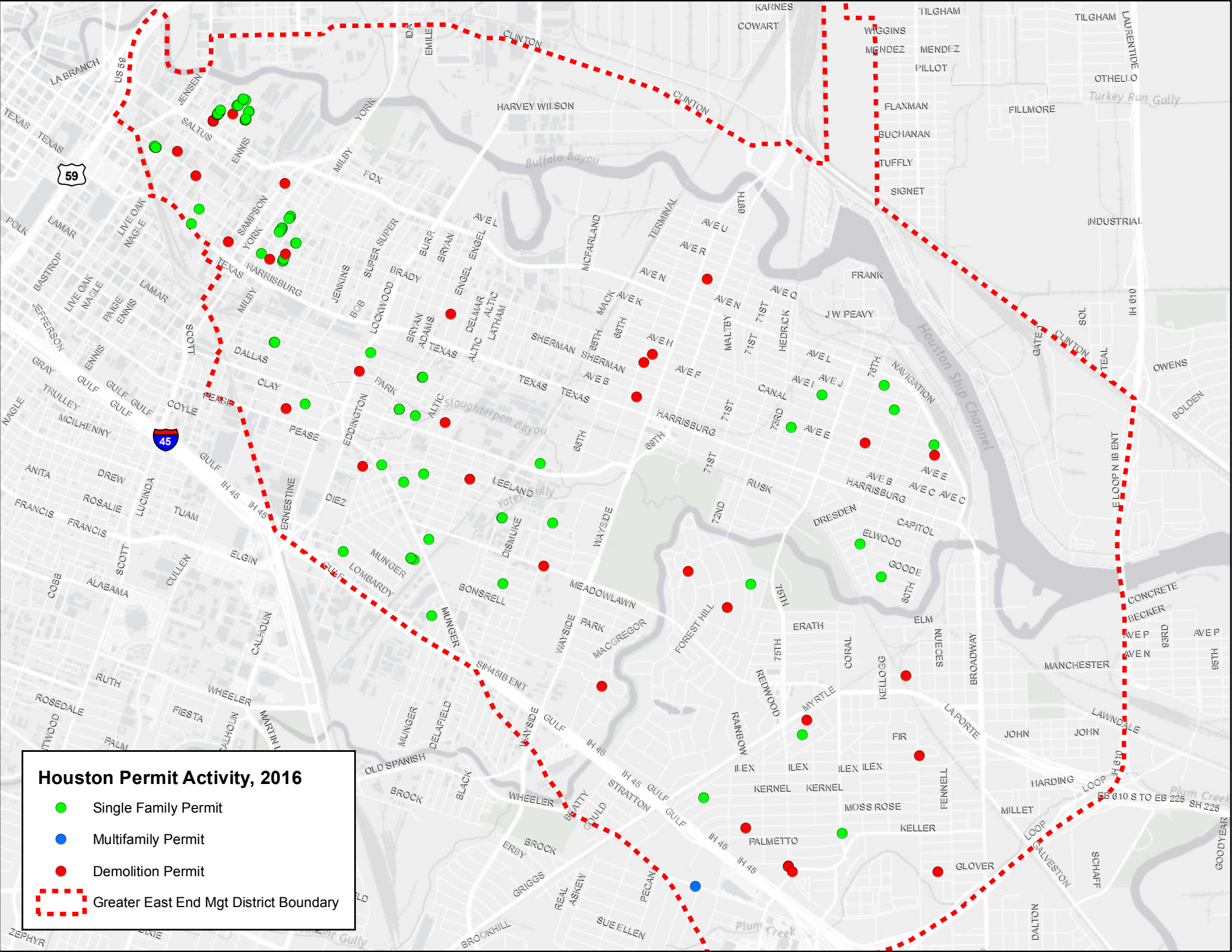
Slaughterpen Bayou

Yates Gully

Plum Creek

Turkey Run Gully

Plum Creek



Houston Permit Activity, 2016

- Single Family Permit
- Multifamily Permit
- Demolition Permit
- Greater East End Mgt District Boundary