

REVIVE EMANCIPATION PROSPECTUS THIRD WARD OPPORTUNITY ZONE



Center for Civic and Public Policy Improvement
Midtown Redevelopment Authority

**HOUSTON, TEXAS
DECEMBER 2019**

OPPORTUNITY ZONE PROGRAM OVERVIEW

The Opportunity Zone program was created by the federal Tax Cuts and Jobs Act enacted in 2017. Its intent is to encourage businesses to develop and invest in low-income communities throughout the United States. It is anticipated that the program will drive long-term capital to distressed communities by providing favored tax treatment for taxpayers who invest in Opportunity Funds, or “O Funds”.

Taxpayers who invest in “O Funds” will be able to defer capital gains tax through 2026, or whenever the investment in a qualified fund is sold or exchanged, whichever comes first. If the investment is held for longer than five years, taxpayers will realize a 10 percent exclusion of their deferred gain; if it is held for more than seven years, an additional five percent is excluded. In addition, assuming the investment is held 10 years, any additional gain realized on the investment itself is not taxed.

For additional information, go to:

www.enterprisecommunity.org/resources/policy-focus-opportunity-zone-program

<https://eig.org/wp-content/uploads/2018/02/Opportunity-Zones-Fact-Sheet.pdf>

<https://www.irs.gov/newsroom/opportunity-zones-frequently-asked-questions>

<https://bankingjournal.aba.com/2019/03/>

[lands-of-opportunity/](https://www.bankingjournal.aba.com/2019/03/lands-of-opportunity/)

<http://www.lisc.org/opportunity-zones>

INTRODUCTION

There are a number of transformative projects planned for the mixed-use node that centers around Emancipation Avenue and Elgin Street in Houston's Third Ward neighborhood. Significantly, the Center for Civic and Public Policy Improvement (CCPPI) and the Midtown Redevelopment Authority (MRA) are planning three catalytic projects for what has been dubbed Revive Emancipation!

The three projects are:

- Emancipation Center One, an "Affordable Housing Operations Center," with ground floor retail and commercial office space
- Emancipation Center Two, a 20-unit multi-family affordable housing development
- Emancipation East and West, a ±200-unit multifamily affordable housing mixed-use development

See pages 11-13 for additional project information.

THE PARTNERS

MIDTOWN REDEVELOPMENT AUTHORITY

Midtown Redevelopment Authority (MRA) administers Tax Increment Reinvestment Zone Number Two. Tax increment reinvestment zones help finance costs of redevelopment and encourage development in areas that would otherwise not attract sufficient market development in a timely manner.

MRA has acquired approximately 76 acres of land. In addition to making land available for the catalytic projects described previously, MRA is and is conveying this property to developers to the development of more than 250 units of affordable for-sale homes and more than 2500 rental units, as it deploys the *Southeast Houston Affordable Housing Initiative*.

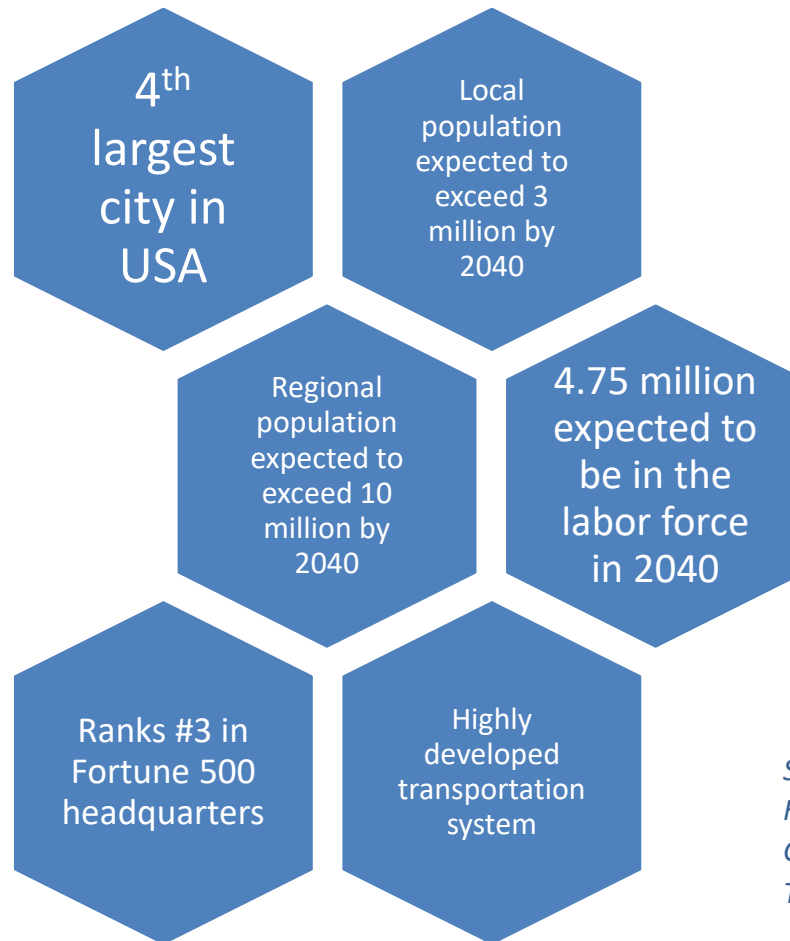
MRA will own the previously-described Emancipation Center One.

CCPPI

The nonprofit Center for Civic and Public Policy Improvement (CCPPI) promotes the advancement of economic opportunities by helping needy households to secure sound and affordable housing and human services. CCPPI has teamed with the Midtown Redevelopment Authority (and will team with others) to achieve these ends.

As of the fall of 2019, CCPPI will be engaged in the management of the previously-described Emancipation Centers One and Two.

THE LOCAL CONTEXT - HOUSTON



*Sources:
Houston-Galveston Area Council
Greater Houston Partnership
Texas Water Board*

THIRD WARD

The developments that comprise Revive Emancipation are located in the historic Third Ward neighborhood, which is only 1.5 miles from Downtown Houston. Emancipation Avenue, the focus of Revive Emancipation, is the primary business corridor of Third Ward.

Emancipation Avenue has been designated a Texas Main Street, which will be managed by the Emancipation Economic Development Council. The Emancipation Avenue Main Street project will provide business assistance, including training classes, technical support, and small business loans.



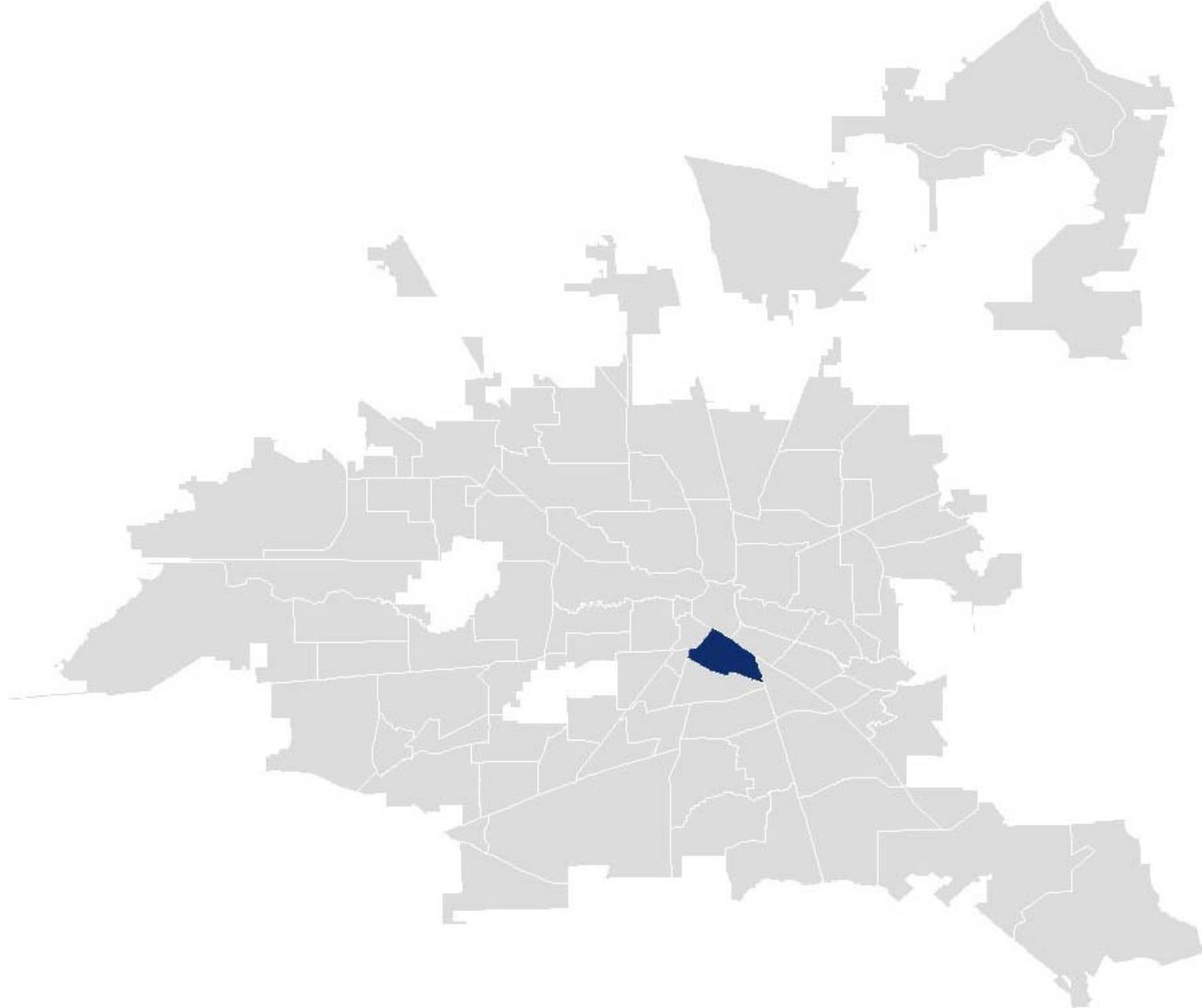
Six of the seven Third Ward census tracts have been designated opportunity zone census tracts. The CCPPI/MRA Revive Emancipation projects are located in Census Tract 3123.

The population of Third Ward is approximately 14,295. Population growth is occurring at a dynamic pace and there is substantial new residential development, much of it high end.

The neighborhood is featured in the **Midtown Affordable Housing Plan** and the **Southeast Houston Community Plan**. Moreover, it is the focus of the City of Houston **Third Ward Complete Communities Plan**.

The **Greater Third Ward Community Plan** designates Emancipation Avenue as an economic corridor that will benefit from small business loans and urban design improvements.

THIRD WARD WITHIN THE HOUSTON CITY LIMITS



Third Ward Opportunity Zone Census Tracts

THIRD WARD AMENITIES



- Adjacent to the planned Emancipation Center One is the iconic Emancipation Park (*pictured above.*) This park has recently undergone a \$33.5-million restoration.
- The University of Houston (UH), a Tier 1 school, and Texas Southern University (TSU), a historically Black institution of higher education, are located within the boundaries of the Third Ward neighborhood. TSU and UH are both situated within Houston's four-mile long Innovation Corridor. Linked by light-rail, bike lanes, and sidewalks, the Innovation Corridor offers easy access to key industry and institutional players, as well as an array of amenities to appeal to high-tech workers. Attractions include a variety of housing, dining, and recreational options.
- The renowned Texas Medical Center is on the western edge of the Third Ward neighborhood.

PUBLIC SECTOR RESOURCES

The Third Ward Opportunity Zone is one of the Houston Mayor's "Complete Communities." The objective of the Complete Communities initiative is to improve neighborhoods so that all of Houston's residents and business owners can have access to quality services and amenities. The City has initiated a number of initiatives that will serve as a catalyst for investment on and around the Emancipation Corridor, which is the gateway to the **Third Ward Complete Community.**

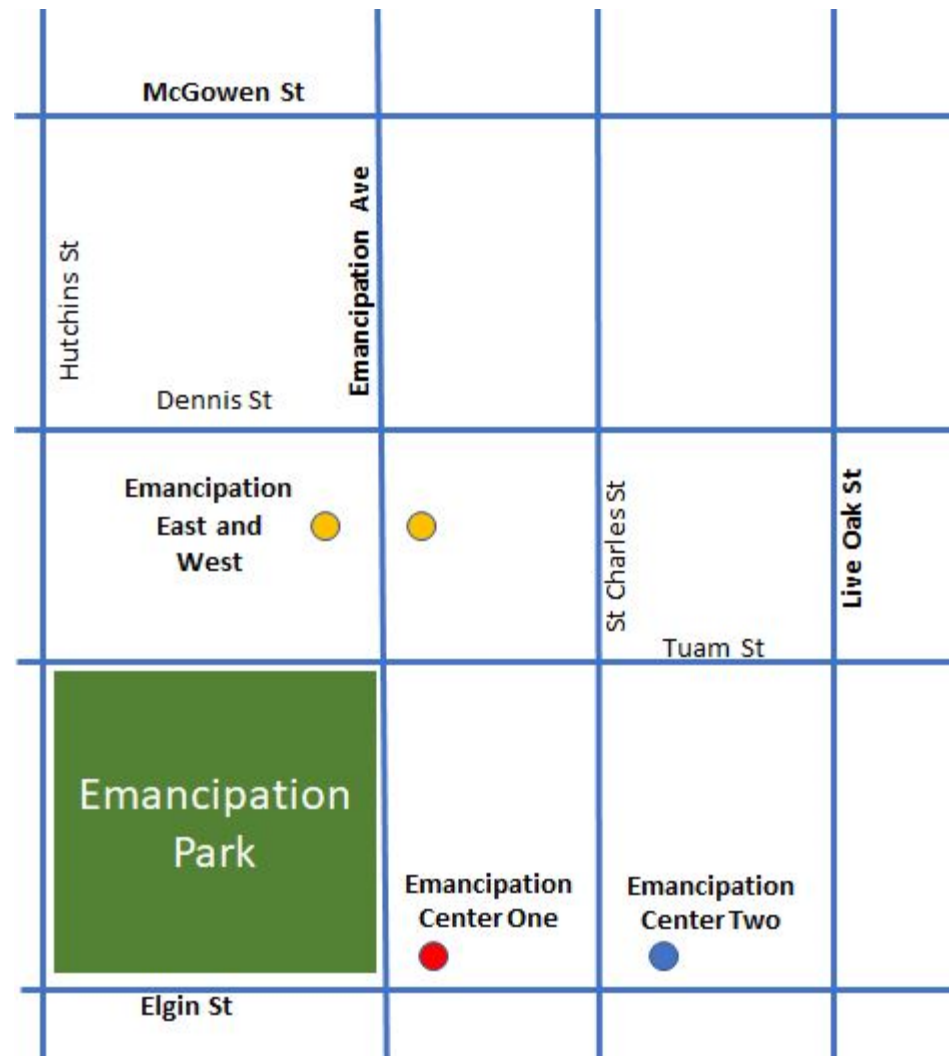
In addition, there are two tax increment financing entities (OST/Alameda Corridors Redevelopment Authority/TIRZ Number Seven and Midtown Redevelopment Authority/TIRZ Number Two) and a management district (Houston Southeast). These quasi-governmental entities have the ability to enhance and support Third Ward revitalization projects.



For example, TIRZ Number Seven has plans to invest in a number of capital projects that will enhance Emancipation Avenue and environs.



CCPPI/MRA EMANCIPATION REVIVE! PROJECTS



Project descriptions appear on pages 11-13.

Emancipation Center One



- When completed, this affordable housing operations center will be centrally located within the Houston region. A plat has been approved for a five-story, 58,000 square foot mixed-use building at the busy intersection of Emancipation Avenue and Elgin Street (3131 Emancipation Avenue).
- The facility will contain ground floor retail, commercial office space, and associated parking. A market study has been completed that demonstrates the feasibility of leasing space to these uses.
- The LEED-certified Emancipation Center One will be owned by the Midtown Redevelopment Authority and operated by CCPPI. CCPPI will be responsible for leasing space in the facility.
- The estimated development cost is \$24 million. Funding sources to date include the Midtown Redevelopment Authority/TIRZ Number Two, the OST/Alameda Corridors Redevelopment Authority/TIRZ#7, and others. The partners are in receipt of a bridge loan and permanent financing is being sought. *A pro forma is available on request.*

Emancipation Center Two/St. Charles Housing Development)

Twenty units of multi-family housing will be constructed adjacent to Emancipation Center One. On-site parking will be provided at this attractive affordable housing development.

A pro forma is available upon request to CCPPI. (CCPPI contact information appears on page 14.)



EMANCIPATION EAST AND WEST

Emancipation East and West is planned as a four-five floor development at Emancipation Avenue and Drew Street, with ± 200 units of multi-family housing (60% affordable), ground level retail, and associated parking.

The estimated cost of \$32 million will be funded through low income housing tax credits, local government funding, including dollars from MRA. Additional investment is being sought.



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