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Redevelopment Opportunities

LOCATION
40-acre, 12-block site to the north of Downtown Bay City, Texas

PRIVATE INVESTMENTS
Housing (e.g., apartments, townhomes, patio homes, traditional single-family), vertical mixed-use, commercial, and flex-space

PUBLIC INVESTMENTS
Building demolition, site clearing, land assembly and relocation, updated infrastructure, streetscape, creek enhancements, parks, plazas, sidewalks, and trails

FUNDING MECHANISMS
General obligation debt, TIRZ, grants, corporate sponsorships, public-private partnerships, and private investment

Community Vision
At the onset of this project, the community set forth a specific vision for North Downtown - a high-quality, mixed-use housing district that complements the commercial and civic activity of Downtown. Public input from focus groups, stakeholder interviews, and open house workshops reinforced this theme, leading a team of planners, urban designers, and real estate advisors to explore multiple design scenarios. Over a six-month process, the master plan evolved from a highly conceptual “bubble diagram” to specific development strategies that were substantiated by market research.

Study Area
The 40-acre, 12-block study area is located immediately north of Downtown Bay City. Its central location adjacent to Highway 60 and one block north of Highway 35 places it within close proximity to retail, restaurants, and entertainment. The site is served by water, sewer, and transportation infrastructure. Furthermore, most of the land is flat and readily buildable. With the possible exception of small salvage operations and a municipal recycling facility, little or no serious site contamination is thought to exist. However, a full environmental assessment is recommended. Cottonwood Creek diagonally bisects the site and serves as a unique natural amenity warranting public access and enhancement.

Housing Market
In context of Bay City’s historic growth catalysts, North Downtown’s market potential was more heavily influenced by employment projections rather than existing baseline indicators (e.g., population change,
Multi-Phase Design Approach

The master plan is divided into four phases based on the sequencing of private and public investments. These phases should be applied with flexibility to accommodate inevitable fluctuations in market demand and the availability of funding.

FEATURES
A. Park Plaza
B. Small Amphitheater and Splash Pad
C. Creekside Path
D. Neighborhood Park
E. Gateway
F. Railroad Buffer
G. Trail Connector
H. Streetscape
I. Weir

NEW USES
1. Mixed-Use
2. Commercial
3. Commercial or Hotel
4. Residential
5. Mixed-Use
6. Residential
7. Residential
8. Commercial
9. Residential
10. Flex-Space

Public Investments

The Bay City community will need to coalesce multiple revenue streams in order to fund major, up-front infrastructure investments. These core improvements will be necessary to attract the proposed type and quality of private investors. Rather than building everything at once, the City will need to be strategic by not overextending itself financially. New public infrastructure and amenities should be timed to coincide, as much as possible, with tax revenue increases.
unemployment rate, education). The following trends were used to identify development opportunities for the study area.

**ECONOMIC TRENDS**

- The community anticipates a projected increase of **800 to 900 permanent jobs by 2017**.
- Proposed construction projects will support **4,700 temporary jobs in 2014** and **3,600 in 2015**. Projections taper off in subsequent years.
- The 2013 announcement of a new Tenaris steel pipe manufacturing facility in Bay City will generate **600 new jobs** and up to **$1.5 billion in capital investments** starting in 2016.
- Employment is led by the utility (South Texas Project), education (Bay City Independent School District), and medical (Matagorda County General Hospital) sectors.

**HOUSING TRENDS**

- The City loses prospective residents to Lake Jackson and Fort Bend County due to their availability of newer housing stock, retail amenities, and more diversified job base for employed spouses. According to the Bay City Community Development Corporation (BCCDC), approximately 50 percent of South Texas Project’s workforce lives outside of Matagorda County and commutes 45 miles or more to work.
- No new multi-family development has occurred since 2004, and most units were built before the 1980s and are currently subsidized.
- Housing is approximately 60 percent owner-occupied and 40 percent renter-occupied.

**LOCAL DEMAND**

Market research indicates a modest demand for:

- Upscale single-family housing ($200k+);
- Small increments of small-lot, single-family homes (e.g., patio homes, townhomes);
- Furnished, upscale apartment units in or near Downtown; and
- A moderate-sized, market-rate apartment complex (e.g., Class B+ under 100 units).

Future housing needs will be inextricably tied to employment trends (e.g., Tenaris construction, STP retirements). Therefore, housing demand will increase in proportion to job opportunity.
Purpose and Background

Bay City is in need of a catalyst - a vision that stimulates public and private initiatives and results in a new wave of growth. Like many freestanding communities in the Houston-Galveston region, the extent and timing of future development is inextricably tied to employment. With new jobs in the pipeline, Bay City leaders want to ensure the community’s quality of life and development climate meet the needs of private investors and prospective residents. This plan sets forth a number planning and design strategies for a 12-block opportunity area to the north of Downtown. If strategically designed, funded, and sequenced, this largely vacant and underutilized land has the potential to augment Downtown activity. This type of complementary development will diversify and improve the community’s overall housing inventory - a necessary first step in attracting new residents.

The objectives of this plan are to:

- Develop strategies that will transform North Downtown into a high-quality, mixed-use district that accommodates a variety of housing types and complementary uses.
- Generate interest among developers and prospective community residents.
- Assess the timing, preliminary costs, and phases for land and infrastructure improvements to be incurred by public and private investors.
- Create multi-modal transportation networks that offer residents and business patrons the choice to walk, bike, or use other means of transit.
- Use Cottonwood Creek as a natural resource amenity to develop parks and open spaces within the neighborhood and in close proximity to Downtown.
- Identify funding mechanisms that can be used to pay for multi-use trails, environmental remediation, housing, infrastructure, and other pertinent improvements.

The Bay City Community Development Corporation (BCCDC) partnered with the Houston-Galveston Area Council (H-GAC) and Matagorda County Economic Development Corporation (MCEDC) to develop this plan as one of six regional case studies. It will be referenced as a companion resource to the 13-county Regional Plan for Sustainable Development (RPSD), which is primarily funded by the Sustainable Communities Regional Planning Grant program of the U.S. Department of Housing and Urban Development. This Bay City plan has been tailored to meet local needs while offering transferable recommendations and region-wide tools in the areas of transportation, housing, economic development, healthy communities, and the environment.

Stakeholder Engagement

In developing a plan for the study area, community participation was continuously solicited throughout the plan development process. The consultant team sought diverse guidance from groups of targeted stakeholders:

- Bay City Community Development Corporation;
- Matagorda County Economic Development Corporation;
- City Council;
- City staff;
- Neighborhood residents (half-mile radius of study area);
- Prospective residents and local employees;
- Land developers, brokers, bankers, and realtors;
- Downtown business owners/property owners; and
- Community organizations and leaders.
### Figure 2: Community Engagement Objectives

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Stakeholder Advisory Committee</th>
<th>Focus Groups</th>
<th>Individual Interviews</th>
<th>Community Workshops</th>
</tr>
</thead>
<tbody>
<tr>
<td>Define the community’s vision and guiding principles for the study area.</td>
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<td>Assess political and financial constraints and opportunities in the study area, including the historical development context.</td>
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<td>Refine the existing physical conditions and site feasibility analyses.</td>
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<tr>
<td>Identify housing, retail, and office needs and preferences based on qualitative findings.</td>
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<td>Build consensus on the preferred character types and organization of land uses.</td>
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<td>Document the sustainability gap analysis.</td>
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<tr>
<td>Inform design alternatives for the study area.</td>
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<tr>
<td>Provide iterative feedback on design and implementation strategies.</td>
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<tr>
<td>Lead post-planning implementation initiatives.</td>
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</tbody>
</table>
Four different methods of stakeholder input were obtained, as identified in Figure 2: Community Engagement Objectives (on the previous page).

**STAKEHOLDER ADVISORY COMMITTEE (SAC)**

The Stakeholder Advisory Committee included five members representing the BCCDC, MCEDC, City Council, and various community organizations to steer the plan development process. The consultants facilitated five SAC meetings to ensure committee members provided feedback and direction at every project milestone.

**FOCUS GROUPS**

Four focus groups were conducted with an average of 10 participants each. These groups included land and business owners, developers, local brokers, realtors, appraisers, nearby residents, and representatives from the BCCDC and City Council. One of the focus groups was held during lunch at the South Texas Project Nuclear Plant. This meeting generated input from a number of young and mid-level professionals that typically do not attend public meetings.

**INDIVIDUAL INTERVIEWS**

Individual interview sessions were held to solicit specialized background information from City staff, realtors, brokers, residents, and other local experts within the community. These 30-minute to one-hour conversations allowed the consultants to ask detailed questions in a discreet environment.

WWW.NORTHDOWNTOWNPLAN.COM

The project website features background information, an event calendar, and interim deliverables. After the planning process concludes, the site will continue to serve as a repository and marketing asset. It gives credibility to the public process, provides access to the findings and recommendations, and educates new stakeholders on the community’s vision.
COMMUNITY WORKSHOPS

Over the duration of the project, five community presentations were given to the general public. Targeted invitations were sent to civic organizations, real estate clubs, and participants of the workshop events. These meetings ranged from hands-on mapping and building block exercises to community presentations.

Region

Bay City’s key opportunities derive from its geographic location along the famed Colorado River and proximity to the Gulf of Mexico. The City is also within one of the strongest urban constellations in the entire United States (formed by Austin, San Antonio, Corpus Christi, and Houston). The latter metropolitan area, in particular, is expected to continue its remarkable growth in the coming decades driven by its surging domestic energy sector, world-renown medical center, and major ports.

With its inland coastal location, Bay City and other parts of Matagorda County are ideally positioned in the path of growth emanating from Houston and other major Texas cities. Near inland cities have an almost inexorable tendency to grow in the direction of the nearest coast. However, with the Interstate 45 corridor connecting Houston to the Gulf already intensively developed, the Interstate 59 corridor linking metropolitan Houston to Texas’ “middle coast,” by contrast, remains largely unspoiled. Add to this the major amenities presented by the Colorado River, the City’s small town ambiance, and stable regional job base, and Bay City has the potential for rapid growth.
Study Area Boundaries

The study area is bounded by Avenue F (west), 8th Street (south), Avenue J (east), and 11th Street (north). This plan will also explore the relationship and connections between the study area, Downtown, and the Southside Historic District.

Study Area

The 40-acre, 12-square block area that constitutes the study area is to the north of the Downtown Historic District (locally designated) and the Southside Historic District (designated by the National Historic Register), as illustrated in Figure 3: City Context on the previous page. Land uses consist of quasi-industrial activities, including a large number of grain silos. These buildings are some of the tallest structures in the City and offer character to the site. Other uses consist of recycling and composting operations, small salvage yards, and a few bars.

The study area is located to the west of Highway 60 and one block north of Highway 35, as illustrated in Figure 4: Study Area. Most of the land is flat, readily buildable, and - with the introduction of the overflow channel - mostly outside of the floodplain. The site is served by existing infrastructure including streets, water, and sewer. Much of the land is City-owned and either vacant or under built. With the possible exception of small salvage operations and the municipal recycling facility, little or no serious site contamination is thought to exist. However, a full environmental assessment of the area is warranted.

The natural environment is largely influenced by the location of Cottonwood Creek and its subsequent floodplain running north to south through the site. This natural amenity presents a redevelopment opportunity for an urban water feature. Stormwater management is a central development issue since much of the site was located within the floodplain prior to construction of a diversion channel along 7th Street. With the channel in place, the floodplain’s boundaries have been drastically reduced. As a result, many properties that were off limits are now feasible for development.
Figure 4: Study Area

Legend
- Study Area
- Redevelopment
- Urban Park
- Existing Residential
- Existing Commercial
- Gateways
- Active Railroad Corridor

- Highway Businesses
- Electric Sub Station
- Active Railroad Corridor
- Grain Elevator
- Cottonwood Creek
- Urban Park & Performance Venue
Development Patterns

The development pattern of North Downtown is reminiscent of the early 20th century. Bay City’s Downtown is on a grid street pattern, resulting in uniform block lengths and street connections. Some parcel sizes within the study area are uniquely sized to accommodate larger industrial uses such as grain silos, storage facilities, and a recycling center. These buildings are located adjacent to residences and commercial businesses, as seen in Figure 5: Development Patterns. However, the majority of properties within the study area are vacant. Most of these parcels are located directly adjacent to the rail line, although some parcels near Highway 35 are used for overflow parking to support commercial uses in Downtown (e.g., Wells Fargo parking lot). The major civic properties in the study area include the municipal recycling center and storage facility. All of the primary commercial uses are situated along Highway 60.

Bay City is characterized by low-lying residential and commercial structures that typically do not exceed two stories. The only structures that frame the skyline are the grain silos and other agri-industrial buildings, which extend up to eight stories high. The current development pattern is low density given the vast number of parking lots and vacant tracts of land. However, Downtown buildings to the immediate south are some of the most urban forms of development, resulting in a continuous building edge located near the street.
Figure 5: Development Patterns

Legend
- Study Area
- Vacant
- Single-Family Homes
- Multi-Family Homes
- Manufactured Homes
- Civic
- Storage
- Commercial
- Office
- Industrial
Land Ownership and Vacancy

Within the study area, there are relatively few parcels that are entirely built-out or occupied, as seen in Figure 6: Land Ownership and Vacancy. Several tracts are used for storage facilities, most notably the City’s parks and recreation storage facility at 11th Street and Avenue H, A Garay Iron & Metal Recycling Center along 8th Street, and a more formalized storage unit rental facility at 11th Street and Avenue F. The most significant vacant and unoccupied parcels are situated along the rail corridor where numerous grain operations historically took place. Since then, grain operations have become obsolete. While these vacant tracts are currently overgrown and underutilized, they could serve as centrally located parks and open spaces.

The site’s history and existing conditions - coupled with the number of City-owned properties within the site - make the study area ripe for redevelopment. The City can package individual sites and possibly discount land prices to incent development. City ownership allows greater control over developer selection and the quality and design of future projects. In the absence of zoning regulations, the City can still dictate design terms through development agreements, as discussed in Section 5, Implementation Strategies.
Figure 6: Land Ownership and Vacancy

Legend
- Study Area
- City-Owned Property
- Vacant Property

Study Area:
- A red outline surrounds the area of interest.

City-Owned Property:
- Shown in light blue.

Vacant Property:
- Shown in orange.
Most of North Downtown (above) lacks a formal streetscape. Revitalization of the study area would be further enhanced with new curbs and gutters, strategically placed landscaping, and outdoor furniture. These types of streetscape improvements along the courthouse square, as pictured below, serve as a model for surrounding development.

**Mobility**

Highways 60 and 35 provide primary access to the site along the western and southern boundaries of the study area. 11th Street runs along the northern boundary, and the rail corridor creates a definitive boundary to the east. The railroad tracks are moderately used on a daily basis, thus it will be important for the site to have safe crossings and signage for surrounding residents. Highways 60 and 35 are four-lane roadways with heavy traffic volumes during peak hours of business. Highway 60 carries the most industrial traffic and offers the least amount of pedestrian amenities. On the other hand, Highway 35 has sidewalks throughout the Downtown area (see *Figure 7: Mobility*). These paths must be well-maintained and continuous in order to encourage pedestrian use. Their connectivity is especially important in more urban environments, like the study area, where destinations are located within convenient walking distances.

Surface and off-street parking spaces are another major factor in redeveloping North Downtown. The study area contains a surplus of surface parking areas that are underutilized and/or poorly located. Their appearance and lack of use detract from the area’s vitality and overall character. As an alternative, many of the local businesses and buildings in the historic Downtown area offer on-street parking in front of buildings. Future development must provide a balance of on- and off-street spaces to provide convenient access while not dominating the landscape.
Opportunities and Constraints

SECTION 3

Development Context

As the Matagorda County seat, Bay City serves as a legal and administrative hub. The City’s vibrant Downtown has managed to retain its traditional, historic character, embodying many of the same features that newer planned communities attempt to replicate. The overall district generally consists of 24 square blocks, each measuring 350 feet by 350 feet. Its urban center or traditional “main street” is organized around a courthouse square, which is framed by blocks of well-preserved historic buildings and Highways 35 and 60. The City’s historic building pattern abuts the southern edge of the study area, as illustrated in Figure 8: Historic Core.

EMPLOYMENT

The region is home to large and growing industries, particularly in the booming energy sector (e.g., traditional oil and gas, compressed and liquefied natural gas, nuclear, and bio-fuels). A large cluster of related chemical and manufacturing companies are also present within the region. Of particular note is the cellulosic ethanol research facility recently developed by SGS Energia in Markham. This facility could help raise Bay City’s profile in the energy sphere and position it to host additional energy-related research and educational facilities in the future. Furthermore, a steel manufacturer, Tenaris, recently announced a new Bay City plant that will generate 600 additional jobs and up to $1.5 billion in capital investments.

In fact, there are few regions in the United States with a comparable presence across the entire spectrum of the energy industry. Not only is energy a strong growth industry, but employers within the sector are typically large and well-paying. A small uptick in employment can mean hundreds of new direct jobs plus legions of supporting (indirect) jobs. This inherent volatility makes it
extremely difficult to project the future demand for housing and commercial real estate.

**HOUSING**

As concluded in *Appendix A, Market Opportunities Report*, the current housing market shows modest demand for new housing construction. As demonstrated in the last decade, demand is capable of spiking (positively or negatively) with little notice. Unlike the *Market Opportunities Report*, which focuses on short- and medium-term demand (i.e., one to five years), the physical plan represents a significantly longer-term vision (i.e., more than 10 years) that exceeds typical employment projections. The physical plan, therefore, may take much longer to materialize than current market demand portends, but it doesn’t make it any less achievable over a longer planning horizon.

There are national demographic trends that also bode well for Downtown Bay City. Besides changing lifestyle preferences for more walkable urban living environments, these include the continued aging of the population and the growing demand for affordable retirement housing in warmer climates. Close proximity to both the coast and medical services will be an important market driver for North Downtown Bay City.

In interviews with employees at the South Texas Project (STP) and others, it was widely held that North Downtown could transform into a more convenient and “authentic” neighborhood alternative to conventional suburban development. The current supply of housing was characterized as inadequate - both in terms of available supply and features. Quality, market-rate rental units, particularly housing product catering to young and mid-level professionals, empty nesters, temporary contract workers (e.g., extended stay or corporate apartments), and active seniors was said to be in very short supply. As a result, Bay City

**Market Opportunities**

**MULTI-FAMILY HOUSING**

- Bay City’s multi-family housing stock primarily consists of subsidized units
- The local market competes with Lake Jackson and Fort Bend County
- The community’s apartment complexes have limited vacancies; no new development has occurred since 2004
- Bay City can support a moderate-sized, market-rate complex (Class B+ under 100 units)
- The community can absorb a new senior living project in addition to the existing two complexes
- The market can support a small quantity of furnished, upscale units in or near Downtown; potential for second-floor, adaptive re-use

**SINGLE-FAMILY HOUSING**

- Only 58.4 percent of homes are owner-occupied; many renters live in detached homes
- Only nine percent of housing stock was built since 1990; over two-thirds of housing stock was built pre-1980
- Bay City can only support small increments of demand unless job growth surges
- Provide incentives for development priced $250K+ and small quantities of patio homes or townhomes
- Encourage infill

**RETAIL AND COMMERCIAL**

- Retail and commercial growth will be slow
- Create a unique experience Downtown and continue improvement efforts
- Form a public-private partnership Downtown
- Avoid competing with Downtown in the study area

**HOTEL/LODGING**

- Pursue development of a full-service hotel, which includes dining and meeting facilities
- Focus near Downtown or the west side
was believed to be losing out to neighboring communities, particularly Lake Jackson, who were thought to offer newer housing stock, better retail amenities, and a more diversified job base for employed spouses. According to the BCCDC, approximately 50 percent of STP’s workforce lives outside of Matagorda County and commutes 45 miles or more to work.

**REGIONAL ASSETS**

Perhaps the City and region’s biggest untapped advantage is its location along the lower Colorado River. With improved recreational facilities and stronger promotion, the entire region stands to better capitalize on the growing recreation and cultural tourism markets. The added visitation and exposure that this could attract will have significant spillover effects on the region’s downtowns.

With this goal in mind, the communities along the Colorado River, including Bay City, should work to create a regional marketing platform (perhaps under the auspices of an expanded Matagorda Area Chamber of Commerce) to brand and co-market a circuit of complementary sites and events that are thematically tied to the Colorado River and Gulf of Mexico. Although this is currently being done to a limited extent by the Chamber, their promotional efforts are largely focused on the near coast (e.g., Matagorda, Selkirk, and Wadsworth). A wider, regional spotlight would allow each of the region's cities to achieve greater exposure than what each could hope to achieve individually. The pooling of resources will allow all of the communities to improve their visibility by positioning the river corridor (not just the coast) as a distinct geographic entity with identifiable nodes centered on their respective downtowns.

**Obstacles and Challenges**

Some of the redevelopment challenges presented include:

- Salvage and recycling operations which cast a forlorn image over the area and are sometimes difficult to relocate;
- Uneven property maintenance;
- Dilapidated industrial structures; and
- A general air of abandonment and inactivity.

Some concern exists about superficial site contamination and the condition of the area's infrastructure, which is thought to be some of the oldest in the community. The infrastructure is also basic with no curb, gutter, or sidewalks and limited street lighting. Some privately owned sites are also interspersed among the larger public parcels which could interfere with development scalability and site optimization unless they can be consolidated into single ownership.

Other challenges include the same things that confront downtowns throughout the country – a declining retail base; stubbornly high commercial vacancies; and older buildings that are both functionally and economically challenging to renovate given low prevailing rental rates. These issues underscore the fact that the 12 blocks that make up North Downtown cannot be planned in vacuum. Downtown’s perceived vitality will have a drastic impact on developer recruitment regardless of what the market data says. The City will need to continue improving aesthetics and business climate on a Downtown-wide basis if it wants to attract quality developers to the study area. This includes strategies such as:

- Better-defined community/Downtown gateways;
- Improved/expanded infrastructure and streetscape;
• Property owner education and incentives; and
• Direct business assistance.

These programs can have a particularly strong impact on property market dynamics if they are concentrated in focus areas such as Downtown and North Downtown.

Currently, many of the City’s economic development programs are administered jointly by the BCCDC and MCEDC. These programs include: tax abatements, façade grants, and technical advisory services to small or expanding businesses. A remarkable success story of this City-County partnership is The Fat Grass Restaurant and Bar. The business used public funding for both physical building improvements and start-up working capital. The City does not administer its own revolving loan program but instead utilizes H-GAC’s Economic Development Administration-backed regional program.

Although the City, through the BCCDC, operates its own business incubator and provides a range of in-house counseling and placement services, there are no existing micro-loan programs to help finance start-ups. Furthermore, area banks are not actively engaged in local community development activities. The Bay City Chamber hosts Market Days and the annual Rice Festival, but there is no permanently active Downtown Merchants Association or Business Improvement District (BID) to assist in event organization and promotion. There are also no established Tax Increment Reinvestment Zones (TIRZs) in Matagorda County, and most Downtown historic buildings are ineligible to tap historic preservation tax credits because of the lack of National Register listing. Finally, the community lacks institutional capacity to administer a wider selection of economic development programs without additional staff.

Moving Forward

Looking ahead, the City will need to expand and focus its economic development programs on Downtown and North Downtown in order to maximize business and development activities. These initiatives may range from simply adding sweeteners or bonus features to existing programs (e.g., revolving loan programs, façade grants, etc.) to implementing powerful new structures such as TIRZ and housing incentives. Another possibility is mobilizing area banks to develop a shared lending consortia favoring Downtown businesses and development projects.

In the interim, developers will want to know more than the physical plan for Downtown and North Downtown. They will also want to know the public infrastructure and financing strategy to facilitate redevelopment. These improvements include: land assembly, relocation of recycling and compost facilities, creek reconstruction, street and sidewalk installation, and streetscape improvements. The City will need to have ready answers to these questions; a timeline for their completion; and multiple funding sources lined up before beginning the developer solicitation process, as described in Section 5, Implementation Strategies.

Although the construction of most of the physical infrastructure will occur simultaneously with new construction (i.e., at the time that a new tax revenue stream is being created), reconstruction of the creek itself should occur well beforehand. Creek amenities, combined with the relocation of existing municipal facilities, will stimulate strong developer interest. These investments will also remain undamaged during private development unlike traditional infrastructure improvements.
Design Process

At the onset of this project, the community set forth a specific vision for North Downtown - a high-quality, mixed-use district that accommodates a variety of housing types and complementary uses. Public input from focus groups, stakeholder interviews, and open house workshops reinforced this theme, resulting in two design alternatives (see Concept A and Concept B to the left). While both options include an interconnected system of parks, trails, and open spaces, they vary as to the amount of residential, commercial, and mixed-uses. Given that the market will ultimately dictate the specific composition of development, this plan uses the community vision to establish general guidelines for the quality, character, and spatial organization of North Downtown. A gap analysis was conducted to assess pre-and post-planning livability conditions, as documented in Appendix B: Gap Analysis.

Multi-Phase Strategy

The master plan is divided into four phases based on the sequencing of private and public investments (e.g., park and plaza development, creek enhancements, core infrastructure improvements, and environmental remediation). These phases should be applied with flexibility to account for inevitable fluctuations in employment, real estate demand, and availability of local, state, and federal funds. While this section identifies the planning and design components of each phase, the proceeding section provides strategic recommendations on the specific actors, funding streams, and other considerations.

FEATURES

- A. Park Plaza
- B. Small Amphitheater and Splash Pad
- C. Creekside Path
- D. Neighborhood Park
- E. Gateway
- F. Railroad Buffer
- G. Trail Connector
- H. Streetscape
- I. Weir

NEW USES

1. Mixed-Use
2. Commercial
3. Commercial or Hotel
4. Residential
5. Mixed-Use
6. Residential
7. Residential
8. Commercial
9. Residential
10. Flex-Space
North Downtown Master Plan
Phase I

- **Infrastructure improvements and beautification**
  - Upgrades to streets and sidewalks
  - Premium enhancements along Avenue G and 8th Street (East)

- **Open space investments**
  - Public plaza
  - Amphitheater and splash pad

- **Creek engineering and enhancement**
  - Creek bed and diversion structures
  - Associated trails

- **Private development**
  - Facilitated redevelopment and infill
Creek Enhancement and Park

The proposed park and creek improvements will serve as a market catalyst, attracting a critical mass of visitors (and public investment) to stimulate demand for new residential and mixed-use developments. The improvements will enhance the existing natural amenities, while functioning as a unique community destination that supplements the activity of Downtown.
Open Space Plan

A. Obelisk / Tower Element
B. Performance Plaza / Water Play Feature
C. Stage Structure
D. Creekside Path
E. Pedestrian Bridge
F. Overlook Seating
G. Creek Plaza
H. Trail Connection to Highway 60
I. Gazebo and Walkway Connection to Creek
J. Creekwalk Entrance Plaza
K. Playground
L. Court Sports
M. Park Parking Lot
N. Volleyball
O. Vegetable Plots
P. Park Pavilion
Q. Trail Connector
R. Urban Streetscape
S. Shared Public/Private Parking
T. Public Parking
U. Natural Plantings at Creek Edges
Creek Water Level

The proposed creek design uses several weirs to raise and maintain a consistent water level in Cottonwood Creek. These control gates function as small dams, resulting in less environmental impact than larger and more conventional structures.
Avenue G Streetscape

Avenue G functions as a central spine to North Downtown, warranting enhanced streetscape improvements which include wider sidewalks (17-foot urban terrace), premium landscaping treatments, and outdoor furniture.
Phase 2

- Environmental assessment and remediation
  » Recycling center relocation
- Infrastructure improvements and beautification
  » Upgrades to streets and sidewalks
- Private development
  » Facilitated redevelopment and infill, including approximately:
    • 20-25 patio homes;
    • 20-25 townhomes;
    • 50-70 traditional apartment units (two-story); and
    • 20-40 mixed-use upper floor units (two-story).
Residential Streets

The interior, residential streets are designed with sidewalks, on-street parking lanes, street trees, and built-to lines to encourage pedestrian activity and a greater sense of enclosure throughout the neighborhood.
Phase 3

- **Infrastructure improvements and beautification**
  » Highway 60 streetscape, wayfinding, and secondary gateway features

- **Private development**
  » Facilitated redevelopment of commercial and mixed-use frontage

Source: KKC

Source: Strong Cities, Strong State
Gateway and Pocket Park

A linear pocket park is proposed on the east side of Highway 60, connecting the creek and public plaza to a larger community trail system. This public space includes premium gateway monumentation, multi-use trails, and shaded outdoor seating areas.

Source: Carmel Arts and Design District
Source: Socket Site
Phase 4

- **Infrastructure improvements and beautification**
  » Upgrades to streets and sidewalks
  » Major utility improvements along Avenue I
- **Environmental assessment and remediation**
  » Relocation of salvage yard and compost facility
  » Silo reuse and/or redevelopment
- **Open space investments**
  » Neighborhood park
- **Private development**
  » Facilitated redevelopment and infill

**Flexible Building Space**

The fourth phase aims to preserve the area’s existing industrial character while introducing new opportunities for flexible building uses. Proposed uses range from “clean industrial” operations (i.e., not heavy manufacturing) to artisanal office spaces.
Repurposing the Grain Silos

Across the country, former agricultural facilities have been transformed into functional hotels, apartments, office spaces, and iconic public art. The following examples identify ways in which Bay City’s silos can enhance the surrounding “rural urban” environment.
Implementation Strategies

SECTION 5
Introduction

Turning a plan into reality requires much more than adoption. The community must commit to long-term implementation, lasting up to 10 to 15 years. The plan will require a firm financial commitment from City leaders to fund the necessary infrastructure; make strategic acquisitions (and sales) of real estate; and expand/prioritize staff capacity to take on major redevelopment undertakings.

A project of this scale will come together in phases over the course of many years. Redevelopment, however, is not a linear process that unfolds in a predictable sequence. Instead, it is inherently opportunistic, time-sensitive, and fraught with unforeseen obstacles. Staff must be prepared to veer from the playbook if special opportunities arise that can accelerate desired outcomes or forestall future problems.

As stated earlier, plan implementation will be aided by programs and activities affecting the entire community and Downtown, with the intent of improving the overall business climate. Positioning Downtown as the hub of public life and local entrepreneurship will help add vitality, instill investor confidence, and help build the market for new housing and mixed-use buildings in the study area.

Public Investment

The City will need to make a significant, up-front infrastructure investment in order to attract the desired types of projects and investors to the site. It is difficult to get developers and investors to believe in the vision until they see someone - such as the City or a major property owner - take the lead. Like any investment, it is intended to generate returns that well exceed the...
original cost. In making these investments, however, the City will need to be strategic, measured, and pragmatic to avoid overextending itself financially. Rather than building everything all at once, adding new public infrastructure and amenities should be timed to coincide, as much as possible, with tax revenues increases.

The big-ticket item and development catalyst is the creek reconstruction, as proposed in Phase I. Although it is expected that Bay City will be able to leverage various regional, state, and federal grants to offset costs, the City will still need to front-load public investments that won’t be fully recouped for several years. Nevertheless, this major investment is absolutely critical to making the plan a reality. Elsewhere, the more typical street and infrastructure improvements can be coordinated with private development to minimize municipal debt and potential construction damage.

Generalized Cost Estimates

At the master plan level of detail, design and engineering interventions are proposed on a conceptual basis. The preliminary cost estimates in Figure 9: Basic and Premium Implementation Strategies, generally account for proposed community amenities that would need to be leveraged through public funding mechanisms (e.g., GO debt, TIRZ, grant programs) and public-private partnerships (e.g., corporate sponsorships, community fundraising, developer agreements).

**Figure 9: Basic and Premium Implementation Strategies**

<table>
<thead>
<tr>
<th>BASIC FEATURES</th>
<th>($6.3 MILLION)</th>
<th>BASIC + PREMIUM FEATURES</th>
<th>($10.7 MILLION)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Demolition and Grading</strong></td>
<td>Site clearing (e.g., existing pavement, parking lots, buildings); grading; and creek engineering.</td>
<td>Site clearing (e.g., existing pavement, parking lots, buildings); grading; and creek engineering.</td>
<td></td>
</tr>
<tr>
<td><strong>Utilities</strong></td>
<td>Assumes infrastructure is sufficient to support proposed development strategies and does not include the cost of utility improvements.</td>
<td>Water, stormwater, and sanitary utility upgrades and modernization to improve the site to “shovel-ready” building conditions.</td>
<td></td>
</tr>
<tr>
<td><strong>Roads and Sidewalks</strong></td>
<td>Road and sidewalk improvements, including paving, curb, and gutter; intersections and street signs; and basic decorative elements (e.g., street furniture, gateway accents, lighting) to improve safety and appearance.</td>
<td>Road and sidewalk improvements, including decorative paving, colored concrete, curb, and gutter; intersections and thematic street signs; and premium decorative elements (e.g., street furniture, gateway accents, lighting) to improve safety and appearance.</td>
<td></td>
</tr>
<tr>
<td><strong>Park Areas, Creek Enhancement, and Amenities</strong></td>
<td>Street trees, basic landscaping, plaza with landmark, amphitheater, trail system, and basic creek and neighborhood park development.</td>
<td>More frequent street trees, denser landscaping, plaza with obelisk, amphitheater, trail system, and enhanced creek and neighborhood park development (e.g., volleyball courts, community gardens).</td>
<td></td>
</tr>
</tbody>
</table>
Redevelopment Ramp Up

Plan implementation requires proactive City leadership to lay the physical and political groundwork necessary to catalyze private-sector development. A project of this scale will come together in multiple phases over the course of many years.

Potential Revenue Streams

The community will need to pursue multiple revenue streams to implement the North Downtown Plan. This diagram indicates general percentages for funding sources.
More detailed cost estimates are included in Appendix C: Preliminary Cost Estimates. These calculations were derived using computer-aided design takeoffs and generalized costs per unit or linear yard. However, the figures are to be used for planning purposes only given the significant number of unknown variables: fluctuating cost of land, labor, and building materials; availability of public funds; and additional site preparation or remediation that arises from environmental and engineering assessments. These factors will directly influence the design specifications – such as quality, quantity, and scale - to ensure the project fits within budget.

The estimates have been divided into basic and premium phasing strategies to facilitate decision-making and project prioritization. As a cost-saving measure, the community may want to start with the basic approach, which includes all of the principal design features (except utilities) referenced in the plan. Premium elements, such as denser landscaping and park amenities can be upgraded as funds become available.

Predevelopment Steps

The greatest amount of work in a project of this scope occurs during the predevelopment phase - long before any construction work begins. Depending on how many staff hours can be dedicated to this effort, the preparation can last many months or even years. Politically, this time can result in project failure if the full commitment of the City’s elected leadership has not been solidified beforehand. It is at this stage that most of the obstacles will be encountered (e.g., financing, staffing constraints).
For this reason, it is very important that staff exudes strong project management skills and is able to clearly communicate the process and estimated timetable involved. Mobilizing for this effort involves the following overlapping steps listed in general order:

1. Formation of Project Management Team
2. Property Owner Meetings
3. Grant and Corporate Sponsorship Solicitation
4. Creation of a TIRZ
5. Design and Engineering
6. Environmental Assessment and Remediation
7. Land/Easement Acquisition and Relocation
8. Marketing and Brokerage
9. Master Developer Agreement
10. Developer Selection

While Steps 1 through 4 will help kick-off the project writ large, some elements of Steps 5 through 9 will need to occur at the outset of every new project phase.

**STEP 1: FORMATION OF PROJECT MANAGEMENT TEAM (PMT)**

A critical aspect of approaching a project of this magnitude is building the capacity of City staff to lead and manage it. In the absence of hiring additional staff or on-call consultants (with specialized expertise in redevelopment planning and implementation), the City will need to rely on the help of community leaders with valuable knowledge of development finance, architecture and engineering, construction management, project management, grant writing/solicitation, real estate development/
brokerage, marketing, and land use law. Therefore, enlisting the philanthropic community, business leaders, and volunteer professionals - as already seen in existing community processes - is an important first step in the redevelopment effort.

Together with City and Matagorda County community development staff (including public works), a collection of individuals with these types of talents will need to meet regularly to apportion some of the workload and manage the schedule. PMT members should be selected not only on the basis of their specialized knowledge, but also on their willingness to assume responsibility for some of the work effort. Ideally, they would be non-political, non-conflicted community-minded individuals willing to commit to a minimum of one to two years of service. This may involve up to twice-monthly meetings and 50 to 100 hours of volunteer work per year (i.e., five to eight hours per month).

Generally speaking, the size of the PMT should not exceed 10 to 12 community members. Special subcommittees of three to four individuals each may also be needed to accomplish special tasks that don’t need the full group’s involvement (e.g., grant identification and writing, website development, etc.).

**STEP 2: PROPERTY OWNER MEETINGS**

At the outset of implementation, City staff will need to reach out individually to key property/business owners within the study area who did not participate in the workshops and public meetings leading up to this plan. While some property owners will welcome new changes (and the appreciation of property values that will result), others will be

**General Coordination and Programming**

**Downtown Improvement Association or District.** Collaborate with business owners to develop an improvement association (i.e., voluntary private non-profit with dues) or a business improvement district (i.e., mandatory public agency with assessments). Case studies from other small towns indicate that a cohesive private-sector entity in partnership with the public sector is usually required for revitalization success. The organization can lead or facilitate capital improvements, maintenance, and programming.

**Business Finance Programs.** Partner with area financial and educational institutions and the Matagorda County Economic Development Corporation to expand the range of economic development programs available to Downtown businesses. Examples of such programs are a revolving loan fund, micro-lending program, and enhanced business counseling and technical services.

**Public-Private Partnerships.** Recognize that revitalizing Downtown will require the formation of a public-private partnership among the public sector, property owners, and businesses. Each participant must be willing to expend time, money, and effort. Before risking capital, the private sector will need to be convinced of the public sector’s commitment to implement change and provide resources where and when appropriate. That said, public sector efforts and expenditures will have little impact if Downtown’s private sector interests are not committed to the revitalization objectives.

**Code Enforcement.** The Downtown area will struggle to attract new residents and businesses if the appearance and structural condition of buildings is of significantly lower quality than is available elsewhere. This is especially true for retail businesses that fear loss of inventory due to building deterioration. While the City does not want to encourage demolition of properties (unless they are beyond financial or physical repair), the City should exert pressure on property owners to keep buildings up to code.

**First-Time Homebuyer Program.** Engage local financial institutions, government agencies, and non-profit organizations to create a first-time homebuyer program focused on Downtown and North Downtown. This type of assistance will interest young professionals and other prospective residents by helping them purchase market-rate housing.
resistant. Outreach efforts will help to update them on the City’s vision and commitment to respecting existing resident interests.

For those willing to sell for a reasonable price, the City would be wise to either purchase or enter into a long-term option to secure those properties. For those who need to relocate a business, staff may offer land swaps with parcels that it owns (or can acquire) outside of the study area.

STEP 3: GRANT AND CORPORATE SPONSORSHIP SOLICITATION

The leveraging of state and federal grants for the plan’s public infrastructure components is critical in accelerating the plan and reducing local costs. Soon after the plan’s completion, City officials should arrange individual meetings with the area’s elected representatives and appropriate state and federal agencies to solicit their help in identifying and securing grants for public infrastructure, hazard mitigation, and economic development. Cost estimates for individual elements should be developed ahead of these meetings, and local funding sources (e.g., GO debt, TIRZ) clearly identified before approaching prospects. More information is provided in the Grant Solicitation inset on the following page.

Part of this solicitation process should also include pursuit of corporate sponsorships, another possible revenue stream that can supplement larger pools of money. Whether it’s naming rights or other assets that can be leveraged to the benefit of local companies, this type of funding should be pursued with small and large community-minded businesses.

STEP 4: CREATION OF A TIRZ

Tax increment financing is one of the most powerful redevelopment tools available to municipalities throughout the U.S. When used responsibly, it is a highly effective way to partially fund infrastructure and lessen taxpayer burdens. TIRZ can fund hard and soft costs associated with redevelopment, including land purchase, relocation costs, public infrastructure, streetscape amenities, recreational facilities, developer cash incentives, developer financing, marketing and brokerage fees, consultant fees, and staff salaries (or portions thereof). It is our understanding that the City is already familiar
Grant Solicitation

The City should augment local investments with regional, state, and federal grants. Receiving one or two of these funding sources will help to catalyze the interests of other public and private investors. Most grants needed to implement the North Downtown Plan will fall under four categories: infrastructure, parks and recreation, environmental remediation, and stormwater management. However, many sources support multiple project types, such as H-GAC’s Downtown Public Spaces Improvements Program. It funds streetscapes, signage, trees, and public parks. In addition to public resources, many private funding streams, such as the Trull Foundation Grant Program or Wells Fargo Environmental Grant Program, target specific philanthropic interests. The following illustration identifies agencies that can be approached and plan elements that can be leveraged in the grant selection and application process.

Depending upon local staff and project management team capacity, the City may want to hire a part-time grant writer to begin the research, writing, and solicitation process. The contract could be funded through TIRZ on a performance basis. This work should be supplemented by direct outreach to state and federal legislators to recruit buy-in and technical assistance.
Hotel property. This important renovation project may require a significant developer cash incentive to get off the ground.

The means in which the City uses TIRZ financing will depend on how much new taxable value will be created in each project phase (as well as the availability of other sources to fund basic infrastructure). Another factor will be other developer subsidies that the City can bring to the table such as free land and/or tax abatements, etc. Given the plan’s modest building densities and the City’s low tax rates, it is unrealistic to think that a new TIRZ will finance everything on its own (e.g., new infrastructure, land purchases, and developer cash incentives).

Developer “incentives” may consist solely of free or steeply discounted land next to an enhanced creek within a vastly improved Downtown area. Cash incentives above this will only be justified (and financially supported) by development of extraordinary quality and density. In these cases, a fairly safe rule of thumb is no more than 20 percent of new taxable value should be paid to the developer in the form of cash (i.e., less the cost of land if also acquired via the TIRZ).

In the end, however, the City will have to determine its short- and long-term capacity to offer incentives. It may have to over-subsidize the initial phase(s) with the hope that it can be reimbursed in the latter ones. This can sometimes be justified in order to reduce developer risk on the front end as the market is being established. Later phases typically receive less since they are generally less risky.

Because TIRZs have built-in expiration dates, it is generally not wise to officially establish the district until projects are ready to be implemented.

with the workings of TIRZs through its experience with the proposed Destination Square project.

In establishing a TIRZ boundary, the City should attempt to avoid non-redevelopment areas (especially single-family areas) where change is unlikely or unintended. Conversely, the TIRZ should extend beyond the main redevelopment area where new, non-TIRZ revenues can be anticipated and captured in the district.

For these reasons, the boundaries of the North Downtown TIRZ, as illustrated in Figure 10: Proposed TIRZ Boundary, will not neatly coincide with those of the study area. Rather, the North Downtown TIRZ should avoid the single-family blocks north of 10th Street and extend well into the core Downtown area. This includes any projects on the periphery of Downtown that may soon be in the path of new development, with a special focus on larger vacant (infill) parcels. Included within the TIRZ boundary should also be the Bay-Tex...
Much of the preparation work, however, can be done beforehand, including:

- Constituent/property owner education;
- Establishing the TIRZ boundary;
- TIRZ project plan;
- Blight determination study and redevelopment plan; and
- Creation of a joint taxing body review committee.

**STEP 5: DESIGN AND ENGINEERING**

The design concepts depicted in this plan, as in most plans, are largely conceptual and thematic in nature. They are intended to communicate the key organizing features - density and scale of a new urban neighborhood - as well as the general relationship between buildings, streets, and open space. This plan’s purpose is to present an overall vision and strategy to help generate financial support and developer interest. Invariably, what materializes in actual “bricks and mortar” should be inspired by the plan in a general, rather than absolute, sense.

The concept plan is informed by public meetings, the *Market Opportunities Report*, and readily available, second-party information. Invariably, there will be adjustments to the conceptual design that will have to be made in response to newly discovered site constraints (e.g., easements, unstable soil, uncooperative property owners, etc.) that are largely unknown until comprehensive surveys, property owner meetings, and/or environmental investigations are evaluated for each parcel. These constraints need to be worked through between the landscape designer and engineer working at the scale of the individual lot or block. Therefore, each of the public features shown in the plan, including streets and sidewalks, will need additional level(s) of “as built” detail prior to actual construction.

Once a funding source has been identified (e.g., GO debt), the City should engage a qualified design-build civil engineering firm to translate the design concepts for new streets and water features into construction drawings. The engineer’s task is not to redesign the public components, but to refine (and where necessary slightly modify) the conceptual designs in response to the nuances of further site investigation. A certified hydrologist may need to be engaged to do any re-engineering or widening of the creek and to design and construct weirs.

Like the actual construction work itself, the engineering scope should be divided into phases and bid accordingly. Firms experienced in surface water management and stream engineering should have:

- A good understanding of the various state and federal permitting requirements;
- Established agency relationships with the Federal Emergency Management Agency, Department of Natural Resources (DNR), etc.; and
- Knowledge of available grant programs.

Some firms can even assist with grant preparation if called upon. The City should explore firms’ willingness to do grant writing on a performance basis, as this type of contractual arrangement typically engenders the highest likelihood of success.

**STEP 6: ENVIRONMENTAL ASSESSMENT AND REMEDIATION**

Depending on the qualifications of submitting firms, the environmental work may be bundled with the design and engineering work or bid separately. Ideally, this work should precede any further acquisition of real estate by the City. However, individual property owners may resist the City gaining...
access to their property to do testing without an in-hand purchase option or contingent purchase offer.

Based on a cursory investigation, it does not appear that any of the sites within the study area will require a significant amount of active environmental remediation. However, the presence of small-scale salvage yards always pose the possibility of superficial soil contamination. Underground storage tanks are also found in greater concentration in urbanized areas such as this. The municipal recycling facility will need to be evaluated for any historic activities that pose an environmental risk, including those that predated its current use.

A Phase 1 environmental analysis of the study area will determine the nature and possible extent of any environmental problems based on database searches and historical uses of property. It will also target specific areas for soil testing (i.e., Phase 2) if warranted. If “hot spots” are located, they can typically be “worked around” by placing impervious cover (e.g., parking lots, building foundations) over them to prevent water infiltration and exposure. In the worst cases, soil may have to be excavated and disposed of in special landfills and monitoring wells installed. In most cases, the presence of residual contamination may affect the timing and expense of land preparation but not its future use. There are also numerous brownfield grant programs available through the Economic Development Administration (EDA), Environmental Protection Agency (EPA), DNR, and H-GAC to help investors deal with site contamination issues. That said, the City should never close on a property without first doing environmental due diligence and without an indemnification agreement from the seller (if at all possible). Brownfield insurance is another way for the City to protect itself in situations where environmental conditions are believed to exist, but where current owners are unable or unwilling to conduct their own clean-up work prior to sale.

**STEP 7: LAND/EASEMENT ACQUISITION AND RELOCATION**

This activity is one of the slowest and most time-consuming aspects of redevelopment, requiring as much lead time as possible. There will be two different types of property acquisition involved in this project: (1) land that needs to be acquired for permanent public uses, and (2) land that the City will need to combine with existing City-owned parcels and transfer into private hands for redevelopment.

There are very different legal constraints that attach to the different types of acquisitions. The former will be identified through the design and engineering process via survey and are obtainable through a number of formal and informal processes. The latter must be acquired voluntarily at “arms length” unless the sites are determined to be blighted (i.e., risk to public health, safety, and welfare).

As mentioned earlier, many property owners will see that the proposed improvements will likely boost property values and will welcome the changes. The City should not hesitate to solicit the donation of needed, un(der)used land from agreeable property owners to the BCCDC in exchange for tax write-offs. In cases where the owner is hesitant to sell outright a strip of land (e.g., trail segment), a public easement may be sufficient. Easements, inasmuch as they restrict use, also have value that can be purchased or donated in-lieu of special assessments.

As for assembling future building sites for private developers, the City has considerably less influence. While it might be tempting to just leave this up to the private sector, the reality is that fewer developers will be interested in the project unless the land and public amenities are assembled and “packaged” for them.
Therefore, it behooves the City to work toward consolidating and controlling key privately owned sites, especially ones that break up publicly owned tracts or those whose appearance will dampen developer interest. Public control doesn’t always have to mean outright purchase. Long-term options can essentially achieve the same result without the immediate expenditure of funds. In addition to enhancing the project’s overall marketability, public acquisition allows the insertion of design covenants into deeds or incorporated into public-private development agreements. These controls serve as an alternative to zoning, while still helping to encourage quality developments.

A great deal of finesse and creativity is required to assemble land. Unfortunately, the unveiling of a plan often raises property owners’ expectations regarding land value to unrealistic heights. The amount of ease or difficulty in achieving a fair purchase can be discerned through initial property owners meetings (Step 2). If owners are unwilling to sell, the City (and developers) will need to look for opportunities elsewhere.

Public entities frequently use proxies or “surrogate buyers” to insulate them from the price increases that sometimes accompany public acquisitions. The public buyer (or buyer’s agent) will need to conduct research before going into these discussions to establish parameters for valuation (e.g., assessed values, appraisals, comparable sales, etc.) and a fair process for resolving disputes (e.g., appraisal averaging). Overdue tax bills, outstanding code violations, and obvious signs of deferred maintenance may provide clues (and leverage) as to an owner’s willingness to sell at a fair price. The age, health, and business succession plans of the owner are other factors. Developer willing, reluctant sellers can sometimes be partnered in as an equity investor in the project if the parties can agree on the contribution value of the land.

Figure 11: Redevelopment Opportunities

Approximately half of the study area’s parcels are vacant (teal-colored) or City-owned (yellow-colored), as seen in the illustration below. Private development interest will be contingent on the City assembling individual parcels into a larger and more consolidated infill site. This “packaging” effectively reduces the timing and cost of redevelopment.
If business continuation is the owner’s main resistance (i.e., versus price), the City should have possible relocation sites lined up and be prepared to pay all relocation and business interruption costs per the Federal Uniform Relocation Act.

As a very first step in the process, the City should immediately work to relocate its existing recycling and compost facilities to a more appropriate location off site. The recycling center, in particular, occupies a very attractive parcel of developable land in the center of the study area. Its relocation would eliminate a visual deterrent to new investment and open up a large amount of creek frontage for private development. The City should conduct preliminary (Phase 1) environmental analysis on this site to determine the extent of contamination (if any) and be prepared to conduct clean-up activity if warranted. An environmental indemnification from the City to a new buyer will likely need to be included in any future development agreements pertaining to this site.

### STEP 8: MARKETING AND BROKERAGE

In order to generate the widest possible interest in the project among the best qualified developers, the City will need to develop professionally produced marketing materials and disseminate them through various channels. These include traditional and nontraditional marketing collateral (e.g., printed brochures, trade magazine advertisements, e-blasts, websites). The content of the materials should be concise and include both community- and site-specific project information, key plan graphics, highlights of the Market Opportunities Report (e.g., basic demographics, employment, and income data), information about City incentives (e.g., TIRZ, discounted land), and the desired qualifications of developers. The material should direct inquiries to a dedicated project website where additional information, including the complete versions of the Market Opportunities Report and the North Downtown Plan can be obtained.

Depending on the capacities of City staff, the actual marketing of the project can either be done in-house or outsourced to a well-networked broker with statewide contacts. Greater
Matagorda County and metropolitan Houston should be the main target of the initial marketing campaign. As a first step, a quality printed pamphlet should be produced to summarize the vision, site, and market opportunities.

Because of the extensive opportunities already presented to developers in the region, it is recommended that the City not initiate the developer solicitation process with a formal RFP/Q. Instead, it should initially attempt to generate as much interest with as little process and formality as possible. If a good fit is found quickly, the City should be prepared to enter into exclusive negotiations with the qualified developer. If/when a significant pool of qualified developers comes forth, a subsequent RFP/Q process can help winnow the list to a manageable few. Developer selection criteria should include:

- Experience in similar projects and communities;
- Overall impressiveness of portfolio;
- Reputation and references;
- Estimated project costs;
- Financial strength; and
- Extent of public assistance being requested.

**STEP 9: MASTER DEVELOPMENT AGREEMENT**

As stated earlier, the fact that the City controls much of the land to be redeveloped (and/or will subsidize new development) means that it can contractually enforce better design quality and use restrictions. In other words, the City has leverage as part of a voluntary development agreement contract to negotiate both future use and design irrespective of zoning or other land use controls. Deed restrictions and design covenants can be written into such agreements and legally recorded. Although each agreement will be different (i.e., there may be several depending on how many developers become involved), there are a few core elements that should be contained in each of them. Key considerations include, but are not limited to:

- Construction beginning and completion dates;
- Estimated total project costs;
- New tax increment generated;
- Stipulations on design quality including: materials, setbacks, building heights/shapes, articulation, design character, and parking accommodations;
- Final design review and sign-off authority favoring the City;
- Environmental hold harmless/indemnification;
- Proof of financing (e.g., letters of credit, loan commitments, personal financial statements);
- Breakdown of ownership data (e.g., rental, condominium) and use by square feet (e.g., residential, retail, mixed-use);
- Public access easements and improvements;
- Public area maintenance agreements;
- Minimum ownership tenure, including “no flip” clauses;
- Property reversion (“clawback”) clauses in case the terms are not followed; and
- Refundable performance deposit or bond (typically between two to five percent of the total estimated project costs).

Generally, these items will vary by project and be summarized in a developer “term sheet” that would precede the formal development agreement. The term sheet is a stripped down version of the development agreement and
provides a legal framework for negotiation. It should include renderings, plans, and other exhibits showing the proposed architectural character, site layout, and materials palette.

The master development agreement is a template spelling out the expectations of the City and developer. A standard agreement guarantees a measure of consistency and fairness in the review and negotiation of publicly assisted (re)development projects. Each agreement can be further refined to address the unique characteristics and circumstances of each individual project.

STEP 10: DEVELOPER SELECTION

Assuming that the City is successful in drawing interest from multiple developers, it may opt to go through a regular RFP/Q process as briefly described in Step 8. Choosing a developer from a larger pool of candidates should be determined by who: (1) can deliver the best product for the least amount of public subsidy, and (2) can demonstrate a high level of financial ability.

The criteria for selecting the best developer closely follows the proposed development agreement terms in Step 9. Besides financial capability, the City should look for similar project experience, references, a high per-square-foot construction cost estimate, and a desire to adhere to this plan. The formation of a special committee and scoring matrix will facilitate oversight and fairness in the selection process.
As part of the project team, CDS Market Research developed a comprehensive Market Opportunities Report that guided development patterns and implementation strategies in the North Downtown Plan. The report findings were a central component to the overall project approach, warranting full inclusion as a separate companion resource.
The project team conducted pre- and post-planning gap analyses to assess the effectiveness of design and implementation strategies proposed in the North Downtown Plan. The general principles are based on the U.S. Department of Housing and Urban Development’s six “livability principles.” The project team further refined these criteria by developing a scoring system that addressed the issues and needs of Bay City residents. The pre- and post-planning values, which are noted on the left-hand columns of the table, were derived using a Likert scale, ranging from negative two (-2) to positive two (+2).

**Figure 12: Gap Analysis**

<table>
<thead>
<tr>
<th>BEFORE</th>
<th>AFTER</th>
<th>PROVIDE MORE TRANSPORTATION CHOICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>-2.00</td>
<td>+2.00</td>
<td>Sidewalk and trail connectivity to major destinations</td>
</tr>
<tr>
<td>0.00</td>
<td>+1.00</td>
<td>Roadway and sidewalk safety</td>
</tr>
<tr>
<td>-0.33</td>
<td>+0.50</td>
<td>Condition of transportation infrastructure</td>
</tr>
<tr>
<td>+1.33</td>
<td>+1.25</td>
<td>Distance to work</td>
</tr>
<tr>
<td>-2.00</td>
<td>0.00</td>
<td>Access to non-automobile modes of travel</td>
</tr>
</tbody>
</table>

Develop safe, reliable, and economical transportation choices to decrease household transportation costs, reduce the nation’s dependence on foreign oil, improve air quality, reduce greenhouse gas emissions, and promote public health.

<table>
<thead>
<tr>
<th>BEFORE</th>
<th>AFTER</th>
<th>PROMOTE EQUITABLE, AFFORDABLE HOUSING</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.67</td>
<td>+1.50</td>
<td>Availability of housing</td>
</tr>
<tr>
<td>+0.33</td>
<td>+1.00</td>
<td>Affordability of housing</td>
</tr>
<tr>
<td>-0.33</td>
<td>+2.00</td>
<td>Location of housing</td>
</tr>
<tr>
<td>-1.67</td>
<td>+2.00</td>
<td>Quality of housing</td>
</tr>
<tr>
<td>-1.33</td>
<td>+1.50</td>
<td>Variety of housing types</td>
</tr>
<tr>
<td>-1.00</td>
<td>+2.00</td>
<td>Access to entertainment, retail, and jobs</td>
</tr>
</tbody>
</table>

Expand location and energy-efficient housing choices for people of all ages, incomes, races, and ethnicities to increase mobility and lower the combined cost of housing and transportation.
### Enhance Economic Competitiveness

<table>
<thead>
<tr>
<th>BEFORE</th>
<th>AFTER</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>+0.67</td>
<td>+1.50</td>
<td>Access to employment centers</td>
</tr>
<tr>
<td>+0.33</td>
<td>+1.00</td>
<td>Access to educational opportunities</td>
</tr>
<tr>
<td>+1.00</td>
<td>+1.50</td>
<td>Access to basic needs, services, and conveniences</td>
</tr>
<tr>
<td>+0.33</td>
<td>+1.00</td>
<td>Business access to regional and national markets</td>
</tr>
<tr>
<td>-1.00</td>
<td>+1.50</td>
<td>Quality of industrial buildings and business parks</td>
</tr>
<tr>
<td>-1.67</td>
<td>+1.50</td>
<td>Selection of retail stores and entertainment venues</td>
</tr>
<tr>
<td>-0.33</td>
<td>+2.00</td>
<td>Quality of commercial buildings</td>
</tr>
</tbody>
</table>

Improve economic competitiveness through reliable and timely access to employment centers, educational opportunities, services, and other basic needs by workers as well as expanded business access to markets.

### Support Existing Communities

<table>
<thead>
<tr>
<th>BEFORE</th>
<th>AFTER</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>+0.33</td>
<td>+2.00</td>
<td>Revitalization and re-use of existing assets</td>
</tr>
<tr>
<td>-0.67</td>
<td>0.00</td>
<td>Transit-oriented development</td>
</tr>
<tr>
<td>+0.33</td>
<td>+2.00</td>
<td>Mixed-use development</td>
</tr>
<tr>
<td>+0.00</td>
<td>+2.00</td>
<td>Efficiency of public works investments</td>
</tr>
<tr>
<td>+0.00</td>
<td>+2.00</td>
<td>Protection and enhancement of open space</td>
</tr>
</tbody>
</table>

Target federal funding toward existing communities—through such strategies as transit-oriented, mixed-use development, and land recycling—to increase community revitalization, improve the efficiency of public works investments, and safeguard rural landscapes.

### Coordinate Policies and Leverage Investment

<table>
<thead>
<tr>
<th>BEFORE</th>
<th>AFTER</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.33</td>
<td>+1.00</td>
<td>Intergovernmental collaboration</td>
</tr>
<tr>
<td>-0.33</td>
<td>+2.00</td>
<td>Public-private funding leverage</td>
</tr>
<tr>
<td>-0.67</td>
<td>+2.00</td>
<td>Accountability and effectiveness to plan for future growth</td>
</tr>
</tbody>
</table>

Align policies and funding to remove barriers to collaboration, leverage funding, and increase the accountability and effectiveness of all levels of government to plan for future growth, including making smart energy choices such as locally generated renewable energy.

### Value Communities and Neighborhoods

<table>
<thead>
<tr>
<th>BEFORE</th>
<th>AFTER</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.00</td>
<td>+2.00</td>
<td>Uniqueness of community destinations, public spaces, and landmarks</td>
</tr>
<tr>
<td>+0.33</td>
<td>+2.00</td>
<td>Neighborhood sense of identity</td>
</tr>
<tr>
<td>+1.00</td>
<td>+2.00</td>
<td>Promotion of community health</td>
</tr>
<tr>
<td>+1.00</td>
<td>+2.00</td>
<td>Neighborhood safety</td>
</tr>
</tbody>
</table>

Enhance the unique characteristics of all communities by investing in healthy, safe, and walkable neighborhoods—rural, urban, or suburban.
Preliminary Cost Estimates

APPENDIX C
As discussed in Section 5: Implementation Strategies, these preliminary cost estimates are to be used for planning purposes only given the significant number of unknown variables. The assumptions are documented in Figure 9: Basic and Premium Implementation Strategies. The totals for each strategy include a 10 percent design and construction management fee, as well as a 15 percent contingency fee. While the latter fee takes into consideration the fluctuating costs of land, labor, and building materials, it does not account for the large number of unknown variables that will be discovered through more advanced environmental and engineering assessments. This detailed level of site evaluation should occur in Step 6 of predevelopment work (see Page 61).

**Figure 13: Preliminary Cost Estimates**

<table>
<thead>
<tr>
<th>BASIC FEATURES</th>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
<th>Phase IV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition and Grading</td>
<td>$ 419,000</td>
<td>$ 195,000</td>
<td>$ 232,000</td>
<td>$ 195,000</td>
<td>$ 1,041,000</td>
</tr>
<tr>
<td>Utilities</td>
<td>-- NOT INCLUDED IN COST ESTIMATES --</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roads and Sidewalks</td>
<td>$ 760,690</td>
<td>$ 651,780</td>
<td>$ 376,830</td>
<td>$ 745,420</td>
<td>$ 2,534,720</td>
</tr>
<tr>
<td>Park Areas, Creek Enhancements, and Amenities</td>
<td>$ 489,350</td>
<td>$ 58,600</td>
<td>$ 646,700</td>
<td>$ 243,370</td>
<td>$ 1,438,000</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$ 1,669,040</td>
<td>$ 905,380</td>
<td>$ 1,255,530</td>
<td>$ 1,183,770</td>
<td>$ 5,013,720</td>
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<tr>
<td>Design and Construction Management (10%)</td>
<td>$ 166,904</td>
<td>$ 90,538</td>
<td>$ 125,553</td>
<td>$ 118,377</td>
<td>$ 501,372</td>
</tr>
<tr>
<td>Contingency Fee (15%)</td>
<td>$ 250,356</td>
<td>$ 135,807</td>
<td>$ 188,330</td>
<td>$ 177,566</td>
<td>$ 752,058</td>
</tr>
<tr>
<td>Total</td>
<td>$ 2,086,300</td>
<td>$ 1,131,725</td>
<td>$ 1,569,413</td>
<td>$ 1,479,713</td>
<td>$ 6,267,150</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BASIC + PREMIUM FEATURES</th>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
<th>Phase IV</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demolition and Grading</td>
<td>$ 419,000</td>
<td>$ 195,000</td>
<td>$ 232,000</td>
<td>$ 195,000</td>
<td>$ 1,041,000</td>
</tr>
<tr>
<td>Utilities</td>
<td>$ 482,000</td>
<td>$ 537,000</td>
<td>$ 430,000</td>
<td>$ 422,000</td>
<td>$ 1,871,000</td>
</tr>
<tr>
<td>Roads and Sidewalks</td>
<td>$ 1,140,100</td>
<td>$ 677,300</td>
<td>$ 419,200</td>
<td>$ 996,300</td>
<td>$ 3,232,900</td>
</tr>
<tr>
<td>Park Areas, Creek Enhancements, and Amenities</td>
<td>$ 881,400</td>
<td>$ 134,300</td>
<td>$ 935,200</td>
<td>$ 441,500</td>
<td>$ 2,392,400</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$ 2,922,500</td>
<td>$ 1,543,600</td>
<td>$ 2,016,400</td>
<td>$ 2,054,800</td>
<td>$ 8,537,300</td>
</tr>
<tr>
<td>Design and Construction Management (10%)</td>
<td>$ 292,250</td>
<td>$ 154,360</td>
<td>$ 201,640</td>
<td>$ 205,480</td>
<td>$ 853,730</td>
</tr>
<tr>
<td>Contingency Fee (15%)</td>
<td>$ 438,375</td>
<td>$ 231,540</td>
<td>$ 302,460</td>
<td>$ 308,220</td>
<td>$ 1,280,595</td>
</tr>
<tr>
<td>Total</td>
<td>$ 3,653,125</td>
<td>$ 1,929,500</td>
<td>$ 2,520,500</td>
<td>$ 2,568,500</td>
<td>$ 10,671,625</td>
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</tbody>
</table>