
MARKET ANALYSIS AND ECONOMIC DEVELOPMENT STRATEGY EAST ALDINE MANAGEMENT DISTRICT



Prepared for:

East Aldine Management District
5202 Aldine Mail Route
Houston, Texas 77039



Prepared by:



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Table of Contents

Table of Contents	i
Table of Exhibits	iii
Executive Summary	1
Background	2
Previous Research	3
Study Objectives	3
Methodology	4
Present Land Use	5
District Population and Demographics	8
District Commercial Real Estate Market	10
Apartments.....	10
Retail Space	11
Office Space.....	13
Industrial Space	13
Principal Factors Driving Economic Development	18
Economic Development Opportunities	20
Positioning	22
Properties Suited for Future Development	23
Capital Improvements that Enhance District Appeal	25
Water and Sewer Improvements	25
Drainage Improvements.....	27
Parks	29
Hike and Bike Trails	30
Roadway Improvements	31
Mobility, Landscaping and Signage Improvements.....	32
Future Town Center	33
Organizations and Programs that Support Economic Development	34
Education.....	34
Safety and Security.....	36

Area Economic Development Organizations.....	37
Recommended Economic Development Strategy	39
Situation	39
Recommended Strategy	40
Recommended Marketing Program	42
Appendix A – Interview Respdents	43

Table of Exhibits

Land Use Distribution	5
Land Use Map	6
Population and Demographics	8
Apartment Data	10
Retail Store Data	11
Industrial Building Data	13
Office Data	13
Forecast Passenger and Cargo Traffic Activity	18
Estimated Current and Forecast Annual Traffic	19
Vacant Properties Suited for Future Development by Projected Land Use	23
Vacant Properties Suited for Future Development	24
Existing and Planned Water and Wastewater Projects	27
Mobility, Landscaping and Signage Improvement Plan	32
Future Roadway and Town Center	33

Executive Summary

- Current land use is predominantly single-family residential along with a sizeable industrial component. However, over a third of total acreage is vacant.
- Population growth is slower than that in Houston or Harris County.
- Retail space occupancy is currently stronger than in the overall Houston market – 97% vs. 84%. Industrial space occupancy is also somewhat better.
- Bush Intercontinental Airport is a major driver of North Houston area economic development.
- Vehicular traffic on US 59 is expected to almost double in the next 20 years thereby benefitting development along that artery.
- There appear to be attractive mid-term development opportunities in medium size office/warehouse and small manufacturing and services facilities. Longer term, apartment, retail, restaurant, professional office and single family housing development opportunities should be available.
- The District should position itself to attract small industrial and service businesses.
- CDS has identified 34 properties, mostly small, that are well suited to future development in a variety of uses, primary service related.
- Capital improvements completed, underway or planned will enhance the District's appeal.
- In addition, there are a number of organizations and programs that support economic development.
- As a strategy, the District should focus efforts on two corridors – JFK north of Aldine Mail Route and US 59. Consideration should be given to acquiring and land banking properties along the east side of 59 prior to completion of water and wastewater improvements in that area.
- An eight-part marketing program is recommended to attract developers and users to the District.

Background

A brief history of the East Aldine Management District (EAMD or District), formerly called the Aldine Improvement District, is as follows:

- The District was created by the Texas Legislature in June 2001.
- The District encompasses 15 square mile area of Harris County surrounded on three sides by the City of Houston.
- The District is framed by three major roadways providing excellent access to all parts of the Houston MSA – Hardy Toll Road on the west, Sam Houston Parkway (Beltway 8) on the north, and Eastex Freeway (US 59) on the east.
- The on-site EAMD office is only four miles from air freight and passenger terminals at Houston Intercontinental Airport and twelve miles from the Port of Houston Turning Basin.
- The source of revenue for the District is a one-cent sales tax on retail sales within the District. Total tax revenue has increased from \$0.9 million in 2002 to nearly \$3.5 million in 2008.
- Early achievements of the District included:
 - Securing a Texas Water Development Board grant for a \$445,000 study and long-range master plan to provide sanitary water and sewer service to over 11,000 households.
 - Obtaining a TxDOT grant to fund 20% of the \$3 million cost of sidewalks on both sides of the primary commercial street, Aldine Mail Route (AMR), between US 59 and the Hardy Toll Road.
 - Installation of 100 new street lights along AMR, a joint project with CenterPoint Energy.
 - An on-going clean-up campaign to eliminate litter, graffiti, abandoned vehicles, hazardous materials, heavy trash and illegal dumping.
 - Early planning and coordination efforts leading to the development of facilities and amenities described later in this report.

Previous Research

This report is a next generation study following a benchmark market analysis and initial assessment of a possible economic development strategy performed by CDS for the District in April 2005. Sections in the study were devoted to:

- District population and demographics.
- Real estate market conditions in the District.
- Perceived attributes of the District.
- Perceived negatives and disadvantages.
- Educational support.
- Safety and security in the District.
- Planned flood control improvements.
- Planned park and hike & bike trail improvements.
- Water and sewer infrastructure.
- Developer site selection criteria.
- Properties identified as having development potential.
- Recruitment targets.
- Impact of retail development on District revenue.
- Recommended economic development strategy.
- Elements of a possible marketing program for the District.

Study Objectives

The primary objectives of the analysis described in this report were to:

- Update the key parts of the 2005 study to provide the basis for a new market-driven economic development strategy.
- Direct EAMD management in planning, targeting and implementing programs for marketing the District and business recruiting.

Methodology

The methodology employed in connection with the current study was similar to that utilized in the 2005 assessment, the only exception being that permitted by enhanced in-house technology. Steps included:

- Review of the 2005 study results, the 2008 annual report for the District and a comprehensive mobility, signage, and landscaping master plan prepared by Wilbur Smith & Associates in 2007.
- Meeting with EAMD management in the persons of David Hawes, Scott Bean, Gretchen Larson, and Richard Cantu to discuss the objectives and methodology of the study and District plans and improvements.
- Windshield tour of the District for the purpose of noting infrastructure and park improvements completed since 2005 and obtaining development broker contact information from signs on currently vacant properties.
- Secondary data research including obtaining and analyzing:
 - Latest population and demographic data,
 - District real estate market data by land use, and
 - HCAD property records for all vacant properties deemed to have development potential.
- Preparation of a comprehensive updated land use map for the District based on GIS data obtained from HCAD and field tour observations.
- Telephone contacts to brokers to obtain information pertaining to vacant properties listed for sale.
- Personal and telephone interviews with 20 political and business leaders, economic development officials, school district officials, and real estate professionals. (The list of respondents is enclosed as Appendix A.)

Present Land Use

The current allocation of land use within the District is depicted in the following table and the map on the following page.

Land Use Distribution

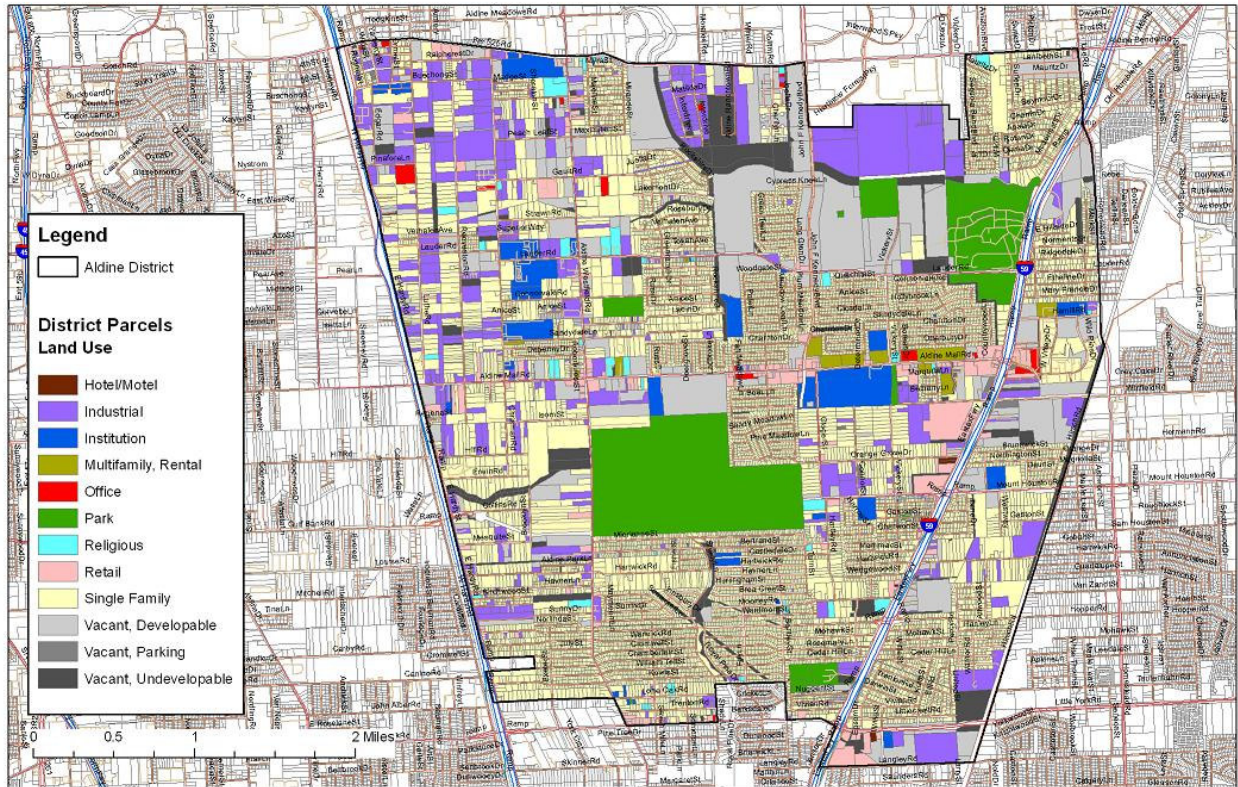
East Aldine Management District

Land Use	Acres	% of Total
Single – Family	3,005.5	39.0%
Industrial	980.3	12.7
Institutional	295.4	3.8
Retail	272.4	3.5
Religious	98.9	1.3
Apartments	60.7	0.8
Office	36.2	0.5
Hotel	4.4	0.1
Parks	157.8	2.0
Vacant	2,797.3	36.4
Totals	7,708.6	100.0

Source: HCAD and CDS Market Research

Land Use Map

East Aldine Management District



Source: HCAD and CDS Market Research

Highlights are as follows:

- Single-family residential predominates. However, over a third of the total acreage in the District is vacant, indicating that there may be good opportunities for new development. Of the total vacant acreage of 2.8 thousand acres, 1.8 thousand are developable.
- As the map illustrates, there is a patchwork of land uses throughout the District. Outside subdivisions, housing is scattered alongside industrial properties – a typical pattern where there is no zoning.
- Retail development is concentrated along AMR near US 59, the west side of 59 and in the recently developed center anchored by Home Depot in the southeast quadrant of US 59 and Little York.

- Industrial is a significant use within the District. The other industrial businesses are scattered throughout the northwest portion between Hardy Toll Road and Aldine-Westfield.
- There is an existing business park and a newly master planned future business park in the north-central sector of the District.
 - The 150 acre Interbelt Business Park south of Aldine Bender approximately 0.7 mile west of JFK was originally developed in the early 90s and is practically built out with approximately 1 million square feet of space. Interbelt has its own water district – HCMUD 182.
 - Kennedy Greens Business Park east of JFK along the north side of Greens Bayou is under development by Clay Development & Construction Co. Total size is 194 acres of which 175 acres is developable. The park is master planned with significant detention and mitigation. The firm offers both build-to-suit and design-build distribution warehouse and office-warehouse product from design (five designers on staff) to final construction and finish out.
- In addition to the 150 plus acres of park area within the District, the City of Houston’s 500 acre Keith Weiss Park is situated near the center of the District.

District Population and Demographics

Population and demographic data for the District compared to that for Houston and Harris County are reported in the following table.

Population and Demographics

EAMD Compared to Houston and Harris County

	EAMD	Houston	Harris
Population (000s):			
1990 Census	41.5	1,697.6	2,818.2
2000 Census	48.7	1,953.6	3,400.6
2008 Estimate	50.9	2,127.3	3,944.8
2013 Projected	53.5	2,282.0	4,374.2
1990 - 2000 Incr.			
	17.4%	15.1%	20.7%
2000 – 2008 Incr.			
	4.5%	8.9%	16.0%
2008 – 2013 Incr.			
	5.2%	7.3%	10.2%
Race – 2008 (%):			
Hispanic	77.4%	43.8%	39.1%
Not Hispanic	22.6%	56.2%	60.9%
Gender – 2008 (%)			
Male	50.9%	50.3%	50.1%
Female	49.1%	49.7%	49.9%
Average Age - 2008			
	30.9	34.2	33.8
Marital Status; Population 15 and over – 2008 (%)			
Never Married	28.6%	32.1%	28.1%
Married	59.8%	52.6%	57.7%
Widowed	4.6%	5.3%	4.6%
Divorced	7.0%	10.0%	9.6%
Educational Attainment, Population 25 and over – 2008 (%)			
Less than 9 th grade	32.1%	14.4%	11.6%
Some High School	24.4%	14.6%	12.9%
High School Graduate	23.9%	20.4%	21.7%
Some College	13.9%	19.2%	21.7%
Associate Degree	1.9%	4.0%	4.9%
Bachelor’s Degree	2.7%	17.4%	18.3%
Master’s Degree	0.7%	6.0%	5.8%
Professional Degree	0.3%	2.6%	2.2%
Doctor’s Degree	0.1%	1.2%	1.0%

	EAMD	Houston	Harris
Profession – 2008			
Management, Business	5.5%	13.4%	14.9%
Professional & Related	6.8%	20.8%	20.7%
Service	17.8%	15.5%	13.5%
Sales & Office	24.7%	26.5%	27.9%
Farming, Fishing, &	0.7%	0.1%	0.1%
Construction &	23.1%	10.8%	10.6%
Production, Transport-	21.6%	12.8%	12.3%
Household Income – 2008			
Under \$15,000	19.0%	16.4%	12.8%
\$15,001 - \$24,999	17.5%	13.0%	10.6%
\$25,000 - \$34,999	16.4%	13.3%	11.6%
\$35,000 - \$49,999	16.8%	16.7%	15.9%
\$50,000 – \$74,999	16.7%	16.6%	18.3%
\$75,000 – \$99,999	8.0%	8.9%	11.4%
\$100,000 or more	5.7%	15.0%	19.5%
Median Household Income	\$33,27	\$41,515	\$49,116
Housing Tenure – 2008			
Owner Occupied	65.5%	45.3%	56.6%
Renter Occupied	34.5%	54.7%	43.116%
Median Years Built – All	1972	1975	1980
Median Value – Owner	\$70,06	\$107,017	\$120,347

Source: PCensus by Claritas and CDS Market Research

The table dramatically illustrates the differences in population composition and demographics between the District, Houston, and Harris County. The District’s much more Hispanic and has lower education, professional employment, income, and home value levels than Houston and particularly Harris County as a whole.

District Commercial Real Estate Market

To get a picture of the general health of the commercial real estate market, CDS obtained and analyzed inventory, occupancy, and rental data for the first quarter of 2009 on apartments and retail, office, and industrial space in the District with the following results.

Apartments

The following table reports class, unit, occupancy, rental rates, rentable square footage, years in which built and renovated and occupancy data for nine apartment complexes in the District.

Apartment Data

East Aldine Management District

Complex Name	Street Num	Street Name	Class	# Units	Occ	Avg Rent/SF	Avg SF	NRSF	Built
Aldine	4826	Aldine Mail Rte	B	96	95%	\$0.88	742	71,280	1963
Capewood	4335	Aldine Mail Rte	C	179	75%	\$0.59	846	151,497	1977
La Quinta Garden	4505	Aldine Mail Route	D	109	95%	\$0.81	891	97,194	1977
Las Brisas	12215	Northwood Forest	D	148	100%	\$0.63	885	131,104	1976
Northwood Villas	5005	Aldine Mail Rte	U	325	88%	\$0.67	961	312,569	1974
Oakdale Manor	2203	Aldine Mail Rd	D	65	100%	\$0.75	762	49,535	1966
Pine Village North	12322	Wild Pine	U	125	50%	\$0.51	1354	169,250	1974
Pinewood North	5601	Hamill	C	128	70%	\$0.63	833	106,640	1979
Rockwood Landing	12550	John F Kennedy Blvd	C	192	90%	\$0.65	848	162,860	1980
				1,367				1,251,929	

Source: O'Connor & Associates

Principal highlights are as follows:

- With one exception, all projects were constructed prior to 1980. Four have been renovated since 2000.
- The seven projects that are classified are all classified C or D with one Class B exception. There are no Class A apartments in East Aldine.
- Of 1,367 total units, 83% are occupied compared to 88% for the Greater Houston market, according to the April edition of Houston Real Estate Trends published by O'Connor & Associates.
- Rates range from \$0.51 to \$0.88 per square foot compared to averages of \$0.83 to \$0.71 and \$0.62 per square foot for Class B, C, and D respectively in the Greater Houston market.

Retail Space

Summary data for all District shopping centers and free standing outlets with 10,000 square feet or more is summarized in the table below.

Retail Store Data

East Aldine Management District

Center	Street No.	Street Name	Built	Net SF	Gross SF	Occu-pancy	Avg Rent
Keystone Specialty Ctr	3701	Aldine Mail Rd	1973	10,692	10,692	100	0.55
High Meadows	3940	Aldine Mail Rd	1972	54,000	54,000	93	1.33
Northwood East & West	5160	Aldine Mail Rd	1972	135,914	135,914	92	0.90
Aldine Mail Crossing Shopping Center	5415	Aldine Mail Rd	1983	79,156	79,156	93	0.75
5231 Aldine Mail Rd	5231	Aldine Mail Rd	1973	26,180	26,180		
Mount Houston Square	11703	Eastex Frwy	1974	173,819	173,819	96	1.00
Eastex Shopping Center	10659	Eastex Frwy	1967	121,500	121,500	100	0.70
Pinewood Center	3020	ELittleYork	1945	52,000	52,000	91	0.65
Hall Park Village	10300	Eastex Frwy	1983	92,500	92,500	100	1.00
13210 Long Glen Dr	13210	Long Glen	1985	10,428	10,428	100	
Guanajuato Meat Market	5429	E Mount Houston	1964	11,312	11,628	100	
Little York Plaza	1409	LittleY ork	1968	117,786	117,786	81	0.75
Stop N Save	11111	W Hardy	1960	11,756	11,756	100	0.20
El Ahorro	11132	Aldine Westfield	1970	22,491	22,491	100	
Aldine Bender Plaza	5627	Aldine Bender	2004	24,505	32,315	91	1.08
Walgreens	12959	Aldine Westfield	2004	14,800	14,800	100	
CVS Pharmacy	4131	Aldine Mail Rd	2005	13,229	13,229	100	
Top Dollar Pawn	3509	Little York	2004	15,707	15,707	100	
Home Depot	10600	Eastex Frwy	2004	102,214	102,214	100	
Northeast Marketplace	10660	Eastex Frwy	2007	97,358	97,358	94	1.92
Walgreens	10660	Eastex Frwy	2005	14,710	14,710	100	
Walgreens	4841	MountHouston	1997	13,936	13,936	100	
				1,215,993	1,224,119	97%	

Source: O'Connor & Associates

Key points:

- The retail base for the District improved over the 2004 – 2007 period with the addition of 282.5 thousand square feet of new space, mostly accounted for by the 102.2 thousand square foot Home Depot and 97.4 thousand additional square feet in the Northwest Marketplace Center at US 59 and Little York.
- The majority of retail space in the District is dated, however. The principal other shopping centers – Northwood East and West, Mt. Houston Square, Eastex Shopping Center and Little York Plaza were all built in the late 60s or early 70s.



- Not included in the data are numerous small retail outlets with less than 10,000 square feet each scattered throughout the District.
- In addition, there are eight vendors doing business from trucks, vans, and carts, selling Mexican food at very low prices (\$1.00 for a taco).
- In spite of the average age of district retail space, overall occupancy is high compared to the first quarter average for Greater Houston of 84%, as reported Houston Real Estate Trends.
- A high level of buyer activity was observed at the shopping centers on AMR during the market tour in mid-May and subsequent trips to the District for interview appointments.

Office Space

Office space is currently limited to only three buildings – two at the North Houston Bank site east of US 59, and the medical professional building next to the Renaissance Hospital east of US 59, both on Little York. Clearly, the District – up till now – has not been attractive for professional or corporate office development.

Office Data

East Aldine Management District

Street No.	Street Name	Built	Net SF	Gross SF	Occupancy	SPA	Avg Rent
3945	Little York	1986	31,000	33,000	100	-	
10810	Eastex Frwy	1977	13,657	13,657	0	13,657	12.00
2711	Little York	1982	30,000	30,000	97	827	
			74,657	76,657	81%	14,484	

Source: O'Connor & Associates

Industrial Space

Industrial use has a strong presence in the District. The following table summarizes the current inventory of industrial buildings.

Industrial Building Data

East Aldine Management District

Name	Address	Yr Built	NETSF	Occupancy	Avg Rent
Interdrive W, 14010	14010 Interdrive W	1991	10,151	0	
Aldine North Center	2021 Aldine Mail Rd	1978	95,275	93	\$ 0.40
Kennedy Greens Business Park	0 Aldine Bender	2008	100,000	0	
Interbelt North Business Center	14330 Interdrive W	1991	23,150	100	\$ 0.50
Chrisman Rd, 14102	14102 Chrisman Rd	1984	24,000	100	
Mooney Rd, 1524	1524 Mooney Rd	2000	20,000	100	\$ 0.35
T G M Associates	14311 Reeveston Rd	1978	24,999	100	
Interdrive E, 14230	14230 Interdrive E	1992	13,000	100	\$ 0.38
Luthe Rd, 13310	13310 Luthe Rd	1979	26,800	0	
Mesquite, 1521	1521 Mesquite	1976	16,688	100	

Name	Address	Yr Built	NETSF	Occupancy	Avg Rent
Chrisman Rd, 14350	14350 Chrisman Rd	1975	41,190	1	\$ 0.26
Winfield Industrial Park	4722 Winfield Rd	1981	60,000	0	\$ 0.32
Askins Ln, 5000	5000 Askins Ln	1967	112,000	100	
Interbelt North Business Center	14151 Interdrive W	2005	16,800	100	\$ 0.44
Interbelt North Business Center	14149 Interdrive, W	2003	16,800	100	\$ 0.44
Interbelt North Bus Center	14100 Interdrive E	1993	12,600	0	\$ 0.56
Coastal Foods Inc	14212 Interdrive W	1991	25,160	100	\$ 0.30
Aldine Bender, 906	906 Aldine Bender	1981	18,500	100	
Buschong, 1225	1225 Buschong	1986	15,000	100	
Little York Rd W, 110	110 Little York Rd W	1954	10,060	100	
G E Power Generation Svc Tool	2814 Matilda	1992	20,000	100	
Interbelt North Bus Center	14310 Interdrive E	1997	68,250	65	\$ 0.30
Primesource Bldg Products	14516 Heathrow Forest	1996	97,531	100	
Eastex Frwy, 12000	12000 Eastex Frwy	1973	71,050	100	\$ 0.22
Winfield Rd, 5229	5229 Winfield Rd	1975	23,000	100	\$ 0.21
Aldine Westfield Rd, 18933	18933 Aldine Westfield Rd	1996	35,500	100	
Little York Rd E, 8167	8167 Little York Rd E	1970	18,688	100	
Interdrive, 14014	14014 Interdrive E	1992	10,102	100	\$ 0.45
Interdrive, W, 14120	14120 Interdrive, W	2003	28,800	100	
Pinafore, 909	909 Pinafore Ln	1997	33,775	100	\$ 0.35
Interdrive E, 14020	14020 Interdrive E	1994	12,450	100	
Reeveston Rd, 12850	12850 Reeveston Rd	1971	24,000	100	
United Rentals Inc	836 Aldine Mail Rd	1965	35,500	100	
Peachleaf, 1617	1617 Peachleaf	1984	35,220	100	
Luthe Rd, 14145	14145 Luthe Rd	1984	10,500	100	
Aldine Mail Rd, 1030	1030 Aldine Mail Rd	1981	13,727	100	
Winfield Rd, 4631	4631 Winfield Rd	1965	55,000	100	
Nailor Industries Texas Inc	4714 Winfield Rd	1980	59,438	100	
Buschong, 842	842 Buschong	1950	40,000	100	
Eastex Forest Products	5429 Hartwick	1976	76,490	100	
Aldine Westfield Rd, 11618-11724	11618 Aldine Westfield Rd	1979	81,564	77	\$ 0.24
Hardy, 14330	14330 Hardy	1980	25,122	100	
I M Pena Inc	1007 Buschong	1983	13,800	100	
Merchants Metal Inc	4901 Langley Rd	1972	144,140	100	
Quality II Insulators Inc	11555 Brooklyn St	1984	18,000	100	

Name	Address	Yr Built	NETSF	Occupancy	Avg Rent
Chrisman Rd, 14435	14635 Chrisman Rd	1979	52,823	100	
Aldine Westfield Rd, 14214	14214 Aldine Westfield Rd	1979	15,696	100	
Northwood Forest Store & Lock	12245 Northwood Forest Dr	1980	54,647	81	\$ 0.76
Shady Ln, 10861	10861 Shady Ln	1974	30,000	100	\$ 0.20
Buschong, 1318	1318 Buschong	1972	14,908	100	
Peachleaf, 1989	1989 Peachleaf	1981	12,660	100	
Eastex Frwy, 11358	11358 Eastex Frwy	1976	11,250	100	
Electric Motors Inc	11831 Aldine Westfield Rd	1972	10,700	100	
Chrisman Rd, 14041	14041 Chrisman Rd	1985	63,436	66	\$ 0.47
Jet Machine Works	1107 Aldine Mail Rd	1979	33,000	100	
Aldine Mail Rd, 1131	1131 Aldine Mail Rd	1980	12,600	100	
Lauder Rd, 1122	1122 Lauder Rd	1979	50,000	100	
Mount Houston Rd E, 4323	4323 Mount Houston Rd E	1981	21,750	100	\$ 0.45
Gault Rd, 2150	2150 Gault Rd	1981	15,140	100	
Chrisman Rd, 14333	14333 Chrisman Rd	1987	10,348	100	
Mooney, 1536	1536 Mooney Rd	1985	12,000	100	
Morgan Machines	14434 Chrisman Rd	1977	10,814	100	
Cameo Fabricators	13835 Chrisman Rd	1978	21,280	100	
Lauder Rd, 1930	1930 Lauder Rd	1977	10,320	0	
York Power Systems	14020 Interdrive W	1994	12,412	100	
Houston Wells Screen Co	11939 Aldine Westfield Rd	1977	52,850	100	
Southwest Heat Treat	1733 Lauder Rd	1978	33,940	100	
Lauder Rd, 2211	2211 Lauder Rd 77092	1980	130,000	100	
Hardy E, 11950	11950 Hardy E	1973	10,000	100	
Reeveston Rd, 13022	13022 Reeveston Rd	1976	19,032	100	
Chrisman Rd, 12716	12716 Chrisman Rd	1981	13,200	100	
Hardy E, 13510	13510 Hardy E	1967	13,330	100	
O'Brien Manufacturing Inc	4307 Saunders Rd	1976	17,150	100	
Hodgkins, 1013	1013 Hodgkins	1977	22,500	100	
Luthe Rd, 13930	13930 Luthe Rd	1982	14,000	100	
Eastex Frwy, 11356	11356 Eastex Frwy	1976	12,190	100	
Hardy W, 13531	13531 Hardy W 77060	1979	15,000	100	
American International	14603 Chrisman Rd	1988	31,550	100	
Luthe Rd, 14403	14403 Luthe Rd	1976	14,400	100	
Chrissman, 13317	13317 Chrisman Rd	1979	19,100	100	
Kowis, 1400	1400 Kowis	1974	41,450	100	\$ 0.25

Name	Address	Yr Built	NETSF	Occupancy	Avg Rent
Luthe Rd, 14410	14410 Luthe Rd	1980	18,000	100	
Luthe Rd, 13937	13937 Luthe Rd	1984	10,655	100	\$ 0.35
Eastex Frwy, 11053	11053 Eastex Frwy	1982	73,300	100	
Etheline, 5637	5637 Etheline	1979	11,294	100	
Interdrive E, 14021	14021 Interdrive E	1994	12,550	100	\$ 0.34
Hardy E, 11600	11600 Hardy E	1967	50,402	100	
Aspen Manufacturing Inc	5101 Hartwick	1969	40,000	100	
Brooklyn St, 11535	11535 Brooklyn St	1983	12,000	100	
Skinner Rd, 2100	2100 Skinner Rd	1982	12,000	100	
Hodgkins, 918	918 Hodgkins	1979	11,000	100	
Husky Trailors	10814 Hardy	1967	20,890	100	
Lauder Rd, 1617	1617 Lauder Rd	1973	33,950	100	
Interdrive E, 14343	14343 Interdrive E	1997	28,268	100	
Boring Specialities Inc	14730 Yarberrry	1990	107,132	100	
Udelson Industrial Park	3004 Aldine Bender	1983	78,060	100	
C-B Gear & Machine Inc	4232 Mooney Rd	1982	48,400	100	
Sandydale Ln, 2019	2019 Sandydale Ln	1976	11,500	100	
Aldine Westfield Rd, 10545	10545 Aldine Westfield Rd	1969	11,944	100	
Eagle	11558 Hartley Rd	1975	10,000	100	
Peachleaf, 1813	1813 Peachleaf	1992	10,000	100	
Matilda, 2011	2011 Matilda	1984	15,000	100	
Solidsaire Inc	2730 Maximillian	1992	10,764	100	
Chrisman Rd, 13846	13846 Chrisman Rd	1963	15,120	100	
Aldine Mail Rd, 1301	1301 Aldine Mail Rd	1965	18,000	100	\$ 0.30
Kandale Oilfield Prods	14019 Interdrive E	1991	14,889	100	
Chrisman Rd, 14520	14520 Chrisman Rd	1976	14,120	100	
Quality Baker Prods Inc	14330 Interdrive W	1993	23,050	100	
Sellers Rd, 15250	15250 Sellers Rd 77060	1984	13,116	100	
Aldine Westfield Rd, 13417	13417 Aldine Westfield Rd	1979	10,920	100	
ETS Electric Group	13639 Aldine Westfield Rd	1974	24,496	100	
Yarberrry, 15025	15025 Yarberrry	1979	15,600	100	
Aldine Mail Rd, 1208	1208 Aldine Mail Rd	1970	31,400	0	
Aldine Bender, 2213	2213 Aldine Bender	1981	10,000	100	
Reeveston Rd, 13642	13642 Reeveston Rd	1978	49,000	100	
Chrisman Rd, 13321	13321 Chrisman Rd	1982	47,000	100	
Hopper Rd, 4010	4010 Hopper Rd	1982	10,006	100	

Name	Address	Yr Built	NETSF	Occupancy	Avg Rent
Aldine Westfield Rd, 14630	14630 Aldine Westfield Rd	1973	15,000	0	\$ 0.53
Luthe Rd, 13700 A	13700 A Luthe Rd	1977	30,000	100	\$ 0.34
Aldine Bender, 2600	2600 Aldine Bender	2007	23,625	100	\$ 0.46
Interdrive W., 14313	14313 Interdrive W.	2007	26,680	100	\$ 0.55
Aldine Bender, 2650	2650 Aldine Bender	2008	25,000	0	\$ 0.53
Halliburton	14103 Interdrive W	1993	26,382	100	
Interbelt North Business Center	14001 Interdrive, W	2003	16,800	100	
Tool & Supply Co	14025 Interdrive E	1990	20,000	100	\$ 0.45
Interdrive E, 14223	14223 Interdrive E	1991	20,000	100	\$ 0.38
Interdrive E, 14223	14223 Interdrive E	1992	20,000	100	
Luthe Rd, 13650	13650 Luthe Rd	1997	19,540	0	\$ 0.53
Lauder Rd Warehouse	2200 Lauder Rd	1984	100,000	0	\$ 0.25
Interbelt North Bus Center	14233 Interdrive W	2002	20,000	100	
E Mt Houston Rd, 5814	5814 Mt Houston Rd, E	1979	10,060	0	\$ 0.29
Luthe Rd, 13700 B	13700 B Luthe Rd	1989	21,660	0	\$ 0.58
Langley Rd, 4203	4203 Langley Rd	1979	26,400	100	
Winfield Rd, 4711	4711 Winfield Rd	1980	84,416	100	\$ -
Winfield Ind Pk	4747 Winfield Rd	1988	104,800	100	\$ 0.23
Chrisman Warehouse	13333 Chrisman Rd	1984	28,300	82	\$ 0.28
Aldine Mail Rd, 1830	1830 Aldine Mail Rd	1970	51,800	100	
Aldine Westfield, 12800	12800 Aldine Westfield Rd	1979	150,000	100	\$ 0.25
			4,443,585	87%	

Source: O'Connor & Associates

Key points:

- There are 134 industrial buildings with 10,000 square feet or more in the District with over 4.5 million square feet of net rentable space.
- Current overall occupancy is 87% which is above the market total of 84% for the Greater Houston area in the first quarter.
- Quoted rents for available space in the District typically range from \$0.20 to \$0.50 per square foot per month, depending on the amount and type of space involved. First quarter average industrial rent for the Houston market was \$0.44 per square foot.

Principal Factors Driving Economic Development

No comprehensive study projecting future development by land use for the entire North Houston area, that could serve as a basis for projecting demand for the District, exists to CDS’s knowledge. Nevertheless, there are three major factors that are expected to spur development opportunities as follows:

- First is the anticipated continued growth in Harris County population which will continue to exceed that of nearly all counties in the nation located in metro areas with populations of 1.5 million or more. County population is forecast to increase by 400,000 over the next five years; District population by 2,600.
- The principal driver of the North Houston economy is Bush Intercontinental Airport which is expected to recover from the downturn of 2009/2010 and return to growth in traffic over the 2011 – 2015 period. IAH is now the fourth largest airport in the U.S. It is responsible for 151,000 jobs and has an economic impact of \$24 billion. Capital expenditures for expansion projects have totaled \$3.6 billion since 1996.
- Of particular importance is the growth in air cargo enplanements and deplanements which stimulates demand for distribution warehouse and office warehouse space. The new cargo center occupies 129 acres on the north side of the airport. There are now parking spaces for 20 cargo aircraft compared to 5 prior to the expansion, and the facility can handle the super-jumbo B-847, AN-225 and Antinoff.

Forecast Passenger and Cargo Traffic Activity

Bush Intercontinental Airport
2009 – 2015

Year	Passenger Enplanements		Cargo			
	(Mil)	(% (Incr.)	Empl (Mil)	Depl (Mil)	Total (Mil)	Total (% Incr.)
2009	19.8	--	435.7	341.9	777.6	--
2010	19.3	(2.8%)	414.0	324.8	738.8	(5.0%)
2011	19.4	0.5	417.3	327.4	744.7	0.8
2012	20.2	4.3	427.7	335.6	763.3	2.5
2013	20.9	3.7	438.4	344.0	782.4	2.5
2014	21.8	4.2	449.3	352.6	801.9	2.5
2015	22.5	3.2	460.6	361.4	822.0	2.5

Source: Houston Airport Authority

- The third factor is the amount of vehicular traffic forecast on US 59 between Little York and AMR which is expected to virtually double over the next 20 years.

Estimated Current and Forecast Annual Traffic

US 59 between Little York and AMR

Direction	2009 (000s)	2029 (000s)	% Incr.
Northbound	223.0	426.5	91.3%
Southbound	227.4	450.2	98.0%
Total	450.4	876.7	94.6%

Source: TX DOT District 12

This huge projected increase in traffic on US 59 is expected to impact the revenues of existing and new businesses along this key artery which runs through the District very favorably. Concurrently, property values can be expected to climb as well.

Economic Development Opportunities

Although the current economic downturn limits development opportunities within the District, probably over the next 1-2 years, there should be opportunities beyond that time as follows:

- With Intercontinental Airport's air freight terminals as the primary economic driver for the North Houston area, warehouse development opportunities should become more and more available over time.
 - The Greater Houston market for distribution warehouse space in buildings of 100,000 square feet or more is over supplied and will probably need up to five years to reach equilibrium.
 - However, there should be near to mid-term demand for 25,000-75,000 square foot build-to-suit flex and office/warehouse product with 10-year leases, as well as similar size design-build product. Buildings will normally be dock high with 24' clear span ceilings suited to freight forwarders and air freight companies. Users will typically desire immediate access to the airport via roadways that can support fairly large vehicles.
- In addition, assuming the upstream oil and gas industry continues to recover and majors and independents are able to commit to mid to long term drilling and recovery programs, there should be demand for 8,000 – 10,000 square foot manufacturing buildings on typically 1.5 acre off-freeway sites. Buildings will be typically 20-22' clear span with two 10'x10' – 14'x16' side doors.
- As the Harris County population continues to grow, there should be opportunities for small service firms along major roadways where visibility is important and from where they can reach a large trade area.
 - Such firms typically operate one or more service and repair vehicles and do 100% of their business by phone.
 - Typical building requirements are 1,500-2,000 square feet with 10%-50% in office space and the balance in stock room.
 - Potentially, a number of these firms will be start-ups, perhaps with local District residents that have experience working for larger contractors or subcontractors.
 - Buildings best suited to this market are standard "bare bones" no-frills buildings built at current costs of \$50 - \$60/square foot and, if rented, leasing for \$800-\$1,000 per month.

- Typical businesses of this type are: plumbers, electricians, heating and air conditioning businesses, painters, roof repairers, flooring and carpet layers, masonry and tile firms, photo labs and home care firms. Their sales are taxable.
- Class A or B multi-family apartments oriented to the airport and airline employee market. Sites would necessarily have to have quick access to Intercontinental Airport and be well separated from the existing Class C and D apartment housing stock in the District to be marketable.
- Mid to long-range, additional retail and restaurant space in selected locations should be required, including:
 - Convenience retail and restaurant space to serve airport oriented industrial businesses and any multi-family complexes. The current high occupancy rate in the District of 97% is encouraging to additional retail development.
 - Infill Hispanic owned businesses near established shopping centers and free-standing stores. Of particular interest could be Mexico based store names in furniture, children’s clothing, and other lines that could be interested in entering the U.S. market and are known to local and Houston area Hispanic consumers.
 - Store types, such as sporting goods, that are not really present in the District. (Several respondents expressed the desire for the return of Academy to the District.) However, there is no likelihood of attracting upscale stores due to the demographics of the District.
- A limited amount of professional office space for CPAs, insurance agents, attorneys and physicians that are under-represented in the District. Visibility of location can be an asset to these types of users as is the case with the service type firms discussed above.
- Infill single-family development. However, this is likely to occur only long-term. Such development will likely need to follow completion of the planned Mid-Reach flood control improvements along Greens Bayou and higher demand in North Harris County rendering properties on the north side of Keith Wiess Park and the low value properties on Mierianne and Bertrand on the south side of the park to be attractive for single-family development/redevelopment.

If the District is able to capitalize on warehouse, manufacturing and service center opportunities that appear to represent the primary mid-term potential, new jobs will be created that in turn create more retail, and to some extent housing, demand in the District. To the extent that new housing development can be cultivated, there will also be a direct benefit to existing retail and restaurant businesses.

Positioning

Key to any successful economic development strategy is positioning. We must answer the questions of what the District wants to be, what kinds of businesses the District can expect to attract and what niche of the North Houston market the District can occupy. Based on the interviews with real estate professionals and District officials, the following positioning elements are recommended.

- The District should not try to be what it isn't. It is essentially a working class residential and retail area that helps support the industrial, construction and service base of North Houston.
- One of its principal assets are the trades and craftsmen that comprise much of its population. People that are good with their hands and work hard.
- The principal factor most warehousing, manufacturing and service businesses look at in selecting business locations is often the available workforce.
- Accordingly, it makes sense that the EAMD position itself as a business friendly, lower cost community that welcomes all types of distribution, warehousing, manufacturing (excluding heavy industry) and service businesses and is prepared to support these with an array of supporting educational, training and other services and programs.
- Included among the new service businesses in particular should be "home grown" start-ups by local entrepreneurs that have the skills and experience to run businesses on their own.
- At the same, the District should build on whatever business retention program it already has underway by supporting existing industrial, retail and restaurant businesses.

Properties Suited for Future Development

The vacant properties appearing to be the best prospects for future development are listed in the following table and shown on the map on the following page with locations coded correspondingly.

Vacant Properties Suited for Future Development by Projected Land Use

East Aldine Management District

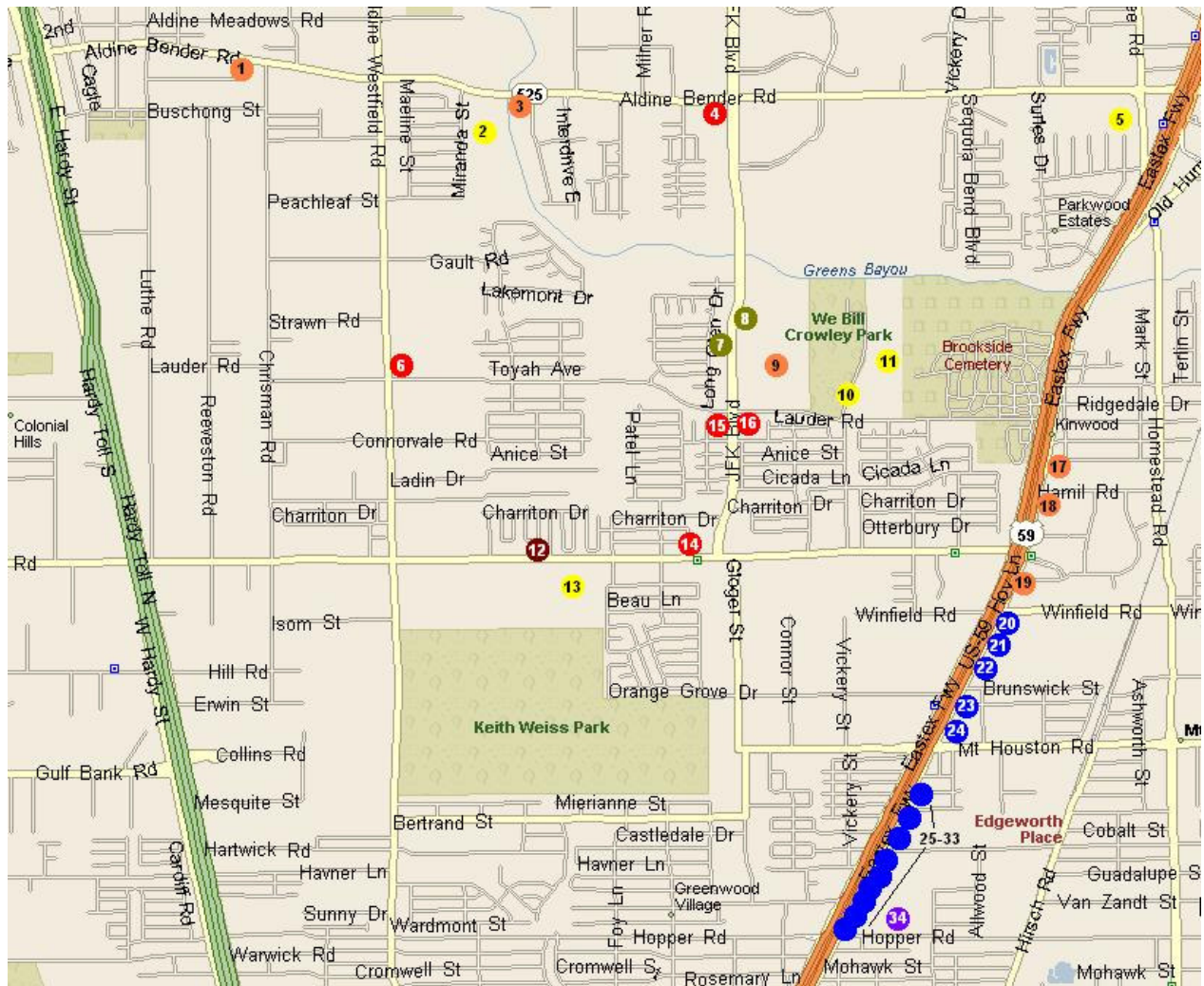
No.	Acres	Location	Land Use	Asking Price/Sf
1	6.5	Aldine Bender W of Chrisman Rd.	Warehouse	\$2.87
2	56.2	W side of Greens Bayou S of Aldine Bender	Single-family	Not Listed
3	4.2	S side of Aldine Bender in Interbelt Bus. Park (land included in design/build contract)		\$3.25
4	4.8	SW corner of Aldine Bender & JFK	Retail	\$6.00
5	35.4	W of Lee Rd., N of Sequoia Estates S/D	Single-family	Not Listed
6	10.0	NE corner of Aldine Westfield & Lauder	Retail	\$2.75
7	17.9	W side of JFK, N of Lauder to N of Cypress Knee Ln.	Multi-family	Not Listed
8	19.0	E side of JFK N of Lauder	Multi-family	Not Listed
9	90.4	Between Greens Bayou & Lauder w/ access to JFK (cleared)	Industrial	Not Listed
10	44.3	Between Crowley Park & Lauder E & W of Vickery	Single-family	Not Listed
11	73.3	S of Greens Bayou between Vickery & Brookside Cemetery	Single-family	Not Listed
12	3.1	N side of AMR W of Deergrove	Medical Office	\$4.25
13	25.2	S side of AMR N of Keith Wiess Park (subject to soil removal)	Single-family/ Ind.	Not Listed
14	5.9	W side of JFK N of AMR S of Charriton	Retail	Not Listed
15	3.9	SW corner of JFK & Lauder	Retail	\$4.00
16	2.6	SE corner of JFK & Lauder	Retail	\$4.00
17	5.5	NE corner of 59 & Hamil	Warehouse/Service	Not Listed
18	12.5	SE corner of 59 & Hamil	Warehouse/Service	Not Listed
19	15.3	E side of 59 between AMR and Winfield	Warehouse/Servi/Off.	Not Listed
20	4.1	E side of 59 between Winfield and Brunswick	Service	Not Listed
21	2.4	E side of 59 between Winfield and Brunswick	Service	Not Listed
22	1.4	E side of 59 between Winfield and Brunswick	Service	Not Listed
23	2.1	E side of 59 between Northington & Mount Houston Rd	Service	Not Listed
24	11.4	NE corner of 59 and Mount Houston Road	Warehouse/Serv/Mfg.	Not Listed
25	0.6	E side of 59 between Chatwon and Hartwick	Service	Not Listed
26	0.7	E side of 59 between Chatwon and Hartwick	Service	Not Listed
27	1.5	SE corner of 59 and Hartwick	Service	Not Listed
28	0.4	E side of 59 between Hartwick and Hopper	Service	Not Listed
29	0.7	E side of 59 between Hartwick and Hopper	Service	Not Listed
30	1.6	E side of 59 between Hartwick and Hopper	Service	Not Listed
31	1.9	E side of 59 between Hartwick and Hopper	Service	Not Listed
32	1.1	E side of 59 between Hartwick and Hopper	Service	Not Listed
33	2.8	E side of 59 between Hartwick and Hopper	Service	Not Listed
34	26.3	E of 59 , N of Hopper (access through 28)	Warehouse/Mfg.	Not Listed

Source: CDS Market Research

The table and map cover only vacant properties where no values attributable to ongoing businesses or resident displacement need be considered in purchase transactions.

Of course, these should be properties that could be candidates for improved redevelopment that can be acquired at attractive enough prices to justify consideration by developers and users.

Vacant Properties Suited for Future Development



Legend

- Single Family
- Multifamily Apartments
- Retail
- Office
- Service
- Warehouse
- Manufacturing

Capital Improvements that Enhance District Appeal

Since the initial CDS study in 2005, a number of major capital improvement projects have been completed or are underway or planned.

Water and Sewer Improvements

From the time the District was created to the present time, District management together with business and political leaders have recognized that the number one negative for the District has been the lack of water and sewer infrastructure. Over the years, five water districts had been created but served less than one-eighth of the residences and commercial properties in the District. (From time to time, one of these water districts was even found to be out of compliance with TNRCC regulations.) But the large majority of users depended on local wells and septic tanks, many of which have fallen into disrepair or become polluted. Actions taken by the District are as follows:

- Based on the 2003 analysis of analysis needs partly funded by the Texas Water Development Board and performed by Water Engineers, Inc. of Houston, priorities were established for future water and sewer projects.
- The District created the Aldine Water & Sewer Authority in 2004.
- In 2005, the District entered into an agreement with the authority to delegate all necessary powers and functions of the District related to providing water, wastewater and drainage services to the Authority.
- In 2005, the District issued \$3,275,000 in bonds to underwrite the cost of near-term planned improvements.
- An initial project to provide sewer infrastructure to Tasfield, a small low income subdivision on the west side of 59 at the south edge of the District was completed in 2007. Of the total project cost of \$1,252,661, the District funded \$222,661 from general revenue with the balance coming from a Harris County CBDG grant. Operation of the Tasfield facilities is being handled by the



North Houston Heights Project

Sunbelt Independent Water District which already had operations in EAMD.

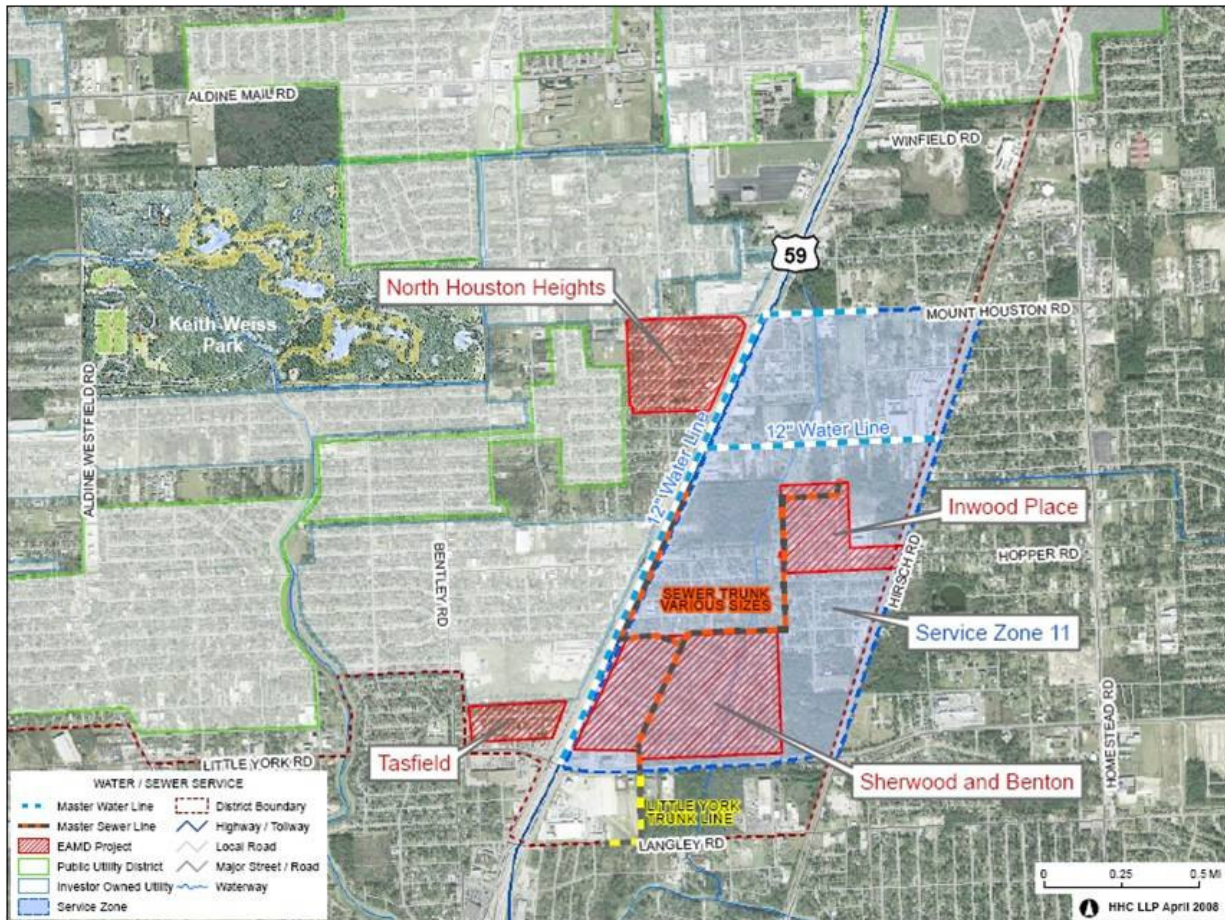
- In 2008, the District transferred \$3,148,291 to the Authority to fund additional improvements.
- The second project, with an estimated total construction cost of \$6,148,579, is underway. It will provide water and sewer infrastructure to the North Houston Heights subdivision in the southwest quadrant of US 59 and Mount Houston Road. 53.4% of the funding required is from a Harris County Community Development block grant, the balance from EAMD bonds. When completed, the facilities will be operated by Sunbelt.
- Another project already underway is a water project for the Inwood Place subdivision with an estimated cost of \$1,146,606, all but \$30,000 of which is being funded by a Harris County CDBG grant and a grant from the Harris-Galveston Coastal Subsidence District.
- Plans are being drawn to construct substantial additional water and wastewater improvements in the southwest section of the District east of US 59 between Mount Houston Road and Little York referred to as Service Zone II. These projects are important to future commercial development along and near the east side of US 59 where there are numerous vacant and underutilized properties that are ideally suited to service type businesses. Preliminary estimates of costs by projects are:
 - Little York Trunk Sewer (\$500,000)
 - Master Water and Sewer Lines (\$7,000,000)
 - Sherwood and Benton Place Water and Sewer Project (\$5,000,000)
 - Other water and sewer service (\$6,000,000)

Portions of these projects are expected to be funded by the Texas Water Development Board. However, a large share of total funding will need to come from EAMD bonds.

The locations of all projects described above are illustrated on the map that follows:.

Existing and Planned Water and Wastewater Projects

East Aldine Management District



Source: EAMD

Drainage Improvements

Two major bayous flow through the District – Halls Bayou, which enters from the west and flows through the south–central portion of the District; and Greens Bayou, which enters from the north and flows through the northeast portion of the District. Both bayous have caused substantial flooding of residential subdivisions over many years and have been responsible for substantial areas of the District being defined as within the 100-year flood plain by FEMA. (Extensive and long term flooding resulted from Tropical Storm Allison in June, 2001.) Fortunately, substantial flood control improvements have been completed along one and are planned along the other.

The flood control improvements along Halls Bayou were included as parts of a major park improvement project (called the “Recreation Plus Rain” project) involving Keith Weiss Park, which is actually a City of Houston Park even though it is situated near the center of the District.

- Three entities were involved – the Houston Parks and Recreation Department, Harris County Flood Control District (HCFCD) and Harris County Public Infrastructure Department. This necessitated a tri-party interlocal agreement.
- Funding came from a \$2 million Texas Parks and Wildlife grant, matching funds and the park land coming from Harris County and \$11.9 million from HCFCD.
- Use of the park acreage for flood damage reduction required a Chapter 28 Public Hearing in February 2005.
- The three entities combined efforts to produce a Park Master Plan.
- Construction of the detention basin began in 2005 and lasted 22 months with completion in January 2008.
- 1.7 million cubic yards of dirt were removed resulting in 112 acres of detention with capacity to store 1.6 million gallons of storm water thereby lowering surface water elevations by 0.8 feet during a 10-year storm event and 0.4 feet during a 100-year event.

The Greens Bayou flood damage reduction project is referred to as the Mid-Reach Flood Damage Reduction Plan.

- The objective of the project is to provide capacity for a 10-year flood event using existing right-of-way.
- The plan calls for 11 miles of bayou improvements stretching from Kuykendahl to JFK inside the District.
- Four storm water detention basins are planned, three upstream from the District and one inside the District designated as the Lauder Basin south of Greens Bayou and north of Lauder.
- Under the plan, 19 bridges will be replaced or modified.
- Progress to date includes:
 - Purchase of 600 acres of land for storm water detention, including residential properties in the Castlewood subdivision of the District. Approximate cost: \$22 million.
 - Removal of over 1 million cubic yards of dirt from the three upstream detention basin sites.

- Preliminary engineering feasibility study completed in 2003 by Montgomery & Associates and updated in 2007 including an assessment and cost estimates for four alternative channel improvement proposals.
- Phase I improvements cover the four detention basins that are common to all four alternatives and are estimated to cost \$109 million. An economic feasibility study is being conducted by the HCFCF Planning Department to:
 - Optimize the sequence of construction phases from a cost/benefit standpoint.
 - Explore the possibility of federal funding.

Parks

Parks are commonly recognized as major amenities that contribute to the long-term redevelopment potential of any community. This is believed to be especially true in the case of East Aldine which, although it has historically been an underserved, blighted part of the Greater Houston area, has long term potential as a close-in location for future residential development.

The primary park within the District is Keith Wiess Park, a 500 acre park that is one of the largest parks in Harris County. As a result of the “Recreation Plus Rain” project, this park has been dramatically improved as a beautiful source of recreation for East Aldine residents.

- The new sections of Keith Wiess Park were opened at a grand opening in August, 2008.
- There is a 3-mile trail system with a bridge over Halls Bayou, 122 acres of detention lakes with a fishing pier and boardwalk, and new playground and soccer fields.
- HCFCF Environmental Services provided \$1 million in funding for 2,600 native trees and shrubs, 68,000 wetland and wildflower plants, and organic treatments to inhibit erosion and reestablish ground cover and habitat.



Keith Wiess Park

- Although the current market for single-family housing is limited, the Wong owned 25.2 acre tract on the north side of the park appears to be ideally suited for residential development mid to long-term due to the presence of the park as a very attractive amenity. In addition, it is possible that at some point a residential developer could have interest in acquiring and assembling the lower value residential properties along Mierianne and Bertrand between the south edge of the park and the higher value homes in the Oak Wilde subdivision for redevelopment with the park providing value enhancement.

Crowley Park located on the south side of Greens Bayou between JFK and Brookside Cemetery is a heavily wooded park with recreation facilities. Once Greens Bayou flood control improvements are funded and completed, the adjacent properties south and east of the park would appear to be excellent candidates for future single family development.

James Driver Park which is accessed from Bentley west of US 59 near the south edge of the District has undergone significant improvement during the past two years with the construction of the Northeast Community Center for senior services. This park started with an outdoor basketball court with six goals and no other facilities.

Once the Lauder detention basin on the south side of Greens Bayou west of JFK is funded, development of a new major park within the District, likely to be called Lauder Park, is expected to proceed. Two alternative land plans have been developed by Montgomery & Associates. The park would include a paved hike and bike trail, a 4.3 mile mountain bike dirt trail, baseball diamond, two soccer fields, large area wetlands, a fishing pier and other recreational features.

Hike and Bike Trails

In addition to the trails already completed as a part of the “Recreation Plus Rain” improvements in Keith Wiess Park and proposed for the future Lauder Park, another short but important trail is already completed and another longer trail is planned.

- A short trail connecting the Keith Wiess Park trail system southward to a recently completed Harris County trail along Halls Bayou to Shady to the south has been completed.
- A three-mile trail from Crowley Park along Crowley Park Road to Lauder, then along a drainage ditch and yet to be negotiated easements to the northeast corner of Keith Wiess Park is planned by the Harris County Public Infrastructure Department.

Roadway Improvements

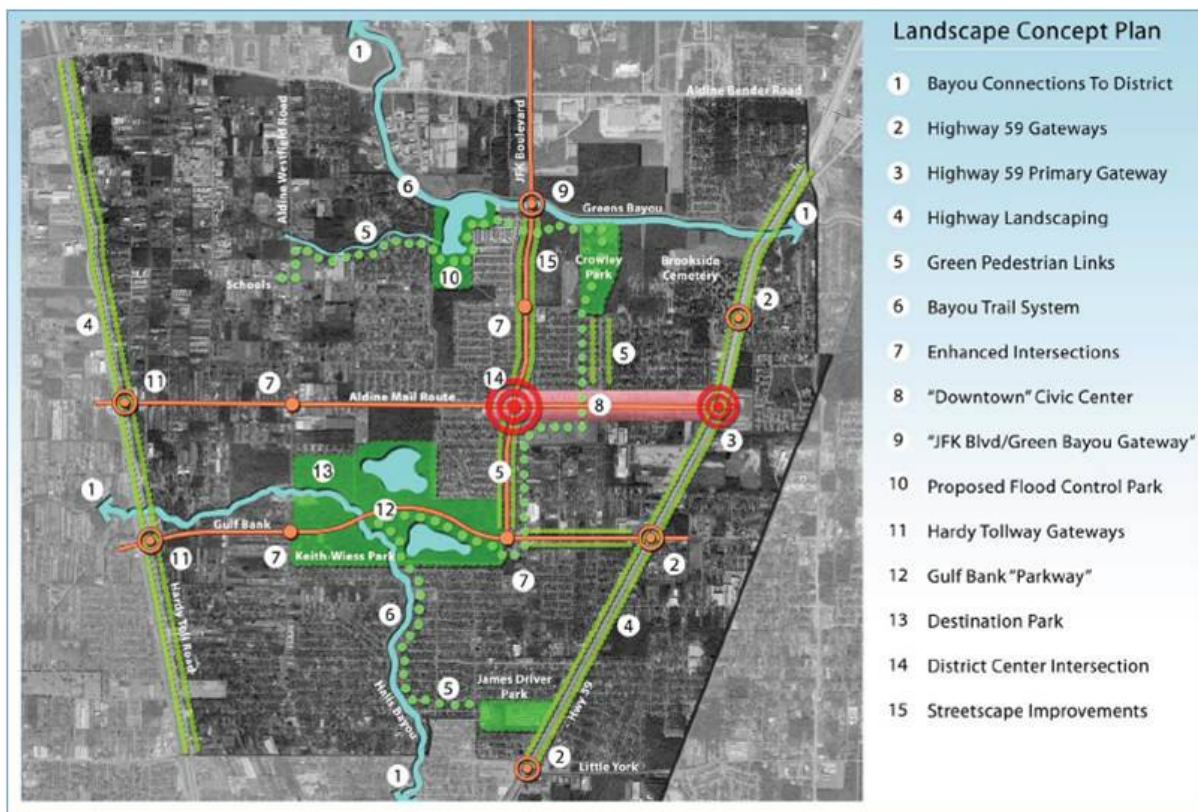
Since the 2005 study was completed, one important roadway improvement project has been completed and others are planned near-term.

- Little York Road between the Hardy Toll Road and US 59 has been widened to four concrete lanes with medians and curbs and gutters, thereby providing improved access to the southern portion of the District. Bid invitations have been sent out to extend these improvements west of Hardy to Airline.
- Widening of Gulf Bank between Hardy Toll Road and Aldine Westfield to a four-lane divided roadway and extension of the roadway through Keith Wiess Park to connect with an improved Mount Houston Road to US 59 is planned near-term. This will significantly improve access to and from the central portion of the District as well as internal access to the park itself for District residents.
- Expansion of the existing overpass on AMR over Hardy Toll Road with the addition of two lanes.
- Mid-term (3-5 years), contracts are expected to be let for other substantial roadway improvements that will greatly enhance access and safety for businesses and residents in the District. These projects include:
 - Reconstruction of Lauder to a four-lane divided roadway between Hardy Toll Road and US 59. When coupled with the Mid-Reach Greens Bayou flood control project, this project will greatly enhance the industrial, residential and retail development potential of the properties along the north side of Lauder Road as well as on both sides of JFK between Aldine Bender and AMR identified earlier.
 - Widening of AMR between Hardy Toll Road and Aldine Westfield to four lanes and improvement of AMR east to US 59. These projects will provide better access to the existing retail centers and other businesses along AMR and enhance development prospects for the vacant properties between Aldine Westfield and JFK identified earlier.

Mobility, Landscaping and Signage Improvements

In August, 2007, Wilbur Smith Associates, with Clark Condon Associates and The Douglas Group as subcontractors, completed a study of present conditions of transportation, signage and landscaping conditions in the District and devised extensive and imaginative recommendations pertaining to each of these important elements. Implementation of the recommendations over time will substantially improve the visual appearance, mobility and way finding of the District, making it a far more appealing area in which to own and operate a business or from a resident standpoint to live, work and play. Of the \$13.3 million in bonding capacity currently obtained by the District, nearly \$7 million is earmarked for such improvements.

Mobility, Landscaping and Signage Improvement Plan



Source: Wilbur Smith and Associates

Future Town Center

The District is also considering development of a town center that could include the EAMD office, a Lone Star College building, a meeting hall, fire station, post office, sheriff's branch and other facilities that would help create an identity and sense of place for East Aldine. One of the recommendations of the

Future Roadway and Town Center



Source: Wilbur Smith and Associates

Wilbur Smith study was to close Glogger Street between AMR and Mount Houston and extend JFK south from AMR to the future Gulf Bank/Mount Houston at the east edge of Keith Wiess Park where a traffic circle could be constructed to create improved mobility at the center of the District. This would appear to be the ideal location for the proposed town center.

Organizations and Programs that Support Economic Development

The East Aldine Management Districts economic development efforts are strongly supported by organizations and programs concerned with education, public safety and security and regional economic development.

Education

The District benefits from having good educational facilities and programs provided by the Aldine Independent School District and the Lone Star College System, formerly known as the North Harris Montgomery Community College District.

With respect to AISD:

- The Eli and Edith Broad Foundation has announced (4/02/09) that AISD has been named one of five finalists among five urban school districts in the U.S. for the Broad Prize for Urban Education to be awarded on September 16 in Washington, D.C. The winner will receive \$1 million in scholarships for high school seniors graduating in 2010. The other four finalists will receive \$250,000 in scholarships each.
- Texas A&M's Texas Educational Excellence Project (TEEP) board announced (2/27/09) that AISD has been rated the top large school district in Texas for educating Latino students and fourth for educating African-American students.
- Of particular importance to present and future industrial and service firms located in the District is the breadth of vocational education opportunities offered by AISD's Career and Technology Department.
 - Vocational courses taught at all four high schools include: welding, automotive trades, information technology, construction trades and manufacturing.
 - Approximately 4,000 students from grades 10-12 are enrolled in vocational education courses annually.
 - Course plans and training techniques are guided in part by an advisory council comprised of owners and managers of AISD area firms engaged in the various fields. The council meets with school district officials three times per year.

- A separate advisory council advises the department on the automotive trades sector. This council is comprised of automotive dealership service department, independent garage, tire dealer and parts store representatives.

- Starting in the Fall Semester of 2009, AISD will partner with Lone Star College System to provide special classes in sheet metal and drywall installation. The classes will be held at Hall High School. Courses will be conducted by representatives of Houston area construction companies.

The Lone Star College System is comprised of five college campuses and three training centers offering academic, work force development, continuing education and contract training programs. One training center – the Greenspoint Center – is located on the southeast corner of Beltway 8 and Greenspoint Drive close to the northern edge of the East Aldine Management District. A sixth campus has recently been opened on acreage acquired from HP at its complex on SH 249.

- The Lone Star College System offers certificates and Associate of Applied Science degrees in 32 fields as follows:
 - Accounting
 - Automotive Technology
 - Biotechnology
 - Child Development and Family Studies
 - Computer Information Technology
 - Cosmetology
 - Dental Hygiene
 - Diagnostic Medical Sonography
 - Emergency Medical Services
 - Engineering Technology
 - Fire Science Technology
 - Geographical Information Systems
 - Health Information Technology
 - Heating, Ventilation, Air Conditioning & Refrigeration Technology
 - Human Services
 - Interior Design
 - Logistics Management
 - Business Management
 - Medical Assisting
 - Medical Radiologic Technology
 - Nursing
 - Occupational Therapy
 - Paralegal Studies
 - Pharmacy Technology
 - Physical Therapy
 - Professional Office Technology

- Respiratory Care
 - Veterinary Technology
 - Visual Communication
 - Welding and Inspection Technology
- In addition to its wide number of career education courses, the Lone Star College System funds English as a Second Language (ESL) instruction at a number of locations throughout the college district. This is important to many Spanish speaking adults living in EAMD who may need to improve their English comprehension and speaking skills in order to qualify for many jobs in the Houston area.

Safety and Security

Safety and security are absolutely vital to the attraction of new businesses and residents to the District. Fortunately, the District has improved in this respect since the 2005 study.

- District 2 of the Harris County Sheriff's Department continues to man the Burglary, Apprehension and Response Squad (BARS) at the storefront at 5202 AMR in the Northwood Shopping Center where the EAMD office is also located. The function of the unit is to investigate burglaries. BARS personnel are not involved in police work. However, if they encounter crimes in progress, they can hold suspects in custody until a deputy arrives at the scene.
- Whereas two deputies were assigned to the each of three shifts on Beat 60 (which roughly corresponds to the District) four years ago, two more deputies per shift are now assigned to the beat as bike patrolmen.
- The most dramatic step in District crime control, however, was taken in January, 2008, with the creation of a proactive unit, comprised of a Sergeant and four deputies, which can be directed to any District location to combat any type of criminal activity. This unit has had real success in reducing crime during its short time in existence. In addition, it has aided other law enforcement agencies including Houston Police Department, Texas Alcohol & Beverage Commission, Drug Enforcement Administration and the FBI with their enforcement and investigation activities.



- In addition to these activities carried on by the Harris County Sheriff's office, additional law enforcement is provided by constables and their deputies who are hired by Justices of the Peace. Many constable deputies work at night or on weekends as guards at shopping centers, banks, retail stores, construction sites and other privately owned properties.

Area Economic Development Organizations

Economic development in the District is supported by a number of organizations and facilities.

- The North Houston EDC (NHEDC) was recently created as a 501(c)3 corporation to initiate a broader and more effective economic development effort on behalf of four North Houston districts than could be undertaken by the districts individually.
 - The districts are the EAMD, Airline Improvement District, Greater Northside Management District and the Greater Greenspoint District.
 - There are 12 members of the board, including David Hawes. Bill Townsend, president of North Houston Bank in the EAMD, is also on the board. The first board meeting was June 17.
 - According to Reggie Gray, who formed the organization, the initial focus will be on devising a collaborative effort to attract relocation projects to North Houston, as well as to define the types of projects that are best suited to the area.
 - The NHEDC will in all likelihood become a member of the Greater Houston Partnership and look to its Economic Development Division and in turn, the Governor's Economic Development Office, for possible project leads. According to Reggie, there is a lot of current interest in the Houston area being shown by West Coast firms.
 - Among the marketing tools the NHEDC expects to use are a website (under development now), a page on the jobbing.com website and a mail out brochure incorporating ideas taken from brochures collected at the recent ICSC meeting in Las Vegas.
- The North Houston Greenspoint Chamber of Commerce (NHGCC) which offices at Lone Star College System's Greenspoint Center, with Reggie Gray as president, provides a number of functions and facilities to and business development. EAMD is one of the strongest financial supporters of the NHGCC. Included under the chamber's direction are:
 - A Small Business Development Center, currently measured by a consultant, Don Ball, who counsels small businesses on SBA loan applications and other matters.

- A Corporate College which offers five separate meeting rooms to area businesses for training seminars.
- A Business Incubator, where start-up firms and entrepreneurs can start their businesses and begin earning revenue before they have to commit to actually leasing commercial space. Users are provided a cubical, a computer with internet access, phone, fax machine and copier. The month to month lease rate is \$250/month. The typical occupancy period is six months by which time the new business either requires commercial space or has failed.
- In April, the NHGCC staged an International Business Forum at which a number of major U.S. organizations, including Wal-Mart and the Houston Airport Systems made presentations. Foreign consulates will be invited to the 2010 conference to provide information on business opportunities in their respective countries.
- North Houston Economic Development Alliance which is coordinated by Ray Laughter, Vice Chancellor for External Affairs for Lone Star College.
 - The purpose of this unincorporated organization is to serve as an umbrella entity to support the economic development efforts of chambers throughout North Harris County.
 - Funding comes from Harris County under an annual contract that was initiated by Commissioner Eversole who was formerly president of the Humble Chamber.
 - The Alliance routinely collects and disseminates population and demographic information to the various chambers.
 - Recently, the alliance contracted TIP Strategies, an Austin based consulting firm, to conduct a study of strengths and weaknesses of the region and various communities in the region and recommended action plans related to economic development. In conjunction with this study, a Cy-Fair Management District and an FM 1960 Improvement District were created. Study results will be presented at a forum scheduled for September 11, 2009.
- Harris County Community Services Department provides information on all types of special districts and incentives permitted by current Texas law.

Recommended Economic Development Strategy

Situation

The outlook for economic development in the East Aldine Management District has improved substantially over the past few years and will continue to improve over the next 3-10 years due to a number of factors.

- Bush Intercontinental Airport, a major driver of the North Houston economy, continues to expand with the help of substantial ongoing capital investments.
- Substantial flood control improvements have been completed on Halls Bayou in Keith Wiess Park and are planned in conjunction with the Mid-Reach project on Greens Bayou.
- Substantial water and sewer improvements are underway and future improvements assured through the District's ability to secure long term funding. Most importantly, the planned "12" water line along the east side of US 59 between Little York and Mt. Houston Road will facilitate commercial development of vacant and underutilized properties along that corridor.
- Important street improvements have been completed (Little York) or are planned near-term (Gulf Bank/Mt. Houston and Aldine Mail Route) that will improve accessibility to and from areas within the District.
- Completion of the "Recreation Plus Rain" project in Keith Weiss Park has converted a dormant wilderness into a very appealing recreational amenity.
- Large tracts have been assembled for future development by two developers with histories of success in the Houston area.
- District revenue is already exceeding \$3.5 million a year and is likely to continue to increase, especially due to the forecast increase in traffic volume on US 59.
- The District has in hand an important road map (Wilbur Smith study) for mobility, landscaping and signage improvements that, when implemented, will improve the face of the community dramatically.
- The key educational institutions – Aldine ISD and Lone Star College System – offer a full range of vocational courses.

- There is growing support for economic development in North Houston with the start-up of the North Houston EDC and the availability of the Greenspoint Training Center nearby to provide important assistance to entrepreneurs and companies.
- The economic recession is already 18 months old and favorable impacts of the federal stimulus package can be anticipated over the next two years. Meanwhile, the Houston area and other Texas cities continue to outperform other cities in the nation.

In short, the time is at hand to plan and begin executing an economic development strategy over the next 1-2 years that will yield important benefits to the District mid to long-term.

Recommended Strategy

- Concentrate efforts to attract new development on two corridors:
 - JFK, north of AMR and particularly Lauder Road, which provides a direct link to Bush Intercontinental Airport, a primary driver of the North Houston economy.
 - US 59, which is undergoing sharp increases in traffic volume. In particular, between Little York and Mt. Houston Road where the new water and some sewer improvements will be made.
- Recognize that East Aldine is primarily a working class community with a considerable amount of industrial land use. Take advantage of this image, as well as the skills of the workforce, to focus on attracting light industrial and service businesses to create jobs and provide additional retail and restaurant demand in the District. EAMD's niche is 180° from that of the Greenspoint District.
- Acquire selected properties along the east side of US 59 and land bank them for future development in service use, along with any retail and professional office uses that may be possible

This is desirable before the utility infrastructure improvements are completed and current property owners elevate asking prices to unrealistic levels, possibly precluding optimum future development.

- Prepare to advise existing and prospective new small businesses and entrepreneurs on available sources of working capital by:

- Referring qualified businesses to the Small Business Departments of banks located within the District.
 -
 - Taking full advantage of the SBA loan application assistance available at the Lone Star College Greenspoint Center and other sources.
 - Considering some type of direct or indirect assistance by the District consistent with likely needs, risks and availability of District funds.
- Utilize the contacts afforded by the newly formed North Houston EDC and North Houston Greenspoint Chamber to access inquiries and potential location/relocation projects received by The Greater Houston Partnership and the Governor’s Economic Development Office.
 - Fully utilizing the experience and skills of the person responsible for economic development for the District.

Recommended Marketing Program

- Develop a handout brochure that describes the improvements underway and the locational and other advantages of locating a business in the District and lists the District's website and contact information.
- Maintain a list of properties available for development in the District together with listing broker, flood plain and utility information on-line.
- Modify the EAMD website to describe development opportunities in the District and assistance available from district staff.
- Market the District to industrial and commercial brokers in the Houston area by mailing them the promotional brochure, attending professional meetings, offering guided tours of available sites and developing personal relationships with them over time.
- Utilize memberships in the NHEDC and NHGCC to the maximum extent to obtain leads. Maintain a file of all leads, final results, and reasons why there was success or lack of success.
- Work cooperatively with Robert Clay, Clinton Wong and other major developers to jointly market their projects to users, as appropriate. (Gretchen's planned July 9 presentation to the NHGCC is an excellent example.)
- Make presentations on "The Changing East Aldine District" to these and other business organizations, as well as conferences that are attended by prospective users. These presentations can essentially be the same as David Hawes' State of the District address.
- As the strategy and marketing program begin to yield success, try to place an article in the Houston Business Journal and other publications describing step by step the process that the District undertook to take a poor, close-in, blighted area of Harris County to its new status as a close-in business oriented community.

Appendix A – Interview Respdents

Date	Name	Organization
5/20/09	Doug Bates	Henry S. Miller
5/20/09	Bart Baker	Greenspoint District
5/21/09	Ed Frantz	CBRE
5/21/09	Dan White	Don White Real Estate
5/21/09	John Ferruzzo	NAI Houston
5/26/09	Eric Ungar	Skymark Development Co. (Clinton Wong owned)
5/26/09	Jeff Peden	Cushman & Wakesfield
5/27/09	Richard Martinez	Houston Airport System
5/29/09	Karen Gregory, Heather Dunigan, & John Cook	CenterPoint Energy
6/1/09	Larry Davis	Suburban Realty
6/3/09	Bill Ginder	Caldwell Companies
6/3/09	Reggie Gray	North Houston – Greenspoint Chamber of Commerce
6/5/09	Bill Townsend	North Houston Bank
6/5/09	Clyde Bailey	Jed's
6/8/09	Armando Walle	State Representative
6/8/09	Joyce Wiley	Lone Star College Dist.
6/8/09	Franklin Higgins	Adline ISD
6/9/09	Ray Laughter	Lone Star College Dist.
6/12/09	Eric Potts	Houston Airport System
6/23/09	Franklin Higgins	Aldine ISD

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