



Putting Assets To Work Initiative Report

Presented and Transmitted to Harris County Commissioners Court

Diana Ramirez, Harris County Administrator

Jesse Dickerman, Managing Director

September 19, 2024

Background

On August 23, 2022, the Commissioners Court approved Harris County's grant agreement with the Government Finance Officers Association (GFOA) to participate in an incubator program focusing on:

- 1) *Asset Mapping***, where Urban3 (an economic modeling firm) provided technical assistance on mapping publicly owned assets.
- 2) *Putting Assets to Work Playbook prepared for Harris County (PAW Playbook)***. The playbook was prepared by the Sorenson Impact Center at the University of Utah's David Eccles School of Business.

This report is divided into four sections:

- I. Executive Summary
- II. Summary of the Technical Assistance Received
- III. Proposed Uses of the Asset Mapping and PAW Playbook Framework
- IV. Proposed Next Steps



I. Executive Summary - Overview

ASSET MAPPING

- Mapping of County-owned assets by URBAN3.
- Data analysis includes scenario valuations of enhanced parcel values using 2022 data.
- Maps produced visualize the distribution of County-owned property values across Harris County.
- Data transferred to the County's Atlas and ArcGIS systems maintained by Universal Services.

PUTTING ASSETS TO WORK (PAW) PLAYBOOK

- Completed by the Sorenson Impact Center, David Eccles School of Business, University of Utah.
- A high-level introductory document into the concept of using Asset Mapping data to realize the value of public assets.
- Outlines asset categorization, potential governance structures, financing tools, private sector involvement, and possible implementation strategies.



I. Executive Summary - Key Findings

ASSET MAPPING

- 1.48 million parcels within Harris County, of which 14,700+ are County-owned properties or **1% of total parcels**
- Total value of County-owned property is estimated to be **\$3.9 billion**
- Excluding flood control assets, the value of remaining property is estimated to be **\$2.5 billion**
- Harris County has the opportunity to increase this value from \$2.5 billion to **\$9.9 billion**

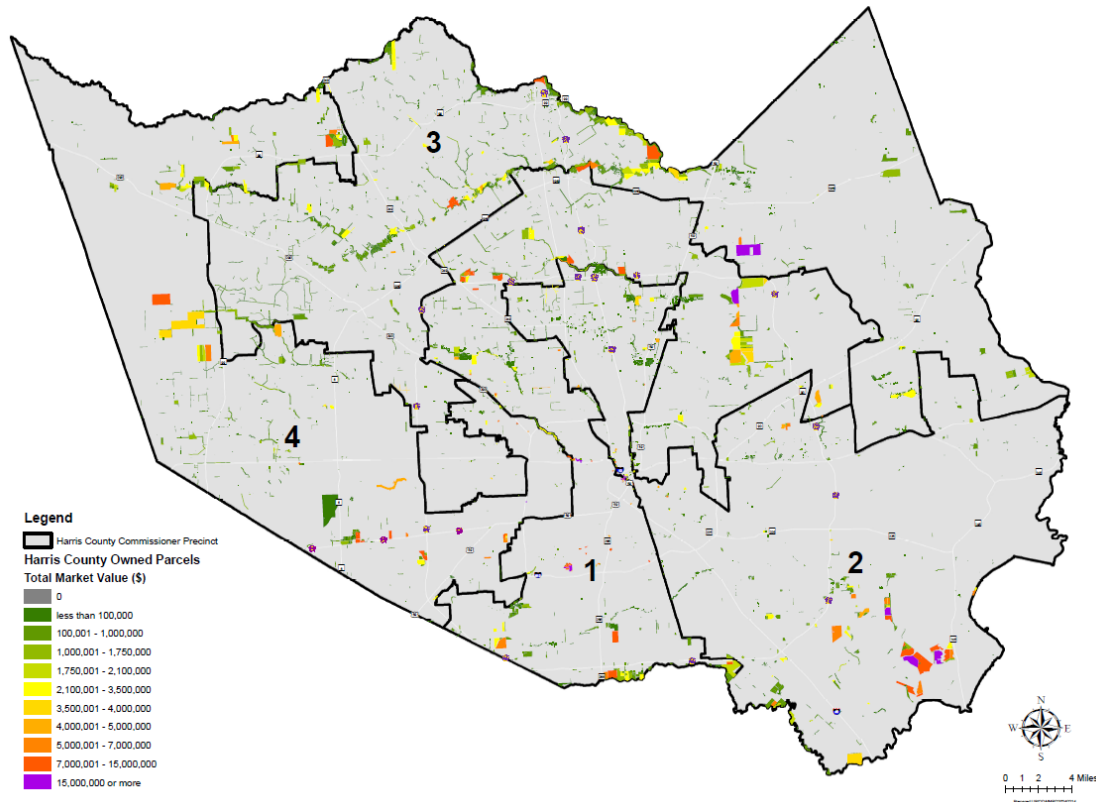


I. Executive Summary - Key Findings

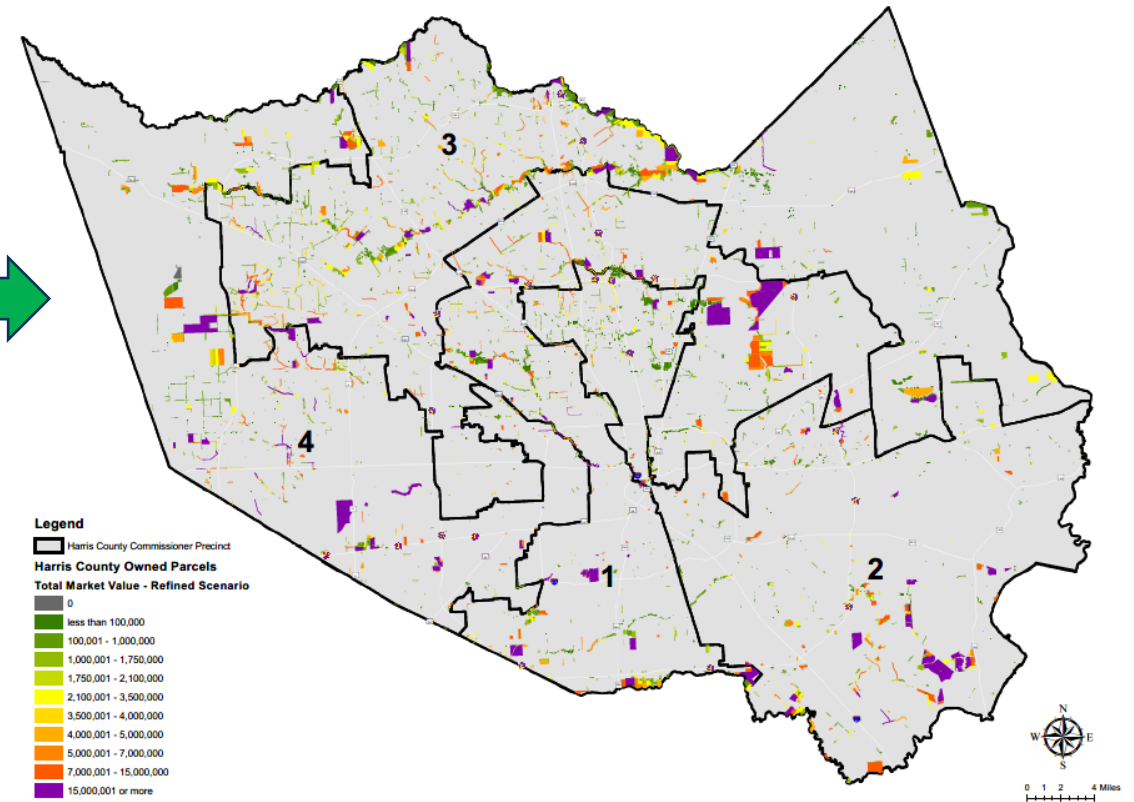
ASSET MAPPING

*For
Illustration
Purposes*

**HARRIS COUNTY OWNED PARCELS TOTAL MARKET VALUE
(CURRENT PORTFOLIO SCENARIO PARCEL DATA AS OF TAX YEAR 2022)**



**HARRIS COUNTY OWNED PARCELS TOTAL MARKET VALUE - REFINED SCENARIO
(Middle Optimistic Valuation By Urban3)**



I. Executive Summary - Key Findings

PUTTING ASSETS TO WORK (PAW) PLAYBOOK

An introductory document into the PAW concept offering:

- Four **asset classifications** for consideration (**Legacy, Policy, Yield, Hybrid**).
- General discussion of various financing and implementation tools
- Overview of various PAW governance structures from county staff to the creation of development agency

It does *not* assess the legal landscape in Texas, Harris County's existing development authority, or various management districts.



I. Executive Summary - Next Steps

- Ratification by the Commissioners Court to adopt the ***Harris County PAW Initiative*** with the ***purpose of identifying underutilized County-owned assets and pursuing development or redevelopment serving dual goals of monetization and the provision of community benefits.***
- Ratification by the Commissioners Court of the **formation** of the **Technical Advisory Group (TAG)** for the PAW Initiative to guide project assessment, selection, and implementation:
 - Led by the OCA
 - Members from OCA, OMB, DEEO, Engineering, HCD and Flood Control
 - Reports to Commissioners Court
 - Develops Policy and Procedures related to PAW
 - Develops KPIs and key program thresholds for PAW projects
- Technical Advisory Group will **draft policy guidelines** for advancing projects that serve dual goals of monetization and provision of community benefits
- Policy guidelines will be presented to the Court for **adoption**





II. Summary of the Technical Assistance Received

Putting Assets to Work Initiative

II. Summary

ASSET MAPPING | What it is | What we found | How we can use it

A process to identify real property assets, their current use and attributes, develop and visualize market valuation scenarios to inform real property development decision

Market valuation modeling features five scenarios:

- 1. Current Portfolio Scenario** – based on HCAD’s appraisal of the properties
- 2. Land Scenario** (least optimistic valuation) – based on local real estate market trends where sales prices are compared to appraised market values and adjusting the base value accordingly
- 3. Generalized Scenario** (middle-high optimistic valuation) – comparing the parcel’s average value per acre to the area-wide average value per acre. This scenario provides a window of what the parcel could achieve if it could meet the area-wide average.
- 4. Neighborhood Scenario** (most-optimistic valuation) – using the average value per acre of all parcels found within 500 feet of each asset and applying it to the parcel asset. This scenario contextualizes the estimated value at a more granular level.
- 5. Refined Scenario** (middle optimistic valuation) – this uses the Neighborhood scenario and incorporates additional data that can negatively (e.g., flood zones, etc.) or positively impact (e.g., transit, parks, etc.) the potential valuation of the property



II. Summary

ASSET MAPPING | **What it is** | What we found | How we can use it

A process to identify real property assets, their current use and attributes, develop and visualize market valuation scenarios to inform real property development decision

METHODOLOGY

- Used HCAD parcel data for 2022* for all parcels within Harris County
- County-owned property valuation scenario modeling includes real property owned by Harris County, the Hospital District, Port of Houston, and Flood Control, given the County's topography, climate change challenges, and resiliency activities
- Urban3 completed the valuation modeling using 2022 as the base year; data was transferred to Atlas and ArcGIS for County use

*Due to the timing of HCAD's data set used by Urban3 for their analysis, property appraisal valuations were still in progress for some parcels. This means, that the maps produced by Urban3 have some parcels showing "0" for their Current Portfolio Scenario valuation.



II. Summary

ASSET MAPPING | What it is | **What we found** | How we can use it

- 1% (or 14,700+ parcels) of the total 1.48 million parcels within Harris County are owned by Harris County
- 0.5% (or \$3.9 billion) of the \$652.7 billion in Total Market Value (County-wide) is tied to all County-owned property using the Current Portfolio Scenario valuation
- **The \$3.9 billion value increases to \$16 billion in Total Value using the Refined Scenario valuation for County-owned parcels**
- \$1.4 billion property value of the \$3.9 billion captures Flood Control property
- **The remaining \$2.5 billion property value increases to \$9.9 billion for County-owned property using the Refined Scenario valuation**
- Overall, 74% of the County-owned property is in a flood zone with a value of \$3.2 billion (Current Portfolio Scenario)
- Countywide, parcels with a high Total Market Value of \geq \$5M concentrate along the Houston Ship Channel
- But when considering the Market Value per Acre of \geq \$5M per Acre, such parcels concentrate in the Galleria area, Houston downtown, and an area stretching SW of Houston downtown and bound to the W and S by Hwy 610



II. Summary

ASSET MAPPING | What it is | **What we found** | How we can use it

- Currently, 86.3 square miles comprise total County-owned (Harris County, Hospital District, Port of Houston, and Flood Control) property
 - ✓ 37.8 sq. mi. (or 44%) is for current Flood Control use
 - ✓ **24.7 sq. mi. (or 28%) is for current General County use**
 - ✓ 13.6 sq. mi. (or 16%) is owned by the Port of Houston
 - ✓ 10.2 sq. mi. (or 12%) is for current Park use

Some of this property may be prime candidate property for development or re-development with potential revenue-generating programming



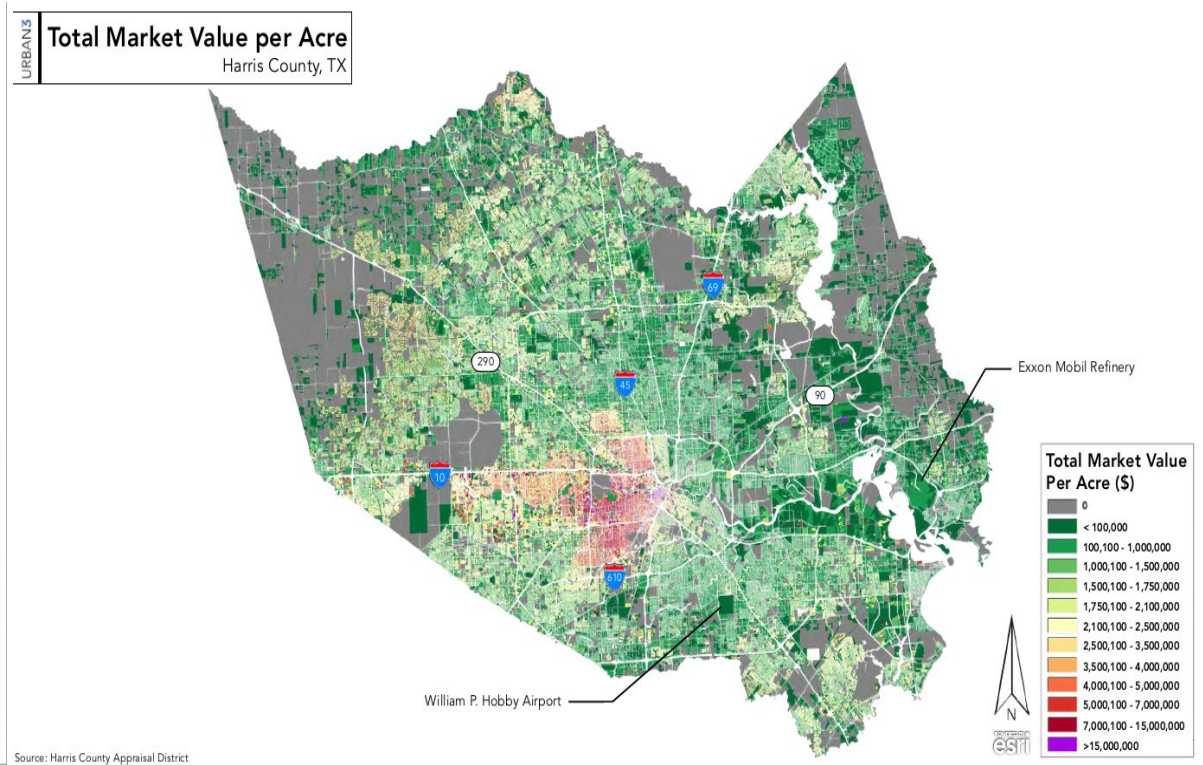
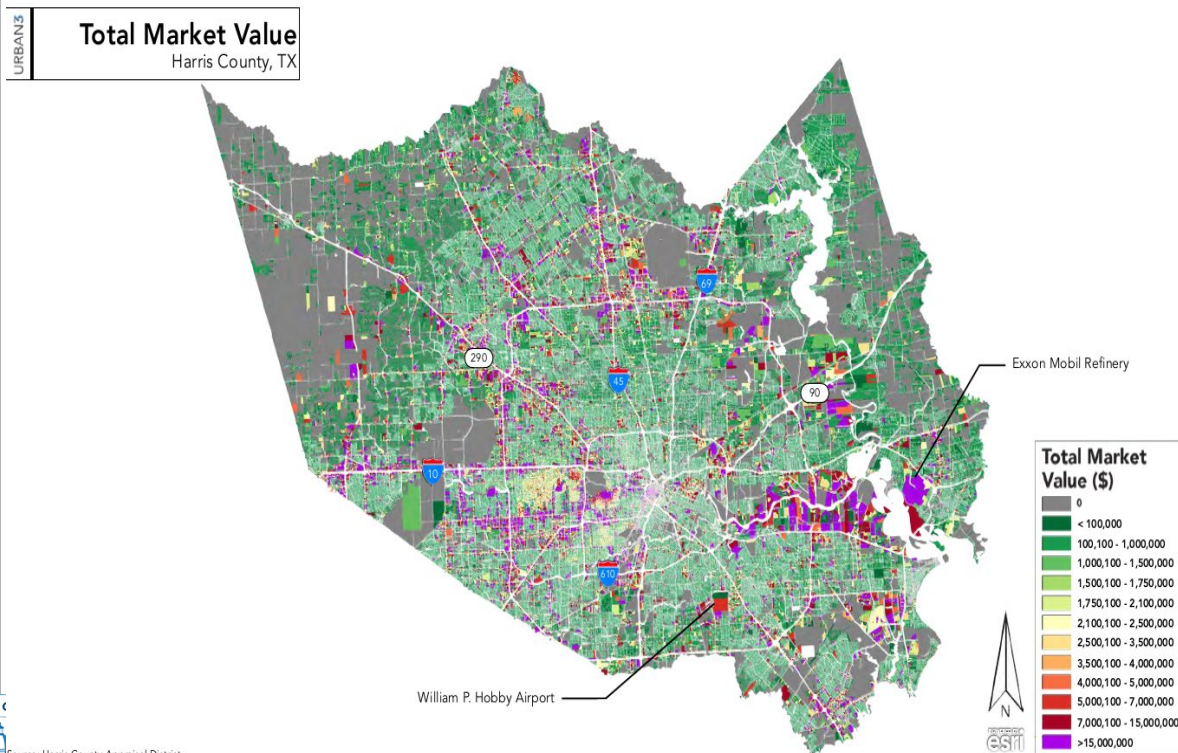
II. Summary

ASSET MAPPING | What it is | **What we found** | How we can use it

Maps produced by *Urban3* for *Countywide* properties using the *Current Portfolio Scenario* and data from HCAD*

*Due to timing, not all parcels had their property valuations available from HCAD

*For
Illustration
Purposes*



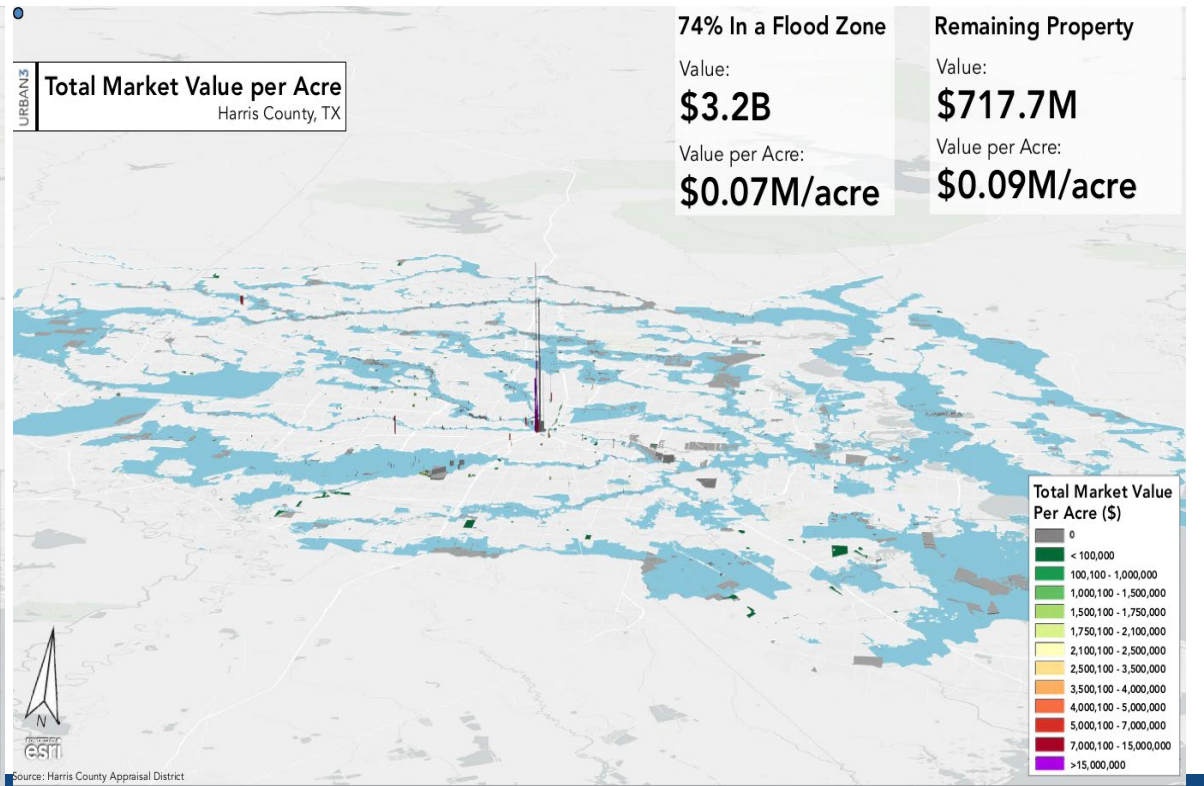
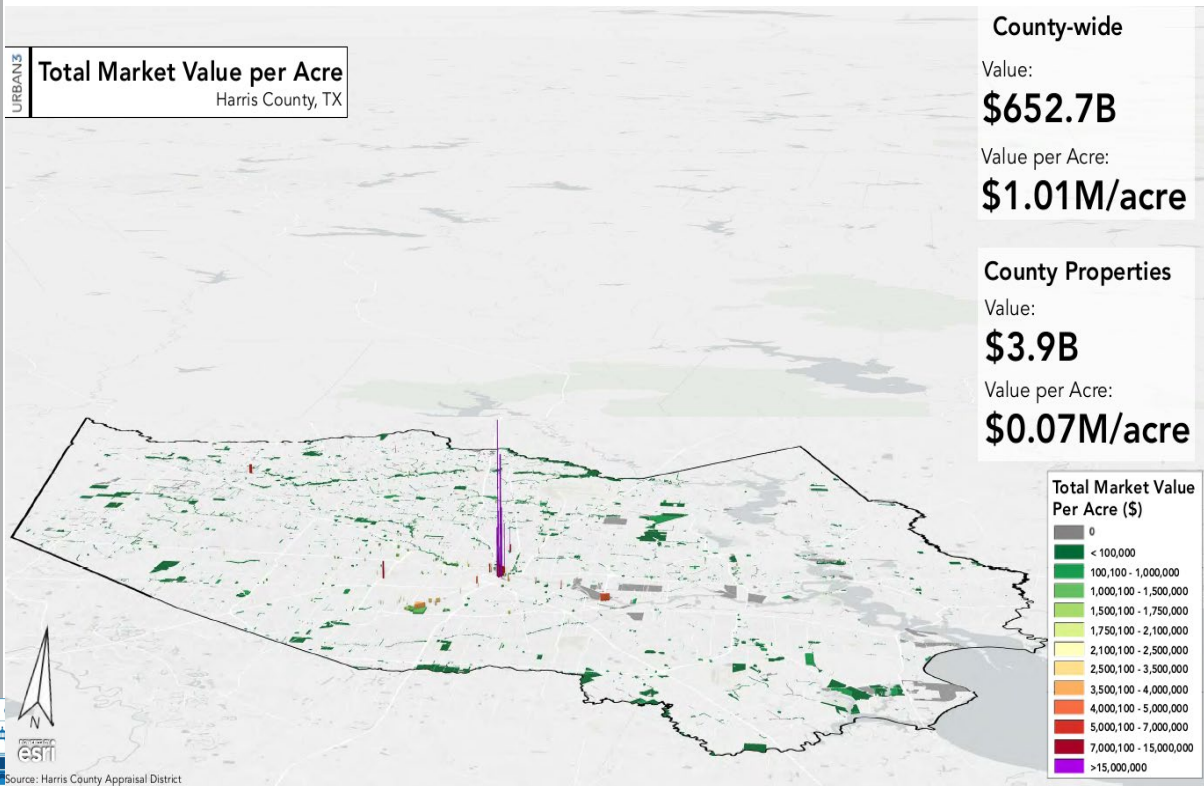
II. Summary

ASSET MAPPING | What it is | What we found | How we can use it

Maps produced by *Urban3* for *County-owned* properties using the *Current Portfolio Scenario* and data from HCAD

For Illustration Purposes

*Due to timing, not all parcels had their property valuations available from HCAD (Per Urban3 the flood zone map is based on publicly available data in 2022)



II. Summary

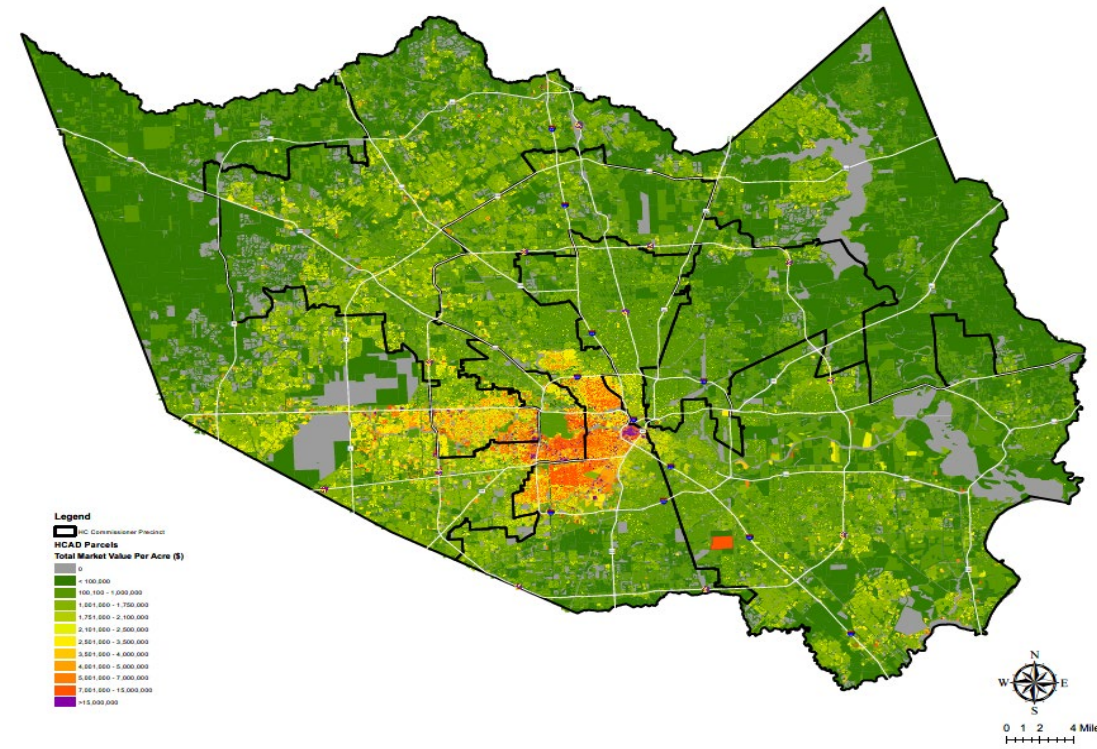
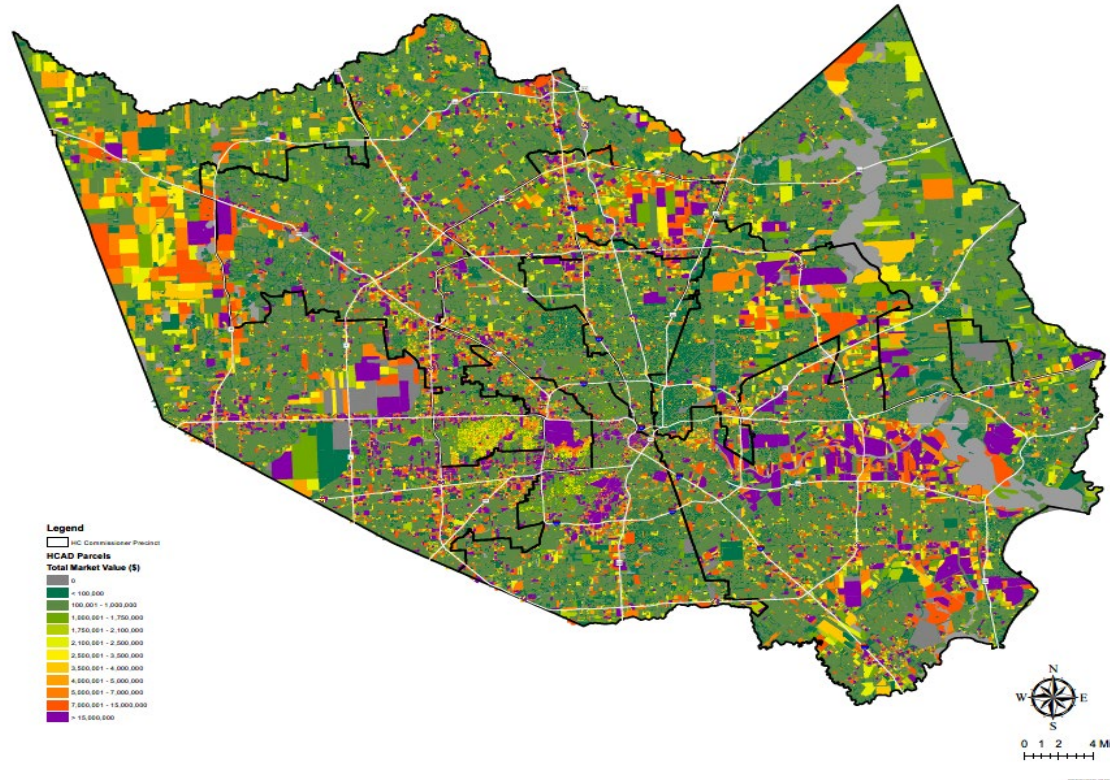
For
Illustration
Purposes

ASSET MAPPING | What it is | What we found | How we can use it

Maps produced *by the County* for all *Countywide* properties using the *Current Portfolio Scenario* data from HCAD and Urban3

TOTAL MARKET VALUE BY PARCEL AS OF TAX YEAR 2022

TOTAL MARKET VALUE BY ACRE
(PARCEL DATA AS OF TAX YEAR 2022)

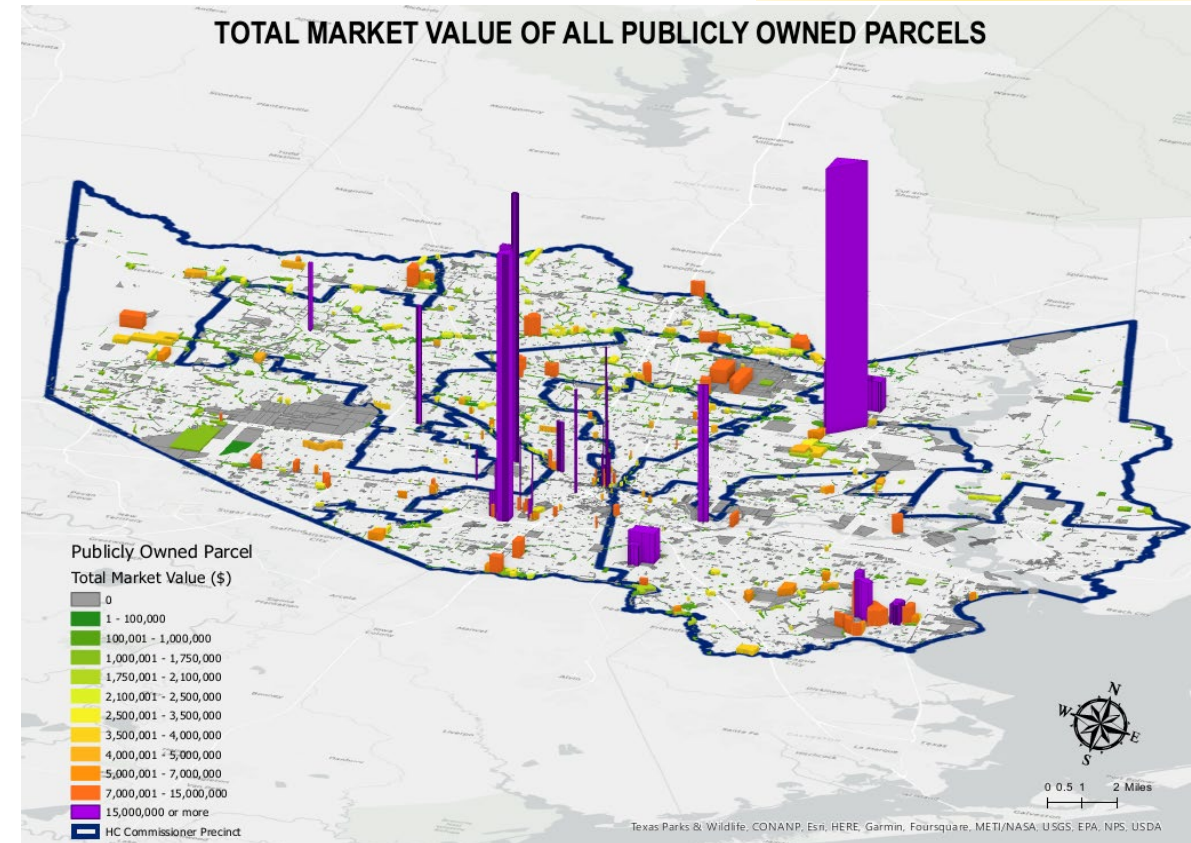
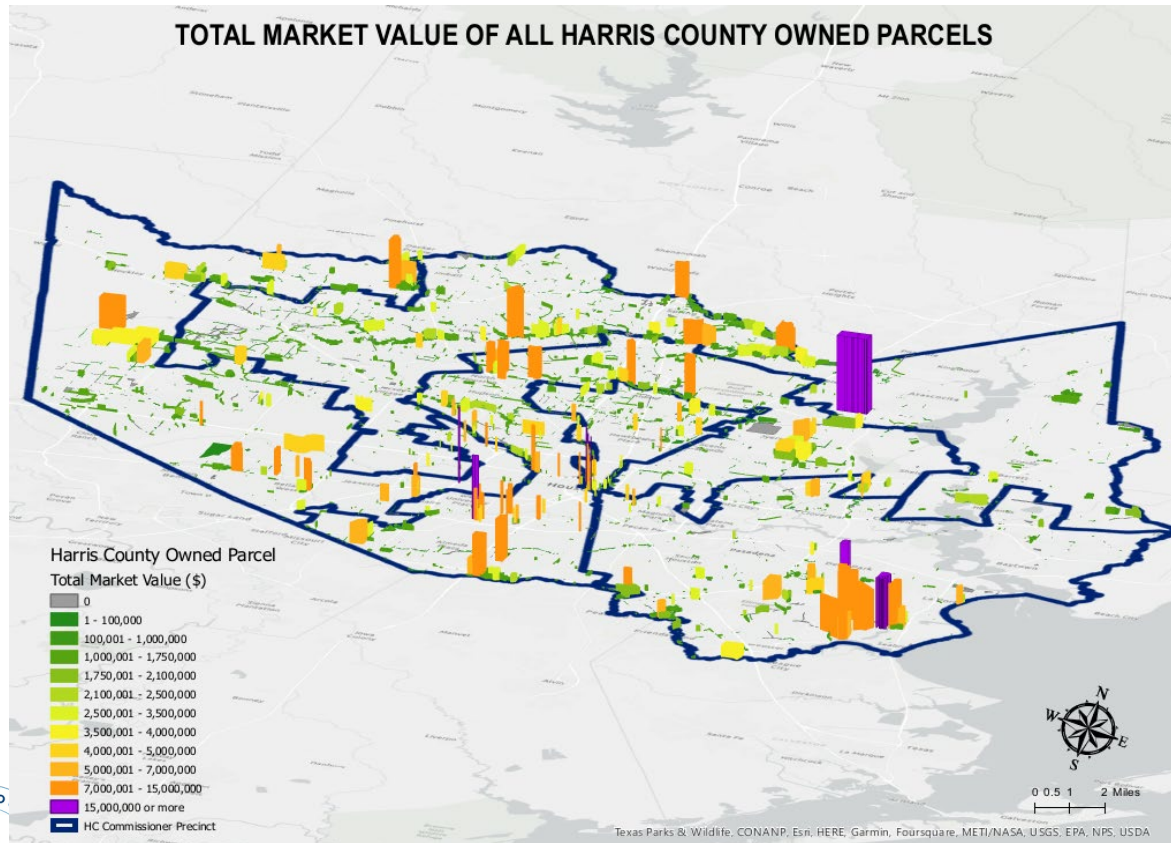


II. Summary

ASSET MAPPING | What it is | What we found | How we can use it

Maps produced *by the County* for *County-owned* properties using the Current Portfolio Scenario data from HCAD and Urban3

*For
Illustration
Purposes*



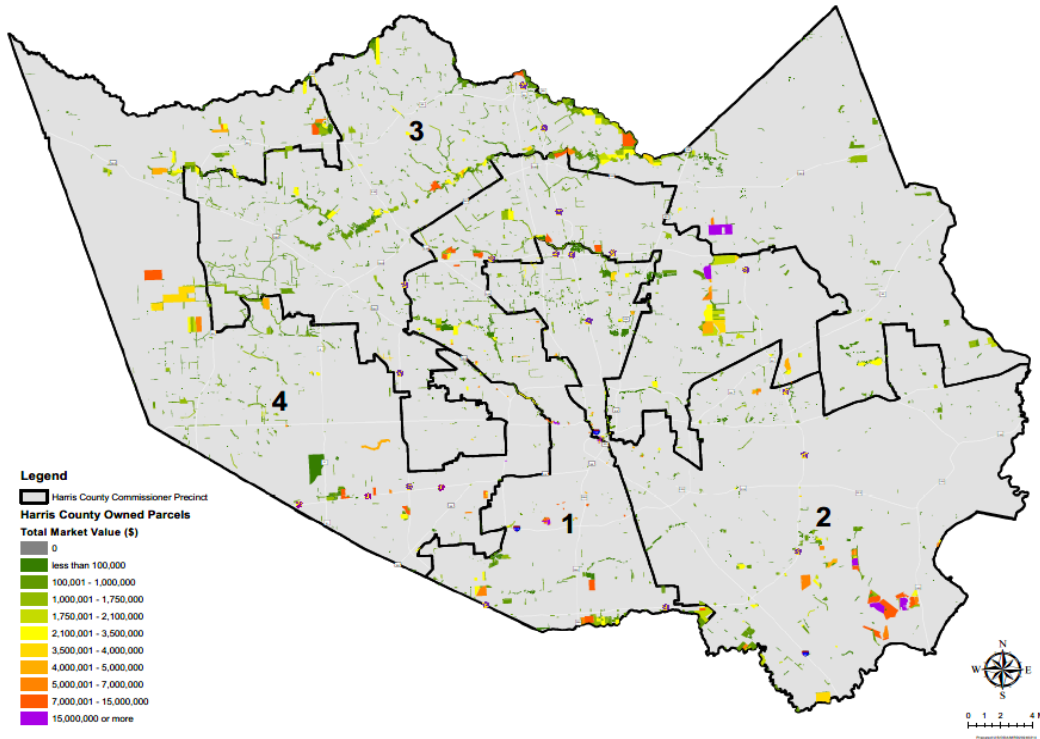
II. Summary

ASSET MAPPING | What it is | **What we found** | How we can use it

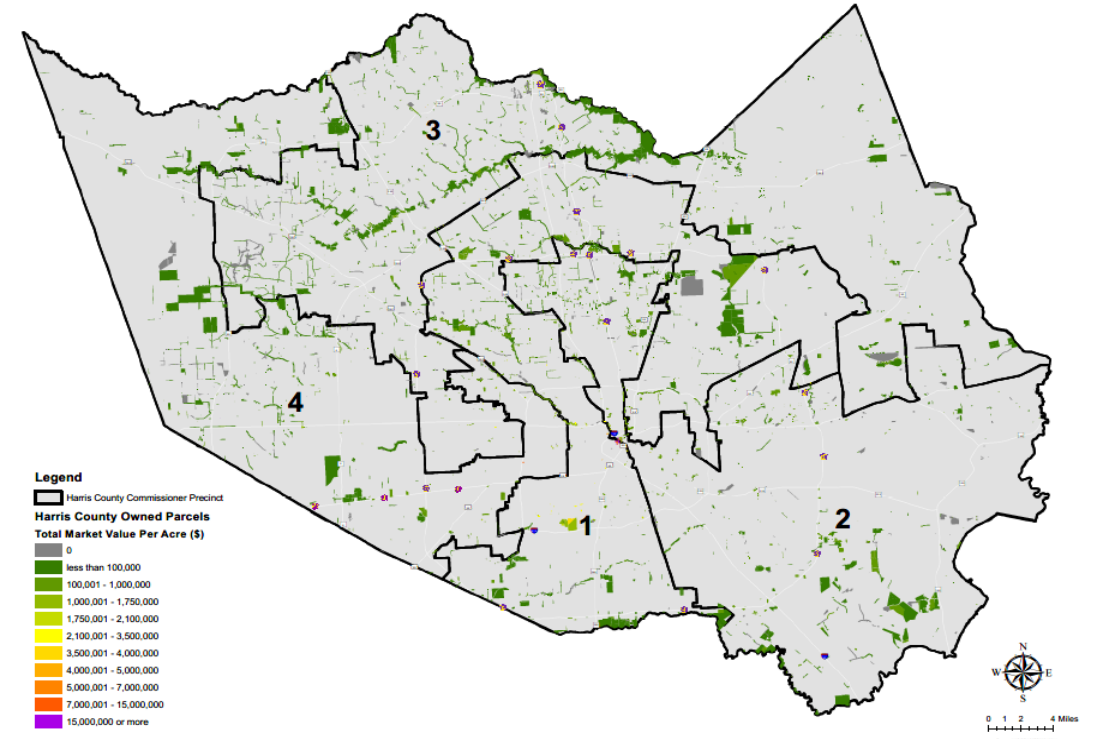
Maps produced by the County for *County-owned* properties using the Current Portfolio Scenario data from HCAD and Urban3

*For
Illustration
Purposes*

HARRIS COUNTY OWNED PARCELS TOTAL MARKET VALUE
(PARCEL DATA AS OF TAX YEAR 2022)



HARRIS COUNTY OWNED PARCELS TOTAL MARKET VALUE PER ACRE
(PARCEL DATA AS OF TAX YEAR 2022)



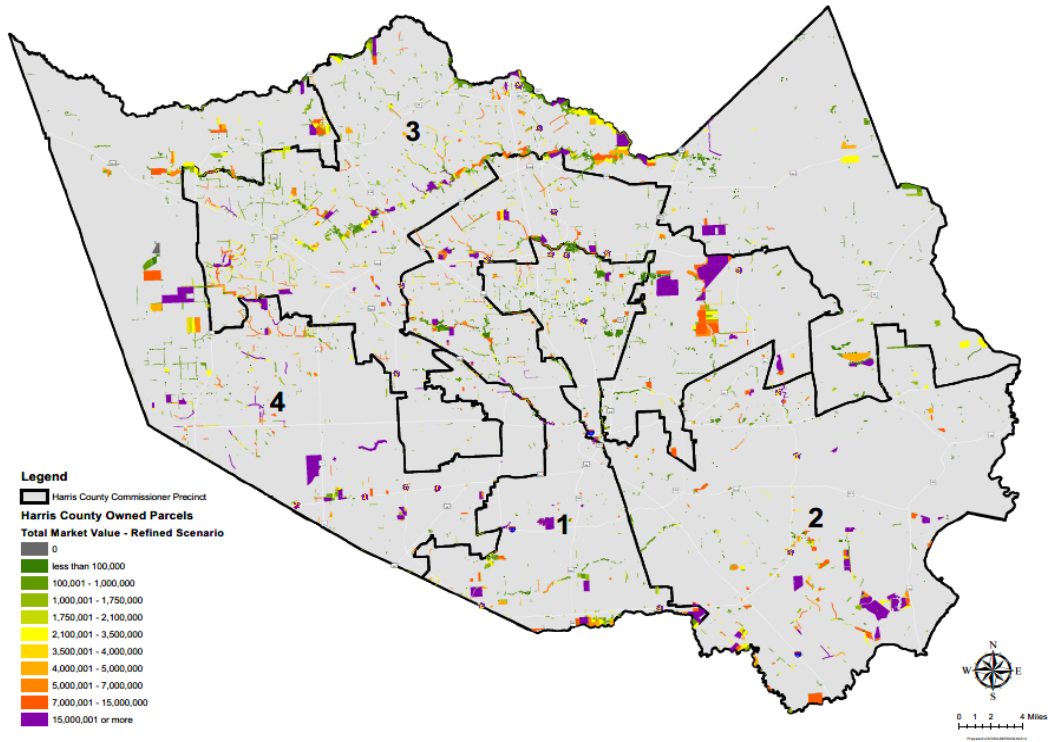
II. Summary

ASSET MAPPING | What it is | **What we found** | How we can use it

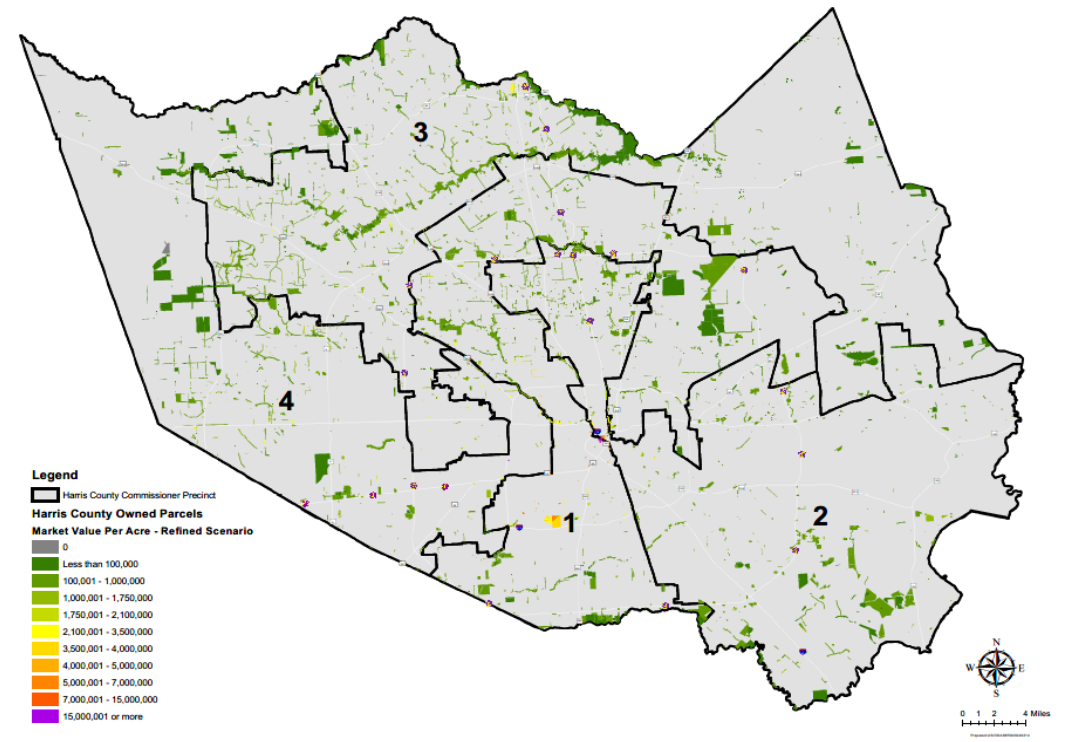
Maps produced *by the County* for *County-owned* properties using the Refined Scenario data from HCAD and Urban3

*For
Illustration
Purposes*

HARRIS COUNTY OWNED PARCELS TOTAL MARKET VALUE - REFINED SCENARIO
(Middle Optimistic Valuation By Urban3)



HARRIS COUNTY OWNED PARCELS TOTAL MARKET VALUE PER ACRE - REFINED SCENARIO
(Middle Optimistic Valuation By Urban3)



II. Summary

ASSET MAPPING | What it is | What we found | **How we can use it**

Pre-planning Phase

- Allows for mapping and compelling visual representation of data and informs the decision-making process
- Facilitates identification and review of assets through a policy lens (asset classification framework):
 - **Legacy Assets** –use of property remains unchanged (e.g., parks, roads, ROW, flood control, etc.),
 - **Policy Assets** –use of property achieves specific objectives (e.g., libraries, community centers, jails, etc.),
 - **Yield Assets** – use of property may be underutilized and may benefit from (re-)development
 - **Hybrid Assets** – use of property may blend government policy objectives with revenue generation activities
- Assess the feasibility of combining multiple parcels for a single development or redevelopment project
- Perform valuation scenario at a granular level
- Identify existing management districts, improvement districts, or reinvestment zones surrounding the property



II. Summary

ASSET MAPPING | What it is | What we found | **How we can use it**

Project Implementation Phase

- Identify public and private partners for projects
- Identify **On-site** and **Off-site** impact of property use when considering (re-)development of County-owned property
 - **On-site Impact** – proposed use of the property directly achieves the proposed objective (e.g., community center)
 - **Off-site Impact** – proposed use of the property is in accordance with its highest market value to generate maximum financial return (e.g., parcel to be redeveloped into a mixed-use retail, hotel, and entertainment complex); financial revenue to be used by County to support community benefits programming elsewhere
- Negotiate community benefits agreements when (re-)developing County-owned property with revenue-generating activities



II. Summary

PAW Playbook | What it is | How we can use it | What we found

- A high-level introductory document into the PAW concept
- Provides a broad-brush overview of PAW organizational approaches and possible governance structures (see matrix)
- Offers four asset classifications (Legacy, Policy, Yield, and Hybrid)
- Broadly discusses various financing tools (revenue or sustainable bonds, attract private capital, outcome-based financing, grants, and local match)

Table 1: Entity Considerations

	Level of Autonomy	Public Engagement	Transparency / Accountability	Project Pace / Scale Management	Legal Considerations
Enterprise Fund	High	Medium	High	Medium	Requires legislative action by the jurisdiction. Verify with legal counsel whether any state or local legal considerations apply.
CDE / CDFI / Other Nonprofit Entity	High	Medium (High with Appropriate Policies and Practices)	Medium (High with Appropriate Safeguards)	High	Requires legislative action by the jurisdiction. Verify with legal counsel whether any state or local legal considerations apply.
Authority	High	Medium	High	Medium / High	Requires legislative action by the jurisdiction. Verify with legal counsel whether any state or local legal considerations apply.
Center	Low	High	High	Low	None (informal structure)
Designated Staff	Low	High	High	Low	None (informal structure)



II. Summary

PAW Playbook | What it is | How we can use it | **What we found**

The PAW Playbook *does not*:

- Consider the local and state regulatory landscape
- Include an in-depth discussion of existing development zones across the County and the interplay of County-committed tax increment funds or current agreements for eligible public infrastructure improvements and other uses





III. Proposed Use of the Asset Mapping and PAW Playbook Framework

Putting Assets to Work Initiative

III. Proposed Use of Asset Mapping Framework

- Develop policy guidelines for use of the **Asset Classification** through a policy lens and Mapping Framework
- Develop **policy guidelines** to identify and incorporate County-owned real estate parcels into the PAW portfolio
- **Overlay Asset Mapping data** with existing districts (for example, improvement, utility, or management) and reinvestment zones for a contextual and comprehensive analysis
- Issue **RFPs/RFOs**, as appropriate, to engage the private sector in the development of the County-owned asset.



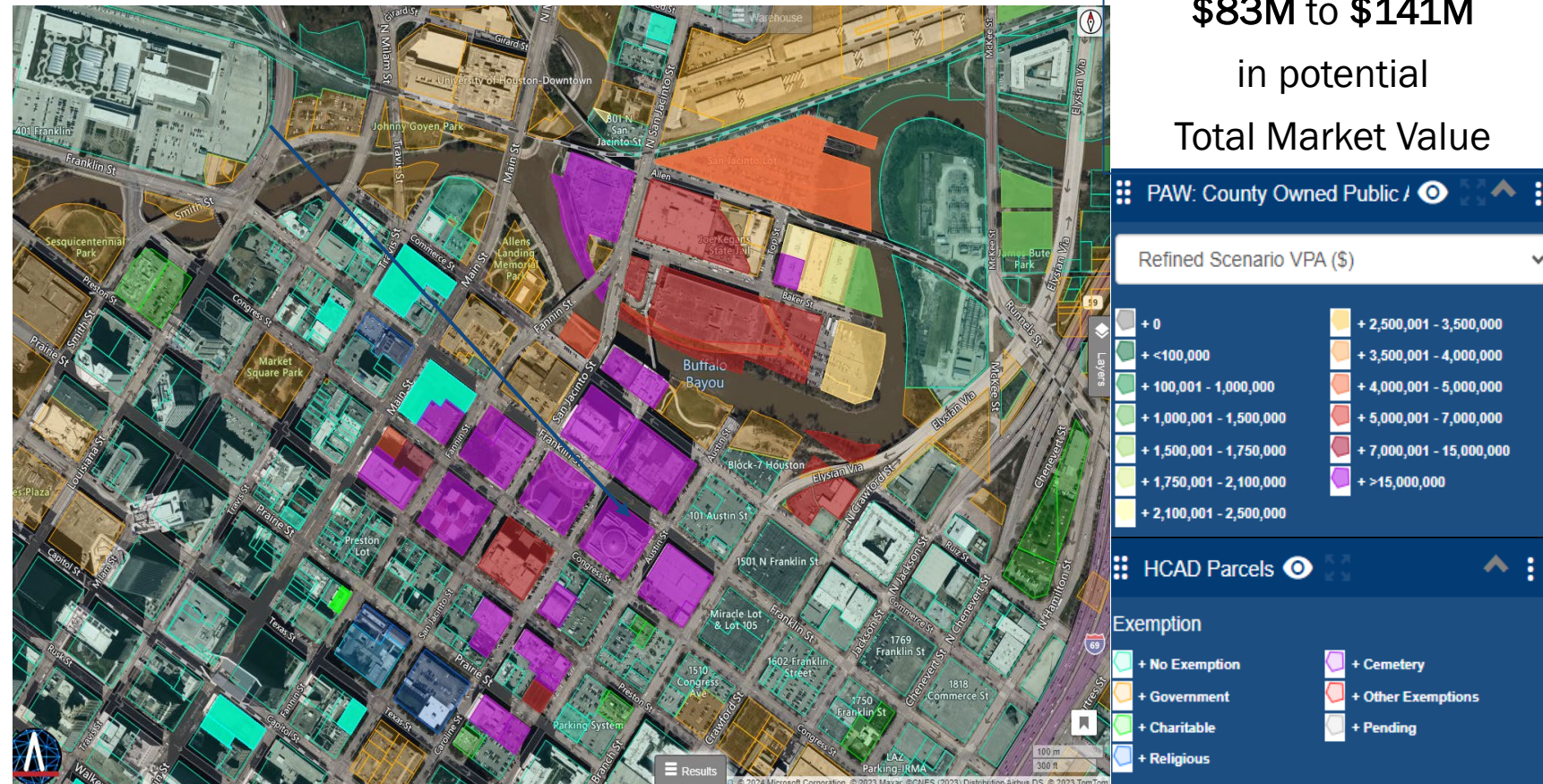
III. Proposed Use of Asset Mapping Framework

*For
Illustration
Purposes*

Map produced by the County
using the *Refined Scenario (Value per Acre)*
data from HCAD and Urban3

- Drill-down and overlay data for individual assets
- Identify neighboring property uses
- Identify existing utility and improvement districts
- Identify existing reinvestment zones

1.89 acres of Property
\$83M to \$141M
in potential
Total Market Value





IV. Proposed Next Steps

Putting Assets to Work Initiative

IV. Proposed Next Steps

Steps	ESTIMATED Timeline
1. Present and request approval from Commissioners Court to adopt the PAW Initiative and the formation of the Technical Advisory Group (TAG)	September 2024 (Commissioners Court)
2. Establish the PAW Technical Advisory Group (TAG) with members from OCA, OMB, DEEO, Engineering, HCD, and Flood Control to lead the effort	September 2024
3. Contracted Real Estate Services start supporting the TAG	September 2024
4. TAG works on PAW Initiative Policy and Procedures The policy will be presented to the Commissioners Court for approval	October – March 2024 (estimate) TBD
5. Work with other internal and external agencies (e.g., CAO and HCAD)	As needed during implementation
6. Individual asset development proposals	Intermittently seek Commissioners Court approval on individual projects
7. Evaluation and Feedback	Ongoing during implementation

