

**PLANNING WORKSHOP
CITY COUNCIL
CITY OF NASSAU BAY, TEXAS
NOVEMBER 5, 2020
5:00 PM
VIA TELECONFERENCE**

MEMBERS OF COUNCIL PRESENT: Mayor Mark Denman, Mayor Pro Tem Don Matter, Councilmembers Ashley Graves, Bryce Klug, Bob Wartens, and Councilmember-Elect Phil Johnson (all members via teleconference)

MEMBERS OF COUNCIL ABSENT: Councilmembers John Mahon (arrived 5:15pm) and Matt Prior (arrived 6:30pm)

OTHERS PRESENT: City Attorney Dick Gregg Jr., City Manager Jason Reynolds, City Secretary Sandra Ham, Assistant City Manager Mary Chambers, Finance Director Csilla Ludanyi, and Planning Commission Chairman Roscoe Lee (all members via teleconference)

PRESIDING: Mayor Mark Denman

CALL TO ORDER AND ROLL CALL OF MEMBERS

Mayor Mark Denman called the meeting to order at 5:00 p.m. and announced a quorum of Council was present with five elected officials in attendance.

CITIZENS' REQUEST FOR HEARING BEFORE CITY COUNCIL

Mayor Denman announced a Public Hearing for citizens to address Council regarding any issues and concerns.

The Public Hearing was opened at 5:01 p.m.

Mayor Denman respectfully requested for the Citizens' Request for Hearing be postponed until after the Staff presentation and Council discussion.

The Public Hearing was postponed at 5:01 p.m.

COUNCIL WORKSHOP

Workshop session to discuss Griffin Partners Nassau Bay Limited's request to amend the Master Plan and Zoning on Parcel A of the Sarah Deel League, Abstract 13 (Approximately 4.9 acres +/-)

City Manager Jason Reynolds indicated this City Council meeting was a workshop session and that no action would be taken. Additionally, the request originally placed on the November 9, 2020 City Council meeting agenda has been removed and will not be considered at that time.

City Manager Reynolds requested to hold this Council Workshop meeting to allow more time for Councilmembers to prepare for this project. This workshop will be utilized as a

fact finding presentation and is meant to gather feedback and address concerns from City Council and citizens.

Planning Commission Chairman Roscoe Lee began the presentation by providing details from the October 27th Planning Commission meeting. He informed Council that the Planning Commission serves as a fact-finding organization for these types of requests. This specific request is a zoning amendment on two parcels in the City. This specific request was submitted by developer Fred Griffin. His request is initially presented to the Planning Commission, which reviews and makes recommendations to Council. Ultimately, City Council has final approval on the request.

Chairman Lee continued by providing a background of the request and the defined uses of Tract A and Tract B. He indicated Mr. Griffin's concept for amendment would include a multi-family facility. Mr. Lee emphasized that approval by the Planning Commission or City Council is not approval of the apartment complex itself, but only an approval for the change in the use of the tracts. Mr. Lee provided a visual of the proposed use changes, as well as the conceptual layout on the modified tracts.

Chairman Lee provided an overview of Mr. Fred Griffin's development history within the City. Mr. Griffin was central to the PUD development in 2008, which included the development of two shopping centers, the Voyager Apartments, and the office buildings known as Saturn 1. Mr. Griffin maintains two sites surrounding City Hall which are zoned for office use. Over the last several years Mr. Griffin has been working to develop Saturn 2, among other attempts to develop the tract.

Mr. Lee indicated over the last year the market for office buildings has severely decreased. Nassau Bay Clearlake has 7 million square feet of office building space available, with a vacancy rate of 16.5%. Financing for retail and office space has also declined. Considering this decline, Mr. Griffin received interest for the tracts for the purpose of apartments. The firm constructing the building would be the same as the Voyager Apartments. Besides the zoning change, there would still need to be a replat of both tracts to create one tract. Mr. Griffin's request for the zoning change is also based on the expected demand for office space over the next ten years. Overall, it is believed that the tract would not be developed for many years in its original form, and a multi-family site would be the most practical approach for development.

Overall, if the zoning change were approved, Mr. Griffin's concept for development would be the construction of a luxury multi-family apartment complex. Typically, for these types of apartments an income range of three times the rental price is required. The average income for individuals residing in the Voyager Apartments is over \$100,000. These apartments would be very comparable to the Voyager Apartments. For these types of luxury apartments, significant income is required.

Chairman Lee indicated there are several considerations for this potential type of development. Mr. Lee cited concerns voiced by citizens regarding additional multi-family facilities in Nassau Bay. He stated City staff would instill protections against future deterioration of the proposed facility. Additionally, there is concern that the population of single-family homes will be outnumbered by multi-family units. Mr. Lee summarized the status of the existing Nassau Bay apartments, including age of apartments, number of units, average rent, value and the taxes paid to the City of Nassau Bay. Collectively, the

average vacancy rate is 11%. Mr. Griffin's current tracts are valued at 1.9 million, and the new proposed luxury apartments would be valued at 60 million.

Chairman Lee also addressed the crime safety threshold report, providing a summary of crime statistics from January 2020 to September 2020. He continued by stating that Nassau Bay is a planned community. The success of retail is greatly dependent on NASA Parkway traffic, therefore retail success is largely dependent on the frontage space on NASA Parkway. The desire for additional retail cannot be sustained without increased population. Additionally, there are not enough single-family homes to sustain any additional population growth within the City.

Mr. Lee continued by referencing the Comprehensive Master Plan, which includes a focus on recharging the City's corridor. The City needs to consider the highest and best use of vacant land. He also discussed the Planning Commission's meeting conclusions and provided the Commission's recommendation that City Council approve changes to Tract A and Tract B, allowing a multi-family facility with retail space. Retail is allowable in a multi-family zone either through a Specific Use Permit or as approved under a PUD. The tracts under consideration are currently zoned Urban. There was continued discussion on the classification of the tracts, comparing Urban zoning to a PUD.

City Manager Jason Reynolds indicated Council had not been previously presented this information. This request has only been submitted to the Planning Commission to address concerns and provide feedback. Councilmember Bryce Klug requested more details on the comparison of a PUD versus an Urban District for Council to review.

Mr. Reynolds continued by highlighting the significance of the Houston Methodist Hospital expansion. In the hospital's ten-year plan, Methodist expects to double their office space. In 2021, there will be four medical office buildings associated with the Methodist campus. Additionally, other growth in the area includes the Space Port, and the City hopes to capture those new employees to live in Nassau Bay. Other growth includes Space Center Houston, UTMB League City, the HCA Campus growth, the Seabrook new conference center, League City epicenter, and other i-45 corridor growth. Internally, the City is also growing with the development of the Moody neurorehabilitation facility, McDonald's, a new dental office, an expanded office warehouse facility, and the possible redevelopment of Luby's.

City Manager Reynolds presented details on the Town Square status. He indicated there are large vacant lots in the Town Square, with some lots having been vacant for 12 years. Before the redevelopment of the Town Square, there were office spaces vacant for almost 20 years. He questioned Council to provide feedback on the best use for these vacant lots.

In terms of growth, he inquired on Council to provide opinions of how they believe the City should respond. If the City wants to capture this growth, the current housing stock cannot accommodate it, as there are approximately 40 to 50 homes per year that become available. Mr. Reynolds questioned if the City has a suitable housing stock for young professionals and the proposed growth of the area.

City Manager Reynolds noted the City does have homes proposals for vacant lots within the City, with continued proposals reviewed for vacant lots. Unfortunately, he believes

there to be a large focus on density, with requests greatly density driven due to costs. He did acknowledge there could be changes of character to the City.

He continued by referencing the Comprehensive Plan and inquiring if this apartment facility fits into the recommended type of development. He believes the Griffin application aptly fits Council's "recharge the corridor" priority.

He described the concerns provided to Council and feedback from residents. Crime, both single family and multi-family, both remain under the City's crime index. Both types of residences are relatively the same. He recognized the concern regarding several dilapidated apartments in the City. He stated that this new apartment proposal would maintain deed restrictions that would require continued maintenance to Class A standards. These protections were not instituted for the City's older apartments.

Additionally, Mr. Reynolds detailed the COVID pandemic concerns. Commercial lending has stalled due to the pandemic. The City has received five or six requests in the past five years for apartments on this tract. Previous proposals were never submitted to City Council by City staff because of the lack of deed restrictions.

City Manager Reynolds acknowledged the single-family home to apartment balance. With this complex, multi-family units will outnumber single-family homes in the City. He provided the current and proposed breakdown. Current apartment population is approximately 1,658, compared to the single family home population of 3,016. Multi-family unit population is currently at 35%, and the addition of these apartments would increase this number to 41%. Mr. Reynolds cited that 80% of registered voters in the City live in single-family homes, and 20% live in apartments. For future democratic processes of the City, single-family homeowners comprised 85% of the voters.

In 2015, Mr. Reynolds indicated there were conversations regarding an over 55 community. He cited concerns that the market has become saturated with over 55 community facilities. Additionally, there are concerns with a retirement facility, as it presents an increased demand on the EMS Department.

City Manager Reynolds overviewed the feedback regarding the desire for condominiums rather than luxury apartments. The City has been provided several concepts for condos within the last five years. Eventually, each project is rejected as they are too expensive. A recent market study does provide legitimacy to the appeal of condos, but these condos are specifically desired on waterfront lots. Mr. Reynolds cited mortgage prices are too expensive for the square footage that would be provided. Over 60% surveyed indicated the desire for a condo to be waterfront and to be within the price range of \$400,000 to \$500,000. These costs are not feasible to a developer. He remarked on one condo development around City Hall that did not come to fruition due to the cost per square foot. Condos are not feasible in the City unless they are waterfront property. For future development, it is likely a developer would need a City subsidy to move forward on this type of condo project.

Mr. Reynolds addressed the proposed idea to maintain this tract's zoning for office space. He emphasized that office space continues to remain vacant around the area.

Mr. Reynolds continued by overviewing the financial benefits of a potential luxury apartment complex, specifically the increase in tax base. He listed the top ten taxpayers

in the City. The number one taxpayer is the Voyager, with Houston Methodist Hospital falling into second place. The total taxed appraisal value is \$625 million. Should Council desire, the luxury apartments could offset needed revenue, and could allow for a tax reduction to the residential population. Mr. Reynolds overviewed the possibilities for the City should they realize this increase growth in tax revenue. Various possibilities included a reduction in the tax rate of approximately 15-20 cents, the ability to purchase a ladder truck within three years, increased public safety elements, construction of a community center, and more.

Councilmember Klug inquired on parking for the City Hall facility, which includes parking for City staff and visitors to the ISS conference room. Councilmember Klug indicated that when the Voyager Apartments were built, a traffic study was completed. He requested this study be provided to Council for review.

The previously postponed Citizens' Request for Hearing resumed. Mayor Denman announced a Public Hearing for citizens to address Council regarding any issues and concerns.

The Public Hearing was opened at 6:22 p.m.

These individuals pre-registered to provide comment under the Citizen's Request for Hearing.

Lara Forde, 1911 Back Bay Court, indicated she had three concerns with the proposed apartment complex. Ms. Forde stated she has lived in Nassau Bay for 40 years, and has seen the debilitation that has occurred with the current apartments over time. She indicated her desire for more retail and dining in the City, especially as several businesses were lost to the expansion of Houston Methodist Hospital. Ms. Forde urged the City to not make a decision based on the pandemic. Overall, she voiced her concerns that the City is changing its original character.

Goli Mangoli, registered to speak under the Citizens' Request for Hearing, and indicated he would not agree to more apartments in the City. Upon being called upon by Mayor Denman to make his remarks, Mr. Mangoli was unavailable to make his comments.

Nick Perras, 18101 Point Lookout Dr, Apt 401, commented that he is the target market for these luxury apartments, as a young professional who recently relocated to Nassau Bay from League City. Professionally, he is property appraiser for Galveston County. He remarked on the general comments he heard from citizens, which in his opinion indicated that citizens believed increased retail and an increased number of apartments would be inherently bad for the City. He felt as if these comments were directed at him, as someone who lives in an apartment complex in the City. Mr. Perras indicated the increased tax base would be very beneficial to the City, and overall, he believes it to be a large upside for the apartment zoning approval. As someone who wants to live in Nassau Bay, he voiced his concern on the disheartening comments disparaging apartment dwellers. He originally thought the City was a welcoming community before this discussion. Lastly, he noted that commercial development is driven by population, and this additional growth is needed before the City can experience commercial expansion.

Craig D. Guidry, 18606 Prince William Lane, overviewed the number of apartment complexes in the area. He stated there are nine complexes near Nassau Bay, and seven

within the boundaries of the City. He voiced the need for many of these facilities to be redeveloped. Currently, he believes there is very little retail availability. He cited the City of Kemah as an example for being against the rezoning of the two tracts. Concluding his comments, he advocated for Council to table this issue.

These individuals submitted comments to be read under the Citizens' Request for Hearing.

Connie Forde, 1910 Back Bay Court, submitted her statement which was read verbatim: "After living in Nassau Bay for more than 40 years, I am opposed to more apartments. The existing apartments were all nice when built and have deteriorated into our worst community problems. Please consider other options that would benefit our community."

Janis Balsamo, 2609 Sailboat Drive, submitted her statement which was read verbatim: "Dear Nassau Bay City Councilman, I listened to the last Planning Commission's meeting last week concerning rezoning the property at Upper Bay to our City Hall building on Space Park. It was shocking to learn that the request is for a multiuse facility including around 337 luxury apartments and a 6-story parking garage. The talk recently around the city was for the building of condos and townhomes at that location. I am against any additional apartments being built in our city. Apartments, whether luxury or not, lose their appeal ten to 20 years from inception. My biggest concerns are the loss of possible attractive retail area, the amount of traffic that would move through the adjacent intersection from the apartments and the new buildings being built for Houston Methodist Clear Lake, and also what that area will become years down the road. The Sapphire/Balboa apartments were extremely nice when they were built and in recent years have brought many problems to our city."

"COVID-19 has caused our world to change in many ways such as having less need for office buildings due to the success of people working from home. Several years back it was my understanding that the city had a vision of making Upper Bay the main entrance to the retail area of restaurants and shops from Nasa Parkway all the way down to the lake. Instead we are losing almost all our retail on that road. For far too long we sat on the brink of losing the long time, wonderful restaurant, Mediterraneo Market and Café. That situation clearly shows that our limited remaining land and buildings should include space for longtime establishments and other businesses interested in locating in our city. I am asking City Council to table the vote to rezone this property until residents are more informed and more options are studied."

Michelle Aseltine, 18606 Prince William Lane, submitted her statement which was read verbatim: "I am against this. I fear that adding additional multi-family units will run down our beautiful community. We need more retail. Let's think long term! Retail, shopping, dining is what we need in our community. More options! What about a grocery store? Whole Foods? Why don't we focus on cleaning up the current multi-family units?"

Mayor Denman opened the meeting for general comments by any citizen wishing to provide remarks under the Citizens' Request for Hearing.

Joyce Abbey, 1406 San Sebastian, noted that she is a second-generation Nassau Bay resident. She expressed her concerns, which are primarily traffic and parking. She reasoned that a multifamily facility would deter future retail, as this prime property should be reserved for attracting more retail. Ms. Abbey would like the City to address the need for a 55-and-over housing facility, as she believes this is the forward approach the City

needs in the near future, especially with the aging population. She emphasized her concern on traffic, as this proposed apartment facility will drive traffic through the City and provide constraints on parking.

Councilmember-Elect Phil Johnson, 2011 Back Bay Court, indicated he would like to see more information on office space and capacity in the area. Additionally, he requested more information on apartment utilization. He acknowledged that there has been significant investment in apartments across from Nassau Bay.

Abbey Berenson, 2014 Port Royal, recognized there is tremendous amount of growth with the Houston Methodist Hospital expansion, which will create changes to Nassau Bay. She strongly encouraged Council to consider this project over more time to see how the area is affected. She believed the increase in employees from the expansion will create the retail demand. She argued that these new employees would not want to live so closely to their employment. Overall, she cited a need for more restaurants.

Jonathan Amdur, 17 Leeward Lane, remarked on the citizen input and suggested to Council to thoroughly process the comments provided before moving forward. Although he felt the presentation was beneficial, it is important to recognize that many residents do not desire more apartments in the City. He disagreed with the argument that increased development is based on additional "rooftops." He believes the expansion of Houston Methodist Hospital will provide the increase demand needed to bring retail and dining. In terms of the ratio of apartments to single-family homes, Mr. Amdur emphasized that if the zoning request were approved apartments would comprise 41% of the City's residences. Should future developers target older complexes such as the Sapphire Apartments, this could increase the number of apartments in comparison to single-family homes. Overall, Mr. Amdur felt the project was premature.

There were no other public comments and the Public Hearing was closed at 6:46 p.m.

City Manager Reynolds provided a site analysis in regard to retail. His presentation highlighted that there are not sufficient "rooftops" to encourage developers to invest in Nassau Bay. According to a recent study, there is a retail surplus of 8 million dollars in the City, indicating the City cannot accommodate more successful retail without population growth.

City Council and staff continued the discussion on the proposed zoning amendment. Mayor Pro Tem Don Matter inquired if a marketing study has been performed for upscale apartments. He specifically referenced the apartment density surrounding the City. He acknowledged that current retail in the City is vacant, as it is too expensive and not viable for retail business. Retail needs to meet market demand. Should the City change the zoning, he requested development agreements with very specific details based on market studies. Mr. Reynolds responded that the City has not done a market study on upscale apartments.

Councilmember Ashley Graves inquired on the enforcement methods to ensure this proposed apartment complex remained a Class A complex. Mr. Reynolds indicated that this apartment complex would be controlled by a commercial HOA, and should this HOA not provide adequate enforcement, the City would have a vested control to provide enforcement measures.

City Attorney Dick Gregg, Jr. indicated the City could require the apartments to be a Class A facility. Councilmember Bryce Klug inquired if the City could enforce deed restrictions. Mayor Pro Tem Matter indicated the Voyager is under a similar agreement, and should the Voyager fail to meet the obligations of a Class A facility, the City could obtain control of the HOA to ensure compliance. The City has the ability to obtain control of Class A apartments with certain agreements, which supersedes HOA deed restrictions. Mr. Griffin stated that this type of Class A agreement is proposed with the new luxury apartment complex.

Councilmember Klug thanked Mr. Griffin for his investment into City. He acknowledged that Mr. Griffin assisted the City in moving from stagnation to redevelopment. He inquired if there are examples of Class A apartment built prior to 2010. Councilmember Klug was interested in those facilities' ability to remain a Class A after a longer period of time. Mr. Griffin stated there are several and he will provide a list to Council. There was a brief discussion on parking and traffic, and a need for studies for review by Council.

Mr. Reynolds stated his intent for the meeting was to provide facts and address citizen feedback. He is not advocating for approval or disapproval. He proposes future town halls meetings to gather more citizen feedback. Additionally, he emphasized this decision was ultimately up to Council to approve.

Mayor Denman ended the discussion by emphasizing Council was not taking any action. The workshop was a discussion meeting only.

Update and discussion on the preliminary results of the November 3, 2020 Election and any actions moving forward

City Manager Jason Reynolds provided an update of the recent November election. As there were no mayoral candidates who received more than 50% of the vote, the City will hold a runoff election between candidates Bob Warters and Ashley Graves. Currently the election results presented by City staff are not official.

For the runoff election, it will be conducted by Harris County. Unfortunately, the City does not determine the runoff election early voting dates or polling locations. He indicated that City Secretary Sandra Ham is very involved in the process with Harris County. For the runoff election, voting by ballot by mail will be available. For the November 3rd election, the City will officially canvass those results on November 17th. After that event, Harris County will begin the absentee ballot process. He emphasized that ballots by mail will automatically be issued for the runoff election to those who voted similarly in the November 3rd election.

Lastly, he noted that all of the City's charter amendment propositions passed overwhelmingly with voter approval. It is likely that City staff will present a budget amendment for the increased election costs. Councilmember-Elect Phil Johnson will not take his position as Council Position 2 until the December 14th City Council meeting.

ADJOURNMENT

There being no further business, the meeting adjourned at 7:06 p.m.

Minutes approved as submitted and/or amended this 8th day of February A.D. 2021.

M201105 PLANNING WORKSHOP

CITY OF NASSAU BAY, TEXAS



Robert L. Warters
Mayor

ATTEST:



Sandra V. Ham, City Secretary