



# CCIM LUNCHEON - SPEAKER CHRIS BROWN, CITY OF HOUSTON CONTROLLER



CHRIS BROWN

Chris Brown was quick to explain that he came from a real estate oriented family, and that an MBA, a stint with an investment banking firm, and six years as Deputy City Controller gave him not only experience for his job as Chief Financial Officer for the City, but experience to speak to a large room full of commercial real estate people. Brown focused on several topics:

### Taxes:

- The revenue cap passed by voters a few years ago leaves the City 'handcuffed' when it comes to funding the services needed by our burgeoning growth
- Additional / alternative taxes under consideration include CBD congestion tax; tax on short term residential rentals, aka VRBO and AirBNB; encouraging greater density of development, concentrating more taxable assets on smaller tracts; commuter tax on those who live outside Houston but who commute in and use City services; and others
  - Taxes for still unfunded City personnel obligations going forward, now that pension reform has been accomplished
- City policies encourage developers to build 'up' and not 'out' -high rise instead of low rise – further intensifying taxable base on finite land inside City limits
- There is \$586 million of deferred maintenance on City buildings which has to be paid for-we have been 'kicking the can down the road' and falsely claiming our City budget has been balanced
- City is analyzing why we lost Amazon HQ competition and did not even make it into top 20...Reason: 'lacking a base of tech talent' ... Solutions: implementing Tech Corridor from CBD to Medical Center including old Sears Building on Main at Blodgett, and encouraging local educational institutions to add more tech curricula
- City has partnered with Microsoft and is seeking new relationships with high-tech companies
- Provide affordable housing in the City core, in spite of soaring land costs – a challenge when average single family home cost in City is closing in on \$300,000



### Inside the Loop / the CBD:

- City tax base is hurt when giant corporations abandon the CBD for the suburbs (ExxonMobil to The Woodlands, as an example); every city needs a vibrant core and our City government offers incentives to concentrate 'cool' things in our CBD
- We need to have a new Plan for our City to address the fact that we will grow from 2.3 million to 3.5 million within the City limits in the next 30 years, not to mention huge growth in surrounding suburban towns which will come into City and expect to use services funded by City taxes



### Hurricane Harvey:

- We need \$25 billion to fund all the solutions to prevent flooding from a future large storm-this funding will come in dribs and drabs from different 'buckets'- City, County, State, Federal, bonds, etc. It will take a lot of work to prioritize correctly and to fund this master plan
- Harvey dumped 51" of water – over four feet!- in 48 hours

### Miscellaneous:

- City is 46% dependent on oil and gas now as opposed to 80% in the '80s
- 25% of our population is under 25 and it is very diverse
- If Houston's economy was a country we would have the 24th strongest economy, after Sweden but ahead of Poland

