

Under the Bridge

Relocating a Corpus Christi Neighborhood

Harold D. Hunt and Clare Losey
 December 4, 2019

Publication 2252



Since 1959, the 243-foot-tall Harbor Bridge has towered over Corpus Christi's skyline, beckoning visitors to the eighth largest city in Texas. The iconic bridge, which partitions the Corpus Christi Bay from one of the nation's largest ports, taxis roughly 60,000 vehicles daily to and from the Northside (downtown) and North Beach (home to the Texas State Aquarium and USS Lexington).

In 2016, the Texas Department of Transportation (TxDOT) initiated construction of a new, 538-foot-tall Harbor Bridge amid concerns over the current bridge's safety and maintenance costs. Another consideration was the current bridge's clearance limitation of 138 feet, which prevents many larger ships from entering the port. The new bridge, with a clearance of 205 feet, was originally expected to be completed by 2020. The current consensus deems 2021 more likely.

Although not passing directly overhead, the new bridge will skirt the Hillcrest neighborhood. A Title VI civil rights complaint was filed against the Federal Highway Administration in 2015 based on the siting of the new

The Takeaway

An unprecedented voluntary acquisition and relocation program is being carried out in Corpus Christi's Hillcrest neighborhood, near the construction of the new Harbor Bridge as well as an area zoned for heavy industrial activity. This case study could provide useful insights for other cities attempting similar residential relocations.

bridge. The lawsuit alleged that the deleterious health and economic effects of the proposed route for the bridge would disproportionately encumber the Hillcrest neighborhood's residents.

The suit culminated in the creation of a unique voluntary relocation program. The program provides participating homeowners and renters of residential property financial compensation and mobility counseling to relocate. Participating homeowners who elect to remain in the neighborhood are also eligible for financial compensation.

The landmark program has already facilitated the relocation of more than 120 homeowners to homes two to three times the value of their Hillcrest property, enhancing their wealth-building opportunities. More than 130 renters have been relocated as well.

Industrial Neighbors

During the early part of the 20th century, Hillcrest housed a largely white and affluent population; the neighborhood to the east, Washington-Coles, was predominantly black. Restrictive covenants prohibited blacks from purchasing homes in Hillcrest. However, a 1944 Housing Report significantly altered the neighborhood's racial composition.

The report recommended that, due to overcrowding in Washington-Coles and a desire to ensure the refineries surrounding the neighborhood retained their workforce, blacks be allowed to move into Hillcrest. By the 1960s, Hillcrest was a largely black neighborhood.

The neighborhood remains predominantly minority-occupied; in 2016, it was 58.3 percent Hispanic and 34.3 percent black, the latter more than eight times greater than the city's overall black population. Meanwhile, in 2016, the median household income of Hillcrest (\$26,269) was half that of the city (\$52,154).

With its proximity to the port, the area around Hillcrest was a likely candidate for the siting of heavy industry. The opening of the port in 1922, coupled with the discovery of oil close to Corpus

Christi in the 1930s, led to the siting of several refineries along the ship channel. Refineries and other energy-related operations soon dotted the northern and western borders of Hillcrest. The completion of I-37 in the 1950s established Hillcrest's southern border.

On completion, the new Harbor Bridge will effectively secure the neighborhood's eastern border, threatening

to exacerbate the negative health effects experienced by Hillcrest residents. A 2008 study conducted by Texas A&M University found that average levels of benzene, a known carcinogen, in Hillcrest residents were 280 times those of the general population.

Furthermore, the new bridge's proximity is expected to reduce area property values that have already been depressed by nearby heavy industry and infrastructure. Hillcrest's property values are among the lowest in the city. In 2016, the median home value there was \$67,100, over half that of the city (\$118,900).

A Landmark Program

In March 2015, in response to the route selected by TxDOT for the new Harbor Bridge, two lawyers, Erin Gaines and Kelly Haragan, filed a Title VI civil rights complaint against the Federal Highway Administration. Title VI bans discrimination on the basis of race, color, or natural origin by recipients of federal funds.

In essence, the lawyers argued that the new Harbor Bridge, which is funded with federal transportation dollars, "would cause adverse disparate impact—including

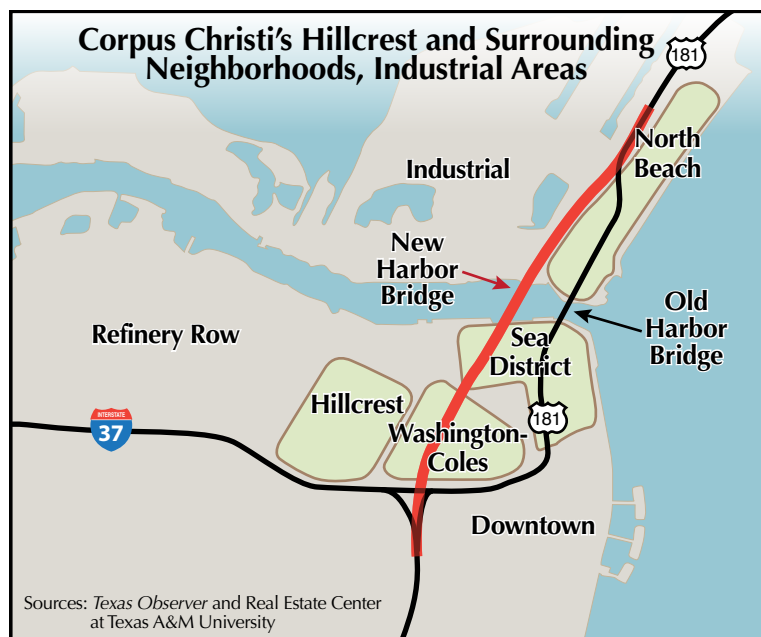
increased isolation, noise, and air pollution—based on race." The complaint followed scores of class action lawsuits filed over the decades by Hillcrest residents against the harmful health effects from the nearby heavy industry.

The case resulted in a four-party agreement between the Port Authority of Corpus Christi, the Corpus Christi Housing Author-

ity, the City of Corpus Christi, and TxDOT that created a landmark program designed to mitigate the adverse health and economic effects of heavy industry and infrastructure on Hillcrest residents.

Voluntary Acquisition, Relocation Program

The Voluntary Acquisition and Relocation Program offers residents, churches, and businesses the opportunity



to receive financial compensation to relocate from the neighborhood. While clients needed to declare their participation in the program by May 7, 2019, the program will officially conclude in July 2020. It also offered homeowners the opportunity to receive financial assistance to remain in the neighborhood. The program is unique in several ways.

- As the name suggests, relocating was optional. While it is unclear whether eminent domain would have been invoked in this instance (barring the creation of the program), the involuntary displacement of affected residents has long been a component of governmental projects. Furthermore, participating homeowners who opted to remain received financial compensation.
- The Port hired Del Richardson and Associates (DRA), a mobility counseling firm, to assist residents, businesses, and churches with the process. The DRA ensured clients were educated about their options and assisted relocating clients in finding comparable properties.
- The buyout amount totaled two to three times the value of the Hillcrest property. The 1970 Uniform Relocation Assistance and Real Property Act (URA) stipulates that the residents of property acquired for public use receive financial compensation that is adequate to relocate to a home that is decent, safe, sanitary, sufficient in size, and affordable to the relocating household. Homeowners of properties acquired through eminent domain are generally awarded fair market value for their property.

The buyout amount for Hillcrest homeowners exceeded the fair market value. It equaled the appraised value of the property plus the difference in cost between the comparable property and the Hillcrest property. For example, if the appraised value of the Hillcrest property is \$40,000 and the price of the comparable home is \$100,000, then the buyout amount equals \$100,000 (\$40,000 plus the \$60,000 difference in price).

Because of the comparatively low values of Hillcrest homes to other homes in Corpus Christi, affordability constraints, and the generally higher overall amount of the buyout, homeowners relocated to higher-value homes. This allows these households to amass more wealth through homeownership and relocate to neighborhoods with access to higher-quality resources and amenities, such as schools.

Homeowners opting to participate were given three options.

- The homeowner sells his home to the Port, as previously mentioned. The homeowner receives relocation assistance under the URA.
- The homeowner sells his home to the Port and retains a life estate, permitting him to remain on his property for the remainder of his life. This option also allows the homeowner to lease his property for the remainder of his life. The purchase price equals the appraised value of the property minus the value of the life estate, which is calculated through actuarial tables. On the death of the last remaining homeowner, the Port becomes the owner of the property. The homeowner is not eligible for relocation assistance.
- The homeowner sells a restrictive covenant and purchase option on his home to the Port for at least \$7,500. The homeowner remains in place and is not allowed to lease his property.

Meanwhile, landlords of residential rental property who chose to participate in the program were offered just one option: sell the property to the Port for its appraised value.

Tenants of landlords who opted to sell their property had to relocate. They received a lump sum payment equal to 42 months' difference in rent between the new property and the Hillcrest property. For example, if the tenant paid \$300 in rent each month for his Hillcrest property and relocated to a property that charges \$400, the lump sum payment equals \$4,200 (\$400–\$300 times 42 months).

However, if the tenant spent more than 30 percent of his income on the Hillcrest property, then the lump sum payment is equal to the difference in rent between the new property and the rent the tenant should have paid for the Hillcrest property if he spent no more than 30 percent of income on rent. For instance, in the previous scenario, if the tenant earned \$800 per month, the lump sum payment would equal \$6,720 (\$400 minus \$240—the maximum rent the tenant should have paid—times 42 months).

In total, 391 households were eligible for the program. As of Sept. 9, 2019, 258 had relocated, including 126 homeowners and 132 tenants. Seventeen of those tenants transitioned into homeowners.

Offers to 71 households have yet to be issued, 13 offers are pending acceptance, 23 households are in the closing process, and seven homeowners are in the process of

locating a comparable home. Seventy-six households were deemed ineligible to participate in the program. They either elected not to participate or failed to provide the required eligibility documents, such as clear title to the property.

The process will conclude in July 2020, when all open contracts expire.

Part two of this series will discuss the impact of the relocation program on Hillcrest residents and how future efforts might be modified to achieve a better result. 📌

Dr. Hunt (hhunt@tamu.edu) is a research economist and Losey a research intern with the Real Estate Center at Texas A&M University.

© 2019. Real Estate Center. All rights reserved.

