

Development of Airport Property: Policy Guidance and Workforce Training

Airports, widely-considered vital economic catalysts for their communities, consist of large areas of land that are subject to many regulatory constraints. While working within given regulatory frameworks, a common goal of airport management is to support and grow economic activity on airport property. *ACRP Report 47: Guidebook for Developing and Leasing Airport Property* (2011) is a resource manual that can assist with the formulation of airport leasing and development policies to support public and private investments for both aeronautical and non-aeronautical uses. *ACRP Report 47* features 10 case studies as examples of best management practices and a checklist of items for

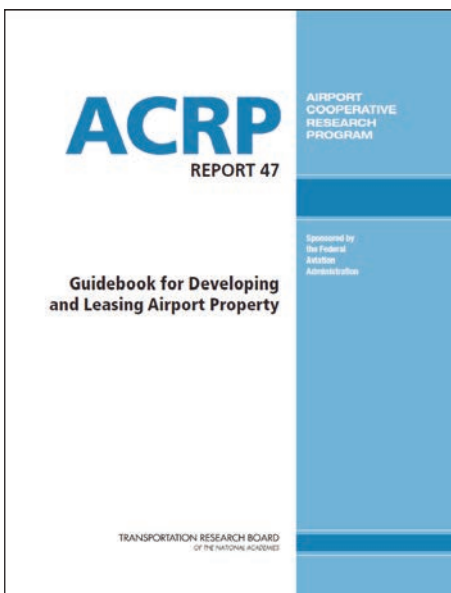
the airport sponsor to consider when structuring a lease agreement. When developing a lease agreement, an airport sponsor should consider and account for the potential effects of the agreement that can vary based on the type of development, anticipated uses, location, financing, funding, required financial return, grant assurances, regulatory compliance, and community impacts. *ACRP Report 47* assists users with these considerations through the checklist.

Faculty and students at Texas Southern University have employed *ACRP Report 47* in the classroom. In the Fall 2011 semester under the direction of Professor Charles R. Glass, Ph.D., students in the Aviation Property and Leasing Management course working towards a degree in Aviation Science and Technology used *ACRP Report 47* as the primary reference for the course. The report provides a valuable mix of applicable concepts and thorough case

studies that help prepare the future aviation professionals for challenges and opportunities they will face. The case studies span a wide range of airport types from general aviation airports to large-hub airports.

In addition to activities within the classroom, Professors Carol Abel Lewis, Ph.D. and Charles R. Glass, Ph.D. applied *ACRP Report 47* to an airport development discussion in the Houston Airport System¹. The Houston Airport System consists of three airports: George Bush Intercontinental (IAH), William P. Hobby Airport (HOU), and Ellington Airport (EFD). Hobby Airport (HOU), located seven miles south of downtown Houston, offers only domestic service, while Intercontinental Airport (IAH), located 23 miles north of downtown Houston, offers domestic and international service. Southwest Airlines requested that the City of Houston add a Federal Inspection Services facility at Hobby Airport to allow airlines to offer international flights from the airport. Another airline opposed the request, citing potential negative impacts for travelers. On May 30, 2012, Houston's City Council voted 16-1 in favor of approving the plan to add international service at Hobby Airport. Upon the successful vote, the City of Houston, with a memorandum of understanding with Southwest Airlines, was able to begin pursuing federal approvals for the international service.

According to Dr. Glass, *ACRP Report 47* offered significant benefits to the City of Houston as "an unbiased, national document which provided the City



Right:
Hobby Airport Terminal.

Photo courtesy of
Houston Airport System.

Since 2006, an industry-driven, applied research program that develops near-term, practical solutions to problems faced by airport operators.

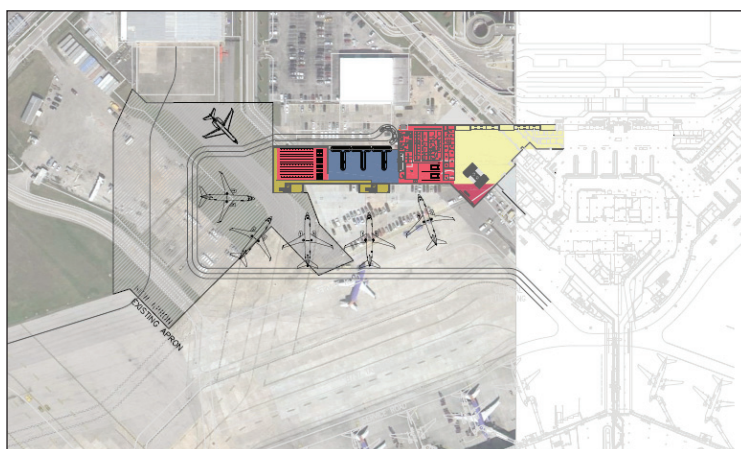
with the appropriate information to complete their due diligence to identify stakeholders and impacts.” The checklist provided in *ACRP Report 47* condenses the wide range of considerations into a manageable list of items that must be considered during project development analysis. This checklist allowed the researchers¹ to conclude that management at the Houston Airport System, “fulfilled their responsibilities in the performance of their duties—planning, informing, and involving all stakeholders in the development of Hobby’s Airport Master Plan.”

The application of the checklist for the addition of international service at Hobby Airport resulted in the following planning and stakeholder involvement findings:

- The project fits within the stated goals listed in the airport visioning documents (Airport Master Plan, Land Use Plan, and Airport Business Plan).
- The project complies with community land use plans, zoning ordinances, and other applicable planning documents.
- The proposed development is in compliance with the FAA-approved Airport Layout Plan.
- The proposed use of the property does not violate any grant assurances.
- This project represents the highest and best use of the property.

- The proposed project is not in conflict with any current airport agreements that may be in effect with an existing tenant.
- All of the potential stakeholders in the project have been identified.
- The perspectives, concerns, and resources (potential funding sources, marketing resources, and development expertise, for example) of the stakeholders have been identified.
- Plans are in place to reach out to the identified stakeholders, and mechanisms such as public meetings, round-table discussions, and focus groups are planned to facilitate communications and dialogue.

The improvements are seen as a tremendous asset to the community as noted by Mario Diaz, director of aviation for the Houston Airport System, who remarked that the international service will be “advantageous for the City of Houston and that’s what makes me proud.” Furthermore, these advantages will be acquired by the citizens through a memorandum of agreement that will require “Southwest Airlines to design and build the five new gates and customs facility to the city’s specifications. When finished, the city will own the improvements debt free.”



Right:
Proposed improvements
to support international
service at Hobby Airport.

Photo courtesy of
Houston Airport System
and Ricondo & Associates.

Considering All Stakeholders While Working Towards Financial Sustainability

“The airport sponsor must strive to meet the demands of the airport’s users, the needs and desires of the surrounding community, the financial concerns of potential developers, and the regulatory requirements of the FAA, all while ensuring that the current and future financial and operational health of the airport remains intact.”

ACRP Report 47:
Guidebook for Developing and
Leasing Airport Property

¹Lewis, C.A. and Glass, C.R. *Review of Recommendation on Southwest Airlines’ Request for Expansion of Federal Inspection Facilities at William P. Hobby Airport and the Impact of Dividing International Service Between Two Airports*. Texas Southern University. Houston, TX. May 2012.

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