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A new spin

Former deejay Dayna Steele Justiz has taken off in a new direction with The Space Store.

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Colorado customer service outsourcing firm to hire 1,000 home-based employees in Houston.

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San Felipe expansion may require city to invoke eminent domain on certain landowners/PAGE 2



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Hospital vs. civic group: The sequel

Neighborhood holds up Twelve Oaks expansion second time in 20 years

JENNA COLLEY
HOUSTON BUSINESS JOURNAL

A hospital and a neighborhood civic association have squared off again in a dispute over deed restrictions.

Residents of Wesleyan Plaza II have temporarily stalled a \$14 million expansion project under way at Twelve Oaks Hospital by successfully petitioning the City of Houston to issue a cease-and-desist order.

The current standoff marks the second time in the past 20 years that the hospital's expansion plans have been opposed by the Wesleyan Plaza group, which represents a secluded enclave of 60 homes bordered by Richmond Avenue, the

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MICHAEL STRANAU/PHOTO

Karl Muench, president of the Wesleyan Plaza II civic association: 'They [Twelve Oaks] didn't do their due diligence to find out if there were issues with doing this on our property.'

CITYBEAT

Copyright case a tech triumph for Houston attorney

A local attorney has chalked up a victory in a case that has the technology industry buzzing and is seen as a major setback for the entertainment industry.

Charles Baker, litigation partner with Houston-based law firm Porter & Hedges LLP, served as lead defense counsel for StreamCast Networks.

The Woodland Hills, Calif.-based technology firm was sued for copyright infringement by major motion picture and record companies such as MGM Studios and Warner Brothers Records.

On Aug. 19, the 9th U.S. Circuit Court of Appeals ruled in San Francisco that distributors of file-sharing computer networking software, including StreamCast's Morpheus, are "not liable for contributory and vicarious copyright infringement."

A three-judge





Money talks – and walks

New PacifiCare health care plan rewards disciplined participants with cash.

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Strong foothold

HR consulting firm Achilles Group has found a shoe that fits.

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MICHAEL STRAWATZ/HBI

Karl Muench, president of the Wesleyan Plaza II civic association: 'They (Twelve Oaks) didn't do their due diligence to find out if there were issues with doing this on our property.'

Crop of midrise condos coming inside Loop

BY JENNIFER DAWSON
HOUSTON BUSINESS JOURNAL



MICHAEL STRAWATZ/HBI

Ben Lemieux, left, and Louis Conrad of innerLoopCondos.com: 'We created a name that tells what we do and where to go to find information.'

Group LSR aims to build a bevy of quasi-luxury condominiums inside Houston's Loop 610, and has gone through a re-branding process as part of this mission.

Now operating locally under the name of innerLoopCondos.com Inc., the Canadian-based development firm plans three new midrise condo projects carrying lower price tags than many other inner-Loop offerings.

The proposed complexes will add a total of 214 units in the Montrose area and in the Heights, which have not experienced a lot of condo development.

Group LSR, which formed innerLoopCondos two weeks ago as a new division, also is developing the

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co that distributors of file-sharing computer networking software, including StreamCast's **Morpheus**, are "not liable for contributory and vicarious copyright infringement."

A three-judge



Baker

panel unanimously upheld a lower court ruling that dismissed the bulk of the lawsuit against StreamCast, noting that such software companies merely provide the product that allows individuals to share information over the Internet.

Baker says the situation is analogous to the use of a copy machine made by Xerox.

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THE LISTS:

Largest Houston-Area Energy Employers/PAGE 28

Largest Houston-Area Chambers of Commerce/PAGE 35



FOCUS: EMPLOYMENT & EMPLOYEE BENEFITS

Employment lines are getting shorter as the city's economic outlook continues to brighten/PAGE 21



by a lot of commercial business and feel that they are ever-encroached upon. And if they give one inch, it will decimate the whole neighborhood."

But the hospital's dilemma is equally compelling, he says.

"Twelve Oaks has owned the property for 20 years, and has planned this ex-

hospital representatives, Muench and Councilman Goldberg. Twelve Oaks presented the neighborhood with an alternative proposal.

The hospital has promised to sell the lots for residential development if the group will drop the complaint, says Ed Muraski, director of business develop-

in violation of the deed restrictions before plans proceeded to create the two-lot staging area.

Those same lawyers are currently working on a response to the cease-and-desist order.

"We originally set aside \$100,000 for landscaping that probably won't hap-

is a disagreement over lots to be used," says Muraski. "I think the bigger story is that we are providing Houston with a dedicated spine unit, and an additional \$14 million that will greatly impact delivery of world-class health care." ■

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CONDOS: Canadian development firm draws up plans for three inner-Loop projects

FROM PAGE 1

higher-priced, 31-story Monaco condominium project near the Galleria.

"We created a name that tells what we do and where to go to find information," says Louis Conrad, vice president of new development and marketing.

Ben Lemieux, Group LSR's executive vice president, says creating the operating division shows a commitment to the local market by the parent company, which his father formed 35 years ago.

"We wanted to do a lot of development in Houston," Lemieux says.

CONDO COLLECTION

This week, innerLoopCondos finalized the purchase of an acre of land for The Vistas at Midtown at 1919 Mason. The developer plans to build 72 units ranging in size from 872 square feet to 1,780 square feet, and priced from \$140,000 to \$282,000.

The condos will be situated in two, six-story buildings, each with two levels of parking garage topped by four levels of residential units.

The tract, which was purchased from Bill Rose, currently is occupied by an old warehouse that has been vacant for years.

The developer has roughly 1.5 acres of vacant land under contract at 1010 Rosine for Piedmont at River Oaks. The property is very near River Oaks, but is not technically within the boundaries of Houston's premiere neighborhood.

Like the Vistas, Piedmont will have 72 units on four floors above a two-level



The Vistas at Midtown.

parking garage. The units also will be 872 square feet to 1,780 square feet. But the price point is a little higher, ranging from \$170,000 to \$296,000.

Joe Calderoni of Calderoni & Associates is representing innerLoopCondos in buying the land from Miland Investments, which is represented by broker Stephen Haase. The transaction is expected to close in two to three months.

Land for the third project — ViewPoint at the Heights — went under contract this week.

Before moving forward, innerLoopCondos must complete due diligence on the 1.5-acre tract near East 5th Street and Oxford in the Heights. The wooded land is located along White Oak Bayou, just off Interstate 10 and Studemont.

Preliminary plans call for 70 units 1,000 square feet to 2,000 square feet in size, priced from the \$130,000s to the \$300,000s. ViewPoint's design will differ from the other two midrises because it will reflect the architecture style that's

present in the Heights, Conrad says.

Sticking to the character of the historic neighborhood will set it apart from The Heights at Madison Park, another new condominium complex nearby. Located at 1441 East St., that art deco-styled complex is described as being straight out of Miami's trendy South Beach area.

A 'RENT-TO-OWN' OPTION

Executives at innerLoopCondos won't reveal specific sales information, but say a total of 60 sales and reservations have been secured for the Monaco, Vistas and Piedmont properties combined.

A unique "rent-to-own" offer by innerLoopCondos allows anybody who rents one of the firm's 1,200 local apartments to apply 25 percent of their rent toward the purchase of a condominium, up to \$5,000.

Money is not yet being taken to reserve units in the Heights project because it is so new, but the other two midrise projects require a \$750 reservation fee that is refundable.

In these types of projects, between 50 percent and 60 percent of potential buyers drop out when it comes time to sign on the dotted line, says John Daugherty Jr. of John Daugherty, Realtors.

The lower price point may allow innerLoopCondos' properties to buck that trend and sell a little better than other condos, says Elaine Moore, director of new construction for Greenwood King Properties.

However, she says, sales may be slow because buyers have a lot of residential

products to choose from these days.

"I think the condo market is challenged," Moore says. "There's still a lot of inventory that needs to be absorbed."

Mike Bloom, an associate at John Daugherty, says the proposed units are smaller, more like the size of rental units, but they will likely attract the first-time home buyer who wants to live close to downtown.

"They're really for people giving up square footage for new construction," says Bloom. "New construction is always intoxicating for people who have never owned before."

Bloom calls the contemporary design "very eye-catching."

"Once they get up," he says, "they'll definitely draw a lot of interest."

The European-inspired Vistas and Piedmont properties were designed in collaboration with Insite Architecture. The projects will be built by MEK Construction under the supervision of Andre Julien.

The properties are being marketed by Camelot Realty Group.

Luxury features have been selected for the affordable units, such as hardwood floors, 10-foot ceilings, crown molding, recessed lighting, granite countertops and refined interior finishes in the bathroom and kitchen.

Construction on the Vistas is scheduled to begin by January. The Piedmont project is slated to break ground by March. A timetable has not yet been set for the newest project in the Heights. ■

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