

Altuve, Harris make All-Star team **SPORTS**



Cooking Girl heats up Montrose **FLAVOR**

HOUSTON CHRONICLE

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Clinton avoids charges, but rebuke casts shadow

FBI director slams her judgment, management of state secrets

By Philip Rucker, Abby Phillip and Anne Gearan
WASHINGTON POST

WASHINGTON — Hillary Clinton may avoid criminal charges, but the searing rebuke of her “ex-

remely careless” email practices Tuesday by FBI Director James B. Comey is likely to reverberate through the November election and, if she wins, well into her presidency. In a methodical, 15-min-

ute statement bringing an end to the FBI investigation of Clinton’s personal email system while secretary of state, Comey laid bare a litany of facts that amounted to a searing admonishment of her judgment, management and stewardship of state secrets. Even as Comey lifted a

legal cloud by announcing that the FBI would not recommend criminal charges, he systematically obliterated many of the key defenses Clinton and her advisers have offered to reassure the public in the 15 months since the discovery that she used a private email system. For **Clinton continues on A17**



“Although we did not find clear evidence that Secretary Clinton or her colleagues intended to violate laws ... there is evidence that they were extremely careless ...”
FBI Director James B. Comey

★ See some of Clinton’s emails released under court order at HoustonChronicle.com/emails
Report adds ammo to Republicans’ playbook. **Page A11**

CITY | STATE

3 killed by gunfire at holiday celebration

A crowd at a “Fourth Ward of July” party was attacked by gunfire in the dark, leaving three men dead, two people wounded — including a 10-year-old boy — and a community shaken by the violence. **Page A3**

GOVERNMENT

Paxton collects \$330,000 for legal defense

Texas Attorney General Ken Paxton collected close to \$330,000 from wealthy donors and friends last year to help pay for his legal defense against felony securities fraud charges, according to a state filing made public Tuesday. **Page A3**

TRAFFIC

I-45 ramp work downtown will cause some pain

Workers will soon remedy one of Houston’s biggest traffic bottlenecks, but not without a few months of pain for drivers trying to get downtown. **Page A3**



Elizabeth Conley / Houston Chronicle

The 19th floor “grand penthouse” of The River Oaks at 3433 Westheimer offers 13,000 square feet and panoramic views for \$13 million.

Clouds surround high-rise market

Slumping oil slows projects for now, but luxury condos aren’t going away

By Erin Mulvaney

Luxury high-rise developers began to thrive during the oil boom as the condo lifestyle seemed to finally catch on with wealthy Houstonians

drawn to expansive views, private terraces and resort-style pools. By 2014, townhome and condominium sales — routinely in seven figures — were growing faster than the single-family homes that

traditionally dominated the sprawling real estate landscape.

“This is a lifestyle change,” said Jacob Sudoff, founder of one of the city’s most active condo sales companies.

But in the midst of a persistent oil slump, even growing interest from buyers may not be enough

to sustain the boom in luxury high-rise living. Though May was a record-breaking month for condo sales locally, evidence of a slowdown at the high end is mounting.

At least three announced luxury condo projects have been scuttled, and new construction is falling off.

One of the developers who pulled out, Michael Carroll of Riverway Properties, blames the oil slump that has forced thousands of layoffs across greater Houston. Carroll’s company had planned to break ground later this year on a tower at 3615 Montrose, featuring 34 units. **Luxury continues on A17**

Boom in luxury developments starting to fade



THE RIVER OAKS, BY AREL CAPITAL
Address: 3433 Westheimer
Announced: 2015
Price range: \$875,000 to \$13 million
Units (percent sold): 79 units (50 percent)
Status: 2017 opening



BELMORE, BY GIORGIO BORLENGHI
Address: 1275 S. Post Oak Lane
Announced: 2013
Price range: Starting at \$2.5 million
Units (percent sold): 46 units (75 percent)
Status: Fall opening



THE WILSHIRE, BY PELICAN BUILDERS
Address: 2049 Westcreek Lane
Announced: 2015
Price range: \$800,000 to \$3 million
Units (percent sold): 96 units (70 percent)
Status: 2018 opening



3615 MONTROSE, BY RIVERWAY PROPERTIES
Address: 3615 Montrose
Announced: 2015
Price range: \$1 million to \$2.5 million
Units (percent sold): 34 units
Status: On hold



THE MONROE, BY AL ROSS LUXURY BUILDERS
Address: 1034 Rochow Dr.
Announced: 2015
Price range: \$1.4 million and \$1.6 million
Units (percent sold): 10 units
Status: On hold



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Business & Economy:
Houston has tried creating a zoning code three times. **Page A6**

Study says U.S. tops world in oil reserves

American power, influence likely to rise in markets

By Collin Eaton

Breakthroughs in drilling technology, many pioneered by Texas companies, may have finally toppled the global order in energy.

American drillers’ ability to squeeze oil and gas out of once impenetrable

shale rock has given the United States the largest recoverable oil reserves in the world, surpassing both Russia and Saudi Arabia, according to a new study by the Norwegian consultancy Rystad Energy.

It’s a milestone that forecasts greater power and influence in global markets for U.S. producers, which have long been buffeted by the decisions and actions of Saudi Arabia and **Oil continues on A17**

Top 10 countries by recoverable oil reserves

United States: 264 billion barrels
Russia: 256 billion barrels
Saudi Arabia: 212 billion barrels
Canada: 167 billion barrels
Iran: 143 billion barrels
Brazil: 120 billion barrels
Iraq: 117 billion barrels
Venezuela: 95 billion barrels
Mexico: 72 billion barrels
China: 59 billion barrels
Source: Rystad Energy

Jails breaching law for young inmates

Offenders under 18 required to have separate housing

By St. John Barned-Smith

The Harris County Sheriff’s Office has run afoul of a federal law aimed at reducing sexual assaults in jails, leaving 17-year-old inmates with virtually no place to go while awaiting trial in adult court. The county’s jail doesn’t

have room in its overcrowded facility to carve out a separate space for inmates under 18, who must be housed separately from older inmates under the Prison Rape Elimination Act.

Efforts to transfer the youthful offenders to other counties have fallen through, officials said. “We’re challenged with the space we have now,” Harris County Sheriff Ron **Law continues on A19**

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FROM THE COVER

Clinton has trust problem, polls indicate

Clinton from page A1

instance, Clinton had insisted that she did not send or receive classified materials, but Comey said the FBI found that 110 of her emails contained classified information.

For weeks now, Clinton, the presumptive Democratic nominee, has been arguing that her Republican opponent, Donald Trump, is unfit to be president and cannot be trusted in the Oval Office. She had hoped that a rally Tuesday afternoon in Charlotte, N.C., with President Barack Obama — their first joint appearance of the campaign — would underscore that contrast with Trump.

Instead, the remarks by Comey — a Republican with a sterling reputation among leaders of both parties — delivered from a lectern at FBI headquarters cast fresh doubt on Clinton's own fitness and trustworthiness.

"Although we did not find clear evidence that Secretary Clinton or her colleagues intended to violate laws governing the handling of classified information, there is evidence that they were extremely careless in their handling of very sensitive, highly classified information," Comey said.

The Clinton campaign had no advance warning of the precise timing or contents of Comey's announcement, although an FBI interview conducted with Clinton on Saturday was widely viewed as a final step in resolving the investigation. Comey said he had not coordinated or reviewed his statement with any part of the government.

At Clinton's New York campaign headquarters, staffers scrambled to gather around the large television screens arrayed in the office as Comey took the podium, not knowing what he would say. Clinton herself was poised to deliver unrelated remarks to a teacher's union in Washington before boarding Air Force One with Obama to fly to North Carolina.

A sigh of relief

The specter of a criminal indictment had loomed over the final months of the outgoing president, who is enjoying some of the best approval ratings of his presidency. An unscheduled personal meeting at the Phoenix airport last week between former President Bill Clinton and Attorney General Loretta Lynch, whose department will ultimately decide on charges, also garnered criticism from both sides of the aisle.

But Hillary Clinton and her Democratic allies breathed a sigh of relief after Comey all but erased the possibility that she might be indicted.

Although he said the FBI was referring the decision to the Justice Department, Comey added that "our judgment is that no reasonable prosecutor would bring such a case." It would be highly unusual for federal prosecutors not to follow the bureau's counsel.

"We are pleased that the career officials handling this case have determined that no further action by the Department is appropriate," Clinton spokesman Brian Fallon said in a statement. "As the Secretary has long said,

"We are pleased that be career officials handling this case have determined that no further action by the Department is appropriate. As the Secretary has long said, it was a mistake to use her personal email and she would not do it again."

Brian Fallon, Clinton spokesman

it was a mistake to use her personal email and she would not do it again. We are glad that this matter is now resolved."

Democratic pollster Peter D. Hart said "it's not a clean bill of health, but it's a workable situation." He said Clinton's struggles with trustworthiness "are not going to just all melt away," but that "it seems to me that 'Crooked Hillary' doesn't have the same sort of sting that it would have had with an indictment."

Republicans sought to swiftly capitalize on the situation. Trump assailed Clinton for what he called "illegal activities" and "bad judgment," suggesting that the Obama administration was protecting her from prosecution.

"Folks — the system is rigged," Trump said in a statement. "The normal punishment, in this case, would include losing authority to handle classified in-

formation, and that too disqualifies Hillary Clinton from being President. The final jury will be the American people, and they will issue the verdict on her corruption, incompetence, and bad judgment on November 8th."

David Bossie, a conservative activist who chairs the Defeat Crooked Hillary super PAC, issued a statement calling Clinton "a serial liar who has a trust problem" and that the email episode "disqualifies" her from serving as president.

Public polls show that many voters do not trust Clinton and that the email controversy already has negatively impacted her political standing. Polls consistently show that roughly two-thirds of Americans do not consider Clinton "honest and trustworthy" — typically her lowest rating in a series of attribute questions.

A Washington Post-ABC News poll in June found that 56 percent of all adults disapprove of her handling of questions about her email use — 44 percent of them "strongly disapproving."

GOP: 'Damning results'

It is unclear whether the FBI's findings, delivered by Comey on Tuesday, will further erode Clinton's standing with the public. GOP pollster Neil Newhouse described the FBI's findings as "damning results, just not indictable," and expects fallout in the polls.

"Very little of her explanations hold up, most are at odds with the facts, and it was much worse than she admitted," Newhouse said in an email. "I'm not

sure voters are going to be surprised, but when she's already trailing on the key attributes of 'honest and trustworthy' to Donald Trump, today's FBI findings are going to dig her hole even deeper."

However, Clinton's allies, including former congressman Barney Frank, D-Mass., believe the political fallout from the email controversy already has occurred.

"The criticism of her, the damage she suffered from having made a big mistake and having been irresponsible for using that server, has already happened," Frank said in an interview. "She's already paid a political price for it."

Sen. Timothy Kaine, D-Va. — a potential Clinton running mate — told reporters in Richmond, "I never believed this was going to be something in the criminal realm or even close to it. I had expected to get to this place where this is in matter of lessons learned."

Senior Democrats expect Trump and his allies to bang the drums about the email controversy for the remainder of the campaign, but believe the issue will have little currency with persuadable voters short of an indictment.

"Comey cut the legs out from under the only narrative that could have hurt her," said Democratic strategist Robert Shrum.

"I assume that Trump will continue to try to make hay out of this, and I think it will go about as well as the Republicans did on Whitewater or Benghazi or anything else. I just think it's fundamentally over."

Luxury condo sales peaked in 2014 then tapered off with oil

Luxury from page A1

condos priced between \$1 million and \$2.25 million.

But with only 12 units sold, Carroll said he knew the company had to shelve its ambitious project.

"It's tough to justify (speculative) building something that is that expensive," he said. "We didn't feel like the timing was right in Houston right now to do a project like that."

Al Ross Luxury Homes and Butler Brothers also have placed on hold projects they had announced during high times in the Houston economy.

Interest in going vertical

Sky-high living has a long history in cities like New York and Miami, but Houston has been better known for large homes with plenty of elbow room. A handful of tower projects were launched here in the 1980s, but they languished for years.

It wasn't until the latest oil boom that interest in going vertical really took off, particularly in such urban neighborhoods as

▶▶ Get an interactive look at some of the projects at HoustonChronicle.com/condos

downtown, Montrose and the Galleria. Dozens of luxury condo projects were announced, and sales were brisk.

The number of condo sales at the highest end of the market peaked in 2014 and has tapered off as the oil price collapse has taken its toll on the local economy. So far this year, 69 such units have sold.

Right now, the Houston Association of Realtors counts 201 active midrise/high-rise listings of \$500,000 and above, including 80 that start at \$1 million.

Sudoff, whose Sudoff Co. compiles internal reports on the state of the market, notes that only about 175 new luxury units priced at \$800,000 and up are under construction but available for purchase.

In addition to the relative scarcity of high-dollar, high-rise development in Houston real estate, Sudoff also warned against drawing comparisons with the well-documented glut in multifamily apartment construc-

tion. Nor are condos in the same straits as the office segment, he said.

He ticked off a list of projects under construction: The River Oaks (50 percent sold), the Belfiore in Uptown (at least 75 percent sold), the Wilshire at River Oaks District (70 percent sold), the Mondrian at the Museums (50 percent sold). Another project, Sophie at Bayou Bend, sold more than 10 percent in the first week, Sudoff's report shows.

But even with the influx, Sudoff said, there really aren't many high-rise condos here. He and others remain bullish.

Condominiums fall into two broad groups, said Jim Gaines, chief economist at the Texas A&M Real Estate Center. The high-end market starting at \$750,000 currently has about 12 months inventory. The total for single-family homes in the region is about 3 to 4 months.

Older condos sell for a median of \$200,000, while those built in the last two or so years tend to be

much higher priced. This makes it difficult to generalize about the overall condo market, Gaines said.

The high end is definitely the first to be affected by the oil price collapse, Gaines said, but empty nesters and young professionals still want to live in the inner city. It's a market-driven trend that will slow but not die.

"Will it collapse? Probably not," Gaines said. "The projects underway will get finished because they have to. You'll see more projects announced that will get postponed.... Developers have gotten nervous that the demand for high cost has slacked."

It's pricey at the top

If the current condo boom is drawing to a close, its swan song may be on the 19th floor of The River Oaks, 3433 Westheimer, a 1960s-era apartment building undergoing a complete overhaul. Spreading over 13,000 square feet, the "grand penthouse" will take up the entire upper floor and offer 14-foot ceilings, direct elevator access and two private terraces with panoramic views.

Developer Arel Capital placed a possibly record-setting \$13 million price tag on the unit. A pair of east- and west-facing penthouses of 6,500 square feet each make up the floor below, and are listed for \$6 million apiece.

"It's not expensive for the sake of being expensive," said Richard Leibovitch, managing partner at Arel Capital. "This is the top end of the Houston market."

Construction began in December 2014, and the project is slated for completion in fall 2017. Move-in will begin next spring.

Leibovitch said he, too, is confident in the long-term prospects for such developments, regardless of ups and downs in the local economy.

"The trend is to move away from the suburbs and big mansions in the suburbs," he said. "People want to live high in the city. We have been seeing it in New York and are now seeing it in Houston. People want to be right in the center of things, near shopping and their offices."

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Oil reserves in Texas are estimated at 60 billion, study says

Oil from page A1

Russia, analysts said.

"The U.S. will surpass them as not only the largest resource holder but also the largest producer of oil," said Jarand Rystad, founder and managing partner of the consultancy. "It'll happen by 2020 for sure."

The independent, three-year analysis by Rystad Energy found that the nation's recoverable oil reserves have climbed to 264 billion barrels — including 60 billion in Texas — overtaking Russia, with 256 billion barrels, and Saudi Arabia, with 212 billion barrels. Recoverable reserves are the oil deposits that can be extracted within the industry's financial and technological constraints.

Rystad's findings are another example of the profound impact of the so-called shale revolution, which by opening vast new reserves of oil and gas, have transformed the United States from net importer to net exporter, and re-

▶▶ Get an interactive look at crude oil prices at HoustonChronicle.com/oilprices

made global energy markets. Less than a decade ago, analysts were predicting severe shortages and \$200 a barrel oil; today the world is awash in gas and oil, a glut that has led prices to crash and turned a boom into a bust.

Oil prices fell to as low as \$26 a barrel in February. U.S. crude settled at \$46.60 a barrel in New York Tuesday.

U.S. producers to rebound

The oil-market crash induced a \$1 trillion pullback in drilling activity over the past two years, taking scores of North American drillers with it. Continental U.S. oil production has fallen by more than 800,000 barrels a day since it peaked in April 2015, and it's expected to keep dropping until prices recover further.

But those cutbacks in production, coupled with growing global demand, could leave the world

undersupplied by 5 million to 10 million barrels a day by the end of the decade, Rystad said. Over time, U.S. oil producers could take advantage of the gap in energy supply and demand because they're faster than other producers, given the right mix of time and money.

As the recent boom showed, with enough capital, land-based drillers can move in and out of shale plays with relative ease, unlike deep-water projects that take years to bring into production. That dexterity gives shale drillers influence over global supply and demand and a part to play in the oil market.

"The United States has shifted to a market-maker role," said Bob Fryklund, chief upstream strategist at IHS Energy in Houston. "It's a new, flexible supply."

The question now is whether private U.S. companies can be-

come efficient enough to make money pumping those barrels out of shale formations, allowing them to earn profits at lower prices. Oil production costs have come down 35 percent since crude prices began their slide four years ago. But as crude prices creep back up, costs could rise about 10 percent, for now.

Change in the next decade

Even if shale drillers can get the prices to drive another surge in production, the nation's shale advantage could start to fade by the middle of the next decade as drillers exhaust fields that can be tapped at lower costs and move to more expensive reserves.

"It'll be a quick comeback for shale," Rystad said. "But eventually additional volumes will be quite expensive, so they will struggle to have a lot of growth in the late 2020s."

Shale plays, oil sands and other unconventional resources make up nearly a third of the 2.1 trillion

barrels still financially and technologically feasible to recover. That total figure is about 70 times the amount of crude used up each year. Exxon Mobil, Chevron and five other big oil companies together hold just 10 percent of the 2.1 trillion barrels, Rystad says.

Rystad Energy's reserves estimates often appear different from official figures published by foreign governments, which vary widely in methodologies. The U.S. government, for example, has used more conservative estimates for its reserves than nations within the Organization of Petroleum Exporting Countries.

Rystad Energy's analysis, which focused on existing fields, new discoveries and yet undiscovered fields, used a consistent methodology to compare reserves of different countries. The consultancy essentially measured reserves oil field by oil field.

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