

# Redevelopment in Southern Dallas

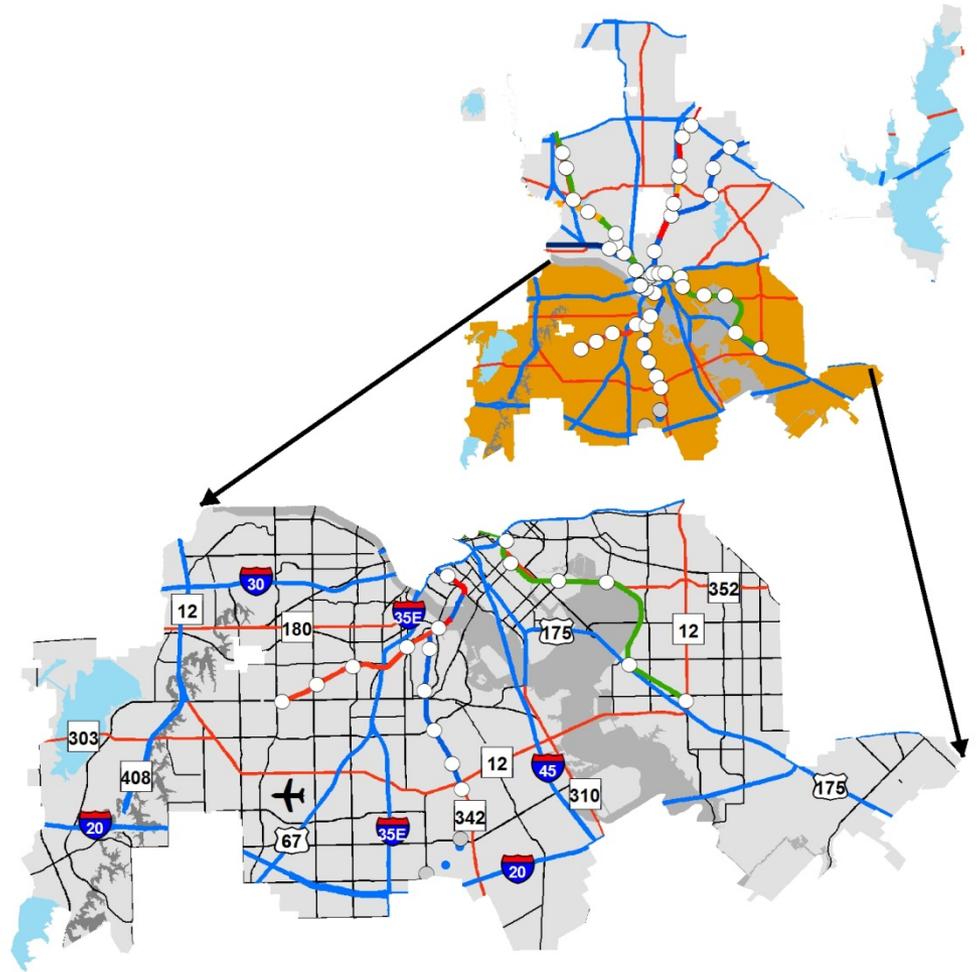
The Lancaster Corridor

Texas APA Conference

October 4, 2012

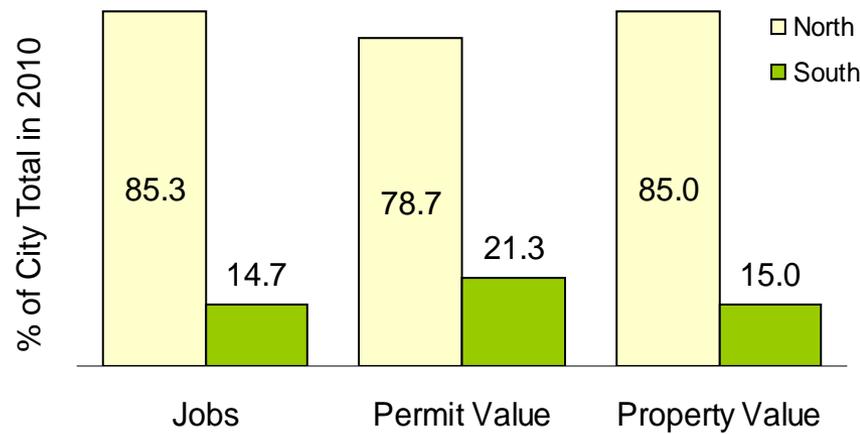
# Southern Dallas Overview

- Southern Dallas:
  - Is 196.7 total sq. mi., 169.4 sq. mi. of developable land\*
  - Is larger in land area than Boston, Miami, and San Francisco combined
  - Is mostly residential, with density similar to surrounding suburbs



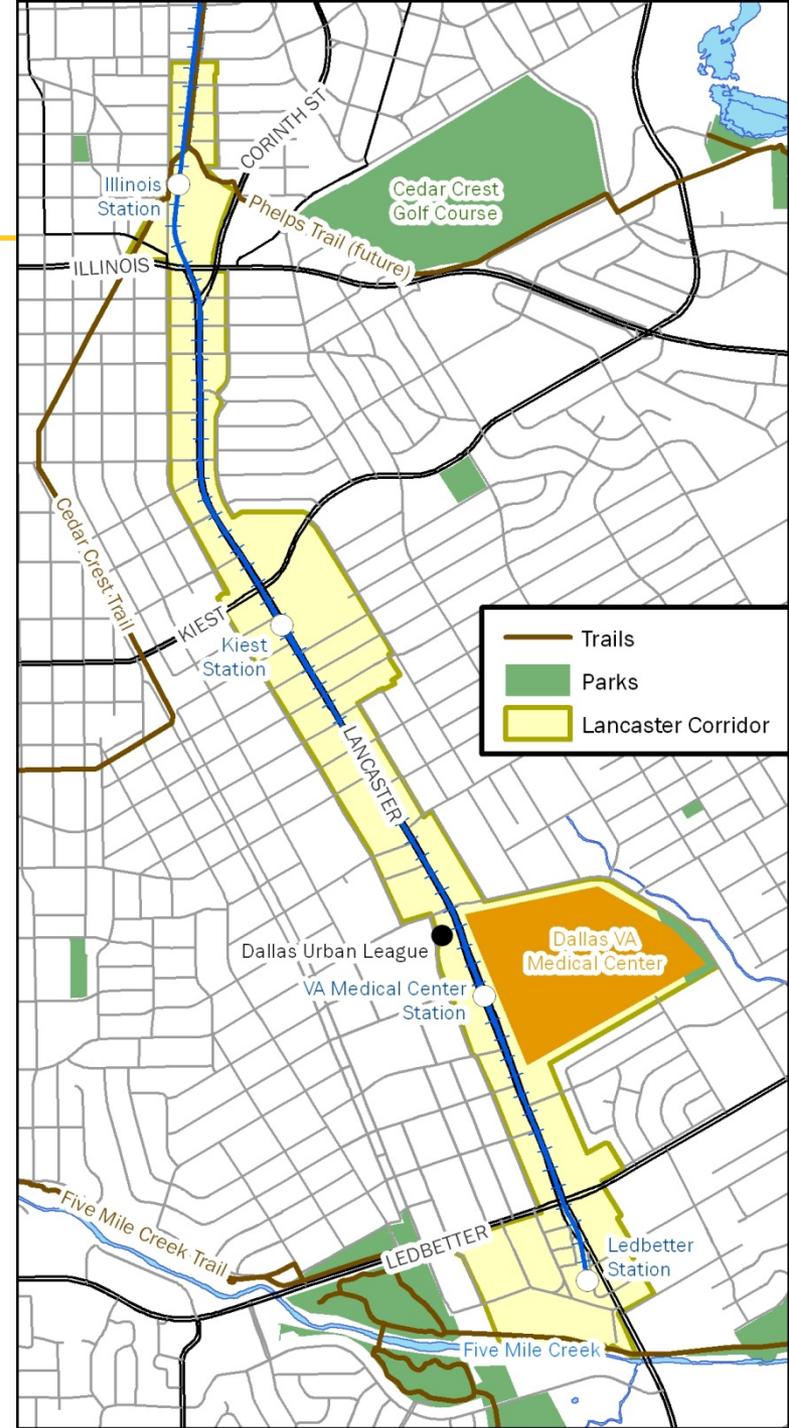
# Focus on Southern Dallas

- Dallas' population growth is flat in fastest growing region of U.S.
  - Population losses in Southern Dallas since 2000
- Southern Dallas is City's biggest growth opportunity
  - Largest undeveloped land area
  - Untapped human capital
  - Job opportunity and work force disconnect
- Unbalanced tax revenue to expenses



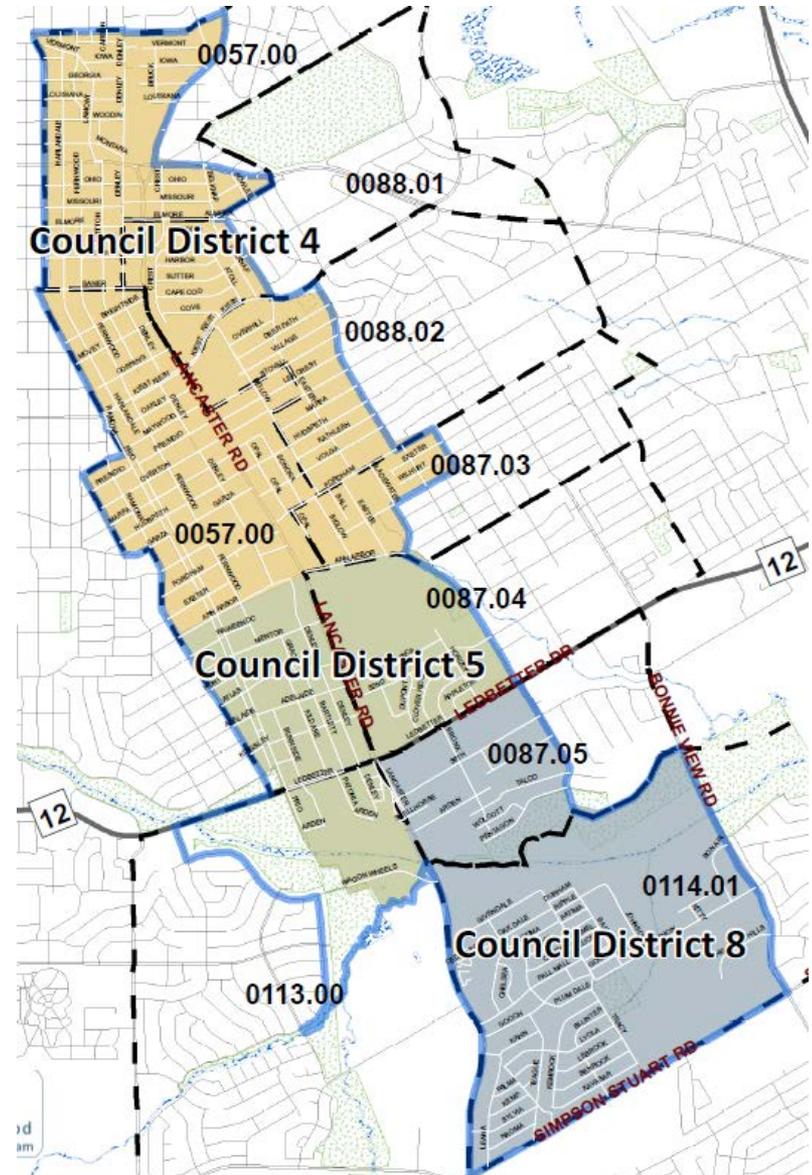
# Lancaster Corridor

- Includes four southernmost DART Blue Line stations
- Immediate corridor includes the parcels within one block on either side of Lancaster Rd.
- 776 total parcels
- 305 commercial parcels
- Larger community includes one census block group adjacent to the corridor
- Size
  - Corridor: 401.5 acres
  - Community: 1,618 acres



# Lancaster Corridor

- Neighborhood Improvement Program Area
  - Strategic approach to redeveloping under developed neighborhoods
  - Targets City resources; partially funded with CDBG Public Improvement dollars
    - sidewalks/streets
    - streetscapes, public parks
    - targeted community master planning
    - community/neighborhood development and engagement



# Lancaster Corridor Profile

- Demographics
  - Population within the Lancaster Corridor NIP area is approximately 13,000
  - Overall, the area is poorer than both the City of Dallas and Southern Dallas
  - The corridor is largely African American but with increasing Hispanic growth over the past decade
  - Education attainment levels are on average much lower than the city and Southern Dallas averages
- Major Employer
  - VA Medical Center of North Texas
    - 3,500 employees, over 300,000 visitors annually
    - Expanding to add a new long-term spinal cord injury unit

# The Vision

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Make the Lancaster Corridor a vital main street for Southeast Oak Cliff with diverse employment and retail options and improved communities all along the corridor.

# Business as Usual

- Historically, Dallas has had success with a project-focused economic development program
  - Negotiate
  - Subsidize
  - Build
  - Works in North Dallas because of strong, traditional market forces
- This approach is less successful in the core of Southern Dallas
  - Lack of developer interest for high quality projects
  - Perception / reality of crime and blight
  - Lower community market capacity
  - Fewer available sites

# Redevelopment Strategy

1. Use targeted development incentives focusing on the areas immediately around the DART rail stations to create retail, housing, and employment focal points for the surrounding neighborhoods
2. Coordinate existing services (police, code, sanitation, public works) and new community development pilot program to improve the quality of life of the surrounding neighborhoods
3. Simultaneously proceed with business development efforts around rail stations and major assets

# Redevelopment Strategy (Cont'd)

4. Ensure the projects are connected to complete the neighborhood
5. Create a desirable environment for business development
  - Landscaping and streetscaping
  - Façade improvements



# A Different Approach

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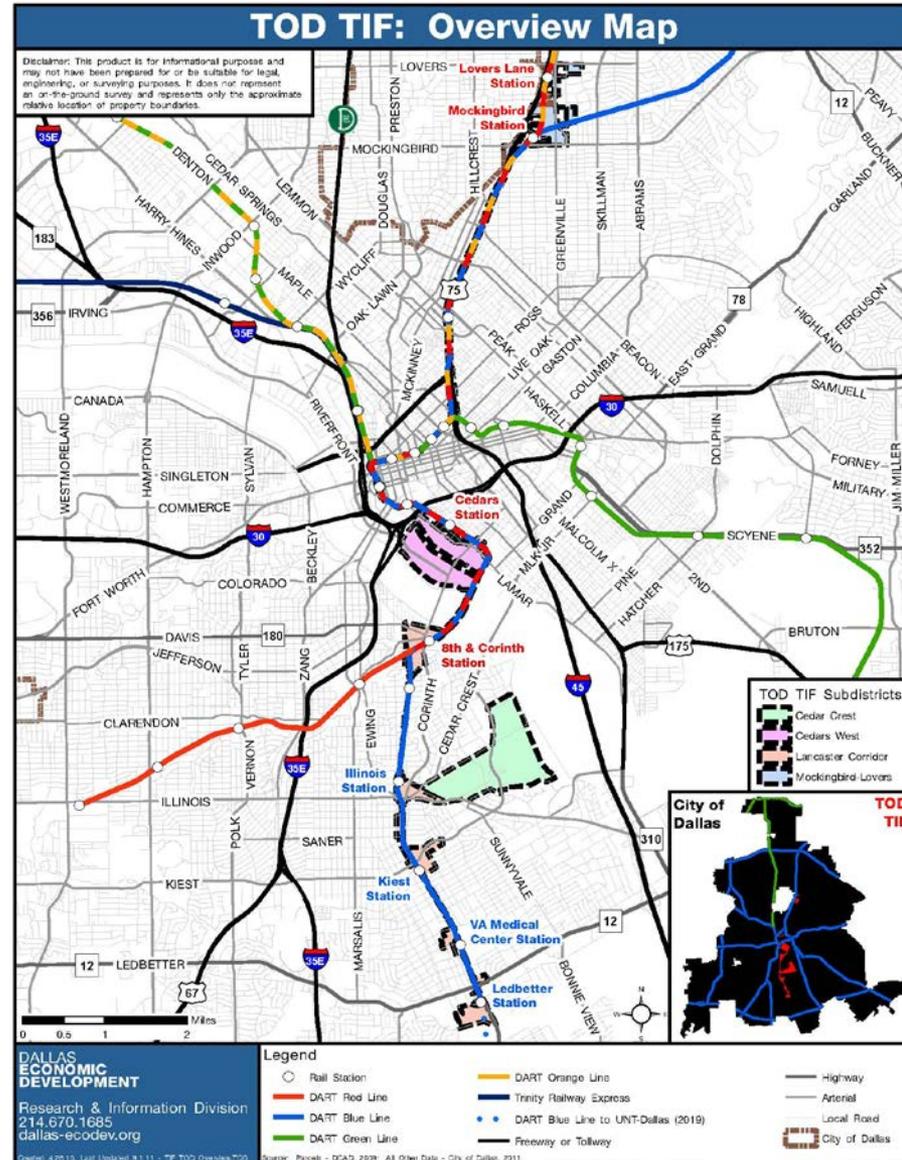
- Identify funding to support Lancaster Corridor initiative
- Inventory available bond program funds
- Inventory existing general fund resources from each department's budget
- Identify existing city programs and other available grants
- Identify private and non-profit funding sources
- Evaluate TIF district potential

# Public-Private Partnership

- Public/Private Economic Development Tools
  - Tax Abatement – an agreement to forego future real property or business property tax revenue from new investment
  - Business Development Chapter 380 Grants – a grant in lieu of tax abatement or to defray project costs such as land purchase, building costs, public infrastructure costs, development fees, right of way abandonment fees, loan guarantees, training costs, relocation costs, etc.
  - Other Program Tools – State law allows for the creation of programs for grants and/or loans pursuant to Chapter 380 of the Local Government Code
- Incentives are proposed for projects wherein, “but for” the incentive, the project would not otherwise occur in the City, or it would be substantially modified in a way that reduces the benefits accruing to the City
  - “But for” is assumed to be met in Southern Dallas
- \$3.8 million forgivable loan to Lancaster Urban Village project for land acquisition

# TOD TIF

- Tax-increment financing (TIF) connects multiple TOD opportunities using the DART rail corridor
- Mockingbird-Lovers and Cedars West sub-districts generate additional increment for the Lancaster Corridor sub district
- The excess increment assists developments in the Lancaster Corridor
- Increment will be used to repay HUD Section 108 loan to Lancaster Urban Village project



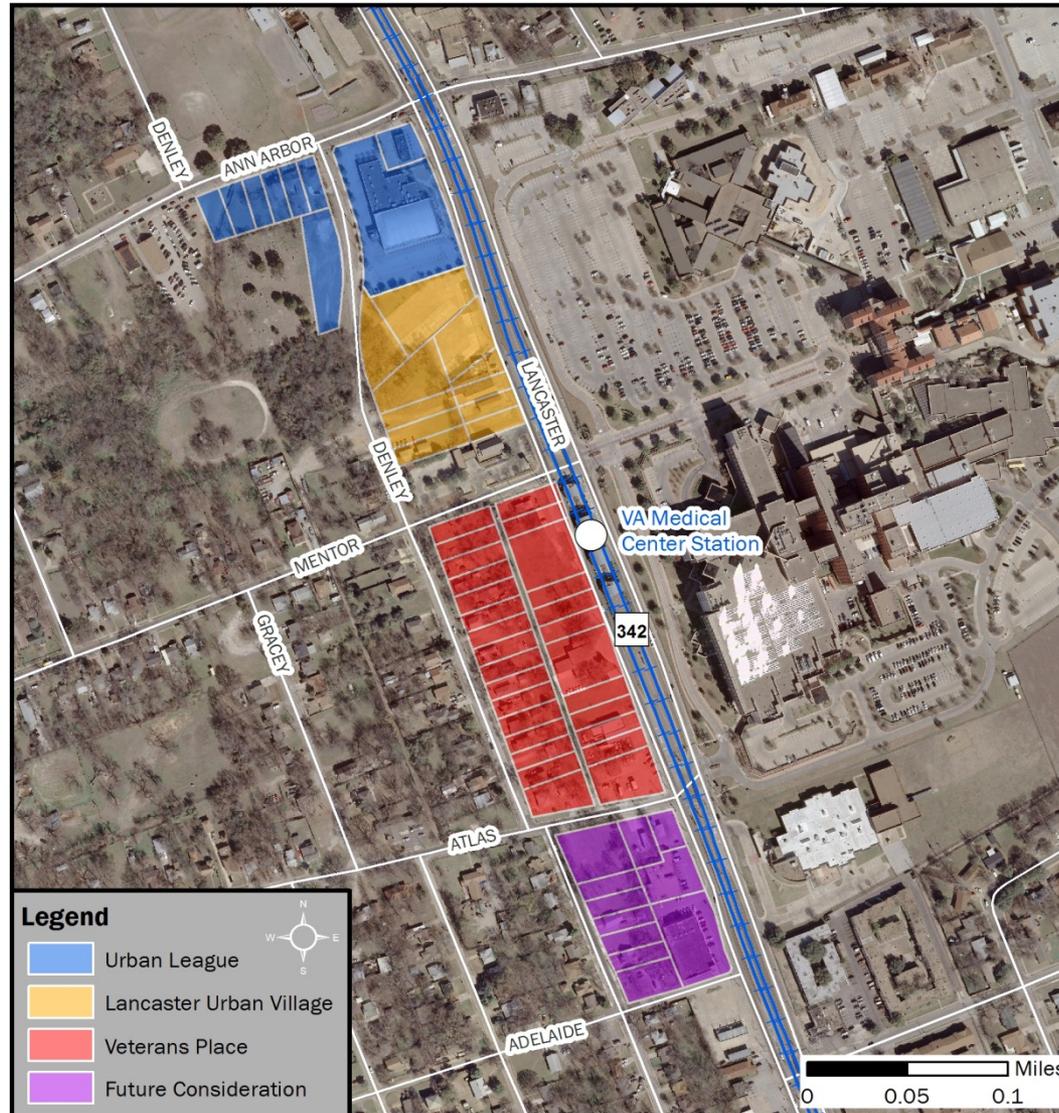
# HUD Section 108 Program

- \$75 million allocation from HUD through the city's CDBG program
- Used for second mortgage financing
  - Low interest rates
  - Generous amortization
- City guarantees loan and is ultimately responsible for repayment
- Loan must be approved regionally and nationally by HUD
- \$8.4 million loan to Lancaster Urban Village project to cover financing gap between equity and HUD 221(d)(4) loan
  - Unique model as loan will be repaid by future TOD TIF increment
  - Loan includes an interest reserve for 3 to 5 years

# New Market Tax Credits

- Permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in eligible projects
- In 2009, Dallas created the Dallas Development Fund (DDF) as a qualified non-profit to apply for a U.S. Treasury NMTC allocation
- The same year, the DDF was awarded a \$55 million allocation
- This is worth approximately \$14 million in up front subsidy to projects
- Investments must be used in low-income communities
- The credit provided to the investor equals \$0.39 on the dollar of qualified equity investment to the project and is claimed over a 7-year credit allowance period
- NMTCs encourage investment by providing up to 25% of total project costs
- DDF will apply for a second allocation in the next round
- \$11.5 million NMTC allocation will provide \$3.5 million in equity to the Lancaster Urban Village project

# Lancaster Corridor Development Sites



# First Project: Lancaster Urban Village

- Phase one includes the assembly of 14 properties from Ann Arbor Ave. to Mentor Dr.
- 193 market rate apartments
- 14,000 SF of retail and small office space
- 395 space shared parking garage with the Urban League of Greater Dallas



# Planned Future Development

## Urban League of Greater Dallas

- 50,000 SF expansion of existing headquarters
- Larger workforce training facility
- Technical classrooms
- Large meeting room
- Shared parking with Lancaster Urban Village



# Planned Future Development

## Lancaster-Kiest Village

- Transit-oriented, mixed-use development
  - Courtyard housing clusters
  - Neighborhood retail and restaurants organized around a central pocket park and small urban parking lane
  - Residential lofts and apartment units are situated to take advantage of their proximity to a range of development amenities
- 2 story bungalow court housing
- 2 story carriage way housing
- Retail and small office



# Planned Future Development

## Lancaster Opal

- Three story, higher density mixed-use development
  - Residential lofts and apartment units are situated to take advantage of their proximity to a range of development amenities including a resort-style pool and urban courtyards, resident club with community kitchen and entertainment programming, and direct access to parking
  - Three carriageway residential blocks are situated to provide a transition to adjacent single-family areas and will provide affordable housing for residents with various special needs
- 3 story mixed-use building
- 2+ story apartment carriageway buildings



# Planned Future Development

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## Neighborhood Stabilization

- Acquire key single-family lots to create a more consistent street scene
- Single-family home designs will provide front porches, diversity of massing and design along the streetscape, and proper sizing to provide affordability
- Neighborhoods will be positioned with solar and urban wind technology to reduce dependence on the traditional energy grid
- All development will be LEED certified

# A Really Big Deal

- Created a national model for financing with Lancaster Urban Village project
- Showed new creativity in developing funding sources
- Removes urban blight and locations of questionable activities
- Provides housing and amenities for major employer at the VA Medical Center
- Marks the beginning of planned development throughout the Lancaster Corridor
- Facilitates an expanded facility for the Urban League
- An enviable model of transit-oriented development