Peer Chacko
City of Dallas
Rail-Volution
October 18, 2011
Washington, DC

TOD Partnerships
Dallas’ Experience
The DFW Metroplex

- DFW - fourth largest and fastest growing among top ten metros
- Dallas has 1.2 million residents and over 1 million jobs
Dallas-Fort Worth leads nation in job growth

The Dallas-Fort Worth area tops the nation in job growth, with Houston coming in second.

The two metro areas have added 134,200 nonfarm jobs in the past 12 months, according to figures released Wednesday morning by the U.S. Bureau of Labor...
Energy Square draws interest

Potential buyers eyeing a redo of complex near DART station

By STEVE BROWN
Real Estate Editor
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A northeast Dallas office complex that's next door to a commuter rail station has attracted the interest of potential buyers.

Champion Partners, a Dallas investor and developer, and Lincoln Property Co. are teaming up to make an offer on the three-building Energy Square complex at University Boulevard and North Central Expressway, real estate brokers say.

The high-rise office complex is owned by California-based Younan Properties, which put the buildings up for sale earlier this year.

See DEVELOPERS Page 6D
DART Transit Network

- DART light rail spans 72 miles and 55 stations – will expand to over 90 miles by 2014
- Federal grants to build starter modern street car
Dallas is sprawled over 380 square miles.

*forwardDallas!* Comprehensive Plan encourages high density, mixed use around transit stations and job centers.
<table>
<thead>
<tr>
<th><strong>Mockingbird Station (2000)</strong></th>
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<td>□ Dallas’ first TOD</td>
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<tr>
<td>□ Developed under standard zoning and parking requirements</td>
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<tr>
<td>□ No financial incentives</td>
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<td>□ Project was successfully completed, but original developer ran into financial difficulties</td>
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Currently DART is working with the City and a developer to create a 20-story building on existing parking lot.
The Cedars Station

Southside on Lamar (2001)

- Pioneer development in the Cedars – rehab and conversion of old Sears warehouse
- 10-year Historic Tax Abatement
- Benefitted from a City-initiated re-zoning with greater use flexibility, parking reductions, and special street frontage considerations
- Developer sold adjacent site to the City for the new Dallas Police Headquarters
The Cedars Station

Rail~Volution
Building Livable Communities with Transit

The Beat
Nylo Hotel
Dallas Police Headquarters
Southside on Lamar
The Beat Condos (2008)

- 73 Condos

- TIF funding of $800,000 leveraged $13 million total investment

- Existing zoning supported mixed use and provided transit-oriented parking reductions
West Village (2001)

- New planned development district zoning for mixed use, reduced parking and special internal street standards
- No TIF funding
- 179 residential units; 125,000 square feet of retail; Magnolia cinema theater
Parkland Station - Cityville
Cityville at Southwestern Medical (2007)

- 278 residential units; 45,000 square feet of retail
- $1.7 million TIF investment leveraged $22 million total project investment
- New planned development district zoning to allow mixed use and parking reductions
Deep Ellum Station

Deep Ellum Station - The Ambrose

Baylor Hospital

Ambrose
The Ambrose (2008)

- 325 residential units and 15,000 square feet of retail
- No zoning change needed. Existing zoning supported mixed use and provided significant parking reductions for residential and ground floor retail
- No TIF funding
TOD Challenges

- Land assembly, brownfield, and pre-development issues
- Higher costs for “urban” projects - structured parking, green space and pedestrian amenities
- Inadequate or obsolete infrastructure
- Outdated zoning regulations hinder development and may allow land uses that discourage or negatively impact the pedestrian environment
- Untested markets with no comparable rent values making it difficult to attract equity and lending dollars for the project
- Complicated financing
In recent years, Dallas has created several important tools that address these challenges and make public partnership and public investment possible.

- TOD TIF
- Public/Private Partnership program updates
- Form-based zoning
Zoning and Entitlements

• Zoning = Risk
  – Often obsolete
  – Time and cost of securing zoning
  – Lack of transparency in regulations

• New Form-based Zoning
  – Market-tested regulations
  – Entitles urban-style development with significant built-in parking reductions
TOD TIF Goals

- **Jump start TOD** in the Southern Dallas by allowing tax increment sharing from Northern Dallas to occur

- Generate approximately $330 million total increment over 25-year life of the TIF

- Allocate 40% of increment for redevelopment in Southern Dallas locations

- Allocate 20% of the increment to affordable housing
• New TIF District linking Northern and Southern Dallas light rail stations:
  • Mockingbird/Lovers
  • Cedars (West)
  • 8th & Corinth Station
  • Illinois Station
  • Crest Shopping Center
  • Kiest Station
  • VA Station
Public/Private Partnership Program amended to create a special category for TOD projects

New funding sources added to the tool box:

- New Market Tax Credits: Dallas Development Fund awarded $55 million NMTC allocation targeted to traditionally underserved areas
- City of Dallas Regional Center (EB 5): City appointed Civitas Capital Management, LLC as third party investment manager to facilitate investment opportunity under EB 5 program
Word of the Day

Capital Stack
Capital Stack

- CDBG
- Section 108 Loans
- HUD 221(d)(4)
- LIHTC
- NCTCOG sources
- Bonds GO/CO
- MMDs
- TIFs
- PIDs
- New Market Funds
- Chapter 380
- EB 5
- Historic Tax Credits
HUD Challenge Grant

• Provides an opportunity to focus resources on some of the more challenging Southern Dallas station areas

• $2,645,000 federal grant focused on TOD and affordable housing at 5 DART stations:
  • Planning
  • Land acquisition
  • Pre-development and construction
HUD Challenge Grant

Buckner Station
End of the Line

Five Points
Pork Lane DART Station

Fair Park
MLK, Jr. DART Station at JB Jackson, Jr. Transit Center

Hatcher Square
Hatcher DART Station

Lancaster Corridor
Kiest and VA Medical Center DART Stations

Buckner Station
End of the Line
Keys to Successful Projects

• Partnerships make sense in today’s development climate for realizing public goals

• On the public side:
  – Finding the right balance between flexibility and predictability
  – Need to have as many diverse incentives in your tool box
  – It’s not just about financial incentives

• On the private side:
  – Need to understand city policy objectives
  – Engage the city as early as possible
  – No on the job training!
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