

Memorandum



CITY OF DALLAS

DATE May 31, 2019

TO The Honorable Members of the Economic Development & Housing Committee:
Tennell Atkins (Chair), Rickey D. Callahan (Vice-Chair), Lee M. Kleinman,
Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder,
Omar Narvaez

SUBJECT **Proposed Neighborhood Empowerment Zone #10 (NEZ #10)**

On Monday, June 3, 2019, the Committee will be briefed on the proposed Neighborhood Empowerment Zone #10. The briefing materials are attached for your review.

Please feel free to contact me if you have any questions or concerns.

A handwritten signature in black ink, appearing to read 'Michael A. Mendoza'.

Michael A. Mendoza

Chief of Economic Development and Neighborhood Services

c: Chris Caso, City Attorney (Interim)
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Majed A. Al-Ghafry, Assistant City Manager

Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer
M. Elizabeth Reich, Chief Financial Officer
Laila Aleqresh, Chief Innovation Officer
Directors and Assistant Directors

Proposed Neighborhood Empowerment Zone #10

**Economic Development & Housing
Committee
June 3, 2019**

**Courtney Pogue, Director
Office of Economic Development
City of Dallas**



Overview

- Definition of Neighborhood Empowerment Zone (NEZ)
- Purpose for Creation of NEZ
- Analysis of Area Under Consideration
- Proposed NEZ #10
- Staff Recommendation
- Next Steps



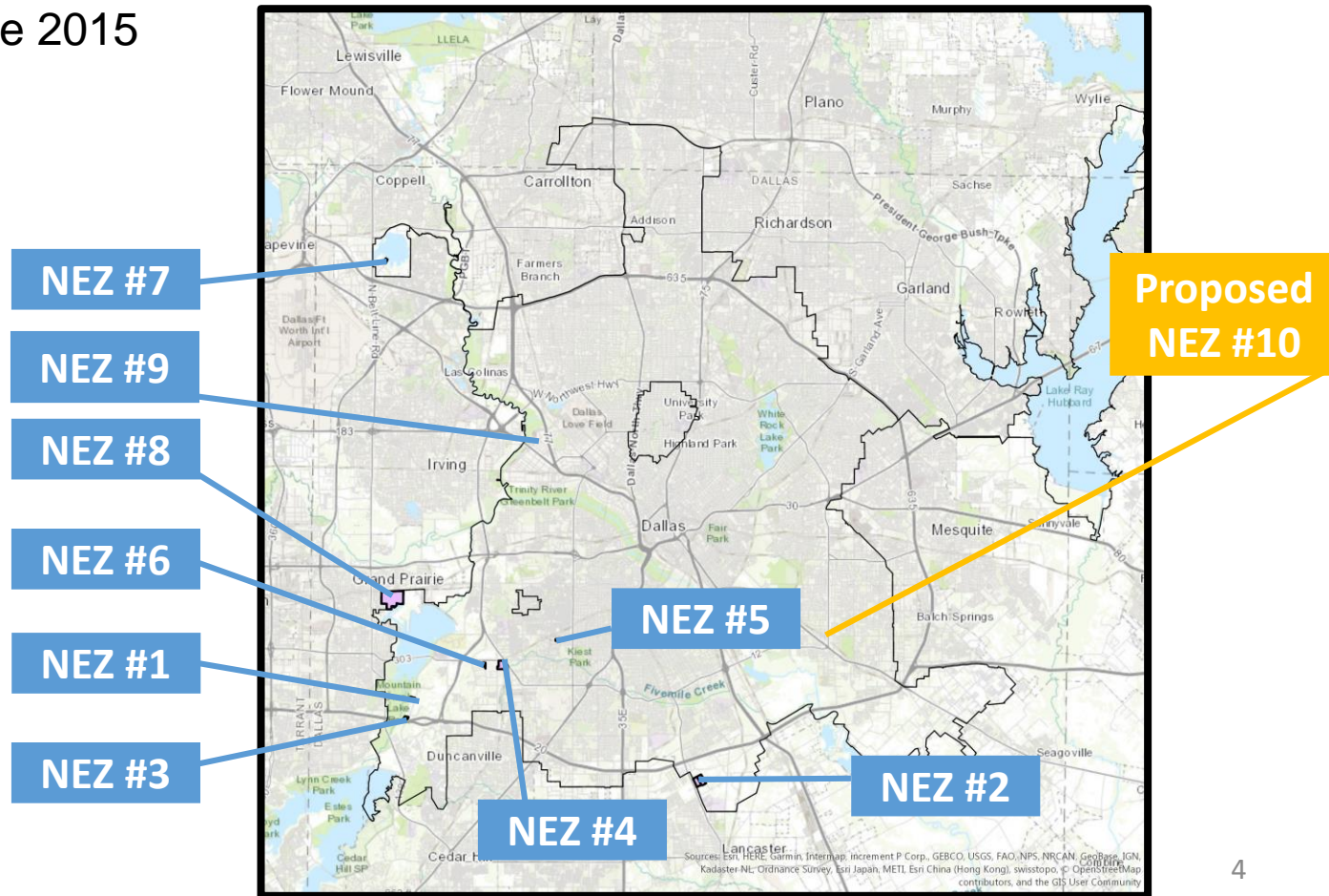
Definition of Neighborhood Empowerment Zone (NEZ)

- Chapter 378 of the Texas Local Government Code provides for the creation of Neighborhood Empowerment Zones (NEZs)
- NEZs must promote *any* of the following:
 - An increase in economic development in the zone
 - An increase in the quality of social services, education, or public safety for residents of the zone
 - Creation and/or rehabilitation of affordable housing in the zone
- A municipality may create a NEZ by adopting a resolution that:
 - Describes boundaries of the zone
 - Determines that the zone promotes any of the items listed above
 - Finds that the creation of the zone benefits and is for the public purpose of increasing public health, safety and welfare of persons in the municipality
 - Finds that the zone satisfies requirements of Section 312.202 of the Tax Code (Property Redevelopment and Tax Abatement Act)

Neighborhood Empowerment Zones (NEZs)

9 NEZs created since 2015

- 7 industrial
- 1 office
- 1 mixed uses



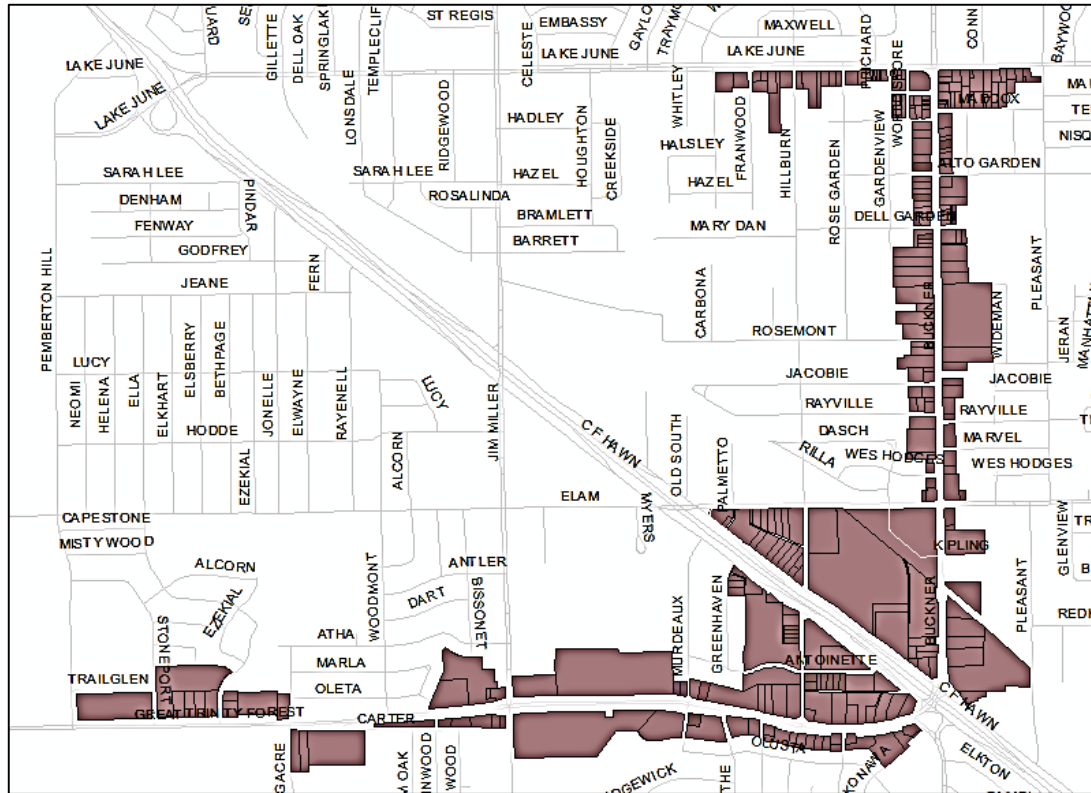
Purpose for Creation of NEZ

- NEZ is a flexible tool to implement an economic development program for a particular area of the city
- Create pilot program to encourage increased economic development in the NEZ
 - Stimulate business and commercial activity
 - Retain and grow existing smaller businesses
 - Retain and create jobs
 - Increase occupancy of buildings
 - Encourage reinvestment in existing building stock
 - Incentivize workforce development/job training programs
- Uses excluded from consideration for incentives within the program for NEZ #10: single family residential uses, sexually oriented businesses, bars, liquor stores, pawn shops, truck stops, body piercing studios, tattoo studios, alternative financial establishments, massage establishments

5

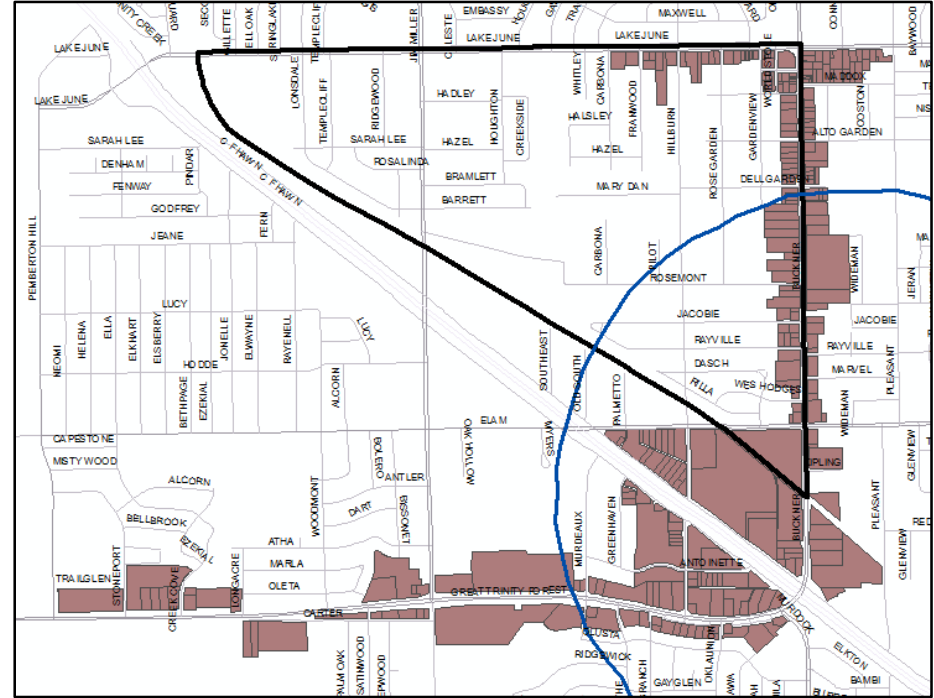
Analysis of Area Under Consideration

- Lake June Road (Carbona Drive to Pleasant Drive)
- Buckner Boulevard (Lake June Road to U.S. 175)
- Great Trinity Forest Way (U.S. 175 to Pemberton Hill Road)



Analysis of Area Under Consideration

- A portion of the proposed zone is in a Target Area under the City's Public/Private Partnership Program
- City Housing Policy Emerging Market Area (blue circle)
- A portion of the proposed zone is in a Qualified Opportunity Zone (black outline)
- Texas Enterprise Zone (State of Texas designation)
- Part of Pleasant Grove NOW initiative area
- Approximately 324 acres
- 290 DCAD real property accounts



Source: Dallas Central Appraisal District

Analysis of Area Under Consideration

Assets/Opportunities for economic development:

- Buckner DART Station
- Buckner Station Study (guide for future catalyst development site)
- Eastfield College Pleasant Grove Campus
- Workforce Solutions Greater Dallas
- Proximity to Trinity River/amenities
- Pleasant Grove NOW Initiative
 - Seeks to create a long-overdue economic boost to the heart of Pleasant Grove and strengthen the community by:
 - Adding quality retail (particularly sit-down restaurants)
 - Rehabilitating older apartments
 - Growing smaller businesses

**PLEASANT
GROVE
NOW**



Analysis of Area Under Consideration

Challenges to economic development:

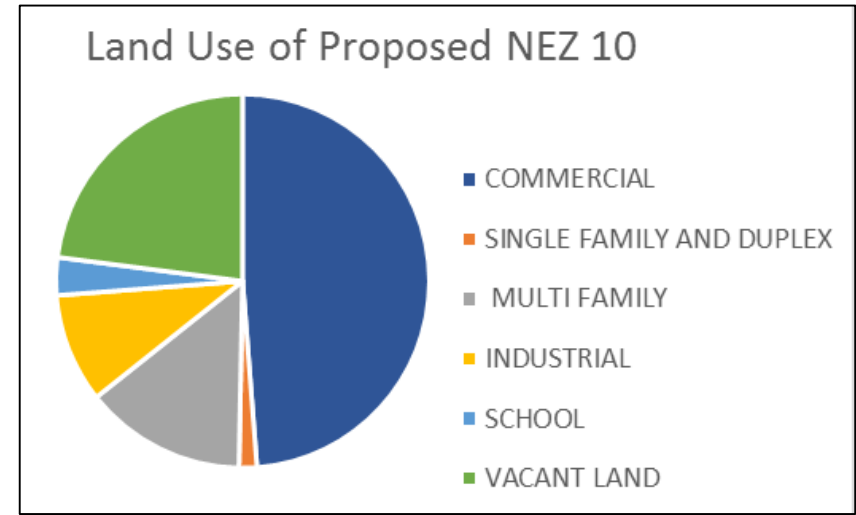
- Aging commercial corridor
- Small parcels
- Fragmented ownership
- Underutilized land use
- Auto-oriented low density development pattern
- Lack of amenities in the public realm
- Visual clutter
- Perception
- Relatively lower levels of market demand



Analysis of Area Under Consideration

Land Use

- Commercial: 158 acres
- Vacant land: 74 acres
- Single family residential: 5 acres
- Multi-family residential: 45 acres
- Industrial: 31 acres
- School: 11 acres



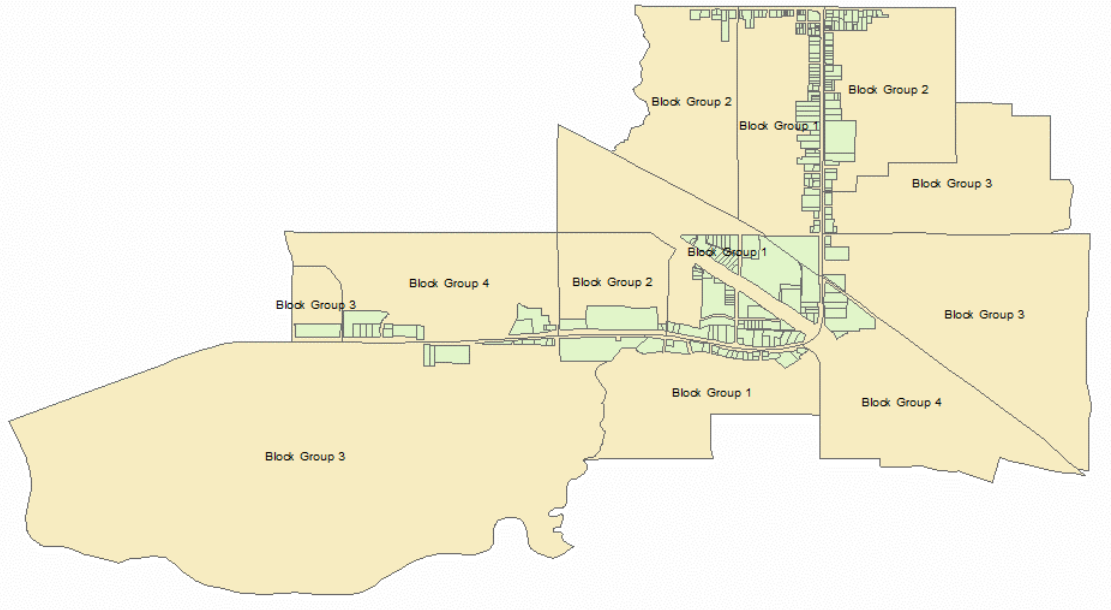
Source: DCAD and CoStar

TOP PROPERTY VALUES (2018)

ADDRESS	PROPERTY	TOTAL VALUE
802 S BUCKNER BLVD	EASTFIELD COLLEGE PLEASANT GROVE	\$8,852,640 (Non-taxable)
7834 C F HAWN FWY	DAL TILE ADDN	\$8,400,000
220 and 221 STONEPORT DR	HILLSIDE APARTMENTS	\$8,024,000
7625 ANTOINETTE ST	MURDOCK TERRACE APARTMENTS	\$4,641,000
7203 GREAT TRINITY FOREST WAY	GROVE VILLAGE APARTMENTS	\$4,050,000
1250 CARBONA DR	FIRE STATION #34	\$1,982,340 (Non-taxable)
1227 S BUCKNER BLVD	FREE STANDING RETAIL STORE (CVS/GOTTLIEB BUCKNER BLVD)	\$1,894,250
440 HILLBURN DR	HEAVY INDUSTRIAL (LEGGETT PARTNERS LP)	\$1,625,000
116 N JIM MILLER RD	CONVENIENCE STORE (SANABEL INVESTMENT LP)	\$1,431,980

10

Analysis of Area Under Consideration



For analysis of data related to population, unemployment rate, and median household income, several block groups within the area can be used as a proxy for the area under consideration

Analysis of Area Under Consideration

Population		
Year	Block Groups in NEZ 10	City of Dallas
2013	19,420	1,222,167
2014	19,817	1,240,985
2015	19,287	1,260,688
2016	17,880	1,278,433
2017	18,017	1,300,122

Source: U.S. Census, May 2019

Population Change (2011-2017)	
Block Groups in NEZ 10	City of Dallas
-7.2%	6.4%

Source: U.S. Census, May 2019

Unemployment Rate (%)		
Year	Block Groups in NEZ 10	City of Dallas
2013	16.9%	9.4%
2014	17.4%	8.9%
2015	10.5%	7.8%
2016	8.2%	6.8%
2017	4.8%	5.9%

Source: JobsEQ, May 2019; BLS

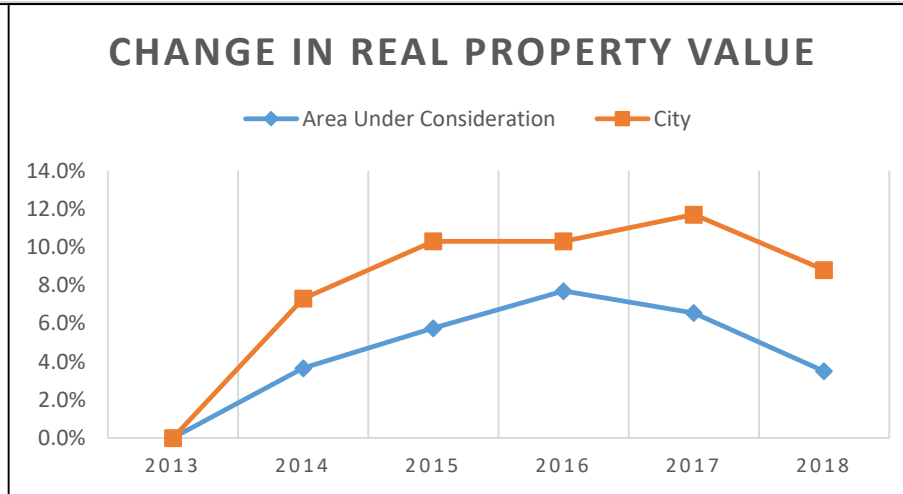
Median Household Income		
Year	Block Groups in NEZ 10	City of Dallas
2013	\$31,190	\$42,846
2014	\$29,116	\$43,359
2015	\$33,344	\$43,781
2016	\$28,661	\$45,215
2017	\$30,306	\$47,285

Source: U.S. Census, May 2019

Analysis of Area Under Consideration

Real Property Value				
	Area Under Consideration		City	
Year	Property Value	% Change	Property Value	% Change
2013	\$73,805,217	-	\$32,700,000,000	-
2014	\$76,505,837	3.7%	\$35,100,000,000	7.3%
2015	\$80,905,080	5.8%	\$38,700,000,000	10.3%
2016	\$87,129,250	7.7%	\$42,700,000,000	10.3%
2017	\$92,836,638	6.6%	\$47,700,000,000	11.7%
2018	\$96,079,508	3.5%	\$51,900,000,000	8.8%

Source: DCAD; City of Dallas FY 2018 CAFR



Analysis of Area Under Consideration

Building Permits

Year	Area Under Consideration (Proposed NEZ #10)				City of Dallas			
	Completed Permits (work finished)	% Change	Total Value (completed during the year)	% Change	Completed Permits (work finished)	% Change	Total Value (completed during the year)	% Change
2016	10	-	\$ 820,339	-	11,905	-	\$3,059,988,194	-
2017	2	-80%	\$ 2,109,360	157%	12,816	8%	\$3,585,060,079	17%
2018	5	150%	\$ 225,300	-89%	11,685	-9%	\$3,609,323,912	1%

Source: City of Dallas

Notes: Excludes antenna tower replacements and upgrades; one permit for each address

Over the last 3 years, there was only one new construction permit issued each year in the area under consideration for proposed NEZ #10 (vehicle display/sales/service, convenient store with gas station, and restaurant).

Analysis of Area Under Consideration

Crime

	2013		2014		2015		2016		2017		2018	
	NEZ #10	City	NEZ #10	City	NEZ #10	City	NEZ #10	City	NEZ #10	City	NEZ #10	City
Homicide Offenses	1	139	0	115	1	130	3	169	0	162	0	156
Assault Offenses	34	3,460	32	3,767	32	3,924	41	4,498	59	5,893	60	5,607
Robbery	62	4,174	49	3,814	58	4,155	57	4,563	56	5,882	48	5,521
Sex Offenses (Forcible)	2	464	3	609	4	712	3	613	6	904	8	791
Total Violent Offenses	99	8,237	84	8,305	95	8,921	104	9,843	121	12,841	116	12,075
	2013		2014		2015		2016		2017		2018	
	NEZ #10	City	NEZ #10	City	NEZ #10	City	NEZ #10	City	NEZ #10	City	NEZ #10	City
Burglary/Breaking & Entering	86	14,265	114	11,523	123	10,985	118	10,790	47	9,879	42	9,054
Larceny/Theft Offenses	187	29,950	171	26,263	141	25,686	156	25,918	68	25,340	58	25,762
Motor Vehicle Theft	60	7,336	57	7,204	63	7,323	77	7,446	152	7,934	172	9,735
Total Non-Violent Offenses	333	51,551	342	44,990	327	43,994	351	44,154	267	43,153	272	44,551
Total Index Crimes	432	59,788	426	53,295	422	52,915	455	53,997	388	55,994	388	56,626
% Change Year over Year			-1%	-11%	-1%	-1%	8%	2%	-15%	4%	0%	1%

Source: City of Dallas Police Department

Analysis of Area Under Consideration

Total Number of Businesses		
	Proposed NEZ #10	City of Dallas
Total	224	76,300
Percentage	0.3%	100.0%
Source U.S. ReferenceUSA, May 2019; U.S. Census, May 2019; City of Dallas		

Total Number of Jobs		
	Proposed NEZ #10	City of Dallas
Total	2,706	970,554
Percentage	0.3%	100.0%
Source U.S. ReferenceUSA, May 2019; U.S. Census, May 2019; City of Dallas		

Analysis of Area Under Consideration

Major Employers			
Company Name	Address	Product/Service	Jobs
Dal-Tile Corp	7834 C F Hawn Fwy	Tile	800
American Marazzi Tile In	7834 C F Hawn Fwy	Tile-Ceramic-Distributors (Whls)	650
Duro Metal/Leggett & Pl	410 Hillburn Dr	Metal-Household Furniture (Mfrs)	130
Hunt's Food Store	7932 Great Trinity Forest #114	Grocers-Retail	100
Players Bingo	928 S Buckner Blvd	Bingo Games	60
Park & Ride	8008 Elam Rd	Park & Ride	57
Mc Donald's	8055 Great Trinity Forest Way	Restaurants	50
Iguana Event Ctr	400 S Buckner Blvd	Dancing Instruction	30
Griff's Hamburgers	1150 S Buckner Blvd	Restaurants	25
Sonic Drive-In	8126 Lake June Rd	Restaurants	25
Super Mercado Mexico	7828 Lake June Rd	Grocers-Retail	19
Far West	400 S Buckner Blvd	Night Clubs	15
Hawn Freeway Trailer St	7841 C F Hawn Fwy	Trailers-Automobile Utility Sports Etc	14
Wardle Bruce E	7716 Lake June Rd	Clinics	13
Pleasant Grove Library	1125 S Buckner Blvd	Libraries-Public	12
Wrangler Equipment & T	7841 C F Hawn Fwy	Telephone Companies	12
Busy Bodys	1045 S Buckner Blvd	Automobile Body-Repairing & Painting	11
Big Daddys Car Co	944 S Buckner Blvd	Automobile Dealers-Used Cars	10
Bingo Heaven	928 S Buckner Blvd	Bingo Games	10
Drive Casa	624 S Buckner Blvd	Car Washing & Polishing	10
Southeast Holding Inc	116 N Jim Miller Rd	Holding Companies (Non-Bank)	10
Tricolor Auto Group	551 S Buckner Blvd	Automobile Dealers-Used Cars	10
Trinity Forest Golf Club	5000 Great Trinity Forest Way	Golf Courses	10
Twilight Bingo	928 S Buckner Blvd	Bingo Games	10
Autozone	7939 Great Trinity Forest Way	Automobile Parts & Supplies-Retail-New	9

Source U.S. ReferenceUSA, May 2019

17




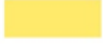





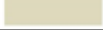


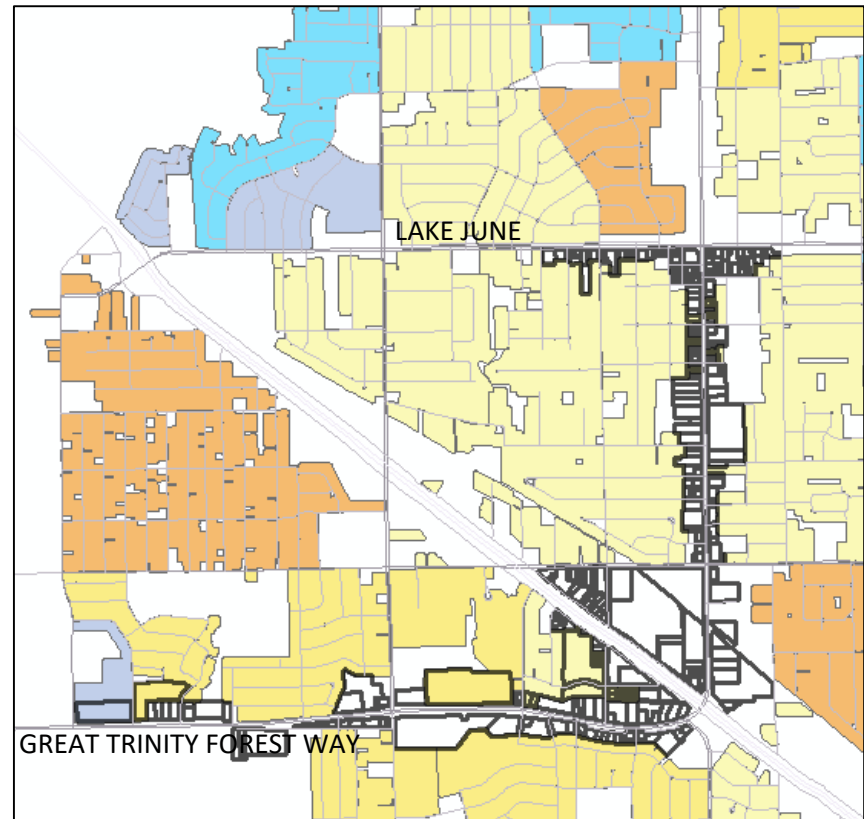
Analysis of Area Under Consideration

Market Value Analysis (MVA)

- Area within boundary of proposed NEZ #10 is comprised almost entirely of non-residential tracts
- Surrounded by concentrations of weaker residential market types G, H and I

MVA Market Types/Categories

	A		F
	B		G
	C		H
	D		I
	E		NA



Proposed NEZ #10 and Pilot Program

- Within this proposed zone, minimum project eligibility requirements would be reduced from the standard criteria in the City's Public/Private Partnership Program Guidelines:
 - Create/retain at least 5 jobs; or
 - Provide at least \$75,000 of private investment
- Incentive tools would be proactively marketed to property owners and businesses within the zone (considered on a case-by-case basis based on specifics of each project & incentive application)
 - Real property tax abatement: up to 90% for 10 years
 - Business personal property tax abatement: up to 50% for 5 years
 - Southern Dallas Investment Fund
 - Grants and loans
 - Incentives for workforce development/job training
 - Other tools specifically marketed to the zone (public improvement district; New Markets Tax Credits; Property Assessed Clean Energy (PACE); State incentives)
- Staff would review progress of NEZ #10 and present updates to the Economic Development and Housing Committee

19

Staff Recommendation

- Creation of Neighborhood Empowerment Zone #10, pursuant to Chapter 378 of the Texas Local Government Code, to promote and increase economic development in the zone
- Creation of a pilot economic development program specifically tailored for NEZ #10 (as described in previous slide)
- Dedication of \$1 million to the pilot program for NEZ #10 from 2017 general obligation bond funding (Proposition I: Economic Development & Housing)



Next Steps

- City Council meeting on June 12, 2019



Proposed Neighborhood Empowerment Zone #10

**Economic Development & Housing
Committee
June 3, 2019**

**Courtney Pogue, Director
Office of Economic Development
City of Dallas**

