



HOUSING LABORATORY 2

A report of AIM for Dallas

FEDERAL RESERVE BANK OF DALLAS
JANUARY 12, 2015, 8AM - 3PM

PREPARED BY

buildingcommunityWORKSHOP is a Dallas based nonprofit community design center seeking to improve the livability and viability of communities through the practice of thoughtful design and making. We enrich the lives of citizens by bringing design thinking to areas of our city where resources are most scarce. To do so, bcWORKSHOP recognizes that it must first understand the social, economic, and environmental issues facing a community before beginning work.

SUPPORTED BY

The Citi Foundation works to promote economic progress in communities around the world and focuses on initiatives that expand financial inclusion. We collaborate with best-in-class partners to create measurable economic improvements that strengthen low-income families and communities. Through a “More than Philanthropy” approach, Citi’s business resources and human capital enhance our philanthropic investments and impact.



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AIM for Dallas

AIM for Dallas

Affordable Infill Model

Dallas has nearly 20,000 vacant single family lots within the city limits. These assets present a tremendous opportunity for infill housing development. To seize this opportunity and scale current development practices, AIM for Dallas intends to build citywide capacity for infill development by developing a market-based model delivering homebuyer choice for all families. Led by bcWORKSHOP, this process will form collaborative partnerships between municipal government and developers, educators, and advocates. Surveys, data analysis, and other research methods will result in two outputs for Dallas: (1) an assessment of the current landscape of infill housing, and (2) an implementable practice model for increasing housing production and choice.

Themes of Work

AIM for Dallas will deliver homebuyer choice through four organizing themes:

- A strong pipeline of mortgage ready buyers: Establish a system for outreach, education, and retention/referral of homebuyers within Dallas;
- Effective allocation of municipal assets and programs: Recommend model for more impactful appropriation of public funding and enhanced land bank activities;
- Equitable lending practices: Devise mortgage products and alternative financing methods to increase homeownership access and choice; and
- Variety of neighborhood and house design for homebuyer selection: Incorporate diverse neighborhood and design options into development process to effectively accommodate market and client preference.

GOALS

The goals of Housing Laboratory 2 were to:

- Create a program framework and process map for achieving identified AIM for Dallas goals, including commitments from advisors and specific tasks
- Introduce neighborhood typology concept and its applicability/utility for AIM for Dallas
- Apply typology thinking, goals, and creative development ideas to realistic development scenarios in Dallas, re-grounding the AIM program in housing delivery

The Goals of Housing Laboratory 2 advance AIM for Dallas's interest in developing tangible products that represent components of an implementable affordable infill model. Laboratory 2 also re-grounds the initiative in housing delivery and explores geographies and paths to delivering infill housing in unexpected places using creative strategies.

The Agenda and Attendee List of Housing Laboratory 2 appears as Appendix One.



GOAL DEVELOPMENT

SESSION ONE

Advisors selected one of four goals and participated in a group work session around that goal, producing a framework for a tangible product that achieves the goal, including key players, relationships and foreseeable barriers.

GROUP ONE

Brent Brown, Lisa Neergaard

Gerald Carlton, Monte Anderson, Joe Gonzalez, John Henneberger, Kristen Schulz

GROUP TWO

Annie Lord, Lizzie MacWillie

Mike Loftin, Damon Polk, Hank Lawson

GROUP THREE

Matt Hull, Thomas Simpson

Roy Lopez, Sherman Roberts, Maria Schneider, Peer Chacko

GROUP FOUR

Nick Mitchell-Bennett, Wayne Beggs

Chris Sanchez, Julie Gunter, Raquel Valdez, Dorothy Hopkins, Nikki Floyd



GROUP ONE

Brent Brown, facilitator
Gerald Carlton
Monte Anderson
Joe Gonzalez
Kristen Schulz
John Henneberger
Lisa Neergaard

GROUP ONE NOTES

Goal: Identify and review a possible housing production structure that supports choice in homeownership, and diverse neighborhoods

Discussion Summary: This discussion sought to address the structural challenges of Dallas' decentralized affordable housing development system. In light of the wide variety of companies and organizations that work in affordable housing, there is a desire to gain some of the efficiencies of a vertically integrated development structure. Our conversation sought to identify what structure or process would help to build those relationships, collaborations, or even opportunities for a direct flow of work from one organization to another.

Product: Ideas for tangible products included:

- A cooperative that connects the work streams and supports the efforts of all developers building affordable infill housing [nonprofit and for profit]
- Neighborhood Development Centers

Players/Relationships: Key players recognized included:

- CHDOs
- City of Dallas
- Department of Economic Development

Barriers: Among the potential barriers identified were:

- Administration/ No organization with the capacity to do this.
- Funding it, there is no direct incentive

Next Step: Potential next steps discussed were:

- Develop a strategy for creating a Development Cooperative Model



- Open up funding and revenue opportunities
- Increase collaboration among different work streams
- Share gathered data, community preferences and buy-in, designs, and other related information



Annie Lord, facilitator
Mike Loftin
Damon Polk
Hank Lawson
Lizzie MacWillie

GROUP TWO NOTES

Goal: A review and analysis of current mortgage lending practices, with an emphasis on identifying gaps or strengths to build on. Establish parameters (under-writing guidelines, etc.) for a new mortgage product for LMI buyers

Discussion Summary: We discussed that the goal previously established was probably incorrect - that rather than a new product, we need a new delivery system. In general it came across that there is a lack of knowledge, both on the consumer side and the lending side, about how to deliver financial products to LMI home-buyers. It was felt that there's a lack of understanding of how to access the system on the consumer side - buyers don't know or understand how the process of buying a house works. On the lending side, it was discussed that many bankers/lenders don't understand the process of working with LMI buyers and/or are unwilling to invest the time it takes. Because mortgage products change all the time, rather than focusing our attention there, we should focus on aggregating and improving existing knowledge. We need to train better originators and counselors, people who really know the products and the buyers, who are willing to commit to the time required.

Product: Investing in a non-profit that originates and does counseling - a non-profit mortgage retailer. Something like Dallas Home Connection, but with lending - does similar work, joins multiple groups together. There could be more than one of these "groupings", that specializes on this end of the market.

Partnerships: Between counselors and other counselors; originators and other originators; developers and other developers; developers, counselors and originators - needs to be a network of resource sharing.

Barriers: relationship between nonprofits and the banks



Additional notes: It was suggested we look into the Low Income Investment Fund and the legislative work of Jeb Hensarling, as well as at the organization Making Acceptable Homeowners, a consumer counseling nonprofit.



GROUP THREE

Matt Hull, facilitator
Sherman Roberts
Roy Lopez
Peer Chacko
Maria Schneider
Thomas Simpson

GROUP THREE NOTES

Goal: Propose system for permitting/fees for CHDOs/affordable developments

Discussion Summary: Group three had a lively discussion about the challenges that developers often encounter attempting to move their project through City Hall, what the cause of those challenges are, and how developers, particularly smaller developers, might work more successfully with the City. Fee waivers were discussed briefly, while the back-and-forth between various departments and the developer was a topic of greater interest. In trying to figure out how to streamline development, the group highlighted issues such as communication and expectations. In some cases the tools suggested to enhance a development's path through City Hall already exist but could be improved upon and made more user-friendly.

Product: Several products were proposed: A customized permitting process for single-family infill demonstrating such projects as a priority; An improved online permit tracking program and a more user-friendly guide for development/permitting. Also discussed was a non-profit development consultant or an in-house development consultant at City Hall that could be both an advisor and liaison. Finally a simple fee-waiver/fast tracking system that prioritized affordable infill, particularly for the CHDOs, was considered.

Players/Relationships: CHDO's, City of Dallas, smaller for-profit developers

Barriers: In some cases the City was mentioned as a barrier to implementing the proposed products due to either structural issues (departments) or with the influence of politics on prioritizing projects.

Next Step: Next steps identified focused on continuing the conversation among smaller



developers and also scrutinizing existing practices, guides and the city's online tracking system to clarify shortcomings. A survey of CHDOs and small scale developers would also advance our understanding of the particulars of the issue in a productive way.

Additional Notes: Politics came up a lot during the conversation and there was a feeling that the CHDOs in particular lacked the political pull that large developers leveraged to expedite their projects. In this way it was expressed that the CHDOs were at a disadvantage. The Q-Team, the assembly of city department representatives that deliver a full permit review on-site at one time, also came up in conversation although it wasn't clear to what end the role of the Q-Team might be as a part of a solution to the challenges discussed.



GROUP FOUR

Nick Mitchell-Bennett,
facilitator
Chris Sanchez
Raquel Valdez
Julie Gunter
Dorothy Hopkins
Nikki Floyd
Wayne Beggs

GROUP FOUR NOTES

Goal: Develop a marketing program to facilitate entry into pipeline to homeownership.

Discussion Summary: The group agreed that there is un-tapped potential to advance a marketing strategy. We envisioned a multi-pronged approach under a single marketing coordinating body. The group also noted the importance of client tracking in relation to marketing actions and sought to link these through a single body with dedicated resources. These dedicated resources would include staff who manage the housing pipeline and ensure that clients encountering barriers are managed and assisted.

Product: The group expressed interest in the development of a marketing group (roundtable? collaborative? co-op?) to execute the 3-year marketing plan and tracking mechanism. This marketing plan would be a strategy for raising awareness of the potential of homeownership and would include marketing products as part of an overall marketing campaign and a data portal for use in managing client intake/service.

Players/Relationships: The discussion group suggested that a marketing and intake body would need the financial commitment of a number of organizations operating in the city. Dallas Home Connection was noted as an organization which advanced a similar tracking/marketing agenda in the past. The City, with its ability to provide funding and remain a neutral player, was seen as a potential leader on this, though those participating in the discussion envisioned a separate organization delivering this service.

Barriers: Determining the appropriate financial participation of member organizations was seen as a challenge. For instance, builders with product focused-on entry level markets who are outside of the CHDO system will likely benefit from general marketing of homeownership. How a marketing/triaging body manages steering of clients to



areas is seen as potential challenge.

Next Step: It was suggested that the next steps on this file might include discussions with Housing at the City and a follow-on discussion with CHDOs.

Additional Notes: The discussion group still suggested that the coordination of marketing was a crucial aspect in enhancing intake into the pipeline, however, it was noted that the work to establish such a body and the balance required for continuing its operation was sensitive work that would need a considered approach.



GOAL DEVELOPMENT

SESSION TWO

Advisors selected one of four goals and participated in a group work session around that goal, producing a framework for a tangible product that achieves the goal, including key players, relationships and foreseeable barriers.

GROUP ONE

Brent Brown, Lisa Neergaard

Gerald Carlton, Sherman Roberts, Roy Lopez, Michon Fulgham, Kristen Schulz

GROUP TWO

Annie Lord, Lizzie MacWillie

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GROUP THREE

Matt Hull, Thomas Simpson

Nikki Floyd, Maria Schneider, Hank Lawson, Steve Brown, John Henneberger, Monte Anderson

GROUP FOUR

Nick Mitchell-Bennett, Wayne Beggs

Damon Polk, Dorothy Hopkins, Peer Chacko, Julie Gunter



GROUP ONE

Brent Brown, facilitator
Gerald Carlton
Sherman Roberts
Roy Lopez
Michon Fulgham
Kristen Schulz
Lisa Neergaard

GROUP ONE NOTES

Goal: Develop a robust set of tools to address the unique housing issues of Dallas' many neighborhoods

Discussion Summary: Building mixed-income communities is a goal of AIM as is building choice into the development process. A regulatory requirement for inclusionary development is not an option in Dallas, however many other tools exist and are being implemented in cities across the country. This conversation sought to review the tools identified in the Case Study and discuss what tools would make the largest impact.

Product:

- Adjustment of the Land Bank: Read just the way the current Land Bank program values land, and their approach to acquiring and releasing land. Shift to a value proposition, where some parcels of land would be released for affordable housing development at no cost, while parcels in higher value areas would be released at a higher value. The Land Bank should be seeking to achieve a level of performance, and make the land marketable to developers.
- Yearly [or regular cycle] review of current program effectiveness
- Development plans for City owned land
- Coordinate with the Demolition program in the City of Dallas to pair the newly cleared land with developers.

Players/Relationships: City of Dallas (Economic Development, Workforce Development, Housing/ Planning); CHDOs; For-Profit Developers; Bond Programs; City of Dallas demolition activities; Largest Property Owners - land banks, land lords, and developers; Residents who want to build



Barriers:

- Resistance to changing current practice
- Possible lack of real estate understanding to achieve desired changes to the Land Bank
- Land in high opportunity areas is still a challenge to get, even with the land bank
- Time required to monitor and assess program success

Breaking down scale was also a key idea which included:

- Developing Neighborhood Development Plans
- Support coordinated development among smaller developers in building in a neighborhood

Next Step: Review adjusting the Land Bank's structure, in an effort to shape it into a more robust land development tool for affordable infill housing. Assess both legal barriers and barriers of practice. Assess the current metrics for determining success of City of Dallas housing programs. Determine if these metrics are adequate, and seek to develop and require the program performance reviews on a regular cycle to ensure continued effectiveness.



GROUP TWO

Annie Lord, facilitator
Mike Loftin
Raquel Valdez
Chris Sanchez
Lizzie MacWillie

GROUP TWO NOTES

Goal: Propose enhanced public/private/non-profit partnerships for affordable infill financing

Discussion Summary: We discussed whether this goal was specific to construction or to buyer financing - no conclusion was made. Either way, there are a number of possible public/private/non-private partnerships that could be built to enhance production of affordable infill.

For the goal as applied to construction financing, one concern was that subsidies are getting held up, they're not being received when expected and are therefore preventing construction projects from being finished. It was suggested that partnerships could be formed in order to make subsidies predictable. One way would be to only seek private funding for interim financing, removing the problem of waiting for subsidy. In this case subsidy could be brought in at the end, and this process could be coordinated by a nonprofit. Another suggestion was to create a subsidy and construction financing clearinghouse that is a CDFI, although it was felt this could just add an additional layer of bureaucracy.

A well received idea was that the City needs to develop a program, one CHDOs and developers apply for, rather than the City dealing with CHDOs on an case-by-case basis. In this case, the City could provide production goals, although not necessarily restricted by location, and subsidies could be given by performance. There was an agreement that this might be a political issue - if subsidy is distributed based on performance, some CHDOs would succeed and some would fail.

For the goal as applied to consumer financing, a suggested partnership was between larger banks, who would finance loans, and local banks, who would broker them.



Brokers don't need capital on the books and without their own product, a local bank can eliminate insurance on FHA, lowering cost to customer. It was suggested that a local broker "plain" mortgage first, before developing a product. This would require stronger relationships between larger banks, local banks, and housing counseling agencies. A stronger relationship with the city is not necessarily required, there just needs to be people in these other partnerships that really understand how the city and the subsidy process works. It was suggested that a "correspondent lender" relationship might be ideal, and that an organization like NALCAB might be key to brokering relationships between larger banks and local banks / brokers.



GROUP THREE

Matt Hull, facilitator
 Nikki Floyd
 Maria Schneider
 Hank Lawson
 Steve Brown
 John Henneberger
 Monte Anderson
 Thomas Simpson

GROUP THREE NOTES

Goal: Propose rehabilitation strategy, complete w/ funding and completion goals

Discussion Summary: Discussion focused primarily on using rehabilitation of current owner-occupied homes in distressed neighborhoods as a tool for raising values to a level that would support new construction - building a market - simultaneously benefiting homeowner and creating opportunity in neighborhoods. Group Three discussed existing programs such as the City of Dallas' Major Systems Repair Program and non-profit ventures like Rebuilding Together Greater Dallas and Dallas Area Habitat for Humanity's A Brush With Kindness. An ongoing theme of the conversation was about the value of "Lipstick on a Pig" upgrades to housing vs. more comprehensive reconstruction.

Product: One product suggested was a program to perform "model home rehabs" in a number of neighborhoods, demonstrating the latent quality of older housing stock throughout the city. A targeted rehab program that would invest in more comprehensive reconstruction coordinating existing city programs and non-profit efforts could also increase impact. Another recommendation was greater coordination among infill and rehab efforts to combine impact. A program incentivizing "green" upgrades that would provide additional financial benefit to homeowners was also considered.

Players/Relationships: The Real Estate Council, Habitat for Humanity, Rebuilding Together, Neighborhood and community organizations, individuals and homeowners, builders/developers, the City of Dallas

Barriers: Funding was perceived as a primary barrier.

Next Step: No specific next step was identified during the group session but the



expressed need for coordination suggests additional meeting, sharing of information and co-planning of initiatives would be beneficial. One next step might be mapping and evaluating where Major Systems Repair money is being spent by the city, where non-profit rehab groups are operating and where homeowner initiated home improvements are occurring.



GROUP FOUR

Nick Mitchell-Bennett,
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Damon Polk
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Peer Chacko
Julie Gunter
Wayne Beggs

GROUP FOUR NOTES

Goal: Explore pre-approved plans as means of reducing developer cost and time line

Discussion Summary: There was general consensus for the development of pre-approved house plans. The format of these plans could emerge from design competitions where architects and designers compete to develop affordable pre-approved product. The group expressed concern regarding the development of products that were identifiable as low-income focused and concern for creating too much of a certain design in neighborhoods.

Product: Establishing a process for the development of pre-approved house plans. Execution of the process. The City's inclusion of pre-approved house plans as a tool to advance affordable housing.

Players/Relationships: The City expressed interest in further exploration of this concept. Builders also expressed interest in this concept.

Barriers: Builders and community developers expressed concern about the development of identifiable cookie-cutter product and noted the need to build in ways to keep design/finishing variable, so as to encourage a variety of appearances.

Next Step: City officials expressed interest in the development of pre-approved designs. Re-engaging with city staff to determine their level of interest and their thoughts regarding advancement of this innovation is likely the obvious next step. Subsequent steps would depend upon the outcome of these initial conversations. Inspire Dallas was also noted as a potential avenue for advancing the pre-approved designs conversation.

Additional Notes: The provision of design choice in the housing development process



was noted as a unique marketing tool that could give Dallas a competitive edge over other cities. Participants in the discussion group noted that providing design choice led to a greater sense of attachment and pride for homebuyers. Those participating in the process identified two distinct approaches. The first utilized pre-designed and engineered components that could be arranged/designed by client/purchasers. The second approach was driven by the design innovation advanced through design competitions. The group did not determine which of the above approaches was most appropriate for Dallas.



GOAL DEVELOPMENT

SESSION THREE

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GROUP ONE

Brent Brown, Lisa Neergaard
Gerald Carlton, Roy Lopez, Michon Fulgham, Nikki Floyd, Chris Sanchez

GROUP TWO

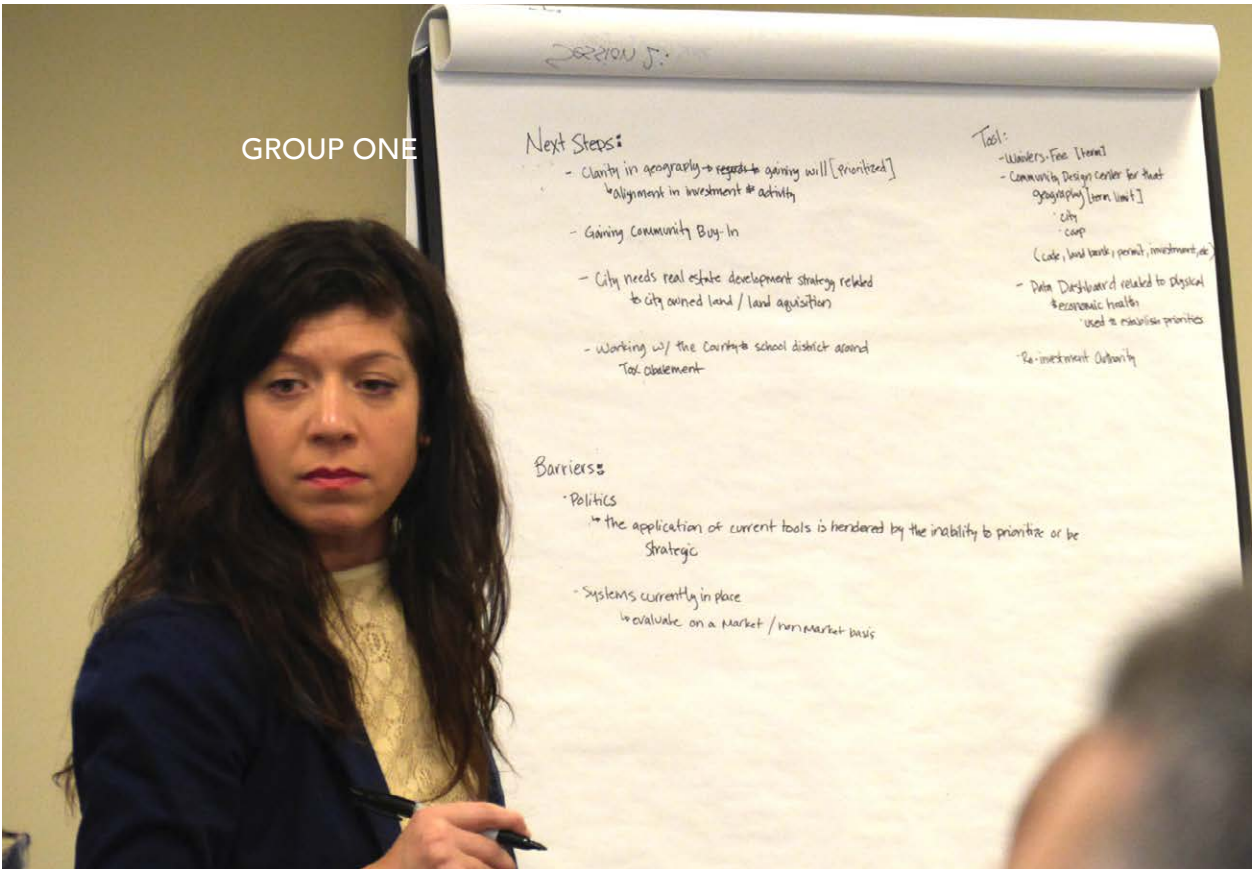
Annie Lord, Lizzie MacWillie
Michon Fulgham, Maria Schneider, Raquel Valdez

GROUP THREE

Matt Hull, Thomas Simpson
Hank Lawson, Steve Brown, Monte Anderson

GROUP FOUR

Nick Mitchell-Bennett, Wayne Beggs
John Henneberger, Julie Gunter, Mike Loftin, Damon Polk, Joe Gonzalez, Kristen Schulz



GROUP ONE

Joseph J.

Next Steps:

- Clarity in geography → request to zoning will [prioritized]
 - ↳ alignment in investment & activity
- Gaining Community Buy-In
- City needs real estate development strategy related to city owned land / land acquisition
- Working w/ the County school district around Tax abatement

Barriers:

- Politics
 - ↳ the application of current tools is hindered by the inability to prioritize or be Strategic
- Systems currently in place
 - ↳ evaluate on a market / non-market basis

Tools:

- Wonders-Fee [here]
- Community Design Center for that geography [here, here]
- City cap (code, land bank, permit, investment, etc)
- Data Dashboard related to physical & economic health used to establish priorities
- Re-investment Authority

Brent Brown, facilitator
 Gerald Carlton
 Roy Lopez
 Chris Sanchez
 Nikki Floyd
 Lisa Neergaard

GROUP ONE NOTES

Goal: Propose a community engagement process to support infill housing efforts and grow capacity among residents.

Discussion Summary: Ensuring community partnerships is a critical part of any developing model, particularly one that may seek to target resources toward one geography to see increased investment. However, in many communities a stronger understanding of development and systematic issues is needed for communities to stand on equal footing as other area players. Our discussion focused around the strategies, players, and barriers related to building that community capacity and the role of the community development organizations in contributing to that work.

Product: A curriculum that could be shared among differing organizations working in Dallas seeking to build that capacity within the communities they work in. A relationship with area players [City Staff, Developer/Builders, Organizing/Community Development Groups, Local Professionals, Lawyers, etc] that could contribute time and informational resources around areas of key interest to specific neighborhood groups.

Players/Relationships: Habitat for Humanity, Frazier Revitalization Inc. and the City of Dallas were identified as potential players who might work on a relationship with this goal in mind.

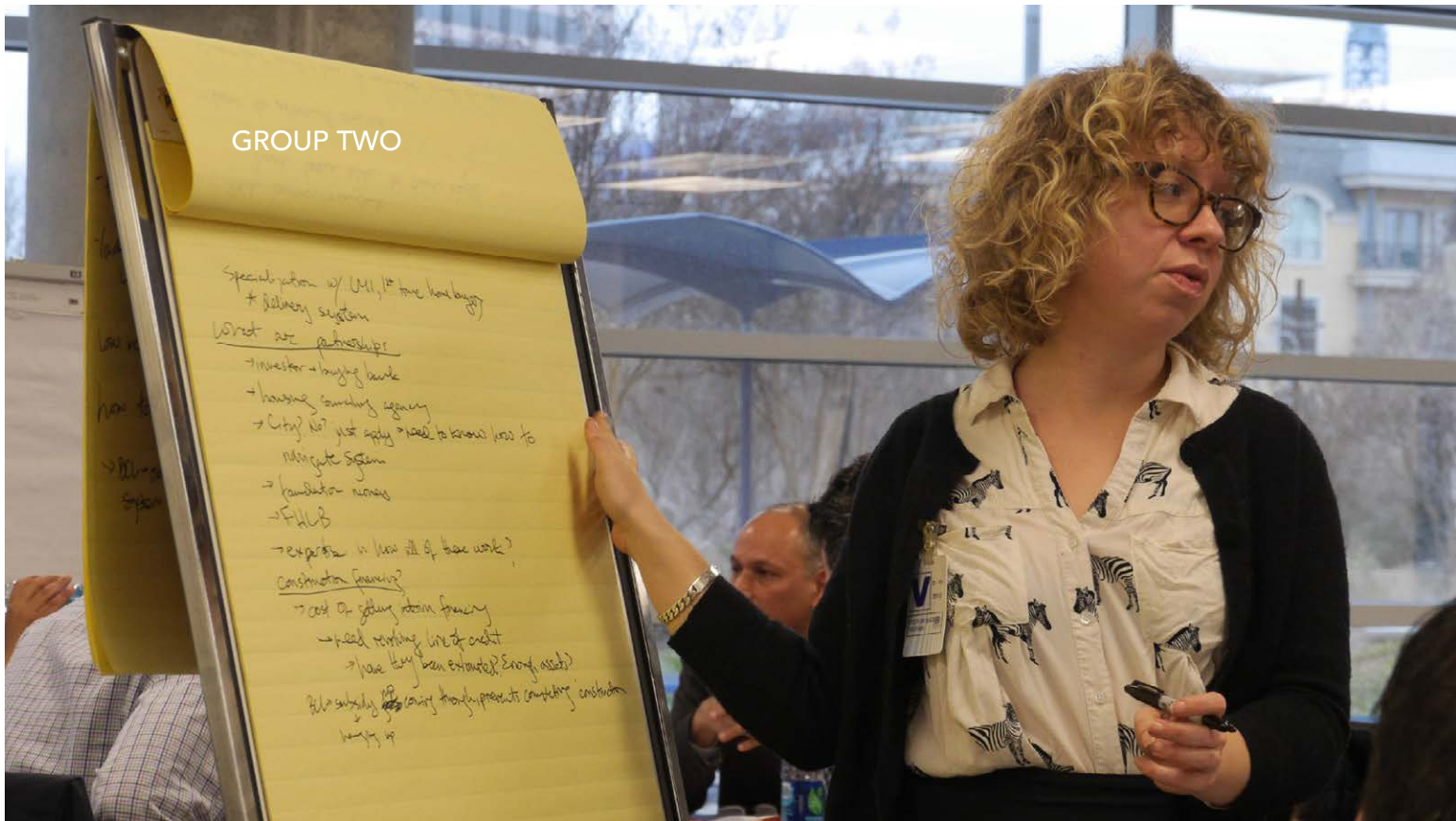
Barriers: Fear of gentrification and what new development may bring, this hinders development; Agency and capacity for families/residents, they don't always have the time to learn everything and pay attention to ongoing issues; No organized effort to build capacity



Next Step:

- Community events
- Meeting people where they are at
- Different levels of engagement
- Sharing information
- Sharing and receiving feedback
- Planning together
- Implementing together
- Gaining trust with residents that are not typically engaged
- Condition assessment

Additional Notes: Support the current efforts of Habitat in building a curriculum for community capacity development. Learn from the grassroots efforts of Frazier Revitalization Inc. to understand how to build trust in communities. Utilize the tools to build understanding of neighborhood landscapes and identify High Priority Topics.



GROUP TWO

Specialization of LMI, low home buying + delivery system

Worst case partnerships

- investor + buying bank
- housing counseling agency
- City? No? not apply → need to know how to manage system
- foundation remains
- FHLB
- expertise in how all of these work?

Construction financing

- cost of getting down financing
- need working line of credit
- have they been estimated? Enough assets?

Below subsidy ~~for~~ carrying through products causing confusion

Annie Lord, facilitator
 Michon Fulgham
 Maria Schneider
 Raquel Valdez
 Lizzie Macwillie

GROUP TWO NOTES

Goal: Make accessible a database of players (lenders+financial counselors+brokers) who work w/ LMI buyers and propose enhanced partnerships between all involved.

Discussion Summary: It was thought that a database like this could be expanded beyond the finance workstream to lenders, developers, pipeline, etc. This was discussed as both an industry tool - to be used by lenders and brokers - as well as a tool for consumers. Consumers could use a database to figure out what areas have what they're looking for, and what financial and housing products are available to them. It could also be a way to generate information, through the creation of user profiles, which might help to drive choice / client focused development. For lenders, CHDOs, etc., this could be a way to understand clients and what their needs are. It would also be a resource to know what other lenders / CHDOs / counselors were doing. It was suggested that "sourcelink" be precedent, and that we considered their biggest challenges - the constant need for updating information, and not having enough traffic. It was also suggested this might not be a productive use of our time, and we should focus on a delivery system, as opposed to a tool like this.

Product: Website, including a product matrix.

Barrier:

- Internal competition - groups / organizations need to be open to sharing information and supporting each other.
- Marketing for this product, a huge line item, you can't just build a website, people need to know it / use it
- Who would maintain this?

Partnerships: Would require cooperation from lenders, developers, counselors, etc.,



with a 3rd party organization who could aggregate this information.



GROUP THREE

Matt Hull, facilitator
Hank Lawson
Steve Brown
Monte Anderson
Thomas Simpson

GROUP THREE NOTES

Goal: Identify potential partnerships between local community developers and national nonprofit and local for-profit partners for affordable infill

Discussion Summary: The group had limited success identifying potential partnerships between local community developers, and other development entities, but there was significant interest in how development capacity could be built through the training of individuals to become entrepreneurial builders in their own communities. The idea of a master developer or master builder for a neighborhood was prevalent. One suggestion was a differentiation of roles between non-profits and for-profit developers when it comes to community development. Can community developers do the groundwork to hasten vertical development by for-profits? Does the net result of new product built sufficiently reward or benefit the non-profits in that scenario?

Product: A program that would train residents, with a particular focus on builders and craftspeople on how to become developers in their own neighborhood. A refined definition of the master builder/master developer concept.

Players/Relationships: Private developers, CHDOs, community organizations and neighborhood organizations, trade groups/tradespeople

Barriers: Capacity is an issue. Who does this teaching? How do these smaller developers gain real expertise on how to navigate what has been identified as a cumbersome and complicated process of acquiring land, getting clear title, obtaining financing for an affordable development and stewarding through the city? Is breadth of capacity needed or depth of capacity in terms of developers?

Next Step: Follow-up conversation on definition of master builder/master developer,



look for case study on developing developers. Seek pilot project.

Additional Notes: The only relationship/partnership suggested between community developers and other developers was the successive development relationship mentioned earlier. Other types of partnership ought to be explored further, as well.



GROUP FOUR

Nick Mitchell-Bennett,
facilitator
John Henneberger
Julie Gunter
Mike Loftin
Damon Polk
Joe Gonzalez
Kristen Schulz
Wayne Beggs

GROUP FOUR NOTES

Goal: Develop strategy for clarifying the relationship between affordable infill product location and demand

Discussion Summary: This goal emerged from discussions in Lab#1 relating to the siting of new housing product in the City of Dallas appropriate to demand. What was initially determined to be a challenge of affordability and location was explored further. Research found that purchasers unable to find suitable housing product in Dallas choose to seek newer product in adjacent suburban cities (DeSoto, Lewisville), because of considerations such as the quality of schools, and the size and age of the homes.

Product: Understanding the market and the processes of change, both underway and emerging, in our neighborhoods was noted as a key goal. The group proposed initiating a process similar to the Reinvestment Fund's Market Value Analysis that would include tracking of key data such as the investment of public funds, school performance, crime, code enforcement metrics and other measures.

Players/Relationships: It is anticipated that key players would include government, for-profit companies and not-for-profits.

Barriers: The data emerging from such an analysis is potentially divisive. Developing an appropriate strategy for releasing information will need to be a consideration in advancing this project.

Next Step: Further discussion to determine the appropriate body and funding sources for advancing a Reinvestment Fund-like process in Dallas.

Additional Notes: Beyond basic metrics, environmental performance was noted



as an appropriate lens. More strategic investments in renewal coupled with better information about the investment of public funds would also assist AIM for Dallas in managing efforts to bring attention to ‘tipping points’ in neighborhood renewal. By tipping points, the group meant the crucial moment at which neighborhood change is initiated – but before cost increases lead to the significant neighborhood changes associated with gentrification. Housing development organizations that are able to see where these changes are taking place will be able to target investments in areas where neighborhood renewal is known to be taking place. This led to discussions of making investments in gentrifying neighborhoods and capitalizing on the potential of these neighborhoods as a means of attracting new home buyers to improving areas thereby creating choices for people that wish to stay in their existing neighborhoods.



TYOLOGY DISCUSSION

GUIDING INVESTMENT ACCORDING TO MARKET CONDITIONS

While eating lunch, AIM for Dallas participants had a discussion about neighborhood typologies, or, categorizing similar neighborhoods using quantifiable metrics. In particular, how neighborhood changes specific to the housing market could indicate opportunities or needs for building desirable affordable infill housing.

Discussion Questions:

- How could/should typologies be used?
- What metrics would be important in Dallas?
- Are typologies a good idea? What are the advantages and risks?

The group was interested in typologies as a way to continue to understand the housing market in the city. There was a general interest in data-driven analysis to support affordable housing activity.

Metrics that had been used in other cities, primarily in studies conducted by The Reinvestment Fund, including mortgage foreclosures, owner occupancy and real estate transactions were shared with the group. Interest was expressed in any typology work done in Dallas including environmental factors, demographics, and education data.

In general, there was positive interest in typologies as a tool, but a concern that such analysis need not be a goal of AIM for Dallas, as it did not necessarily directly influence the production of affordable housing at scale. Also, there were concerns about the political dangers that neighborhood typologies posed- a fear that winners and losers were being picked.





DEVELOPMENT SCENARIOS

COMMITTEE BREAKOUTS - PRIORITIZATION

Participants were divided into four groups, each charged with creating a preliminary development plan for one of four sites across Dallas. These sites consisted of real vacant land, and groups were provided with neighborhood context and market conditions to analyze and guide their decisions.

LA ESTRELLA PLAZA

Thomas Simpson, John Henneberger, Hank Lawson, Maria Schneider, Chris Sanchez, Julie Gunter

PASEO PARAISO

Annie Lord, Lizzie MacWillie, Damon Polk, Raquel Valdez, Matt Hull

ILLINOIS AVE & ARIZONA AVE

Nick Mitchell-Bennett, Wayne Beggs, Roy Lopez, Monte Anderson, Nikki Floyd

ARTURO DRIVE

Brent Brown, Lisa Neergaard, Kristen Schulz, Dorothy Hopkins, Michon Fulgham, Gerald Carlton



Thomas Simpson
Maria Schneider
Julie Gunter
John Henneberger
Hank Lawson
Chris Sanchez

LA ESTRELLA PLAZA

Site Description

La Estrella Plaza is a group of fourteen parcels in north Oak Cliff, between Jefferson Boulevard and Lake Cliff Park. The parcels are narrow and were originally planned as townhome sites, for which some site work has already been completed. The site is in the Adamson High School feeder pattern and is within walking distance of several public and private schools, as well as within walking distance of retail activity on Jefferson Boulevard. Directly across the street from La Estrella Plaza is a small, relatively recent single family subdivision, unlike the surrounding neighborhood, a mix of older homes and apartments. The current owner of La Estrella Plaza is the City of Dallas. It is unknown whether the city has any existing plans for this site.

Site Info

Address: 201 La Estrella Plaza

Number of Parcels: 14

Total Square Footage: 39,045 (0.9 acres)

Total Taxable Value: \$195,000

Zoning: Base zoning is community retail; site has a townhome deed restriction overlay

Number of Recent Sales: 5

Average Sale Value: \$134,920

Median Value in Census Tract: \$81,800

Owner Occupancy: 28%



Discussion Summary

The group was cautious approaching development at the site, and spent significant time reviewing the demographic and market statistics of the surrounding neighborhood. There is very little real estate activity in the immediately surrounding area, although the redevelopment and value increases occurring around the Bishop Arts District less than a mile to the west factored into the conversation significantly. Some discussion was had about whether the townhome deed restriction applied to the site was preferable to the base zoning of community retail; ultimately it was decided that the site's proximity to Jefferson Boulevard negated any need for retail at La Estrella Plaza. Green space was also a consideration for the site, as the surrounding area is covered in hard surfaces in all directions until Lake Cliff Park in the north.

Development Plan/Solution

Ultimately, the group decided on a measured approach where the market would be monitored closely and development progressed accordingly. The City of Dallas, current land owner, should not invest money in the site currently, but should also retain ownership in the interest of transferring the property to an appropriate party for affordable development as the market in the immediate surroundings of La Estrella Plaza matures. In the meantime, a temporary green space should be established at the site and community engagement conducted to assess neighborhood priorities for the site. It is likely that the deed restriction indeed identifies the correct use for the site and that within a period of time, 14 townhomes could be developed on the site of at least three bedrooms to accommodate the large family size of the surrounding neighborhood and to take advantage of the opportunities the site affords families by its proximity to schools.



Annie Lord
Lizzie Macwillie
Raquel Valdez
Damon Polk

PASEO PARAISO

Site Description

Paseo Paraiso is a street with thirty seven vacant lots in Pleasant Grove between Masters Drive and St Augustine Drive, and between Scyene Road and Bruton Road. The average lot size is 5,600 square feet and appear to have been subdivided within the last ten years. The site is in the Samuell High School feeder pattern and is within walking distance of Titche Elementary and moderate retail activity at nearby major arterial intersections. A portion of the street is fronted by recent residential development and the surrounding neighborhood is a mixture of 1960s and 1970s housing and other homesteads with a rural character. The properties are divided between two owners and it is unknown whether there are any existing plans to develop.

Site Info

Address: 2575 Paseo Paraiso

Number of Parcels: 37

Total Square Footage: 207,200 (4.76 acres)

Total Taxable Value: \$296,000

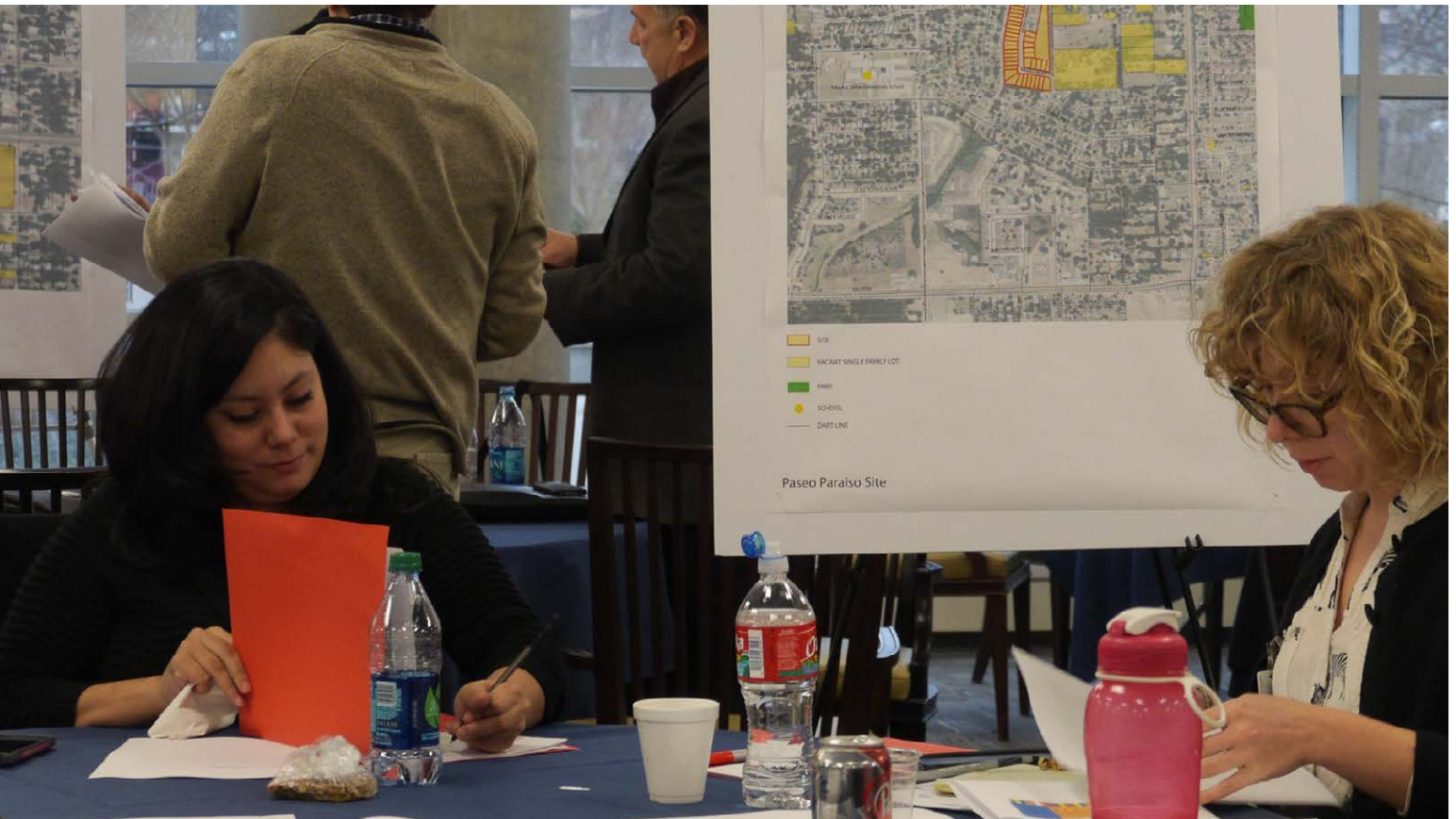
Zoning: R-7.5, Single Family, 7,500 sq. ft.

Number of Recent Sales: 22

Average Sale Value: \$66,970

Median Value in Census Tract: \$73,800

Owner Occupancy: 39%



Discussion Summary

At 5,600 feet, the lots on this site were at first deemed too small for development, especially considering the minimum zoning requirements. Re-platting was the first solution discussed, with the idea of building 27 new homes, one per lot. But looking at the information provided on the neighborhood, it was considered there might not be a market for large town-homes. A development of 4-5-plexes was considered. Finally, it was decided that a creative housing product like a "tiny house", one that might closer match the selling point of older buildings in the neighborhood, would be the best solution.



Nick Mitchell-Bennett
Monte Anderson
Wayne Beggs
Nikki Floyd
Roy Lopez

ILLINOIS AVE & ARIZONA AVE

Site Description

The site at 414 E. Illinois Avenue is in Oak Cliff, east of Interstate-35 between S. Beckley Avenue and S. Marsalis Avenue. The site consists of a single large lot that occupies an entire city block, approximately 2.5 acres. The site is in the Roosevelt High School feeder pattern and is within walking distance of Harrell Budd elementary, a Food Rite grocery store, and several bus routes. Across the street from the site is an early 1970s apartment building, although the neighborhood is almost entirely pre-World War II single family housing. The current owner has held the site for at least the past ten years and it is unclear whether there are any plans for development.

Site Info

Address: 414 E Illinois Ave

Number of Parcels: 1

Total Square Footage: 106,748 (2.45 acres)

Total Taxable Value: \$80,060

Zoning: MF-2 Multifamily District

Number of Recent Sales: 19

Average Sale Value: \$49,815

Median Value in Census Tract: \$65,100

Owner Occupancy: 56%



Discussion Summary

In the Group #4 afternoon session, participants discussed the redevelopment of a vacant property on E. Illinois St. in South Dallas. The group developed a flexible mixed-use project, which anticipated a coming wave of gentrification in the area. The product design was flexible enough to allow for the combination and reconfiguration of spaces – allowing for units to change as needed, over-time. This plan will exceed the existing densities in the area. The cost differential of properties three blocks north, vs. those that are four blocks north indicates that the gentrification experienced to the north of this property is moving south. This property attempts to get ahead of these impending changes and creates flexible properties in advance. The unique mixture of property sizes and configurations lends to the possibility of housing people who are at a variety of income levels and a variety of life stages.

The proposed project demonstrates the concept of identifying opportunities and advancing on them before a market overheats. Such actions involve risk. It is possible that the market could be over-anticipated.

Development Plan/Solution

The group advanced plans for 18 upper and 18 lower units in split-level, free standing structures, and 11 separate suites. The property would yield 42,600 sq. ft of residential space and include 44 parking spaces for units with on-street parallel parking for 25 cars. Additional on-street parking is available on the streets on the west, east and south sides of this project. The property would also yield 8, 1,000 sq. ft. ground-level commercial units facing E. Illinois. These commercial properties would be served by 35 rear/angle parking spots on E. Illinois.



Brent Brown
Kristen Schulz
Gerald Carlton
Lisa Neergaard
Dorothy Hopkins
Michon Fulgham

ARTURO DR

Site Description

The Arturo Drive site is located in a heavily wooded part of East Dallas, southeast of White Rock Lake near the intersection of Ferguson Road and Lakeland Drive, and covers nine parcels. The parcels vary in size and shape from less than 14,000 square feet to more than 60,000 square feet. The site is in the Bryan Adams High School feeder pattern and is within walking distance of the well-regarded Sanger Elementary School. Arturo Drive is also within a short walk of retail locations on Ferguson Road. The street is sparsely developed with only a handful of homes and dead-ends into the Fraternal Order of Eagles clubhouse and pool. The surrounding neighborhood is primarily 1950s and 1960s single-family housing with several newer developments and larger apartment developments further to the east.

Site Info

Address: 8565 Arturo Dr

Number of Parcels: 9

Total Square Footage: 250,996 (5.76 acres)

Total Taxable Value: \$384,410

Zoning: R-7.5 (Single Family, 7,500 sq. ft.)

Number of Recent Sales: 41

Average Sale Value: \$293,000

Median Value in Census Tract: \$197,900

Owner Occupancy: 50%

Discussion Summary

In discussing the Arturo Drive site, we began by first identifying key assets of the site, the heavy tree canopy and limited access, and the size and placement of the lots. In reviewing the current housing stock, the median home sales prices in the area, and the income of the residents we realized that we had an opportunity to supply multiple housing types. The current residential zoning was denser than the existing platted lots, which would allow us to increase the current density on several of the lots without jeopardizing the look and feel of the place. On the largest parcel, we discussed the opportunity to build a cluster of smaller cottage style homes. Across all of the parcels, we discussed developing a site design that would incorporate the existing site conditions to limit the number of trees that would have to be cleared. Both rezoning and replating would be required to achieve our development proposal, but those were not seen as significant barriers to the project.

Community Engagement Plan:

The beginning piece to formalizing a development plan would be with an engagement plan in the surrounding areas to understand the neighborhood desires, needs, challenges, and possibly beginning to identify potential buyers. Our team identified possible area partners to begin the engagement process with: The Fraternal Order of the Eagles [neighbors to the site], Current residents, Ferguson Road Initiative, and area schools and PTAs. In our engagement we would begin to identify the housing typologies and scales that are seen as consistent within the neighborhood. Additionally, we saw an opportunity to engage with current residents and propose that we could create a partnership with any that were willing to sell their land and relocate to another one of our subdivided parcel. If this were to work, it would allow us to develop a more constant pattern along the street.

Development Plan/Solution

- Our development model would include 5 primary strategies: transfer of City land, single family w/ shared access, cluster model housing, canopy strategy, and street redevelopment. We built upon the recommendation of adjusting the goals and process of the Dallas Land Bank, from the prior session, and decided that this would be a scenario were the City could transfer ownership of City owned land for development, contingent on a certain level of value return and a creation of affordable housing. From that, we developed a plan to take 9 parcels amounting to 5.76 acres of land, and developing 23 market rate single family homes and 10 affordable cluster homes.
- We propose to replat the 8 smaller parcels [~4 acres] that are currently zoned R-7.5, and create 23 lots that still conform to the R-7.5 density. The new parcels would have shared driveway access off of Arturo Drive. On the largest lot [~1.5 acres], we proposed to develop 10 cluster cottage homes which would have shared common space.
- Based on current market values we believe that the 23 single family homes will sell for \$300,000 and the 10 cluster homes would sell for \$100,000; creating an added value of \$7.9 million.

APPENDIX ONE

AGENDA

AM

8:00 - 9:00

Registration & Breakfast

9:00 - 9:15

Opening Remarks

(Tina Council, Owner / Chief Consultant, I Am Pleased Development Center + Alfreda Norman, Federal Reserve Bank of Dallas)

9:15 - 10:15

Goal Session 1 and Report Out

Advisors selected one of four goals and participated in a group work session around that goal, producing a framework for a tangible product that achieves the goal and includes key players and relationships and foreseeable barriers.

10:15 - 11:15

Goal Session 2 and Report Out

Advisors selected one of four goals and participated in a group work session around that goal, producing a framework for a tangible product that achieves the goal and includes key players and relationships and foreseeable barriers.

11:15 - 12:15

Goal Session 3 and Report Out

Advisors selected one of four goals and participated in a group work session around that goal, producing a framework for a tangible product that achieves the goal and includes key players and relationships and foreseeable barriers.

PM

12:15 - 1:00

Lunch: Discussion on Neighborhood Typologies

The essential purpose of the typologies is to understand affordable housing in market terms, and to inform public policy on how to channel investment to most effectively respond to the market conditions in a given neighborhood.

1:30 - 2:30

Development Scenarios and Report Out

Participants were divided into four groups, each charged with creating a preliminary development plan for one of four sites across Dallas. These sites consisted of real vacant land, and groups were provided with neighborhood context and market conditions to analyze and guide their decisions.

2:45 - 3:00

Closing Remarks & Next Steps

Facilitated by Tina Council, participants review the activities and progress of the day and discuss direction of AIM for Dallas

ATTENDEES LIST

Alfreda Norman	Federal Reserve Bank of Dallas	VP and Community Development Officer
Annie Lord	CITI	VP and Community Development Officer
Brent Brown	bcWORKSHOP	Founding Director/President
Chris Sanchez	NALCAB	Program Manager
Damon Polk	Builders of Hope	Chief Operating Officer
Dorothy Hopkins	Frazier Revitalization, Inc.	President
Gerald Carlton	EDCO	President
Hank Lawson	Frazier Revitalization, Inc.	Community Engagement
Joe Gonzales	Neighborworks America	Senior Relationship Manager, Growth & Partnership
John Henneberger	Texas Low Income Housing Information Service	Co-Director
Julie Gunter	Federal Reserve Bank of Dallas	Community Development Director
Kristen Schulz	Dallas Area Habitat for Humanity	Director of Public Policy
Maria Schneider	Terra Shelter Inc.	Director
Matt Hull	TACDC	Executive Director
Michon Fulgham	Inwood National Bank	Director of Community Development
Mike Loftin	Homewise	Executive Director
Monte Anderson	Options Real Estate	President and Founder
Nick Mitchell-Bennett	CDC Brownsville	Executive Director
Nikki Floyd	Dallas Area Habitat for Humanity	VP, Neighborhood Empowerment
Peer Chacko	City of Dallas	Assistant Director, Planning and Neighborhood Vitality
Raquel Valdez	BCL of Texas	Chief Operating Officer
Roy Lopez	Capital One	Vice President CRA Business Development

Sherman Roberts	Citywide CDC	President & CEO
Tina Z. Council	I Am Pleased Development Center	Owner / Chief Consultant
Craig Weflen	bcWORKSHOP	Media Associate
Lisa Neergaard	bcWORKSHOP	Planning Associate
Lizzie MacWillie	bcWORKSHOP	Senior Public Designer
Thomas Simpson	bcWORKSHOP	Planning Associate
Wayne Beggs	bcWORKSHOP & Urban Planning and Public Policy PhD Program, UT Arlington	Consultant/Student

