Economic Impact Analysis

of the addition of a Deck Park and other Amenities in a Southern Sector Centering around the Deck Park Adjacent to the Dallas Zoo and the Oak Cliff Neighborhoods

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PRESENTED TO
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OVERVIEW

The Southern Gateway Park is a planned 5-acre park in the Oak Cliff neighborhood being constructed over a section of I-35E, reconnecting the surrounding neighborhoods. The park will provide green space and recreational areas, bridging connections that divided neighborhoods by the construction of I-35E almost 70 years ago. The underlying infrastructure for the project is being constructed as part of the larger $666 million design-build construction managed lane project of US 67 and I-35 by the Texas Department of Transportation (TxDOT).

01 SUBSTRUCTURE:

- The substructure (the concrete and steel physical support for the park) is currently under construction as a part of TxDOT’s Southern Gateway project. When TxDOT’s project is complete, the bare deck will be ready for the park amenities to be added by the Southern Gateway Public Green Foundation.
- The cost of the deck park substructure is approximately $47 million, which includes more than $40 million from North Central Texas Council of Governments (NCTCOG) and a $7 million local match from the City of Dallas 2017 Bond Program.

02 PARK AMENITIES:

- The Southern Gateway Public Green Foundation (“the Foundation”) is raising funds for the park amenities and will operate the park after completion. The expected cost of construction for the park amenities is $35 million.
- The Foundation will enter into a development agreement with the City of Dallas to construct and operate the future Southern Gateway Park. The Foundation executed a schematic design agreement with the City of Dallas in March 2019 to proceed with design.
The University of North Texas at Dallas School of Business was asked by Southern Gateway Public Green Foundation to determine the economic impact of the Southern Gateway Park which will be designed, constructed, and operated by the Foundation. The target area of the study included all properties adjacent to or in the proximity of the Southern Gateway Park since that area will be impacted first.
Economic Impact Analysis

The resources used in the development of this impact study include:

- Dallas County Appraisal District (Property Rolls)
- City of Dallas Economic Development Department (LOCI Software)
- City of Dallas Planning Department (Building permits, Zoning cases)
- Texas Comptroller’s Office (Sales Tax data)
- Texas Department of Transportation (for facility, route and highway construction planning)
- Texas Economic Development Council
- PolicyMap.com
- U.S. Census data
- Real Estate brokers and developers active in the area
- HR&A Advisors, Inc Report on Impact of Dallas Parks
Economic Impact Analysis

According to the HR&A Advisors Report, when planned as part of a major neighborhood transformation, parks can generate a significant return on public investment. Capital and operating investment in parks can yield significant new real estate development, which can generate incremental property taxes that equal or exceed the park investment. Those investments can be supported by the City of Dallas through routine bonding or facilitated through Tax Increment Financing (TIF) or other value capture mechanisms. Three ingredients support a healthy return on the public investment:

- A strong real estate market that supports high density development;
- Availability of proximate sites for real estate development; and
- A high quality and distinctive park investment that is uniquely suited to the vision for that community

The Report also finds that community and neighborhood parks create the highest park premiums (i.e., increased property value due to the proximity of a park) meaning that the City of Dallas should make efforts to create and preserve community and neighborhood parks as a primary source of real estate value benefitting most Dallas residents. The Report also finds that when planned as part of a major neighborhood transformation, parks can generate a significant return on public investment. Where applicable, there may be opportunities to explore value capture - the use of fiscal benefits associated with park investment to support capital and/or operations and maintenance funding of parks.
Target Area

When examining the 71-acre area around the Southern Gateway Park we find the following information concerning property use:

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Market Value</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential - Unimproved</td>
<td>577,720</td>
<td>2.855</td>
</tr>
<tr>
<td>Residential - Homestead</td>
<td>620,400</td>
<td>0.907</td>
</tr>
<tr>
<td>Residential - Multifamily &amp; Commercial Services</td>
<td>1,722,570</td>
<td>2.174</td>
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<tr>
<td></td>
<td><strong>2,920,690</strong></td>
<td><strong>5.936</strong></td>
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<tr>
<td>Commercial Unimproved</td>
<td>$1,962,730</td>
<td>5.674</td>
</tr>
<tr>
<td>Commercial Improved</td>
<td>15,583,050</td>
<td>16.037</td>
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<tr>
<td></td>
<td><strong>$17,545,780</strong></td>
<td><strong>21.711</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Acres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target Area</td>
<td>71</td>
</tr>
<tr>
<td>Southern Gateway Park site</td>
<td>5.5</td>
</tr>
<tr>
<td>Public Infrastructure and R-O-W:</td>
<td>24.70</td>
</tr>
<tr>
<td>Streets and Roads</td>
<td>16.00</td>
</tr>
<tr>
<td>Dallas Zoo Parking</td>
<td>6.50</td>
</tr>
<tr>
<td>DISD Property</td>
<td>2.20</td>
</tr>
<tr>
<td>Public Buildings</td>
<td>2.55</td>
</tr>
<tr>
<td>Net Area</td>
<td><strong>43.35</strong></td>
</tr>
</tbody>
</table>

There are 114 parcels in the target area. Nineteen parcels, or 6.50 acres are used for Zoo parking. Using current zoning, approximately 27 acres can be developed or redeveloped. Commercial property comprises 78.5 percent of the available property. Only five parcels are currently single family homesteads.

Residential property values recently have been increasing. When comparing market valuation of residential units (including single family residences and multi-family residences) 2019 versus 2020, the 13 parcels have increased in value from 4.66% to 149% with an average increase of 38.52%. Unimproved residential property in the target area has increased on average 113% when comparing 2019 versus 2020 market valuations.
It is difficult to determine the economic impact to the area without a specific project. In order to estimate what projects are planned or scheduled to be constructed in the next five years, an analysis of building requests, zoning requests, and discussions with developers in the target area was developed by consulting with those involved in the neighborhoods. Current plans reveal a minimum of 750 multifamily units will be constructed with a value of $131,250,000. It is projected the redevelopment will add between $483,765,625 - $604,707,031 in new property valuations, resulting in $13,123,957 - $16,404,946 in local property taxes during the first five years of the project. Most of that is additive since much of the current property is vacant, yielding minimal taxes.

The project is projected to attract approximately 2,400 new residents to the area. Using economic impact analysis software provided by LOCI it is estimated that $324,072,000 - $379,164,240 in retail sales will be generated during the same five-year period. Most of that will be additive since there is nominal retail activity currently in the area. Local sales tax generated from new retail sales tax is projected to be $6,481,440 - $7,583,285.
Current Residents

Approximately 200 households will be displaced by the redevelopment of the area around the Southern Gateway Park. This is a much lower number than initially contemplated and is primarily by reason of the current large number of vacant properties.

The proposed deck park extended the timeframe for displacing affected residents in the target area because in light of the deck park and other enhancement activities, property owners are now re-considering redevelopment on a larger scale, pending rezoning of the area.
RECOMMENDATIONS TO ENHANCE THE TRAJECTORY OF THE POSITIVE IMPACT MADE BY THE PARK:

The economic impact study committee made certain anecdotal but notable observations during the course of the study. By reviewing other successful U.S. urban parks, the presence of certain conditions, actions and efforts seemed to have a positive effect on achieving a high economic impact trajectory in the immediate area of the parks, with diminishing returns falling off in logarithmic fashion with distance from the parks. Among those observations the committee suggests that for the best outcome, the parties involved might benefit by following ideas and efforts. The effects similar public parks have made in other parts of the U.S. have been enhanced by various other factors and efforts. Here are those which stood out to the committee (which should also be offered for consideration to the Southern Gateway Public Green Foundation):

01 DEVELOP PLAN FOR DISPLACEMENT OF CURRENT RESIDENTS
The City of Dallas should work to remediate the displacement of current resident families using all available tools to assure affordable housing is available in the new developments.

02 USE NEW MARKET TAX CREDITS
Work with the City of Dallas and developers to use New Market Tax Credits, including inducements allowed by recent federal tax law (Re-development and Opportunity/Enterprise Zones).

03 ACKNOWLEDGE LOCAL HISTORY
Recognize the history of area residents by intentionally celebrating the “footprints” of residents throughout the history of the area, designed to preserve the rich history of the Cedars and surrounding neighborhoods. Those efforts could be collaborative between the Zoo, The SG Park, the Oak Cliff Chamber of Commerce and others, which might include area churches.
EXPLORE LOCAL, STATE, AND FEDERAL FINANCIAL TOOLS TO BUILD LOCAL TAX BASE
Explore a Tax Increment Financing (TIF) zone to help with infrastructure improvements.

CREATE PUBLIC IMPROVEMENT DISTRICTS
Create a Public Improvement District or Business Improvement District to provide funds and oversight for enhancements to the neighborhood including safety, beautification, and access to the area.

HAVE EFFECTIVE PUBLIC TRANSPORTATION
Work with DART to improve accessibility in all directions to assure easy access to the area. Note that DART will benefit significantly from the additional sales tax dollars since DART receives 1 percent of every new dollar spent by individuals and enterprises in the area (see projections above).

OFFER FREE OR LOW-COST ACCESS TO PARK
To assure low-income residents continue to enjoy and feel welcome to the area, the Zoo and the Southern Gateway Park should frequently offer free or low-cost access to the parks or amenities.

HOLD CITY-WIDE PUBLIC EVENTS
The Southern Gateway Park should hold city-wide events such as runs, marathons, concerts and special events to draw the community as a whole, keeping in mind those efforts should be designed to include those living and working in the immediate area.

PARTNER WITH LOCAL LAW ENFORCEMENT AGENCIES
The Dallas Police Department should work with the area organizations to enhance safety in the area so that people in the park area feel safe at all times.
Meet the UNT Dallas Team

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Acknowledgements

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Thanks also go to the University of North Texas at Dallas School of Business office of the Dean for continuous oversight, guidance and ideas, and to the Office of the President of UNT Dallas for enthusiastically engaging with the community and offering assistance.