


A New Paradigm:
Strategies for Revitalizing Dallas' Distressed Neighborhoods






the REAL ESTATE COUNCIL
DREAMING BIG *for* 20 YEARS

McCormack
Baron
Salazar

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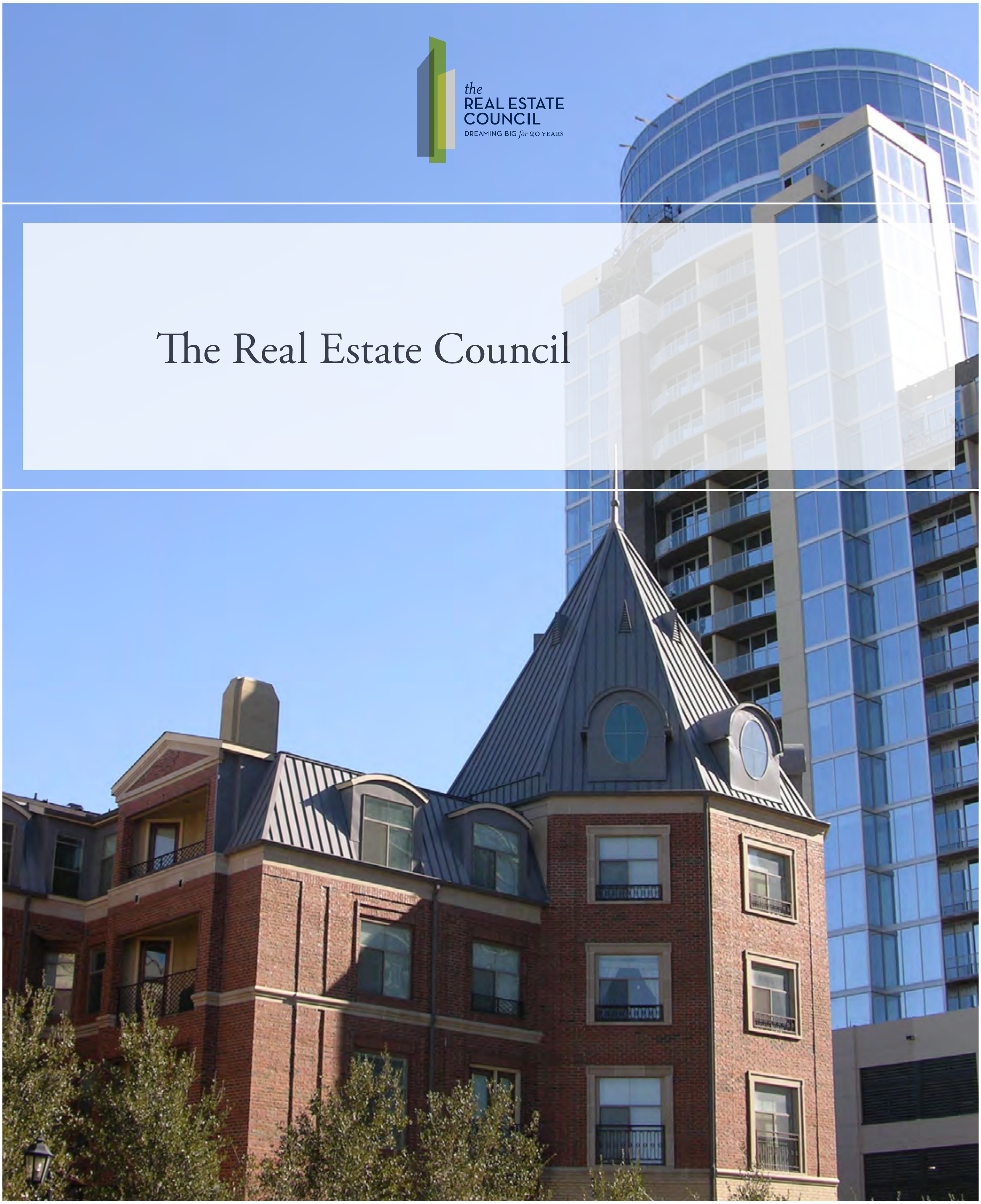
The Real Estate Council



The Trianon Apartments and The Glass House show a contrast of modern housing options in Uptown Dallas.

About The Real Estate Council

In 1990, a group of executives who experienced the real estate downturn of the 1980s founded The Real Estate Council (TREC) with a commitment to making a difference. Today TREC is more than 1,600 commercial real estate professionals and 500 member companies working together to strengthen the Dallas area and its industry. TREC is real estate industry veterans connecting with the next generation, and hands-on volunteers building relationships, raising funds and giving back. These professionals—developers, owners, bankers, builders, brokers, lawyers, architects, engineers, appraisers, title and service professionals and more—engage with neighborhoods, the public sector and private funders to achieve systemic change. Together they share a passion for shaping our future through groundbreaking efforts.

The organization's highly successful public/private partnership model combines the pro bono professional services of its members with philanthropic dollars and government advocacy efforts to achieve systemic change. They focus on positively affecting the community in four key areas: housing, jobs, education and the environment.

The signature project of TREC is The Park, a 5.2 acre, $125 million urban park constructed over a downtown freeway. This complex project involved a development agreement with the Woodall Rogers Park Foundation, the City of Dallas Parks Department and the Texas Department of Transportation. The Park is currently under construction.

For 20 years, TREC has been an ally to, and a resource for, the City of Dallas in its efforts to spur economic development and promote quality of life initiatives. It has taken an active role in shaping good public policy, including the following: writing the Green Building Ordinance for the City; serving on the Southern Dallas Task Force; creating a Form-Based Zoning tool; and, assisting with the creation of the City's "Forward Dallas" Master Plan.

TREC has been a champion of in-fill development programs and has actively promoted Transit-Oriented Development in key parts of Dallas. Through the pro bono professional assistance and advocacy efforts, TREC's members have made a lasting impact on the city of Dallas.

TREC's signature project, The Park, is scheduled to open in Dallas' Arts District in 2012 in partnership with the Woodall Rogers Park Foundation.

Acknowledgements

McCormack Baron Salazar wishes to thank The Real Estate Council for its commitment to identifying and implementing successful strategies to rebuild some of Dallas' most distressed communities. This is a difficult challenge with no easy answers. Every major city wrestles with the issue, but the private sector seldom plays a role in helping find or implement solutions. Therefore, many thanks to TREC and its leadership; especially, Michelle Corson and Neal Sleeper. Others at TREC we wish to thank are:

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One cannot identify strategies to rebuild distressed communities without engaging the individuals and groups who work tirelessly every day to transform neighborhoods on behalf of the families and children who live in these communities. Lasting change cannot be made without their involvement and support. Special thanks to Jon Edmonds, President of Frazier Revitalization, Inc. and Diane Ragsdale, President of the Inner City Development Corporation (ICDC). We also wish to thank the following people:

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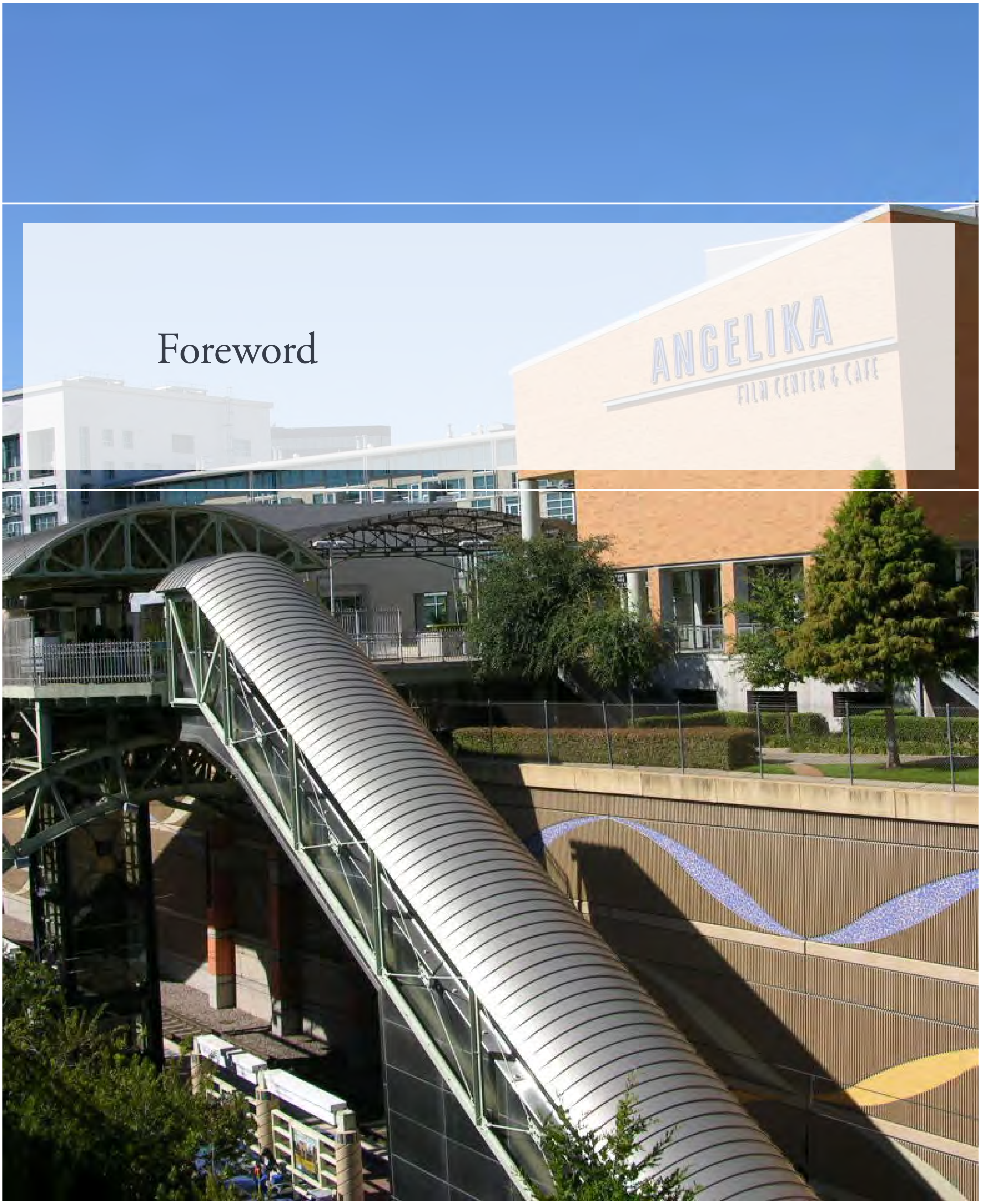
Foreword



The Angelika Film Center and Cafe at the Mockingbird Lane DART Station is a model for Transit-Oriented Development in Dallas, TX.

Goal of the TREC Initiative

Dallas is one of the healthiest and most vibrant cities in North America. Its diverse economy, central location and strong workforce are key elements that have fostered increased growth and helped the city withstand unexpected economic downturns. The City has also understood the importance of maintaining its infrastructure and has been committed to rebuilding and reinvesting in its roads, schools, and mass transit system. The future of Dallas lies in its ability to maintain a diverse economy with job growth and a well-trained workforce, continue to invest in mass transit that can get people to and from work economically, and provide decent affordable housing in safe neighborhoods with supportive services and quality schools.

A major challenge facing large cities across the country is ensuring that every neighborhood and every sector of the population is benefiting as the city or metropolitan area grows and expands. To date, Dallas has grown in primarily one direction – away from the downtown area and toward the northern suburbs. No one questions the huge disparities that exist or the negative impact these prolonged growth patterns have had on the health of many urban neighborhoods, especially those in the Southern Sector of Dallas. Nor does anyone deny that, if left unchecked, such disparities will continue.

The renewed interest in the central city with empty-nesters and young professionals moving in and around the urban core provides a unique opportunity for the city to leverage and build upon. It is not in Dallas' best interest to dedicate the majority of its resources and energy in only one direction, while failing to invest in the neediest sections of the city. If no action is taken, market forces will keep investing in North Dallas, leaving the rest of the city to fend for itself. The lack of private investment in the Southern Sector and in other distressed neighborhoods will continue the trend of a shrinking tax base, decaying infrastructure, and inadequate social services. If this situation persists, it will result in increasing challenges not only for Dallas' most distressed neighborhoods, but will impact the health of the city as a whole.

Great cities measure themselves not only by the number of skyscrapers, but by the health of their neighborhoods. If Dallas wants to continue to be one of the best cities in the country, it is time to address the challenges facing its neediest neighborhoods.

Goal of the TREC Initiative

The goal of TREC's initiative is to transform Dallas' long neglected communities into healthy, sustainable neighborhoods that are once again seen as desirable places to raise children, start a business, shop, and work. Fifty years ago, inner city neighborhoods like those in Southern Dallas were vibrant communities. Since then, there has been steady disinvestment in our cities' urban core areas. As the people, resources, and wealth of the cities moved to the suburbs, these once vibrant communities became distressed urban neighborhoods characterized by crumbling infrastructure, a depressed economy, and lack of services. Returning them to a state of economic stability and vitality will require a long-term, coordinated effort and a concentration of resources similar to that employed to build out the suburban markets fifty years ago.

This is a daunting task given the magnitude of the problem coupled with the current market conditions. However, experience from cities across the country has proven that with the right partners and the right strategy distressed neighborhoods can once again become vibrant communities.

The Challenge

TREC believes that the private sector, government agencies, and community groups each have an important role to play in urban revitalization. TREC understands the difficulties that exist when each group tries to work alone, as well as the tremendous impact these three sectors can have when they decide to work together.

Numerous studies have been completed that analyze issues facing Dallas' most distressed neighborhoods, including its education system, mass transit, crime, and infrastructure. The vast majority of these studies, and the initiatives that have resulted from them, have been spearheaded by government agencies with little private sector participation. The evidence from the past decade suggests that these government efforts alone are simply not enough to turn things around given the magnitude of the challenges that exist and the reality of limited public resources.

The private sector has proposed a number of initiatives, but those efforts have been thwarted because of a lack of collaboration and coordination with both government agencies and community groups. In the past, when developers and civic leaders have tried to make change "for the benefit of the neighborhood" without partnering with the community and getting "buy-in" from neighborhood stakeholders and residents, results were seldom achieved or sustained. Each time these private initiatives have failed, the private sector's interest in helping has diminished. However, in order to create change on the scale that is needed to ensure long-term, sustainable growth in Dallas' most distressed neighborhoods, the private sector simply must play an active role.

Turning Dallas' distressed neighborhoods around requires a new paradigm and new partnerships that are based on collaboration and long-term commitments. A successful revitalization effort must be holistic. It must integrate a range of strategies that include housing, education, employment, public safety, and transportation. It must also be collaborative. Progress can be made only through a true Public-Private-Community Partnership that draws on the unique talents of each sector and leverages resources to create large-scale, holistic change.

The Assignment

The Assignment

TREC engaged McCormack Baron Salazar (MBS) to create a strategy for areas of Dallas that are facing myriad challenges and are very difficult to develop. Given MBS's 35 years of experience as a developer that rebuilds distressed urban neighborhoods, TREC requested that the strategy go beyond a general approach to include a detailed plan of action. To accomplish that goal, TREC asked MBS to outline a revitalization plan for four of Dallas' neighborhoods similar to what MBS would do if it were approaching an actual development project.

Therefore this report does two things:

The first half of this report, "How Distressed Neighborhoods Get Redeveloped: A Successful Urban Revitalization Strategy", outlines key aspects of a strategy used by Public-Private-Community Partnerships to successfully revitalize distressed urban neighborhoods in cities across the country. The key components of that strategy are:

- Community Involvement
- Public-Private-Community Partnerships
- Critical Mass and Land Assembly
- Continuum of Housing
- Large-Scale, Mixed-Income Development
- Environmental Sustainability and "Green" Practices
- Financing Large-Scale, Mixed-Income Housing
- Transit-Oriented Development
- Community Infrastructure
- Human Capital Development
- Ongoing Operations and Property Management

The second half of the report, "A Strategy for Revitalizing Dallas' Distressed Neighborhoods", includes specific development plans for four areas in Dallas. Given the recent investment in the DART light rail line, the four projects included in the report are all transit-oriented developments which are adjacent to existing or future DART transit stations: Frazier Park (Hatcher Station), Fair Park (MLK, Jr. Station), Lancaster Corridor (VA Medical Center Station) and the Five-Points Area (Park Lane Station). The Revitalization Plan lays out a detailed road map for development and includes the following information:

- The Neighborhood and its Context
- Site Plan and Unit Mix
- Financing Structure
- Property Management Plan
- Project Schedule

McCormack Baron Salazar Team

MBS works as a team of companies that includes the McCormack Baron Salazar development company, the McCormack Baron Ragan property management company, and the non-profit human capital development partner, Urban Strategies. Given the comprehensive nature of urban revitalization and the interrelated work of this team, all three companies were instrumental in developing and writing this report.

Together, MBS, MBR and Urban Strategies build safe neighborhoods, strengthen schools, and develop a range of comprehensive human service supports in distressed urban areas. They also build and manage mixed-income housing developments of significant scale and make a long-term commitment to the sustainability of these developments based on a clear understanding of the neighborhood strengths, a strategic alliance with community stakeholders, and genuine commitment to resident involvement in decision-making.

The Downtown Dallas Skyline highlights a variety of living and commercial building types.

MBS' involvement in large-scale projects results in positive, long-term, and comprehensive revitalization of neighborhoods as seen at Bedford Hill in Pittsburgh, PA.

McCormack Baron Salazar

McCormack Baron Salazar is the nation's leading for-profit developer of economically integrated urban neighborhoods. MBS' mission is to rebuild neighborhoods in central cities across the United States that have deteriorated through decades of neglect and disinvestment. In partnership with communities, MBS brings vision, experience, and commitment to the challenge of community revitalization.

Since 1973 MBS has developed over 135 projects in 34 cities. In partnership with local community leaders, grassroots organizations, and major institutions, MBS has created healthy, successful communities. MBS' core experience is in mixed-income housing development, and it has built over 15,000 units of attractive, high-quality housing for families, seniors, singles, and young couples. Guided by the belief that a strong neighborhood is economically, racially, ethnically, and generationally diverse, MBS communities afford the same housing opportunity for all types of people, for existing as well as new members of the community, for renters, and for homeowners.

McCormack Baron Ragan

McCormack Baron Ragan was founded in 1973 with the knowledge that hands-on, professional management practices are needed to sustain successful residential communities suited for all incomes, races, and ethnic backgrounds. MBR has established a portfolio in excess of 13,000 residential units in seventeen states (Arizona, Arkansas, California, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Michigan, Minnesota, Missouri, New Jersey, Ohio, Pennsylvania, Tennessee and Texas).

Residents enjoy the pool at Pueblo del Sol in Los Angeles, CA.

MBR has experience with a variety of property types and manages a diverse portfolio that includes small scattered site developments as well as communities exceeding 1,000 units; developments that are 100 percent subsidized and those with mixed incomes; senior, single-room occupancy, and family developments; new construction garden and townhouse apartments, as well as adaptive re-use and historic renovations.

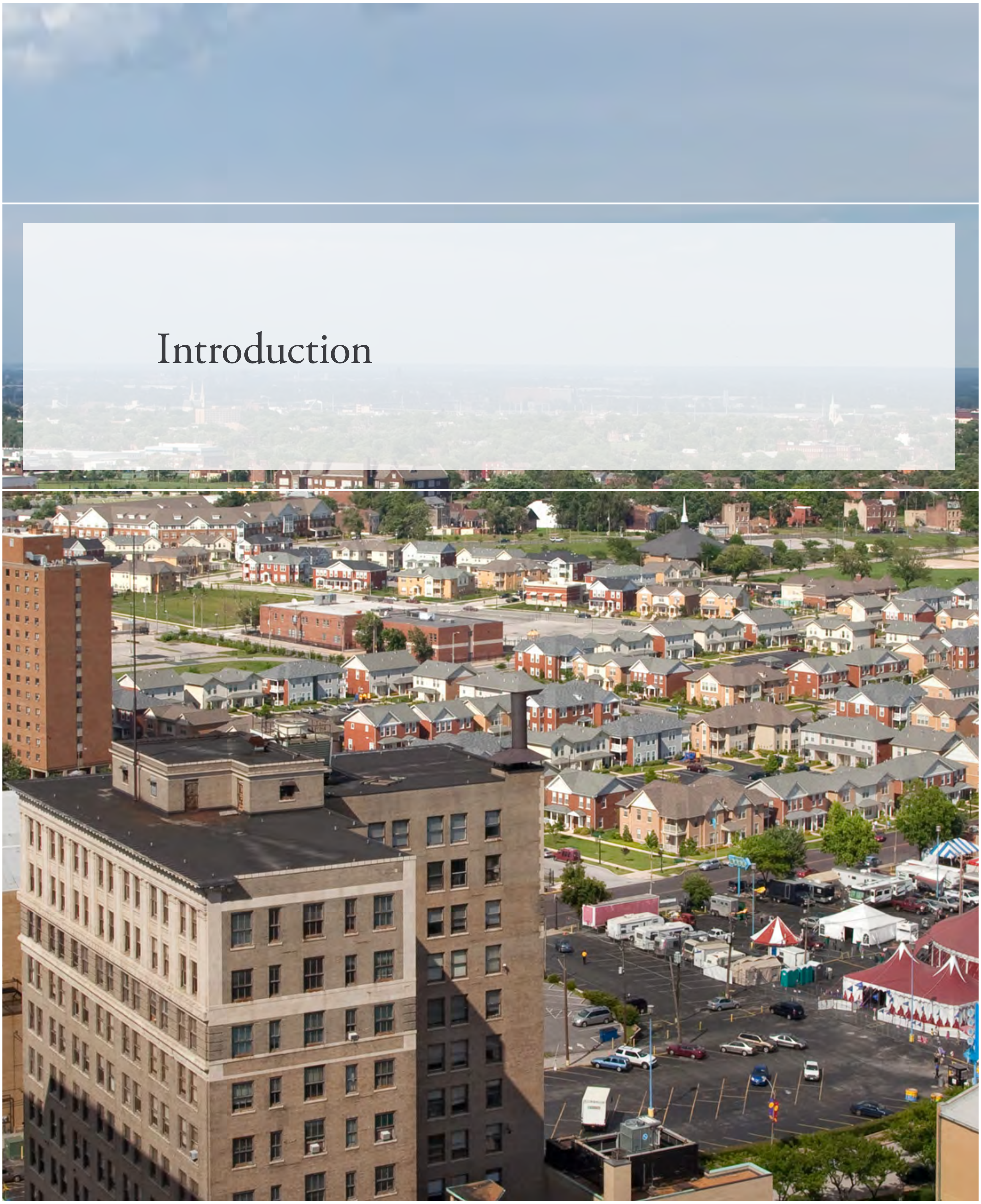
Most of MBR's properties are located in urban neighborhoods. With their extensive experience in the complex systems of federal and state housing programs, MBR is an expert at managing the regulatory process that applies to mixed-income and affordable housing.

Urban Strategies

Urban Strategies works in low-income urban neighborhoods to design and implement comprehensive revitalization programs that address the physical and human infrastructure needs of the community. Since 1978, Urban Strategies has employed "place-based, comprehensive and integrated" solutions to urban problems.

Urban Strategies' solutions are "place-based", meaning they are designed to assess the market conditions and address the priorities of a specific low-income urban community with defined geographic boundaries. Their programs are "comprehensive," in that they are designed to meet all community needs, including not only human services for residents of all ages starting at birth, but also housing and real estate development, workforce development, entrepreneurship, and other economic development needs. Their work is integrated, meaning the human capital programs are designed in close coordination with housing and other real estate development in the community.

Introduction



Renaissance Place HOPE VI development sits on the former Blumeyer public housing site in the heart of St. Louis's Arts and Cultural District.

1 The State of Urban Neighborhoods

Urban Crisis

The vast majority of the population of the United States lives, works, plays, and prays in cities. According to a Brookings Institute Study, 65 percent of the US population is located in the 100 largest metropolitan areas, which have just 12 percent of the nation's land area. These 100 metro areas include 74 percent of the nation's college graduates, 76 percent of all good-paying "knowledge" jobs, 78 percent of all patent activity, 79 percent of the nation's air cargo, and 94 percent of its venture capital funding.[1]

American metropolitan areas not only concentrate these assets, but market forces and public policy developed by state and local leaders also strengthen them so their sum is greater than their parts, perpetuating economic activity. The 100 largest metro areas generate approximately 75 percent of the nation's gross domestic product. If treated as nations, 42 of those metro areas would rank among the world's 100 largest economies.[2]

If one takes a closer look at central cities within these metropolitan areas, one begins to see a different story. Since World War II, there has been major movement of people, jobs and money from central cities to the suburbs. While market forces played an important role, the incentives created by federal, state and local policies were critical to the rapid expansion outward. As the population of suburbs and metropolitan regions was growing, cities across the country were actually losing population. This led to a shrinking tax base for cities and a steady disinvestment in the overall infrastructure.

One result of this unbalanced growth has been the isolation and concentration of low-income communities in central cities. Since the start of suburbanization, families who had the option of moving out of the urban core did, leaving low-income people with fewer options stuck in neighborhoods that were losing population, jobs, services, and wealth. Fifty years later the result can be seen in distressed urban neighborhoods throughout the country that lack economic opportunities, services, and social networks critical for healthy and vibrant communities and cities. Common characteristics of these distressed urban communities are:

- Proliferation of vacant and abandoned properties
- Concentration of poverty with rising poverty rates
- Concentration of very low-income rental housing
- Housing that is in very poor condition
- Crumbling infrastructure
- Poorly performing schools
- Few, if any, quality retail services
- Few businesses offering jobs that pay livable wages
- Lack of adequate public transportation to centers of employment

Over the last decade there has been a small movement of people and investment back to cities. The primary beneficiaries have been downtown central business districts which experienced the construction or rehabilitation of thousands of new housing units. Unfortunately, as a result of the recent economic downturn, the period of reinvestment in cities appears to have been short lived, limiting its potential impact on other neighborhoods in the city.

Only time will tell whether or not new housing construction will resume in cities and central business districts when the overall market turns around. If and when it does, history dictates that there will eventually be positive spill-over effects on neighborhoods within close proximity to downtown.

1 "MetroNation: How U.S. Metropolitan Areas Fuel American Prosperity." The Brookings Institution Metropolitan Policy Program. 2007. p. 7.

2 Brookings, 2007. p. 7.

Changing Economic Conditions

The initiative between TREC and McCormack Baron Salazar started in December 2008, just as the real estate market was beginning to collapse. While the economic contraction felt in much of the U.S. has not been as severe for Dallas, it has still had a major impact. Since Dallas did not experience the extreme artificial escalation in property values that many markets experienced (particularly in coastal areas), it did not have as far to fall. Nonetheless, Dallas has swung from positive job growth to significantly higher levels of unemployment than previously experienced. Property values have declined, and there is considerable anxiety about the likelihood of a collapse in commercial real estate, a major part of the Dallas economy.

When this initiative started the following conditions still existed within the housing finance and housing real estate sectors:

- Ample supply of capital for real estate development of all kinds, including rental and for-sale housing for both market rate and low-income households.
- Adequate sources of government funding to subsidize the development of affordable housing.
- Willingness of banks and corporations to purchase tax credits at high rates, making it possible to finance the construction of affordable housing.
- Belief that lenders and investors would remain optimistic and continue to fund real estate development, even in distressed neighborhoods, as long as the government was there to share the risk.
- View that land values, rents and sale prices would remain high enough to support conventional debt.

As of the writing of this report, the real estate industry in every city has hit rock-bottom and the entire financial system remains in transition. It is difficult to predict its final evolution, but it is clearly having a negative impact on efforts to rebuild distressed urban neighborhoods:

- Private markets are providing very little debt and/or equity for real estate development in general, let alone development in distressed neighborhoods.
- Government funding at the state and local levels has been reduced significantly for affordable housing and economic development initiatives as a result of the economy and sharp reductions in tax revenues.
- Banks and corporations, faced with mounting losses, are less interested in purchasing tax credits, the proceeds of which are critical to finance affordable housing. As a result, many syndicators involved in the sale of tax credits are no longer in business, forcing developers to seek purchasers of the credits directly.

Distressed and abandoned property in Frazier Park, Dallas, TX

- Lenders' underwriting criteria have grown extremely strict, with high loan-to-value ratios and large guarantees required by borrowers who must also maintain higher net worth and liquidity requirements.
- There is less optimism that land values will increase or rebound to previous levels. At the same time, owners of existing parcels refuse to sell their land for less than they paid at the height of the market because they view their properties as an appreciating asset.

The State of Southern Dallas

For decades, both civic and business leaders have recognized that the distribution of prosperity and growth throughout the city has been uneven, leaving entire sections of the city virtually untouched, particularly Southern Dallas. Efforts have been made to change this trend, but the challenges are enormous. Many of the major initiatives that had the potential to make a real difference have failed to achieve the level of job creation and private investment that many had hoped to see: the Superconducting Supercollider (cancelled by Congress in 1993); the Inland Port (which is now in foreclosure); and the redevelopment of Redbird Airport.

Three of the four development plans outlined in this report are located in Southern Dallas. Yet there are a number of conditions that currently exist which create real challenges for the revitalization of Southern Dallas. The lack of infrastructure, including inadequate or non-existent power-, water-, and sewer-lines, and storm drainage have hindered real estate development. Businesses which prefer southern Dallas County have opted to settle in southern suburbs, such as Cedar Hill, Duncanville, Desoto and Lancaster, rather than in the city. The larger percentage of adults with lower incomes and education levels in Southern Dallas, as compared with the city as a whole, contributes to the lack of incentive for retail development and less need for office development. The perception that performance

The State of Southern Dallas

at the Dallas Independent School District is inferior to educational options in the northern suburbs has been another key factor in driving development patterns as people with children move out of the city in search of higher quality schools.

The statistics for the 10 areas that are defined as Southern Dallas help provide a context for the area within the region and the country, outline the scale and scope of the challenges the area faces, and illustrate the disparities that exist between Dallas and Southern Dallas. With a total population of 466,838, if Southern Dallas were its own city it would be the 35th most populous city in the United States.[3] While the overall population of Southern Dallas has grown slightly since 1970, it has not kept pace with the rest of the region. In 1970, Southern Dallas was home to over 55% of the city's population; by 2006, that number had dropped to 38%.

Population of Southern Dallas[4]	1970	2006
Population of Southern Dallas	466,838	492,000
% of the City of Dallas	**55.3%**	**38%**
% of Dallas Forth Worth Metro Area	17.8%	8.1%

TREC's Associate Leadership Council assisted residents of Congo Street near Fair Park with a crucial revitalization project that included the complete reconstruction of six homes.

Incomes in Southern Dallas are considerably lower than in the City of Dallas. The median family income in Southern Dallas in 2000 was only $20,976, less than half that of the city as a whole. In 2000, approximately 33% of families in Southern Dallas made less than $10,000 per year compared with 8% in the City of Dallas.

Median Family Income[5]	Southern Dallas	City of Dallas
1990	$12,699	$36,614
2000	**$20,976**	**$49,591**
2005	$21,506	$55,327
2010	$23,872	$61,223

While Southern Dallas' share of the city's total real property value has grown from 12.2% in 1986 to 16.2% today, the disparities in housing values between Southern Dallas and rest of the City remains very large. In 2000, approximately 71% of the homes in Southern Dallas were valued at less than $50,000. In the City of Dallas, only 15% were valued at less than $50,000. There is also a marked difference in the age of the homes. Nearly 65% of homes in Southern Dallas were built before 1970, compared with only 32% of homes in the City of Dallas as a whole.[6]

Regarding education and health disparities, residents of Southern Dallas are twice as likely as their Dallas City peers to have less than a high school education and are only 25% as likely to hold a bachelor's degree. In 2004, less than 43% of residents had health insurance compared with 75% in Dallas County. At the same time, they have more health problems than residents of the city as a whole. In 2003, the infant mortality in Southern Dallas was over twice as high as Dallas County; death from HIV/AIDS was six times higher, as was death from homicide.[7]

Clearly, there are many challenges facing distressed urban neighborhoods such as those found in Southern Dallas. If the goal is to revitalize Dallas' distressed neighborhoods, the sheer size of the geographic area and magnitude of the problems beg the following questions:

What strategies will achieve that goal?
What are the critical first steps?
Where do we focus our initial efforts geographically?

3 SRC DemographicsNow, data on Southern Dallas provided to Mayor's Southern Dallas Task Force (www.southerndallas.org) compared to. U.S. Census Bureau data on largest 50 U.S. cities based on population and rank, 2007

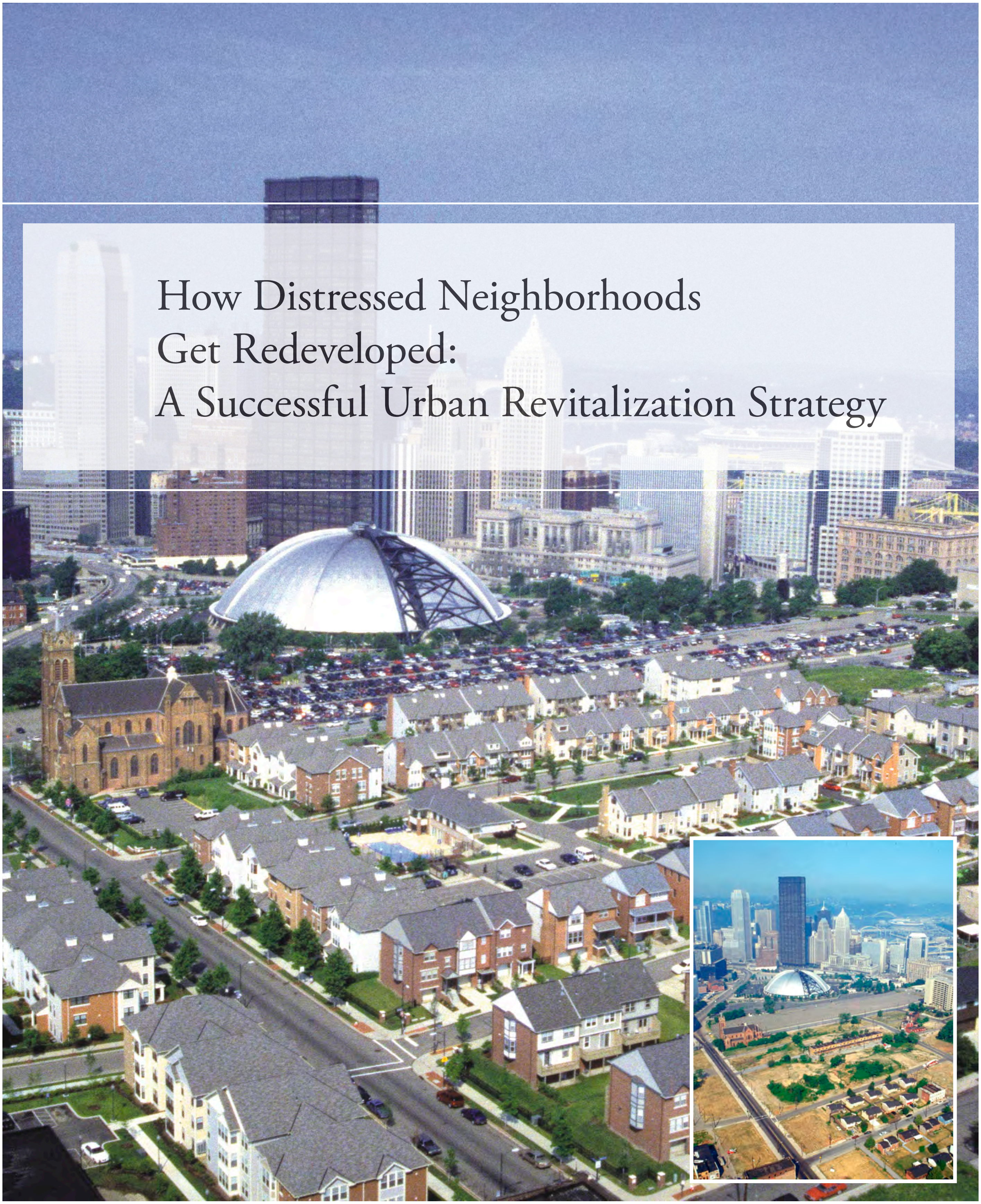
4 www.dallas-ecodev.org/SiteContent/66/documents/Resources/Plans_Reports/Southern_Dallas_Strategy_2008.pdf

5 www.southdallasvision.org/LinkClick.aspx?fileticket=yeYJVCL5U2s%3d&tabid=390&mid=1455

6 www.southdallasvision.org/LinkClick.aspx?fileticket=cyV%2bl9B94gw%3d&tabid=390&mid=1455

7 www.southdallasvision.org/LinkClick.aspx?fileticket=s7zSf/AZ61w%3d&tabid=390&mid=1455

How Distressed Neighborhoods Get Redeveloped: A Successful Urban Revitalization Strategy



Crawford Square neighborhood revitalization in Pittsburgh, PA, both before (inset) and after.

2 Overview

The health and vitality of our cities is critical to the overall health and vitality of the regions in which they are located and the country as a whole. For decades cities have struggled to find effective strategies to revitalize their urban core neighborhoods. The experience of urban developers and their public-sector partners shows that it is possible to turn the tide when coordinated, strategic investments are made in the infrastructure, real estate, institutions, and people in these areas.

Below is a summary of the eleven key aspects of a strategy used by Public-Private-Community Partnerships to successfully revitalize distressed urban neighborhoods in cities across the country. Each of the eleven areas is discussed in greater detail in this section of the report.

Community Involvement

Ultimately, the community in which the revitalization effort is taking place must be invested in achieving a successful outcome and must believe that they will benefit from its success, through a better place to live, a better job, a safer neighborhood, more customers, or more opportunities for themselves, their children, and their neighbors. A community planning process that actively engages the community is critical to achieving that outcome. Working in cooperation with all the stakeholders in a community helps to quickly and efficiently identify the strengths of the community and its challenges and ensures that the community can help shape the revitalization plan.

Public-Private-Community Partnerships

Creating the large-scale change needed to successfully revitalize distressed urban neighborhoods requires collaboration and partnerships. Public-Private-Community Partnerships is a term used in this report to refer to the coordinated efforts of government agencies, community organizations, community residents, political leaders, local foundations, and the private sector collaborating to create change in a neighborhood.

To establish well-functioning Public-Private-Community Partnerships, a city must have strong political, community, and business leadership that supports urban revitalization. That leadership must engage private partners who understand the complexities of urban redevelopment and have the ability to leverage private capital. Only by combining public and philanthropic dollars with private investment it is possible to create large-scale developments in strategic locations which can reach Critical Mass.

Critical Mass and Land Assembly

To create lasting change, revitalization efforts must achieve Critical Mass—the scale needed for a development effort to change people's perceptions of an area and to cause a shift in the market in the area. When this critical mass is reached, a "tipping point" occurs in the market leading to additional investment and new development in the community. Smaller, stand alone projects that exist as islands rarely reach critical mass and therefore cannot create lasting change.

Achieving that critical mass requires an effective land assembly strategy combined with a financing strategy. Without control of large, contiguous pieces of land in strategic locations, development either will not happen, or will not happen at the scale necessary to succeed.

Continuum of Housing

To be sustainable, a community must provide an adequate supply of decent housing that is affordable at a variety of price points and can accommodate a wide range of housing needs. Whether a person is buying a house, moving to senior housing, or needing an affordable apartment, there should be quality housing options available within the community. In distressed urban neighborhoods, this continuum of housing rarely exists. There is often an over-abundance of lower-quality, low-income rental housing with very few other options.

Therefore, building or rehabbing housing in distressed urban neighborhoods is a fundamental component of any revitalization strategy. Clustering the housing in strategic locations creates a sense of community, a sense of place, and a sense of belonging that tremendously increase the chances of success.

Community stakeholders offer valuable input into pre-development plans for Scott-Carver HOPE VI, Miami, FL.

Large-Scale, Mixed-Income Development

The development of high-quality, mixed-income housing is one approach that has been used to successfully revitalize distressed urban neighborhoods and begin to create a continuum of housing. The goal of mixed-income development is to create high-quality housing that is both affordable to lower income people, and attractive to people with higher incomes who have options to live in a variety of locations. Therefore the housing development is designed, built and managed to market-rate standards, and includes a range of affordable and market rate apartments in a seamless rent structure, as well as a range of for-sale units.

Financing Large-Scale Mixed-Income Housing

A creative *Financing Strategy* is critical. One of the biggest challenges facing these neighborhoods is the fact that under current market conditions the revenues generated from either rental or for-sale housing are not sufficient to cover the costs of land, construction, and operations. Overcoming this challenge requires innovative financing strategies, public/private partnerships and Blended Finance structures that leverage and layer both public and private financing. That is the only way to generate the level of financial investment necessary to build a large-scale, high-quality development that can reach critical mass.

High-quality *Architecture and Design* as well as the construction of the buildings and infrastructure are critical components of the overall development strategy. The revitalization effort must be seamlessly integrated into the surrounding community, incorporate parks, neighborhood retail, and other Community Infrastructure, and create a sense of place. If the physical development is done well, it will reflect the high expectations set by the community, signal to the larger community that people are investing in the area, and set the tone for future development.

Environmental Sustainability and "Green" Building Practices

An integral part of the design process must be *Environmental Sustainability and "Green" Building Practices.* The goal of green development in mixed-income communities is to create beautiful and functional neighborhoods that are cost-effective, healthy and safe places for people to live, while helping residents save money and conserve natural resources. Environmental sustainability means remediating environmental problems of the past, setting high environmental standards for the future that include renewable energy and conservation of natural resources, and using smart-growth models to develop mixed-income, transit-oriented communities. These environmentally sustainable strategies provide a unique opportunity to create new jobs and a new economic engine for urban neighborhoods that will continue well into the future.

The Baylor University Medical Center DART Station, Dallas, TX

Transit-Oriented Development

Transit connects communities to opportunities throughout a city and a region. Transit-Oriented Development (TOD) is a strategy used to maximize public investment in transit through the planning and design of housing and commercial development around transit stations. TOD re-creates the traditional design of a town center, with the densest, most diverse uses located immediately adjacent to the transit station and less dense uses located at the periphery. TOD has become a critical tool for urban revitalization strategies as cities across the country build or expand light rail and rapid bus systems to improve mass transit.

Community Infrastructure

Community infrastructure includes not just the roads, sidewalks, transit stops, and utilities that make a neighborhood functional, but also the community facilities such as schools, parks, libraries, community centers, and retail areas that make it livable. While quality housing and infrastructure are essential building blocks of a neighborhood, the services and amenities that are part of the community infrastructure are absolutely critical to the long-term growth and vitality of the neighborhood.

Decades of disinvestment have left many urban neighborhoods with inadequate or dilapidated infrastructure, poorly performing schools, and few, if any, adequate retail options. Therefore, the physical revitalization plan must include quality community infrastructure that reconnects neighborhoods to the larger city and that can house programs that develop Human Capital and Social Capital, as well as the basic services and amenities upon which a community depends.

Human Capital Development in the Context of Physical Revitalization

Human Capital Development addresses the needs of people living in the community by investing in quality educational opportunities, job training programs, day care, health services, youth activities such as sports, arts, and after-school programs, as well as other community priorities. Successful urban revitalization efforts must address both the physical distress and the human distress that exists in the community. Therefore, as the physical development plan is being created it must be integrated with a Human Capital Plan that identifies community programs and funding sources to ensure that the needs of residents are addressed, and opportunities are provided, long after construction ends.

Ongoing Operations and Property Management

Successful management of mixed-income developments in distressed urban neighborhoods requires a management strategy that acknowledges the unique challenges facing the neighborhood and its residents. The development must be managed to market rate standards, while addressing the fact that the context within which these developments exist is very different from those of many market rate rental developments, and therefore requires a different approach.

That means, in addition to managing and maintaining the property to market-rate standards and addressing the myriad compliance regulations imposed by various layers of government funding, the management company must have staff who are trained and experienced in working with residents and the larger community to address the non-housing needs and issues that exist in the community, something not normally required in property management.

Move-in day at Harmony Oaks, one of the first mixed-income post-Katrina developments in New Orleans, LA.

Community Involvement

The Importance of Community Involvement

For a successful revitalization effort, the community must be a true partner in the process. Community means residents living in the immediate area, neighborhood institutions, schools, businesses, non-profits, churches, politicians, and other stakeholders. To be a true partner means the community must be actively involved in every stage of the development process from the earliest stages of planning, through implementation of the plan, and during ongoing operations.

Ultimately, the community must be invested in the successful outcome of the development and believe that they will benefit from its success. That can mean a better place to live, a better job, a safer neighborhood, more customers, or more opportunities for themselves, their children, and their neighbors. A community planning process that actively engages the community and includes open, clear, and regular communication will give the community an opportunity to shape the revitalization plan and make sure their needs are met. Without that participation and communication the community can feel a sense of disengagement and disenfranchisement.

It is important to note that creating this partnership may take time. The history of many urban neighborhoods is that of broken promises and development projects which have been done *to* communities rather than *in partnership with* communities. Residents and organizations may approach the community engagement process with a great deal of cynicism and distrust, or simply choose not to engage at all. A process in which the community is actively engaged, respectfully listened to, and in which promises are kept can begin to shift that dynamic and help build trust over time.

Successful communities like Centennial Place (Atlanta, GA) provide opportunities for active civic and social engagement among residents.

Residents and community stakeholders participate in a design charrette.

The fact that a significant percentage of the housing units in mixed-income communities are affordable to people already living in the community is a critical aspect to building this trust. Rather than displacing people in the neighborhood, one of the key goals of mixed-income housing development is to provide opportunities for current residents to live in high-quality, affordable housing.

Engaging the Community

A method for community engagement must be established early on and be adequately funded and staffed to ensure active participation from a broad cross-section of the community. The goal is to actively involve the community in planning and implementing a revitalization strategy that addresses both physical and Human Capital needs. While there are elements of the community engagement process common to every community, it is critical to make sure the process is tailored to the specific history and context of each community.

Ideally, a local development partner would be engaged to coordinate the community planning and engagement process based on input from key community leaders. This partner could be a local community development corporation (CDC) or an organization that is trusted and respected by the community. They should have a deep knowledge of the community and have strong relationships with key stakeholders in the community, both of which are critical for a successful development process.

Once the local partner is identified, the team should actively engage the larger community in a planning process that focuses on the integration of the physical needs of the community (housing, retail, community infrastructure and infrastructure) and the human capital needs of the community (education, jobs, services). The specific planning goals for the human capital plan are outlined in detail in a later section of the report.

Below are some key strategies that should be used to help ensure a successful community planning process:

- Be clear about the goals, opportunities and constraints of the planning process
- Keep the process short and focused
- Make sure the process is open and accessible to all stakeholders in the community, including various language groups, age groups, people with disabilities, etc.
- Begin with small group meetings and meetings with community leaders, community organizations, and other key stakeholders. This will begin to inform the development team about the hopes, dreams and challenges of the community. It will also begin to inform the community about the planning process and give people an opportunity to become engaged.
- As people become more engaged in the process, hold large community meetings to ensure that everyone from the community who is interested can be involved. The goal of these meetings should be to
  - Listen to the community to understand their vision, ideas, challenges, assets, questions and concerns
  - Present a plan that reflects that vision and input and get feedback to make necessary adjustments
- Keep the community informed of progress on the implementation of the plan or any changes to the plan

After the planning process is completed, continue to keep the community involved through regularly scheduled community meetings, newsletters, email blasts and other events and communications. This will keep the community updated on the progress of the project as it moves forward, help them see that what was agreed to during the planning process is being adhered to during project implementation, and keep them invested in a successful outcome.

Community organizations and institutions will also play a key role in helping implement the Human Capital plan that is developed as a result of the planning process. Those efforts are equally as important as the physical development efforts in revitalizing the community.

Frequent community updates help to involve stakeholders as participants in the planning process.

Public-Private-Community Partnerships

The term Public-Private partnership in the real estate context is often used to describe a project in which a public entity provides funding to a private company that then leverages private funds to finance a development project. While this approach of combining public and/or philanthropic dollars with private investment is a key strategy used to finance urban redevelopments, it is only a part of what is needed for a comprehensive revitalization effort.

Creating the successful, large-scale change needed to revitalize distressed urban neighborhoods requires strong *Public-Private-Community Partnerships.* Public-Private-Community Partnerships is a term used in this report to refer to the coordinated efforts of government agencies, community organizations, community residents, political leaders, local foundations, and the private sector collaborating to create change in a neighborhood. While we rarely see these groups working together, experience shows that when they join forces to politically and financially invest in the physical and economic future of neighborhoods, they can succeed in turning distressed areas into vibrant neighborhoods.

The Public-Private-Community (PPC) Partnership must be a central thread running through all aspects of an urban revitalization effort, from the early stages of the community planning process to the initial funding of the predevelopment stage, and from the financing of the physical development projects to the long-term provision of community programs and services. It must be a true partnership in which the community, the public sector, and the private sector are all actively engaged in planning and implementing the revitalization strategy. It should be emphasized that the PPC Partnership has a critical role to play in the physical redevelopment (housing, retail, infrastructure, etc.) as well as the Human Capital strategy.

Key Roles of the Public-Private-Community Partnership

At the core of most successful redevelopment projects is the initial partnership between a visionary public entity or group of community stakeholders, and a developer with a deep understanding of, and experience with, the urban revitalization process. This initial partnership is crucial—it combines the local group's in-depth knowledge of the community with the developer's in-depth knowledge of the complexities of the urban redevelopment process. The leadership and expertise from this initial partnership should be used to develop additional partnerships with key stakeholders in the community to address the following aspects of the revitalization effort:

Community residents, city planners, and private developers collaborate on plans for a new, mixed-use development.

1. *Community Involvement*
   Identify local leaders, organizations, and stakeholders who can help develop and implement an effective Community Engagement Plan. This effort must be adequately funded and staffed.
2. *Physical Planning and Development*
   Identify additional government agencies, community groups, and foundations who can commit to a long-term investment of capital for the physical development of housing and Community Infrastructure. For housing and commercial development, the developer will leverage these initial public and philanthropic investments with private sources. Given the recent changes in the finance sector, identifying conventional lenders and corporations in the community to provide loans and purchase the Low Income Housing Tax Credits or New Markets Tax Credits will help ensure the project's success. Additional investments in Community Infrastructure will leverage the financial investments in housing and commercial development, help stabilize the community, and provide much needed services and amenities for people who live in the community.

3. *Human Capital Planning and Implementation*
Human Capital, much like physical capital, needs a strong plan and financial partners to realize a successful final product. The PPC Partnership should include experts in the provision of community and supportive services as well as community and government agencies responsible for providing services in the community. Developing strategic partnerships can reduce inefficiencies and increase the effectiveness of programs and systems by working to effect policy and systems change at the local level. In addition, local and national philanthropic partners should be brought into the partnership early on and be engaged in the community visioning process. These partners can provide significant private funds which can be used as catalytic investments and to leverage additional commitments from stakeholders and service providers.

The Women's Foundation for a Greater Memphis partnered with MBS and Urban Strategies to support $7 million in Human Capital Planning and Implementation at two large-scale, mixed-income developments in Memphis, TN.

The ultimate goal of a PPC Partnership is to create the political and financial resources necessary to revitalize a community. The challenges facing distressed urban neighborhoods have developed over decades and exist in every sector. It will take time, as well as coordinated efforts of the various sectors, to rebuild the systems and structures necessary to support these communities. This, in turn, requires the willingness to collaborate and work through and across differences, and it requires a long-term commitment to create lasting change.

Matthew Henson HOPE VI Apartments is a mixed-income, multi-generational development in Phoenix, AZ.

Critical Mass and Land Assembly

Critical Mass

One of the fundamental principles of turning distressed urban neighborhoods around is critical mass. Successful revitalization efforts must be large enough to shift the perception of the neighborhood and begin to shift the market. Only then can they act as a catalyst to encourage additional investment and new development in the area. Smaller, stand alone projects that exist as islands rarely create lasting change.

Achieving critical mass requires access to sufficient land and financing to build a high-quality, large-scale development that is economically sustainable. While the realities of the task can seem daunting, experience shows that with the right strategy, and the right Public-Private-Community Partnerships, it can be done. The details of the financing strategy and the Public-Private-Community Partnerships are outlined in other sections of the report.

Land Assembly

Large-scale development requires control of a significant amount of land that is concentrated in key areas of the neighborhood. Therefore an effective land assembly strategy is an essential component of any urban revitalization effort. Without control of large, contiguous pieces of land, development either will not happen, or will not happen at the scale necessary to succeed.

The key principles of land assembly when developing in distressed urban communities are as follows:

- Gain control of a sufficient amount of land to develop at least 500 units of mixed-income housing over two or three phases.
- Acquire land near stable neighborhood anchors such as schools, transit stations, etc. If possible, purchase additional land beyond the project's boundaries to enable future development.
- Do not purchase land in flood plains, on hill sides, or other areas which would require unusual site preparation costs that can render the project infeasible. This type of urban redevelopment is hard enough without these added challenges.
- Rezone land adjacent to the project site to make sure it is consistent with the proposed development. This is to ensure future investments and projects are compatible.
- Be aware of speculators and be prepared to address them. Due to low land values and minimal holding costs, speculators have created an industry of buying and trading land in distressed, inner-city communities. They have infested these areas, buying up large amounts of vacant land and holding it, waiting for someone to purchase it at a price far greater than their initial cost. There are a variety of strategies used by cities around the country to address this issue, including eminent domain and code enforcement.

Urban infill developments can reunite previously disconnected portions of communities. University Place, Memphis, TN

- Expect higher land preparation costs. In many urban areas, site preparation can be substantially higher than suburban alternatives either because previous uses increase the mitigation costs, or because land configurations may be ill-suited to traditional site planning. Sites may also be smaller and more difficult to assemble and develop. The combination of higher land preparation costs and complex entitlement processes dictate either more expensive housing or higher densities.
- Work with cities, transit agencies and other governmental entities during acquisition. The power of strategic Public-Private-Community Partnerships is that all sides bring certain strengths to bear and government entities often have access to land-assembly tools that are inaccessible to a developer or community group alone.

Developing and implementing a deliberate land assembly strategy is one of the first steps in implementing the revitalization plan. Without control of the land, the plan will be stalled. Once the land is purchased or optioned, a developer can proceed to secure financing for the project and finalize designs for the specific site.

Continuum of Housing

The hallmark of a sustainable, healthy mixed-income community is that people do not need to leave the neighborhood in order to find housing when their life circumstances change and, in fact, choose to stay in the neighborhood because it is a desirable place to live. Whether a person is buying a house, moving to senior housing, or in need of an affordable apartment, all of these housing options should exist within the neighborhood. This can only occur when there is an adequate supply of decent housing that is affordable at a variety of price points and can accommodate a wide range of housing needs.

In distressed urban neighborhoods that continuum of housing rarely exists. There is often an over-abundance of lower-quality, low-income rental housing with very few other options. Over time it can become a place people have to live, not a place they chose to live. Residents believe that in order for their circumstances to improve they must leave the neighborhood, and when their circumstances do improve they choose to leave. This creates a vicious cycle that makes it very difficult to create lasting change in the community.

The goal when revitalizing distressed urban neighborhoods is to create a continuum of housing that includes options for every stage in life and for a range of income levels. There should be market rate rental and for-sale options for people who currently live in the neighborhood and experience upward mobility, as well as decent, affordable housing for people facing challenges or who experience downward mobility. There should be a range of housing types and unit sizes to accommodate singles, couples, families, and those with disabilities. The housing also must compete in the market place so that people with options will chose to live in this neighborhood over housing options elsewhere.

The development of high-quality, mixed-income housing is one successful approach that has been used to create a continuum of housing in distressed urban neighborhoods across the country. The goal of mixed-income housing developments is that they are seen as desirable places for everyone to live - places people choose to stay even as their incomes grow and their life circumstances change, not just a place to live until they can afford to move up and out. To achieve that goal, part of the strategy of a mixed-income development is to create a range of price points from affordable rental to for-sale units. As residents' incomes grow, there are a range of unit types to "move-up" into; if a resident's income suddenly goes down because of unforeseen challenges, there are affordable housing options as well.

A continuum of housing styles and types ensures a vibrant mixed-income, multi-generational development at Heritage Park, Minneapplis, MN

Large-Scale, Mixed-Income Development

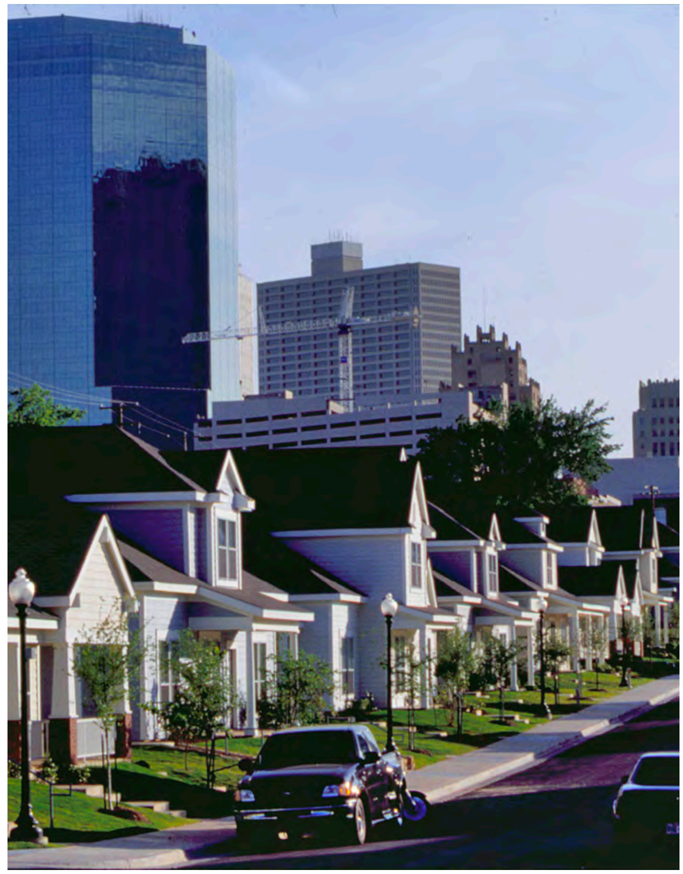
Successful urban revitalization efforts whose goal is rebuilding neighborhoods rather than replacing them must accomplish two things simultaneously: make improvements that are desirable and affordable for current residents and attractive for people living outside the neighborhood. Large-scale, mixed-income development is the most effective strategy to do that. Since many distressed urban neighborhoods have experienced a decrease in population and an increase in vacant land or buildings over the past fifty years, new housing is needed to revitalize and repopulate the community. New retail and services will follow the increase in housing units and population.

The goal of mixed-income development is to create high-quality housing that is both affordable to lower income people and attractive to people with higher incomes who have options to live in a variety of locations. To achieve that goal, part of the strategy of a mixed-income development is to create a range of price points from affordable rental to for-sale units.

Distressed Urban Communities and the Need for Quality Affordable Housing

For the past half century, as cities have expanded outward, families with social and financial means to do so were encouraged by building practices, government policies, and highway projects to move to newer suburban environments. As a result, cities across the country lost population and the older housing stock in the urban core decreased in value and became home to largely moderate- and low-income households. Over time these changes left many urban neighborhoods with a concentration of households at the lower end of the income strata, an aging and decaying housing stock, a reduction in retail services and amenities, a rapidly reducing tax base, and consequently, inadequate schools and neighborhood services. These areas also suffer from higher rates of unemployment and underemployment, multi-generational poverty, and higher crime rates.

In addition, the rapid appreciation in home prices over the last decade, largely in suburban housing markets and desirable urban neighborhoods, outstripped the means of many moderate- and low-income working households. Teachers, police officers, sales clerks, clerical workers and other members of the workforce have been forced to spend well over 30% of their incomes on housing, and in some cases over 50%. The dire shortage of quality workforce housing, especially near urban job centers, means that workers must pay more for housing or endure long commutes from far-flung suburban developments, increasing their cost of transportation and worsening highway congestion.



Hillside Apartments, a 12.3-acre, master-planned, mixed-income community in Fort Worth, TX.

Mixed-Income Housing

The private marketplace has proven unable to deliver an adequate supply of decent, affordable housing, especially in distressed urban neighborhoods. Government agencies have worked single-handedly to rebuild the distressed urban core with limited resources and limited success. Recognizing the need to recreate the mixed-income neighborhoods that once existed in cities, and understanding that public support for new affordable housing can be difficult to obtain, many communities are exploring mixed-income housing as a way to provide workforce housing and affordable housing while simultaneously rebuilding distressed communities.

A mixed-income housing development is designed, built and managed to market-rate standards but includes a seamless affordability component that includes both affordable and market rate rents. The housing costs are structured to be no more than 30% of a family's gross income. The development is owned by a public-private partnership and managed by a private property management company.

The idea of mixing incomes in residential settings is not new. Urban neighborhoods have traditionally included a mix of rental and for sale housing types suitable for an array of incomes and family sizes: unattached single-family houses, attached single-family townhouses, apartments, condominiums, etc. More recently, mixed-income housing has been recognized as a means to leverage market forces to provide high-quality, well-maintained living environments while increasing affordable housing options for lower and moderate income households. As a result, mixed-income development has become a popular way to supply affordable housing options, increase absorption in large planned developments, decrease the concentration of poverty, and revitalize urban neighborhoods. When located close to job centers, transit stations, schools or services, mixed-income housing provides more than just another housing product: it creates sustainable communities and activates smart growth principles by reducing travel and congestion.

Design and Architecture

Perhaps the most visible sign that things are changing in a neighborhood and that people are investing in the future of a community, are the physical changes that occur during the development process as new housing replaces vacant lots and rehabbed storefronts replace boarded and vacant buildings. The quality of the design and construction of the buildings and infrastructure is a critical component of the overall development strategy. If the physical development is done well, it will reflect the high expectations set by the community, signal to the larger community that people are investing in the area, and set the tone for future development.

To begin to change the perception of the area and create a market that will generate other development in the area, the decisions regarding what gets built, where it is built, and what it looks like are all important factors. Therefore, a great deal of thought must be put into every aspect of the design of the development: the overall layout and design, exterior finishes, landscaping, and lighting as well as the public improvements that surround the development.

The architectural details and amenities at Cahill House at Murphy Park exceed market standards and provide an affordable home for seniors.

Past experience has shown that the following are key components of any large-scale, urban revitalization effort that includes mixed-income housing:

- *Design and Community Involvement:* develop the design with the community as a significant partner in the process so people are invested in the successful outcome of the development and believe that they will benefit from its success.
- *Design to Market Standards:* construct quality housing with modern amenities that appeal to market rate tenants, but are affordable to people with a wide range of incomes, and operate the finished product as a quality market rate development.
- *Integrate into the Surrounding Neighborhood:* create neighborhoods that are seamlessly integrated into their surroundings, weaving in existing historic and significant structures, and ample green space.
- *Design and Invest in Quality Infrastructure:* create a comprehensive revitalization plan that connects residents to neighborhood retail and services, as well as the larger region, through quality infrastructure and access to mass transit.

Below is a brief description of how to achieve each of these outcomes.

Design and Community Involvement

As stated in the Community Involvement section, partnering with the community and actively engaging them in the planning and design process helps to ensure a successful development that the community supports, has a sense of ownership in, and believes will benefit the community rather than simply replace it. This can be done by holding a series of small and large public meetings to engage as many stakeholders as possible.

Engaging the community ensures that that housing and retail development includes features and amenities that will both serve the residents currently living in the neighborhood and attract market rate residents who have options to live elsewhere. The community should be given the opportunity to visualize the ideas being discussed and be able to comment on specific information about the style and type of housing, including the number and mix of units, the range of affordability, the architectural style and density of housing, configuration of green space, streetscape design, and important amenities.

As the vision and plan evolve, the design team should test for financial viability and clearly communicate to all parties what is or is not possible based on market realities and available resources. It is important that the plan accurately reflects the community's vision, while being realistic and not over-promising. This ongoing communication and collaboration with the community is an important aspect of the design process and should serve to keep the community informed and actively engaged.

Design to Market Standards

While the development is affordable for lower-income residents, the expectation is that the development has to compete for residents in the marketplace and therefore must reflect that level of quality. It must be solidly built, include quality amenities, have great curb appeal, and be attractively landscaped, well maintained, safe and secure.

These design decisions start with the composition of the buildings and the choice of exterior finish, but ultimately extend to every detail of the development including the landscaping, amenities and ongoing maintenance. The level of finish must be high, but not expensive, and must be able to hold up over time with minimal maintenance. The site itself must both look great and function well for residents. Landscaping must be designed to look good over time with green space that includes tot lots, community gardens, and other features that are appropriate for the specific neighborhood. There should be off-street parking that is well lit with controlled access and amenities should include well-appointed community rooms, pools, fitness rooms, computer areas and library spaces.

For a mixed-income development to be successful, the market rate and affordable units must be designed and managed to the same market rate standards. That means the units are indistinguishable from one another and that both the services and expectations are the same for everyone living in the development. The market rate and affordable units should also be distributed throughout the development to ensure real economic integration.

Integrate into the Surrounding Neighborhood

A successful mixed-income development should be seamlessly integrated into the surrounding neighborhood. The goal of the revitalization effort is not to replace the existing community, but rather to build on its strength and stabilize areas of weakness. It should be an extension of, and improvement to, the existing neighborhood.

Therefore, the planning must take into account the density, height, and architectural style of the surrounding community and create designs that integrate into that context and reflect the best of the existing community. This integration includes the style of the new buildings as well as the connections with streets, walkways, bike paths, community institutions, and parkland.

The development must also be designed with safety and security in mind given the perception (and sometimes the reality) of crime in these areas. Therefore, the design should incorporate principles of crime prevention through environmental design (CPTED) that support "eyes on the street", natural access control, defensible space, effective lighting, pedestrian and bicycle safety, and other features that deter crime and make communities safer. Front doors should face the street, landscaping should be designed with safety in mind, and walkways, parking areas, streets and green space should be well lit and easily visible by people living in the community.

High-quality design and construction can be affordably incorporated into mixed-income properties, as shown at 6 North in St. Louis, MO, which integrates Universal Design features to accommodate all residents.

Design and Invest in Quality Infrastructure

A successful mixed-income community connects residents to neighborhood retail and services, as well as the larger region, through quality infrastructure and access to mass transit. Therefore the revitalization plan must take into account both the Community Infrastructure (discussed in the detail in the Community Infrastructure section) and how it connects to the larger regional infrastructure.

Community facilities such as schools, community centers, parks, and retail must be incorporated into the overall revitalization plan. Where these facilities do not currently exist, plans for their inclusion should be a key aspect of the revitalization plan. In communities where strong anchors such as these already exist, the development plan should create strong connections to those places.

Revitalization plans must also include quality infrastructure that reconnects neighborhoods that have been physically and economically isolated for decades to the surrounding community and the larger region. This can include reconfiguring street layouts to tie into the existing urban fabric, sizing development blocks and building sidewalks to encourages pedestrian traffic, designing buildings to face the street, and including bus or transit stops.

The strategy to reconnect the community should also include mass transit that can link the neighborhood and its residents to jobs and other economic opportunities in the region. In some cases, effective mass transit systems to which the development can easily be connected already exist. In other cases, the challenges of connecting to the region through transit are more daunting, but critical to address for the long-term economic sustainability of the neighborhood.

Environmental Sustainability and “Green” Practices in Mixed-Income Communities

Environmentally sustainable design and construction practices are becoming an important aspect of almost any type of development constructed today, and are especially important in mixed-income developments. Dozens of U.S. cities from coast to coast have integrated green building regulations into municipal building codes. State Housing Finance Agencies and Public Housing Agencies have almost universally incorporated mandatory thresholds for sustainable building in the construction of affordable and public housing developments, and many cities are including LEED Certification or Energy Star compliance as requirements for all new construction starts. Over time, Green building will likely become the only way to build. It has already become essential for mixed-income communities.

According to U.S. Green Building Council research, the construction and operations of buildings in the U.S. account for:

- 72% of electricity consumption
- 39% of all energy usage
- 38% of all CO_2 emissions
- 40% of raw materials use
- 30% of waste output *(136 million tons annually)*
- 14% of potable water consumption

In light of these statistics, following sustainable construction and renovation practices can offer residents, owners, and government agencies significant reductions in utility costs and resource utilization, as well as indirect improvements in public wellness, lifestyle, and community appeal. By incorporating “green” design features from the start of a mixed-income project, a relatively small investment during development can result in significant long-term savings in the operations of the buildings. Not only is this approach good for the environment, but it is makes sense from a business perspective, and is extremely important for lower income people living in the housing development who cannot afford high utility payments.

The goal of green development in mixed-income communities is to create beautiful and functional neighborhoods that are cost-effective, healthy and safe places for people to live while saving money for residents and conserving natural resources. Distressed urban core neighborhoods are prime candidates for development approaches that are both respectful to the environment and practical for residents.

By rebuilding urban neighborhoods, developers attract new residents to sections of cities that have become depopulated over the last half-century while re-using critical infrastructure that already exists including: roads, utilities, sewers, parks and green spaces, delivery services (e.g., U.S. mail routes) and community institutions such schools, libraries, hospitals, etc. Construction on previously undeveloped land (“Greenfield” development), on the other hand, requires the construction of all new infrastructure to serve the new communities.

University Place in Memphis, TN, is LEED Certified by the U.S. Green Building Council and is one of the first LEED Neighborhood Development pilot sites in the U.S.

Simply by focusing on rebuilding urban neighborhoods rather than developing on farmland on the edges of metropolitan regions, a city is practicing sustainable development by:

- Repopulating previously developed urban areas instead of contributing to exurban sprawl;
- Redeveloping brownfields instead of stripping greenfields;
- Creating walkable, mixed-use neighborhoods instead of low-density bedroom communities; and
- Orienting development to maximize mass-transit instead of the automobile,

However, repopulating neighborhoods can increase the stress on existing infrastructure. As sparsely populated urban neighborhoods become repopulated, utilities and municipalities will need to invest in major upgrades to the underlying infrastructure. One way of reducing these infrastructure costs is by implementing strategies that reduce the overall use of water, energy and materials.

There are numerous examples of successful efforts to revitalize urban neighborhoods that are both respectful to the environment and economically practical. Some of the ways this balance can be achieved is by:

- Selecting sites already served by existing infrastructure;
- Creating and/or preserving local parks and open space;
- Developing energy-efficient structures that save energy and keep utility costs affordable for residents; and,
- Adaptively re-using community assets such as historic buildings.

It should be noted that sustainable development is not something that can be added at the end of the project or thought about as a separate component of the development. It must be incorporated from the start and must be an integral part of the overall planning and design of the development. Successful "green" development requires three key components:

- Proper up-front planning
- A well-integrated project team
- Careful selection of the site, construction materials, and architectural design

A decade ago one of the key challenges was the additional cost of "green" design features. Cost reductions, technical innovations and a wider availability of Green construction products make it possible for once-expensive green technologies to be integrated into both affordable- and market-rate residential developments. When this approach is used successfully, experience shows that basic features of sustainability can be constructed for as little as 1-5% above the cost of standard construction.

Solar Panels installed at Hayes Valley Apartments in San Francisco, California help curb the ever-rising cost of electricity.

Green Community Education and Encouragement

Central to achieving the true benefits of sustainability is the realization that being "green" is part design and part use. Even with the best of intentions, green design and building strategies can only have a meaningful impact if the technologies incorporated are used properly by residents, workers and owners. To maximize impact, communities must be re-trained to favor conservation over consumption and must thoughtfully change lifestyles to the greatest extent possible to favor a new Green future.

Community-wide initiatives that encourage the use of transit and local retail services can reduce reliance on the automobile. Resident training on water reduction and energy conservation can provide real cost savings while helping the environment. Centrally located recycling facilities or low-cost curbside pickup can substantially reduce hauling costs and street litter. Businesses that institute sustainable policies can be recognized in community updates and with special "Green Business" logos that note exemplary performance. In all, a shift toward a sustainable society will require a partnership between municipalities, individuals, businesses and institutions. None can make the shift alone.

Financing Large-Scale, Mixed-Income Housing

Building and sustaining mixed-income housing developments requires a complicated finance approach that leverages and layers both public and private financing into one structure. Securing sufficient financing such that the redevelopment of a neighborhood can reach critical mass and include high-quality development is of the utmost importance in successful urban revitalization strategies.

One of the biggest challenges facing these neighborhoods is the fact that under current market conditions the revenues generated from either rental or for-sale housing are not sufficient to cover the costs of land, construction, and operations. Furthermore, private investment generally will not be made in neighborhoods that are not stable unless there is some reason to believe that conditions will change. The result is continued disinvestment in the neighborhood and further deterioration of its real estate and infrastructure.

In order to begin to turn that around, address the reality of the economic challenges that exist, and encourage otherwise disinterested private investors to invest in the long-term stability of a neighborhood, the initial stages of nearly all revitalization efforts in these neighborhoods will need to be partially subsidized by philanthropic dollars or local, state or federal funds. At the same time, in order to address the issue of ongoing financial stability, the finance strategy must also include revenue from “market rate” tenants who help support some private investment and provide long-term viability in the project.

Creative Financing

Overcoming these challenges requires innovative financing strategies, public/private partnerships and Blended Finance structures. Since public subsidy is generally limited, several different sources of subsidy must be layered in a comprehensive financing structure that includes private funding. This complex and complicated approach is referred to as Blended Finance and typically includes:

1. A private first mortgage (to the extent the project is projected to generate revenue sufficient to support the associated debt service);
2. A second, third and/or fourth (or more) mortgage, all of which are forms of soft loans that typically have debt service payments that are a function of available cash flow; and
3. Equity from private investors receiving an allocation of one or more types of development tax credits, i.e. Low-Income, Historic, New Market, etc.

In general, private developers and the private financial sector have not blended their capital with various government funding sources to make these types of projects viable. At the same time, many non-profit and public developers working in these communities focus exclusively on government programs and do not include private investment. The result is either little to no investment by the private sector, or the over-use of government subsidies by the non-profit sector, both of which tend to continue to concentrate people with lower incomes in these neighborhoods and fail to achieve long-term stability of the neighborhood.

Across the country, there is a handful of developers who have created, and continue to create, new and better ways of financing these types of neighborhood redevelopments and maximizing public and private investment in the redevelopment of housing in distressed neighborhoods. The key to creating a successful finance structure is identifying the appropriate sources of funding that best match the needs of the specific development and having a clear understanding of the advantages, disadvantages, and implications of combining certain funding sources.

Common to all Blended Finance structures is the concept that the methods of financing the development must be aligned with the overall goals of the project, and that the financing should not drive the goals of the project. Therefore, a developer should never attempt to mold or resize a redevelopment scenario to fit various federal, state and local program regulations or funding gaps; but rather must be innovative in finding sufficient funding sources that fit the requirements of the development. In the end, the neighborhood’s best chance for long-term stability lies in a well thought through redevelopment plan, not the method of financing.

Funding Agency	**Financing Program**
State Housing Finance Agencies	State and Federal Low Income Housing Tax Credits State and Federal Historic Tax Credits Affordable Housing Trust Funds HOME/CDBG Tax-Exempt Bond Financing
Local Government Agencies	HOME/CDBG Tax Increment Financing (City/County) Public Improvements Funding Tax-Exempt Bond Financing Public Housing Programs (Section 8)
U.S. Department of Housing and Urban Development	HOPE VI FHA Insurance (221(d)(4)) Public Housing Capital Funds HUD Neighborhood Initiatives (Universal Design)
Federal Home Loan Bank	Affordable Housing Program

Above: There are several existing government programs that have been used to subsidize mixed-income development projects.

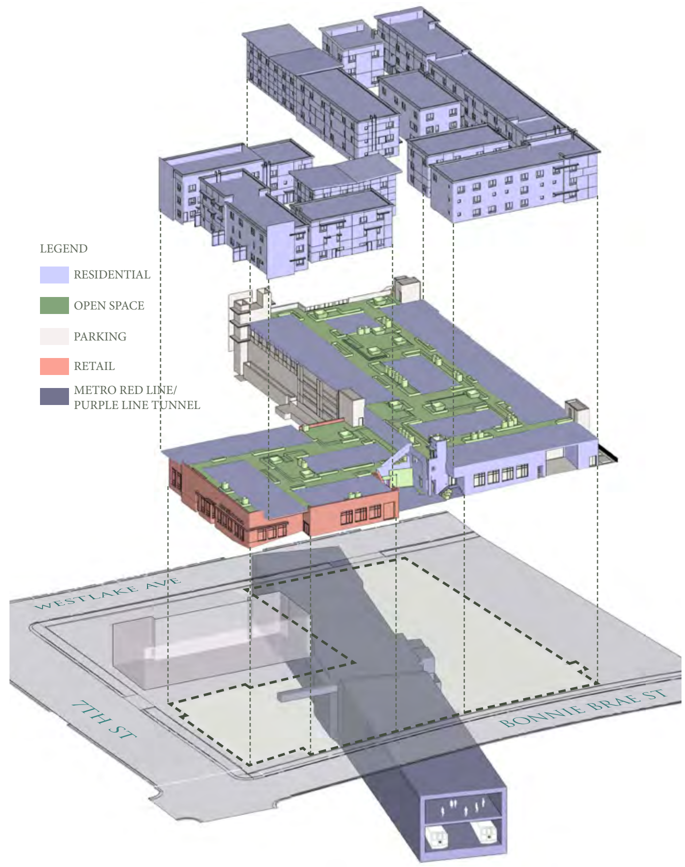
Transit-Oriented Development

Transit-oriented development is becoming a critical tool for urban revitalization as cities across the country build or expand light rail and rapid bus systems to improve mass transit. This massive investment in public infrastructure is creating the new highways of the future and will have a major impact on future development in cities and regions. Transit stations that are being built in distressed urban neighborhoods are proving to be important community anchors—much like schools, parks or retail—when cities use the opportunity to leverage transit-oriented development in the area.

Transit-Oriented Development (TOD) consists of a conscious effort to build mixed-use and mixed-income developments within a quarter-mile radius of mass transit stations. In addition to the benefits of mixed-income housing described above, TOD developments in distressed areas address several other goals:

- Given the movement of jobs away from cities, mass transportation systems link working families to economic corridors and jobs.
- Concentrating affordable housing at transit stations reduces the cost of commuting for working families. It is estimated that low-income working families pay approximately 54% of their net income on housing and transportation alone.
- Attracts credit retail tenants, developers, large employers, national retailers and investors who recognize the inherent economic value of a jobs-housing-transit-retail-service linkage. This, in turn, provides economic benefits to local governments and addresses a gap of services that are characteristic of distressed urban neighborhoods.
- Creates developments that include Smart-Growth criteria. Mixed-use, mixed-income TOD developments are becoming the new building standard as sprawling development patterns give way to efficient land-use management.
- TOD increases the return on the massive public investments made in light rail and rapid bus systems.

Metro Hollywood Transit Village (Los Angeles, CA) is built above a mass transit station and includes retail services and affordable housing.



MacArthur Park Apartments, a Transit-Oriented Development in Los Angeles, CA, is being constructed directly over a LA Metro Rail line and will include a mix of housing, retail, community space, and structured parking for residents, shoppers and commuters.

TOD Village

A variety of housing and transportation options, combined with neighborhood-scale retail and services, creates what is known as a TOD Village. This mix of uses appeals to a diverse customer base and provides essential services and retail opportunities for residents living in the TOD village, transit riders and the surrounding community. Other critical uses that complement TODs include child care centers, bicycle facilities, accommodations for car-sharing programs and secure public open spaces available for community programming.

Integrating multiple but compatible uses requires a proactive design approach to achieve a genuine sense of place for the transit station and the development. Appropriate architectural design and thoughtful infrastructure and streetscape improvements connect the community and the mix of uses to the transit stop, making walking an enjoyable experience, contributing to the appeal of the development location, and enhancing the desirability and security of riding public transportation.

Concentrating mixed-income and mixed-use development around a transit station leverages the investment already made in the mass transit system, and makes the station a focal point in the community. This, in turn, reinforces the connection of the neighborhood, via mass transit, to a wide variety of opportunities throughout the metropolitan region.

Community Infrastructure

Healthy neighborhoods need quality Community Infrastructure to be economically and socially sustainable. Community Infrastructure includes not just the roads, sidewalks, transit stops, and utilities that make a neighborhood functional, but also the community facilities such as schools, parks, libraries, community centers, and retail areas that make it livable. While quality housing and infrastructure are essential building blocks of a neighborhood, the services and amenities that are part of its community infrastructure are absolutely critical to its long-term growth and vitality.

Decades of disinvestment have left many urban neighborhoods with inadequate or dilapidated infrastructure, poorly performing schools, and few, if any, adequate retail options. Neighborhoods have often become physically isolated from the larger city and the institutions that once supported the community are either gone or in such bad shape that they need support themselves.

Therefore, the physical revitalization plan must include quality infrastructure that reconnects the neighborhood to the larger city and includes adequate streets, sidewalks, bike paths, street lights, and transit stops, as well as basic services such as water and sewer lines, storm water drainage and private utilities. In some cases, the infrastructure exists and just needs to be upgraded or rehabbed; in other situations, it must be newly designed and installed.

Community facilities, such as schools, early childhood education centers, community centers, parks, and retail areas, must be an integral part of the revitalization plan. The community must have physical structures to house programs that develop Human and Social Capital, as well as the basic services and amenities upon which a community depends. These facilities must be planned and implemented in concert with housing development either by rehabbing existing buildings or constructing new facilities. In communities where these strong anchors already exist, the revitalization plan should build off of these anchors and create strong connections to them. Developing Community Infrastructure will also help achieve the critical mass of development needed to change the perception of the area, support current residents, and attract new residents to the community.

The Public-Private-Community Partnership that runs through every aspect of the revitalization effort is critical to rebuilding the Community Infrastructure. Funding for the community facilities can come from local businesses, non-profits, and foundations as well as government agencies. When these groups are able to come together to create a community center, a school, or a retail corner that acts as a community anchor, it will become the cornerstone of the neighborhood. The key is to match the neighborhood's needs with the resources available in the larger community.

The YMCA at The Landing in Dayton, OH provides activity space, an early childcare center, a pool and resources for neighborhood residents.

Human Capital Development in the Context of Physical Revitalization

For urban revitalization efforts to be successful, they must be comprehensive and address both the physical distress and the human distress that exists in the community. That means the revitalization plan must focus not only on developing physical buildings and infrastructure, but also on increasing Human Capital within the community.

Human Capital is the term used to refer to an individual's knowledge, skills, and abilities that contribute to economic and social growth. Investments in Human Capital are investments in education, training, health care, etc. Planning for the physical revitalization of a community provides a unique opportunity to find new or better ways of meeting human needs through *Human Capital Planning*—creating a plan to develop, encourage and increase the skills and knowledge of the individuals in a community and the community itself.

Human Capital Programs

Experience suggests that healthy communities not only provide safe and affordable housing for residents, but they also offer good schools and a wide range of family-strengthening programs and services that increase Human Capital. These services include quality childcare, healthcare, job training, education, and youth development, among others. The programs and services are often tied to physical structures such as schools, community centers, hospitals or health clinics, and institutional buildings. When place-based community development efforts take place, there is a unique opportunity to develop and manage Human Capital programs within (rather than divorced from) the context of the built environment.

Planning the physical redevelopment of a community must take into account these non-physical, Human Capital priorities. This will ensure that systems are in place to support the new community and can efficiently and effectively deliver critical services. For example, if 1,000 new housing units are planned and it is estimated that 1,500 children will be living in that housing, it is important to plan for not only the necessary community infrastructure (e.g. schools, day-care centers, after-school centers) but also the Human Capital programming (e.g. arts programs, little league teams, tutoring services) necessary to support those children.

Human Capital Planning and Implementation

While funding for Human Capital programming has been substantially reduced recently due to the economic recession, there is a growing demand to address the increasing deterioration of conditions in urban areas. Therefore, there is a need to seek out and strategically direct resources that are available for Human Capital development. The best way to achieve this is by creating a Human Capital Plan that identifies and prioritizes the needs in the community and the programs required to address those needs.

Community residents learn construction trades at Harmony Oaks, New Orleans, LA.

Community Assessment Process

The first and most critical phase of Human Capital Planning is the information gathering stage. Effective strategies can only be crafted when the information used to identify assets and challenges in the community is accurate, relevant and realistic. This is done by understanding the basic demographics and supportive service needs of all residents—children, youth, adults, and seniors. An asset inventory is taken that analyzes the strengths and gaps in community resources such as education, job training, employment, entrepreneurship development, health and safety, childcare, and youth development.

Actively engaging residents and other stakeholders in the planning process is essential. The information gathering process is conducted parallel to, and in conjunction with, the community engagement and planning process and typically includes:

- Focus groups targeted to major subsets of the stakeholder population including: senior citizens, male residents, small business owners, young adults, parents, ethnic groups, youth, and employees of neighborhood anchor institutions.
- Aggressive outreach and early engagement of key local, state, and federal government agencies, institutions, nonprofits, business associations, and other community-based organizations.
- Community meetings and one-on-one interviews with state and city officials, staff members of local service providers and public agencies.
- Interviews with formal and informal resident leaders.
- Neighborhood-wide sample surveys of heads of households.
- Analyses of public information including Census Tract data and privately commissioned studies and reports.

These meetings, coupled with the data that is collected on a neighborhood level, paint a picture of what needs are strongest in the community and what resources are, and are not, currently available to address them. The community must then prioritize so that finite resources can be utilized most effectively. The resulting Human Capital Plan will represent the community vision for socioeconomic development that will strengthen the Human Capital of the neighborhood.

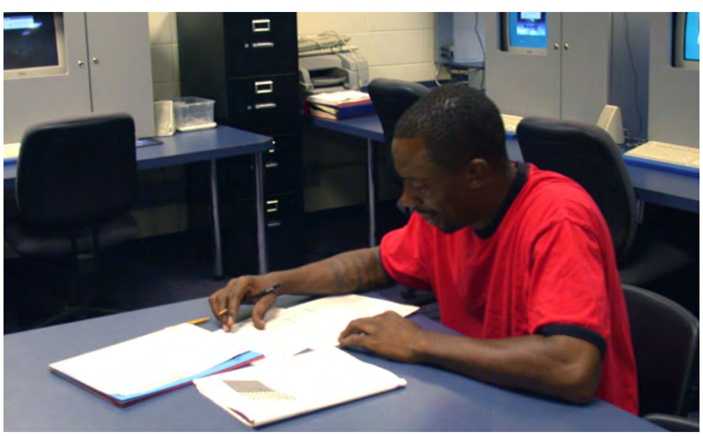
Implementing the Plan

Once the community has developed and adopted a Human Capital Plan, the next step is to implement the programs within the plan. This may include initiatives for early childhood education, after school programming, job training, or ongoing community-building and social activities. These activities are designed to support further physical and Human Capital investment in the community.

Human Capital programs should be place-based and customized to each community's unique needs and resources. Usually, there are existing service providers in the community with whom to partner who can offer various programs for residents. When there is a gap in services or when a new model or approach is needed to meet the community's Human Capital goals, the local providers and partners must work together to increase their capacity to provide the service. These services should be closely coordinated with new housing development or other real estate activity to accelerate the pace of transformation.

Social Capital Development

The process of community involvement and building Human Capital also builds social networks among residents and helps them develop a sense of community and shared destiny. Leaders emerge, and leadership training occurs, as residents learn critical information about their community's strengths and needs and actively engage in creating a plan that builds on the strengths to address the needs. This process builds a community's knowledge and skills and ultimately prepares them to assume responsibility for sustaining the community after physical revitalization (construction of housing, roads, retail, etc.) is completed.



Adults receive job preparation and computer skills training at the neighborhood community center in Jefferson Elementary School at Murphy Park, St. Louis, MO.

Two Important Elements: Jobs and Housing

It is critical that residents currently living in the neighborhood be offered an equal opportunity to benefit from the housing and economic development activity resulting from the revitalization effort. Therefore, programs relating to jobs and housing should be two essential elements of Human Capital Planning.

Hiring local residents for construction jobs and long term management jobs should be a goal of any effective urban development project. One of the main concerns in every distressed urban neighborhood is access to jobs, especially good paying jobs; therefore, there must be an effective strategy to train and hire residents as part of the development effort. The best results occur when effective employment training and placement programs exist within the community with whom the developer can partner. When programs do not exist, the Human Capital Plan should include developing and implementing such a program.

While the construction jobs for any single development project will not be long-term, the goal of any effective construction training and placement program should be to help people remain employed long-term. Therefore, one strategy is that people hired for the project by a sub-contractor will remain employees when that sub-contractor moves to the next project. The other strategy is that people are able to gain enough experience working on this project to be able to be hired by other contractors after this project is complete.

Similarly, current residents in the neighborhood should have the opportunity to live in the new housing. Mixed-income housing developments include a range of affordability, making it possible for current residents with a wide range of incomes to live in the new housing. The marketing plan for the new housing should include a strategy specifically targeted to local residents who wish to live in the new development.

The Human Capital Plan should include programs and services that help residents stay in the neighborhood and either rent or purchase the new homes. These programs can include financial literacy training, credit improvement classes, and home ownership training. Programs like these can prepare residents to be homeowners or help them correct any problems that would prevent them from renting. The Human Capital Plan should include outreach that informs residents about the programs and assistance that is available for current residents in the neighborhood.

By creating and implementing a Human Capital Plan, an urban revitalization effort becomes holistic and transformative—addressing both the physical and the social/economic challenges faced by a community. Increasing Human Capital contributes to the growth and development of a community by creating the foundation of human networks, programs, and services needed to build a strong, sustainable, lasting community.

Ongoing Operations and Property Management

Successful management of mixed-income developments in distressed urban neighborhoods requires more than high-quality property management skills. Like a successful revitalization effort, it requires comprehensively coordinating all aspects of the community for the long term. That means, in addition to managing and maintaining the property to market-rate standards and addressing the myriad compliance regulations imposed by various layers of government funding, the management company must have staff who are trained and experienced working with residents and the larger community to address the non-housing needs and issues that exist in the community, something not normally required in property management.

Key Partnerships, Resident Involvement and Community Safety

Effective property management of a mixed-income development requires the same type of Public-Private-Community Partnership that is needed during the planning and development stages. The customer in these developments is not just the owner of the property or the people who live in the housing development, but the Public-Private-Community Partnership which was created to plan and implement the revitalization effort.

It also requires a management strategy that acknowledges and addresses the unique challenges facing the neighborhood and its residents. While the goal is to manage to market rate standards, it must be acknowledged that the context within which these developments exist is very different from those of many market rate rental developments and requires a different approach.

Below are some of the unique skills that mixed-income property management staff must be equipped with in order to effectively engage residents and create a partnership with the community:

- Understand the immediate and long-term goals for the property and work as part of the Partnership to achieve those goals;
- Address issues that may arise in the community by working with adjacent neighborhoods and community partners including neighboring businesses and institutions, local elected officials and staff, and residents of the development;
- Work closely with residents, local police and other key institutions to ensure that people feel safe living in the new development;
- Work with residents to establish and maintain high standards for the community that extend beyond the boundaries of the development to include the surrounding community;
- Act as a liaison with community institutions such as schools and hospitals;
- Address the needs of low-income residents by linking them with needed services and support;
- Help foster and create a sense of community.

A resident receives the keys to her new home.

One critical issue that must be addressed is community safety. The management company must work closely with residents, local police and other key institutions to address issues of crime and help ensure that people have a sense of safety and security in the neighborhood. The Public-Private-Community Partnership must develop and support neighborhood initiatives such as afterschool and summer youth programs, block watch or other community safety programs, community gardens and other positive activities that help people get to know their neighbors, build community and support them in their efforts to create positive change in the neighborhood.

The goal is to create a true community that incorporates the elements found in any successful neighborhood – a sense of community, safety, stability and opportunity. This allows residents renting to emotionally invest in their home and their neighborhood, much like a home owner. The true mark of success is realized when residents take ownership of the community and help ensure its long-term sustainability by actively helping to make sure the community is safe, the property and grounds look good, and that they are watching out for and working with their neighbors to create the kind of community they want.

Managing to Market Standards

The same high-quality standards that went into the design and construction of the development must be maintained during operations. While an involved community lowers wear and tear on the property, creates a safer neighborhood and permits efficient operations, management must do its part by having permanent staff or contractors that are continually walking the site and inspecting units to ensure ongoing maintenance and up-keep.

The goal of mixed-income developments is that they are integrated into the surrounding communities and are maintained as market rate communities. Signs of a well-managed mixed-income community include:

- Attractive community in which the affordable units are indistinguishable from the market rate units;
- Interior and exteriors of the buildings as well the grounds and common areas are maintained to market rate standards;
- Safe places to live;
- Stable communities with low turnover and a sense of community.

In order to accomplish these goals the property management company must:

- Understand the human element in housing management;
- Implement a screening and selection process that is stringent, but fair.
- Provide the best possible service to all residents, regardless of income;
- Maintain the most competitive position in the marketplace;
- Enhance the value of the property;

Management Staffing for Mixed-Income Housing

Successful management of mixed-income housing requires the right mix of staff who can meet the wide range of goals and expectations required for these developments. Staff must be able to:

- Work effectively across diverse sectors of the community and within various levels of local government;
- Ensure that all the myriad compliance and financing requirements are met and the proper paperwork is submitted;
- Address the needs of low-income residents; and,
- Accomplish all of these things while simultaneously making sure the property is being well managed.

Site staff must have both the support and flexibility necessary to focus on community needs and to deliver on promises made to the community. The complexity of compliance and financing requirements, and the sheer volume of work it entails, makes it virtually impossible for site staff to handle it on their own. Therefore, the management company must have economies of scale that allow them to continue to invest in the leadership, systems and operation required to build and maintain a sophisticated infrastructure that supports each site while maintaining flexibility to respond to the unique differences of each community. Below are some of the ways to accomplish that:

- Hire residents from the community and promote from within, enhancing diversity and maintaining experience on the management team.
- Maintain staff that is knowledgeable and experienced in the details and nuances of compliance and financing requirements for mixed-income communities.

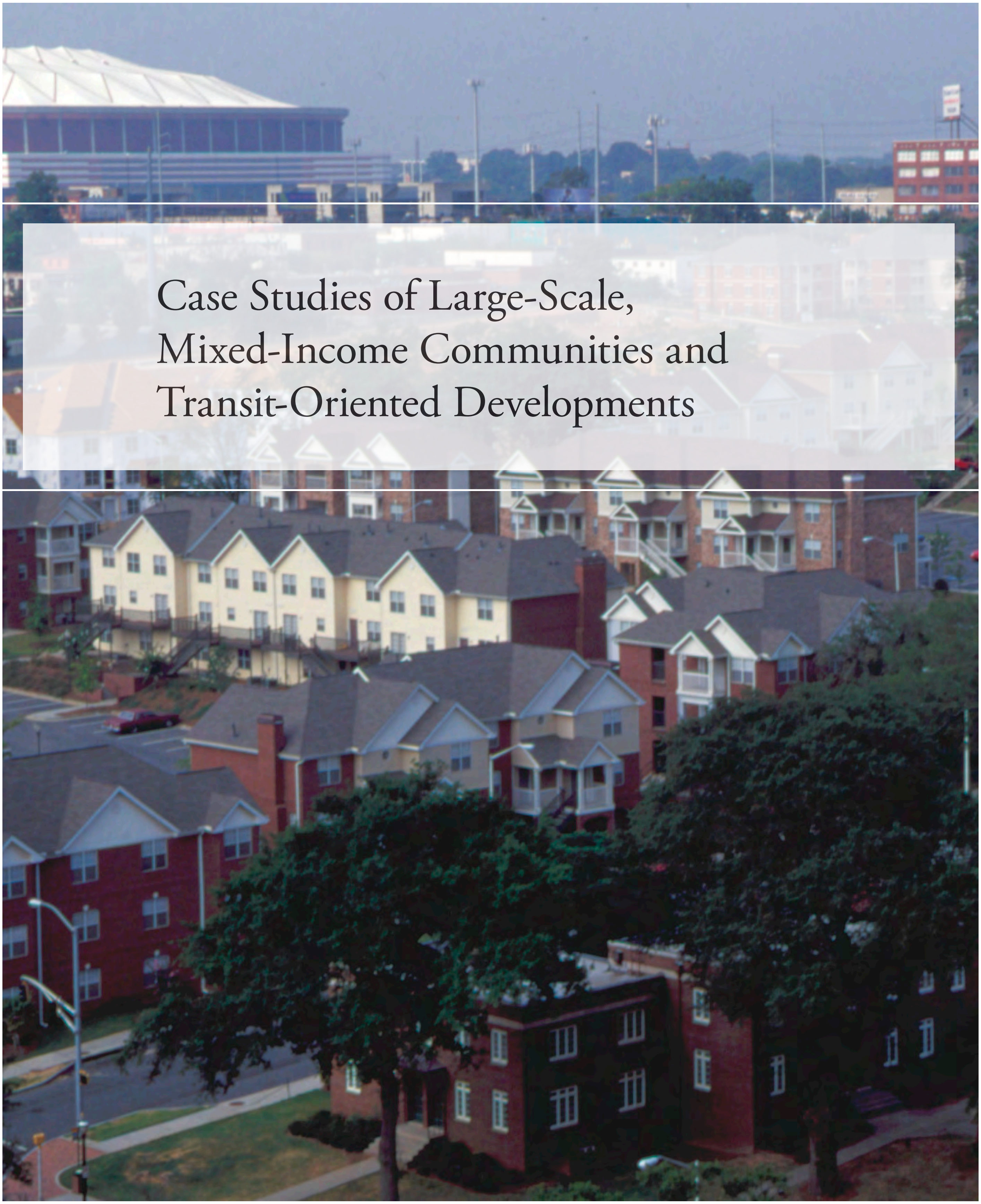
Critical Mass and Property Management

Critical mass applies not just to the development components of a revitalization effort, but to successful ongoing operations and management. Without a sufficient number of new mixed-income apartments within an area, it is difficult to both market and manage the property effectively. It is absolutely critical to adequately staff the property with experienced people given the complexity of these developments and the high standards expected by the developer, the community and the city. There must be a critical mass of mixed-income rental units to make the level of staffing economically feasible.

On the development side, experience suggests that the minimum number of units needed to begin to change the perception and market conditions in an area is about 500. Similarly, experience suggests that from a management perspective, the smallest mixed-income rental development that is economically viable is 120. Once the first phase of 120 units is completed it may be feasible for subsequent phases in the development to be smaller. However, it is not feasible to begin a successful management operation of mixed-income rental housing with fewer than approximately 120 rental units.

Maintaining properties to market-rate standards ensures long-term viability of mixed-income developments/neighborhoods.

Case Studies of Large-Scale, Mixed-Income Communities and Transit-Oriented Developments



Centennial Place has become a thriving residential community in the downtown commercial district of Atlanta, GA.

3 Overview

McCormack Baron Salazar has been successfully developing large-scale, mixed-income developments for over 25 years in cities across the country, including a number of transit-oriented development projects. Over time these communities have proven to be safer, more stable, and better maintained than the sites they replaced, and have also spurred revitalization and economic development in the adjacent area. Most importantly, families living in these communities are benefitting from these changes in a variety of ways as is reflected in national research that has been conducted.

This section of the report presents a number of case studies of MBS' large-scale, mixed-income developments, a list of partnerships that MBS and Urban Strategies formed with local and national foundations to help finance these developments, and examples of other mixed-income developments from across the country.

Studies of Large-Scale, Mixed-Income Communities

One example of large-scale, mixed-income development that has been most studied is the HOPE VI Program. Fully implemented by the U.S. Department of Housing and Urban Development in 1998, the Housing Opportunities for People Everywhere (HOPE VI) program was created to reverse decades of public housing policy that concentrated the poor and gave rise to numerous socioeconomic maladies present in most urban core cities. The expectation was that mixed-income properties would have the ability to attract and retain people with a range of incomes, including higher-income residents, leverage private investment, and would be better managed and maintained over time. Furthermore, a mix of income levels would provide a healthier social environment and better services and schools to the surrounding neighborhoods.[1]

Comprehensive studies of HOPE VI communities around the U.S. as compiled by the Brookings Institution Metropolitan Policy Forum and The Urban Institute indicate that the first decade of the HOPE VI program has fulfilled its original goals.

Physical Benefits of Mixed-Income Models

The HOPE VI approach of integrating mixed-income housing development with schools, jobs, amenities, and social services has not only transformed distressed public housing projects, but has helped revitalize neighborhoods and attract new investment to places where the market was previously absent.[2] According to Urban Institute research, the transformation of Public Housing projects into mixed-income developments physically benefited the sites as well as the surrounding neighborhoods by reducing density; by connecting properties to the surrounding area; by reintroducing sidewalks and street grids; by increasing safety through defensible/observable design features; and improved exterior appearance.[3] As a result, these mixed-finance redevelopments have been able to bring market activity and quality of life back to long-neglected neighborhoods

Socioeconomic Benefits of Mixed-Income Models

Data suggest that the socioeconomic benefits of mixed income communities go far beyond simple bricks-and-mortar improvements, especially for the families that lived in public housing prior to neighborhood transformation.

- Household incomes grew at a faster pace than that of their city or region;
- Unemployment and workforce participation rates improved;
- Crime levels dropped dramatically;
- Where revitalization focused on school quality, student test scores dramatically improved;
- Property values and new investments soared in these more viable, mixed-income communities.[4]

At MBS's Centennial Place (Atlanta, GA), a mixed-income HOPE VI development completed in 2000, the neighborhood has drastically improved. Between 1990 and 2000, median household income rose 174 percent, far outpacing the city's 16 percent increase and the region's 7 percent increase. Over the same period, the area's workforce participation rate increased by 33 percent to a rate higher than that of the city as a whole. The neighborhood's unemployment rate decreased, despite a citywide increase. Crime also plummeted by 93 percent between 1993 and 2001.[5]

At Murphy Park (St. Louis, MO), another MBS HOPE VI, mixed-income development, the median income for the impacted census tracts rose 33 percent in the ten years between 1989 and 1999, compared with 18 percent in the surrounding neighborhood, and only 4% for the St. Louis metropolitan area.[6]

Another study looked at eight HOPE VI developments in cities across the county to quantify improvements to the quality-of-life in the neighborhoods surrounding the developments. By comparing census tract information between 1990 and 2000, the study found that the average per capita incomes for residents in these neighborhoods rose 57 percent faster than other neighborhoods throughout the city and that while unemployment remained largely unchanged for the city as a whole, in these neighborhoods unemployment fell by an average of 10 percent.[7]

1 Popkin, SJ, B. Katz, M.E. Cunningham, K. Brown, J, Gustafson & M.Aa Turner. "A Decade of HOPE VI: Research Findings and Policy Challenges", The Urban Institute, 2004

2 Turbov, M. & Piper, V. "HOPE VI and Mixed-Finance Redevelopments: A Catalyst for Neighborhood Renewal," Page v. Brookings Institution Metropolitan Policy Program, September 2005.

3 Popkin, Katz, Cunningham, Brown, Gustafson and Turner, "A Decade of HOPE VI: Research Findings and Policy Changes", The Urban Institute and The Brookings Institute, May 2004

4 Turbov, M. & Piper, V. "HOPE VI and Mixed-Finance Redevelopments: A Catalyst for Neighborhood Renewal," Page v. Brookings Institution Metropolitan Policy Program, September 2005.

5 Turbov, M. & Piper, V. "HOPE VI and Mixed-Finance Redevelopments: Atlanta Case Study," Brookings Institution Metropolitan Policy Program, September 2005.

6 ibid

7 Popkin, Katz, Cunningham, Brown, Gustafson and Turner, "A Decade of HOPE VI: Research Findings and Policy Changes", The Urban Institute and The Brookings Institute, May 2004. p. 43.

Case Study: Westminster Place & Lindell Marketplace
St. Louis, Missouri

Westminster Place & Lindell Marketplace

St. Louis, Missouri

Westminster Place in St. Louis is a powerful example of the long-term positive impact that successful urban revitalization can have on surrounding neighborhoods. McCormack Baron Salazar's (MBS) pioneering effort at Westminster Place has encouraged other developers to participate in the resurgence of an historic St. Louis neighborhood. A new generation is discovering the charm and convenience of this midtown community, located equidistant from St. Louis University to the east and one of the City's most popular restaurant and shopping districts, the Central West End, to the west.

In the mid-80s, MBS worked with then-Mayor Vincent Schoemehl to create a partnership of public and private interests—a key element in all of MBS' redevelopment efforts. A group of dedicated and visionary leaders took on "The Stroll". MBS led the residential development, while the American Cancer Society, Mormon Church, and St. Louis Public Schools developed new facilities that anchored the area and brought legitimate foot traffic to the streets. To have an impact on this troubled area MBS built a critical mass of 392 new apartments and homes for more than 1,000 new neighborhood residents. The structure of the development ensured long-term affordability for families, and brought a mix of middle- and upper-income households to the area.

MBS also built McCormack House, an assistive living apartment development for low-income seniors—the first of its kind in Missouri. To provide much-needed services to the community, MBS built a new 145,000 square foot shopping center anchored by a major grocery chain.

This devastated 90-acre area was soon transformed into a vibrant and diverse neighborhood where families, singles, and seniors in every income bracket enjoy high-quality homes and amenities. After 20 years of commitment and hands-on involvement, MBS has been joined by private homebuilders who are expanding the boundaries of success to the adjacent Gaslight Square neighborhood. Developers, many venturing into the inner City for the first time, have sold dozens of single-family homes and townhomes at prices ranging from $240,000 to $550,000. More than 80 new homes adjacent to Westminster Place will be completed by the end of 2006.

American Cancer Society Hope Center

Metro High School

Lindell Marketplace

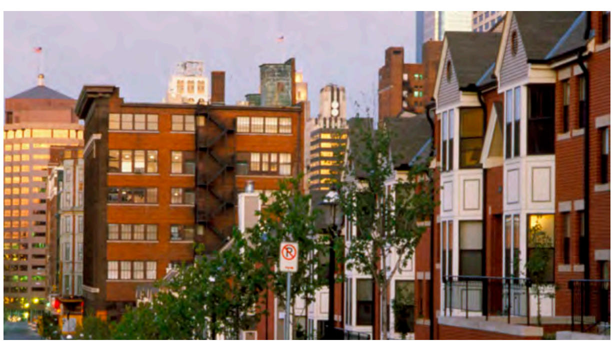
McCormack House at Westminster Place

Quick Facts:

- In 1985, in response to a need for a supermarket and other retail services for the growing residential community, McCormack Baron Salazar, joint venturing with Leo Eisenberg, developed Lindell Market Place. This 145,000 square foot shopping center provides needed service-oriented businesses, restaurants, and a full service National supermarket and has created opportunities for minority-owned business to participate in a growing marketplace.
- Total Development Cost (Shopping Center) $ 11,790,000
- In 1993 McCormack Baron Salazar approached the American Cancer Society with a proposal to relocate its St. Louis metropolitan headquarters to the neighborhood on a site adjacent to the supermarket. A 40,000 square foot headquarters building and a 23,000 square foot Hope Lodge were constructed in 1994-1995.
- In 1994-1995, a new church and a new magnet high school were built in the redevelopment area.
- On-Site management building includes community space and pool.
- Apartments include washer, dryer, and fully equipped modern kitchens and baths.

McCormack
Baron
Salazar

Case Study: Quality Hill, Kansas City, Missouri



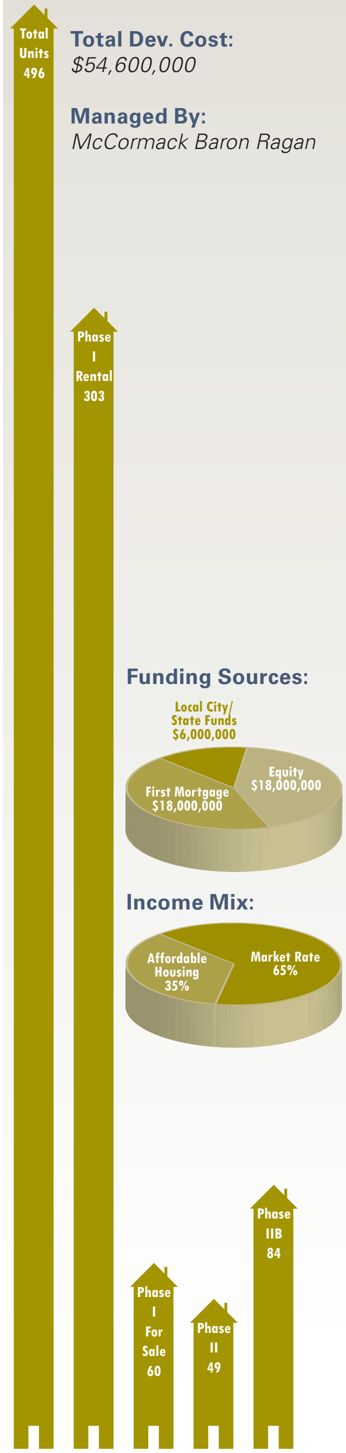
Quality Hill
Kansas City, Missouri

Developed By:
McCormack Baron Salazar

Partners:
City of Kansas City, Missouri
US Department of Housing and Urban Development
Land Clearance for Redevelopment Authority of Kansas City, Missouri
Hall Family Foundation

Total Dev. Cost:
$54,600,000

Managed By:
McCormack Baron Ragan



Quality Hill was long viewed as a promising area, ripe for redevelopment. It was originally settled in the late 1850s and became one of Kansas City's most fashionable residential neighborhoods. When adjacent odors from the slaughterhouse stockyards drove away the families, the neighborhood collapsed.

The development is located within an historic district, covering more than six city blocks at a total cost of approximately $54.6 million. Quality Hill was accomplished by forging a complicated public/private partnership. On the private side, McCormack Baron Salazar brought together local banks, businesses, the Hall Family Foundation and a New York brokerage house (with private limited partners). On the public side, Quality Hill includes federal and state funds along with city public improvements and tax abatement.

Through a joint effort of local businesses and foundations as well as government funding sources, the Quality Hill development revitalized a cornerstone of downtown Kansas City while bringing together an economically mixed residential population to an abandoned urban area. The key to its success was to match the community needs with the available resources.

Amenities:

- Fifteen historic buildings were renovated for apartments, office, retail and commercial.
- One of the historic building now houses a YMCA.
- Retail development provides residents with services that are sometimes missing in downtown areas.
- On-Site management building includes community space, recreation space and business support center.
- Apartments include washer, dryer, and fully equipped modern kitchens and baths.

Development Timeline

1986	Phase I Construction
1987	Phase I Complete
1990	Phase II Construction
1991	Phase II Complete
1993	Phase IIB Construction
1994	Phase IIB Complete

The Power and Light District   Image www.visitkc.com

What's Going on Downtown?
www.visitkc.com

Kansas City's downtown convention district is experiencing a $4 billion urban renaissance, which includes the new $835 million Power and Light District. The first phase of the district was completed in late 2006.

The Power and Light District features unique shops, eclectic boutiques, art galleries, bookstores, live entertainment, a mix of restaurants and one-of-a-kind entertainment attractions.

The Power & Light District provides a vital linkage between downtown Kansas City's core office buildings, convention center, hotels, residential units and attractions. Developed in partnership with the City of Kansas City, Mo., and the Kansas City Economic Development Council. Phase I totals approximately 425,000 square feet of retail/entertainment space with an investment of $330 million. Upon completion of the second phase, the $835 million district will also contain 1,500 residential units and approximately one million square feet of office space.

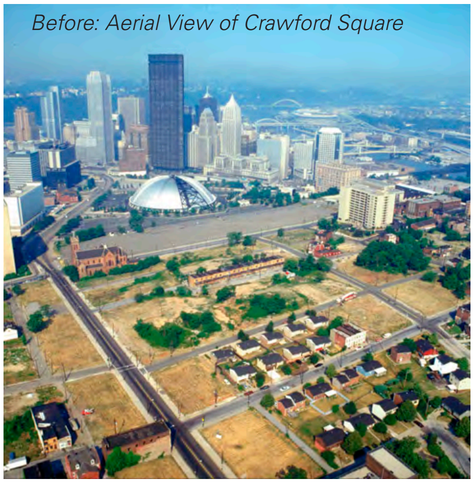
The District includes diverse amenities and imaginative architecture encompassing leading entertainment and retail concepts. It transforms itself from a thriving lunch and retail destination during the day to a unique and exciting dining and entertainment experience during the evening. It features innovative open storefronts, broad brick-paved sidewalks, extensive landscaping and a block called Kansas City Live! with a permanent performance stage for live entertainment.

H&R Block moved its world headquarters and 1,500 employees to the Power & Light District. The headquarters occupies a 525,000-square-foot, 19-story office building. The building also includes a 300-seat theater that will serve as the second home of the Kansas City Repertory Theater. Construction of the $138 million headquarters began in October 2004, and was completed 2006.

McCormack Baron Salazar

Case Study: Crawford Square, Pittsburgh, Pennsylvania

Aerial View of Crawford Square



Before: Aerial View of Crawford Square

Rental Housing

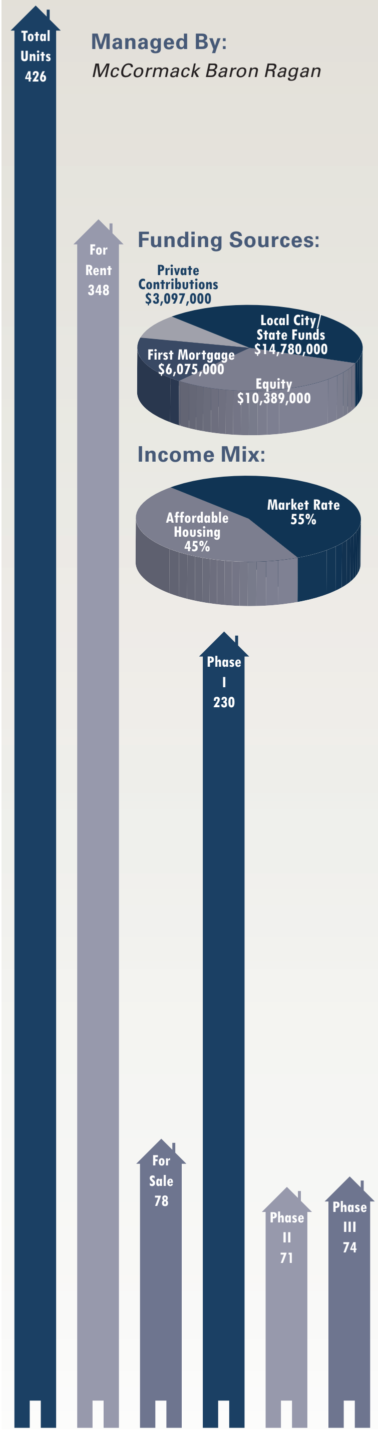
Crawford Square
Pittsburgh, Pennsylvania

Developed By:
McCormack Baron Salazar

Partners:
City of Pittsburgh's Urban Redevelopment Authority
Hill Community Development Corporation

Total Dev. Cost:
$34,139,000

Managed By:
McCormack Baron Ragan



Crawford Square is recognized nationally as one of the finest examples of urban redevelopment and is a source of pride for the City of Pittsburgh, and especially the local community. The development occupies 18.5 acres of the Hill District neighborhood's primary thoroughfare.

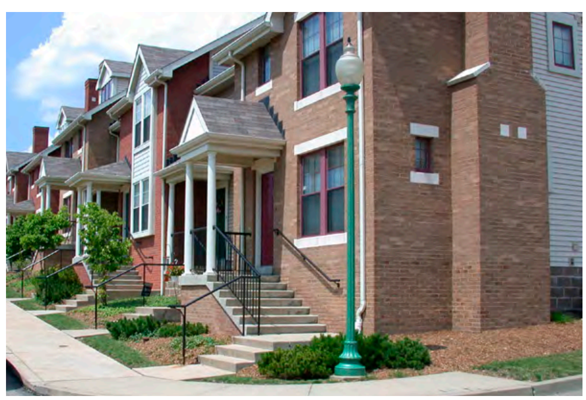
McCormack Baron Salazar and the Urban Redevelopment Authority saw potential in a site that is a five-minute walk from the downtown area. The goal was to provide families with ties to the neighborhood a chance to own or rent new, safe, and attractive housing. In addition, due to the close proximity to the downtown area, the sponsors hoped to attract individuals from other parts of the City leading to greater economic diversity. Crawford Square has not only improved the quality of life for its residents, it has also stimulated the revitalization of the Hill District.

Development Success:

- Bolstered private home ownership, stimulated area property values, and improved the overall image of the neighborhood.
- Provided housing opportunities to residents born and raised in the Hill District.
- Diversified the community by bringing mid- to upper-level income residents to the area.
- The Triangle Shops: a 41,500 square-foot shopping center that includes a pharmacy, bank, library and other retail shops.
- William's Square Office Building: a 15,000 square-foot office building housing a variety of minority businesses, a day care, and an insurance/financial services company.
- The Triangle Shops and William's Square provided 60 permanent jobs.

Amenities:

- On-site management building, community center, pool and fitness center.
- Garden apartments, townhouses, single family attached townhouses and detached single family.
- Apartments include central air conditioning, alarm systems, cable TV access, washers and dryers.



Development Timeline

October 1991 • Phase I Construction
April 1993 • Phase I Complete
June 1994 • Phase II Construction
June 1995 • Phase II Complete
April 1998 • Phase III Construction
Fall 1999 • Phase III Complete
2000 • Phase III Lease-up / Operations

McCormack Baron Salazar

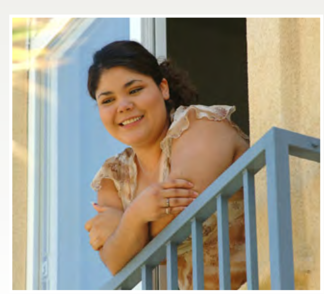
Case Studies: Transit-Oriented Developments

The MacArthur Park Apartments site is located just two miles west of Downtown Los Angeles in one of the City's most densely populated communities. MacArthur Park Apartments will be situated above the METRO Red Line Westlake/MacArthur Park Station and adjacent to the historic General Douglas MacArthur Municipal Park. The landmark development will be a catalyst for the larger community and a vibrant place to live.

Restoring vitality to urban areas

As the national leader in the development of economically-integrated neighborhoods, MBS fully recognizes the importance of providing adequate transportation options in enabling low-income residents to achieve financial stability and independence. As demonstrated by the strong market demand at MBS' thriving Parsons Place and Metro Hollywood Apartments, mixed-income and transit-oriented development strategies can be mutually reinforcing.

Residents in MBS' transit village in Hollywood can now enjoy a 10-minute metro ride to downtown Los Angeles as opposed to the 45 minutes required to navigate southern California's freeways. This critical savings in time and money allows working parents greater flexibility as they pursue a high-quality of life for their families.



Case Study: Metro Hollywood Apartments, Hollywood, CA

Long-term residents of the neighborhood surrounding the intersection of Hollywood Boulevard and Western Avenue in Los Angeles were use to reading vivid descriptions of their neighborhood. Suburban development, disinvestment, the adult entertainment industry, crime, arson, and an earthquake all contributed to the decline of Hollywood Boulevard, and especially to the Hollywood and Western intersection.

Metro Hollywood Apartments represents the first transit village built especially to serve low-income Southern Californians. This development offers the added bonus of making public transit more accessible to some of the very people who need it the most. The mixed-use development represents a new trend of constructing affordable housing over rail hubs in Los Angeles County. Residents have immediate access to Metro Red Line trains, which operate every four minutes during peak commute periods. Additionally, seven Metro Bus Lines serve the area: Metro Bus 163, 180, 181, 212 and 217 along Hollywood Boulevard and Buses 207 and 357 on Western.

The Metro Hollywood Apartments combines housing, retail and childcare services directly over the Western/Hollywood subway station. The first level consists of retail, childcare, and on-site management offices. The rear courtyard includes a playground which links to the Carlton Court Apartments, the 61-unit Phase I development, located directly to the south. The Metro Hollywood Apartments include an additional 60 apartments (one, two, three and four bedrooms), 9,000 square feet of prime retail space and a day care center which can accommodate up to 70 children. Each unit also has one secure off-street parking space assigned in a below grade parking facility, which includes guest parking and a loading area.

Amenities:

- One, two, three and four bedrooms units, with market rate amenities and spectacular views of the Los Angeles City skyline.
- Located directly above the Hollywood/Western Metro Red Line Station.
- Modern design using the primary colors of red, blue yellow, and orange to complement the Metro station entryway.
- Ground level includes 9,000SF retail, 4,000SF childcare center and a community room.
- Units include high-quality amenities, washer and dryer in the large units, underground parking, and a private playground.

Development Timeline

- *1999* • Phase I (Carlton Court) Construction
- *2000* • Phase I (Carlton Court) Complete
- *2002* • Phase II (Metro Hollywood) Construction
- *2004* • Phase II (Metro Hollywood) Complete

Metro Hollywood Apartments

Los Angeles, California

Developer:

McCormack Baron Salazar

Partners:

Hollywood Community Housing Corporation (non-profit)

Los Angeles County Metropolitan Transportation Authority

City of Los Angeles Community Redevelopment Agency

Architect:

Kanner Architects

Community Support:

Hollywood Community Housing Corp.

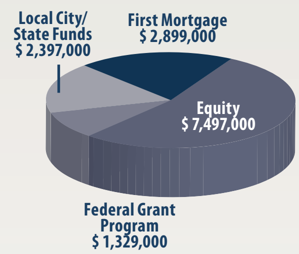
Management:

McCormack Baron Ragan

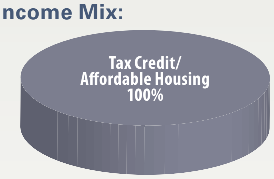
Total Development Costs:

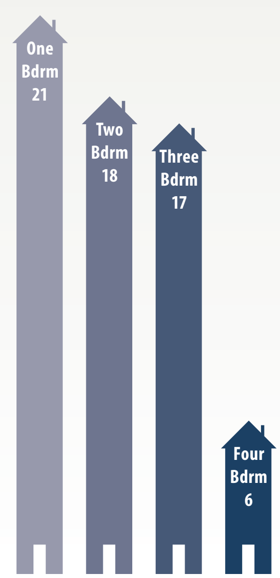
$ 14,122,000

Funding Sources:



Income Mix:





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Baron
Salazar

Case Study: Parsons Place, East St. Louis, Illinois

Parsons Place

East St. Louis, Illinois

Developed by:
McCormack Baron Salazar

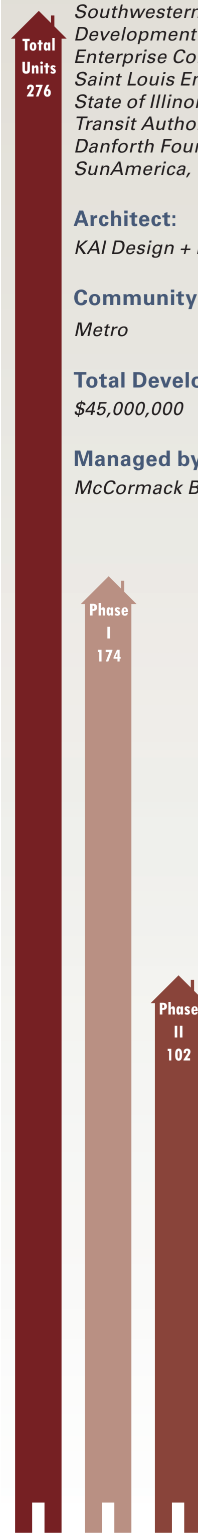
Partners:
Emerson Park Development Corporation, City of East St. Louis, Illinois Housing Development Authority, Southwestern Illinois Development Authority, The Enterprise Community, Greater Saint Louis Empowerment Zone, State of Illinois, St. Clair County Transit Authority, EDA, The Danforth Foundation, SunAmerica, USBank

Architect:
KAI Design + Build

Community Support:
Metro

Total Development Cost:
$45,000,000

Managed by:
McCormack Baron Ragan



In 2005, MBS completed the second phase of Parsons Place – a total of 276 units of mixed-income rental housing located a few blocks from the Metro light rail station at 15th Street. Parsons Place is the first low-income housing tax-credit development in East Saint Louis with total development costs of $45 million, including $6 million on a new system of sidewalks, walking paths, roadways, lighting, and landscaping which connect housing units to the rail station. This convenient location allows families of all income levels – including very low – to access expanded job opportunities in adjacent St. Louis, MO without need of an automobile.

Parsons Place is located in the Emerson Park neighborhood within a few blocks of the Jackie Joyner-Kersee Boys and Girls Club. Emerson Park Development Corporation, the local neighborhood CDC/501(c)3, is a strong community organization that partnered with McCormack Baron Salazar to rebuild its neighborhood. This important project has been embraced by the regional efforts of St. Louis 2004 and represents a key initiative in the redevelopment of this distressed community.

Development Financing:

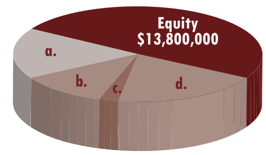
First tax credit award in the City of East St. Louis. The $1.6 million credit award in Phase I and $1.1 million in Phase II leveraged a total of $45M private investment.

City of East St. Louis TIF Investment of $1.5 million in Phase I and $2 million in Phase II and 70/30 tax increment program.

Southwestern Illinois Development Authority (SWIDA) and the St. Clair County Transit Authority investment of $4,962,000 and an investment from The Danforth Foundation in the amount of $1,000,000.

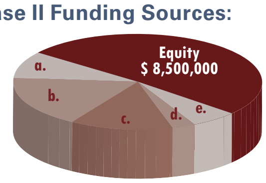
The Enterprise Community and the Empowerment Zone each invested $1.0 million. The State of Illinois/Illinois First Program invested $800,000 and EDA funded over $1,000,000 to complete almost $5 million in public improvements in Phase I.

Phase I Funding Sources:



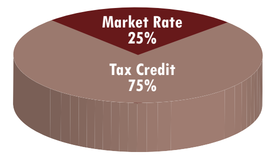
a. Public Improvements $ 4,800,000
b. First Mortgage $ 3,200,000
c. Second Mortgage $ 750,000
d. Third Mortgage $ 5,462,000

Phase II Funding Sources:



a. Public Improvements $ 1,500,000
b. First Mortgage $ 2,900,000
c. Second Mortgage $ 2,200,000
d. Third Mortgage $ 500,000
e. Fourth Mortgage $ 1,000,000

Income Mix:



Amenities:

- Located a few blocks from the 15th Street MetroLink Station.
- Full city block devoted to park, playground equipment and walking paths.
- Pool and clubhouse.
- Apartments include individually controlled heating and air conditioning, carpeting, security system, washer and dryer, fully equipped kitchen, and ample closet and storage space, fenced and gated parking, private patios.

Development Timeline

1998 • Master Planning
March 2000 • Phase I Construction
June 2002 • Phase I Complete
Spring 2004 • Phase II Construction
Summer 2005 • Phase II Complete

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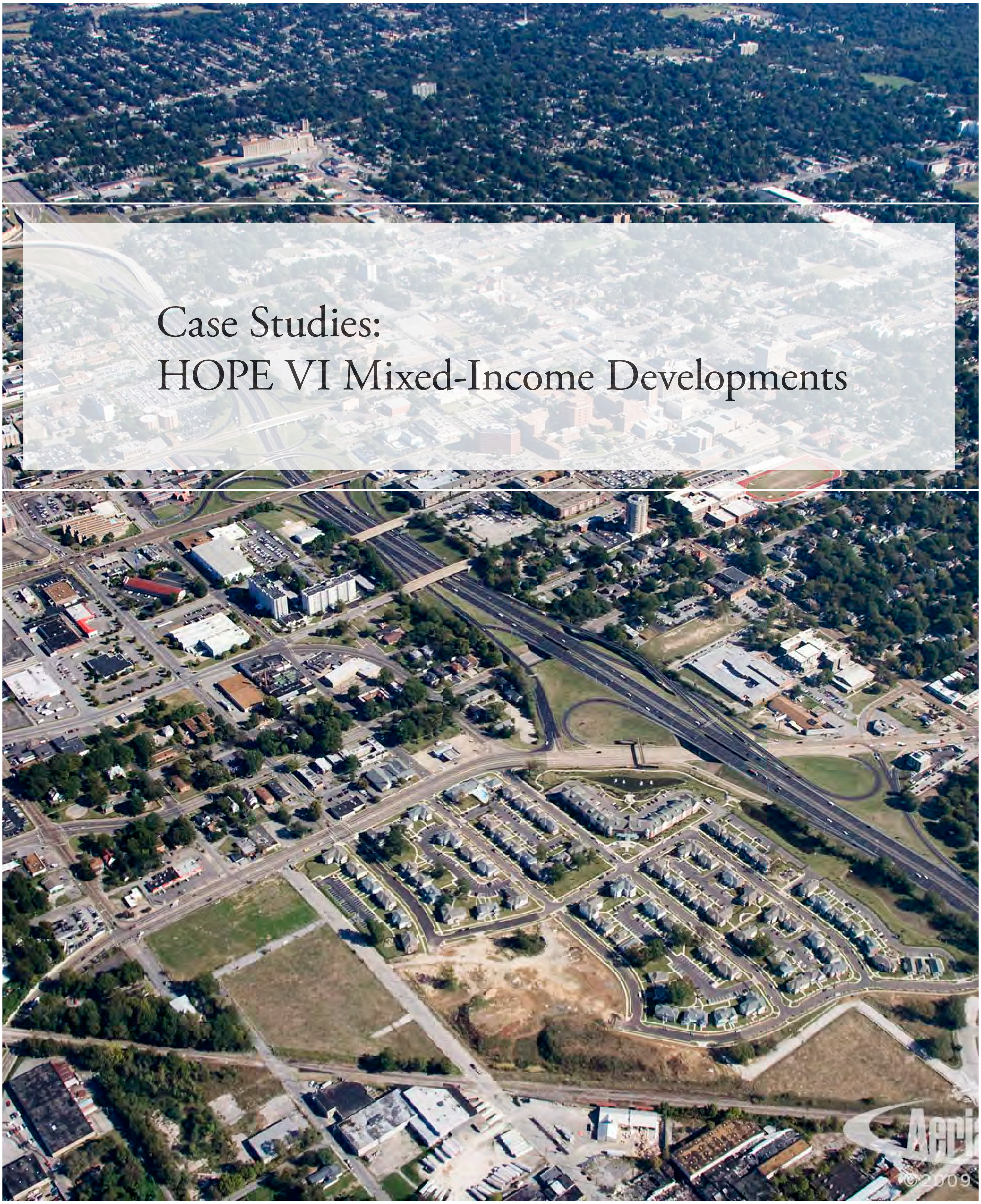
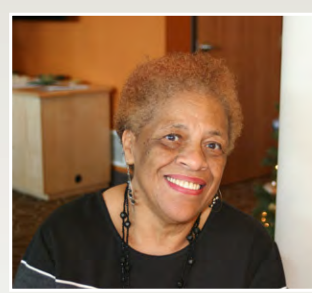
Baron
Salazar

Case Studies:
HOPE VI Mixed-Income Developments



University Place in Memphis, TN is a 405 unit mixed-income, multi-generational development located just south of the Memphis Medical Center.

Bedford Hill, Pittsburgh, Pennsylvania



Vision, Creativity, & Partnership Improve Lives

From early 1994 through mid 1996 the principals of McCormack Baron Salazar worked together with the Atlanta Housing Authority and HUD Washington to expand the model of mixed-income housing that had been used to successfully revitalize urban neighborhoods to also include public housing. The result of these efforts was the Public Housing "Mixed Finance Model". In March 1996 the firm closed the first HOPE VI mixed finance deal in Atlanta (Centennial Place) and in April 1996 the first non-HOPE VI mixed finance deal in St. Louis (Murphy Park). These two projects were the prototypes for HUD's "mixed finance model."

This Public Housing "mixed finance model" blends public housing funds with conventional debt, traditional "gap financing" and tax credit equity that provides an economic mix of tenant incomes and ensures the long-term affordability of those units set aside as Public Housing. The mix of housing types and range of affordability levels in these revitalized neighborhoods has ensured their long term stability by providing housing options that accommodate a wide range of family size, age of resident, and income level. Studies have demonstrated that, over time, the social capital created in mixed-income neighborhoods is a key factor in community stability.

Fully implemented by the U.S. Department of Housing and Urban Development in 1998, the Housing Opportunities for People Everywhere (HOPE VI) program was created to reverse decades of public housing policy that concentrated the poor and gave rise to numerous socioeconomic maladies present in most urban core cities. Comprehensive studies of HOPE VI communities around the U.S. as compiled by the Brookings Institution Metropolitan Policy Forum and The Urban Institute indicate that the first decade of Mixed-Income Developments through the HOPE VI program has fulfilled its original goals.

Case Study: Centennial Place, Atlanta, Georgia

Before: Techwood Homes

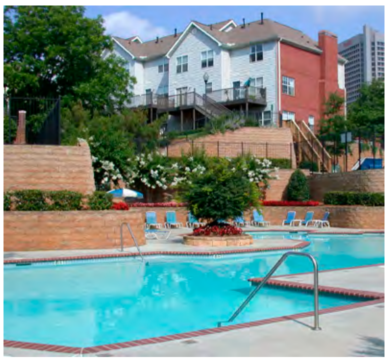
Centennial Place Elementary

Aerial View of Construction

Aerial View of Centennial Place

Centennial Place

Atlanta, Georgia



In the shadow of the Great Depression, the United States embarked on what was then seen as a bold social experiment: FDR's Public Works Administration built the first federally-funded public housing project—Techwood Homes in Atlanta. Techwood's history mirrors that of many inner-city public housing complexes: an eventual demise into segregation (of African Americans by the 1970s), isolation, disrepair, and neglect. By 1993 one-third of the 1,195 units were vacant and 1,000 "emergency" work orders were waiting for action.

In 1994 McCormack Baron Salazar joined with local partners–the Atlanta Housing Authority and local developer The Integral Group–and began, in cooperation with residents and the business community, to bring hope to this neighborhood. The partnership invented another first in public housing history—the first public housing development with mixed incomes. An economically integrated community, seemingly the type of neighborhood that should be an ideal, had never been promoted or financed by the federal government.

With federal and private financing, with resident participation, and with the support of an entrepreneurial housing authority, the newly named Centennial Place became a model for urban community development. Over 900 families live in new garden apartments and townhomes. Some families make a few thousand dollars a year and some make more than $150,000. But you won't know which by looking at their housing units. They live side by side in an attractive neighborhood of tree-lined streets. Two swimming pools and a fitness center in the development, and a new YMCA nearby, provide recreational opportunities. New commercial development is underway—being built with private investment.

The pride of Centennial Place is its elementary school. Fueled by a fervent belief that public education must succeed if new urban communities are to succeed, McCormack Baron Salazar and its partners spurred the development of a new K-5 school for the neighborhood – one that would hold all children to equally high expectations. Georgia Tech and Coca-Cola joined the effort and provided funding and curriculum support. Today, Centennial Place Elementary is nationally recognized for its student achievement. The school won The Education Trust foundation's "Dispelling the Myth" award in 2003—proving that with the right environment and support, low-income and minority children can achieve. Children in public housing are exceeding standards as well as the children of Georgia Tech professors. In 2003, 98 percent of the school met or exceeded state standards in reading and 93 percent performed at that level in math.

The Centennial Place Community is a model of urban development that will endure for future generations.

Development Timeline

Late 1994	Planning Process
March 1996	Phase I Start
June 1997	Phase I Complete
December 1996	Phase II Start
February 1998	Phase II Complete
March 1998	Phase III Start
March 1999	Phase III Complete
March 1999	Phase IV Start
August 2000	Phase IV Complete

Development Success:

- Successful residential community in the downtown commercial district of Atlanta.
- Centennial Elementary School provides quality education for the community.
- A new YMCA serves the neighborhood.
- A new branch bank opened in the development area.

Amenities:

- On-Site management building includes community space, recreation space and business support center.
- Tot lots and outdoor pool.
- One and two bedroom garden apartments.
- Two, three and four bedroom townhomes.
- Apartments include washer, dryer, fully equipped kitchen, unit alarm, cable ready, central air and gas heat.

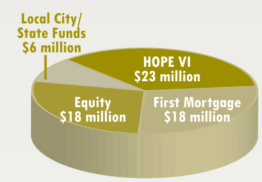
Developed By:
McCormack Baron Salazar

Partners:
US Department of Housing and Urban Development
Housing Authority of the City of Atlanta
The Integral Partnership of Atlanta
City of Atlanta

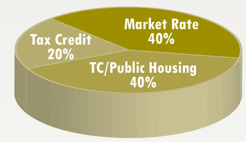
Total Development Cost:
$64,907,000

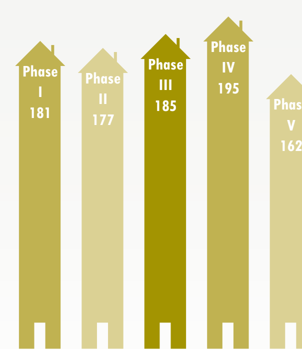
Managed By:
McCormack Baron Ragan

Funding Sources:



Income Mix:





McCormack
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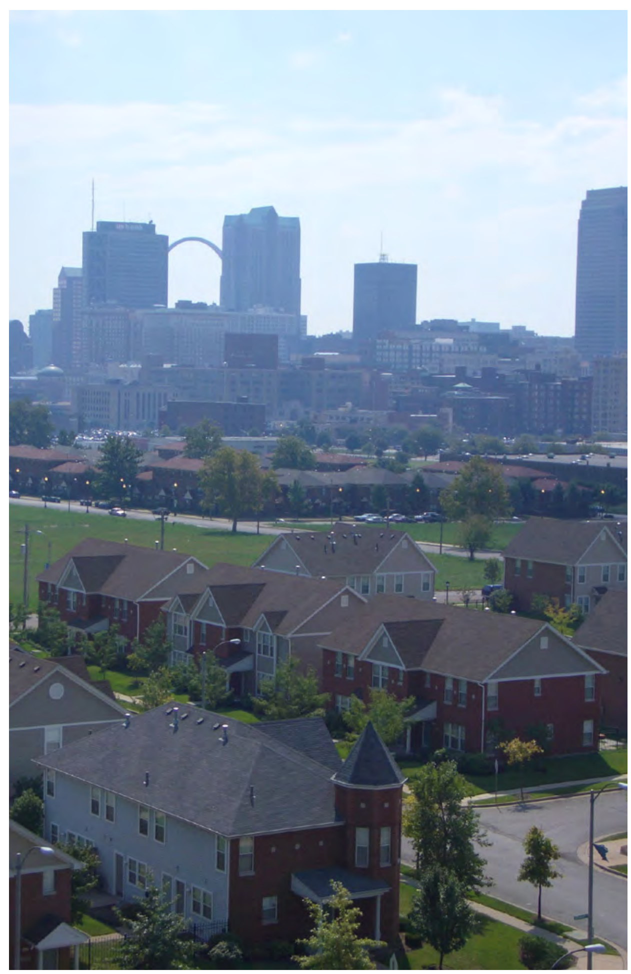
Case Study: Murphy Park, St. Louis, Missouri

Before: Vaughn Public Housing

Rendering of Murphy Park



George L. Vaughn Residences at Murphy Park

St. Louis, Missouri

The St. Louis Housing Authority received a special set-aside under the Cranston Gonzalez National Affordable Housing Act of 1992 to raze the four towers of the George L. Vaughn Family Apartment high-rises, which were in very poor condition and virtually vacant, and create a demonstration housing program on the existing site. Through a pioneering public-private partnership, St. Louis was able to replace the failed Vaughn high-rise public housing project with an attractive new development that has brought stability to this distressed neighborhood just north of Downtown.

Development Success:

- Model for a new generation of mixed income housing, which combines public housing, low income tax credit housing, and market rate units on a single site under private ownership and management.
- Economically integrated community.
- COVAM Community Development Corporation formed to support families and children living in the Murphy Park area.
- Public School Board and COVAM initiated new school model at Jefferson Elementary.

Amenities:

- On-site leasing, management, and maintenance building that includes day care facility.
- Outdoor pool and deck, tot lots and other recreational opportunities provided.

Jefferson Elementary School

While Jefferson Elementary School is located in the center of the neighborhood, prior to 1998 most of the children in the neighborhood did not attend the school but went to 60 different schools throughout the City and St. Louis County. When Richard Baron approached the St. Louis Board of Education about converting the Jefferson Elementary School into a neighborhood school for children in the community they agreed. They also agreed to replace the principal so that a new curriculum and innovative approaches to teaching could be tested.

The private sector played a significant role in the redevelopment of Jefferson School. Many of the corporations that had provided funding for the mixed-income housing development at Murphy Park viewed the reconstitution of Jefferson School as a key to secure their initial investment in the housing. Southwestern Bell invested over $750,000 in computer technology and program support and other corporations and foundations contributed over $4 million to the school.

COVAM Community Development Corporation

COVAM Community Development Corporation, a not-for-profit, 501(c)3, was created as part of the overall revitalization effort. COVAM has a local board made up of neighborhood residents as well as representatives from Jefferson school, MBS, and local private and non-profits organizations. COVAM acts as an intermediary to oversee the strategic and comprehensive development of services, activities, and organizations in the neighborhood. COVAM pursues community projects that employ an integrated approach to job training, child care, affordable housing, education, health care, and economic development. These projects operate on the premise that conditions will not improve for families unless they receive the support they need closer to home.

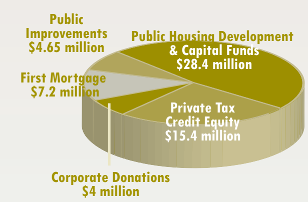
Developed by:
McCormack Baron Salazar

Partners:
City of St. Louis
St. Louis Housing Authority
Missouri Housing Development Commission
U.S. Department of Housing and Urban Development

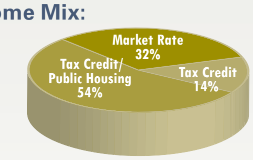
Total Development Cost:
$60,000,000

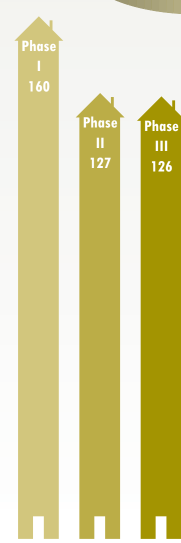
Managed By:
McCormack Baron Ragan

Funding Sources:



Income Mix:





McCormack Baron Salazar

Case Study: Pueblo del Sol, Los Angeles, California

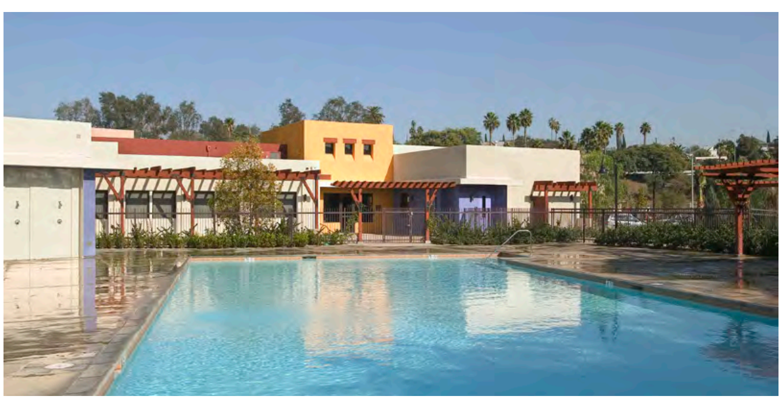
The opening of the Pueblo del Sol housing development in 2003, replacing the Aliso Village public housing complex, marked a turning point in the historic east Los Angeles neighborhood of Boyle Heights. The community that has offered a second chance to generations of immigrants from around the world has finally been granted an opportunity for renewal.

In 1998 the city received a HOPE VI grant to demolish the 685-unit Aliso Village, which had deteriorated beyond repair. Pueblo del Sol replaces the former public housing with an attractive mixed income community consisting of 377 rental units and 93 home ownership units. The units are spacious, energy-efficient, and have modern kitchens and baths

A joint partnership between McCormack Baron Salazar, The Related Companies of California, The Lee Group, Inc., and the Housing Authority of the City of Los Angeles built Pueblo del Sol. The Department of Housing and Urban Development provided HOPE VI funding in the amount of $23 million for this development. AIG SunAmerica Affordable Housing Partners provided additional financing by syndicating the 9% Low-Income Tax Credits.

Amenities:

- Pueblo Del Sol consists of two, three, and four bedroom apartments in one-story flats and two-story town homes.
- The development includes two community centers with an exercise room, a Computer Learning classroom, an outdoor pool and a new park with play equipment.
- The site is adjacent to a Metro Gold Line Eastside Extension Light Rail Station
- The site surrounds Utah Elementary School, an important community asset, which includes an auditorium for community theater productions.
- The site is adjacent to the a new High School. The Méndez Learning Center focuses on science curriculum taught in two distinct small learning communities: Engineering & Technology and Math & Science
- William Hezmalhalch Architects in Irvine designed Phase I.
- Van Tilburg, Banvard and Soderbergh in Santa Monica designed Phase II.
- Quatro Design Group in Los Angeles designed the community/ management building.



Development Timeline

January 1999	HOPE VI Grant Award
August 2002	Phase I Construction
October 2002	Phase II Construction
August 2003	Phase I Complete
October 2003	Phase II Complete
August 2005	Phase III Complete

Pueblo del Sol

Los Angeles, California

Total Units 470

Developed by:

McCormack Baron Salazar

Partners:

The Related Companies of California

Housing Authority of the City of Los Angeles

US Department of Housing and Urban Development

The Lee Group, Inc.

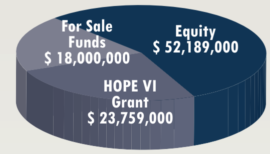
Total Development Cost:

$93,948,000

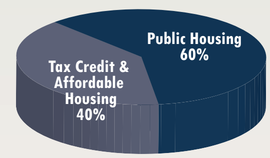
Managed By:

McCormack Baron Ragan

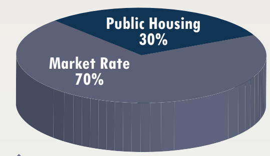
Funding Sources:

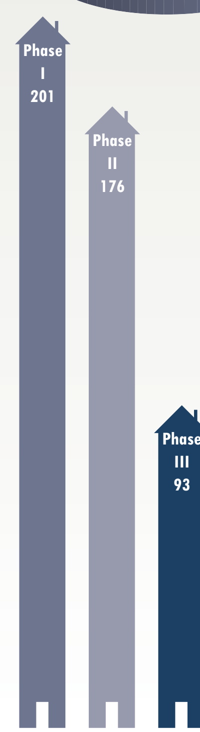


Income Mix Rental:



Income Mix For Sale:





McCormack Baron Salazar

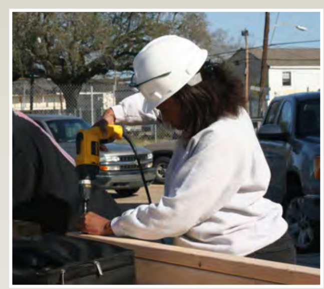
Partnering with Foundations

In New Orleans, Enterprise Foundation is partnering with MBS/US in the physical and human capital rebuilding of Harmony Oaks, the former C.J. Peete public housing project.

The Women's Foundation for a Greater Memphis is funding all of the human capital development work that Urban Strategies is doing in conjunction with two MBS HOPE VI projects in Memphis, University Place and Legends Park.

Collaborating with the entire community

McCormack Baron Salazar (MBS) and Urban Strategies (US), its partner 501(c)3 non-profit organization, have worked effectively with many local and national foundations to successfully complete a number of large-scale, mixed-income, mixed-use developments in cities across the country. MBS/US's integrated approach to urban community building is congruent with the mission and program direction of an increasing number of both national foundations and of local foundations in the cities in which they are working.



A partial list of our foundation partnerships appears below:

Annie E. Casey Foundation

The partnership with Annie E. Casey began with our provision of technical assistance for their Making Connections, a community-driven neighborhood planning project in five St. Louis neighborhoods. Currently the foundation is supporting Urban Strategies' comprehensive human capital planning and public engagement work in Camden, New Jersey and in New Orleans, Louisiana.

Cleveland Foundation

The Cleveland Foundation made a program related investment in the form of a subordinated loan, payable out of net available cash flow, to help fill the financing gap for Lexington Village, a 277-unit mixed-income housing development located in the Hough neighborhood in Cleveland's East Side. Lexington Village was the first new housing built in the struggling neighborhood and helped spur the construction of new single family homes in the neighborhood as well as a 100,000 square foot shopping center, and the rehabilitation of many of the older homes.

Danforth Foundation

The Danforth Foundation partnered with MBS and Urban Strategies in our comprehensive revitalization planning work in the Forest Park Southeast neighborhood of St. Louis. The foundation also supported the signature project in the revitalization strategy, the gut rehabilitation of a shuttered public elementary school and the construction of an adjacent community center.

The Danforth Foundation also made a $1 million program related investment in the form of a subordinated loan, payable out of net available cash flow, to help fill the financing gap for Parsons Place, a 276-unit mixed-income housing development located in the Emerson Park Neighborhood of East St. Louis, Illinois, a city that has experienced severe population loss and disinvestment over the past 30 years. Planned in anticipation of the extension of the MetroLink light rail line, the development was built adjacent to a light rail stop.

Enterprise Foundation

The Enterprise Foundation is currently partnering with MBS/Urban Strategies in projects in St. Louis and New Orleans. In St. Louis, the local foundation is partnering with us in the development of supportive housing for formerly homeless people. In New Orleans, the national foundation is partnering with MBS/US in the physical and human capital rebuilding of the former C.J. Peete public housing project.

Ford Foundation

The Ford Foundation has for decades sought technical assistance and consultation from MBS and Urban Strategies with respect to housing and human capital building policy. Recently the foundation awarded a grant to Urban Strategies to write a workbook for the field based upon our experience in a number of cities, The Neighborhood and Its School in Community Revitalization: Tools for Developers of Mixed-Income Housing Communities. Currently the Ford Foundation is supporting Urban Strategies comprehensive human capital planning and public engagement work in Camden, New Jersey and in New Orleans, Louisiana.

Gateway Foundation

The Gateway Foundation of St. Louis focuses upon public art and well designed public spaces. The foundation has supported MBS/Urban Strategies in two St. Louis communities. In Forest Park Southeast, the foundation funded the design, fabrication and installation of a fountain on the grounds of the Adams Park Community Center. At Chambers Park, across the street from Renaissance Place at Grand, an MBS/Urban Strategies HOPE VI community, the Gateway Foundation has funded design, construction and installation of the first component of a community-driven park improvement project, a pavilion and promenade. The Whitaker Foundation, another St. Louis based arts-focused foundation, has also contributed to this project.

Greater New Orleans Foundation

The Greater New Orleans Foundation is currently supporting Urban Strategies' work in planning for an enhanced school to serve the 460-unit mixed income community that McCormack Baron is developing on the site of the former C.J. Peete public housing project.

Hall Family Foundation

The Hall Family Foundation made a program related investment in the form of a subordinated loan, payable out of net available cash flow, to help fill the financing gap for Quality Hill, a 496-unit mixed-income, mixed-use development in Kansas City, MO. Covering six city blocks, the development includes mixed-income rental apartments, for sale homes, retail development and a completely renovated YMCA.

Heinz Foundation

The Heinz Foundation helped fund Crawford Square, a 426-unit mixed-income development in the Hill District of Pittsburgh, by making a program related investment in the form of a subordinated loan, payable out of net available cash flow, to help fill the financing gap. Located on an 18.5 acre site, Crawford Square includes both mixed-income rental apartments and for sale homes and has helped spur retail development in the neighborhood.

Kaufman Foundation

The Kaufman Foundation made a program related investment in the form of a subordinated loan, payable out of net available cash flow, to help fill the financing gap for the Monarch and the Jazz District Apartments, a 151-unit mixed-income, mixed-use development located in the 18th and Vine Historic District in Kansas City, MO. The three-story buildings were designed to fit into the fabric of the existing buildings in the neighborhood and include two-stories of housing over ground floor retail. A significant goal of the revitalization effort was to add a strong entertainment component to the neighborhood mix.

Kemper Foundation

This Kemper Foundation, which is the foundation arm of Missouri-based Commerce Bank, has for the past three years awarded grants to Urban Strategies for planning and implementation of a technology-focused summer youth employment program in the Renaissance Place at Grand neighborhood is St. Louis. Prior to this, Kemper supported Urban Strategies programs for youth in the Forest Park Southeast neighborhood of St. Louis.

Knight Foundation

The Knight Foundation made a program related investment in the form of a subordinated loan, payable out of net available cash flow, to help fill the financing gap for the Duneland Apartments, a 267-unit, mixed-income development located in the Miller community of Gary, IN.

The Knight Foundation supported the work of McCormack Baron Salazar/Urban Strategies in establishing the Center for Urban Redevelopment Excellence (CUREx) fellowship program at the University of Pennsylvania. Each year this program trains a group of promising young professionals for positions in urban physical and human capital development enterprises.

The Minneapolis Foundation

The Minneapolis Foundation made a program related investment in the form of a subordinated loan, payable out of net available cash flow, to help fill the financing gap for Heritage Park, a 900-unit mixed-income housing development located on the Near Northside of Minneapolis. Located on a 120 acre site, Heritage Park includes a continuum of housing ranging from mixed-income rental apartments and for sale homes to senior housing that includes indepedent and assisted living options.

McKnight Foundation

The McKnight Foundation funded Urban Strategies human capital planning work that was done in conjunction with Heritage Park, MBS' 900-unit mixed-income housing development in Minneapolis. The foundation had a strong interest in the development of multi-cultural arts-themed facilities and activities as defining elements of the new community. The foundation also supported Urban Strategies' facilitation of a high level policy group with representatives from the public and private sectors who jointly had the capacity to move forward the agenda of the revitalization program.

Rockefeller Foundation

The Rockefeller Foundation is funding the CUREx program's (see Knight Foundation above) program's current focus upon post-Katrina revitalization of New Orleans. The foundation commitment includes salary support for a CUREx fellow who is working for Urban Strategies in New Orleans.

Soros Foundation (Open Society Institute)

The Soros Foundation has supported the work of Urban Strategies in Wichita, Kansas via a foundation contract with the Council of State Governments. The focus of this work is to prepare the community for the successful re-entry of ex-offenders.

St. Louis Community Foundation

The St. Louis Community Foundation funded MBS/Urban Strategies work in the Forest Park Southeast neighborhood in St. Louis including the comprehensive community-driven revitalization plan and a summer youth employment program.

Surdna Foundation

The Surdna Foundation funded Urban Strategies' community engagement work in Minneapolis. The focus of this work was to involve former community residents (all of whom had been dispersed throughout the metropolitan area and many of whom were non-English speaking) in planning for the new mixed income Heritage Park community. The work was also focused upon communicating to prior residents their priority status in applying housing in the new community and to help them to understand and to meet the requirements of occupancy. The foundation supported the creative strategies that Urban Strategies employed to accomplish these goals.

Women's Foundation for a Greater Memphis

The Women's Foundation for a Greater Memphis is funding all of the human capital development work that Urban Strategies is doing in conjunction with two MBS HOPE VI projects in Memphis, University Place and Legends Park. The foundation is committed to raising money to support a staff of case managers and employment experts to support a case load of 500 households in meeting self-sufficiencies objectives. In addition, the foundation is supporting Urban Strategies' work in developing assets to support families in and near the new mixed income community. Urban Strategies also is responsible for facilitating a high level HOPE VI policy group with representatives from the public and private sectors who jointly have the capacity to move forward the agenda of the revitalization program. The Plough Foundation and the Hyde Family Foundations are major contributors to the Women's Foundation's fundraising campaign.

Architectual Examples of Mixed-Income Developments

In recent years, the design paradigm of "affordable housing" has shifted significantly from public housing tenements and high-rise superblock projects that existed solely to house populations of very-low income residents with basic or sub-basic amenities. By contrast, today's affordable housing developments successfully attract residents from a wide range of economic abilities, and are not visually distinguishable from market-rate homes.

As described in the *Large-Scale, Mixed-Income Development* section of this report, newer mixed-income developments are quality housing options with modern amenities. Designed to be architecturally consistent with local flavor, these developments are seamlessly integrated into their surroundings, weaving in existing historic and significant structures, and ample green spaces that are maintained over the life of the development.

The following photo tour shows several examples of mixed-income developments from across the United States. It describes a variety of housing styles: garden-style apartments, townhouses, elevator-served lofts and apartments, and senior efficiency buildings, all of which are distinctive, attractive, high-quality, and well-received by current and prospective residents as well as the surrounding communities.

*Hayes Valley**
San Francisco, California

*Richmond Village**
Richmond, California

*Triangle Square**
Hollywood, California

*Vista Sunrise**
Palm Springs, California

**McCormack Baron Salazar Developments*

*Renaissance Place at Grand**
St. Louis, Missouri

*6 North**
St. Louis, Missouri

*Quality Hill**
Kansas City, Missouri

*Bedford Hill**
Pittsburgh, Pennsylvania

*Crawford Square**
Pittsburgh, Pennsylvania

Eastwood on Henderson Apartments
Dallas, Texas

*Jazz District**
Kansas City, Missouri

*Jazz District-Monarch Apartments**
Kansas City, Missouri

*Matthew Henson Apartments**
Phoenix, Arizona

*Senior Living at Henson Village**
Phoenix, Arizona

*Tremont Pointe**
Cleveland, Ohio

*Tremont Pointe**
Cleveland, Ohio

**McCormack Baron Salazar Developments*

*University Place**
Memphis, Tennessee

*University Place**
Memphis, Tennessee

*Pueblo del Sol**
Los Angeles, California

*Pueblo del Sol**
Los Angeles, California

*Pueblo del Sol**
Los Angeles, California

*Pueblo del Sol**
Los Angeles, California

Where to Begin:
A Strategy for Revitalizing Dallas' Distressed Neighborhoods

The MLK Jr. DART Station enhances the Fair Park neighborhood and provides an outstanding Transit-Oriented Development opportunity.

Dallas Area Rapid Transit

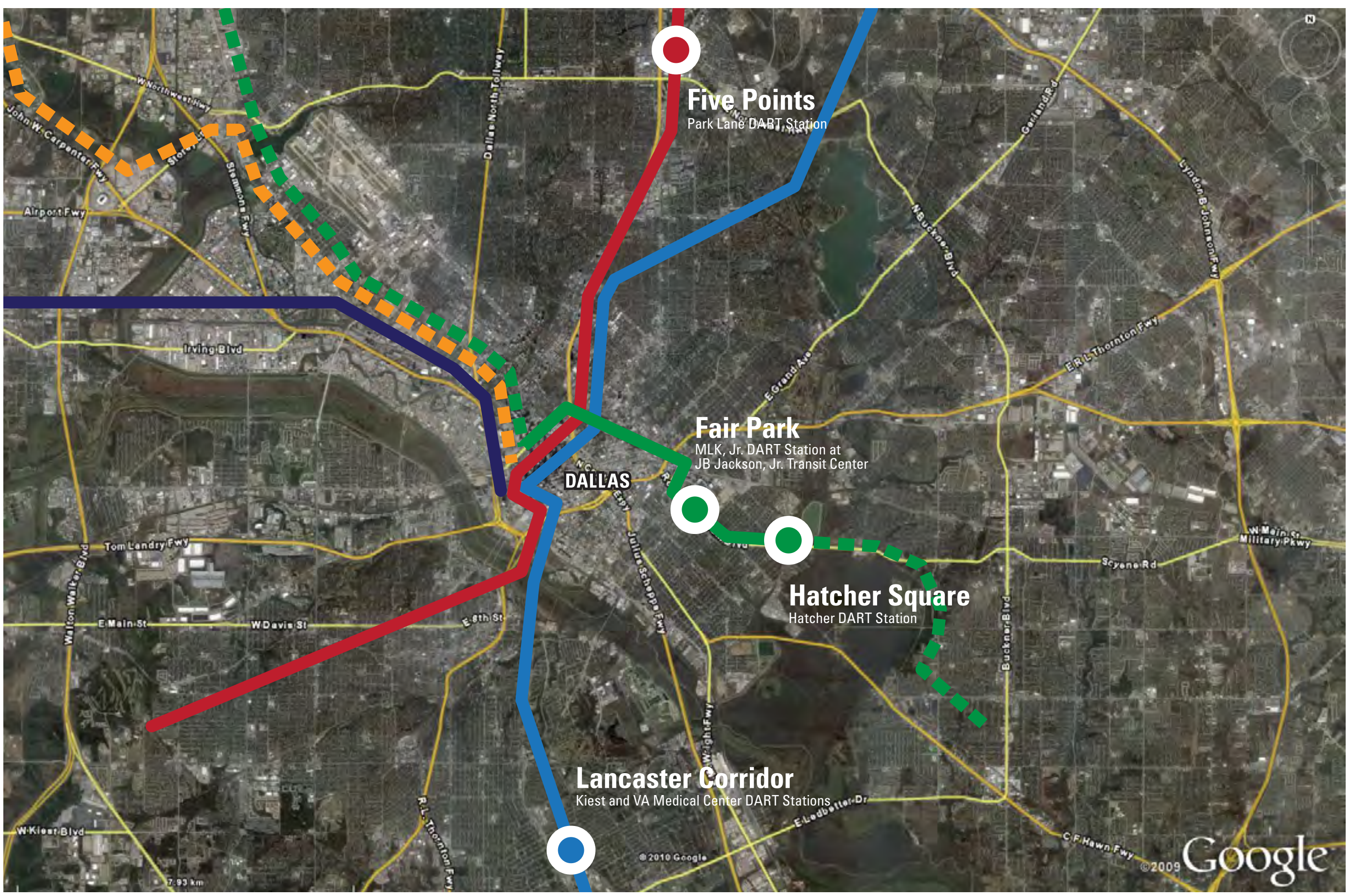
4 Overview

Revitalization efforts must begin in locations that will have the greatest positive impact and the most synergistic effect on the surrounding neighborhood and the city. Experience shows that building the initial phases of development adjacent to community anchors that serve the neighborhood increases the likelihood of success. These anchors can be churches, schools, hospitals, parks, community centers, libraries, or transit stations.

Strategically designing and building large-scale, mixed-income developments close to institutional anchors accomplishes a number of things:

- Creates a sense of community and solidifies the character of the neighborhood.
- Concentrates populations that can attract other investments, including retail and services.
- Justifies Community Infrastructure expenditures to support programs and services that are needed in the area.
- Improves community safety through more efficient policing and the involvement of residents by getting more eyes on the street.
- Begins to create a Continuum of Housing for people of various ages, incomes and family types.

In the case of Southern Dallas, one obvious anchor in many neighborhoods is the transit stations that have been built as part of DART. Developing hundreds of mixed-income housing units with retail space immediately adjacent to the transit stations will leverage the investment already made in the stations, increase ridership on DART, create quality housing and retail services on vacant land in the middle of the city, and begin to revitalize Southern Dallas.



The following four plans are outlined in more detail in this section of the Report.

Hatcher Square Transit-Oriented Development Project

The Hatcher Square Transit-Oriented Development project is a new mixed-income, mixed-use project that will be connected to the new DART light rail stop at Hatcher Station. It is an anchor development at the southern gateway to the Frazier Neighborhood in Southern Dallas and represents a major strategic initiative to rebuild a distressed community. The project is part of a broader 1,100 acre redevelopment plan created by Antonio DiMambro.

The development consists of 126 newly constructed, mixed-income rental apartments and 17,000 square feet of retail space that will be built in three separate three-story, mixed-use buildings and 16 townhouse apartments running east to west along the northern border of the site. The retail space will be located on the first floor with housing above. Off-street parking will be provided for both tenants and retail users.

Fair Park Transit-Oriented Development Project

The Fair Park Transit-Oriented Development project includes the construction of approximately 380 new, mixed-income rental apartments adjacent to the MLK Jr. DART Station in the Grand Park South area, just east of downtown Dallas and south of I-30. The Fair Park TOD will be an anchor development for the west side of Fair Park, an area which has seen $111 million in public investment since 2000.

To be completed in two phases, the residential housing will be constructed using a variety of building types including two- and three-story apartment buildings, townhouses and a number of smaller garden apartment buildings and will include off-street parking for residents. Depending upon future market conditions and demand for services in the surrounding neighborhood as the residential density increases, future phases could include a mix of retail services, for-sale housing and additional rental apartments, as well as office and commercial spaces.

Lancaster Corridor Transit-Oriented Development Project

The City of Dallas and a number of prominent developers have proposed three different projects strategically located along Lancaster:

- Lancaster Urban Village – located on Lancaster between Ann Arbor and Mentor
- Lancaster Opal TOD – located on Lancaster between Marfa and Hudspeth
- Lancaster Kiest TOD – located on Lancaster between Kiest and Corning

If built as proposed, these TOD, mixed-income, mixed-use projects will have a significant impact on the area and will create opportunities for additional investment.

Lancaster Urban Village is a joint venture between Catalyst Urban Development and City Wide CDC and will include approximately 451 dwelling units, a 50,000 square foot expansion for the Urban League of Dallas' facility, and 36,000 square feet of retail and commercial space along the Blue Line near the Veteran's Hospital. The total development cost is expected to be approximately $68.8 million.

Five Points Transit-Oriented Development Projects

There are two development projects planned in the Five Points areas adjacent to the future Park Lane Station: the Park Lane Station Development and the Ridgecrest Development. The Five Points area is located in the Vickery Meadows neighborhood on the City's northeast side. Located approximately 6.5 miles north of downtown, it is one of the most dense and diverse communities in the city. Nearby are the North Park Mall and the $350 million Park Lane development.

The *Park Lane Station Development* project consists of 70 newly constructed, mixed-income apartments within a 4-story mixed-use building. The building is approximately 80,000 square feet and includes 10,000 square feet of retail space on the first floor. Approximately 142 off-street parking spaces are planned within a connecting 2-story parking structure for shared use between tenants, commuters, and retail customers. The development is located on the southern portion of the existing DART Commuter lot and will be accommodated by a reconfigured DART bus loop, and associated utility rights-of-way. The block is bounded by Greenville Avenue on the east, Twin Hills Connection on the north, the DART rail line on the west and Park Lane on the south.

The *Ridgecrest Development* is located to the east of Park Lane Station, across Greenville Avenue. This triangular site is bounded by Ridgecrest Avenue on the east and north and Park Lane on the south. Existing retail lots border the site's western edge.

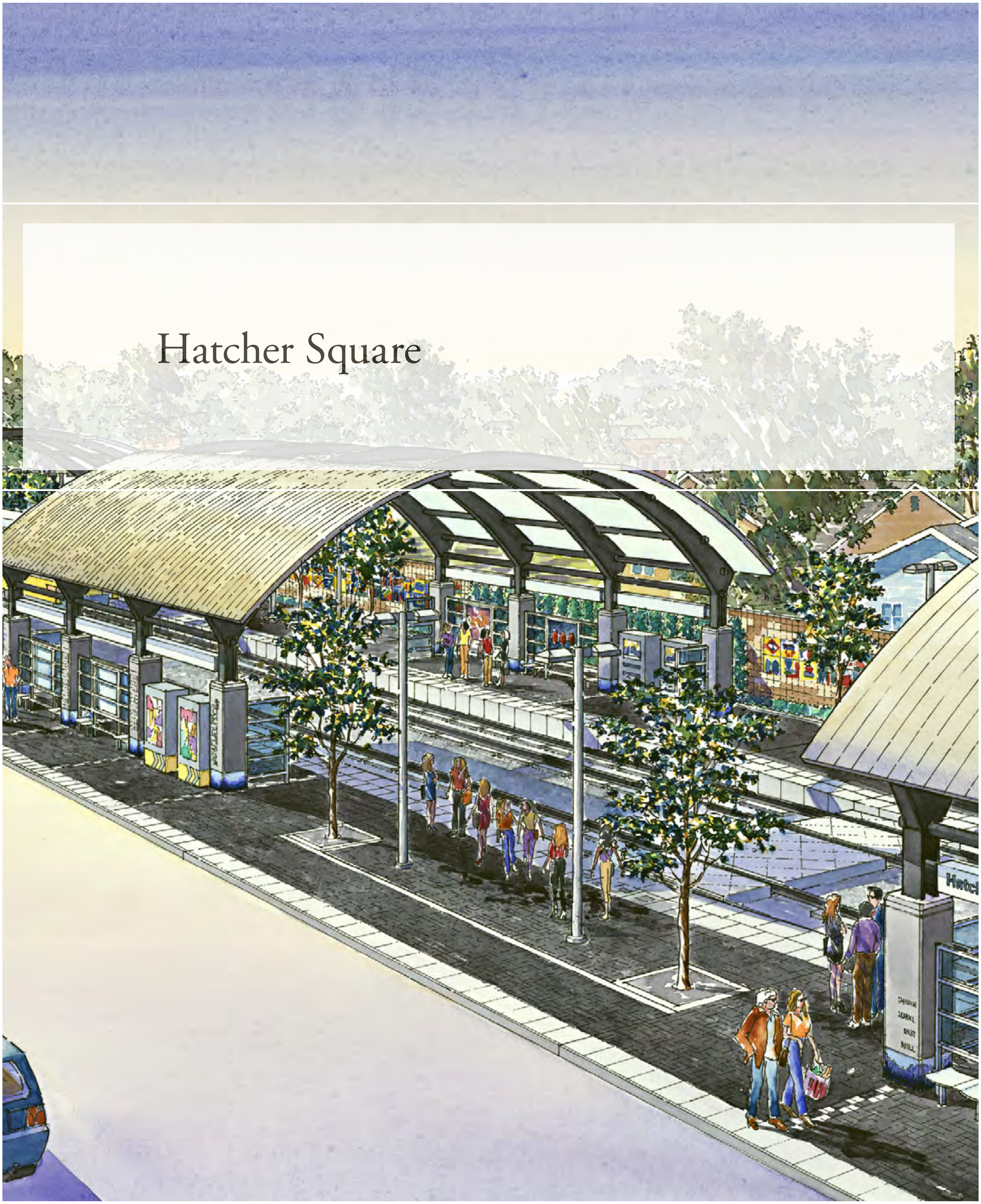
There are two options proposed for the Ridgecrest Development. Both would include a single-story 18,000 square foot building at the corner of Ridgecrest and Parkview that would serve as a new branch location of the Dallas Public Library as well two mixed-use building that include housing over retail.

Option 1 includes 104 residential apartments and 18,000 square feet of retail space within two 4-story, mixed-use buildings. The mixed-use buildings are each approximately 72,000 square feet.

Option 2 would include 90 apartments and 16,000 square feet of retail in two, 4-story mixed-use buildings as well as 6 multi-story townhouses fronting Ridgecrest. The two mixed-use buildings are approximately 52,000 square and 64,000 square feet respectively.

Where to Begin:
A Strategy for Revitalizing Dallas' Distressed Neighborhoods

Hatcher Square



Rendering of DART's Hatcher Station in the Frazier Park neighborhood, scheduled to open in December 2010.

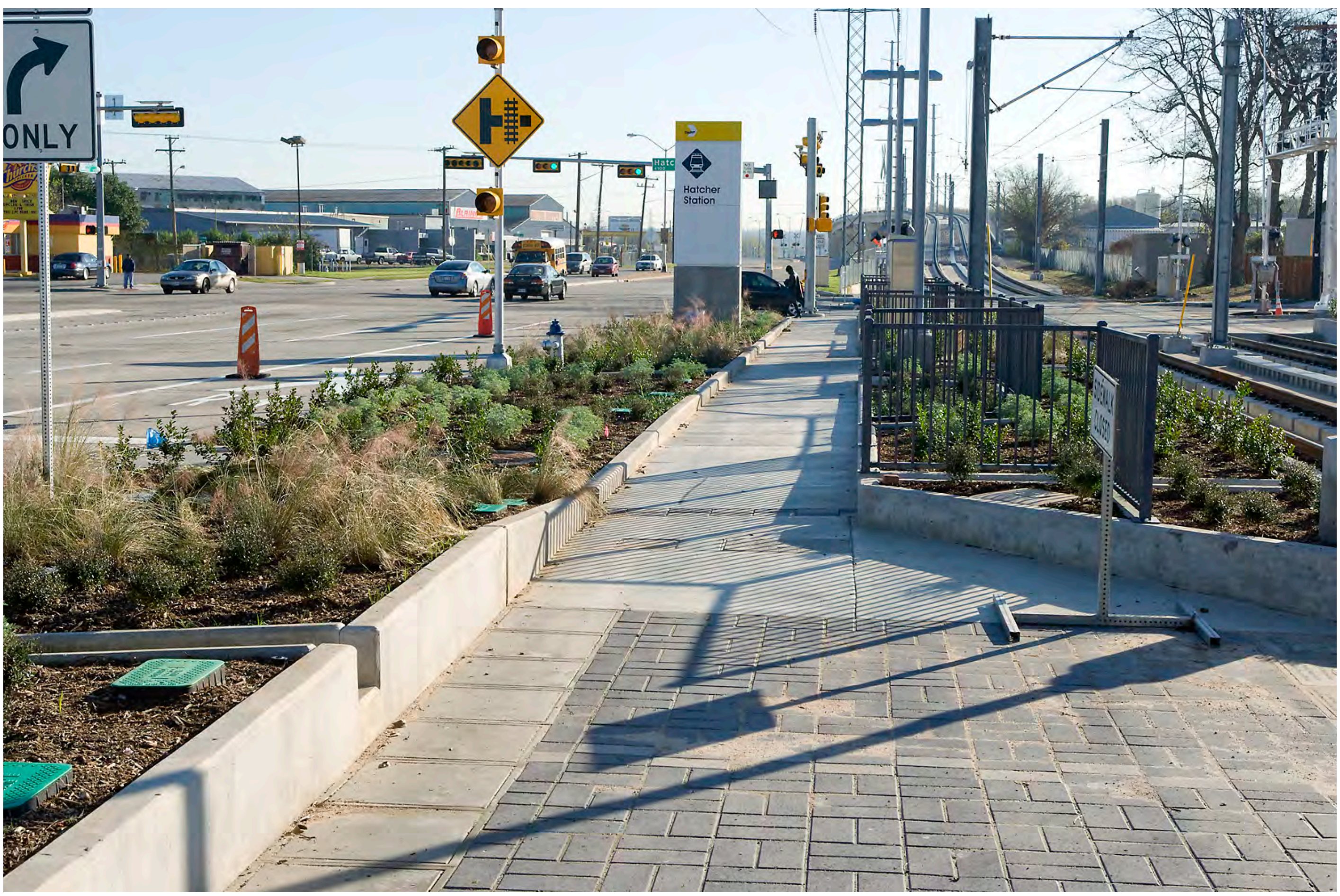
Dallas Area Rapid Transit

Project Description

The Hatcher Square Transit-Oriented Development project is a new mixed-income, mixed-use project that will be connected to the new DART light rail stop at Hatcher Station. It is an anchor development at the southern gateway to the Frazier Neighborhood in Southern Dallas and represents a major strategic initiative to rebuild a distressed community. The project is part of a broader 1,100 acre redevelopment plan created by Antonio DiMambro.

The Hatcher Station Transit-Oriented Development is located on a 6.1 acre site which is bounded by Hatcher on the east, Imperial on the north, Bertrand on the west and Scyene on the south. Montie runs north-south through the site bisecting the project area into two separate development blocks.

The development consists of 126 newly constructed, mixed-income rental apartments and 17,000 square feet of retail space that will be built in three separate three-story, mixed-use buildings. Building #1 is 46,500 square feet and contains approximately 13,800 square feet of retail space on the first floor with 28 apartment units on the upper floors. Building #2 is 36,000 square feet and contains approximately 3,200 square feet of retail space on the first floor, in addition to the management and leasing offices, and 22 apartment units on the upper floors. Building #3 is 70,860 square feet and contains approximately 60 apartments located on all three floors with no retail space. The remaining 16 units are comprised of townhouse apartment buildings running east to west along the northern border of the site. A total of 193 off-street parking spaces are planned for shared use between tenants and retail users.

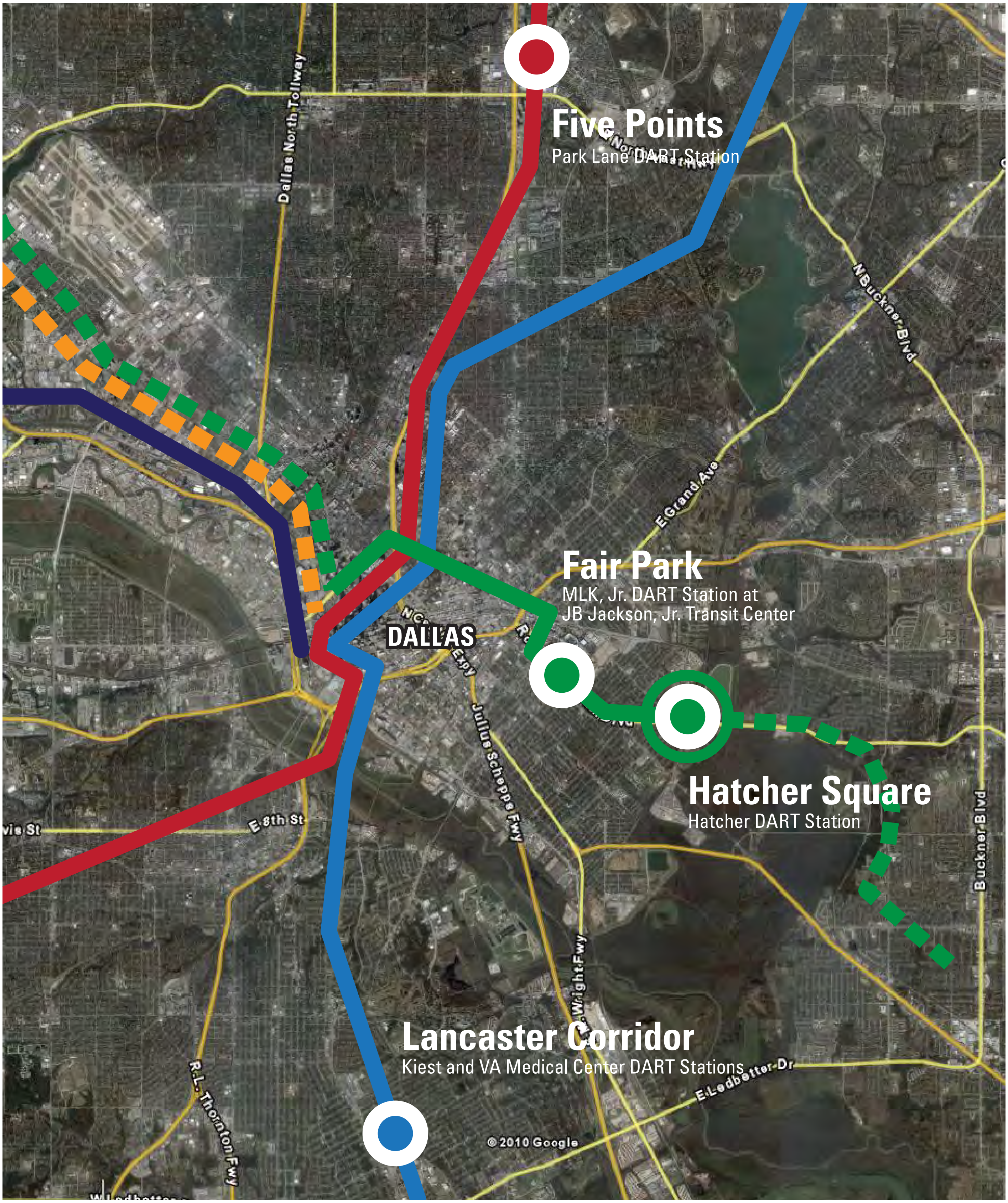


Pedestrian walkway to Hatcher Station which is located across the street from the proposed Hatcher Square TOD.

Dallas Area Rapid Transit

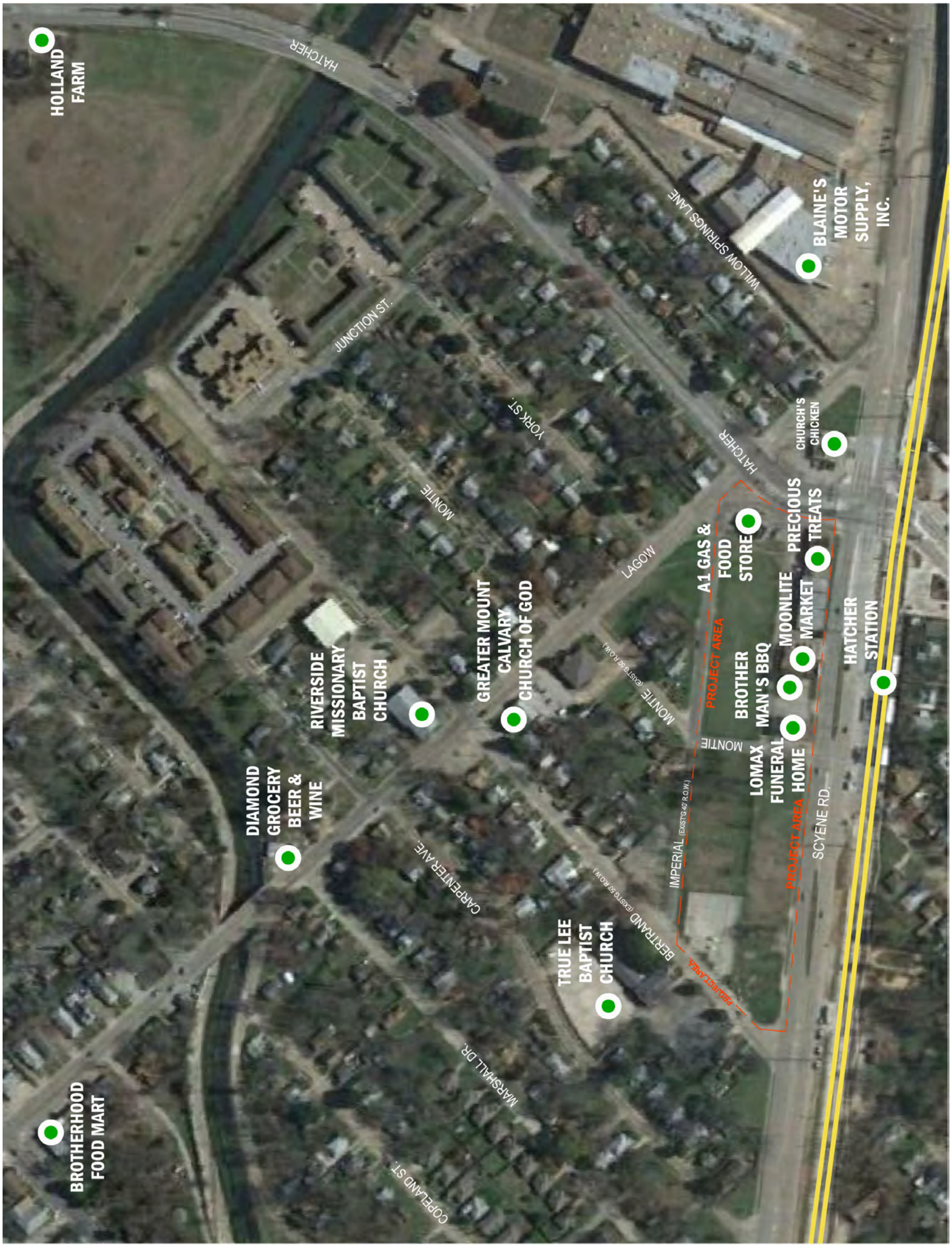
Area Context Map

Hatcher Square



Neighborhood Context Map

Hatcher Square



Project imagery by KAI Texas

Parcel Plan

Hatcher Square

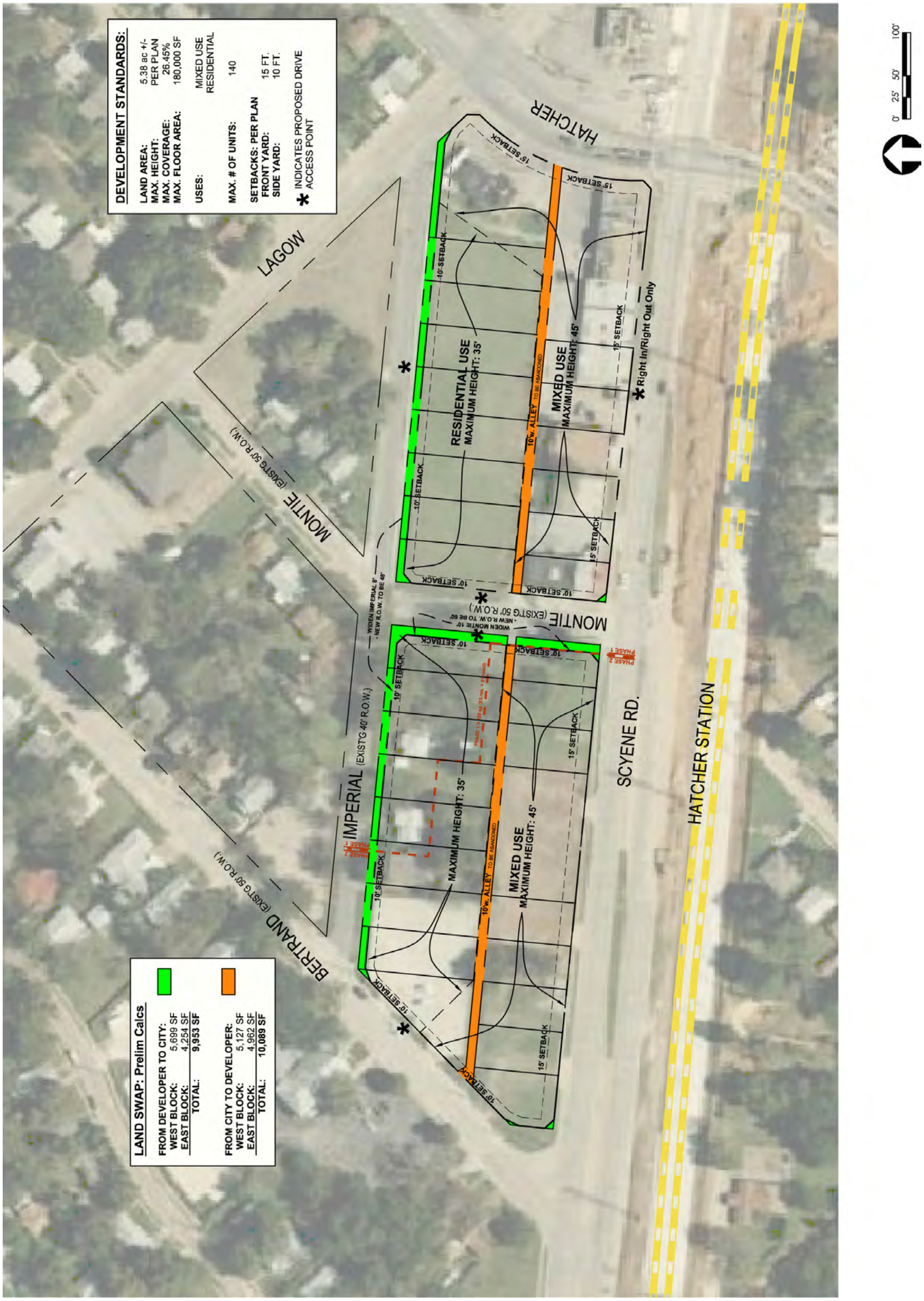
Project imagery by KAI Texas

Proposed Site Plan

Hatcher Square

Project imagery by KAI Texas

Hatcher Square



Project imagery by KAI Texas

Project Summary

Hatcher Square

			RESIDENTIAL UNITS			TOTAL UNITS	RETAIL SF	NRA SF	TOTAL GSF
PHASE	BLDG #	BUILDING TYPE	1-br	2-br	3-br				
1	1	Elevator Building #1 - 3 Story (Retail + Res. 2 Floors)	10	18	-	28	13,300	23,568	46,038
	2	Elevator Building #2 - 3 Story (Retail + Mgt+ Res. 2 Floors)	8	14	-	22	8,500	18,422	35,847
		Rental Townhomes	-	-	10	10	-	13,280	14,000
		PHASE 1 TOTALS	**18**	**32**	**10**	**60**	**21,800**	**55,270**	**95,885**
		Unit Mix	**30.0%**	**53.3%**	**16.7%**				

			RESIDENTIAL UNITS			TOTAL UNITS	RETAIL SF	NRA SF	TOTAL GSF
PHASE	BLDG #	BUILDING TYPE	1-br	2-br	3-br				
2	3	Elevator Building #3 - 3 Story (Res. 3 Floors)	19	36	5	60	-	53,131	70,860
		Rental Townhomes			6	6	-	7,968	8,400
		PHASE 2 TOTALS	**19**	**36**	**11**	**66**	**0**	**61,099**	**79,260**
		Unit Mix	**28.8%**	**54.5%**	**16.7%**				

			RESIDENTIAL UNITS			TOTAL UNITS	RETAIL SF		TOTAL GSF
			1-br	2-br	3-br				
		PROJECT TOTALS	**37**	**68**	**21**	**126**	**21,800**		**175,145**
		Unit Mix	**29.4%**	**54.0%**	**16.7%**				

Parking Summary

PHASE	BLDG #	BUILDING TYPE	RESIDENT PARKING	RETAIL PARKING	TOTAL PARKING	RESIDENT RATIO (Unit/SP)	RETAIL RATIO (SP/1000SF)
1	1	Elevator Building #1 - 3 Story (Retail + Res. 2 Floors)	65	61	126	1.08	2.8
	2	Elevator Building #2 - 3 Story (Retail + Mgt+ Res. 2 Floors)		-			
		Rental Townhomes					
2	3	Elevator Building #3 - 3 Story (Res. 3 Floors)	67	0	67	1.02	-
		Rental Townhomes					
		TOTALS	**132**	**61**	**193**	**2.20**	**2.8**

Rent Structure

Unit Type	# of Units	Rent Range
1 BR Garden	37	$525-600
2 BR Garden	68	$650-725
3 BR Garden	5	$1025-1075
3 BR Townhouse	16	$1000-1075

Building Summary

Unit Mix & Square Footages

Hatcher Square

			UNIT SF SUBTOTALS			TOTALS		
BLDG #		**QTY**	**GSF**	**NSF**	**NRA**	**GSF**	**NSF**	**NRA**
1	1BR	10	727	684	706	7,270	6,840	7,060
	2BR	16	984	925	955	15,744	14,800	15,280
	(corner) 2BR	2	1,026	964	995	2,052	1,928	1,990
	Retail	1	13,300			13,300	-	-
	Common/Circ./Entry Lobby	1	7,672			7,672	-	-
	Building Unit Count	**28**				**46,038**	**23,568**	**24,330**
					Building Efficiency (NRA)	**52.8%**		
					Building Efficiency (NRA,incl. retail)	**81.7%**		

BLDG #		**QTY**	**GSF**	**NSF**	**NRA**	**GSF**	**NSF**	**NRA**
2	1BR	8	727	684	706	5,816	5,472	5,648
	2BR	14	984	925	955	13,776	12,950	13,370
	Retail	1	8,500			8,500	-	-
	Management	1	3,109			3,109	-	-
	Common/Circ./Entry Lobby	1	4,646			4,646	-	-
	Building Unit Count	**22**				**35,847**	**18,422**	**19,018**
					Building Efficiency (NRA)	**53.1%**		
					Building Efficiency (NRA, incl. retail + mgt.)	**85.4%**		

BLDG #		**QTY**	**GSF**	**NSF**	**NRA**	**GSF**	**NSF**	**NRA**
3	1BR	19	727	684	706	13,813	12,996	13,414
	2BR	36	984	925	955	35,424	33,300	34,380
	3BR	5	1,439	1,367	1,408	7,195	6,835	7,040
	Maintenance	1	1,400			1,400	-	-
	Common/Circ./Entry Lobby	1	13,028			13,028	-	-
	Building Unit Count	**60**				**70,860**	**53,131**	**54,834**
					Building Efficiency (NRA)	**77.4%**		
					Building Efficiency (NRA, incl. maint)	**79.4%**		

Townhomes		**QTY**	**GSF**	**NSF**	**NRA**	**GSF**	**NSF**	**NRA**
	(18' w., 2-1/2 story) 3BR	16	1,400	1,290	1,328	22,400	20,640	21,248
	TOTAL UNIT COUNT	**126**			**TOTAL PROJECT SF**	**175,145**	**115,761**	**119,430**

Proforma:

Total Sources & Uses

Hatcher Square

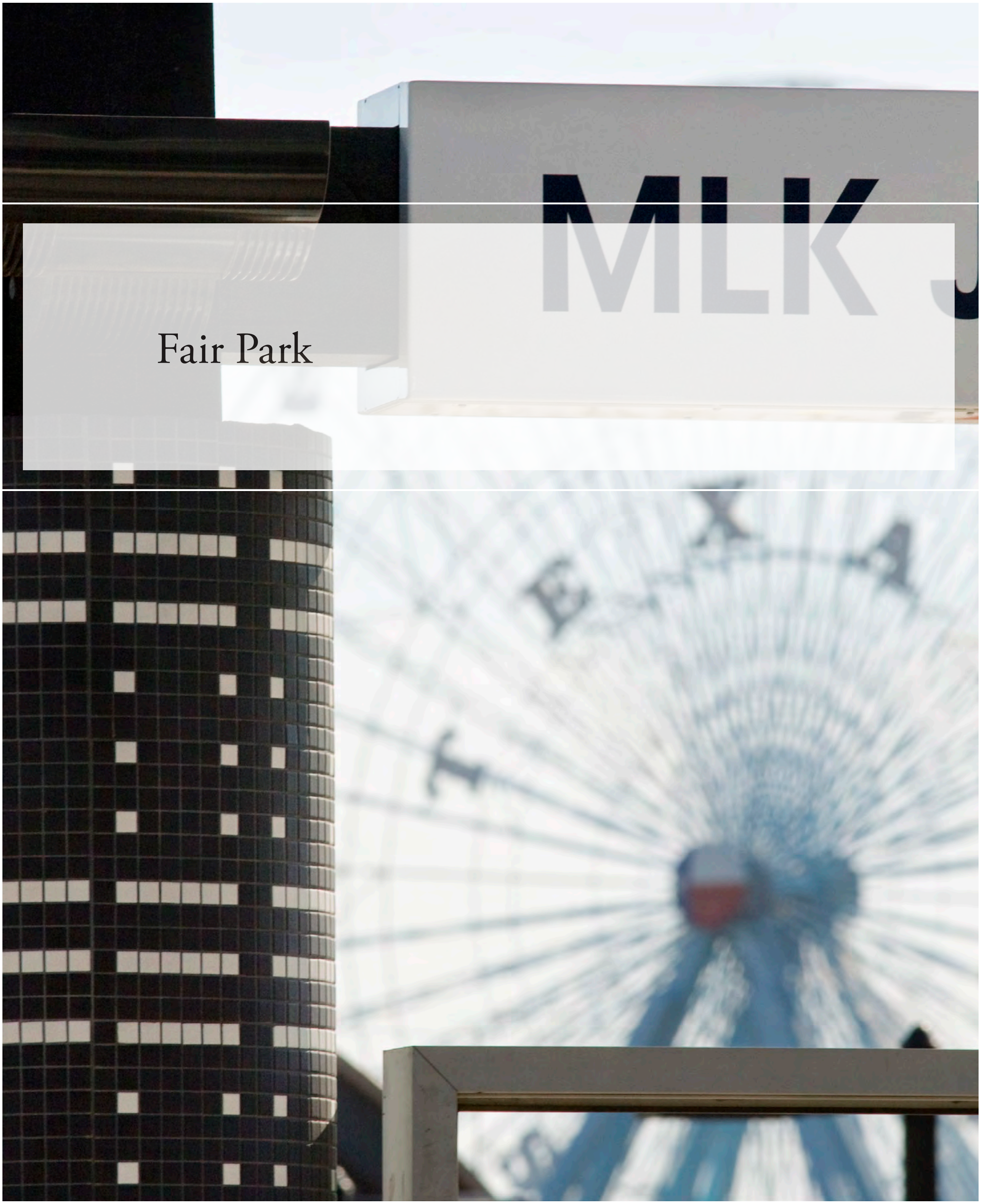
Uses of Funds

CONSTRUCTION COSTS	Residential	Per Unit	Commercial	Per GSF	Total
ACQUISITION	-	-	-	-	-
CONSTR - RESIDENTIAL	8,796,195	69,811	-	-	8,796,195
CONSTR - MGT/CMTY BLDGS	2,126,572	16,878	-	-	2,126,572
CONSTR - GEN REQ/OH/PROFIT	1,806,217	14,335	265,845	12.19	2,072,061
CONSTR - CONTINGENCY	636,449	5,051	187,349	8.59	823,798
SUBTOTAL	**13,365,433**	**106,075**	**2,060,840**	**94.53**	**15,426,273**
OTHER DEVELOPMENT COSTS					
ARCHITECTURE	546,138	4,334	80,382	3.69	626,521
ENGINEERING/SURVEY	218,455	1,734	32,153	1.47	250,608
ENVIRONMENTAL	100,000	794	100,000	4.59	200,000
INSURANCE	178,206	1,414	27,478	1.26	205,684
PROFESSIONAL FEES/REPORTS	250,000	1,984	300,000	13.76	550,000
MARKETING/ FF&E	189,000	1,500	813,000	37.29	1,002,000
LEASEUP INTEREST/EXPENSES	276,719	2,196	65,836	3.02	342,555
TITLE AND RECORDING	150,000	1,190	25,000	1.15	175,000
TAX CREDIT FEES	168,872	1,340	275,000	12.61	443,872
REAL ESTATE TAXES	168,000	1,333	47,233	2.17	215,233
MISCELLANEOUS	-	-	-	-	-
PROJECT CONTINGENCY	312,216	2,478	76,538	3.51	388,755
DEVELOPER FEE - DEVELOPER	1,910,765	15,165	468,415	21.49	2,379,180
OPERATING RESERVE	332,063	2,635	50,000	2.29	382,063
SUBTOTAL	4,800,435	38,099	2,361,036	108.30	7,161,471
TOTAL DEVELOPMENT COSTS	**18,165,867**	**144,174**	**4,421,877**	**202.84**	**22,587,744**

Sources of Funds

	Residential	Per Unit	Commercial	Per GSF	Total
TBD	-	-			
TAX CREDIT EQUITY	11,720,000	93,016	1,172,682	54	12,892,682
BRIDGE LOAN	-		-	-	-
GAP	6,445,867	51,158	3,249,195	149	9,695,062
TOTAL DEVELOPMENT SOURCES	**18,165,867**		**4,421,877**		**22,587,744**

Fair Park



The Fair Park neighborhood is the site of the annual State Fair of Texas. *Dallas Area Rapid Transit*

Project Description

The Fair Park Transit-Oriented Development project is proposed as a multi-phased development. The site is located adjacent to the MLK Jr. DART Station (4th stop on the new Green Line) in the Grand Park South area, just east of downtown Dallas and south of I-30. As a Transit-Oriented Development it includes medium density, mixed-income housing which is located along both sides of the transit station. It will be an anchor development for the west side of Fair Park, an area which has seen $111 million in public investment since 2000.

The Phase One development consists of 203 newly constructed, mixed-income rental apartments on approximately 11.22 acres of land. The site is bounded by the DART rail line and portions of South Trunk Avenue on the south and west, JB Jackson Boulevard on the north, and Park Row Avenue on the east. Grand Avenue and Elihu Street run north-south through the site dividing the Phase One project area into three separate blocks.

The new mixed-income rental units will be constructed using a variety of building types including two- and three-story apartment buildings, townhouses and a number of smaller garden apartment buildings. They represent a total of approximately 223,000 gross square feet of new residential construction. Each block contains sufficient off-street parking for a parking ratio of approximately one parking space per unit.

The Phase Two Development consists of an additional 180 units of mixed-income residential apartments that include a mix of attached and detached townhouses and garden apartment buildings. The site is located south of the DART rail line on blocks that extend along Grand Avenue to the west and Martin Luther King Drive to the east.

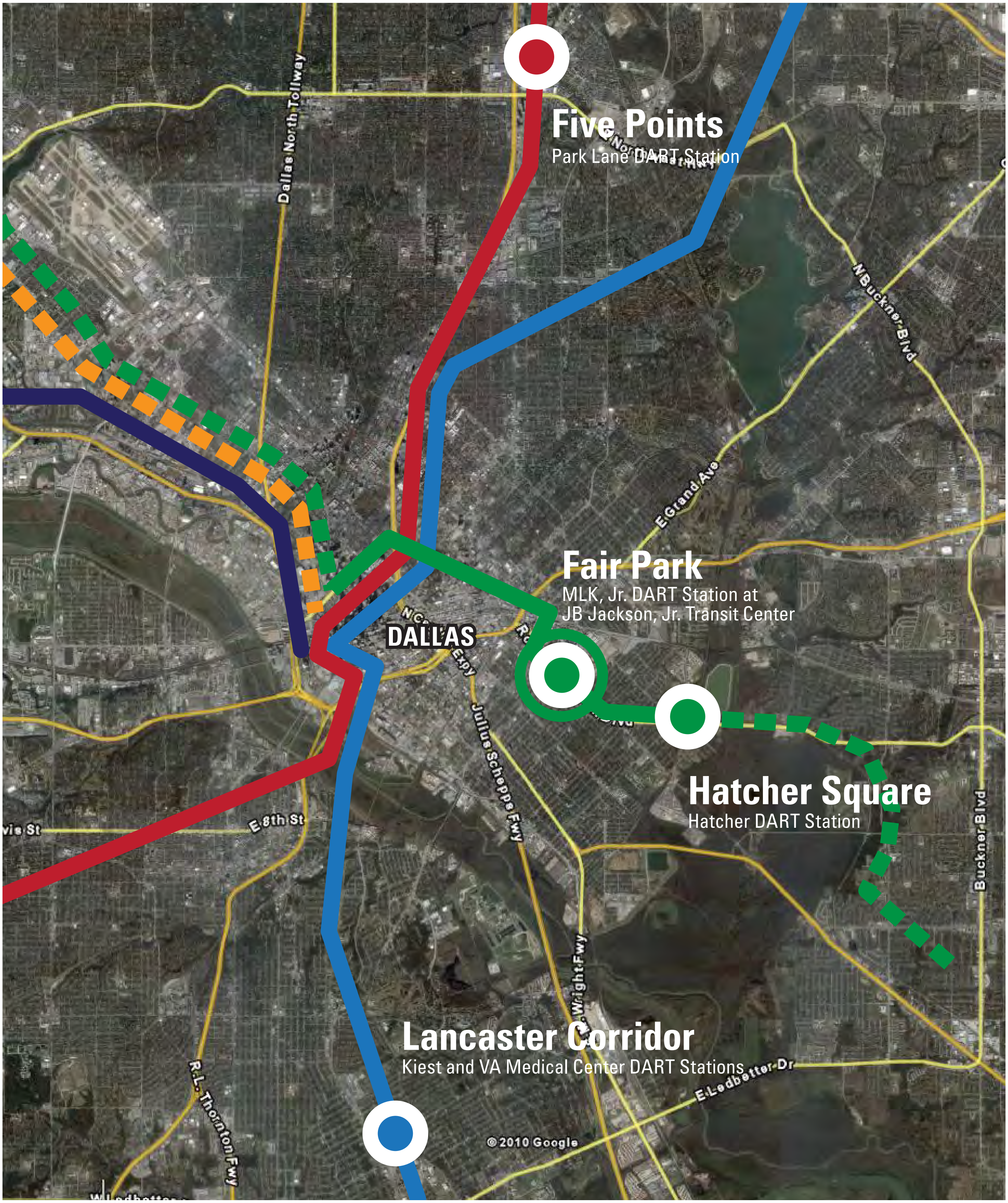
Depending upon future market conditions and demand for services in the surrounding neighborhood as the residential density increases, future phases could include a mix of retail services, for-sale housing and additional rental apartments, as well as office and commercial spaces.

The new MLK Jr. Station at Fair Park opened along DART's Green Line in September 2009.

Dallas Area Rapid Transit

Area Context Map

Fair Park



Neighborhood Context Map

Fair Park

Project imagery by KAI Texas

Parcel Plan with Phasing

Fair Park

Project imagery by KAI Texas

Proposed Site Plan

Fair Park

Project imagery by KAI Texas

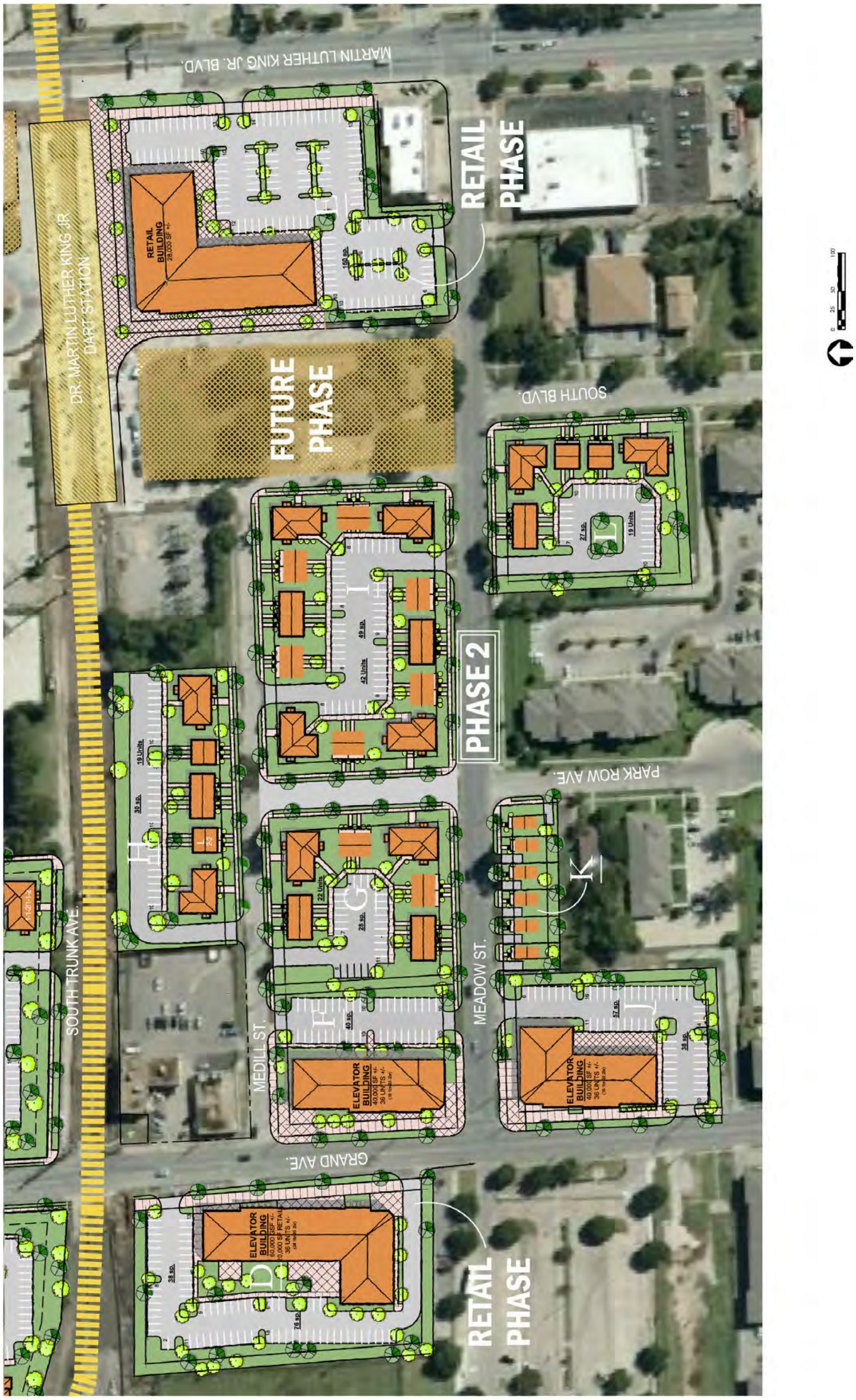
Proposed Site Plan

Fair Park–Phase 1

Project imagery by KAI Texas

Proposed Site Plan

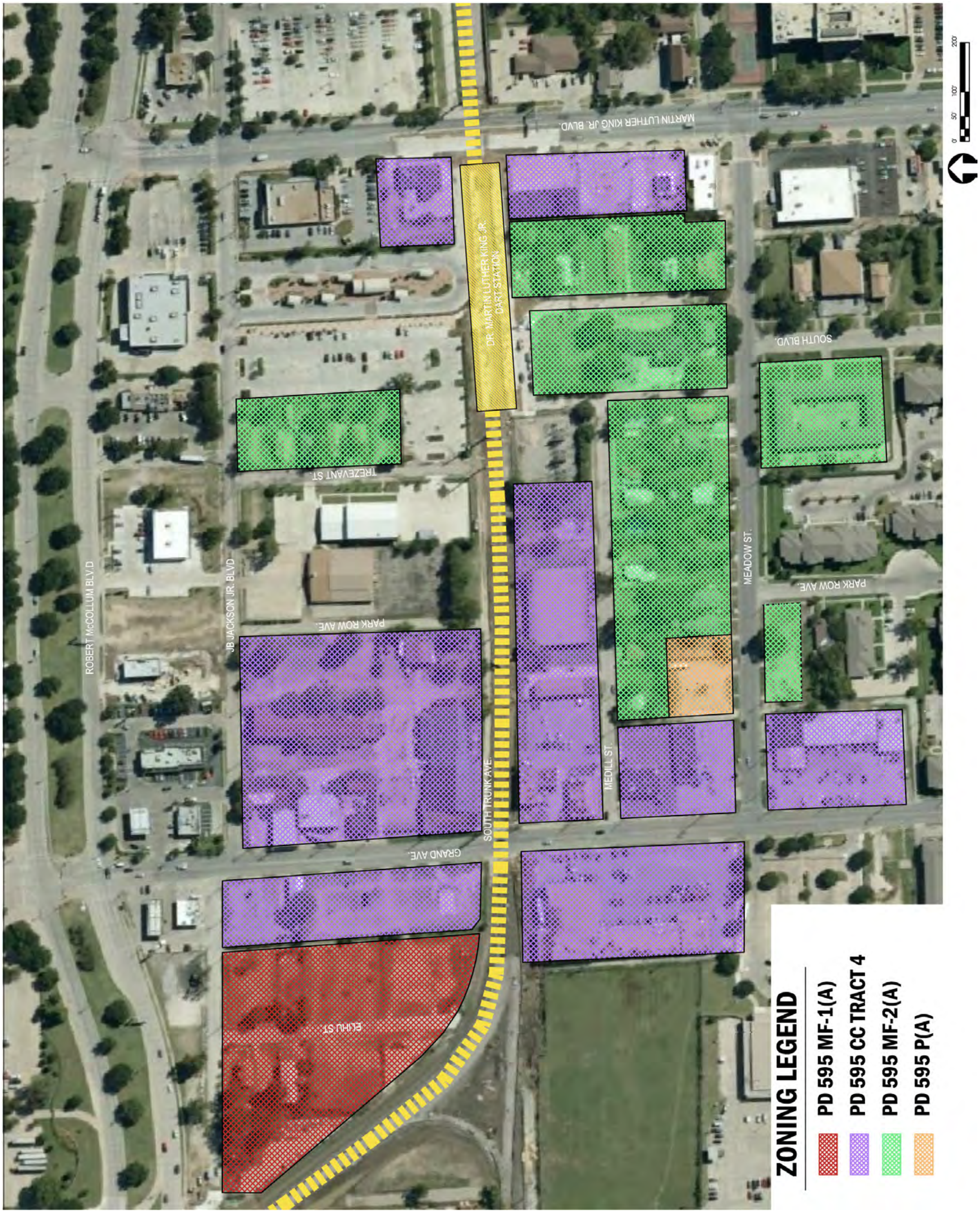
Fair Park–Phase 2



Project imagery by KAI Texas

Zoning Map

Fair Park



Project imagery by KAI Texas

Project Summary

Fair Park

PHASE 1 – PROJECT SUMMARY		RESIDENTIAL UNITS					
BLOCK	**BUILDING TYPE**	**1-br**	**2-br**	**3-br**	**TOTAL UNITS**	**RETAIL SF**	**TOTAL GSF**
A	Townhouse/Garden	6	10	8	24	-	24,236
B	Elevator Building - 3 Story + Townhouse/Garden	32	44	10	86	-	96,948
C	Elevator Building - 3 Story + Townhouse/Garden	36	47	10	93	-	102,600
	TOTALS	**74**	**101**	**28**	**203**	**0**	**223,784**
	Unit Mix	**36%**	**50%**	**14%**			

PHASE 2 – PROJECT SUMMARY		RESIDENTIAL UNITS					
BLOCK	**BUILDING TYPE**	**1-br**	**2-br**	**3-br**	**TOTAL UNITS**	**RETAIL SF**	**TOTAL GSF**
F	Elevator Building - 3 Story	16	20	0	36	-	40,000
G	Townhouse/Garden	8	6	8	22	-	23,352
H	Townhouse/Garden	6	11	2	19	-	17,744
I	Townhouse/Garden	14	12	16	42	-	43,040
J	Elevator Building - 3 Story	16	20	0	36	-	40,000
K	Detached Townhouse	0	6	0	6	-	6,144
L	Townhouse/Garden	4	13	2	19	-	18,128
	TOTALS	**64**	**88**	**28**	**180**	**0**	**188,408**
	Unit Mix	**36%**	**49%**	**16%**			

RETAIL PHASE – PROJECT SUMMARY		RESIDENTIAL UNITS					
	BUILDING TYPE	**1-br**	**2-br**	**3-br**	**TOTAL UNITS**	**RETAIL GSF**	**TOTAL GSF**
D	Mixed-Use Building - 3 Story	16	20	0	36	20,000	60,000
E	Retail Building - 1 Story	0	0	0	0	28,000	28,000
	TOTALS	**16**	**20**	**0**	**36**	**48,000**	**88,000**
	Unit Mix	**44%**	**56%**	**0%**			

Phase I – Rent Structure		
Unit Type	**# of Units**	**Rent Range**
1 BR Garden	74	$525-600
2 BR Garden	96	$650-725
2 BR Townhouse	5	$850-925
3 BR Garden	8	$1000-1075
3 BR Townhouse	20	$1000-1075

Phase 2 – Rent Structure		
Unit Type	**# of Units**	**Rent Range**
1 BR Garden	64	$525-600
2 BR Garden	40	$650-725
2 BR Townhouse	20	$850-925
3 BR Garden	28	$1000-1075
3 BR Townhouse	28	$1000-1075

Proforma:

Total Sources & Uses

Fair Park–Phase 1

Uses of Funds		
CONSTRUCTION COSTS	**Residential**	**Per Unit**
ACQUISITION	-	-
CONSTR - RESIDENTIAL	14,136,594	69,638
CONSTR - MGT/CMTY BLDGS	1,802,119	8,877
CONSTR - GEN REQ/OH/PROFIT	2,635,667	12,984
CONSTR - CONTINGENCY	928,719	4,575
SUBTOTAL	**19,503,099**	**96,074**
OTHER DEVELOPMENT COSTS		
ARCHITECTURE	796,936	3,926
ENGINEERING/SURVEY	318,774	1,570
ENVIRONMENTAL	100,000	493
INSURANCE	260,041	1,281
PROFESSIONAL FEES/REPORTS	250,000	1,232
MARKETING/ FF&E	304,500	1,500
LEASEUP INTEREST/EXPENSES	442,786	2,181
TITLE AND RECORDING	150,000	739
TAX CREDIT FEES	259,340	1,278
REAL ESTATE TAXES	270,667	1,333
MISCELLANEOUS	-	-
PROJECT CONTINGENCY	453,123	2,232
DEVELOPER FEE - DEVELOPER	2,773,112	13,661
OPERATING RESERVE	531,343	2,617
SUBTOTAL	6,910,622	34,042
TOTAL DEVELOPMENT COSTS	**26,413,722**	**130,117**

Sources of Funds		
	Residential	**Per Unit**
TBD	-	-
TAX CREDIT EQUITY	17,057,000	84,025
BRIDGE LOAN	-	
GAP	9,356,722	46,092
TOTAL DEVELOPMENT SOURCES	**26,413,722**	

Proforma:

Total Sources & Uses

Fair Park–Phase 2

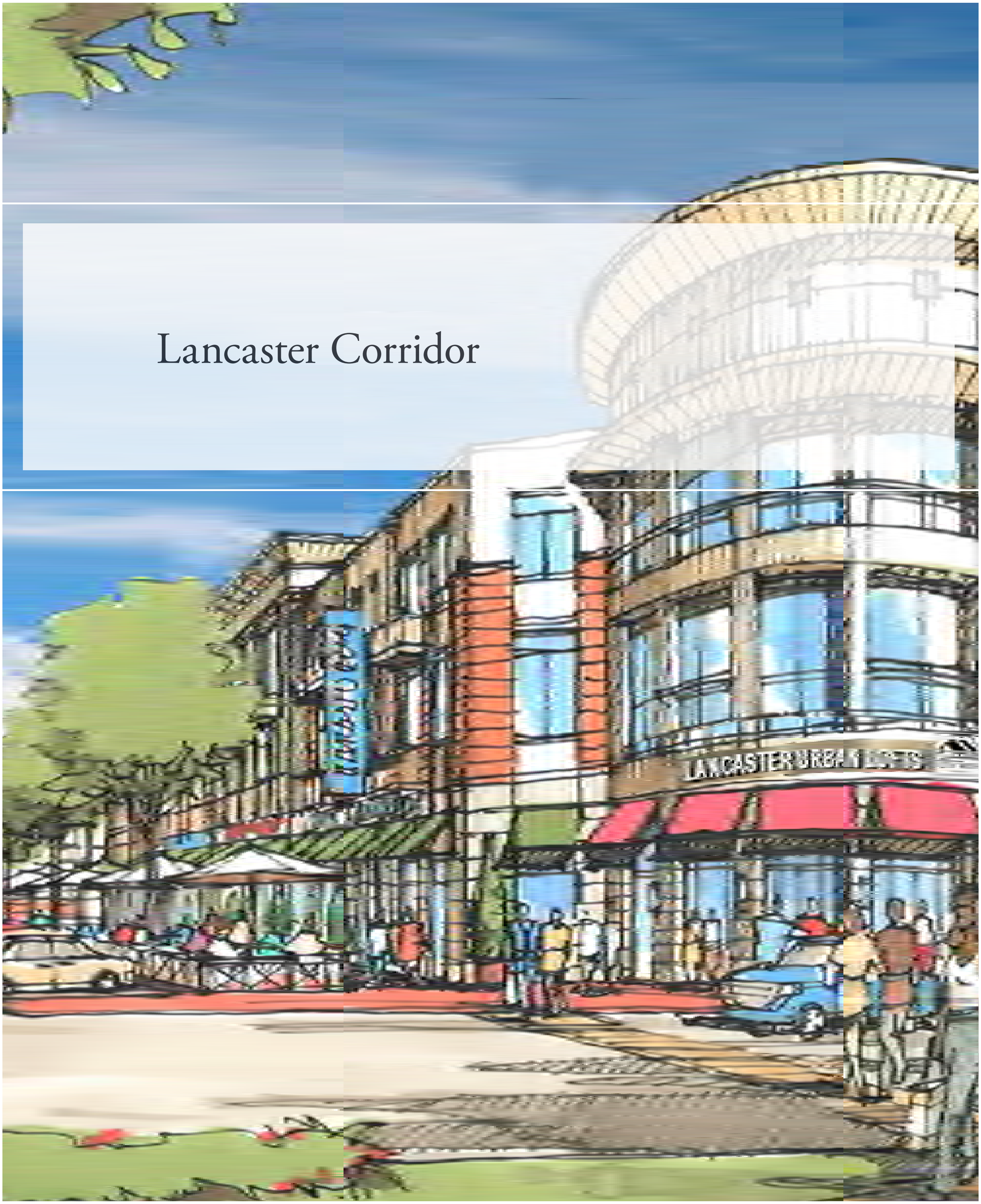
Uses of Funds

CONSTRUCTION COSTS	Residential	Per Unit
ACQUISITION	-	-
CONSTR - RESIDENTIAL	12,460,124	69,223
CONSTR - MGT/CMTY BLDGS	888,951	4,939
CONSTR - GEN REQ/OH/PROFIT	2,207,437	12,264
CONSTR - CONTINGENCY	777,826	4,321
SUBTOTAL	**16,334,338**	**90,746**
OTHER DEVELOPMENT COSTS		
ARCHITECTURE	667,454	3,708
ENGINEERING/SURVEY	266,982	1,483
ENVIRONMENTAL	100,000	556
INSURANCE	217,791	1,210
PROFESSIONAL FEES/REPORTS	250,000	1,389
MARKETING/ FF&E	270,000	1,500
LEASEUP INTEREST/EXPENSES	389,641	2,165
TITLE AND RECORDING	150,000	833
TAX CREDIT FEES	224,071	1,245
REAL ESTATE TAXES	240,000	1,333
MISCELLANEOUS	-	-
PROJECT CONTINGENCY	382,206	2,123
DEVELOPER FEE - DEVELOPER	2,339,098	12,995
OPERATING RESERVE	467,570	2,598
SUBTOTAL	5,964,812	33,138
TOTAL DEVELOPMENT COSTS	22,299,150	123,884

Sources of Funds

	Residential	Per Unit
TBD	-	-
TAX CREDIT EQUITY	14,384,000	79,911
BRIDGE LOAN	-	
GAP	7,915,150	43,973
TOTAL DEVELOPMENT SOURCES	**22,299,150**	

Lancaster Corridor



Project Description

When McCormack Baron Salazar began its review of the Lancaster Corridor Transit-Oriented Development Project, we learned that both the City of Dallas and some very prominent developers were already focused on this area. The City had allocated funds to acquire and demolish old motels that fronted Lancaster between Ann Arbor and Mentor. In addition, the development team of Catalyst Urban Development and City Wide CDC were completing the master planning process for their Lancaster Urban Village project, to be located on the old motel sites, and had entered into a development agreement with the City to build projects along Lancaster Corridor. As a result, other than offering advice on how to best combine development uses to better leverage the New Market Tax Credits, it was decided that the best strategy would be to support this initiative and assist in every way possible.

The joint venture between Catalyst Urban Development and City Wide CDC intends to build approximately 451 dwelling units, a 50,000 square foot expansion for the Urban League of Dallas' facility, and 36,000 square feet of retail and commercial space along the Blue Line near the Veteran's Hospital. The total development cost is expected to be approximately $68.8 million. The plan proposes three different projects strategically located along Lancaster:

- Lancaster Urban Village – located on Lancaster between Ann Arbor and Mentor
- Lancaster Opal TOD – located on Lancaster between Marfa and Hudspeth
- Lancaster Kiest TOD – located on Lancaster between Kiest and Corning

If built as proposed, these TOD, mixed-income, mixed-use projects will have a significant impact on the area and will create opportunities for additional investment.

CITY WIDE COMMUNITY DEVELOPMENT CORPORATION

In Association with Catalyst Urban Development

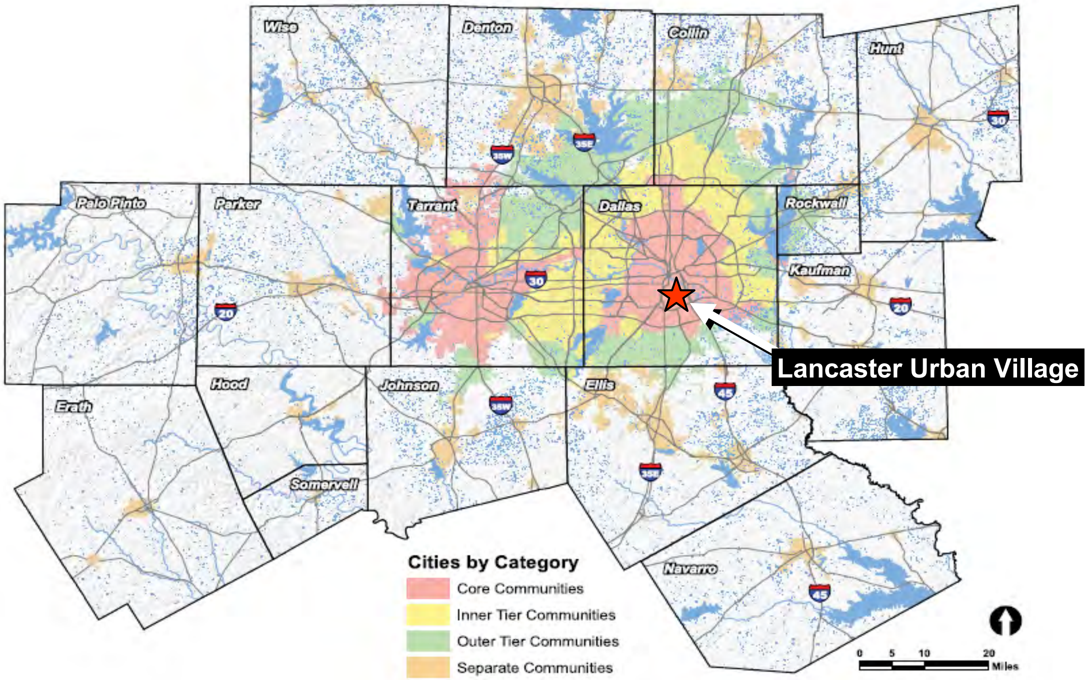
CITY WIDE Community Development Corporation | CATALYST Urban Development | City of Dallas

Contacts: Catalyst Urban Development, LLC – Paris Rutherford – 214-796-6063
City Wide Community Development Corp. – Sherman Roberts – 214-371-0888

CONFIDENTIAL DRAFT
March 2010

Proforma:
Total Sources & Uses
Lancaster Corridor

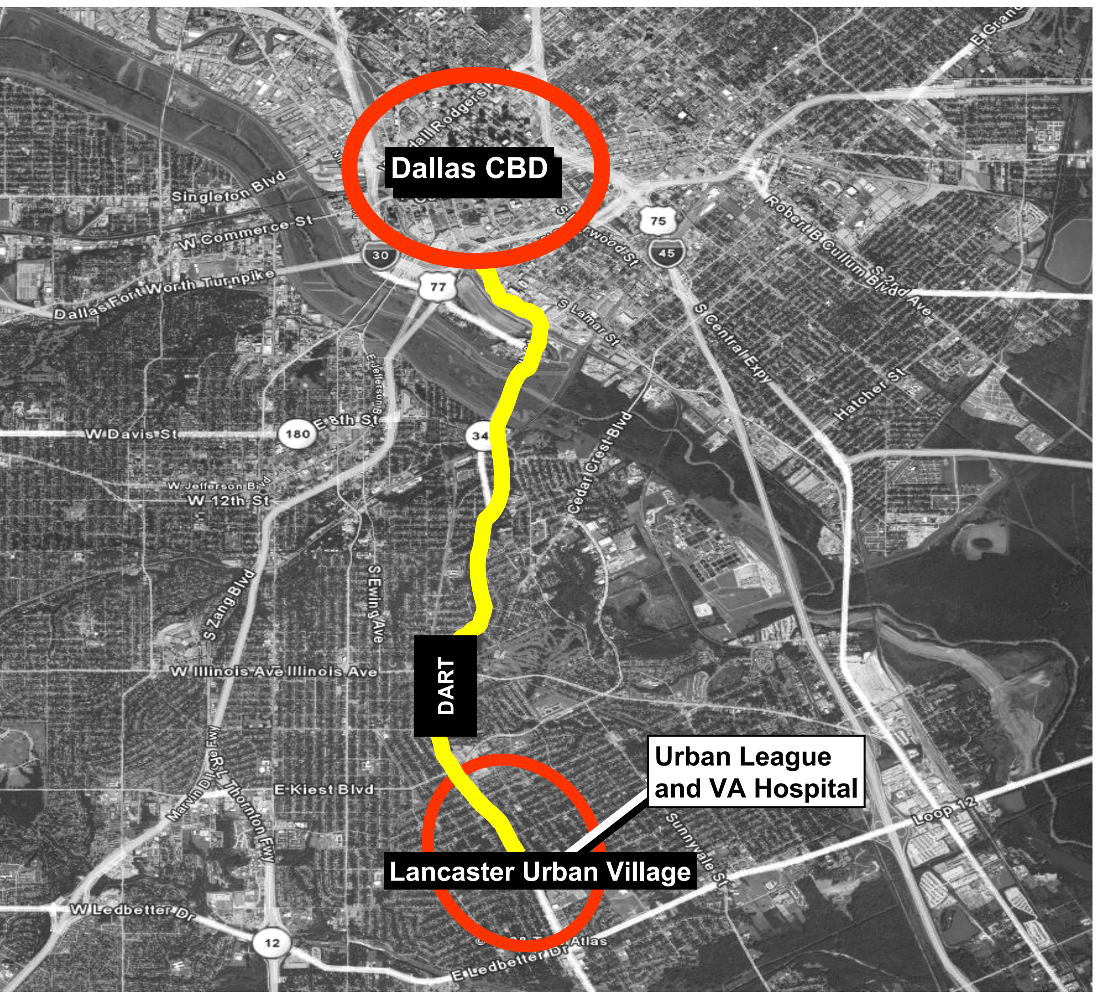
LANCASTER CORRIDOR — ALL PROJECTS SOURCES AND USES		
SOURCES		
FHA/HUD Insured Debt	$38,544,393	56%
New Market Tax Credits	$6,102,826	9%
Government Sources	$24,233,198	35%
TOTAL SOURCES	**$68,880,417**	**100%**
USES		
Land	$6,080,549	9%
Sitework	$3,030,338	4%
Hard Cost	$44,284,810	64%
Soft Costs	$12,494,250	18%
Contingency	$2,990,470	4%
TOTAL USES	**$68,880,418**	**100%**



Existing Development Context

The Lancaster Urban Village District served by the existing DART Blue Line and provides direct access to Interstates 35 and 45 through the existing thoroughfares of Ann Arbor and Ledbetter (Loop 12). This superior access and rail service allows for a true transit-oriented development context with the benefits of traditional vehicular access.

Regional Context



The Lancaster Urban Village District is located in the heart of the Southern Core community of Dallas, Texas. The combination of the Dallas Urban League and Dallas VA Medical Center positions Veterans Place as a major anchor of medical services employment and training in the North Texas region.

Existing Community Anchors

Lancaster Corridor Redevelopment Initiative

The Lancaster Urban Village is a transit-oriented, mixed-use redevelopment district on the Lancaster Road corridor in the Southern Sector of Dallas. It is planned to deliver places where people can work, live, be educated, shop and play all within a series of strong pedestrian experiences. In doing so, it will also deliver a neighborhood experience that promotes peace of mind as it regenerates the community's physical appearance. In order to achieve this redevelopment, Veterans Place focuses on two development anchors as follows.

A. Dallas Urban League

Over the years the Dallas Urban League has been in the forefront in its struggle to enable African Americans and other citizens to secure economic self-reliance, parity, power and civil rights. Its programs include employment, health, housing, education, technology training, ex-offender reentry program and seniors' services. Because of the League's efforts there have been many accomplishments including the first funded Sickle Cell Anemia Program; the first job and health fairs in Dallas; organized the integration of Fair Park concessions; and is currently one of two HUD certified housing counseling agencies.

Expansion Vision

In 1999, the League made its permanent move to its current headquarters/technology center in the heart of Oak Cliff. In its new facilities, the Urban League has thrived and reached its vision "to be the leading community based organization devoted to enabling all citizens to enter and enhance their position in the economic and social mainstream." It now serves as the "hub" for providing the critical academic, technical and life skills for citizens to meet the challenges of the 21st century. Building on this success, the League is now embarking on the expansion of its headquarters/technology center to better meet the demand of its community. Being leveraged as part of the larger Veterans Place community development, the Dallas Urban League's expansion plans underscores it as an agent of positive change in growth in the Southern Sector of Dallas.

B. Dallas VA Medical Center

Also located in the heart of Oak Cliff and Southern Dallas, the Dallas Veterans Affairs Medical Center is a U.S. governmental primary- and tertiary-care facility for armed forces veterans that includes an acute-care hospital, a 116-bed transitional unit and 40-bed domiciliary; a spinal-cord injury center; a psychiatric residential treatment program; and multispecialty outpatient clinics. The hospitals' attending physicians are full-time UT Southwestern faculty members. Another 120 faculty members have clinical appointments at the VA Medical Center, where 140 UT Southwestern residents train annually. Providing over 5000 jobs, the VA Medical Center is a major employment hub for the Southern Sector of Dallas and is well positioned to capitalize on the new growth of its marketplace.

Mixed-Use Needs

The Dallas VA Medical Center is home to over 5000 employees with needs that include housing, medical office, retail, restaurant, services, and parking. The current surrounding context does not meet these needs and, despite the adjacent rail station, only a small percentage of employees ride transit due to security concerns at the immediate station area. The Veterans Place redevelopment capitalizes on these needs and will provide new buildings that contain all the desired uses outlined above. In addition, the redevelopment plan focuses on creating a pedestrian-friendly sustainable environment that will encourage peace of mind for those that live, work, shop and play in and around it.

Corridor Redevelopment Initiative

City Wide Community Development Corp. (City Wide) and Catalyst Urban Development, LLC (Catalyst) have formed a joint venture specifically designed to execute a major redevelopment initiative on the Lancaster Road Corridor in Southern Dallas. This initiative plans to deliver approximately 451 dwelling units to house a diverse population of residents, a 50,000 sf expansion to the Urban League of Dallas to serve the job training needs of the broader community, and approximately 36,000 sf of service retail and small office that will strengthen the Lancaster Road streetscape. This effort will be coordinated across three separate site areas for maximum redevelopment impact on the Corridor, with new development coordinated to occur within the Lancaster/Kiest redevelopment node, the VA Medical Center node, and the corridor connecting these two community anchors.

Master Development Strategy

Lancaster Corridor Redevelopment Initiative

The Lancaster Corridor is anchored by the Dallas Urban League, the VA Medical Center, the Lancaster/Kiest shopping area, and the DART light rail stations. Existing development in the area is defined by small commercial uses along Lancaster Road and older single family homes and churches within the neighborhood itself. Given the existing conditions of the area and historical lack of investment, the corridor has been identified as a major area for redevelopment due to the difficulty in acquiring traditional financing. City Wide and Catalyst have focused our efforts to address the needs of the corridor, and require a resulting public/private partnership to close the economic gap created between current (underwritable) lease rates and cost of construction to attain financing.

The Projects

The LDP master development consists of seven buildings in three developments on three highly visible sites along the Corridor. The project utilizes a sustainable development approach that utilizes a mixed-use program delivering housing, retail, small office and job training facilities within a transit-oriented condition, will be LEED Certified to support the City's green initiative, and will have a highly urban presence in which the streetscape of Lancaster will be refined and strengthened for maximum visual impact. The individual projects are defined below.

Urban League

The Urban League will be provided with a 50,000 sf expansion to its existing facilities in order to better serve its community's needs through space for programmed for technical and mechanical training. These new facilities will add a large training shop space, technical classrooms, additional instructor offices and a large meeting room.

Lancaster Urban Village

To compliment the Urban League expansion and form a unified urban campus adjacent to the VA Medical Center, LDP has planned a residential mixed-use development that delivers 167 residential units for mixed-income residents, and 10,700 sf neighborhood retail and small office strengthening the Lancaster Road streetscape between Ann Arbor, Lancaster, Mentor Road, and Denley Drive.

Lancaster Opal

Situated within the corridor connecting the Lancaster/Kiest redevelopment node and the Urban League/VA Medical Center node, the Lancaster Opal development delivers 212 units and 14,500 sf retail and small office on a full block and a half between Lancaster, Sondra Avenue, Marfa Avenue, and Hudspeth Avenue. The development combines a three story building for low-to-medium income residents and neighborhood services facing Lancaster, as well as three two-level motor court buildings serving the needs of seniors and people with disabilities. Opal Motor CourtSerenity Street SceneSerenity Bungalow Court

Lancaster Urban Village TOD – Mixed-Use Frontage

Lancaster Urban Village TOD – Urban League Expansion

Lancaster Opal TOD – Mixed-Use Frontage

Lancaster Kiest ROD

The Lancaster Kiest transit-oriented development is located across from the Lancaster/Kiest retail development node and occupies an infill site adjacent to Denley Drive. The development provides 72 units for mixed-income and formerly homeless mothers with children, and leverages Federal funding. Situated within a motor court complex, the project provides a natural transition from a redeveloped mixed-use commercial frontage along Lancaster and the single-family structures behind.

Implementation Strategy

The great length of the Lancaster Corridor requires strong initial phasing to make an impactful new impression. Following this concept, our development is planned to simultaneously occur in three strategic locations for maximum effect. To meet the financing challenges associated with the scale of the development, we have positioned each increment to cater to separate market needs having separate funding opportunities. With City Wide as the non-profit majority owner of the non-Urban League buildings and Catalyst as the project developer and minority owner, the team plans to combine funds from the City of Dallas, State of Texas and Federal Government to compliment the construction financing we are attaining. Specific funds from the City of Dallas include utilizing the TOD TIF, HUD section 108, City of Dallas Public Private Partnership Fund, and New Markets Tax Credits allocation. With additional approvals of funds from the Federal Government, it is anticipated construction may begin 6 to 8 months after the completion of the prior project with first units being delivered 14 months afterwards.

The successful completion of the seven buildings (on the three site areas from Lancaster/Kiest to the VA Medical Center) as proposed will create a major positive economic impact to the Lancaster Corridor and elevate its importance as the mixed-use core of the Southern Dallas community. It will provide new housing for over 600 people, provide expanded job training facilities for over 30,000 people annually, and create a strong visual impact along the Lancaster corridor in strategic locations.

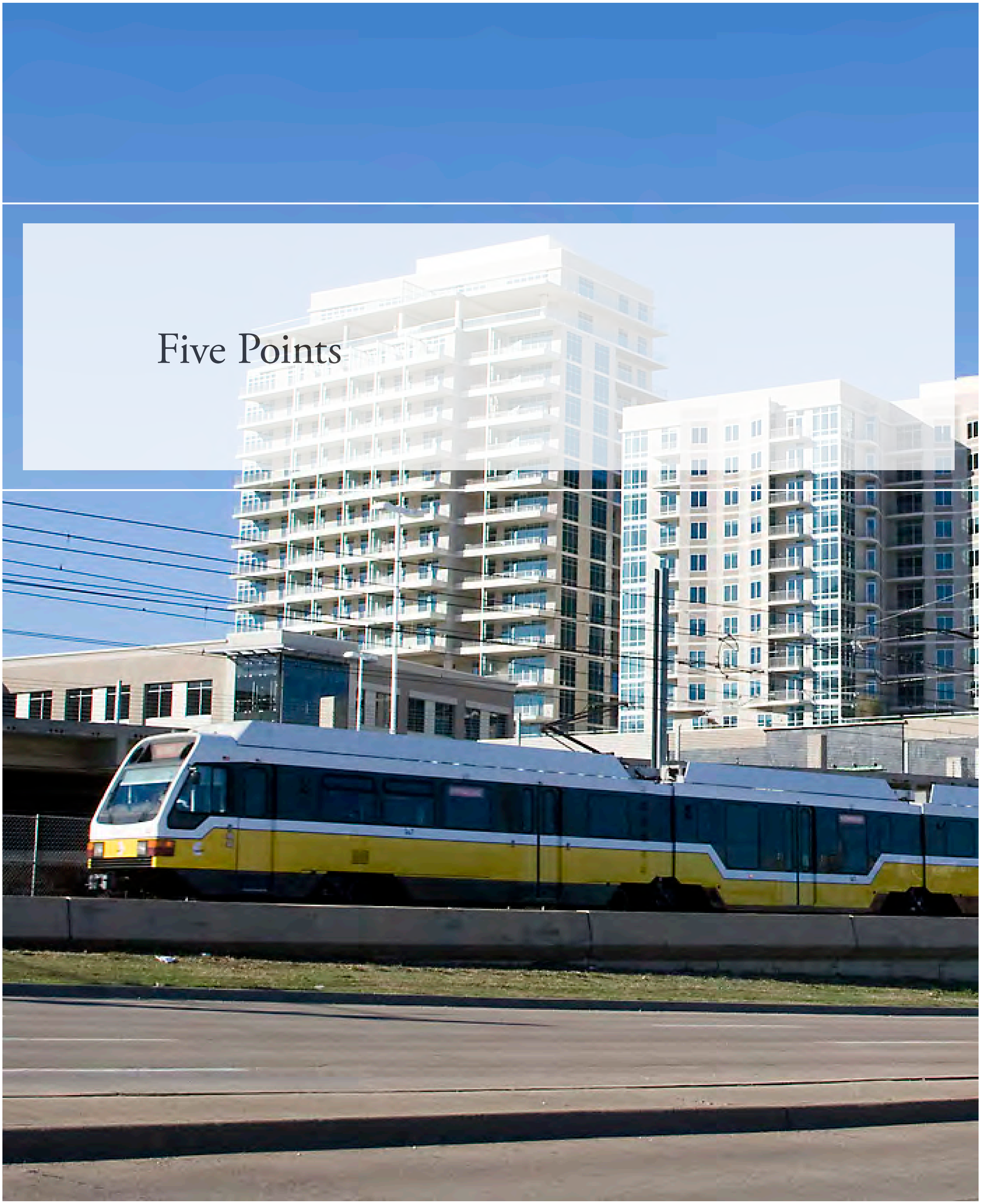
Lancaster Opal TOD -- Opal Motor Court

Lancaster Kiest TOD – Mixed-Use Frontage

Lancaster Kiest TOD – Denley Street Scene

Lancaster Kiest TOD – Serenity Bungalow Court

Five Points



The DART Red Line train near Park Lane. *Dallas Area Rapid Transit*

Project Description

The Five Points area is located in the Vickery Meadows neighborhood on the City's northeast side. Located approximately 6.5 miles north of downtown, it is one of the most dense and diverse communities in the city. Nearby are the North Park Mall and the $350 million Park Lane development.

This mixed-income, mixed-use TOD project will occupy two sites—the Park Lane Site and the Ridgecrest site—both of which are in close proximity to the Park Lane DART Station located at Greenville Avenue and Park Lane.

Five Points: Park Lane Site

The Park Lane Station development is currently planned to occupy a portion of the block bounded by Greenville Avenue on the east, Twin Hills Connection on the north, the DART rail line on the west and Park Lane on the south. The development will occupy the southern portion of the existing DART Commuter lot at the Park Lane Station and will be accommodated by a reconfigured DART bus loop and associated utility rights-of-way.

The project consists of 70 newly constructed, mixed-income rental apartments within a four-story mixed-use building. The building is approximately 80,000 square feet, including approximately 10,000 square feet of retail space on the first floor. Approximately 142 off-street parking spaces are planned within a connecting two-story parking structure for shared use between tenants, commuters, and retail customers.

Five Points: Ridgecrest Site

The Ridgecrest Development at Five Points is located to the east of Park Lane Station, across Greenville Avenue. This triangular site is bounded by Ridgecrest Avenue on the east and north and Park Lane on the south. Existing retail lots border the site's western edge.

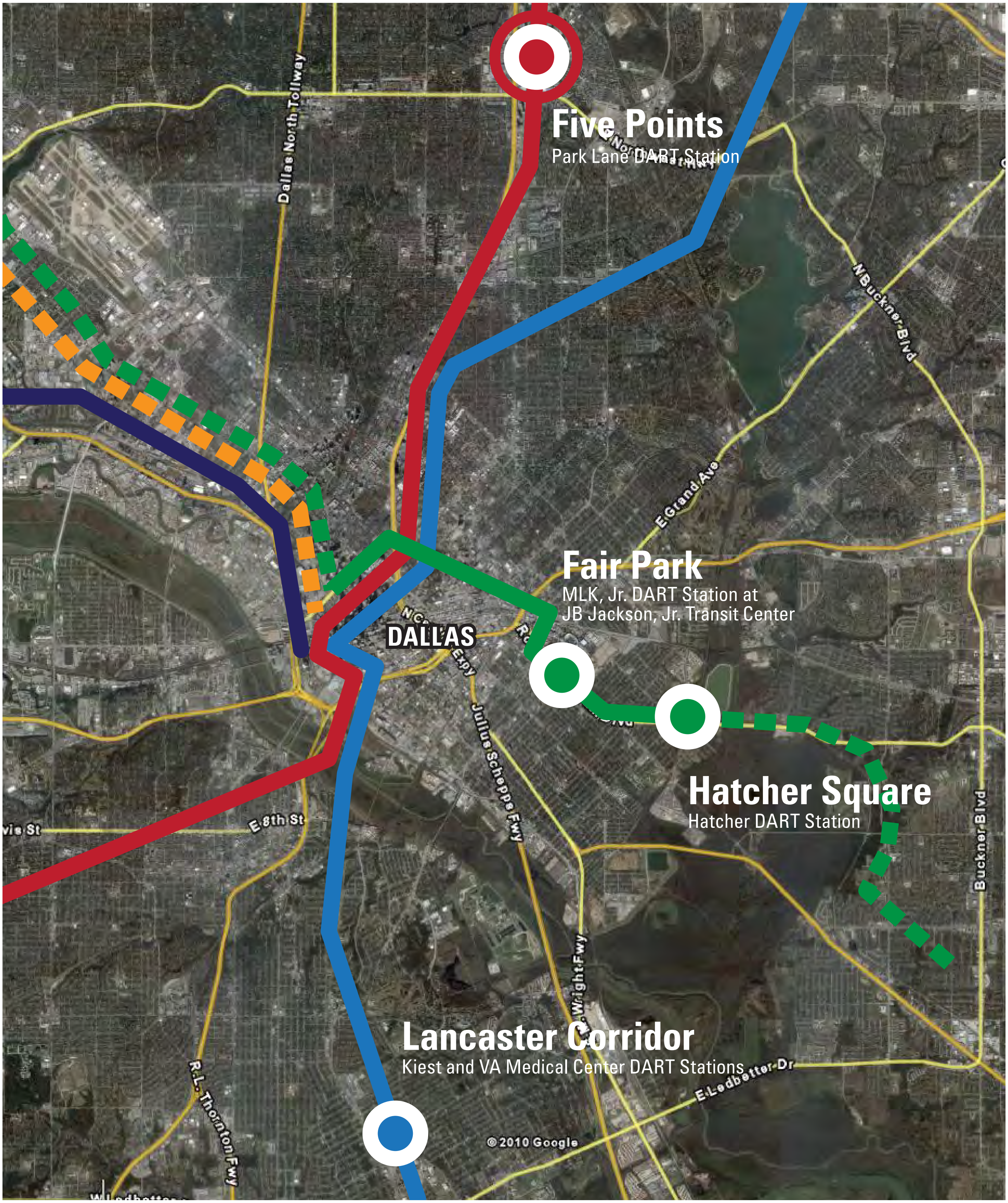
There are 2 options proposed for the Ridgecrest Site. Both options include a single-story 18,000 square foot building that would serve as a new branch location of the Dallas Public Library as well as mixed-income housing and retail space.

Option 1 includes 104 residential apartments within twin four-story mixed-use buildings. These buildings (Buildings #1 and #2) are each approximately 72,000 square feet. Building #1 contains 56 apartment units and includes management space and apartments on the first floor. Building #2 contains 48 apartments as well as 18,000 square feet of first-floor retail space. Building #3 is the new branch location of the Dallas Public Library and is located at the corner of Ridgecrest and Park Lane.

Option 2 includes 96 apartments in two separate four-story mixed-use buildings as well as multi-story townhouses fronting Ridgecrest. Building #1 is the new branch location of the Dallas Public Library and is located on the western edge of the development along Park Lane. Building #2 is approximately 52,000 square feet and includes 48 mixed-income apartments. Building #3 is approximately 64,000 square feet including 42 mixed-income apartments and approximately 16,000 square feet of first-floor retail space. Buildings #4 and #5 include a total of 6 townhome apartments.

Area Context Map

Five Points

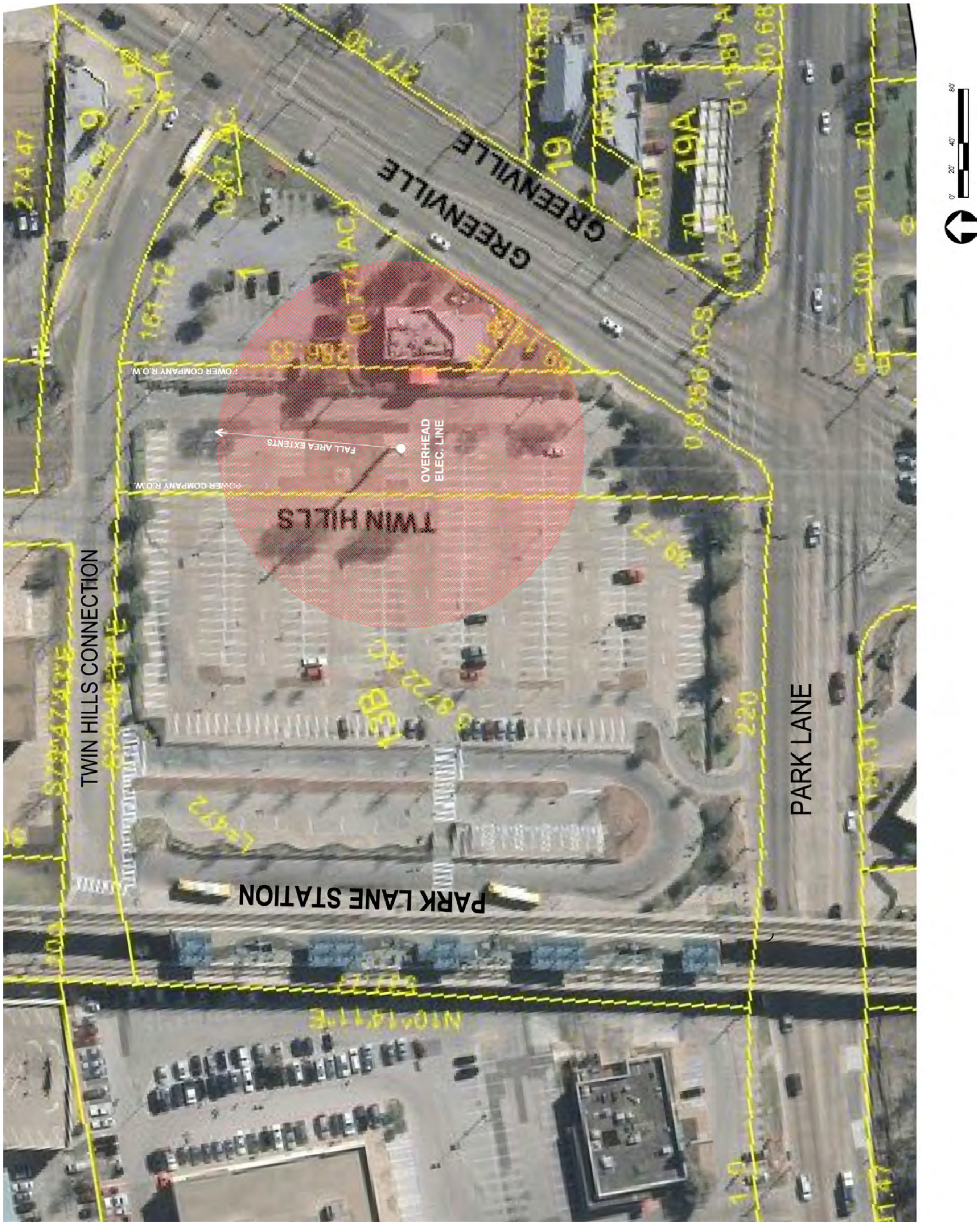


Neighborhood Context Map

Five Points

Project imagery by KAI Texas

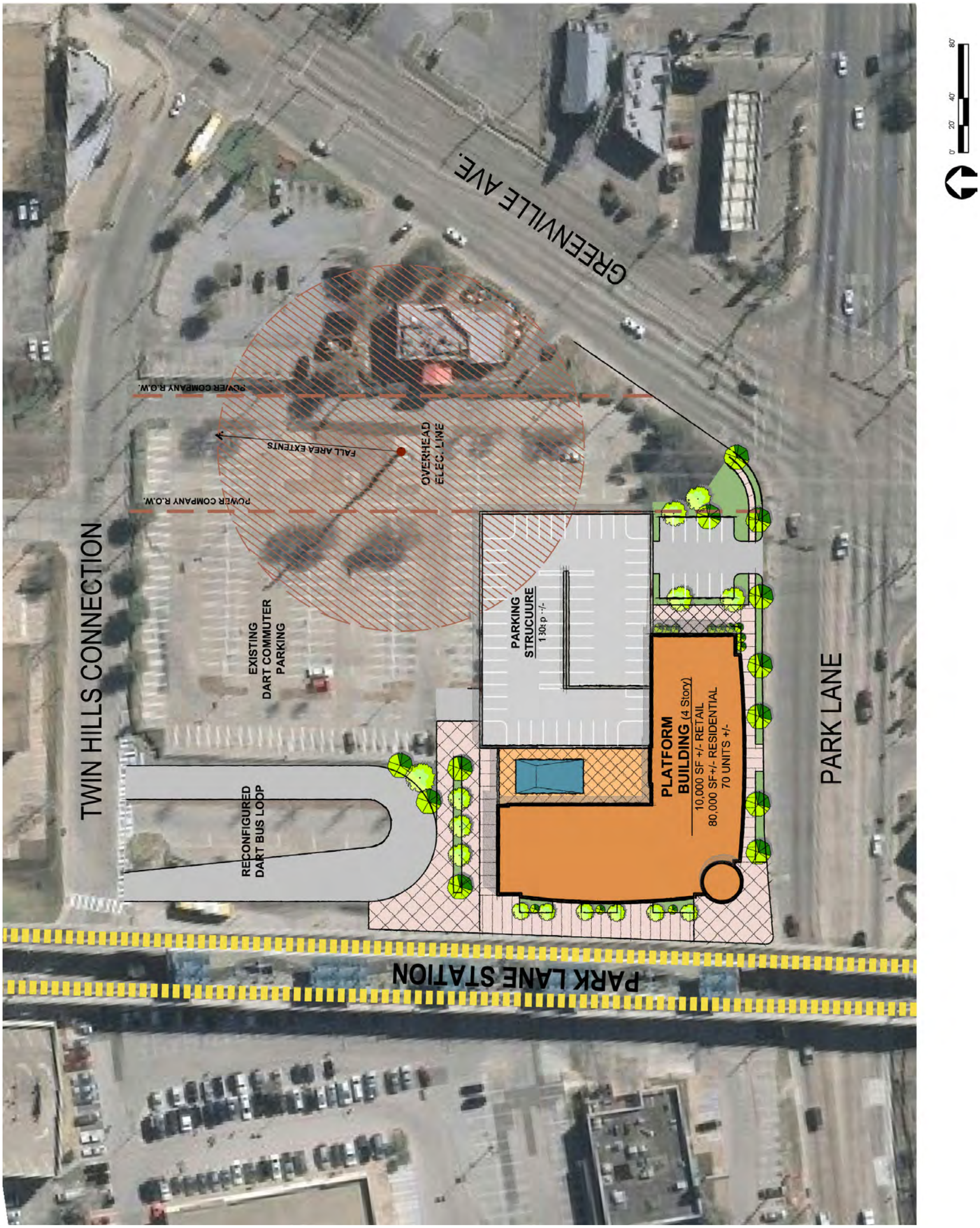
Parcel Plan
Park Lane



Project imagery by KAI Texas

Proposed Site Plan

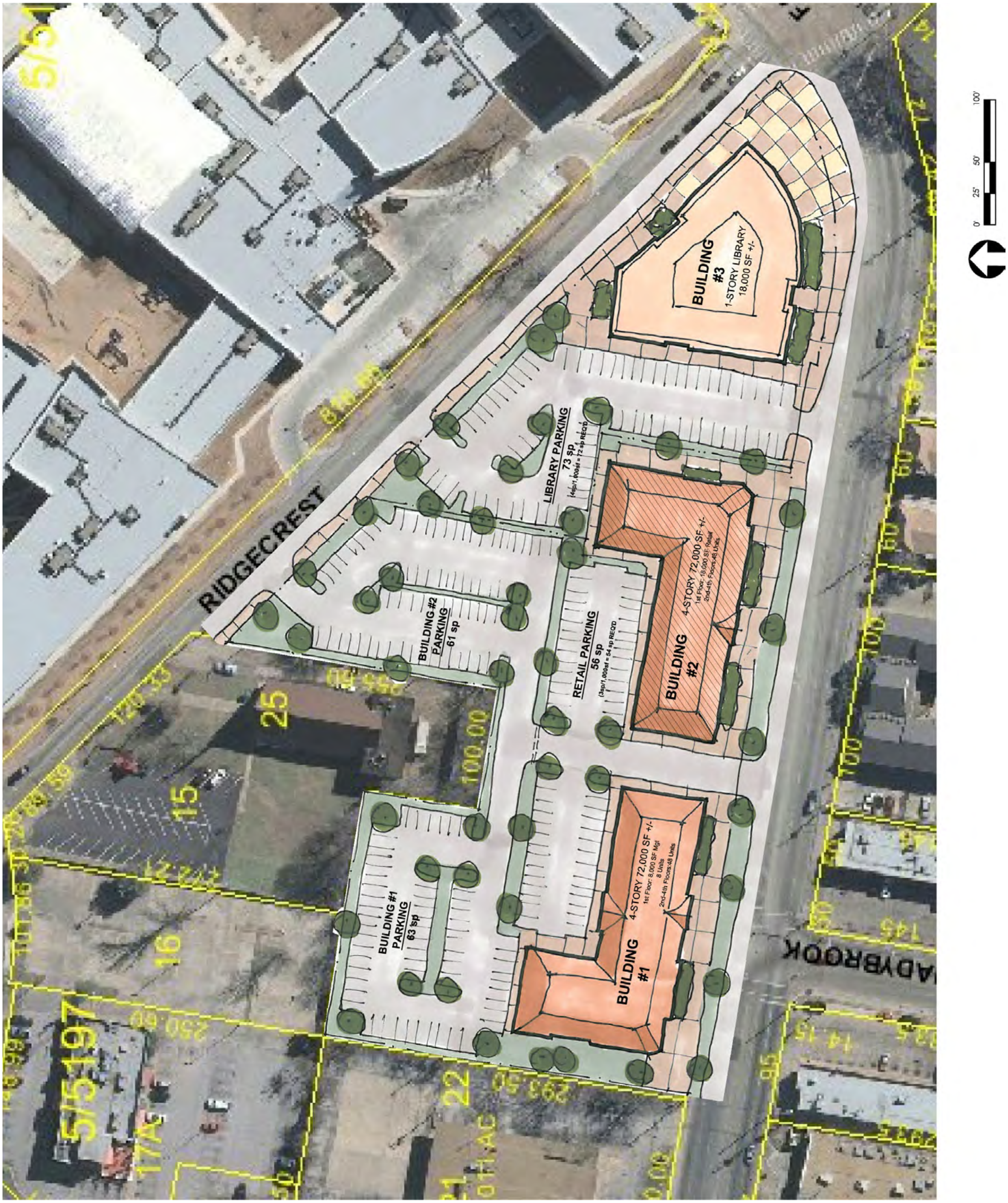
Park Lane



Project imagery by KAI Texas

Proposed Site Plan

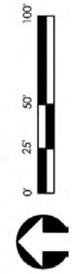
Ridgecrest–Study 1



Project imagery by KAI Texas

Proposed Site Plan

Ridgecrest–Study 2



Project imagery by KAI Texas

Project Summary

Park Lane Station

Park Lane Station									
		RESIDENTIAL UNITS							
BLDG #	BUILDING TYPE	1-br	2-br	3-br	TOTAL UNITS	RETAIL SF	NRA SF	TOTAL GSF
1	Elevator Building #1 - 4 Story (Retail + Res. 3 Floors)	30	40	-	70	10,000	59,500	80,296
	PROJECT TOTALS	**30**	**40**	**0**	**70**	**10,000**	**59,500**	**80,296**
	Unit Mix	**42.9%**	**57.1%**	**0.0%**				

PARKING SUMMARY						
BLDG #	BUILDING TYPE	RESIDENT PARKING	RETAIL/PUBLIC PARKING	TOTAL PARKING	RESIDENT RATIO (Unit/SP)	RETAIL RATIO (SP/1000SF)
1	Structured Parking	75	55	130	1.07	5.5
2	Sufrace Parking		12			
	TOTALS	**75**	**67**	**142**	**1.07**	**6.7**

Potential Building Mix – *Unit Mix & Square Footages*

Park Lane Station								
			UNIT SF SUBTOTALS			TOTALS		
BLDG #		QTY	GSF	NSF	NRA	GSF	NSF	NRA
1	1BR	30	727	684	706	21,810	20,520	21,180
	2BR	37	984	925	955	36,408	34,225	35,335
	(corner) 2BR	3	1,026	964	995	3,078	2,892	2,985
	Retail	1	10,000			10,000	-	-
	/Mgt./Common/Circ./Lobby	1	9,000			9,000	-	-
	Building Unit Count	70				80,296	57,637	59,500
					Building Efficiency (NRA)	74.1%		
					Building Efficiency (NRA,incl. retail)	86.6%		
	TOTAL UNIT COUNT	70						
TOTAL PROJECT SF						**80,296**	**57,637**	**59,500**

Park Lane Rent Structure		
Unit Type	**# of Units**	**Rent Range**
1 BR Garden	30	$550-625
2 BR Garden	40	$675-750

Project Summary

Ridgecrest Site – Study 1 & 2

Ridgecrest Site – Study 1

		RESIDENTIAL UNITS				
BLDG #	**BUILDING TYPE**	**1-br**	**2-br**	**TOTAL UNITS**	**RETAIL SF**	**TOTAL GSF**
1	Elevator Building #1 - 4 Story (Mgt. + Res. 3 Floors)	16	40	56	-	72,000
2	Elevator Building #2 - 4 Story (Retail + Res. 3 Floors)	12	36	48	18,000	72,000
3	Library - 1 Story					18,000
	TOTALS (w/o For Sale)	**28**	**76**	**104**	**18,000**	**162,000**
	Unit Mix	**27%**	**73%**			

PARKING SUMMARY					
BLDG #	**BUILDING TYPE**	**RESIDENT PARKING**	**RETAIL/LIBRARY PARKING**	**TOTAL PARKING**	**RESIDENT RATIO (Unit/SP)**
1	Elevator Building #1 - 4 Story (Mgt. + Res. 3 Floors)	63	-	63	
2	Elevator Building #2 - 4 Story (Retail + Res. 3 Floors)	61	56	117	
3	Library - 1 Story	-	73	73	
	TOTALS (w/o For Sale)	**124**	**129**	**253**	**1.19**

Ridgecrest Site – Study 2

		RESIDENTIAL UNITS					
BLDG #	**BUILDING TYPE**	**1-br**	**2-br**	**3-br**	**TOTAL UNITS**	**RETAIL SF**	**TOTAL GSF**
1	Library - 1 Story	-	-	-	0	-	18,000
2	Elevator Building #2 - 4 Story (Mgt. + Res. 3 Floors)	16	32	-	48	-	52,000
3	Elevator Building #3 - 4 Story (Retail + Res. 3 Floors)	12	30	-	42	16,000	64,000
	TOTALS (w/o Townhouse Rental)	**28**	**62**	**0**	**90**	**16,000**	**134,000**
	Unit Mix	31%	69%	0%			
4-5	For Sale 3BR Townhomes	0	0	6	6	-	8,400
	TOTALS (including Townhouse Rental)	**28**	**62**	**6**	**96**	**16,000**	**142,400**
	Unit Mix	**29%**	**65%**	**6%**			

PARKING SUMMARY					
BLDG #	**BUILDING TYPE**	**RESIDENT PARKING**	**RETAIL/LIBRARY PARKING**	**TOTAL PARKING**	**RESIDENT RATIO (Unit/SP)**
1	Library - 1 Story	-	73	73	
2	Elevator Building #2 - 4 Story (Mgt. + Res. 3 Floors)	54	-		
3	Elevator Building #3 - 4 Story (Retail + Res. 3 Floors)	54			
	TOTALS (w/o For Sale)	**108**	**73**	**73**	**1.20**
4-5	For Sale 3BR Townhomes	12	-	12	2.00
	TOTALS (including Townhouse Rental)	**120**	**73**	**85**	**1.25**

NOTE: No parking shown for retail use

Ridgecrest Rent Structure

Unit Type	**# of Units**	**Rent Range**
1 BR Garden	28	$550-625
2 BR Garden	76	$675-750

Proforma:
Total Sources & Uses
Park Lane Station

Uses of Funds					
CONSTRUCTION COSTS	**Residential**	**Per Unit**	**Commercial**	**Per GSF**	**Total**
ACQUISITION	-	-	-	-	-
CONSTR - RESIDENTIAL	4,366,115	62,373	-	-	4,366,115
CONSTR - MGT/CMTY BLDGS	641,070	9,158	-	-	641,070
CONSTR - GEN REQ/OH/PROFIT	828,001	11,829	103,243	10.32	931,244
CONSTR - CONTINGENCY	291,759	4,168	84,070	8.41	375,829
SUBTOTAL	**6,126,946**	**87,528**	**924,766**	**92.48**	**7,051,711**
OTHER DEVELOPMENT COSTS					
ARCHITECTURE	250,359	3,577	36,873	3.69	287,232
ENGINEERING/SURVEY	100,144	1,431	14,749	1.47	114,893
ENVIRONMENTAL	100,000	1,429	100,000	10.00	200,000
INSURANCE	81,693	1,167	12,330	1.23	94,023
PROFESSIONAL FEES/REPORTS	250,000	3,571	50,000	5.00	300,000
MARKETING/ FF&E	105,000	1,500	400,000	40.00	505,000
LEASEUP INTEREST/EXPENSES	153,028	2,186	30,200	3.02	183,228
TITLE AND RECORDING	94,322	1,347	25,000	2.50	119,322
TAX CREDIT FEES	100,000	1,429	-	-	100,000
REAL ESTATE TAXES	93,333	1,333	21,667	2.17	115,000
MISCELLANEOUS	-	-	-	-	-
PROJECT CONTINGENCY	149,097	2,130	32,312	3.23	181,408
DEVELOPER FEE - DEVELOPER	912,471	13,035	197,748	19.77	1,110,218
OPERATING RESERVE	183,634	2,623	50,000	5.00	233,634
SUBTOTAL	2,573,081	36,758	970,878	97.09	3,543,959
TOTAL DEVELOPMENT COSTS	**8,700,027**	**124,286**	**1,895,643**	**189.56**	**10,595,670**

Sources of Funds					
	Residential	**Per Unit**	**Commercial**	**Per GSF**	**Total**
TBD	-	-			
TAX CREDIT EQUITY	5,585,000	79,786	-	-	5,585,000
BRIDGE LOAN	-		-	-	-
GAP	3,115,027	44,500	1,895,643	190	5,010,670
TOTAL DEVELOPMENT SOURCES	**8,700,027**		**1,895,643**		**10,595,670**

Proforma:

Total Sources & Uses

Ridgecrest

Uses of Funds

CONSTRUCTION COSTS	Residential	Per Unit	Commercial	Per GSF	Total
ACQUISITION	-	-	-	-	-
CONSTR - RESIDENTIAL	8,534,717	82,065	-	-	8,534,717
CONSTR - MGT/CMTY BLDGS	1,722,413	16,562	-	-	1,722,413
CONSTR - GEN REQ/OH/PROFIT	1,696,145	16,309	219,505	12.19	1,915,650
CONSTR - CONTINGENCY	597,664	5,747	154,692	8.59	752,356
SUBTOTAL	**12,550,939**	**120,682**	**1,701,611**	**94.53**	**14,252,550**
OTHER DEVELOPMENT COSTS					
ARCHITECTURE	512,856	4,931	66,371	3.69	579,227
ENGINEERING/SURVEY	205,143	1,973	26,548	1.47	231,691
ENVIRONMENTAL	100,000	962	100,000	5.56	200,000
INSURANCE	167,346	1,609	22,688	1.26	190,034
PROFESSIONAL FEES/REPORTS	250,000	2,404	300,000	16.67	550,000
MARKETING/ FF&E	156,000	1,500	680,000	37.78	836,000
LEASEUP INTEREST/EXPENSES	227,938	2,192	54,360	3.02	282,298
TITLE AND RECORDING	150,000	1,442	25,000	1.39	175,000
TAX CREDIT FEES	155,012	1,491	275,000	15.28	430,012
REAL ESTATE TAXES	138,667	1,333	39,000	2.17	177,667
MISCELLANEOUS	-	-	-	-	-
PROJECT CONTINGENCY	292,278	2,810	65,812	3.66	358,090
DEVELOPER FEE - DEVELOPER	1,788,741	17,199	402,767	22.38	2,191,508
OPERATING RESERVE	273,525	2,630	50,000	2.78	323,525
SUBTOTAL	4,417,506	42,476	2,107,546	117.09	6,525,052
TOTAL DEVELOPMENT COSTS	**16,968,445**	**163,158**	**3,809,157**	**211.62**	**20,777,602**

Sources of Funds

	Residential	Per Unit	Commercial	Per GSF	Total
TBD	-	-			
TAX CREDIT EQUITY	11,121,000	106,933	1,010,188	56	12,131,188
BRIDGE LOAN	-		-	-	-
GAP	5,847,445	56,225	2,798,969	155	8,646,414
TOTAL DEVELOPMENT SOURCES	**16,968,445**		**3,809,157**		**20,777,602**

Property Management Plan

Provided herewith is the proposed Housing Management Plan for the mixed-income properties with an emphasis on criteria for tenant selection and social services.

Name of Development: ________________________________

Location: ____

Number of dwelling units: ____________________________

This plan, dated this ________ day of ________, 20___, is intended to set forth the relationship between the Owner and the Management Agent and to define the responsibilities of the Agent in the conduct of the business affairs of the property. Unless otherwise stated in the plan, the term "Owner" will refer to _, and the term "Agent" will refer to [Company Name]

In addition, the plan intends to outline a definite program of action to assure:

1. A well-managed and properly maintained property.
2. A pleasant relationship between the property employees, residents, and the surrounding community.
3. A pleasant, healthy living environment for the residents.
4. A sound relationship between residents and management.
5. A housing program that will have continued economic viability.

The management of the property would be carried out under the direct supervision of the Owner and subject to state and federal regulations.

Statement of Management Policy

The Agent has extensive staff experience in the management and operation of mixed-income housing facilities for conventional, low and moderate income families, and for elderly and handicapped persons. It is dedicated to the principle that every family and person is entitled to a decent home with equal opportunity without regard to race, sex, color, family status, disability or national origin. As the Agent for a mixed -income development it will implement policies to:

1. Continually integrate the property into the surrounding community
2. Manage to the standard in which the affordable units are indistinguishable from the market rate units
3. Interior and exteriors of the buildings as well the grounds and common areas are maintained to market rate standards
4. Provide the best possible service to all residents, regardless of income.
5. Maintain the most competitive position in the marketplace

1. Relationship Between Owner and Management Agent

It is proposed that the Owner agree to the delegation of authority for management of the property to the Agent. The Agent would be charged with specific performance in accordance with this Management Plan and Regulatory Agency requirements and will, by means of periodic budgets, financial statements, status reports, and personal conferences, advise the Owner on the operation of the property.

The Agent will enter into a Management Agreement approved by the Owner and will be paid a fee for its services. This Agreement will provide detailed responsibilities which the Agent will assume and perform with all diligence. More specifically, the Agent will function as follows:

A. The Agent will prepare an operating schedule, set job standards and wage rates previously approved by the Owner; investigate, hire, pay, supervise, and discharge all property personnel necessary to properly maintain and operate the property. The Agent will staff the property in accordance with the highest standards achievable and consistent with the plans agreed on by the Owner.

B. The general maintenance of the property will be a high priority. Maintenance items will include, but not be limited to, exterior and interior cleaning, painting, decorating, plumbing, electrical, mechanical, carpentry, and other normal maintenance and repair work necessary to maintain the property, the welfare of the residents or any other person.

All maintenance requests from residents, or work orders initiated by management, will be recorded and will become part of the resident's file and a work order record system available for management review. Agent will respond to all maintenance requests from residents within twenty-four (24) hours. Agent will complete all emergency requests from residents within twenty-four (24) hours.

C. The Agent will collect all rents due from residents and lessees and all monies due from concessionaires.

D. The Agent will furnish the Owner an itemized list of all rents and other income received each month on or before the twentieth (20th) of the following month.

E. The Agent will render to the Owner a weekly and monthly report on rental activity. That report will document unit turnovers and vacancy trends, adding insightful or useful comments where appropriate.

F. The Agent will maintain a list of prospective residents and will exercise its best efforts to renew all leases and attempt at all times to keep the premises fully occupied. Day-to-day decisions concerning the selection of residents will be made pursuant to an action program and a Resident Selection Plan.

G. The Agent will maintain a comprehensive set of accounting records satisfactory to the Owner and to the Regulatory Agencies.

H. The Agent will maintain a separate bank account under the name of "____________________________." The funds in this account will be used for the payment of all property expenses including mortgage payments, escrows, administrative expenses, operational expenses, maintenance expenses and other expenditures. All deposits from rental and other income will be placed in this account for disbursements to various vendors. All checks against this account will be written from the central office of the Agent.

I. The Agent will maintain a separate bank account under the name of "____________________________" Security Deposit Account." All resident security deposits will be deposited to this account and all security deposit disbursements will be made from this account in accordance with state and local requirements. All checks against this account will be written from the central office of the Agent.

J. The Agent will investigate and make a full written report of all personal accidents relating to the operation of the property, and will cooperate with the insurance carriers to facilitate any claim handling that may be required from time to time.

K. All expenses incurred by the Agent for all non-property staff and expenses related to this staff will be paid from the Agent's fee. Expenses paid for by the Property and not borne by the Agent are:
   1. Site Manager's salary and related compensation.
   2. Cost of on-site office and any apartment or apartments for on-site staff.
   3. Other on-site staff, such as leasing, administration, maintenance personnel, landscaping and custodial staff.
   4. Legal and auditing expenses, and finance and accounting materials and services.
   5. Maintenance and repair costs, utilities, taxes, insurance, fringe benefits related to Property paid employees and other normal operating expenses.
   6. Security personnel if needed.
   7. Cost of preparing annual financial and state compliance reports to Regulatory Agency and tax information for the Owner.
   8. Cost of lock-box service, delinquency notices, evictions.
   9. Credit checks and home visits
   10. Fidelity bond for on-site staff.

2. Personnel Policy

A. The Agent will take affirmative action and perform equal opportunity outreach in an effort to recruit minorities and women with priority given to qualified residents and members of the local community in the hiring of all personnel. Agent will make available all pertinent information such as qualification, remuneration, application procedures, etc., to the Owner.

B. The key to successfully managing mixed-income developments is having the right mix of staff who can meet the wide range of goals and expectation that comes with these developments. Staff must be able to:
   1. Work effectively across diverse sectors of the community and within various levels of local government; and
   2. Ensure that all the myriad compliance and financing requirements are met and the proper paperwork is submitted;

C. The Staffing pattern anticipated will be as follows:

Job Title	Estimated Salary
Manager	$ 00,000
Maintenance Tech	00,000
Janitor/Custodian	00,000

All employees will be employees of the Agent and will be both employed and terminated by the Agent as the Agent deems appropriate. The direct and related compensation for these employees, however, will be based on prevailing wages paid in the area at the time they are employed.

D. The Site Manager and staff will be trained by the Agent, who is qualified by both experience and education to do so. Property personnel will be encouraged to take management courses sponsored by local vocational schools and colleges, the Real Estate Board, the Institute of Real Estate Management, the National Center for Housing Management, and other organizations, when available, and will be required to attend and successfully complete training courses conducted by the Agent.

E. Fringe benefits for each employee will be consistent with similar employment in the industry.

F. Employees will be encouraged to discuss all work-related problems or grievances with the Agent.

G. Employment, termination of employment and promotions of on-site personnel will be handled directly by the Agent, conforming at all times with equal opportunity and affirmative action goals and requirements.

H. Within the described staffing program, the Site Manager will have authority and responsibility for organizing and directing the work of all on-site employees and will report to the Agent through the supervisor representing the Agent.

3. Resident Eligibility and Occupancy Procedures

Resident selection is an important facet of the management function and will receive special attention. The site staff will be well trained in eligibility requirements, family composition criteria, unit size selection processes, certification and recertification procedures, and fair housing requirements. In making any determination with respect to an applicant for admission, the Agent shall not reject such applicant unless a preponderance of the information available with respect to such applicant demonstrates that such applicant, if admitted, would be likely to interfere with other residents in such a manner as to diminish their enjoyment of the premises, adversely affecting their health, safety or welfare, the physical environment, or the financial stability of the Property. Relevant information respecting habits or practices to be considered for each applicant in making such determinations is as follows:

A. An applicant's past performance in meeting financial obligations, especially rent, will be considered in determining if there is an unreasonable risk that such applicant will not fulfill its rent obligations. Factors to be considered are as follows:

1. Consistent record of timely rent payment during the last three years;
2. No material (exceeding $350) reported delinquent consumer debt balances (excluding medical bills and student loans) within three months of date of application or written off within one year of date of application; and
3. No history or pattern of substantial past due consumer debts within the last 18 months with balances older than six months;

B. Criminal record check by Agent, as allowable by law with respect to all adult applicants for occupancy in the Property, showing no record of past criminal activity in those areas listed below. Probation, parole, or incarceration time is added to each time period included below. On a case-by-case basis, Agent may consider additional unfavorable criminal activity in determining whether such applicant passes the screening criteria, if such past criminal conduct is deemed to pose a risk to other families.

1. No record of conviction for manufacturing drugs within the last ten years;
2. No record of conviction for distributing drugs within the last ten years;
3. No record of conviction for drug possession within last five years;
4. No record of conviction for the last ten years for a crime against a person;
5. No record of a conviction for the last ten years for a crime against property, or for concealed weapons possession; and
6. No record of conviction for murder, attempted murder, rape or attempted rape, manufacturing methamphetamines, assault on a law enforcement officer or a registered sex offender.

C. Declaration from head of household that all family members under 18 years of age have not been convicted of a crime classifying them as an adult. If this declaration cannot be made as to any member, the declaration will provide consent to the release of police information to the Agent for the purpose of verifying whether any such conviction for that family member exists. If such a consent shall not be sufficient to obtain release of such information to the Agent, the parent or guardian of such member shall be required to obtain and submit such information to the Agent if such action is reasonably possible.

D. Satisfactory home visit to current applicant's home by representative of Agent. Home will be inspected, after notice of at least 48 hours, for cleanliness and evidence of acceptable living standard using a standard form for all visits included herein as Attachment 1. If the home visit is not possible because applicant lives outside the recognized metropolitan area, prior landlord references will be checked in lieu of the home visit.

E. Agent's check of residential history of any applicant for the past three years.

F. In all instances where unfavorable information would cause an applicant family to fail to meet the screening criteria set forth above, best efforts will be made to obtain mitigating information from all available sources. Sources of information may include, but are not limited to, (by means of interview), landlord, employers, family social workers, parole officers, court records, drug treatment centers, clinics, physicians or police departments where warranted by particular circumstances and as allowable by law.

   Consideration will be given to the time, nature, and extent of the applicant's conduct (including any reasonable explanation therefor) and to factors that might indicate a reasonable probability of favorable future

G. Procedures to be observed by the Agent are as follows:

1. Office space will be provided on the property at Owner's expense to facilitate rent-up activity. Model apartment(s) will be created, together with informational literature on the property and its intended conveniences.
2. Formal marketing efforts will be conducted according to regulatory requirements, including advertising at least ninety (90) days prior to initial occupancy. Prior to that advertising, however, an inquiry list will be developed and maintained in a manner to be determined by the Agent and the Owner. From this inquiry list, applications will be later invited for applications for the property. To assist in the necessary marketing effort, the Agent will establish a dialogue with appropriate neighborhood organizations in the interest of identifying desirable and long-term applicants.
3. Applicants and supporting documentation will be accepted on the appropriate application form, and applications will be screened for eligibility determination by the Agent, including the verification of ability to pay rent and past credit references of applicants. Where applicable, present dwelling units will be inspected for cleanliness and evidence of acceptable living standards and personal conduct. The applicant will be required to pay an application fee.
4. Inspection of each dwelling unit by the Agent and the new resident will be scheduled, and a checklist of the unit's condition will be signed by the Agent and the resident upon occupancy.

H. As residents are accepted for occupancy, the Agent will conduct an orientation session with each family. That meeting will include dialogue with the family regarding its interests and expectations regarding community life on site. The resident's responsibilities relating to the lease, rules and regulations and property policies will also be discussed. Instructions will be provided to the resident for maintaining the unit.

I. All new occupancies will be scheduled so that access to the buildings is available with a minimum of delay.

J. Residents will be placed in apartments of appropriate size for the composition and size of the family unit in accordance with local ordinance requirements.

Bedrooms	Family Size
1	1 - 2
2	2 - 4
3	4 - 6
4	6 - 8

The guidelines will be tailored to the occupancy requirements of local ordinances.

H. The project business office will be open as follows:

Monday - Friday	10:00 a.m. - 6:00 p.m.
Saturday	10:00 a.m. - 4:00 p.m.
Sunday	12:00 p.m. - 4:00 p.m.

Office hours may be adjusted based on market and operational requirements.

K. All provisions of the rental agreement will be explained thoroughly prior to the time the agreement is signed, and each resident will be provided with an original copy of the agreement for the resident's permanent records.

L. The resident will be required to pay the first month's rent in advance and the security deposit of no more than one month's rent.

4. Maintenance And Repair Program

A. The serial number of all appliances and service manuals will be on file in the site management office. During the one year minimum warranty period the appliances and mechanical equipment will be serviced by the representatives of the suppliers. After warranty period, provisions will be made in the operating budget to provide the necessary servicing and repairs which are beyond the capabilities of site maintenance personnel. At newly constructed or substantially rehabilitated developments, all appliances and mechanical equipment are to be checked for proper installation and operations by the respective installing contractor accompanied by management/maintenance staff prior to the agent releasing any units for occupancy.

Prior to releasing any unit for occupancy, the site staff will inspect the unit with the resident to assure that all equipment is in good working order and a record of such inspection will be placed in the resident's file.

B. Prior to a planned move-out, an inspection of the unit will be made and a record of such inspection will be placed in the resident's file. Where items need correcting, the staff will initiate the appropriate work orders to have the necessary work and repairs accomplished. Where such repairs are in addition to normal wear and tear, the staff will resolve the appropriate charges with the resident who will be moving out. After all the work has been accomplished in a satisfactory manner, as determined by an inspection of the staff, a pre-move-in inspection of the unit with the new resident will be scheduled as noted above. Annual inspections will be done in all occupied units to ascertain the care the resident is taking of the unit and any necessary repairs which should be done.

C. A schedule of repainting the interior of each apartment will be established as follows:

When a new resident moves in, the apartment will be repainted if it has been two years since the last painting or if the Site Manager determines that the condition of the apartment requires new painting. In apartments where there has been continued occupancy for a minimum of three years, repainting will be done when needed and upon request.

The exterior of developments will be painted at least every five years, or sooner, if needed. Public areas will be painted as the need arises.

D. Residents will be required to put trash in bags and tie them securely prior to disposing in trash receptacles on site. Maintenance personnel will be responsible for emptying the trash collected into the dumpsters located on the site. The removal from the premises will be accomplished by a contractor.

E. Repairs that are not within the ability of the Agent's maintenance staff to perform will be authorized by the Agent to be accomplished on a competitive bid contract basis. The prior approval of the Owner will be required for an expenditure which exceeds $10,000.00.

F. The Site Manager will supervise the maintenance staff to make certain that proper grounds upkeep is carried out. Part-time staff will be hired as needed. Grounds maintenance will also be contracted as needed.

The Site Manager will see to it that the project is maintained and repaired in accordance with local codes, and in a condition acceptable to the Owner, Regulatory Agency.

G. All common areas (i.e., entryways, halls, lounges, meeting rooms and laundries) shall be cleaned on a scheduled basis by the maintenance staff under the supervision of the Site Manager.

H. Pre-numbered work order forms in triplicate will be used to report to the Site Manager needed repairs or requests for service by residents. The forms will be filled out by the staff and entered on a pegboard system with a "Work Order Daily Long". The Site Manager will determine the assignment of the work orders; whether the work can be done by maintenance staff or whether it must be contracted out to an outside company. When the work is completed, the time and material used is to be noted on the work order, signed by the resident and returned to the office. The resident's copy is left with the resident; a copy is placed in the unit file and should coincide with the Work Order Daily Log; the third copy is the control copy kept in the office.

Work orders shall be reviewed by the Site Manager on a regular basis.

Since appliances, equipment and workmanship will be under warranty, the Site Manager will identify those work items which should be performed by the contractor(s) and notify them immediately. The contractor should sign the work order and turn it into the office upon completion of the work.

The Site Manager will conduct sampling inspections of maintenance staff's performance on specific work order requests.

I. The cost of repairs for damages to the premises, facilities or common areas which the resident, a member of his/her household, or guest(s) negligently, intentionally or maliciously caused will be assessed to the resident. The charge will be the cost of the time replaced and/or materials used and the hourly rate of the maintenance person performing the repairs. If the repair involves an outside firm, the full cost will be assessed to the resident.

J. Preventive maintenance inspections to regularly and consistently ascertain the condition of each unit in the property. Maintenance problems discovered during this inspection will be repaired at the earliest possible time.

K. All emergency repairs or replacements, regardless of the time they occur, will be completed by maintenance staff. Outside contractors will be called in when necessary.

L. Garbage removal will be effected through arrangements with the municipality or a contractor. The trash areas will be swept on a scheduled basis.

M. Extermination services will be contracted so as to provide a high level of sanitation and cleanliness.

N. All maintenance complaints will be reported directly to the property business office for orderly transmission to the maintenance staff during office hours. In case of an emergency after hours, a 24-hour answering service will be maintained to address emergency repairs.

O. Subject to approval by the Owner, the Agent will make contacts or other suitable arrangements for water, electricity, gas, fuel oil, telephone, and other necessary services. The Agent will take bids and place purchase orders for such equipment, tools, appliances, materials, and supplies as are necessary to properly maintain the property. All such orders will be made in the name of the Owner and will be subject to the limitations set forth elsewhere in this Plan. The Agent will secure to the Owner any discounts, commissions or rebates obtained as a result of such purchases.

5. Rent Collection Policies and Procedures

A. Rent payments will be made by mail to a Lock Box facility, established by the Agent. Cash will not be accepted at the property. The Site Manager shall encourage the prepayment of rent.

B. Rent is due and payable on the first day of the month and considered delinquent on the 5th day of the month. Rent payments will be recorded as of date received by the Lock Box (Bank). A late charge will be assessed after the 5th day in accordance with provisions of the resident lease.

C. Partial payment of rent will not be accepted unless prior written approval has been given to the resident by the Site Manager, and the central depository notified to accept partial payment. Approval must be based on good and sufficient reason which has been documented in the resident's file. A late charge will not be assessed when such a prior arrangement has been made.

D. On the tenth (10th) of the month, the Agent will generate a delinquency report and send individual letters notifying delinquent residents of the need to achieve a zero balance within three days from receipt of letter. If resident fails to pay by this date, the Site Staff will make personal calls to deal with the delinquency.

Should the Site Manager determine the family needs assistance because of budget and/or other financial problems, he/she will refer family to an appropriate service agency.

E. Suit will be filed for rent and possession on the 15th calendar day from the first day of the month in which the delinquency began, unless conditions set out in 5C, are applicable.

6. Financial Accounting and Management

The Agent will maintain a Property Management Operating and Accounting Manual in the Agent's office for ready reference on any aspect of the Agent's manner of conducting business. In turn, the Site Manager will be provided a Resident Manager's Handbook for written instructions on the operation of the property. In addition, appropriate management handbooks and instructions provided by the Regulatory Agencies will be maintained in the property business office.

In conformance with those directives, the Agent will maintain accurate files of all resident transactions, including certifications of incomes, recertifications, verification of income, maintenance requests and responses, unit inspection results, and any other pertinent resident data.

All accounting records and purchasing procedures will be consistent with standard accounting procedures.

All records and books will be available for examination at reasonable hours by the Owner and the Regulatory Agency at the Agent's central office.

On a monthly basis as indicated in paragraph 1D and 1G the Managing Agent will prepare and submit the following:

A. Itemized list of all delinquent accounts as of the tenth of the month.

B. Itemized list of receipts and disbursements for the previous month including the accounts payable and receivable.

A purchase order system will be utilized for all property purchasing, using numbered and multi-copy forms. The Site Manager will be limited to $500.00 per purchase transaction and all purchases are to be reviewed by the Agent to ensure conformance with declining budget control format prescribed by the Agent for Site Manager's use. Invoices will be matched with outstanding purchase orders by the Site Manager, reviewed for accuracy by the Agent, and then vouchered for payment by the Agent's central office. Checks will be processed weekly for payment of any payables on hand.

Accounting records, rent rolls, payroll, and payables will be processed by a computer system that provides disbursement journals, daily cash balance reports, against budget, general ledger transaction journals, and balance sheets. The Owner may be furnished any such report as desired.

The Agent maintains internal audit personnel who carry out continual reviews of audit prints within the property operation and who report findings to management personnel.

7. Resident/Management Relationships

The Agent will ensure that all property employees treat residents respectfully, both individually and corporately.

A. The following procedures apply to formal grievances of the services provided by the Owner and the Agent. These procedures, however, do not preclude any resident from the right to informally approach the Site Manager for the purpose of discussing a problem situation. If informal discussion does not resolve the situation then the formal procedures should be followed:

A resident, feeling that he/she has cause for grievance will advise the Site Manager in writing.

The Site Manager will schedule a conference promptly.

1. If a satisfactory adjustment or solution is not reached as a result of the conference, the Site Manager will forward the written grievance to the Manager's supervisor, together with a write-up of the conference and all available information on both sides of the issue in question.
2. The supervisor will review the information submitted and after conducting an inquiry as to the related facts will convene a meeting within a period not to exceed thirty (30) days. The Site Manager and resident (together with his/her selected representative) will attend the meeting.
3. Any expenses associated with the resident's representative will be the responsibility of the resident.
4. A decision by the Agent's supervisor will be rendered in ten (10) days and sent in writing to the Site Manager, and the resident submitting the grievance. This decision will be final.

B. The policies and procedures covering requests for service and repairs are outlined in Section 4 above.

C. Resident orientation will begin during the application stage and will continue through the initial unit inspection and the conference held at the time the lease is signed. New residents are provided with an Information Packet which informs them about the operations of the property, the rules and regulations governing continued occupancy, and location of services in the area. Residents will be advised of changes, either additions or deletions, to the rules and regulations by written notice in memo form or an article in the Resident Newsletter.

D. A lease between the Owner and the applicant must be executed prior to admission.

E. If it has been determined that there is a demand in this area for leases in another language, such leases will be provided.

8. Social Services Program

A. The Site Manager will encourage and work closely with the residents to assure they play a role in shaping and overseeing whatever social programs are established.

B. Consumer Education - With the goal to help residents become knowledgeable consumers, management will contact those community action and consumer protection services which strive to educate the public. These groups would be invited to teach residents about consumer "rip offs" and fraudulent mail order schemes, prepare household budgets, balance checkbooks and identify the true costs of undisciplined credit card use.

C. The social programs, consumer education and management notice will be communicated in a property newsletter.

9. Affirmative Action Program

A. The Agent will take such measures as may be required by law to encourage minority group representation in residential units.

B. The Agent intends to comply fully with all equal opportunity laws. And it is expected, as a matter of company policy, that all employees will abide by the spirit of those laws.

Managing Agent:

[Company Name] ______________________________

By: ______________________________

Title: ______________________________

Dated: ______________________________

Owner:

By: ______________________________

Title: ______________________________

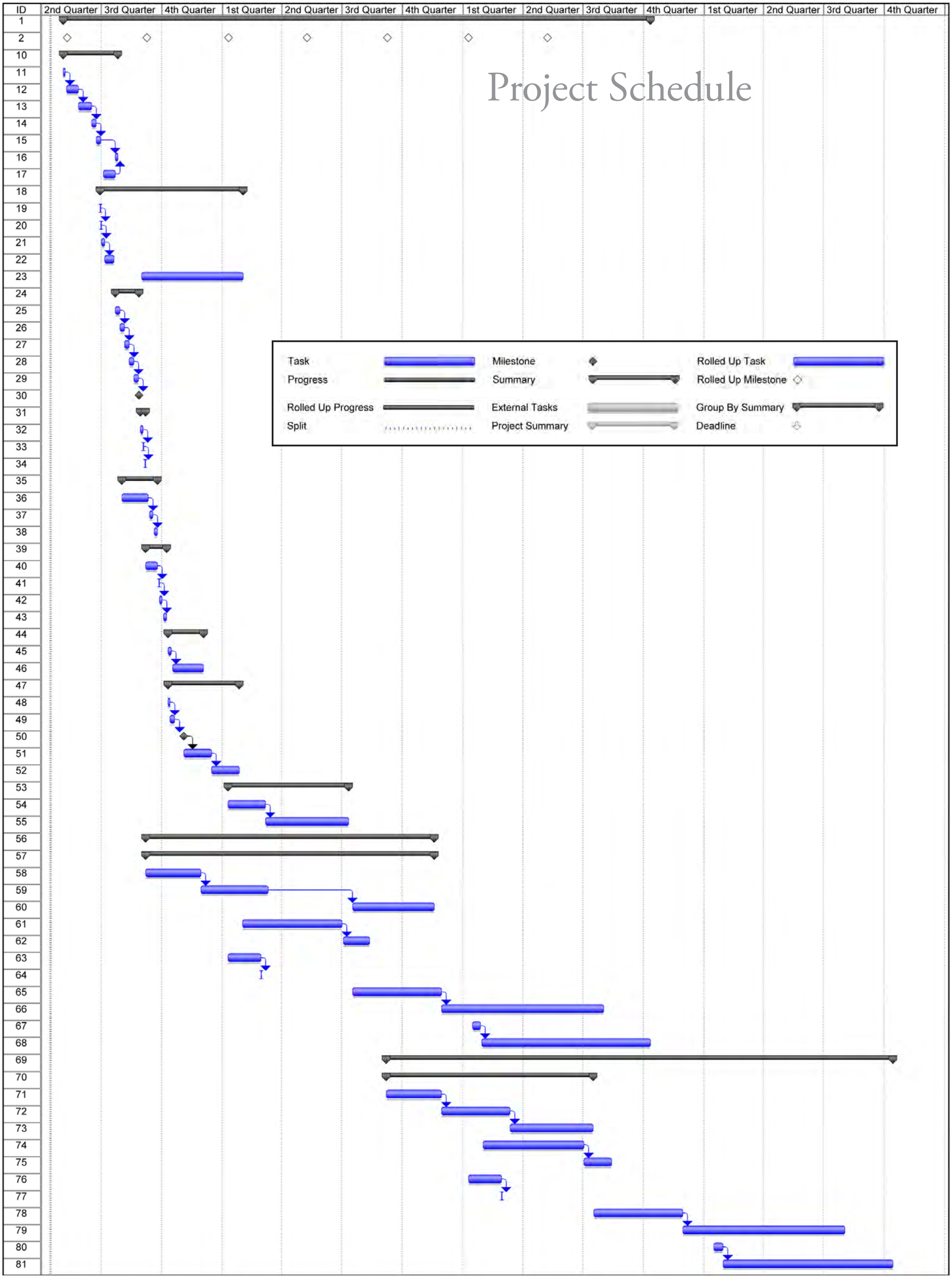
By: ______________________________

Title: ______________________________

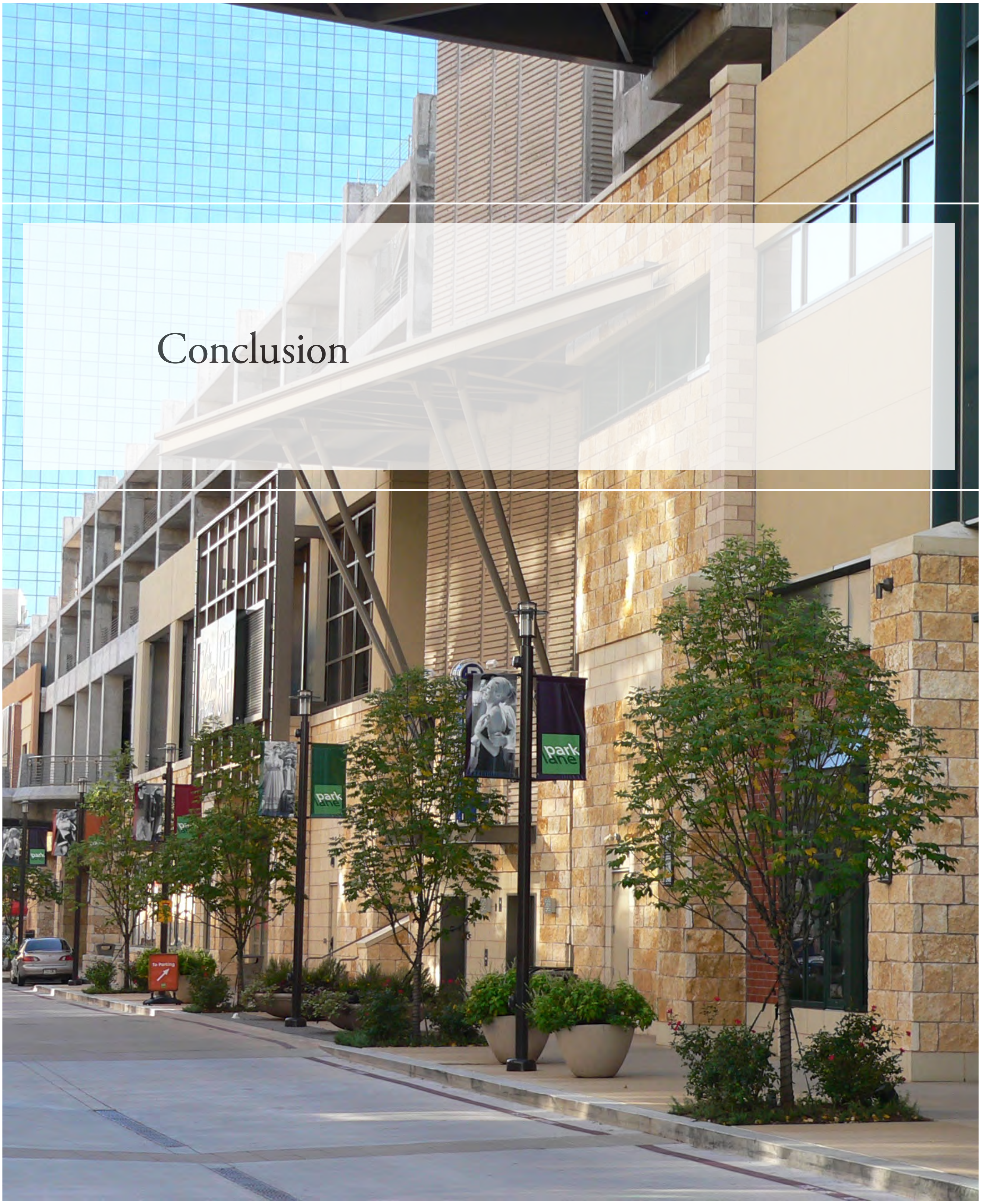
Dated: ______________________________

ID	Task Name	Start	Finish	Duration
1	**DALLAS TRANSIT ORIENTED DEVELOPMENT PROJECTS- Typical Project Schedule**	**Wed 5/5/10**	**Thu 10/11/12**	**637 days**
2	**REGULAR MEETINGS WITH COMMUNITY AND CITY LEADERS**	**Mon 5/10/10**	**Tue 5/8/12**	**522 days**
10	**SITE MASTER PLANNING**	**Wed 5/5/10**	**Mon 7/26/10**	**59 days**
11	Compile & Filter Site Data (Architect)	Wed 5/5/10	Fri 5/7/10	3 days
12	Review and evaluate existing planning/design documents, including all master plans	Mon 5/10/10	Thu 5/27/10	14 days
13	Identify additional development opportunities surrounding the target area	Fri 5/28/10	Wed 6/16/10	14 days
14	Confirm Zoning Impacts (Architect and Zoning Consultant)	Thu 6/17/10	Wed 6/23/10	5 days
15	Establish Site Use Mix Guidelines (Developer)	Thu 6/24/10	Wed 6/30/10	5 days
16	Site Visit & Orientation	Fri 7/23/10	Mon 7/26/10	2 days
17	Perform Preliminary Market Analysis	Mon 7/5/10	Thu 7/22/10	14 days
18	**DETERMINE LAND ACQUISITION COSTS**	**Wed 6/30/10**	**Tue 2/1/11**	**155 days**
19	Identify owner for each parcel in site plan	Wed 6/30/10	Wed 6/30/10	1 day
20	Identify the size and dimension of each parcel	Thu 7/1/10	Thu 7/1/10	1 day
21	Identify their current appraised value according to tax roles	Fri 7/2/10	Tue 7/6/10	3 days
22	Estimate current market value by land & building	Wed 7/7/10	Tue 7/20/10	10 days
23	Land Acquisition (Options and Purchase)	Wed 9/1/10	Tue 2/1/11	110 days
24	**PRODUCE PRELIMINARY SITE PLAN**	**Fri 7/23/10**	**Fri 8/27/10**	**26 days**
25	Identify location of various components, housing and retail	Fri 7/23/10	Thu 7/29/10	5 days
26	identify the unit mix, gross square footages of each component & parking spaces	Fri 7/30/10	Thu 8/5/10	5 days
27	Overlay footprint on plat & parcel map	Fri 8/6/10	Thu 8/12/10	5 days
28	Analyze infrastructure needs for the project	Fri 8/13/10	Thu 8/19/10	5 days
29	Identify imagery of similar product type for each component	Fri 8/20/10	Thu 8/26/10	5 days
30	Issue Preliminary Site Plan to Developer & Development Partners	Fri 8/27/10	Fri 8/27/10	1 day
31	**REVIEW PRELIMINARY SITE PLAN**	**Mon 8/30/10**	**Mon 9/6/10**	**6 days**
32	Review Preliminary Site Plan (Developer)	Mon 8/30/10	Thu 9/2/10	4 days
33	Compile Review Comments (Developer)	Fri 9/3/10	Fri 9/3/10	1 day
34	Meet with stakeholders i.e. Community, TREC, City to present "draft" site plan	Mon 9/6/10	Mon 9/6/10	1 day
35	**PERFORM ENVIRONMENTAL ASSESSMENTS AND STRATEGIES**	**Mon 8/2/10**	**Fri 9/24/10**	**40 days**
36	Prepare Phase I Environmental Assessment	Mon 8/2/10	Fri 9/10/10	30 days
37	Assess Results and Determine if Phase II Assessment	Mon 9/13/10	Fri 9/17/10	5 days
38	Determine Environmental Risk and Remediation Strategy	Mon 9/20/10	Fri 9/24/10	5 days
39	**PRODUCE FINAL SITE PLAN**	**Tue 9/7/10**	**Fri 10/8/10**	**24 days**
40	Update marketing, engineering, zoning info as necessary or required	Tue 9/7/10	Fri 9/24/10	14 days
41	Final Site Plan Kickoff Meeting	Mon 9/27/10	Mon 9/27/10	1 day
42	Develop Final Site Plan (Architect) based on stakeholder feedback	Tue 9/28/10	Fri 10/1/10	4 days
43	Issue Final Site Plan to Developer	Mon 10/4/10	Fri 10/8/10	5 days
44	**PRELIMINARY CONSTRUCTION COST ESTIMATION**	**Mon 10/11/10**	**Fri 12/3/10**	**40 days**
45	Identify contractors w/ experience building similar development types	Mon 10/11/10	Fri 10/15/10	5 days
46	Obtain Preliminary costs by major trades	Mon 10/18/10	Fri 12/3/10	35 days
47	**FINANCIAL STRATEGY**	**Mon 10/11/10**	**Wed 1/26/11**	**78 days**
48	Prepare a rent schedule & sales prices for each component	Mon 10/11/10	Wed 10/13/10	3 days
49	Prepare a financial proforma, including sources and uses	Thu 10/14/10	Wed 10/20/10	5 days
50	Meet with Lenders, Investors, Stakeholders & City to present Finanical Strategy	Thu 10/21/10	Wed 11/3/10	10 days
51	Develop additional sources of "Gap" funding	Thu 11/4/10	Wed 12/15/10	30 days
52	Finalize Finance Strategy	Thu 12/16/10	Wed 1/26/11	30 days
53	**PREPARE TAX CREDIT APPLICATIONS (See Attached)**	**Mon 1/10/11**	**Mon 7/11/11**	**131 days**
54	Prepare and submit Tax Credit Application to TDHCA	Mon 1/10/11	Mon 3/7/11	41 days
55	Tax Credit Award and Acceptance	Tue 3/8/11	Mon 7/11/11	90 days
56	**DETAILED DESIGN AND CONSTRUCTION DEVELOPMENT**	**Tue 9/7/10**	**Fri 11/18/11**	**314 days**
57	**Architecture SD/DD/CD**	**Tue 9/7/10**	**Fri 11/18/11**	**314 days**
58	Schematic Design	Tue 9/7/10	Mon 11/29/10	60 days
59	Design Development	Tue 11/30/10	Fri 3/11/11	74 days
60	Construction Drawings	Mon 7/18/11	Fri 11/18/11	90 days
61	City Approvals (zoning)	Tue 2/1/11	Fri 7/1/11	109 days
62	Submit Applications for funding	Mon 7/4/11	Fri 8/12/11	30 days
63	Bidding By Trades	Mon 1/10/11	Mon 2/28/11	36 days
64	Final Development Budgets	Tue 3/1/11	Tue 3/1/11	1 day
65	City Permitting Process	Mon 7/18/11	Tue 11/29/11	97 days
66	Initial Closing/construction	Wed 11/30/11	Wed 8/1/12	176 days
67	Prepare and Finalize Property Management Plan	Mon 1/16/12	Fri 1/27/12	10 days
68	Lease Up	Mon 1/30/12	Thu 10/11/12	184 days
69	**PHASE II**	**Wed 9/7/11**	**Mon 10/14/13**	**549 days**
70	**Architecture SD/DD/CD PHASE II**	**Wed 9/7/11**	**Mon 7/16/12**	**224 days**
71	Schematic Design	Wed 9/7/11	Tue 11/29/11	60 days
72	Design Development	Wed 11/30/11	Mon 3/12/12	74 days
73	Construction Drawings	Tue 3/13/12	Mon 7/16/12	90 days
74	City Approvals (zoning)	Wed 2/1/12	Mon 7/2/12	109 days
75	Submit Applications for funding	Tue 7/3/12	Mon 8/13/12	30 days
76	Bidding By Trades	Tue 1/10/12	Tue 2/28/12	36 days
77	Final Development Budgets	Wed 2/29/12	Wed 2/29/12	1 day
78	City Permitting Process	Wed 7/18/12	Thu 11/29/12	97 days
79	Initial Closing/construction	Fri 11/30/12	Fri 8/2/13	176 days
80	Prepare and Finalize Property Management Plan	Wed 1/16/13	Tue 1/29/13	10 days
81	Lease Up	Wed 1/30/13	Mon 10/14/13	184 days

Project Schedule



Conclusion



The Heights at Park Lane is a mixed-use development near Five Points that includes housing, retail and entertainment.

5 Getting Started

Rebuilding distressed urban neighborhoods so they become vibrant, self-sustaining communities can be a daunting challenge, but it can be done. It requires recognizing and building on the competitive advantages of these communities and tailoring long-term strategies that will attract reinvestment, while ensuring that current residents benefit from future revitalization.

Every community in the Dallas region should be a "place of choice"—a safe, economically and socially stable place in which people choose to live because it provides quality housing, services, and opportunities for individuals and families. Many distressed urban neighborhoods lack the basic amenities that families need to lead healthy, productive lives such as decent housing, quality retail, neighborhood parks, and cultural and recreational centers. Rebuilding those amenities is critical to any revitalization effort.

Dallas has a long history of steady growth that makes it a highly regarded metropolitan area. Unfortunately, its outward expansion and growth have come at the expense of its older urban communities, particularly Southern Dallas. Today, Dallas can point to a balanced economy, lower unemployment rates and a lower cost of living than other cities, as well as some of the finest neighborhoods in America. However, it can also point to large sections of the city where there has been little, if any, growth, high unemployment and underemployment, large concentrations of distressed housing units, low performing schools, higher rates of crime, and limited or poor-quality retail services.

The city must pause for a moment and assess how to balance its growth. It must create a strategy to revitalize Dallas' most distressed neighborhoods by reinvesting in them, stabilizing them, and putting them on solid ground so they reflect the same positive growth and vitality found in the rest of the city. If Dallas' most distressed neighborhoods continue to deteriorate it will not only have a negative impact on the people living in those communities, but on the health of the city as a whole.

No one questions the commitment of Dallas' citizens, government representatives, and the business community to make Dallas' struggling neighborhoods a better place to live. Every day, these groups do whatever it takes to do just that. Unfortunately, community groups and churches in areas such as Southern Dallas that are working to rebuild their communities lack the necessary resources. Investments made by government agencies are spread thinly across the city and are neither large enough, nor concentrated enough, to make a significant impact given the magnitude of the problems and the reality of limited public resources. And the initiatives sponsored by the private sector have failed due to a lack of collaboration with, and "buy-in" from, the community. While good intentions have been plentiful, these false starts have created a sense of mistrust and uneasiness between neighborhood leaders and those who have tried to lend assistance. As a result, initiatives are generally smaller in scale and completed in isolation.

Creating the large-scale change needed to transform Dallas' most distressed neighborhoods will require a coordinated effort by all parties. Rarely do we see the non-profit, governmental, and private sectors successfully work together to make things happen, but when they do, it is amazing what can be accomplished. One need only look at the success of Congo Street in the Jubilee neighborhood to see the positive impact that is possible when everyone works together.

The Congo Street project, while very small in scope, demonstrates the leveraging power that is possible when public and private organizations partner with residents to create change the community truly desires and in which they are active participants. While these efforts take more than financial resources, the funding and pro bono assistance provided by organizations such as The Real Estate Council and the Meadows Foundation was important to the success of the project. The City also played a key role by committing to fund the necessary infrastructure improvements.

With all of its talent and resources, Dallas can do much more to create projects like Congo Street that have a real impact on the community. To accomplish that, everyone invested in the long term health of the city and its communities must come together to create large-scale change that will have a lasting impact on Dallas' most distressed neighborhoods. With fewer resources available to any one group, this is more true now than ever before.

Implementing the Revitalization Plan for Dallas' Distressed Neighborhoods

The revitalization strategies outlined in this report are designed to begin the process of rebuilding four distressed neighborhoods in Dallas and transforming them into vibrant, self-sustaining parts of the city. The goal is to set the stage so these neighborhoods can once again attract the private capital necessary to support economically sustainable communities that feel safe and are filled with decent affordable housing, good jobs, quality retail, mass transit, effective social programming, and high-quality community amenities such as parks, libraries and schools.

In order to realize this vision and begin to revitalize Dallas' most distressed neighborhoods, there are a number of concrete steps that must be taken. Below are four key issues that the City of Dallas must address, followed by specific strategies for Dallas regarding the key elements of "A Successful Urban Revitalization Strategy" outlined in this report.

Four Key Issues for the City of Dallas

In order for Dallas to successfully move forward and complete the type of large-scale developments outlined in this report they must address four key issues:

1. Change current State and City funding priorities to enable large-scale, mixed-income developments to be completed in distressed neighborhoods.
2. Commit to revitalizing distressed neighborhoods, especially in Southern Dallas, and proactively identify development projects that support larger revitalization efforts.
3. Develop strategies that target public and private resources to a handful of key redevelopment areas.
4. Establish an inter/intra-governmental task force to secure federal funding for these developments to fill financing gaps and help strengthen services in these communities.

Change current State and City funding priorities to enable large-scale, mixed-income developments to be completed in distressed neighborhoods.

Since most developments rely on equity from Low Income Housing Tax Credits (LIHTC) as a major source of funding, they must fall within the priorities set by the Texas Department of Housing and Community Affairs' Qualified Allocation Plan for Multifamily Housing in order to receive a LIHTC award. Based on Texas' current scoring system, projects must generally fit one or more of the following criteria: be very small, provide supportive housing units (homeless, elderly or transitional), or be located in higher income neighborhoods. Therefore, while many developments are being built in Dallas, very few are either located in distressed neighborhoods such as Southern Dallas or are transformative, large-scale, mixed-income developments.

Based on the State's current scoring system it would be extremely difficult for the transit-oriented developments outlined in this report to score high enough to receive LIHTCs. For example, if a LIHTC application had been submitted for the Hatcher Square Development in spring 2010, it would have scored approximately 170 points out of a possible 193. There were 27 applications, totaling $38.5 million, submitted for urban projects in Region 3, the region in which Dallas falls. Eight were for projects in the City of Dallas and totaled $11.2 million. The entire annual allocation for urban projects in this region is only $9 million. Given the current scoring, all but one of the 27 applications submitted in this round would have scored higher than Hatcher Square.

If Dallas is committed to getting projects like Hatcher Square developed, it must either identify additional funding outside of the State's LIHTC program or convince the State to change its scoring priorities. Under the current funding structure, it will be very difficult, if not impossible, to complete large-scale, mixed-income developments, especially in distressed neighborhoods such as Southern Dallas. Below are three changes to local and state funding guidelines that would help promote projects like the ones outlined in this report.

- Prioritize funding for projects close to transit stations.
- Increase subsidy limits currently allowed for individual projects.
- Change the State's scoring criteria for Low Income Housing Tax Credits so large-scale, mixed-income developments become a higher priority, especially in distressed areas.

Visitors enjoy the water features of Sammons Park in downtown Dallas, TX.

Commit to revitalizing distressed neighborhoods and proactively identify development projects that support larger revitalization efforts.

If Dallas is committed to revitalizing distressed neighborhoods like those found in Southern Dallas, the City must be more proactive in prioritizing and supporting large-scale, mixed-income developments that can achieve this goal. In the current system developers bring projects to the City and the City then allocates its HUD funds until they run out, usually dispersing the funds across several council districts.

Given the State's current funding priorities, the projects that come to the City tend to be smaller, 100% affordable projects, or larger affordable projects located in Northern Dallas or other higher income neighborhoods. The developers are often non-profit corporations who use tax credit equity, a small amount of debt, and subsidies from the city to build these projects. As outlined above, there is an ample supply of these projects and not enough LIHTCs or subsidies to fund them all.

While the current system is helping meet some affordable housing needs in Dallas, it does not support large-scale developments that help revitalize distressed urban neighborhoods. If that is to change, the City must develop policies and long-term strategies that prioritize neighborhood revitalization and make it possible to use housing subsidies to help turn distressed neighborhoods around.

Target public and private resources to a handful of key redevelopment areas.

If the goal is to help revitalize distressed neighborhoods rather than simply produce affordable housing, the City must strategically target its resources in a few key locations. Successful revitalization efforts concentrate scarce resources to create fewer large developments rather than construct a higher number of small developments scattered throughout the community using the same amount of resources.

Therefore, the City should consolidate its limited development resources and invest them in a handful of larger housing and retail developments. Given the massive investment already made in the DART system, we recommend focusing resources around DART stations to create Transit-Oriented Development (TOD) projects. Strategically and consistently using this approach will help create lasting change in Dallas' most distressed neighborhoods.

Since large-scale housing and retail developments cost more per project than small developments, they will require more subsidies per project. As outlined above, in order to successfully fund these types of projects, the city must change the way it prioritizes and allocates its funds so that large-scale, mixed-income developments in distressed neighborhoods can compete with, or be favored over, smaller projects. This is often politically difficult for a city because it needs to satisfy elected officials who represent many different parts of a city; however, this sort of civic will to overcome politics is critical to effectively revitalize communities.

Establish an inter/intra-governmental task force to secure federal funding.

Given the magnitude of investment that is needed to revitalize Dallas' most distressed neighborhoods, federal funding will be critical both to fill financing gaps for these developments and to help strengthen community services in these neighborhoods. The City should establish an inter/intra-governmental task force to coordinate this effort and track and secure the myriad federal funding opportunities available for these large-scale development projects. Below is a list of potential federal funding sources that cities will be able to apply for in 2010 and may also be available in future years:

Sustainable Communities Initiative ($150 million)

A joint effort by the Department of Housing and Urban Development (HUD), the Department of Transportation (DOT), and the Environment Protection Agency (EPA), this program

Downtown Dallas, TX at dusk.

is designed to improve “access to affordable housing with more transportation options, and lower transportation costs while protecting the environment in communities nationwide.” Additional resources which have been proposed would increase the DOT and the EPA funds available for this program. The Federal Transit Administration will also be changing its funding criteria to emphasize the planning and development of projects that promote livability and emphasize economic development, land use and environmental benefits, including reduced greenhouse gas emissions.

Choice Neighborhoods ($250 million)

Where you live determines your access to opportunity. Experience has shown that tying housing developments to a range of services and support programs leads to improved economic well-being for families. Therefore, HUD’s Choice Neighborhoods program was designed to link housing development to school reform, early childhood innovations, and supportive social services.

Promise Neighborhoods ($210 million)

Promise Neighborhoods, a program of the U.S. Department of Education, attempts to bring the innovative and proven model of the Harlem Children’s Zone into communities across the country. By simultaneously focusing on the myriad needs of young children—education, health, mentorship, etc.—Promise Neighborhoods can break the cycle of inter-generational poverty and tap the potential of millions of young people.

Healthy Food Financing Initiative (HFFI) ($400 million)

The HFFI—segments of which are included in budgets for USDA, Treasury (including $250m in tax credit allocation), and Health and Human Services—would help tackle the dual scourges of joblessness and obesity in under-served communities by helping supermarket operators open new stores, new farmers markets take root, and corner store owners buy the refrigeration units they need to carry fresh food. An analysis by The Reinvestment Fund has calculated that this public-private partnership could generate tens of thousands of retail and construction jobs while providing access to healthy food for millions of Americans living without a fresh food store nearby.

Social Innovation Fund ($60 million)

Non-profit groups play a vital role in responding to the myriad challenges facing low-income Americans. The $60 million investment for the Social Innovation Fund would help the nonprofit sector develop, evaluate, and replicate successful approaches to community change across America.

A Successful Urban Revitalization Strategy for Dallas

Community Involvement and Public-Private-Community Partnerships

For this revitalization effort to succeed, every sector—community, government and private—must be willing and able to work together as partners and active participants in the process from beginning to end. It does not mean pretending that there are not differences of opinion or feelings of distrust and skepticism. It does, however, require that people and groups be willing to move beyond those issues and focus on the work at hand. This is perhaps one of the biggest challenges facing distressed neighborhoods, and one that can and must be overcome. Communities like Southern Dallas simply cannot afford not to.

Leadership in the city must make a commitment to transform Dallas’ most distressed neighborhoods. Civic leaders from business, philanthropy, government and the neighborhoods must come together to form a Public-Private-Community Partnership, which, to be successful, will require a level of trust and a commitment to collaboration. Efforts such as the South Dallas Taskforce are a great first step and should be a venue for people within the community to have a voice and express the needs of their neighborhoods. Engaging neighborhood leaders at the outset and allowing them to drive decision-making for their area will be critical.

Given the public sector’s role as an early investor, key government agencies must be active participants in every stage of the process. Since the goal is to create a comprehensive plan that addresses not only housing and commercial development, but also every aspect of the neighborhood’s long-term sustainability, a representative from every agency or department should be included: parks, schools, libraries, transit, police, etc. Coordinating and concentrating resources around these TOD sites will help ensure the success of the revitalization efforts and will provide critical services within walking distance of the transit stations. As part of the planning process, these different agencies should also consider building shared facilities and coordinating their programming.

Critical Mass and Land Assembly

The proposed developments must be large enough to make a significant impact on the community. Each project must be master-planned to include a minimum of 500 new housing units within a quarter-mile radius of the transit station and at least 1,000 units within a half-mile radius. The projects can be broken into phases to make them financially feasible; however, the initial phase must include at least 120 units of housing so it can be operated successfully and be large enough to impact the perception people have of the area.

To achieve that, there must be access to sufficient land and a long-term commitment to this effort so that these initial developments do NOT become another series of stand-alone projects with little long-term impact. In order to transform the area, the developments must be large-scale, high-quality projects that are worthy of attracting continued public and private support and additional investment.

Assembling land to create a sizable development is a difficult proposition. As in other major cities, Dallas' distressed neighborhoods are littered with vacant lots, abandoned houses, aging homes in need of substantial repair, and a large number of rental units. Because of low land prices and minimal real estate taxes, these properties are generally controlled by speculative absentee owners who far out number traditional homeowners and responsible landlords. Some properties have severe title issues and no responsible owner because they have been handed down from one generation to another and the whereabouts of current survivors is unknown. In many cases, these properties go back to the city because of unpaid real estate taxes, making the city a major land owner.

Therefore, a comprehensive land acquisition strategy is essential to the success of any major initiative. Recognizing that eminent domain is not an option in Dallas and that land speculators are an impediment to purchasing land at reasonable prices, the private sector, in partnership with the city and the community, should spearhead a land acquisition effort. We recommend the following land assembly strategy for Dallas:

1. Establish a Land Holding Company comprised of a well-established non-profit from the area and the developer.
2. Create a land acquisition fund using both public and private funds in which capital is available to option/purchase land.
3. Develop a process for prioritizing, reviewing, and approving land acquisitions.
4. Obtain government certified appraisals and Phase I environmental reports for all parcels before they are acquired.
5. Following review and approval of an Option/Purchase Agreement, the land acquisition fund makes a loan to the holding company to option/purchase the property.
6. Government funds should be allocated only up to the appraised value. The funds from foundations and private capital can be used to cover the difference between the appraised value and the sale price.
7. The foundation/private contributors take a first lien position and the government agencies take a second lien position on the property.
8. At construction loan closing, the foundation/private funds are repaid, thereby replenishing a portion of the land acquisition fund. The government funds will be converted to a subordinated loan to the development entity which is re-payable from a percentage of the cash flow.

The Dallas Housing/Community Services Department's Land Transfer Program is also an invaluable asset. As a holder of significant quantities of repossessed, under-utilized and vacant land, it can be a powerful ally in helping to assemble large tracts of developable land. The City of Dallas should also consider the possibility of taking the Urban Land Bank model and expanding this to include non-residential properties.

Large-Scale, Mixed-Income Development and Transit-Oriented Development

The initial development must build to the current market as well as help create a new market. Therefore, the development should focus on providing quality housing for existing community residents, which consists largely of families with moderate to lower-incomes, as well as new residents with higher incomes. The four development projects outlined in this report include a mix of one-, two- and three-bedroom units and a mix of both affordable and market rate apartments.

We recommend mixed-use developments that include two or three levels of housing located over first floor retail and commercial space wherever possible. This provides efficient use of space around the stations and locates retail at street level where it is convenient for both commuters and residents. Since many of these neighborhoods once had a number of high-density, high-rise "housing projects" which had suffered from major disinvestment over the years, these attractive two- and three-story, low-rise developments will also help to change the perception many people have of these neighborhoods.

Two-, three-, and four- story buildings immediately adjacent to the transit stations will create a higher density than is currently found in many of the neighborhoods and will take advantage of the transit stations. The density should decrease as one moves farther from the transit stations to blend with the surrounding community and create a "Continuum of Housing" that includes lower-density for-sale homes.

The developments must be designed and built to the highest standards to change the perception of the area and create a market that will generate additional investment in the neighborhood. They must be integrated into the surrounding community and be designed using Crime Prevention Through Environmental Design (CPTED) principles that support "eyes on the street", defensible space, and other features that deter crime and make communities safer.

Financing Large-Scale Mixed Income Housing

One of the biggest challenges facing Southern Dallas and other distressed neighborhoods is that under current market conditions the revenues generated from either rental or for-sale housing are insufficient to cover the costs of land, construction, and operations. Therefore, the initial stages of development will need to be partially subsidized by philanthropic dollars or local, state or federal funds. At the same time, in order to address the issue of ongoing financial stability, the finance strategy must also include revenue from "market-rate" tenants who help support some private investment and provide long-term viability in the project.

Accomplishing this requires a public-private partnership and a blended finance strategy that leverages and layers both public and private financing into one structure. It also requires securing sufficient financing to build large-scale, high-quality developments that can achieve critical mass.

Foundations and corporations should create a pool of funds to help finance portions of the predevelopment expenses for this major initiative. They should solicit assistance from national entities such as the Enterprise Community Partners, the Ford Foundation, and the Annie E. Casey Foundation, who share a commitment to rebuilding distressed urban neighborhoods.

A group of conventional lenders should be identified who are committed to providing the construction and permanent debt for the projects. A group of local and national corporations should also be identified to purchase the Low Income Housing Tax Credits and the New Market Tax Credits generated from these developments.

To help provide the subsidy necessary to finance the TOD projects presented in this report, we recommend that the City of Dallas combine the four projects into one major TOD initiative to be included in the City's next bond program, create Tax Increment Financing districts for the projects, and identify local philanthropic support to assist with funding gaps. As outlined above, the Public-Private-Community Partnerships must also work to change local and state funding guidelines so they promote large-scale, mixed-income, mixed-use, family-oriented developments near transit stations.

Community Infrastructure

The Public-Private-Community Partnership must commit to a long-term, capital-intensive initiative that is regional in its approach. Rebuilding areas such as Southern Dallas requires reestablishing Community Infrastructure that has received insufficient investment over the past two to three decades. It requires a large-scale vision and a commitment to invest the resources necessary to realize that vision—it simply cannot be done in a nickel-and-dime fashion, and it will not happen overnight.

Real estate developments in low-income, low-density areas have very narrow financial margins. Therefore, infrastructure must be in place in order to make projects financially feasible. If projects have to tie into utilities that are miles away in order to access water, sewer, or stormwater systems, they simply will not get built.

The City can also leverage its investment and support these large-scale developments by helping to create institutional anchors in neighborhoods. For example, libraries, transit stations, medical facilities, schools, daycare centers, parks, and recreational centers can be planned in such a way that they create hubs within the community, which in turn help attract housing and retail investment. By coordinating all of its resources from various departments to leverage one another, the City can play an important role in catalyzing and supporting these neighborhood revitalization efforts.

If the city and the county are committed to seeing development occur in Dallas' distressed neighborhoods, they must acknowledge and proactively address the issue of infrastructure development. It must be a holistic approach that is handled on a regional basis.

Human Capital Development in the Context of Physical Revitalization

Community organizations must work with government agencies and foundations to assess the Human Capital needs of the area and prepare a comprehensive Human Capital Plan. The Human Capital Plan must be based on input from the community and should focus on issues such as education, health and wellness, job training and placement, and early childhood education. Given the nature of the physical development plans, a major effort should be undertaken to prepare people in the community for jobs that will be created in both construction and retail services, and help identify and train potential entrepreneurs who are interested in opening businesses in the new retail stores.

Ongoing Operations and Property Management

Effective property management will require the same type of Public-Private-Community Partnership that is needed during the planning and development stages. It also requires a management strategy that acknowledges and addresses the unique challenges facing a transitioning neighborhood and its residents. While the goal is to manage to market rate standards, it must be acknowledged that the context within which these developments exist is very different from those of many market rate rental developments and therefore requires a different approach.

One critical area is Community Safety. The management company must work closely with residents, local police and other key institutions to address issues of crime and help ensure that people have a sense of safety and security in the neighborhood. The Public-Private-Community Partnership must develop and support neighborhood initiatives such as afterschool and summer youth programs, block watch or other community safety programs, community gardens and other positive activities that help people get to know their neighbors, build community and support them in their efforts to create positive change in the neighborhood.

Once new housing, retail, and commercial spaces are built, community groups will be instrumental in helping promote them by encouraging neighborhood residents to live and shop in the new developments. The private sector can help by mobilizing the public relations community to create a brand and image campaign focused on these new developments, creating a new identity that embraces the community's rich cultural history while celebrating its bright new future. The goal of the campaign is to reposition these target areas to create a positive perception of the area both internally and externally.

Where to Start in Dallas: Transit-Oriented Development

This report presents four projects that are ideal candidates for the initial development effort. They are comprehensive projects that are strategically located near transit stations and are large-scale, mixed-income developments that can act as catalysts to revitalize neighborhoods and attract additional investments to the areas. The goal, once again, is for the initial development efforts to begin to change the perception and actual market conditions of the area to ultimately create an environment in which the private market is functional and investment is attractive.

Transit-oriented development (TOD) is the focus of current national policy discussions regarding urban redevelopment. By locating mixed-use properties near transit stations, cities can help revitalize neighborhoods and create environmentally and economically sustainable metropolitan regions. As these discussions begin to manifest within the context of federal, state and local funding criteria, the communities and developments that embrace the concepts of transit-orientated development will be well-positioned to successfully compete for these funds.

We encourage the City of Dallas to establish a focused initiative, which includes a task force that brings together key government agencies, including Housing and Economic Development Departments and DART, in partnership with the private sector and the community to implement comprehensive TOD developments in Southern Dallas and other distressed neighborhoods. Detailed plans must be created for the four TOD sites that include a land assembly strategy as well as a financing strategy that identifies resources to fill the funding gaps.

Returning Dallas' distressed neighborhoods to a state of economic sustainability and vitality is not an easy task. It will require a long-term commitment of funding and support from each of the Public-Private-Community Partners. If that commitment is there, the goal is achievable. The strategies outlined in this report provide a detailed roadmap that can be followed to achieve that vision.

DART Rail Line as seen from Scyene Boulevard at Hatcher Station.