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HEAD: 'Great mysteries' and broken promises 10 years of talk at City Hall haven't helped sector's economy

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CREDIT: Staff Writer

SERIES: LOOKING SOUTH: DALLAS AT THE TIPPING POINT

ART: PHOTO(S): (1-6 DAVID LEESON/Staff Photographer) 1. Sonny Otutu is irked by how long it takes Dallas police to answer his 911 calls. Crime is hurting his business, he says. 2. Linda Burns, director of economic development for the Greater Dallas Chamber, led a bus tour in September and explained to executives a map of current and planned economic development in 3. Dallas' southern sector. 4. The Bishop Arts District in Oak Cliff is one pocket of economic vitality within the struggling southern sector of Dallas. 5. Alex Camara is co-owner of Decorazon Gallery, a business in the Bishop Arts District. Merchants throughout the sector expect more help from City Hall. 6. The struggling economics of southern Dallas aren't enough to keep the Empy family from having their weekly Sunday gathering in the St. Phillips neighborhood. CHART(S): 1. (TOM SETZER/Staff Artist) THE DALLAS ECONOMY, NORTH VS. SOUTH. 2. BUIDING HOMES BUSINESSES AND NEIGHBORHOODS. 3. ABOUT THIS SERIES.

TEXT:

Second of five parts

Ten years ago, Dallas City Council members sat around their horseshoe table at City Hall, agreeing with a consulting firm's advice to focus on redeveloping the southern sector.

It was time, they said, for the city to finally take action.

The result? Retail and other business activity in the southern sector remains anemic compared with the north. Per capita income north of the Trinity River is still twice that in the south.

Consider the Starbucks barometer: The coffee chain has 36 locations in Dallas north of the Trinity River, while the south is home to exactly one.

City Hall says it no longer ignores southern Dallas, and that's true. Economic development is at the top of the City Council's list of goals, with special emphasis on the southern sector.

But a Dallas Morning News review of the city's economic development efforts shows few measurable results from a decade or more of talk.

Notwithstanding the council's enthusiasm in that December 1994 meeting, Dallas still lacks an economic development plan for the whole city, much less its deeply troubled southern sector.

Mayor Laura Miller agreed.

"We need to be more effective, be more efficient, deliver better customer service, triage our resources, set priorities, put things in writing, have staff accountability," she said.

Asked why the city still lacks a plan to redevelop southern Dallas, the mayor said: "It's one of the great mysteries that exist" at City Hall.

While city leaders trumpet southern sector improvements such as new business parks, restaurants and a scattering of new retail, The News' review of business activity, property values and other data suggests that any enthusiasm should be tempered.

For every \$1 in business sales in Dallas last year, only 14 cents were spent in the south. That ratio is unchanged from 1990.

Nor have the first new southern Dallas subdivisions in a generation done much to lift property values.

The median value for single-family homes in the southern sector was \$58,000 last year, compared with \$150,000 in the north, according to The News' analysis of tax roll data.

All of Dallas has a stake in the outcome. With nearly 500,000 people, southern Dallas isn't just a neighborhood. It's nearly half the city, more populous than Atlanta or New Orleans, and holds nearly all of the developable land.

Repair southern Dallas and the city grows and prospers, experts agree. Otherwise, Dallas will be mired in decline. Even as the region continues to thrive, Dallas' tax base has grown anemically, at best. And the property tax burden falls increasingly on homeowners.

Southern Dallas consumers spend an estimated \$1.5 billion outside the southern sector annually, according to a review of the latest available census data by the Dallas-based Foundation for Community Empowerment.

Some of that money undoubtedly flows to Dallas merchants to generate tax revenue for the city - but some of it leaves to fatten suburban treasuries instead.

More southern sector residents are earning paychecks at jobs outside the city, too. In 1990, 71 percent of those workers had jobs within the city of Dallas, according to U.S. Census data. By 2000, that number had fallen to 62 percent.

Interim city manager Mary Suhm lamented the inability to move from words to deeds.

"There's like five or six plans sitting around here how to address southern Dallas, and they were too broad and too general and they never happened," Ms. Suhm said.

Think of the southern sector as a collection of neighborhood-sized building blocks, suggested Don Hill, the deputy mayor pro tem.

"What we're going to have to do is, in 10 years, not call it the southern sector anymore," said Mr. Hill, who represents a southern sector district. "It's going to be called Wynnewood and it's going to be called Cedar Crest. It's going to be called South Dallas/Fair Park. We've got to create some successes. The key for us is we've got to create some real success stories."

The consulting firm McKinsey and Co. noted the hopeful economic signs in the southern sector and across the city. But "significant challenges remain," it cautioned the City Council last month.

"Many of the city's competitors at suburban, regional and national levels are rapidly improving and aggressively working to bring development to their areas," McKinsey advised.

"Growing the city's economic base will not be easy."

One reason: Businesses, community leaders and residents share the widespread sense that the city is not only halfhearted about redevelopment, but that it sometimes gets in the way.

"Many external stakeholders view the city as unfriendly," the McKinsey consultants said gently.

Sonny Otutu, owner of a hip-hop fashion boutique on Martin Luther King Boulevard, offered a street-level variation of that analysis.

"We never hear from the city," he said. "There are businesses closing up. No one cares."

Poverty on the rise

So which southern Dallas is real?

Is it the one that shows a poverty rate nearly twice as high (24.6 percent) as the rate for northern Dallas (13.6 percent)?

Or is it the place where you could rent a loft apartment at Southside on Lamar with an up-close view of downtown, enjoy a short commute to work at SBC Corp. at Pinnacle Park, and end the day with fried green tomatoes and pecan-crusted catfish at Hattie's in the Bishop Arts District?

In fact, it's both. But it is still much more the former than the latter.

The Foundation for Community Empowerment calculated the disparity in poverty levels using 2000 Census figures. More recent citywide census numbers essentially rule out the idea that any improvement has occurred since then in the south: Dallas' overall poverty rate increased from 2000 to 2003.

One of the positive changes since the 1994 presentation by Maryland-based Hammer Siler George Associates is the building of suburban-style business parks in southern Dallas, as the firm recommended.

There are eight of these parks today, in varying degrees of occupancy, scattered near or along Dallas' boundaries with its southwestern suburbs. The city spent \$16.6 million in bond money for basics such as roads and waterlines to help the parks get going. Each has a 90 percent tax abatement on real property taxes.

Bring in some job generators, the thinking went, and more businesses would follow.

"The idea was to get retail in the north Oak Cliff area," said Ryan Evans, the city's assistant city manager for economic development. "We're starting to get smaller service stores. Home Depot's in there as well."

Norm Bagwell, Bank One Dallas president and Greater Dallas Chamber chief, said those business parks can be a spark.

"The southern sector is uniquely positioned for this," he said. "It's a great transportation hub of the United States. Ninety percent of the U.S. population is within 48 hours with a truck."

City leaders tout the parks as signs of momentum toward a southern sector breakthrough that, this time, won't fade into another decade of pocket-size triumphs that simply mask more decay:

*The City Council's recent decision to ramp up spending on economic development reverses the deep budget and staff cuts made just as the last downturn set in.

*Outside planner John Fregonese of Portland, Ore., is leading the city's efforts to draft its first comprehensive plan. He was hired over the summer.

*City Hall is assembling a land bank of properties that are in arrears on taxes for at least six years. The rationale is to pull together enough parcels for sale to one buyer so that make-a-difference development is possible in troubled neighborhoods, not just on vacant land.

Southern Dallas will figure prominently in both the comprehensive plan and the land bank - because the south is where the empty land is, and where most of the tax-delinquent property is, too.

*City and community leaders also see a victory for new thinking and for redevelopment in City Hall's 2002 decision to create five areas called "neighborhood improvement zones."

Dallas is spreading \$22 million in federal community development block grants to beef up dilapidated infrastructure in western and southern Dallas. The improvements include building blocks such as better streets, sidewalks and curbs.

Pooling funds to target just five areas is a turnabout, some say, for politicians used to divvying up the spoils evenly among council districts regardless of need.

Little evaluation

The News' review found evidence of a one-step-forward, two-steps-back pattern across many of Dallas' southern sector initiatives.

When corporate strategy firm Booz Allen Hamilton studied city governance earlier this year for The News, it concluded that Dallas officials often lacked critical information about the effectiveness of their own actions.

The McKinsey consultants reached a similar judgment specifically about economic development. "No system exists to manage the city's performance in reaching its economic development goals," they wrote.

The consultants didn't mention the South Dallas-Fair Park Trust Fund, but they could have. Created in 1993, it offers loans for small businesses around Fair Park. The first audit of the program was just completed.

Ms. Suhm declined to discuss the findings in detail but described them as "bookkeeping issues, keeping up with the loans, did you get all the money you were supposed to get."

"We've had any number of initiatives in that part of the city and not much to show for it," said City Council member Lois Finkelman.

For all of the positives behind the idea of neighborhood improvement zones, this particular push to put in infrastructure may not yield all that it could. Ms. Miller said dividing the money evenly among five areas was too many. Pick two, she suggested, and the investment would have a bigger, faster effect.

Council sentiment is running in the other direction, some members say. Some want one in each district. Others are upset with restrictions on how the money is spent.

A number of best practices common to other cities still aren't in place in Dallas.

The Police Department, for example, hasn't been brought into the economic development loop despite southern Dallas' well-known problem with violent crime.

"I don't see housing, code, police and planning working together to ensure you have a comprehensive plan," said former council member Diane Ragsdale, who represented part of the southern sector and runs a community development corporation there now.

That's true, city officials acknowledge.

"We had a lot of plans but not a lot of comprehensive planning," said Theresa O'Donnell, Dallas' director of development services.

Nor has the city even had enough information to sell the southern sector.

"You need to market. You need to be able to tell somebody what kind of money is in that area," said Ms. Suhm. "You need to be able to talk about what kind of housing is there. You need to talk about what kind of opportunities for transportation for the people you're bringing in, the education, the whole nine yards. Have we looked at it holistically before? No. Do we need to? Yeah."

Keeping perspective

A couple of big things. Lots of little things.

Those are the ingredients for a successful turnaround, private experts say.

One little thing is to learn how to celebrate small victories without declaring them a turnaround.

Rebuilding neglected inner-city neighborhoods is hard - really hard, as McKinsey observed. The hard part sometimes gets glossed over.

Dallas' stated priority of southern sector development wasn't exactly highlighted in the spring, when city staffers briefed the council on economic development. The PowerPoint presentation contained one slide - of a total of 80 - regarding the south.

The Foundation for Community Empowerment also notes that the new subdivisions and new retail are springing up mostly on vacant land along Dallas' border with southern suburbs. There's not nearly as much activity in the more populous, distressed areas closer to downtown.

Ms. Suhm said there's an argument to be made for pushing new development first: It's easier to get off the ground. "Then you start with the redevelopment," she said.

City leaders understand the importance of keeping the hopeful signs in perspective, she added: "I do think there are a lot of things that in place that roll forward that are really, really good. Is it enough? No."

Another little thing is recognizing what private sector investors are looking for.

"You can't force developers to go where they don't want to go," said council member Ed Oakley.

Actually, developers say, you can, within certain limits.

What do they want? Infrastructure: street signs, filled-in potholes, working streetlights.

"So it looks like a nice area people want to live in," said Jeff Dworkin, president of the Dallas operations of KB Home, which is building hundreds of single-family homes, mostly along Dallas' southern periphery.

But some big things need to happen, too.

One, obviously, is finding money. That gets easier, though, if there's a plan to guide how the money's spent.

Marty Jones, a developer with Boston-based Corcoran Jennison, which is involved in several redevelopment projects across the country, looks to be sure that a city has a strategy for investing in its targeted neighborhoods.

"I care about a one-mile radius," she added. "Parks, bike trails, the retail environment."

James Grauley, director of community development for Bank of America in Atlanta, said it comes down to one thing: vision.

"If you are a developer or a lender, you need something to tie into that gives you a degree of predictability," he said. "When you show a vision ... you reassure funders and investors. A deal in isolation doesn't work."

That's where a coordinated approach to economic development comes in. It may seem like a bureaucratic nicety to outsiders, but the best-run cities use their plans to decide what to do - and where and how to do it.

That's still a work in progress in Dallas.

As some city staffers work on the comprehensive land-use plan, seeking input from residents and business owners, the community development department - which administers neighborhood revitalization efforts - isn't in on the discussion.

The city also has relied on the Greater Dallas Chamber to recruit business relocations while city staffers focus on retaining companies already here. That creates opportunities, but not always for Dallas.

Take the chamber's recent tour of the southern sector.

A crowded busload of business executives motored from the Infomart to Interstate 30 and headed west to see a handful of locations, all close to the freeway or the Dallas-Grand Prairie border. The stops included Pinnacle and Mountain Creek parks.

Toward the end, the chamber's representative introduced someone eager to entice new business investment south of the Trinity: the economic development director of DeSoto.

No one from Dallas' economic development office was on board.

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