

Friday, October 26, 2007

Obstacles could stymie progress

Small parcels on Trinity's southern bank put the squeeze on development options

Dallas Business Journal - by [Dave Moore](#) Staff Writer



Bud Force

EARLY BIRDS: Barry Hancock, left, and Philip Wise of Cienda Partners got in early to find a bargain-priced, larger parcel of real estate near the city of Dallas' T

Think of the land along the Trinity River in Dallas as a 20,000-piece puzzle.

Any puzzle enthusiast knows that the smaller pieces are at the bottom of the box -- and it seems, the smaller tracts of land are located south of the Trinity River. The downtown Dallas side, it turns out, has more of the larger pieces that make mixed-use developments feasible.

A Dallas Business Journal analysis of parcels within 4,500 feet of the Trinity shows that the other side of the Trinity comes up short when it comes to land that makes it possible to easily build the combination of retail, apartments and service businesses that urban planners foresee surrounding the Trinity River Corridor Project when it's completed in 2014. The estimated cost of the first phase is budgeted at \$1.7 billion.

And while the Nov. 6 vote on whether to build the Trinity toll road has cast doubt on what shape the project will take on the north side of the river, the fragmented nature of real estate on the south side, as well as climbing property values, has made development there more of a challenge.

"Four acres is where you start getting some critical mass," said Scott Griggs, president of the Fort Worth Avenue Development Group, a volunteer-run nonprofit comprised of landowners working to revitalize a 3.5-mile stretch of Fort Worth Avenue, beginning at the Trinity River. "That's where you'll get developers' interest."

The newspaper's analysis shows that nearly half (9,713 out of 20,521) of the parcels of land around the Trinity River in Dallas are residential lots, the vast majority being on the south side of the Trinity. About 90% of the single-family lots are smaller than one-quarter-acre in size.

Assembling land

Even so, some individuals have started angling to buy residential lots on the Oak Cliff side of the Trinity, with mixed-use intentions, said Paul Lehner, director of planning and development for the city of Dallas' Trinity project.

"It adds another step, if someone wants to do a major development, to do land assembly," Lehner said.

That's not to say the Oak Cliff area is completely fragmented.

According to Griggs, two larger parcels near Fort Worth Avenue near the Trinity are ripe for development.

Southern Methodist University is looking for a buyer for its 4-acre parcel at 449 W. Commerce St., which it received through the Stella Porter Russell Endowment. Cienda Partners purchased an 8-acre parcel at West Commerce Street and Fort Worth Avenue at the end of 2006. Cienda is a five-member private-equity real estate investment firm that sold the former Baby Doe's property to Trammell Crow Residential, which intends to build an apartment complex on that site. The Baby Doe's property, also dubbed Goat Hill, is the city's highest elevated point north of the Trinity.

Cienda Partners, which specializes in buying urban properties, plans to pair with developers to decide its north Oak Cliff tract's best use.

After word got out that it bought the Oak Cliff land, many of the larger parcels were snapped up, said Barry Hancock, partner at Cienda.

"It's becoming more difficult" to find large, bargain-priced parcels, he said. "We got in right before the upturn in valuations up there, particularly before the (tax-increment finance district was approved). We wanted a tract that was significant, and we got a tract that was about a whole city block."

Since Dallas City Council approved two TIF districts for Fort Worth Avenue in June, it has been more difficult to find bargain real estate deals, Hancock said. The city hopes the Fort Worth Avenue TIF will encourage the development of about 1 million square feet of retail, 231,000 square feet of office space and 9,535 residential units. The adjacent Twelve Hills TIF hopes to see 472,000 square feet of retail and other commercial development over a 22-year period and 2,725 residential units, including town homes, condos and apartments.

For the TIFs, developers have agreed to pay for roads and sewer improvements up front, and will be reimbursed later through a sort of property-tax escrow account.

"If you go to our site, the views of downtown are phenomenal," he said, referring to the property on West Commerce Street at Pittman, near Fort Worth Avenue.

"I think everyone's caught the fever now that the TIF is in place," Hancock said.

The city hopes to build pedestrian, bike and horse trails along the river, lakes and a whitewater course along the river, as well as riverwalks and an amphitheater by 2014. Whether a six lane, 55-mph toll road will be built along the northern levee will be decided by voters on Nov. 6.

That debate doesn't seem to dampen interest in the project, the city's Lehner said. He said three or four people come into his office at city hall each week discussing plans relating to the Trinity River Corridor Project.

"People want to talk about a particular area" of the project, Lehner said "Some are local, some are from California and some are from the East Coast."

dmoore@bizjournals.com / 214-706-7112