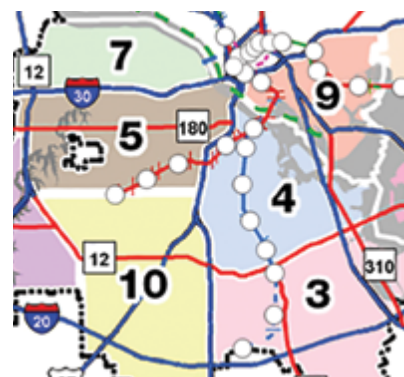




Addressing Poverty with Redevelopment



*Partnership
for Working
Families &
Communities
United for a
Greater Dallas*

Dallas' regional economy is robust and growing, yet there is cause for concern. Our regional economy is facing a crisis of economic inequality, which corresponds with racial inequality. On the one hand Dallas' economy is surging, but on the other many working people struggle to get by. All too often white communities thrive, while communities of color fall behind.

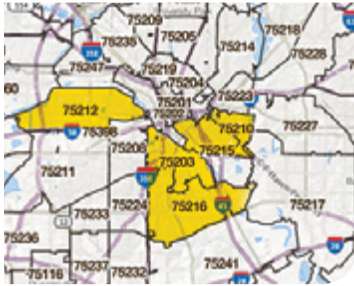
- Nearly 40% of Dallas' children live below the poverty line.
- 35% of African-Americans and 29% of Latino residents of Dallas live in poverty.
- African-American households bring in only 35% of the median income for white households and Latino households' income is only 50% of white households' income.
- African-Americans have almost twice the unemployment rate of white workers.

It may be tempting to dismiss poverty indicators and concede that poverty exists in all cities, but in Dallas inequality is increasing while our middle class is shrinking.

That means all communities are in jeopardy of doing worse even as they work harder. The median income in Dallas has declined dramatically over time and now sits below that of San Antonio, Houston and Texas as a whole.¹ In 1970, 57% of Dallas metro region residents lived in middle-income neighborhoods while in 2007, *only 27% of Dallas metro region residents lived in middle-income neighborhoods.*²

¹ City of Dallas, Neighborhood Plus City Council Briefing, February 15, 2015, at p. 18

² Stanford Center on Poverty and Inequality, Percentage of Families Living in High-, Middle-, and Low-Income Neighborhoods, Dallas-Plano-Irving, TX 1970-2007, available at ("middle income neighborhoods" are those in which the neighborhood median income level is between 80 and 125% of metro median) available at <http://web.stanford.edu/group/scspi/income-segregation-maps/metros.html?page=3>



South Dallas is ground zero for these trends. **South Dallas, where the population is overwhelmingly people of color, suffers from high rates of poverty and unemployment and poor access to quality food.**

- 91% of South Dallas residents are people of color.³
- Between 35 and 40% of residents in five South Dallas zip codes live in poverty.⁴

More than half of the census tracts in South Dallas, and nearly all of the census tracts in southeast Dallas are considered food deserts by the US Department of Agriculture.⁵ People who live in food deserts eat more fast food and less fresh, healthy food. Residents of food deserts have significantly higher rates of obesity and diabetes, even among pre-school aged children. Food deserts are setting communities up to fail, and ensuring poor and low-income families have fewer options for maintaining their health.

In general, food deserts also tend to correlate with communities that have declining wealth and increasing structural inequality.

Redevelopment: A Strategy for Tackling Poverty

Redevelopment could help solve these problems by targeting funds to help create more and better jobs and ensuring low-income residents have access to living wages that can support their families. Unfortunately, Dallas' elected leaders are not using redevelopment effectively, and our communities are paying the price.

How does redevelopment work? Federal, state and local laws allow redevelopment agencies to allocate money to help new businesses take root in Dallas, and to expand existing employment centers. That money can come in the form of low- or no-interest loans, tax abatements, and other subsidies that make it easier for businesses to get up and running. Redevelopment programs should target areas where businesses might have a harder time getting started — either because of lacking infrastructure, poverty, or the need for more up-front investment to make a business viable. When government invests in these areas, local residents have better access to jobs and the services and amenities that new investment can bring. Good redevelopment strategies lift communities out of poverty and provide good jobs to workers who need them, ultimately reducing the need for public assistance and other kinds of government spending.

Dallas' redevelopment system is broken. Rather than support new investment in areas of the city most in need, Dallas' redevelopment programs subsidize growth downtown, where investment is already heavily concentrated. Low-income communities — like South Dallas — are getting left further behind.

³ U.S. Census Bureau; American Community Survey 2013, 1-year estimates

⁴ www.city-data.com (using 2011 data)

⁵ <http://www.ers.usda.gov/data-products/food-access-research-atlas/go-to-the-atlas.aspx>



Evidence of a broken system: The city spends millions of dollars a year, but keeps no records of outcomes. The 2014 annual report for the Downtown Connection TIF district, which has invested more than \$271 million since its inception in 2005, contains no reference of any kind to the number or kind of jobs created, or who got the jobs, for any of the sixteen projects in which it has invested.

Tax-Increment Financing (TIF)

Tax increment financing is a special mechanism cities can use to raise revenues for development in designated redevelopment project areas. TIF uses the expected future growth in property tax values (the tax increment) generated within the project area to finance the redevelopment program.

When a city adopts a redevelopment plan, they establish a base value for the property within the project area. When the area gets developed, its value goes up and so do its property taxes. For a set period of time, most of the tax revenues generated by this increase in property values will go to the city. In most cases, the city will issue bonds against this property tax increment to fund the redevelopment plan. Then, the city will use the tax revenues they receive to pay off those bonds.

- 2014 TIF spending records show that just three downtown districts invested more than \$520 million in new development projects, while the major South Dallas districts spent \$16.4 million.⁶ The Grand Park South TIF District has made no investments since its establishment in 2005.⁷
- The city has failed to use tax abatements to generate new development in South Dallas; a review of abatements provided since 2007 indicated that numerous companies benefited to the tune of hundreds of millions of dollars, but only one had any presence in South Dallas.
- The Texas Enterprise Fund directly subsidizes businesses, but not in South Dallas. An examination of the entire history of the Fund reveals that none of the more than \$90 million in expenditures made in Dallas went to projects in South Dallas.⁸



Fortunately, there are solutions to these problems.

Communities United for a Greater Dallas calls on the City to use its redevelopment authority to bring a high quality, full-service grocery store to South Dallas. To maximize impact, the grocery store should also create high-quality jobs for residents of the area. The best redevelopment impact would accrue by using these strategies:

- The City should use its tax credit, lending and subsidy tools to ensure the construction and viability of a high-quality grocery store in South Dallas.
- The City should require all parties in the store construction agree to a Project Labor Agreement that establishes good wages and benefits for construction workers.
- Construction should include a targeted hiring program that helps aspiring construction workers get access to a portion of the jobs created by the project.
- The grocery store should pay living wages and offer workers a voice on the job.
- Workers in South Dallas should have preferential access to jobs created through the development project.

⁶ City Center — \$75.2m, Downtown Connection — \$271m, Farmers Market — \$23.8m, Sports Arena — \$79m, Cedars — \$6.M, TOD — \$8.4m, Grand Park South — \$0, Deep Ellum — \$4m.

⁷ http://www.dallas-ecodev.org/wp-content/uploads/2012/04/GrandParkSouth_AnnualReport.pdf

⁸ http://gov.texas.gov/files/ecodev/TEF_Listing.pdf. In 2014, \$3.9m to OmniTracs LLC (450 direct jobs) (IT) — downtown; in 2013, \$864k to Kohls Dept. Stores (144 direct jobs) (Retail) — lots of facilities on outskirts (along 635/20), but nothing in south dallas or city center; In 2007 \$3.5m to Comerica (200 direct jobs) (financial services) — downtown; in 2004, \$35m to Triumph Aerostructures (\$10m in clawbacks) (3000 direct jobs) (manufacturing) — Grand Prairie, Red Oak; and in 2004 Texas Instruments, \$50m — Richardson



The Partnership for Working Families and Its Affiliates

Partnership for Working Families

is a national network of 17 powerful city and regional affiliate groups based in major urban areas across the country. We advocate for and support policies and movements that help build more just and sustainable communities where we live and work. We strive to take lessons learned at the local level and apply them to the national conversation to build a framework for addressing climate change, inequality, racial and social injustice. Learn more at ForWorkingFamilies.org

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alignny.org

CCNE | Connecticut Center for a New Economy
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CASE | Central Arizonans for a Sustainable Economy
Phoenix, AZ
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CAUSE | Central Coast Alliance United for a Sustainable Economy
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causenow.org

CPI | Center on Policy Initiatives
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onlinecpi.org

Citizen Action of Wisconsin Education Fund
Milwaukee, WI
citizenactionwifund.org

CLU | Community Labor United
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massclu.org

Sustainable Economy
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FRESC: Good Jobs, Strong Communities
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laane.org

OCCORD | Orange County Communities Organized for Responsible Development
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EBASE | East Bay Alliance for a Pittsburgh UNITED | Unions and Neighborhoods Invested in Transforming Economic Development
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