

# Memorandum



CITY OF DALLAS

DATE November 10, 2022

TO Honorable Mayor and Members of the City Council

SUBJECT **Responses to Questions Regarding the Hensley Field Master Plan Briefings to Environment and Sustainability and Economic Development Committees and Plan Overview**

This serves as a follow up of the City Council Environment and Sustainability and Economic Development Committee briefings from November 7, 2022 on the DRAFT Hensley Field Master Plan led by the Planning and Urban Design Department.

## Background

Hensley Field is the site of the former Dallas Naval Air Station, a 738-acre property owned by the City of Dallas and located in Dallas' southwestern quadrant adjacent to the City of Grand Prairie. Hensley Field was leased by the U.S. Navy from the City of Dallas from 1949 to 1999. Since the Naval Air Station Dallas (NAS) closure, the site has been used for a patchwork of temporary storage, City functions, and unrelated leases. Current uses have not represented the highest and best use of this property to maximize community benefits. The U.S. Navy is obligated under the 2002 Settlement Agreement to clean up Hensley Field and remains committed to coordinating with the City. A key consideration to better coordinate the cleanup effort was for the City to undertake and adopt a redevelopment master plan and identify future land uses.

Situated on the north shore of Mountain Creek Lake, the site has over two miles of lake frontage and excellent views to the skyline of Downtown Dallas, ten miles to the northeast. The Master Plan sets forth the vision and policies for the reuse and redevelopment of this strategic site. The vision is of an authentic, climate-smart, mixed-use, mixed income, and walkable community with a balance of jobs, housing, amenities, and services an economically vibrant district of the City that brings new opportunities to its residents and workers and one that establishes a unique sense of community tied to the history and character of the place.

The Plan builds on City of Dallas initiatives and public policy including: Forward Dallas, the City's Comprehensive Plan first adopted in 2006 and currently being updated, the Comprehensive Environmental and Climate Action Plan that addresses resiliency and the challenges of climate change, the Comprehensive Housing Policy of 2018 with its strategies for overcoming patterns of segregation and poverty, Connect Dallas promoting compact and transit-oriented development, and the City of Dallas Economic Development Policy that focuses on job creation and reinvestment in Southern Dallas.

An overview video of the plan can be found at this [link](#) and the draft plan can be found on the project website at <https://www.hensleyfield.com/project-reports>.

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### **Environment and Sustainability Committee Briefing Questions/Follow-up**

Below are answers addressing questions received ahead of, and during, the Committee briefing by Committee Members that were not fully answered during the briefing:

1. Could we consider a master lease agreement for the entire site to facilitate affordable housing and retain long term control rather than working through a master developer agreement?

**Answer:** Long-term control of the site can be achieved through different mechanisms including a master development agreement. When a master developer sells property, it generates cash proceeds that can be reinvested into the project or directed to the master developer to help offset the cost to horizontally develop the property, market the property, and prepare the property for vertical development. Master leases with portions of the site may be appropriate with major institutions or corporations or for affordable housing corporations only. Disadvantages to a master lease agreement for the entire site include:

- Reduced incentive for Master Developer to capitalize infrastructure funding
- Difficulty in long-term leasing of for-sale housing
- Would keep land off the tax rolls indefinitely, possibly impacting Tax Increment Financing (TIF) revenue estimates

2. Plan has a lot of mixed-use but are the uses mixed? Is there any place where retail and residential are integrated? Where is the corner market, restaurant, etc?

**Answer:** Vertical Mixed Use (i.e. residential or office above retail or commercial) is planned in the Town Center Core, the Park Blocks, the Marina District and in the Innovation Village, where 1.3 million square feet of the 3 million square feet of commercial uses and 4,600 of the 6,800 dwelling units are concentrated. All residents and workers will be within a five to ten-minute walk of retail, restaurant, and commercial uses. New zoning for the site will allow for corner stores and neighborhood-serving commercial uses within single-family neighborhoods.

3. This plan is heavily dependent on automobiles, yet it is only 1.15 square miles. Is this not our opportunity to design away from cars?

**Answer:** Yes, we have worked with DART to plan for Hensley Field's integration into the region's high-capacity transit network with Bus Rapid Transit and in the longer future Light Rail Transit. A multi-modal transit spine through the heart of the community will put everyone within a ten-minute walk of a transit station and several mobility hubs will ensure convenient connections to transit via low-speed mobility streets. Hensley Field is planned to be walkable and bikeable with a network of trails and multi-modal streets. The Plan is designed to accommodate future innovations and emerging technologies in transportation (e.g. smart streets, autonomous vehicles, app-based delivery, etc.). The nine access points to and from the adjacent neighborhoods ensure the walkable and bikeable characteristic of the site will be accessible both on and off site, shortening existing auto trips in those surrounding communities and creating new opportunities for short walk, bike,

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and driving trips to the opportunities and amenities at Hensley Field. The mix of land uses was informed by built examples like Mueller and Stapleton, where high rates of internal trip-making and transit ridership have been observed and documented relative to typical suburban development patterns. At Hensley Field, the design of the network and the mix of residential, retail, and employment uses is contributing to a complete community expected to maximize the capture of nearly all walking and biking trips on site, generate over 4,000 transit trips a day at buildout, and greatly reduce the need for single occupancy vehicle trips.

4. I don't see an emphasis on lakefront activity. Is this a missed opportunity?

**Answer:** We believe that Mountain Creek Lake is the most significant and defining characteristic of Hensley Field. The Plan strives to take maximum advantage of this important resource with a continuous lakefront trail that will connect a series of waterfront parks and several unique destinations, including the Innovation Village on the Runway Peninsula, the Marina with restaurants and retail overlooking the lake and the high-density mixed-use core of the community which borders the reconstruction of Cottonwood Creek. Mountain Creek Lake could play the same role for Southern Dallas that White Rock Lake plays in East Dallas.

5. What are the planned single-family lot sizes?

**Answer:** Single-family lot sizes range from 800-1,500 square feet for townhomes to 1,500 to 4,000 square feet for detached homes. All single-family homes will have car parking accessible from alleys to allow streets to be lined with porches and stoops that promote the pedestrian orientation and neighborliness of the community.

6. Are we exploring opportunities with the upcoming Bond Program?

**Answer:** Yes, we are exploring opportunities within the 2024 bond program for Hensley Field.

7. Can an ordinance be created to ensure energy efficiency standards at Hensley Field?

**Answer:** The plan is to establish net zero energy as the basis for construction and maximize the use of renewable energy throughout the site and explore the feasibility of district-wide energy and/or an on-site microgrid system to provide substantial energy performance standards. The plan is set up to achieve LEED Cities and Communities Gold Certification at a minimum and present the City an opportunity to be a proof of concept for the Comprehensive Environmental & Climate Action Plan (CECAP) and continue to explore innovative opportunities as the plan is implemented.

### **Economic Development Committee Briefing Questions/Follow-up**

Below are answers addressing questions received during the Committee briefing by Committee Members that were not fully answered during the briefing:

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8. How many single-family homes are planned and how were the breakdown of housing types determined?

**Answer:** The plan anticipates a total of 6,848 total dwelling units with single-family detached comprising 950 units, attached homes (duplexes, multiplexes, cottage courts, townhomes, and live-work shop houses making up 1,139 units, and condos and apartments at 4,759 units). As part of the market analysis, Economic and Planning Systems determined that Hensley Field could support a range of housing types from single-family homes to higher density multi-family development. Lower density single-family housing is most marketable in the short term. With the goal of creating a walkable and transit-oriented community it was determined that there should be at least 30% of the homes in fee-simple ownership, and the remainder in medium and higher density apartments and condominiums to create a resident population in excess of 14,000 people, a population needed to support the level of transit ridership anticipated for the community.

No more than 60% of these homes will be in rental housing. The goal is to create a balanced community of renters and owners. The mix of housing will include a wide spectrum of missing middle housing types, from detached homes, townhouses, cottage courts, and live-work shophouses to medium and higher density apartments and condominiums in buildings ranging from four to eight floors. All parking will be internalized or from service alleys to ensure that street fronts and open spaces are lined with porches, stoops, and ground level commercial uses.

### **Environmental Clean-Up Status**

Since its decommissioning as a Naval Air Station during the Base Realignment and Closure (BRAC) process in 1995, Hensley Field has undergone numerous rounds of environmental studies, testing, and remediation. Due to its history of military use, contaminants of concern (COCs) at Hensley Field and Mountain Creek Lake include metals, petroleum hydrocarbons, polychlorinated biphenyls (PCBs), semi-volatile organic compounds, chlorinated solvents, and an emerging class of chemicals known as PFAS (polyfluoroalkyl substances) which were used in firefighting foams. Remediation for non-PFAS COCs has already taken place with soil remediation completed and approved by the Texas Commission on Environmental Quality (TCEQ) and groundwater remediation is partially completed and in progress by the Navy.

Cleanup costs by the Navy to date are \$92.4M. The Navy recently completed its Remedial Investigation report with the testing results, nature and extent, and risk assessment related to PFAS contamination on the site and will issue a comprehensive feasibility study in 2023. The Navy, through a 2002 Settlement Agreement with the City of Dallas, is obligated to clean up the property to residential standards. The Navy has committed to completing any remaining remediation in a manner that allows redevelopment of the site within the timeframe provided in the Master Plan.

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1. The Redevelopment Master Plan will drive the clean-up of the site.
2. The Navy is obligated to clean-up the site to residential standards and their intent is to complete the cleanup protective of human health consistent with the master plan. The master plan provides a timeline with phased approach for the redevelopment.
3. U.S. Environmental Protection Agency (EPA) is yet to finalize standards for PFAS clean-up, and TCEQ is in the process of updating theirs; those standards will guide the ultimate clean-up of the site. Removal of soil exceeding residential standards will commence after approval of the cleanup levels **for this site** by TCEQ, with support and agreement by EPA and City.
4. Contaminated soil will be the first to be mitigated and will need to occur before development commences. Once the standards are finalized this should be a straightforward soil removal process and ideally will be accomplished in a single phase depending on volume of soil to remove and available funding set aside **for this site** by Congress; this could be partial cleanup based on phases identified in the master plan.
5. The City will request a Ready for Reuse Certification from EPA in addition to the TCEQ approval as an additional layer of regulatory support that sufficient cleanup has been completed and the site is protective of human health and suitable for redevelopment once the soil is cleaned up, the City will request a Ready for Reuse Certification from EPA in addition to the TCEQ approval that cleanup of soil meets residential standards.
6. Clean-up of contaminated groundwater could take longer, but redevelopment can occur in tandem with groundwater cleanup, provided that groundwater use restrictions are put in place.

### **Plan Recommendations**

Driven by community engagement and built into the recommendations of the plan are:

- **A Walkable, Mixed-Use Community:** with over 3.7 million square feet of Commercial and Institutional uses and 6,800 residential units.
- **An Interconnected Network of Open Spaces,** comprising more than 25% of the site area and placing every resident within a five-minute walk of a park or public space.
- **A Strong Orientation to Mountain Creek Lake,** introducing waterfront trails, a new marina and water-oriented recreational uses that reinforce the destination appeal of the site.
- **Historic Preservation and Adaptive Reuse** of key buildings and facilities, and interpretive site elements that celebrate the military and pre-military heritage of the site.
- **A Multi-Modal Transportation System** with links to Dallas' high-capacity transit network, provision of protected bikeways, slow mobility corridors, and a strong pedestrian orientation.

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- **Net-Zero Construction and the Maximization of Renewable Energy Sources** including the creation of a 40-acre Innovation Village on the Runway Peninsula, demonstrating state-of-the-art technologies and sustainability practices.
- **A Diversity of Housing Choices** in a Mixed-Income Community with a complete range of housing types, 30% of which will provide for long-term affordability to qualified applicants.

### **Project Costs, Financing, and Governance**

A planning level financial analysis was prepared to gauge the feasibility of the development and potential need for supplemental funding sources. The analysis compares the estimated development revenues, from sales of finished lots and building sites, to the total development costs and costs by phase. The Master Plan is estimated to generate \$352.6 million in revenue over 20 years in nominal dollars (no inflation or present value adjustments), with infrastructure costs estimated at roughly \$390 million.

The feasibility gap from the planning level financial analysis could be addressed from a variety of funding sources and financing strategies. The Master Plan recommends that the City utilize Tax Increment Financing (TIF) to help finance infrastructure costs and other public benefits. Other potential funding sources to make up the projected feasibility gap include federal grants, public improvement district, or municipal management district.

### **Next Steps**

The Hensley Field Master Plan is advancing to City Council for a public hearing on December 14, 2022. Following the public hearing City Council will consider it for adoption. Adoption by City Council will enable the City to focus on project implementation including solicitation and selection of a Master Developer Partner, negotiation of a Master Development Agreement between the City and the selected Master Developer, preparation of zoning amendments, and design standards and guidelines.

Please contact Julia Ryan, Director of Planning and Urban Design at [Julia.Ryan@dallas.gov](mailto:Julia.Ryan@dallas.gov) if you have any questions or need additional information.



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