

Homelessness as an Impediment to Urban Revitalization: the Case of Dallas, Texas

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Executive Summary

Homelessness has long been recognized as a serious problem in many American cities, and Dallas is no exception. What's more, the homeless tend to congregate in the downtown districts (DD) since most service providers are also located in the urban core.

Though homelessness is typically considered a social problem, it also has economic consequences. The latest homeless census for the city of Dallas totaled 6,000, and annual outlays by governmental, non-profit, charitable, and faith-based organizations to provide them with services probably exceed \$50 million. This estimate doesn't include thousands of volunteer hours. But the true *economic cost* of homelessness is much greater.

A survey of downtown business owners found that the presence of homeless persons is having a negative affect on their operations and burdening many of them with additional costs for security and cleaning. A majority of retail respondents report that proximity to the homeless was scaring off customers and reducing their sales.

An examination of downtown properties using Dallas County Appraisal District (DCAD) records reveals that average values in the southern sector, where most of the homeless are concentrated, are well below those in the northern half of downtown. Consequently, the City of Dallas, Dallas County, and the Dallas Independent School District are losing \$2.4 million per year due to valuation disparities from a lack of development in the southern half of the DD. What's more, we estimate the southern half of downtown can potentially support almost 2.2 million square feet of additional commercial, office and residential space. This development scenario would create more than 5,000 new jobs and generate about \$6.6 million per year for local taxing entities.

But the revitalization of Dallas' DD, an avowed goal of the city's political and business leaders, will not be fully realized until a comprehensive plan for improving homeless services is developed and implemented. Most importantly, the proposed central intake facility should be located away from—but close to—the downtown district. In this regard, the City of Miami can serve as a model.

Miami has significantly reduced the visible homeless count and greatly improved the delivery of services. By creating an umbrella agency to oversee all homeless programs—whether provided by government, voluntary or faith-based institutions—the city has avoided duplication and overlap of services. Significantly, Miami has located both of its central intake facilities, known as Homeless Assistance Centers (HACs), away from their downtown district.

Miami's businesses community has recognized that reducing homelessness is a community and economic development issue as well as a social problem, and to that end they have contributed about \$50 million over the past decade. The results are tangible, as evidenced by the construction boom currently underway in Miami's downtown. As with Miami, an effective approach for dealing with Dallas' homeless population must include greater participation and support by the region's business leaders.

Homelessness has significant economic as well as social consequences for the City of Dallas. While offering our compassion to the homeless, we should also acknowledge that the overwhelming presence of homeless persons on the streets of downtown has negative economic impacts on individual businesses, the prospects for redevelopment, and the city's finances.

Introduction

Homelessness has long been recognized as a serious problem in the City of Dallas, most especially in the downtown district (DD). For example, back in 1990 the Community Council of Greater Dallas formed a 64-member Homeless Services Task Force to research and recommend a comprehensive, coordinated service delivery system for homeless persons. At the time, the Dallas homeless count was estimated to be 4,000, comprised of 3,000 adults and 1,000 children.

A much broader range of services is available to homeless persons today than 15 years ago, but homelessness persists in Dallas and other large American cities. The most recent homeless count, conducted in January of 2004 by the Metro Dallas Homeless Alliance, recorded nearly 6,000 homeless persons in Dallas County, with the vast majority residing within the city limits.

City agencies and service providers are now immersed in preparation of a 10-year plan, required by the U.S. Department of Housing and Urban Development, to become eligible for additional federal funding to deal with homeless issues. In 2003, the City received a record \$11 million in federal grants to provide housing and other services to homeless persons, with most of the funds coming from a competitive “Continuum of Care” grant (see discussion below). In addition, Dallas voters approved a \$3 million bond issue in May 2003 to be applied toward purchase or construction of a central assistance center to provide coordinated social services to the city’s homeless persons. Selection of a site will probably occur in mid-2004.

Importantly, in recent years the Dallas business community has come to recognize that solving the city’s homeless problem is a critical component of downtown

revitalization. The tax increment financing zones (TIFs), the proposed urban parks, condo and apartment conversion, and the re-emergence of retail in the DD are all encouraging signs. But unless the City, service providers, and the business community devise a strategy to deal effectively with Dallas' burgeoning homeless population, the effectiveness of these initiatives may be limited.

The economic costs of homelessness in Dallas: A recap of the 2000 study

Homelessness is typically considered a social problem. But it has economic consequences as well. In 2000, the Central Citizens Association (CCA) commissioned the Center for Economic Development and Research (CEDR) at the University of North Texas to examine the economic and fiscal "costs" of homeless. Using the limited data made available at that time, the CCA estimated the *direct* cost of providing services to the homeless—that is, expenditures on homeless programs by governments, non-profits, and faith-based institutions—to be more than \$20 million annually.

More importantly, we documented the disparity between real property valuations in the northern and southern sectors of the DD. While property valuations had risen almost 100 percent in the northern half of the DD between 1995 and 2000, they rose only 70 percent in the southern half, where most of the city's homeless are concentrated. The cost in terms of foregone potential property tax receipts was several million dollars.

A new look at homelessness in Dallas

In 2003, the CCA approached the Center for Economic Development about conducting a follow-up study to the 2000 report. This time, in addition to updating the

estimate of tax revenue losses, we were asked to take an in-depth look at Miami's homeless programs. We were also asked to survey downtown businesses to ascertain what costs, if any, they are bearing in dealing with homeless persons. A survey of service providers was also undertaken to get a sense of the types of services that are being provided as well as their annual outlays.

The ultimate purpose of this new study is to garner business support for an integrated approach to addressing homelessness—one that will provide a full complement of services and support in a coordinated manner. A byproduct of an effective strategy to reduce homelessness will be further enhancement of the arts district, Main Street retail, and downtown office and residential properties, leading to improvement in the overall quality of life in downtown Dallas. With the media, the business community, and Dallas' elected officials focused both on downtown renewal and homelessness, now is the time for action.

How other cities are dealing with homelessness

Homeless populations have congregated in virtually all medium- and large-size cities across the U.S. The causes of homelessness include substance abuse, mental illness, domestic violence, and variety of other social and individual problems. When the problem first became evident in the 1970s, government agencies and volunteers viewed homelessness as a temporary problem requiring an "emergency response," and the "solution" was to provide temporary housing and food to those in need. In recent years, however, homelessness has been recognized as a complex social phenomenon requiring a variety of responses; and thus the concept of "integrated services" has evolved.

What services to provide and how best to provide them in an integrated and coordinated fashion is a challenge in itself. Existing services providers in Dallas, including government agencies, faith-based institutions, and non-profits, have made concerted and conscientious efforts to address the needs of the city's homeless and are to be commended for their efforts. But the complexity and pervasiveness of the problem requires a more coordinated approach. Many large cities, including Dallas, have followed the HUD model and developed a Continuum of Care (CoC). A CoC is a community-based, long-range plan that addresses the needs of homeless persons in order to help them reach maximum self-sufficiency. It is developed through collaboration with a broad cross-section of the community and based on a thorough assessment of homeless needs and resources. The hallmark of an effective CoC system is a “coordinated set of services.”

As mentioned earlier, a plethora of social services are now available to homeless persons in Dallas—though the delivery of these services has naturally resulted in a somewhat fragmented approach. Though there is currently some coordination of service delivery, such as found at the Day Resource Center, a greater degree of coordination and oversight may be required to ensure the most effective use of limited funds. Other communities have viewed “centralized delivery” as an important complement to integrated services. The experience of several cities taking this approach is discussed below.

1. Atlanta

Research Atlanta, a private not-for-profit public policy research organization that studies public policy issues affecting the metropolitan Atlanta region, estimated that in

1997, 11,000 people were homeless in the City of Atlanta. By 2003 this number had grown to about 13,000.

Atlanta began dealing with its homeless problem more than two decades ago. In 1981, the mayor appointed an ad hoc task force to develop responses to the increasing numbers of homeless in the Atlanta area. The ad hoc task force later became the Task Force for the Homeless.

Until the mid-1980s, the City was not involved in homeless programs. Services provided to homeless residents were limited to church-run shelters and soup kitchens provided by the non-profit sector. In 1994, the City of Atlanta, Fulton County, DeKalb County, Cobb County, Gwinnett County, and Douglas County finally made a collaborative effort and joined with the Metropolitan Atlanta Task Force for the Homeless in applying for HUD grants dealing with the homeless. As a result of the joint application, they received more than \$18 million for homeless services.

Over the past few years, the composition of participants has changed somewhat. But the City of Atlanta, Fulton county, and DeKalb County have continued to cooperate in the CoC system. In 1998, these entities and a host of non-governmental service providers reorganized themselves as the Atlanta Tri-Jurisdictional Collaborative. Participants include nonprofit service providers, churches, businesses, homeless advocates, local governments, and formerly homeless persons. Over 150 different organizations now participate in the CoC, and annual HUD grants of about \$6.5 million are allocated to various homeless programs. Services provided through the Collaborative include information and referral, homeless prevention, street outreach, a homeless

management information system, emergency shelters, transitional housing, supportive day services, permanent supportive housing, and permanent affordable housing.

Atlanta’s funds for homeless programs come from an extensive mix of sources, including the city's direct grant funding for homeless-assistance; county, state, and HUD grants; contributions from local charitable institutions; and gifts from private donors and volunteers. A summary of Atlanta’s programs is shown in Table 1.

The City of Atlanta incurs substantial additional expenses as a result of its large homeless population and a lack of adequate funding for treatment and housing. Most of these expenses are law-enforcement related. Atlanta, like Dallas, enforces anti-loitering and anti-solicitation ordinances on homeless persons. In 1999, the United States Supreme found Atlanta’s “anti-homeless” ordinances enacted before and during the Olympic Games to be "un-Constitutional".

Table 1
Continuum of Care for the Atlanta Tri-Jurisdictional Collaborative: 2002 Gap Analysis

		Estimated Need (Individuals)	Current Inventory	Unmet Need/Gap
<i>Individuals</i>				
Beds/Units	Emergency Shelter	1,266	1,946	-680 (see note)
	Transitional Housing	5,011	1,896	3,115
	Permanent Supportive Housing	3,466	672	2,794
	Total	9,743	4,514	5,229
Supportive Services Slots	Job Training	6,921	2,485	4,436
	Case Management	9,743	2,774	6,969
	Substance Abuse Treatment	5,267	1,629	3,638
	Mental Health Care	6,614	324	6,290
	Housing Placement	3,138	2,141	997
	Life Skill Training	7,795	4,947	2,848
	Other: Employment Services, Legal Services/Advocacy, Outreach/Assessment, Health Services, Transportation	48,716	28,194	20,522

Table 1 cont'd

		Estimated Need (Individuals)	Current Inventory	Unmet Need/Gap
<i>Individuals</i>				
Sub-population	Chronic Substance Abusers	3,313	1,311	2,002
	Seriously Mentally Ill	1,559	163	1,396
	Dually-Diagnosed	1,949	163	1,786
	Veterans	3,215	50	3,165
	Persons with HIV/AIDS	974	202	772
	Victims of Domestic Violence	683	78	605
	Youth	390	27	363
	Other	1,266	983	283
<i>Persons in Families With Children</i>				
Beds/Units	Emergency Shelter	821	452	369
	Transitional Housing	2,024	1,081	943
	Permanent Supportive Housing	403	68	335
	Total	3,248	1,601	1,647
Supportive Services Slots	Job Training	338	253	85
	Case Management	3,248	1,285	1,963
	Child Care	986	294	692
	Substance Abuse Treatment	715	152	563
	Mental Health Care	591	32	559
	Housing Placement	295	203	92
	Life Skill Training	2,436	1,547	889
	Other: Employment Services, Legal Services/Advocacy, Outreach/Assessment, Health Services, Transportation	22,734	14,639	8,095
Sub-population	Chronic Substance Abusers	650	194	456
	Seriously Mentally Ill	65	12	43
	Dually-Diagnosed	65	12	43
	Veterans	3,215	116	3,099
	Persons with HIV/AIDS	195	101	94
	Victims of Domestic Violence	1,267	78	1,283
	Other	1,006	588	418

Note: The apparent over-supply of emergency beds is not real at this time. Because of the severe shortage of transitional and PSH beds, homeless persons who should be placed in those facilities are instead in emergency shelter spaces. Source: The Continuum of Care Report for the Atlanta Tri-Jurisdictional Collaborative, 2002.

Atlanta has discouraged unlicensed groups from feeding the homeless in city parks. In 2003, the mayor announced a new plan to coordinate efforts with charitable and religious organizations in feeding homeless persons. Atlanta now has eight groups who are licensed to dispense food to the homeless, and they are located in different areas of the city. These providers accept food donations from groups who want to help the homeless and distribute it at special Mobile Meals Donation Sites. The city is also in the

process of converting a former jail into 24/7 service center to meet needs of 300 homeless people.

2. San Diego

In September 1983, the City of San Diego joined with individual service providers to create a Mayor's Task Force on the Downtown Homeless that exists today as the Regional Task Force on the Homeless (RTF). A 1999 census by the RTF counted about 6,500 homeless persons in the San Diego region (see Table 2).

In 2003 homeless programs funded by the City of San Diego totaled \$6,030,996. An additional \$564,000 in cash assistance was administered through the San Diego Housing Commission. San Diego addresses homeless needs primary through funding of transitional shelters. Approximately 57% of the \$6 million is allocated to transitional shelters, 18.3% is directed to employment assistance, 13.7% goes to emergency shelters, about 5% supports day shelters, and 4% goes to planning and administration. The city does not distribute funds for permanent supportive housing, health services, substance abuse services, or mental health programs. However, homeless persons with substance abuse problems may benefit from special programs while living in transitional shelters.

Overall the city and other service providers make 2,533 beds available year-round for San Diego's homeless population and an extra 350 beds when the weather is cold. In addition, a winter shelter program, homeless outreach teams, and special needs housing programs are available to homeless individuals and families. A family assistance center is currently under development, and the city also funds an emergency voucher program to avoid turn-aways when shelters are at capacity.

Table 2
Homeless Population and Shelter Beds: City of San Diego

Population	Est. Pop.	Total Beds	Unmet Need	% Unmet Need
1. Urban homeless	5,500	2,331	3,169	58%
Individuals Not in Families	4,450	1,801	2,649	60%
Families with Children (Total members)	1,050	530	520	50%
2. Farm Workers/Day Laborers	1,000	0	1,000	100%
Single Adult Men	900	0	900	100%
Family Members and Single Women	100	0	100	100%
Total for All Homeless Persons	6,500	2,331	4,169	65%

Source: Regional Task Force on the Homeless, 1999. Includes only permanent beds-excluding winter shelter beds.

At the request of the Downtown San Diego Partnership, the Little Italy Association, and the San Diego Rescue Mission, the City of San Diego has started to enforce more strictly existing ordinances against loitering and panhandling.

3. *Phoenix*

The City of Phoenix is located in Maricopa County and is part of a larger region comprised of 15 different cities, much like Dallas County and the City of Dallas. Approximately 3 million people currently reside in the Phoenix metropolitan area. Maricopa County has a sizeable homeless population, totaling 13,000-15,000 with about 1000 in downtown Phoenix. Other concentrations of homeless persons are found in the downtown areas of Tempe, Scottsdale, Mesa, Glendale and other cities within Maricopa County.

Currently, the provision of services to homeless individuals and families resembles that of Dallas in that a variety of public, private, and non-profit agencies minister to the homeless from several different downtown locations. As in Dallas, the growing homeless population has outpaced the ability of these groups and agencies to fully address all of their needs. In 2001, the Department of Economic Security conducted

a gap analysis and found an unmet need of approximately 3900 beds for individuals and approximately 1000 beds for families. Services, such as job training, health care, childcare, housing placement, etc., were found to need additional support (see Table 3).

Table 3
Gap Analysis of Phoenix Homeless Needs

Individuals				
	Emergency Shelter	1451	615	836
Beds	Transitional Housing	2904	1269	1635
	Permanent Supportive Housing	2904	1453	1451
	Total	7259	3337	3922
	Job Training	5444	599	4845
	Case Management	7259	481	6778
Supportive	Substance Abuse Treatment	4355	752	3603
Services	Mental Health Care	5081	158	4923
	Housing Placement	1452	209	1243
	Life Skills Training	6533	474	6059
	Other-Outreach	1815	319	1496
	Other- Health Care	6533	59	6474
	Other-Dental Care	6533	22	6511
Families				
	Emergency Shelter	939	880	59
Beds	Transitional Housing	2581	2239	342
	Permanent Supportive Housing	1173	554	619
	Total	4693	3673	1020
	Job Training	1476	27	1449
	Case Management	1341	402	939
Supportive	Child Care	2513	247	2266
Services	Substance Abuse Treatment	1042	25	1017
	Mental Health Care	868	49	819
	Housing Placement	447	187	260
	Life Skills Training	1476	167	1309
	Other-Health Care	4224	15	4209
	Other-Dental Care	4224	2	4222

Source: Arizona Department of Economic Security, 2001 Gap Analysis.

In 2001, recognizing the need for a more organized approach to the homeless situation, the Maricopa County Human Services Department proposed to partner with existing service providers and supplement their services by locating a central homeless assistance center (HAC) close to downtown Phoenix. The Maricopa Association of Governments developed a comprehensive *Regional Plan to End Homelessness* in 2003, and the HAC is under construction and due to open in late 2004.

In sum, Phoenix would appear to be in the same place as Dallas in terms of dealing with its homeless population. Importantly, both communities now recognize that a comprehensive plan is needed to effectively address the homeless situation.

4. *Miami*

Miami-Dade is about the same size as Dallas County, with a population slightly more than two million. Like Dallas, the city of Miami has a sizable homeless population. During the 1970s and 1980s, the provision of services to homeless individuals and families resembled that of Dallas in that a variety of public, private, and non-profit agencies ministered to the homeless from several different downtown locations. But in the early 1990s, city and community leaders recognized that the needs of homeless persons could be more effectively addressed through a comprehensive and integrated approach achieved by a partnership among the city, the county, existing service providers, and the business community. Miami also recognized the importance of delivering services at centralized locations where practical.

In 1993, Miami-Dade County's governing body adopted a continuum of care plan entitled the *Miami-Dade County Community Homeless Plan*. The plan outlined a strategy for the delivery and coordination of homeless housing and services including temporary housing, transitional housing, and permanent housing. The Miami-Dade Homelessness Trust (MDHT) was formed to administer and implement the plan. MDHT receives about \$5 million annually in HUD grants plus receipts from a one percent local sales tax on restaurant meals and beverages that currently produces about \$8.5 million a year.

A central feature of the plan was the proposed construction of two Homeless Assistance Centers (HACs) that would provide a range of housing and other services to

homeless clients. It took two years to overcome strong organized opposition to the concept; but in 1995 the zoning commission approved the construction of the two centers. The first center opened in October of 1995 and is located just outside the downtown district. The second Center began operations in South Miami-Dade County at the former Homestead Air Force Base in October 1998.

The Community Partnership for Homelessness (CPHI), which is a private sector partner of the Miami-Dade Homelessness Trust, operates both centers. In addition to temporary housing, the centers provide case management, vocational education, health care, childcare, legal aid, and an array of other social services to assist residents' return as productive members of the community. The centers have received nearly \$50 million in gifts from individual donors, corporations, religious organizations, and non-profits in addition to HUD and other federal funds. Some organizations that used to operate outdoor feeding stations now prepare and serve meals in the HAC cafeterias. Still others continue to provide meals and other services at different locations but under the general guidance of the CPHI.

Since its inception, the Miami-Dade Homelessness Trust has created, or helped to create, 769 emergency beds, 1483 transitional beds, and 1444 permanent beds. In addition, the HACs have been extraordinarily successful, serving nearly 5,000 clients annually. And CPHI boasts an 80 percent success rate in getting clients into jobs and transitional housing.

Though initially opposed by many segments of the Miami community, the centers now receive broad community support, including many of those who attempted to block construction. Service providers across the U.S. have recognized the Miami Homeless

Assistance Centers as a great success, and the U.S. Department of Housing and Urban Development has hailed the concept as a “national model.”

In addition, the City of Miami operates a Homeless Assistance Program (MHAP) with the mission of providing outreach, assessment, placement, information, referral, and transportation services to homeless individuals and families. MHAP sponsors a dozen outreach teams, known as “greenshirts,” who intercept homeless persons on the street and inform them of available services. MHAP makes most of the referrals to the HACs and helps clean up the waste left behind by homeless persons and feeding stations. What’s more, if a downtown merchant calls to complain about a homeless persons interfering with their business or harassing customers, MHAP immediately dispatches a team of greenshirts to encourage that individual to seek assistance from one of the HACs. Operating with a modest budget of \$1.2 million, MHAP only hires persons who were formerly homeless themselves.

MHAP provides additional outreach services including:

- a. An 800 number that can be dialed to learn about homeless assistance;
- b. A program at the courthouse and county jail to intercept homeless persons before they get back on the street;
- c. The provision of blankets and emergency services to those “hard core” homeless who refuse to go to the HACs or other service providers.

In the course of a year, MHAP may have 4,000 intercepts; and their efforts have significantly reduced the number of homeless persons on the street. A census taken in early December of 2003 counted only 941 homeless persons in the City of Miami with 350 in the downtown area.

Interviews with private and public business development organizations, including the Downtown Miami Partnership, the Downtown Development Authority, and the Miami Community Redevelopment Agency, confirmed the importance of effectively addressing homelessness as an important ingredient in downtown revitalization. Miami's downtown district is in the midst of a building boom, with construction cranes everywhere, and downtown retail activity is strong and growing. In recent years, Marshalls, Old Navy, and several other suburban-type retailers have opened stores in Miami's DD. *The city's business and political leaders point to a decrease in the number of homeless, a significant reduction in crime, and improved parking facilities as the keys to this renaissance.*

Lessons for Dallas from the Miami experience

Though the Miami story is not an unqualified success, the city has significantly reduced the homeless count and greatly improved service provision to those willing to be served. But several facts are abundantly clear that Dallas must keep in mind:

1. Service provision must be coordinated. The city, county, state, churches, voluntary organization, etc. should coordinate efforts through an umbrella trust or agency to ensure effective service delivery while avoiding unnecessary duplication and overlap of services.
2. The proposed central intake facility should be located on the periphery of the DD and be easily accessible by the homeless.
3. Outdoor feeding stations should be discouraged or prohibited.
4. Involvement by the business community is imperative. Homelessness must be elevated as a community and an economic development issue. And the

private sector will have to come up with most of the funding for homeless services.

5. Providing services to the homeless is expensive. In the case of Miami-Dade, it is currently about \$11,500 per client year compared to about \$10,000 in Dallas.

Survey of downtown businesses and homeless service providers

For the purposes of this study, we administered two community surveys. The first survey was directed at businesses owners located in the downtown district and attempted to measure the impact homeless persons have on business activities. The second survey was sent to providers of services to the homeless population in order to come up with an estimate of dollar amount spent in providing those services.

a. Business survey

The business owners survey was mailed to 299 establishments located in central Dallas (identified as zip codes 75201 and 75202). We received 62 responses to the survey, which equates to a 20% response rate—a very respectable rate of return for an unsolicited survey. Though there may be some response bias, the study's steering committee believes the responses are representative. The results also conform to our general understanding of homeless issues as well as other research we've performed on the problems facing downtown Dallas.

The largest number of responses came from retailers—24.2%—while professional services and restaurants/bars were tied for second with 16.1% each. The next highest was property management/real estate firms at 11.3% followed by builder/developers (8.1%),

parking services (6.5%), arts and entertainment (3.2%), and lodging (1.6%). Approximately 13% of respondents self-classified their business as “other”.

In terms of length of time the business has been located in central Dallas, 34.4% had been there less than 10 years while 29.2% had been there 10-19 years, 22.2% had been there 20-40 years, and 13.6% had been there 50+ years. The longest noted time was 118 years. The majority of businesses, 55.7%, reported between one and 15 employees while 18% have 100+ employees, 11.5% have 30-49 employees, 9.8% have 16-30 employees, and 4.9% have 50-99 employees.

Respondents were asked to indicate how the presence of homeless persons affected their business. The first question simply asked them to indicate what effect, if any, does the presence of homeless persons have on their business. The responses are summarized in the Table 4 below.

Table 4
Responses to Business Survey

Customers/employees are frightened or uncomfortable	34.4%
Negative effect on appearance of property	18.8%
Loss of customers	9.4%
need for increased security	7.8%
Shoplifting/theft	6.3%
Negative effect, unspecified	4.7%
Lower Rents, Embarrassment, loss of tenants, Unpleasant general appearance	3.1%
Loss of employees, effect on type of products being stocked, Caused business to decide to move	1.6%
Positive effect (valet services)	1.6%

Respondents were also asked if their business incurred additional expenses due to the presence of homeless persons. Forty-five percent indicated yes while 55% said no or that they were not sure. Of those who answered yes, 23.6% indicated that additional

costs were less than \$1,000 per month, while 41.3% claimed additional costs of \$1,000-\$3,000 per month and 35.3% estimated costs of \$5,000 or more per month related to the presence of homeless persons. Overwhelmingly, these expenses were incurred for additional cleaning, additional security, or both.

We also singled out retailers and asked them whether their sales were affected by the presence of homeless persons. Of those who responded, 43.3% indicated no while 56.6% indicated yes. Retail respondents were also asked if homeless persons were a part of their customer base. About ninety-six percent answered no while 3.5% answered yes.

Lastly we wanted to know whether any of the responding businesses had considered relocating out of the DD due to the presence of homeless persons. The vast majority, 76.3%, said no while 23.7% said yes. We then asked those who answered yes to tell us why they had decided not to move. Each respondent had their own reason for staying downtown, but the majority state their current location was critical to their business.

b. Service provider survey

Sixty-nine providers of homeless services were identified, and surveys were mailed to each of them. The groups ranged from government agencies to religious groups and non-profits. Thirty surveys were returned for a response rate of 43.4%.

Part one of the survey asked the respondents to indicate the types of services they provided for the homeless. Respondents could indicate more than one type of service, and their responses are listed in Table 5.

Table 5

Schedule of Services Provided

Shelter	43.3%
Clothing	66.7%
Health Care (other than mental)	16.7%
Educational Assistance (adult)	50%
Educational Assistance (child)	43.3%
Transitional Housing	46.7%
Transportation	53.3%

Food	76.7%
Job Training/Assistance	46.7%
Mental Health Care	30%
Child Care	30%
Counseling (family, personal, etc.)	66.7%
Substance Abuse Assistance	33.3%
Financial Assistance	33.3%

Respondents were also asked to indicate in what areas of the city they were providing services. Their responses are listed in Table 6 below. Again, respondents could pick more than one location.

Table 6

Locations from which services are provided

Central Dallas (inside the loop)	63.3%
North Dallas	43.3%
South Dallas	56.7%

East Dallas	70%
West Dallas	43.3%

About seventy-seven percent of the respondents provide services to women, 73.3% provide services to children, 73.3% provide services to families, and 66.7% provide services to men. Forty-six percent provide services to fewer than 100 people each week while 26.8% provide services for 100-200 people, 15.2% provide services for 201-400 people and 11.4% provide services to more than 1,000 people per week. The providers who responded to the survey spent approximately \$22.2 million on homeless programs in 2003.

Based on our survey responses and findings, *total spending on homeless programs by all of Dallas' service providers—public, non-profits, and faith-based—likely exceeds \$50 million per year. That is equivalent to about \$10,000 per year for each of Dallas' homeless persons.*

How property values are affected by homelessness: an update

As mentioned above, our 2000 report examined in detail disparities in property values between the northern and southern halves of the downtown district and concluded that the concentration of Dallas’ homeless population in the southern part of downtown was a major impediment to commercial redevelopment. Using data from the Dallas Central Appraisal District (DCAD), we found that average real property values for improvements in the southern sector amounted to only \$59.84 per square foot compared to \$78.75 per square foot in the northern sector in 2000.

Since 2000, property values have fallen citywide, a result of the national recession, the meltdown of the telecom industry, and the aftermath of September 11. But looking at the same properties we examined in 2000, and updating the values with the most recent appraisals from DCAD, we find that disparities between the northern and southern halves of the DD remain. In 2003, average real property values came to only \$47.23 per square foot in the southern sector compared with \$63.30 in the north (see Table 7).

**Table 7
Property Valuations in the Dallas Downtown District: 2003**

	North Downtown Dallas	South Downtown Dallas
Total Real Property Value in 2003	\$1,805,662,136	\$247,271,400
Total Building Square Footage	28,570,731	5,235,189
2003 Prop. Value/Sq. Ftg.	\$63.20	\$47.23

Based on current year tax rates and total average real and business personal property valuations, *the City of Dallas, Dallas County, and the Dallas Independent School district are losing \$2.4 million per year due to valuation disparities from a lack*

of development in the southern half of the DD. Put differently, if the marketplace valued existing southern sector properties as highly as properties in the northern sector, the City of Dallas would add almost \$600,000 per year to its revenues. Similarly, the Dallas ISD, struggling with rapidly rising enrollments, would gain \$1.4 million annually in new revenue while Dallas County entities would reap an additional \$450,000 (see Table 8).

Table 8
Estimated Losses to Local Taxing Entities from Depressed Property Values in the Southern Sector of the Dallas DD

Taxing Jurisdiction	Estimated Tax Loss
City of Dallas	\$ 585,000
Dallas Independent School District	\$ 1,371,000
Dallas County	\$ 170,000
Dallas County Community College District	\$ 65,000
Dallas County Hospital District	\$ 212,000

In our 2000 study, we estimated that the southern half of downtown could potentially support more than 2.6 million square feet of additional commercial, office, and residential space, including a convention center headquarters hotel. While we remain convinced that the southern half of the DD would see substantial new development if the visible presence of the homeless population were reduced, we have removed the impacts of a convention hotel from this analysis. This is largely due to changes in the convention market in Dallas and the increasing likelihood that the City of Dallas will have to play a dominant financial role in the development of a downtown hotel property, thus making problematic any estimates of net fiscal benefits that would be enjoyed by the city and

other taxing jurisdictions.¹ However, even without the hotel, there is still potential development of almost 2.2 million square feet in office, residential, commercial, and mixed-use properties. For purposes of this analysis, we have assumed that a likely mix would be 870,000 square feet of mixed-use development (residential, retail, commercial and office) and 1.3 million of low- to moderate-density office space (low-rise and mid-rise buildings). This magnitude of development would support more than 5,000 new jobs and generate about \$6.6 million per year for local taxing entities through direct and indirect property and sales taxes.² (See Table 9 for projected gains in revenue by taxing entity.

Table 9
Fiscal Impacts of Potential New Development in the
Southern Half of the Dallas DD

Description/Taxing Jurisdiction	Impact
Total direct and indirect property values	\$ 211,616,000
Total direct and indirect taxable sales	\$ 25,302,000
Revenues by taxing entity:	
City of Dallas (property and sales taxes)	\$ 1,734,000
Dallas Independent School District	\$ 3,469,000
Dallas County	\$ 431,000
Dallas County Community College District	\$ 165,000
Dallas County Hospital District	\$ 537,000
Dallas Area Rapid Transit	\$ 253,000

Conclusion

Homelessness has significant economic as well as social consequences for the City of Dallas. While offering our compassion to the homeless, we should also acknowledge that the overwhelming presence of homeless persons on the streets of

¹ There has been no public release of plans specifying if a city-owned hotel would make any payments in lieu of taxes to DISD or other taxing jurisdictions. Of course, there would likely be new ancillary retail sales spurred by the hotel, should it be able to compete successfully.

² Indirect sales and property taxes account for new tax generation supported by spending in the City of Dallas of earnings paid to new downtown workers and residents.

downtown has negative economic impacts on individual businesses, the prospects for redevelopment, and the city's finances.

As the discussion above has emphasized, the “costs” of homelessness extend far beyond the \$50 million currently spent by governmental, private, faith-based, and non-profit institutions to deal with their plight. Our survey found that many patrons avoid downtown retail establishments because they don't want to be confronted by the homeless. What's more, many businesses incur higher costs for security and cleaning because of homeless activity. The visible presence of homeless persons is also discouraging new business startups in the DD.

A number of efforts are underway to revive downtown, including several tax increment financing zones (TIFs) and plans for four new parks inside the loop. But unless the City and the many service providers can deal more effectively with Dallas' 6,000 homeless—and in particular serve them from a location or locations away from but accessible to the downtown district—a sustainable downtown economic revival will be problematic.

Miami has instituted the nation's most effective homeless programs, and the City of Dallas would be well advised to learn from their approach. Unlike Dallas, Miami's homeless services are coordinated under an umbrella organization, and most services are provided at comprehensive homeless assistance centers (HACs) away from—but accessible to—the downtown district. Faith-based groups that used to operate soup kitchens in downtown now prepare meals at the HAC cafeterias. Miami's “greenshirts” are on the streets of downtown daily, informing the homeless of services available and providing them with transportation to the assistance centers. Finally, and perhaps most

importantly, Miami has succeeded in elevating homelessness as a community and economic development issue. Dallas must do the same.

Appendix A: Survey Results

Survey Results

Business Owners survey: sample = 299, n=62

(20% response rate)

1. What is the nature of your business?

Professional Services (Law Firm, Accountant, etc.)	16.1%
Restaurant/Bar	16.1%
Retail	24.2%
Builder/Developer	8.1%
Parking Services	6.5%
Lodging	1.6%
Arts & Entertainment	3.2%
Property Management/Real Estate	11.3%
Other	12.9%

2. How long have you been located in Central Dallas?

Less than 10 Years	34.4%
10-19 Years	29.2%
20-40 Years	22.2%
50+ Years	13.6%

*Longest time was 118 Years

3. How many people do you employ at your central Dallas location? Please check one box.

1-15 Employees	55.7%
16-30 Employees	9.8%
30-49 Employees	11.5%
50-99 Employees	4.9%
100 + Employees	18%

4. What effect, if any, does the presence of homeless persons have on your business?
Please specify.

Customers/employees are frightened or uncomfortable	34.4%
Negative effect on appearance of property	18.8%
Loss of customers	9.4%
Need for increased security	7.8%
Shoplifting/theft	6.3%
Negative effect, unspecified	4.7%
Lower Rents, Embarrassment, loss of tenants, Unpleasant general appearance	3.1%
Loss of employees, effect on type of products being stocked, Caused business to decide to move	1.6%
Positive effect (valet services)	1.6%

4a. If you are a retailer, do you feel that your sales are affected by the presence of homeless persons?

No	43.3%
Yes, Negative	53.3%
Yes, Unspecified	3.3%

5. Are homeless persons a part of your customer base?

Yes = **3.5%**

No = **96.5%**

6. Does your business incur additional expenses due to the presence of homeless persons?

Yes = **45%**

No = **33.3%**

Not sure = **21.7%**

6a.) If yes, please indicate the nature of the expenses and the approximate amount spent per month.

* Overwhelming majority of expenses were for additional cleaning (33.3%), additional security (58.3%)

Less than \$1000/month	23.6%
\$1000-\$3000/month	41.3%
\$5000+/month	35.3%

7. Has the presence of homeless persons ever caused you to consider relocating your business out of central Dallas?

Yes = **23.7%**

No = **76.3%**

7a.) If Yes, but you decided not to relocate, please explain why you did not relocate?

	n
Downtown location critical to business	3
Still may, waiting to see if situation improves	2
Relocated/relocating due to issues with homeless persons	2
Not enough money to relocate	1
Recently closed business down due to problems with the homeless population	1
City is responsive to calls for assistance	1
Belief that situation is improving	1
Plan to retire soon	1
Customers familiar with location	1

**Service Provider survey: sample = 69, n=30
(43.4% response rate)**

1. What types of services do you provide for the homeless?

Shelter	43.3%
Clothing	66.7%
Health Care (other than mental)	16.7%
Educational Assistance (adult)	50%
Educational Assistance (child)	43.3%
Transitional Housing	46.7%
Transportation	53.3%

Food	76.7%
Job Training/Assistance	46.7%
Mental Health Care	30%
Child Care	30%
Counseling (family, personal, etc.)	66.7%
Substance Abuse Assistance	33.3%
Financial Assistance	33.3%

2. Where, within the city of Dallas, do you provide services to the homeless?

Central Dallas (inside the loop)	63.3%
North Dallas	43.3%
South Dallas	56.7%

East Dallas	70%
West Dallas	43.3%

3. What is the annual budget for your agency or department, what percentage is spent on providing services to the homeless? **n=26**

*** Respondents spend approximately \$22.2 million on the homeless each year**

4. Please indicate which groups of people you provide services for. Check all that apply.

Men	66.7%
Women	76.7%
Children (17 years of age and under)	73.3%
Families (related as a group)	73.3%

5. On average, how many individuals do you provide services for each week?

Less than 100	45.8%
100-200	26.8%
201-400	15.2%
1000+	11.4%

Appendix B