

# Memorandum



CITY OF DALLAS

DATE April 21, 2026

TO Honorable Members of the Housing and Homelessness Solutions Committee: Cara Mendelsohn (Chair), Lorie Blair (Vice Chair), Adam Bazaldua, Zarin Gracey, Jesse Moreno, Jaime Resendez, Gay Willis

SUBJECT **Pallet Shelter Update**

The purpose of this memorandum is to provide an update to Housing and Homelessness Solutions Committee (HHSC) on the research and potential design and development of a non-congregate pallet shelter community concept from the Office of Housing and Community Empowerment (OHCE) and to receive Committee input on advancing the initiative. The concept would provide additional non-congregate transitional housing options for those experiencing homelessness in the City of Dallas.

## **Background**

OHCE is committed to the continual assessment of capacity within the network of housing and shelter resources for people experiencing homelessness. With shelters nearing capacity, and having less supportive housing units available, non-congregate shelters present an opportunity for an alternative approach to serve a person while they receive services.

This concept was first presented to HHSC on May 24, 2024, in a briefing from the Office of Homelessness Solutions (OHS), now OHCE, titled, Temporary and Alternate Housing Best Practices and Recommendation. A Request for Information (RFI) was released shortly after this presentation. The proposals from this RFI helped staff understand the complexity of the project. On April 22, 2025, OHS provided an updated memo on funding gaps, provider gaps, and that land had not been identified for the project.

At the HHSC meeting on February 23, 2026, the HHS Committee received a briefing on the non-congregate housing concept. HHSC members expressed support for this concept.

City of Dallas and TxDOT staff have discussed a potential site in District 7 currently owned by TxDOT. In 2020, TxDOT entered into a ground lease with homeless services provider The Other Ones Foundation (TOOF) to develop Esperanza Community in Austin Texas. Esperanza is a 200-unit pallet shelter community with community space and wrap around services. The project site was previously a State sanctioned encampment owned by TxDOT but lacked operational infrastructure. To fill this gap, TxDOT partnered with TOOF to oversee site operations, programming, and infrastructure for emergency shelters.

On March 6, 2026, a tour of the proposed TxDOT site in the City of Dallas was conducted with Chair Mendelsohn and Councilman Bazaldua, staff from OHCE, PDD, Facilities and

Real Estate (FRM) and Catholic Charities of Dallas CEO, Dave Woodard as a subject expert in single-room occupancy site design.

### **Potential Site**

The potential site is a 3.6-acre tract in Council District 7. The site is currently owned by TxDOT and was previously used for vehicle fueling and maintenance.

### **Zoning & Permitting**

The site is currently zoned for Industrial Manufacturing (IM). Per this zoning district, hotel use is permissible. PDD has confirmed that the Pallet Shelter concept does align with cabin type hotel and is confirming building codes to ensure that it can be built with this concept as the units are a prefabricated manufactured type of product. There will need to be a further technical review of the actual site plan and building specs. PDD will work with any selected vendor on site design, layout, fire access, and general permitting.

### **Procurement and Funding**

The Office of Procurement Services (OPS) has approved the vendor Pallet, a pallet shelter manufacturer, as a sole source provider. Pallet has a proven track record of production in cities like Atlanta, Tampa, and Denver and will partner with a General Contractor for the build out.

The preliminary cost estimate for a 75-unit pallet shelter community is \$2.3M. This estimate includes manufacturing and installing the individual units but does not include infrastructure, pre-development expenses, or operational cost.

Staff are reviewing the project with Bond Counsel and Bond and Construction Management to utilize current housing, discretionary and homelessness bonds. Staff are also reviewing federal funding for the project for the costs of the shelters.

### **Operational Funding**

Operating and management expenses are estimated to be between \$1.5M - \$2M per year. OHCE staff are developing a five-year operation assessment. While funding for operations has not yet been determined, staff seek a sense of the HHS committee on whether to proceed with identifying dedicated funding streams for this model. A separate Request for Proposals (RFP) will need to be issued for the operations and management of the proposed Dallas pallet shelter community once funding is identified.

### **Next Steps**

At the direction of Council, OPS/OHCE can work with Pallet, who has been deemed the sole source provider, and their infrastructure partner on developing initial cost projections and development timelines. While OHCE develops the project pro forma, we can also be exploring funding options for pre-development, construction, and 5-year operating cost.

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PDD can work with a selected vendor on site design, building design and zoning and permitting.

Should you have any questions or need any additional information, please contact myself or Thor Erickson, Director, Office of Housing and Community Empowerment at [thor.erickson@dallas.gov](mailto:thor.erickson@dallas.gov).

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