

Memorandum



CITY OF DALLAS

DATE November 4, 2022

Honorable Members of the City Council Economic Development Committee: Tennell
TO Atkins (Chair), Carolyn King Arnold (Vice Chair), Adam McGough, Omar Narvaez, Jaime Resendez, Chad West, Gay Donnell Willis

SUBJECT **Hensley Field Master Plan Update**

This memorandum is to provide an update on the 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>.

DATE November 4, 2022

SUBJECT **Hensley Field Master Plan Update**

Public Engagement

An Engagement Plan was developed at the outset of the planning process to establish a roadmap of engaging a broad spectrum of interested professionals, experts, and community members. Both traditional and non-traditional methods of engagement were employed to promote thorough outreach and most importantly, incorporate the feedback into the Plan.

- The Technical Advisory Group (TAG) included over 60 members representing City departments and partner agencies to guide the development of the Plan through a public policy lens, and
- The Stakeholder Advisory Group (SAG) included 39 members representing a diversity of interest groups to ensure that community-oriented values and issues of concern were incorporated into the Plan.

As part of their role, the SAG and TAG were tasked with communicating the progress of the Project to their constituencies, acting as an important conduit to the planning team. It is anticipated that the SAG and TAG will remain in place after the Master Planning process, since their guidance will continue to be invaluable as the City solicits the participation of a Master Developer or Developers, and as the implementation and governance of the new Hensley Field community takes place.

Over 20 Focus Group meetings were conducted to formulate and test planning and policy proposals, and to hone the Plan's recommendations. In addition, presentations were made to a variety of interest groups and organizations. At each of the key milestone points, presentations were also made to the Economic Development Committee of the Dallas City Council.

Remediation

Due to its intensive military use, Hensley Field and Mountain Creek Lake contained contaminants of concern (COCs) including metals, petroleum hydrocarbons, polychlorinated biphenyls (PCBs), semi-volatile organic compounds, and chlorinated solvents. Soil remediation of the above compounds has been completed by the Navy and approved by the Texas Commission on Environmental Quality (TCEQ). Groundwater remediation has been partially completed and remains in progress; however, an emerging class of chemicals known as PFAS (polyfluoroalkyl substances) which were components in firefighting foams used/stored on site by the Navy have been identified in soil, groundwater, sediment, and surface water and are currently being investigated by the Navy.

Under the 2002 Settlement Agreement with the City, the Navy committed to remediating the site to residential standards. The Navy completed investigating the extent of PFAS at Hensley Field and provided results and an assessment of risk in June 2022 and is preparing a feasibility study to assess remedial alternatives that would support the anticipated redevelopment and is expected to complete the study by the end of 2023. It is expected that remediation efforts will be completed by the Navy prior to redevelopment or in phases in tandem with construction activity and will be coordinated with TCEQ.

DATE November 4, 2022

SUBJECT **Hensley Field Master Plan Update**

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.

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.
- 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 of approximately \$80 million 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

Subject to a vote by City Plan Commission on the draft plan on November 3, 2022, the Hensley Field Master Area Plan will next be briefed to City Council's Environment and Sustainability Committee, the Economic Development Committee through a Memo and presentation before advancing to City Council for a public hearing on December 14, 2022.

DATE November 4, 2022
SUBJECT **Hensley Field Master Plan Update**

Adoption by City Council will enable the City to focus on project implementation including: solicitation and selection of Master Developer Partner(s), negotiation of a Master Development Agreement between the City and the selected Master Developer(s), preparation of zoning amendments and design standards and guidelines.

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



Majed A. Al-Ghafry, P.E.
Assistant City Manager

c: T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizer Tolbert, Deputy City Manager
Jon Fortune, Deputy City Manager

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Dr. Robert Perez, Assistant City Manager
Carl Simpson, Assistant City Manager
Jack Ireland, Chief Financial Officer
Genesis D. Gavino, Chief of Staff to the City Manager
Directors and Assistant Directors