

The Making of Modern Dallas

SPECIAL COLLECTORS EDITION



The Making of Modern Dallas



Richard Urban

Lessons Learned the Hard Way

Jeff Swaney's plan to build some houses in an East Dallas historic district is taking him on an expensive journey through city bureaucracy.

JEFF SWANEY IS RUNNING late for our lunch meeting as he breezes into Sambuca. He's got on a rumpled sport shirt, denim shorts, and deck shoes (no socks), and is armed with a pager, a cell phone, and a Palm Pilot III.

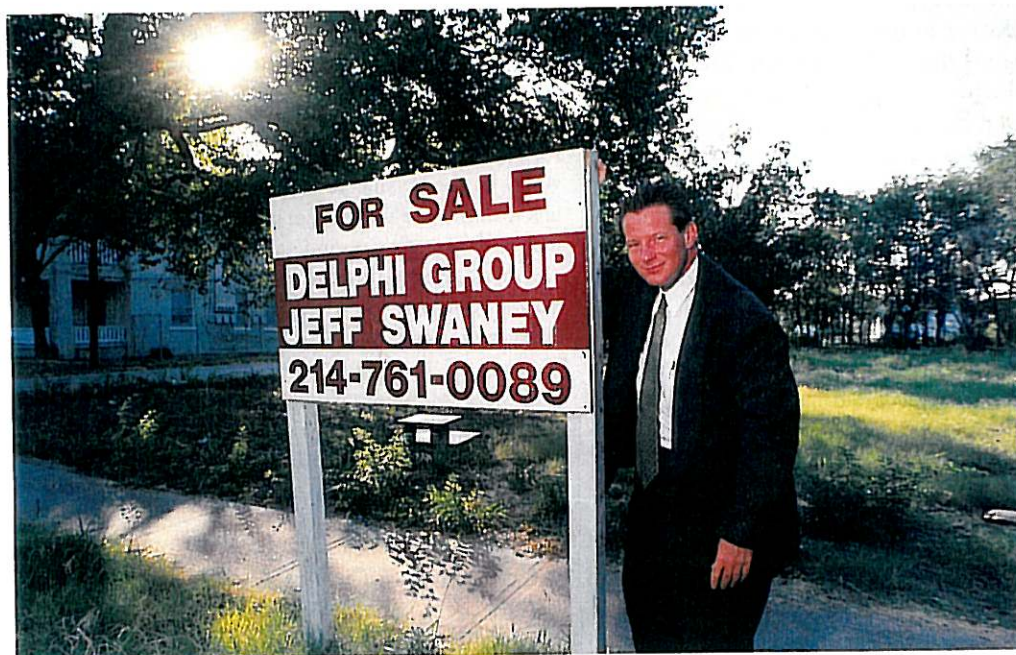
High tech, perhaps, but certainly not high fashion. That's just Swaney.

He's speaks in short spurts—barely able to contain his energy as he discusses the real estate deals that have made him Deep Ellum's leading developer, politely covering his mouth with his left hand as he tries to talk and chew simultaneously.

He talks about more lofts being created out of worn-out East Side buildings and about the deal he brokered to rehab old East Dallas apartments, replacing down-and-out denizens with upwardly

mobile young urbanites. He talks about his Deep Ellum roots and the commercial deals he continues to broker in that still-emerging entertainment district, where he has been investing in restaurants and clubs. He talks about assembling more buildings around Broadcast.com's Taylor Street headquarters; should the company remain in Deep Ellum now that its merger with Yahoo! is complete.

But we're not here to talk about any of that. We're here to talk about Swaney's involvement in Munger Place. Maybe there's a reason for his initial reticence. He assembled the land to build 13 houses in the historic dis-



PUTTING HIS BEST FOOT FORWARD: *If nothing else, developer Jeff Swaney, looking here like he's on his way to meet his banker, has made his mark in the Munger Place Historic District. The lots he assembled and subdivided are now listed on city maps as "Swaney's Munger Place Addition."*

trict, each with a selling price upwards of \$300,000. In keeping with zoning requirements, the houses will have large front porches, wood exteriors and windows, and look pretty much like the prairie-style homes already there.

Good plan in theory, but Swaney is discovering there's a catch: He now finds himself knee-deep in the details and bureaucracy that accompany new development in historic areas. What he saw at first as a hugely lucrative project now seems like simply a mild moneymaker, and Swaney isn't afraid to admit his failings. "I'm a totally inexperi-

enced residential development guy," he says. "I've never done it in my life. I've got this small office, and I'm really not set up for this."

The quagmire of restrictions, red tape, and regulations is adding up to an expensive lesson in how to be a residential developer. It's a lesson he was reluctant learn.

Fifteen years ago, Swaney was a Hewlett Packard salesman with a penchant for throwing wild parties and hanging out with the artists and musicians who populated East Dallas. Those late-night bashes led to his co-founding Club Clearview, the Art Bar, and The Blind Lemon as showcases for those musicians and

artists. He started brokering real estate deals to bring in more clubs and restaurants and used his connections through the clubs to his advantage. "I got to know the neighborhood and liked the people and the buildings," he says. "A lot of them patronized the clubs."

Swaney had come to see all those old Deep Ellum buildings not as a sign of the neighborhood's decay, but as opportunities. He figured he could recycle them and get others to share his vision of creating an inner city community. The logic was simple and effective: People who work and live in Deep Ellum also patronize its restaurants and clubs.

To Swaney, finding new uses for old buildings not only makes sense, it is socially

the Munger Place Homeowners Association.

Once he assembled the lots, a painstaking effort that took months, he had to find a builder willing to design homes that could be built in a strictly zoned historic district.

That's when Swaney's plan for a no-fuss, quick turnaround development began to unravel. Houston-based David Weekley Homes was interested in building the houses, but only if the lots were fully prepared.

"They said, 'Here's the deal. If you want to develop the lots, we'd be happy to buy them, and if you don't want to, we're not interested,'" Swaney recalls.

But all Swaney wanted to do was discount the lots and sell them to a builder. He thought

do it for a fee that wouldn't feel like he's being gouged."

Swaney doesn't believe the lower rate for the line connections constitutes a taxpayer subsidy. He's still committed to the idea that in-town development is important, and that it pays for itself in the long run. "If the city will do it for cost, that's not really subsidizing it," he says. "If 13 houses are built and go on the tax rolls at \$300,000 each, that's almost \$4 million added to the tax rolls—and we'll be improving the neighborhood."

How the issue is resolved could put a dent in Swaney's bottom line. After subdividing the property, the lots cost him \$10,000 and \$20,000 each. He spent a lot of money in legal

Jeff Swaney simply wanted to assemble a few lots in the Munger Place Historic District, subdivide them, and then find a builder to put up some houses. What he got was a yearlong education in the fine points of residential development.

responsible as well. The Munger Place Historic District, which is on both the Dallas and national registers, is a natural extension of Swaney's do-good-and-make-a-profit ideology. He wants to create real urban communities in the shadow of downtown Dallas.

So when he discovered the vacant lots scattered among the 200 turn-of-the-century homes that make up Munger Place, Swaney saw—then seized—the opportunity. The lots had been a nuisance for the most part, collecting trash and vagrants. Simply assembling them without creating commotion in the neighborhood took the kind of finesse that the sometimes-controversial developer hasn't been known for in the past. "I got involved without even talking to anyone," he says. "People are calling here, and we're just basically not telling them anything because we don't know who's for us and who's against us. I've been burned before when I was young and crazy and would open my mouth and say things that were inappropriate. But the real issue was that I didn't want people to start getting involved and attempting to dictate from the get-go."

Instead, he wanted to show people what he was going to do—and he did. One of his first acts was to tear down an abandoned car wash and shopping center, much to the delight of

he could simply put them in touch with the appropriate city agencies and walk away.

It turns out he did his walking through a labyrinth of city agencies and the vagaries of city maps created in the early 1900s.

"Nothing that was on the ground matched what was on the maps," explains Roger Albright, a zoning lawyer who has worked with Swaney over the years.

No one knew where the water and sewer lines are, which Swaney found out when he hit a sewer line while excavating a foundation.

But out-of-date maps and broken sewer lines were only half the problem. The trickier issue, it turns out, is the politicized issue of who pays for the connections from the new houses to city lines.

An individual homeowner building a house in Munger Place would pay less than \$500 to have a city crew connect to the lines. A developer, on the other hand, must hire an outside contractor, and the going rate these days is upwards of \$8,000 a lot.

"That burden falls on the developer because the citizens don't want to underwrite the development," says Ed Simons, of the city's utility department. "The problem right now is that these are very good times, and bids from private contractors for doing work are quite high. Jeff would like somebody to

fees to subdivide the lots, and he continues to spend money on demolition and maintenance. Add in the cost of bringing in utilities, and the \$42,500 that Weekley is paying per lot equals a profit substantially smaller than Swaney first anticipated.

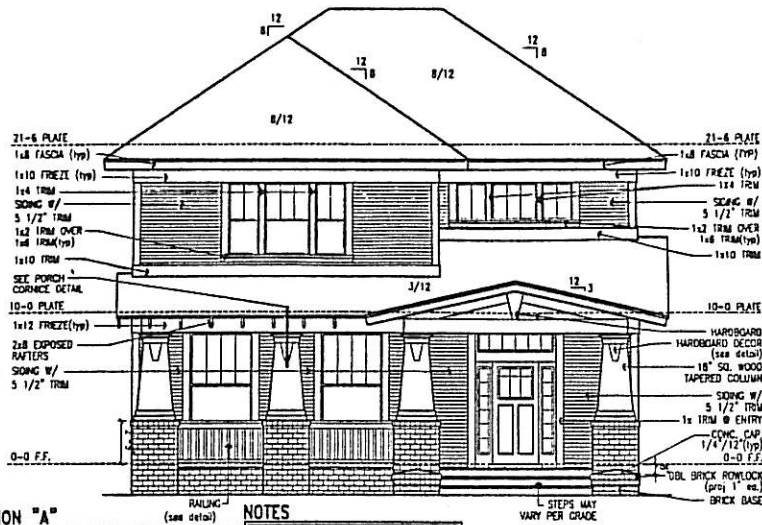
"The economics looked really nice in the beginning, but it's just being nibbled away," Swaney bemoans. "This is risky stuff, and the margin is thin. We'll make some money, but we're definitely counting pennies."

But would he do it again? There are several inner city historic districts with vacant lots that could be assembled and then developed.

"If you asked me that a month ago, when all I could see was obstacles, I'd probably have said no," Swaney says. "But once I start seeing those houses going up, I'll get real excited and like it so much I might do it again. I'll have to wait and see what the numbers look like for me and my investors."

Whether he does or doesn't build in a district like Munger Place again, Swaney likes the posterity the development provides.

"If you buy a house here, you'll be Lot 10, Swaney's Munger Place Addition," he says. "Now I can die and go to heaven because I've got my plat, and I know it will be there for however long those houses are there. I think that's kinda funny." ■



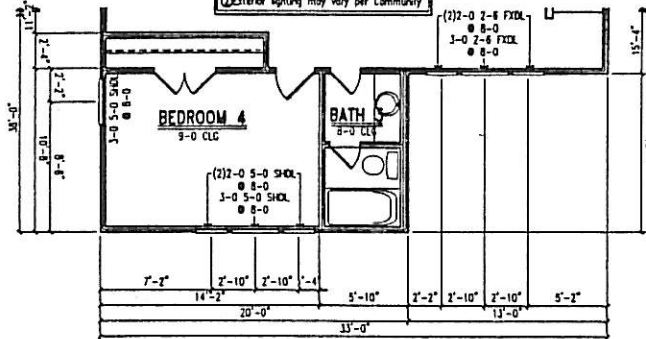
ELEVATION "A"

RAILING (see detail)

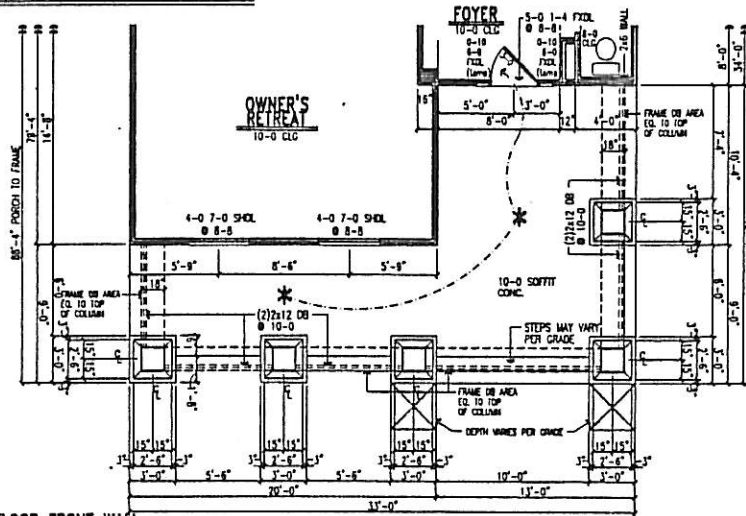
L STEPS MAY VARY PER GRADE

NOTES

- ① Window patterns may vary per Community
- ② Exterior lighting may vary per Community



SECOND FLOOR FRONT WALL



FIRST FLOOR FRONT WALL

David Weekley Homes

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Drawing No. DALLAS 1632-A-1
 Drawn By: JJ
 Date: 05-25-99
 Scale: 1/8" = 1'-0"

1	5
2	6
3	7
4	8

The measurements, dimensions, and other specifications, shown on this document, are guidelines for construction use only. The actual specifications of the finished structure may vary. This document may not be relied on as a representation of what the completed structure will look like.

CORE PLAN