

One Man's Crazy Dream

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The good people of Lubbock, Texas, came to a unanimous conclusion in 1999: Delbert McDougal had gone crazy. The former General Electric salesman announced at a press conference that he--and the rest of McDougal Cos.--intended to completely renovate the 325 acres that made up North Overton, a section of Lubbock west of downtown and immediately east of Texas Tech University. And not only was McDougal going to renovate, but he was going to do it without any help from the government.

"There was an uproar," Delbert said. "They couldn't believe that I was going to, as they said, risk my family's assets when this project was an obvious failure." Delbert smiled at the memory.

Delbert has every reason to smile. The CEO of McDougal Cos. has watched his piece of Texas flourish for the past seven years and, as a result of his meticulous planning and solid vision, he has seen a crime-infested area become a haven for families and Texas Tech students in what is believed to be the country's largest privately funded redevelopment project.

Demolishing the 'Tech Ghetto'

North Overton was established in 1907 and developed in the 1920s, but by the late 1960s the area was beginning to suffer the effects of neglect. Lax building codes and absent property managers fueled the neighborhood's steady deterioration. The crime soon followed.

Mike McDougal, Delbert's son and President of McDougal Properties, a division of McDougal Cos., said that although only 2 percent of Lubbock's population lived in North Overton, more than 25 percent of the crime was committed in that area. The high crime rate inspired North Overton's unflattering nickname, "The Tech Ghetto."

"Texas Tech officials were actually warning incoming freshman to stay away from east of University Avenue, the street that runs between Texas Tech and North Overton," Mike said. "Even Reese Air Force base told recruits to stay away from that area. It just wasn't safe."

Professional writer Tony Privett is currently writing a book about Delbert and

his family. During the past 5 years, he has become well acquainted with the story of the crazy man with the big vision.

"North Overton was a threat to Tech and to downtown," Privett said. "It was a cancer in the heart of Lubbock. Everyone recognized that, but Delbert had a soft spot for the area and it was a challenge to show he could do it. It was a risk, but he's a gambler at heart."

Because North Overton stands between Texas Tech and downtown Lubbock, there was no safe and direct way for students to walk from campus to the rest of the city. Even city buses seldom ran through the area, Delbert said.

"I was on city committees for 15-plus years, and we tried and tried to figure out what to do with Overton to make it cleaner and safer," Delbert said. "Finally, I just got frustrated. I went to a meeting, which proved to be my last meeting, and I said that I was going to do something about it myself. And they told me that I was nuts."

And it wasn't just neighbors and city council members who thought Delbert had bitten off more than he could chew. It took a while to convince his wife, Carolyn, and his sons, Mike and Marc, that he knew what he was getting the company into.

"Of course the family tried to talk my dad out of it," Mike said. "Carolyn came into my office one day, closed the door, turned to me and said very seriously, 'Your father is out of his mind.'"

Out of his mind or not, Delbert pushed forward with his vision of a new, safer North Overton. And he hasn't looked back since.

Financing the Vision

The task of clearing out and building up 325 acres of land using only private funds might seem daunting, but Delbert knew from the beginning what he wanted for North Overton, and he was meticulous. He started on the west end of the area, near Texas Tech.

"First, I drew out exactly what I wanted," he said. "The concept never really changed, though I had to stay focused. I also had to say 'no' a lot. You just have to look past the old houses and the vacant land."

As he spread a map of the new Overton in front of him, he explained how he could envision the future of each property, down to the uniform lighting and the landscaped boulevards.

"I knew I wanted everything to mirror

the design of Texas Tech's campus so that it would all flow," Delbert said. Therefore, each piece of property is zoned and deed restricted to match the architecture of the university's campus. The McDougal Cos. used tan-colored "Texas Tech brick" and red tile roofing throughout. To complete the transformation from the old North Overton to the new, safer community, McDougal Cos. renamed the area Overton Park, which kept the historical Overton name, but allowed a fresh start.

Before Delbert's drawings could begin to become three-dimensional, the more than 900 pieces of property that made up North Overton had to be purchased. For that job, he called on Cuyler Lawrence, CPM.

"Nothing in your career could prepare you for this," Lawrence, Vice President of Special Projects, said. "Everyone told Delbert not to take the risk, but Delbert did, and he convinced me that this was going to happen and he invited me to come be a part of the team. He made a believer out of me, and I haven't regretted a moment."

Lawrence went to work to develop a strategy with real estate brokerage companies. He employed 12 McDougal Realtors to assist with property acquisition and contracts. He then created a binder for each of the 900 properties that included information, such as goals, procedures and contracts, all of which were standardized.

"The key to a project of this magnitude is management by exception," he said. "Do everything you can on a repetitive, standardized basis."

The land was estimated to be worth only \$26 million before the redevelopment project began, and although 900 properties seemed overwhelming, many owners more than welcomed the McDougals' offer.

"We were dealing with owners, occupants and landlords who had no realistic hopes of ever finding a cash purchaser who would let them get out," Lawrence said. "We changed that."

To obtain the funds to purchase such a large number of properties, McDougal Cos. worked with City Bank, a local Lubbock bank with which Delbert had done business before.

"The McDougal family has been our customer for many years," said Mike Liner, President of City Bank. "I knew that if Delbert said he was going to do this, then it was going to get done."

City Bank even bought the corner of Glenna Goodacre Boulevard and Uni-

versity Avenue for its new bank branch, which is “the gateway to Overton Park,” Liner said.

“Was it going to be easy? No,” he said. “Was it going to be expensive? Yes. But I believed in Delbert, and I knew that the impact the finished project would have on the city and on the economy would be huge. And City Bank was able to be a part of that.”

Besides the funding, Lawrence said that finding the right people for the job was crucial. It was a large job, with potentially little monetary reward for real estate agents.

“We had to get Realtors who had the heart to do this project because you’re dealing with lower-income folks and the transaction process was a lot smaller than the Realtors were used to—meaning less commission,” Lawrence said. “They had to connect on a one-on-one basis with someone who might be on a lower socioeconomic level than they were, and treat them with the same respect as they would anyone else. We were blessed to find people who had the heart and who understood that this was historic—that this was a once-in-a-lifetime opportunity to work on something of this magnitude and type.”

‘Then We Bought Her a House’

Keeping all 12 real estate agents—plus the other 200 McDougal employees—on the same page at all times was the toughest challenge, Lawrence said. There were many surprises, as well as roadblocks, during the course of land acquisition.

“Sometimes we’d run into someone who would intentionally hold us up for quite a bit of time and money,” Lawrence said. “A couple times a person would refuse to move. But you have to look at this as not just places to be sold, but as real people with real faces and real names and real needs. You can’t take the approach of one size fits all. You have to learn to structure transactions to meet the needs of people.”

Doris Fletcher, an employee with a local law firm and a resident of North Overton since the age of 8, proved to be a challenge for the McDougals. As the head of the neighborhood association, Fletcher took the community’s crime problem into her own hands and said she regularly made large anti-prostitute signs and literally ran unsavory women out of North Overton. She was a spitfire, and although she approved of Delbert’s efforts to clean up the town, she wasn’t initially inclined

to accept Delbert’s offer to buy her house.

“I never thought I’d ever move from that house,” Fletcher said. “I was raised there. My own kids were raised there. At first I thought I could stay when it was all cleaned up. But then I realized that I couldn’t.”

Delbert said, “Doris fought us every step of the way. And then we bought her a house. Things seemed to be OK after that.”

McDougal Cos. helped to relocate former residents of the area to other parts of the city. In one instance, Lawrence said, the company helped to relocate a woman to New York, where her ill mother lived. After purchasing the woman’s house in Overton, the McDougals paid not only for her new house in New York, but also the moving trucks, hotel fees and meals.

“The residents of the old houses didn’t have to worry about anything,” Delbert said. “We did it all. The only thing they had to do was say where they wanted their furniture placed in their new homes.”

Lawrence said, “When we had the opportunity to help somebody, we were more than happy to do it. Usually it was just a small personal touch that made all the difference.”

Before the McDougals could legally purchase each property, however, every applicable owner had to be recognized on the deed. Jack and Mont McClendon, lawyers for McDougal Cos., worked with Lawrence and the McDougals, starting with death certificates of owners and working backwards to get everyone who belonged on the deeds listed on the deeds. Some deeds were signed in halfway houses and jails. Many owners had died, leaving their children, who didn’t know the properties existed, in charge.

“We spent more money tracking down the heirs than on the actual properties,” Mike said. “It was a stressful time.”

Jack McClendon laughed and said, “Mike [McDougal] is a distinguished-looking fellow, but at the end of the day when he’s curled up in a fetal position with his thumb in his mouth, well, that’s another story.”

Red Tape and Recycling

After Lawrence and his team acquired the properties that Delbert needed to begin his project, demolition could finally take place. But even that turned out to be more difficult than imagined.

Even during this phase of the project,

the McDougals had to deal with the lingering crime that surrounded North Overton. McClendon said that vandals sneaked into a few of the houses and burnt them down before demolition crews could test for and abate asbestos, and the ashes made for expensive and time-consuming labor.

Many times, city officials inadvertently stood in the way of demolition. At one point, McClendon said, the Lubbock police force demanded that wooden boards be nailed over the windows and doorways of the houses for security purposes. Lubbock firefighters, however, declared the boards a fire hazard.

“While police and the firefighters were arguing, a man was stealing the boards right off the house, right in front of them,” McClendon said. “That’s how bad the crime was.”

A demolition project of this size is, of course, producing quite a mess. Because of that, McDougal Cos. initiated one of the largest recycling projects in the United States. The old housing material was separated into groups, McClendon said—metals, asphalt and cement, and wood and insulation. The metal is hauled to metal recycling centers. Workers put other materials into what resembles a large wood chipper. The wood and insulation convert to mulch, and the asphalt and cement become construction materials.

Currently, almost all the demolition work is complete, Mike said. East, past the university, past completed construction and the tracts of land that are slated to become more apartment communities, is land that will be used for single-family homes. Here remnants of dilapidated houses dot McDougal’s land, all marked with red spray paint by contractors and maintenance technicians. The houses, in various stages of disrepair, must be tested and abated for asbestos before bulldozers can finish what years of neglect have started.

At the Centre

Official groundbreaking began in 2002. One of the first structures to be built, and one probably highly anticipated by the city’s college students, was The Centre at Overton Park.

The aptly named newest apartment community in Overton Park is a four-story, 277-unit building built in the Spanish style, with stucco and “Texas Tech” brick and red-shingle roofing that remains consistent with the university’s design.

The parking garage spans all four floors so residents can park on the same floors on which they live. Approximately 23,000 square feet of retail geared toward students is built on the ground floor of The Centre, making catching a tanning session at Always Tan or grabbing a new notebook at the Red and Black Bookstore a breeze for The Centre's residents, about 85 percent of whom are Tech students, Mike said.

Marc McDougal, Delbert's son and President of McDougal Realty, another division of McDougal Cos., attributed the new retail to the fact that The Centre is primarily for college students.

"It all began with the student housing," Marc said. "Where else can you buy dirt next to a major university? It gave us something to sell the retailers on."

The Centre, which is approximately 200 feet from the Tech campus, boasts 11 common areas, some with pool tables, lounges, plasma televisions and an e-cafe. A gated alleyway provides an area for bicycle safekeeping and leads to the community's pool and sauna. Bright red Texas Tech banners hang from residents' balconies. And although The Centre is 100 percent occupied, the McDougals have done virtually nothing to market the community.

"We have no signage except for a few small banners on the city's light poles that surround the building," Mike said. "The Centre is a sign in and of itself. It doesn't need us to do anything."

In conjunction with The Centre's construction was the completion of one of the most important elements of the redevelopment project: safer streets. The company spent several million dollars to design Glenna Goodacre Boulevard, the street that connects Texas Tech to downtown Lubbock. The boulevard is paved in brick and lined with trees, and curved iron lampposts stand every few feet. Almost everything is within walking distance of the boulevard for the students, including a recently completed 200,000-square-foot Super Wal-Mart, also designed and built in the cohesive Tech style.

"My favorite part is seeing these structures going up," Delbert said. "You finally know it's a success when you see the structures you've dreamed about going up all over the place."

And more of Delbert's dreams are primed for construction. A \$50 million four-star hotel and convention center, which is owned by Garfield-Traub, a Dallas-based developer, and managed by

Gal-Tex Hotel Management of Galveston, also an Equity partner, is slated to begin construction in early 2007, and should be completed by June 2008. The convention center has already been booked for a meeting in the summer of 2008.

"I've wanted one of these hotels for 25 years," Delbert said.

McClendon said, "Well, Delbert always knows what he wants, and he's willing to wait to get exactly that. He fought like the dickens for that four-star hotel and he's getting it."

In addition to the hotel, 412 single-family homes will be going up, beginning at \$325,000, Delbert said. To keep the design consistent, five styles of homes are permitted, each with particular color specifications. Single-family home construction should begin before the end of 2006.

Overton Park is now estimated to be worth \$450 million. After the construction of the hotel and single-family houses, its value should be at more than \$600 million.

McDougal Cos. is also currently buying up properties between Avenues R and Q, immediately east of Overton Park. Redevelopment is also spilling into downtown Lubbock.

"It's been incredible watching [Overton Park] evolve from the Tech Ghetto to what it is today," Marc said. "And a year down the road it will probably look a lot different."

Lawrence said, "It's been an interesting process. Have there been problems? Sure. But that's why a private company had to do this. It had to be a company that was aggressive, innovative, nimble and ready to take advantage of the opportunities and one that knew how to stay ahead of the curve."

But the key to making this project work was precise planning and unwavering confidence, according to Delbert.

"The thing is," Privett said. "He's always got a Plan B. And C and D and E. You have to be ready for anything."

Because of that planning, "Stay away from North Overton" is no longer included in the speeches of Texas Tech officials.

"The benefit to this community is huge," Mike said. "Now Tech is actually encouraging its students to live there. There are fewer parking issues. There's less crime. It's huge for the future of Tech and for Lubbock."

To show their appreciation to Delbert and Carolyn for the work that they did to make North Overton a safer and more en-

joyable place for Texas Tech students and Lubbock residents, City Bank partnered with Mike and Marc to erect a 7-foot bronze likeness of the couple. The statue sits prominently outside City Bank, and a plate at the bottom of the statue reads, "Bold are the visionaries that embrace the dream. They do, without an audience, all they are capable of doing before the world."

'Once Crazy, Always Crazy'

Although the Overton Park project is almost complete, Delbert still has more projects and more plans to unveil.

"He'll never retire," Privett said. "He's not the retiring kind. He just loves his work too much."

But, as Delbert says, it's not work if you truly enjoy what you do.

"So when am I going to stop working?" Delbert said. "Until I can't. Once crazy, always crazy, right?"