

Memorandum



CITY OF DALLAS

DATE May 10, 2017

TO Honorable Members of the Housing Committee:
Scott Griggs (Chair), Carolyn King Arnold (Vice-Chair), Mayor Pro-Tem Monica R. Alonzo, Tiffinni A. Young, Mark Clayton, and Casey Thomas, II

SUBJECT **Voluntary Inclusionary Zoning Update**

On Monday, May 15, 2017, you will receive a briefing to update you on the status of code amendments to incentivize the provision of units affordable to families with income levels below AMI. The briefing will be provided by David Cossum, Director of Sustainable Development and Construction.

The briefing materials are attached for your review.

Please feel free to contact either myself or David Cossum if you have any questions or need additional information.



Majed A. Al-Ghafry
Assistant City Manager

c: The Honorable Mayor and Members of the City Council
T.C. Broadnax, City Manager
Larry Casto, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Kimberly Bizer Tolbert, Chief of Staff to the City Manager
Raquel Favela, Chief of Economic Development & Neighborhood Services

Jo M. (Jody) Puckett, P.E., Interim Assistant City Manager
Eric D. Campbell, Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
M. Elizabeth Reich, Chief Financial Officer
Cheritta Johnson, Interim Chief of Community Services
Theresa O'Donnell, Chief of Resilience
Directors and Assistant Directors

Voluntary Inclusionary Zoning Update

Housing Committee

May 15, 2017

**David Cossum, Director
Sustainable Development
& Construction
City of Dallas**



City of Dallas

Presentation Overview

- Background
- Purpose
- Issues
- Proposed action
- Recommendation
- Next steps



Background

- The Housing Committee was briefed on May 16, 2016 and on August 1, 2016 on voluntary inclusionary zoning as part of the Committee's discussion on appropriate strategies to affirmatively further fair housing and reduce segregation
- Since that time staff has been conducting additional research and meeting with stakeholders to develop options for consideration through the Development Code amendment process

Background

- October 2016 through March 2017 met with:
 - Housing, City Attorney's Office, Code, Building Inspection
 - Habitat for Humanity
 - Inclusive Communities Project
 - Members of the development community
- Participated in conference calls with inclusionary housing providers hosted by Grounded Solutions Network
- Utilized and analyzed data from Metrostudy, M|PF Research, and Census

Purpose

- Update the Housing Committee on development of zoning incentives
- Objectives
 - Create housing available to families at a wide variety of income levels
 - Provide an additional tool to create housing in areas of opportunity
 - Encourage urban and pedestrian-oriented mixed income development with appropriate amenities in targeted areas

Issues

- Rent Burden - More than 20,000 households in Dallas earn \$35,000 - \$75,000 and still pay more than 30% of their income in rent.
- Rent Gap – What families at 80% of Area Median Family Income (AMFI) can afford to pay in rent has risen 1% annually from 2009 to 2016 while market rent has grown by 4% annually.
- Housing Deficit - Apartments are essentially full (at or above 94% since 2013) and new dwelling units are not keeping pace with population growth.

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Proposed Amendments



Options for Amendments

- Provide development bonuses in multifamily and mixed use zoning districts for the provision of mixed income housing.
- Amend existing Standard Affordable Housing(SAH) districts to match changes to standard districts for density bonuses.
- Amend section of Development Code that enables Planned Development Districts to include community benefits as an objective.

Development Bonuses

- Allow for increased height and reduced setbacks, subject to additional standards, for Multifamily and Mixed Use districts with appropriate buffer from single family districts
- Allow parking reduction for residential units with proximity to transit.

Development Bonuses

- Could differentiate provision of set aside units based on whether the property is in a:
 - High opportunity area
 - Transit oriented development (TOD)
 - Racially and ethnically concentrated areas of poverty (RECAP)
- Additional design standards could be required in line with urban design objectives and complete streets
- Mitigate potential impact of increased structure height and density on nearby single family by adhering to proximity slope requirements

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Development Bonuses

- Possible set aside scenarios for desired units depending on size of bonus
 - High opportunity area
 - 5% at 60% of AMFI
 - 5% at 60% of AMFI and 5% at 80% of AMFI
 - Non High Opportunity / TOD
 - 10% at 80% of AMFI
 - 5% at 60% of AMFI and 5% at 80% of AMFI
 - Non RECAP / Non High Opportunity
 - 5% or 10% at 80% of AMFI
 - RECAP area
 - No set aside

Development Bonuses

- Potential for Impact
 - Dallas currently has more than 11,000 acres of land throughout the city zoned for lower-density multifamily use.
 - By allowing additional density, this land offers an opportunity to meet the need for additional housing at a wide variety of price points in response to market demand.
 - Allowing an additional floor on a 3 story building has the potential to increase unit yield by 33 percent.

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Planned Development District Community Benefits Objective

- Modify Section 51A-4.702, Planned Development District Regulations
 - Create community benefit objective for Planned Development Districts (PDs)
 - PDs that create significant residential density should align with City goals of providing mixed income communities and other benefits

Planned Development District Community Benefits Objective

- Modify Section 51A-4.702, Planned Development District Regulations (cont.)
 - PDs that provide for additional floor area should align with City goals of enhancing pedestrian experience and complete streets by the provision of open space and other amenities
 - Consider additional community benefits as may be recommended by City Plan Commission, such as green infrastructure (iSWM), public art, support for small businesses, etc.

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Other Consideration

- Develop tracking tools to monitor affordable units from initial zoning through construction completion
- Determine compliance and oversight procedures and necessary staff responsibilities

Density Bonus Example

- Height bonus from 36 ft to 48 ft
- 10 units per floor
- Increase in height allows one additional floor

Set Aside	Base	Bonus	Total	Set Aside Units	Market	
					Add	Total
0%	30	10	40	-	10	40
5%	30	10	40	2	8	38
10%	30	10	40	4	6	36
20%	30	10	40	8	2	32

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Keys to Success

- Target areas of high opportunity near transit, jobs, services and good schools
- Disperse new development throughout the city
- Encourage diverse housing available to families at a wide variety of incomes
- Support adopted city plans such as forwardDallas!
- Provide for green space, playgrounds, parks, and other outdoor recreational opportunities
- Must be financially viable for the developer: Benefits of density bonuses and/or up-zoning should at least partially off-set the costs of providing the affordable and moderately-priced units
- Increase housing supply by encouraging new residential development at all price points
- Monitor demolition of aging units and replacement with new units

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Recommendation

- Informational briefing. No action required.



Next Steps

- Zoning Ordinance Advisory Committee
- City Plan Commission
- Housing Committee
- City Council



Appendix



Example – Austin*

- Vertical Mixed Use (2007) – density bonus and parking standards exemptions in exchange for 10% of rental units (5% owner) designated as affordable
- University Neighborhood Overlay (2004) – alternative dimensional standards for developers who set aside 10% of units at 60% of AMFI and 10% of units at 50% of AMFI
- Downtown Density Bonus (2013) - 10 bonus square feet for each 1 square foot set-aside at 80% of AMFI for rental (120% AMFI for owner-occupied)
- *Examples shown only. Austin has multiple incentive programs, including SMART housing, TOD, micro unit density bonus, and area-specific incentives.

Example – San Antonio

- Section 35-372 of San Antonio’s code applies when a site is “the subject of an application for a rezoning, master development plan, or subdivision plat.”
- The bonus is available according to the chart: 10% set aside for 50 years at 80% of AMFI earns the developer a 20% bonus, for example:

Category	Set Aside	Density Bonus	Affordability Period
Low income (80% AMFI)	10%	20%	50 years
Very low income (50% AMFI)	5%	10%	

Example – Philadelphia

- Chapter 14-702: a variety of floor area and height bonuses in specific base zoning districts in exchange for mixed income housing, as well as public art, public space, transit improvements, underground parking, green buildings, etc.
- May use more than one bonus option.
- May also make a payment in lieu of providing units.

Category	Set-Aside	Density Bonus	Affordability Period
80% AMFI (rental) or 100% (owner-occupied)	10%	150-300% FAR 48' height	15 years

Note: Bonus varies by zone. Height bonus available only in certain overlay districts.

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Example – Portland

- Allows a variety of bonuses in specific base zoning districts in exchange for specific amenities, additional design review, protections of landmarks, provision of housing in specific areas, etc.
- May use more than one bonus option and may make a payment in lieu to the Affordable Housing Replacement Fund.
- The Central City Plan: middle-income housing bonus options: 30% of units affordable to households at or below 150% of AMFI for 60 years. For each square foot of affordable floor area, development earns 3 square feet of bonus floor area.
- The Northwest District Plan: additional FAR of 1 to 1 if 50% of the building area is residential and one of these levels is met for 60 years:

Category	Set aside
30% AMFI	10 %
60% AMFI	20 %
80% AMFI	40 %

- Also offers other options to increase affordability: reduced parking, accessory dwelling units, manufactured homes, etc.

Data - Rent Burden

Renter Households - City of Dallas				
Percentage of Income Used for Rent + Utilities				
Income:	Total	< 20%	20-29%	>30%
Less than \$20,000:	64,389	1,359	3,361	59,669
\$20,000 to \$34,999:	61,135	2,338	10,675	48,122
\$35,000 to \$49,999:	49,465	7,953	26,032	15,480
\$50,000 to \$74,999:	48,688	20,290	22,221	6,177
\$75,000 or more:	51,995	40,464	10,078	1,453
Zero or negative:	9,070	-	-	-
No cash rent	5,766	-	-	-
total	290,508	72,404	72,367	130,901

Source: 2015 American Community Survey table B25106

- More than **20,000** households in Dallas earn \$35,000 - \$75,000 and still pay more than 30% of their income in rent.
 - Voluntary inclusionary zoning can help to serve these families.

Data - Rent Burden

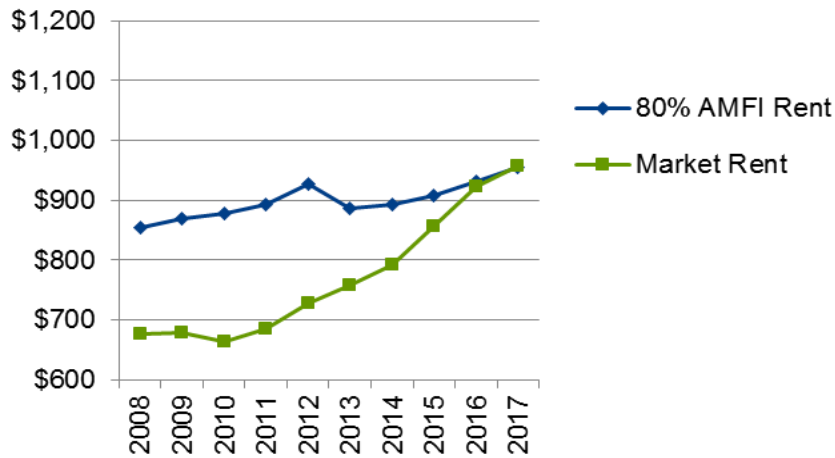
- Rent accessible for families at 80% AMFI:
 - \$896 (efficiency) to \$1,308 (3 bedroom)
- Average rent for 2000s and newer in all but far southern Dallas ranges from:
 - \$1,108 (southern Dallas County) to \$1,900 (Oak Lawn)
- Rent for 2000s and newer in Dallas overall is now \$1,338 per month.
- 1980s and older (outside the greater downtown area) are available for \$751-\$1,009.

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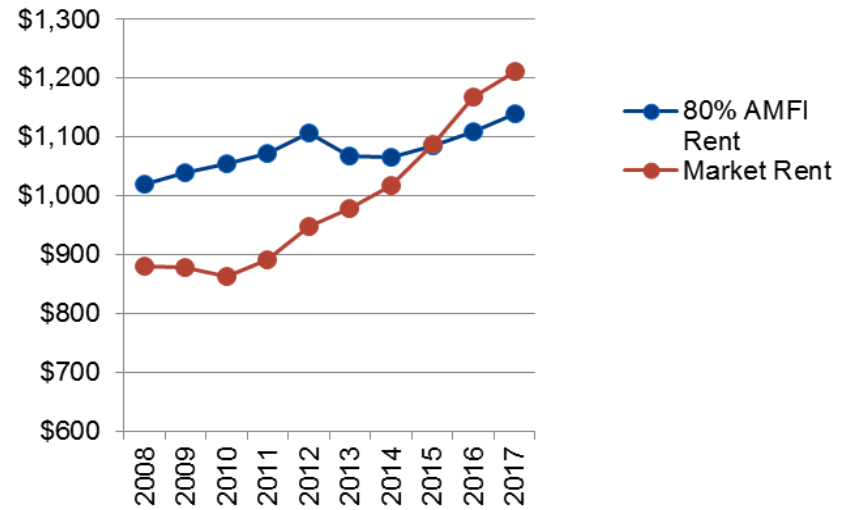
*Data from M|PF Research: 1Q2017 Apartment Market Report and City of Dallas 2017 Intown Housing Rent Limits

Data - Rent Gap

- Dallas area rent affordable to families at 80% of AMFI has grown 1% annually from 2009 to 2016, while market rent has grown by 4% annually.



1 bedroom rents



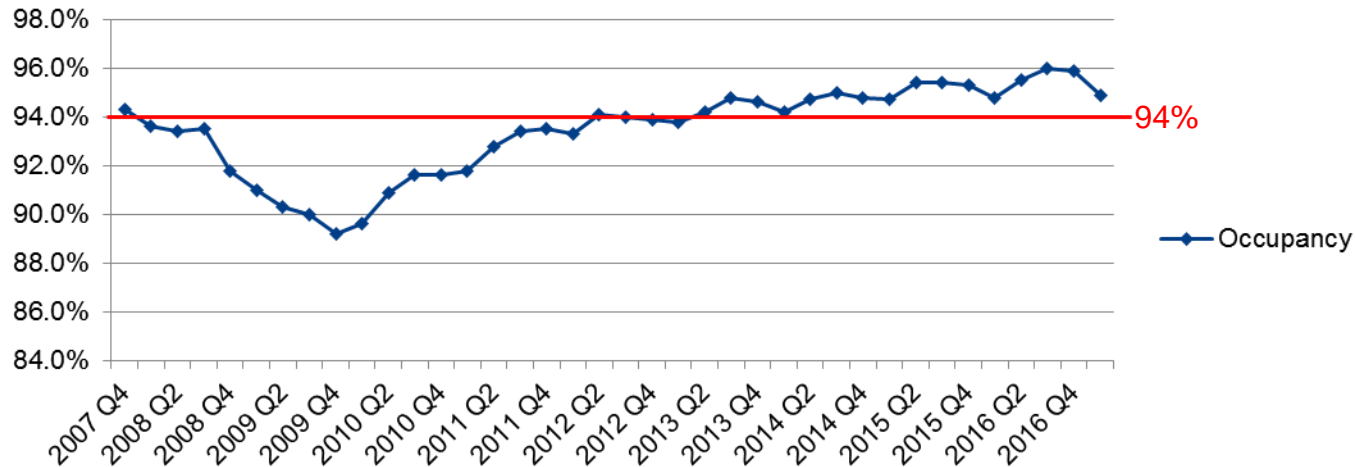
2 bedroom rents

*Data from M|PF Research: 1Q2017 Apartment Market Report and City of Dallas 2017 Intown Housing Rent Limits

Data - Housing Deficit

- Since the economic recovery, apartments are essentially full (at or above 94% since 2013)

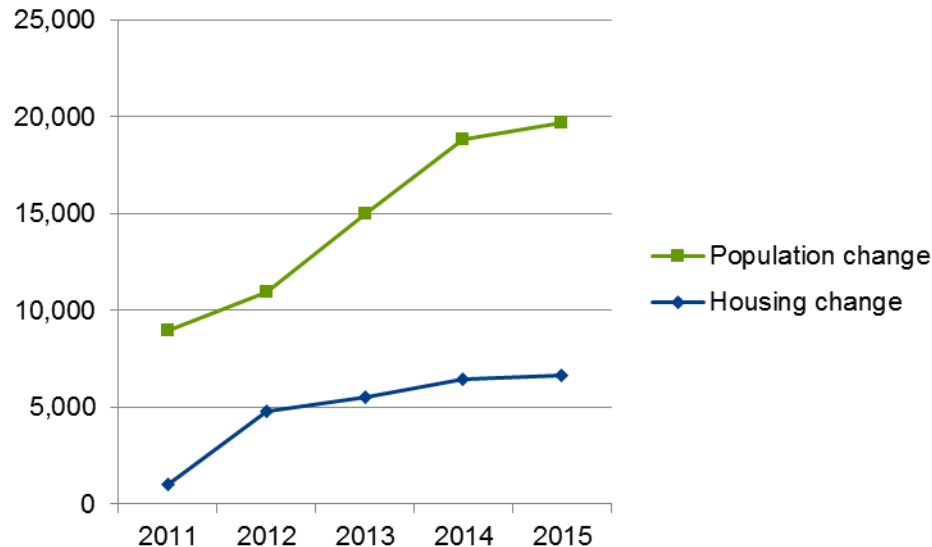
Dallas Area Occupancy



*Data from M|PF Research: 1Q2017 Apartment Market Report

Data - Housing deficit

- City's total population is increasing, up 73,403 people between 2011-2015, but only up 24,463 housing units (rental and owner-occupied).



*Source: Population: Census 2015 ACS 5-year estimates. Housing: COD (PNV) staff estimates