

# Memorandum



CITY OF DALLAS

DATE February 1, 2019

Honorable Members of the Economic Development and Housing Committee:

TO Tennell Atkins (Chair), Rickey D. Callahan (Vice Chair), Lee M. Kleinman, Scott Griggs, Casey Thomas, II, B. Adam McGough, Mark Clayton, Kevin Felder, Omar Narvaez

SUBJECT **Amendments to the Dallas Development Code Creating Regulations for Mixed Income Housing Development Bonuses**

On Monday, February 4, 2019, the Committee will be briefed on stakeholder comments related to proposed amendments to the Dallas Development Code to create regulations for mixed income housing development bonuses. The briefing material is attached for your review.

The item was briefed to the Committee on November 5, 2018. The Committee recommended to forward the proposal to City Council for consideration. On December 12, 2018, the City Council considered the proposal and returned it to the Economic Development and Housing Committee for further consideration of stakeholder comments related to the proposal.

Please feel free to contact either myself or Kris Sweckard, Director of the Department of Sustainable Development and Construction, if you have any questions or need additional information.

A handwritten signature in blue ink, appearing to read 'Majed A. Al-Ghafry'.

Majed A. Al-Ghafry  
Assistant City Manager

c: Honorable Mayor and Members of the City Council  
T.C. Broadnax, City Manager  
Chris Caso, City Attorney (I)  
Carol A. Smith, City Auditor (I)  
Biliera Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Kimberly Bizer Tolbert, Chief of Staff to the City Manager

Jon Fortune, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Nadia Chandler Hardy, Assistant City Manager and Chief Resilience Officer  
Lala Alequresh, Chief Innovation Officer  
M. Elizabeth Reich, Chief Financial Officer  
Directors and Assistant Directors

# Amendments to the Dallas Development Code Creating Regulations for Mixed Income Housing Development Bonuses

Economic Development and Housing Committee

February 4, 2019

Kris Sweckard, Director  
Sustainable Development  
and Construction  
Department



**City of Dallas**

# Presentation Overview

- Purpose
- Background
- Overview of stakeholder feedback
- Presentation, discussion, and staff recommendation for each stakeholder point
- Next steps
- Appendix

# Purpose

- Brief the Committee on potential updates to proposed amendments to the Dallas Development Code to create regulations for mixed income housing development bonuses
- Seek Committee approval to forward amendments to City Council for consideration

# Background

- On November 5, 2018, the Economic Development and Housing Committee (EDH) was briefed on the amendment and recommended forwarding the proposal to City Council for consideration with a proposed amendment to set the rental affordability period at 20 years instead of the CPC proposed recommendation of 15 years.
- On December 12, 2018, City Council referred the item back to EDH for further consideration after receiving proposed amendments to the proposal from The Real Estate Council (TREC), Legal Aid of North West Texas (LANWT), and Inclusive Communities Project (ICP).

# Background

- After the December 12, 2018 Council meeting, staff met with the stakeholders to discuss their feedback and to receive clarification.
- This briefing covers feedback related to Chapter 51A - the Dallas Development Code.
  - Housing and Neighborhood Revitalization Department staff will discuss the feedback related to 20A – Fair Housing.
- A summary of each stakeholder’s feedback and rationale, discussion of each point, and a staff recommendation for each follows.

# Stakeholder Feedback – 51A

- 1) Modify the recommended:
  - a) Affordability period (TREC, LANWT)
  - b) Income requirements (ICP, LANWT)
- 2) Modify the physical form allowed:
  - a) Add an urban form setback in MF-1(A) and MF-2(A) Multifamily districts (TREC)
  - b) Increase the floor area ratio in MU-3 Mixed Use districts (TREC)
- 3) Adopt a separate ordinance requiring a baseline level of affordability in all planned development districts (LANWT)

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# 1a) Affordability Period – Stakeholders

- The Real Estate Council (TREC) feedback:
  - The affordability period should be based upon MVA groupings:
    - 10 years for A/B/C
    - 15 years for D/E/F
    - 20 years for G/H/I
  - Stakeholder rationale:
    - Lengthy affordability periods could dampen the supply of mixed income housing by reducing program participation.
    - Lifting rent restrictions after 10 to 20 years provides a natural point at which owners can renovate properties.

# 1a) Affordability Period – Stakeholders

- Legal Aid of NorthWest Texas (LANWT) feedback:
  - The affordability period should be at least 40 years.
  - Stakeholder rationale:
    - 40 years appears to be the national standard per a 2017 study by the Lincoln Institute of Land Policy.
    - A longer time period creates a more meaningful impact.

# 1a) Affordability Period – Discussion

- 15-20 year affordability period is based on common maintenance and investment cycles for apartment systems such as HVAC systems and roofing.
- Per DCAD, property condition tends to drop as multifamily properties age. Removing rent restrictions encourages reinvestment and repositioning of aging apartment complexes to extend the timeframe of “good” and “excellent” condition.

## 1a) Affordability Period – Staff Recommendation

- Staff supports the Committee's November 5, 2018 recommendation of 20 years given that this time period provides a longer period of affordability without having a deleterious effect on re-investment in these proposed developments.

## 1b) Income Bands – Stakeholders

- TREC recommends *increasing* the minimum income band in MU-3 Mixed Use Districts for MVA categories A, B, and C to 61-80% AMFI instead of 51-60% AMFI.
- LANWT recommends *decreasing* the minimum income band in all eligible zoning districts in MVA Categories G, H, and I to 51-60% AMFI.
- ICP recommends *decreasing* the minimum income band to serve families at 30-50% AMFI.

## 1b) Income Bands – Discussion

- The City's Comprehensive Housing Policy set housing production goals for families between 30% AMFI and 120% AMFI.
- This proposal focuses on providing rental housing for families above 50% AMFI by using development bonuses.
- These development bonuses may preclude the need for additional financial subsidy, thereby allowing the City's Housing funds to serve families between 30% and 50% of AMFI.

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# 1b) Income Bands – Staff Recommendation

- Staff recommends keeping the CPC-recommended income bands. See below for example:

MU-3 District								
	Current	Category A, B, C			Category D, E, F			Cat. G, H, I
		5% at 51%-60%	5% at 51-60% & 5% at 61-80%	5% at 51-60% & 5% at 61-80% & 5% at 81-100%	5% at 61-80%	10% at 61-80%	10% at 61-80% & 5% at 81-100%	5% at 81-100%
<b>Setbacks</b>	0-20'	no changes						
<b>Max units per acre</b>	None	none						
<b>FAR</b>	3.2-4.5	+0.5	+1.0	+1.5	+0.5	+1.0	+1.5	+1.5
<b>Height</b>	270	no change						
<b>Stories</b>	20	no change						
<b>Lot coverage</b>	80%	80%	85%	85%	80%	85%	85%	85%
<b>min lot size/bdrm</b>	n/a	no change						
<b>Res. Proximity Slope</b>	required	no changes						
<b>Transit Oriented Development</b>		Additional 1.0 FAR and max lot coverage of 90%. One parking space per unit. Of the required parking, at least 15 percent must be available for guest parking.						
<b>Note:</b>		FAR bonus limited to residential uses only.						

## 2a) Urban Form Setback – Stakeholders

- TREC feedback: Similar to developments in MF-3(A) and the MU Mixed Use districts, developments in MF-1(A) and MF-2(A) using the mixed income housing development bonus should be required to provide an additional **10-foot** front yard setback for that portion of a structure over 45 feet in height.

## 2a) Urban Form Setback – Discussion

- The MF-3(A) Multifamily District and MU-1, MU-2, and MU-3 Mixed Use Districts require front yard setbacks as follows:
  - (i) Minimum front yard is 15 feet.
  - (ii) Urban form setback. An additional **20**-foot front yard setback is required for that portion of a structure over 45 feet in height.
- MF-1(A) and MF-2(A) districts do not currently require an urban form setback because the height limit is 36 feet without the bonus.
  - With the bonus, the heights in these districts are similar to the base in the MF-3(A) Multifamily Districts.

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## 2a) Urban Form Setback – Staff Recommendation

- Staff recommends adding a **20** foot urban form setback to the front yard setback requirements for MF-1(A) and MF-2(A) districts for developments utilizing the mixed income housing development bonus to match the current urban form setback requirements in the MF-3(A) Multifamily Districts and MU-1, MU-2, and MU-3 Mixed Use Districts for construction over 45 feet in height.

## 2b) MU-3 – FAR – Stakeholders

- TREC recommends increasing the floor area ratio bonus in the MU-3 Mixed Use District because the bonuses currently being proposed in the MU-3 District are not proportional to the development opportunity created in other districts.
  - The bonuses proposed in MU-1 and MU-2 Districts would both allow 50%-300% more development volume than what is currently allowed, while the bonuses proposed in the MU-3 District would allow only an additional 12% bonus.

## 2b) MU-3 – FAR – Stakeholders

MU-3 District								
	Current	Category A, B, C			Category D, E, F			Cat. G, H, I
		5% at 51%-60%	5% at 51-60% & 5% at 61-80%	5% at 51-60% & 5% at 61-80% & 5% at 81-100%	5% at 61-80%	10% at 61-80%	10% at 61-80% & 5% at 81-100%	5% at 81-100%
Setbacks	0-20'	no changes						
Max units per acre	None	none						
FAR	3.2-4.5	+0.5	+1.0	+1.5	+0.5	+1.0	+1.5	+1.5
<b>TREC-recommended FAR</b>		<b>+1.0</b>	<b>+2.0</b>	<b>+3.0</b>	<b>+1.0</b>	<b>+2.0</b>	<b>+3.0</b>	<b>+3.0</b>
Height	270	no change						
Stories	20	no change						
Lot coverage	80%	80%	85%	85%	80%	85%	85%	85%
min lot size/bdrm	n/a	no change						
Res. Proximity Slope	required	no changes						
Transit Oriented Development		Additional 1.0 FAR and max lot coverage of 90%. One parking space per unit. Of the required parking, at least 15 percent must be available for guest parking.						
Note:		FAR bonus limited to residential uses only.						

## 2b) MU-3 – FAR – Discussion

- Floor Area Ratio (FAR): The general statement for mixed use districts says that these districts are to “*encourage a mixture of uses and promote innovative and energy conscious design, efficient circulation systems, the conservation of land, and the minimization of vehicular travel.*”
- MU-3 districts are generally located near large transportation and transit systems such as I-635, Central Expressway, and DART rail.
- The CPC recommendation provides a maximum FAR of 6.0 for developments that reserve 15% of their units and provide multiple uses on site.

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## 2b) MU-3 – FAR – Staff Recommendation

- Staff recommends keeping the CPC recommendations:

MU-3 District								
	Current	Category A, B, C			Category D, E, F			Cat. G, H, I
		5% at 51-60%	5% at 51-60% & 5% at 61-80%	5% at 51-60% & 5% at 61-80% & 5% at 81-100%	5% at 61-80%	10% at 61-80%	10% at 61-80% & 5% at 81-100%	5% at 81-100%
Setbacks	0-20'	no changes						
Max units per acre	None	none						
FAR	3.2-4.5	+0.5	+1.0	+1.5	+0.5	+1.0	+1.5	+1.5
Height	270	no change						
Stories	20	no change						
Lot coverage	80%	80%	85%	85%	80%	85%	85%	85%
min lot size/bdrm	n/a	no change						
Res. Proximity Slope	required	no changes						
Transit Oriented Development		Additional 1.0 FAR and max lot coverage of 90%. One parking space per unit. Of the required parking, at least 15 percent must be available for guest parking.						
Note:		FAR bonus limited to residential uses only.						

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### 3) Planned Development Districts – Stakeholders

- LANWT recommends the City adopt a separate ordinance requiring a baseline level of affordability in all planned development districts (PDs).
- LANWT rationale:
  - Austin requires a baseline level of affordable units for all Planned Unit Developments (PUDs) of 10% of all rental units affordable to families at 60% of AMFI for 40 years.
  - The City of Dallas has over 1,000 PDs.
  - Dallas approves increased height and density in new and amended PDs without any required affordability.

### 3) Planned Development Districts – Discussion

- Staff's review of Austin's regulations indicate that Austin does *not* require a minimum level of affordability in PUDs.
- Instead, Austin's PUD ordinance provides a two-step process that sets a baseline *development standard* and then provides for a development *bonus* in exchange for direct, off-site, or a fee-in-lieu of provision of affordable units.

### 3) PDs – Staff Recommendation

- Staff recommends following CPC's recommendation: the proposed ordinance would only apply to PDs that default to one of the eligible zoning districts and that only alter the allowed uses.
- The bonuses in this amendment will serve as a guide for staff and applicants to evaluate PD applications on a case-by-case basis.

# Next Steps

- Schedule for March 27, 2019 City Council consideration

# Appendix



# Appendix – Housing Policy Goals

- Create, annually:
  - 3,733 homeownership units (55% market rate, 45% low/mod-income)
  - 2,933 rental units (40% market rate, 60% low/mod-income)
- Focus on serving households at 30% to 120% Area Median Income (AMI).

Housing Policy Three-Year Production Goals					
Percentage of HUD Area Median Income Dallas Metro		Homeownership		Rental	
		Production Goals	%	Production Goals	%
Market Rate	120%	933	55%	587	40%
	100%	1,120		587	
Extremely Low, Very Low, and Low Income	80%	1,307	45%	733	60%
	60%	37		440	
	50%	n/a		293	
	30%	n/a		293	
<b>Total</b>		<b>3,733</b>		<b>2,933</b>	

Production goals aided by this proposal

# Appendix – Districts MF-1(A) & MF-2(A)\*

MF-1(A) and MF-2(A) Districts								
	Current	Category A, B, C			Category D, E, F			Cat. G, H, I
		5% at 51%-60%	5% at 51-60% & 5% at 61-80%	5% at 51-60% & 5% at 61-80% & 5% at 81-100%	5% at 61-80%	10% at 61-80%	10% at 61-80% & 5% at 81-100%	5% at 81-100%
Setbacks	10-15'	no changes						
Max units per acre	none	no changes						
Floor area ratio	none	no changes						
Height	36'	51'	66'	85'	51'	66'	85'	85'
Max stories	no max	no changes						
Lot coverage (residential)	60%	80%	80%	85%	80%	80%	85%	85%
Min lot size unit	varies	remove requirements						
Res. Proximity Slope	required	no changes						
Transit Oriented Development		Max lot coverage of 85%. One parking space per unit. Of the required parking, at least 15 percent must be available for guest parking.						

\*As previously presented.

# Appendix – Districts: MF-3(A)\*

MF-3(A) Districts								
	Current	Category A, B, C			Category D, E, F			Cat. G, H, I
		5% at 51-60%	5% at 51-60% & 5% at 61-80%	5% at 51-60% & 5% at 61-80% & 5% at 81-100%	5% at 61-80%	10% at 61-80%	10% at 61-80% & 5% at 81-100%	5% at 81-100%
Setbacks	10-20' setbacks; urban form: 20'; tower spacing: 30'							
Max units per acre	90	100	120	150	100	120	150	150
Floor area ratio	2.0	Maintain requirements but apply to non-residential only						
Height	90'	90'	105'	120'	90'	105'	120'	120'
Max stories	no max	no changes						
Lot coverage (residential)	60%	80%	80%	85%	80%	80%	85%	85%
Min lot size unit	varies	remove requirements						
Res. Proximity Slope	required	no changes						
Transit Oriented Development		Max lot coverage of 85%. One parking space per unit. Of the required parking, at least 15 percent must be available for guest parking.						

\*As previously presented.

# Appendix – Districts: MU-1\*

MU-1 District								
	Current	Category A, B, C			Category D, E, F			Cat. G, H, I
		5% at 51%-60%	5% at 51-60% & 5% at 61-80%	5% at 51-60% & 5% at 61-80% & 5% at 81-100%	5% at 61-80%	10% at 61-80%	10% at 61-80% & 5% at 81-100%	5% at 81-100%
<b>Setbacks</b>	0-20'	no changes						
<b>Max units per acre</b>	15-25	current + 65= 80 to 90	current + 80= 95 to 105	current + 105= 120 to 130	current + 65= 80 to 90	current + 80= 95 to 105	current + 105= 120 to 130	current + 105= 120 to 130
<b>FAR (total dev)</b>	0.8-1.1	Remove FAR requirement for residential uses						
<b>Height</b>	80-120	no change						
<b>Stories</b>	7-9	no change						
<b>Lot coverage</b>	80%	no change						
<b>min lot size/bdrm</b>	n/a	no change						
<b>Res. Proximity Slope</b>	required	no changes						
<b>Transit Oriented Development</b>		Additional 15 units/acre on density and max lot coverage of 85%. One parking space per unit. Of the required parking, at least 15 percent must be available for guest parking.						
<b>Note:</b>		Maximum FAR would apply to non-residential uses only.						

\*As previously presented.

# Appendix – Districts: MU-2\*

MU-2 District								
	Current	Category A, B, C			Category D, E, F			Cat. G, H, I
		5% at 51%-60%	5% at 51-60% & 5% at 61-80%	5% at 51-60% & 5% at 61-80% & 5% at 81-100%	5% at 61-80%	10% at 61-80%	10% at 61-80% & 5% at 81-100%	5% at 81-100%
Setbacks	0-20'	no changes						
Max units per acre	50-100	current + 40 = 90-140	current + 60 = 110-160	current + 80 = 130-180	current + 35 = 85-135	current + 55 = 105-155	current + 75 = 125-175	current + 75 = 125-175
FAR	1.6-2.25	Remove FAR requirement for residential uses.						
Height	135-180	no change						
Stories	10-14	no change						
Lot coverage	80%	no change						
min lot size/bdrm	n/a	no change						
Res. Proximity Slope	required	no changes						
Transit Oriented Development		Additional 15 units on density and max lot coverage of 85%. One parking space per unit. Of the required parking, at least 15 percent must be available for guest parking.						
Note:		Maximum FAR would apply to non-residential uses only.						

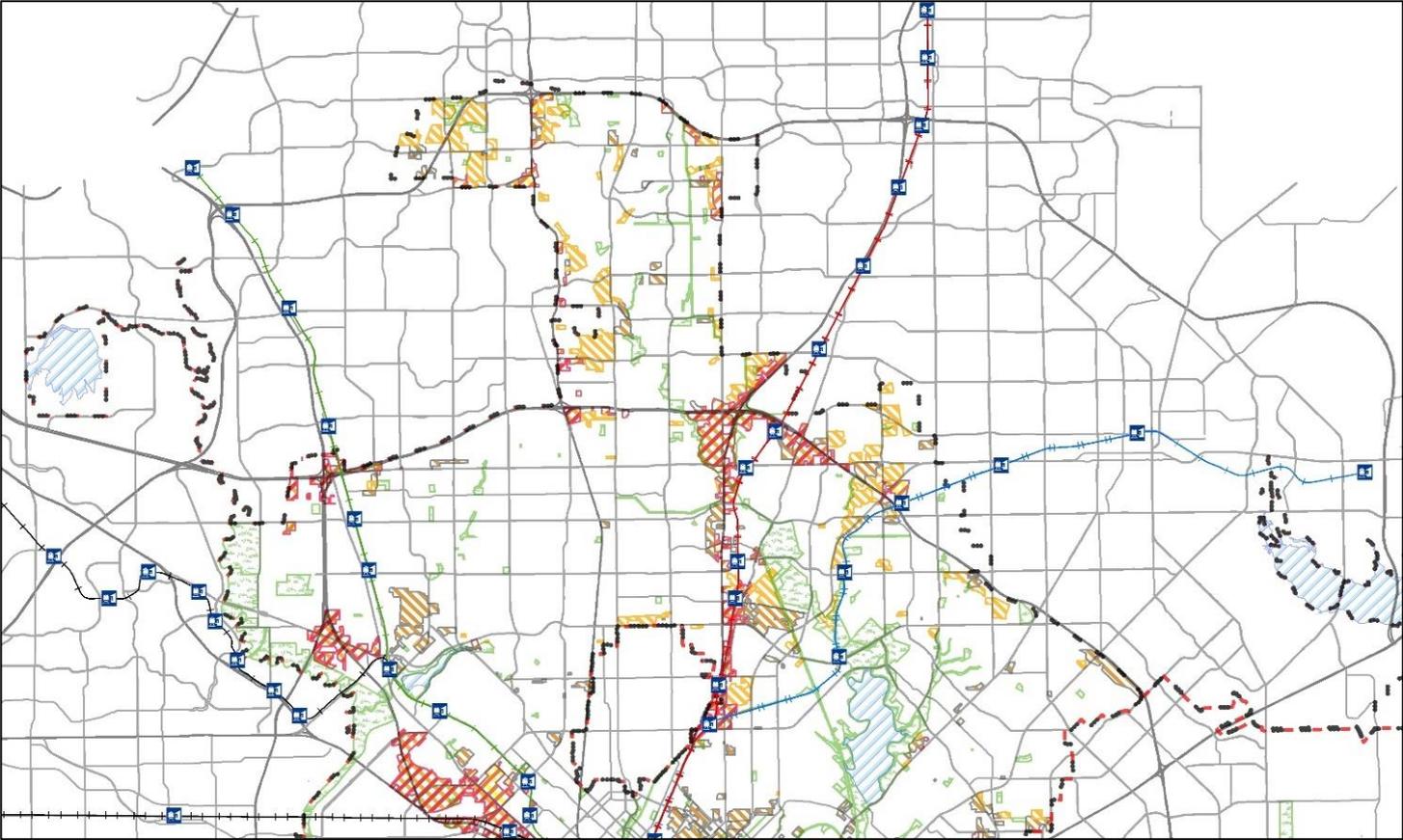
\*As previously presented.

# Appendix – Districts: MU-3\*

MU-3 District								
	Current	Category A, B, C			Category D, E, F			Cat. G, H, I
		5% at 51%-60%	5% at 51-60% & 5% at 61-80%	5% at 51-60% & 5% at 61-80% & 5% at 81-100%	5% at 61-80%	10% at 61-80%	10% at 61-80% & 5% at 81-100%	5% at 81-100%
Setbacks	0-20'	no changes						
Max units per acre	None	none						
FAR	3.2-4.5	+0.5	+1.0	+1.5	+0.5	+1.0	+1.5	+1.5
Height	270	no change						
Stories	20	no change						
Lot coverage	80%	80%	85%	85%	80%	85%	85%	85%
min lot size/bdrm	n/a	no change						
Res. Proximity Slope	required	no changes						
Transit Oriented Development		Additional 1.0 FAR and max lot coverage of 90%. One parking space per unit. Of the required parking, at least 15 percent must be available for guest parking.						
Note:		FAR bonus limited to residential uses only.						

\*As previously presented.

# Appendix – Location: Zoning Districts



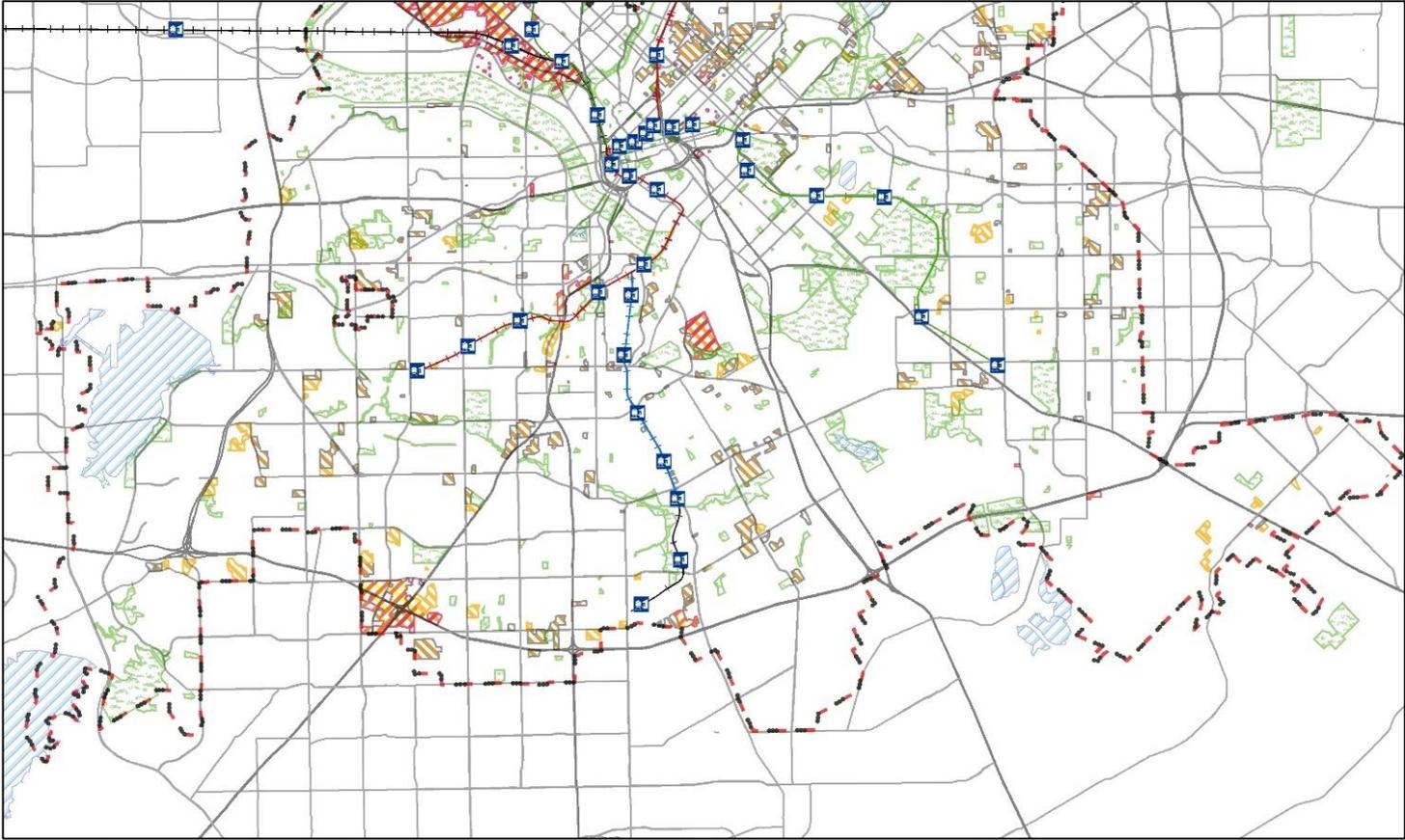
### Market Value Analysis

- A
- B
- C
- D
- E
- F
- G
- H
- I
- NA

### Zoning

- MF-1(A)
- MF-2(A)
- MF-3(A)
- MU-1
- MU-2
- MU-3

# Appendix – Location: Zoning Districts



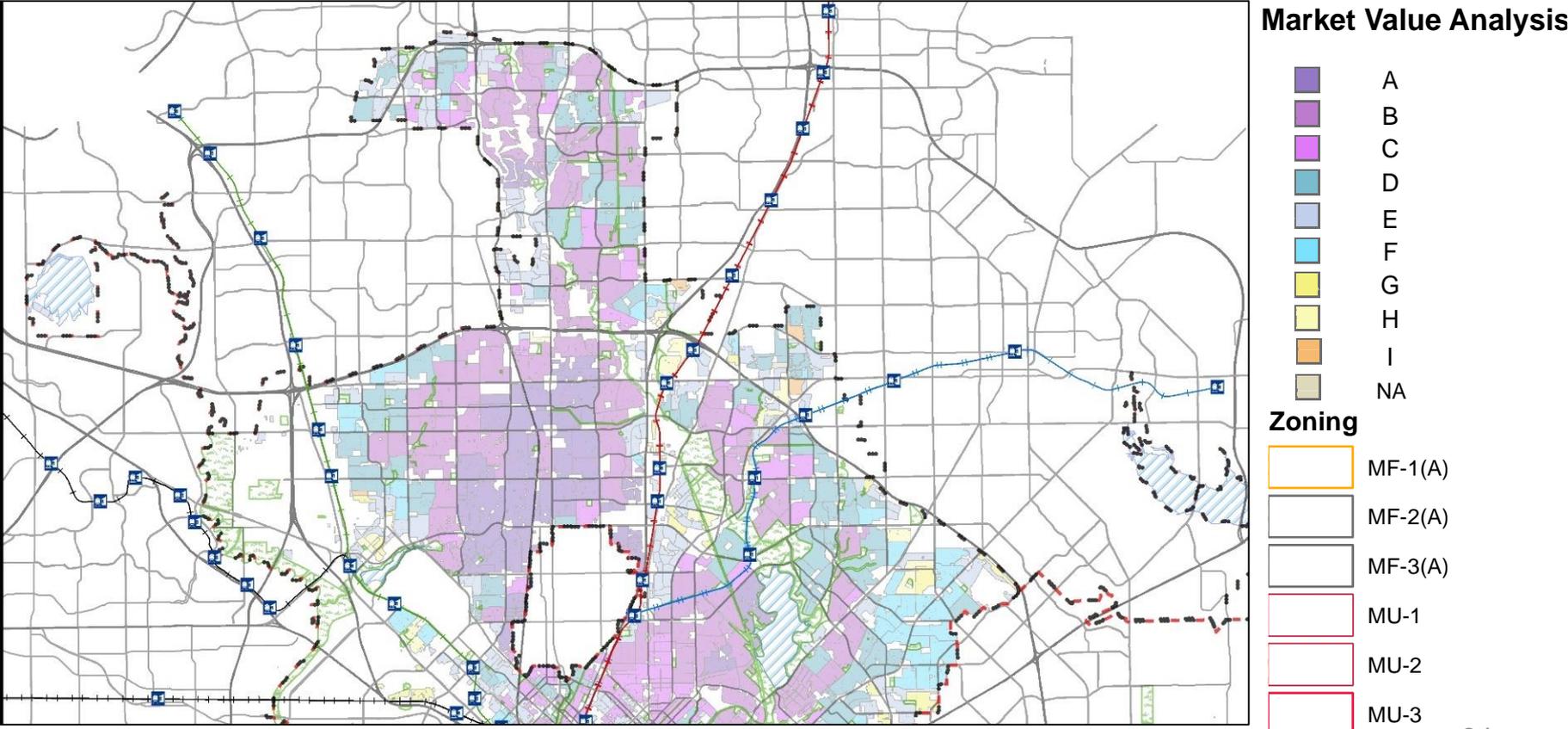
## Market Value Analysis

- A
- B
- C
- D
- E
- F
- G
- H
- I
- NA

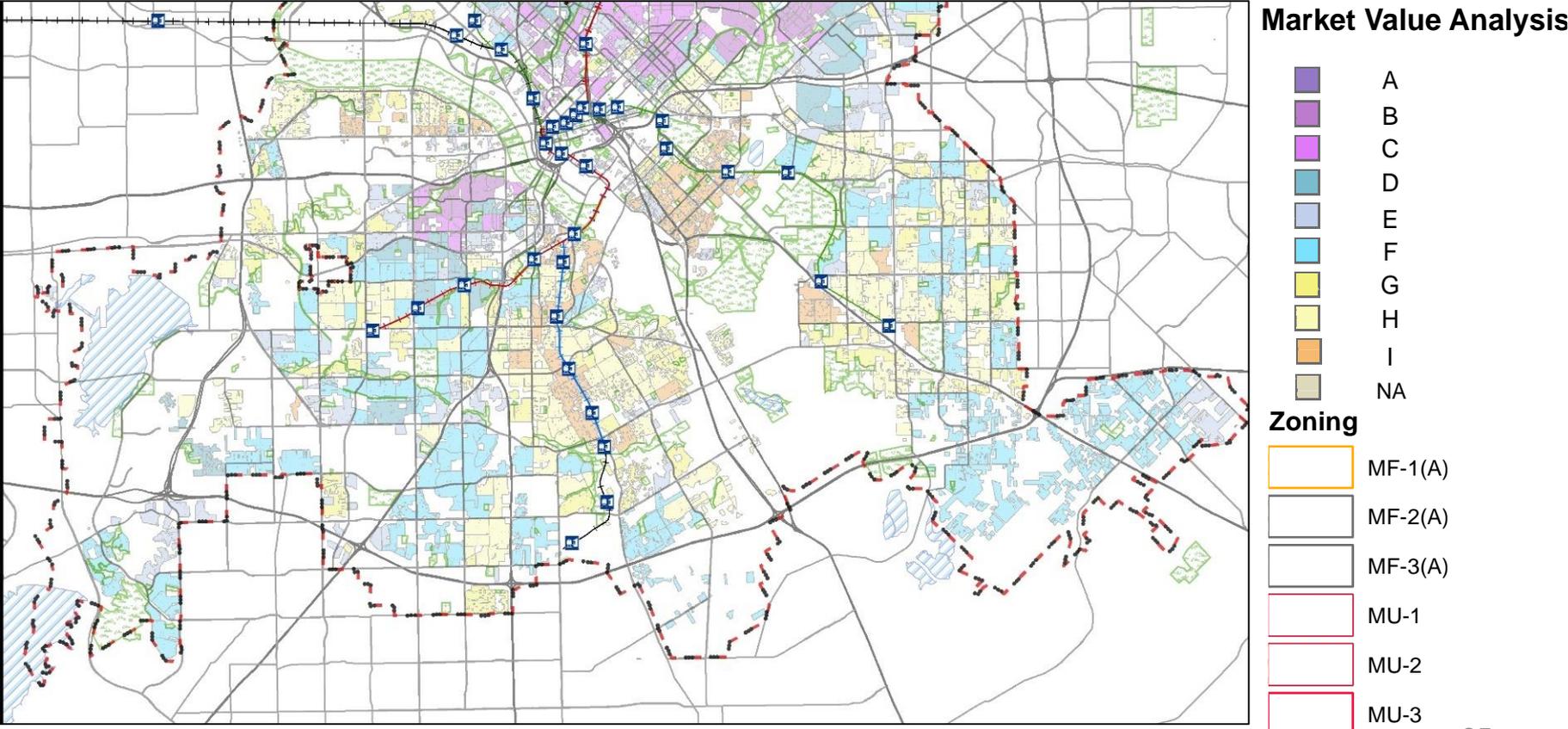
## Zoning

- MF-1(A)
- MF-2(A)
- MF-3(A)
- MU-1
- MU-2
- MU-3

# Appendix – Location: MVA



# Appendix – Location: MVA



# Appendix – MVA Categories

- Market category A, B, or C
  - Housing units - median ~\$390,500 and up
  - Higher than average rates of new construction and rehabilitation
  - Lower than average rates of subsidized units, code violations, vacancy, and foreclosure filings
- Market category D, E, or F
  - Housing units - median between \$117,600 to \$267,100
  - Average rates of new construction, rehabilitation, and subsidized units
  - Slightly lower rates of code violations and vacancy, but slightly higher rates of foreclosure
- Market category G, H, or I
  - Housing units - median between \$41,500 and \$91,300
  - Lower than average rates of new construction and rehabilitation
  - Higher than average rates of subsidized units, code violations, vacancy, and foreclosure filings

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# Appendix – Background

- In June 2006, Council adopted the forwardDallas! comprehensive plan calling for a better connection between jobs and housing; a range of housing options through zoning regulations; and mixed-use development, especially around transit stations.
- On August 1, 2016, Housing Committee requested staff to initiate the development of a mixed income development bonus proposal.
- On May 9, 2018, City Council approved a Housing Policy with broad goals to create and maintain housing throughout Dallas, promote greater fair housing choices, and overcome patterns of segregation and concentrations of poverty.

# Appendix – Background

- The Zoning Ordinance Advisory Committee (ZOAC) considered this amendment at 12 public meetings between June 22, 2017 and September 6, 2018, and on September 20, 2018, ZOAC recommended the proposal move to City Plan Commission.
- On October 4, 2018, the City Plan Commission (CPC) recommended approval of the amendment.

# Mixed Income Housing Development Bonuses

Economic Development and  
Housing Committee

February 4, 2019

Kris Sweckard, Director  
Sustainable Development  
and Construction  
Department



## City of Dallas

<http://dallascityhall.com/departments/sustainabledevelopment/planning/Pages/Code-Amendments.aspx>