

# Voluntary Inclusionary Zoning

Zoning Ordinance Advisory  
Committee  
September 7, 2017

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**City of Dallas**

# Presentation Overview

- Recap
- Purpose/Approach
- Existing Conditions
- Building Volume and Density
- Examples of Mixed Income Communities
- Stakeholder Feedback – Charts
- Response to Questions
- Next steps



# Recap – Voluntary Inclusionary Zoning

- Inclusionary zoning incentivizes housing at a wide variety of income levels. In Texas, it is voluntary.
- On August 16, 2016, the Housing Committee directed staff to initiate the code amendment process for voluntary inclusionary zoning.
- HUD, forwardDallas!, and Neighborhood Plus all encourage more housing options, particularly in areas of opportunity.
- More than **130,000** families across the income spectrum (including more than **20,000** making \$35,000 to \$75,000) are considered rent-burdened, and additional supply at all price levels will help alleviate price pressure.



# Recap – Goal and Objectives

- Neighborhood Plus Goal 6.2: Expand affordable housing options and encourage its distribution throughout the city and region
- Staff recommends that a voluntary inclusionary zoning code amendment:
  - Incentivize additional housing available to families at a wide variety of income levels in a wide variety of locations
  - Encourage urban and pedestrian-oriented mixed-income development with appropriate amenities in targeted areas



# Recap - Potential Development Bonuses

- Allow for increased height and remove minimum lot-size constraints in MF-1 and MF-2 districts
- Allow for additional density and floor area ratio in MU-1 and MU-2 districts.
- Allow parking reductions, such as for residential units with proximity to transit or for larger units designed for families.



# Recap: Community Benefits - Design

- Additional design controls can reduce auto dependency, reduce the need for parking, and encourage alternative modes of transit.
  - A King County (the home of Seattle) study of parking utilization rates showed that auto use drops in areas that are designed to encourage other modes of transportation.
- Encourage walkability
  - No parking and only minimal drive aisles in front of the building (between building and street)
  - Ground-floor entrances to open directly to the sidewalk or open space
  - Pedestrian amenities such as wide sidewalks and street trees.
  - Require minimum amount of ground floor transparency and set a maximum allowed blank wall area
  - Only short fences with pedestrian gates allowed.
- Provide a minimum % of the property as open space
  - Intended to provide active and passive recreation, to provide landscaping area, or to enable groundwater recharge, for example. Open space is not intended to be driven or parked upon.

<http://metro.kingcounty.gov/up/projects/right-size-parking/pdf/ite-journal-feb-2013-drowe.pdf>

<http://metro.kingcounty.gov/programs-projects/right-size-parking/pdf/rsp-final-report-8-2015.pdf>

<http://metro.kingcounty.gov/programs-projects/right-size-parking/pdf/140110-rsp-model-code.pdf>



# Recap - Voluntary

- Development bonuses under this program are voluntary. If a developer does not want to take advantage of the bonus, he or she can
  - Utilize the existing zoning without the bonus
  - Apply for a zoning change



# Recap - Recommended 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 development bonuses.
- Amend Section 51A-4.900 to update implementation rules for set-aside units.



# Approach

- Staff recommends the following approach for crafting regulations for voluntary inclusionary zoning
  - Review/introduction of background elements
  - Discussion of recommended zoning and policy elements
  - Stakeholder/ZOAC feedback
    - ***Report back on the stakeholder/ZOAC feedback***
  - Discussion of implementation recommendations, including design elements
  - Incorporate additional external research, including the Assessment of Fair Housing and a market value analysis
    - Housing Department projects in progress – results due late summer
    - Meet with other departments to discuss implementation process
  - Final review of recommended zoning and policy elements and ZOAC recommendation to CPC



# Purpose

- The main purpose of this voluntary inclusionary zoning proposal is to provide a wider variety of housing options to a wider variety of people in a wider variety of areas, particularly in areas of high opportunity.
  - It can also begin to produce market-rate housing in racially and ethnically concentrated areas of poverty.
  - Housing Committee directed ZOAC to work out the details of a recommendation responding to the HUD VCA to provide more housing choices, particularly for those families living in racially and ethnically concentrated areas of poverty.



# Existing Conditions & Potential Impact

- The city has approximately 1,250 acres of land without structures (vacant or parking lots) in these low-density zoning districts.
  - These properties, if built out at an average of 95 units an acre, could produce 75,000 additional units over time, including 3,219 to 6,437 affordable units (assuming 5%-10% set aside).
  - In the absence of this proposed code amendment, these parcels may remain vacant or go through a zoning change to produce *market-rate* units, but it is unlikely that they will produce any *affordable* units.



# Existing Conditions & Potential Impact

- The city has approximately 1,565 acres of land that is either vacant or that has multifamily structures rated “poor”, “very poor”, or “unsound” in these low-density zoning districts.
  - These properties, if built out at approximately 95 units an acre, could produce more than 100,000 new units over time, including 4,572 to 9,143 affordable units (assuming 5%-10% set aside), replacing over time the 7,228 existing naturally affordable (but potentially unsafe) units on these parcels.
  - In the absence of this proposed code amendment, these parcels may become (and then remain) vacant, or they may go through a zoning change to produce *market-rate* units, but it is unlikely that they will produce any *affordable* units at any level of affordability.



# Existing Conditions – Vacant/under-utilized



Land assembly would be necessary in this example, but this part of town is dotted with vacant parcels, parking lots, and low-density retail amongst redeveloped parcels.

<https://goo.gl/maps/G8i3m5uAd762>

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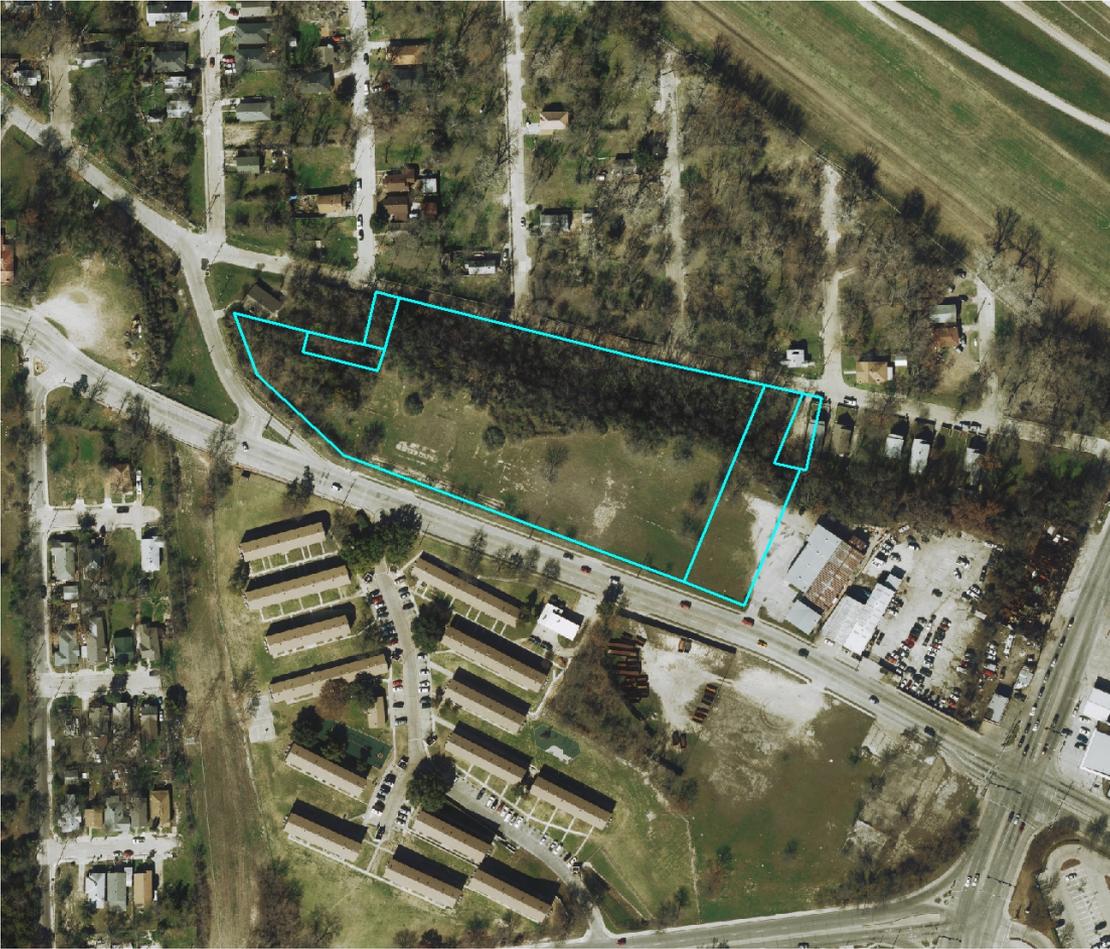
# Existing Conditions – Vacant/under-utilized



- 6.2 acres
- Zoned MF-2(A)
- High opportunity area
- 0 units per acre



# Existing Conditions – Vacant/under-utilized



- 2 acres
- Zoned MF-2(A)
- RECAP area
- Walking distance from a DART station.
- 0 units per acre



# Existing Conditions – Aging Multifamily



- 14 acres
- Zoned MF-1(A)
- RECAP area
- Northern portion of the city.
- Currently: 18 units per acre, 243 units total
- No pedestrian access, no room for children to play, etc.



# Existing Conditions – Aging Multifamily



- 8 acres
- Zoned MU-1  
(before a recent successful re-zone request)
- Non-RECAP area
- northern portion of the city
- Currently: 27 units per acre, 206 total



# Older Apartments in “Good” Condition



- 10 acres
- Zoned MF-1(A)
- Non-RECAP area
- Southern portion of the city
- Currently: 22 units per acre, 218 total
- \$865-\$1,250 per month, not a candidate for redevelopment



# Three story



- 1 acre
- Zoned MF-2(A)
- High opportunity area
- Northern portion of the city.
- Currently: 44 units per acre, 43 total.



# Potential Building Volume: Three story



- 12 acres
- High opportunity area
- Northern portion of the city
- Currently: 32 units per acre, 387 total.



# (Alternate use of setback)



Example of how a 15' front yard setback might be used to provide amenity space as regulations allow.



# Four Story Wrap



- 4 acres
- 311 total units
- 70 units/acre
- 4 stories
- Garage parking
- Setbacks similar to MF-1(A) and MF-2(A)



# Five Story Wrap



- 3.6 acres
- 368 total units
- 104 units/acre
- 5 stories
- Garage parking
- Lot coverage 68%
- Smaller setbacks than required in MF-1(A) and MF-2(A)



# Five Story Wrap (closer building)



- 3.7 acres
- 368 total units
- 99 units/acre
- 5 stories
- Garage parking
- Lot coverage 66%
- Setbacks similar to MF-1(A) and MF-2(A)



*Alexan Fairmount II*

Print #150701475

Date: 07/01/15

Lat/Lon: 32.808952 -96.816941

Order No. 56231

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# Five Story Wrap Over Podium



- 2 acres
- 164 total units
- 105 units/acre
- 5 stories
- underground parking
- Setbacks similar to MF-1(A) and MF-2(A)
- Mixed income



# Six Story Podium



- 2.6 acres
- 340 total units
- 120-130 units/acre\*
- 6 stories (5 over podium)
- Garage parking
- Lot coverage 80-85%\*
- Setbacks similar to MF-1(A) and MF-2(A)
- \*almost works under current proposal



# Street Views



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# Street Views



# Examples of mixed-income communities

- Mixed-income communities in Dallas



Image: Billingsley Company



Sylvan Thirty

# Examples of mixed-income communities

- Mixed-income communities in Dallas



Image: Lang Partners



Oaks Trinity

# Stakeholder Feedback – MF-1 and MF-2

MF-1 and MF-2 Districts											
	Current	High opportunity area/TOD			TOD			Non-RECAP			RECAP
		5% at 60%	5% at 60% & 5% at 80%	5% at 60% & 5% at 80% & 5% <100%	5% at 80%	10% at 80%	10% at 80% & 5% at 100%	5% at 80%	10% at 80%	10% at 80% & 5% at 100%	none required
<b>Setbacks</b>	10-15'	no changes									
<b>Max unit density per acre</b>	none	85	105	130	95	120	150	80	95	120	95
<b>Floor area ratio</b>	none	no changes									
<b>Height</b>	36'	51'	66'	78'	66'	78' (or 85')	95'	51'	66'	85'	66'
<b>Max stories</b>	no max	no changes									
<b>Lot coverage (residential)</b>	60%	80%	80%	80%	80%	85%	85%	80%	80%	85%	80%
<b>Min lot size unit</b>	varies	remove requirements									
<b>Res. Proximity Slope</b>	required	no changes									
<b>Parking requirements</b>	1 per bdrm.*	1 1/4 space per unit. An additional 1/4 space per dwelling unit must be provided for guest parking if the required parking is restricted to resident parking only. No additional parking is required for accessory uses that are limited principally to residents.									



# Stakeholder Feedback – MU-1

## MU-1 District

	Current	High opportunity area/TOD			TOD			Non-RECAP			RECAP
		5% at 60%	5% at 60% & 5% at 80%	5% at 60% & 5% at 80% & 5% <100%	5% at 80%	10% at 80%	10% at 80% & 5% at 100%	5% at 80%	10% at 80%	10% at 80% & 5% at 100%	none required
<b>Setbacks</b>	0-20'	no changes									
<b>Max unit density</b>	15-25	current + 65= 80 to 90	current + 80= 95 to 105	current + 105= 120 to 130	current + 80= 95 to 105	current + 105= 120 to 130	current + 135= 150-160	current + 65= 80 to 90	current + 80= 95 to 105	current + 105= 120 to 130	current + 80= 95 to 105
<b>FAR (total dev with res)</b>	1-1.1	Remove FAR requirement									
<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>Parking requirements</b>	1 per bedrm.*	Residential uses: one and one-quarter space per unit. An additional one-quarter space per dwelling unit must be provided for guest parking if the required parking is restricted to resident parking only. No additional parking is required for accessory uses that are limited principally to residents. All other uses parked per code.									



# Stakeholder Feedback – MU-2

MU-2 District											
	Current	High opportunity area/TOD			TOD			Non-RECAP			RECAP
		5% at 60%	5% at 60% & 5% at 80%	5% at 60% & 5% at 80% & 5% <100%	5% at 80%	10% at 80%	10% at 80% & 5% at 100%	5% at 80%	10% at 80%	10% at 80% & 5% at 100%	none required
<b>Setbacks</b>	0-20'	no changes									
<b>Max Unit density</b>	50-100	current + 40 = 90-140	current + 60 = 110-160	current + 80 = 130-180	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 + 50 = 100-150
<b>FAR</b>	2.0-2.25	Remove FAR requirement									
<b>Height</b>	135-180	no change									
<b>Stories</b>	10-14	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>Parking requirements</b>	1 per bdrm.*	Residential uses: one and one-quarter space per unit. An additional one-quarter space per dwelling unit must be provided for guest parking if the required parking is restricted to resident parking only. No additional parking is required for accessory uses that are limited principally to residents. All other uses parked per code.									

# Stakeholder Feedback – TOD

- Transit oriented development (TOD) areas have been split out from high opportunity areas because a TOD is defined by its proximity to transit and therefore could be a high opportunity area (HOA), a R/ECAP area, or neither.
- Densities are slightly higher in TOD areas to allow for the potential need to replace existing parking and to encourage as many units as possible in close proximity to transit.



# Recap – Why focus on 60%-80% AMI?

- This program is intended to incentivize development of mixed income communities. In some areas, the rent for a person at lower than 50% of AMI is \$1,000 less than market per month.
  - For a 300 unit apartment, setting aside 30 units at a loss of \$1,000 per month is  $30 \times 12 \times 1,000 \times 15 \text{ years} = \$5,400,000$  net loss over the life of the affordability period, not including inflation. An extra floor or two is unlikely to offset this much of a rent gap.
  - Because of filtering, additional units across the market, regardless of rent level, help all renters.



# Recap - Incomes

- 2017 rent caps for units at various percentages of AMFI:
  - In many programs, rents are capped at 30% of the applicable percentage of AMFI.
  - For example, maximum rent for a 1 bedroom for a couple at 60% AMFI is \$681 per month

2017 HUD Incomes: 60-100% AMFI			
Household Size	60%	80%	100%
1	\$30,828	\$41,100	\$51,380
2	\$35,232	\$47,000	\$58,720
3	\$39,636	\$52,850	\$66,060
4	\$44,040	\$58,700	\$73,400

2017 Rents: 60-100% AMFI			
# Bedrooms	60%	80%	100%
Eff	\$639	\$896	\$1,153
1	\$681	\$956	\$1,231
2	\$809	\$1,139	\$1,470
3	\$927	\$1,308	\$1,690
4	\$1,025	\$1,450	\$1,876

# Recap - Return on Cost Calculations

- Projects at market rate (land and construction), 10% and 20% set aside at 60% and 80% of AMFI

Mid-range #1			Mid-range #1 - 80%			Mid-range #1 - 60%		
Example			Set Aside			Set Aside		
			0%	10%	20%	0%	10%	20%
Land PSF	\$55		5.8%	5.4%	4.9%	5.8%	5.3%	4.7%
Construction PSF	\$150		6.8%	6.2%	5.7%	6.8%	6.1%	5.5%
Market Rent	\$1.90		7.0%	6.5%	5.9%	7.0%	6.3%	5.7%
80% AMI Rent	\$0.95		7.2%	6.6%	6.1%	7.2%	6.5%	5.8%
60% AMI Rent	\$0.70		7.3%	6.7%	6.2%	7.3%	6.6%	5.9%
stories								
3		35				3		35
4		70				4		70
5		90				5		90
6		110				6		110
7		130				7		130
Units per Acre						Units per Acre		

Mid-range #2			Mid-range #2 - 80%			Mid-range #2 - 60%		
Example			Set Aside			Set Aside		
			0%	10%	20%	0%	10%	20%
Land PSF	\$40		6.95%	6.41%	5.87%	6.95%	6.28%	5.62%
Construction PSF	\$145		7.82%	7.22%	6.61%	7.82%	7.07%	6.32%
Market Rent	\$2.00		8.05%	7.42%	6.80%	8.05%	7.27%	6.50%
80% AMI Rent	\$0.95		8.20%	7.56%	6.92%	8.20%	7.41%	6.62%
60% AMI Rent	\$0.70		8.30%	7.66%	7.01%	8.30%	7.50%	6.71%
stories								
3		35				3		35
4		70				4		70
5		90				5		90
6		110				6		110
7		130				7		130
Units per Acre						Units per Acre		

# Next Up

- Receive feedback from ZOAC and stakeholders
  - Move forward with these recommendations?
- Revise details of staff recommendation for development bonus based on feedback
- Develop amendments to Section 51A-4.900 (affordable housing implementation)
  - Consult with other departments to ensure commonality across the City



# Appendix: Current Zoning - MF-1(A) and MF-2(A)

	<b>MF-1</b>	<b>MF-1 (SAH)</b>	<b>MF-2</b>	<b>MF-2 (SAH)</b>
<b>Minimum front yard</b>	15	15	15	15
<b>Minimum side yard</b>	10	10	10	10
<b>Minimum rear yard</b>	15	15	15	15
<b>Max unit density per acre</b>	-	15-30	-	20-40
<b>Floor area ratio</b>	-	-	-	-
<b>Max height</b>	36	36	36	36
<b>Max stories</b>	-	-	-	-
<b>Max lot coverage (%)</b>	60	60	60	60
<b>Min lot size per unit</b>	1,000-1,800	1,000-1,800	800-1,200	800-1,200

\*SAH – Standard Affordable Housing – approximately 20 locations throughout Dallas; Districts created in response to the now-expired Walker Consent Decree.



# Appendix: Current Zoning - MU-1 and MU-2

	<b>MU-1</b>	<b>MU-1 (SAH)</b>	<b>MU-2</b>	<b>MU-2 (SAH)</b>
<b>Minimum front yard</b>	15	15	15	15
<b>Minimum side yard</b>	0-20	0-20	0-20	0-20
<b>Minimum rear yard</b>	0-20	0-20	0-20	0-20
<b>Max unit density per acre</b>	15-25	10-25	50-100	30-100
<b>Floor area ratio</b>	0.8-1.1	0.8-1.1	1.6-2.25	1.6-2.25
<b>Max height</b>	80-120	80-120	135-180	135-180
<b>Max stories</b>	7-9	7-9	10-14	10-14
<b>Max lot coverage (%)</b>	80	80	80	80

\*SAH – Standard Affordable Housing – approximately 20 locations throughout Dallas; Districts created in response to the now-expired Walker Consent Decree.

# Appendix: High Opportunity & R/ECAP

- High opportunity areas:
  - Dallas Census tracts with a poverty rate of less than 20%
  - In the attendance zone of an elementary school that has a state accountability rating of “Met Standard” from the Texas Education Agency
- Racially and ethnically concentrated areas of poverty
  - Non-white population of 50 percent or more.
  - Poverty rate that exceeds 40% or is three or more times the average tract poverty rate for the metropolitan area, whichever threshold is lower
- Non-RECAP



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



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