

# Memorandum



CITY OF DALLAS

DATE June 18, 2021

TO Honorable Mayor and Members of the City Council

SUBJECT **Follow-up to June 8, 2021 Housing and Homelessness Solutions Committee Briefing on One Dallas Options**

During the June 8, 2021 Housing and Homelessness Solutions (HHS) Committee meeting, the Department of Housing & Neighborhood Revitalization provided an update on a proposal for One Dallas Options, which are a menu of incentives developers may be able to access in exchange for providing a portion of a development's housing units as on-site workforce units, off-site workforce units, or paying a fee in lieu of direct provision. After the meeting, Mayor Pro Tem West asked additional questions about the proposed program.

**The biggest concern is how the incentive program will be administered. Other incentives available under the Comprehensive Housing Policy (CHP) have been adopted but are underutilized or have not been implemented due to (I assume) lack of guidance from Council. For instance, the parkland dedication fee waiver under Section 51A-4.102 (c) has been interpreted that it must be approved by City Council instead of by-right, and there is not a process in place to request these waivers.**

The administration of One Dallas Options is unlike other CHP programs because it started with the development community prioritizing the options offered and it will include a transitional period to establish program guidelines as well as training for the city staff and developers who utilize it. Below are some of the specific factors included in One Dallas Options administration.

- The contract with Daedalus Advisory Services includes a developer handbook that walks interested developers through the One Dallas Options. This handbook also serves as a marketing piece to make the program more transparent. The handbook will be available on the City's website and will help with program utilization.
- Staff will work across departments to propose amendments to various codes as necessary to allow for the menu of additional development rights and fee reimbursements, including, potentially, an amendment to the parkland dedication fee waiver language to clarify Council's intent.

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- A staff working group from multiple departments will consider process level changes to various departments and will make recommendations to management and Council as applicable.
- One Dallas Options will incorporate existing and proposed incentives into one program to create a streamlined menu of options, each of which will be available, to the extent possible, by right. Offering by-right incentives substantially reduces negotiations with developers by giving them a formal path to secure their incentives in exchange for the units and/or in lieu fee payments. This ultimately reduces regulatory uncertainty and risk, which in turn can make workforce units more financially viable.

**The industry is concerned regarding the management of the funds. Staff indicated that the fees generated could potentially be used for overhead and potentially for funding additional housing units. It would be unfortunate to see an enterprise fund concept be set up and the fees would only go to overhead and staffing, so some clarity around how the funds will be used will be essential.**

The focus of the fees collected would be housing production, not simply covering staff time. That said, history has shown that when we do not provide adequate administrative systems, our programs and initiatives fail to achieve their expected potential. Overhead and staffing are necessary for any initiative in the City. The framework proposed is similar to the funding mechanism for TIF districts, where administrative expenses are the first, but not the only, funding priority. This approach ensures that TIF district management, and likewise One Dallas Options management, has minimal effect on the general fund and can be sustained long-term.

**Concierge services - This must include staff support and advocacy for when items are considered at Council and City Plan Commission. Staff has to be heavily involved and shepherd workforce housing developments through the City's process. I worry staff does not have the capacity to do this due to current workload.**

Through the budget process, staff will recommend the creation of concierge staff embedded in both the Department of Housing & Neighborhood Revitalization and the Office of Economic Development to help shepherd workforce housing developments through the City's processes. In addition, Sustainable Development and Construction hired two new concierge services team members to help staff the Strategic Business Unit and speed development review of workforce housing developments.

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The proposed One Dallas Options include development fee reimbursements, including, potentially, fees for expedited Q Team review.

**What is the reasoning for restricting the program against existing PDs? Given the sometimes very long post-entitlement gestation periods for large and complex projects, why wouldn't we open Fee in Lieu up to approved projects that have not started leasing? I think we're leaving money on the table by not opening this up to existing PDs.**

Staff proposes that existing PDs that refer to Chapter 51A-4.1100 as amended (the location of the existing Mixed Income Housing Development Bonus (MIHDB)) would be eligible for One Dallas Options.

Staff does not recommend applying additional development rights to existing PDs that do not refer to the current MIHDB.

**Do we have a list of the individuals (developers and housing advocates) who provided input?**

Daedalus Advisory Services and staff have met with The Real Estate Council (TREC), Downtown Dallas Inc (DDI), and smaller groups within each of these organizations (these smaller calls included up to 10 persons in topical subgroups), as well as the Housing Policy Task Force (which includes residents, homeowners, advocates, builders, industry association representatives, and others). Please see the attached list.

**Will all the incentives be subject to Fair Housing review? If so, the timing for review and approval needs to be established. This continues to be an issue.**

Staff recommends that One Dallas Options use the same fair housing requirements that the current Mixed Income Housing Development Bonus (MIHDB) program utilizes.

Chapter 51A-4.1105(d)(3) requires that developments using the development bonus in the MIHDB shall reserve no more than 50 percent of the dwelling units in each development for households at or below 80 percent of area median family income. If the development exceeds this percentage, it must undergo fair housing review to ensure that it affirmatively furthers fair housing.

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In addition, the Office of Equity and Inclusion – Fair Housing Division is currently considering improvements to their processes for fair housing review.

Should you have any questions or require any additional information, please contact me or David Noguera, Director, Department of Housing & Neighborhood Revitalization at David.Noguera@DallasCityHall.com or 214-670-3619.



Dr. Eric Anthony Johnson

Chief of Economic Development & Neighborhood Services

c: T.C. Broadnax, City Manager  
Chris Caso, City Attorney  
Mark Swann, City Auditor  
Biliera Johnson, City Secretary  
Preston Robinson, Administrative Judge  
Kimberly Bizer Tolbert, Chief of Staff to the City Manager

Majed A. Al-Ghafry, Assistant City Manager  
Jon Fortune, Assistant City Manager  
Joey Zapata, Assistant City Manager  
M. Elizabeth Reich, Chief Financial Officer  
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion  
Directors and Assistant Directors

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### **One Dallas Options Attendee Lists As of 6/14/2021**

#### **DDI/TREC/Uptown PID Joint Meeting April 26, 2021**

Attendees: Michael Ablon, Michael Alost, Chad Baker, Evan Beattie, Johnny Begzos, Jacob Browning, Dustin Bullard, Todd Burns, Lily Cabatu Weiss, Britton Church, Matt Craft, Larry Daniels, Rachel Doucet, Mark Drumm, Brittney Farr, Melanie Ferguson, Kourtny Garrett, Gilbert Gerst, Scott Goldstein, Tara Green, John Greenan, Jim Greer, Ted Hamilton, Jessica Heer, Latosha Herron Bruff, Jon Hetzel, Stephanie Hudiburg, Darren James, Dr. Alex John, Jr., Mattye Jones, Kaitlin Jones, Suzan Kedron, Patrick Kennedy, Lorri Kennedy, Beth Lambert, Marijke Lantz Flowers, Emily Ledet, Tommy Mann, Ramsey March, Karyn Martin, Jeff Matthews, Linda McMahon, Katie O'Brien, Justin Parscale, Mehul "Mike" Patel, Shalissa Perry, John Petteway, Kyla Porter, Billy Prewitt, Brianna Putnam, Ben Reavis, Jim Reynolds, Scott Rohrman, Aimee Sanborn, Josh Shane, Evan Sheets, Courtney Spellicy, Terry Syler, Kristian Teleki, Sara Terry, Jonathan Vinson

Staff/consultant: Dr. Eric Anthony Johnson, David Noguera, Karen Levingston, Pam Thompson, Amit Dalal, Shaun Bourgeois.

#### **TREC Housing Working Group Meeting May 3, 2021**

Attendees: Brian Mullen, Mattye Jones, Matt Enzler, Brian Bergersen, Dustin Ballard and Evan Sheets

#### **Housing Policy Task Force May 11, 2021**

Attendees: Justin Young, Marcy Helfand, Ken Smith, Carl Anderson, Maggie Parker, Demetria McCain, Katie O'Brien, Carol Holmes, Brian Driesse, Joli Angel Robinson, James McGee, Jennifer Hiromoto, Chad Baker, Jason Simon, Darryl Baker, Willis Hunt, Shaye Grant, Elissa Izmailyan, Michelle Ramos-Martinez, Sandy Rollins, Karen Roberts, Becky Madole Post, Gary Hasty, Cyndy Lutz, Liza Solares, Paul Carden, Marian Williams, Michon Fulgham, Jamika, Sandra Alridge, Brian Driesse, Courtney Spellicy, Catherine Cuellar, Maggie Parker, Bryan Tony, William Skeeters, Bru'Shandria Sallie, Lisa Neergaard, Audrey Schmeltz, Lorri Kennedy, Madeline Bruner, Wes Jurey, Angela Orr Heath, Teri Benavides, Tara Cesario, Victor Toledo, Linda McMahon

Staff/consultant: Thor Erickson, Amit Dalal, SP Bourgeois, Kaleigh Carbiener, Karen Levingston, Marlo Mysliwec, David Noguera, Reese Collins, Patrick McDonnell, Kendra Nichols, Alisha Palma, Daniel Church, Cynthia Rogers-Ellickson, Carnell Brame, Jr., Dorcy Clark, Albert Gonzalez, Max Faye, Kyle Hines, Sue Hounsel, Priscylla Bento, Aaron Eaquinto, Brian Price, Sef Okoth, Tshunza Kalubi,

#### **TREC Housing Working Group Meeting June 3, 2021**

Attendees invited: Matt Enzler; Britton Church; Mattye Jones; Kristian Teleki; Brian Mullen; Suzan Kedron; Colin Fitzgibbons; Arthur Santa-Maria; Brian Bergersen; Mike Hoque; Ted Hamilton; Lorri Kennedy; Katie O'Brien, Linda McMahon

#### **Individual meetings**

Bill Hall (of Catholic Housing Initiative); Jamil Alam and Geoffrey Palmer (Endeavor RE); Tommy Mann (Winstead).