

# Memorandum



CITY OF DALLAS

DATE November 2, 2018

TO Honorable Members of the Economic Development and Housing Committee

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

On Monday, November 5, 2018, the Committee will be briefed on proposed amendments to the Dallas Development Code to create regulations for mixed income housing development bonuses. The City Plan Commission recommended approval of the proposal on October 4, 2018. The briefing materials are attached for your review.

Please feel free to contact either myself or Kris Sweckard 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

[Attachment]

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 Bizar 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  
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

November 5, 2018

Kris Sweckard, Director  
Sustainable Development  
and Construction  
Department



**City of Dallas**

# Presentation Overview

- Purpose
- Background
- Proposal
- Next steps
- Appendix

# Purpose

- Brief the Committee on 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

- 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.

# 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.

# Background

- The Housing Policy directs the creation of a mixed income development bonus (formerly “voluntary inclusionary zoning”) code amendment to:
  - Incentivize rental units using by-right development bonuses.
  - Create mixed income housing in multifamily and mixed-use districts.
  - Be available throughout the city in multifamily and mixed-use districts.
  - Include design principles to encourage walkability, reduce the need for parking, and require open space.

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# Background

- High rent
  - Per MPF Research Inc., average rent in Dallas has now topped \$1,100 a month, up from \$850 five years ago.
- High occupancy
  - Likewise, occupancy has hovered around 95% (essentially full) since mid-2013.
- Continuing housing shortage
  - The Housing Policy states that the city is short 20,000 housing units.

# Background

- These elements mean that
  - As of 2016, more than 20,000 renter households in Dallas earn between \$35,000 and \$75,000 and are still rent-burdened: they pay more than 30% of their income toward housing, and
  - Nearly 50,000 households earn over \$75,000 a year and could afford more expensive units if the supply existed. If they move, they make those newly vacated, less-expensive units available to others.
- This proposal:
  - Encourages higher-density new development, leading to increased supply, and
  - Reserves some of those new units directly for households in certain income bands.

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# Proposal – Voluntary

- Mixed income development bonuses under this code amendment 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 or
  - Apply for a zoning change.

# Proposal – Elements

- **Provide greater access to affordable housing throughout the City by** differentiating the provision of reserved units based on the property's MVA category.
- **Adjust by-right development regulations** in multifamily and mixed-use zoning districts to allow for additional building envelope in return for a certain percentage of units to be reserved for households below particular income levels.
- **Include design standards** to encourage walkability and community gathering space.
- **Require compliance with residential proximity slopes.**

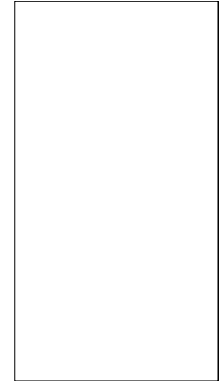
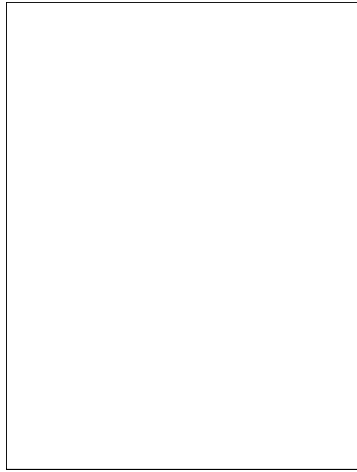
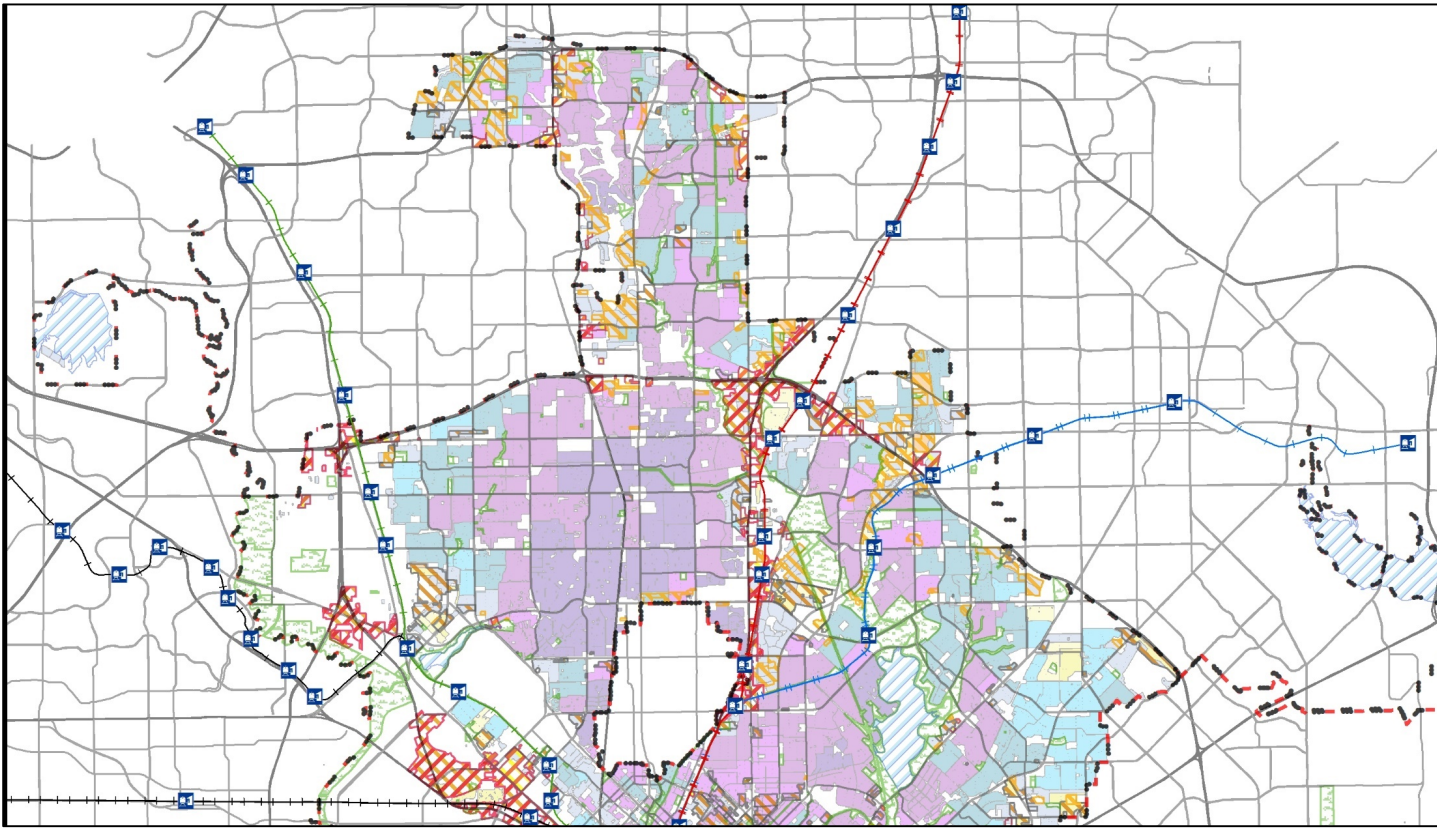
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# Proposal – Locations

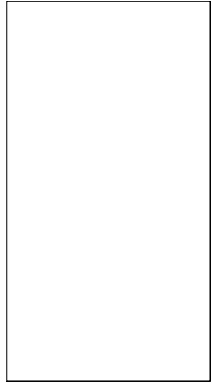
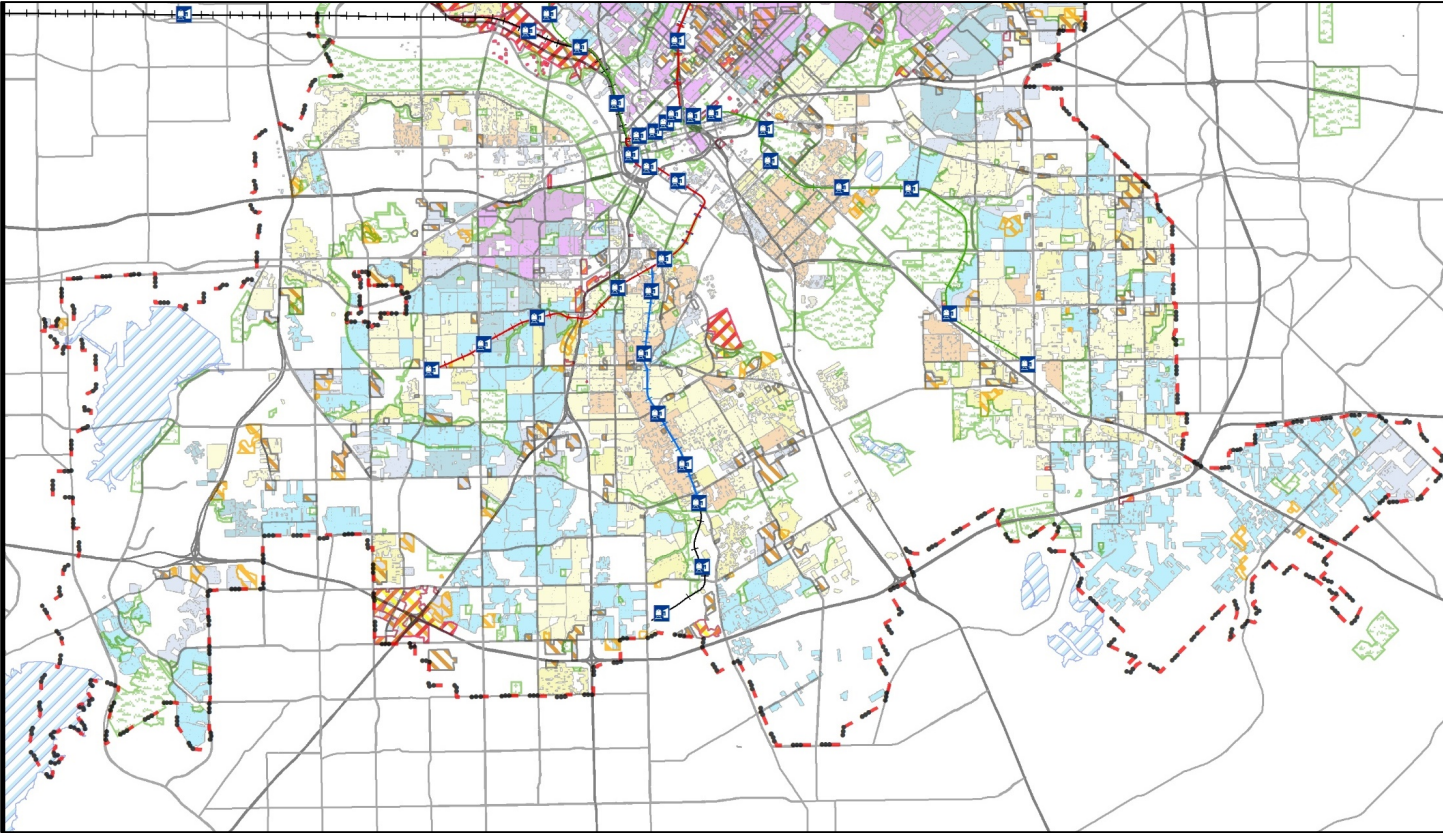
- Mixed income development bonuses would apply in
  - Multifamily districts: MF-1(A), MF-2(A), and MF-3(A)
  - Mixed use districts: MU-1, MU-2, MU-3
- Approximately 15,000 acres across the city
- Development bonus and number of reserved units vary by City's Market Value Analysis (MVA) category.
  - Properties in A, B, and C categories would serve lower income levels than properties in G, H, and I categories.



# Location – MVA and Zoning Districts



# Location – MVA and Zoning Districts



# Proposal – Bonuses and Reserved Units

- Percent of reserved units depends on MVA category:
  - A, B, C:
    - 5% of units at 51%-60% Area Median Family Income (AMFI),
    - 5% of units at 51%-60% AMFI & 5% at 61-80% AMFI, or
    - 5% of units at 51%-60% AMFI & 5% at 61-80% AMFI & 5% at 81-100% AMFI
  - D, E, F:
    - 5% of units at 61%-80% AMFI,
    - 10% of units at 61%-80% AMFI, or
    - 10% of units at 61%-80% AMFI & 5% at 81-100% AMFI
  - G, H, I:
    - 5% of units at 81-100% AMFI
- In all eligible districts:
  - Higher development bonus requires more reserved units.
  - Properties in stronger markets require lower income bands.

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# Proposal – Additional Regulation

- After the recommendation from CPC, it was determined that a development could take advantage of the bonus to create mixed income housing and instead provide 100% of its units for households within a particular income band, potentially concentrating poverty.
- After conferring with multiple departments, additional regulations are proposed:
  - Set a maximum of 50 percent of units in each development that may be reserved for households at or below 80 percent of Area Median Income.
  - Maximum percentage of reserved units could be waived for developments that are enrolled in a program administered by the Department of Housing and Neighborhood Revitalization and authorized by the City Council that furthers the public purposes of the City's housing policy and affirmatively furthers fair housing.

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# Proposal – Bonuses and Reserved Units

- In multifamily districts, the bonuses vary based on what change in regulation would be most likely to incentivize development.
- In MF-1(A) and MF-2(A) Multifamily districts, the percentage of reserved units required increases with height and lot coverage.
- In MF-3(A) Multifamily districts, the percentage of reserved units required increases with height, lot coverage, and density.

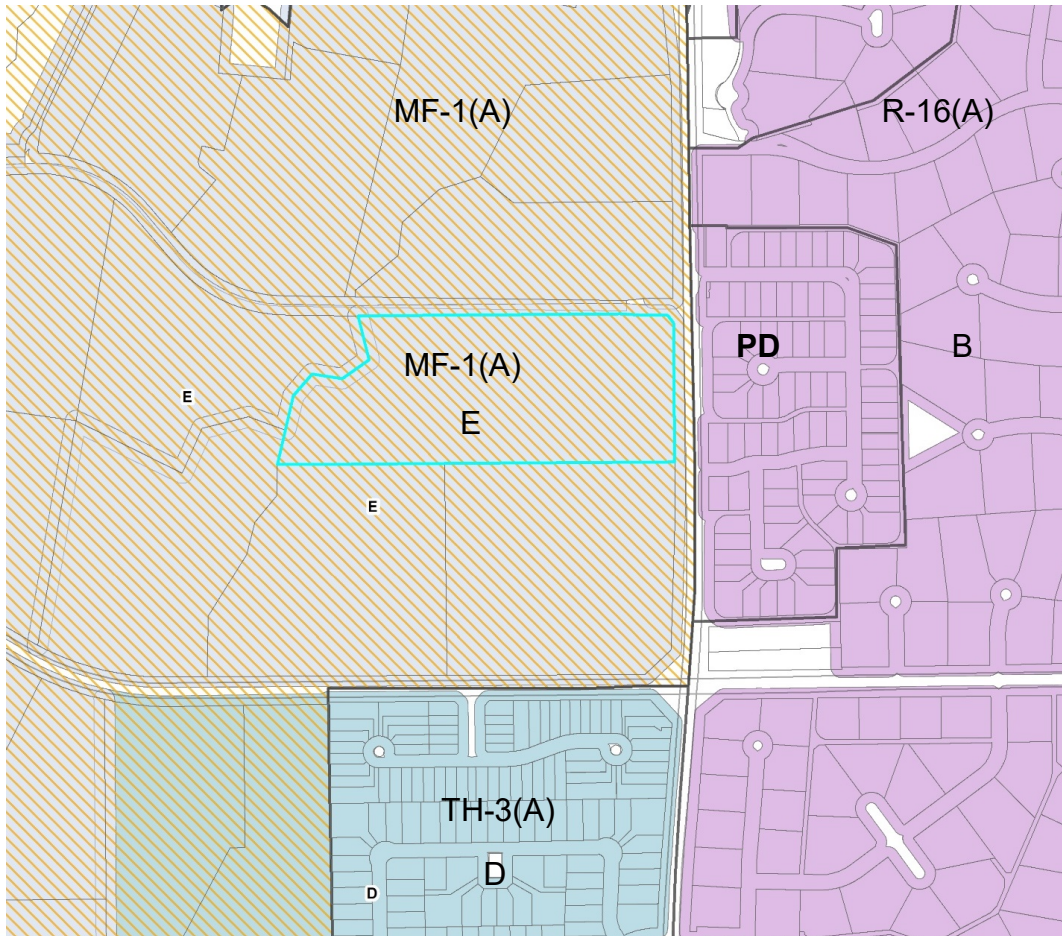
# Proposal – Districts: MF-1(A) & MF-2(A)

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.						

# Proposal – 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.						

# Example: MF-1(A) in Category E



- Currently by right:
  - Height: 36 feet
  - Lot coverage: 60%
- Under proposal:
  - Height: 51 feet
  - Lot coverage: 80%
  - Design standards
- Reserved:
  - 5% of units reserved for households at 61-80% AMFI
  - 15 years

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# Proposal – Bonuses and Reserved Units

- In mixed use districts, the bonuses vary based on what change in regulation would be most likely to incentivize development.
- In MU-1 and MU-2 Mixed Use districts, the percentage of reserved units increases with increases in density. Also, existing floor area ratios (FAR) would apply to non-residential use only.
- In MU-3 Mixed Use districts the percentage of reserved units increases with a small increase in FAR and a small increase in lot coverage.

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# Proposal – 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%
Setbacks	0-20'	no changes						
Max units per acre	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
FAR (total dev)	0.8-1.1	Remove FAR requirement for residential uses						
Height	80-120	no change						
Stories	7-9	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/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.						
Note:		Maximum FAR applies to non-residential uses only.						

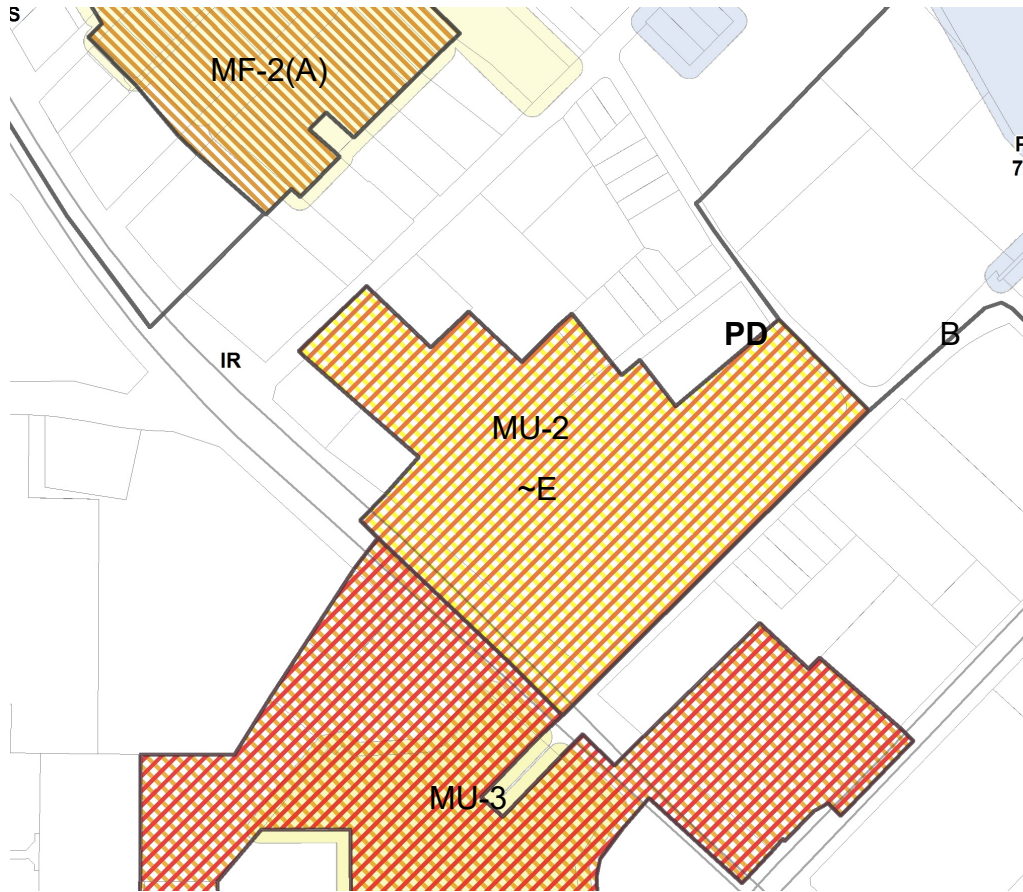
# Proposal – Districts: MU-2

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 applies to non-residential uses only.						

# Proposal – 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%	no change						
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.						

# Example: MU-2 in Category E



- Currently by right:
  - Density: 50-100/acre
  - FAR: 1.6-2.25
- Under proposal:
  - Density: 90-140/acre
  - FAR: applies to non-residential only
  - Design standards
- Reserved:
  - 5% of units reserved for households at 61-80% AMFI
  - 15 years

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# Proposal – Bonuses and Reserved Units

- All districts:
  - Building heights subject to applicable residential proximity slopes
  - Setbacks are maintained
  - Parking reduced to 1 ¼ space per *unit* (versus 1 space per *bedroom* in Chapter 51A) and at least 15 percent must be available for guest parking
  - Increased design standards
  - Reserved unit set-aside ranges from 5% to 15% of units

# Proposal – Transit Proximity

- Transit proximity defined as ½ mile radius from a fixed-line transit station.
  - Includes trolley stops, train stations, transfer centers, transfer locations, and transit centers and any transit stop with a climate-controlled waiting area.
  - Includes Dallas Area Rapid Transit, TRE, high speed rail, and trolley service.
- Bonuses for developments with transit proximity:
  - 1 parking space per unit (versus 1 space per bedroom in Chapter 51A)
  - 85% lot coverage (versus 60%-80% lot coverage in Chapter 51A)

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# Proposal – Design Standards

- Additional design controls can reduce auto dependency, reduce the need for parking, and encourage alternative modes of transit.
  - Minimal surface parking, mostly in side/rear of lot
  - Ground-floor entrances open directly to sidewalk or open space
  - Wide sidewalks and pedestrian lighting
  - Parking structures wrapped by other uses or similar in materials to main building



# Proposal – Design Standards

- Provide 10% of the property as open space
  - Intended to provide active and passive recreation (such as playgrounds), to provide landscaping area, or to enable groundwater recharge, for example.
  - Not intended to be driven or parked upon.
  - May be provided at or below grade or aboveground.
  - Private balconies, sidewalks, parking spaces, parking lots, and drive aisles are not considered open space.
  - Landscape areas that fulfill Article X may also fulfill these requirements if all conditions are met.

# Proposal – Development Requirements

- All reserved units must be
  - Provided onsite.
  - Dispersed throughout residential buildings.
  - Dispersed pro rata throughout unit types (with minor exceptions).
  - Comparable finish-out.
- Eligible households must be:
  - Provided similar access to common areas and parking locations.

# Proposal – Process

- MVA verification letter
- Building permit application
  - Restrictive covenant filed
- Building permit issuance
  - Phases allowed with an approved project plan
- Certificate of occupancy issued with proof of compliance with restrictive covenant
- Ongoing compliance monitored by the Housing and Neighborhood Revitalization Department and the Office of Equity and Human Rights
- May not discriminate on the basis of source of income
  - Provides housing opportunities for households with rental assistance or vouchers, as applicable

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# Proposal – Implementation

- The Department of Housing and Neighborhood Revitalization will propose amendments to Chapter 20A – Fair Housing for compliance and implementation regulations related to the mixed income development bonus code amendment and other mixed income housing initiatives in the City.

# Next Steps

- Schedule for City Council consideration

# Appendix

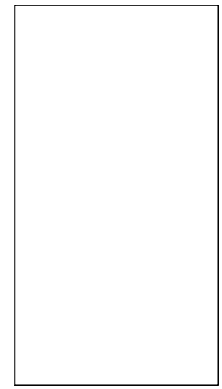
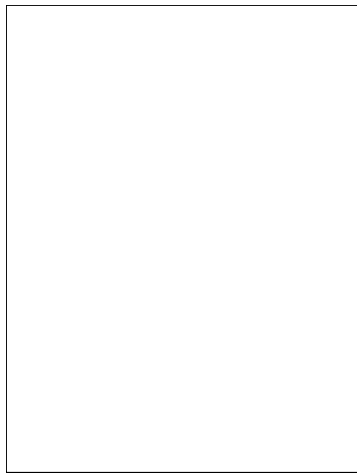
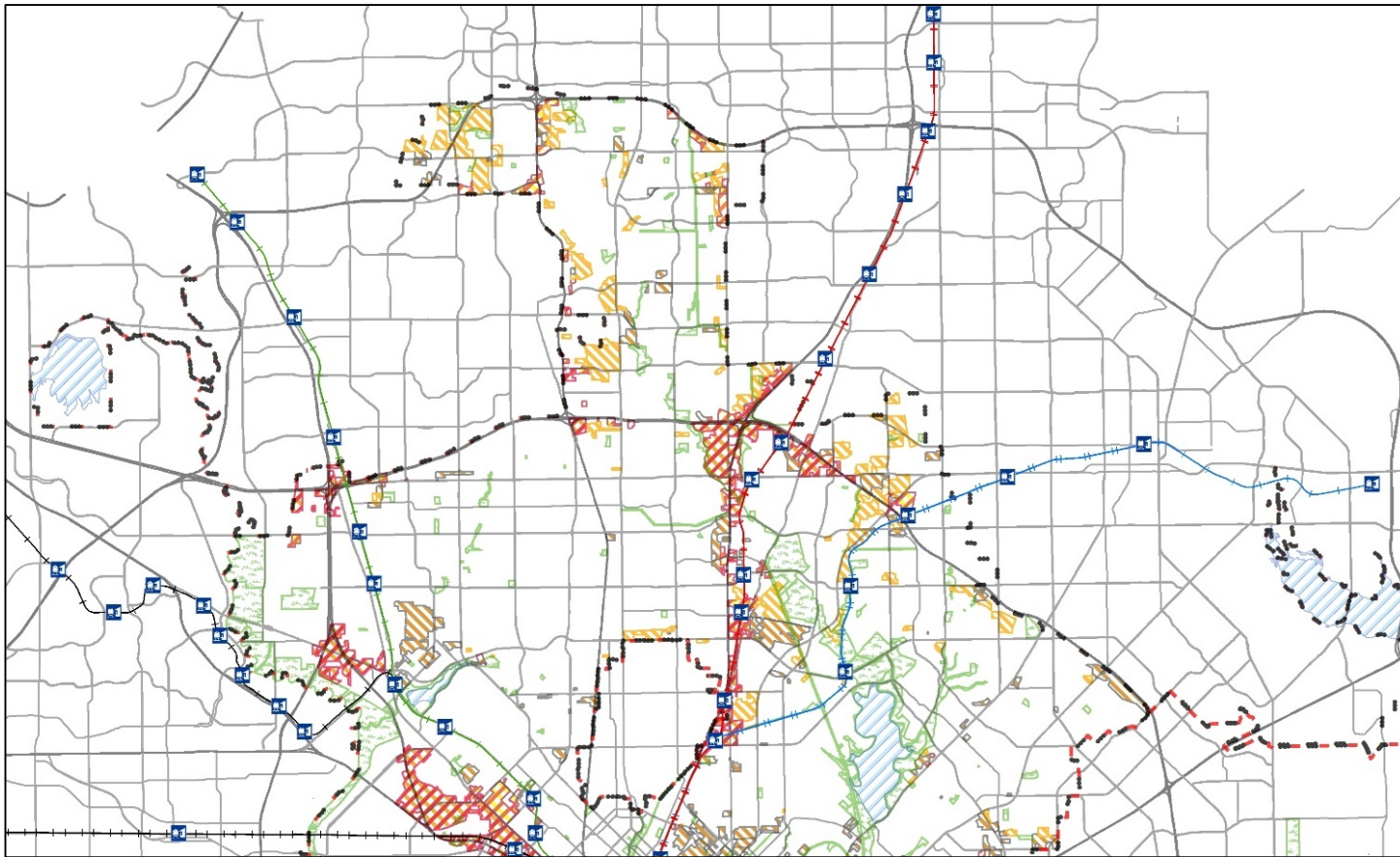
# Appendix – Housing Policy Goals

- 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>	

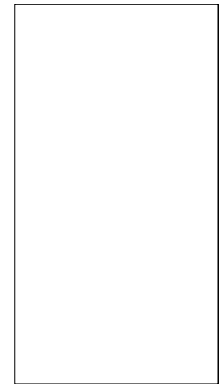
Production goals aided by this proposal

# Appendix – Location: Zoning Districts

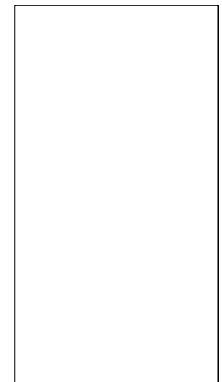
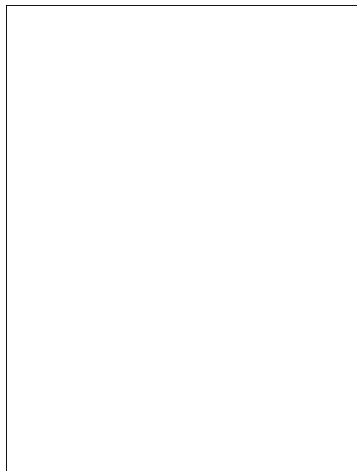
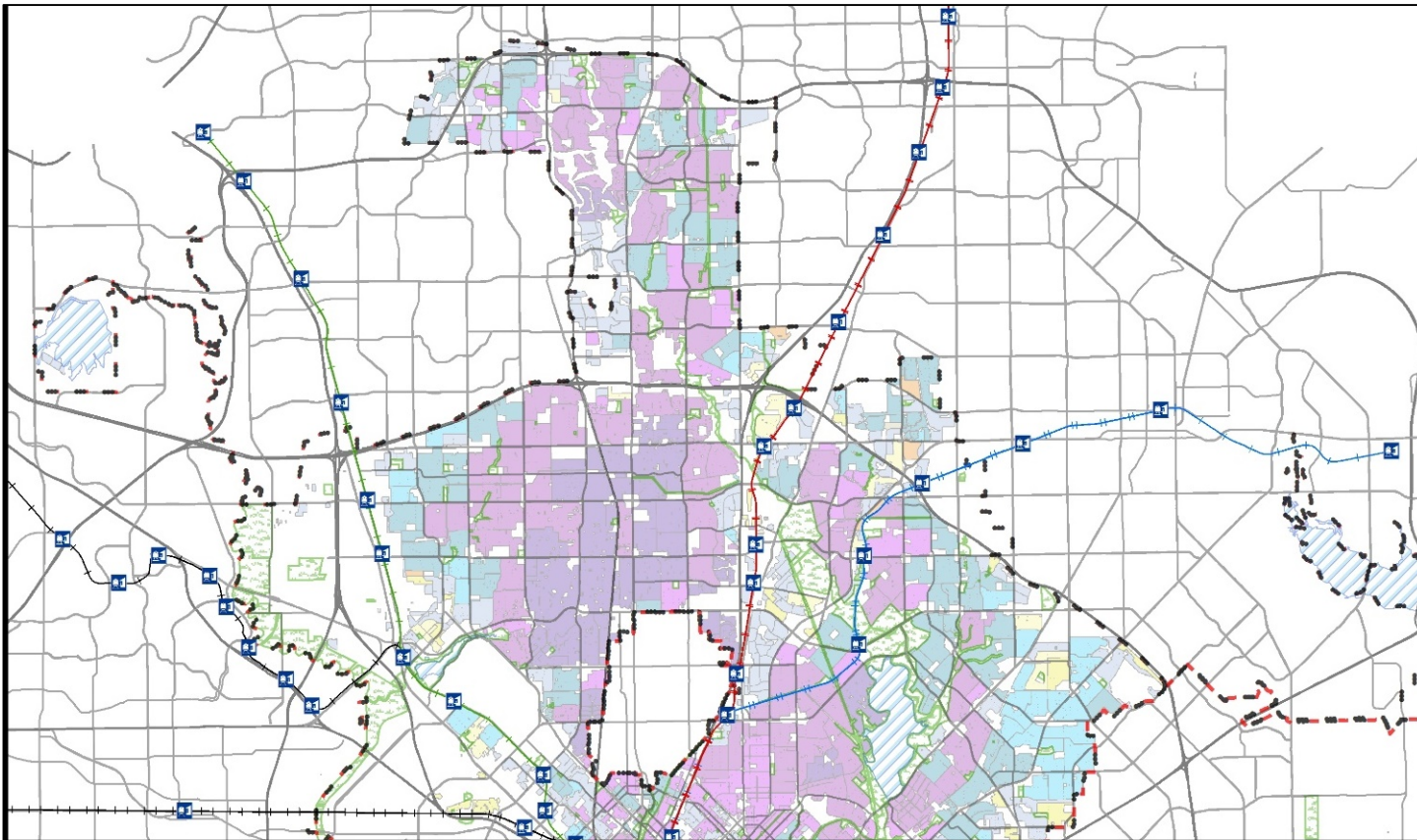




# Appendix – Location: Zoning Districts

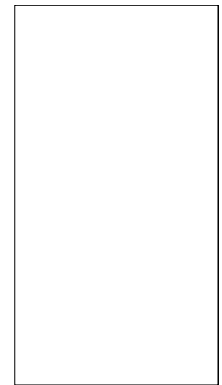
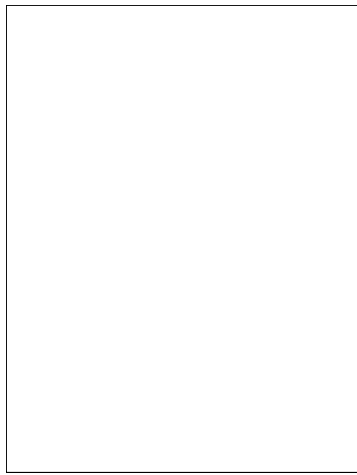
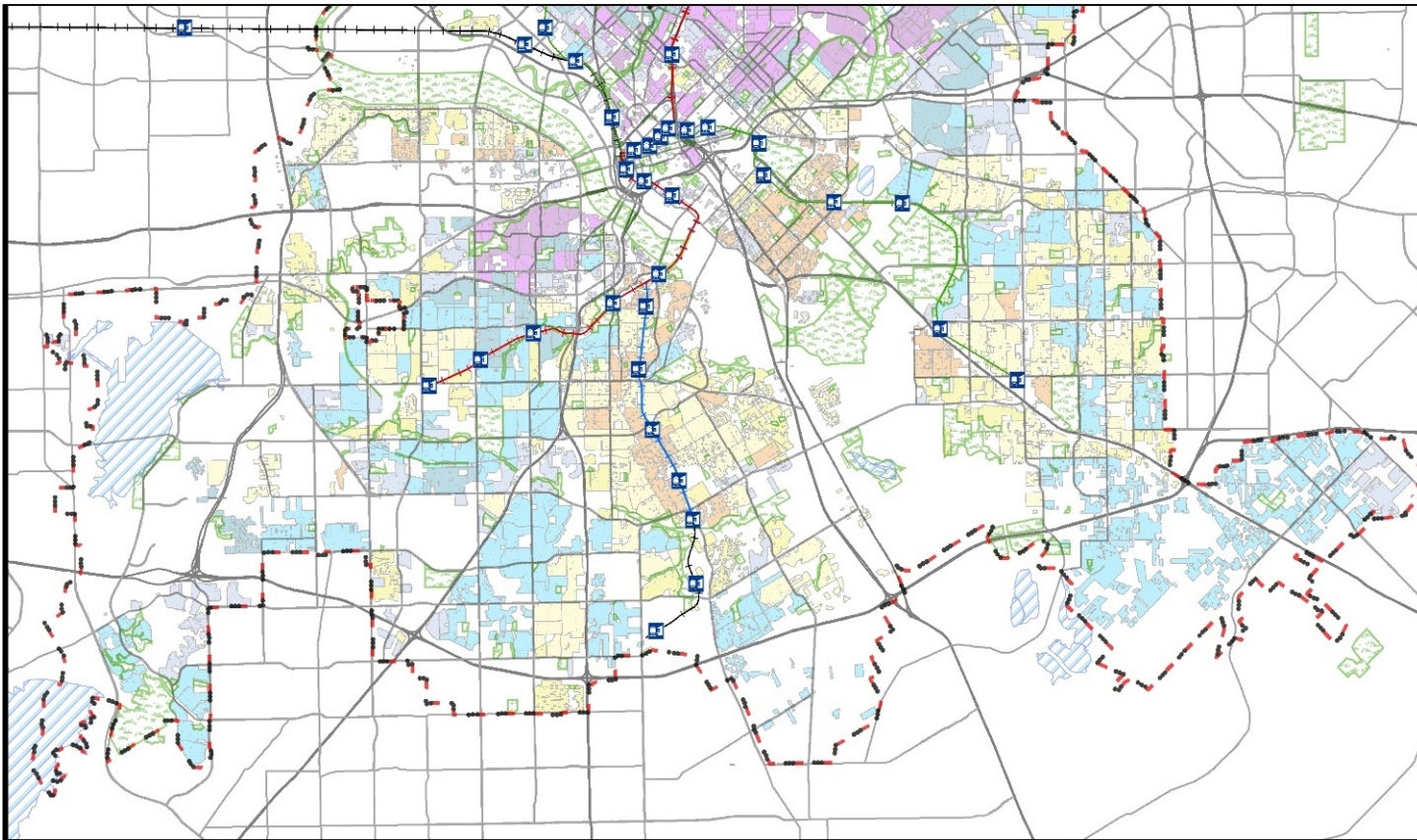


# Appendix – Location: MVA





# 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 – Design: No Parking in Front

- If the City prohibits parking in the front, residents get front porches and easy access to the sidewalk.



# Appendix – Design: Passenger Loading

- A loading zone allows for easy pickup/drop off for ride-hailing services.





# Appendix – Design: Connection to Street

- Allowing short fences with pedestrian gates provides privacy without reducing walkability.



Image: Billingsley Company



# Appendix – Design: Require Transparency

- Transparency adds “eyes on the street,” contributing to safety.



# Appendix – Design: Wide Sidewalks/Shade

- Wide sidewalks and shade make walking much more pleasant.





# Mixed Income Housing Development Bonuses

Economic Development and  
Housing Committee

November 5, 2018

Kris Sweckard, Director  
Sustainable Development  
and Construction  
Department



# City of Dallas

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