

# Memorandum



DATE July 29, 2016

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

SUBJECT **Inclusionary Zoning**

On August 1, 2016 you will have a second briefing on inclusionary zoning. This is a follow up to an inclusionary zoning briefing presented on May 16, 2016. The purpose of this briefing is to receive direction from the committee as to whether inclusionary zoning should be included as part of the housing policy and whether staff should initiate the code amendment process to develop an inclusionary zoning proposal. A copy of the briefing material is attached for your review.



Ryan S. Evans  
First Assistant City Manager

C: The Honorable Mayor and Members of the City Council  
A.C. Gonzalez, City Manager  
Christopher D. Bowers, Interim City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge  
Eric D. Campbell, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor & Council

# Inclusionary Zoning

Housing Committee

August 1, 2016



# Purpose

- Receive direction from the committee on whether to include inclusionary zoning as an element of the Housing Policy
- Receive direction from the committee to initiate the code amendment process to develop inclusionary housing zoning amendments for consideration

# Background

- This item was previously briefed to the Housing Committee on May 16, 2016.
- Many of the examples included in that briefing are included here for discussion purposes

# Definition

- “Inclusionary zoning” refers to a type of zoning that requires (and/or incentivizes) a certain portion or percentage of housing built or preserved in an area to be affordable to very low-, low-, moderate- or middle-income households.
- Qualifying income levels are generally defined by the city and can be anything from 30% of area median income (AMI) in some cities to 150% of AMI in wealthy areas.

# Restrictions - Texas

- In Texas, cities cannot mandate inclusionary zoning, but *can* create incentives, contract commitments, density bonuses, or other voluntary programs to increase the supply of moderate or lower-cost housing units.

# 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% AMI 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 AMI earns the developer a 20% bonus, for example:

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



# Example – Philadelphia

- Chapter 14-702 of Philadelphia's code allows for 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.
- Projects may use more than one bonus option.
- Developers may also make a payment in lieu of providing units.

Category	Set-Aside	Density Bonus	Time Period
80% AMI (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.

# Example – Portland

- Portland's code allows for 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.
- Projects may use more than one bonus option and may make a payment in lieu to the Affordable Housing Replacement Fund.
- The Central City Plan provides for middle-income housing bonus options: **30%** of the units must be affordable to households **at or below 150%** of AMI for **60** years. For each square foot of affordable floor area, the development earns 3 square feet of bonus floor area.
- The Northwest District Plan allows 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% AMI	10 %
60% AMI	20 %
80% AMI	40 %

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

# Benefits of Inclusionary Zoning

- Creates mixed income housing, which affirmatively furthers fair housing
- Provides an additional tool to create affordable housing in areas of opportunity, potentially without additional financial subsidies needed
- With appropriate zoning controls, can encourage dense, urban, pedestrian-oriented and multi-modal development in targeted areas

# Current Code - Dallas

- In response to the Walker Consent Decree entered in 1990, Dallas adopted 51A-4.900, which provides for increased density in exchange for affordable housing units.
  - The number of required units varies with the density requested.
  - Units are required to be deed-restricted in perpetuity.
  - Rigorous requirements for minimum unit size, unit mix, family income, family makeup, property location, etc.
- No developers have used this zoning provision.

# Neighborhood Plus- Dallas

- Neighborhood Plus adopted goal:
  - 6.2.3 Develop, adopt and implement a new policy and guidelines through a variety of incentives which may include projects requesting increased development rights through zoning changes, to receive density bonuses in proportion to the number of affordable residential units provided; waiver of fees; parking reductions; tax abatements; zoning incentives; and other solutions utilized nationally.

# Keys to Success

- Additional density should
  - Be targeted to areas of high opportunity near transit, jobs, and services;
  - Be disbursed throughout the city;
  - Encourage mixed income neighborhoods; and
  - be consistent with *forwardDallas!*
- Must be financially viable for the developer: Benefits of density bonuses and/or up-zoning should off-set the costs of providing the affordable units
- Should continue to encourage new residential development at all price points, benefitting all current and new citizens of Dallas
  - Basic economic principle: increased supply lowers unit price

# Possible Zoning Amendments and Policies

- Policy - For any Planned Development request in a High Opportunity Area for a residential density of greater than 36 units per acre, require 10 percent affordable units
- Amendment – Establish development bonuses for providing affordable units in standard multifamily and mixed use districts (height, setback, parking, floor area ratio [mixed use districts])
- Amendment - revise Standard Affordable Housing (SAH) provisions to provide additional incentives

# Other Zoning Related Housing Initiatives

- Accessory Dwelling Units
- Tiny House accommodation provisions
- Shared Access Development Amendments



# Direction From the Committee

- Include Inclusionary Zoning as a strategy in the Housing Plan
- Instruct staff to initiate code amendment process to develop proposal for inclusionary zoning amendment

# Next Steps

- Initiate code amendment process
- Enter public process of input at the Zoning Ordinance Committee and develop final proposal
- Present Recommendation of the Zoning Ordinance Committee to the City Plan Commission
- Brief the Housing Committee on the recommendation of the City Plan Commission
- Present proposed amendments to City Council for consideration