Memorandum

CITY OF DALLAS

DATE May 7, 2021

TO Honorable Mayor and Members of the City Council

SUBJECT **Presentation of Results for an Analysis of Affordable Rents in Dallas**

Summary

In April, Department of Housing and Neighborhood Revitalization (Housing) staff completed an analysis of the availability of rental units across the City of Dallas using the 2019 5-Year American Community Survey (ACS). This project was completed to identify the areas of the city most affordable to low-income residents, the overall availability of mixed-income rental units.

The study showed that city-wide, compared to the production goals of the Comprehensive Housing Policy (CHP), shortages of affordable housing grew more severe, with a severe shortage of units affordable to those earning 30% or less of the area median income (AMI), a small shortage of units affordable to those earning 60% AMI or less, and more than enough affordable housing for those earning 80% AMI or less. The more affordable units, especially those affordable to 60% AMI, were significantly more concentrated in specific council districts and areas of the city.

Explanation of Methods and Assumptions

Housing is considered affordable if all housing-related expenses, including rent and utilities, cost no more than 30% of a household's gross income. The U.S. Department of Housing and Urban Development (HUD) defines the AMI for an entire region based on average incomes and cost of living. Dallas's region includes 11 counties making up the entire Dallas-Fort Worth metropolitan area. HUD provides calculations to assess AMI for all different family sizes.

The ACS data on gross rent includes the self-reported cost of rent and utilities for households, not specific units. This means that the data includes the household-portion of government subsidized units, voucher units, naturally-occurring affordable units, multifamily units, and single-family rental units but does not include units where the household pays no rent or otherwise lives for free, even if an organization covers that rent for them.

The ACS also aggregates its rental data, meaning that rents are broken into specific buckets. These buckets do not align exactly to affordable housing by AMI as defined by HUD. Housing staff worked to define affordable rents for different AMI levels within these constraints, but it is important to note that the rents analyzed may be slightly more or less than 30% of income for each group. The numbers used for the analysis are presented below:

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	1 person	3 persons	5 persons
30% AMI	$ 450	$ 600	$ 700
60% AMI	$ 900	$ 1,250	$ 1,500
80% AMI	$ 1,250	$ 1,500	$ 2,000
100% AMI	$ 1,500	$ 2,000	$ 2,500
120% AMI	$ 2,000	$ 2,500	$ 3,000

Staff has chosen to write this analysis based on the incomes of one person households, as almost half of all rental housing in Dallas are one bedroom or studio apartments and have the most affordable rents. Further, a single person can comfortably live in a two bedroom apartment that is affordable to them, but a three or five person household cannot live in an affordable one bedroom apartment.

A final warning for the analysis is that the census is considered *lagging* data. The data used in this analysis, the most recent available from the Census Bureau, is a combined summary of data from 2015-2019. The ACS shows that average monthly rents in Dallas have increased by exactly $200 between the reported 2014 and the reported 2019 period. It should be assumed that actual rents are higher than those reported in this study, and that the city is likely to be less affordable than it appears.

Available Affordable Housing

The average gross rent in Dallas is $1,052 per month. This means that a household earning 60% AMI or less cannot afford the average rental unit.

The CHP calls for specific production goals for rental housing throughout the city. Approximately 10% of housing units should be set aside for households at 30% AMI or less, 35% of housing should be set aside for 60% AMI or less (inclusive of the former), and 60% of units should be set aside for 80% AMI or less (inclusive of both of the above). The chart below shows how the city's existing housing meets these housing goals:

	Units Available	% of Units Available
<30% AMI	12,374	3.8%
<60% AMI	104,153	31.9%
<80% AMI	216,005	66.3%

This data shows that the city has more than the desired proportion of units affordable to households earning less than 80% AMI, but that that affordable housing is mostly affordable to the higher earners of the low-income groups. 34.4% of all housing, or more than half of all affordable housing in the city, is only affordable to those earning 60%-80% AMI while only 3.8% is available to those earning less than 30% AMI.

This housing availability explains the trends of cost burden in Dallas. An analysis performed in January 2020 using the previous year's ACS data found that 47% of

Dallas renters experienced cost burden, or spending more than 30% of income on housing, but that there was a severe disparity among income groups. Only 3% of renter households earning more than $75,000 experienced cost burden while **93%** of renters earning less than $20,000 did.

Income	% of Renters Cost Burdened
<$20,000	93%
$20,000-$35,000	84%
$35,000-$50,000	40%
$50,000-$75,000	15%
>$75,000	3%

Distribution of Affordable Housing

Housing staff also analyzed the location of affordable housing by census tract and found noticeable concentrations and inequitable distribution of the housing throughout the city. The attachments to this memo include a series of maps showing the distribution of rents.

Appendix 1 shows average rents by census tract. The distinction between neighborhoods to the north of Interstate 30 (I-30) and neighborhoods to the south of I-30 is clear. It is also notable that the lightest blue color, which represents neighborhoods where the average housing unit is affordable to someone earning less than 60% AMI, is highly concentrated in and around South Dallas while the next lightest blue, affordable to 80% AMI, is more equitably spread throughout the city. This analysis also looked at the availability of affordable units by council district. The data is shown below, including the number of units and the proportion or concentration of units within the district shown in parentheses.

	Units Available to 30% AMI	Units Available to 60% AMI	Units Available to 80% AMI
District 1	706 (5%)	5,827 (44%)	10,432 (78%)
District 2	1,071 (3%)	9,761 (26%)	18,443 (49%)
District 3	1,375 (7%)	7,848 (39%)	15,658 (78%)
District 4	1,165 (8%)	8,563 (57%)	13,767 (92%)
District 5	371 (5%)	2,936 (39%)	6,297 (85%)
District 6	1,474 (6%)	7,212 (32%)	14,860 (65%)
District 7	1,679 (8%)	11,001 (55%)	17,554 (88%)
District 8	1,803 (8%)	9,516 (44%)	17,058 (79%)
District 9	442 (3%)	5,292 (32%)	11,222 (68%)
District 10	830 (3%)	12,206 (41%)	23,818 (80%)
District 11	193 (1%)	5,880 (17%)	21,143 (61%)
District 12	185 (1%)	8,085 (24%)	22,876 (67%)
District 13	171 (1%)	6,402 (36%)	10,898 (61%)
District 14	909 (3%)	3,624 (10%)	11,979 (34%)

The results of the district analysis show that some council districts are unequally providing the affordable housing in Dallas. With the current city average of 32% of units being affordable to households earning 60% AMI or less, an equitable distribution would see each council district carrying roughly the same, but results show that some districts have much more concentrated affordable housing than others. Concentrations of housing affordable to 30% AMI are also evident in some council districts, with others only having 1% of units in the district set aside for the lowest income households. However, not a single district meets the proposed 10% of units for this income group. The disparity is less clear, but still present, for households earning less than 80% AMI.

Another interesting observation is that many of the northern Dallas districts provide considerably more rental housing than those in southern Dallas, but that their affordability is significantly less concentrated. For example, both District 4 and District 12 provide between 8,000 and 9,000 units at 60% AMI or less, but in District 4 that represents over half of the available rental housing, while in District 12 it represents just less than one quarter.

The maps included in **Appendices 2, 3, and 4** show where a person of the noted AMI may be able to find affordable units and how concentrated those units are. This is a more specific analysis showing availability of units by neighborhood. The map for 30% AMI shows that while there *are* units available throughout the city at this affordability level, there are very few of them and they are often further concentrated into specific neighborhoods. There are also many neighborhoods with no units at all that these households can afford. A household earning 60% AMI can look for units available throughout most of the city but is more likely to find one south of I-30. By contrast, a household earning 80% AMI has many more options available to them throughout the entire city, though there are still many neighborhoods where they are much less likely to find housing affordable to them.

Conclusions

The City of Dallas needs more affordable housing. Specifically, the City of Dallas needs more affordable housing that serves a wider range of income groups. Because there are so few units available to the lowest AMI levels, many Dallas residents are spending significantly more of their income on housing expenses, which means fewer dollars are spent on necessities like food and healthcare, or on leisure activities. Research has shown that finding affordable housing improves outcomes in health, economics, education, community, and generational success, among others. This should not be reserved for the highest-earning low-income individuals.

This does not mean that the City should stop providing support for units affordable to households earning 60%-80% AMI. Increasing the supply of units drives rents down for everyone, and even though these units are not strictly affordable to the lowest income groups, they are still more affordable than the market-rate alternatives. Further, today's market-rate or subsidized housing units often become tomorrow's naturally occurring affordable housing.

There are many other factors that should be considered when discussing development of the most affordable housing that has not been assessed in this study, such as market forces, land, construction, and labor costs, and community feedback. Housing will be performing a more comprehensive Equity Audit of the CHP, which will look at a variety of factors like those in this memo to ensure that the City's housing policy is restoring equity to the city.

If you have any further questions or comments, please contact David Noguera at 214-670-3619 or email David.Noguera@dallascityhall.com.

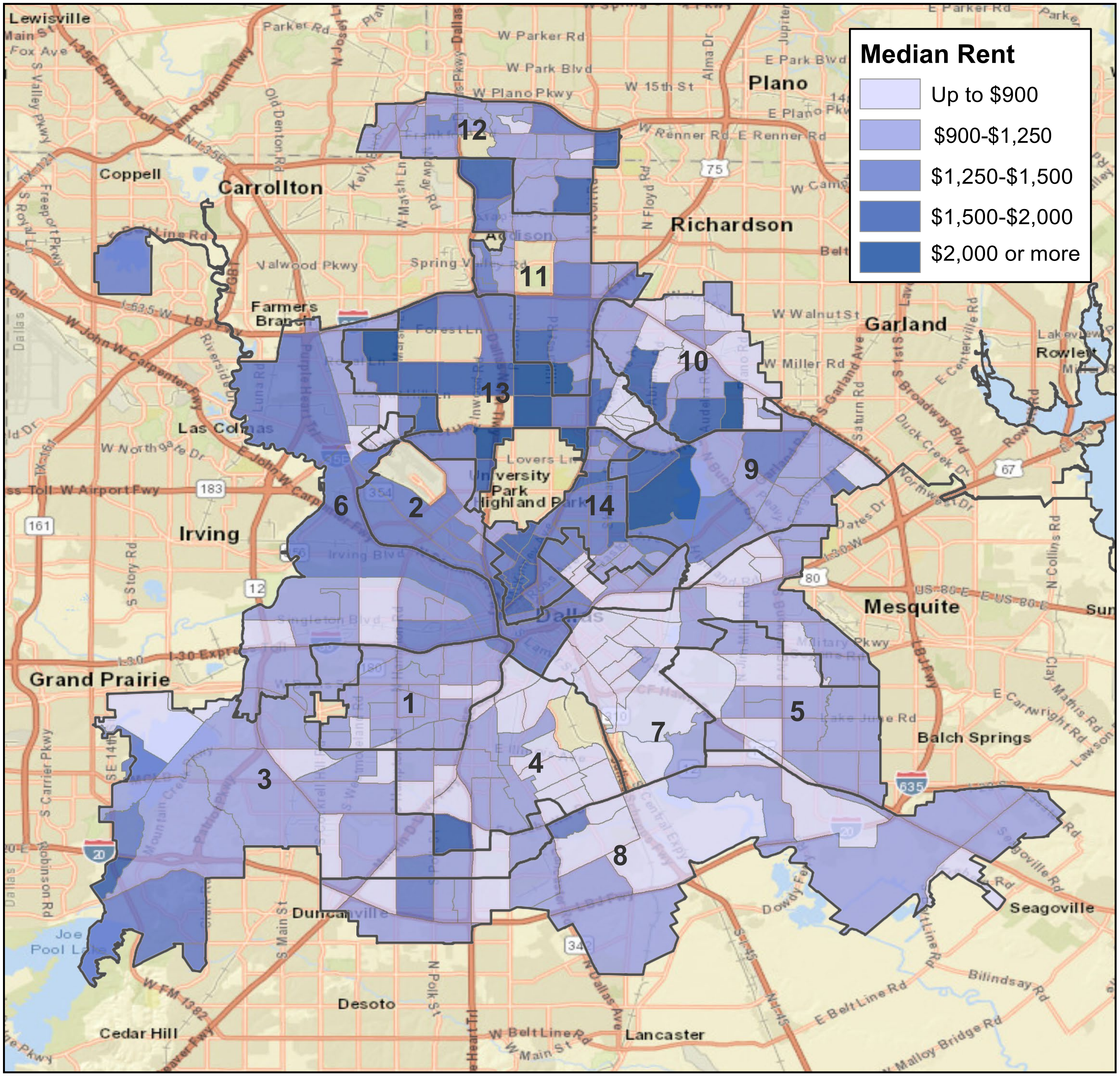
Eric A. Johnson

Dr. Eric A. Johnson
Chief of Economic Development and Neighborhood Services

Attachments: Appendices 1, 2, 3 & 4

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

Appendix 1: Average Rents and Affordability of Housing in Dallas



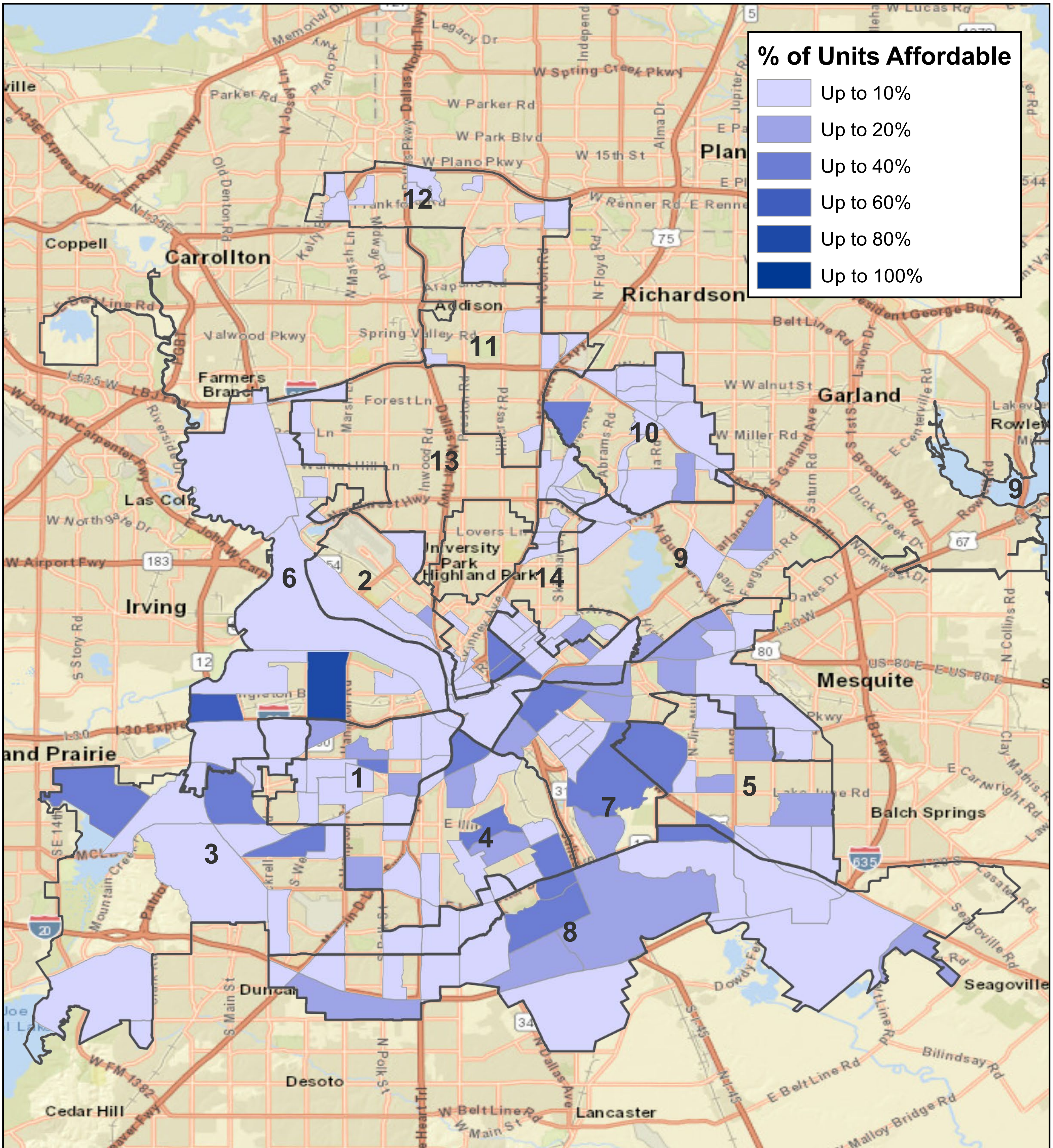
Count of Units by District

	< $900	< $1,250	< $1,500
District 1	5,827	10,432	11,905
District 2	9,761	18,443	26,585
District 3	7,848	15,658	18,326
District 4	8,563	13,767	14,643
District 5	2,936	6,297	7,239
District 6	7,212	14,860	18,384
District 7	11,001	17,554	18,896
District 8	9,516	17,058	19,738
District 9	5,292	11,222	13,771
District 10	12,206	23,818	27,059
District 11	5,880	21,143	27,691
District 12	8,085	22,876	28,189
District 13	6,402	10,898	12,893
District 14	3,624	11,979	18,756

Percent of Units by District

	< $900	< $1,250	< $1,500
District 1	44%	78%	89%
District 2	26%	49%	70%
District 3	39%	78%	91%
District 4	57%	92%	97%
District 5	39%	85%	97%
District 6	32%	65%	81%
District 7	55%	88%	94%
District 8	44%	79%	91%
District 9	32%	68%	83%
District 10	41%	80%	91%
District 11	17%	61%	80%
District 12	24%	67%	83%
District 13	36%	61%	72%
District 14	10%	34%	54%

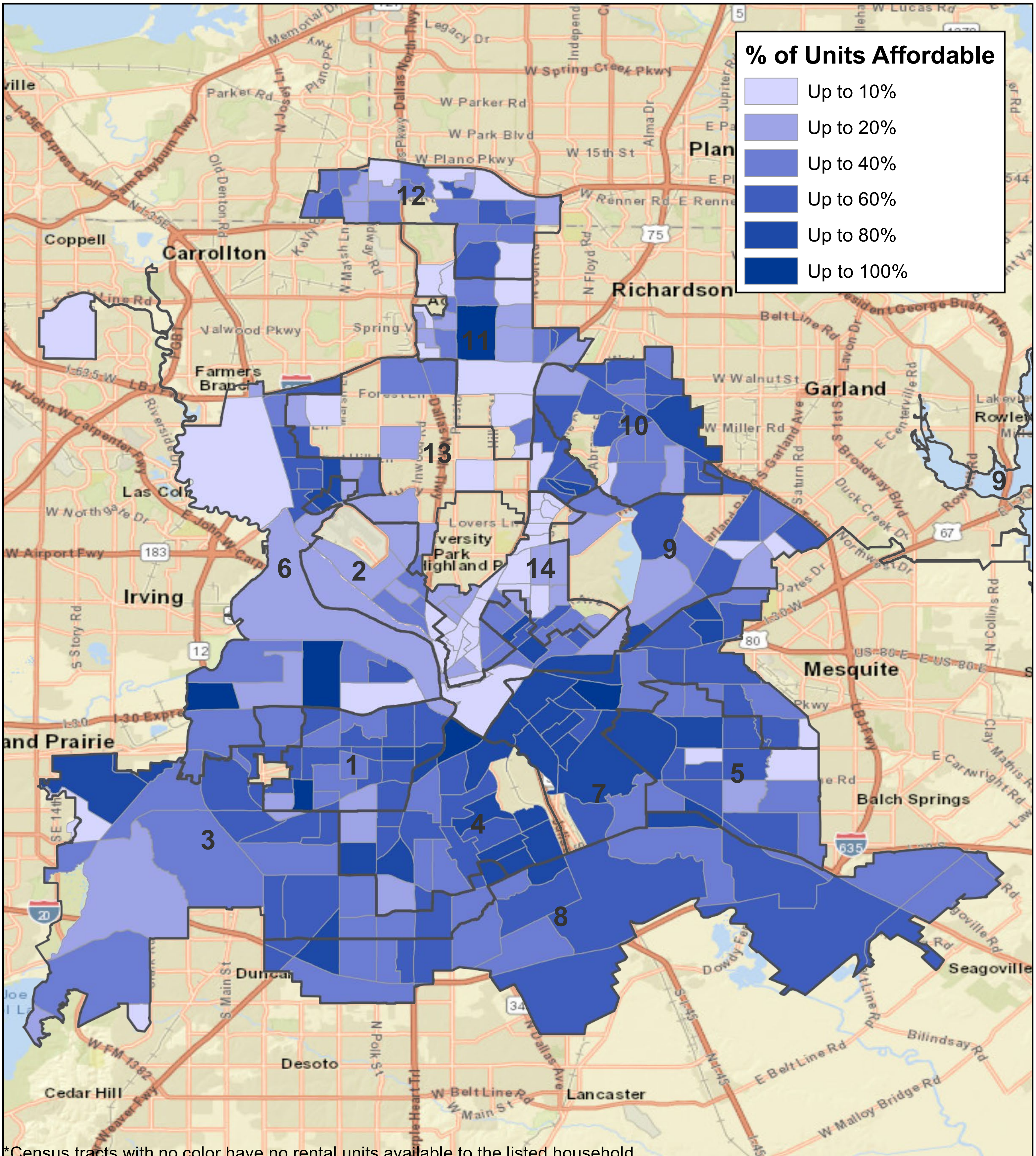
Appendix 2:
Percent of Units Affordable to Renters by Tract
1-Person Household at 30% AMI



*Census tracts with no color have no rental units available to the listed household
**Data obtained from 2019 ACS

Appendix 3:
Percent of Units Affordable to Renters by Tract

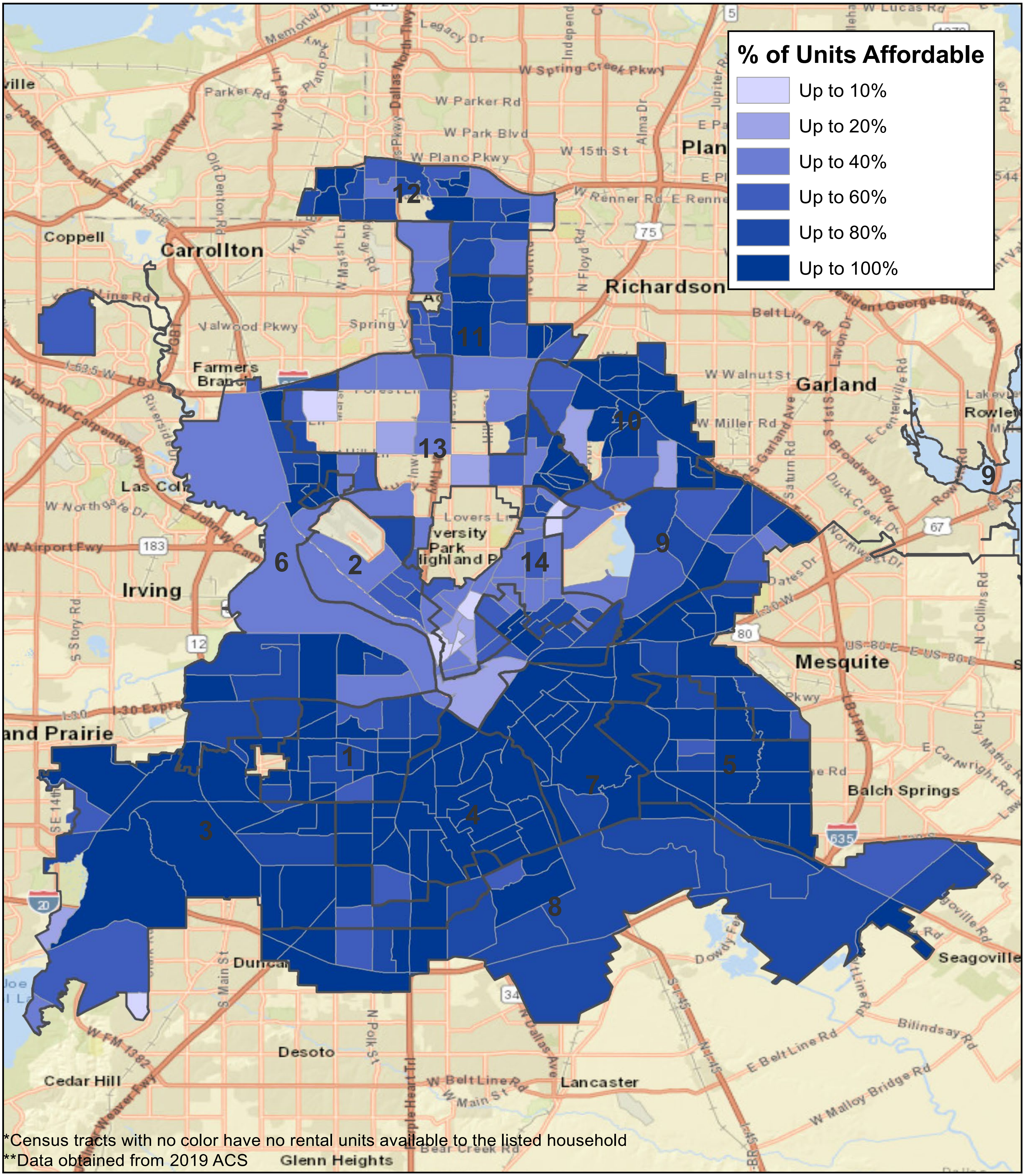
1-Person Household at 60% AMI



*Census tracts with no color have no rental units available to the listed household

**Data obtained from 2019 ACS

Appendix 4:
Percent of Units Affordable to Renters by Tract
1-Person Household at 80% AMI



*Census tracts with no color have no rental units available to the listed household
**Data obtained from 2019 ACS