



City of Dallas

Proposed One Dallas Options Program

**Housing and Homelessness Solutions
March 28, 2022**

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Presentation Overview



- Purpose
- Background
- Proposed
 - One Dallas Options
 - Amendments to Art. 20A-4.1
- Next Steps



Purpose



- Proposal
 - Expand the Mixed Income Housing Development Bonus (MIHDB) to re-brand as One Dallas Options program
 - Program continues to be completely voluntary
 - Amend the Ch. 20A-4.1 voucher requirement
- Discuss Amendments to City Code and Comprehensive Housing Policy (CHP)
 - Review proposed amendments to Chapter 51A-4.1 100, Ch. 20A-II, Ch. 20A-4.1, and the CHP
 - Discuss updates since the December 14, 2021, Housing and Homelessness Solutions Committee



Background



- On October 26, 2016, City Council amended Ch. 20A to require developers receiving City funding to lease 10% of their dwelling units to voucher holders
- On March 27, 2019, City Council approved amendments to Chapter 51A and Chapter 20A-II to create a MIHDB
- Between 2017 and now, City Council has approved nearly 40 zoning cases with a base and a bonus



Background



- **Four HHS briefings:** October 26, 2020, and January 25, June 8, and December 14, 2021
- **Two Housing Policy Task Force (HPTF) meetings:** May 11, 2021 and November 15, 2021
- **Four Zoning Ordinance Advisory Committee meetings:** October 21, November 4, November 18, and December 16, 2021
- **Three City Plan Commission (CPC) meetings:** January 6, February 17, and March 3, 2022



CPC Recommendations



- CPC's approval (generally following staff recommendation) forms the basis of the Div. 51A-4.1100 (zoning bonus) portion of One Dallas Options
 - Create a set menu of bonus options in addition to the current by-right and specific PD options
 - Reduce the minimum parking requirements for mixed income developments using the program
 - Make additional minor changes to various implementation elements in Ch. 51A-4.1100



Proposal – One Dallas Options Overview



Incentives	Current	Proposed
Optional zoning bonuses (by-right, MF & MU districts)	x	x
Specific optional zoning bonuses (current & new PDs)	x	x
Menu of optional zoning bonuses (new/amended PDs)		x
Additional support for permit review		x
Financial incentives for on-site provision		x
Requirements	Current	Proposed
On-site reserved units	x	x
Fee in lieu		x
Land dedication		x



Proposal – One Dallas Options Overview



- Amend **Ch. 51A-4.1100** to add a menu of zoning bonus options and to clarify existing language
- Amend **Ch. 20A-II** to allow for a fee in lieu and land dedication in addition to on-site units and to streamline requirements
- Amend **Ch. 20A-4.1** to 1) remove language requiring residential projects that receive financial support to reserve units solely for voucher holders and 2) strengthen the non-discrimination language
- Amend **Comprehensive Housing Policy (CHP)** to set policy direction for the One Dallas Options program and the uses of the fee in lieu (One Dallas Fund)



Chapter 51A Amendments



- Separate zoning bonuses into three “types”:
 - Type 1 – existing by-right bonuses in MF and MU districts
 - Minor modifications recommended
 - Additional multifamily and retirement housing parking reduction
 - Qualifies for fee in lieu/land dedication
 - Unchanged otherwise
 - Type 2 – specific base and specific bonus in planned development districts (PDs)
 - All elements negotiated on a case-by-case basis, including parking
 - Applies to existing PDs and can be used for new PDs
 - Qualifies for fee in lieu/land dedication
 - Unchanged otherwise



Chapter 51A Amendments



- Three “types” (cont’d)
 - Type 3 – **new** – specific base and menu of bonuses in PDs
 - Additional density, floor area ratio, height, and stories
 - Additional flexibility – bonuses vary by percentage of reserved units and by income band (see appendix)
 - Multifamily parking reduction
 - Commercial parking reduction (with exceptions)
 - Minimum of 80% of floor area must be residential to qualify, unless modified by City Council



Ch. 51A Amendments - Parking Reduction



- Parking utilization statistics
 - Staff asked current mixed income developers to count vehicles in their parking lots at night
 - Most developments used only **0.8 - 1.1** spaces per unit, sometimes leaving hundreds of spaces empty
- Each unused parking space occupies land that could have been used for housing
- Each dollar used to build empty parking spaces could have been used to build housing
 - Particularly true with federal- or City-supported development projects
- Current mixed-income parking requirement is 1.25 per unit. Staff recommends not mandating the construction of future empty parking



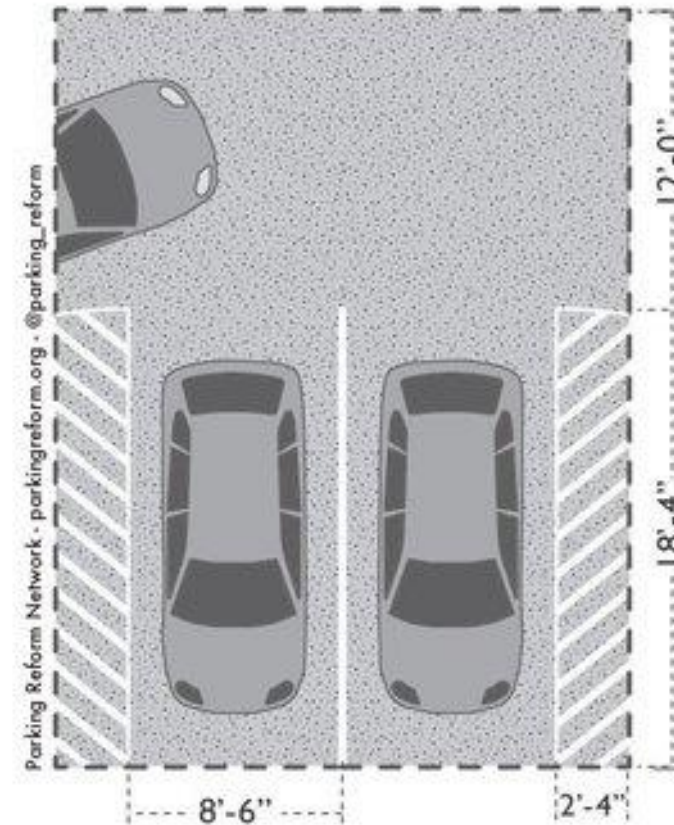
Ch. 51A Amendments - Parking Reduction



Living Space Vs. Parking Space



size for 2 bedroom apartment: 675 FT²



size for 2 parking spaces: 650 FT²

Sources: Transportation Cost and Benefit Analysis II - Parking Costs Victoria Transport Policy Institute (www.vtpi.org)

Graphic Adapted from Graphing Parking (<https://graphingparking.com/2013/07/23/parking-across-cascadia/>)

Image compiled by the Parking Reform Network - <https://parkingreform.org/> - @Parking_Reform



Chapter 51A Amendments



- CPC-recommended parking minimums:
 - **1.0** space per multifamily unit
 - **0.5** spaces per multifamily unit near transit
 - **0.5** spaces per unit for retirement housing
- Staff-recommended parking minimums:
 - **0.5** space per multifamily unit
 - **0.5** spaces per multifamily unit near transit
 - **0.25** spaces per unit for retirement housing
- These recommendations prioritize housing over empty parking spaces



Chapter 20A-II Amendments



- Additional options to fulfill this voluntary exchange of affordability for zoning bonuses
 - Provide units on site – existing exchange
 - Fee in lieu – **new** – funds the One Dallas Fund
 - Land dedication – **new** – provides for City-initiated projects
- Additional amendments recommended to streamline process



Art. 20A-II Amendments – Fee in Lieu



- Daedalus Advisory Services (Consultant) recommended a set of fees
- The fee amounts preference on-site provision of units and allow a fee option for expensive developments
- Includes annual increase for inflation
 - Per the D/FW CPI, with a cap of 3.0% per year
- One set of fees for all developments using the bonus program
- Developments using the optional fee in lieu are not eligible for financial incentives



Art. 20A-II Amendments – Fee in Lieu



- Fee varies by number of stories and MVA category
- Calculated per square foot of floor area
 - Developments less than 80% residential floor area - fee assessed on the **total** floor area of the building
 - Developments greater than 80% residential - fee assessed on the **total residential** floor area
- Fee is assessed **only** on developments choosing to use the bonus options and choosing to pay the fee instead of providing on-site units



Art. 20A-II Amendments – Fee in Lieu



- Reduced fee in Market Value Analysis categories G-I to encourage additional market rate units in those categories.

Construction Type (stories)	MVA A-F	MVA G-I
1-5 stories	\$3.07	\$2.15
6-8 stories	\$4.91	\$3.44
9-12 stories	\$6.14	\$4.30
13+ stories	\$7.98	\$5.59



Art. 20A-II Amendments – Fee in Lieu



- Stakeholder concerns about fee:
 - Fee is too high – no one will use the program
 - Fee is too low – everyone opting into the program will use the fee and no units will be built on-site
 - Model has unrealistic assumptions
 - Model doesn't match CPC-approved bonuses
 - The resulting fund will not be used to increase the supply of housing and may go to overhead instead



Art. 20A-II Amendments – Fee in Lieu



- Response to stakeholder concerns
 - **Cost of fee**
 - Varies by number of stories
 - In line with Nexus Study recommendations, fee is estimated to be less than 3% of total cost
 - **Fee vs on-site**
 - Fee preferences on-site construction in low-rise buildings and offers an alternative in high-rise buildings for developments choosing to use the bonus
 - **Assumptions unrealistic**
 - Assumptions are input by individual developers
 - Bonuses designed to provide a higher return to developments using the bonus, even accounting for on-site units, paying the fee, or dedicating land



Art. 20A-II Amendments – Fee in Lieu



- Response to stakeholder concerns
 - **Model doesn't match CPC**
 - Model is updated iteratively as proposal is refined. Consultant currently updating to match CPC. Final model will match Council-approved regulations
 - **Resulting fund won't be used for housing**
 - Fund will be distributed through existing Notice of Funding Availability to Develop Affordable Homeownership and Rental Housing (NOFA) process and will reimburse staff time and expense to run the program.



Art. 20A-II Amendments – Fee in Lieu



- Example # 1 – high rise – using new One Dallas menu
 - 100% multifamily building in MVA Category C
 - By right: 16 stories, 260 units, park at 1 per bedroom
 - With full bonus:
 - 20 stories, 390 units, min. parking is 0.5-1.0 space per unit
 - 400,000 sf of residential floor area
 - Proposed options in exchange for bonus:
 - **Pay fee** - $400,000 * \$7.98 = \$3,192,000$ or
 - **Dedicate land** worth at least \$3,192,000 or
 - **Reserve units on-site**
 - 3% of 390 units at <50% AMI = 12 units (for full bonus) **or**
 - 5% of 338 units at 51-80% AMI = 17 units (for smaller bonus) **or**
 - 10% of 312 units at 81-100% AMI = 31 units (for smallest bonus)



Art. 20A-II Amendments – Fee in Lieu



- Ex. #2 – midrise – using new One Dallas menu
 - Mixed use building in MVA Category D
 - By right: 4 stories, 150 units, park at 1 per bedroom
 - With full bonus:
 - 5 stories over ground floor retail
 - 225 units, min. parking is 0.5-1.0 space per unit
 - 200,000 sf of residential floor area (50,000 sf of retail)
 - Proposed options in exchange for bonus :
 - **Pay fee** - $200,000 * \$4.91 = \$982,000$ or
 - **Dedicate land** worth at least \$ 982,000 or
 - **Reserve units on site:**
 - 3% of 225 units at $\leq 50\%$ AMI = 7 units (for full bonus) **or**
 - 5% of 195 units at 51-80% AMI = 10 units (for smaller bonus) **or**
 - 10% of 180 units at 81-100% AMI = 18 units (for smallest bonus)



Art. 20A-II Amendments – Fee in Lieu



- Example #3 – low rise, using **existing by-right** MF-2(A) zoning bonus
 - 100% multifamily building in MVA Category D
 - By-right base: 3 stories, lot area/unit density limits apply, min. parking is 1 per bedroom
 - With full existing by-right bonus:
 - 85', or ~6 stories
 - ~300,000 sf of residential floor area
 - ~300 units, min. parking is 0.5-1.0 per unit
 - Proposed options in exchange for bonus :
 - **Pay fee** - $300,000 * \$3.07 = \$921,000$ **or**
 - **Dedicate land** worth at least \$921,000 **or**
 - **Reserve units on site**
 - 10% at 61-80% AMI and 5% at 81-100 AMI= 45 units **or**
 - Fewer units for smaller bonus



Art. 20A-II Amendments – Fee in Lieu



- Examples of under construction or finished projects, number of units, and what the fee could have been:

Stories	Estimated Square Footage	Mixed income units on site	Potential Fee Per Square Foot	Potential Total Fee
22	322,235	9	\$7.98	\$2,571,435
7	268,424	34	\$4.91	\$1,317,962
7	240,793	12	\$4.91	\$1,182,294
5	466,030	20	\$3.07	\$1,430,712
4	213,424	11	\$3.07	\$655,212



One Dallas Fund Creation/Management



- Create **One Dallas Fund**
 - To ensure fees collected through the fee in lieu option achieve their intended purpose of producing offsite affordable housing units
- Deposit fee in lieu funds into this fund
- Fund managed through Housing Department with City Council approval as applicable
- Provide updates on One Dallas Fund in monthly performance reports



One Dallas Fund Uses



- Development funding awarded through existing Notice of Funding Availability to Develop Affordable Homeownership and Rental Housing (NOFA)
 - Grant or loan depending on underwriting
 - Provide added flexibility on eligible uses and timelines that are not offered through federal grant funds
- Specific NOFA program language and application to be updated summer 2022



One Dallas Fund Uses



- Administration
 - One Dallas Options designed to be self-sustaining
 - Staff time and expenses to implement program tracked and billed to One Dallas Fund (ODF)
 - Budget enhancement requested:
 - One additional staff member dedicated to managing program (paid through ODF)
 - Additional general funds to supplement existing staff to support program through budget, compliance, and management oversight
 - Fund to pay for consultant work directly related to One Dallas Options program, such as an update to the Market Value Analysis



Housing Policy Amendments



- Expand the mixed income housing development bonus program statement to re-brand as One Dallas Options and incorporate additional menus of options
- Create a One Dallas Fund program statement
 - Guide use of fund
 - Fees collected through fee in lieu to be deposited into the One Dallas Fund
 - One Dallas Fund to be managed by City staff with Council oversight
 - Specific guidance to be developed during the implementation phase



Art. 20A-II Amendments – Land Dedication



- Alternative to paying fee in lieu or providing units on site
- Subject to City Council approval
- Criteria
 - Equal to or greater in value than the fee in lieu amount
 - Environmentally and geographically suitable for residential development
 - Phase 1 Environmental report and engineering report required
- Developments dedicating land are not eligible for financial incentives
- Specific details and requirements will be worked out in a subsequent implementation phase



Art. 20A-II Amendments – Additional



- Income/rent –
 - Update *income* for eligibility to match the tax credit programs and use 24 CFR Section 5.609
 - Simplify *affordable rent* to match rent/income charts used for tax credit developments
 - Approximately 30% of each household's income
 - Use TDHCA's rent and income limits for 4% and 9% tax credit projects as the basis
 - Publish a rent/income chart each year for this program
- Implementation
 - Move specific implementation procedures to the program's user guide



Chapter 20A-4.1 Amendments (Vouchers)



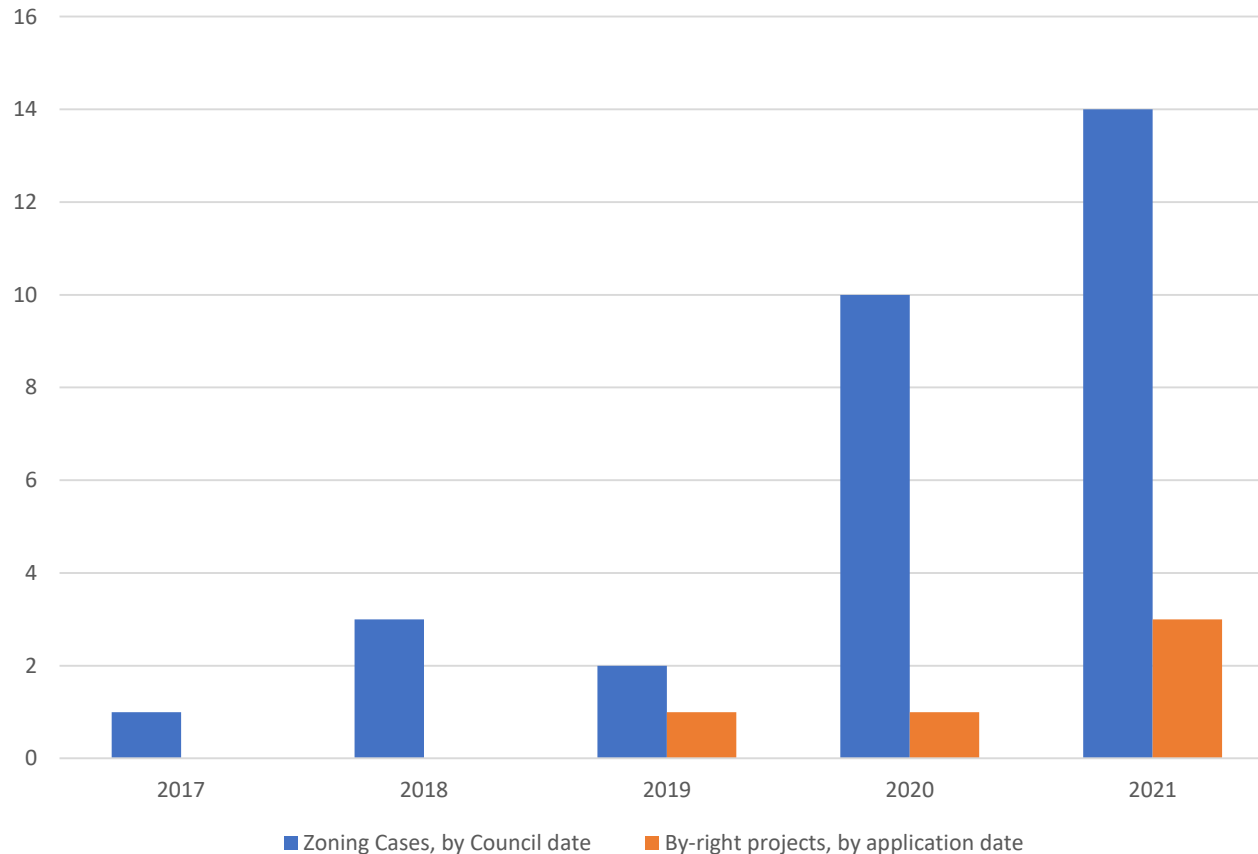
- For projects receiving financial incentives, remove requirement that 10% of units be leased solely to voucher holders
- Strengthen language. Owners shall:
 - Register as a vendor with one or more local providers of housing vouchers
 - Actively market to holders of housing vouchers through their affirmative fair housing marketing plan
 - Prioritize holders of housing vouchers on wait lists for occupancy of reserved units



Program Projections



MIHDB Growth



- **5,249** units (21 projects) currently in program, counting permit application, construction, and completion
- 9 additional developments have zoning
- Additional ~20 projects in the pre-zoning pipeline.



Proposal - Implementation Phasing



- Phase 1 –
 - City Council approval of amendments
 - Once approved, staff will develop the tools necessary for a successful program launch



Proposal - Implementation Phasing



- Phase 2 – Transition period – fall 2022
 - Seek guidance from the Controller's office and City auditor to draft specific guidelines and controls for fund
 - Seek enhancements to HOU, PUD, and DEV budget for staff to run program
 - Modify NOFA program as needed to use local funding
 - Create applications
 - Migrate program to Neighborly
 - Add program to NOFA process
 - Finalize developer handbook and marketing plan



Proposal - Implementation Phasing



- Phase 2 continued
 - Post funded positions
 - Create training sessions for developers and staff
 - Update Market Value Analysis
 - Create program evaluation criteria
 - Unit production
 - Fee amounts
 - Staff time required
 - Begin to collect fee in lieu payments



Proposal - Implementation Phasing



- Phase 3 – Deploy One Dallas Fund – 2023
 - Hire staff to run program and provide additional support for permit review process
 - Continue to create the land dedication process
 - Appraisal process
 - Site assessment requirements and process
 - Additional steps as needed
- Phase 4 – 2023
 - Implement land dedication process
 - Offer fee reimbursement/financial incentives through One Dallas Fund



Next Steps – Tentative Schedule



- **April 27, 2022** – potential City Council consideration and action on proposed code amendments and policy changes





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Appendix

Type 3 Bonus Options Menu



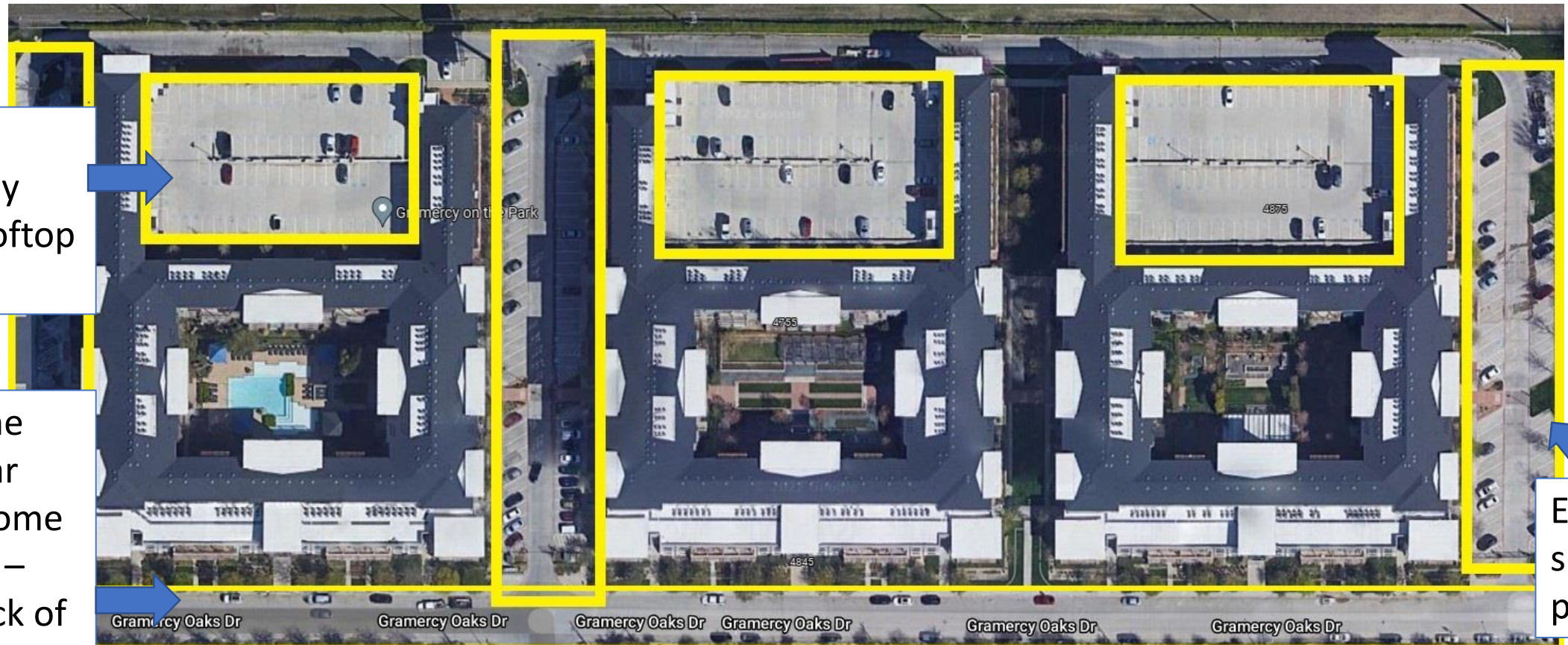
	MVA Category	Tier 1 (3% at <= 50% of AMFI)	Tier 2 (5% at 51–80% of AMFI)	Tier 3 (10% at 81–100% of AMFI)
Unit Bonus	MVA A - F	50%	30%	20%
	MVA G - I	60%	40%	30%
FAR Bonus	MVA A - F	+1.5	+1.0	+0.5
	MVA G - I	+2.5	+2.0	+1.0
Height/ Stories Bonus	MVA A - F	25%	15%	10%
	MVA G - I	45%	35%	20%
Commercial Parking Reduction*	MVA A - F	100%	50%	20%
	MVA G - I	100%	70%	40%

*Commercial parking reduction does not include bars, restaurants, or commercial amusement.

Ch. 51A Amendments - Parking Reduction



- Multifamily example of “spillover” parking in far north Dallas



Almost completely empty rooftop parking

Cars on the street near driver's home **by choice** – **not** for lack of parking

Empty surface parking

Ch. 51A Amendments - Parking Reduction



- Multifamily example of “spillover” parking in far north Dallas



Cars on the street near driver's home **by choice** – **not** for lack of parking

Empty off-street surface parking

Future Expansion of One Dallas Options



- Potential items on the 2023 work plan:
 - Research and propose voluntary bonus fee for commercial properties to support affordable housing needs generated by the use
 - Propose bonuses related to single family and other for-sale residential uses
 - Discussion of additional green elements included in the development
 - Investigate faster permit review through dedicated Building Inspections staff



- Chapter 51 A – Multifamily districts:
 - https://codelibrary.amlegal.com/codes/dallas/latest/dallas_tx/0-0-0-29133
- Chapter 51 A – Mixed Use districts:
 - https://codelibrary.amlegal.com/codes/dallas/latest/dallas_tx/0-0-0-31477
- Chapter 51 A – Mixed Income Housing:
 - https://codelibrary.amlegal.com/codes/dallas/latest/dallas_tx/0-0-0-60833
- Chapter 20A-II:
 - https://codelibrary.amlegal.com/codes/dallas/latest/dallas_tx/0-0-0-59791
- Comprehensive Housing Policy:
 - <https://dallascityhall.com/departments/housing-neighborhood-revitalization/Pages/Comprehensive-housing-policy-2.aspx>