



Dallas Housing Needs Assessment

Housing and Homelessness Solutions Committee

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Agenda

- 1 Introduction and Definitions
- 2 Overview of Housing Needs
- 3 What Does this Data Mean for Dallas Residents?
- 4 Next Steps/Question & Answer

Presentation Purpose

Provide an update on housing market conditions to foster a shared, data-driven understanding of Dallas' housing needs.



01

Introduction and Definitions

Important Housing Definitions

Area Median Income

Area Median income (AMI) represents the midpoint in the distribution of household incomes in a geographic region. The values in the corresponding chart are set annually by the U.S. Department of Housing and Urban Development (HUD) and determine eligibility for housing assistance.

2024 HUD AMI Levels for Dallas Metro Area

	Household of 1 (1 bedroom)			Household of 4 (3 bedrooms)		
	Annual Income	Monthly Rent	Utility Allowance*	Annual Income	Monthly Rent	Utility Allowance*
~30% AMI Extremely Low Income	\$23,200	\$404	\$176	\$33,100	\$431	\$397
50% AMI Very Low Income	\$38,650	\$790	\$176	\$55,150	\$982	\$397
80% AMI Low Income	\$61,800	\$1,369	\$176	\$88,250	\$1,809	\$397

*Note: Based on 2023 HUD utility allowances for Section 8, assuming unit type is Apartment/Condo/Townhouse, units are all electric, tenant pays for electric, water/sewer/trash collection, and landlord furnishes the range and refrigerator.

Important Housing Definitions

Affordable Housing

Under the standard determined by the U.S. Department of Housing and Urban Development (HUD), housing is affordable when housing costs are **less than 30%** of a household's gross income.

Workforce Housing

Workforce Housing, as defined by HUD, is housing that is affordable for people making between **80-120% of the area median income**, who may not qualify for many types of housing assistance, but may still struggle to afford market-rate housing.

Market Rate Housing

Market rate housing is not subsidized by government, and its price is determined by existing market values and demand.

Housing Cost Burden

When a household is spending **more than 30%** of their income on housing, they are considered *cost-burdened*. A household spending **more than 50%** on housing is considered *severely cost-burdened*.

Restricted/Subsidized Affordable Housing

Units that receive public subsidy, such as Low Income Housing Tax Credits, and are required to maintain a specified level of affordability for a set time period.

Affordability Period

The length of time the affordable rent or occupancy of an affordable home is required.

**Note: Based on 2023 HUD utility allowances for Section 8, assuming unit type is Apartment/Condo/Townhouse, units are all electric, tenant pays for electric, water/sewer/trash collection, and landlord furnishes the range and refrigerator.*

Important Housing Definitions

Naturally Occurring Affordable Housing (NOAH)

Housing (for rent or purchase) that is *not* deed restricted and is affordable to households making **under 60% AMI.**

Community Development Block Grants (CDBG)

Community Development Block Grants are administered through HUD to municipalities or states and can be used for a wide range of purposes that further **community development.**

Low Income Housing Tax Credits (LIHTC)

Low Income Housing Tax Credits are issued to developers for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households.

HOME Investment Partnership Program (HOME)

The HOME Investment Partnerships Program is a formula grant program given to states and localities which can be used to fund building, buying, and/or rehabilitating affordable housing for rent or homeownership, or providing direct rental assistance to low-income people.

The background of the slide is a dark blue map of a city grid, showing streets and blocks in a lighter shade of blue. A dark blue horizontal bar is positioned across the middle of the slide, containing the number '02' in white. To the left of this bar, a white vertical line extends from the top edge of the bar down to the bottom edge of the slide.

02

Overview of Housing Needs

KEY FINDINGS: FACTORS OF HOUSING AFFORDABILITY ISSUES

Several interlocking factors are influencing Dallas' housing affordability crisis.

COST BURDEN & DISPLACEMENT PRESSURE

Continued population growth and increased housing prices are creating displacement pressure for households earning less than \$50,000 annually. As of 2022, 62% of renters and 50% of homeowners earning \$35,000-\$50,000 are cost burdened. For renters, higher cost burden can lead to involuntary displacement and limits their ability to save to purchase a home.

LIMITED HOUSING PRODUCTION

Dallas' housing supply has grown by 5% since 2017, primarily by adding 50+ unit apartment buildings. The modest pace of production is contributing to a shortage of affordable rentals and for-sale homes accessible to first-time buyers.

LOSS OF AFFORDABLE UNITS

Dallas has nearly 800 units at risk of losing affordability restrictions in 2024, with a risk of losing over 7,000 units by 2033 without intervention. Preservation of NOAH units is particularly important as only 1 in 5 units affordable under 60% of AMI in Dallas are deed-restricted.

Source: American Community Survey 2017-2022 5-year Estimates; Zillow; NHPD

Note: As of 2022, 58% of Dallas City households are renters compared to 42% who are homeowners.

There are 113,500 renter households in Dallas whose annual incomes are at/below 50% AMI. There are roughly 73,600 rental units affordable to these households.

Renter Households (Demand) and Occupied Rental Units (Supply) by AMI, 2022



Source: American Community Survey (ACS) Public Use Micro Data (PUMS) 2022

Note: Figures rounded to nearest hundredth. Graphic depicts occupied housing units only. Demand and supply bars represent the cumulative demand by income category (e.g., ≤80% AMI demand includes households earning ≤60% AMI and earning ≤30% AMI).

Since 2017, Dallas has experienced a dramatic decrease in affordable homes due to market pressure, further limiting housing opportunities for low- to moderate-income households.

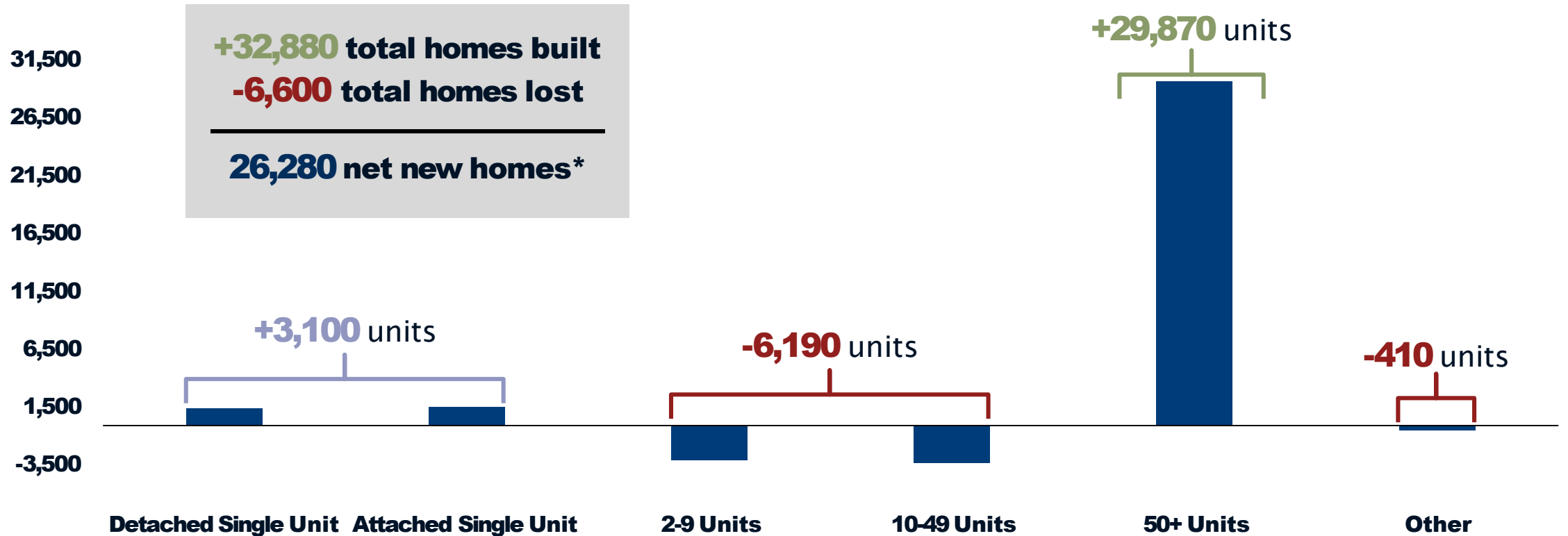
Change in Units by Rent, 2017-2022



Source: American Community Survey 2017-2022 5-year Estimates, U.S. Census

Dallas has produced over 26,000 net new homes since 2017, increasing its housing supply by 5%.

Change in Housing Typologies, 2017-2022

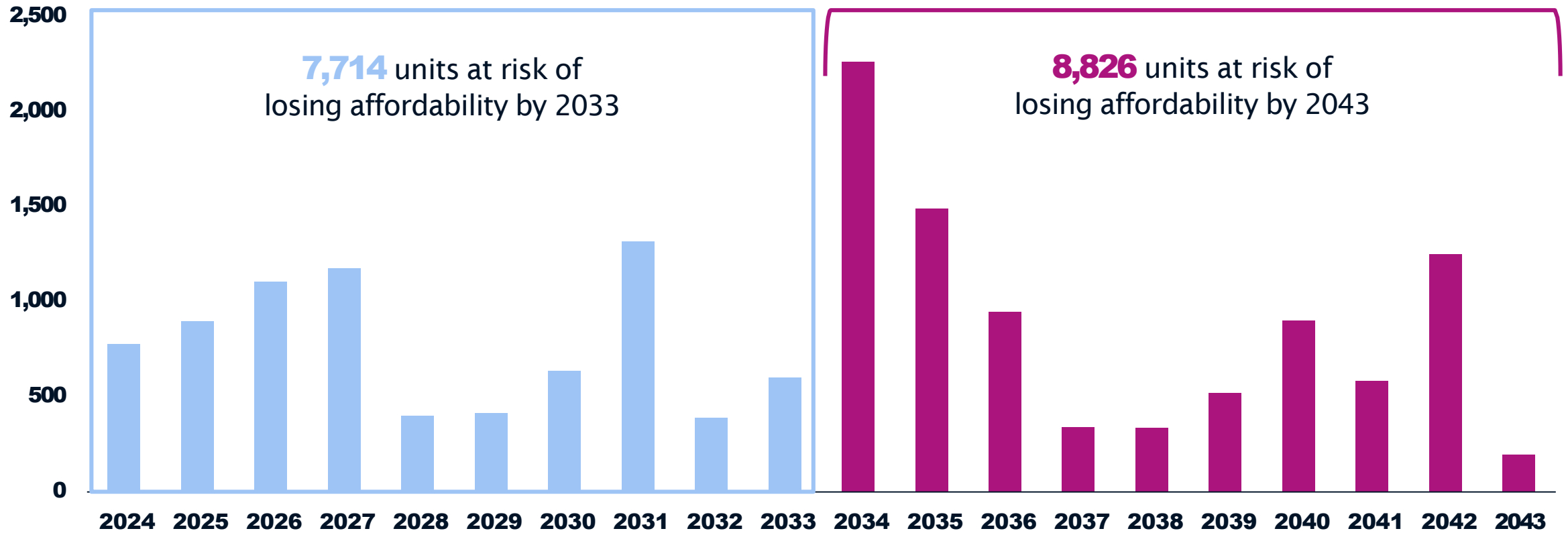


Source: American Community Survey 2017-2022 5-year Estimates, U.S. Census

*Note: Total production figures may vary. City data denotes 5,131 new single unit homes and 1,857 new multifamily projects permitted between 2018-2020; occupancy of permitted units unknown at this time. Despite the growth of 50+ unit apartment buildings, single unit homes still compose 42% of Dallas' housing stock.

Dallas has over 7,700 homes at risk of losing their affordability restrictions by 2033. The City could lose over 16,500 homes with expiring restrictions between 2024 and 2043.

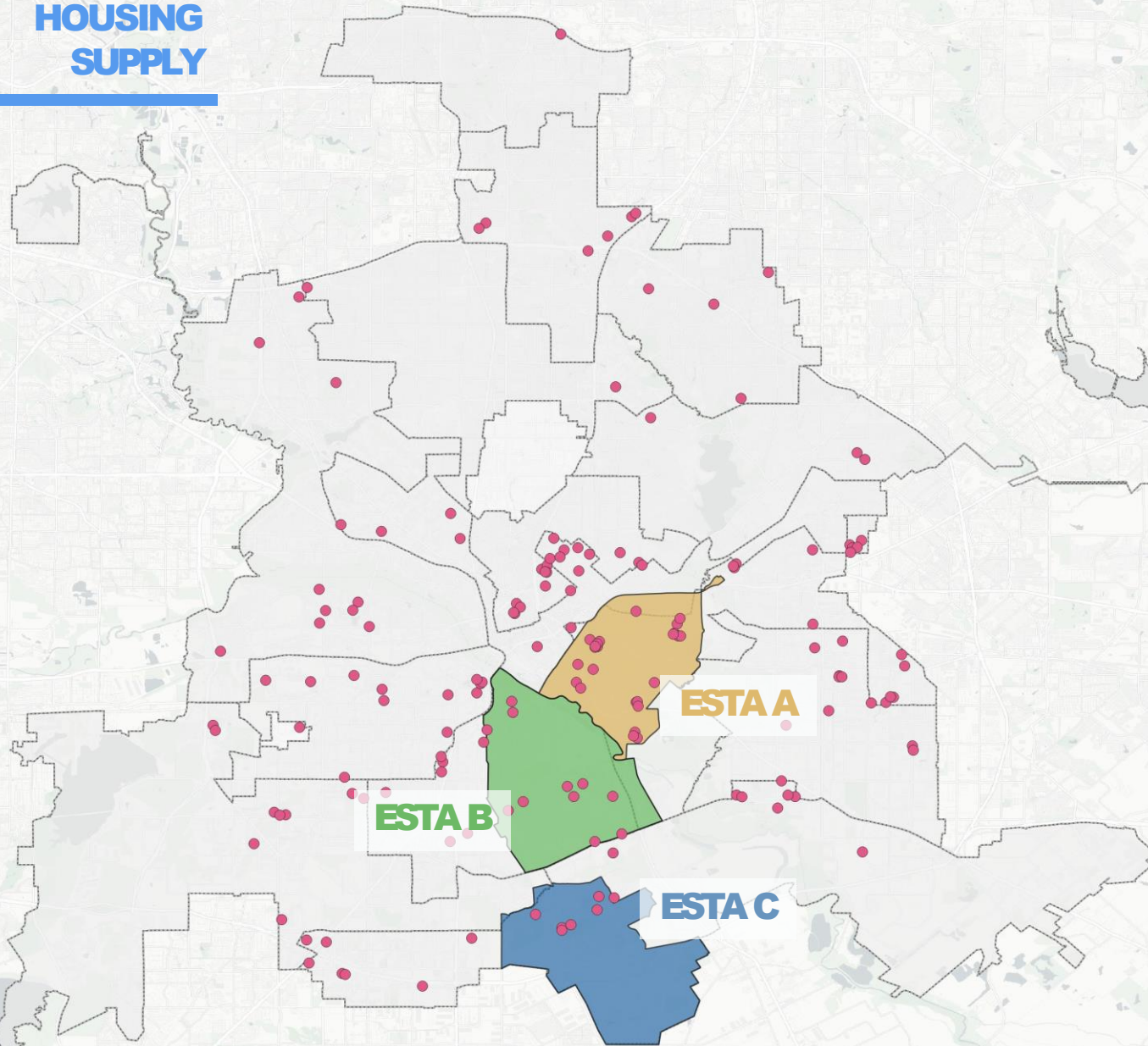
Federally Subsidized Rental Units by Expiration Date



Source: National Housing Preservation Database

Note: Graph depicts units by earliest end date for subsidy for active properties only. Some units receive multiple subsidies that have later end dates than depicted. Graph does not illustrate net losses (i.e., losses offset by deliveries of new subsidized units). Subsidies include LIHTC, HUD-insured mortgages, HOME, Section 8, Project-Based Rental Assistance, and public housing units.

HOUSING SUPPLY



Source: National Housing Preservation Database.
Map excludes inconclusive and inactive properties, does not reflect subsidies received.

Restricted affordable units are most prevalent in Central and Southern Dallas, including properties in the DHP33 Equity Strategy Target Areas.

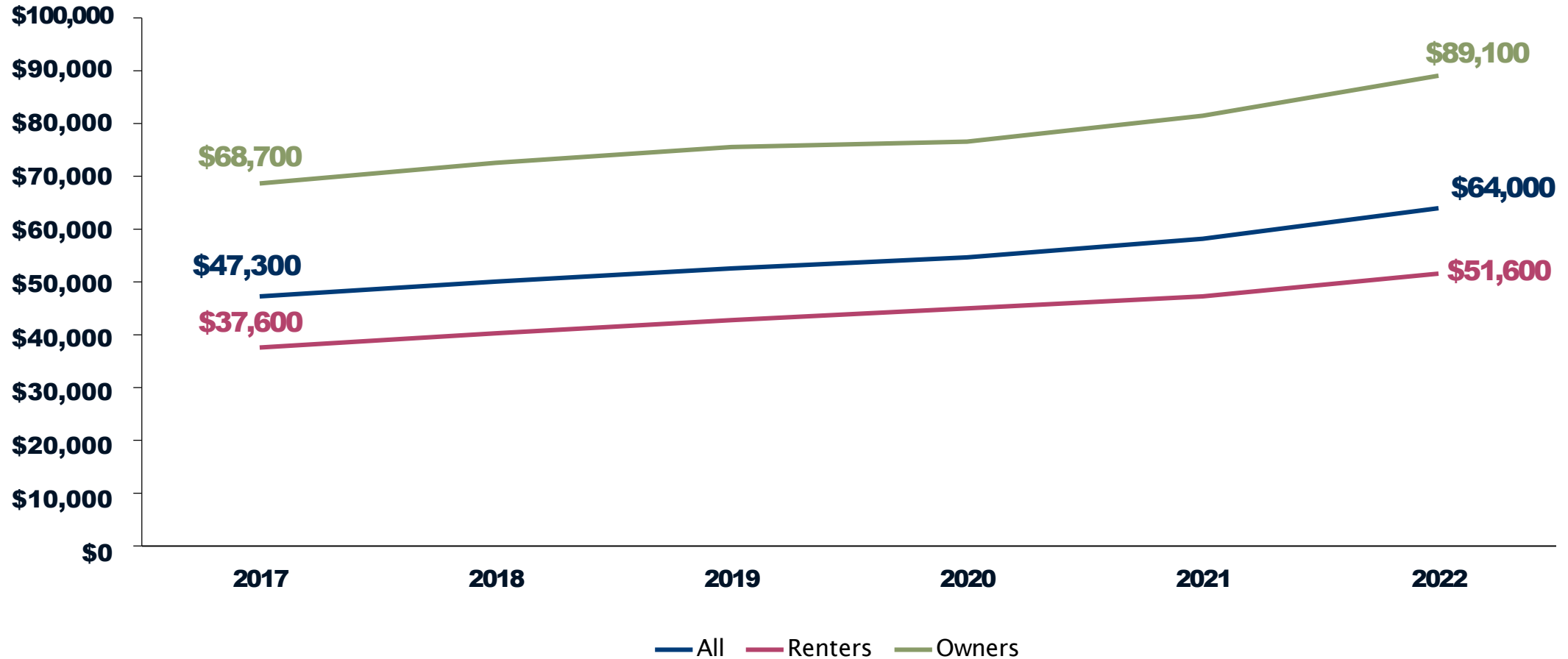
Affordable Units by HUD Subsidy

Subsidy	# of Units (%)
LIHTC	11,191 (46%)
Multiple Subsidies	7,528 (31%)
Public Housing	3,036 (13%)
Section 8	1,928 (8%)
Other Subsidy	385 (2%)

'Multiple Subsidies' denote properties receiving a combination of federal assistance (e.g., LIHTC and a HUD insured mortgage). 'Other Subsidy' includes properties receiving assistance through HOME, HUD Insured Mortgages, Project Based Rental Assistance (PBRA), Section 515 or 538 loans, or a state subsidy.

The income gap between homeowners and renters in Dallas has widened 21% since 2017, making low-income renters more vulnerable to housing cost burden.

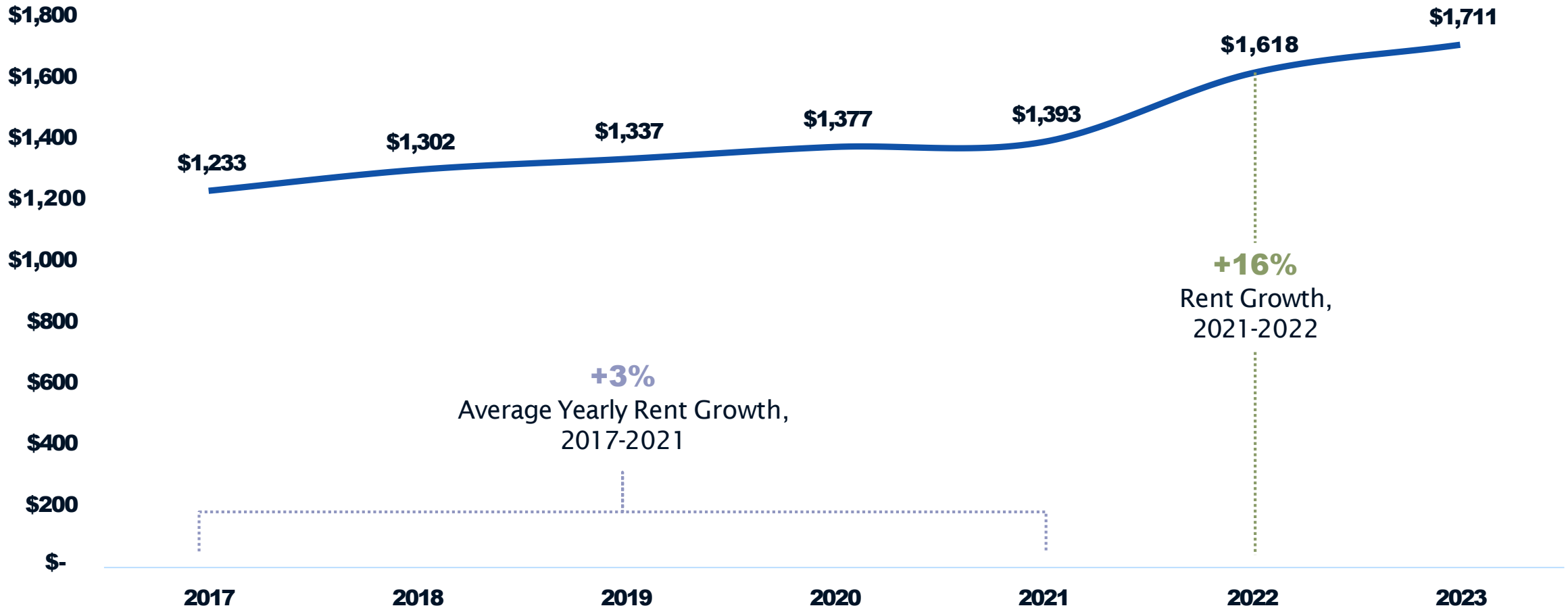
Median Household Income by Tenure, 2017-2022



Source: American Community Survey 2017-2022 5-year Estimates, U.S. Census.

Before COVID-19, Dallas rents grew at a relatively constant rate. Pandemic-induced market shocks and related factors such as higher construction costs and population growth, increased rent growth and heightened affordability concerns.

Dallas Observed Rents, 2017-2023



Source: Zillow Observed Rent Index (ZORI)

RENTAL

Rental housing is an essential part of any housing ecosystem and provides more flexibility and fewer unpredictable costs than homeownership.

Benefits of Rental Housing

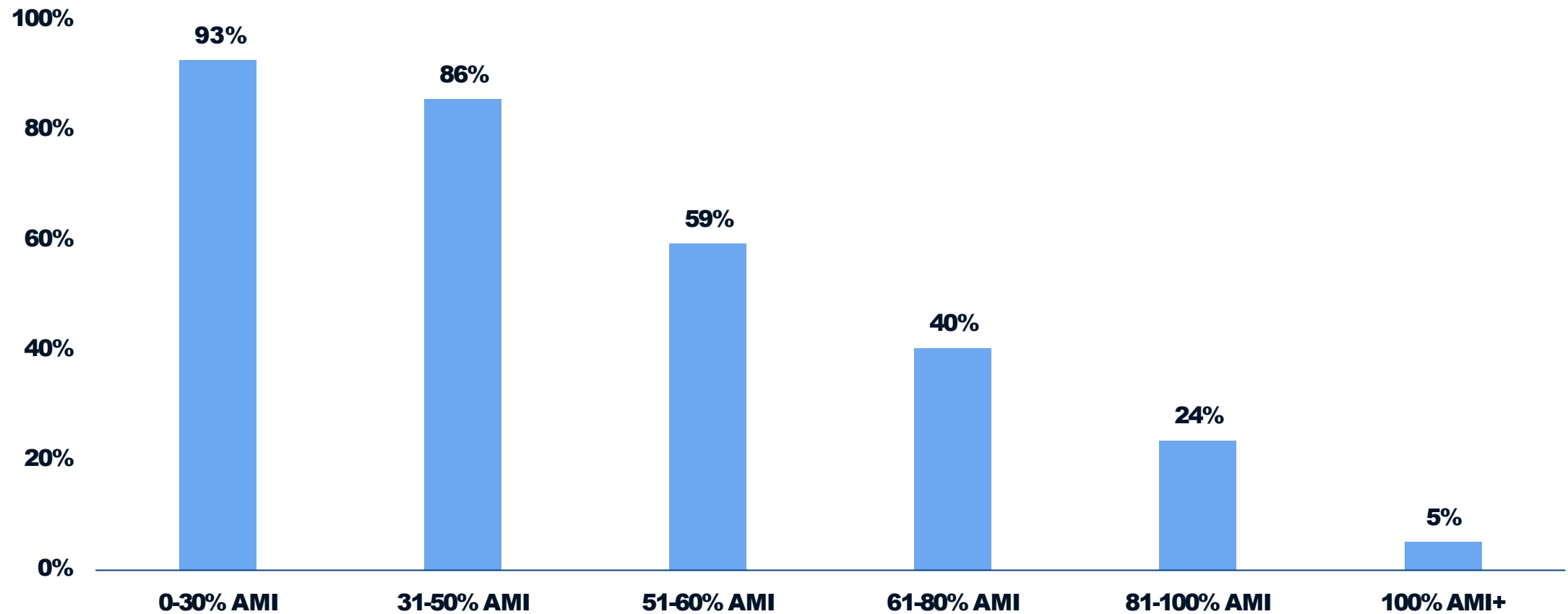
- Provides more flexibility.
- Fewer upfront costs (no downpayment, mortgage insurance premium, etc.) make rental housing more accessible to those with less savings.
- Fewer unexpected large repair costs, as maintenance and repairs are often taken care of by the property owner and manager.*
- Rental housing often includes access to amenities or other community benefits.
- Since 2020, in many markets in the United States, monthly housing costs have been less for renters than owners of comparable properties, due to rising home prices and interest rates.

Sources: *Fortune*, *The Economist*

*The cost of maintenance and repairs is typically passed down to the renter via rent increases, but renters are typically not expected to pay for large repair projects out-of-pocket.

Housing cost burden increases as income decreases with renter households at or below 50% AMI experiencing the greatest burden. Considerable shares of middle income households also pay more than 30% of their earnings on housing.

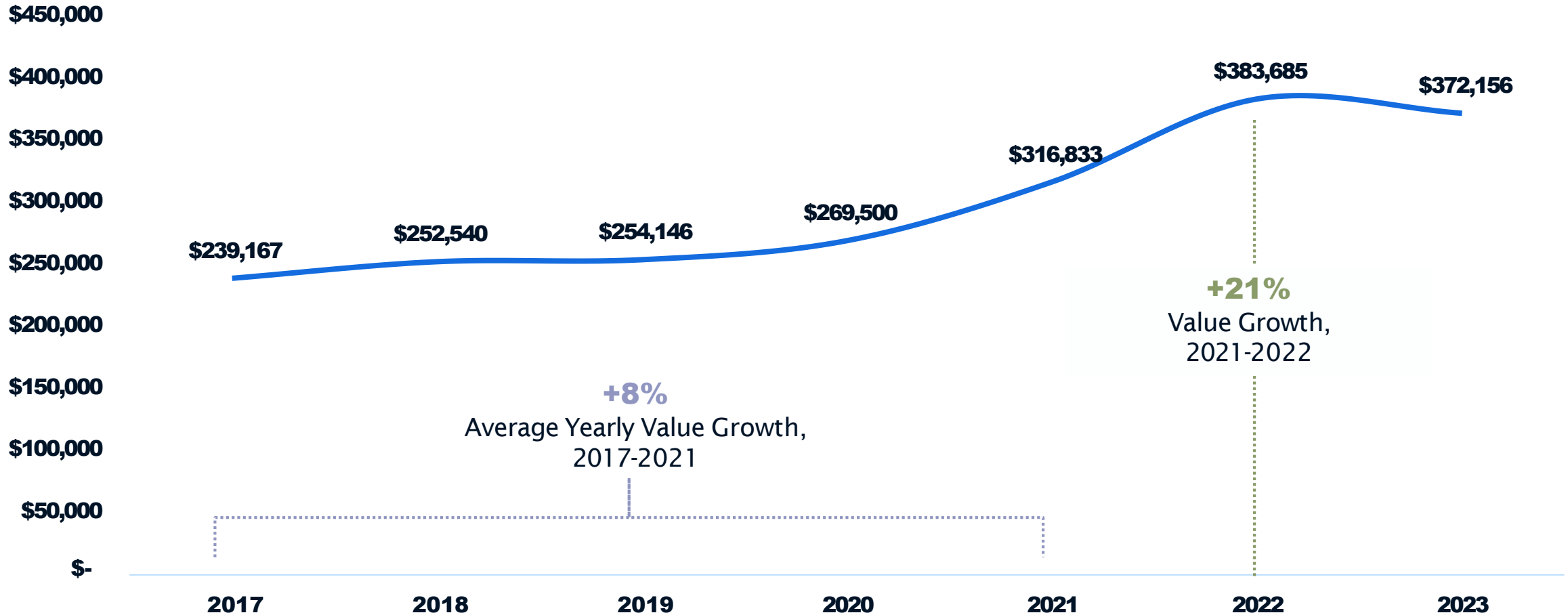
Share of Cost Burdened Renter Households by Income, 2022



Source: American Community Survey (ACS) Public Use Micro Data (PUMS) 2022, HUD User 2022 Income Limits

For-sale home values in Dallas-Fort Worth spiked following the pandemic as well, making homeownership less attainable for all residents, especially those with lower incomes.

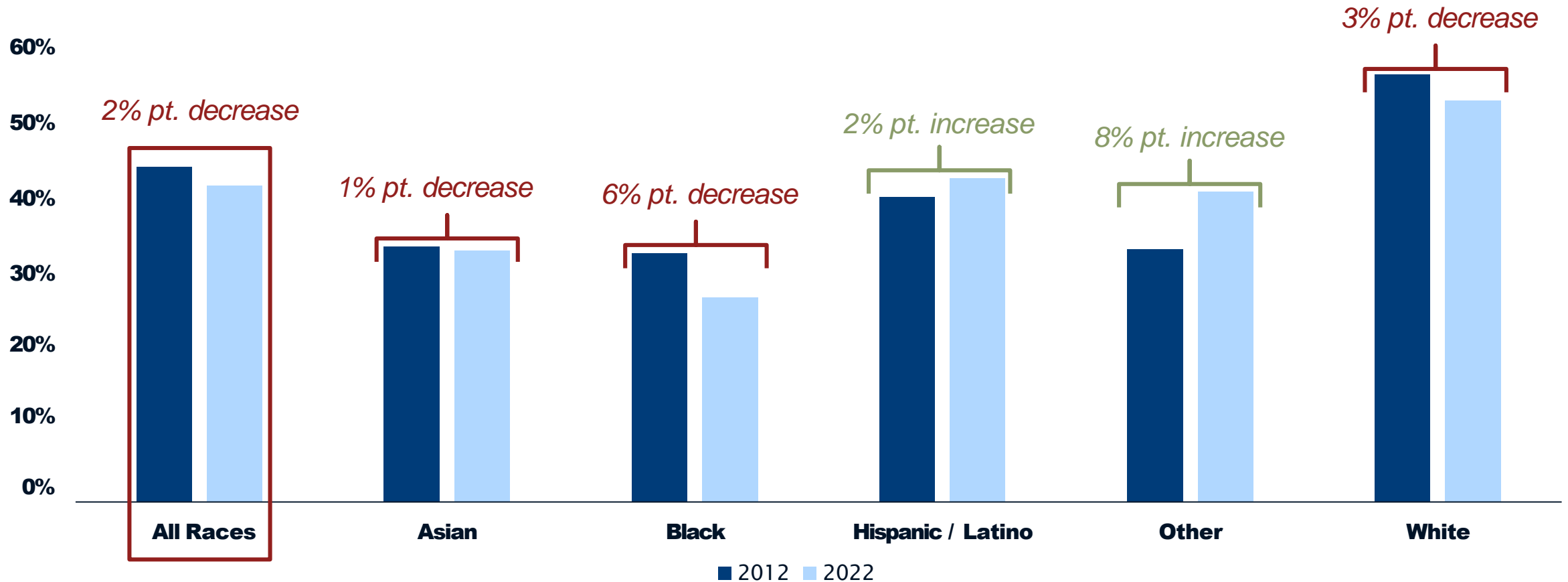
Dallas Home Values, 2017-2023



Source: Zillow Home Value Index (ZHVI), data available at metro level only.

Rising housing costs contribute to modest declines in the City's homeownership rate. Black residents have experienced the greatest declines in homeownership.

Homeownership Rates by Race, 2012 v. 2022

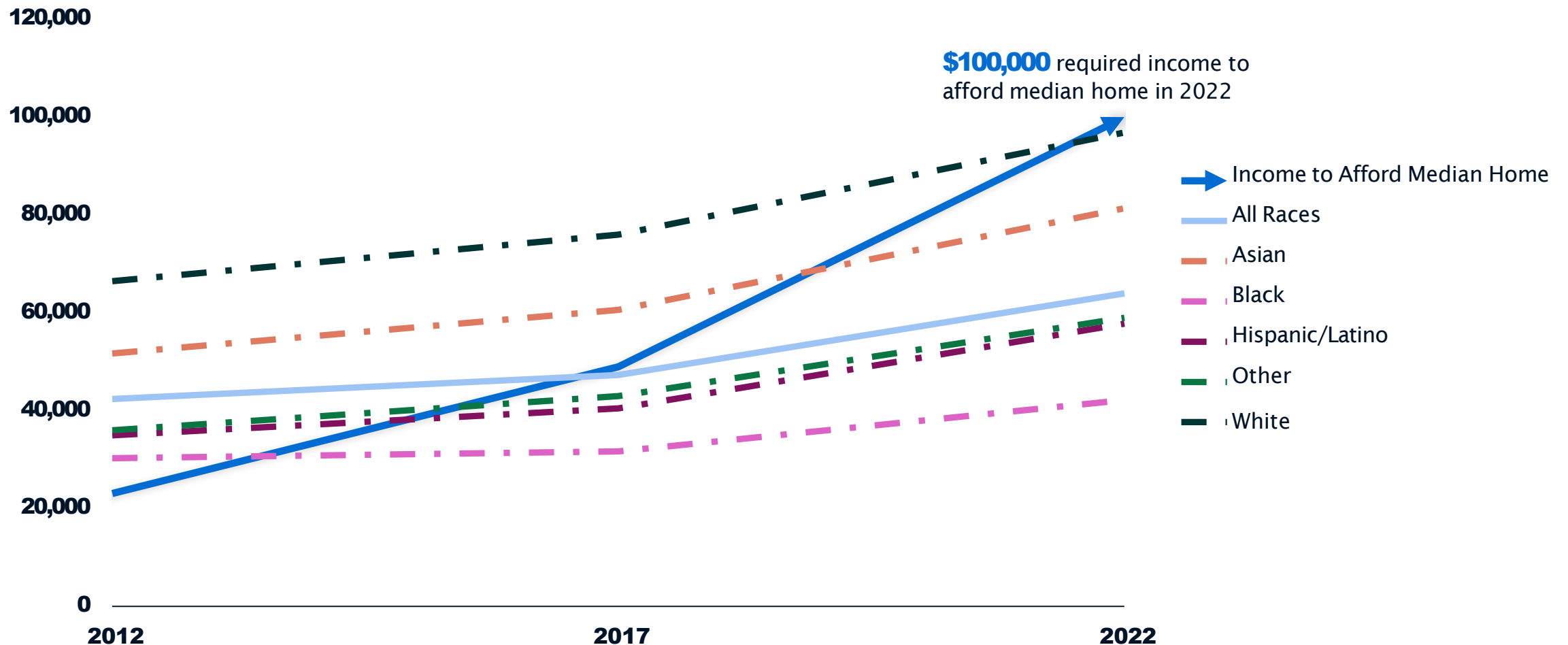


Source: American Community Survey 2012-2022 Estimates, U.S. Census
Other Race includes individuals who identified as Multiracial/Multiethnic or non-Hispanic (e.g., Mauritanian).

OWNER SHIP

Access to homeownership is further limited by the rising income required to afford the median home, and is further out of reach for non-white households.

Median Income by Race, 2012-2022



Source: American Community Survey 2012-2022 Estimates, U.S. Census

Other Race includes individuals who identified as Multiracial/Multiethnic or non-Hispanic (e.g., Mauritanian). Median income reflective of all tenure groups.

Homeownership can provide stability and wealth-building opportunities, but it is not financially feasible for most Dallas renters. An estimated 59,000 renter households can afford the median priced home in Dallas, valued at \$302,860.

521,200 occupied housing units

42% homeownership rate
218,600 owner-occupied homes

58% renter rate
302,600 renter-occupied homes

Fewer than 20% of renter households can afford the median priced home in Dallas.

Renters by Income

AMI Bands	Less than \$20k	\$20k-\$35k	\$35k-\$50k	\$50k-\$75k	\$75k-\$100k	\$100k-\$150k	\$150k+
	17%	16%	15%	20%	12%	11%	8%
		≤30%	40%	50-60%	70-90%	100%+	

Sources: 2022 American Community Survey (ACS), US Census Bureau, HUD Income Limits, HR&A Calculations. Figures rounded to nearest hundredth. A household must earn an estimated \$100,000 annually to afford the median priced home in Dallas. AMI Thresholds based on 2024 HUD Dallas Area Fair Market Rent for family of 4. AMI thresholds do not map exactly onto income bands depicted.

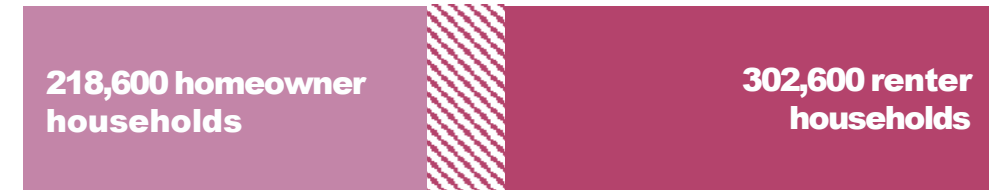
OWNERSHIP

Expanding homeownership for ready renters can offer several benefits. If Dallas sought to increase its homeownership rate to 50%, an estimated 42,100 renter households would need to become homeowners.

Benefits of Homeownership

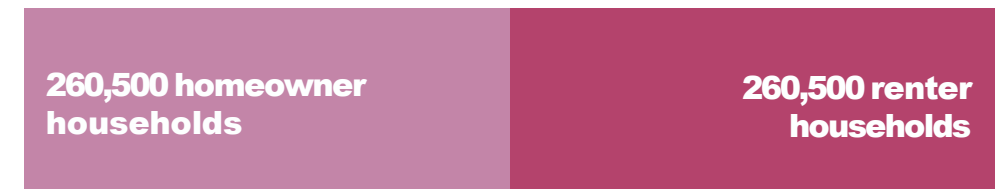
- Greater neighborhood stabilization through longer term residential investment
- Expanded wealth building opportunities to address generational wealth disparities in communities of color
- Can free up rental units for lower income renters, alleviating cost burden
- Increased civic and social engagement

Present Tenure Mix (40/60)



-42,100 renters

Illustrative: Equal Tenure Mix (50/50)



Source: *Habitat for Humanity*, 2022 American Community Survey (ACS), HR&A Analysis

Illustrative scenario of potential homeownership opportunity, not intended to imply a balanced 50-50 tenure mix is the policy goal. Further discussion with the Housing Department is necessary to determine target tenure mix and which priority populations/ communities to expand homeownership access to.



03

What does this data mean for Dallas residents?

RENTER PROFILE



Name: Sally

Occupation:

Server at Restaurant in
Uptown

Household Size: 1

Sally is a server in Dallas looking for rental housing.

2023 Median Annual Salary

\$30,259 = 39% AMI
for a household of 1

Affordable Rent
what Sally can afford

\$757
per month

Unit Mismatch
for households at/below 50% AMI

-39,900
units

**Percentage Cost-Burdened at this
Income Level***

86%

16% of renter
households in
Dallas make
between
\$20-35k/year

The racial diversity of food servers in the
DFW Metroplex mirrors the population
overall, at 51% White, 27.5% Hispanic, 10.2%
Black, and 8.6% Asian.

RENTER PROFILE



Name: Sally

Occupation:

Server at Restaurant in Uptown

Household Size: 1

2023 Median Annual Salary

\$30,259 = 39% AMI
for a household of 1

Affordable Rent

what Sally can afford (including utilities)

\$757
per month

Sally's options for rental housing in Dallas:

- A** Double up with a roommate to afford a 2 bedroom in Old East Dallas.
- B** Spend 160% of her budget to afford a small studio in Uptown. With the cost of living in Dallas and this added housing expense, Sally will be breaking even and won't be able to save anything.
- C** Rent in Arlington or Mesquite to find a 1-bedroom in her price range. Public transportation doesn't connect these locations to her workplace, so her transportation costs will increase at least 10x due to car payment.

RENTER PROFILE



Name: Arnold

Occupation:
Laboratory Technician
at Baylor

Household Size: 3
1 adult, 2 children

Arnold is a lab technician in Dallas with two children looking for rental housing.

2023 Median Annual Salary

\$50,363 = 51% AMI
for a household of 3

Affordable Rent

what Arnold can afford (including utilities)

\$1,259
per month

Unit Mismatch

for households at/below 60% of AMI

+4,300
units

**Percentage Cost-Burdened at this
Income Level***

59%

20% of renter households in Dallas make between \$50-75k per year

52% of Laboratory Technicians in the DFW Area are under 34.

RENTER PROFILE



Name: Arnold

Occupation:
Laboratory Technician
at Baylor

Household Size: 3
1 adult, 2 children

2024 Median Annual Salary

\$50,363 = 51% AMI
for a household of 3

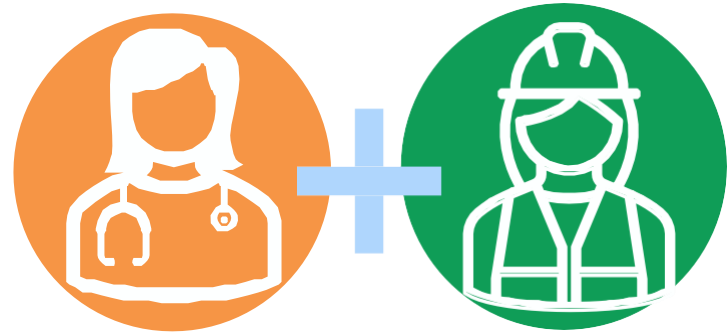
Affordable Rent
what Arnold can afford

\$1,259
per month

Arnold's housing options:

- A** Rent a 2-bedroom apartment in Old East Dallas or South Dallas and have his kids share a room.
- B** Spend 130% of his housing budget to afford a 3-bedroom in East Dallas or South Dallas, forcing him to cut back spending on other necessities like food or childcare.
- C** Rent a subsidized 3-bedroom in Southern Dallas and commute to Baylor, an over 1-hour journey via DART bus and light rail.

HOMEOWNER PROFILE



Household: Adults
Andrea and Laticia + 2
children

Occupations:
Medical Assistant and
Construction Worker

Household Size: 4
2 adults, 2 children

Andrea and Laticia have two children and are looking to purchase a 2-bedroom home in Dallas. Can they afford it?

Combined Household Income	\$77,736 = 70% AMI for a household of 4
Annual Housing Budget Includes Insurance, Property Taxes, and Mortgage Payments	\$23,321
Upfront Capital Needed to Purchase Includes 5% Downpayment, Closing Costs, and Mortgage Insurance Premium	\$21,415
Maximum Loan Amount	\$190,800
Maximum Home Value A + L Can Afford	\$200,843

Andrea and Laticia could *potentially* find a home within their budget.

In the year of purchase, Andrea and Laticia's **housing costs will be almost double their annual housing budget**. They must have, at minimum, \$20k in savings to support the purchase.

Given the cost of living in Dallas, Andrea and Laticia might also have to **cut back on necessities like childcare, food, and medical care** to afford the purchase.

Conclusion

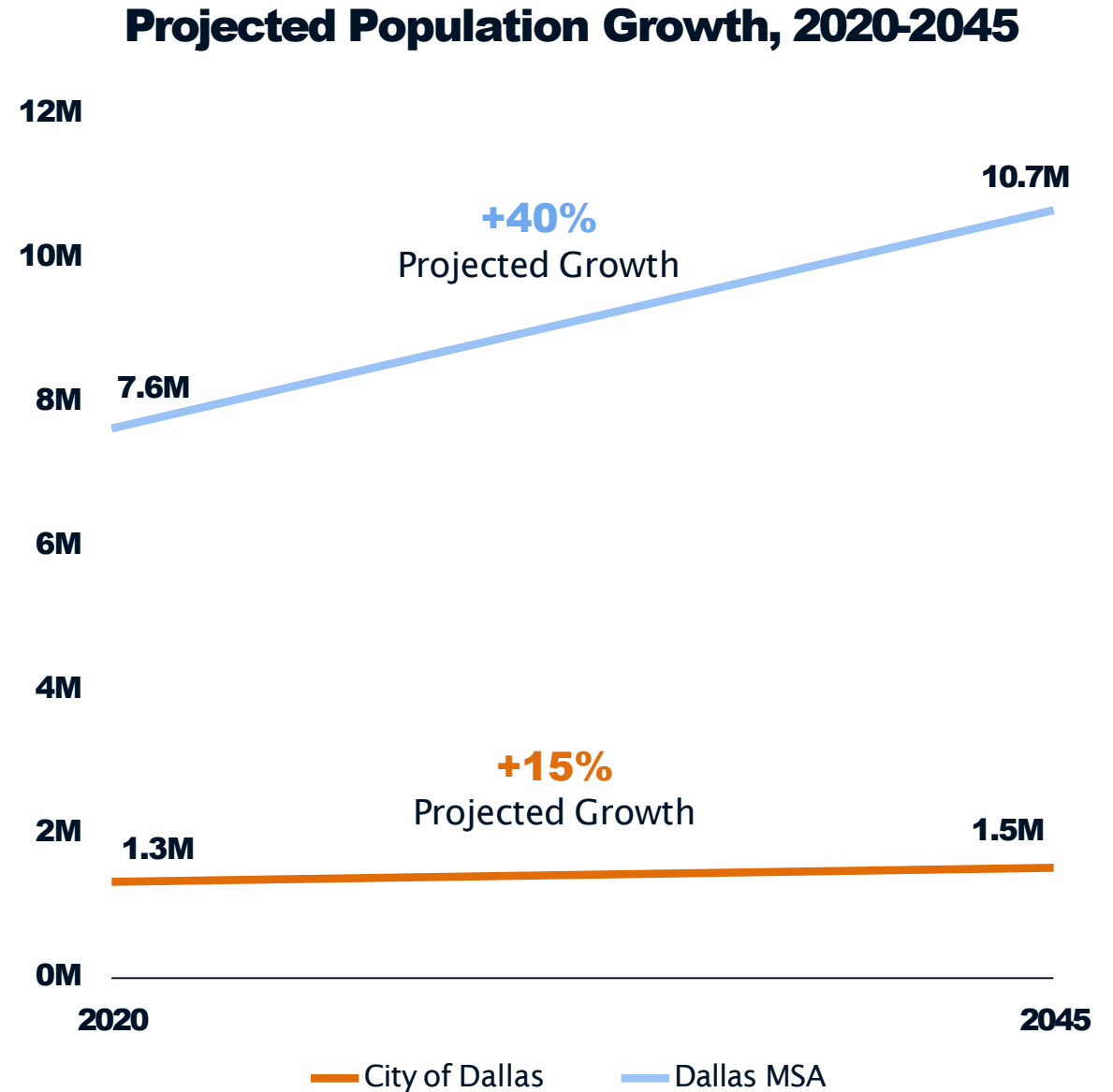
Today's affordability crisis demands action.

Dallas is making meaningful progress in allocating resources and attention to the ongoing affordability crisis. However, **more will be required to meet growing housing needs.**

As the Dallas-Fort Worth metro area continues to grow, providing affordable housing in Dallas to meet demand is crucial to the prosperity of the city and region.

Source: Texas Demographic Center 2022, ACS Decennial

Note: DFW MSA estimates aggregate the thirteen counties in the Dallas-Plano-Irving metropolitan division.





04

Next Steps
and Q&A



After reviewing the current programs offered in the Housing & Community Development Department, we see the following:

- Home Repair Program serves families earning less than 80% AMI with 64% of those served being at 50% AMI or below and of all applicants 54% are seniors (62+)
- Homebuyer Assistance supports homeownership for households at 60-80% AMI
- Housing Development prioritizes homeownership as a special initiative and Housing can adjust 50% of funding to homeownership
- Mixed Income Housing Development Bonus uses revenues from fee-in-lieu that can support the development special initiative to homeownership
- Land Bank/Land Transfer supports homeownership for families ranging between 60-120% AMI
- Dallas Housing Finance Corporation (upcoming by-law review)
- Dallas Public Facility Corporation (upcoming by-law review)



Program Budget for Housing & Community Development



Development	FY24-25 Budget	Units / \$55K average
Bond	\$9.9M	180
HOME	\$6.6M	120
CDBG	\$9M	164
MIHDB	\$3.1M	56
CDBG-DR	\$1.4M	25

Home Buyer	FY24-25 Budget	People served up to \$50,000
CDBG/HOME	\$800k	16
TIF Oak Cliff Gateway	\$500K	10
TIF Deep Ellum	\$500k	10
Equity Fund	\$500k	10

Home Repair	FY24-25 Budget	People served up to \$24,000
CDBG	\$3M	125
GF Seniors	\$1.6M	67
TIF Oak Cliff Gateway	\$2M	83
TIF Fort Worth Ave	\$912K	38
TIF Deep Ellum	\$2.3M	96



Question & Answer