



## Legislation Text

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File #: 22-880, Version: 1

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**STRATEGIC PRIORITY:** Housing & Homelessness Solutions

**AGENDA DATE:** May 11, 2022

**COUNCIL DISTRICT(S):** All

**DEPARTMENT:** Department of Housing & Neighborhood Revitalization

**EXECUTIVE:** Majed Al-Ghafry

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### **SUBJECT**

An ordinance amending Chapter 20A, "Fair Housing and Mixed Income Housing," of the Dallas City Code by **(1)** amending Sections 20A-4.1, 20A-5, 20A-24 through 20A-28, 20A-30 through 20A-33; adding Section 20A-23.1 and Section 20A-34; and deleting Section 20A-29; **(2)** providing updated requirements regarding housing accommodations that benefit from a subsidy or financial award and clarifying certain non-discrimination provisions; **(3)** providing updated defenses to prosecution; **(4)** providing an updated applicability statement; **(5)** providing alternative methods to satisfy the requirements of the mixed income program; **(6)** providing clarified definitions and program implementation procedures; **(7)** deleting specific eligible household responsibilities; **(8)** providing for a set of specific fees in lieu of provision of on-site reserved dwelling units; **(9)** providing a penalty not to exceed \$500.00; **(10)** providing a saving clause; **(11)** providing a severability clause; and **(12)** providing an effective date - Financing: No cost consideration to the City (see Fiscal Information)

### **BACKGROUND**

The Dallas-Fort Worth region grew faster between 2015 and 2019 than any other major United States metropolitan area, but the area's housing market has not kept up. Multifamily developments are at 98% occupancy across the board, and the single family market is similarly tight. The region needs additional housing at all price points to try to keep up with the demand.

This proposal, originally briefed under the name "One Dallas Options," is a proposed expansion of the existing Mixed Income Housing Development Bonus (MIHDB) program and is intended to incentivize additional mixed-income housing and create a revenue stream that can be used to advance equity in the city. The current program exchanges additional development rights for on-site affordable housing units. The proposed expansion adds additional development bonus options and additional ways to fulfill the requirements of the bonus.

Creation of the program requires amendments to Dallas Development Code Division 51A-4.1100, Dallas City Code Section 20A-4.1 and Article 20A-II, and the Comprehensive Housing Policy.

In a public hearing scheduled for May 11, 2022, the City Council will consider an amendment to Chapter 51A of the Dallas Development Code to add a menu of development bonus options and to clarify existing language.

A related agenda item also scheduled for May 11, 2022 authorizes associated amendments to the Comprehensive Housing Policy (CHP) to set policy direction for the expanded MIHDB program and to guide the use of the funding collected through the fee in lieu of on-site provision (MIHDB Fund).

This agenda item proposes two sets of amendments to Chapter 20A to support the amendment to Chapter 51A.

#### Amendments to Article 20A-II Mixed Income Housing

Article 20A-II provides the regulatory framework that guides a developer's compliance with development bonuses associated with the mixed income housing program. The proposed amendments include:

- Additional options to fulfill this voluntary exchange of affordability for development bonuses. In addition to providing units on site, under this proposal a developer may offer to pay a fee in lieu of on-site provision in exchange for additional development rights. The fee varies with the number of stories in the development, with high-rise developments above 12 stories in Market Value Analysis categories A through F paying the largest fee.
- Additional amendments to streamline coordination with other funding mechanisms such as tax credits and to improve implementation.

#### Amendments to Chapter 20A-4.1 Housing Voucher Incentives

In 2016, City Council amended Chapter 20A-4.1 to require that any residential development receiving a financial award from the City must set aside ten percent of the dwelling units and lease them solely to voucher holders. Staff recommends continuing this requirement and adding best efforts language.

In addition, staff recommends strengthening the non-discrimination language for on-site participants in the MIHDB program and for developments that receive City funding. These owners will be required to 1) maintain registration as a vendor with one or more local providers of housing vouchers, 2) certify quarterly that they have reported available units to the local providers of housing vouchers, 3) actively market their units to holders of housing vouchers, and 4) prioritize holders of housing vouchers on wait lists for occupancy of the affordable units.

#### Implementation

Together, these three agenda items set the policy direction and regulatory framework for the MIHDB program. Actual implementation of the program will take place over the next year and will include specific guidance and controls for the MIHDB Fund, additional staff to run the program, modification of the existing Notice of Funding Availability process for the New Construction and Substantial Rehabilitation Program to disburse MIHDB fees, and associated marketing and training.

### **PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

On October 26, 2016, City Council amended Section 20A-4.1 of the Dallas City Code to require multifamily housing accommodations that receive City funding to lease ten percent of their dwelling units solely to voucher holders by Resolution No. 16-1760 and Ordinance No. 30246.

On May 9, 2018, City Council adopted the CHP by Resolution No. 18-0704, as amended.

On March 27, 2019, City Council approved amendments to Chapter 51A and approved Article 20A-II to create the MIHDB by Resolution No. 19-0429 and Ordinance No. 31142.

On May 11, 2021 and November 15, 2021, the Housing Policy Task Force (HPTF) was presented with the proposed changes to and expansion of the Mixed Income Housing Development Bonus program for review and comment.

On October 21, 2021, November 4, 2021, and November 18, 2021, the Zoning Ordinance Advisory Committee (ZOAC) of the City Plan Commission (CPC) considered these proposed amendments to Division 51A-4.1100 of the Dallas Development Code; and on December 16, 2021, ZOAC recommended the proposal move to CPC.

On January 6, 2022 and February 17, 2022, CPC reviewed the proposed changes to Division 51A-4.1100 of the Dallas Development Code; and on March 3, 2022, CPC recommended approval of the amendments.

The Housing and Homelessness Solutions Committee was briefed on the Proposed One Dallas Options on October 26, 2020, January 25, 2021, June 8, 2021, December 14, 2021 and March 28, 2022.

The Economic Development Committee was briefed on the Proposed One Dallas Options on April 4, 2022.

City Council was briefed on the Proposed One Dallas Options on April 20, 2022.

### **FISCAL INFORMATION**

This action has no cost consideration to the City. Net revenues to the Mixed Income Housing Development Bonus Fund during the first year are estimated to be \$4,000,000.00 to \$12,000,000.00. Potential future costs associated with program implementation, including overhead related to new positions, are yet to be determined.