

# Dallas Texas

February 29–March 4, 2016



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Expanding Affordable and Mixed-Income  
Housing Opportunities

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# About the Urban Land Institute

**THE MISSION OF THE URBAN LAND INSTITUTE** is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI is committed to

- Bringing together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs;
- Fostering collaboration within and beyond ULI's membership through mentoring, dialogue, and problem solving;
- Exploring issues of urbanization, conservation, regeneration, land use, capital formation, and sustainable development;
- Advancing land use policies and design practices that respect the uniqueness of both the built and natural environments;
- Sharing knowledge through education, applied research, publishing, and electronic media; and

- Sustaining a diverse global network of local practice and advisory efforts that address current and future challenges.

Established in 1936, the Institute today has more than 38,000 members worldwide, representing the entire spectrum of the land use and development disciplines. Professionals represented include developers, builders, property owners, investors, architects, public officials, planners, real estate brokers, appraisers, attorneys, engineers, financiers, academics, students, and librarians.

ULI relies heavily on the experience of its members. It is through member involvement and information resources that ULI has been able to set standards of excellence in development practice. The Institute has long been recognized as one of the world's most respected and widely quoted sources of objective information on urban planning, growth, and development.

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# About ULI Advisory Services

**THE GOAL OF THE ULI ADVISORY SERVICES** program is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs, and policies. Since 1947, this program has assembled well over 600 ULI-member teams to help sponsors find creative, practical solutions for issues such as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalization, brownfield redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies, among other matters. A wide variety of public, private, and nonprofit organizations have contracted for ULI's advisory services.

Each panel team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the panel topic and screened to ensure their objectivity. ULI's interdisciplinary panel teams provide a holistic look at development problems. A respected ULI member who has previous panel experience chairs each panel.

The agenda for a five-day panel assignment is intensive. It includes an in-depth briefing day composed of a tour of the site and meetings with sponsor representatives; a day of hour-long interviews of typically 50 to 75 key community representatives; and two days of formulating recommendations. Long nights of discussion precede the panel's conclusions. On the final day on site, the panel makes an oral presentation of its findings and conclusions to the sponsor. A written report is prepared and published.

Because the sponsoring entities are responsible for significant preparation before the panel's visit, including sending extensive briefing materials to each member and arranging for the panel to meet with key local community members and stakeholders in the project under consideration, participants in ULI's five-day panel assignments are able to make accurate assessments of a sponsor's issues and to provide recommendations in a compressed amount of time.

A major strength of the program is ULI's unique ability to draw on the knowledge and expertise of its members, including land developers and owners, public officials, academics, representatives of financial institutions, and others. In fulfillment of the mission of the Urban Land Institute, this Advisory Services panel report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

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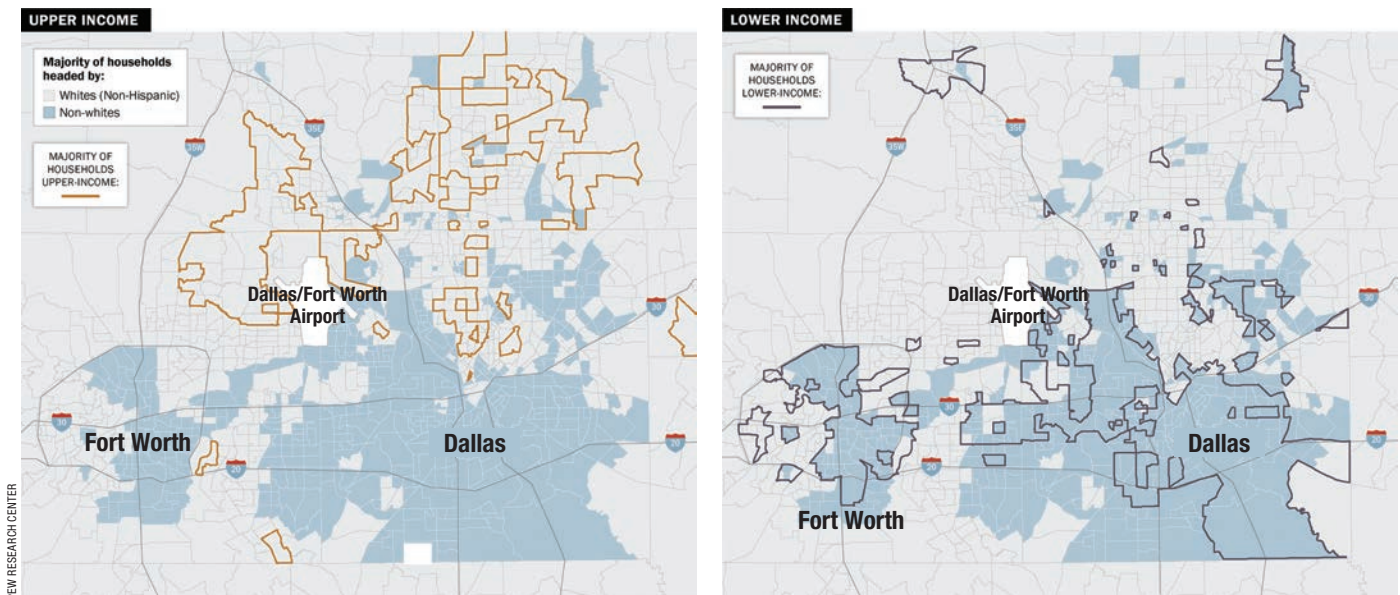
# Background and the Panel's Assignment

**DALLAS IS A GREAT AMERICAN CITY.** Recent efforts to attract and grow new businesses, invest in the public realm, and revitalize the downtown have burnished Dallas's global reputation as a "can do" community. Beneath these positive trends, however, is the sobering fact that ever more Dallas residents and neighborhoods are being left out of this prosperity.

Dallas is one of the most segregated cities in the country in terms of race and income, according to a Pew Research Center 2015 report. A 2015 report by the Urban Institute found that Dallas has the highest level of overall neighborhood-by-neighborhood inequality in the United States: the city's wealthiest areas have incomes and home values each roughly six times greater and college graduation rates nine times greater than the city's poorer areas. The *Dallas Morning News* recently observed: "The city is growing

poorer. The percentage of Dallas residents living below the poverty line grew from 18 percent to 24 percent over the past decade. More than most of its peers, Dallas has become a city of 'haves' and 'have-nots'—without much in between."

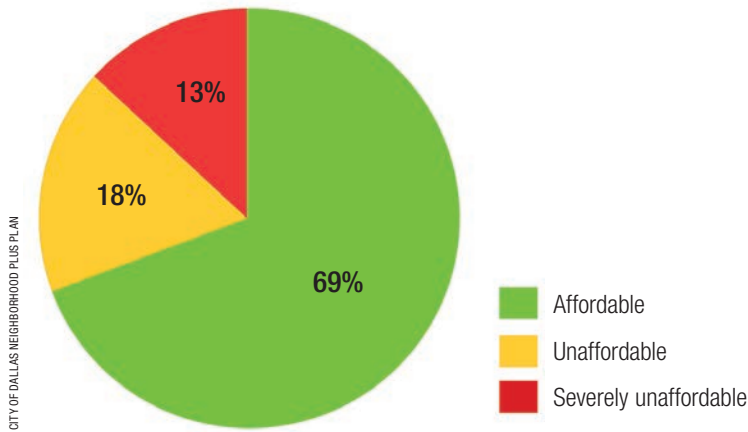
Housing problems are both a cause and consequence of Dallas's "tale of two cities." Fully 23 percent of renters and 13 percent of owners pay more than half their income for housing, a "severe" housing cost burden, according to federal standards. More than 30,000 households are on the waiting list for rental assistance from the Dallas Housing Authority. Much of the low-cost housing is in poor condition, and almost all of it is concentrated in high-poverty areas in the southern and western parts of the city. Almost none of the new residential development in more opportunity-rich areas of the city is available



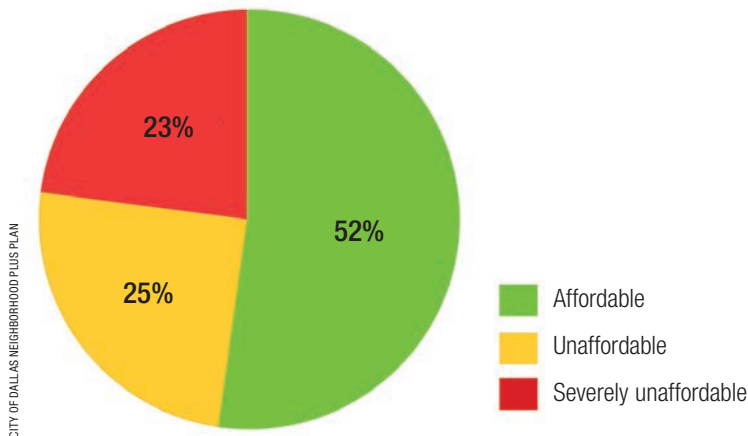
Fully 95 percent of Dallas metro area census tracts that are majority upper income are predominantly white. More than 80 percent of census tracts that are majority lower income are predominantly nonwhite. These figures are based on Pew Research Center tabulations of 2006–2010 American Community Survey five-year files.



## Owner Housing Affordability in Dallas



## Rental Housing Affordability in Dallas



*In the city of Dallas, 48 percent of renters and 31 percent of homeowners pay more than 30 percent of their income for housing, making it “unaffordable” according to federal standards. Nearly one in four renters and 13 percent of homeowners pay more than half their income for housing, which is considered “severely unaffordable” by the federal government.*

to lower-income families. These and other worsening disparities in housing affordability, quality, and access are closely interconnected with deep-seated income and racial segregation and inequality in Dallas. They cast a darkening cloud over Dallas's future.

While these challenges have been decades in the making, several recent developments have engendered a new sense of urgency to solve them:

- In November 2014, the city of Dallas and the U.S. Department of Housing and Urban Development (HUD) entered into a Voluntary Compliance Agreement (VCA)

related to the provision and location of housing in Dallas. The agreement provides that the city “will develop an organized plan for the city to provide affordable and assisted housing in new areas of opportunity while improving conditions in communities where affordable and assisted housing opportunities currently exist.”

- In early 2015, Mayor Mike Rawlings charged Council member Scott Griggs, chair of the Housing Committee of the City Council, with researching, developing, and creating a new policy for housing development in Dallas. Over the course of 2015 and into this year, the committee sought recommendations from interested parties in Dallas and invited housing officials from Austin and Houston to share their experiences.

- In July 2015, the U.S. Supreme Court affirmed in a landmark opinion in *Texas Department of Housing and Community Affairs v. The Inclusive Communities Project* that housing discrimination under the Fair Housing Act need not be intentional if “disparate impact” on affected groups can be shown. The Court’s opinion came in response to a case brought by the Dallas-based Inclusive Communities Project. The organization argued that the state of Texas’s administration of federal Low-Income Housing Tax Credits within the city of Dallas had violated the Fair Housing Act by allocating a disproportionate share of credits to support affordable housing developments in minority neighborhoods. Although the Court did not address that issue specifically, the case cast longstanding affordable housing practices in Dallas in a sharply negative light.

- Shortly after the Supreme Court’s ruling, HUD issued the Affirmatively Furthering Fair Housing rule. The rule clarifies and strengthens the responsibilities of states and cities to identify and take actions to break down barriers to fair housing. According to the city of Dallas’s briefing book for the panel, “The rule also clearly confirmed that the obligation to affirmatively further fair housing extends beyond a city’s use of federal funds, and implicates all of a city’s actions and funding related to housing or urban development.”

■ In October 2015, the Dallas City Council approved the Neighborhood Plus plan as the new Housing and Neighborhood Elements of the city's Comprehensive Plan. Although the plan establishes a number of broad goals and suggested action items related to housing for various city agencies, it was not intended to be a comprehensive housing policy.

Against this backdrop of worsening housing problems, heightened federal scrutiny, and increasing legal and regulatory complexity, the city of Dallas in January 2016 requested the Urban Land Institute to convene an Advisory Services panel to “produce a report that lays out core principles for a locally focused housing strategy that complies with the VCA and recent changes to fair housing law, and that identifies short, medium, and long-term policy options for the city, including collaboration opportunities with surrounding jurisdictions.”

To deliver on this assignment, ULI convened a panel of ten individuals with collective decades of experience in affordable and mixed-income housing development, planning, policy, and law. In accordance with the city's requirement, none of the panelists has or will have direct or indirect business interests in Dallas County, Texas, for at least one year after the delivery of the final panel report.

The panel reviewed dozens of documents and, over the course of five days on the ground in Dallas, toured parts of the city and conducted more than 70 private, off-the-record interviews with local officials, public agency staff, private sector and community-based developers, housing advocates, lawyers, and other experts. The panel also performed an extensive analysis of proven approaches that Dallas's peer cities have successfully implemented to address the challenges Dallas is facing, much of it informed by panel members' direct experience.

The panel is both pragmatic and ambitious in its recommendations—and in its expectations for what Dallas can achieve. The pragmatism reflects the reality that Dallas's current housing challenges will require years, if not decades, to solve. The panel fully recognizes that getting to

the roots of longstanding segregation, discrimination, and disinvestment demands a broader focus on myriad other needs *in addition to housing*, such as education, employment, health care, and public safety. That said, housing solutions should be central to the effort to create a more inclusive, enduring prosperity in Dallas—and, in fact, the city can and must do much more on the housing front.

The ambition in the panel's recommendations lies in raising the bar well above the current level. Business as usual is not nearly good enough; not a single person the panel interviewed suggested that the current trajectory is sustainable. More important, the track record and talent of the Dallas development community is an unsurpassed

## Terms Used in This Report

*Affordable:* In accordance with widely held housing industry practice and federal housing policy, housing costs (rent or mortgage, plus utilities) are deemed “affordable” if they consume no more than 30 percent of a household's after-tax income. By definition, the dollar amounts that are “affordable” depend on each household's income.

*Household income levels:* In accordance with the city's Neighborhood Plus plan, median family income levels are characterized as percentages, based on their relationship to the area median income (AMI) in the city of Dallas, as follows: “middle income,” “moderate income,” “low income,” and “extremely low income.” The dollar amounts are adjusted by household size. Percentages and dollar amounts for these income levels in Dallas are shown on the next page.

*Mixed income:* “Mixed income” has a twofold meaning. In accordance with federal housing policy, HUD defines a mixed-income *building* as “comprised of housing units with differing levels of affordability, typically with some market-rate housing and some housing that is available to low-income occupants below market-rate.” In accordance with widely held housing industry practice, a mixed-income *neighborhood* consists of a variety of household incomes and opportunities for meaningful interaction, including parks, schools, and shopping.

## Dallas Region Median Family Income, 2015

Percentage of area median income	Income level	Dollar amount by family size			
		1	2	3	4
30%	Extremely low income	\$14,800	\$16,900	\$20,090	\$24,250
50%	Low income	\$24,650	\$28,200	\$31,700	\$35,200
60%	Moderate income	\$29,568	\$33,792	\$38,016	\$42,240
67%		\$33,018	\$37,734	\$42,451	\$47,168
80%		\$39,450	\$45,050	\$50,700	\$56,300
100%	Average	\$49,280	\$56,320	\$63,360	\$70,400
120%	Middle income	\$59,136	\$67,584	\$76,032	\$84,480
140%		\$68,992	\$78,848	\$88,704	\$98,560

Sources: City of Dallas Neighborhood Plus Plan; U.S. Department of Housing and Urban Development fair market rents area estimates.

Note: Dallas region comprises Collin, Dallas, Delta, Denton, Ellis, Hunt, Kaufman, and Rockwall counties.

asset yet to be harnessed to its potential. By mobilizing all its assets and implementing the panel's recommendations, Dallas can make real progress, right away.

The panel's major recommendations are as follows:

- Create a permanent dedicated revenue source for affordable and mixed-income housing development and preservation.
- Create an incentive-based inclusionary housing program with flexibility for the development community.
- Leverage public and anchor institution real estate assets.

- Support housing choice and opportunity for all Dallasites.
- Invest strategically in community revitalization.

The panel's recommendations do not constitute yet another high-level plan to improve housing conditions and opportunities in Dallas. Instead, the recommendations lay out specific steps the city can take, starting immediately and over a period of years, following a consistent, coherent policy.

# Current Conditions and Approaches

**THE NEIGHBORHOOD PLUS PLAN** provides a wealth of data and analysis describing current housing conditions. This report cites some of that material as well as information from a variety of other sources. The primary basis for the assessment of current approaches, however, is the panel's tour and 70-plus interviews while in Dallas. The following themes emerged.

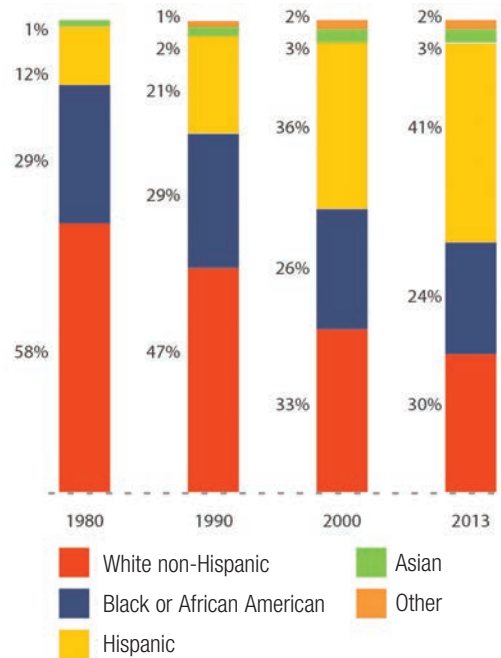
## Growing Diversity amid Rising Inequality

Two sociodemographic trends are sweeping through Dallas: the city is becoming ever more diverse while its citizens' life chances are becoming ever more unequal. The first trend is on balance enormously positive, though not without challenges, whereas the other is a real threat to the city's future. Together, they substantially inform the panel's analysis and recommendations.

Dallas today is already one of the most racially diverse cities in the world and is becoming more so with each passing year. It is a "majority minority" city in which white, non-Hispanic residents now make up only 29 percent of the population. Dallas's African American population overcame de jure segregation half a century ago, and today black Dallasites contribute to all aspects of the city's economic, political, and cultural life. Meanwhile, the Hispanic population has increased breathtakingly quickly in recent decades and today constitutes a plurality of the city's population. Asian Americans, though relatively small in number in Dallas compared with several Metroplex suburban communities, are fast expanding their footprint in the city.

Nevertheless, the racial segregation that has long defined Dallas has remained stubbornly intact. Although a few parts of the city, such as Vickery Meadow, reflect

Change in Diversity, 1980–2013

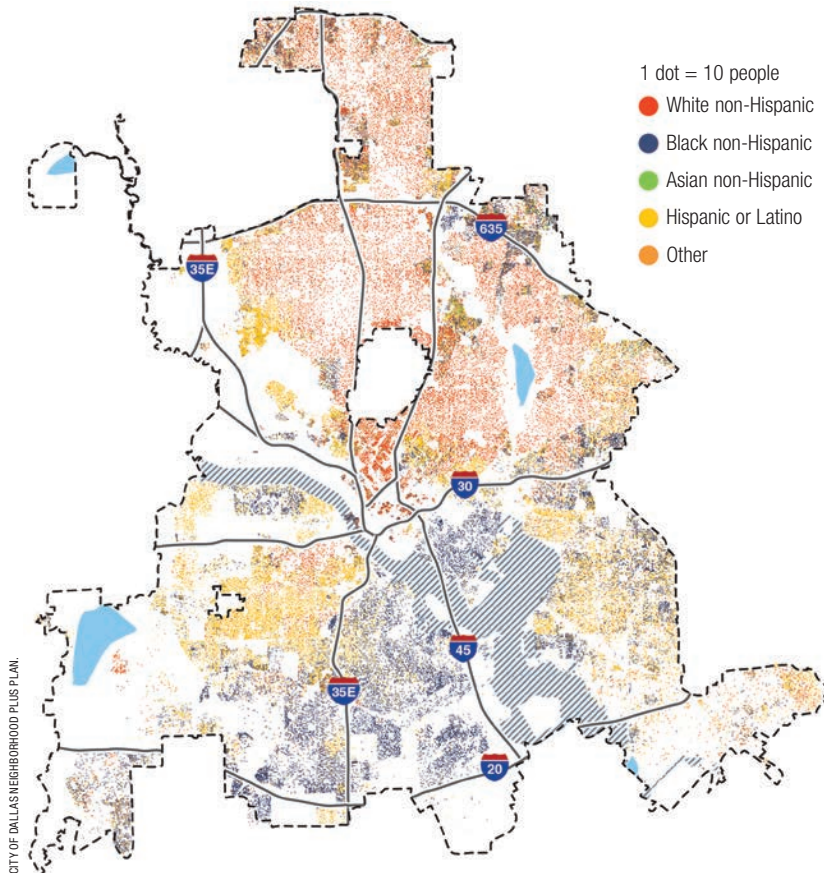


*Dallas has been a majority minority city for 20 years, largely due to a growing Hispanic population, which accounts for more than 40 percent of the city's population growth since 2013. The Asian population has grown as well. The city's African American population has declined slightly, and its white population has dropped significantly over the past several decades.*

significant levels of integration, vast tracts are overwhelmingly inhabited by either non-Hispanic whites or Latinos or African Americans, with little mixing of the three groups. The consequences of such segregation have long been, and continue to be, an inequality of opportunity based on geography, income, and race. This situation was glaringly apparent on the panel members' tour, which revealed booming neighborhoods experiencing high-rise housing development located relatively short distances from economically devastated neighborhoods plagued with vacant lots and lacking even basic infrastructure.

A child's life chances in Dallas can, quite literally, be pre-determined by the zip code in which he or she is raised. Even within the context of a nation in which social mobility between socioeconomic classes over the course of a

## Population by Race and Ethnicity, 2010



*Dallas's African American and Hispanic residents overwhelmingly reside in neighborhoods south of the Trinity River and Interstate 30 that have relatively few white residents. The city's white residents overwhelmingly live in its northern sector, which has only a handful of majority minority neighborhoods.*

lifetime is in decline, Dallas fares relatively poorly. Indeed, a 2014 study published by the National Bureau of Economic Research put Dallas in 27th place of the nation's 50 largest cities when ranked by intergenerational mobility.

The consequences of this segregation and inequality of opportunity appear to be getting worse, particularly for African American Dallasites. Many of the neighborhoods in which African Americans predominate have slipped economically as African American middle-class residents have left the city in recent years. With 89 percent of its students classified as economically disadvantaged, the Dallas Independent School District, which serves most of the city, is now perceived in many quarters as an educational option only for children from families that have no other choice.

As the urban core north of the Trinity River has gone through a remarkable revitalization in recent decades, one of the negative side effects has been that housing in an increasing number of high-opportunity neighborhoods has been priced out of reach for low- and even middle-income Dallasites. High- and low-opportunity neighborhoods can be found in Dallas within close proximity, yet they might as well be a world apart.

Inequality in Dallas is even more striking when the city is seen in the context of the greater Metroplex region. A look at a map of poverty by local jurisdiction makes plain that Dallas—and particularly the portion of Dallas south of the Trinity River—is home to most of the low-cost housing for the entire metropolitan region. While other U.S. metropolitan regions are experiencing a notable “suburbanization of poverty,” Dallas is largely on its own in providing housing that is affordable to the region's lowest-income residents.

## Different Neighborhoods, Different Housing Needs

One of the great challenges of expanding affordable housing and opportunity for disadvantaged Dallasites is the enormous variation in terms of development patterns within the city's neighborhoods. Housing needs, and the strategies needed to address them, will vary based on those patterns. The panel noted a wide range of general housing typologies across Dallas neighborhoods:

- **Booming multifamily construction:** Demand for market-rate and high-end housing is booming in certain areas, leading to multifamily mid- and high-rise construction in Uptown and other areas north of the Trinity River.
- **High-opportunity stability:** The city's higher-income, low-density neighborhoods throughout North Dallas are experiencing relatively little housing construction aside from single-family home teardowns and replacements, resulting in little or no net addition of housing. Although current residents enjoy a high quality of life, at present little opportunity exists for lower-income Dallasites to move to such areas.



DORTI / SHUTTERSTOCK.COM

*Mercantile Place in downtown Dallas, developed by Forest City Texas, epitomizes the recent boom in high-rise apartment development in the city's central core, which has included a mix of new construction and conversions of old office buildings. Almost all the new apartment units are aimed at the upper end of the market.*

- **Aging multifamily concentrations:** Dallas has several large neighborhoods consisting of low-rise multifamily housing, much of which was built decades ago, particularly in the 1960s and 1970s. One notable example the panel toured was Vickery Meadow. Although these areas are often characterized by unsubsidized, reasonably priced housing, these valuable resources are in some cases nearing the end of their design lives and are therefore at risk of replacement with high-end housing or of continued physical deterioration.
- **Gentrification:** Dallas's booming economy and an across-the-board uptick in preferences for in-town living among many, especially young adults, are driving a process of gentrification in certain areas, especially near downtown in communities such as East Dallas and North Oak Cliff. Although Dallas's leaders are rightly proud



CBHE, DALLAS MORNING NEWS

*The Villas on Fair Oaks (now known as Valenceo at Midtown) is a 284-unit apartment community in Dallas's Vickery Meadow community, one of the few racially and ethnically diverse areas in the city's northern sector. The property is representative of older apartments serving lower-income workers, including many immigrants, available in a few Dallas neighborhoods.*



DYLAN HOLLINGSWORTH, DALLAS OBSERVER

*Gentrification is changing the physical and demographic character of some Dallas neighborhoods, as exemplified here. Two longtime residents walk their dog along Rusk Avenue in Old East Dallas, passing two very different types of housing.*

- of the hard-won revitalization of the city's urban core, gentrification creates the risk of displacing renters and even longstanding homeowners. From the standpoint of some, as one interviewee noted, "gentrification is the new segregation."
- **Emergence:** Some neighborhoods have not yet been affected by gentrification, but because of their location their residents are clearly at risk of displacement in the near future if current trends continue. However, still-low land costs and housing prices represent opportunities for thoughtful public policy to ease displacement in the future. The panel saw several examples of such neighborhoods in West Dallas.
- **Working-class vibrancy:** The city has neighborhoods in West Dallas and North Oak Cliff, including many which are home to the city's Hispanic plurality, in which low

household incomes and uneven school quality belie great vitality. Multigenerational households, an abundance of children and young adults, and robust entrepreneurial activity are all strengths that can be found in many such neighborhoods that can and should be built upon. Challenges in such areas often include physical deterioration of housing as a consequence of overcrowding.

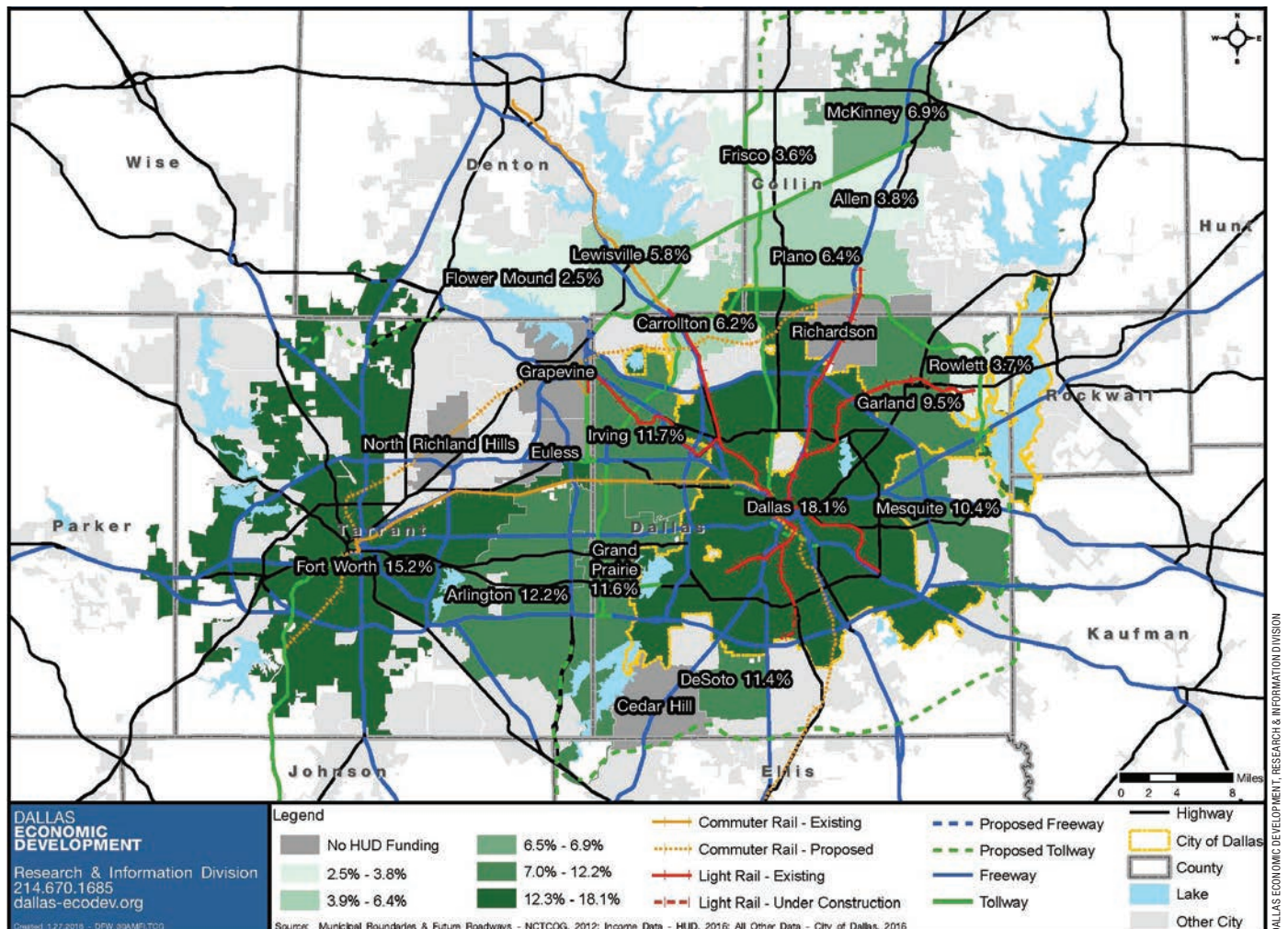


- **High vacancy:** In large sections of the city, particularly south of the Trinity River, the great challenges are the social issues stemming from single-family housing vacancy and abandonment along with underdeveloped infrastructure. In such neighborhoods, most of them overwhelm-

*Much of the housing in Dallas's southern sector is old and appears to be substandard. Some of these homes are owned by landlords who rent them to low-income families without keeping them in decent condition. Some are owned by low-income residents, including many elderly, with limited means to make improvements.*

*The city of Dallas is home to a much larger share of very poor households and federally subsidized housing units than surrounding communities.*

### Share of Population under 30 Percent of Area Median Family Income



ingly African American, an aging population and the departure of the African American middle class in recent years have led to increased economic distress among remaining residents. In these places, the great task of housing policy is to assist in a larger coordinated effort of city building. The opportunity lies in the abundance of land, a rare resource in a landlocked, booming city.

## No Clear Policy or Process

Like almost every city, Dallas carries out housing activities through multiple public agencies under various plans and initiatives, often with divergent and in some cases conflicting goals. This fractured, balkanized system undermines local ability to drive a coherent, consistent housing policy. The challenge is compounded in Dallas by several factors that are more specific to the city.

First is an apparent disconnect between the Neighborhood Plus plan and the GrowSouth initiative—and an apparent lack of strategic connection to either tax increment

financing (TIF) or other financing resources of the Office of Economic Development or Housing Department. Although Neighborhood Plus was characterized in interviews as a priority for the city manager and public agencies, GrowSouth was described as the mayor's effort, working primarily with the private sector. Opinions of City Council members on each effort varied dramatically.

Given the high profile of Neighborhood Plus and GrowSouth, the fact that they are apparently not connected in any meaningful way has created confusion and unnecessary complexity in decision making.

In addition, the panel heard from a number of interviewees that the city has historically not exercised its zoning authorities in a strategic, consistent, or transparent manner. The entitlement and approval process was generally described as ad hoc and opaque, with well-connected developers routinely able to secure special zoning approvals or exemptions for individual developments, often with the intervention of one or more City Council members.

This system contrasts with common practice in many other cities, in which more development proceeds by right, or in accordance with the zoning already in place, and in which requested entitlements and exemptions of consequence are subject to extensive public review. Although Dallas's approach has clearly resulted in countless high-quality developments, it has also cost the city opportunities to link significant zoning approvals with opportunities to create more affordable and mixed-income housing.

Finally, the panel heard concerns that the structure and culture of Dallas government itself create obstacles to a more coherent and effective housing policy. The mayor–city manager form of government, the existence of 14 single-member council districts with no at-large members, and the two-year council terms all appear to contribute to highly parochial and short-term decision making that is at odds with solving a citywide issue over the long term. Proposing potential reforms to these issues is beyond the scope of the panel's assignment, but understanding how they have affected the city's housing efforts to date and likely will in the future is important.

### Two Plans for Revitalization

Neighborhood Plus is a citywide neighborhood revitalization plan for the city of Dallas adopted by the City Council, which the City Manager is ultimately responsible for implementing. At the center of the plan are six strategic goals: collective impact, alleviating poverty, fighting blight, attracting and retaining the middle class, increasing homeownership, and enhancing rental options. For more information, see <http://dallascityhall.com/departments/pnv/Pages/neighborhoodplus.aspx>.

GrowSouth is a comprehensive strategy to build a foundation for sustainable growth and outline five key projects the city of Dallas believes can jump-start growth in southern Dallas in key areas in the next three years. The city has presented a work plan that supports what it can accomplish as part of GrowSouth, including short-term and long-term infrastructure and capital improvements that will support and enhance growth in southern Dallas. For more information, see [www.dallasgrowsouth.com](http://www.dallasgrowsouth.com).



## An Incomplete Toolbox

The panel performed a high-level review of the city's current tools and resources for building and rehabilitating affordable and mixed-income housing. Some are common in cities across the United States, including federal housing block grants (Community Development Block Grants, HOME Investment Partnerships Program, Emergency Shelter Grants) and loan guarantees, new markets tax credits, and federally tax-exempt housing bonds. As far as the panel could tell, Dallas has used these tools, which in general are limited and declining because of federal budget cuts, to generally productive if incremental effect. The city has also effectively used proceeds from general obligation (GO) bonds for housing purposes.

Dallas has been more innovative, compared with most cities, in its use of TIF to support affordable housing. In designated TIF districts, higher property tax revenues generated by TIF-supported redevelopment are available to fund other improvements in the area, including housing. Generally, 20 percent of all housing receiving TIF funds must be set aside for families earning less than 80 percent of the AMI. Since 2005, Dallas's TIF policy has aided in the creation or authorization of 2,320 affordable housing units, according to the city.

The panel observed several limitations to the city's TIF policy with respect to housing. First, developers in TIF districts can effectively opt out of the housing requirement by building nonresidential projects yet still benefit from TIF-funded improvements (e.g., streets, sidewalks). Second, TIF's income targeting, at 80 percent of AMI, is too high to assist many households that could benefit from housing in TIF districts. The panel understands that the city's overarching TIF policy, which emphasizes financial return to the city, creates sharp disincentives to deeper income targeting. Third, TIF-assisted housing developments are not required to accept residents with rental housing assistance.

Dallas also has land-banking authority under the auspices of the Dallas Housing Acquisition and Development Corporation. The authorizing law, enacted in 2003, allows the corporation to acquire tax-delinquent, unproductive, vacant, and developable properties and to manage a system to expedite reclamation of unproductive properties. Houses built on land-banked properties may not be sold to individuals or families making more than 115 percent of AMI, and at least one-quarter of the land-banked properties must be deed restricted for sale to households with gross household incomes not greater than 60 percent of AMI.

According to the Dallas Housing/Community Services Department, among the outcomes as of August 2015 were 624 lots sold to developers and adjacent owners, 328 lots reverted to taxing jurisdictions, and 342 homes built and sold. Most land-banked properties are in West Dallas, Central Oak Cliff, and South Dallas/Fair Park, according to the city. The corporation's land-banking capacity has been severely constrained by a lack of capitalization (it is financially self-sufficient and receives no general funds) and resulting limited staff capacity. The panel is aware that the City Council has recently considered options for strengthening the corporation's land-banking capacity, including enabling it to access HOME funds from the city.

The city also plays a role in the approval of developments financed with federal Low-Income Housing Tax Credits, which are administered statewide by the Texas Department of Housing and Community Affairs. In light of the Supreme Court's fair housing opinion and HUD's Affirmatively Furthering Fair Housing rule, Texas, like many states, is revising the criteria for allocating credits. Interviews suggested that no developments in Dallas are likely to receive allocations in the state's current cycle but that developments in the city meeting certain criteria would be eligible in the future. The tax credit program is the most important federal resource for developing and rehabilitating affordable housing for households earning 60 percent of AMI and less. It is critical that the program remain available in Dallas.

Finally, while Dallas has deep development capacity among its private sector, market-oriented firms, the infrastructure of mission-oriented housing organizations, according to interviews, is weak compared with that of many other cities. This is not to diminish the good work of the Dallas Housing Authority, Habitat for Humanity, and nonprofit housing developers active in Dallas; it is rather to affirm that this sector of the development community will require substantial investment and capacity building to play a bigger role going forward. The recent successes of The Real Estate Council (TREC) in establishing the TREC Community Fund as a federally certified Community Development Financial Institution and in catalyzing more than \$40 million of private investment in the Impact Dallas Capital fund are highly positive signs of what is possible.

Although the tools, resources, and partner organizations summarized have helped produce affordable and in some cases mixed-income housing opportunities, they are woefully inadequate to meeting Dallas's housing needs. Among

the areas of housing intervention that appear especially underresourced are (a) home repair of the older single-family stock; (b) gap funding for development and rehabilitation of new rental units for very low and extremely low-income households; and (c) rehabilitation and affordability preservation of existing affordable apartments, including both older tax credit properties and unsubsidized developments. The panel also concurs with the finding in the Neighborhood Plus plan that more support is needed for affordable for-sale homes for moderate-income households.

To put it bluntly, many of Dallas's peer cities are applying greater leadership, creativity, and resources to meeting their housing needs. Several of the panel's recommendations focus on adding to the city's toolbox, based on what has worked elsewhere.

# Principles and Recommendations

**DALLAS'S EFFORTS TO EXPAND** affordable and mixed-income housing must be grounded in a set of core principles. The city's existing tools and resources and the new ones the panel recommends—described under “Recommendations”—should align with these principles. Any review and evaluation of the city's efforts should come back to these principles with the single question: Did we live up to what we said we would do?

## Principle 1: Go Big

Dallas's affordable and mixed-income housing challenges have been years in the making. Progress at the speed and scale required—not simply to comply with the federal government's expectations, but also to strengthen the social fabric and economic competitiveness of the city—demands big thinking and bold action.

That means a major commitment of political will on the part of the mayor, City Council, and city agencies working together both to bring greater awareness of housing challenges to the citizens of Dallas and to create the necessary tools and resources to make meaningful headway. And it means setting ambitious goals, with quantifiable metrics and total transparency. At a minimum, the city needs to commit to investing a substantial dollar amount of public and private funds to develop, rehabilitate, and repair a specified net new amount of homes and apartments over a defined time frame. These should be “stretch goals” that go well beyond “business as usual projections.”

Will is required of the business community as well, which historically has always risen to the challenge to do what Dallas needs most. The public sector cannot solve Dallas's housing challenges alone. The business community needs to step up, leading by example, amplifying a call to action, and committing resources to get the job done.

## Principle 2: Go Long Term

Dallas's affordable and mixed-income housing needs will take a multiyear, if not multidecade, commitment to address at the scale required. By definition, the time horizon will extend beyond political terms and agency appointments. It will also move through ups and downs in the economy and the regular rhythms of the local real estate market.

Dallas has reaped the rewards of sticking to long-term visions before. The remarkable downtown revitalization and the solid progress addressing homelessness are but two examples of public/private partnerships that have spanned administrations and economic cycles. It is time to bring that kind of commitment to housing.

The success of any long-term civic agenda depends on many factors, including political will and a comprehensive approach. Less appreciated, but equally important, is data-driven regular reporting to the public. Unlike redeveloping downtown, where progress materializes in dramatic and memorable ways, Dallas's housing story will play out at a smaller scale, in more incremental fashion. Regular reporting is essential.

## Principle 3: Go Regional

The panel's assignment is to make recommendations that the city and its private sector and community-based partners can implement. As this report makes clear, those parties can and must do a lot.

At the same time, the panel recognizes that that “the Dallas housing market” is in many respects a regional one and not defined by formal municipal boundaries. Some of Dallas's housing challenges are in fact a result of policies adopted by surrounding jurisdictions. These include exclu-

sionary zoning and other practices that block affordable and mixed-income development and prevent lower-income renters from accessing available apartments.

So, although the panel's recommendations are principally focused on the city of Dallas proper, with some suggestions for regional collaboration, Dallas leaders must continue the efforts that have already begun to work constructively with neighboring communities.

## Principle 4: Go Sustainable

“Sustainable” is a core principle with two meanings. The first is financial. Meaningfully addressing Dallas's affordable and mixed-income housing needs will require substantial commitments of public, private, and philanthropic capital. As noted, these commitments will be needed over a multiyear or even multidecade period.

The second important definition of sustainable for these purposes is environmental. As Dallas ramps up development and rehabilitation of its housing stock, it should prioritize siting, construction, and management practices that are environmentally sustainable. Housing that is healthier, more energy and water efficient, better able to withstand adverse weather, and closer to walkable areas and transit is more likely to retain its value over time.

In establishing a twofold definition of sustainability as a core principle, Dallas would be making a statement that its commitment to affordable and mixed-income housing is serious and attuned to other serious problems facing our society.

## Recommendations

Based on its research and analysis of dozens of documents, interviews with more than 70 Dallas housing leaders, and members' extensive experience working in cities facing similar housing issues, the panel developed five recommendations to substantially expand affordable and mixed-income housing development and opportunity in Dallas. In developing each recommendation, the panel considered the following:

- What new tools and resources would help Dallas make meaningful progress in mixed-income housing?
- How would new tools and resources relate to and augment what Dallas public agencies, private developers, and community-based organizations are already doing?
- Where have the recommended new tools and resources been successful, and what does the experience in other cities suggest for Dallas?

### Recommendation 1: Create a Permanent Dedicated Revenue Source

With federal funds declining and state resources limited, Dallas must follow the lead of other leading U.S. cities in bringing local dollars to the table. Dallas should create a “housing trust fund” to receive and allocate new sources of revenue for affordable and mixed-income housing development and preservation. This should be “Job 1”—and should start immediately with seed funding of at least \$250,000 from the city.

Housing trust funds in more than 470 cities have generated an aggregate of \$270 million annually across the United States—with every \$1 committed to trust funds leveraging an additional \$6.50 in private sector investment in housing, according to the Center for Community Change. The experience of hundreds of other cities suggests a range of options for capitalizing and administering a housing trust fund.

In terms of capitalization, the most immediate and most obvious opportunity for Dallas is to allocate a significant portion of the proceeds from the next general obligation bond to the trust fund. GO bond funds have been effectively used for this purpose by a number of Dallas's peer cities, such as Atlanta, Austin, Charlotte, and Seattle.

Dallas must seize the next opportunity to do the same. The panel is aware that Dallas has used GO bond funds to support housing in the past: as noted in the panel's briefing book, the city's 2012 \$642 million bond program included \$55 million for “Economic Development and Housing activities, specifically to be used for planning, designing and constructing streets, utilities, and other necessary

infrastructure; land acquisition; facility demolition; and other financing support for commercial, industrial, retail, mixed-use and residential development related to transit-oriented development citywide and general development in Southern Dallas.”

The panel understands that \$20 million of the \$642 million 2012 bond proceeds were deployed to support affordable and mixed-income housing, however. The next bond issue should provide substantially more.

In addition to GO bond proceeds, any payments “in lieu” of providing affordable housing units under the inclusionary housing initiative—as described below—would also be assigned to the trust fund. Other revenue sources could include federal housing block and community development block grant monies and fees and loan repayments already being collected by the city.

In terms of administration, the panel encourages Dallas to establish a process and criteria for determining the best approach for Dallas. Based on the experience of other cities, the options that make most sense to consider are an existing city agency; an existing non-city entity, such as a community development financial institution; or a newly created non-city entity.

The same process that designates the trust fund administrator should establish the eligible uses, priority areas, and income targeting of trust fund resources. Among potential uses that the panel heard a strong need for are (a) “gap funding” for new developments (or units within developments that serve families earning less than 60 percent of AMI; (b) dollars for home repairs, especially for properties inhabited by elderly residents; and (c) support for mobility and opportunity initiatives, as described in recommendation 4.

## Permanent Dedicated Revenue Source: Charlotte Housing Trust Fund

The fund, established in 2001, provides gap financing to support development serving households earning 60 percent of AMI or less (\$38,500). The fund is capitalized by a portion of proceeds from city general obligation bond issues, backed by property taxes. The most recent bond issue, approved in 2014 along with separate bond issues for street and neighborhood improvements, raised \$15 million for the fund. The housing bond issue passed with 60 percent of the vote.

The Charlotte Chamber of Commerce led a two-year public education campaign in support of the 2014 bond issues. Key partners in the campaign included the Real Estate and Building Industry Coalition, Greater Charlotte Apartment Association, American Airlines, Vulcan Materials Company, University City Partners, Crisis Assistance Ministry, Supportive Housing Communities, and the Black Political Caucus of Charlotte-Mecklenburg.

To date the fund has committed \$93 million, which has leveraged \$544 million in total development and produced 5,542 affordable housing units. Nearly 3,000 units have served people earning less than 30 percent of AMI—

roughly \$20,000 per year. The fund is administered by the city’s Department of Neighborhood and Business Services.

For more information: Charlotte Housing Trust Fund website, <http://charmeck.org/city/charlotte/nbs/housing/pages/housingtrustfund.aspx>.



*The Charlotte Housing Trust fund provided \$5 million to support the development of the Retreat at Renaissance, a mixed-income development with cradle-to-college educational opportunities, youth and adult development programs, job training, health and wellness programs, transportation access, and recreational opportunities.*

## Texas Law Governing Sales of Housing Units or Residential Lots

The following is an excerpt from Texas Local Government Code, Section 214.905: Prohibition of Certain Municipal Requirements Regarding Sales of Housing Units or Residential Lots.

(a) A municipality may not adopt a requirement in any form, including through an ordinance or regulation or as a condition for granting a building permit that establishes a *maximum sales price* for a privately produced housing unit or residential building lot [emphasis added].

(b) This section does not affect any authority of a municipality to:

(1) create or implement an incentive, contract commitment, density bonus, or other voluntary program designed to increase the supply of moderate or lower-cost housing units; or

(2) adopt a requirement applicable to an area served under the provisions of Chapter 373A, Local Government Code, which authorizes homestead preservation districts, if such chapter is created by an act of the legislature.

### Recommendation 2: Create an Incentive-Based Inclusionary Housing Program with Flexibility for the Development Community

The vitality of the Dallas real estate market and the capacity of the development community create a major opportunity to produce mixed-income housing in prospering parts of the city through an inclusionary housing program. The panel recommends a program that would ensure developers proposing new residential developments (and mixed use with residential developments) (a) include a defined percentage of affordable units; (b) provide (directly or through another entity) those units at another opportunity-rich location; or (c) pay “in lieu” into the housing trust fund.

The panel is well aware of the controversy that often surrounds inclusionary housing policies and the view held by some that an inclusionary program perceived as “mandatory” would be disallowed under Texas state law. On the first point, panel members’ experience is that incentive-based inclusionary programs carefully designed with private sector input can work for both the private sector and local communities. Dallas’s own impressive results in generating affordable housing units in some of its TIF districts is further proof of concept.

On the second point, the panel’s view, affirmed by lawyers and legal experts in several panel interviews, is that Texas state law does not on its face disallow an inclusionary program with respect to rental housing units, provided

sufficient incentives accompany it. (The panel understands the law to clearly disallow such an approach with respect to for-sale units.)

A host of important design questions bear on the effectiveness of any inclusionary housing program, including the specific types of developments that would be covered, the structure and source of accompanying incentives, and the required affordable housing commitments (by percentage of the project, income level served, location of off-site units, etc.). Careful analysis of Dallas housing market drivers and policy goals can resolve these questions.

### Recommendation 3: Leverage Public and Anchor Institution Real Estate Assets

The most precious asset the city of Dallas has under its control for driving more affordable and mixed-income housing is land and buildings that it owns. According to a February 2016 TREC presentation to the City Council Housing Committee titled “A Toolkit of Options to Encourage Mixed-Income Housing,” “Texas State Law allows government entities, including cities and counties, to sell their land at a price that is much lower than fair market value if it serves a public purpose [which can] include Affordable Housing.”

The city must take fullest advantage of this legal authority to work with the development community on affordable and mixed-income development opportunities. The city should develop a comprehensive database of all its real

## Incentive-Based Inclusionary Housing: Palm Beach County Workforce Housing Program

Palm Beach County's Workforce Housing Program is "a mandatory program that provides for people employed in the jobs that the general population of the community relies upon to make the community economically viable." The program was established in 2004 but only gained traction in the market after 2009, when the county made substantial revisions as a result of recommendations by the real estate industry, including homebuilders and realtors.

The program requires all new developments of more than ten units to provide units serving households earning 60 to 120 percent of AMI in exchange for additional density allowances on a sliding scale. Developers have flexibility to meet the affordable housing requirements by paying an in lieu fee, building units off site, or purchasing and deed-restricting market-rate units.

To date, more than 1,400 affordable or workforce units have been approved as part of 36 developments. In addition, nearly \$900,000 of in lieu fees have been collected from three developments. Roughly three-quarters of units serve households earning between 60 percent and 120 percent of AMI; the balance serve households earning between 120 percent and 140 percent of AMI. An outside study of the program commissioned by

the county found that the county's incentives fully offset the cost or lost profit incurred by developers in providing the affordable and workforce units.

For more information: Palm Beach County Planning, Zoning and Building Department website, [www.pbcgov.com/pzb/Planning/WHP/index.htm](http://www.pbcgov.com/pzb/Planning/WHP/index.htm).



PALM BEACH COUNTY, FLORIDA

*The Palm Beach County (Florida) Workforce Housing Program has produced mixed-income housing with minimal public subsidy and no adverse effects on development. The county's inclusionary housing initiative was developed and refined in partnership with the development community and continues to evolve with market conditions.*

estate holdings, assess the development potential for each, and prioritize those in stable and high-opportunity areas for redevelopment.

The city also has substantial opportunities to work with other public agencies that control strategically located real estate in the same manner, especially the Dallas Housing Authority and Dallas Area Rapid Transit (DART). The panel understands that the authority is already assessing some of its holdings for redevelopment opportunities. In the case of DART, the panel was discouraged to find that the agency's transit-oriented development policy is silent on affordable and mixed-income development and that, according to interviews, DART has not expressed interest in exploring such development possibilities near new and

existing stations. This omission is a major missed opportunity. A number of Dallas's peer cities, such as Atlanta, Austin, Chicago, Denver, and Minneapolis, are linking transit investments to mixed-income housing development.

Other potential partners in this area include the Dallas Independent School District, community colleges in the city, and hospitals and other major medical facilities.

### **Recommendation 4: Support Housing Choice and Opportunity for All Dallasites**

As described in the previous section, a range of barriers prevent low-income and minority families from accessing housing in mixed-income development and neighborhoods in the city of Dallas. The panel understands fully that the



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*Evans Station Lofts in Denver provides 50 affordable housing units and 7,000 square feet of retail space next to a light-rail stop. The development was made possible by the city of Denver's strategic commitment to support mixed-income development near transit and the capital investment of the public/private Denver Regional Transit-Oriented Development Fund.*

city is not solely responsible for these barriers and has limited ability to remove or alleviate some of them. That said, the city can and must do much more with the tools and resources it has available and that the panel recommends it create.

The panel understands that the city is evaluating its options for proceeding on a "source of income" ordinance that generally would prevent apartment owners from declining to rent to would-be residents on the basis of their receipt of public rental assistance, as directed under

the city's VCA with HUD, in light of the recent action by the Texas state legislature to prohibit such municipal ordinances related to federal housing assistance. The panel understands from the city's briefing presentation that the new law provides exceptions for "military veterans and voluntary agreements, which exempts incentives, contractual commitments, density bonuses, or other voluntary programs designed to encourage the acceptance of housing vouchers."

Based on this interpretation, the city should make clear that developments supported by the its TIF program, GO bond proceeds (current and future), the panel-proposed housing trust fund, and the panel-proposed inclusionary housing program must accept would-be residents who receive public rental assistance, subject to their meeting the other customary criteria.

In addition, the city should engage apartment owners and managers as well as entrepreneurs in an innovation competition to reduce apartment vacancies and boost monthly net operating income through creative approaches to marketing available units to lower-income renters. Longstanding approaches, such as corporate housing programs, and newer, technology-based resources, such as Socialserve.com, which maps and identifies available apartment units affordable to various income levels, suggest an economic

## Strategic Use of Public Land: Montgomery County, Maryland

Montgomery County maintains a comprehensive county land inventory and has facilitated mixed-income housing on multiple county landholdings. All capital improvement projects or county agency plans to redevelop or dispose of county-owned land are required to assess the potential for affordable housing as part of the site's redevelopment and to present this analysis to the County Council. The analyses must examine several factors, including the following:

- Physical and financial feasibility of including a significant share of affordable housing;
- The proximity of public transit and other public facilities;
- The proximity of the site to existing affordable housing; and

- The conformity of multifamily housing with existing zoning.

In addition, the County Council has passed legislation that expresses a preference for at least 30 percent affordable housing on public land. Examples of public landholdings being considered for future mixed-income housing in the county include the site of a new police station, a site that formerly hosted a police station, a former public fire-safety-training site, and a future fire station.

For more information: Montgomery County Housing Policy, <http://montgomerycountymd.gov/dhca/director/housingpolicy.html>.



rationale in further opening up the Dallas rental market. Seed funding for pilot programs (e.g., to guarantee rent for owners that make units available for lower-income households) could be funded through the panel-recommended housing trust fund.

Finally, the Dallas Housing Authority, which administers federal rental assistance in the city, should redouble its efforts, in partnership with community-based organizations and apartment owners and managers, to provide counseling, supportive services, and other necessary financial support to ensure assisted renters can fully access hous-

ing opportunities of their choosing throughout the city. The Dallas Housing Authority should also explore opportunities to collaborate on similar efforts on a regional basis with peer agencies in surrounding jurisdictions.

**Recommendation 5: Invest Strategically in Community Revitalization**

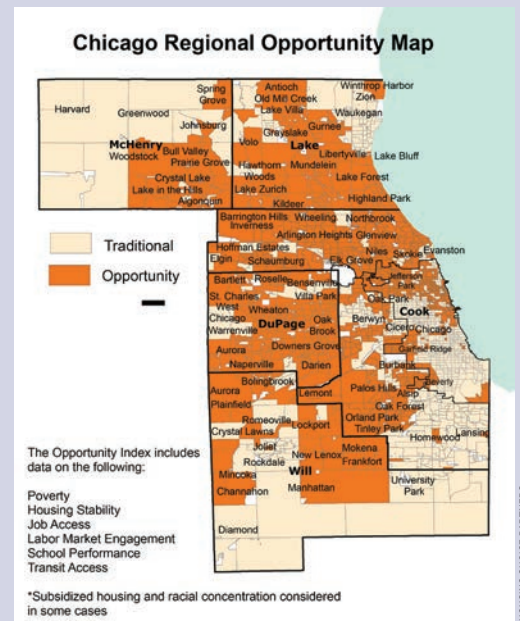
Dallas should strategically identify and invest in a comprehensive set of resources for disinvested communities, under certain criteria. The heart of those criteria should be conditions, capacity, and community-serving institutions

**Housing Choice and Mobility: Chicago Regional Housing Choice Initiative**

The Chicago Regional Housing Choice Initiative (CRHCI) is an intergovernmental effort between nine regional housing authorities to better target rental assistance subsidies that are allocated through a competitive process to affordable and mixed-income housing developments in communities near transit, job centers, good-quality schools, and amenities. Each agency sets aside a portion of its Housing Choice Voucher turnover to create a consolidated pool of rental assistance available through a single application for developments in opportunity and revitalization communities across the region.

The Metropolitan Planning Council (MPC), a regional planning and policy advocacy organization, coordinates the program’s application process and works with partners to set the development selection criteria to determine whether developments are meeting local and regional goals of locating affordable housing near transit, good-quality schools, and job centers. The MPC actively markets the benefits of the CRHCI—a stable flow of rental income—to private and nonprofit developers who are encouraged to apply for CRHCI subsidies on a rolling basis.

The CRHCI has provided subsidies to 467 apartments in 30 developments across the region. In total, these developments comprise nearly 2,000 mixed-income multifamily rental apartments across the five-county Chicago region. The 406 apartments are for households making below 50 percent of AMI, or about \$36,200 for a four-person household.



*The Chicago Regional Housing Initiative defined and mapped indicators of opportunity at the census-tract level in the Chicago metro region as a basis for targeting its housing mobility and counseling efforts. Indicators include labor market engagement, job access, transportation access, housing stability, poverty, and school performance.*

For more information: Housing Choice Partners website, [www.hcp-chicago.org/2014/program/project-opportunity](http://www.hcp-chicago.org/2014/program/project-opportunity).

that indicate the area can become a high-opportunity one in a reasonable period of time.

For example, city-supported housing development targeted community revitalization areas should have access to least three of the following: transportation, schools, health facilities, or neighborhood retail. Moreover, the quality of these institutions matters. Their services and facilities must be of good quality, and they should show an ability to operate over a long period of time and demonstrate impact. Nor should these developments be concentrated in narrow bands of income, type, or tenure. Rather, they should be mixed income, mixed use, rental and for sale, and multigenerational.

This recommendation is consistent with the steps currently being taken, as the panel understands the Neighborhood Plus plan and GrowSouth initiative. The panel notes that

the identification of priority areas under those two efforts could result in as many as 17 designated redevelopment zones, which is much more than currently available resources could sufficiently support.

The panel recommends a phased-in approach focusing on and allocating most resources to three or four areas every few years. The panel recommends that at least one priority neighborhood come from the southern Dallas core. Furthermore, the panel recommends that one priority neighborhood build upon the current momentum found near the downtown core.

A phased-in approach would, of course, require some sacrifice by some City Council members having to “wait” for their district to be served by this recommendation. The panel believes that some council members will be willing to take such a broad-minded view of what is best for Dallas

## Comprehensive Community Reinvestment: The Villages of East Lake (Atlanta)

The Villages of East Lake is a mixed-income community of 1,500 where residences are evenly divided between affordable and market-rate units. Nearly 550 townhomes, villas, and garden apartments surround the neighborhood’s landscaped lawns, all within walking distance of the golf course, Drew Charter School, and the YMCA. Before a comprehensive community development initiative led by the community, business leaders, and the public sector, the area was characterized by deep distress: a 96 percent poverty rate, average resident income of under \$5,000, only 5 percent of the fifth-grade students at the Drew Elementary School meeting state math standards, and only 30 percent of students in the neighborhood graduating from high school.

As a result of redevelopment, the area has attracted more than \$175 million in new investment. Home values have risen at a rate almost four times faster than for Atlanta as a whole. Fully 70 percent of East Lake’s public housing residents today are either employed or in education or job-training programs. Crime overall has declined by 73 percent, and violent crime by 90 percent. The neighborhood now has a crime rate 50 percent lower than that of Atlanta overall.

Ninety-eight percent of Drew students in grades 3–8 met or exceeded state standards in 2012–13. Nearly 80 percent are graduating from high school, compared with only 50 percent of Atlanta Public Schools students and 67 percent of the state’s young people.

For more information: Purpose Built Communities website, <http://purposebuiltcommunities.org/>.



*The Drew Charter School Junior and Senior Academy at the Charlie Yates Campus is an anchor of the revitalized East Lake Villages community in Atlanta. East Lake is proof of concept that deeply distressed areas of concentrated poverty can become fully functional communities of choice through strategic redevelopment.*

EAST LAKE FOUNDATION

as a whole. In any case, the designation of redevelopment areas should be made in an open, transparent manner, based on a common set of data, analytics, and metrics.

### **Other Supporting Recommendations**

Finally, the panel heard several recommendations from interested parties that it views as worthy of adoption, subject to further analysis of the details. Although these recommendations are more tactical in nature, they would nevertheless complement and strengthen the panel's primary recommendations.

- *Consolidated development:* Approvals for proposed affordable and mixed-income developments should be streamlined and, to the fullest extent feasible by law and regulation, be consolidated under a single approval authority in such a way as to ensure transparency and accountability. The new process should be designed to be flexible enough to encourage innovation and greater private sector participation in affordable and mixed-income development.
- *Zoning code revisions:* Under the current zoning code, designation MF2 restricts wood construction for multifamily apartments to three stories. As recommended by TREC, the code should be revised to allow increased density and building heights for wood-frame construction in MF2 areas in exchange for the inclusion of low-income units. The code should incorporate form-based analysis in which the form and scale (and therefore character) of development are considered, rather than only distinctions in land-use types.
- *Homestead preservation districts:* Texas state law authorizes cities to designate areas for TIF as a way to “promote the ability of municipalities to increase homeownership, provide affordable housing, and prevent the involuntary loss of homesteads by existing low-income and moderate-income homeowners living in disadvantaged neighborhoods.” This authority could complement the city's TIF program by serving areas that the current program generally does not.

# Implementation and Key Milestones

**AS NOTED IN THE FIRST SECTION** of this report, the panel's assignment was to recommend core principles and policy options that would enable Dallas to more effectively address its worsening affordable and mixed-income housing challenges. The previous section has done so.

The panel believes that the success or failure of its recommendations will depend heavily on how they are implemented. Several implementation options are possible, as suggested in the previous section. The panel also believes that ensuring these recommendations work well together, complement existing tools and resources, and fully leverage the opportunities to engage the business sector requires a level of leadership that does not presently exist. The panel believes that Dallas has several options to address this eminently solvable issue.

One the panel encourages is exploration of designation by the mayor and City Council of a widely respected local leader to kick off and organize the effort. In this scenario, the mayor could call on the services of a highly respected leader in the Dallas community to serve in the temporary role of chief executive officer (CEO) for housing and community investment. The CEO would report to the mayor, with a "dotted line" reporting relationship to the City Council.

The CEO's principal responsibility would be to define and articulate a comprehensive housing policy for the city that establishes common goals and metrics across all agencies, programs, tools, and resources. The CEO would also establish the core policies and operational procedures for the new tools recommended here. And the CEO would serve as the chief marketer and fundraiser for affordable and mixed-income housing with the local business and philanthropic community.

The panel envisions the CEO's role to be one to two years in duration, potentially on a pro bono basis, if such an arrangement were feasible for the selected individual.

The Dallas precedent for this recommendation is in part the "homeless czar" role created by Mayor Laura Miller in 2003 and held by Mayor Mike Rawlings from 2005 to 2010 as a private citizen before his election as mayor. The establishment of the homeless czar role sent a powerful signal that business as usual was not sufficient for addressing homelessness in Dallas. The efforts of the homeless czars (Mayor Rawlings and his predecessor as czar, Tom Dunning) are widely credited in the community with elevating awareness of Dallas's homeless challenge and generating significant new funding—from both city bond issues and private contributions—to address the issue.

The city's broader housing challenges today—especially the need for more mixed-income housing—demand a similar sense of urgency, and ample reason exists to be optimistic that the right person in the CEO role the panel recommends could achieve similar results. The panel believes that only an independent community leader will be able to lead this necessary change process for Dallas.

As envisioned by the panel, the CEO would have three primary responsibilities:

- Create a coherent, transparent policy framework that aligns existing plans and programs and integrates new tools and resources;
- Set high-level, measureable goals and metrics for increasing affordable and mixed-income housing and opportunity in Dallas; and
- Mobilize the Dallas business and philanthropic leadership to invest resources and expertise to educate the citizens of Dallas about how and why a more balanced housing market is good for all Dallasites.

The rationale for the CEO role would be to galvanize quick and sustained action—not to lead another planning

exercise. The CEO's responsibilities would not involve developing a strategy or plan. They would not involve running a program or managing city staff.

For the CEO to be successful, the panel recommends that he or she be allocated a small budget (which could come from private contributions, city funds, or a combination of the two) to retain necessary support. Whether the CEO established a new advisory body to inform his or her work and enable community input, or whether existing groups were used, would be the mayor and City Council's decision.

More broadly, the panel believes that Dallas's success in implementing its proposed recommendations will depend on working with private sector and community-based organizations outside city government. TREC is one such group, bringing deep development expertise through its members as well as a proven capacity to raise private capital to support affordable and mixed-income housing. ULI Dallas is another key resource. Nonprofit developers and advocates are also equally important to making these recommendations work.

## Key Milestones for Implementing Panel Recommendations

60 days	120 days	Six months	One year
<ul style="list-style-type: none"> <li>■ Mayor and City Council commit to including housing as a priority item in the next city GO bond issue and allocating proceeds to a housing trust fund and begin a campaign to generate overwhelming business and community-based support.</li> <li>■ City begins a comprehensive “cross walk” and “scorecard review” of all public sector and nonprofit initiatives providing resources for affordable and mixed-income housing in the city of Dallas, examining the purposes, administering entities, eligible activities, income targeting, and results, among other metrics.</li> <li>■ Office of Economic Development and/or Housing Department commences analysis of (a) options for increasing affordable housing development and serving a wider range of low-income households within current TIF policy and (b) necessary data and process to develop a citywide real estate strategy to support affordable and mixed-income housing.</li> <li>■ Mobility innovation competition (recommendation 4) is announced.</li> </ul>	<ul style="list-style-type: none"> <li>■ Mayor and City Council formally endorse establishment of housing trust fund and creation of inclusionary housing program, with a timetable for implementation.</li> <li>■ City reports on “cross walk” and scorecard review of all public sector and nonprofit initiatives providing resources for affordable and mixed-income housing in the city of Dallas and provides a draft framework for rationalizing requirements as the foundation for a comprehensive, coherent housing policy for the city of Dallas.</li> <li>■ Office of Economic Development and/or Housing Department reports on analysis of (a) options for increasing affordable housing development and serving a wider range of low-income households within current TIF policy and (b) necessary data and process to develop a citywide real estate strategy to support affordable and mixed income housing.</li> </ul>	<ul style="list-style-type: none"> <li>■ All city agencies and affiliated organizations that administer housing resources have aligned policies and procedures.</li> <li>■ Administering entities and business and operating plans for the housing trust fund and inclusionary housing program are finalized and communicated to the public.</li> <li>■ Priority investment areas for strategic community revitalization areas are identified (or affirmed if previously identified), with specific commitments of resources and action items by key parties, and communicated to the public.</li> <li>■ Revised TIF policy to more effectively support affordable and mixed-income development and citywide real estate strategy to support affordable and mixed-income housing are finalized and communicated to the public.</li> <li>■ Mobility innovation competition (recommendation 4) winners are announced.</li> </ul>	<ul style="list-style-type: none"> <li>■ Development approvals begin under new city housing policy.</li> <li>■ Housing trust fund and inclusionary housing program are operational.</li> <li>■ Initial development begins in priority investment areas for strategic community revitalization.</li> <li>■ Reports to public on results begin.</li> </ul>

# Conclusion

**DALLAS IS NOT THE ONLY CITY** in America wrestling with the housing consequences of decades of segregation and disinvestment. In fact, no city has fully implemented a truly holistic approach that has reversed its most alarming housing affordability and access trends. Across the country, cities have begun to make progress through an array of approaches that reflect ambition and innovation. Dallas has the opportunity to take the best practices from

around the United States, integrate them into a coherent whole, and bring to bear a unique can-do spirit and unsurpassed development capacity in ways that no other city has yet achieved. Making meaningful progress on affordable and mixed-income housing is another opportunity for Dallas to lead.

# About the Panel

## Tony M. Salazar

*Panel Chair*

*Los Angeles, California*

Salazar oversees all development activity for McCormack Baron Salazar in the western United States, including initiating development that involves coordinating the planning process; acting as liaison with joint venture partners; interfacing with government officials and local community groups; and coordinating the final design process with marketing, construction, and building management disciplines. He has been instrumental in developing more than 4,000 residential units located in the cities of Los Angeles, Kansas City, Pittsburgh, Phoenix, and San Francisco. These include six HOPE VI projects, two projects for seniors, seven mixed-income developments, three transit villages, a single-room occupancy project, and five earthquake recovery projects.

Before joining the firm, Salazar served as executive director of the Kansas City Neighborhood Alliance, a citywide intermediary, and as executive director of Guadalupe Center Inc., a social service agency. He currently serves on the boards of the Center for Urban Redevelopment at the University of Pennsylvania and the Enterprise Home Ownership Program in Los Angeles. He is also on Bank of America's National Community Advisory Council.

Previously, he served as a board chair of the National Council of La Raza, the largest Hispanic advocacy organization in the country, and as director of the California Community Foundation, Enterprise Social Investment Corporation, Community Development Research Center at the New School of Social Research, and with several private sector companies.

Salazar has a master's degree in social work specializing in administration from the University of Michigan and a BA from the University of Missouri at Kansas City.

## G. Kent Collins

*Austin, Texas*

Collins is the principal at Centro Development LLC, an Austin-based real estate development company that specializes in urban infill, mixed-use properties. He has been at the forefront of developing vertically mixed-use and mixed-income projects in Texas for the last 21 years.

As senior vice president for development at Post Properties Inc., Collins developed a two-phase 650-unit urban apartment development with 30,000 square feet of retail space in the Midtown neighborhood adjacent to downtown Houston and a \$22 million, mixed-use project in a public/private partnership on leased city-owned land in Austin. Both projects were among the first to incorporate affordable housing in a mixed-income, mixed-use setting in both cities. He also secured \$6 million in historic tax credits for the Rice Lofts joint venture, a housing and retail project in downtown Houston, Texas.

While with the Central Dallas Association, in Dallas, Texas, Collins led a development task force to redevelop 22 blocks of downtown Dallas. Previously, he served as associate project manager for the Tokyo Disneyland Portfolio at Walt Disney Imagineering, and he started his career as project manager of the Main Street Project, a project of the Texas Historical Commission and the National Trust for Historic Preservation for the city of Hillsboro, Texas.

A member of the Urban Land Institute, Collins is a current or past board member of many organizations focused on

development and downtowns, including Real Estate Council of Austin, Downtown Austin Alliance, Texas Downtown Association, Houston Midtown Management District, and the Heritage Society of Austin.

Collins has an undergraduate degree in architecture from the University of Texas at Austin and an MBA from the University of California, Los Angeles.

## Nancy Montoya

*New Orleans, Louisiana*

Montoya is a consultant who specializes in developing vibrant and sustainable communities through finance, coalition building, promoting financial ability, micro- and small business development, and engaging other human and capital resources that maximize opportunity. She combines data-driven research, evidence-based practices, and local intelligence to design and implement programs and delivery models that contribute to measureable impact. Most recently she has worked for the U.S. Department of the Treasury and Commonwealth of the Northern Mariana Islands to increase awareness of the State Small-Business Credit Initiative and encourage use of the program to fuel job creation and economic growth.

She also has been involved with an anti-poverty project with United Way of Southeast Louisiana, New Orleans's 100 Resilient Cities project, and local economic development for the Gulfport/Biloxi area. She serves on the board of the Data Center that provides information for informed decisions in the metro New Orleans area. Before this, she was the senior regional community development manager for the Federal Reserve Bank of Atlanta.

Montoya holds a master's degree in public administration and a bachelor's degree in marketing from the University of New Orleans and earned a certificate in urban development from the University of Pennsylvania.

## Dionne Nelson

*Charlotte, North Carolina*

Nelson is the principal and CEO of Laurel Street Residential, a mixed-income housing development company providing high-quality residences for working families and seniors throughout the Southeast. She establishes and manages the overall strategic direction, operations, and growth of the company and has over 20 years' experience in real estate development, finance, and operations.

Previously, Nelson was senior vice president at Crosland with responsibility for the company's affordable housing developments and operations. Before joining Crosland, Nelson managed investments at NewSchools Venture Fund and Earnest Partners. She began her experience in financial services at Salomon Brothers and as a strategy, organization, and operations consultant with McKinsey & Company.

Nelson is a member of the Charlotte-Mecklenburg Planning Commission and the Urban Land Institute's Affordable and Workforce Housing Council. She is a board member for the YMCA of Greater Charlotte and the Levine Museum of the New South. She serves as the board chairperson for Renaissance West Community Initiative and is a member of Leadership Charlotte Class 29.

Nelson holds an MBA from Harvard University and a BA in economics from Spelman College.

## Philip Payne

*Charlotte, North Carolina*

As CEO, Payne has primary responsibility for the overall strategic direction, growth, and development of Ginkgo, a fully integrated real estate operating company that provides management for apartment homes throughout the southeastern United States. From February 2007 until the formation of Ginkgo, he served as the CEO of Babcock & Brown Residential. Before Babcock's acquisition of BNP, Payne was the chairman of BNP, spearheading its growth



from a passive REIT in 1994 to an apartment REIT with about 9,000 apartment units by 2007. As BNP's chairman, Payne led the sale of the company to Babcock & Brown Ltd. in 2007, at a valuation that represented a doubling in BNP's share price from the time he took over as chairman.

In addition to his duties at Ginkgo, Payne is a member of the board of directors for Ashford Hospitality Trust, a REIT focused on the hospitality industry.

Payne received a BS and a JD, both from the College of William and Mary in Virginia, in 1973 and 1978, respectively. He holds a license (inactive) to practice law in the state of Virginia.

## Meaghan Shannon-Vlkovic

*Atlanta, Georgia*

Shannon-Vlkovic is vice president and market leader for Enterprise Community Partner's southeast market. She leads Enterprise's programmatic work in the region, focused on providing an array of resources to affordable housing and community development partners. This includes capacity-building assistance for the public and private sectors in areas of proactive preservation and production of housing and helping communities plan for future development. Before joining the southeast office in 2010, Meaghan was development director at Monadnock Construction in Brooklyn, New York, where she was responsible for planning and analysis of housing development opportunities.

From 2001 to 2004, she was a program officer and assistant director of housing and finance in Enterprise's New York office, where she coordinated technical assistance and training to nonprofit and for-profit developers while overseeing a project management team and portfolio of tax credit developments. Previously Shannon-Vlkovic was executive director of Aquinas Housing Corporation, a Bronx nonprofit, community-based organization involved in the rebuilding and management of 45 properties encompassing 1,200 units of housing serving the formerly homeless, seniors, and families with low to moderate incomes.

She earned her bachelor's degree from SUNY Oneonta College and her master's degree from CUNY Hunter College in New York City.

## Mark Shelburne

*Raleigh, North Carolina*

Shelburne advises state agencies, local governments, financial institutions, and developers on topics including fair housing, allocation policy, program compliance, and policy innovation. In the last year, he has presented on these topics to two dozen statewide and national audiences. He is widely regarded as one of the country's top experts on the intersection of fair housing and the low-income housing tax credit (LIHTC). Shelburne also frequently writes for *Novogradac's Journal of Tax Credits* and produces webinars.

For the preceding 13 years, he was counsel and policy coordinator for the North Carolina Housing Finance Agency. His primary responsibility was the Qualified Allocation Plan, which determines the annual distribution of over \$300 million in LIHTCs, tax-exempt bonds, and loan funds. He also initiated award-winning programs, testified before Congress, worked with many other state allocating agencies, and wrote a book on the LIHTC program. Immediately before working for the agency, Shelburne was the general counsel of an LIHTC equity investor.

He has degrees in law, planning, and public policy from the University at North Carolina at Chapel Hill. He has served on many professional boards, including the Governing Committee of the American Bar Association Forum on Affordable Housing and Community Development Law.

## Jake Wegmann

*Austin, Texas*

Wegmann joined the faculty of the University of Texas at Austin in 2014. His research focuses on housing affordability and supply with a focus on high-growth markets. His research projects have investigated an alternate metric for measuring the cost-efficiency of affordable housing

production; racial disparities in metropolitan scale growth patterns in the San Francisco Bay Area; the potential for accessory dwelling units as a small-scale infill and housing affordability strategy; the effect of online urban vacation rentals on neighborhoods and housing markets; and the underground housing economy in Los Angeles. His work has been published in academic journals including *Housing Policy Debate*, *Urban Geography*, *Journal of Urbanism*, and *Buildings & Landscapes*.

His current research includes using webscraped data to more accurately measure microscale and short-term trends in housing rents; measuring the quantity and affordability and fiscal impacts of absentee-owned, unoccupied housing; and evaluating the potential for property tax reductions to incentivize affordable housing provision by small-scale apartment landlords. Before entering academia, Wegmann worked in both for-profit and nonprofit real estate development.

Wegmann completed his PhD at the University of California, Berkeley, in 2014. He holds master's degrees in planning and real estate development from MIT and a master's degree in geophysics from the University of Colorado at Boulder. He graduated cum laude with a BA in computer science from Dartmouth College.

## Roger L. Williams

*Potomac, Maryland*

RW & Associates LLC is a domestic and international consulting firm specializing in advising on a wide range of issues involving community development. Internationally Williams has worked in post-earthquake Haiti, South Africa, and Nicaragua. Domestically he has worked extensively in Camden, New Jersey; post-hurricane New Orleans; and a wide range of U.S. cities. Before founding RW & Associates, he was a senior fellow/director for neighborhood development at the Annie E. Casey Foundation. He has been a vice president at both Fannie Mae and Freddie Mac, a senior vice president at First Union Bank and the Dime Savings Bank of New York, and deputy general counsel at the Bedford Stuyvesant Restoration Corporation. He

is a founding director of CityFirst Bank, the first CDFI bank in Washington, D.C.

He serves on the board of the Roundhouse Theatre (Bethesda), the DC LISC Advisory Board, and the Board of the International Housing Coalition. He is the former vice chairman of New York City's Cultural Affairs Commission, a former trustee of the Metropolitan Museum, and the former treasurer of the Ellington Fund, which supports DC's public school for the performing arts.

Williams received a JD from New York University School of Law and a BA from Haverford College.

## Stockton Williams

*Washington, D.C.*

The ULI Terwilliger Center for Housing represents the interests and priorities of ULI's 37,000 members in all aspects of residential land use and development, including a deep commitment to affordable and workforce housing. Williams has more than 20 years' national experience in housing and economic policy, research, advocacy, and development and has held senior leadership positions in the public, private, and nonprofit sectors. Before joining ULI in January 2015, he was managing principal of the Washington, D.C. office of HR&A Advisors, which advises cities across the United States on complex real estate and economic development projects.

Before joining HR&A, Williams served as senior adviser in two federal Cabinet agencies: the U.S. Department of Housing and Urban Development and the U.S. Department of Energy. He has also been senior vice president and chief strategy officer at Enterprise Community Partners, a senior adviser at Living Cities, a senior legislative and policy associate at the National Council of State Housing Agencies, and a developer of affordable housing. He is chairman of the board of Groundswell, an innovator in harnessing community economic power for the common good.

He holds an MS from Columbia University and a BA from Princeton University.

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\*in order of reference in this report.

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