

# PROMOTING HOUSING CHOICE AND AFFORDABILITY

*exploring accessory dwelling units  
september 2017*





## BACKGROUND

2015 was a notable year for Dallas' housing policy, and is still shaping our housing conversations today. Two of the prominent outcomes have the potential to reshape how Dallas' approach to housing - moving away from a focus on delivering housing units, to thinking about housing in the context of neighborhoods, access, and opportunity.

The first was the release of the City of Dallas' neighborhood revitalization plan, Neighborhood Plus. The year-long planning process was initiated as a response to a 2014 discrimination and segregation investigation by the Department of Housing and Urban Development (HUD). The plan highlighted the growing disparity in Dallas' neighborhoods and resident incomes, and the need to "link housing to crucial neighborhood-based services including education, training, health care and transportation."<sup>1</sup>

Even as Dallas is experiencing a time of unprecedented growth and prosperity, it is facing a number of critical issues that dramatically impact its neighborhoods citywide: increasing levels of poverty; a declining number of middle income families; deteriorating neighborhood conditions in concentrated areas; an increase in childhood asthma, obesity and diabetes; a lack of quality affordable housing; and a mismatch between where jobs are located and where quality, affordable workforce housing exists. (Neighborhood Plus)

The second was the Supreme Court decision in *Texas Department of Housing and Community Affairs v. Inclusive Communities Project*. Through their ruling, the Supreme Court affirmed that disparate impact could be used in determining discrimination or segregation in housing, this simply means that an the effect of a policy or actions, and not intent can be used to determine if segregation has taken place. This ruling also highlighted an often unenforced element of the Fair Housing Act that charged municipalities to actively reduce segregation by Affirmatively Furthering Fair Housing (AFFH). AFFH is challenging the how and where we develop affordable housing.<sup>2</sup>

### PREPARED BY

The buildingcommunityWORKSHOP is a Texas based nonprofit community design center seeking to improve the livability and viability of communities through the practice of thoughtful design and making. We enrich the lives of citizens by bringing design thinking to areas of our city where resources are most scarce. To do so, [bc] recognizes that it must first understand the social, economic, and environmental issues facing a community before beginning work.

## DALLAS' AFFORDABILITY PROBLEM

The last few years have brought significant growth for the City of Dallas, including housing development, property values, and population. The city has also seen an increase in the number of residents in poverty and neighborhoods with concentrated poverty.<sup>3</sup> This is further contributing to the city's lack of affordable and desirable housing for low-to-moderate residents, and deep economic and racial segregation.<sup>4</sup>

Dallas' long valued affordable cost of living is being confronted by the recent rise in housing costs for both homeowners and renters. Since 2014 home values in Dallas have increased 60 percent, and the average rental rate has increased roughly 20%,<sup>5</sup> resulting in many households paying more than they can afford on housing. An estimated 37% of Dallas households are spending more than 30% of their income on housing. An estimated 46% of Dallas renters are spending more than 30% of their income on housing. Spending 30% or more on housing is what the Department of Housing and Urban Development calls "housing cost burdened,"<sup>6</sup> because the more a household spends on housing the less they have for food, healthcare, and other critical expenses, ultimately placing them at risk.<sup>7</sup>

Dallas is an increasingly segregated city, ranking number two among the nation's 10 largest major metro areas for income segregation.<sup>8</sup> Historical disinvestment and more recent concentrations of affordable housing development in low-income minority communities contributed to the City's current pattern of income and racial segregation, resulting in communities characterized by poor access to quality employment opportunities, poor access to goods and services, deteriorating infrastructure and housing stock, and lower performing schools.<sup>9</sup> Many of these communities are home to Dallas' estimated 184,000 children living at or below poverty.<sup>10</sup>

The impact a child's neighborhood, and their upward mobility is playing an increasing role in housing policy conversations. Growing up in high poverty areas can have negative impacts on cognitive development, and physical and mental health. Providing opportunities for families with children to access housing in neighborhoods with low-poverty rates, quality schools, and safe areas to play a role in breaking the cycle of poverty.<sup>11</sup>

We need new and varied solutions to our city's affordable housing problem. As Dallas' city council crafts a housing policy to better deliver affordable housing, support the reestablishing of a thriving middle class, increase choices of neighborhoods and housing products, and improve access to quality jobs and goods and services - we can activate hundreds of potential affordable rental units across the city through the use of Accessory Dwelling Units.



# WHAT IS AN ACCESSORY DWELLING UNIT?

Accessory Dwelling Units (ADU) are more commonly known as back houses, granny flats, mother in-law suites, or garage apartments. These independent dwellings house full kitchens and baths, and can either be attached to a main house or be free standing. In Dallas, ADUs were for decades a common part of building a single family home, and there are estimated to be hundreds across the city going unused or underused because of restrictions currently in place through city ordinances.

## DETACHED ADU

Detached ADUs are separated from the main house, and are considered a separate structure. They can be placed on the lot in a variety of ways, with the access point coming from the street or the alleyway (also know as an alley flat).



fair park neighborhood



junius heights neighborhood

## ATTACHED ADU

Attached ADUs are a part of the main house. They are typically connected along the side or back. ADUs that are separated from the main house but connected by a roof line are often considered attached ADUs.



cedar crest neighborhood

## ABOVE GARAGE ADU

Above garage ADUs are built on top of an existing accessory structure, the garage. They can be either attached or detached from the main house. This could also apply to other accessory structures.

# WHY ACCESSORY DWELLING UNITS?

Dallas needs a more robust set of tools to address its increasing affordable housing need. ADUs have been used as strategy for growing and changing housing markets across the country. Examples of cities with ADU ordinances or programs include Austin, TX, El Paso, TX, Charlottesville, VA, Seattle, WA, Minneapolis, MN, Barnstable, MA, and Fort Bragg, CA<sup>12</sup>. But why do ADUs make sense for Dallas?

## 1. Promotes Choice

ADUs support increased choice for both renters and homeowners. Single-family neighborhoods continues to be the dominant residential land use in the city; allowing for ADUs would open up whole sections of the city that have been closed to renters. Expanding ADU ordinances also increases a homeowners options on how they use their property.

## 2. Opportunity Areas

In light of AFFH, promoting ADUs offers a tool for delivering affordable housing options in areas of opportunity. In Dallas today, there is a strong correlation between single-family neighborhoods and “opportunity areas” [Figure 1]. Opportunity areas are neighborhoods with low poverty levels, good schools, access to jobs and low crime.<sup>13</sup> Children who move to higher opportunity areas, despite their family’s income level, experience long term positive outcomes in educational attainment, health, and lifetime income increases.<sup>14</sup>

## 3. Support Neighborhood Stability

ADUs can support stability in single family neighborhoods, even in areas facing increased development pressure. Allowing homeowners to use their property to generate income supports their ability to withstand future development pressure, property value increases, and rising tax bills.

## 4. Aging in Place

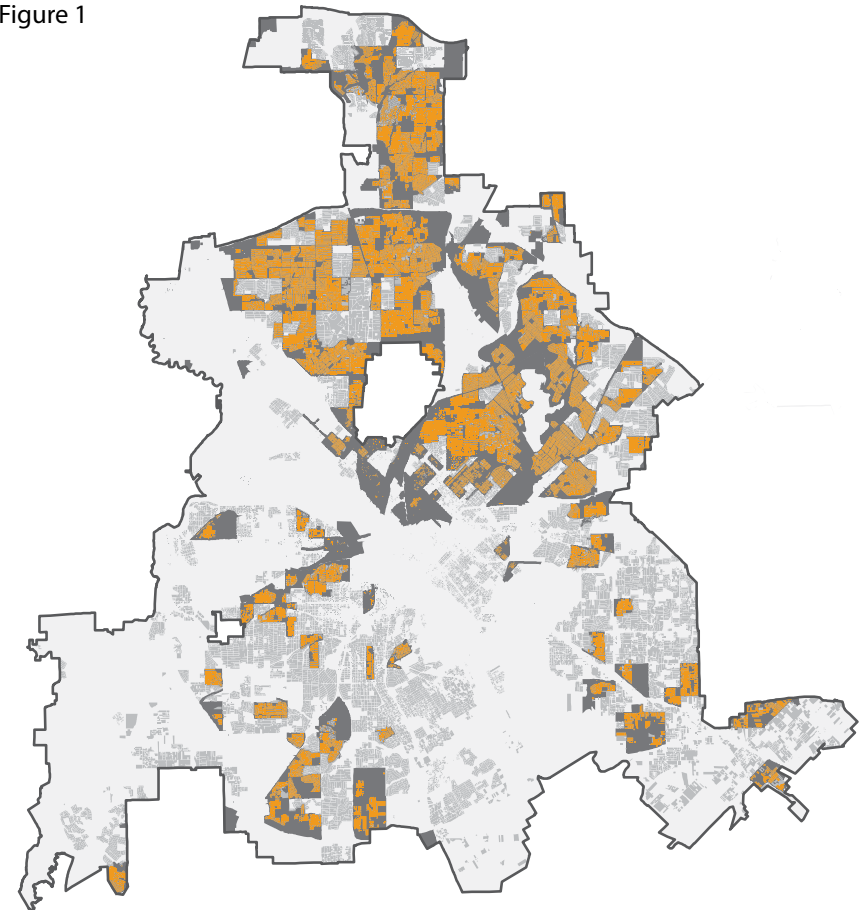
Having the option to move from the main home to their ADU allows homeowners more options as they age, and the ability to stay in their community.

## 5. Gently Increase Density

ADUs provide additional housing stock at areas, without altering the character of the neighborhood.

Dallas’ opportunity areas strongly relate to our single family neighborhoods.

Figure 1



### Legend

- Single Family Residential in Opportunity Areas
- Parcels in HUD Opportunity Areas
- Single Family Residential Parcels

[Opportunity Area Index Scale<sup>16</sup> gives a score of 0 to 100, based on a series of metrics. Opportunity areas have a minimum score of 40]

## CURRENT REGULATORY CHALLENGES

Current Dallas ordinances make it challenging to build ADUs, and impossible to promote ADUs as a housing choice. The primary barriers to ADUs include:

- **Rental Prohibition**  
Dallas current restricts ADUs from being rented.  
[Sec 51A-4.201\(b\)\(1\)\(E\)\(i\)\(aa\)](#)
- **Board of Adjustment Approval**  
ADUs are not allowed by right in single family districts, meaning that all new ADUs must be approved by the Board of Adjustment. Additional approval creates time and cost barriers for homeowners, increases uncertainty in the development of ADUs, and contributing to proliferation of non-permitted accessory units.  
[Sec 51A-4.201\(b\)\(1\)\(E\)\(i\)](#)
- **Current Size Restrictions**  
Current size restrictions for ADUs are based on the size of the primary structure, an ADU cannot be more than 25% of the main building. This restriction makes ADUs impossible or prohibitively small in areas with smaller single family homes. Reducing the ability of over 77,000 homeowners to build an ADU that is at least 500 sq ft.  
[Sec 51A- 4.201\(b\)\(1\)\(E\)\(viii\)\(dd\)](#)
- **Height Restrictions**  
Current ordinance says that an ADUs may not exceed the height of the main building. This hinders the development of above the garage ADUs.  
[Sec 51A- 4.201\(b\)\(1\)\(E\)\(viii\)\(cc\)](#)

## RECOMMENDATIONS

Current Dallas ordinances make it challenging to build ADUs, and impossible to promote ADUs as a housing choice. The primary barriers to ADUs include:

- **Allow ADU Rentals**  
Permit homeowners to rent their ADU, with a requirement that the homeowners reside in one of the dwellings. Homeowners will also be required to register their rental property with the city.
- **ADUs By-Right**  
Allow ADUs by right in single family districts throughout the City, and support neighborhoods that wish to place additional restrictions on ADUs develop appropriate overlays.
- **Remove Height and Size Restrictions**  
Each zoning district already has regulations in place to inform building height, size, materials, and lot coverage. Utilize the existing zoning when reviewing new ADU development.
- **Create ADU Incentives**  
Leverage the City's ability to offer tax rebates to support both the development of new ADUs and their ongoing rental to low-income households. Using the City's home improvement tax rebate program as a model, the city can offer tax rebates to property owners who develop ADUs and rent them to low-income households. Additionally, offering a set of pre-permitted plans can significantly reduce the cost and time burden for the homeowner, while provide a level of quality control for the city.

## BEST PRACTICES

- **ADU Ordinance**  
[City of Austin, TX](#) : Chapter 25-2, 25-3 & 25-6  
[City of Seattle, WA](#) : Chapter 23.44 & 23.45
- **Parking Requirement**  
[City of Austin, TX](#) : Chapter 25-6
- **Owner Occupancy Requirement**  
[City of El Paso, TX](#) :20.10.035
- **ADU Incentives**  
[City of Barnstable, MA](#) : Accessory Affordable Apartment Program  
[City of Wellfleet, MA](#) : Affordable Housing ADU Program
- **Pre-Approved Designs**  
[City of Fort Bragg, CA](#)  
[City of Santa Cruz, CA](#)

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Primary Metric: Poverty rate less than 10%, Voucher Households less than 4% Added voucher households will not push poverty above 10%  
Additional Metric: Unemployment rate less than 5%, HS dropouts less than 15%, Subsidized housing less than 5% in a tract or less than 15% in a block group, Minorities are less than 20%, Declining poverty, Workers with short commutes are greater than 75%
16. Image Credit: Austin Community Design and Development Center

