



STATE OF DALLAS HOUSING

Regional Housing Production, Population Change,
and Housing Accessibility

MAY 2018

PREPARED BY

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EXECUTIVE SUMMARY

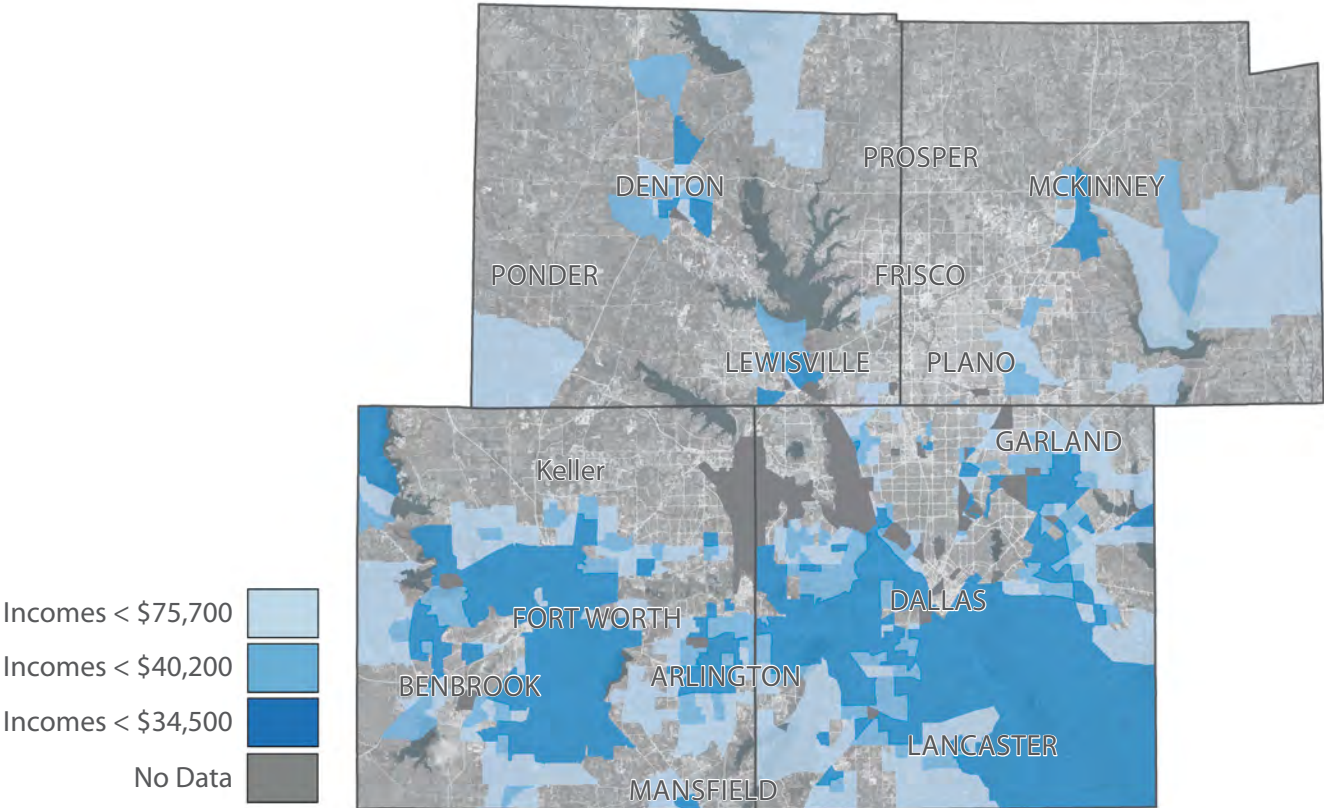
In 2017 North Texas continued to be one of the fastest growing regions in the United States, and one of the top housing markets in the United States. ¹ As the City of Dallas’ prepares to implement its recently passed housing policy, aimed at increasing the production of housing units across the city, it is important to understand housing production at a larger scale to pinpoint where new housing units or typologies may be needed at this critical juncture. The 2018 State of Dallas Housing Report explores current housing trends in the City of Dallas and socioeconomic trends across the four most populous counties of North Texas (Collin, Dallas, Denton, and Tarrant) to help contextualize housing production and identify potential challenges and opportunities for improving access to housing for residents of Dallas and North Texas. ²

The region’s rise in population, new housing, employment, and income exemplifies the uneven nature of development and economic growth across North Texas. Growth in the region is concentrated in specific cities and neighborhoods, while other areas have experienced less measurable change in recent years. Housing production has followed this growth in parts of the region. However, housing production in the city of Dallas has been heavily concentrated in just a few of the Dallas’ nearly 400 neighborhoods despite more widespread growth across Dallas. ³

This report helps quantify these trends in Dallas’ housing production from 2011 to 2017, contrasting them with socioeconomic changes and housing production across North Texas. Is Dallas’ goal of increasing the production of housing feasible, inclusive, and able to address the needs of all Dallas residents? Central to this report is the focus of housing accessibility and affordability for different

ES-1: Census Tracts Affordable to Multiple Racial or Ethnic Groups based on Median Income

U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY, [bc]



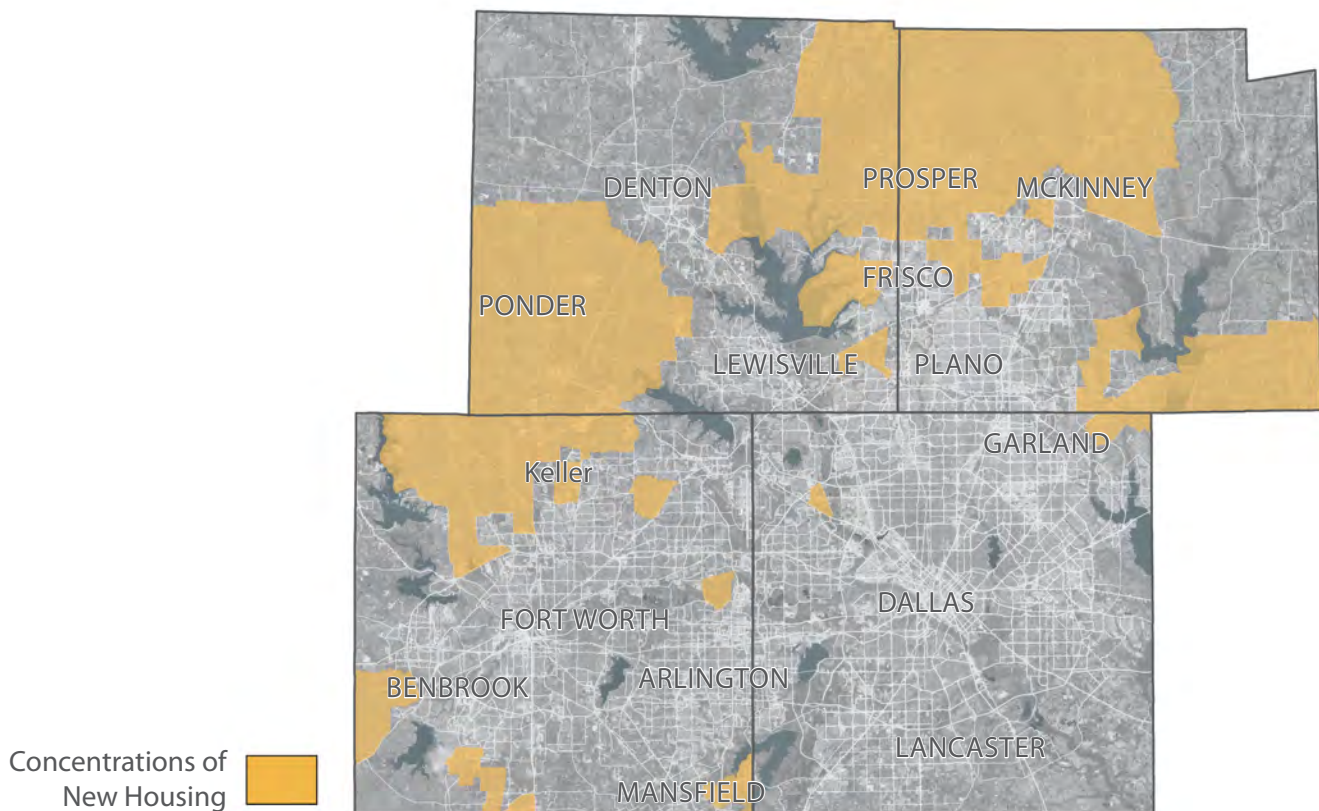
income and population groups in Dallas, based on the ratio of housing values to median income. Has new housing production across North Texas provided opportunities for Dallas' median income households to access housing in surrounding communities? This report suggests the answer is no.

As more of Dallas' housing production is focused on higher-valued homes, largely in the city's northern sector, new housing built in North Texas from 2011 to 2016 was largely concentrated in areas that are the least affordable to Dallas' median income households of color. As the City weighs a new housing policy to stimulate housing production in Dallas it is important to understand both the history of recent housing production in Dallas and the connection between housing production and Dallas' existing residents.

This report finds that despite large numbers of new housing units built across the region, many Dallas households are only able to easily afford housing in certain parts of North Texas, primarily in Census tracts that are heavily segregated with high poverty and further removed from much of the economic growth in North Texas. Additionally, some of the fastest growing industries in North Texas tend to pay lower wages that create an additional barrier to accessing affordable housing in proximity to jobs and other amenities based. The lack of production of affordable rental units only further enforces the challenge of Dallas' minority and low income residents from accessing quality affordable housing at the expense of providing luxury housing for more affluent new residents moving to neighborhoods close to Downtown Dallas.

ES-2: Census Tracts with High Concentrations of New Housing, 2011 - 2017

COLLIN, DALLAS, DENTON, AND TARRANT COUNTY APPRAISAL DISTRICTS



INTRODUCTION

North Texas' rise in population, new housing, employment, and income highlights the uneven nature of development and economic growth across North Texas. Growth in the region is concentrated in specific cities and neighborhoods, while other areas have experienced little change in recent years. Between 2011 and 2016 approximately 239,671 units of housing were developed across North Texas - 21% of which were built within the City of Dallas.^{4,5} During this period, Dallas added an estimated 59,217 households according to the most recent data available from the U.S. Census Bureau - adding about 1/8th of a unit of housing per person added.^{6,7}

Dallas has changed considerably over this period of time. The construction of new, higher-priced housing for owners and renters can be seen in the change of Dallas' households at different levels of housing cost - the population in more expensive housing has risen quickly, while the share in less expensive housing has fallen (Figures 1 and 2).⁸ This shift is seen to some degree in changes to the share of the city's households at different income levels, with higher income households increasing in share: households earning \$150,000 to \$199,999 increased from 3.5% of all households in 2011 to 4.1% in 2016 and households earning more than \$200,000 a year increased from 5.7% to 6.5% during this same period. On the other hand, roughly 132,695 households in Dallas earn less than \$25,000 annually in 2017—all of which need affordable housing in proximity to educational opportunities, jobs, and other amenities (grocery stores, health care, child care, etc.).

Current planning and policy activities are exploring housing production, placement, access, and its relationship to racial and economic segregation across North Texas, including the City's own Comprehensive Housing Policy, Opportunity Dallas' policy recommendations, and the UTA-led North Texas Regional Housing Assessment.^{9,10,11} In light of these efforts, this year's State of Dallas Housing will examine how North Texas and the City of Dallas have changed in recent years. This report contrasts socioeconomic changes with changes in housing production in relationship to housing opportunities for Dallas residents.

The report first focuses on housing production in Dallas using building permit data from both the City of Dallas and U.S. Department of Housing and Urban Development for the years 2011 - 2017. The geography of new construction, renovation, and demolition permits are discussed in order to understand the different types of activities, and their locations, occurring throughout Dallas. Secondly, a look at Census tract level changes in several socioeconomic characteristics (population, jobs, income, and housing value) helps highlight the different ways that North Texas' growth has occurred across the four most populous counties in relationship to the production of new housing units in this same geography. Where existing data sources allow, the types of housing produced in the region is discussed for recent years to help contextualize the production of new housing in Dallas. The third section of this report presents a series of maps that highlight the ratio of housing values to the median income of Dallas households from different racial and ethnic backgrounds across North Texas, as well as a look at housing accessibility for employees in North Texas' fastest growing industries. Finally, the report offers a look at important questions Dallas must ask as it begins to act upon its first ever Comprehensive Housing Policy.

Figure 1: Annual Change in Gross Rent Categories, City of Dallas (%)

U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY 5YR ESTIMATES - B25063, 2011 TO 2016

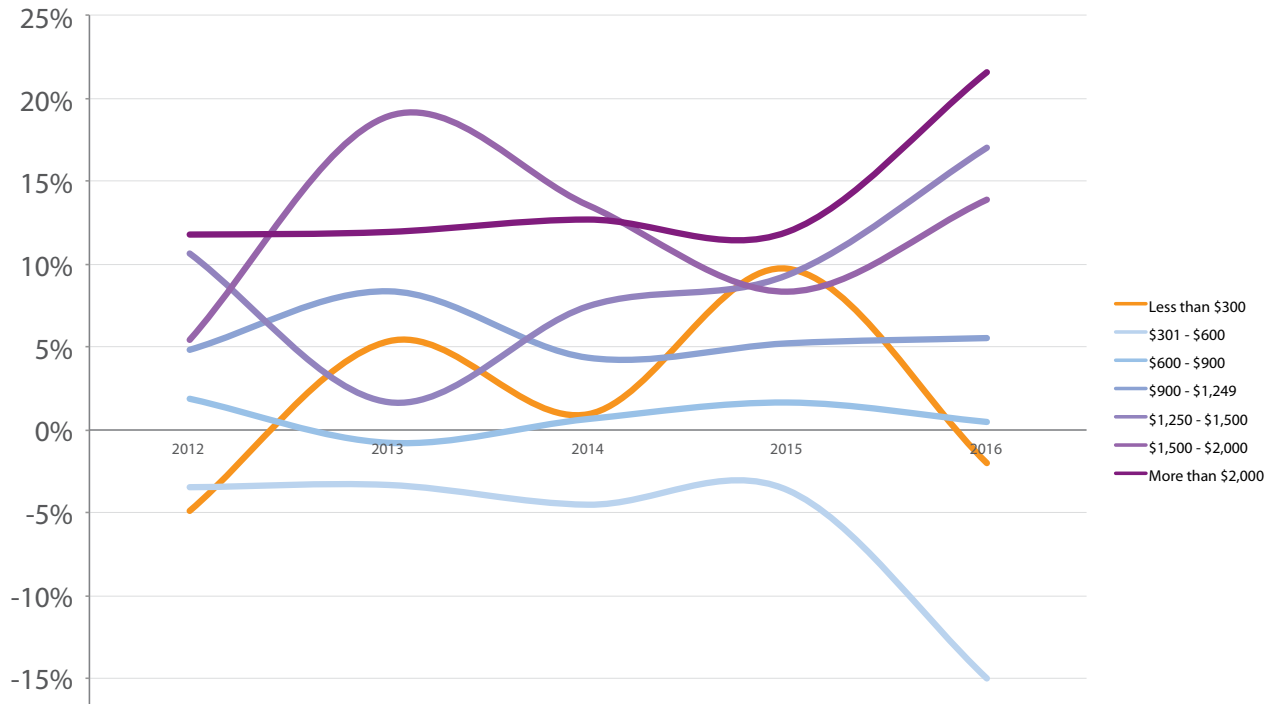
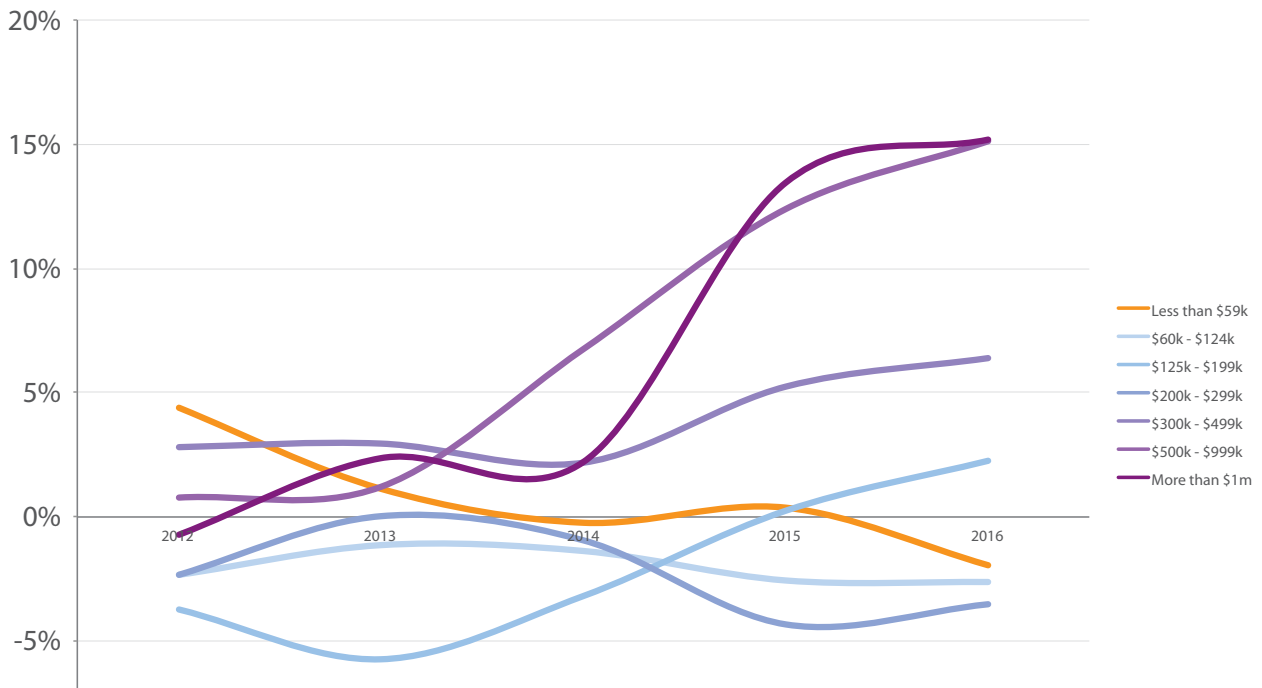


Figure 2: Annual Change in Housing Value Categories, City of Dallas (%)

U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY 5YR ESTIMATES - B25075, 2011 TO 2016



HOUSING PRODUCTION IN DALLAS

Between 2011 and 2016, approximately 13.9% of new housing units built in Dallas were single family residential properties.¹² Large apartment complexes of five or more units, built in relative proximity to Downtown Dallas, represent the bulk of Dallas' new housing during this period of time. In 2017, however, just under 31% of the city's new housing was single family residential, the highest percentage in the city since 2011 (when just 4,250 new housing units of all types were added, compared to 13,072 in 2015).¹³ In addition to new construction activity, building permits for home improvements and demolitions are tracked by the City of Dallas and allow for an understanding of different types of housing market activity across the city.

In the following section, we highlight areas of Dallas that have the largest concentrations of housing activity, measured through building permit data. Figures 7, 8, and 9 each show heatmaps of permit activity between 2011 and 2017, where the highest concentrations of permits are shown in dark purple. In each figure, permits filed in 2017 are shown for both single family and multifamily permits (blue = multifamily, yellow = single family).

NEW CONSTRUCTION ACTIVITY

Between 2011 and 2017, the heaviest concentrations of residential new construction has occurred in neighborhoods such as Uptown, Lower Greenville, and Old East Dallas, with similar concentrations of activity observed just outside of the Midway Hollow, Preston Hollow, Preston Hollow North, Southwest Medical District, and Walnut Hill neighborhoods.

2,162 new single family properties built in 2017 are dispersed across the city, in contrast to new multifamily development, which is largely concentrated in neighborhoods of Old East Dallas. These new properties have an average value of \$317,000, although fifty of these new homes were valued at more than \$1 million according to City of Dallas building permit data. When accounting for these higher value homes, the median value of new housing was roughly \$226,000 in 2017—more than five times Dallas’ median household income of \$45,215 in 2016.¹⁴ Based on this analysis, it appears that new housing in Dallas is out of reach of many Dallas residents who may need it the most.

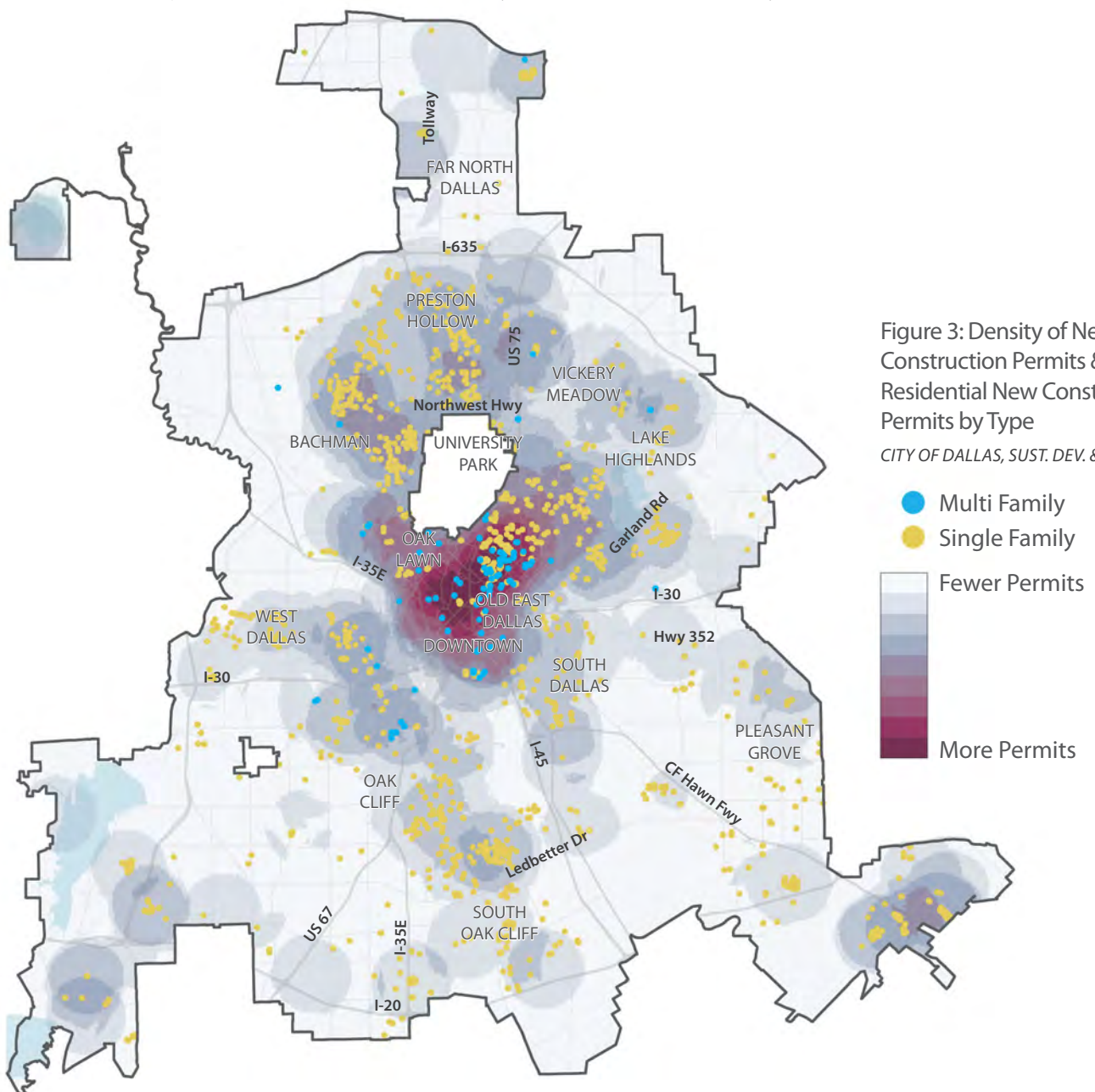


Figure 3: Density of New Construction Permits & 2017 Residential New Construction Permits by Type
CITY OF DALLAS, SUST. DEV. & CONST.

- Multi Family
 - Single Family
- Fewer Permits
 More Permits

RENOVATION ACTIVITY

In addition to New Construction permits and Demolition permits (discussed on the following page), Dallas has several categories of building permits, related to renovation activities, which have been grouped together for this report.¹⁵ Much like New Construction activity, Renovation permits between 2011 and 2017 were concentrated in neighborhoods of Old East Dallas, Northwest Dallas, and Kessler Park (all with concentrations above 100 units renovated per square mile). However, additional concentrations occurred near Buckner Terrace, Red Bird, and in neighborhoods of Far North Dallas. Since these areas were primarily built out prior to 2011, Renovations in these areas are more common than New Construction permits.

In 2017, a variety of multifamily properties were renovated across the city, with a clear concentration in in Downtown and Uptown and smaller concentrations near the LBJ / Skillman intersection and in Vickery Meadow.

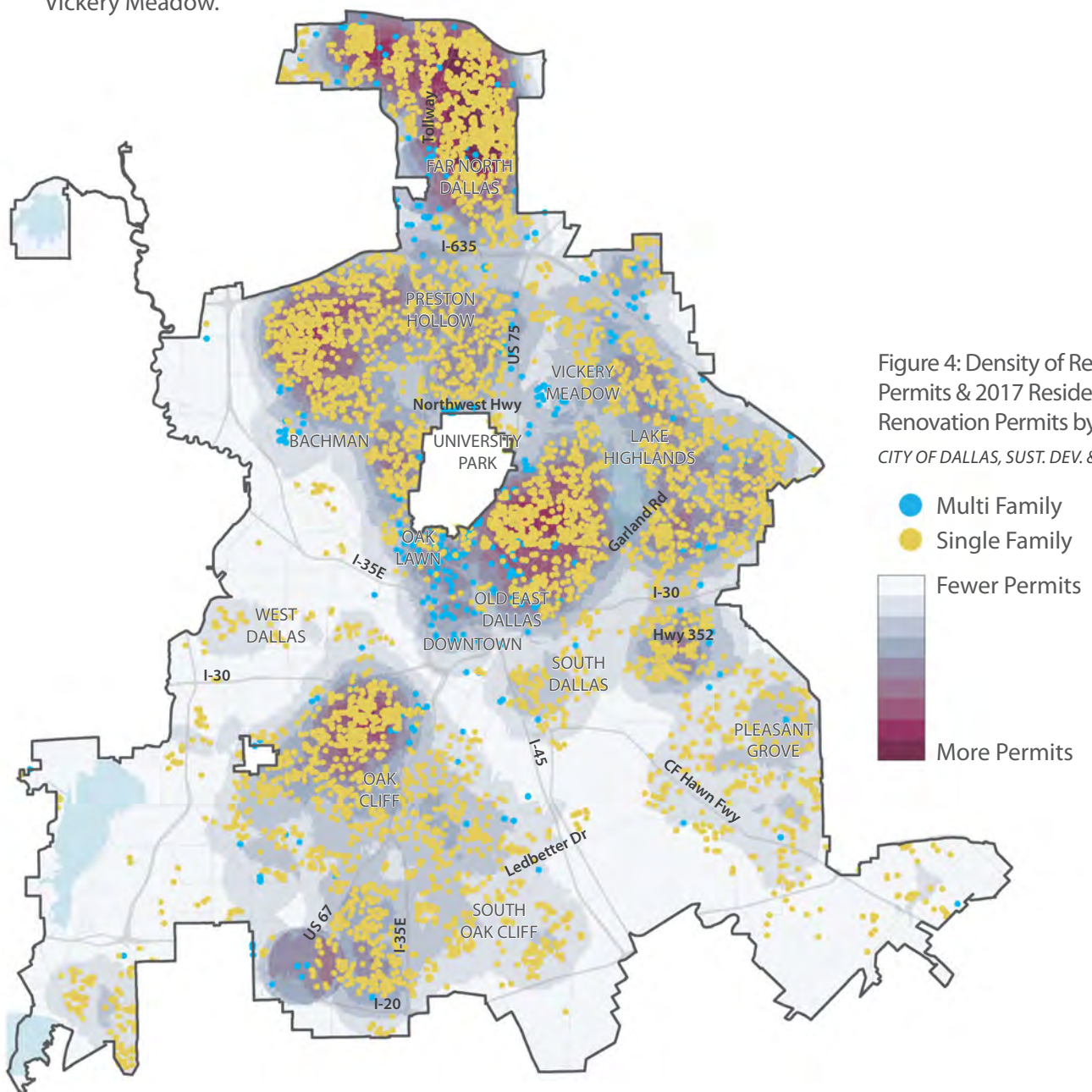


Figure 4: Density of Renovation Permits & 2017 Residential Renovation Permits by Type
CITY OF DALLAS, SUST. DEV. & CONST.

- Multi Family
- Single Family
- Fewer Permits
- More Permits

DEMOLITION ACTIVITY

Residential demolitions have occurred in neighborhoods across Dallas, both in areas with a high concentration of New Construction and Renovation permits (Preston Hollow, North Oak Cliff, and Old East Dallas) and in areas where that activity is less pronounced (South Dallas / Fair Park, Cedar Crest, the Southern Gateway, and West Dallas). Further analysis is needed to understand the relationship between Demolition permits and new residential, or commercial, construction as well as neighborhood stabilization efforts. Two primary types of residential demolition occur, those where a new unit is intended for construction on the property or those where a vacant or blighted property is demolished without plans for immediate reconstruction.

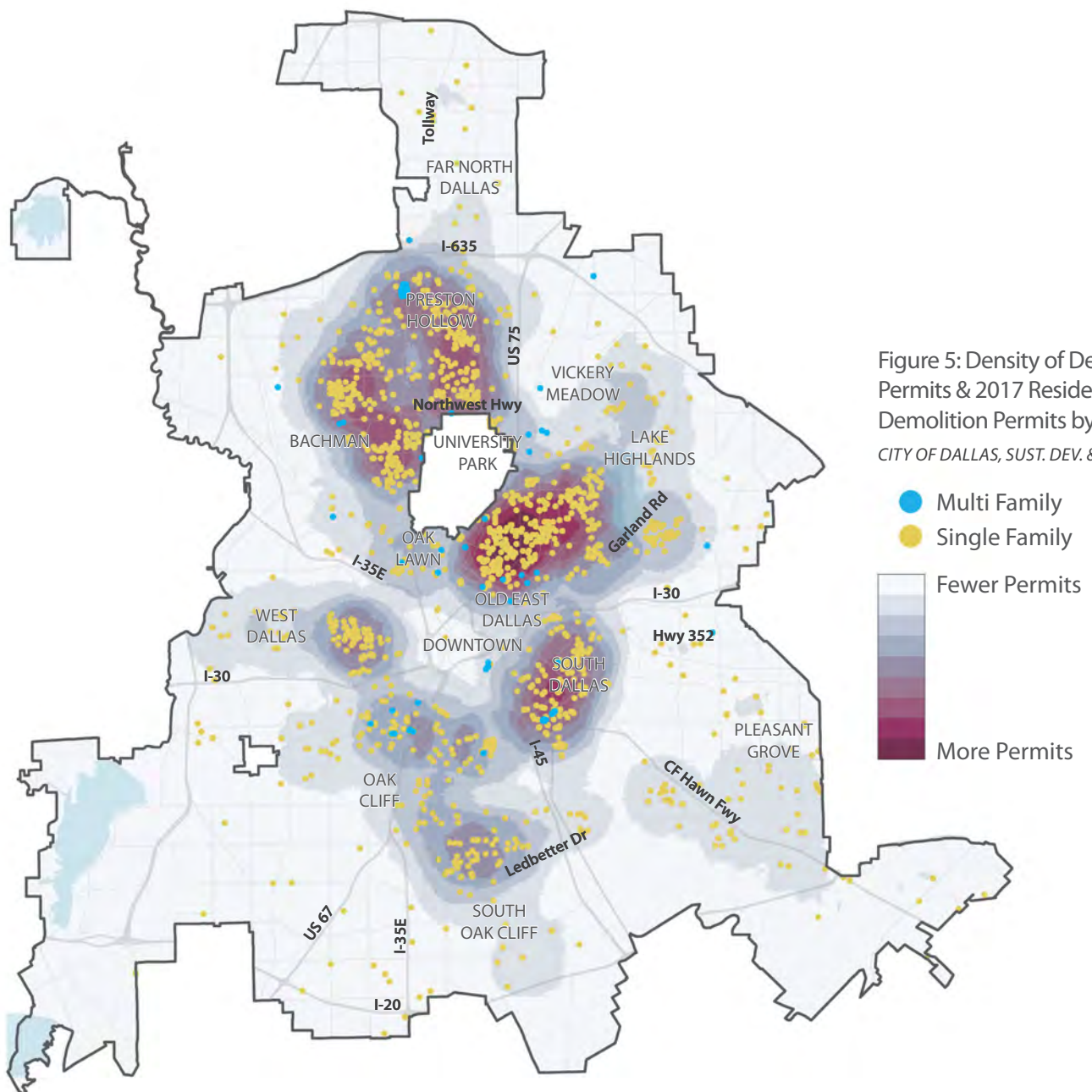


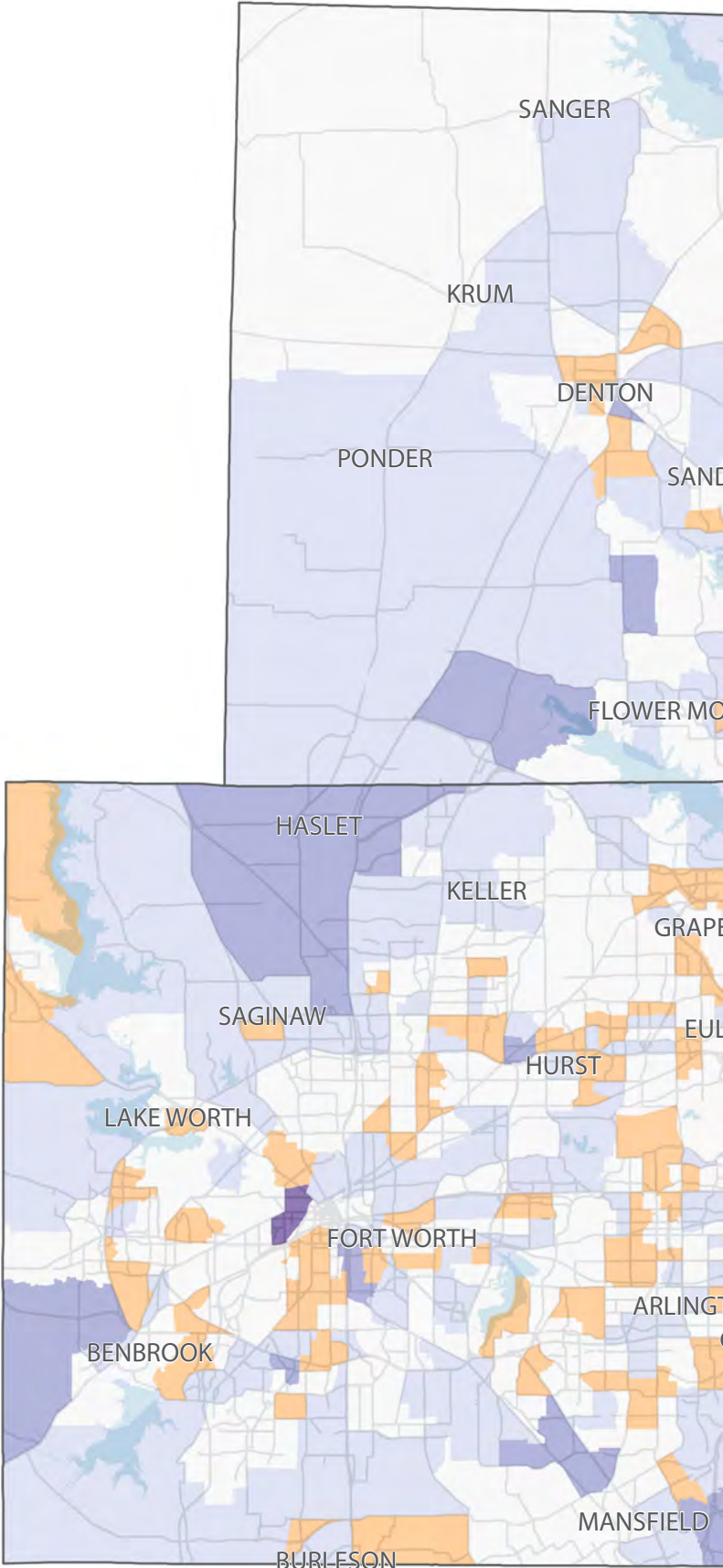
Figure 5: Density of Demolition Permits & 2017 Residential Demolition Permits by Type
CITY OF DALLAS, SUST. DEV. & CONST.

- Multi Family
 - Single Family
- Fewer Permits
 More Permits

POPULATION GROWTH

Collin, Dallas, Denton, and Tarrant counties added 573,160 residents between 2011 and 2016 (growing approximately 9.6%). While each county added between 120,000 and 170,000 residents, Collin and Denton County show the most dramatic increases in population, growing by 15.7% and 17.5% respectively.¹⁶ To some degree, the development of greenfield land into housing contributed to this large increase in population in those communities. However, there are several Census tracts that saw large increases in population outside of the high growth areas in Collin and Denton counties. In particular, areas in the core of both Dallas and Fort Worth grew in population as several new multifamily projects came online (the growth of Uptown in Dallas and of the Linwood / West 7th neighborhoods of Fort Worth).

In other areas, however, population growth was less pronounced than in areas of very high growth. Neighborhoods across Dallas saw population loss over this six year period, including the Kiest Park area, Parkdale/ Urbandale, Prestonwood, and many others. More research is needed to further understand the causes for population loss in these areas, but aging populations or changes in household and family styles may partially explain population loss in these communities.



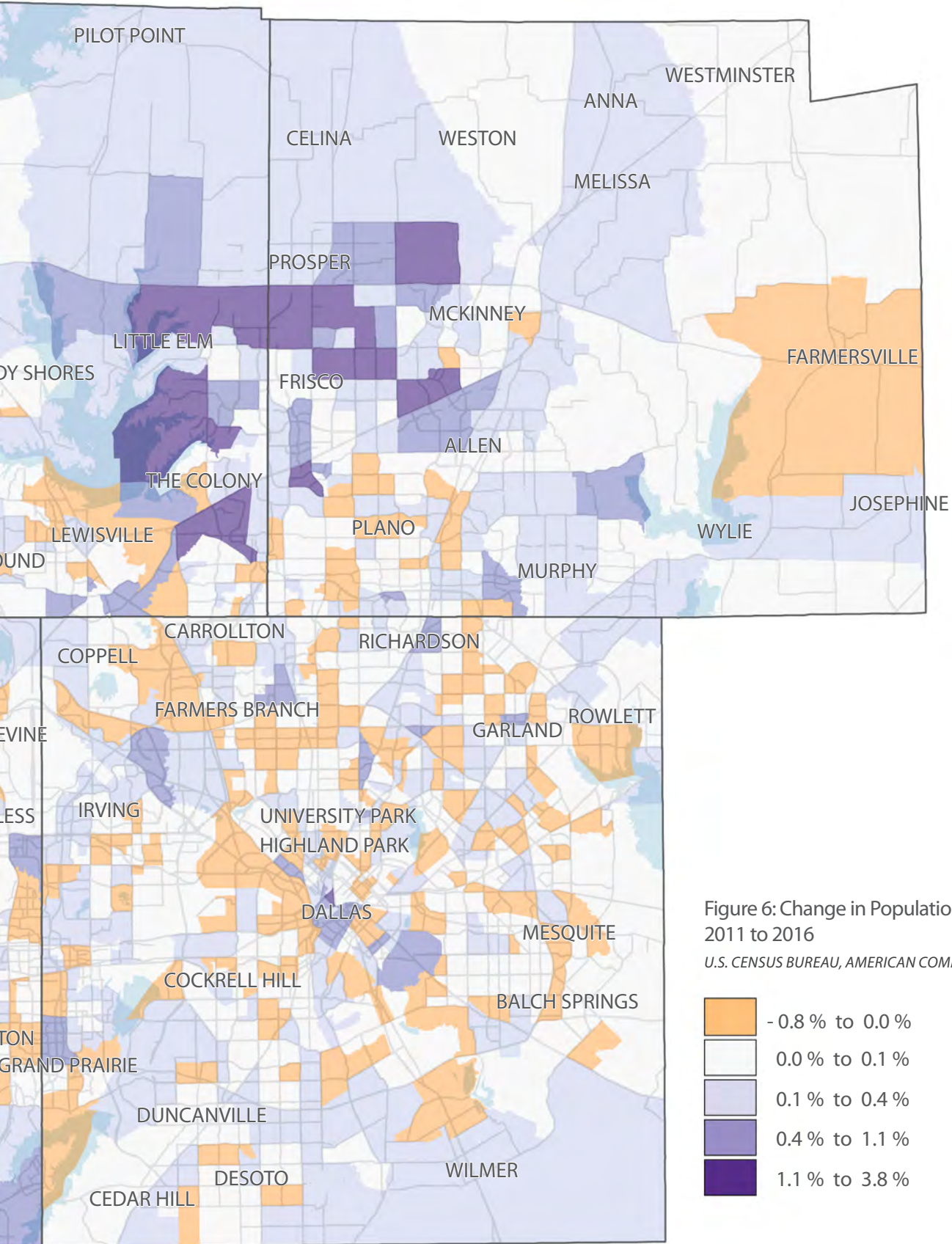


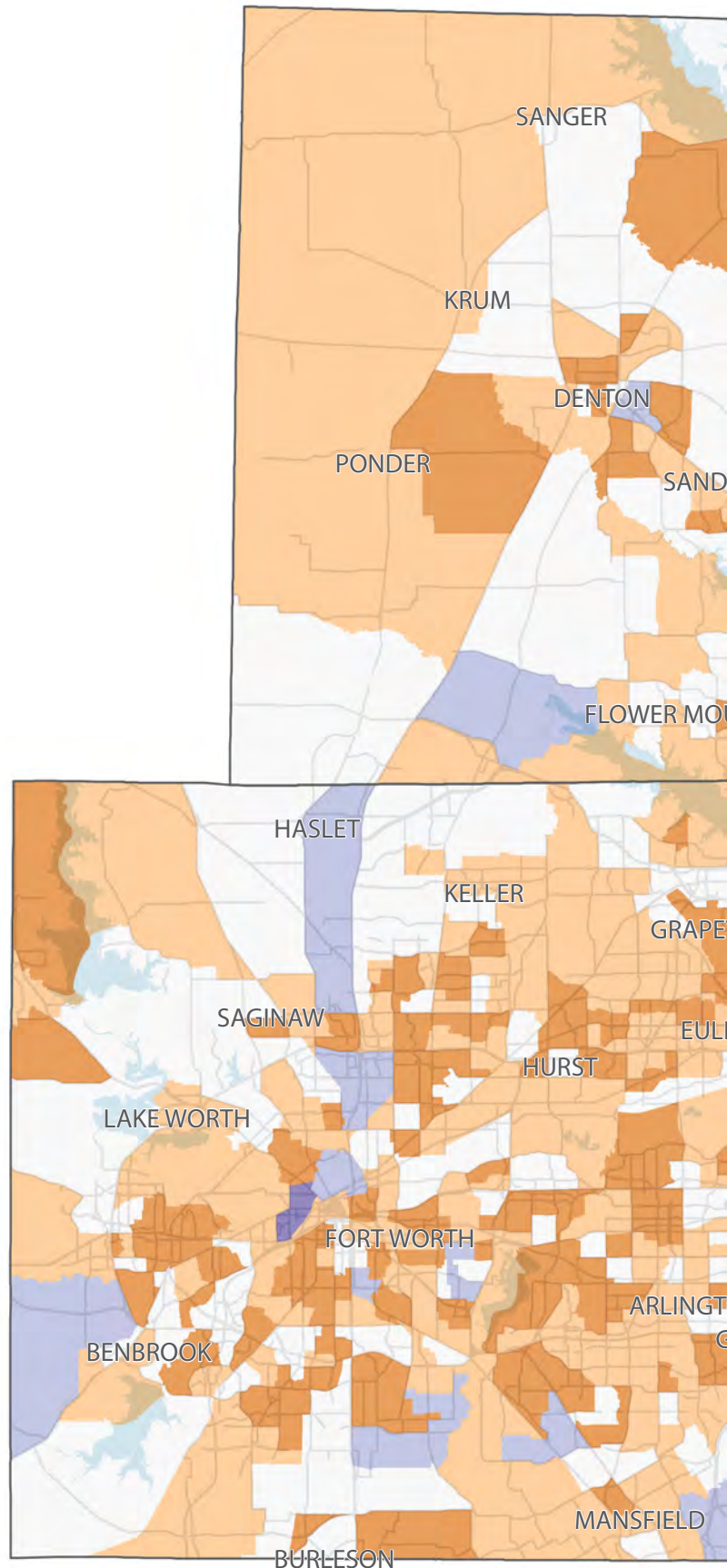
Figure 6: Change in Population by Census Tract, 2011 to 2016

U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY

JOB GROWTH

The region saw notable job growth between 2011 to 2016, adding over 312,000 jobs during this period (a growth rate of 11.5%, higher than Texas' 9.6% growth in jobs during this same period).¹⁷ Dallas County continues to hold the most jobs of the four counties (1,219,400). However areas of Collin and Denton County are experiencing the highest levels of job growth across the four counties (16% and 17%, respectively).¹⁸ 197,800 of these new jobs across the four counties (63%) have been added in just five industries: Healthcare (62,000), Accommodation and Food Services (40,400), Retail Trade (37,200), Professional, Scientific Services, and Technical Services (37,100), and Other Services (21,000).¹⁹

Those seeking to take advantage of this employment growth, may find accessing housing in the area to be challenging. Median earnings for these industries vary considerably, with Healthcare (\$36,447), Accommodation and Food Services (\$16,027), Retail Trade (\$24,478), and Other Services (\$23,546) all considerably less than Professional, Scientific, and Technical Services (\$64,519).²⁰ Housing costs for those working within these industries will vary across the four counties, however, increased housing costs will provide a burden for all those working within these industries.



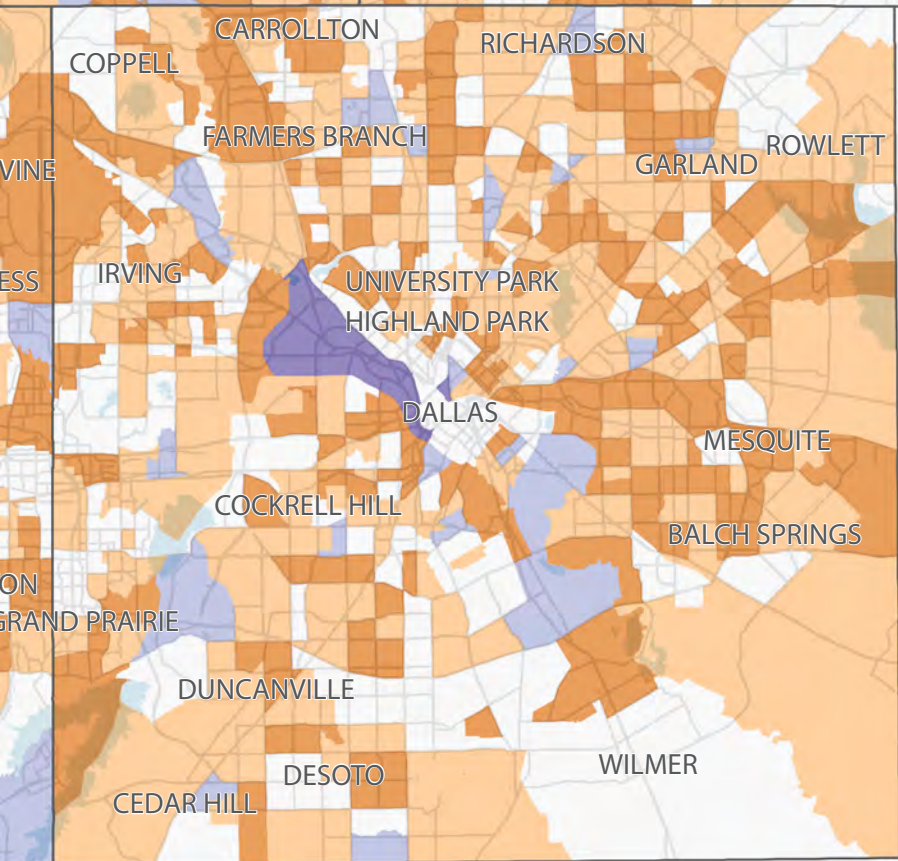
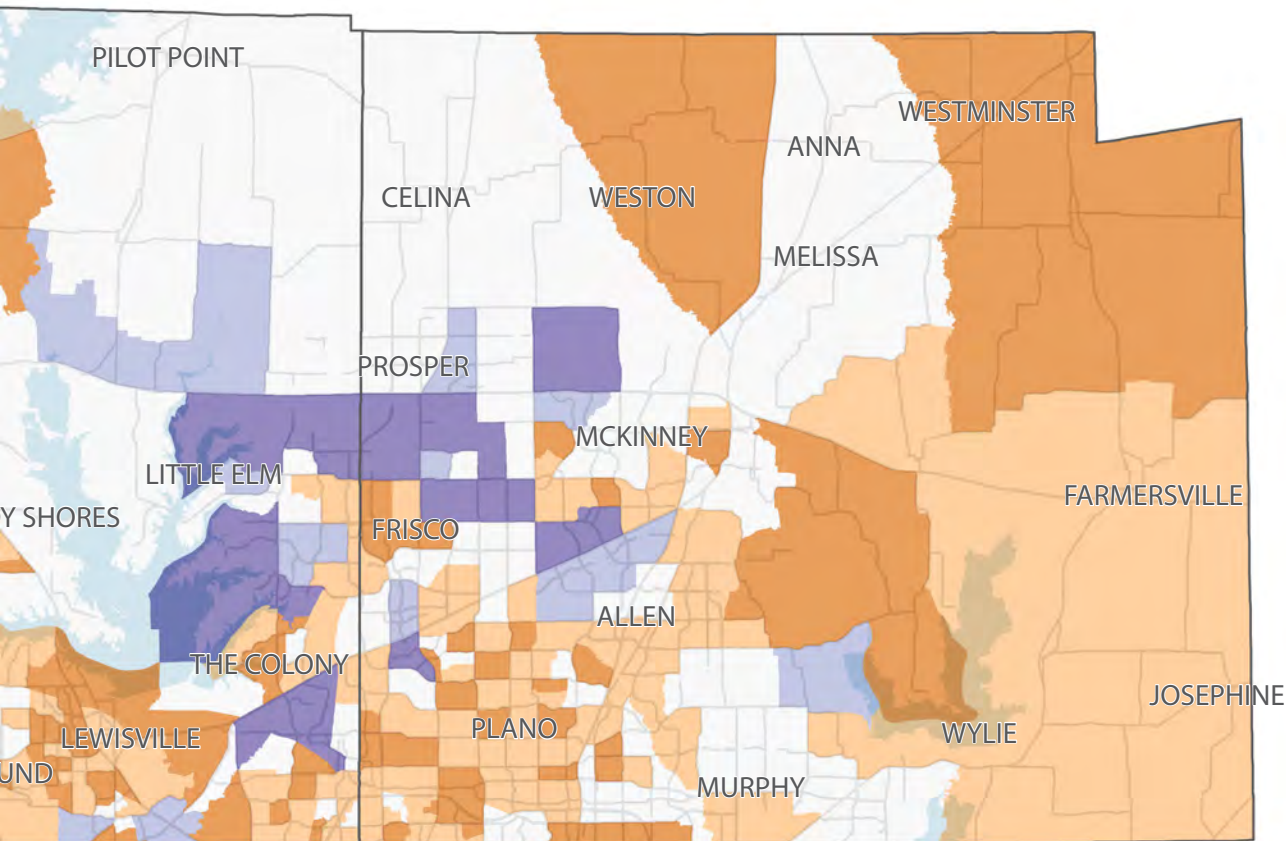
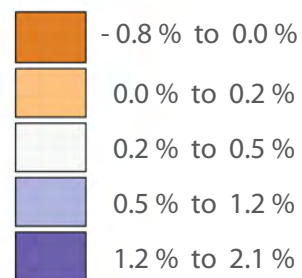


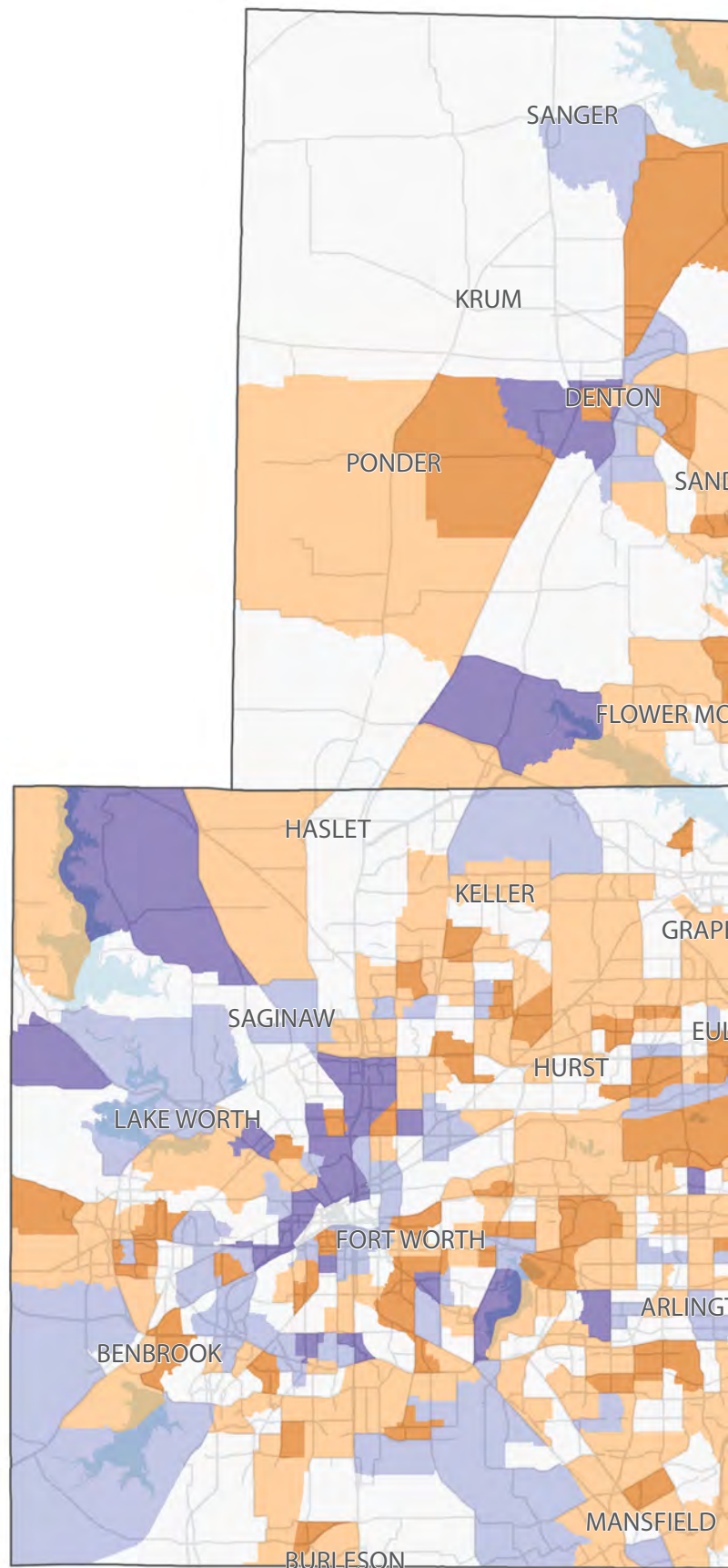
Figure 7: Change in Total Jobs by Census Tract, 2011 to 2016
 U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY



INCOME CHANGE

Incomes across the region fell slightly between 2011 and 2016, from \$61,432 in 2011 to \$61,300 across the Dallas-Fort Worth-Arlington MSA. ²¹ Across the four counties, only Tarrant saw a small increase in median household incomes during this time period, a 0.9% increase from \$59,834 to \$60,373. Surprisingly, despite high growth in population and jobs, Collin County saw a 2.2% decline in median household income from \$88,144 in 2011 to \$86,188 in 2016.

When looking at finer scale changes at the Census tract level the unevenness of this decline becomes clear. In both Dallas and Tarrant counties, there are a number of Census tracts that saw high income growth over this period (Figure 8). In Dallas, specifically, several different types of neighborhoods saw increase in household income. Some lower wage neighborhoods in South Dallas / Fair Park saw an increase median household income from \$20,000 to \$30,000, while some middle income neighborhoods saw income increases from ~\$40,000 to ~\$60,000 (near Bachman Lake and Merriman Park, in particular). ²²



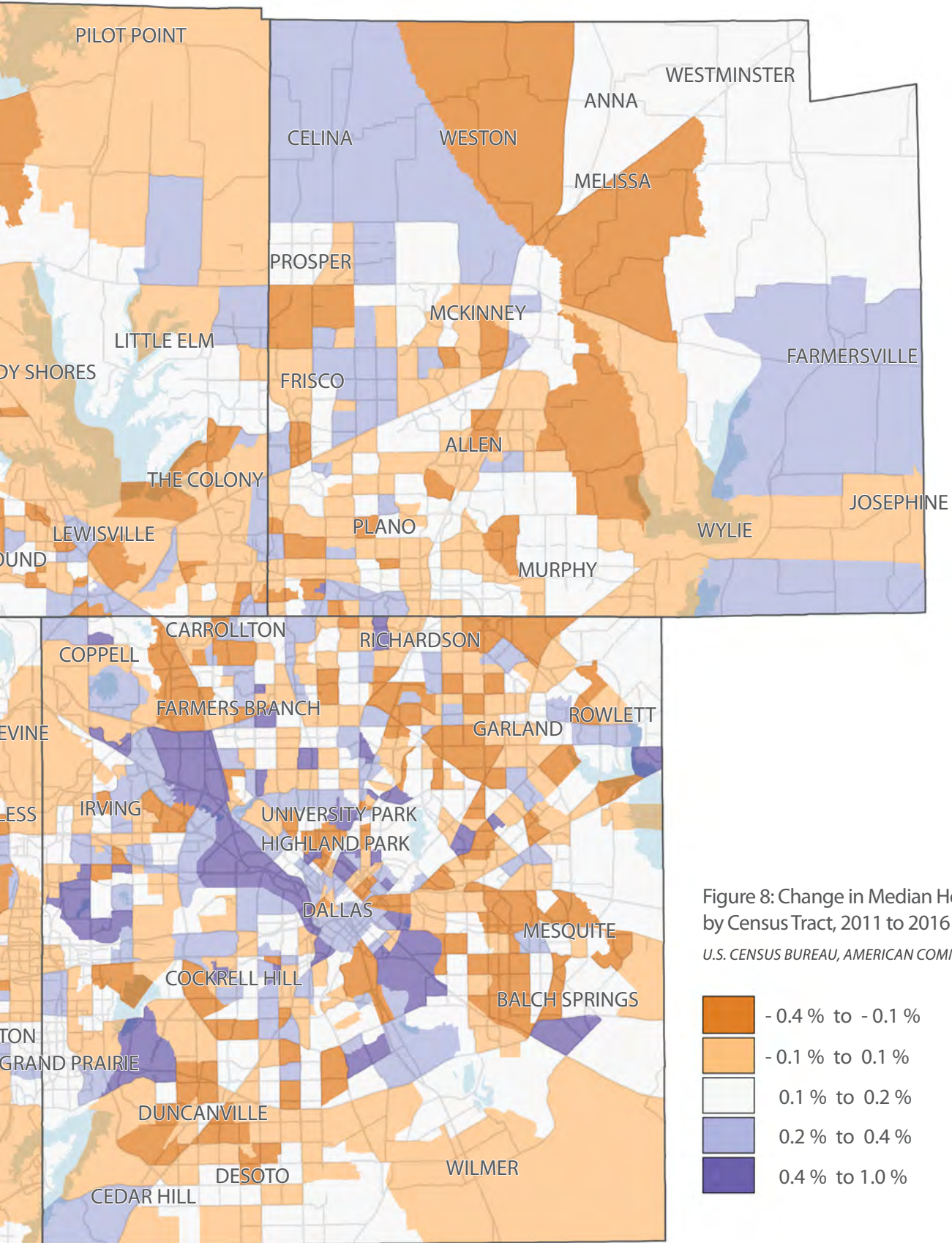
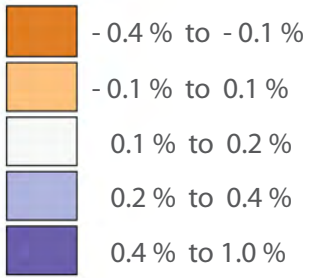


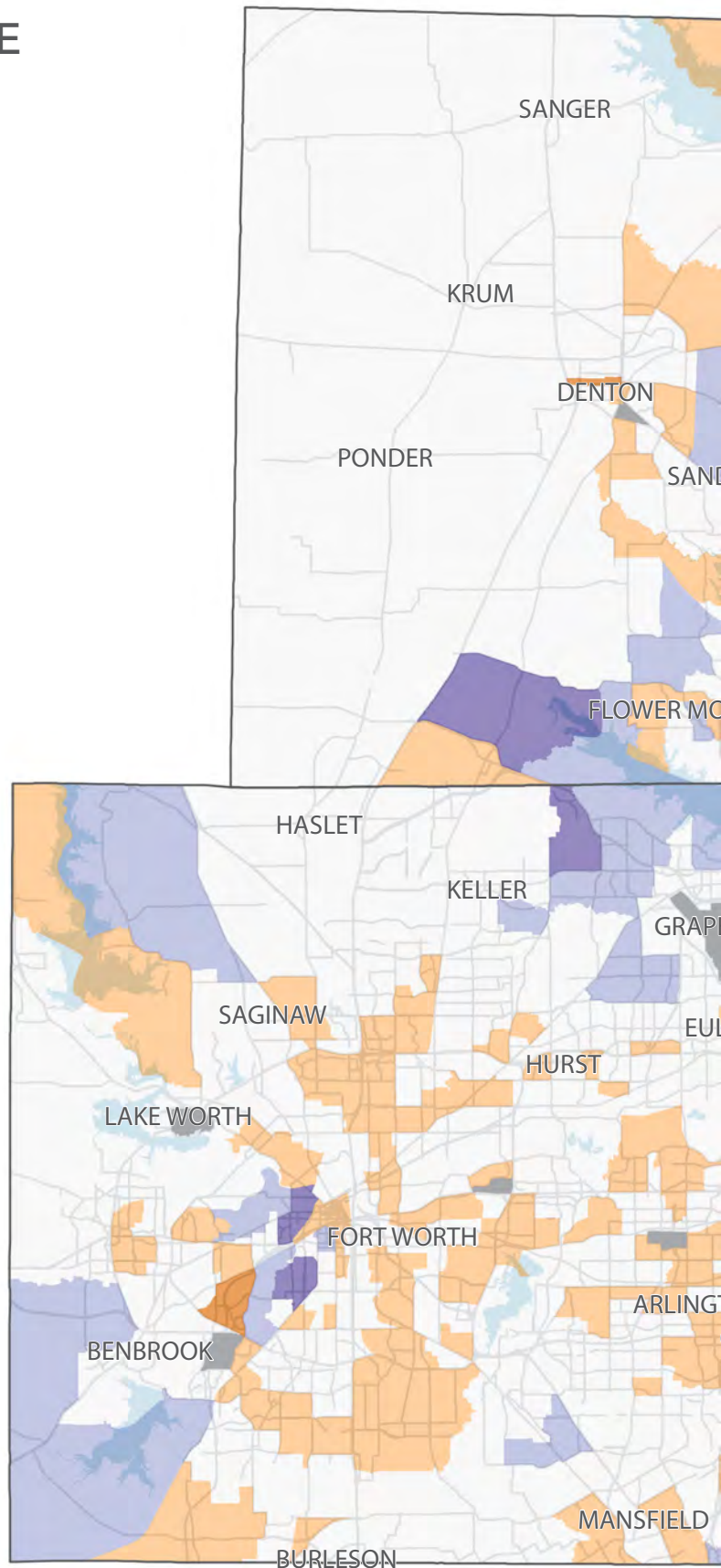
Figure 8: Change in Median Household Income by Census Tract, 2011 to 2016
 U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY



CHANGE IN HOUSING VALUE

Over this same time period, housing costs increased far more quickly than incomes. Across the Dallas-Fort Worth-Arlington MSA, housing costs increased 20.2% since 2011 (an annual growth rate of 3.05%). In Dallas County, the median value of owner occupied homes rose from \$133,136 in 2011 to \$154,300 in 2016—a 15.9% increase in housing costs over this six year period. Even in Collin and Denton counties, where a majority of the region's housing has been produced, housing values increased 32.6% and 30.6%, respectively.²³

The areas of highest growth in housing values are concentrated in some of the wealthiest communities in North Texas (Highland Park, Preston Hollow, University Park, Southlake, Westlake, and others), while home values in many parts of southern Dallas, southern Fort Worth, east Arlington, and the southern suburbs of Dallas County all saw large decreases in housing value over this same time period.



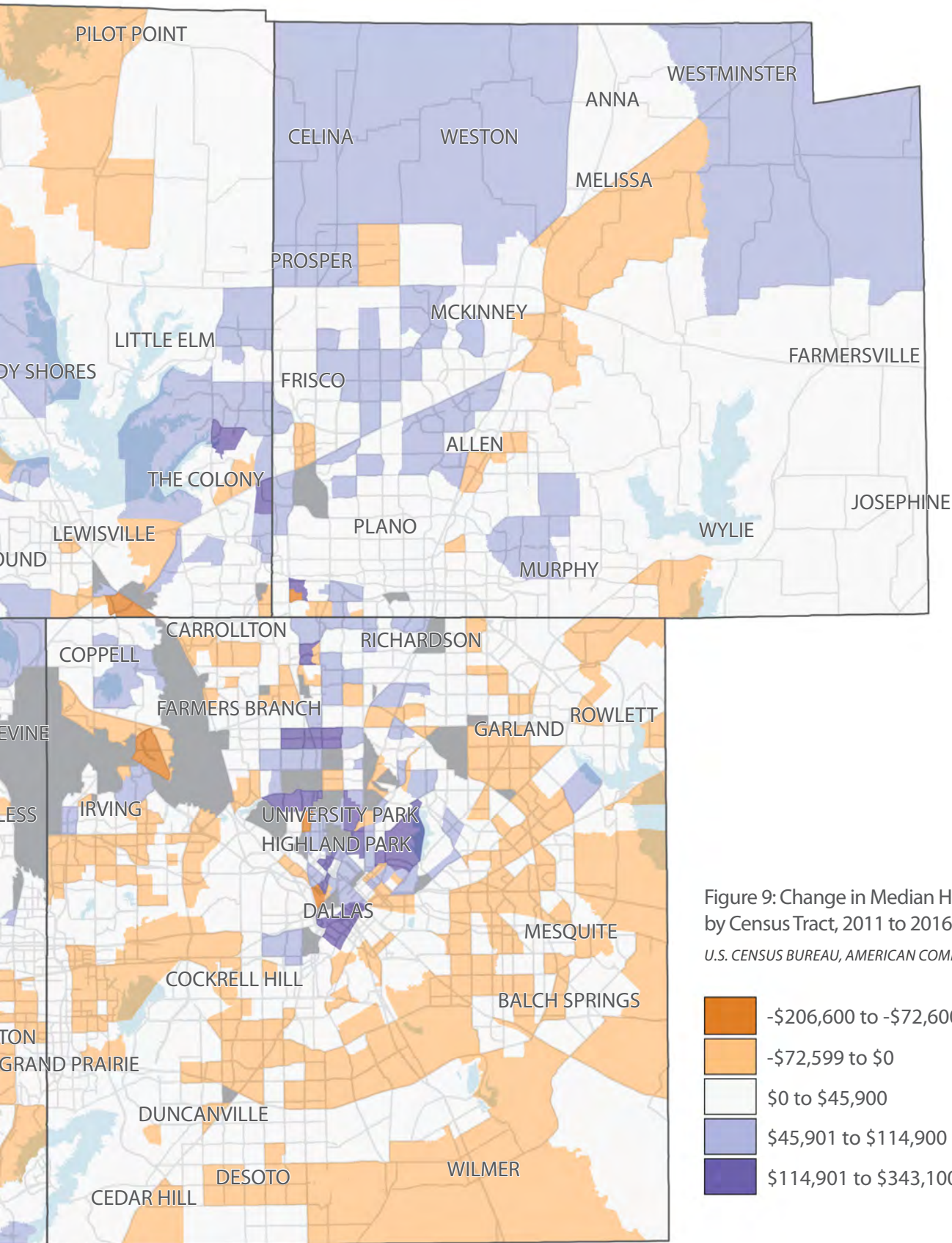
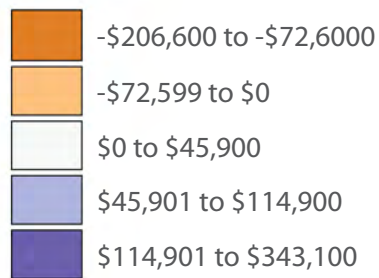


Figure 9: Change in Median Household Income by Census Tract, 2011 to 2016

U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY



HOUSING PRODUCTION IN NORTH TEXAS

Housing production across the four largest counties in North Texas dropped dramatically following the 2008 Recession, marked by a 47% decrease in the number of housing units built between 2008 and 2009. Housing production has steadily resumed in these counties, with the total number of units developed in 2015 and 2016 reaching pre-Recession levels for the first time (52,706 housing units were developed in 2015 compared to 52,825 in 2005, the highest production year since 1983).²⁴ However, the types of housing units built in this time period have shifted considerably from what was being produced in the years leading up to the 2008 Recession. Approximately 48% of all units built from 2011 to 2016 were apartments, as opposed to only 27% of housing units built 2003-2008.²⁵

The development of multifamily units has primarily concentrated in Dallas County, which accounted for more than 50% of multifamily units built across the four counties from 2011 to 2016. During this same time period, Collin, Denton, and Tarrant counties added approximately 80% of the new single family units. Table 1 highlights the characteristics of single family housing produced in 2017 using data from each counties property appraisal district.^{26, 27}

	COLLIN	DALLAS	DENTON	TARRANT
Residential Properties Added (#)	8,382	4,604	8,624	5,364
Single Family (%)	62.9%	92.2%	94.6%	94.6%
Condo (%)	<1%	5.9%	<1%	<1%
Townhome (%)	1.3%	<1%	4.6%	3.4%
Apartment (%)	<1%	<1%	<1%	<1%
Duplex, Triplex, or Quaplex (%)	<1%	1.6%	<1%	<1%
Single Family Under Construction (%)	50.4%	-	<1%	-
Multifamily Under Construction (%)	<1%	-	-	-
Total Apartment Units	2,500*	8,130	991	-

Table 1: New Residential Housing Production, by County and Property Types

APPRAISAL DISTRICTS OF COLLIN, DALLAS, DENTON, AND TARRANT COUNTIES

* Data on the number of units for some apartment properties were not included in the appraisal data used for this analysis.

Figure 10: Single Family Unit Production, 1980 - 2016

U.S. DEPT. HOUSING AND URBAN DEVELOPMENT

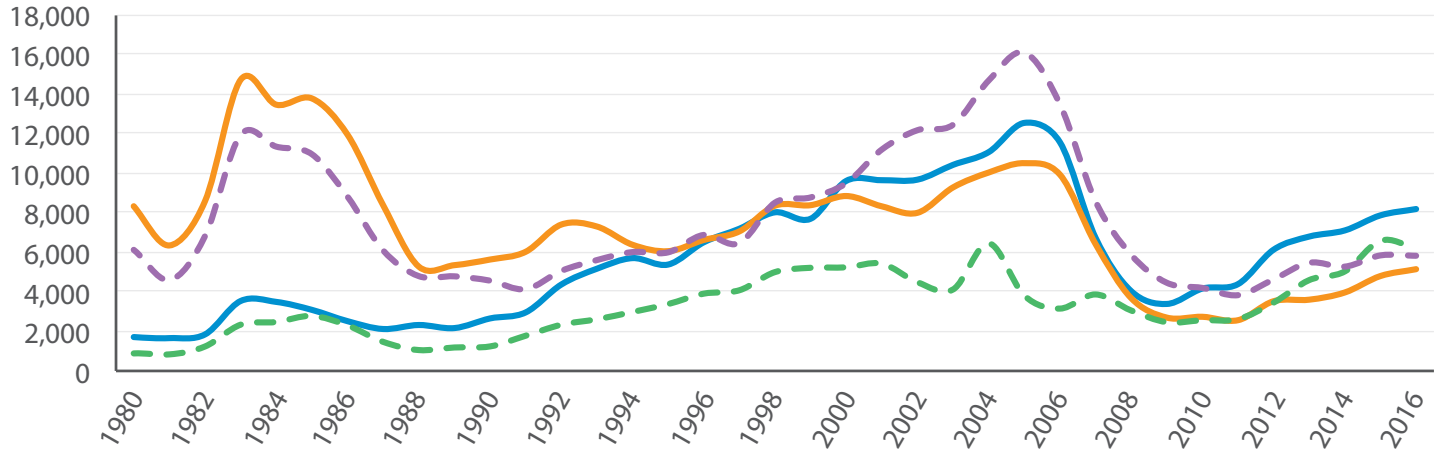
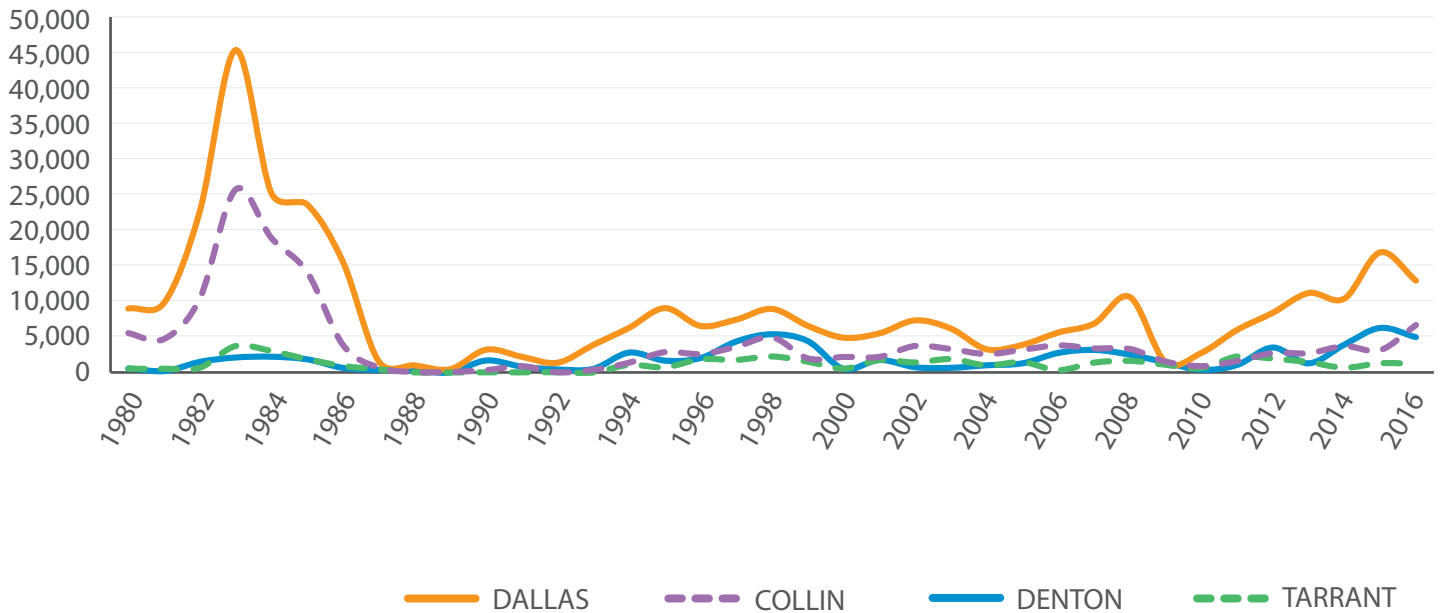


Figure 11: Multifamily Unit Production, 1980 - 2016

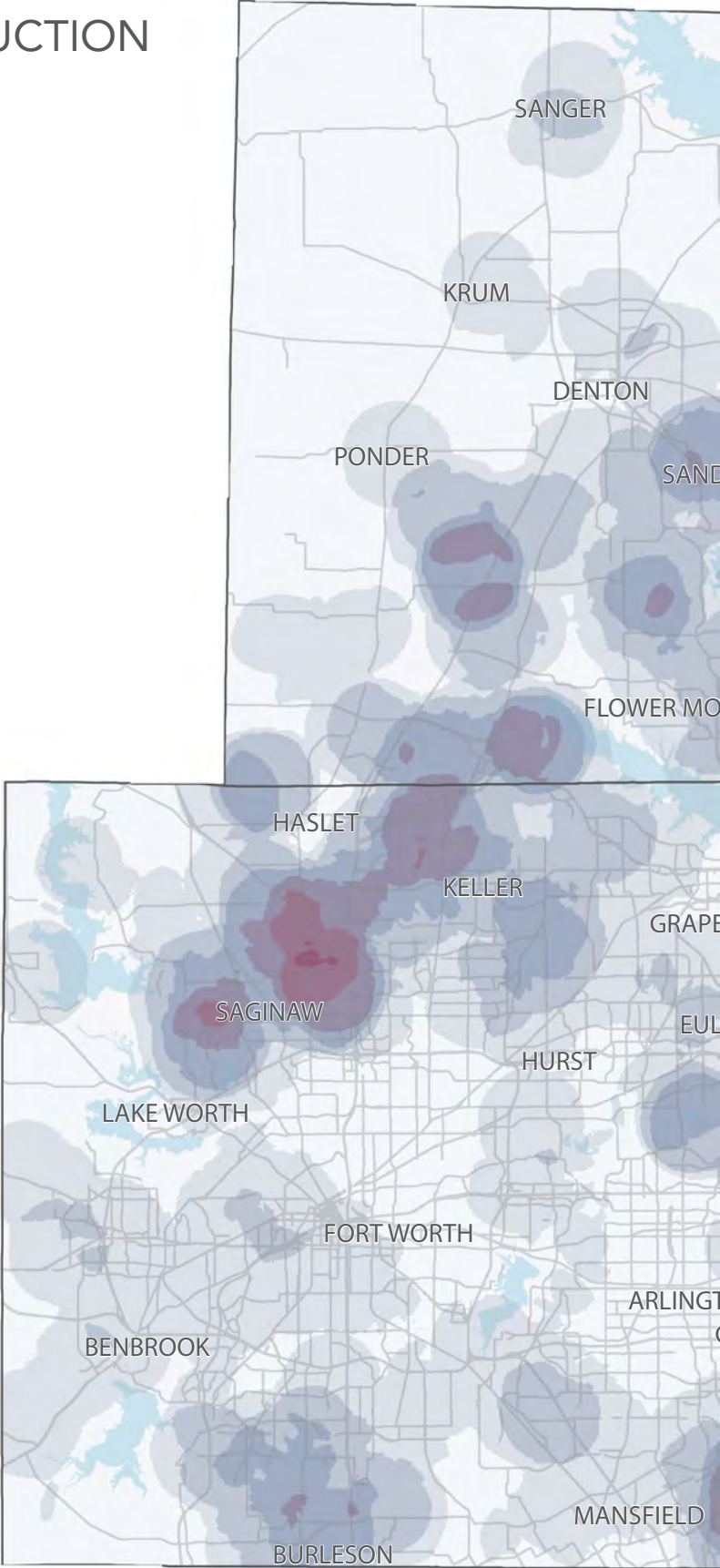
U.S. DEPT. HOUSING AND URBAN DEVELOPMENT



RESIDENTIAL NEW CONSTRUCTION

Housing production in each of the four counties has been heavily concentrated in western Collin and eastern Denton counties (in the cities such as The Colony, Frisco, Little Elm, McKinney and Prosper), with additional hot spots in north west and far southeast Tarrant County (in Fort Worth, Grand Prairie, Mansfield, and Saginaw). Activity within Dallas County appears to have been much less intense, with small concentrations in Las Colinas, DeSoto, the Park Cities, and in the Old East Dallas, Preston Hollow, and Uptown neighborhoods of Dallas. Housing activity in 2017 appears to follow the trends in housing development across the four counties: a larger share of single family properties than multifamily, with multifamily units largely concentrated in Dallas County.²⁸

By and large, the areas with the highest intensity in housing production also saw large increases in population and employment, while income growth across the four counties appears to have followed a different pattern with income gains in Census tracts closer to the core of Dallas, Denton, and Tarrant counties. Additionally, these same areas appear to be less accessible, financially, to median income households of Dallas suggesting that Dallas residents cannot easily benefit from new housing production across the four counties.



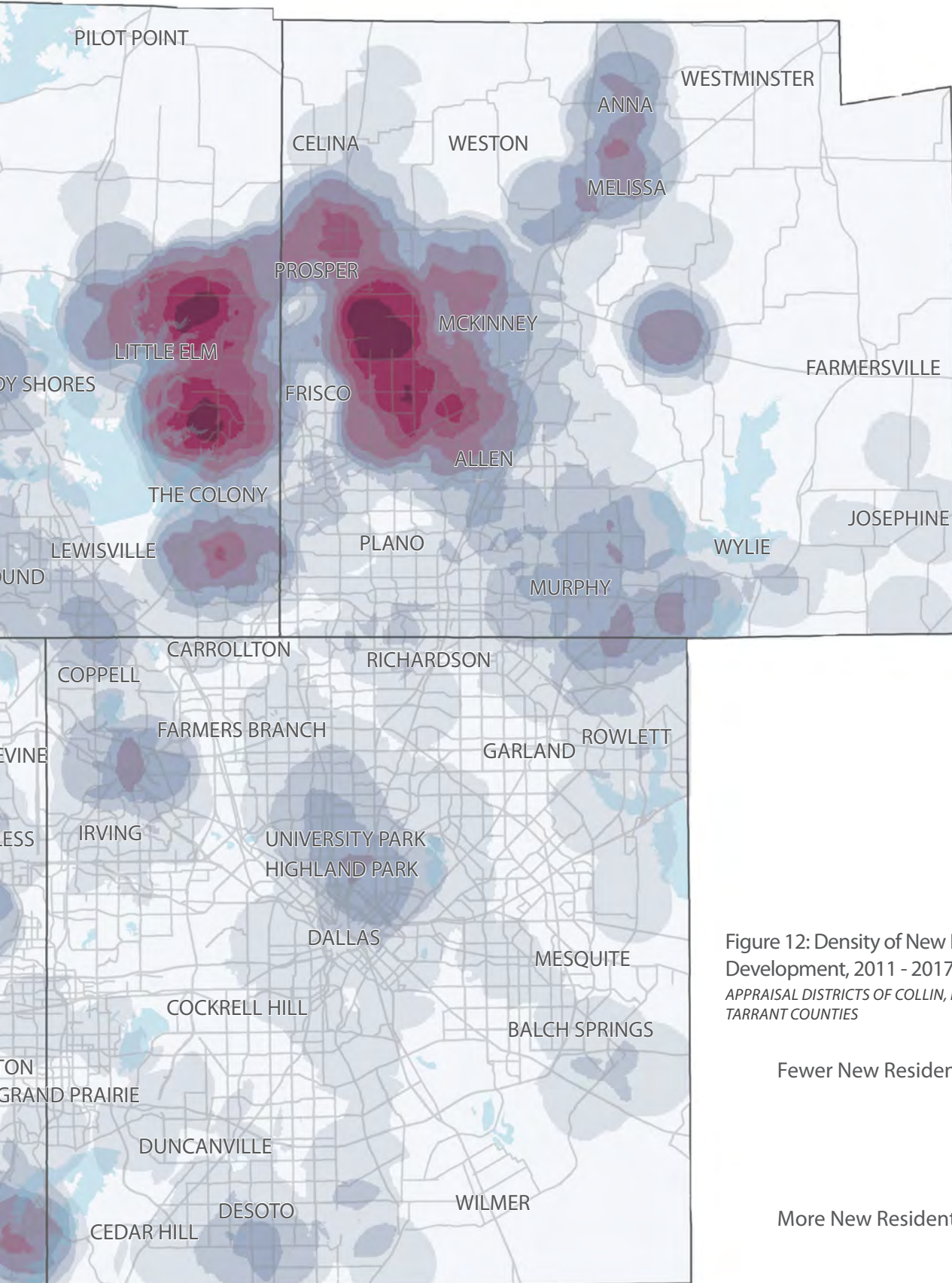


Figure 12: Density of New Residential Development, 2011 - 2017
 APPRAISAL DISTRICTS OF COLLIN, DALLAS, DENTON, AND TARRANT COUNTIES

Fewer New Residential

More New Residential

HOUSING ACCESSIBILITY

The ratio of housing value to income is a simple metric to understand housing affordability, with the general rule being that the a home is more affordable if the total cost is roughly three times a household's annual income. The following pages explore the difference between housing accessibility for four racial and ethnic groups in Dallas—White Non-Hispanic Households, Black Households, Asian Households, and Hispanic or Latino Households—in both 2011 and 2016 to help identify how regional changes have impacted the accessibility of owner-occupied housing to Dallas residents.²⁹ To measure this, we use the median household income for each of the four racial or ethnic groups living within the City of Dallas due to the availability of reliable data. Affordability will vary, obviously, depending on the specific situation of every household, regardless of racial or ethnic origins. Additionally, the median income for residents employed in North Texas' high-growth industries are assessed in the same way to explore how Dallas residents' occupations hinder or improve access to housing across the four counties.

Accessibility by Race

A trend emerges when looking at the maps on the following pages: Dallas' minority households, in aggregate, have less choice in accessing housing outside of Dallas than Dallas' white households. The areas most affordable to these populations are home to older housing and in areas of high poverty. New investments in housing are needed to lower prices and improve access to jobs, good schools, and other needed amenities. Since many Dallas households will find it challenging to access housing elsewhere in the region—without moving further from existing jobs and resources—improving access to housing for Dallas residents within the City of Dallas is necessary.

Much of northern Dallas, today, is inaccessible to Dallas' median income minority households, yet these are the same communities where Dallas sees much of its new housing production. Providing affordable options in these communities is equally as important as providing affordable options throughout the city, both for lower income households and for those that are more affluent.

Accessibility by Industry

Of North Texas' industries that saw the largest growth between 2011 and 2016, only Professional, Scientific, and Technical Services jobs provide annual earnings in a range that provide for increased accessing to housing across North Texas. Low wages in the other high growth industries provide a challenge for employees in those industries related to housing, especially given increases in housing values and rents in each of the four counties. Employees in the Health Care, Retail Trade, Accommodation and Food Services, and Other Services industries face many geographic barriers to finding affordable housing, based on the median earnings for each industry in 2016. In the following pages, we highlight how this places out for affordability of both home ownership and rental across North Texas.

To assess the accessibility of rental housing, the median gross rent, per tract, was multiplied by 12 in order to estimate a year's rent. This annual estimate was then compared to the median earnings of each industry, for 2016, to proxy the burden of housing costs for the median income earner of each industry using the standard guideline that a household should pay less than 30% of its annual income towards housing costs. Those that pay more are considered to be housing cost burdened.

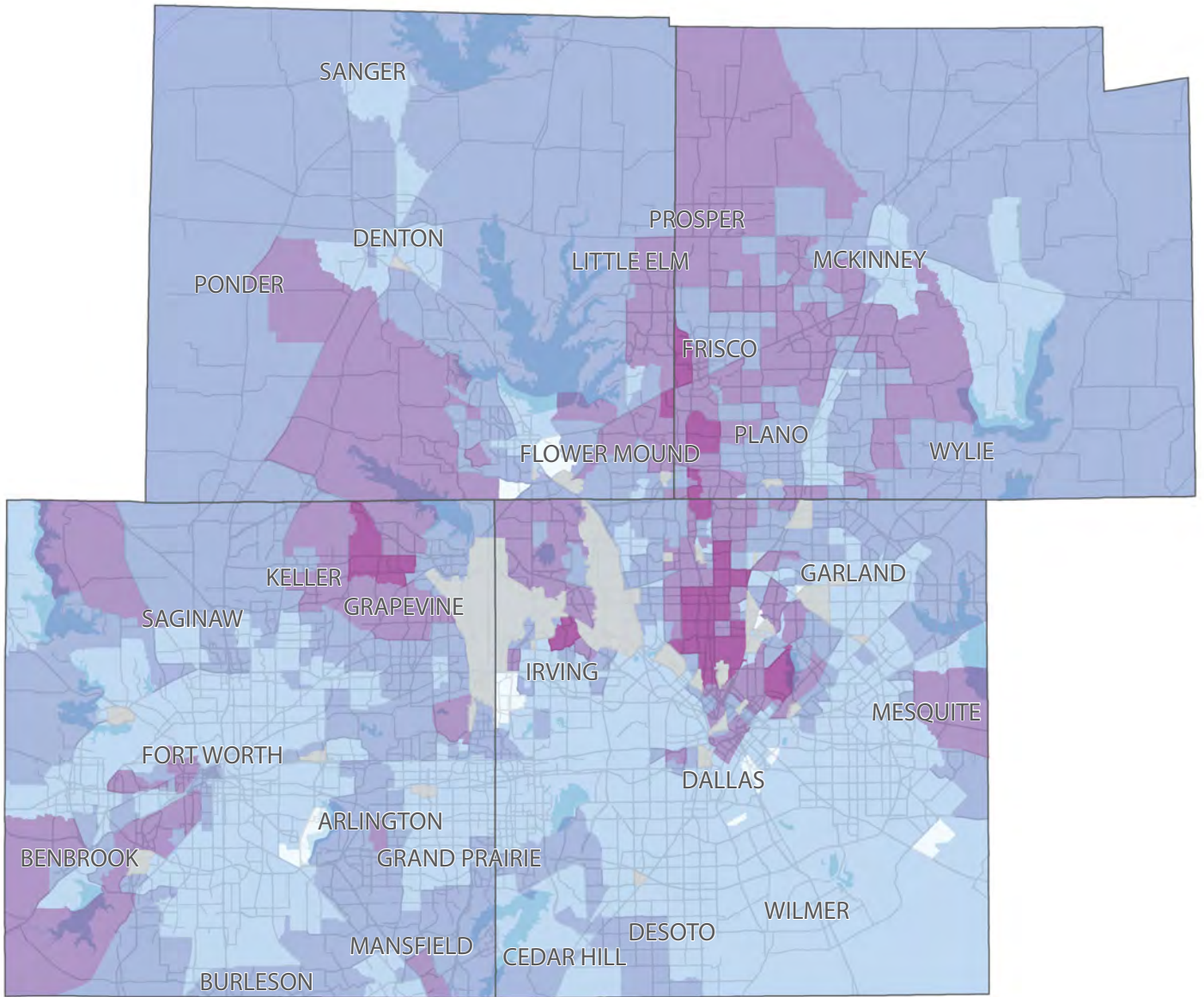
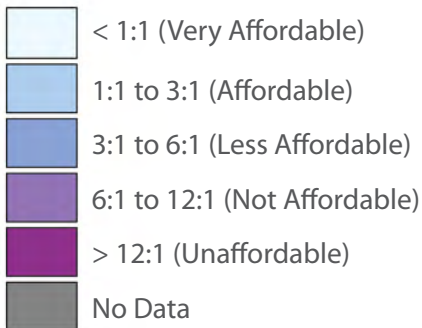


Figure 13: Median Housing Value (Tract) to Median Income (City of Dallas)

U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY - 2016



DALLAS HOUSEHOLDS

In 2011, a household earning the median income for City of Dallas households (\$40,585) could more easily afford to purchase a home in much of Dallas and other areas of Dallas County (DeSoto, Duncanville, Garland, northern Grand Prairie).³⁰ However, by 2016, some areas within Dallas and Tarrant counties had become more affordable to Dallas' median household (Lancaster, Cedar Hill, Mansfield, Everman, Kennedale), while much of Collin and Denton counties remained relatively unaffordable, with some areas becoming more affordable and others less. The median income of Dallas households in 2016 increased to \$45,215 over this time, however the production of new housing units in Collin and Denton counties has not made purchasing a home in these counties more accessible than they were in 2011.

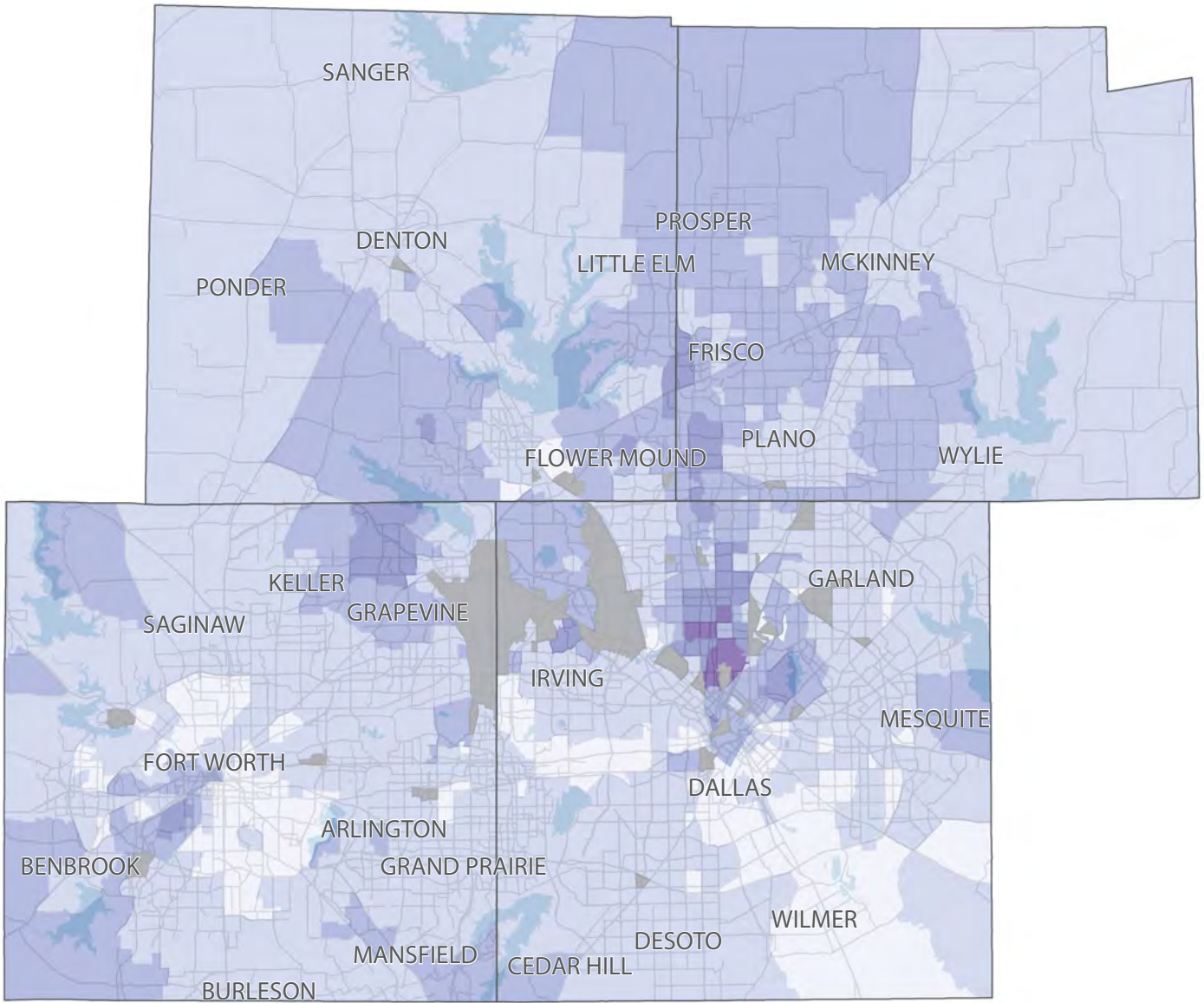
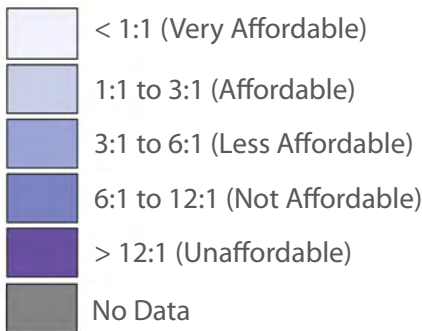


Figure 14: Median Housing Value (Tract) to Median Income (City of Dallas)

U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY - 2016



WHITE, NON-HISPANIC HOUSEHOLDS

The median household income of white households in the City of Dallas was \$75,700 in 2016, and a majority of Census tracts in each of the four counties had housing values less than three times Dallas' white households median income.³¹ In contrast to 2011, an even greater share of Census tracts across the four counties had homes valued less than the median household income for white households.

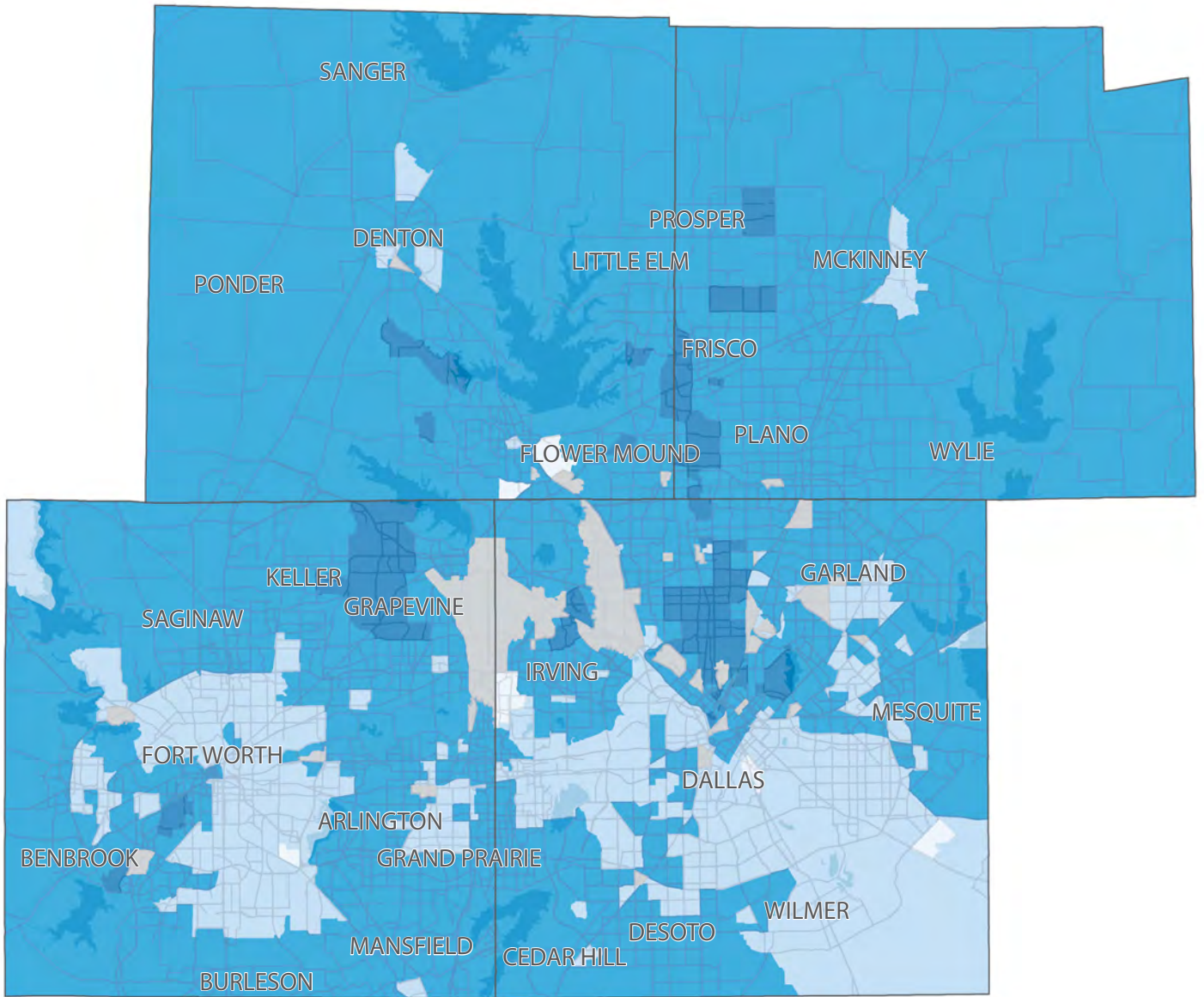
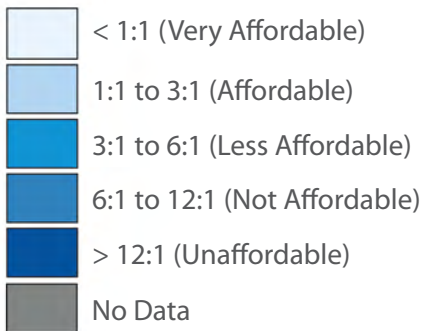


Figure 15: Median Housing Value (Tract) to Median Income (City of Dallas)

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BLACK HOUSEHOLDS

By 2016, far fewer Census tracts across the four counties were affordable for Dallas' black households, with a median household income of \$34,424 in 2016.³² Census tracts in the central portions of Dallas and Tarrant counties typically have housing values between one and three times Dallas' black median household income in 2016. In contrast to 2011, suburban communities in southern Dallas County (Cedar Hill, DeSoto, Duncanville, and parts of Lancaster) have become less affordable to Dallas' black households.

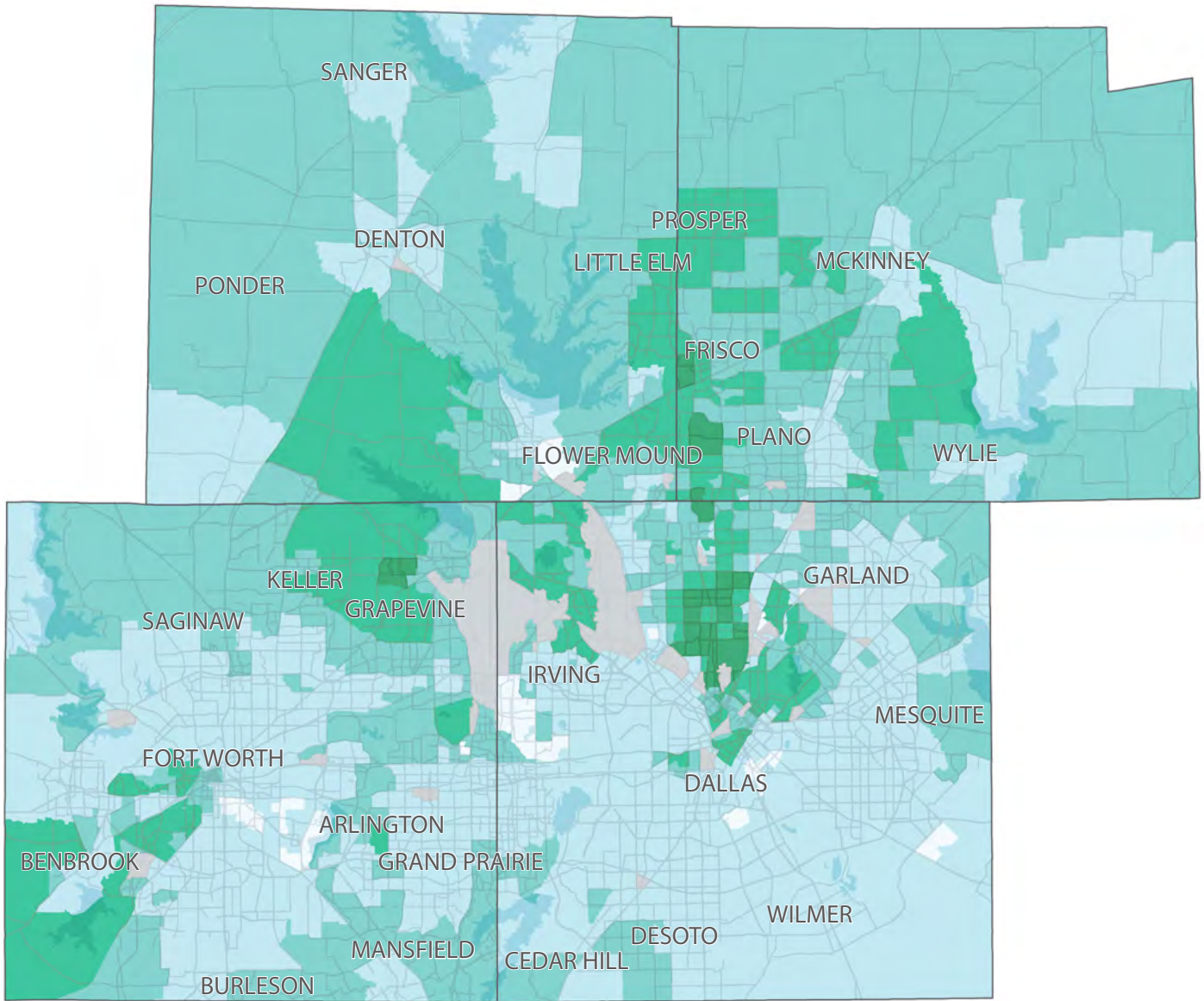
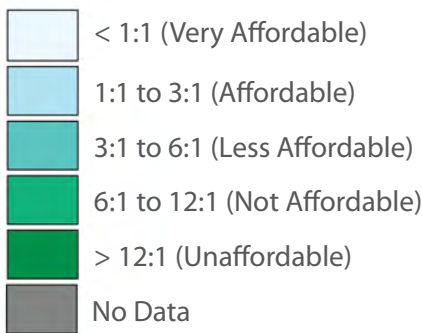


Figure 16: Median Housing Value (Tract) to Median Income (City of Dallas)

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ASIAN HOUSEHOLDS

Asian-headed households in Dallas had median incomes of \$50,626 in 2016, with 53% of Census tracts across the four counties having median housing values less than three times that of median income.³³ Most of these tracts fall across Dallas and Tarrant counties in cities such as Arlington, Dallas, Duncanville, Euless, Fort Worth, and Irving. As seen in the previous pages, Census tracts in western Collin County and eastern Denton County are less accessible to Dallas' Asian-headed households earning near the median income, as are neighborhoods of the Park Cities, Preston Hollow, and Far North Dallas. Within Collin and Denton counties, the cities of Denton, McKinney, and Plano all have housing valued between one and three times that of median incomes.

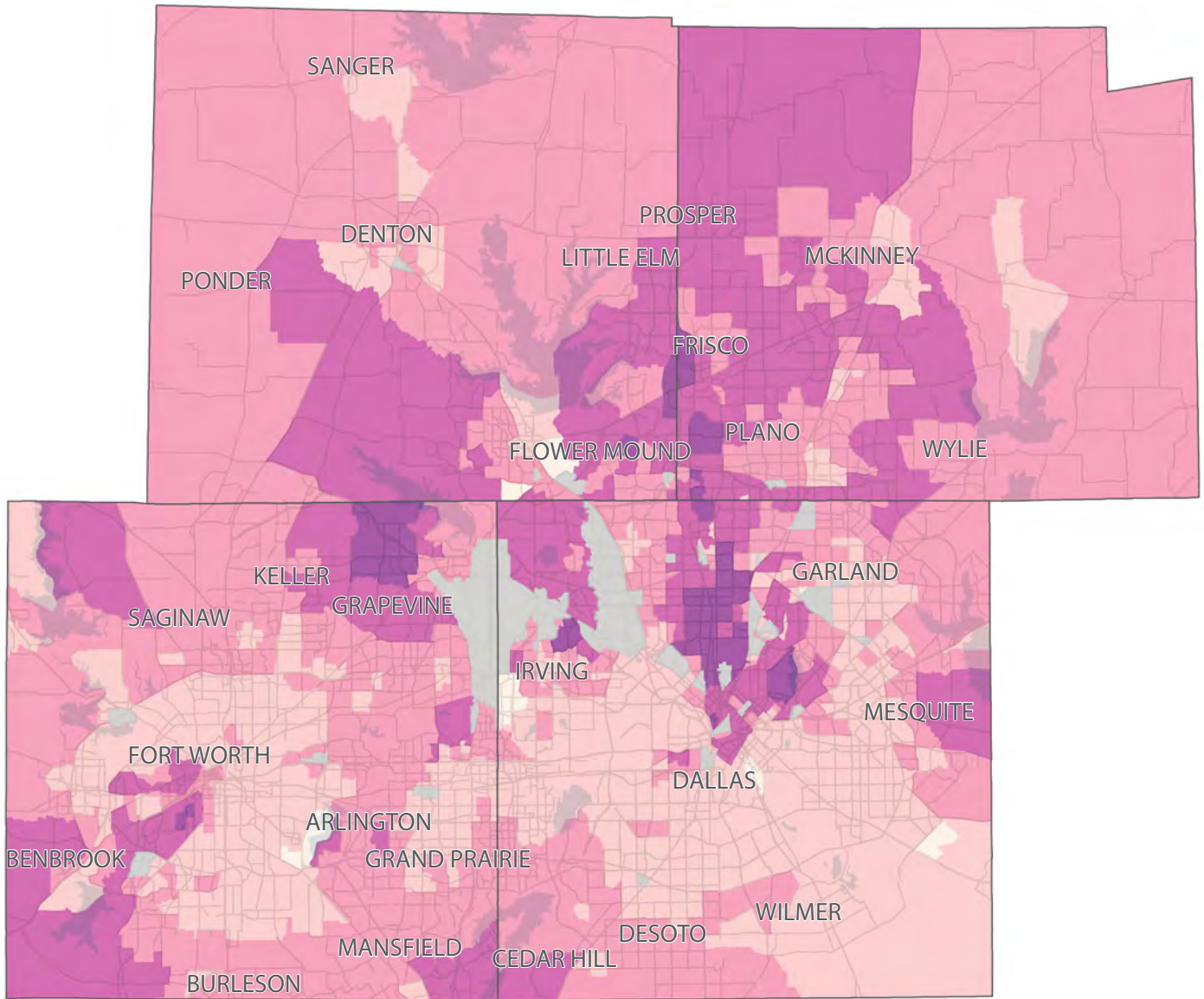
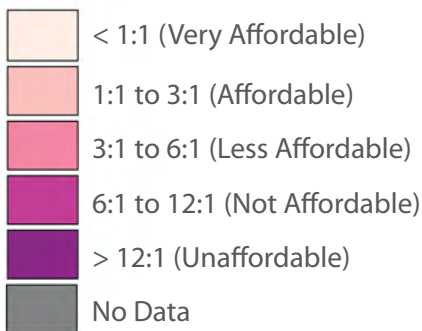


Figure 17: Median Housing Value (Tract) to Median Income (City of Dallas)

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HISPANIC HOUSEHOLDS

Dallas' Hispanic or Latino-headed households have greater accessibility to purchasing homes across the four counties discussed in this report than Dallas' black households, but are still considerably more constrained than Dallas' Asian and White households. With a median household income of \$40,183 in 2016, Dallas' Hispanic households would have a more challenging time finding affordable housing options in many parts of this four county area if they chose to leave Dallas (either by choice or necessity).³⁴

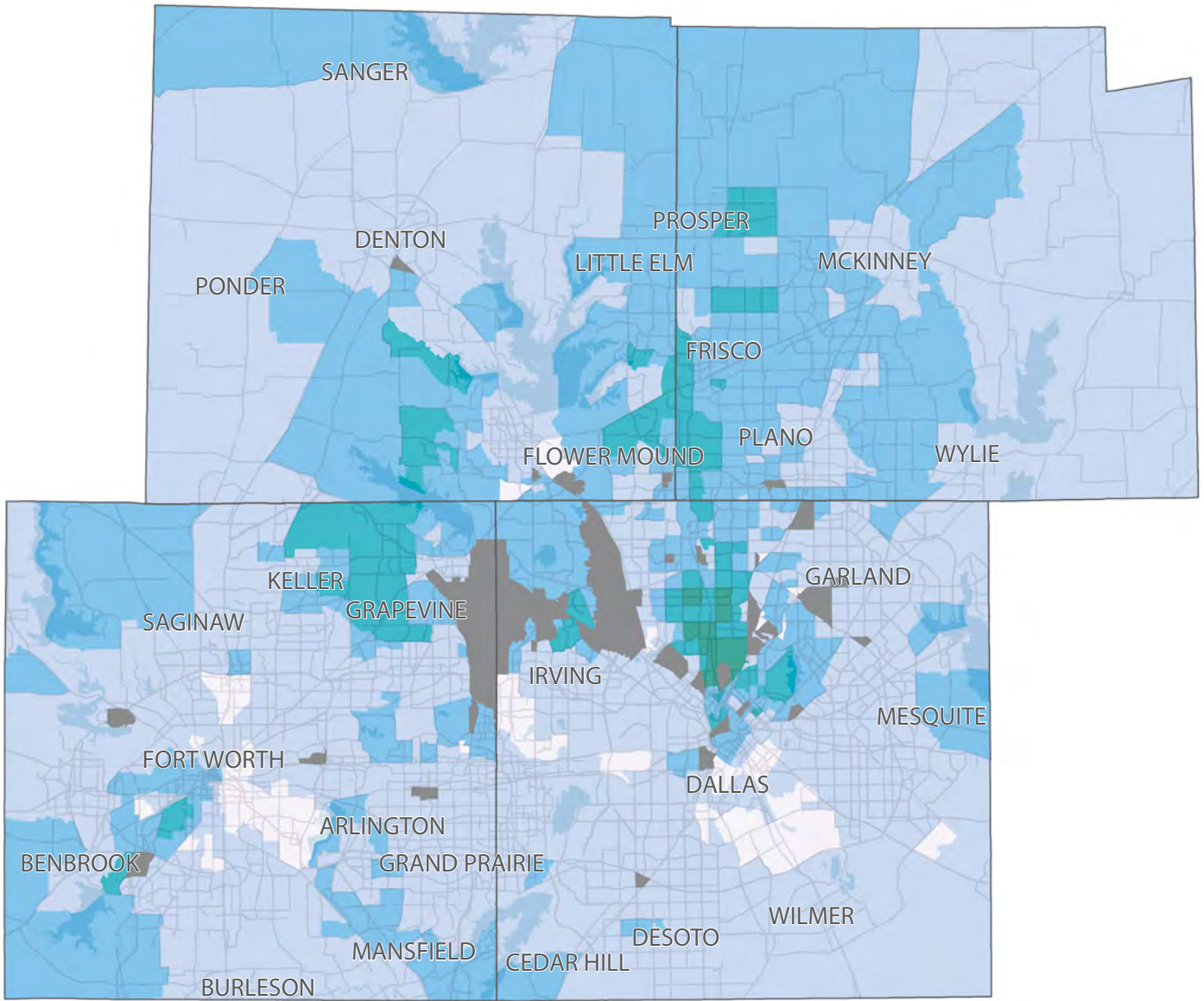
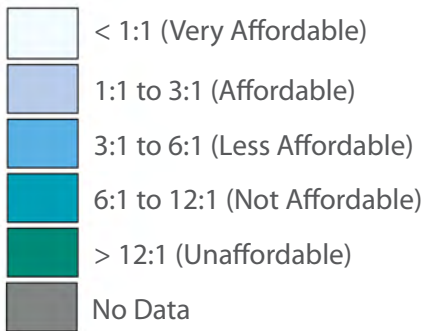


Figure 18: Median Housing Value (Tract) to Median Income (Professional Services Industry)

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PROFESSIONAL SERVICES - OWNERSHIP

Employees in the Professional, Scientific, and Technical Services industry are able to access housing in a large portion of North Texas.³⁵ Some of the wealthiest cities in the four county area are likely beyond reach for a large number of employees in this field, however much of Dallas, Denton, and Tarrant counties are more affordable for this group. Unfortunately, many of the communities that have seen the highest growth in jobs and housing production are located in areas where housing costs are more than six times the median earnings of approximately \$64,000.³⁶

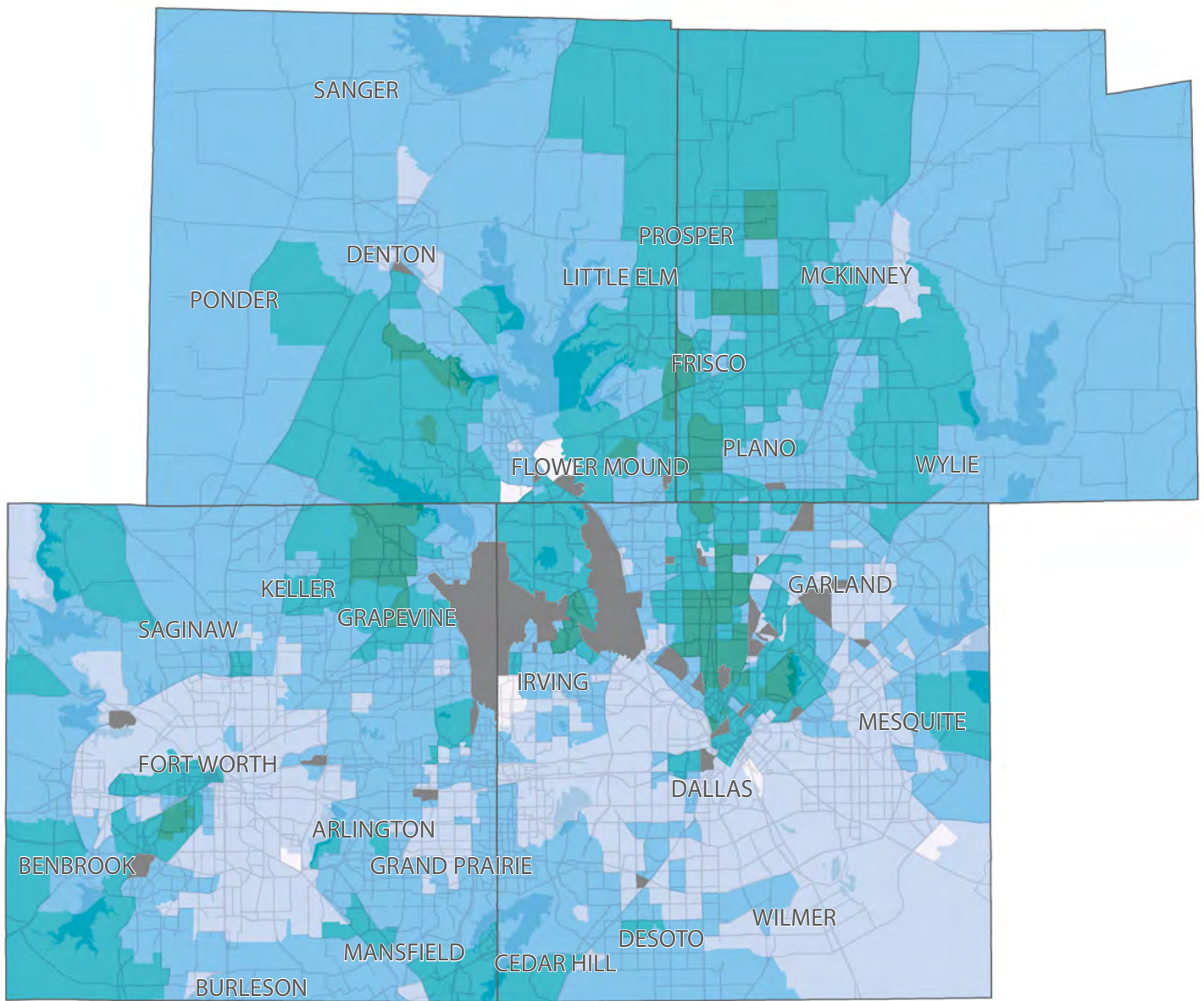
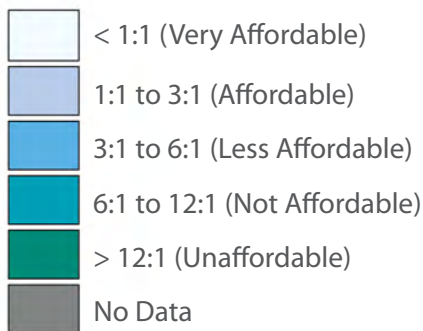


Figure 19: Median Housing Value (Tract) to Median Income (Healthcare Industry)

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HEALTH CARE - OWNERSHIP

For Health Care³⁷ employees in the Dallas-Fort Worth-Arlington MSA, with median earnings of roughly \$36,500 in 2016,³⁸ purchasing homes in areas of new home construction may cost more than six times their annual income. Very affluent communities are clearly the least affordable, however large portions of Collin and Denton counties would be challenging for a employee in this industry to afford if living in a single income household based on the this data from the U.S. Census Bureau. For many of these employees, renting a home may be the most feasible option.

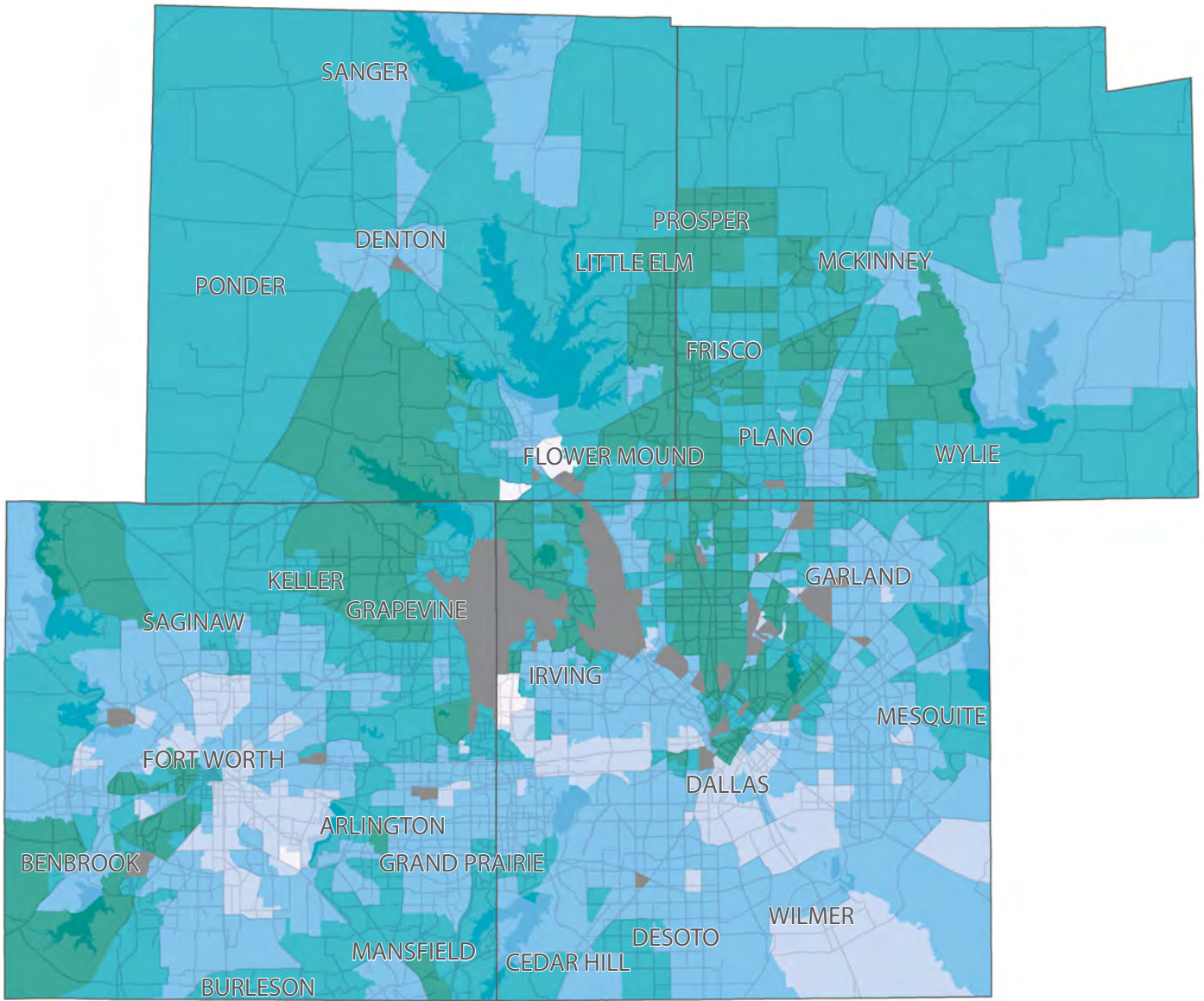
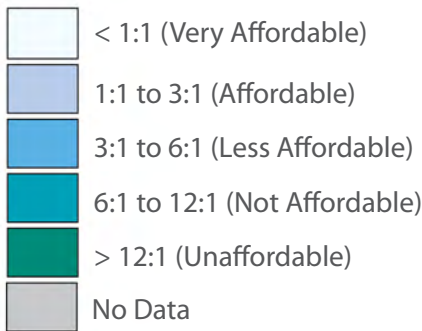


Figure 20: Median Housing Value (Tract) to Median Income (Retail Trade Industry)

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RETAIL TRADE - OWNERSHIP

Few employees in the Retail Trade industry can afford to purchase homes as a sole income earner for their household in much of North Texas.³⁹ Distressed areas with lower property values are more affordable, however, housing quality and access to jobs can be particularly challenging in these neighborhoods. Areas that are affordable within the City of Dallas are primarily located in neighborhoods that have seen very little housing production in recent years.

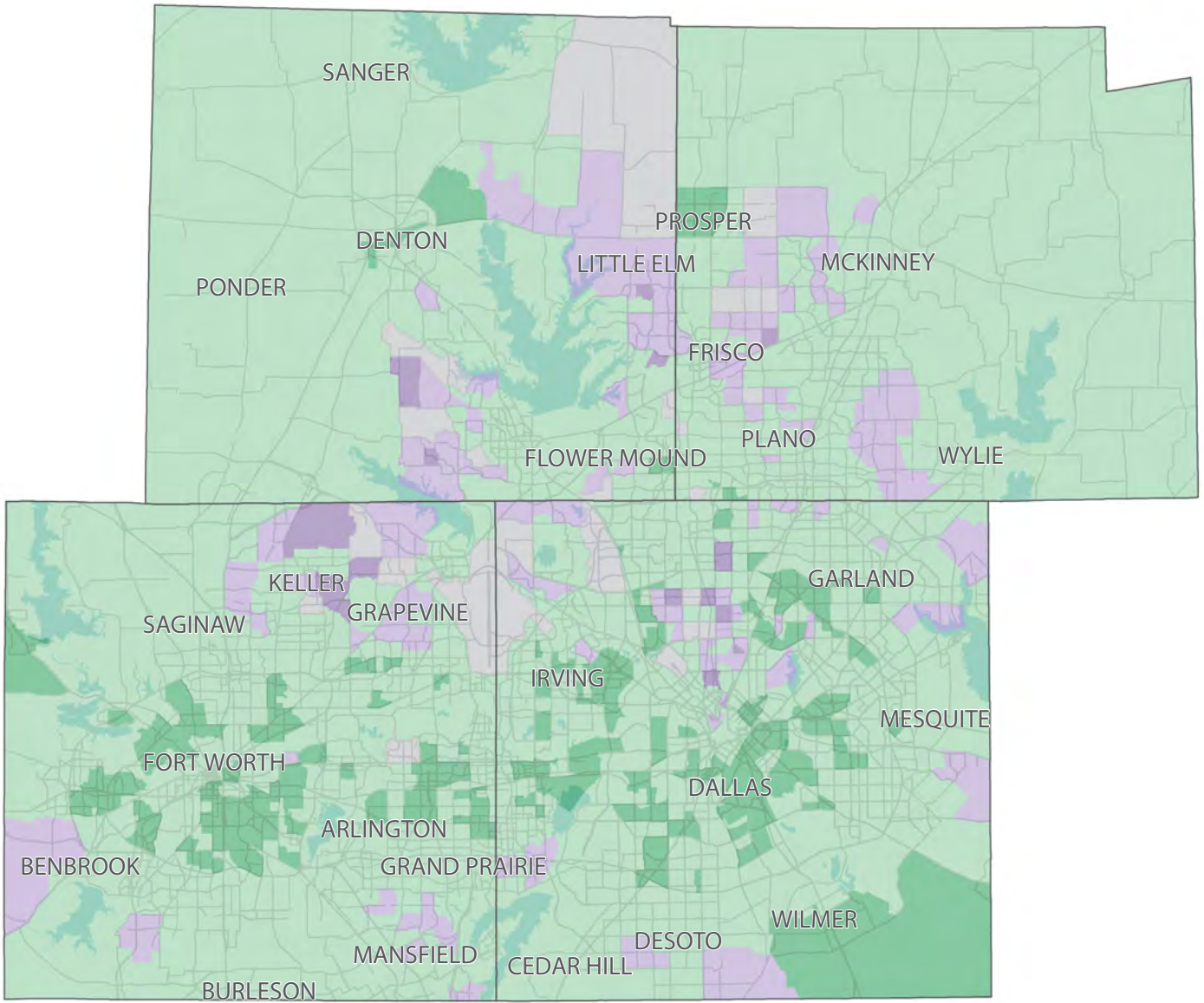
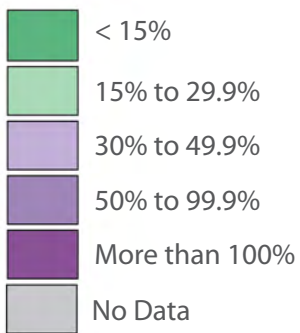


Figure 22: Percent of Income for 1-Yr Rent, Based on Median Gross Rent (by Tract)

U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY - 2016



PROFESSIONAL SERVICES - RENTAL

While the median income employee in the Professional, Scientific, and Technical Services industry can afford to purchase homes in many parts of North Texas, those who choose to rent can likely find rental housing in a majority of the four county area without becoming housing cost burdened. However, areas that have seen the largest concentrations of new housing construction outside of Dallas appear to be more expensive for even employees of this industry.

In contrast to employees in the other industries, new multifamily construction in central Dallas appears to have provided options in close proximity to jobs, transit, and other amenities for those in this industry.

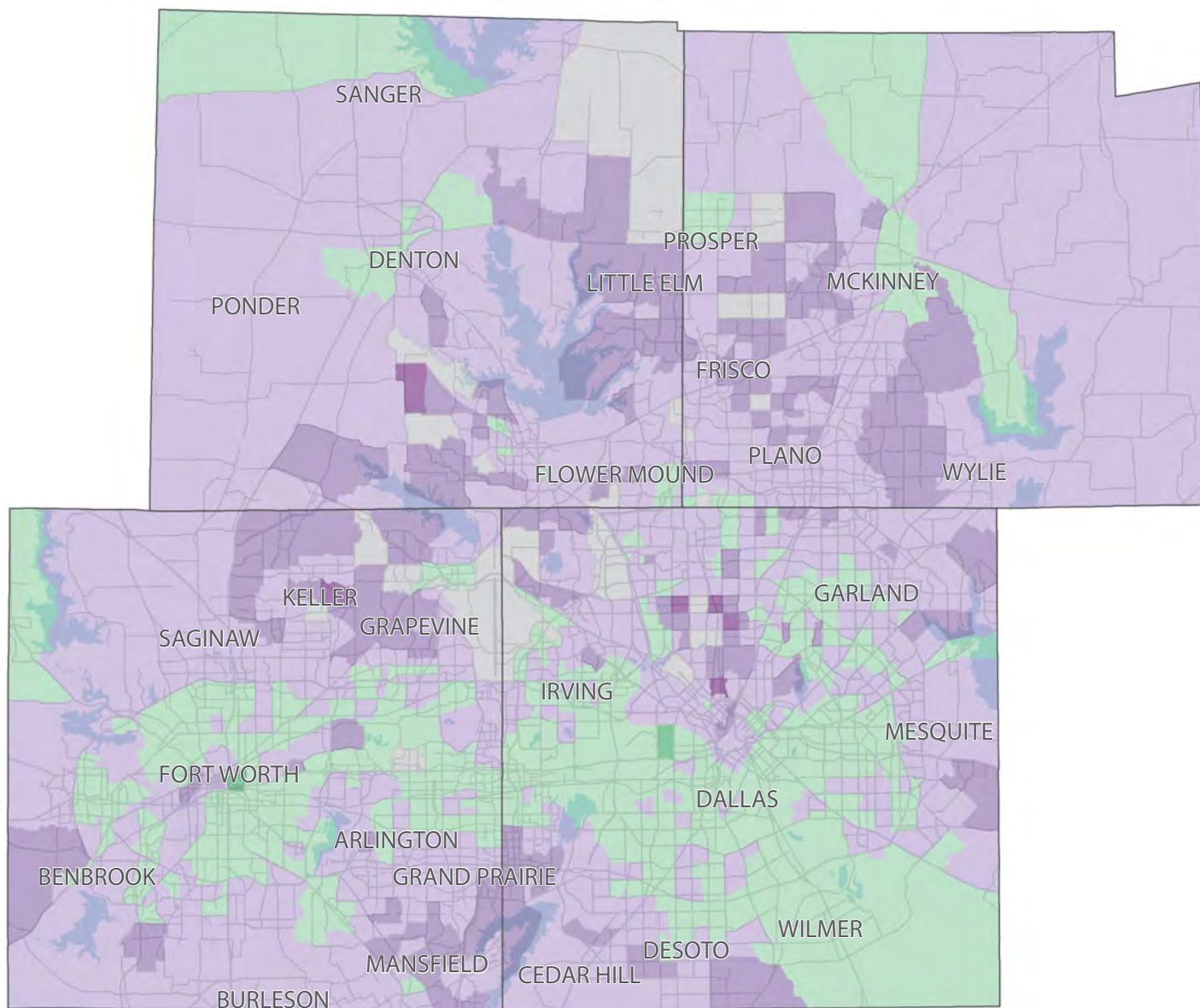
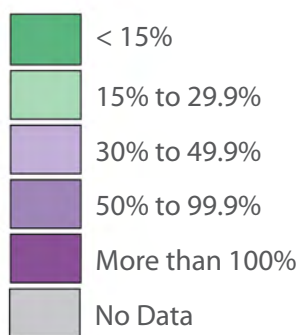


Figure 23: Percent of Income for 1-Yr Rent, Based on Median Gross Rent (by Tract)

U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY - 2016



HEALTH CARE - RENTAL

The median Health Care industry employee in the Dallas-Fort Worth-Arlington MSA earned \$36,447 in 2016, which would provide affordable access to rental units in Census tracts primarily concentrated in Dallas and Tarrant counties.⁴⁰ Most of the tracts where the ratio of rent to income is less than 30% are in the cities of Dallas and Fort Worth, with other affordable tracts in Bedford, Hurst, Kennedale in Tarrant County, and Farmers Branch, Garland, Hutchins, Irving, Lancaster, and Wilmer in Dallas County. Affordable tracts in Collin and Denton counties are limited to those in Denton, McKinney, and Prosper.

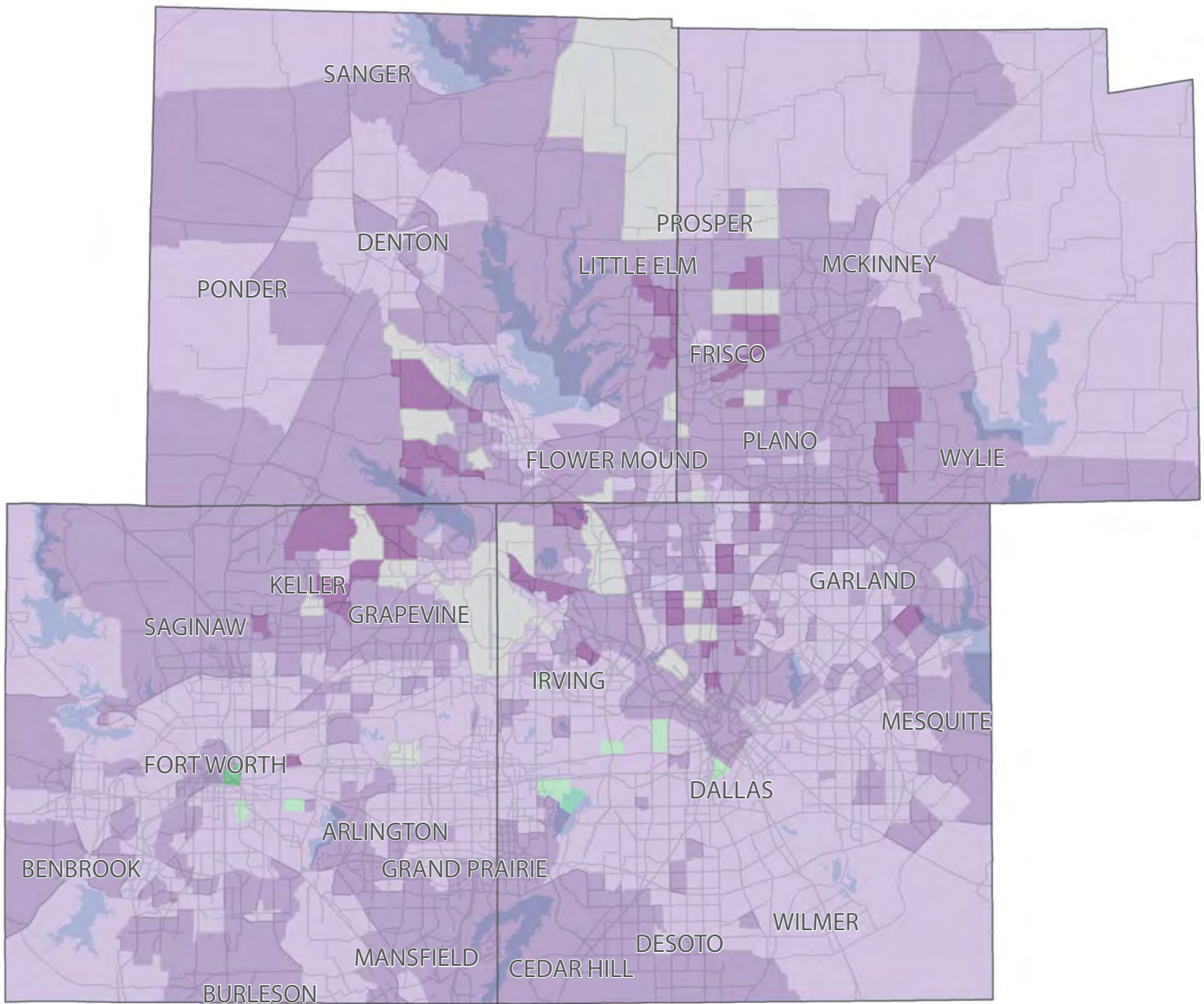
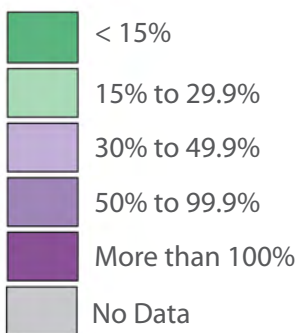


Figure 24: MPercent of Income for 1-Yr Rent, Based on Median Gross Rent (by Tract)

U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY - 2016



RETAIL TRADE - RENTAL

Median earnings for Retail Trade workers of \$24,478 in 2016 give limited access to rental housing that would not require a median income earner in this industry from being housing cost burdened. Employees in this industry face a challenge in finding affordable housing for themselves in much of North Texas. For these residents, increased housing values and low wage growth could lead to increased housing cost burden if there is not an increase in the production of new housing at varying price points.

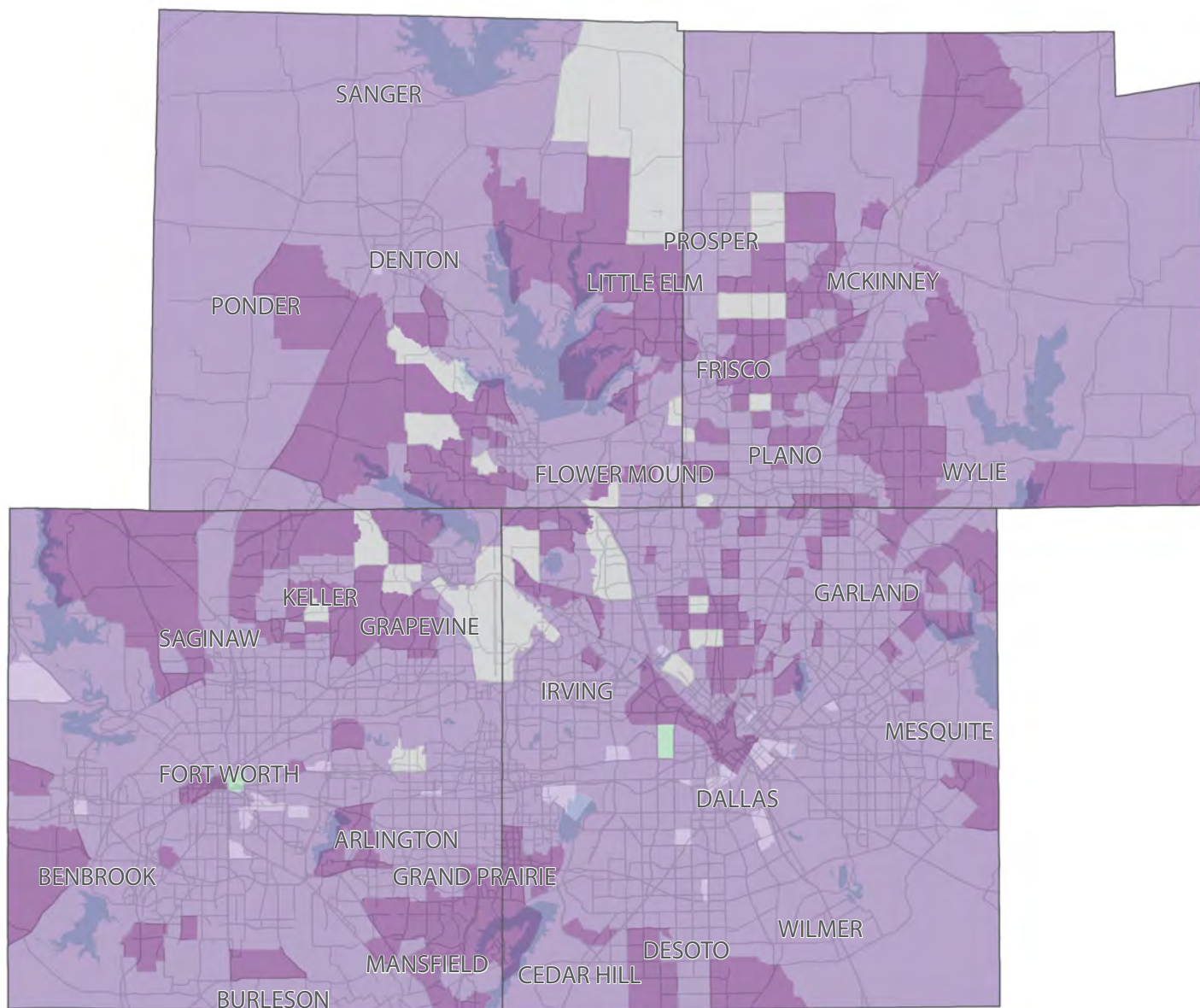
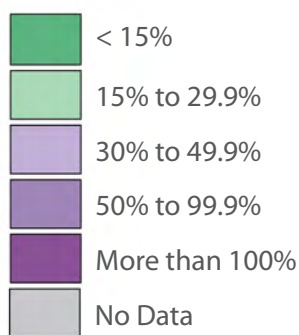


Figure 25: Percent of Income for 1-Yr Rent, Based on Median Gross Rent (by Tract)

U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY - 2016



ACCOMMODATION SERVICES - RENTAL

Just two Census tracts in North Texas had median gross rents in 2016 that totaled to less than 30% of the median earnings for a worker in the Accommodation and Food Services industry in the Dallas-Fort Worth-Arlington MSA. ⁴¹ For these workers, who earn less than \$17,000 a year, living with a roommate, family, or friends is essentially a necessity regardless of one's stage in life (assuming only one job is held). The production of new multifamily units in Dallas does not appear to have provided for more affordable options to workers in this industry. .

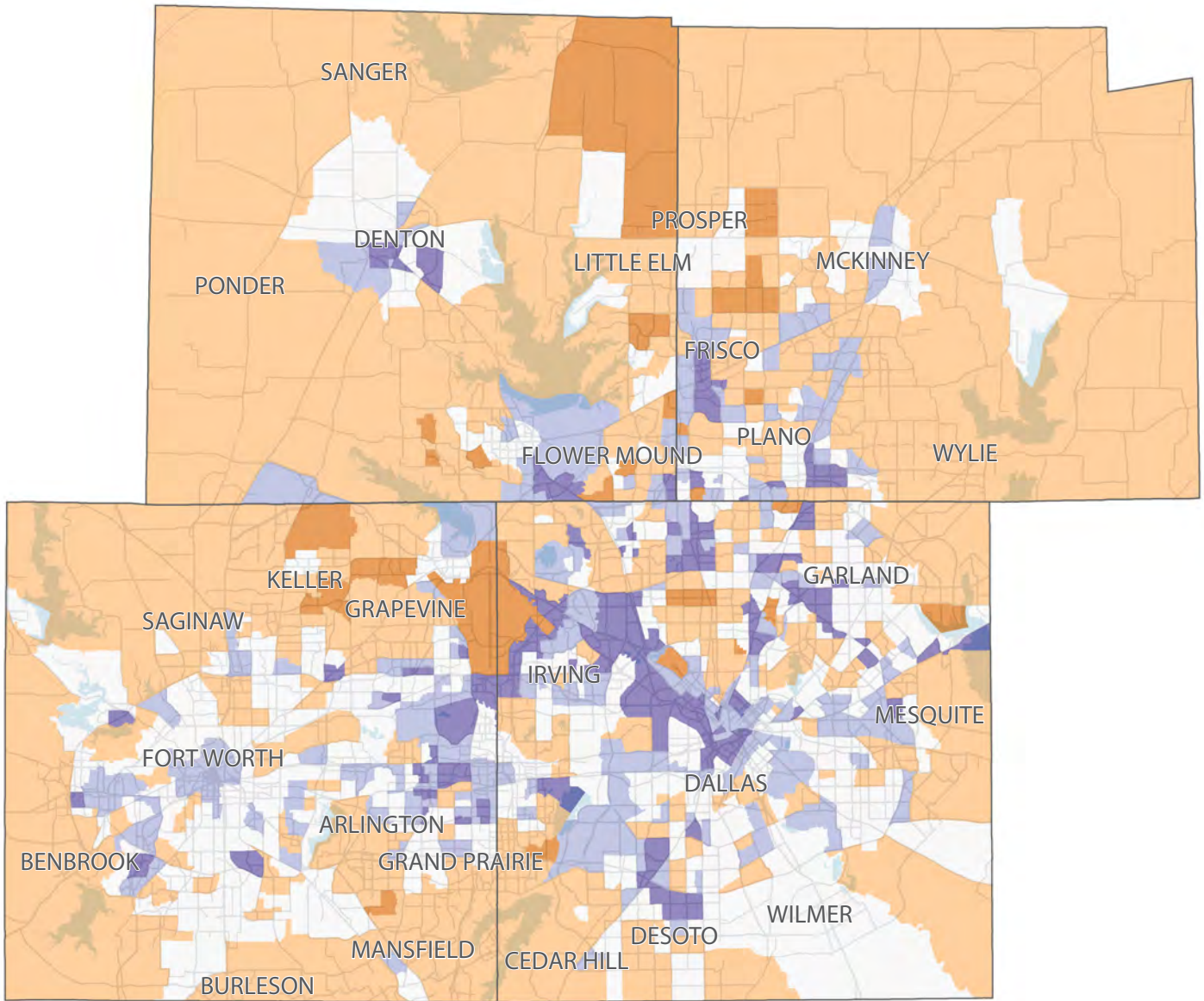
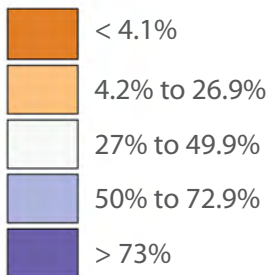


Figure 26: Percent of Housing Units that are Renter Occupied
 U.S. CENSUS BUREAU, AMERICAN COMMUNITY SURVEY - 2016



RENTAL UNITS

Rental units, regardless of form, were primarily concentrated near the central business districts of Dallas and Fort Worth, in the Legacy area in Plano and Frisco, downtown Plano, Addison, and in eastern Arlington, Irving, and central Denton. As seen in the previous pages, employees in several high growth industries have limited access to housing to either own or rent. In many cases, areas of North Texas most affordable fall in lesser developed communities at further removed from the more densely developed centers of the four counties.

In these communities, the share of rental housing available is very low, providing an additional burden for employees in these industries seeking more affordable living arrangements. The construction of new multifamily units has not, however, focused on more affordable units in areas in proximity to jobs, further highlighting issues around access to jobs, transit, or services for low wage earners.

CONCLUSION - LOOKING AHEAD

The development of new housing in Dallas will require considerable effort from the City of Dallas, architects, planners, community development corporations, housing advocates, and real estate professionals in order to adequately address the needs of Dallas diverse population. Dallas' housing needs are especially exacerbated by the lack of affordable housing production across the City, as highlighted in previous State of Dallas Housing Reports, and the accessibility of newly constructed housing to Dallas residents of all backgrounds. Dallas' approach to increasing housing production should help provide more choices to Dallas residents in regards to where they live, the types of homes they live in, and the cost of their housing.

For both homeowners and renters, Dallas' share of more affluent households has grown since 2011. Housing activity has, in part, contributed to the sharp increase in the population living in homes valued at more than \$500,000 between 2011 and 2016. As discussed earlier in the report, housing production in Dallas—both new construction and major renovations—has largely occurred in neighborhoods that were largely already built-out, which increases the value of those homes.

Additionally, the city has added a considerably high volume of multifamily units, primarily apartments in and around the central business district (Uptown, Design District, West Dallas, Bishop Arts District, the Cedars, Deep Ellum, and along Ross Avenue). The fact that these new higher priced units have been developed without the addition of more units that are affordable to Dallas' lower income residents helps explain the rise in Dallas' share of households with gross rents of more than \$1,500/month.

For Dallas residents who can no longer easily afford to live in the city, new housing production across the region has not provided access to new housing available to Dallas' median income households. The construction of more expensive homes, across the region, appears to be occurring despite large increases in employment in low-wage industries such as Retail Trade and Accommodation and Food Services. The development of varying housing typologies and price points will become an increasingly important regional issue if growth in low-wage earning industries continues.

Many questions remain to be explored to better understand the complex regional dynamics that influence and drive North Texas' housing market. This report identifies both reasons for optimism and caution, but central to the findings of this report is the uneven nature of regional growth and housing production - housing has largely been developed in the wealthiest communities of Dallas and its neighbors in surrounding cities. Large, more expensive single-family homes dominate production outside of Dallas and remain largely inaccessible to Dallas' residents based on the median income of Dallas households, both citywide and by different racial and ethnic backgrounds.

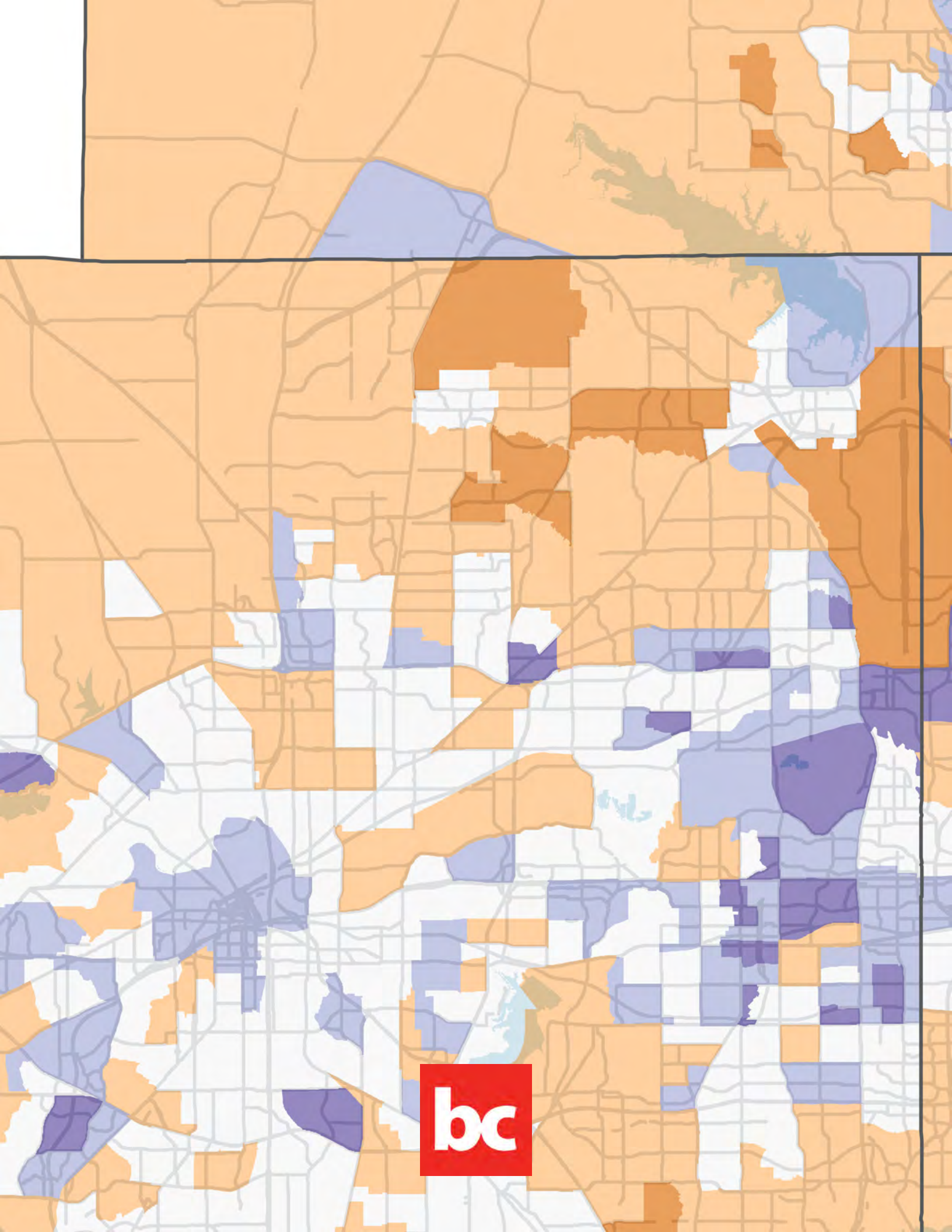
END NOTES

1. Guddell, Svenja. 2018. 'Hottest Housing Markets for 2018 Include Tech Hotspots, Southeastern Charmers. Forbes. Access from: <https://www.forbes.com/sites/zillow/2018/02/01/hottest-markets-for-2018-include-tech-hotspots-southeastern-charmers/#407443496f0e>
2. In this report, we use the term North Texas to refer to these four counties which account for 87.5% of the Dallas-Fort Worth-Arlington, TX Metropolitan Statistical Area population as of July 1, 2017 according to data from the U.S. Census Bureau.
3. [bc] has identified 380 neighborhoods in Dallas as part of the People Organizing Place! Initiative. The neighborhoods can be explored at www.peopleorganizingplace.com/know.
4. For this report, properties were identified through each county's property appraisal database using the 2017 Certified Property Rolls. Due to differences in the way property data is tracked between the counties, some of the information presented in this report may be available to specific counties or types of properties. Any instance where this occurs will be identified and noted. If you know how or where we might fill in any gaps in the data, please reach out and let us know.
5. Appraisal districts for Collin, Dallas, and Denton counties track two fields for the year a property was built - Year Built (YR_Built) and Effective Year Built (Eff_Yr_Built). For this report, the Effective Year Built was used to extract residential properties from each database in order to identify properties that were built or significantly remodeled during the year in process. For Tarrant County, the Year Built field was used as no Effective Year Built field is contained in the dataset.
6. Calculated using American Community Survey Table S1101 by [bc] staff.
7. The size of households varies across socioeconomic characteristics, however each of the four counties have fairly similar average size of households according to data from the American Community Survey Table B25010: Collin has 2.8 people per household, Dallas has 2.77, Denton has 2.79, and Tarrant has 2.82.
8. Data compiled by [bc] staff from American Community Survey data using 5-Year Estimates from tables B25075 and B25063 from 2011 to 2016.
9. You can read the full City of Dallas Comprehensive Housing Policy at the following link: http://dallascityhall.com/government/Council%20Meeting%20Documents/a_comprehensive-housing-policy_combined_050218.pdf
10. To see the policies recommended by Opportunity Dallas, which [bc] participated in developing as a task force member, see their website: <https://www.opportunitydallas.org/policy-recommendations>
11. You can learn more about the North Texas Regional Housing Assessment via their website: <http://northtexasrha.com/>
12. Data from the U.S. Department of Housing and Urban Development's SOCDs Building Permits Database, accessible here: <https://socds.huduser.gov/permits/>

13. See note 12 above.
14. Data from the City of Dallas' Building Permits data, accessed through the Department of Sustainable Development and Construction.
15. Specifically, Dallas tracks Addition, Alteration, Reconstruction, and Renovation. Each permit types refers to a different scale of activity, however, these permits are helpful in understanding where investments are being made in existing properties.
16. Based on data from the American Community Survey 1-Year Estimates.
17. Data from the American Community Survey 5-Year Estimates from Table C24070 and compiled by [bc] staff.
18. Data from the American Community Survey 5-Year Estimates from Table C24030 and compiled by [bc] staff.
19. See note 18.
20. Data from the American Community Survey 5-Year Estimates from Table C24031 and compiled by [bc] staff.
21. Data from the American Community Survey 5-Year Estimates from Table S1901 and compiled by [bc] staff, with data from 2011 (reported in 2011 Dollars) adjusted to 2016 Dollars using the Bureau of Labor Statistics Consumer Price Index annual rates for 2011 and 2016.
22. We do not yet know if these increases are the result of in- or out-migration of more affluent residents, economic mobility of existing residents, or the result of the specific sample data collected through the American Community Survey. More analysis and research in these geographies is needed to better understand changes within these communities.
23. Data from the American Community Survey 5-Year Estimates from Table B25077 and compiled by [bc] staff, with data from 2011 (reported in 2011 Dollars) adjusted to 2016 Dollars using the Bureau of Labor Statistics Consumer Price Index annual rates for 2011 and 2016.
24. See note 12.
25. See note 12.
26. Data differences between each county's Appraisal District make it challenging to identify information across the four counties for 2017 alone. Collin and Denton counties numbers reflect properties built in 2017, while Dallas and Tarrant counties include information from 2016 and 2017 (where 2017 information was available).
27. The number of units within each property were identified through appraisal data, with the exception of Tarrant County which does not provide data on units by property.

28. See Note 5 referring to Tarrant County.
29. We used the Median Household Income of Dallas residents belonging to each race and ethnicity and the Median Value of Owner-Occupied Homes by Census tract.
30. Data from the American Community Survey 5-Year Estimates from Table B19013 and compiled by [bc] staff.
31. Data from the American Community Survey 5-Year Estimates from Table B19013H and compiled by [bc] staff.
32. Data from the American Community Survey 5-Year Estimates from Table B19013B and compiled by [bc] staff.
33. Data from the American Community Survey 5-Year Estimates from Table B19013D and compiled by [bc] staff.
34. Data from the American Community Survey 5-Year Estimates from Table B19013I and compiled by [bc] staff.
35. This corresponds to the North American Industrial Classification System, which defines Professional, Scientific, and Technical Services sector as being composed of *“establishments that specialize in performing professional, scientific, and technical activities for others. These activities require a high degree of expertise and training. The establishments in this sector specialize according to expertise and provide these services to clients in a variety of industries and, in some cases, to households. Activities performed include: legal advice and representation; accounting, bookkeeping, and payroll services; architectural, engineering, and specialized design services; computer services; consulting services; research services; advertising services; photographic services; translation and interpretation services; veterinary services; and other professional, scientific, and technical services.”* <https://www.bls.gov/iag/tgs/iag54.htm>
36. Data from the American Community Survey 5-Year Estimates from Table 24031 in 2016 Inflation Adjusted US Dollars and compiled by [bc] staff.
37. This corresponds to the North American Industrial Classification System, which defines Healthcare and Social Assistance sector as being composed of *“establishments providing health care and social assistance for individuals. The sector includes both health care and social assistance because it is sometimes difficult to distinguish between the boundaries of these two activities. The industries in this sector are arranged on a continuum starting with those establishments providing medical care exclusively, continuing with those providing health care and social assistance, and finally finishing with those providing only social assistance. The services provided by establishments in this sector are delivered by trained professionals. All industries in the sector share this commonality of process, namely, labor inputs of health practitioners or social workers with the requisite expertise. Many of the industries in the sector are defined based on the educational degree held by the practitioners included in the industry.”* <https://www.bls.gov/iag/tgs/iag62.htm>
38. See note 36.

39. This corresponds to the North American Industrial Classification System, which defines the Retail Trade sector as being composed of *“establishments engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The retailing process is the final step in the distribution of merchandise; retailers are, therefore, organized to sell merchandise in small quantities to the general public. This sector comprises two main types of retailers: store and nonstore retailers.”* <https://www.bls.gov/iag/tgs/iag44-45.htm>
40. See note 36.
41. This corresponds to the North American Industrial Classification System, which defines the Retail Trade sector as being composed of *“The Accommodation and Food Services sector comprises establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. The sector includes both accommodation and food services establishments because the two activities are often combined at the same establishment.”* <https://www.bls.gov/iag/tgs/iag72.htm>
42. A point density analysis was run in Esri’s ArcMap software using a half-mile neighborhood around each vacant property. Areas with the greatest number of properties are identified using the process to understand the density of vacancy per square mile.



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