



Chapter 4

Tall City Housing & Neighborhoods



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Tall City Housing & Neighborhoods

INTRODUCTION

Midland has a quality housing stock and healthy demand for new housing. Meeting that demand with a range of affordable options supports economic efforts and is fundamental to providing safe and affordable workforce housing. Midland residents have expressed a desire for a wider variety of housing options at prices accessible to middle-income buyers.

Housing & Neighborhood Issues & Opportunities

In the previous Tall City Today section, housing mix, workforce housing, and retiree and senior housing were identified as major themes. These themes are all very closely tied together. Even before the city's most recent boom, construction activity focused mainly around homogenous developments of either single-family detached housing or large scale multi-family housing. In recent years the market's ability to meet the demand for new workforce housing was at capacity, leaving new residents with few options. Addressing the need for adequate and affordable workforce housing means the market will provide additional variety, including new senior housing options.

Beyond the above tangible housing themes, residents also experienced a desire for the creation of more "neighborhood" settings. This idea is detailed in Chapter 3's land use policies for developing areas, but supporting or creating clearly defined neighborhoods in revitalizing areas is also important. Greater variety in neighborhoods close to job centers, like the downtown and the hospital district, creates strong neighborhoods and greater reinvestment interest. However, housing developers and lenders tend to build what has worked in the past. The market can be slow to adapt, often requiring a pioneering spirit from a small group or individual to demonstrate the success of a new approach. The Wall Street Lofts may ultimately be an example of this type of success story that leads to greater development interest in and adjacent to the downtown.

Tall City Tomorrow Housing Demands

To support a 1% annual growth rate over the next 20 years, Midland needs to add approximately 12,430 new housing units. This comes out to approximately 622 units annually. The distribution of those units should offer greater variety than in the past. A proposed mix by type is shown in the graphic to the right. The proposed mix suggests a higher proportion of single-family attached houses (townhomes) and multi-family (both apartments and smaller four-plexes) in the future, based on community demand.

On paper these numbers look great, but ultimately the private market drives housing production in the city. As noted, developers understandably tend to build what they know and are comfortable with. Buyers continue to buy these units because that is what the market is offering them. Moving forward, housing and land use policies will need to work closely with the private market to identify hurdles to the construction of a variety of housing types and ensure that land use regulations do not inhibit new and innovative approaches.

TALL CITY TOMORROW HOUSING AND NEIGHBORHOOD PLAN

The fundamental goal of Tall City Tomorrow and specifically of this section is to ensure that existing and future neighborhoods add to the livability of the city and strengthen the economic base. Housing is one of the private market’s largest capital investments, and the streets, sewers, and water lines that serve those homes are the largest public capital investment. New developments must create true neighborhoods and a quality housing stock that future generations will want to invest in and do not feel burdened by. At the same time, existing neighborhoods must be conserved and not neglected. These neighborhoods reflect large public investments and fiscal responsibility suggests that these investments need to be protected and used to the highest degree possible.

The following goals provide the basis for addressing the issues, opportunities, and challenges raised above. These goals were reviewed and approved by the Steering Committee.





**POSTED TO TALL CITY TOMORROW
DISCUSSION PAGE:**

“Everyone agrees that housing is a problem, but understand city governments can’t control prices. Prices are set by supply and demand.”

— Jackson B.

GOALS

1. Establish neighborhoods that will provide good residential environments and places that are safe to live, learn, and play.

Participants in the planning process felt strongly that future development needed to create new neighborhoods, not just subdivisions. Neighborhoods have focal points such as a park or a school, are interconnected with the rest of the community through streets, trails, and draws, and have easy access to everyday services. These are all features that need to be incorporated with any new development and require a cooperative effort with parks and recreation, MISD, and the development community. Ultimately everyone wants to create a product that is appealing today and for many years into the future.

2. Ensure that Midland’s future housing stock relies upon conservation of existing housing and investment in new diverse housing options affordable to all income levels.

The city’s best source of affordable housing is within its existing housing stock. Poor property maintenance, structural deterioration, and delayed maintenance of public infrastructure can quickly degrade neighborhood quality and property value. This has the dual effect of diminishing the city’s stock of sound affordable housing and suppressing the economic benefits of rehabilitation. Reinvestment in older neighborhoods is essential to providing a continuing source of affordable housing.

3. Provide adequate housing opportunities for the diverse needs of Midland’s population.

Over the past several years Midland has attracted a growing number of young families and young professionals. Their housing needs are very important but the need to provide proper and adequate housing for others, especially retirees, elderly, and handicapped, remains an important component in the housing mix. Between 2000 and 2010 the number of residents over the age of 75 grew by 43%. Offering housing alternatives to this age group ensures they remain in Midland and opens up existing housing to young families.

4. Provide more housing for moderate income families

From the early stages of the planning process, residents expressed concern over the cost of housing, both owner-occupied and rental. Analysis of the city’s housing stock and income ranges indicates that there is a significant shortage of affordable housing for households making less than \$50,000 (see page 24). Current construction costs mean that new units cannot be constructed for these households. Conservation of existing housing and innovative financing strategies are necessary to meet the demand.

INITIATIVES AND POLICIES

1. Expand housing diversity by type and cost

Action item: Implement an intensity-based land use approach, as outlined in Chapter 3.

The previous chapter outlined an integrated land use vision that shifts away from separated land uses to greater integration based on intensity of uses. This approach should support the development of a more diverse housing mix and encourage developments to have a wider range of uses and residential types. For example, the intent of the Urban Medium District would allow for a range of housing styles including single-family detached, single-family attached, and townhomes. Densities within an Urban Medium District may range from seven units per acre (smaller lot single-family detached) to 12 units per acre (townhome density). Examples of this type of development exist today in Midland, including the neighborhood south of Wadley Avenue between Mark Lane and Whittle Way. This area includes a mix of high-density apartments, medium-density townhomes, and smaller lot single-family. What the area lacks are good connections to other land uses that include jobs and commercial services.

The above example is not the norm and the transition for the local housing industry to deliver a more mixed product approach will take time and require the cooperation of both the city and builders. It may also require the city to facilitate new partnerships between specialized builders.

Action item: Direct city investments and redevelopment dollars toward mixed-income projects.

Over the years the city has done an excellent job of leveraging Community Development Block Grant funding. These dollars have been used, along with park and public facility improvements, to make positive impacts on neighborhoods. Projects like Bradford, Washington, and San Juan should be celebrated and shared with other communities as great success stories. However, in recent years these dollars have become tighter, making larger scale projects harder to complete. In the future, new approaches and funding techniques may need to be considered. These approaches will need to blend resources that may include HOME/CDBG funds, lending consortium (see sidebar), low-income housing tax credits, and tax increment financing.

By blending sources, projects can also offer a greater mix of income levels, including workforce housing units. For many residents working in the service industry, the cost of housing is a high burden. These individuals are “doubling up” or working multiple jobs to cover housing costs. This is often the hardest housing market to address, as the profit margins are not high enough to attract private market construction and prospective tenants often make over the income limits required to qualify for housing assistance programs.

In addition to blending income levels these projects should also provide a mix of housing styles. Traditionally neighborhood redevelopment projects have focused on single-family housing while low-income housing tax credits tend to be used for multi-family construction. Blending these sources should allow for a mix of housing styles within a single development.

LENDING CONSORTIUM

The city's need for additional affordable workforce housing will require a stable source of financing. Such a financing program should be designed for maximum leverage, shared risk, and quick turnover rather than long-term financing. A lending consortium is a cooperative venture among lending institutions active in Midland that spreads individual exposure. These cooperative ventures can attract the support of other agencies such as the Texas Housing Foundation and the Federal Home Loan Bank. A lending consortium is an ideal instrument to provide short-term financing or patient financing for builders and contractors in the community, and to provide interim financing for projects developed by a development corporation like Midland Community Development Corporation. The central missions of a consortium in Midland may include:

Construction and long-term financing of key housing types that are identified as high priorities in the Consolidated Plan for Community Development and Housing Funds

Construction lending to private builders of workforce housing

Mortgage financing to low and moderate-income buyers who fall outside of normal underwriting standards for institutions

HOUSING DIVERSITY ON A REDEVELOPMENT:

Overall redevelopment concept for 1.5 block in Omaha, NE; ownership townhomes with live/work potential; senior apartments; single-family homes. Financing included city property acquisition; HOME/CDBG funds; lender consortium assistance; low-income housing tax credits, and TIF.



Action item: Review land use regulations, such as the zoning code and subdivision ordinance, to ensure that there is adequate flexibility to allow a wide range of housing options.

Traditional zoning ordinances from the mid-twentieth century valued low density and separation of different land uses. Midland's ordinance has a number of single-family districts but the higher density districts like the Townhome district appear to be harder to use. In a 2013 Zoning Diagnostic Report, completed for the City of Midland, it was noted that developers expressed concern that the current regulations often required them to come to the Council for a PD to build a townhome development that met market needs. These types of hurdles are a good example of an ordinance that hinders rather than supports planning goals.

The city is currently updating the zoning ordinance. Final changes should be done in light of the goals and policies identified in this plan. Many of these align closely with the concerns identified in the 2013 Diagnostic Report, including opportunities for greater density and improvements to key districts like townhome (TH) and duplex (2-F) districts.

Action item: Work with a local development corporation to implement a senior housing project that is targeted to moderate- to low-income senior households.

A well-balanced housing strategy must include housing for seniors. Over the past decade the number of adults over the age of 65 has grown as the nation's Baby Boomers move into their retirement years. Housing markets across the country are finding that today's seniors are more active and looking for housing options that accommodate that lifestyle. Increasing the mix of housing types, including duplex, townhomes, and downtown condos, will address some of this demand and will also meet the needs of young professionals. More targeted approaches may also be taken to offer senior-oriented projects. These may include the expansion of existing facilities and the development of new projects.

Strategic projects can help meet the needs of both young families and seniors. For example the combination of a purchase/rehab/resale program with a senior-oriented development can meet the needs of two different markets. Under this program lower income senior households could buy into a senior oriented development using the proceeds from the sale of their existing home. Often these homes need updates that discourage young families. A non-profit developer like MCDC would agree to purchase the senior resident's current home. That home is then rehabilitated and resold to a household meeting specific income requirements. Funding sources like HOME funds can be used to assist in the purchase or rehab work necessary on these homes. This sort of combined program provides quality housing for both the senior and a young household just entering the housing market.

2. Revitalize and stabilize older neighborhoods

Action item: Continue to identify neighborhood assets as focal points for successful neighborhood revitalization.

Successful neighborhoods include spaces where people see and greet each other, work and play together in common enterprise, and have a shared sense of ownership. These spaces increase the level of positive interaction that is the essence of a living neighborhood. Good community spaces can take many forms - a well-maintained public park surrounded and watched over by residents has been a model of success in Midland but spaces like a community garden, the median of a parkway, or a community center can all be focal points. These types of facilities, along with good maintenance, tell residents that their neighborhood matters to fellow residents and the larger community, generating greater investment in the upkeep and maintenance of their own property. These environments are not just created by the city but can be done in partnership with the school district, churches, or a strong neighborhood association.

Action item: Expand rehabilitation and demolition programs.

Demolition dollars are in short supply in every community but are important to ensuring the safety of residents and to help avoid undue hardship on adjoining property owners. Programs oriented toward clearance of dangerous structures and housing maintenance and rehabilitation will be essential to providing safe housing and stabilizing older neighborhoods.

Housing rehabilitation and maintenance programs should include a mixture of owner and renter assistance programs. Owner assistance programs may include:

- » Emergency repair program for very low income residents in need of emergency repairs. These programs are designed to meet critical individual needs, but also keep viable housing from deteriorating further.
- » Direct rehabilitation loan programs that provide forgivable loans or grants to low income households
- » Energy efficiency loans for improvements that can extend the life of a house and substantially reduce utility bills for a household

These examples and many more can be funded using dollars from CDBG programs, local funds, or even partnerships with local utilities.

Action item: Target public facility improvements to the highest risk neighborhoods.

Reinvestment in a neighborhood often needs to begin with the infrastructure that holds a neighborhood together. This can include addressing street quality, appearance and efficiency of drains, or stormwater run-

THE CONSOLIDATED PLAN FOR COMMUNITY DEVELOPMENT AND HOUSING FUNDS

Objectives:

Acquire land in selected neighborhoods.
Land is to be developed into affordable housing for low-income households

Provide financial assistance to low-income, first-time homebuyers to purchase new homes

Develop affordable housing for low-income, elderly homebuyers through HUD 202 funding

Provide financial assistance for rehabilitation or reconstruction of homes occupied by low-income homeowners

Provide financial assistance to low-income homeowners for minor repairs



off. When these types of facilities are in poor condition or cause regular and visible problems, residents see no reason to invest their private dollars. Available resources are never sufficient to address these problems but by setting priorities, dollars can be used in a more targeted way. To identify neighborhoods both with the highest needs and greatest capacity the city should consider:

- » Concentration of code violations and demolition orders
- » Existing support capacity from neighborhood associations and/or local service providers
- » The availability of community institutions like parks, schools, churches, or community centers
- » Links to surrounding neighborhoods and access to commercial services

Once targeted neighborhoods are identified, the implementation of a neighborhood empowerment zone should be considered. These zones allow the city to create added incentives, including waiving fees related to construction of buildings in the zone, entering into agreements to refund sales tax for sales made within the zone (for a set period of time), and entering into agreements for sales tax abatements.

Action item: Fund additional code enforcement officers to allow for proactive code enforcement.

Code enforcement for most communities is not about a lack of proper regulations but more of a capacity issue. Staffing levels mean that code enforcement is complaint-driven and does not allow for a more proactive approach. With additional staffing the city may be able to be more aggressive with property maintenance issues and building code violations. These actions may be combined with public outreach and education on property maintenance along with neighborhood cleanup initiatives that provide dumpsters and other resources. These types of initiatives can be done in coordination with local organizations that focus on community beautification.

3. Encourage infill development.

Action item: Establish incentives for the development of vacant lots.

Infill housing refers to housing that is built on vacant or under-used lots in existing neighborhoods. Vacant lots can be a good resource for new affordable housing. Additionally, infill development is beneficial for a number of reasons:

- » Efficiency: Making use of existing infrastructure, such as roads and sewer.
- » Expanding options: Allowing established neighborhoods to respond to a changing market by providing new housing types and features.
- » Filling in gaps. Giving new life to vacant/under-used lots that detract from neighborhood vitality.

However, these lots may have site issues that need to be addressed such as dilapidated structures that need to be removed. Site issues along with the scattered nature of vacant lots can make infill development challenging. The adjacency of lots, allowing for easier movement of resources and supplies between job sites, is an important component to the development of affordable housing. The city should identify barriers to the development of vacant lots, especially in targeted neighborhoods. This may include fees for demolition, dumping, and hook-ups. Removing or reducing these fees or providing a privately funded pool of money to off-set these costs can begin to eliminate hurdles. Some cities will also assist in the assembly of vacant lots, generally focused on targeted neighborhoods. These lots can then be sold or given to either for-profit or not-for-profit developers to encourage development in otherwise struggling neighborhoods. These types of programs can be combined with increased demolition and property maintenance to create visible change and momentum in a struggling neighborhood.



Action item: Require any infill development receiving incentives to complement the character of the surrounding neighborhood and to provide diverse housing options for a variety of income levels.

It is important for infill development to complement the character of the existing neighborhood and provide appropriate transitions where needed. Principles that should be considered with any infill development include:

- » Transitions: Provide transitions between higher intensity uses and lower intensity uses.
- » Scale: The size and height of the buildings is in keeping with surrounding buildings.
- » Context: The design fits the housing styles around even if the type of units are different. Other context variables on a site may include views that enhance the site or draws and playas that may add open space amenities.
- » New housing options: A neighborhood should provide housing options for people of all ages. It should provide options for young families to grow throughout the phases of their lives. Further, a neighborhood should allow the elderly to age in place without leaving their neighborhood.



Action item: Provide public facility improvements that create favorable environments for private investment on underutilized sites.

Demand for affordable housing is high and many Midland residents have shown a desire to continue to invest in older neighborhoods. Preferences are also changing, as many families appreciate active urban spaces that provide living, shopping, entertainment, and work places with good walking, biking, and transit access. Neighborhoods like the Village can provide these environments and meet these market demands. Redevelopment and infill in older neighborhoods depends on private investment but the city's policies and actions should not create conditions that discourage that investment. Policy directions that may encourage investment include:



- » Infrastructure and street improvement. While redevelopment and infill sites usually have infrastructure, these facilities are sometimes obsolete and require improvement. These types of improvements should not be hurdles to the development of new affordable housing and mixed use environments and the city should consider funding alternatives to address these improvements as projects come forward.
- » Public facilities. Parks, schools, community centers, sidewalks and trails, and other amenities can provide anchors that are proven to create private development response. These amenities benefit current residents and the reinvestment or installation of these should generate private development response. Improvements to parks like Washington or San Juan are great examples of projects that benefited existing residents and paid for themselves through the added housing and tax base.
- » Code enforcement. Poor property maintenance and nuisances can degrade the value of surrounding property and discourage reinvestment. Consistent, predictable enforcement will minimize these disincentives and create momentum for new private development.

4. Encourage Downtown's evolution as a neighborhood with housing

Action item: Use appropriate city incentives for the development of housing adjacent to jobs and activities.

As downtowns have evolved in recent years, there are many success stories to learn from. Almost all of the successes include a residential component. Land use and development policies will be instrumental in achieving the area's neighborhood goals. Incentives to adding housing both in and around the downtown do not always have to be the traditional fiscal approaches, although having tools like tax increment financing can be very important. Other incentives may include:

- » Density bonuses for added open or public space
- » Improvements by the city to parking and pedestrian environments
- » Adding family-friendly public amenities including parks, open space, greenways, plazas, bikeways, or public art
- » Encouraging MISD to expand and/or improve education services in the area
- » Reviewing parking requirements to make sure they do not create a hurdle for new residential development
- » Encouraging safety improvements such as additional foot or bicycle officers
- » Reducing permit fees and processing time for infill residential projects



The proper mix of affordable housing is also important and incentives should be used to facilitate a mix of housing costs. While many of the young professionals working in the downtown can afford slightly higher rents, the service workers that support the businesses in the district need more affordable options. Programs like low income housing tax credits, historic tax credits, and resources like the lending consortium should be used to ensure a good mix of affordable housing.

Action item: Work with the Chamber and economic development groups to encourage services and businesses that support workers and residents in the downtown.

The expansion of the business base in the downtown is important both to provide services to workers that come to the district during the work day but also to attract and retain households in and around the district. The city should be a partner with the business community to expand the overall economy of the district and encourage services that benefit the worker, visitor, and resident of the district.

[5. Preserve and enhance special needs housing](#)

Action item: To address homelessness in Midland, a coalition of agencies should implement a Continuum of Care model.

A Continuum of Care (CoC) model is a nationally recognized approach to address homelessness and the causes of homelessness. HUD defines CoC as “a community plan to organize and deliver housing and services to meet the specific needs of people who are homeless as they move to stable housing and maximize self-sufficiency. It includes action steps to end homelessness and prevent a return to homelessness.” Using this type of model, the city and local agencies should identify and develop strategies specific to Midland’s needs. Traditionally these strategies include providing additional emergency shelter beds, transitional housing, and permanent supportive housing. Additionally strategies such as rent or mortgage assistance, housing counseling, medical or health counseling, and budget counseling should be provided and targeted to the highest risk households.

Action item: Require large scale projects to incorporate universal design standards into at least a portion of all units.

The need among special needs populations, including the aging and people with physical and mental disabilities, is only growing. Much of the discussion to this point has focused on providing a diversity of housing styles but housing must also accommodate individuals with varying levels of independence at various stages of life. Universal design means that homes can be used by the widest range of people possible. Closely tied to accessible design, universal design means that every aspect of a home from the bathroom to the garage are more accessible and comfortable to use. At a minimum, universal design standards should be applied to at least a portion of all units within a larger project or subdivision.

POSTED TO TALL CITY TOMORROW DISCUSSION PAGE:

“Very tight housing market, with growth only really tied to oil prices, and not an adequate focus on creating districts or planned developments with mixed uses and amenities (hopefully TCT will start us on a better track for that)..”

– Barbara B.