



**HousingWorks**  
Austin

May 25, 2011

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Community Development Commission and  
Planning Commission  
City of Austin  
301 West Second Street  
Austin, TX 78701

Dear Chairs:

On behalf of HousingWorks, I would like to comment on the University Neighborhood Ordinance Affordable Housing Fee Update. On May 24, 2011, Economic & Planning Systems, Inc. released a draft memo that revised the consultant's previous fee-in-lieu recommendations. The original recommendations were presented to a group of UNO stakeholders on March 22, 2011. Because the draft memo was posted yesterday, we have not been given adequate opportunity to thoroughly review the document. However, we do offer some preliminary observations.

HousingWorks is supportive of the *original* proposed maximum fee increase but not the *current* proposed fee. As you know, the current fee-in-lieu of \$.50/net sf has not been updated since its inception in 2004. All UNO developments are required to incorporate 10% of the units at 80% MFI. The current in-lieu fee is required when developers take advantage of the UNO development bonus but choose not to incorporate the required 10% at 65% MFI units on-site.

Based on our review of the original analysis, the proposed \$4.33/net square feet reasonably represented the subsidy required to develop a 65% MFI unit in the UNO district. HousingWorks is not supportive of the updated recommendation of \$1/net square feet. Based on our preliminary analysis, the updated recommendation (released yesterday) has some flaws in its basic assumptions. Because the assumptions regarding density per acre were increased from 65 units/acre to 100 units/acre and the net unit size was decreased from 400 sf to 350 sf, the resulting financing gap per unit was reduced by nearly half to \$18,115. This is the number that is critical to determining the maximum fee in lieu. The assumed density is more dense than the Downtown TOD and is not reflective of the development that has occurred to date within UNO, nor the market trends. HousingWorks would like additional time to study the modeling and assumptions that were used in the analysis and would respectfully request that the discussion and vote on the UNO item be postponed.

Thank you for your commitment to affordable housing in Austin. If you have any questions, or would like to meet to discuss in more detail, feel free to contact me at (512) 441-5441.

Sincerely,

Frances Ferguson  
President, Board of Directors