



MEMORANDUM

To: Mayor Lee Leffingwell and City Council Members

From: Greg Guernsey, Director *GG*
Planning and Development Review Department

Date: 30 April 2012

Subject: East Riverside Corridor Regulating Plan Update

CC: Marc Ott, City Manager
Sue Edwards, Assistant City Manager
George Adams, Assistant Director, Planning and Devt. Review Dept.
Betsy Spencer, Director, Neighborhood Housing and Comm. Devt.
Rebecca Giello, Assistant Dir., Neighborhood Housing and Comm. Devt.

As you recall, the City Council adopted the East Riverside Corridor Master Plan on February 25, 2010. Two of the significant recommendations of the Master Plan were: create a Regulating Plan that would guide new development and redevelopment towards achievement of the Plan vision; and implement a development bonus program that would simultaneously encourage new development and achieve community benefits. The purpose of this memorandum is to update the City Council on the process for creating the Regulating Plan and the development bonus program as recommended in the Plan.

A majority of the draft East Riverside Corridor (ERC) Regulating Plan has been posted online for public review since the fall of 2011, and staff is ready to release draft recommendations for the ERC Development Bonus Program (attached). We wanted to make you aware of those recommendations.

At the December 6, 2011, Council Work Session, staff and Jon Hockenyo of Texas Perspectives presented an analysis of Austin's development bonus programs. The analysis concluded that these programs are successful in fulfilling the overall community goal of sustainability and providing specific public benefits only if they are calibrated appropriately for market conditions such that participation in the program results in a decent rate of return for a developer.

As part of the analysis for the ERC Development Bonus calibration, staff consulted with both market rate developers and not for profit affordable housing providers. This analysis (attached) indicates that current demand and market rents in the East Riverside Corridor may support the construction of dense buildings under six stories, but are unlikely to support the construction of buildings taller than that in the near-to-mid-term, as the construction costs of taller buildings increase projects' costs above what can be charged in rent. Because of the differing economics for shorter and taller building types, staff recommends that the public benefit requirements be tailored for each type. The public benefit requirements in the attached draft ERC Development Bonus Program were calibrated for current market conditions, but should be re-calibrated when conditions change.

Following a public comment period for the draft development bonus recommendations, staff will schedule a review of the complete ERC Regulating Plan, including the development bonus program, by the relevant Planning Commission Committee, followed by Planning Commission and City Council public hearings.

If you have any questions, contact Erica Leak, Planner Principal, Planning and Development Review Department at erica.leak@austintexas.gov or 974-2856.

Attachments:

- East Riverside Corridor Development Bonus Program Background and Development Cost Analysis
- Draft East Riverside Corridor Development Bonus Program Pathways illustration
- Draft East Riverside Corridor Development Bonus Program document