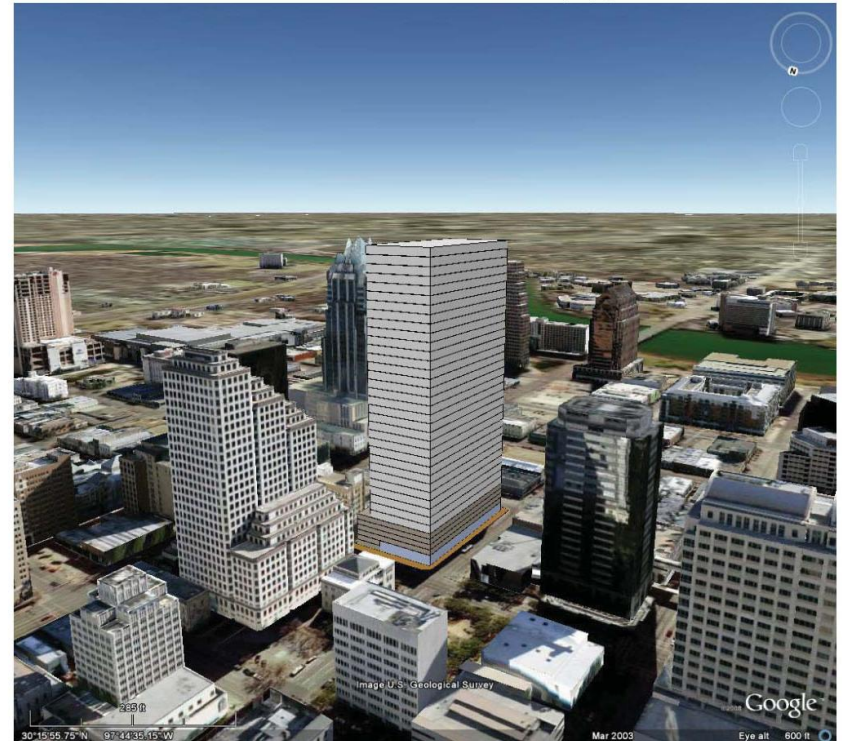


# Downtown Commission DENSITY BONUS BRIEFING

15 May 2013



## **TOPICS:**

- 1. WHY ARE WE HERE?**
- 2. DENSITY BONUS PROGRAM BASICS.**
- 3. DAP'S DENSITY BONUS PROGRAM.**
- 4. STREAMLINED DENSITY BONUS PROGRAM.**
- 5. RE-CALIBRATION.**
- 6. NEXT STEPS.**

# 1. WHY ARE WE HERE?

## Downtown Austin Plan:

“The City Manager is directed to process the amendments to City Code recommended in the Plan, which include but are not limited to . . . A downtown density bonus program.” Ord. No. 20111208-093.

“The City Council initiates Code amendments to codify [a] ‘streamlined’ Downtown Density Bonus Program that will replace C.U.R.E. zoning . . . and present the amendments to Council for consideration no later than June 6, 2013.” Res. No. 20130328-031.

## 2. DENSITY BONUS PROGRAM BASICS.

### WHAT IS A DENSITY BONUS PROGRAM?

Incentive-based tool to grant additional entitlements (density) in return for community benefits.

Entitlements can include:

- Additional Density (FAR: Floor Area Ratio).
- Additional Units per Acre.
- Additional Height.

Community Benefits can include:

- Affordable housing (units or fee).
- Public open space.
- Green building.

**Incentives**

**Allowable  
Under Current  
Zoning**

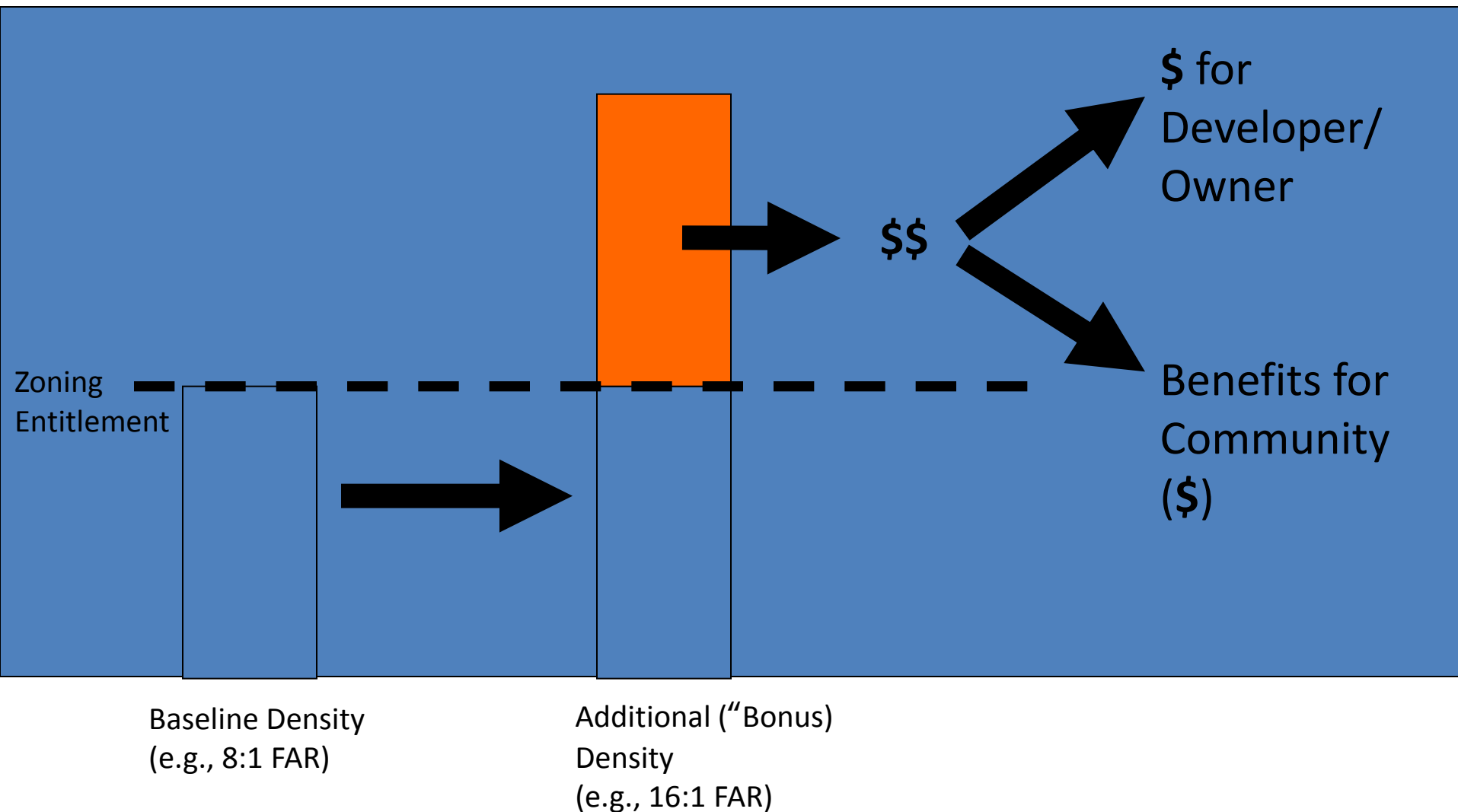
## 2. DENSITY BONUS PROGRAM BASICS.

### WHY DO WE HAVE DENSITY BONUS PROGRAMS IN AUSTIN?

- Opportunity to tie clearly identified benefits and costs together to the gain of both community and developer.
- To allow new development to offset some of the community burdens it creates.
- State law limitations on affordable housing (no inclusionary zoning).
- To allow and encourage added density in locations where that density is desired.

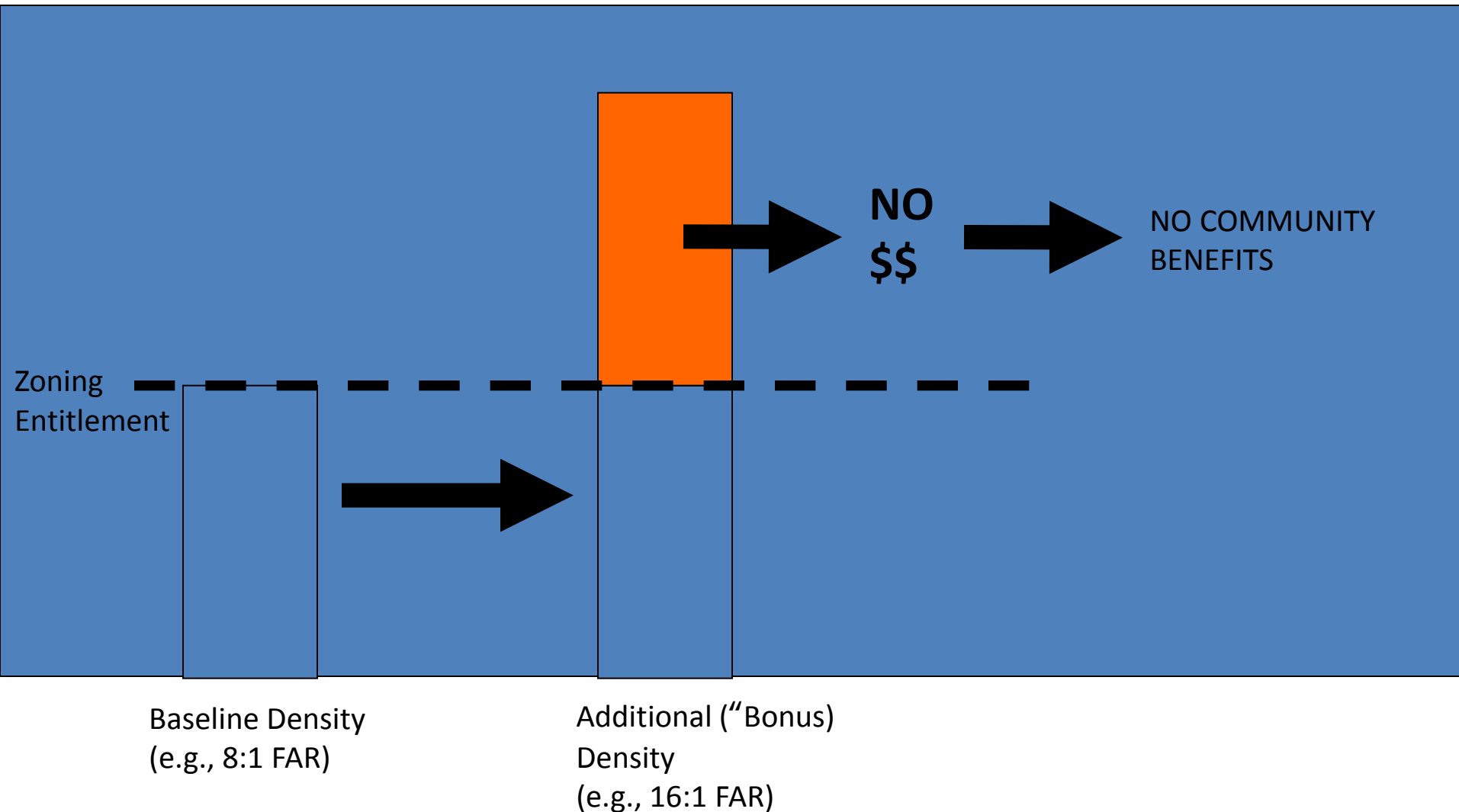
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### WHAT IS A DENSITY BONUS PROGRAM?



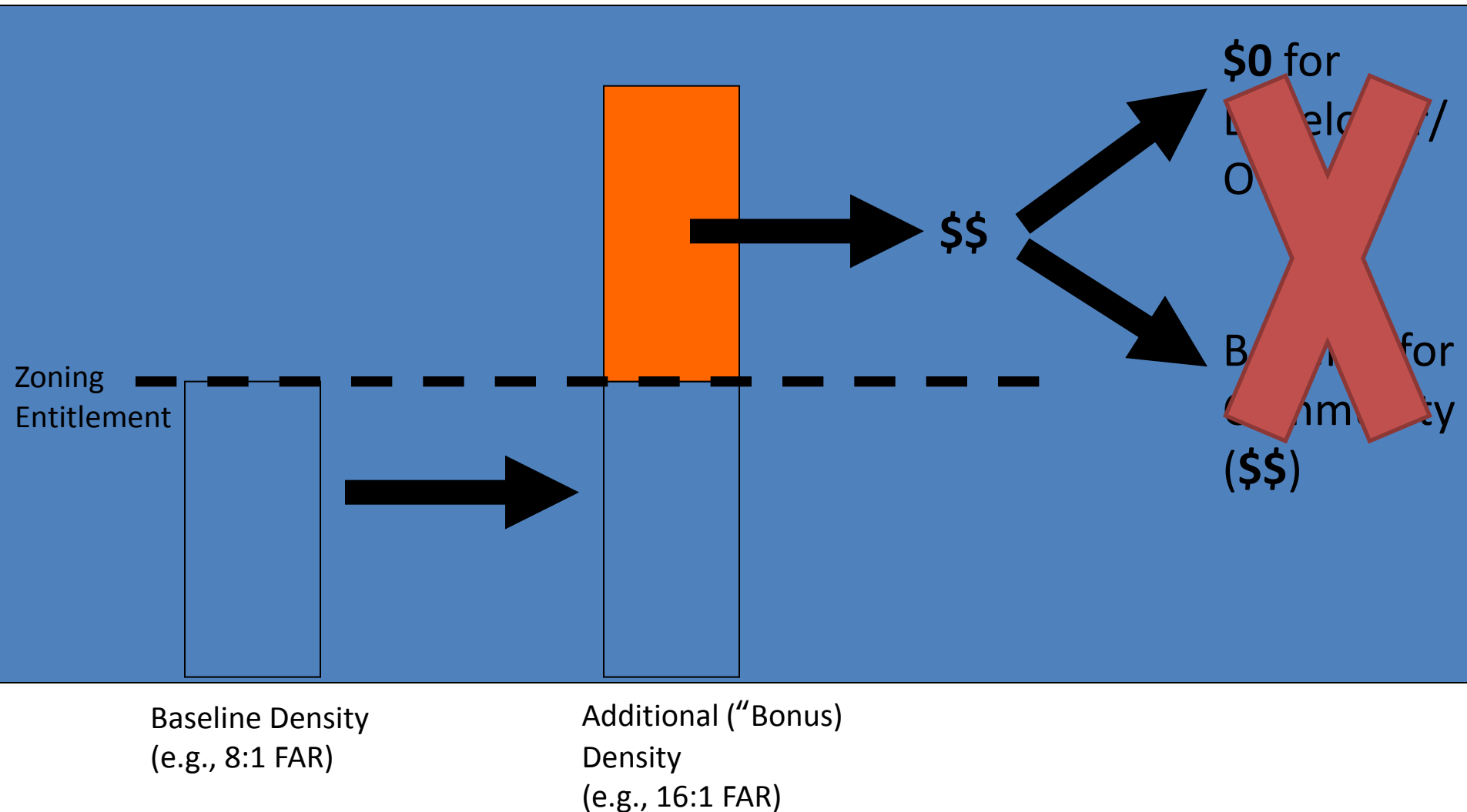
## 2. DENSITY BONUS PROGRAM BASICS.

### HOW DO DENSITY BONUS PROGRAMS WORK?



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### HOW DO DENSITY BONUS PROGRAMS WORK?





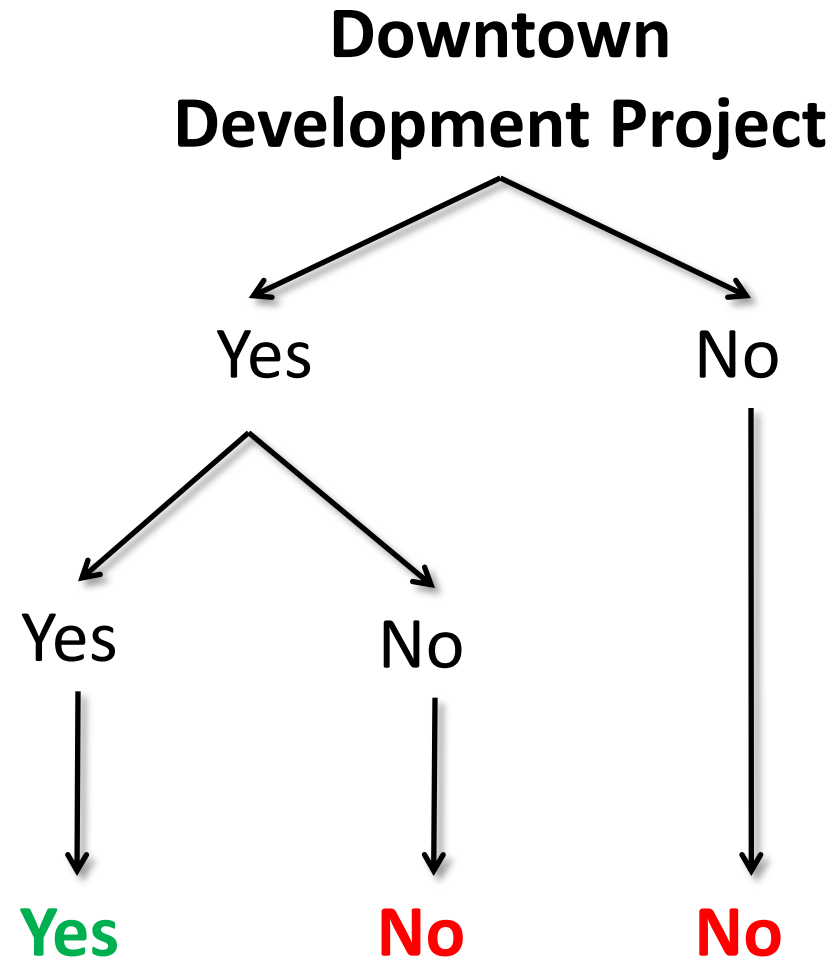
## 2. DENSITY BONUS PROGRAM BASICS.

### Two Critical Questions:

**1** Does the Bonus density generate incremental value (additional profits)?

**2** Is the incremental value sufficient so as to allow imposing a fee?

***Fee-in-lieu on bonused density?***



### 3. DAP'S DENSITY BONUS PROGRAM.

#### Six Fundamental Principles for the Downtown Density Bonus Program:

1. Density should be encouraged, not penalized.
2. Existing zoning should be retained as the base for the density bonus program.
3. High quality urban design should be required for all projects seeking additional density.
4. There should be one, administrative and predictable pathway to a density bonus.
5. Additional density should be allowed only where appropriate and compatible.
6. Community benefits derived from density bonuses should be focused on the most “at risk” elements.

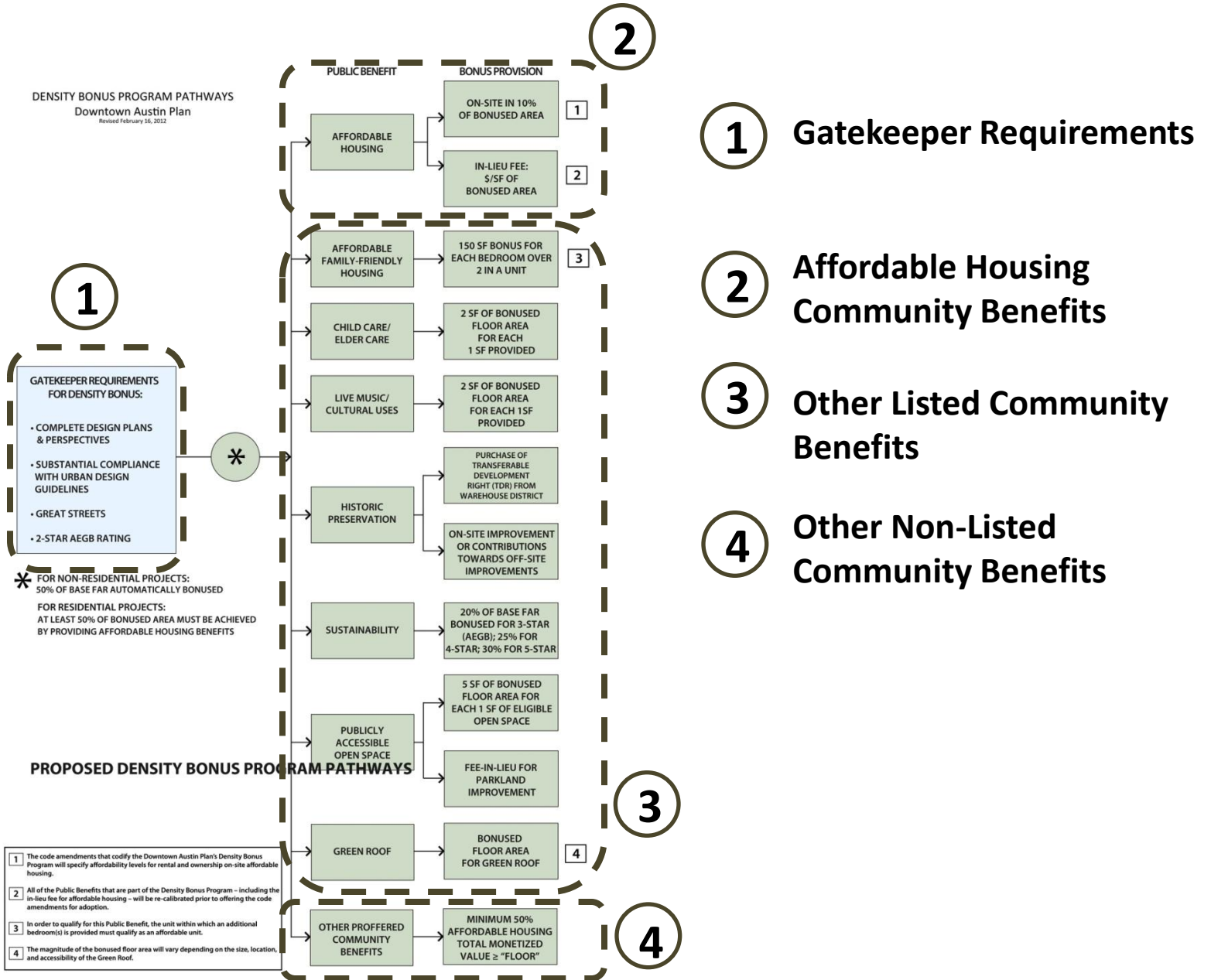
### 3. DAP'S DENSITY BONUS PROGRAM.

Two further recommendations:

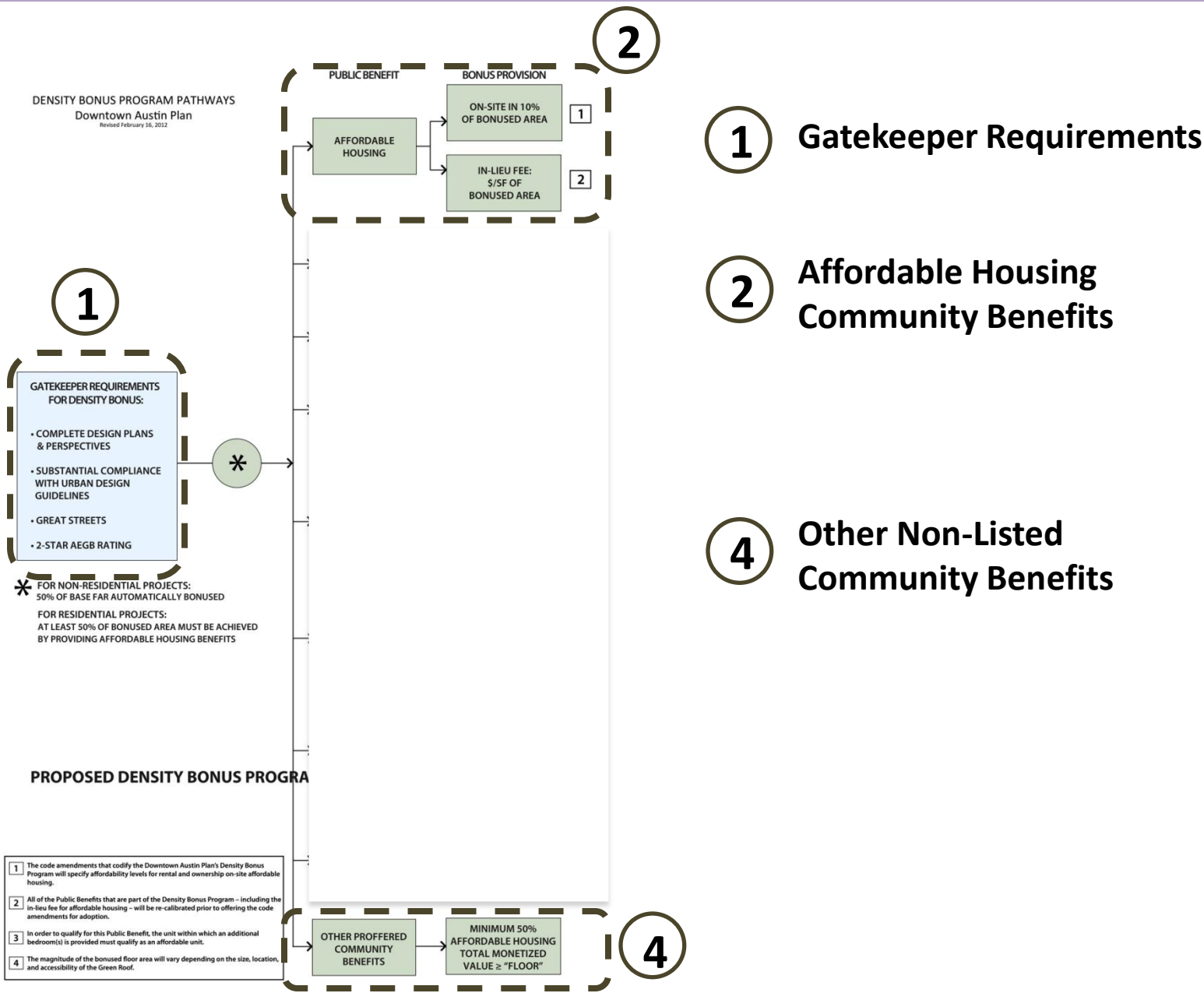
“For a density bonus program to work effectively . . . bonuses need to be calibrated so that sufficient incremental value is produced for private developers, over and above any community benefits charged, to incentivize the additional development in light of increased risk and cost.”

The Downtown Density Bonus Program should be “re-calibrated” at regular intervals.

### 3. DAP'S DENSITY BONUS PROGRAM.



# 4. STREAMLINED DENSITY BONUS PROGRAM.



## 4. STREAMLINED DENSITY BONUS PROGRAM.

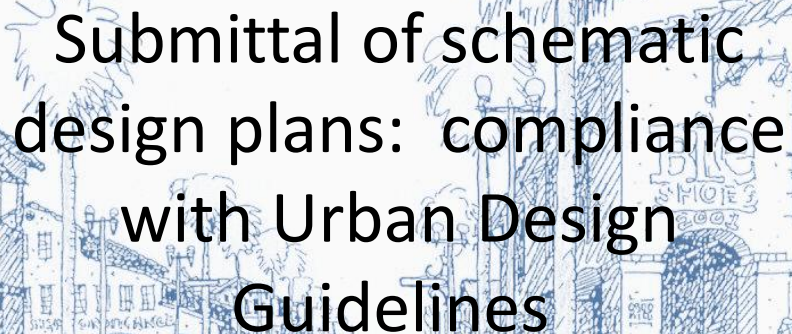
### ① Gatekeeper Requirements:



Located within an eligible  
area of Downtown



2-Star Austin Energy Green  
Building Rating



Submittal of schematic  
design plans: compliance  
with Urban Design  
Guidelines



Commitment to construct  
Great Streets



## 4. STREAMLINED DENSITY BONUS PROGRAM.

### ② Affordable Housing Community Benefits:

All projects must achieve at least 50% of their desired Bonus Area by providing Affordable Housing Benefits.

Two types of Affordable Housing Benefits:

1. On-Site Affordable Housing: The project may achieve “X” square feet of Bonus Area for each “Y” square feet of On-Site Affordable Housing provided.
2. Affordable Housing Fee: The project may achieve Bonus Area by paying an Affordable Housing Fee of “\$Z” per square foot of Bonus Area.

(X, Y, and Z will be determined by the ongoing “calibration” effort.)

Projects that elect to achieve 100% of their Desired Bonus Area by providing Affordable Housing Benefits may be approved administratively.

## 4. STREAMLINED DENSITY BONUS PROGRAM.

### ④ Other Non-Listed Community Benefits:

For a project that achieves less than 100% of its Bonus Area by providing Affordable Housing Benefits (but meeting the minimum 50% threshold):

- May identify and provide information about other proposed Community Benefits that the project will provide.
- The Director (PDRD) will evaluate those proposed Benefits and determine whether they qualify as Benefits that can be used to achieve Bonus Area, and if so, what portion of the cost of those benefits can be applied towards achieving Bonus Area.
- Director makes recommendation to Planning Commission and Council.
- Planning Commission and Council make final determination on those other proffered Community Benefits.



## 4. STREAMLINED DENSITY BONUS PROGRAM.

The “streamlined” Downtown Density Bonus Program -- and ultimately the full DBP -- will replace the “Interim” Downtown Density Bonus Program (LDC Section 25-2-586, “Affordable Housing Incentives in a Central Business District or Downtown Mixed Use Zoning District”).

Further, the “streamlined” Program (and its full Program successor) will be the only means for achieving “bonus” height and/or density Downtown. I.e., the CURE combining district will be amended so that it no longer can be used as a means of achieving additional height and/or density.

## 5. RE-CALIBRATION.

“For a density bonus program to work effectively . . . bonuses need to be calibrated so that sufficient incremental value is produced for private developers, over and above any community benefits charged, to incentivize the additional development in light of increased risk and cost.”

## 5. RE-CALIBRATION.

### Re-Calibration Process:

- Re-examining the Austin real estate economy: land costs, construction costs, soft costs, financing, other development costs, revenues (rents, sales prices, etc.), operating costs, returns, etc.
- Performing pro forma analysis on each on nine hypothetical projects (different sites, different project types).
- Setting a Development Bonus Fee “so that sufficient incremental value is produced for private developers, over and above [that Fee], to incentivize the additional development in light of increased risk and cost.”

## 5. NEXT STEPS.

- Planning Commission Briefing (May 14)
- Board & Commission Presentations:
  - Community Development Commission (May 14)
  - Downtown Commission (May 15)
- Planning Commission Hearings and Possible Action:
  - Codes and Ordinances Committee (May 21)
  - Full Commission (May 28)
- City Council:
  - Briefing (June 20)
  - Possible Action (June 27)

# **QUESTIONS AND DISCUSSION**