

CZ/1

STAFF BRIEFING ON DOWNTOWN DENSITY BONUS PROGRAM

Item: Staff briefing on downtown density bonus program

Description: Briefing on downtown density bonus program codification and Central Urban Redevelopment (CURE) zoning amendments initiated per Council direction.

Proposed Recommendations: See attached presentation.

Background:

On December 8, 2011, the City Council adopted the Downtown Austin Plan and, among other things, directed the City Manager to develop code amendments that would put in place the Downtown Density Bonus Program as recommended by the Plan (Ordinance No. 20111208-093). On March 28, 2013, the City Council initiated code amendments to codify a "streamlined" Downtown Density Bonus Program (Resolution 20130328-031). And on May 9, 2013, the City Council initiated code amendments to amend the CURE combining district so that CURE would no longer be available as a means of achieving additional height or density in the Downtown area (Resolution 20130509-030).

Board and Commission Actions

Planning Commission – Feedback and input on proposed recommendations will be solicited at the May 28, 2013 meeting. No formal action is being requested.

A public hearing has been scheduled for June 11, 2013.

Council Action

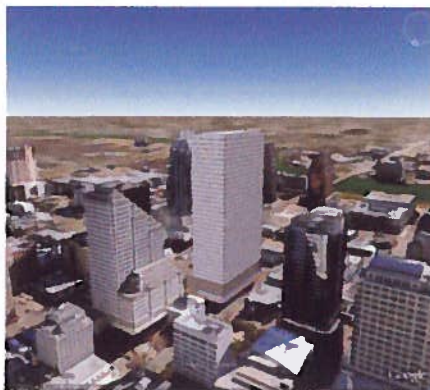
City Council – A public hearing has been set for June 27, 2013.

Ordinance Number: NA

City Staff: Jim Robertson **Phone:** 974-3564 **Email:** jim.robertson@austintexas.gov

Planning Commission DENSITY BONUS BRIEFING

28 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

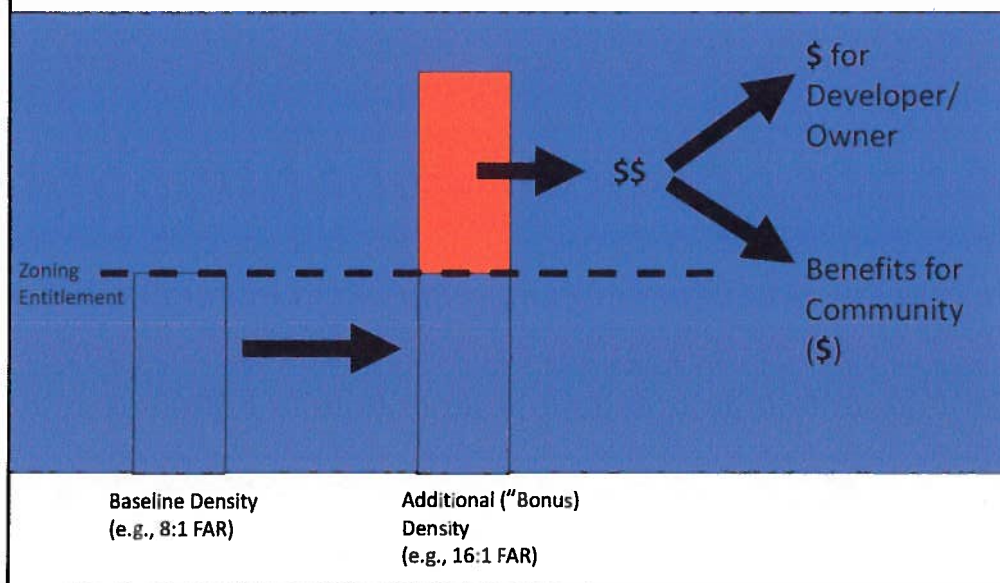
2. DENSITY BONUS PROGRAM BASICS.

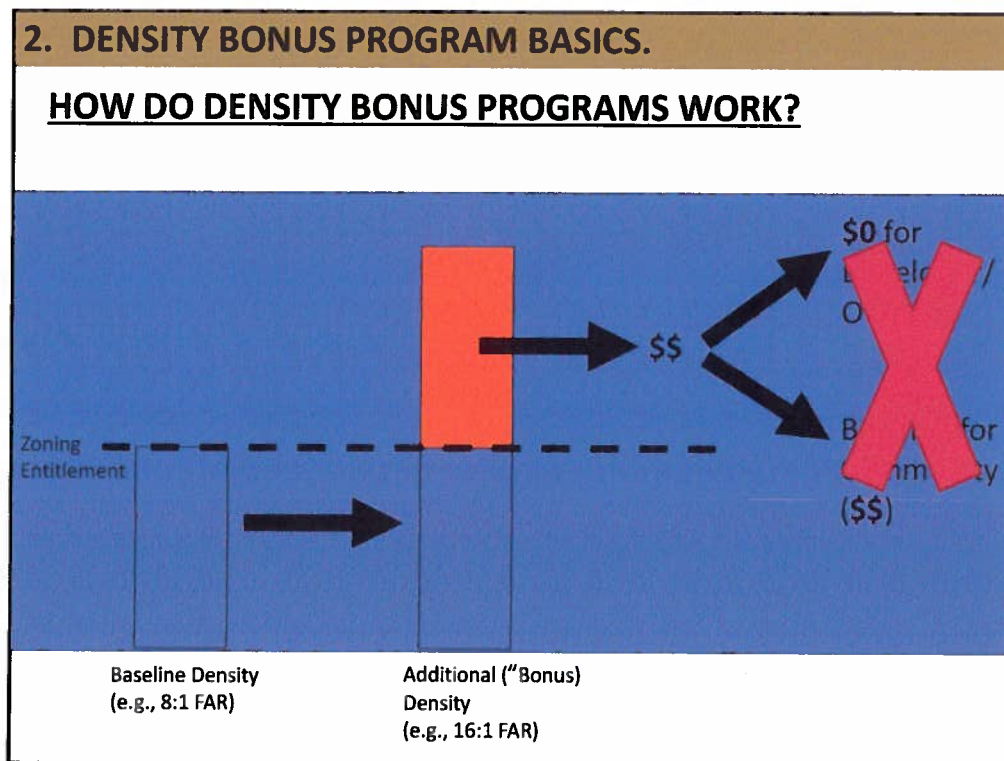
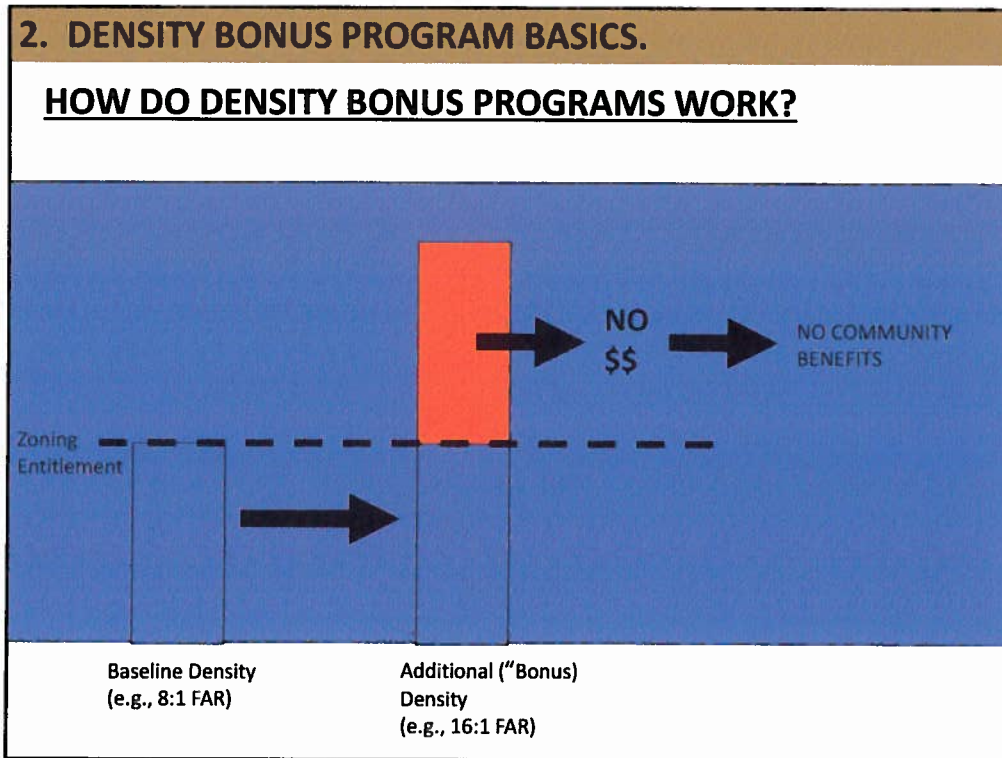
WHY DO WE HAVE DENSITY BONUS PROGRAMS IN AUSTIN?

- 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.

2. DENSITY BONUS PROGRAM BASICS.

WHAT IS A DENSITY BONUS PROGRAM?





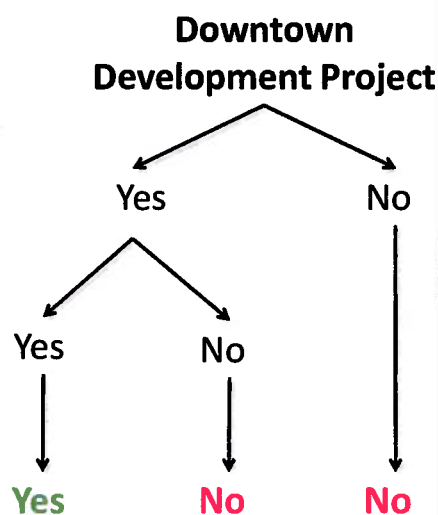
2. DENSITY BONUS PROGRAM BASICS.

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.

OK

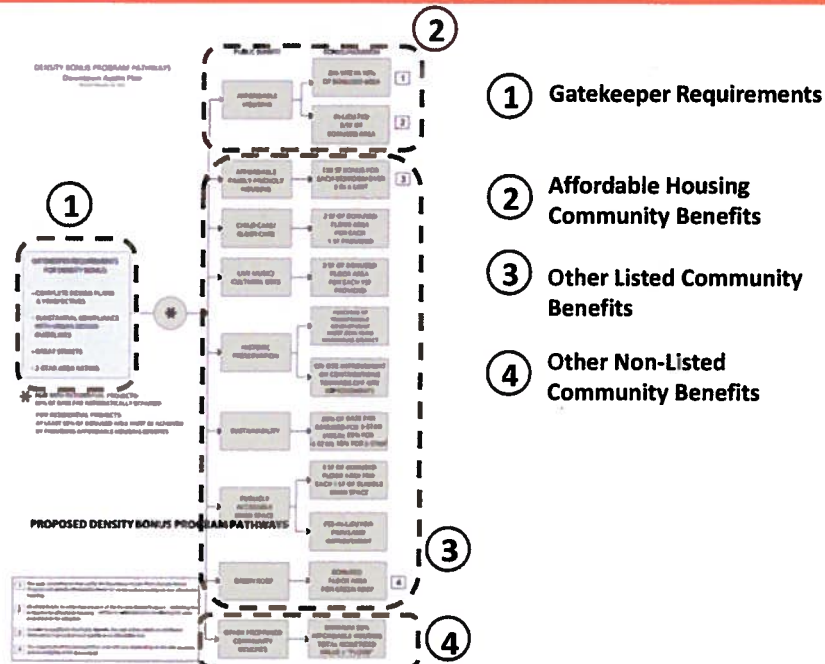
3. DAP'S DENSITY BONUS PROGRAM.

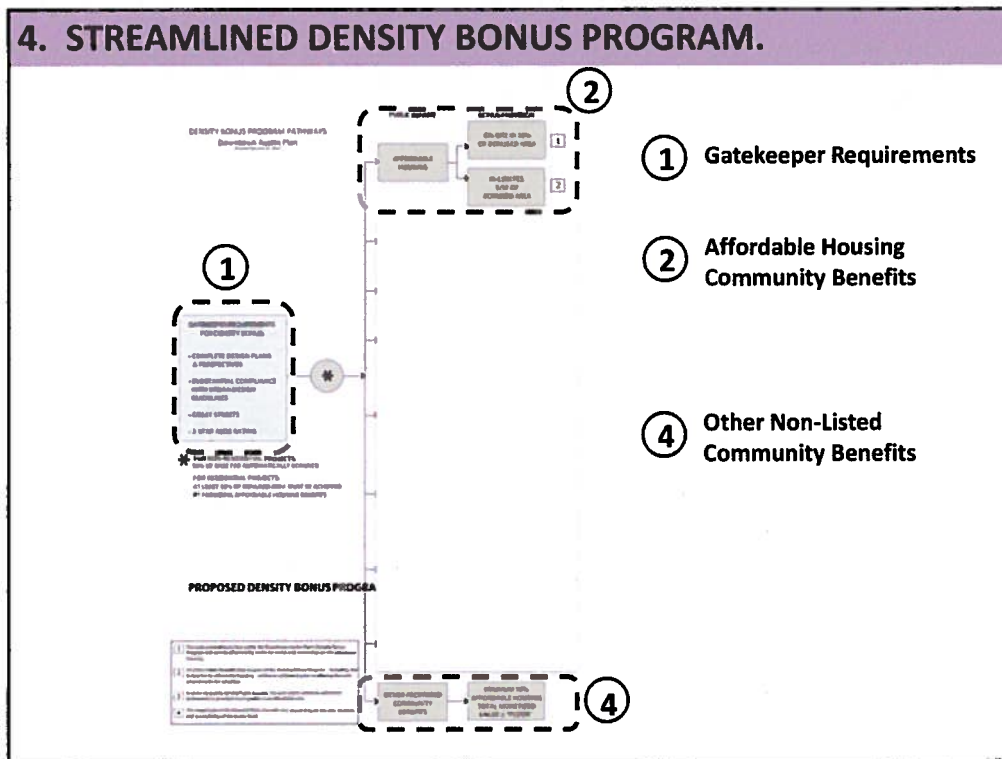
Two further recommendations:

"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.

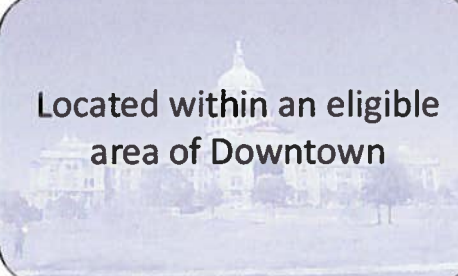
3. DAP'S DENSITY BONUS PROGRAM.



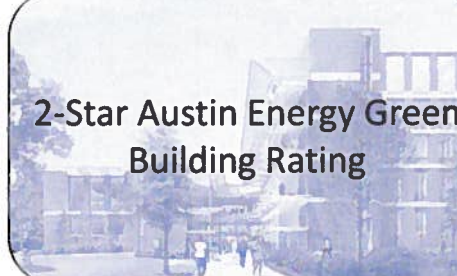


4. STREAMLINED DENSITY BONUS PROGRAM.

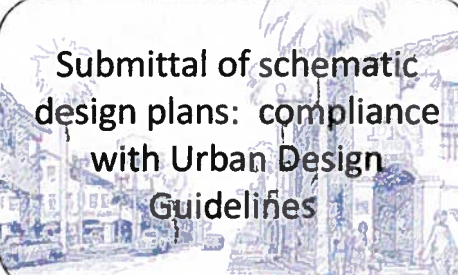
① Gatekeeper Requirements:




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.

- Board & Commission Presentations:
 - Community Development Commission (May 14)
 - Downtown Commission (May 15)
 - Planning Commission briefing (May 28)
- Planning Commission Hearings and Possible Action:
 - Codes and Ordinances Committee (May 21)
 - Full Commission (June 11)
- City Council:
 - Briefing (June 20)
 - Possible Action (June 27)

QUESTIONS AND DISCUSSION

02/19

RESOLUTION NO. 20130328-031

WHEREAS, the City Council adopted the Downtown Austin Plan on December 8, 2011; and


WHEREAS, the Downtown Austin Plan establishes the intent to finalize and adopt a Downtown Density Bonus Program that allows developers and the community to equitably share the benefits of additional height and density above existing regulations; and

WHEREAS, the Affordable Housing Incentives Task Force — comprised of developers and affordable housing advocates— recommended and Council adopted the 2008 interim Downtown Density Bonus Program, which provides for density incentives in exchange for community benefits, including affordable housing (City Code Section 25-2-586); and

WHEREAS, for years prior to adoption of the Downtown Austin Plan and in the more than one year since its passage, developers have sought and received Central Urban Redevelopment (C.U.R.E.) Combining District zoning as a means of increasing development entitlements and increasing flexibility for site specific needs while the interim Downtown Density Bonus program remains unutilized; and

WHEREAS, under the Land Development Code, C.U.R.E. zoning allows flexibility in exchange for benefits, including the following:

- development of affordable housing;
- development of small businesses along principal transportation routes serving a neighborhood;

- 
- sustainable redevelopment of residential and commercial properties;
 - improvement of natural environment;
 - encouragement of high-quality development compatible in design and proportion with neighborhood; and

WHEREAS, the Downtown Density Bonus Program that was included in the final Downtown Plan was intended to continue to provide flexibility to developers while also providing clear priorities for community benefits; and

WHEREAS, the Density Bonus Program that was adopted as Appendix H of the Downtown Austin Plan has yet to be codified; and

WHEREAS, three cases have come before Council for consideration in the time since the Downtown Austin Plan was adopted, with different outcomes related to community benefits provisions; and

WHEREAS, City staff has outlined a “streamlined” and simplified version of the DAP’s Downtown Density Bonus Program, which could be put in place more readily while the full DAP Density Bonus Program is being codified; and

WHEREAS, that streamlined Density Bonus Program would consist of the following basic components: Gatekeeper Requirements; a fee-in-lieu per square foot as identified in the Downtown Plan or as updated; the concept of a “floor,” derived from multiplying the desired “bonus” square footage times the appropriate fee-in-lieu; a requirement that a minimum of 50% of the bonus space must be achieved through paying a fee-in-lieu to a city-administered affordable housing fund; and a mechanism by which other community benefits proffered by the project could be considered to achieve

any portion of the bonus space that is not achieved by providing affordable housing fee-in-lieu benefits; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

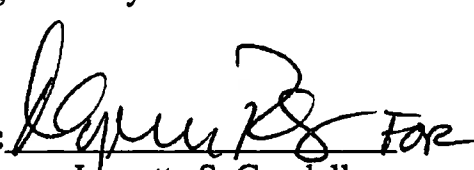
The City Council initiates Code amendments to codify the "streamlined" Downtown Density Bonus Program identified above that will replace C.U.R.E. zoning, as referenced in the approved Downtown Austin Plan, and directs the City Manager to (1) prepare the necessary amendments; (2) present the amendments to the Community Development Commission, Downtown Commission, and Planning Commission; and (3) present the amendments to Council for consideration no later than June 6, 2013.

BE IT FURTHER RESOLVED:

The City Council will use the adopted Downtown Austin Plan density bonus program as a guiding principle in reviewing future C.U.R.E. zoning requests when exercising its discretionary zoning authority.

APPROVED: March 28, 2013

ATTEST:


Jannette S. Goodall
City Clerk