

PUD Density Bonus code amendments Stakeholder Meeting #2

July 30, 2015

Summary of Stakeholder Feedback

In our July 30th meeting a diverse group of more than 25 stakeholders gathered to collaboratively develop recommendations related to implementing the Planned Unit Development Density Bonus request for fee-in-lieu process.

Organizations represented:

- Ambrust & Brown, PLLC
- Austin Interfaith
- Austin Neighborhoods Council
- City of Austin Planning and Zoning Department
- Drenner Group
- Home Builders Association of Austin
- HousingWorks Austin
- Real Estate Council of Austin
- Texas Low Income Housing Information Service
- Transwestern
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Proposed code language for fee-in-lieu of onsite units:

Subject to approval by the city council, in developments with residential units, the developer may donate the amount established under Section 2.5.6 (*In Lieu Donation*) for each square foot of bonus square footage above baseline to the Affordable Housing Trust Fund to be used for producing or financing affordable housing, as determined by the Director of the Neighborhood Housing and Community Development Department. A request for in lieu donation for all or a portion of the affordability requirement in Section 2.5.2.A must be submitted in writing to the Director of Neighborhood Housing and Community Development Department. The request must include supporting documentation sufficient to demonstrate the infeasibility of compliance with Section 2.5.2.A. Any request for fee in lieu must be presented to and approved by city council.

Participants were asked to respond to the following questions in small groups:

1. What do you think are general reasons a developer may find it infeasible to provide on-site affordable units?
2. What information should be required to clearly demonstrate infeasibility?
3. Should the City Council evaluate requests against standardized criteria? If so what should those criteria be?
4. Should any other information be considered in the review of a fee-in-lieu request?

After working in small groups participants reported out on their group discussions and we opened up the conversation to all participants. There was no consensus amongst the group but a lot of important comments were made which led to great discussion.

Below is a summary of the feedback captured during this meeting:

Overall feedback relating to the four questions and more:

Question #1 - #2

- Every PUD is unique and are responding to specific site challenges
- Return on Investment always informs the feasibility of a development.
- Financing certain product types is complicated and lacks certainty.
- A PUD might demonstrate that projected rents result in insufficient income to justify project cost and risk
- Should the code language be “infeasibility” or “viability”

Question #3 -

- Standardized process is more valuable than set criteria for developers and other stakeholders.
- Development financials should be transparent
- Things to be considered about each PUD – baseline zoning, unit bedroom composition, educational impact statement, geographic dispersion, area median rent, how the City plans to use the fee-in-lieu
- Economic feasibility should not be the deciding criteria for approval of a fee-in-lieu request
- Standardized criteria could be a good idea but would require in-depth conversation

Question #4 –

- Geographic dispersion should be part of standardized evaluation of fee-in-lieu requests
- Consider if the fee-in-lieu would support a more urgent public benefit/need

Other Comments –

- Cost delta between onsite units and fee-in-lieu – fee is the cheaper option
- Difficult to establish baseline for multi-zoned properties
- Affordability could be an assumed cost by developers like all other development costs

- The City's approach should convey a spirit of partnership
- There should be discussion about whether the fee-in-lieu is ever more valuable to the community than onsite affordable units.