



Neighborhood Housing and
Community Development

REVISED 11-13-2015

*Presentation was revised to remove Developer Incentive
Affordable Unit summary data*

Planned Unit Development Density Bonus

Affordable Housing Requirements:
Should we allow a fee in lieu of
affordable housing?

May 27, 2015

Presentation to the Housing and Community
Development Council Committee

Objectives

- I. Understand the directive from City Council**
- II. Planned Unit Development Overview (What is a PUD?)**
- III. Review current Planned Unit Development Density Bonus policies**
- IV. Stakeholder feedback**
- V. Recommended amendments and next steps**

Council Resolution No. 20140925-090

Council Resolution No. 20140925-090 initiated a code amendment to modify the in lieu donation option for affordable housing requirements for Planned Unit Developments.

Three possible amendment scenarios:

- Remove the Fee-In-Lieu option
- A significant portion of the affordability requirement must be met through onsite units and a small portion may be met through a fee-in-lieu
- Allow for exemptions from the onsite affordable unit requirement



What is a Planned Unit Development

Planned Unit Development (PUD) zoning district goals:

- preserving the natural environment
- encouraging high quality development and innovative design
- ensuring adequate public facilities and services

The Council intends PUD district zoning to produce development that achieves these goals to a greater degree than and is therefore superior to development under conventional zoning and subdivision regulations

Austin Planned Unit Development History

2008: PUD land development code was amended to include a density bonus provision

2013: Additional amendments made to the PUD code including:

- Rental units set at 60% MFI or below & ownership units set at 80% MFI
- Change from 10% of habitable square footage to 10% of bonus square footage for both onsite units and fee-in-lieu requirement

2014: Resolution No. 20140925-090 initiated a code amendment related to the fee-in-lieu option for the PUD density bonus

Current PUD Density Bonus Requirements

Development in a PUD with residential uses may exceed the baseline zoning if the developer:

Provides affordable housing meeting or exceeding the following requirements:

- For Rental Housing : **10% of bonus sq. ft.** must be affordable to households at **60% MFI** or below for 40 years
- For Ownership Housing: **5% of bonus sq. ft.** affordable to households at **80% MFI** – transferred to the owner subject to a shared equity agreement

Current PUD Density Bonus Requirements

Alternative Options:

- Donates to AHFC land within the PUD that is appropriate and sufficient to develop 20% of the residential habitable square footage planned for the PUD subject to approval by the Director of NHCD
- In lieu donation of \$6/ square foot of bonus square footage subject to city council approval

PUDs with a Density Bonus since 2008

- **Broadstone (RunTex)**: ordinance allows for onsite units or fee-in-lieu to be determined at issuance of certificate of occupancy
- **Taco PUD**: was approved by Council to provide a fee-in-lieu of onsite affordable units. A fee was received prior to site plan approval. The developer pulled the site plan and the fee was refunded.
- **The Park PUD**: development contains no residential uses and therefore is not subject to the affordability requirements.

Council Resolution No. 20140925-090

Three possible amendment scenarios:

- Remove the Fee-In-Lieu option
- A significant portion of the affordability requirement must be met through onsite units and a small portion may be met through a fee-in-lieu
- Allow for exemptions from the onsite affordable unit requirement



Council Resolution No. 20140925-090

Phase I Stakeholder Engagement:

- Conducted online survey with members of the development community that have experience with PUDs and providing on-site affordable units through other Austin density bonus programs
- Facilitated discussion with the Real Estate Council of Austin (RECA) Policy Committee
- Facilitated discussion with HousingWorks Austin

Survey Results

When asked their opinion of the PUD Density Bonus Requirements for Affordable Housing : 18% (2) said not restrictive enough, **45% (5) said adequate**, 36% (4) said too restrictive

67% of respondents felt it was unacceptable to Remove the fee in lieu option and require onsite affordable housing

50% of respondents felt that requiring a significant portion of the affordable housing requirement to be provided onsite and allow a portion to be provided through fee in lieu was the least preferable option

73% of respondents felt that considering an exemptions process for the onsite affordable housing requirement was an acceptable option

Onsite Affordability vs Fee-in-lieu in Austin

Model	Affordability MFI	Fee-in-lieu
Downtown Density Bonus	120% Ownership / 80% Rental	\$3-\$10/bonus square foot
North Burnet Gateway	80% Ownership / 60% Rental	\$6/bonus square foot
East Riverside Corridor	80% Ownership / 60% Rental	\$0.5/bonus square foot*
University Neighborhood Overlay	60% AND 50% Rental	\$1/square foot of net rentable floor area in the multi-family residential use or group residential use†
Planned Unit Development	80% Ownership / 60% Rental	Fee option dependent on Council approval (\$6/bonus square foot)
Transit Oriented Development	MFI varies by district	Fee option dependent on Council approval (\$10/bonus square foot)
Rainey Street	80% Ownership / 80% Rental	No fee option
Vertical Mixed Use	100-80% Ownership / 80-60% Rental	No fee option

*fee option is limited to buildings over 90 feet

†fee option is limited to satisfying a portion of affordability req. for the Height Bonus

Austin Base in lieu donations

- **Set on a program-by-program / amendment-by-amendment basis**
- **Downtown Density Bonus fee per sq. ft. differs by zone**
- **The PUD fee was set at 60% of the high Downtown Density Bonus fee of \$10/sq. ft.**
- **UNO fee was determined by considering both the results of an economic analysis and stakeholder feedback**

Recommended Amendments

Proposed Amendments	Comments
<p>2.5.1. Limitation on Development. Except as provided in Section 2.5.2 (Requirements for Exceeding Baseline), site development regulations for maximum height, maximum floor area ratio, and maximum building coverage in a PUD with residential uses may not exceed the baseline established under Section 1.3.3 (Baseline for Determining Development Bonuses).</p>	<p>Strike “with residential uses”. A development accessing the density bonus should pay a fee in exchange for the benefit received.</p>
<p>2.5.2. Requirements for Exceeding Baseline. Development in a PUD with residential uses may exceed the baseline established under Section 1.3.3 (Baseline for Determining Development Bonuses) for maximum height, maximum floor area ratio, and maximum building coverage if:</p>	<p>Strike “with residential uses”. A development accessing the density bonus should pay a fee in exchange for the benefit received.</p>
<p>1A. <u>Developments with residential units, provides contract commitments and performance guarantees that provide affordable housing meeting or exceeding the requirements of Section 2.5.3 (Requirements for Rental Housing) and Section 2.5.4 (Requirements for Ownership Housing), or</u></p>	<p>DRAFT</p>
<p>2B. <u>Developments with no residential units, 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.</u> makes donations for affordable housing under Section 2.5.5 (Alternative Affordable Housing Options).</p>	

Recommended Amendments

2.5.5 Alternative Affordable Housing Options. Development within a PUD may exceed baseline standards as provided in Section 2.5.2-B.2 (Requirements for Exceeding Baseline) ~~if the developer~~. Exceptions to contract commitments and performance guarantees that provide affordable housing meeting or exceeding the requirements of Section 2.5.3 (Requirements for Rental Housing) and Section 2.5.4 (Requirements for Ownership Housing) may be formally requested as follows:

A. Subject to approval by the Director of the Neighborhood Housing and Community Development Department, the developer may donate to the Austin Housing Finance Corporation land within the PUD that is appropriate and sufficient to develop 20 percent of the residential habitable square footage planned for the PUD, as determined by the Director of the Neighborhood Housing and Community Development Department; or

B. Subject to approval by the city council, in developments with residential units, 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 and approved by City Council.

Code Amendment Next Steps

Vet recommended amendments with stakeholders:

- Facilitated discussions with select stakeholders
- Develop guidelines for fee-in-lieu appeal with support from stakeholder groups
- Public hearing at the Community Development Commission and Planning Commission as well as the appropriate subcommittees
- Public hearing at the City Council Housing and Community Development Committee

Important Questions



Does the current code satisfy the desire of the Council by providing a limited fee-in-lieu option?

Should fee-in-lieu policies be standardized across all density bonus programs?

Is the current \$6/bonus sq. ft. citywide for PUDs an appropriate fee structure?

Are our policies supporting the community-wide need for affordable housing AND supporting our developer partners?

What are we losing by taking a piece-meal rather than a comprehensive approach to Density Bonus policy?