

Scope of Work for Affordable Housing Nexus and Tenant Relocation Fee Nexus Studies

PRESENTATION TO COMMUNITY DEVELOPMENT COMMISSION

JANUARY 10, 2017



What are we doing?

- Request for Proposals (RFP) – put out a request for private consulting firms with national expertise to conduct a study with 2 parts:
 - 1) Affordable Housing Fee – common study done in other cities, especially in West; recommends a fee on new residential or commercial development to help fund the provision of affordable housing, the demand for which is generated by the new development
 - 2) Tenant Relocation Fee – nexus/impact study needed to fully implement the Tenant Notification and Relocation Assistance Ordinance (approved 9/1/2016)
- A Scope of Work is the part of an RFP that outlines the work the consultant must do and the deliverables they must provide.
- Purchasing procedures, outlined in state code & city policy, give the community the opportunity to provide input on the Scope of Work before it is finalized and the RFP is put out for bid.

Why are we doing it?

- Austin is experiencing an affordable housing shortage and multiple tools are necessary to prevent displacement and generate more affordable housing
- City Council has specifically requested these studies:
 - Resolution No. 20160616-035: Conduct a nexus study to determine whether a relationship exists between new residential and commercial development and the City's affordable housing needs...If the study finds a relationship, the study should examine the potential market and economic impacts of various fee levels...and include recommended fee levels...
 - Tenant Notification & Relocation Assistance Ordinance: The methodology [to calculate a tenant relocation fee] shall include a nexus study that accounts for the impacts of displacement to tenant communities directly affected by multifamily redevelopment and to the community as a whole. The fee shall be consistently calculated and uniformly applied, but may vary based on number of units, bedrooms, and other objective criteria identified by the nexus study.

Affordable Housing Nexus Analysis

What is it?

- Determines if there is a relationship between new development and the need for more affordable housing, then recommends a fee for different development types, if applicable
- Determines whether new development generates more demand for affordable housing:
 - New apartments or condos are filled by households who spend their money on goods and services; new commercial buildings provide more jobs, which are filled by workers who also spend their money on goods and services
 - More workers are needed to provide these goods and services, including lower wage workers
 - These additional lower wage workers and their families need affordable housing
- Fees on development must be proportionate to the development's impact on the demand for affordable housing

Affordable Housing Nexus Analysis

What tasks could be included in the Scope of Work?

- Determine if a relationship exists between new development and the need for more affordable housing
- Quantify the number of low- and moderate-income households that will be generated by new residential and commercial development (Market Analysis and Modeling)
- Calculate the cost to provide these households with housing affordable to them (Affordability Gap Analysis)
- Calculate and recommend a fee to be charged to new development

Tenant Relocation Fee Nexus Analysis

What is it?

- Determines if a relationship exists between redevelopment and the need for more affordable housing to avoid tenant displacement, then recommends a fee, most likely based on number of bedrooms per unit
- Redevelopment of older, more affordable multifamily properties or mobile home parks can result in displacement of low-income renters who are unable to find housing affordable to them elsewhere in the city
- Fees must be proportionate to the development's impact on the demand for affordable housing caused by displacement of low-income renters

Tenant Relocation Fee Nexus Analysis

What tasks could be included in the Scope of Work?

- Determine if a relationship exists between redevelopment and the need for more affordable housing to avoid tenant displacement
- Determine likelihood that a displaced low-income renter could afford to relocate in Austin
- Estimate amount of affordable housing that would need to be created to accommodate displaced low-income renters
- Determine the costs associated with displacement, including cost of City services provided to displaced renters
- Calculate and recommend a fee for redevelopments that displace low-income renters

Anticipated Timeline – approximated

Finalize scope of work and solicitation – NHCD, Purchasing Office – approximately 30 days

Put out RFP – Purchasing Office

Close RFP – Purchasing Office – at least 28 days after RFP published

Selection Process – NHCD, Purchasing Office – approximately 14 days

Go to Council for approval

Get firm under contract – Purchasing Office – approximately 28 days

Firm conducts study – Consultant and NHCD – approximately 6 months

Recommended fee levels set by City Council – FY 2017-2018 budget cycle

Discussion/Comments

Provide Comments until Tuesday, January 17, 2017

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