

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

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PRESENTATION TO COMMUNITY DEVELOPMENT COMMISSION

JANUARY 10, 2017

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# What are we doing?

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- 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?

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- 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

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## 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

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## 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

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## 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

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## 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

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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 6-8 months

Recommended fee levels set by City Council – during budget cycle



# Discussion/Comments

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Provide Comments until Tuesday, January 17, 2017

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