

# Proposal for a Citywide Affordable Housing Density Bonus Program

City of Austin Council Work  
Session

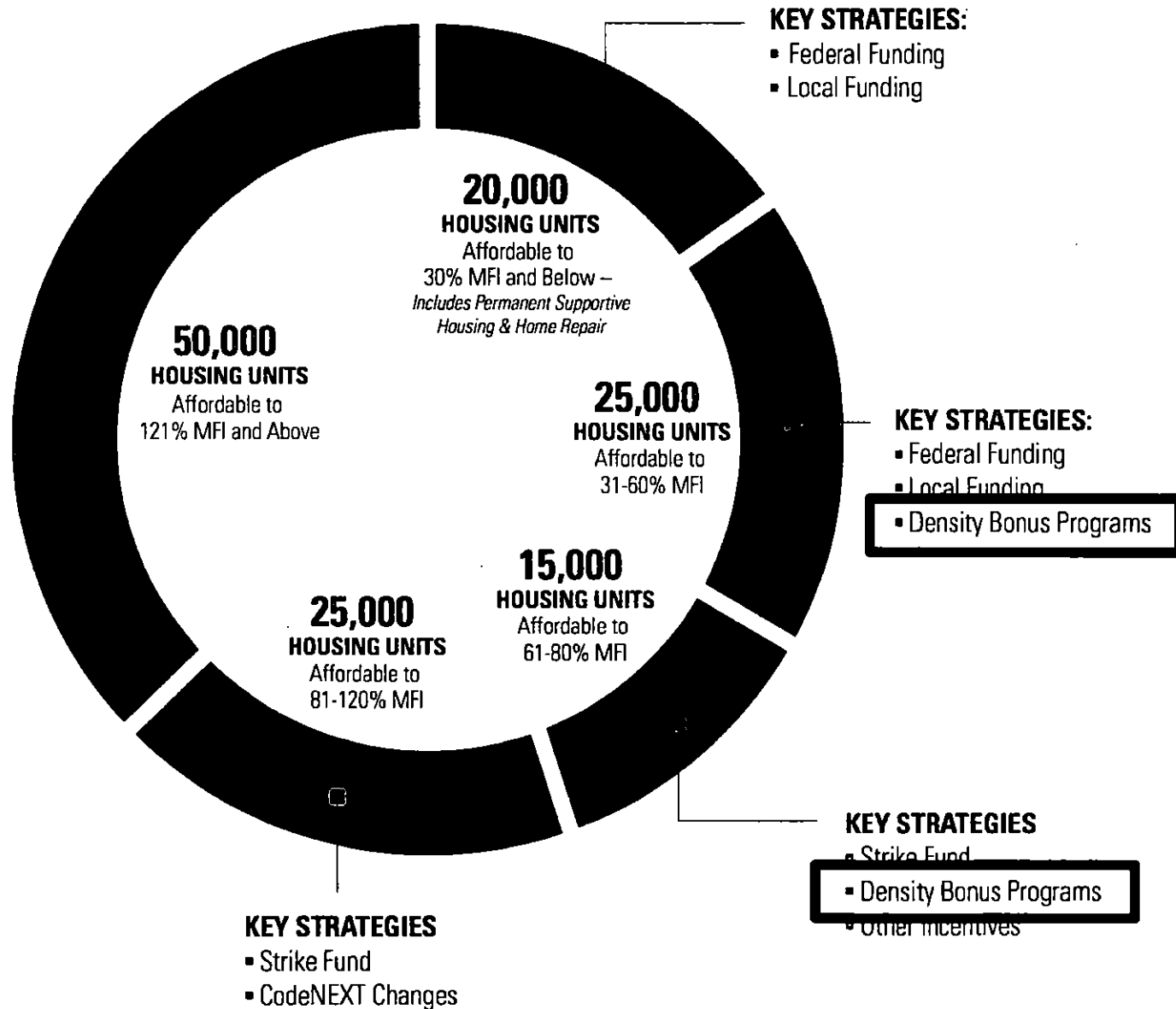
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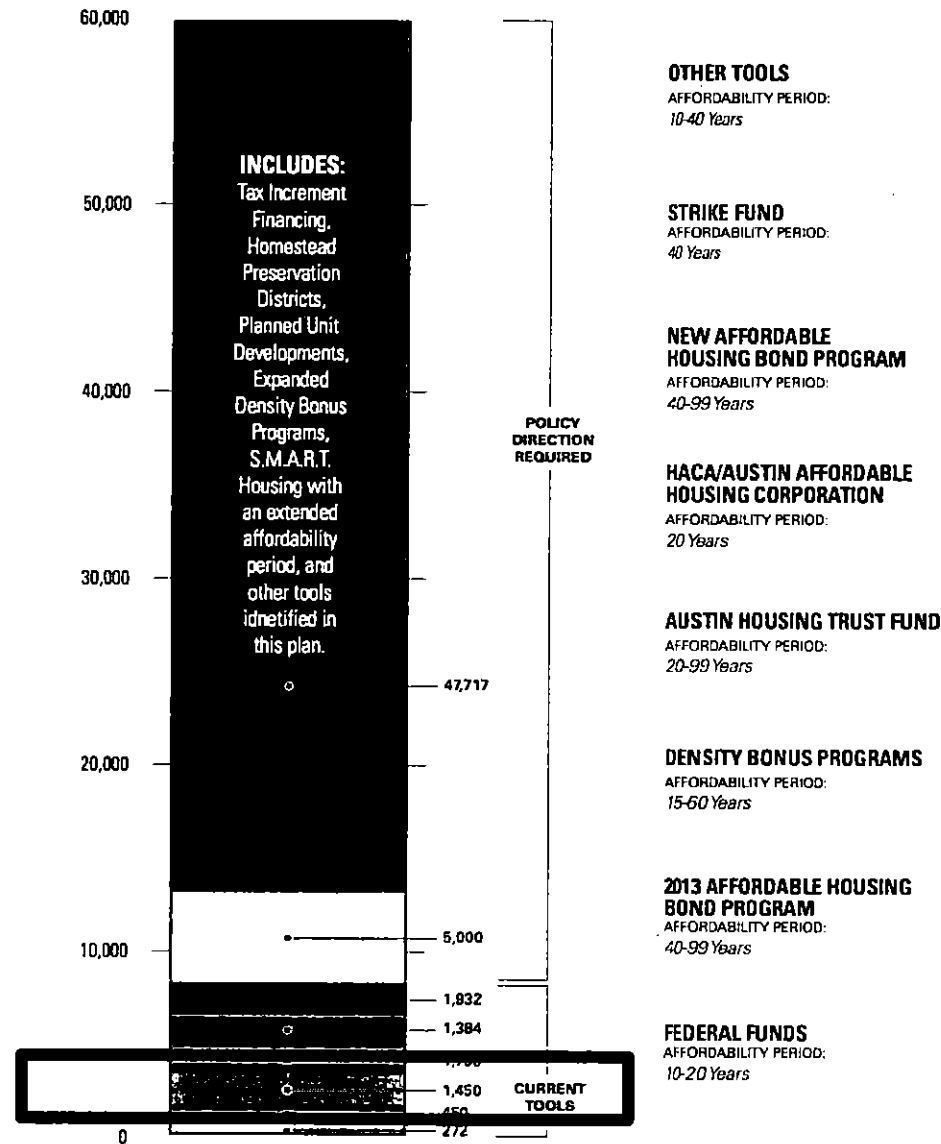
## Proposed Citywide Affordable Housing Density Bonus Program

- Focused on providing density bonuses in proposed CodeNEXT zones
- Targets 60%-80% MFI households per Housing Blueprint
- Downtown Density Bonus and UNO to be retained
- Future of bonuses in TODs, East Riverside, and North Burnett areas under additional evaluation

# Great Need For Affordable Housing



# Density Bonus Program Is One Tool



# Benefits of Affordable Housing Density

- Can leverage higher-end markets where development is already happening
- Bonus entitlements can offset developer cost of providing affordable housing without City funding
- Promotes mixed-income buildings and communities



Density bonus programs can provide limited numbers of affordable housing units in high-opportunity locations

# Benefits of Affordable Housing Density

- Can leverage higher-end markets where development is already happening
- Bonus entitlements can offset developer cost of providing affordable housing without City funding
- Promotes mixed-income buildings and communities



Density bonus programs offer an opportunity to discuss affordable housing options with developers

# Options Considered for Affordability Toolkit

Private/ Nonprofit	Development- Derived	Regulatory	Tax Exemptions/GO	Federal	Other
Community Land Trust expansion	Existing Density Bonus Programs	Streamline City Codes and Permitting Processes	Multifamily tax exemption program	HUD 202 supportive housing for the elderly	Land Banking, Assembly, Property Price Buy Down
Austin Affordable Housing Corporation	Expanded Density Bonus Programs	Allow development on smaller houses on smaller lots	Targeted Preservation Property Tax Exemption	CDBG and HOME funds	Austin Housing Trust Fund
New Market Tax Credits	Tax Increment Financing	Relax regulations for ADUs	Homestead Property Tax Exemption for communities at risk of displacement	Leverage LIHTC	NHCD Housing Developer Assistance
Strike Fund	Transfer of Development Rights	Relax regulations on more affordable products and cooperatives	2013/16 Affordable Housing Bond	National Housing Trust Fund	Restructured SMART housing with longer affordability periods
Private Sector Fund for Affordable/ Workforce Housing	Planned Unit Developments		General Fund Appropriations		
Philanthropy	Impact Fees				
Public Improvement District	Construction Excise Tax				
Real Estate Transfer Tax	Inclusionary Zoning				
Real Estate Investment Trust	Homestead Preservation District (+Homestead Preservation Reinvestment Zones)				

# South Central Waterfront District Toolkit



Stephanie Bower | Architectural Illustration



# Layered Funding Tools in SCW Funding

	Transportation Infrastructure	Parks & Open Spaces	Affordable Housing
Privately Funded			
Public Improvement District	✓	✓	✓
Transfer of Development Rights		✓	✓
Philanthropy		✓	✓
Publicly Funded			
Tax Increment Financing	✓	✓	✓
CIP Funds	✓	✓	
Parking Fund	✓		✓
Affordable Housing (tax abatements/credits, Strike Fund)			✓

# Proposed CodeNEXT Bonuses

# Where are density bonuses available?

- Available in many residential, commercial, and mixed-use CodeNEXT zones
- Offered in T-zones and traditional zones
- Bonuses offered across more land area than current bonuses
- Bonuses proposed in all locations that currently have bonuses

# Bonuses in New CodeNEXT Zones

## Bonuses Available



MDR  
MHDR  
HDR  
VHDR  
RC  
CC  
DC  
GC L/O  
SC L/O  
T6U/R  
T6UC

NC L/O  
LC L/O  
T4N.DS/O  
T4N.IS/O  
T4N.SS/O  
T4N/O  
T5N.SS/O  
T5U.SS/O  
T5U/O  
T5MS

## Bonuses Not Available



RR  
VLDR, LDR  
LMDR, LMDR-SL  
MHP  
HC, WC  
CR  
FI, GI, HI, R&D  
P, AV  
AG, OS, DR  
T3NE.WL  
T3NE  
T3N.DS  
T3N.IS  
T3MS/O  
T4MS/O

# What Bonus Levers Apply?

	Transect Zones	Traditional Zones
Max Units in Main Building	X	
Max DUA	TBD for T6	X
Max FAR		X
Max Height (ft)	Eave height only	X
Max Height (stories)	X	

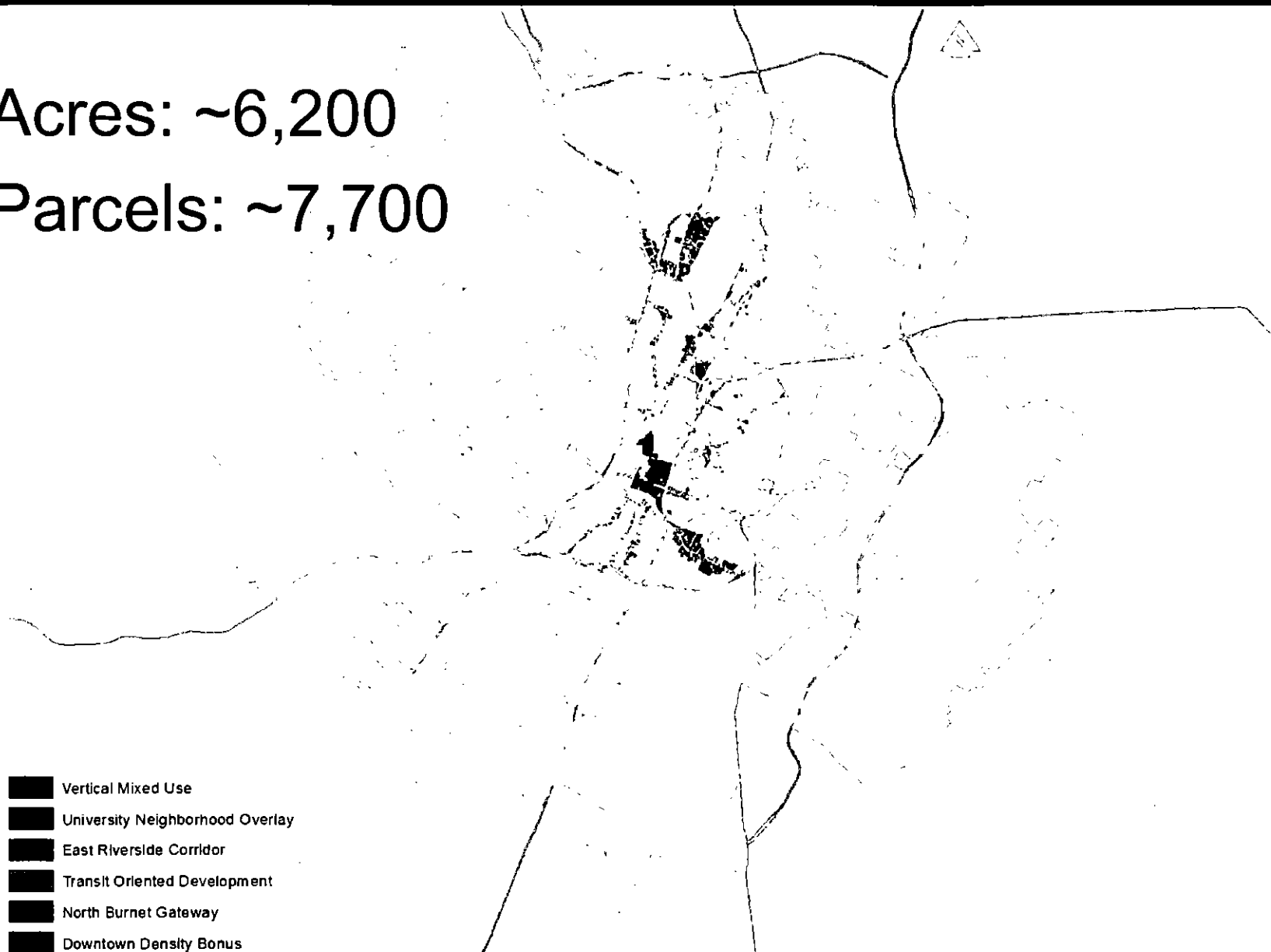
# Density Bonus Levers by Zone Intensity

	Residential				Commercial			
	T4 - Multiplex	T5	T6	Res Non Transect Zone	N'hood Comm (NC)	General & Service Comm (GC)	Regional Comm (RC)	Comm Core (CC, DC)
Max Units	X	X						
Max DUA			TBD	X	X	X		
Max FAR						X		X
Max Height (Feet)		Eave height	TBD				X	X
Max Height (Stories)	X	X						

# Existing Bonus Areas

Acres: ~6,200

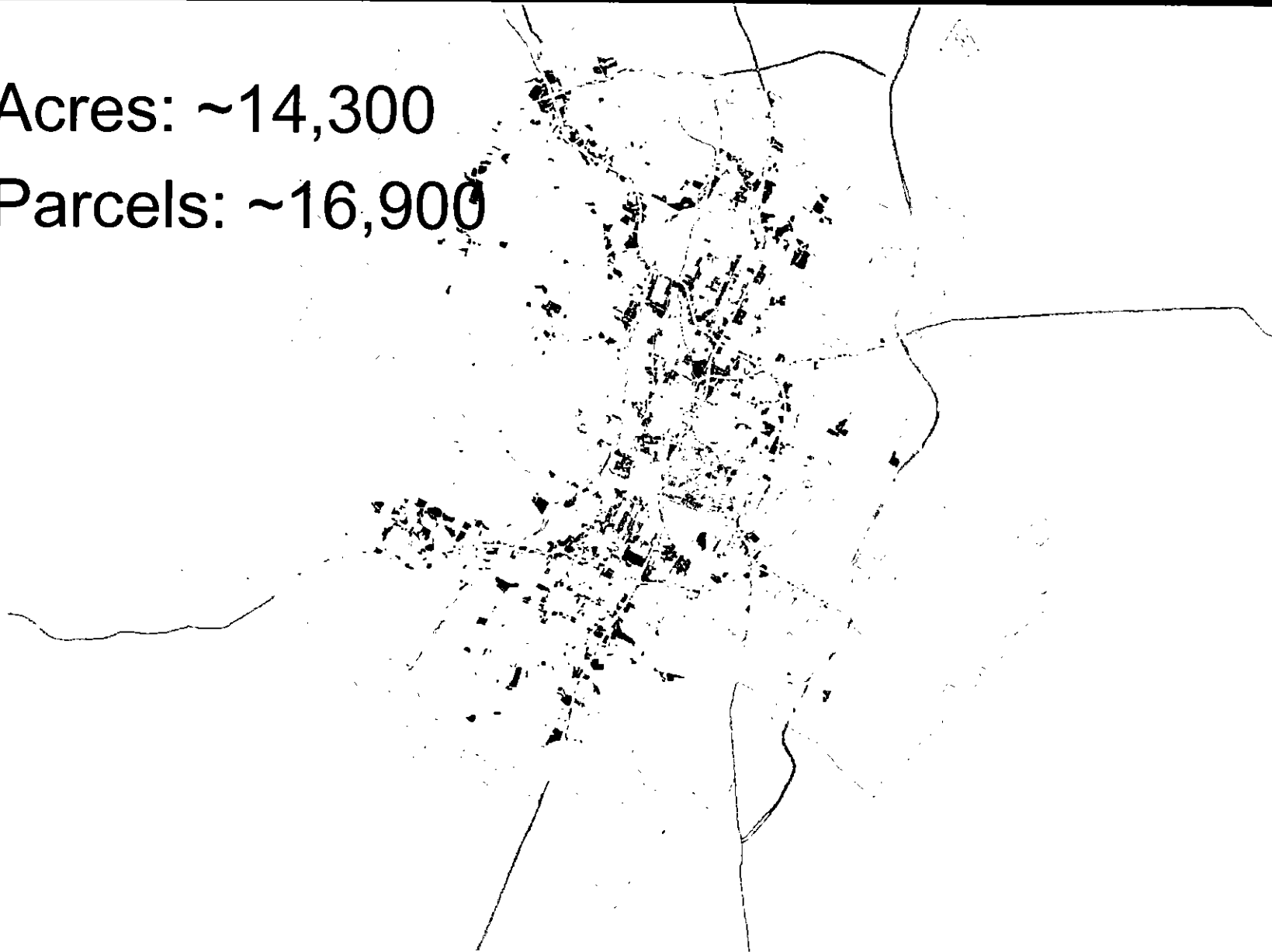
Parcels: ~7,700



# Proposed Bonus Areas

Acres: ~14,300

Parcels: ~16,900

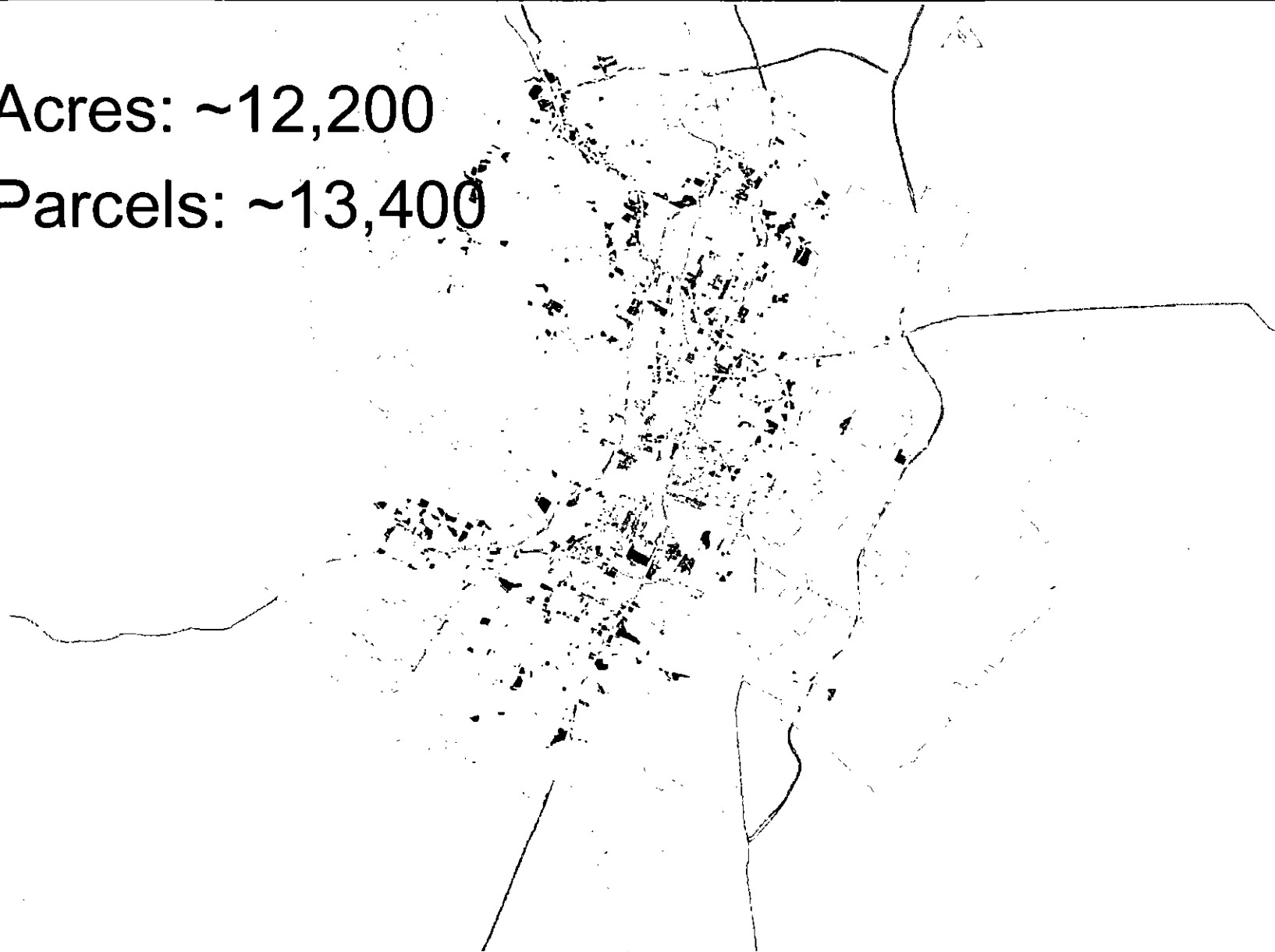




# Proposed Bonus Areas - Units

Acres: ~12,200

Parcels: ~13,400



# Example Maximum Unit Bonus

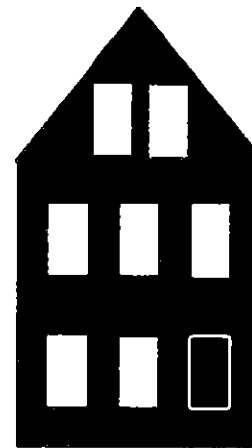
Transect Zone: T4 – Deep Setback,  
Multiplex M

**Base**



4 units max  
2 stories max

**Bonus**



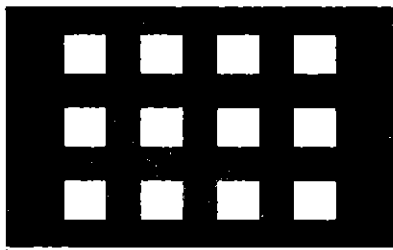
8 units  
2.5 stories max  
5-20% affordable units

*Any development must conform to all other building  
envelope and site restrictions*

# Example Dwelling Units/Acre Bonus

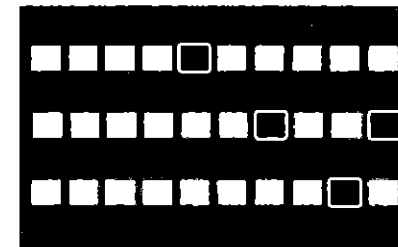
Traditional Zone: Medium Density Residential (MDR)

**Base**



12 dwelling units/acre

**Bonus**



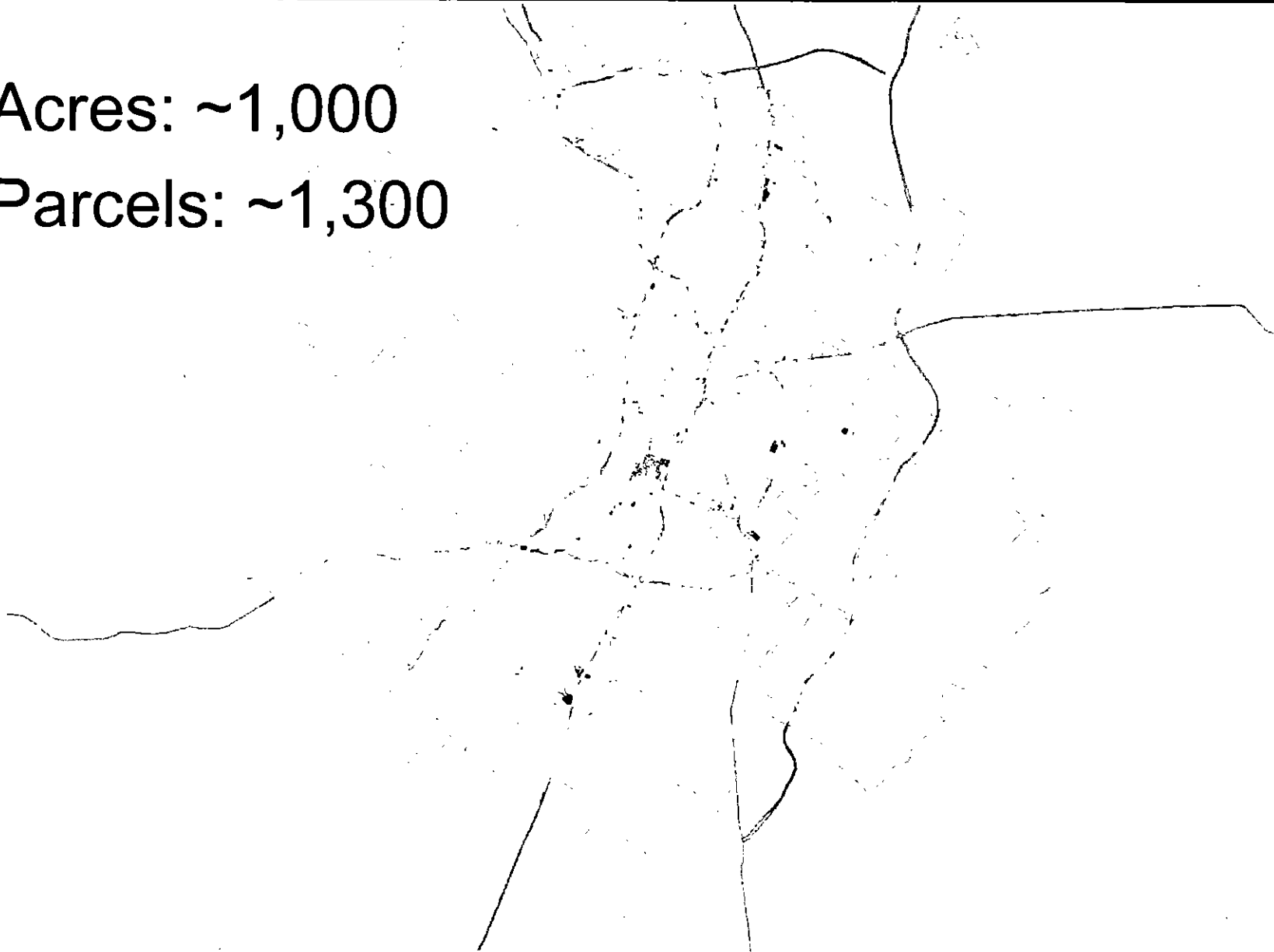
30 dwelling units/acre  
5-10% of bonus units =  
affordable units

*Any development must conform to all other building  
envelope and site restrictions*

# Proposed Bonus Areas - Height

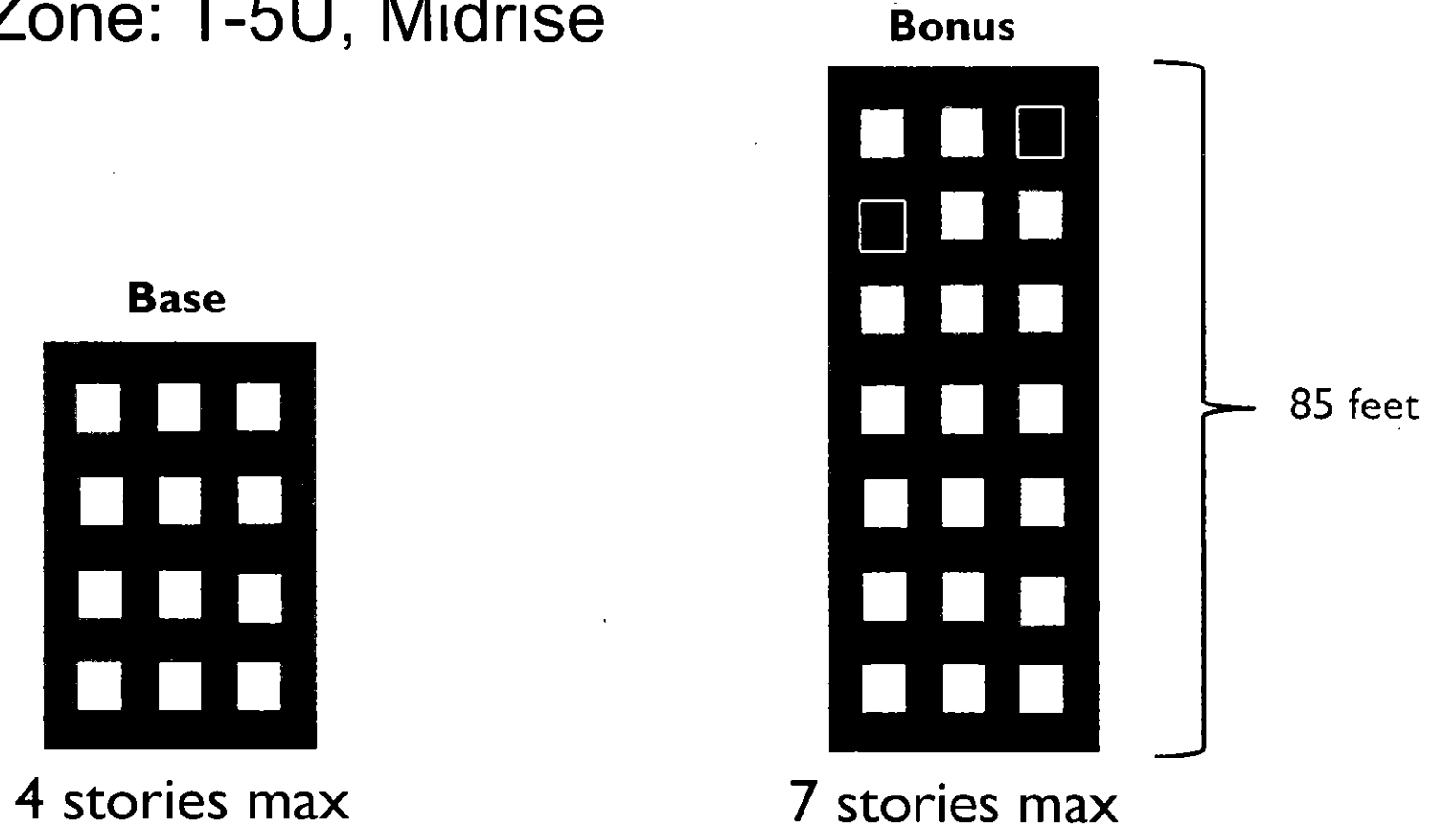
Acres: ~1,000

Parcels: ~1,300



# Example Height Bonus

Transect Zone: T-5U, Midrise



5-10% of bonus units = affordable units

*Any development must conform to all other building envelope and site restrictions*

# Proposal Includes Seven Story Buildings

- Proposed increase from 6-story to 7-story maximum for T5 zones
- International Building Code 2015 allows five-stories of wood construction over multiple stories of concrete podium
- In advance of new building code adoption, 7-story buildings already allowed on a case by case basis in Austin



300 East Riverside

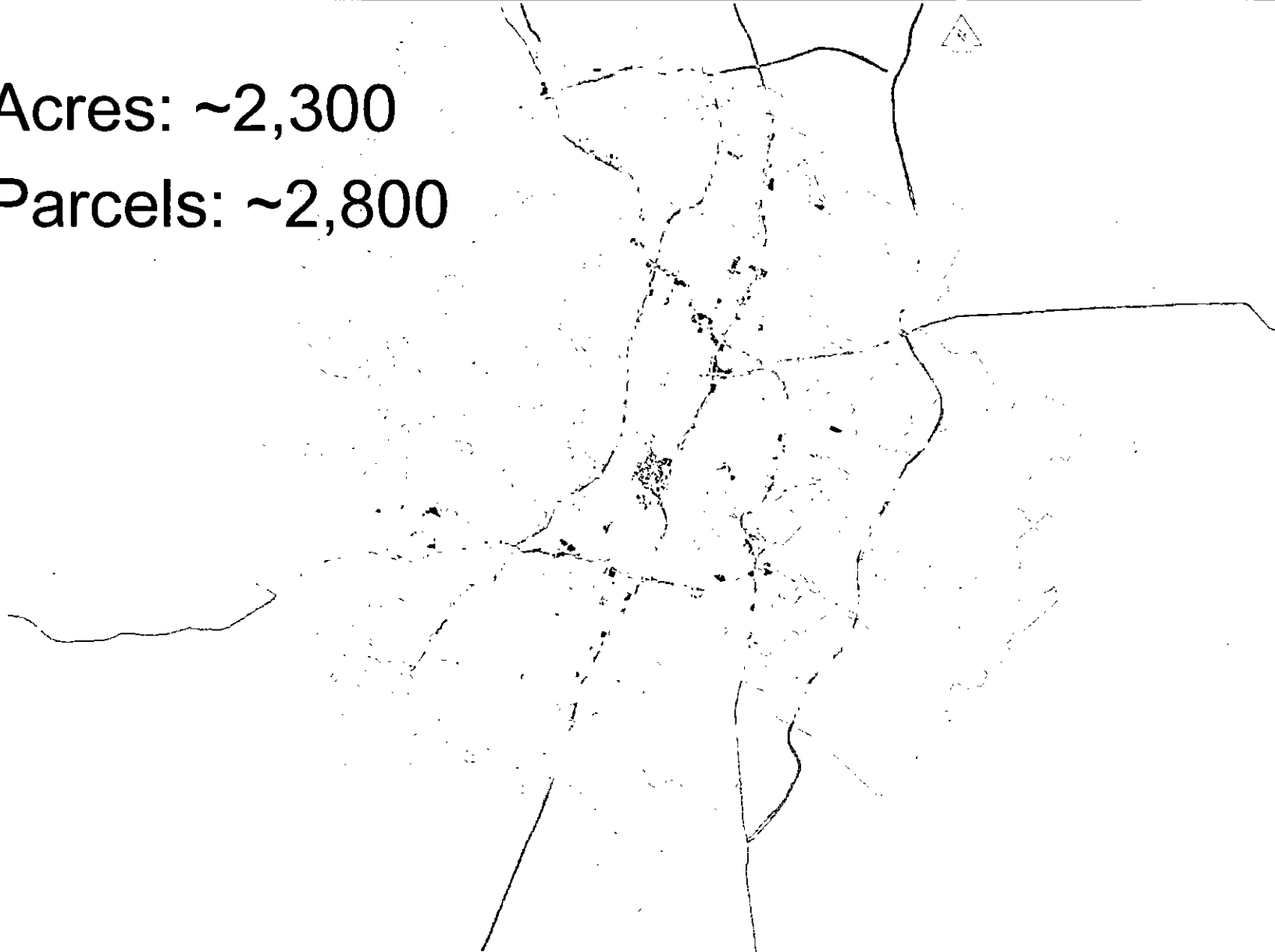
Image: Google Maps 2017

Provided by City of Austin Development Services Department

# Proposed Bonus Areas - Bulk

Acres: ~2,300

Parcels: ~2,800



# Proposed Bonus Areas

Acres: ~14,300

Parcels: ~16,900

**Bonuses  
available over  
~50% more  
Imagine Austin  
land area\***

Based on CodeNEXT Draft Map released May 8, 2017

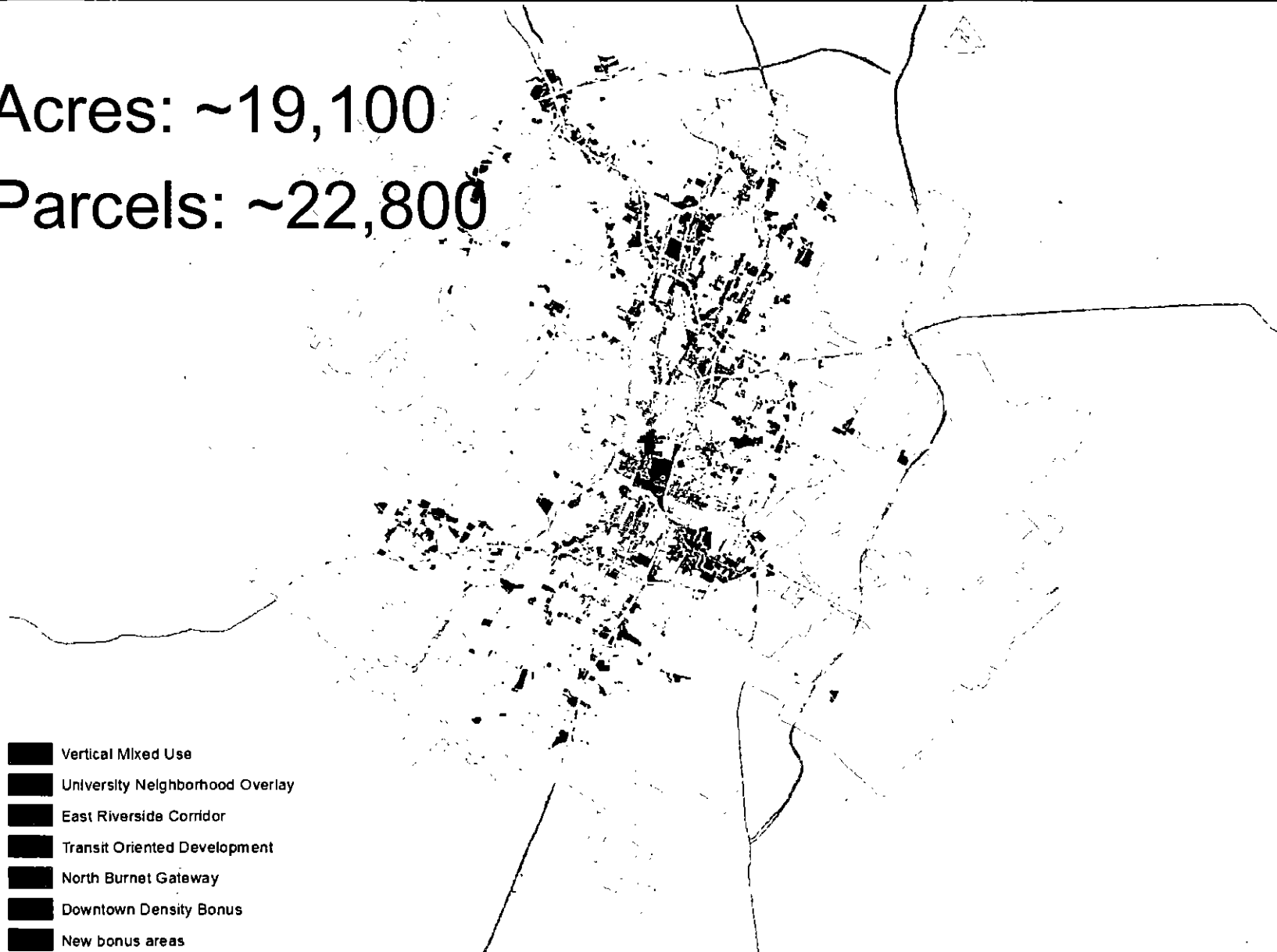
\*Note: Currently 20% vs. 30% coverage under CodeNEXT draft



# Net Future Bonus Areas

Acres: ~19,100

Parcels: ~22,800



Based on CodeNEXT Draft Map released May 8, 2017

# Bonus Requirements

# How can developers get the bonus?

To build bonus area on a site:

- **Housing developers:**

1. Provide rental units at 60% MFI for 40 years, OR
2. Provide ownership units at 80% MFI for 99, OR
3. Provide at least an equal number of affordable units offsite within one (1) mile of the subject development, OR
4. Pay the Housing Trust Fund a fee-in-lieu of providing affordable units, OR
5. Dedicate land suitable for affordable housing development.

- **Commercial developers (hotel/office/retail):**

Pay a fee-in-lieu into the Housing Trust Fund

# How affordable should affordable units be?

## Rental units (60% AMI)

Household Size	Unit Size	Max Annual Income	Max Monthly Rent
1-person	Studio	\$34,200	\$855
2-person	1 BR	\$39,060	\$977
3-person	2 BR	\$43,950	\$1,099
4-person	3 BR	\$48,840	\$1,221

Notes: Based on 2017 HUD Affordability figures (\$81,400 4-Person Household Income)

# How affordable should affordable units be?

## Ownership units (80% AMI)

Household Size	Unit Size	Max Annual Income*	Max Purchase Price**
1-person	Studio	\$45,600	\$171,000
2-person	1 BR	\$52,080	\$195,300
3-person	2 BR	\$58,600	\$219,750
4-person	3 BR	\$65,120	\$244,200

Notes: (\*) Based on 2017 HUD Affordability figures (\$81,400 4-Person Household Income);

(\*\*) Estimated purchase price based on typical first-time buyer mortgage finance criteria

# Required proportion of affordable units

To build bonus area on a site,  
developers can provide affordable  
units onsite:

	Multiplex Building Type (T4 Zones)		All Other Zones and Building Types	
	Inner	Outer	Inner	Outer
Own	10% of units at 80% MFI	5% of units at 80% MFI	5% of units at 80% MFI	5% of units at 80% MFI
Rent	20% of units at 60% MFI	10% of units at 60% MFI	10% of units at 60% MFI	10% of units at 60% MFI



Note: Bonus unit and affordable unit calculations round UP to the nearest whole number of units

# Required Residential In-Lieu Fee

To build bonus area on a site, developers can pay an in-lieu fee per square feet of bonus area.

- Fees would be defined as a per square foot cost
- Fees will be defined for commercial/office, hotel, and residential bonus area
- These fees would be defined administratively
- Fees will be calibrated based on market factors
- Fees may vary by geography



# Are there alternatives to on-site production?

Developers could deliver offsite housing or dedicate land in limited, NHCD-approved circumstances:

## **Off-site housing units**

- Off-site production of affordable units must produce more affordable units or a greater community benefit
- Approved by NHCD
- Include the same number of units and same bedroom count mix as would be required onsite
- Built within one (1) mile of the subject development
- Must include payment of a fee, which is held in escrow, until a final certificate of occupancy is issued for the off-site units.

## **Land dedication**

- The applicant may donate land that the housing director determines is suitable for the construction of affordable units
- The land must be of equivalent or greater value than the value produced by applying the housing in-lieu fees