Briefing on Affordability Aspects of CodeNEXT

Briefing to Anti-Displacement Taskforce
April 6, 2018

Neighborhood Housing and Community Development

Housing Blueprint Community Values
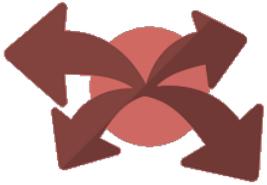
Prevent Households From Being Priced Out of Austin

**Foster Equitable Communities**

Invest in Housing for Those Most in Need
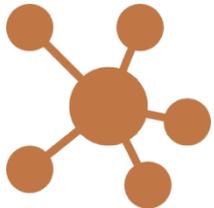
Create New and Affordable Housing Choices for All Austinites in All Parts of Austin

Help Austinites Reduce their Household Costs
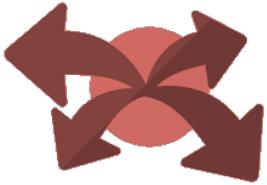
Prevent Households From Being Priced Out of Austin

- Support Legislation to Allow a Flat Dollar-Amount Homestead Exemption for all Local Taxing Entities*
- Target Preservation Property Tax Exemption to Communities at Risk of Displacement*
- Expand the Use of Community Land Trusts (CLT) and other forms of Shared Equity Ownership*
- Prevent Displacement of Low- and Moderate-Income Homeowners
- Preserve and Create Ownership Options for Households at 80% to 120% MFI
- Coordinate Preservation Strategies with Infrastructure Investments
- Use Incentives to Support the Production of Living Wage Jobs
- Make Strategic Investments to Minimize Displacement
- Allow Homeowners to Rent a Portion of their Houses

* Denotes Highest Impact

Green text denotes strategies that could be at least partially implemented through CodeNEXT

Foster Equitable Communities

- Develop a Strike Fund*
- Implement the City of Austin's Fair Housing Action Plan and Bolster Enforcement of Existing Fair Housing Requirements *
- Undertake Strategic Land Banking *
- Implement Tenant Relocation Assistance Program
- Protect Renters from Discrimination Based on Source of Income
- Implement Recommendations in the Austin/Travis County Reentry Roundtable Report: Locked Out
- Add Flexibility to Occupancy Limits
- Pursue Legislation to Allow Inclusionary Zoning
- Pursue Legislation to Allow Rent Control
- Fully Utilize Homestead Preservation District Tools
- Develop Programs, Resources, and Guides to Aid with Small Scale Preservation

* Denotes Highest Impact

Green text denotes strategies that could be at least partially implemented through CodeNEXT

Invest in Housing for Those Most in Need

- Pursue Future General Obligation Bond Elections for Affordable Housing *
- Provide Additional General Fund Appropriations for Affordable Housing*
- Leverage Low Income Housing Tax Credits (LIHTC) and Seek Legislative Changes for the City of Austin*
- Challenge the Private Sector to Participate in a Fund for Affordable Housing and/or Workforce Housing
- Maximize Public Property to Build or Include Affordable Housing
- Utilize Tax Increment Financing (TIFs) for Affordable Housing
- Utilize Social Impact Bonds/Pay for Success Models for Services for People Experiencing Homelessness
- Utilize the National Housing Trust Fund
- Support the Creation of Deeply Affordable Units Serving People at 20% MFI and Below
- Support Efforts to Prevent and End Homelessness
- Expand the Supply of Housing for People with Disabilities

* Denotes Highest Impact
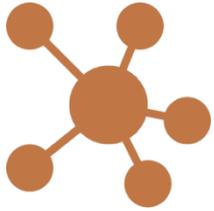
Create New and Affordable Housing Choices for All Austinites in All Parts of Austin

- Adopt Affordable Housing Goals to Guide Policy*
- Implement Consistent Density Bonus Programs for Centers and Corridors*
- Streamline City Codes and Permitting Processes*
- Provide Additional Funding to Monitor Austin's Affordable Housing Investments*
- Better Utilize Land for Affordable Housing
- Revise S.M.A.R.T. Housing Program
- Implement Density Bonus Program for Missing Middle Housing
- Allow the Development of Smaller Houses on Smaller Lots
- Create Pre-Approved Standard Plans for Infill Development
- Relax Regulations on Both Internal and External Accessory Dwelling Units (ADUs)
- Relax Regulations on More Affordable Housing Products
- Relax Regulations on Housing Cooperatives (Co-ops)
- Utilize Planned Unit Developments (PUDs) to Provide a Range of Affordability
- Increase Housing Diversity in New Subdivisions
- Create a Multifamily Property Tax Exemption Program
- Complete an Affordable Housing Nexus Study
- Consider Building and Fire Code Modifications to Allow Six Stories of Wood Frame Construction
- Develop Real-Time Database of Housing

* Denotes Highest Impact

Green text denotes strategies that could be at least partially implemented through CodeNEXT

Help Austinites Reduce their Household Costs

- Strengthen Scoring Criteria and Develop Policies to Prioritize Affordable Housing Near Current and Future Transit Service*
- Minimize the Displacement of Core Transit Riders*
- Link Housing Choices with Transportation Choices*
- Comprehensive Parking Reform*
- Increase Bikeability and Walkability
- Align Sidewalk Master Plan with Imagine Austin
- Ensure Access to Affordable Care and a Healthful Environment
- Increase Opportunities for Households to Reduce Utility Costs
- Increase Access to Health, Affordable Food for All Residents
- Improve Access to Affordable Quality Communications and Digital Services

* Denotes Highest Impact

Green text denotes strategies that could be at least partially implemented through CodeNEXT

Strategy to Achieve 60,000 Affordable Units in 10 Years

OTHER TOOLS
AFFORDABILITY PERIOD:
10-40 Years

All other tools described in the Austin Strategic Housing Plan

STRIKE FUND
AFFORDABILITY PERIOD:
40 Years

Under development

NEW AFFORDABLE HOUSING BOND PROGRAM
AFFORDABILITY PERIOD:
40-99 Years

Under development

HACA/AUSTIN AFFORDABLE HOUSING CORPORATION
AFFORDABILITY PERIOD:
20 Years

May receive reduction in federal funding

AUSTIN HOUSING TRUST FUND
AFFORDABILITY PERIOD:
20-99 Years

Includes increased funding directed by Council

DENSITY BONUS PROGRAMS
AFFORDABILITY PERIOD:
15-60 Years

Currently being recalibrated under CodeNEXT

2013 AFFORDABLE HOUSING BOND PROGRAM
AFFORDABILITY PERIOD:
40-99 Years

Currently being expended

FEDERAL FUNDS
AFFORDABILITY PERIOD:
10-20 Years

May receive reduction in federal funding

POLICY DIRECTION REQUIRED

CURRENT TOOLS

INCLUDES: Tax Increment Financing, Homestead Preservation Districts, Planned Unit Developments, Expanded Density Bonus Programs, S.M.A.R.T. Housing with an extended affordability period, and other tools idnetified in this plan.

47,717
5,000
1,932
1,384
1,795
1,450
450
272

Year values in parenthesis denote the anticipated affordability period for each mechanism.

8

CodeNEXT + Housing Affordability

Regarding affordability, CodeNEXT is an opportunity to:

1. Address some of the factors that drive up costs of producing housing
2. Update existing development incentive programs
3. Propose a new affordable housing bonus program linked to new zones

Goals of the Affordable Housing Chapter:

1. Simplify code and make it more consistent
2. Create a more effective citywide bonus program that allows more units in more places

CodeNEXT + Housing Affordability

What is carried forward from previous code:
- S.M.A.R.T. Housing (with some modification)
- Tenant notification and relocation assistance
- Downtown Density Bonus Program
- University Neighborhood Overlay
- Affordability Impact Statements

What is new:
- Citywide Affordable Housing Bonus Program
- Parking incentive for affordable units
- Parkland dedication waivers for affordable units

CodeNEXT + Housing Affordability

Fundamentals of Affordable Housing Bonus Programs:

1. A bonus program is one tool in a suite of tools to address affordability
2. Program works best to provide units in areas where development is happening
3. Program is voluntary; it relies on incentives
4. Program must be calibrated to market, which varies by development cycle and geography

Affordable Housing Bonus Program: Policy Objectives

- Median Family Income (MFI) Levels & Affordability Periods
  - Rental units: 60% MFI for 40 years
  - Ownership units: 80% MFI for 99 years
- Incentivize on-site affordable units whenever possible
- Calibrate to zones and geographies to maximize program uptake
- Option to incentivize the creation of 2- and 3-bedroom units
- Offer alternatives to increase participation in the voluntary program
- Promote affirmative marketing, unit dispersion & access
- Implement through program rules
- Enforce through land use restrictions, monitoring, and reporting

Affordable Housing Bonus Program: Program Rules

- Program Rules will be created to implement the code language through the rulemaking process (City Code 1-2). This mandates a stakeholder process.

- Affordable Housing Criteria Manual will house program rules.

- Rules will provide the detail needed to explain and implement the program, and the flexibility to allow implementation procedures to be updated as needed through the rule-making process.

- Find out more in the "Proposed General Administrative Procedures for Affordable Housing Bonus Program" document. (https://www.austintexas.gov/page/codenext-draft-3)

Affordable Housing Bonus Program: Modeling Base and Bonus

- EcoNW was given the base entitlements for each zone by the CodeNEXT team.

- Working with the team, they proposed feasible bonus entitlements for each zone that would be attractive enough to generate bonus program participation.

- Negotiation and compromise among CodeNEXT team (reflecting community input) resulted in the base and bonus entitlements ultimately provided in the code drafts.

- NHCD's goal was to create base and bonus entitlements that made participation in the program as attractive as possible, and to allow bonuses in as many zones as possible. These recommendations were provided to the CodeNEXT team throughout the process.

Expands Affordable Housing Program

- Bonuses in more places, including more high-opportunity areas.

- Enhanced bonus effectiveness, including "-A" (VMU-like) bonuses in MU zones.

- Bonus implementation refinement, including proposed NHCD procedures.

Base (max.)   Proposed w/ Bonus

24 Proposed Units
Residential GFA 20,000 SF

12 Base Units
Residential GFA 20,000 SF

CODE NEXT

FEBRUARY 13, 2018

Consultant presentation to City Council, 2/13/18 Work Session

Existing Bonus Programs*

Legend:
- Vertical Mixed Use
- University Neighborhood Overlay
- East Riverside Corridor
- Transit Oriented Development
- North Burnet Gateway
- Downtown Density Bonus
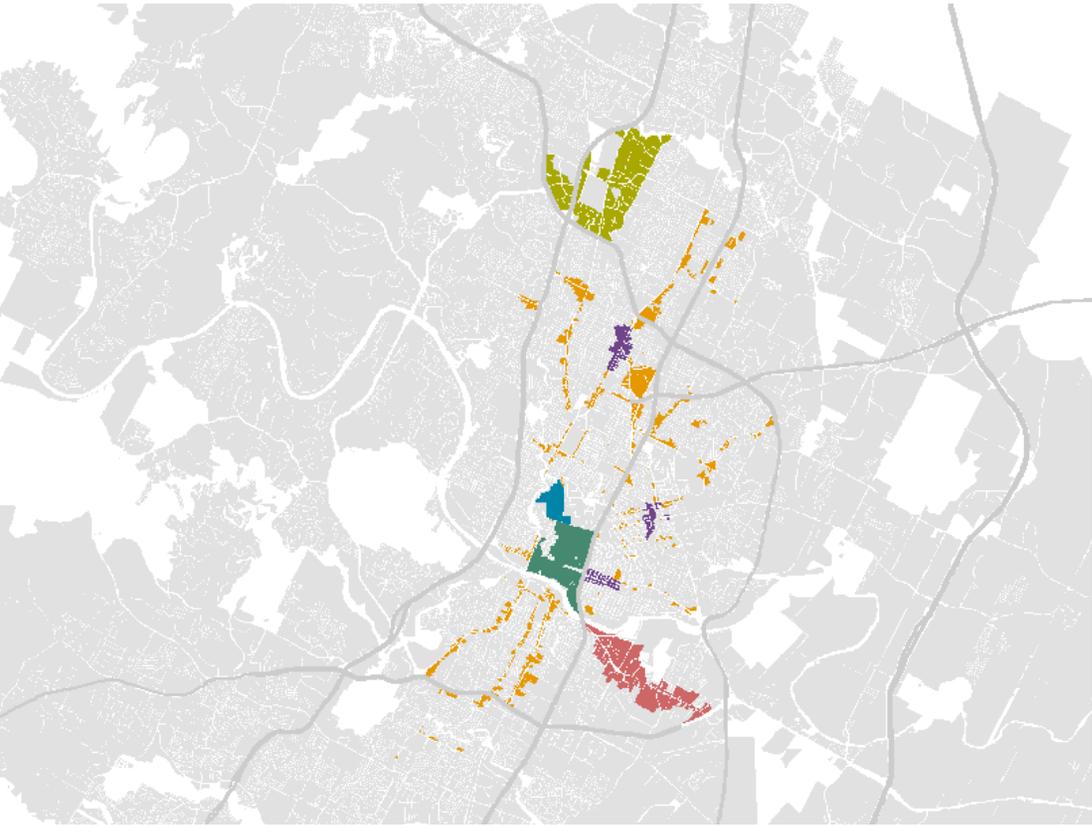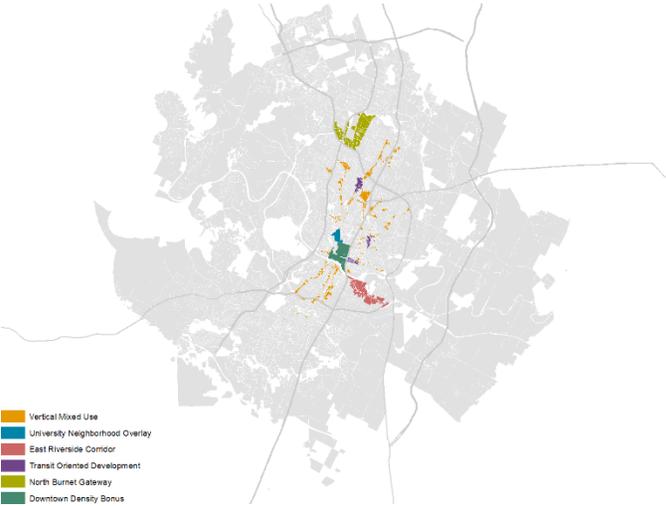
Current Code: ~5,600 Acres

*Does NOT include PUDs and negotiated bonuses

Draft 3:
MORE Proposed Bonus Areas

Legend:
- Vertical Mixed Use
- University Neighborhood Overlay
- East Riverside Corridor
- Transit Oriented Development
- North Burnet Gateway
- Downtown Density Bonus
- New Bonus Area

Based on CodeNEXT Draft 3 zones
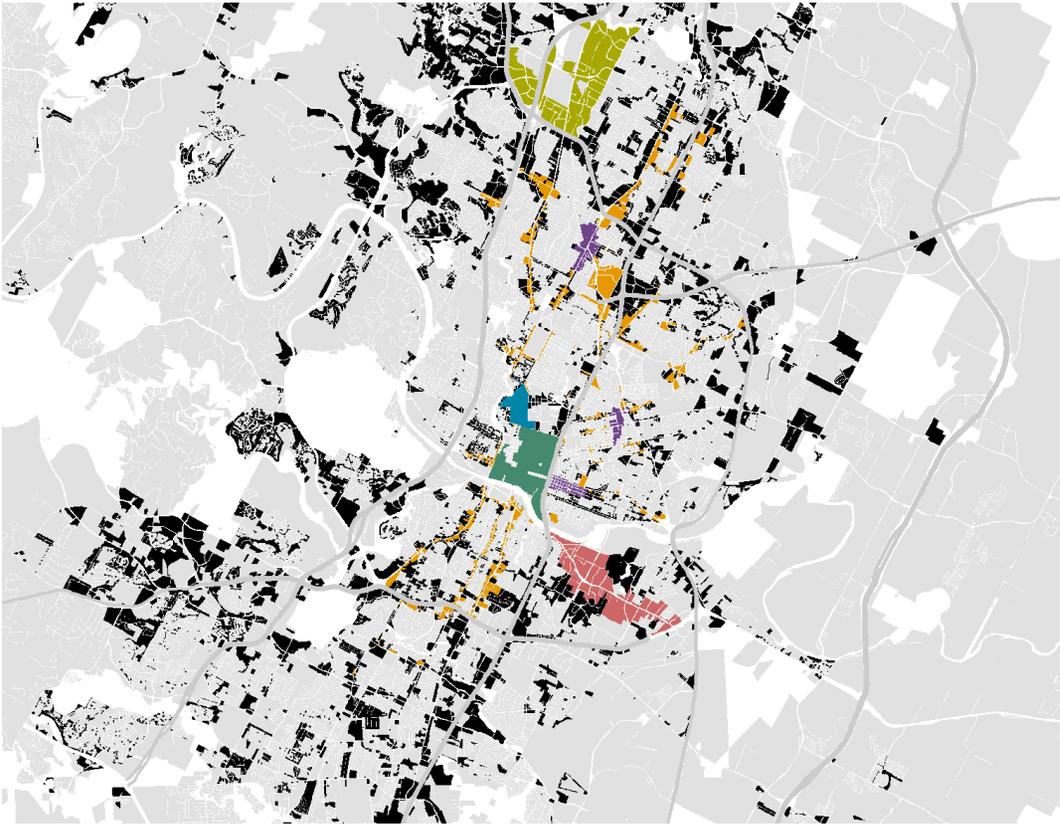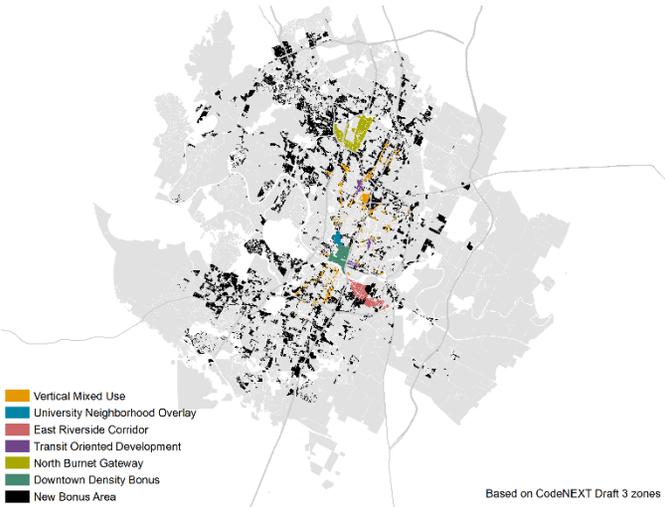
Current Code:	~**5,600** Acres
CodeNEXT D2:	~**24,100** Acres
CodeNEXT D3:	~**30,000** Acres

Online list & map of all income-restricted affordable units subsidized or incentivized by the City of Austin:
http://www.austintexas.gov/affordablehousinglisting

INCOME-RESTRICTED AFFORDABLE HOUSING LIST

WEST AUSTIN *(West of MOPAC/ South of SH 290)*

**SOUTH/ SOUTHEAST** *(East of MOPAC/South of Colorado River)*

CENTRAL AUSTIN *(East of MOPAC/ West of I-35/North of Colorado River/South of SH*

NORTHWEST AUSTIN *(North of Colorado River/ West of MOPAC/South of SH 183)*

NORTH AUSTIN *(West of I-35/North of SH 183)*

NORTHEAST AUSTIN *(East of I-35/North of SH 290 East)*

EAST AUSTIN *(East of I-35/South of SH 290 East/North of SH 71 East)*

Affordable Housing Inventory

Project Name	Burnet Flats
Address	5453 Burnet Road
Zip Code	78756
Total Units	103
Total Affordable Units	10
Unit Type	Multifamily
Tenure	Rental
Housing Type	Residential Housing
Status	Project Complete
Maximum Qualifying Income: 1-Person	34,200

Zoom to

Affordable Housing Listing

Questions/Discussion