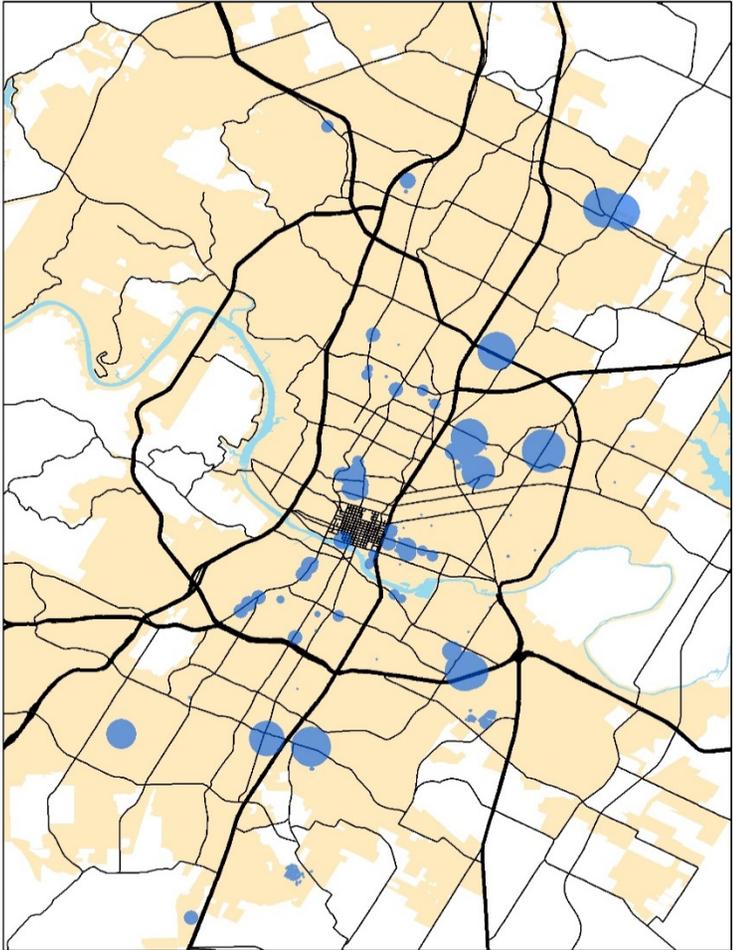


CITY OF AUSTIN NEIGHBORHOOD HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT Development Incentive Programs



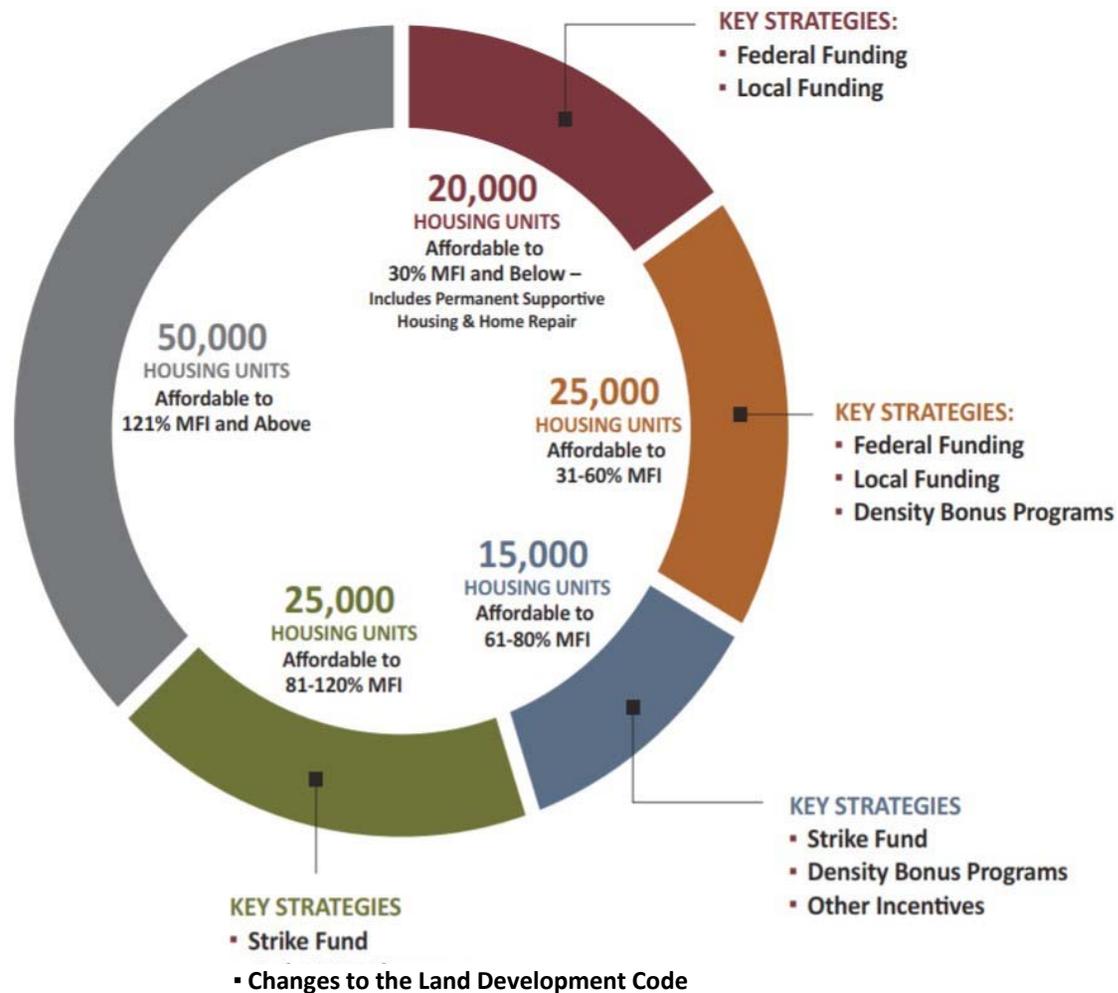
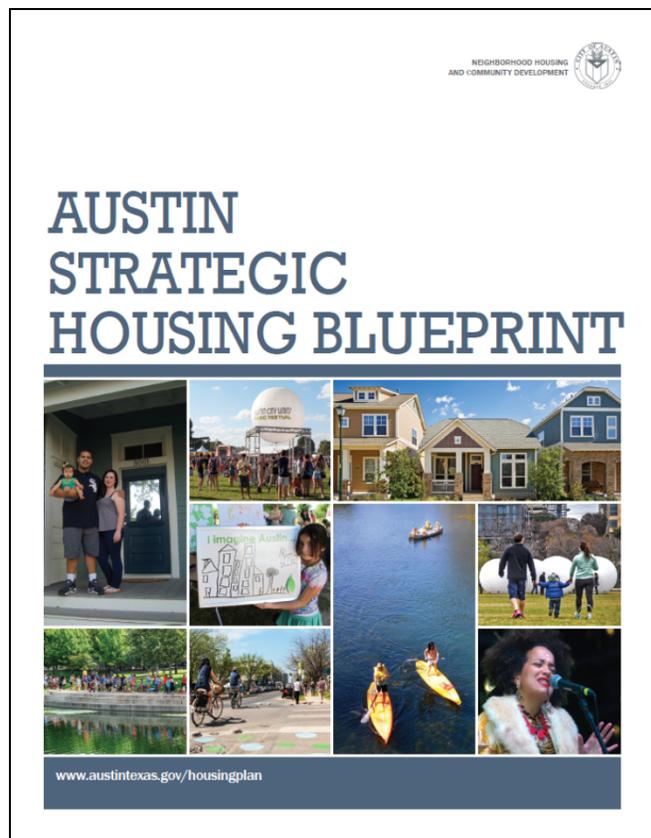
Contents

1. Strategic Housing Blueprint
2. Development Incentive Programs Overview
3. Lessons Learned
4. Ongoing Initiatives

Strategic Housing Blueprint

- Adopted in 2017
- Highlights community needs
- Sets community production/preservation goals
 - Household income
 - Geographic dispersion
 - Access to transit
 - High opportunity
- Identifies strategies to achieve goals
- Implementation Plan currently under development

HOUSING BLUEPRINT GOALS



The Blueprint calls for 60,000 affordable units below 80% MFI over the next 10 years

BLUEPRINT COMMUNITY VALUES



Prevent Households from Being Priced Out of Austin



Foster Equitable, Integrated and Diverse Communities



Invest in Housing for Those Most in Need

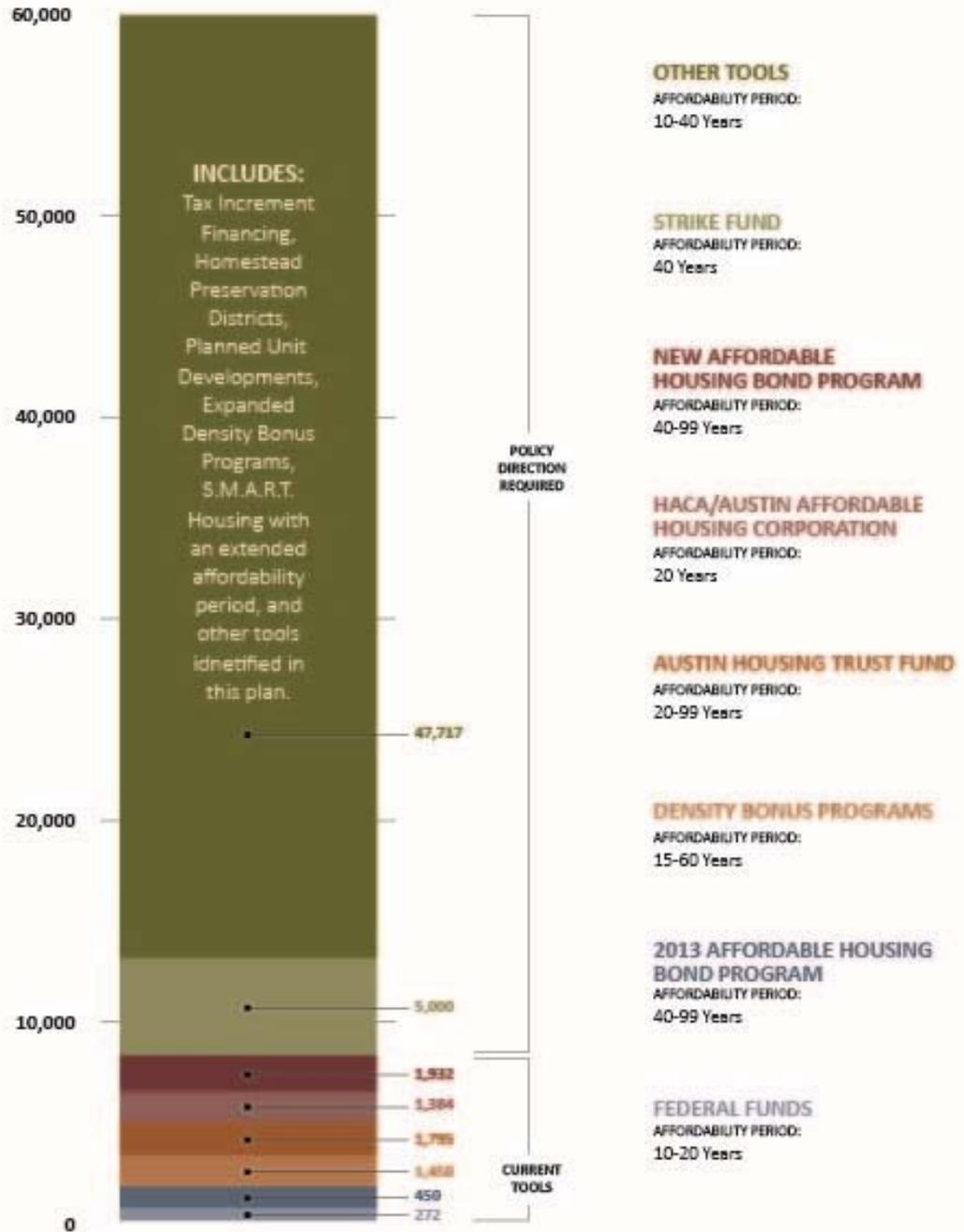


Create New and Affordable Housing Choices for All Austinites in All Parts of Austin



Help Austinites Reduce their Household Costs

FUNDING MECHANISMS AND TOOLS FOR 60,000 AFFORDABLE UNITS (UP TO 80% MFI) IN 10 YEARS



*Estimate methodology is featured in Appendix A.
 Note: These strategies and activities are in addition to the existing efforts already underway amongst the City and its partners.

Development Incentive 101

Development Incentives provide additional relief to mission driven affordable housing developers

or

Promote participation by for-profit developers

Program Overview

- **S.M.A.R.T. Housing** – fee waiver program that incentivizes housing that is safe, mixed income, accessible, reasonably priced, and transit-oriented
- **Density Bonus Programs and Planned Unit Developments** – provides enhanced entitlements and waives certain development regulations in exchange for affordable housing and other community benefits
- **Master Development Agreements** – agreements that typically provide a package of incentives to developers in exchange for developing projects that provide a range of community benefits and implement a master vision

S.M.A.R.T. Housing

- Established in 2000
- Serves households $\leq 80\%$ AMI
- Short affordability period

Key Takeaways

- Expedited permitting is valuable
- Fee waivers not sufficient to incentivize participation
- Almost always coupled with public funding or other incentives



Bluebonnet Studios

5-yr Production Snapshot

Rental	Ownership
3,263	326

Density Bonus Programs

- 13 separate policies
- First policy adopted in 2004
- Income restrictions vary by policy
- 40 year (rental) and 99 year (ownership) affordability period
- Fee-in-lieu permitted in some circumstances



Corazon

Key Takeaways

- Only used in active submarkets
- Base zoning as or more important than bonus
- Zoning entitlements insufficient if other development regulations prevent use (i.e. compatibility)
- No direct fiscal impact to taxpayers

5-yr Production Snapshot

Rental	Ownership	Fee-in-Lieu
915	14	\$2,945,749

Planned Unit Developments

- Project must demonstrate superiority
- Affordability requirements vary by development
- Final requirements ultimately determined by City Council

Key Takeaways

- Highly politicized but flexible tool
- Long timelines for build out



The Grove

20-yr Projection

Total	Fee-in-Lieu
2,600	\$11,000,000

Master Development Agreements

- Affordability requirements vary by agreement

Key Takeaways

- Good tool for redevelopment
- Almost always coupled with other incentives (public funding, land donation, zoning, fee waivers, tax incentives, etc.)
- Can be highly political



Mueller PUD

5-yr Production Snapshot

Rental	Ownership
577	165

Lessons Learned

- Multiple layers of incentives work best
- Incentives work well to leverage the for-profit market and create affordable housing in mixed income, high opportunity communities
- Working with for-profit partners has unique challenges
- Good working relationships and communication across departments is invaluable
- Monitoring staff capacity must be sufficient to evidence ongoing compliance

Lessons Learned

- Policymakers must prioritize community benefits and policy tradeoffs when crafting policies
- Policymakers should minimize the number of different variations of policies, or at least have consistency across variations
- Ability to easily update policies to respond to market changes is ideal
- Community benefits should be calibrated such that the cost to provide each is equivalent

Ongoing Initiatives

- Blueprint implementation
- Land Development Code revision
- Existing density bonus policies update
- S.M.A.R.T. Housing overhaul

Links for More Information

- <http://www.austintexas.gov/department/housing>
- <http://www.austintexas.gov/housingblueprint>
- <http://www.austintexas.gov/page/development-incentives-and-agreements>



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