
LAND DEVELOPMENT CODE REVISION

COMMUNITY DEVELOPMENT COMMISSION

March 10, 2020

AFFORDABLE HOUSING CREATION

Mechanisms to Create/Preserve Income-Restricted Affordable Housing

- ***Subsidies***
 - *General Obligation Bonds for Affordable Housing*
 - *Federal Funding*
 - *Low Income Housing Tax Credits*
 - *Private Funding*
 - *Publicly Owned Land*
- ***Incentives***
 - *Fee Waivers*
 - *Expedited Review*
 - *Voluntary Bonus Programs*

AFFORDABLE HOUSING BONUS PROGRAM

Fundamentals of City-Wide Affordable Housing Bonus Program

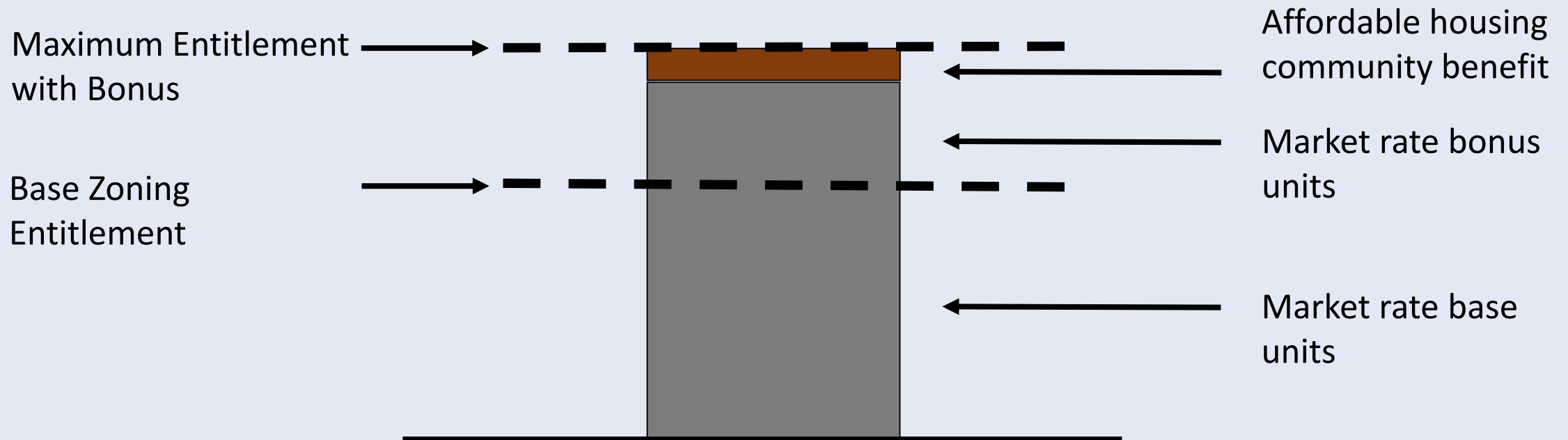
- *Due to state law prohibiting inclusionary zoning and rent control, program must be voluntary; it relies on incentives*
- *It is one of the few tools that does not require financial subsidy from the City or another entity*

Benefits of City-Wide Affordable Housing Bonus Program

- *Affordable Housing Bonus Program can create income-restricted affordable housing units that will remain affordable for long periods of time (40 years for rental; 99 for ownership)*
- *Opportunity to tie clearly identified benefits and costs together to the gain of both community and developer*

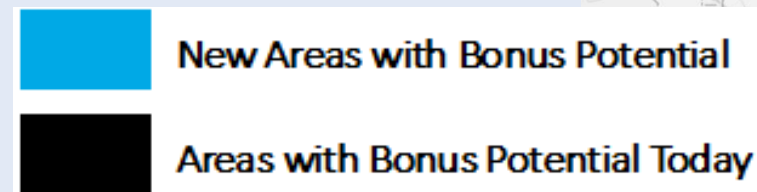
AFFORDABLE HOUSING BONUS PROGRAM

How Does a Bonus Program Work?



MORE AREAS WITH BONUS POTENTIAL

- Existing and expanded areas with affordable housing bonus programs
- Current Code: 5,100 acres
- LDC Revision: 33,800 acres
(six times more area)



Helpful AHBP Documents are on LDC Revision Website

austintexas.gov/lcd

Zoning map
and Code text

Information about the
Affordable Housing
Bonus Programs

The screenshot shows the 'austintexas.gov' website. The top navigation bar includes 'Land Development Code Revision', 'What, Why, & How', 'Learn & Ask', 'Meet the Team', 'Code Drafts' (highlighted with an orange box), 'Participate', and 'Resources'. Below the navigation bar is a blue banner with the word 'Resources'. The main content area has a yellow header 'Resources' and a paragraph: 'We've compiled a list of internal and external resources to provide Austinites with the information needed to help stay updated on the Land Development Code Revision process.' Below this is a 'Jump to section:' link list: 'Additional Resources | Memos and Documents | Meeting Videos | Public Testing | Envision Tomorrow | Citywide Affordable Housing Bonus Program (AHBP) | Corresponding Plans'. The 'Citywide Affordable Housing Bonus Program (AHBP)' link is highlighted with a blue box. To the right is a 'Top Content' sidebar with links: 'Land Development Draft Code & Map', 'Land Development Code Revision', and 'Participate sources'. The main content area has three sections: 'About the AHBP', 'How to Use the AHBP', and 'How the AHBP was Calibrated'. An orange arrow points from the 'Zoning map and Code text' text to the 'Citywide Affordable Housing Bonus Program (AHBP)' link. A blue arrow points from the 'Information about the Affordable Housing Bonus Programs' text to the 'About the AHBP' section.

austintexas.gov

Land Development Code Revision

What, Why, & How Learn & Ask Meet the Team Code Drafts Participate Resources

Resources

We've compiled a list of internal and external resources to provide Austinites with the information needed to help stay updated on the Land Development Code Revision process.

Jump to section: [Additional Resources](#) | [Memos and Documents](#) | [Meeting Videos](#) | [Public Testing](#) | [Envision Tomorrow](#) | [Citywide Affordable Housing Bonus Program \(AHBP\)](#) | [Corresponding Plans](#)

Citywide Affordable Housing Bonus Program (AHBP)

About the AHBP

The proposed Affordable Housing Bonus Program (AHBP) creates opportunities to produce long term income-restricted affordable housing in all parts of Austin and in a variety of housing types without direct public subsidy. Because Texas law prohibits rent control, impact fees, and other mandatory affordable housing requirements, the City encourages developers to voluntarily set aside a portion of housing units as affordable by offering a bonus incentive. Learn more about the AHBP in [this one-page summary](#). [View the proposed map of areas eligible to participate in the AHBP \(PDF\)](#) alongside areas covered by an affordable housing bonus program today.

How to Use the AHBP

Bonus incentives are uniquely calibrated to each zone eligible to participate in the AHBP and may include additional dwelling units, height, and/or floor-to-area ratio than would be allowed under the base zoning. Affordable housing set-aside requirements are proportional to the amount of the bonus used and vary by zone as well as by where the property is located within the city. The set-aside requirements [for rental housing](#) and [for sale housing](#) are available in separate map series. Use the [AHBP Guide](#) for a summary of program requirements, a step-by-step guide to calculating the affordable unit set-asides required in a development, and the proposed fees in lieu for affordable units and non-residential bonus square footage. The [2019 HUD income limits for the Austin area](#) are available here for reference.

How the AHBP was Calibrated

Learn more about how the AHBP was calibrated in [this memo](#) from the economic consultant, ECONorthwest. The memo summarizes the methodology used to calibrate and maximize feasible affordable housing capacity, including the data sources, approach, and rationales for program designs. For additional information about the methodology and development assumptions, including a real estate pro forma and local market data, [download this workbook](#). Please note that inputs were based on 2017 data to allow for comparison with previous capacity analysis work.

Learn more about our work to calibrate the fees for LDC-Related Bonus Programs, including Downtown and the University Neighborhood Overlay (UNO), in [this memo \(PDF\)](#) from the economic consultant, ECONorthwest.

Top Content

- ☆ [Land Development Draft Code & Map](#)
- ☆ [Land Development Code Revision](#)
- ☆ [Participate sources](#)

AHBP Affordability Requirements

For Rent Units

For income-restricted units offered for rent, the monthly rent must be affordable (not exceed 30% of the gross monthly income) of a household earning at or below 60% of the Austin area Median Family Income (MFI). Rental units must remain affordable for 40 years.

For Sale Units

For income-restricted units offered for sale, the monthly payments must be affordable (not exceed 30% of the gross income) of a household earning at or below 80% of the Austin area Median Family Income (MFI). For sale units must remain affordable for 99 years and are subject to an equity cap.

| 2019 Austin MSA HUD Income Limits | 1 person HH | 2 person HH | 3 person HH | 4 person HH |
|-----------------------------------|-------------|-------------|-------------|-------------|
| 60% MFI | \$39,780 | \$45,420 | \$51,120 | \$56,760 |
| 80% MFI | \$52,850 | \$60,400 | \$67,950 | \$75,500 |
| 2019 MFI | \$67,150 | \$76,700 | \$86,300 | \$95,900 |

| 2019 NHCD Income-Restricted Rents | 1 bedroom | 2 bedroom | 3 bedroom |
|--|-----------|-----------|-----------|
| Monthly rent affordable to 60% MFI | \$994 | \$1,135 | \$1,278 |
| 2019 NHCD Income-Restricted Sale Prices | 1 bedroom | 2 bedroom | 3 bedroom |
| Max home sales price affordable to 80% MFI | \$158,550 | \$181,200 | \$203,850 |

General Provisions for Income-Restricted Units

Proportionate Bedroom Mix

Affordable units must match the bedroom mix of the market-rate units, except that 2 and 3 bedroom units may count as two or three 1 bedroom units at the discretion of the Housing Director.

Non-discrimination based on source of income

Prospective tenants cannot be denied based solely on their participation in the Housing Choice Voucher Program or in any other housing voucher program that provides rental assistance.

Dispersion and Access

Affordable units should be dispersed throughout the development to avoid clustering of units, must be accessible by the same routes as the market-rate units, and must have access to all on-site amenities available to market-rate units.

Comparable Design Standards

Affordable units must be functionally equivalent to the market-rate units in the development.

Floating Rental Units

Locations of the affordable rental units may move to different parts of the development over time.

Affirmative Marketing

Each development must have a HUD affirmative marketing plan for the duration of the affordability period.

Third-Party Management

Developers of projects which result in 3 or less income-restricted units must partner with a city-approved entity.

City's Right to Subsidize (Buy-Down) units

Any development that participates in a bonus program gives the City the right to further subsidize units.

COUNCIL DIRECTION RELATED TO BONUS PROGRAMS

BONUS PROGRAM COUNCIL DIRECTION

- Equity Area
- VMU
- Downtown Density Bonus Program
- Other Bonus Program Changes

COUNCIL DIRECTION: EQUITY AREA

Council Direction: Garza – 1 (Equity Overlay)

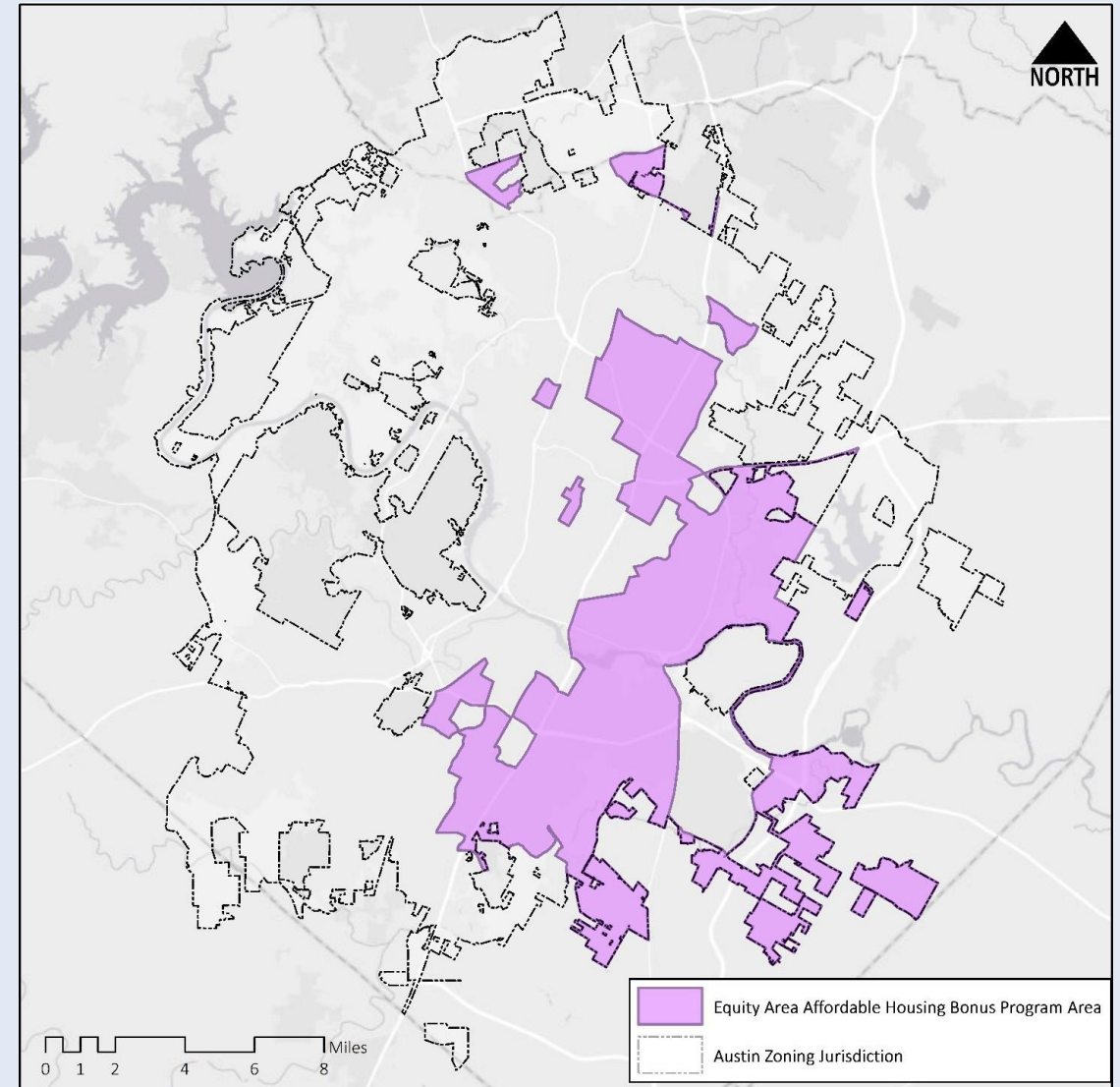
“BOUNDARIES: The area for the overlay should be delineated by the vulnerability map in the UT Uprooted study. Staff has already proposed this in their report.

- (a) PRESERVE EXISTING MULTIFAMILY: For current affordable multi-family -Map and zone to current structure and appropriate RM zone - No new height (in the base or bonus)
- (b) ONSITE AFFORDABILITY: Promote more onsite affordability - Require onsite affordability to be at least 10% of the total and no fee in lieu option.”

STAFF RESPONSE: EQUITY AREA

New Equity Area Bonus Program created

- Covers areas identified by 2018 UT's Uprooted Study as most vulnerable to displacement through gentrification
- Requires on-site affordable units to be at least 10% of the total
- No fee in-lieu option
- Preserve existing multi-family: Properties with existing multi-family must be granted Council approval and meet stringent requirements to participate in the bonus program



COUNCIL DIRECTION: VMU PROGRAM

Council Direction: Casar AH1

“Keep the affordability requirements of VMU for currently zoned VMU lots. Set the base heights and residential densities for currently zoned VMU lots at the base height and densities of the current VMU lot”

Council Direction: Kitchen - 9

“To ensure we maintain zoning on properties currently with -V designation:

1. Carry over existing -V zoning designation on tracts to preserve the existing affordable requirements related to minimum residential units and **10% affordability based on total square footage** of the development”

Council Direction: Tovo - 7

“Properties with current Vertical Mixed-Use zoning should access the AHBP with requirements of **at least 10% affordable units or more.**”

Council Direction: Kitchen - 10

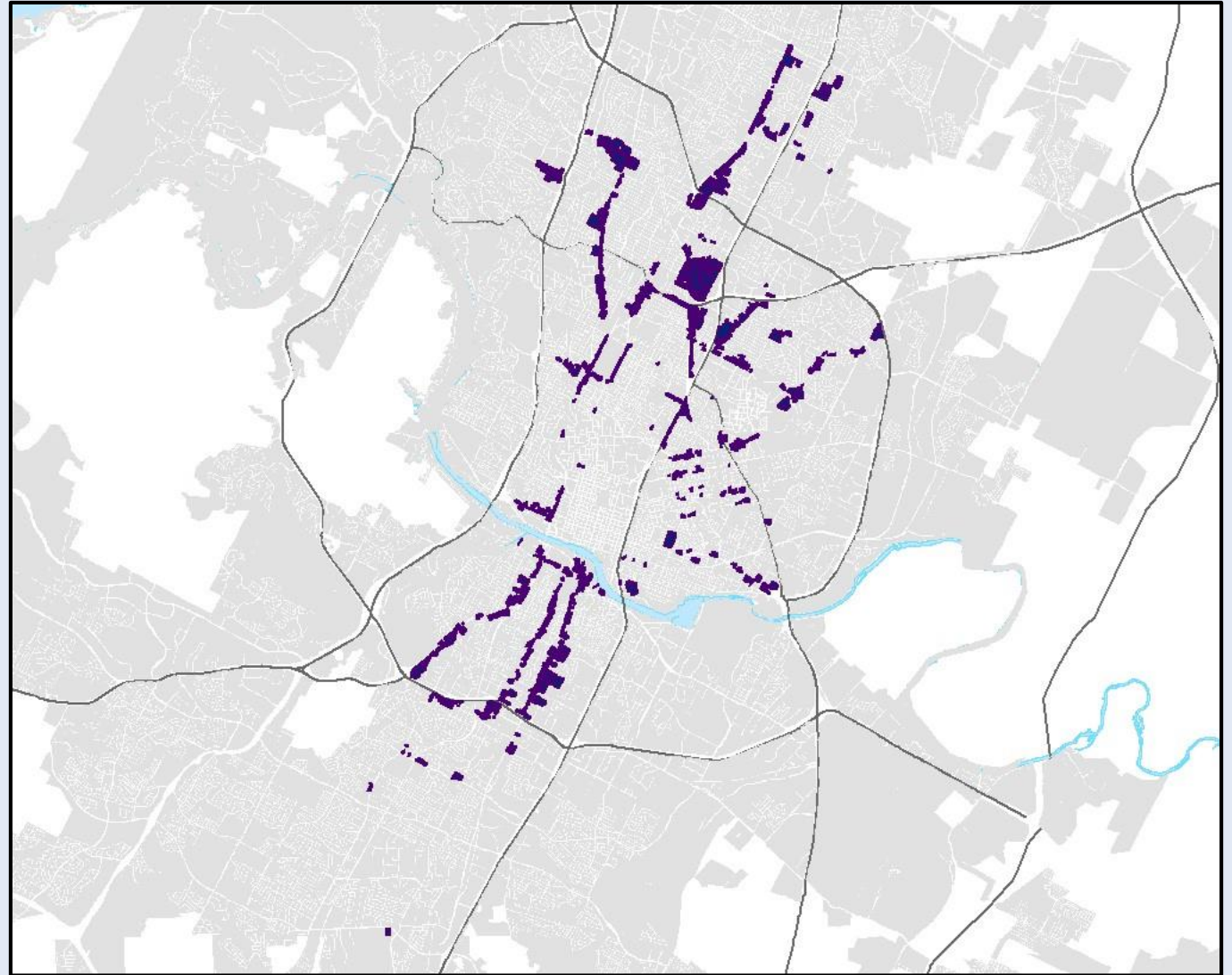
“To ensure broader opportunities for affordability:

1. Explore ways for Properties to access AHBP with **at least 10% set asides**
2. Include VMU in at least every 3-year lookback period/ evaluation cycle to analyze participation and success.”

STAFF RESPONSE: VMU PROPERTIES

New “-V” designation created

- Added a “-V” to the zoning string for properties that currently have a “-V” designation today
- Properties will be required to have at least 10% affordable units
- MFI requirements will be consistent with citywide Affordable Housing Bonus Program (60% rental, 80% ownership)

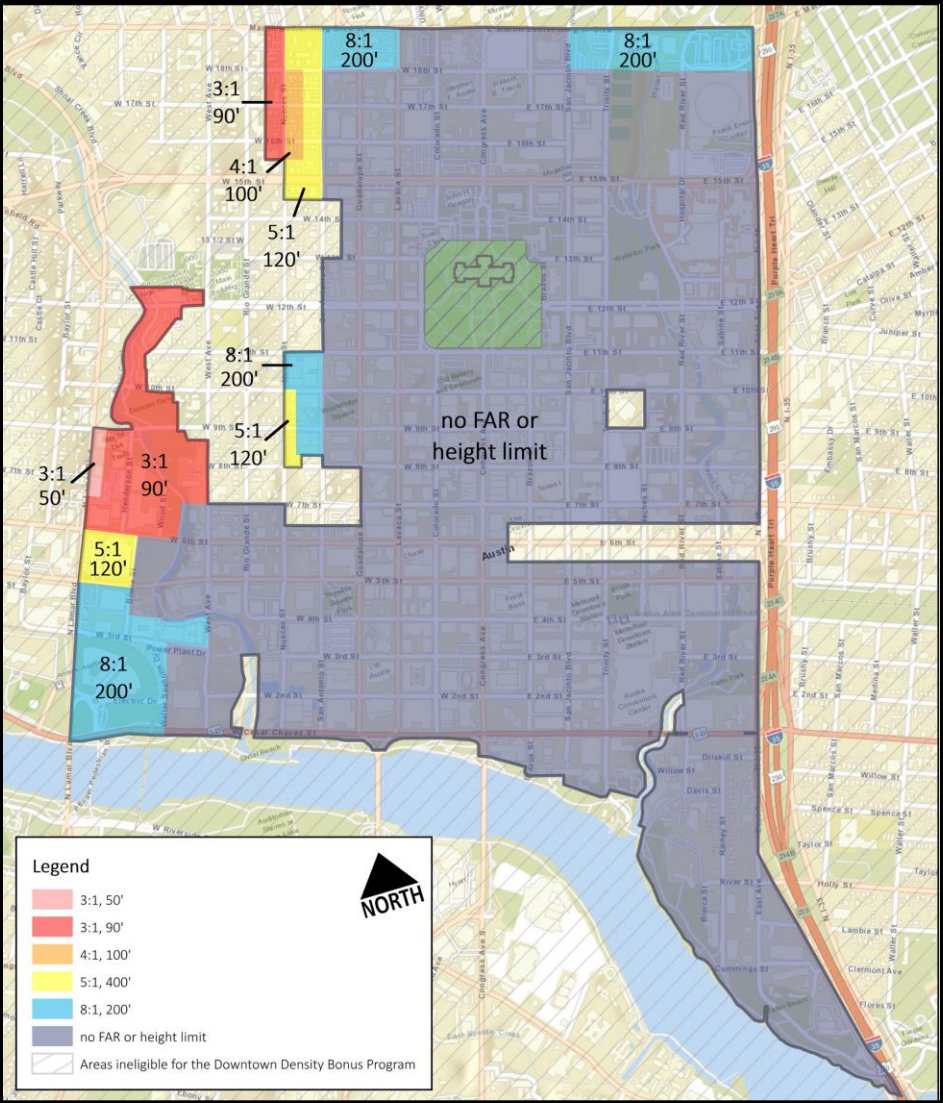


DOWNTOWN BONUS PROGRAM CHANGES

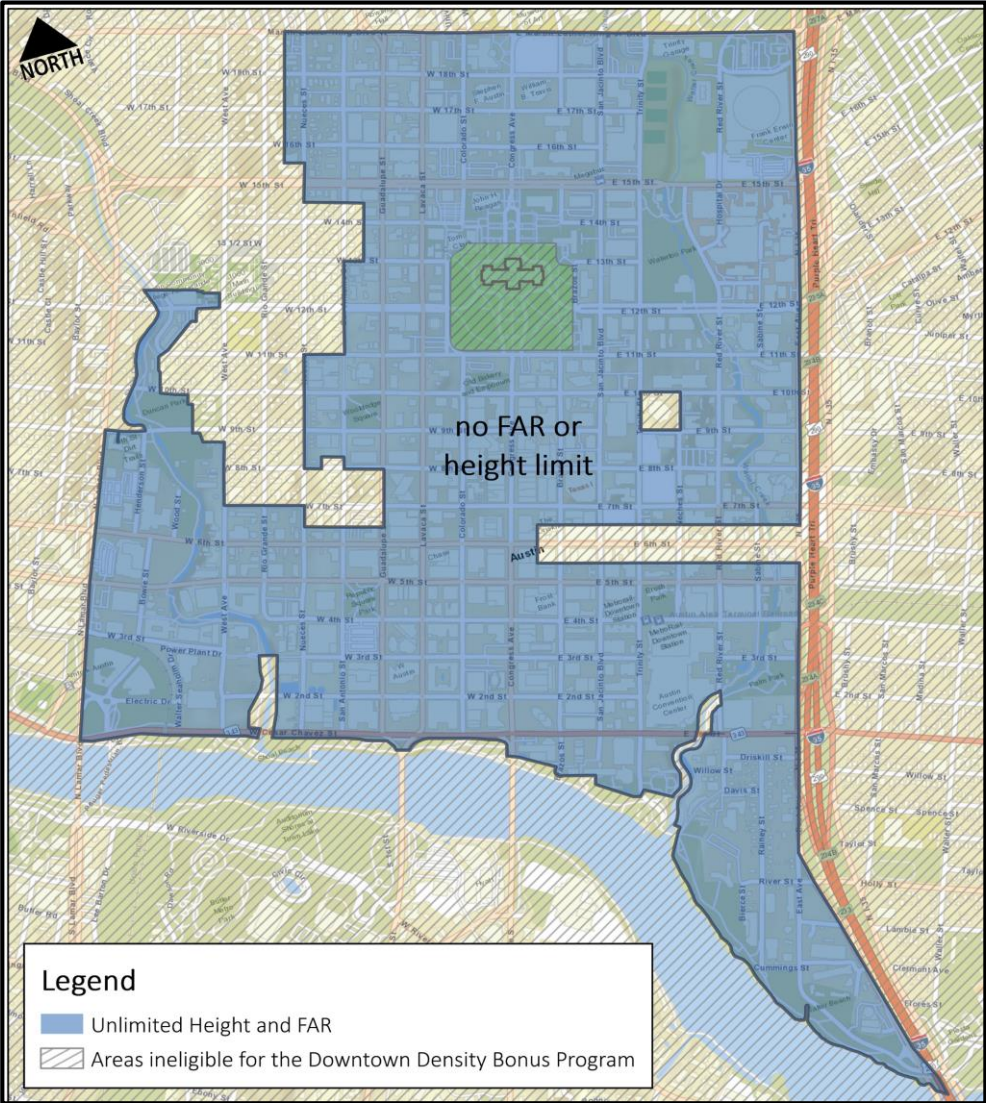
Council Direction

“Allow an unlimited CC bonus across Downtown, except do not map this unlimited bonus in the small area of Downtown where there currently is no bonus, on first reading. Council intends to add a bonus with new height and density in this northwest area on second reading, while maintaining a transition in height to areas that are primarily Residential House-Scale within the Downtown area. This transition in heights is to be considered the transition zone for house-scale areas in the Downtown. Staff and stakeholders should explore options for achieving this goal.”

DOWNTOWN BONUS PROGRAM CHANGES



1st Reading Draft



2nd Reading Draft

OTHER BONUS PROGRAM CHANGES

Rename “-A” designation to “-Q”

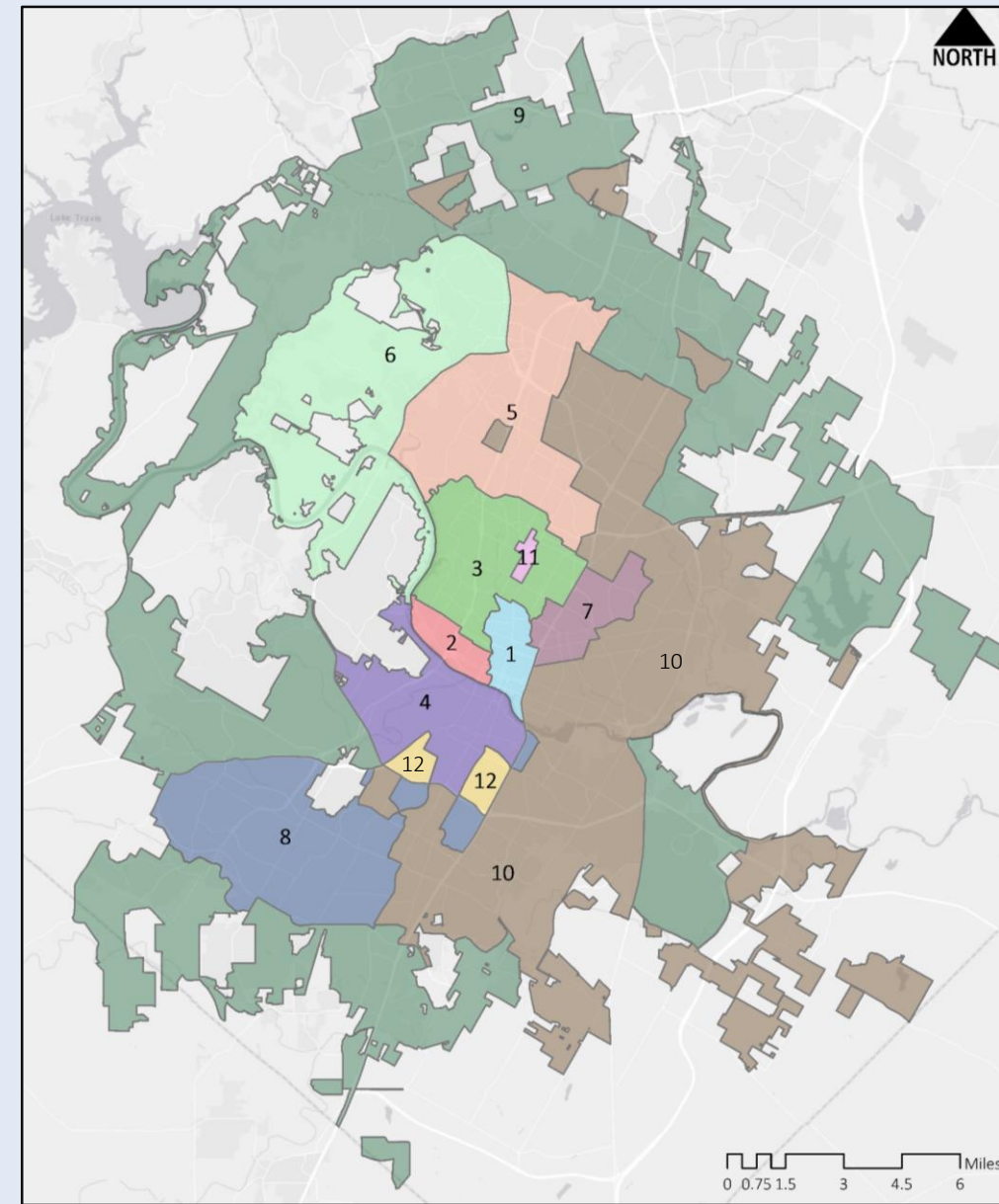
- “-Q” is applied to the zoning string for properties that currently do not have residential entitlements today
- Renamed for legibility
- Affordable unit set-aside is determined based on percentage of total units (all residential units are considered bonus)

Calibration for Affordable Housing Bonus Programs

Calibrating City-wide AHBP

GEOGRAPHIC SPECIFICITY

- Clustered submarkets into simplified policy geographies based on market dynamics
- Refined geographies to reflect “natural” boundaries and Council policy
- AHBP requirements set by geography to maximize affordable unit delivery

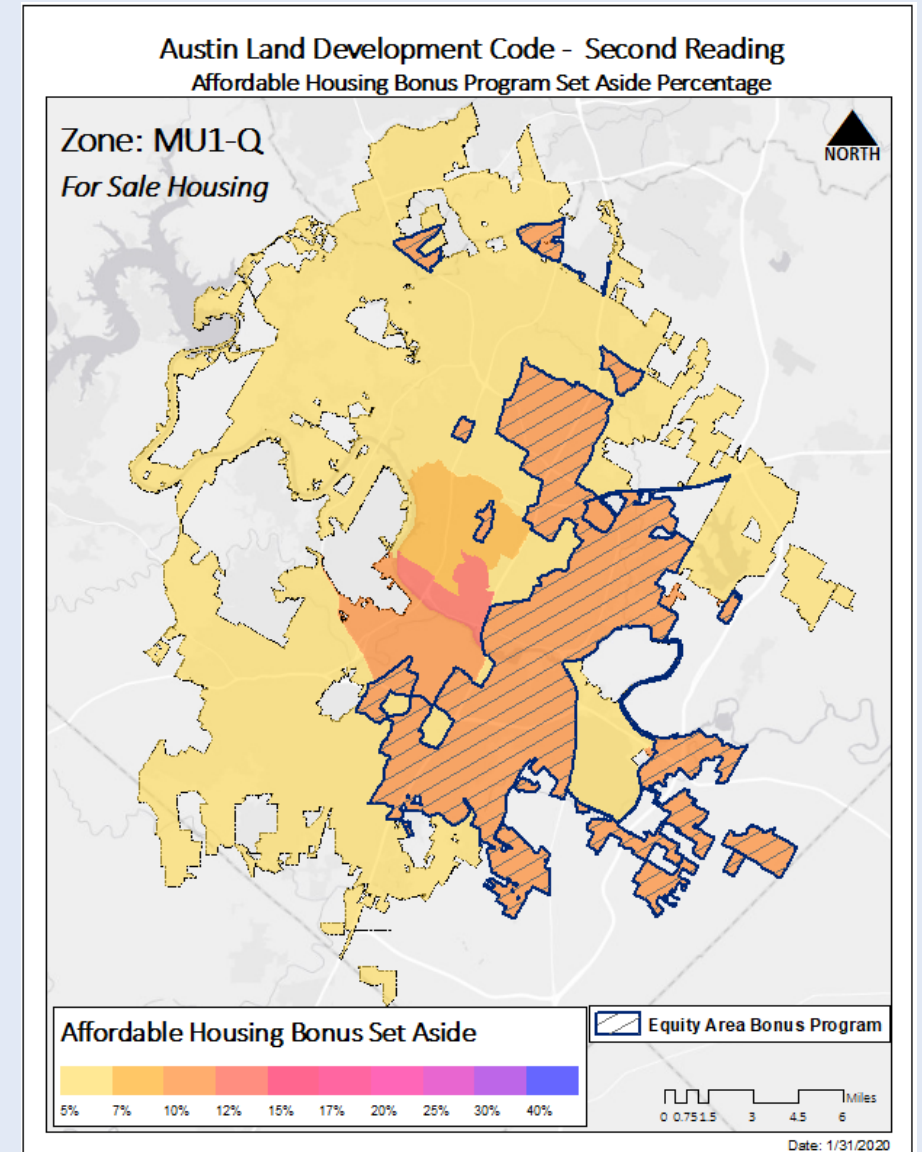


Look for a link to the Affordable Housing Bonus Program Guide on the Land Development Code Revision website: <http://www.austintexas.gov/departments/resources>

Calibrating City-wide AHBP

UNIT REQUIREMENTS

- Approximately 3 to 20 market-rate units can cross-subsidize 1 affordable unit depending on:
 - Zone-specific entitlements
 - Housing tenure
 - Market geography
- Affordability requirements were right-sized to maximize bonus uptake and delivery of bonus affordable units



Look for a link to the Affordable Housing Bonus Program Guide on the Land Development Code Revision website: <http://www.austintexas.gov/departments/resources>

Calibrating City-wide AHBP

FEE IN-LIEU OF ON-SITE AFFORDABLE UNITS

AHBP Calibration Principle:

- Fees in-lieu of delivering on-site units will be allowed in some cases
- Fees-in-lieu are based on the cost of subsidizing affordable units in central Austin*, which will make delivering on-site units more attractive than paying fees in most parts of Austin

Per-unit Fees in Lieu of On-site Affordable Units

| Studio | 1-Bed | 2-Bed | 3-Bed |
|-----------|-----------|-----------|-----------|
| \$135,000 | \$180,000 | \$335,000 | \$440,000 |

This information can be found in the “Affordable Housing Bonus Program Guide” on the Land Development Code Revision website

Note ()*: NHCD defined “central Austin” as the three downtown-adjacent zip codes (78702, 78703, 78704).

UPCOMING SCHEDULE

| | |
|---------------------------|---|
| Tuesday, March 24 | Public Comment |
| Saturday, March 28 | Public Comment |
| Tuesday, March 31 | LDC Third Reading |
| Wednesday, April 1 | LDC Third Reading |
| Thursday, April 2 | LDC Third Reading |
| <i>Tuesday, April 7</i> | <i>possible continuation of LDC Third Reading</i> |

QUESTIONS