

**RESOLUTION ON DOWNTOWN DENSITY BONUS ONSITE AFFORDABILITY ASSESSMENT**

WHEREAS, the calibration report by EcoNorthwest did not include feedback from the developers responsible for providing on-site affordable housing and financing the Downtown Density Bonus fees-in-lieu; and

WHEREAS, on-site affordable housing can be problematic to implement and it has not been assessed as part of the Downtown Density Bonus program; and

WHEREAS, increasing costs through city fees causes developers to charge higher rent or sell at a higher cost per square foot to cover the minimum required Debt Service Coverage Ratio (DSCR); and

WHEREAS, when a condo project has hotel financing which requires all condo owners to use the units as a second residence, providing on-site affordable units to an income-restricted group that also owns a second home is very unlikely; and

WHEREAS, the Residual Land Value (RLV) methodology used in the EcoNorthwest study assumed certain inputs that were compared to a leading provider of CRE data, however with Texas being a non-disclosure state, these reports often contain incorrect prices and ownership, and

WHEREAS, this methodology excludes land contributed as equity, which is also a common real estate practice, and

WHEREAS, developers will not disclose project costs due to potential exposure and therefore, this is not likely an accurate costs basis analysis; and

WHEREAS, the Downtown Density Bonus program incents land owners to sell to developers that are bringing maximum Floor-to-Area Ratio (FAR) for whole city blocks because they can offer sellers the most money for the land,

BE IT RESOLVED BY THE DESIGN COMMISSION OF THE CITY OF AUSTIN:

We recommend that Council directs the City Manager to analyze the barriers to providing affordable housing on site, the efficacy of “best efforts” affordable housing on-site implementation, the challenges in operating on-site affordable units, and the affects the fees-in-lieu have on land acquisition.

BE IT FURTHER RESOLVED:

That the results of this affordability assessment should be used to inform the required community benefits and calibration of fees-in-lieu for the Downtown Density Bonus Program.

ADOPTED: \_\_\_\_\_

ATTEST: \_\_\_\_\_  
David Carroll  
Chair, Design Commission