



**HOUSING &  
PLANNING**

# Density Bonus Programs

January 25, 2022

Housing & Planning Dept – All Staff Meeting

# Overview



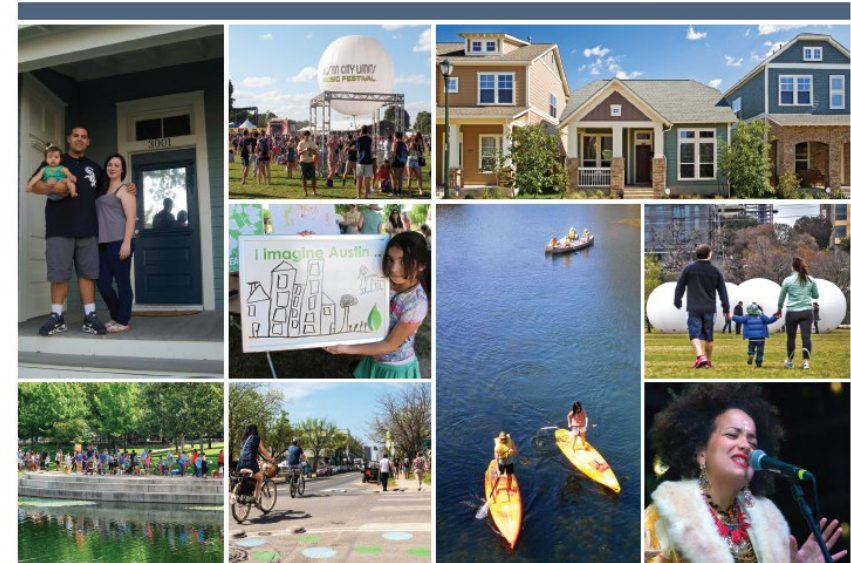
- Background
- Bonus Calibration
- Program Administration & Monitoring
- Built Projects
- Questions



# Austin Strategic Housing Blueprint

- In 2017 the City of Austin adopted a Strategic Housing Blueprint to address the affordable housing crisis
- Goal of 60,000 affordable units by 2027 to close gap
- The cost to close the gap in low-income housing in Austin was estimated at over \$11 billion in 2017

## AUSTIN STRATEGIC HOUSING BLUEPRINT

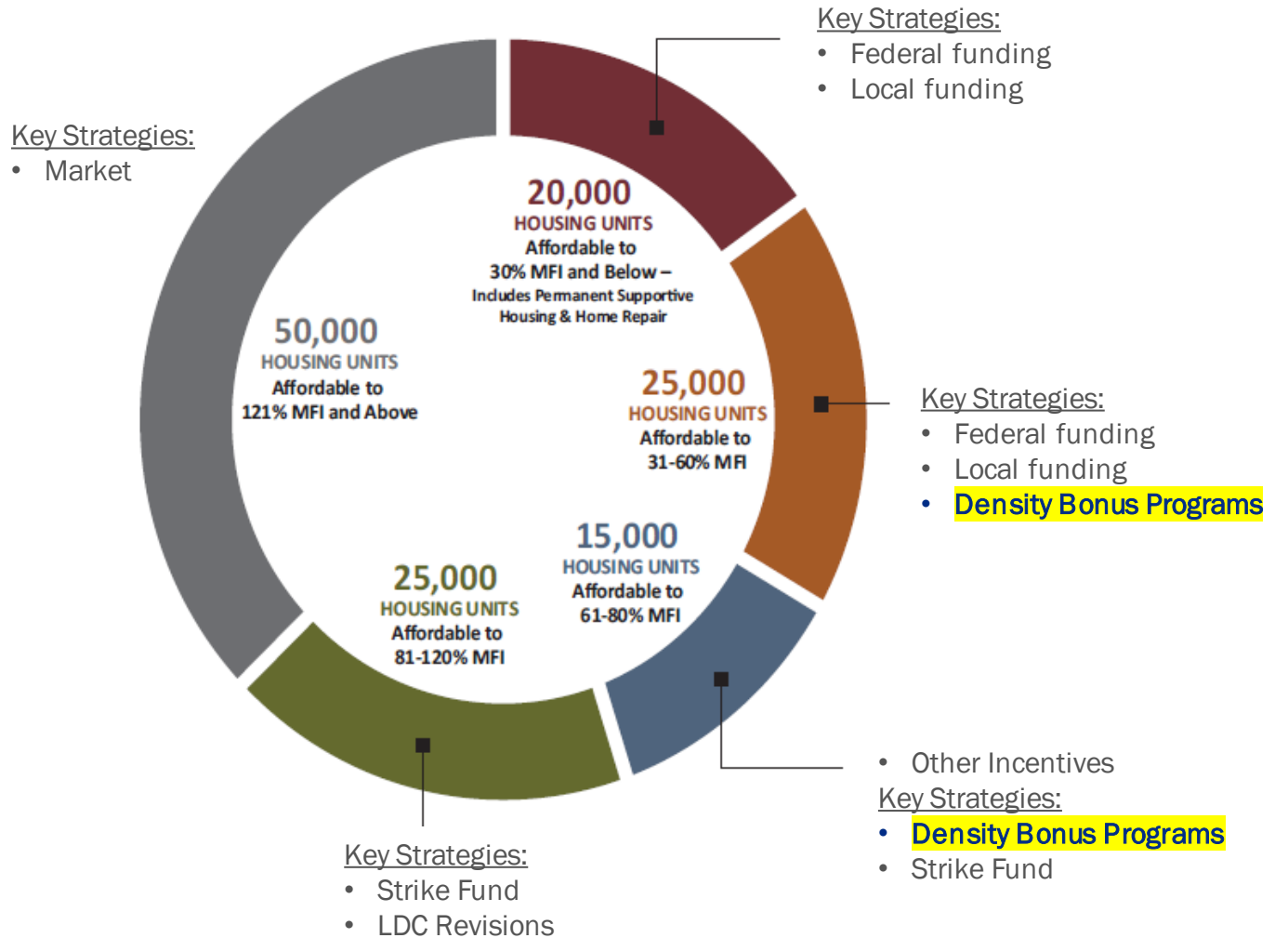


[www.austintexas.gov/housingplan](http://www.austintexas.gov/housingplan)



# Affordable Housing Goals & Tools

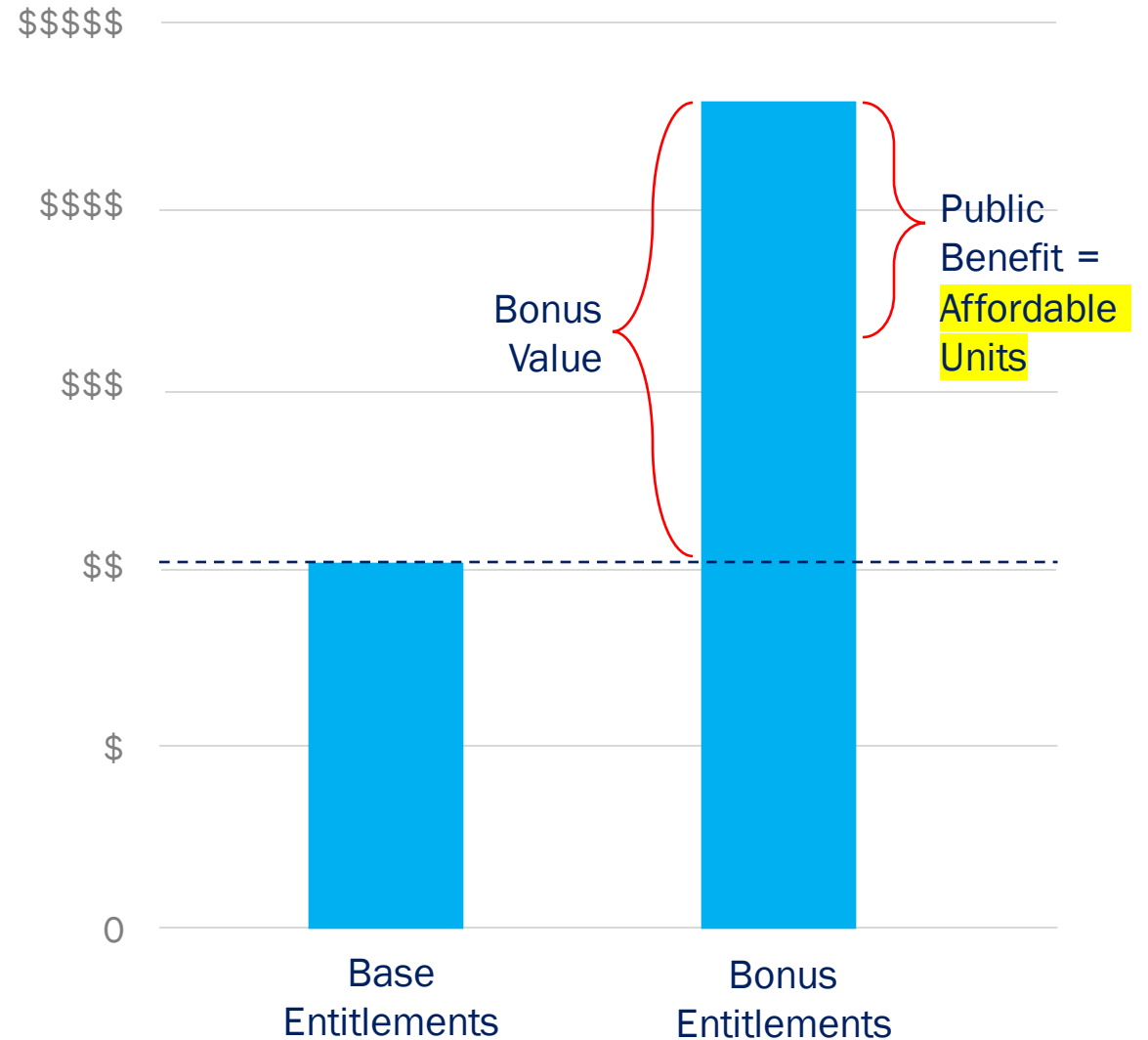
- Goal to create 60,000 affordable units in 10 years
- Subsidize Affordable Housing
  - Local Funding
  - Federal Funding
- Incentivize Affordable Housing
  - Density Bonus
  - Fee Waivers
  - Regulations



# Density Bonus Program Basics

## What is a Density Bonus Program?

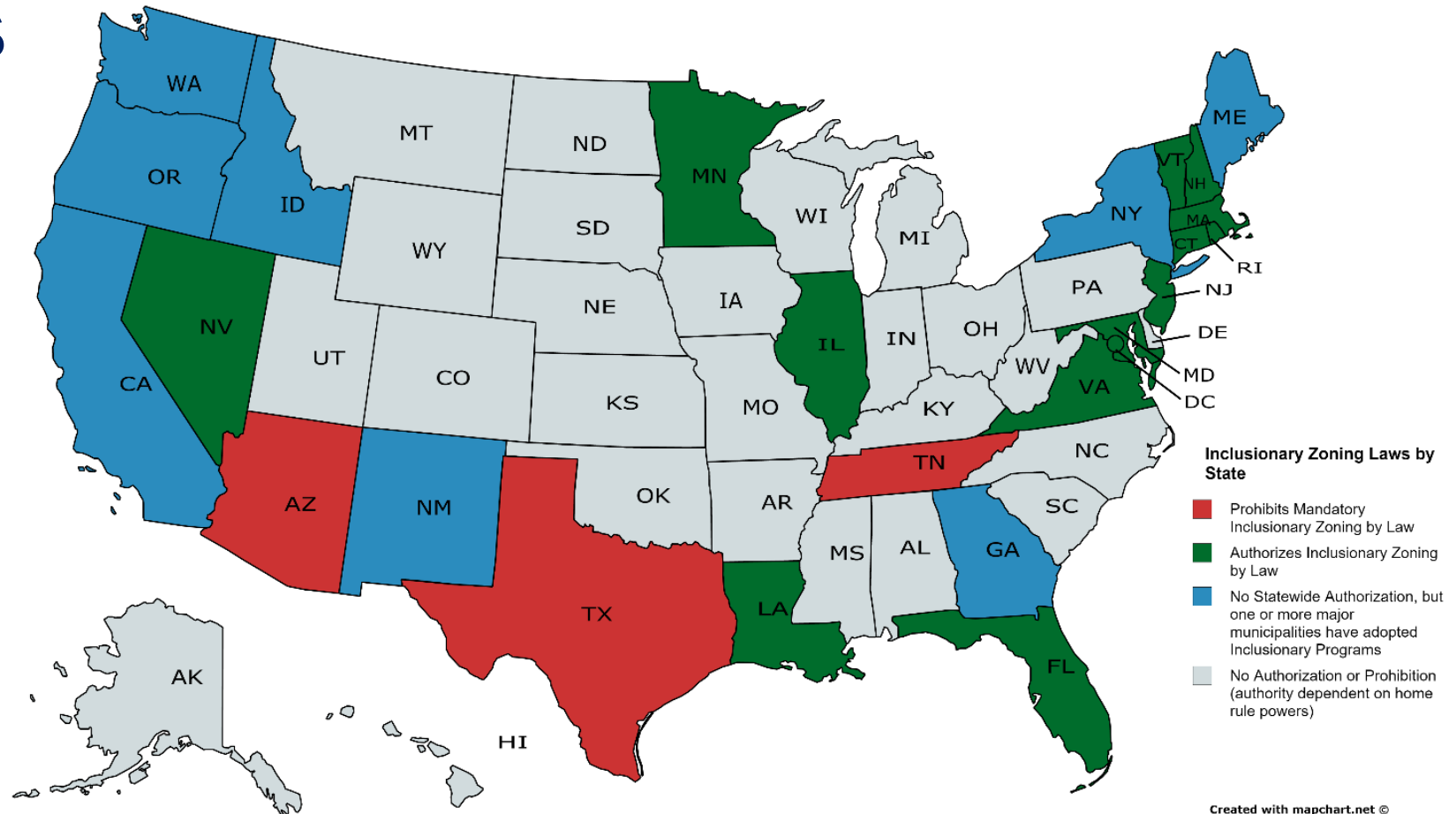
Density bonus programs provide additional height or density (additional units) in exchange for community benefits such as affordable housing



# Affordability Tools Banned in Texas

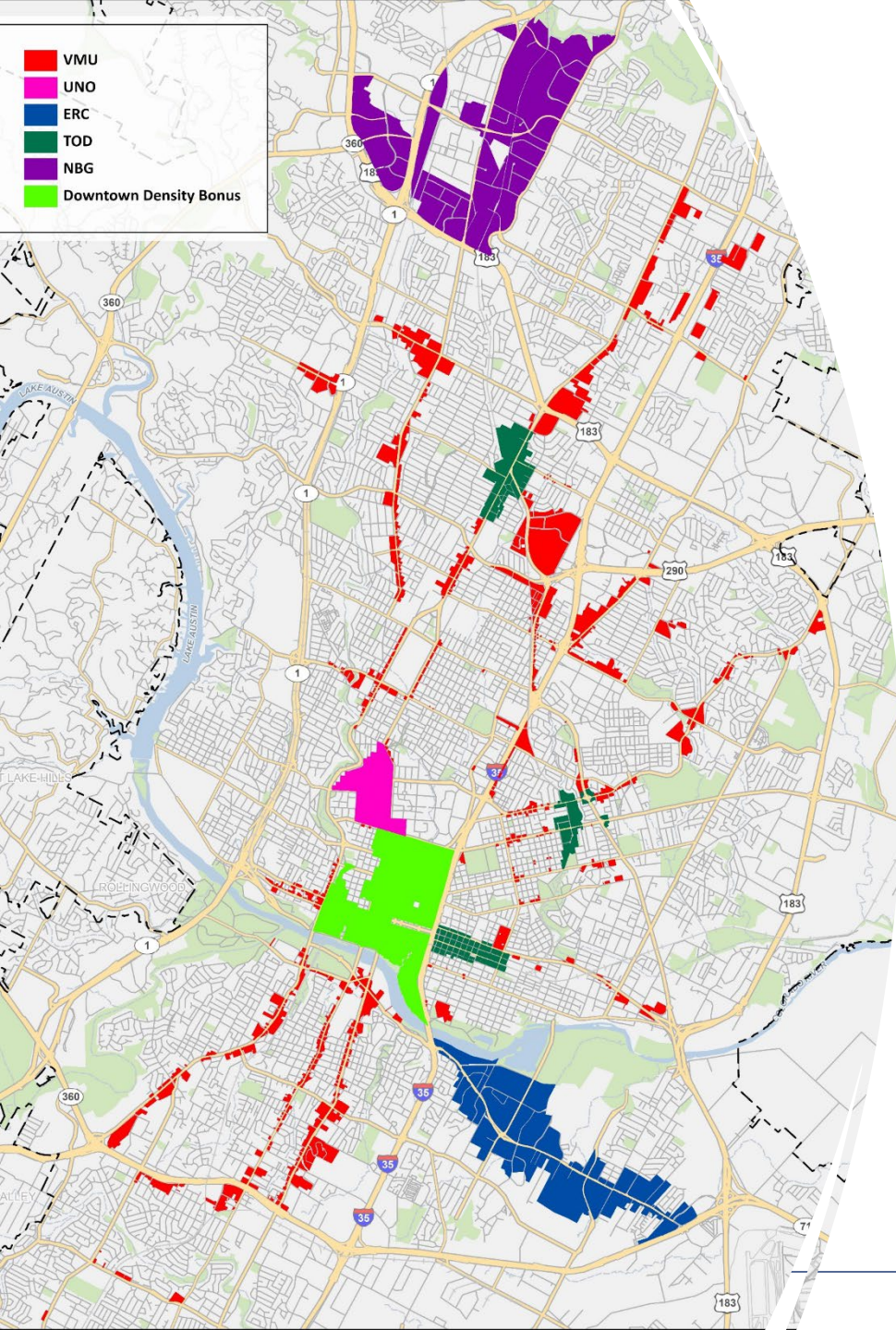
- Inclusionary zoning
- Rent Control
- Mandatory Housing Voucher acceptance
- Linkage/Impact Fees for affordable housing
- Real estate transfer tax
- Income-based property tax adjustments
- Local minimum wage increases

## Inclusionary Zoning Laws by State



Source: [Grounded Solutions Network](#)





# Current Density Bonus Programs

## Citywide:

SMART Housing

Affordability Unlocked

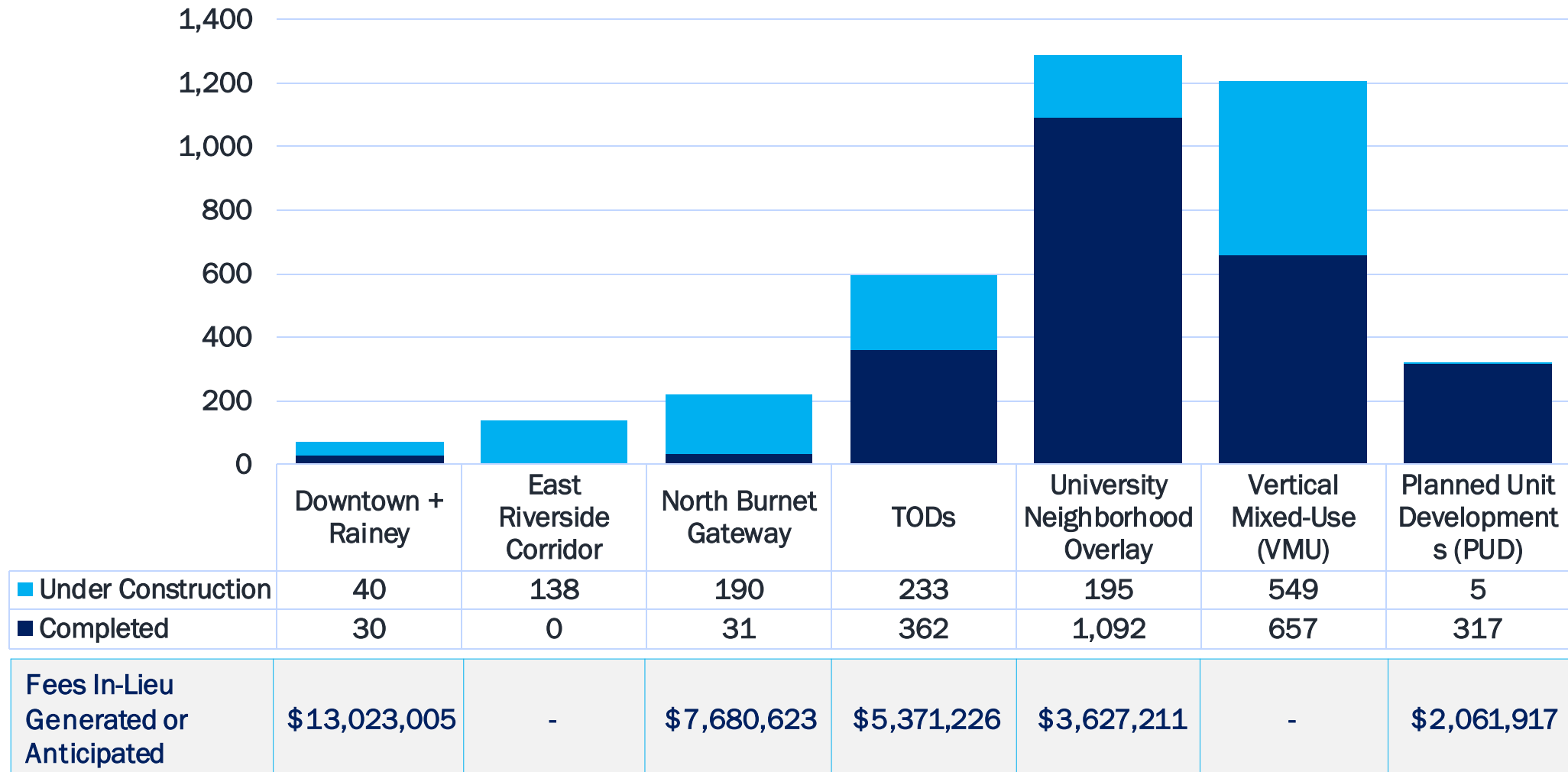
Residential in Commercial (*Adopted in December 2022*)

## Geographically Specific:

- Downtown (+ Rainey) Density Bonus
- East Riverside Corridor Regulating Plan
- North Burnet Gateway Regulating Plan
- Transit Oriented Development Regulating Plans
  - Plaza Saltillo, MLK, North Lamar/Airport
- University Neighborhood Overlay
- Vertical Mixed-Use (VMU)
- Planned Unit Developments (PUD)



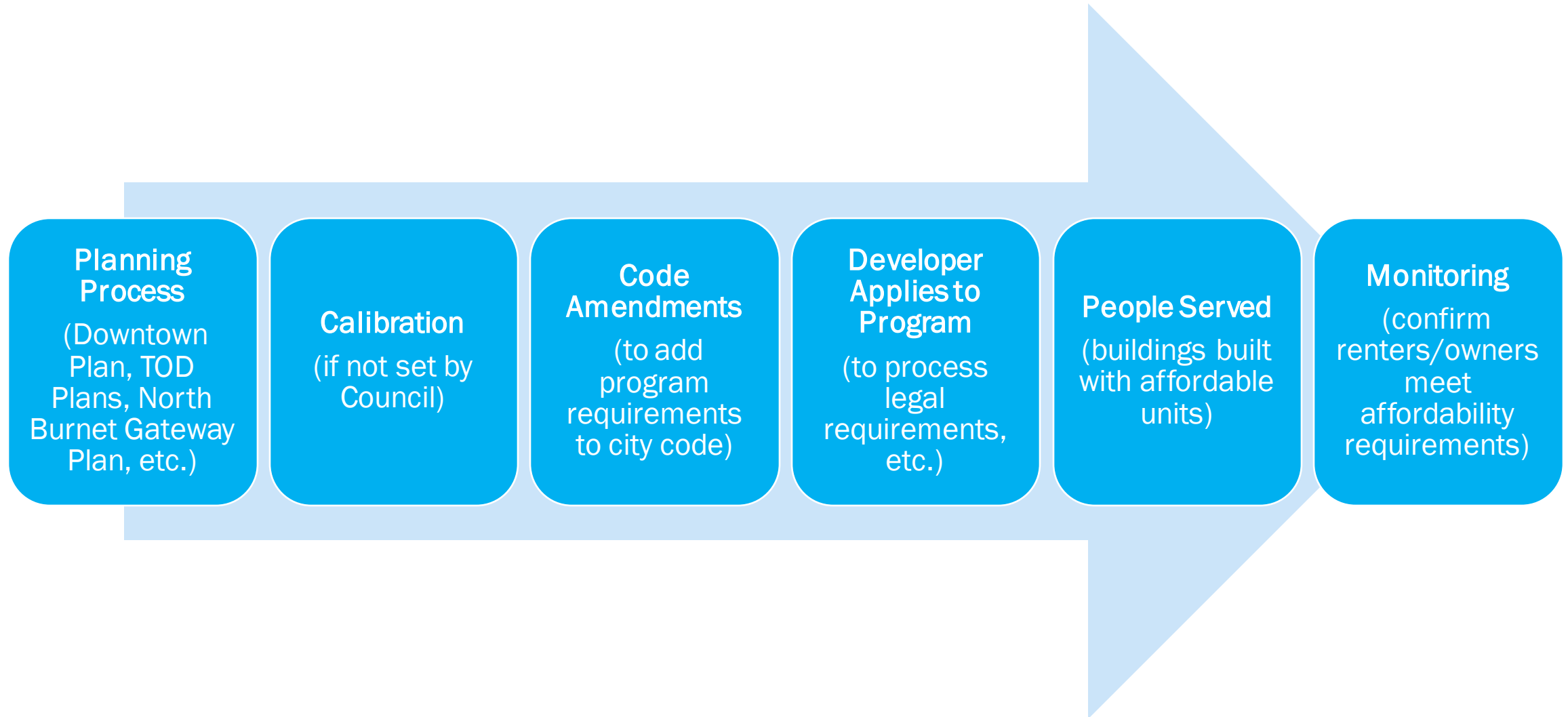
## Affordable Housing Units Created by Density Bonus Program Participation





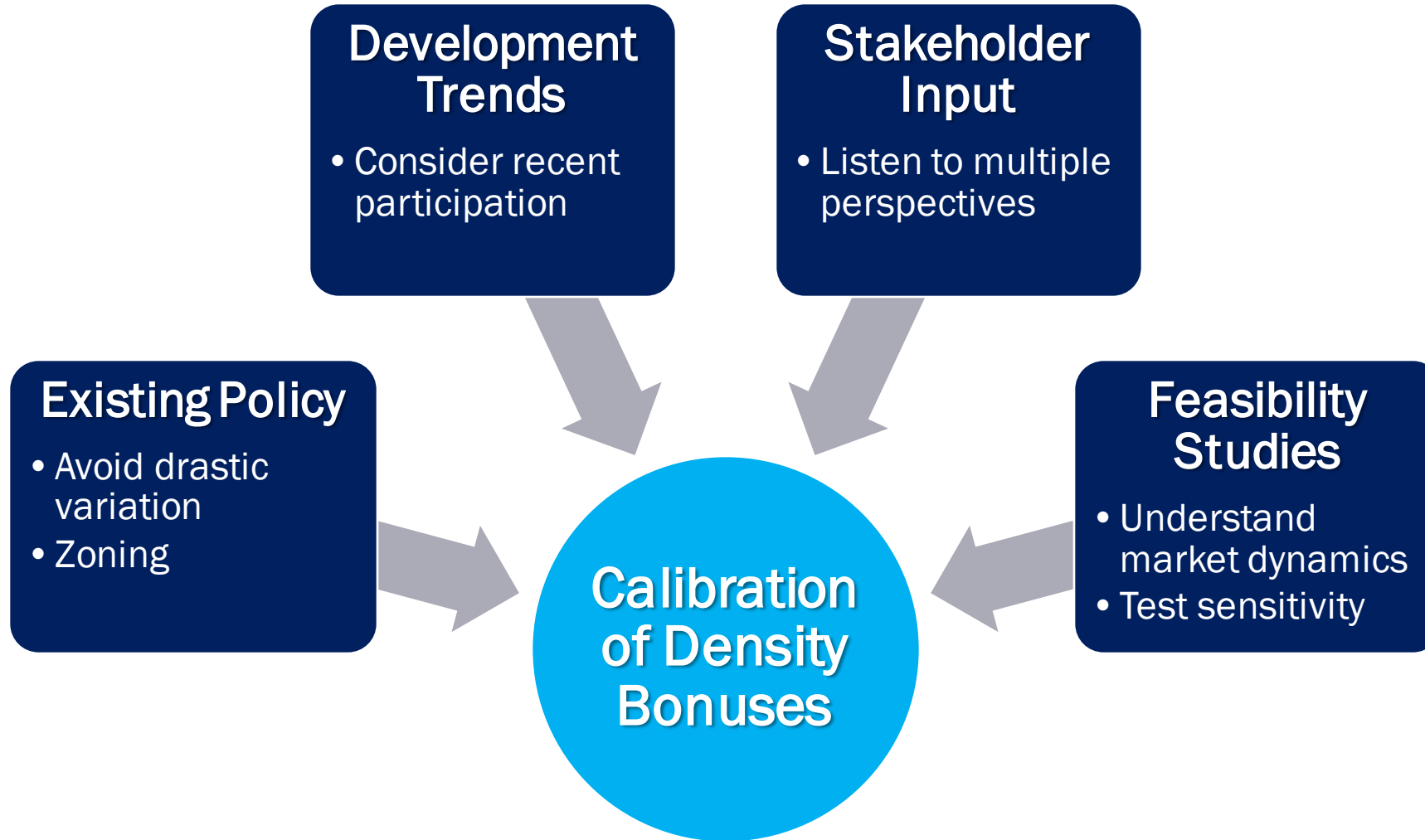


# Density Bonus Program Process Flow





# Density Bonus Calibration

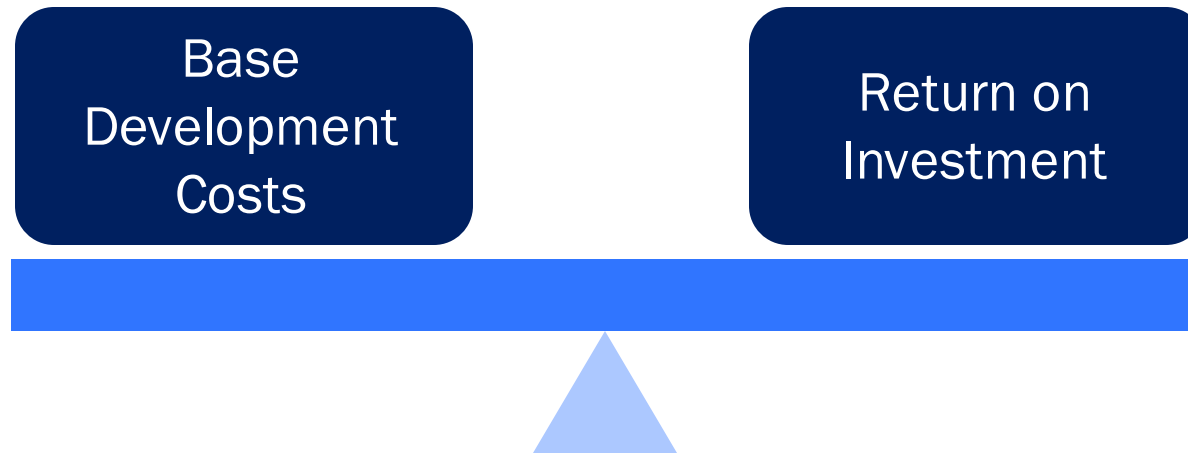


Based on findings from [Strengthening Inclusionary Housing Feasibility Studies](#) from Grounded Solutions Network



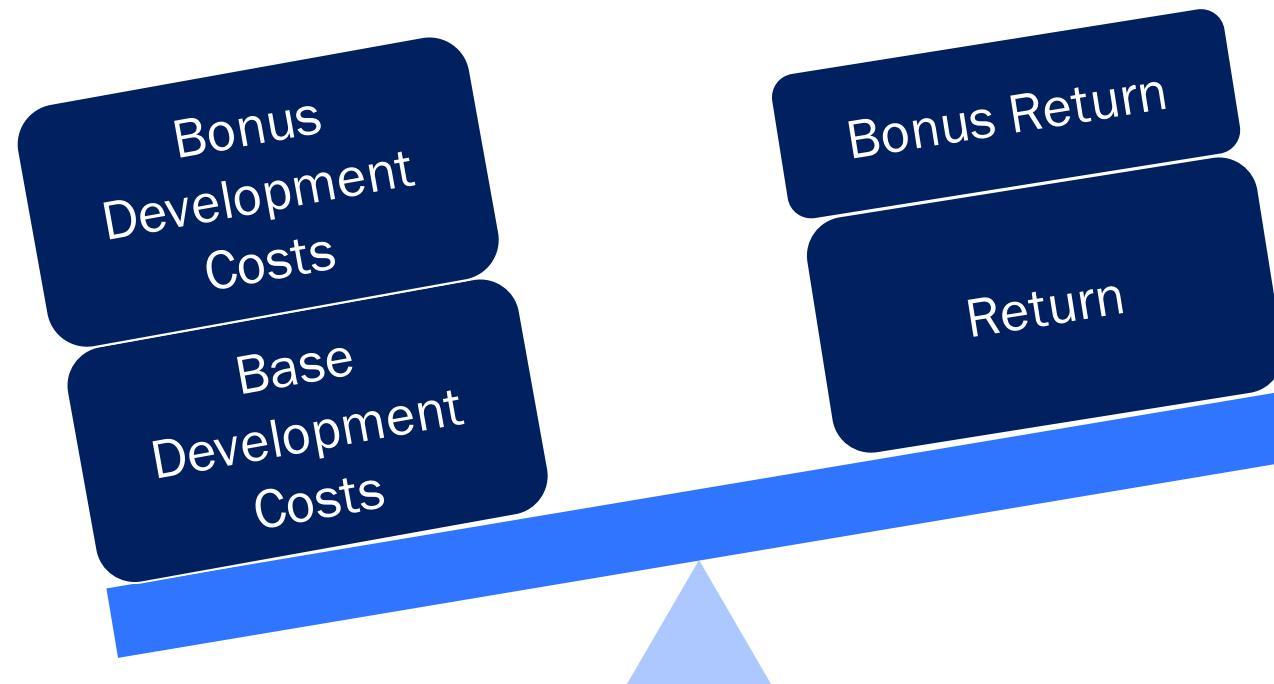
Development is pursued when anticipated returns at least balance out development costs

- Land
- Hard Costs
- Soft Costs



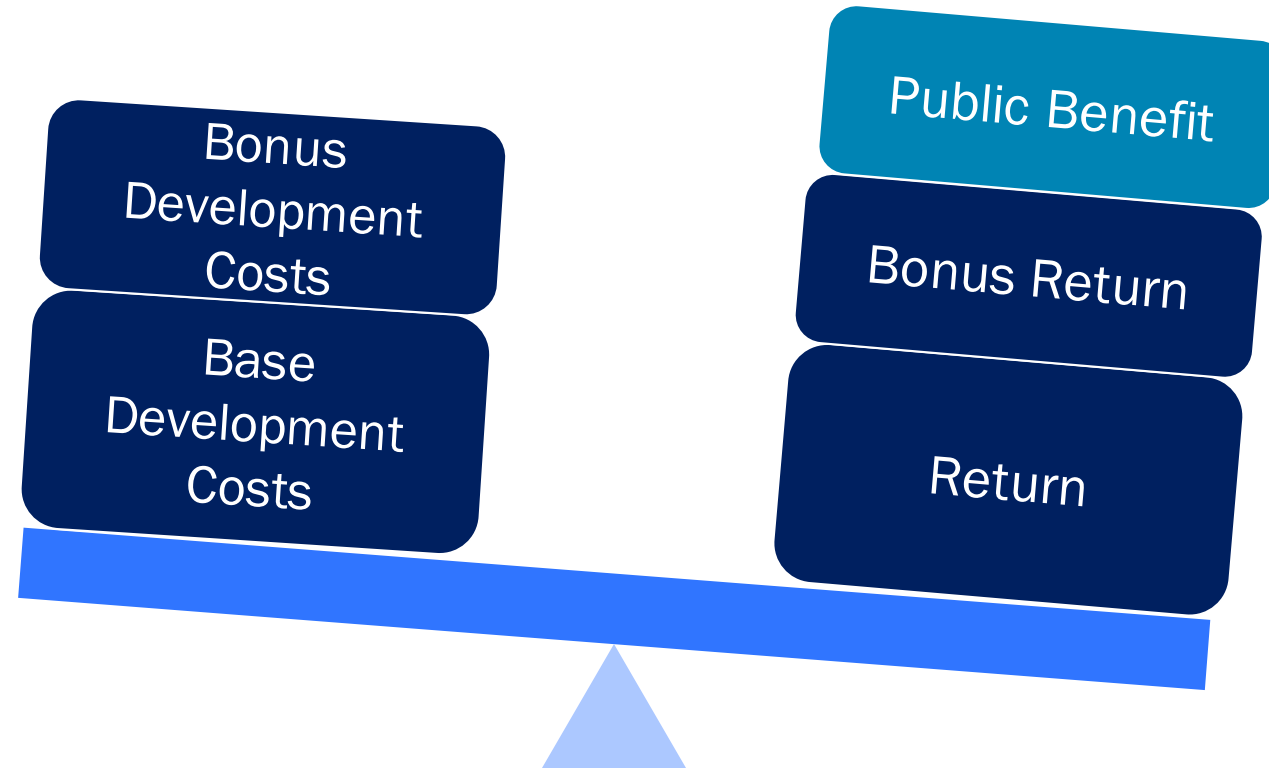


If increased density leads to reduced returns, density is not pursued.





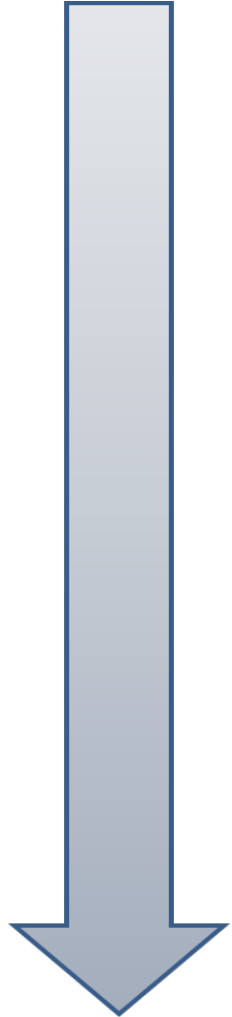
A fee can only be supported when the yield on the bonus density is greater than the inherent risk of building more.







# Density Bonus Program Administration



1. Submit Application to HPD
2. Application review (5-10 business days)
3. Application is complete and meets program requirements then Certification letter is issued (\*for Affordability Unlocked, agreement must first be executed)
4. Project Enters Regular Development Process
5. Building Permit Issued – HPD places Admin Hold
6. Prior to release of Certificate of Occupancy, Architect/Engineer letter must be submitted, and Affordability Restrictive Covenant recorded
7. HPD Releases Admin Hold
8. Project Enters Compliance/Monitoring Stage



# Density Bonus Program Monitoring

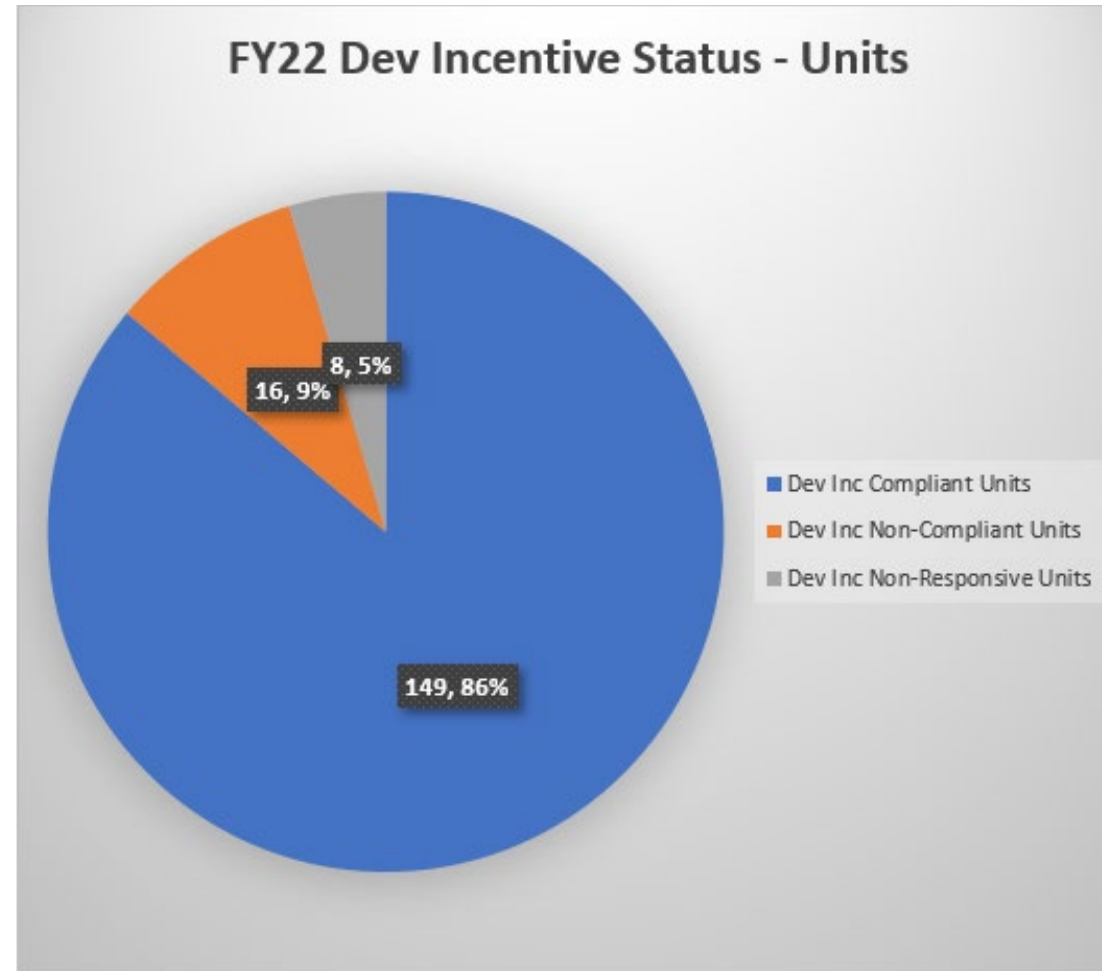
## Monitoring Process

- Annual risk assessment
- Portfolio divided roughly into thirds
- Randomly select 10% of affordable units during review
- Rent/income certifications performed by third-party contractor



# Density Bonus Monitoring Results - FY22

---





## Density Bonus Projects Monitored - FY22

1141 Shady Lane Mixed Use	Flatiron Domain
Harris Branch Senior Apartments	Moontower
Ellora Apartments	The Quincy
Callaway House Austin	Hilltop
The Corner	44 South
UH 2100	MLK Station Apartments - West Phase II
Alexan East 6th Street	Nexus East
2106 Chicon Street	2008 East 10th Street Unit B
Ruckus on Nueces	Aura on Lamar
Elan Parkside Apartments	4910 East 7th Street Multifamily
Inspire on 22nd	MLK Highline
Mosaic at Mueller	1123 Walton Lane
Candela Apartments	1125 Walton Lane
The Villages at The Domain	Texan Tower
The Residences at The Domain	Texan Shoal Creek
Muze Student Living	Texan at Pearl
The Korina	2608 Salado
The Creekview Apartment Homes	70 Rainey Street
Travis Flats	Texan North Campus (Uptown Lofts)
Pathways at Goodrich Place	Greyshire Village
Highland Phase II - North	ACDDC Alley Flat – 1608 Cedar Ave
Ruckus 2.0	Yellowstone Apartments
44 South	1209 East Apartments



# VMU-Developed Building: *Lamar Union*

1100 S Lamar Blvd

Total Units: 441

Affordable Units: 44

Tenure: Rental

Year Built: 2015

Affordability Expiration: 2056

Council District: 5







HOUSING &  
PLANNING

# University Neighborhood Overlay-Developed Building: *The Corner*

2504 San Gabriel St.

Total Units: 210

Affordable Units: 42

Tenure: Rental

Year Built: 2017

Affordability Expiration: 2057

Council District: 9





# TOD Developed Building: *The Arnold*

1621 E. 6<sup>th</sup> St.

Total Units: 346

Affordable Units: 66

Tenure: Rental

Year Built: 2017

Affordability Expiration: 2057

Council District: 3





# North Burnet Gateway Developed Building: *Flatiron Domain*

10727 Domain Dr

Total Units: 279

Affordable Units: 28

Tenure: Rental

Year Built: 2019

Affordability Expiration: 2059

Council District: 9





**HOUSING &  
PLANNING**

Questions?