

# Housing and Planning Committee (HPC) meeting Transcript – 9/6/2023

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We are a-t-x-n the City of Austin's Government Access Channel is Natasha harper-madison. I

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is Natasha harper-madison. I want to wish you all a good afternoon. I am Austin city council member Natasha harper-madison and I'm the chair for this housing and planning committee. It appears as though we have a quorum. We're meeting in city hall today at in Austin city hall chambers in Austin, Texas, September six, 2023. We're H. By the way, side note, my birthday is coming up. Me me council member Fuentes and council member vela were all born on the same day. So on September 28th, we're going to celebrate a birthday party in council atrium. So just so you know, you're invited to the birthday party. It is now 2:02 P.M. And I call the meeting to order before we begin diving into our agenda, I'd like to allow our guests in the audience to speak on the items that they've signed up to speak on. So, clerk, can you please begin

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So, clerk, can you please begin calling up speakers. >> Carol Vicki sorry. Carol. For jet ski. For jet ski. Thank you . And then after Carol, we have Karen pop. >> Good afternoon, madam chairman. Council members. My name is Carol Biedrzycki. I am here today in regard to item number seven on your agenda, which is the health south project. I don't know where to start. I was hoping to view the presentation Ann or view the staff presentation before I got to speak today, but that hasn't happened, so I will begin by saying that I am here because I belong to a group called Austin women in housing. We are a

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women in housing. We are a networking group that's made up of women in Austin and the central Texas area who are interested in affordable housing and community development. We worked on in this healthsouth project back in 2018 and 2019 after the city purchased the property in 2017. To make a long story short, we were not really happy with the content of the aspen heights master plan because it didn't do enough to provide affordable housing in the city. So as you look at this again, this is one of the issues that at one of the elements S of the redevelopment that I would like to bring to your attention , the staff presentation is 40 pages long and I have to say

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pages long and I have to say that I really didn't absorb all of that content or even understand it. But at a point that I would like to make to you today is that as you move forward on this project, number one, we believe that it is very important to reassign the lead of the project to housing from economic development. We believe that that was a shortcoming of the original rfp and we strongly support that recommendation. Secondly I would like you to take some more steps from the staff proposal, and that is to actually re identify the needs that we have for affordable housing and set specific civic goals for the developer to meet to provide those housing units. That's something that you can't allow the market. If the market

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allow the market. If the market is going to dictate that we are not going to get afford viable units for people at 50 and 30% of the median family income. So we have to force, we have to force where this project goes. You can't just expect to throw a proposal out there and magically have a solution come back that meets the needs of the people in the city. There have been several referendum for like affordable housing bonds that people have outstandingly supported. The vote very much for your testimony. >> I would like for you to complete your statement, but your time is expired. I understand. >> I understand. Thank you. And my point is, is that people in this city support affordable housing. They have approved affordable housing bonds and if it takes city subsidy in order to make this project work, to serve the people who need housing downtown, then do it. Then that's the way it should roll.

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roll. >> Thank you very much for your testimony. Thank you. We appreciate you coming out today . Clark, if you wouldn't mind calling up the next speaker. >> Karen pop up and David Carroll, mister Carroll, if you're in the room, if you wouldn't mind making your way forward. >> Thank you. >> Good afternoon. I'm here to speak on healthsouth. And the point that I'd like to make is I've looked through the backup material and I looked at the speak up feature that the city had for getting the citizens thoughts about healthsouth. And the thing that really struck me was that three quarters of the respondents and I understand from staff it was a good rate of response that three quarters of those respondents picked a category that sounds like a lot of low paid downtown workers. Hospitality health care and service industries. These are jobs that these are areas of work that that have a range. But

[2:07:32 PM]

work that that have a range. But many people in these fields are in very low paying jobs like nursing assistants or a lot of the service industry workers. And there are people who are at 30% of median family income. So if we look at that, that somebody who can afford a rent of about \$790 a month, and if we think about making housing available for people at 60% of median family income, that's twice as much. That's double the cost of rent. So if we leave it to the respondents to an rfp to pick the mfis, they're going to go to the highest mfi they can like 60% or 80. And that's way off the mark in terms of what our low wage downtown workforce can afford. So I encourage you to include in the rfp language that emphasizes getting a response for housing units that are affordable for people in those really low wage downtown jobs. Thank you. >> We appreciate your testimony.

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>> We appreciate your testimony. Mr. Carroll. Thank you. >> Council members. My name is David Carroll and I'm here today representing air Austin, speaking in support of item number three as licensed architect, we are entrusted by the state of Texas with protecting the health, safety and welfare of all building occupants. This responsibility includes promoting the physical, emotional and social well-being of building occupants by enabling equitable access to all building features. As unfortunately, Austin's building code. The 2021 international building code allows for unequitable design and that it allows for bedrooms to be built without windows. As research has shown, reduced access to daylight can cause occupants to develop many physical and mental issues, including depression, anxiety, stress and sleep

[2:09:34 PM]

anxiety, stress and sleep disorders. Several other cities in the United States have already identified this issue and amended the building code in their cities. We are asking that Austin do the same. Air Austin believes the proposed building code amendment aligns with the city's adopted housing priorities. And

we strongly encourage you to support this for higher quality housing for all. Austinites thank you. >> Thank you for your testimony . Clark are there more speakers? Yes we have two more. >> Michael Whelan and Stacy roan . >> Miss roan, if you wouldn't mind making your way to the front of the room if you're present. Thank you. >> Thank you, Michael Whalen, on behalf of Texas global equity partners and Texas growth fund, I'm going to refer to them together as Teague. With me today is also rob Gritz, the CEO, and Jared Mermis, the managing director. Stacy roan, I

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managing director. Stacy roan, I hope will be here in a second. Teague is the investment fund that has been involved with healthsouth for more than three years. They are proven experts at large scale developers financing. Teague is a local company that has been here for decades and has been involved and committed to this project since inception. As you might imagine, there are plenty of nice to haves on the list of requirements for this redevelopment. One project simply cannot solve all the city problems through various community benefits. It just weighs down the project until it tips over and ultimately dilutes the impact of the project. Ultimately at its core, healthsouth is an opportunity to help address the affordable housing challenge edges that face us without within a mixed use environment. And the project is a way to include nearby downtown, off site affordable housing opportunities in a counter-cyclical financial market, financing on the terms that Teague can offer is unique and valuable to ensure the development of housing. Teague

[2:11:34 PM]

development of housing. Teague is offering a new approach to healthsouth under the existing paradigm, achieving on site affordable units developing over 200 units within one mile of the site for affordable housing and contributing at least \$10 million over a six year period to the city of Austin affordable housing trust fund in addition, the property tax benefits of a successful large scale mixed use project of approximately \$16 million per year, with 4 million going directly to the city of Austin every year, can be offered to create hundreds of affordable housing units over the next several decades. These are the priorities for Teague and for the city council. The value of Teague's approach is multi-layered. In addition to the distribution of funds to the affordable housing trust fund, the mixed use development would contribute to the general fund through the property tax, in contrast to a site with only affordable housing in addition, many of the sites within a mile would serve as affordable student housing, which is sorely needed. Teague is also actively working to finance affordable housing that is on important

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housing that is on important corridors just north of campus that could support student housing, workforce, housing or senior housing. All options that the Austin economic development corp could review these additional options are within 2 to 3 mile radius of the site. Teague can accomplish what will be presented later today. Maximize affordable housing and include community benefits. Despite the difficulty of development today. And you're going to hear more about that from your presenters. Candace Owens at large have changed and yet Teague can provide more flexibility given the financing it utilizes. We would like to work with edc on maximizing community benefits, given the financial pool conditions and construction costs. A local partner like Teague can do this quickly. We request that it be given the opportunity to collaborate with edc in delivering upon the community benefits within a mixed use development without delay. Thank you very much, chair. Thank you so much for your presentation, madam chair. >> I think we had oh, did you

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>> I think we had oh, did you have some questions? I do. Just please go ahead. Vice chair I was wondering if you could just help us understand kind of look back a little on just how long it has taken us to get here. >> I know as as we talk later today about some of our options , if we do go start the process over through an rfp, just how long from even the rfp to today are we with your client? What. The process is? >> I was looking at an old council member posting, started the purchase of the property was December 2016. And I think the first ifc was 2018. I believe. And then the rfp came out in 2020. Okay so it's been about four, four and a half years since the first ifc, probably three and a half years. And I'm sure staff will be able to be

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sure staff will be able to be more precise. But it's been over four years. Certainly and more than five years since the seven years, I guess since the purchase occurred. >> And just so I understand, I think this is what you were saying, but I want to clarify. You mentioned something about either it's a new proposal or adjusting the current proposal that, you know, in recognition of some of the changes, just I caught a glancing bit of that. I just want to make sure I heard correctly what what it was that you were. >> I think given where the market is and you're going to hear a lot more about that. I think cbre has a presentation that was referenced a few minutes ago. The reality is there are extraordinary opportunities with existing partners like Stacy Roane and others to invest and get built at a much faster rate, meaningful housing quickly be within a mile of the site or within 2 to 3 miles. If you want

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within 2 to 3 miles. If you want to even exceed your what you could possibly do on site along with some on site. It's just a balancing act if it's going to be, you know, X number on site, then it might be a bigger number off site and vice versa. If the number on site increases, the number off site might would obviously decrease. But I think the concern is if you're going to do a tax credit deal and I saw the proposal was for hfc to lead, I think you're going to you're going to find no property tax benefit. You're going to be vacuuming up tax credits that could be used elsewhere in the city rather than at this one site. And miss an opportunity to have a mixed use tap property tax site here that could generate meaningful dollars not just through the financing \$10 million over a six year period for affordable housing, but also property taxes as well. So I just think there's a lot of opportunities and I think edc is well equipped to with professional help from outside,

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professional help from outside, which anybody would want and need to make sure you're getting the right deal as fiduciaries of this property would be able to evaluate and assess in terms of options. Thank you. >> Thank you, madam chair. You bet. >> Thank you for your testimony . Are there any other speakers. Please identify yourself as you approach the podium. Thank you. >> Hi, I'm Stacy Roane and I am with big Austin and big stone. >> And I do want to speak in support of Texas growth fund as they move forward to try to put affordable housing in Austin. Big Austin has been a part of Austin for about 27 years. We started in the city of Austin in the past five years we have grown into an organization that has sought to develop, develop affordable housing. We purchased 38 acres in northeast Austin. I am born and raised in this

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am born and raised in this community and I've seen the growth in this city and the lack of affordable housing. So I understand your interest in ensuring that affordable housing is built here. And as a fourth generation austinite and starting the east 11th street project, participating in seven years for Robert Mueller, I've seen how projects that are developed to ensure affordable housing do not not provide the affordable housing for people of color and people who have grown up in this community for many years. We've been forced out. And so our efforts at big Austin and big autozone have been to develop affordable housing throughout northeast Austin. We have been dispersed and pushed away. Texas growth fund has been one of the only capital investors who's been willing to partner with big Austin and big upzone. And so their ability to do projects and to do affordable housing will expand far beyond just the areas that have been identified. And within this particular recent plan, further

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particular recent plan, further more, we have had our very strong challenges working with Austin housing finance corporation. And so I'm very concerned about limited abilities for the healthsouth projects and other projects. If it's held within the confines of this entity. And so I want to say that our ability working with Texas growth fund will bring hundreds of affordable housing units and working with churches and students and colleges and nonprofits to utilize their properties to develop affordable, affordable housing is key to what we want to see in this community. And we probably could have filled these rooms with people who have had challenges obtaining affordable housing and having these opportunities. Capital has been a big issue. This group has brought it to the table and they are working to bring affordable housing into this city with the

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housing into this city with the people who seek it the most. And with our inability to get the city of Austin funding and support for this, I ask that you support them in moving forward with this project because it supports us and it supports an entity and a nonprofit that's been here for a long time fighting for community development and opportunity. And so with that, I turn this back over to the city. Thank you. >> Thank you for your testimony. Are there other speakers. Oh, looks like we have one. Did you sign up to speak, Mr. Anderson? Then you should check with the clerk before you approach that podium. >> Okay. Should I? >> Yes, please. We want to make it fair and equitable. You're good to go? Yes, ma'am. >> Thank you. Thank you for hearing me. This is an amazing site. And I know you all have been looking at this for a

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been looking at this for a really long time. And there's an opportunity here to put a ton of housing here with a lot of tax base that could do a whole lot for the city. And I know you're also going to hear from folks who maybe look at city funding as being inexhaustible. But it's not and we know it's not. And so it's a tough choice that you have here, but hopefully we can just figure out a way to treat downtown land like downtown and see a tremendous amount of development here that then goes and maybe subsidizes a lot of housing like the speaker before me was just saying, housing that could be everywhere here. In our experience working with home base and habitat for humanity, when we see certain types of construct Ann, they lend their they don't really lend themselves to be affordable and so when you start talking high rise, it just gets difficult to have affordable, high rise living. And so if we're talking a five story building here, it'd be a great location for the lucky few who give to live here, get to live here. But that doesn't do anything for the debt that's on this property or or the housing needs of the city in general. So hopefully there can be a lot of looking at this from a lot of different angles that

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a lot of different angles that really goes to maximize this site and seeing what all you can do. So excited to see what you do here. Thank you. >> Thank you for your testimony. Does that conclude our speakers ? So I'd like to thank everybody for coming out this afternoon to present for us and contributing to these critical conversations . We have item number one is to approve meeting minutes of our June housing and planning committee meeting is there a motion to pass the minutes? Looks like it's been moved by council member qadri and seconded by council member and co-chair alter that said, all in favor say aye looks like with the exception of council member Velasquez, who was not able to join us today, it's a unanimous vote. Secondly I will say that colleague, I am now going to

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colleague, I am now going to recommend that we take up our remaining agenda items in the following order and for clarity . Katy I've asked my staff to share the suggested scheduled and opportunity is on the screen . I'm not going to happen. Okay so hey man, sometimes you're just doing it on the fly. We're just doing our best, everybody. So item number ten, which will allow us to schedule an October meeting date, is going to be the first one we take up. And that's Ed. I don't know if there's staff that's going to speak to our opportunities around scheduling this meeting or are we making a suggestion. >> I can confirm that we have a we have chambers scheduled for October 25th at 1 P.M. Can you confirm whether or not and this

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confirm whether or not and this might not be a question for you, but just for clarity and to make certain that I'm being in compliance, do we need to vote on that item? Yes, we'd like to vote. >> In which case, can you repeat the date? And then that way my council colleagues and I, committee colleagues and I can take the opportunity to take that vote. >> Yes, we'd like to vote on the meeting for October 25th at 1 P.M. Would anybody like to make the motion for October 25th for our our next housing and planning? >> So it looks like vice chair makes the motion and it looks like it's seconded by mayor pro tem and board member Ellis, in which case let's take a vote. All in favor again, it looks like with the exception of our committee member, Velasquez, it's a unanimous vote. So thank

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it's a unanimous vote. So thank you. The next item that we'll discuss is item number three, discussion on regulations related to windowless apartments , including an update from our council colleague and committee member qadri on a future council item. >> Thank you, chair. Well, you know, just to kind of



kick this off, I just want to thank the advocates from Austin and many students who have been involved in the advocacy Kathie on, on, on the windowless bedrooms item. You know, it was really insightful for those folks to bring up this issue to the housing and planning committee all the way back in June.

Affordability is a major challenge in our city, and we should consider as many options that we have in our toolbox to get a handle on it. However, we also need to strike a balance between affordability and quality of life. Natural light should be a necessity, necessity and not a luxury. And living

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and not a luxury. And living without it impacts mental health and induces feelings of isolation. And as someone who represents, you know, the UT area and west campus, the amount of conversations I've had with students, including my own sister who lives in west campus school, is tough. Being in an environment that makes it a little bit tougher is not something that we should ever strive to. To be as a city. Students already have enough on their plates and adding another thing for them to deal with just isn't necessary. And it's just not students in west campus, we're windowless bedrooms have been showing up. I understand they're also popping up in developments across Austin thanks to a loophole in our building code. Our residents deserve better. People of Austin deserve better. And that's why I'm bringing forward a resolution on September 14th, that will kick off the process to close the windowless bedroom loophole. My hope is the draft code amendment that staff brings back to us will provide creative

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back to us will provide creative options to developers to provide natural light in a way that minimizes impact to affordability. As Austin has recommended. So I want to thank our expert city staff and the development services department for working with Austin and our council offices on the on this item. And I want to thank my co sponsors, chair harper-madison mayor pro tem Ellis and council member Velasquez for their for their work on this. >> Thank you very much for laying that out for us. I'd like to take two opportunities. Number one, to recognize is that our, esteemed colleague has joined us again this afternoon. Council member Tidwell. As I pointed out, we're birthday twins, so there's that. Also, staff would you like to speak to the windowless item. Please introduce yourself as you

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introduce yourself as you approach the podium. >> Thank you. Good afternoon. I'm Todd Wilcox. I'm the city's building official. As far as the resolution, from what we understand, when that resolution resolution is presented, the amendments to the international building code will go through the normal amendment process. We'll have stakeholder engagement, including the aia board engagement, and

then present a staff recommendation for all of the changes as. Colleagues, do you have any questions? >> Vice chair just one comment. >> I think this is wonderful. I'd love to be added as a sponsor when the time is right that would be wonderful and we'll make a note of that and add you on. >> Thank you. We appreciate your time. So I'll scoot back up if councilmember qadri, I'd like to say thank you for working on this item. After it was raised to the committee, I look forward

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to the committee, I look forward to supporting it in absolute absolutely full support at council this month. I'm going to move back up because what I did was I was remiss in sort of laying out the items, how they were going to go through. So item number ten, which laid out our opportunity to choose an October meeting date and then item number three, which we just discussed, item number four is discussion and possible action on our ldc amendments and our prioritization chart and updates from staff on how the amendments will fit into the timeline that we approved in at our council meeting in June. Then item number five will be discussed Ann and possible action on change to our smart housing fee waiver and the program that was initiated by our colleague council member Velasquez. Item number six is discussion and possible action on a report from staff on the proposed reforms to our compatibility regulation as

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our compatibility regulation as item number seven will be discussion. I don't know if you can tell this is a thick one. Item number seven is discussion and possible action on the health south property and recommendations from city staff on next steps. Item number two and nine are related as they deal with our existing density bonus programs. Item number two is the requested briefing Singh and update on reforms to our density bonus programs, which I believe are being postponed if I'm not mistaken. Due to time constraints. And then item number nine is an item that vice chair alter brought forward and would like to raise with the committee regarding enhancements to our existing residential. Model. In commercial reading programs. Then finally, item number eight, the final and most exciting part of our meeting where we can discuss future

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where we can discuss future items and or initiatives that this I'm not biased at all, but this fantastic committee can have alongside visiting council members and birthday twins to propose for future agendas. So with that, I think we already did. We did that one and we did that and we did that. And then we did that. So next up, we have item number three to discuss regulation, and we did that one already as well. My apologies. So it looks like next up, the topic that we're likely to be covering at each of our

meetings for the rest of the year is the prioritization of previous land development code amendments and

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development code amendments and organizing them as needed. Is there staff that's prepared to speak to that. I saw a wave. >> Good afternoon, chair and members of the housing and planning committee. I'm Steve Greathouse. I'm a division manager in the planning department and one of the roles that I play is the keeper of the Gantt chart. So I'm here today. >> Would it be helpful for me to lay it out for you? So item number four for us to discuss council priorities for previously initiated code amendments and resources that are needed to accomplish the code amendments and whether or not council efforts to prioritize code amendments should be ongoing. Or recurring. So I'm prepared to speak to that. >> So in your backup today, you'll find the August update of the code amendment timeline Gantt chart, which provides a snapshot of active land development code amendment cases that are currently making their

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that are currently making their way through the code development and review process. This I wanted to start today's presentation by taking a moment to acknowledge the hard work of all of the staff members who are currently involved in departments across the city to develop and review code amendments. I also want to acknowledge the additional resources that the planning department received in the fiscal year 2024 budget that will allow us to keep this body of work moving forward and to deliver real solutions to austinities over the next year. It is going to take a village to do this work well, and with the urgency that is required. And I think we're well on our way towards having that village in place at the staff level. In addition, as we described back when we spoke to you all last in June, the city has convened an inter-departmental code cabinet under the executive leadership of assistant city manager Veronica Briseno. That includes representatives from development services planning, housing, transportation and public works, as well as watershed protection department. It's the code cabinet will be responsive, able for supporting cross departmental coordination Ann related to all land development

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related to all land development code amendments moving forward, and will also include participation from additional lead department as well as the law department to ensure that there is coordination across amendments and across departments. As a reminder, the land development code amendments Gantt chart is a living document and additional updates will be shown on the version of the timeline that we release later this month. Moving forward, council members, commissioners and the public will be able to review the latest snapshot of the land development code amendments timeline Gantt chart on a

speakup page that speak up austin.org related to land development code amendments. This will also be the place to go to review information about specific amendments as well as to submit comments and questions as the various items move forward. And since we prevented present it to you all in June, you may have noticed a few code amendments related or a few code amendment related items on council agendas. It has been a busy several months since June of 20 or June 13th. City council

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of 20 or June 13th. City council has adopted six amendments to the land development code, including an amendment streamlining review of projects with fewer than four units, an amendment allowing additional height and applying design guidelines along a portion of east sixth street. An amendment improving the safety of fences, a site specific sos amendment related to the littleborough aquifer. An amendment enhancing tenant notification and emergency amendments to titles. 25 and 30 related to recent changes in state law. Now, in addition, since June 2013, city council or planning commission have initiated five amendments to the land development code, which will be added to the starts to the Gantt chart and scheduled for development. But these five newly initiated amendments include Eid, a site specific sos amendment related to the Barton springs bathhouse , an amendment to notify our modification to modify or notification procedures and amendment related to single family lot and use modifications. Also known as the home amendments amendment to our smart housing program, as well

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smart housing program, as well as other amendments as shown in council. Back up and on screen. There are currently just over 40 active code amendment cases in process, including amendments that will be addressed through a larger consolidated code amendment for Shaw. Amendments are currently scheduled for consideration by council on September 14th and September 21st, and we anticipate that another ten amendments will be brought forward to council for adoption consideration by December of this year. Members of city council and planning commission have requested that staff identify ways to move forward quickly on a range of urgent priorities and will be deploying available resources to move with this urgency, while also ensuring effective sequencing of amendments so that the amendments are effective in addressing city council and planning commission priorities. We'll also be working as quickly as possible to understand how the amendments work together and whether there are unintended consequences. As a few notes on major priorities, parking regulations based on the feedback that was received from city council and planning

[2:37:02 PM]

city council and planning commission on the urgency of eliminating minimum parking requirements, the transportation and public works department has reprioritized their workload to deliver a proposed set of amendments by the end of 2023. Staff briefed planning commission on this amendment at a special called meeting on August 29th and currently expect to bring forward proposed code amendments to planning commission in October with consideration at a council hearing in November related to the lot, sizes and standards. As you all know, council recently adopted a resolution initiating code amendments to reduce minimum lot sizes and allow up to three units per lot and single family Zones in the code cabinet with development services as lead department is currently assessing next steps for developing proposed amendments. Responding to the resolution, among other issues, staff are assessing potential impacts on previously initiated amendments as well as appropriate modeling to calibrate for ratio with lot size and unit counts. While the work plan remains under review, staff anticipate bringing back a phased approach to be presented in more detail later this year. Completed city as directed by council. The housing department

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council. The housing department staff have analyzed the city's existing compatibility regulations and drafted a study that is being presented to the housing and planning committee today, the planning department will assume responsibility for developing code amendments based on the council direction that was provided under a previous resolution, as well as the results of the study. The planning department anticipates engaging community and bringing forward proposed amendments to compatibility regulations, goes to planning commission and city council by March of 2024 related to density bonuses. The city currently has numerous density bonus incentive programs that apply in different ways in different areas and council has recently taken action to initiate the creation of new density bonus incentive programs and to initiate other changes, including a density bonus component, before enacting new density bonus program staff is proposing analyzing existing programs and identifying opportunities to streamline and increase the effectiveness of these programs through a comprehensive analysis. This with regard to equitable transit oriented development council will be asked to authorize

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will be asked to authorize expenditure of funding to support development of an itot overlay at their September 21st meeting, and staff anticipates kicking off work to develop the itot overlay in October of this year. The consultant team will conduct market analysis activities and engage community through several rounds of iterative engagement in 2024. In addition to working to develop that overlay between now and June of 2024, planning is working with our partners at capital metro and the Austin transit partnership to conduct other activities related to supporting project connect and the upcoming grant application for project connect. And our partners are quite excited about the potential of all of the citywide code amendments currently in the hopper to enable more transit supportive land uses along

the project connect system. So a few items to note of the on the Gantt chart that is in backup. We are pushing back the process related to zoning application processes.

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to zoning application processes. A deadline slightly to allow re notify for an amendment that will be included as an amendment to the neighborhood plan amendment process, with new milestones being coming forward to council by October of October 19th of this year. South central waterfront regulating plan discussions are underway regarding timing in order to allow for additional review and feedback on the draft south central waterfront plan based on the phasing approach that will be used to deliver changes to regulations for lot size and number of units per lot will also be working with dsd to look at updating timelines related to a constellation of development services department led changes as shown on the Gantt chart. And in addition, several items shown on the Gantt chart as schedule tbd now have specific timelines which will be shown in the September update of the Gantt chart, including the timeline for modifying notification requirements with the goal of bringing those back to council by December 14th of this year and a timeline related to electrical vehicle charging use, which would result in bringing a

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which would result in bringing a recommended action back to council by November of this year. We appreciate the housing and planning committee's continued support to ensure that we process these urgent amendments to Austin's land development code as effectively as possible. And with that, we are happy to try to answer any questions. >> We very much appreciate your presentation. I'd like just to, as a reminder to our public and to the committee city council voted in June to direct the city manager's staff and our committee to proceed with collaborating on this prioritization and timing of the land development code amendments and organize current and future potential amendments for the greatest impact. Given that direction, we agreed to request that staff keep this item on for future agendas for 2023. That will allow for continued discussion Ann and action related to prioritization and organizing of the land development code amendments. So at this time, colleagues, if

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at this time, colleagues, if anybody has any questions, please feel free appearing. There are none. Thank you again for your presentation. We very much appreciate it. Up next is a related item that was brought forward by our council colleague. Council member Velasquez, who, as you can tell, was not able to join us today for this afternoon's meeting. So I will instead ask staff to lay out item number five and I will read the posting language item number five discussion and possible action regarding fee waivers under

the smart. That's an acronym S M a R T housing program. And it appears as though we have the privilege of having acm Briseno before us today to lay this item out. >> Thank you, council member and

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>> Thank you, council member and unfortunate we don't have our lead staff person present here today, but I did want to reference the memo that we had sent to you. That is part of your backup that gave you an update. We are working on the code language changes and we hope to bring something. We plan to bring something back to council for consideration. I'm happy to take any questions you might have. I might not have the answers. So if I don't, we will follow up with you after this meeting. But really just wanted to make sure that y'all were aware of our our work on this, but not only with our development services department, but our our housing department and our law department as well. >> So moving forward, who would be the lead person? Because we were intended to take a motion and a vote today and bring this item before the full council, in which case if that person is not here, I wonder if that changes the order, in which case I'd like to have the opportunity to engage with my staff to see how we move forward. >> I don't think there is a need for change. The lead person is

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for change. The lead person is Keith Mars. He's an assistant director at dsd. I think this committee could recommend that we move forward with these amendments to the full council and that would that we would appreciate that that direction. >> Colleagues, any questions? In which case I would say, is there a motion to recommend that these code changes be adopted by the full council and that city staff initiate the broader working group on smart housing? I'm looking for a motion and then a second Mon motion by council member qadri seconded by vice chair Ryan alter. All in favor say aye. It looks like with the absence of councilmember Velasquez, we are well. No, we're unanimous. We're not missing anybody else. Okay. Yeah. Thank you. So it's a unanimous vote. Thank you very

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unanimous vote. Thank you very much. I appreciate it. So. All right. Up next, one of the most impactful reforms that we can make to our city's housing shortage is compatibility reform . And it looks like the people who are coming to speak to it, they jumped up fast it. Thank you. I appreciate you. Can staff please come up and share your study and recommended next steps while I read the posting language. So give me just a moment. So the posting language for item number six says discussion and possible action regarding the next steps for the compatibility study. >> Good afternoon, I'm Erika leek, development officer in the planning department. And joining me is Rachel Tepper, principal planner in the housing department. So today we will present staff's findings and recommendations from a council

initiated study on the compatibility regulations. Next slide. We'll begin with the background and timeline of the study and overview of

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study and overview of compatibility standards. A summary of the methods used key findings recommendations and next steps next slide as you all know, the city's development standards include regulations relating to height setbacks, impervious cover land uses, tree protections. Et cetera. The city's compatibility standards are yet another layer of regulations that can impact the location and height of taller buildings that are within approximate only two blocks of triggering properties. And I'll turn it over to Rachel. Next slide. >> All right. Thanks, Eric. As Erica said, my name is Rachel Tepper. I'm a principal planner in the housing department. And I'm going to start off just giving a little background on the history of this analysis. So this analysis was initiated in December of 2022, the previous city council adopted ordinance number 2022 one 201 056, which

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number 2022 one 201 056, which was an ordinance that relaxed compatible city and parking on certain corridors and called for a staff analysis of citywide compatibility regulations and their impacts to the Austin strategic housing blueprint goals. The blueprint goals include, as many of you know, creating 60,000 new income low to moderate income, restricted units, and then 75,000 new moderate to high income units within ten years, and ensuring that a quarter of those units are in high opportunity areas and a quarter of those units are within a quarter mile of transit stops. On may 5th, staff released a joint memo memo from the housing and planning department summarizing our methodology for this analysis. And then on June 8th, the current city council passed resolution number. 2023 06080455, which initiates

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06080455, which initiates changes to citywide compatibility regulations and also asks for additional recommendations from this study. So this presentation summarizes the findings and recommendations memo that was released today through the city's official memo distribution system. As, as a brief overview of the compatibility standards, they generally apply to sites located within 500ft of the property line of urban family residence sf five or more restrictive zoning district compatible city standards also come into play today when a site sorry when a site is adjacent to a lot where a use is permitted, where use is permitted in an sf five or more restrictive zoning district is present for example, a lot that has a single family use or a



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has a single family use or a duplex triggers compatible Katy regardless of the zoning district on this slide, you can see a section diagram, and a plan view illustrating the allowed heights at various distances from the compatibility triggering properties and the compatibility triggering property is shown in yellow on that plan diagram. So from 0 to 25ft shown in red in both the section and the plan, no structure, no development is permitted from 25 to 50ft at a height of 30ft or generally around two stories is permitted. And from 50 to 100ft shown in light in kind of a lighter purple to a height of 40ft or three stories is permitted from 100 to 200 shown in that darker purple. So an average height of 45ft or about three and a half stories is permitted from 200 to 300 shown in dark blue, an

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300 shown in dark blue, an average height of 55ft, or five stories from 300 to 400ft shown in bright blue, an average height of 75ft or around six stories. And from 400 to 540ft, shown in light blue, an average height of 105ft or eight stories is so staff conducted a quantitative analysis to estimate the total land area impacted by compatibility and the potential unit capacity lost due to these compatibility restrictions. So to estimate that impact on potential housing capacity, staff compared the heights permitted in the zoning district against the heights that are allowed in the compatibility buffer distances and then estimated the housing capacity. A city that's potentially lost. And so the diagram on this slide is intended to illustrate that loss in unit yield between the compatibility heights and the base zoning. So that salmon

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base zoning. So that salmon color indicates the units that are unable to be constructed, potentially unable to be constructed due to compatibility heights. A few caveats. So for one, broad assumptions are necessary due to the complex city of zoning regulations. So zoning regulations have overlays. They have sort of custom zoning. And in this case we had to make some assumptions. So we did could account for watershed impervious cover and we applied a general limitation factor to account for development regulations such as floor to area ratio, which also is another limiter on the site. This analysis is useful to understand the level of magnitude of impacts, but it does not reflect market conditions or redevelopment potential. The analysis also, it's a max build out analysis, so it assumes that every property, every high density residential and commercial

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residential and commercial property would could build or would build to their maximum allowed height, which we know the market would not necessarily deliver on. But it's useful to provide decision makers with some understanding of where the most significant impacts are to compatibility and specifically at those different buffer distances. We also did a qualitative analysis. We conducted a survey of applicants in the city's development review process. So the survey aimed to understand the impacts of compatibility regulations on some of the softer the kind of costs or aspects of development, such as project timelines, residential unit yield development costs and affordability. The survey was sent out to applicants that have submitted a density bonus application multifamily site plan or multifamily building permit to the city within the last five years, kind of using our Amanda permitting software for the serving, the survey

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for the serving, the survey findings memo are some. The survey findings are summarized in the findings memo with a link to the full summary which is available on Microsoft forms. And finally, this. This qualitative analysis focused exclusively on the impacts of compatibility regulations on housing goals, but it didn't assess the merits of compatibility or other values that might be important to stakeholders. It was specifically sent to developers to understand how this regulation really impacts their ability to build their projects . So I'd like to go over a few of the key findings from our analysis. For one, most of the estimated housing capacity lost is occurs within 100ft. So to make an impact, it really needs to be beyond 100ft or closer in than 100ft because that's where the majority of that housing capacity city is potentially

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capacity city is potentially lost. Compatibility does limit housing capacity unevenly by geographic area. So for one example, we do know that there is more of an impact. 58% of the housing capacity lost due to compatibility is located in displacement risk areas. It's also interesting to note that an overwhelming majority of housing unit capacity loss due to compatibility 82% is located within a quarter mile of existing transit stops. And then finally, a key insight that we found is that the feedback from the developer survey showed that nearly all respondents, 98, said that compatibility standards have caused them to abandon potential housing developments as so at maximum build out, build out. So looking at that salmon colored on the previous slide that I had the standards

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slide that I had the standards compatible city standards reduce the city's high density residential housing capacity by about 72,000 units. We in that area of analysis is expanded to include commercial properties that can now take advantage of the residential and commercial density bonus program, potential capacity is reduced by approximately 135,000 units citywide. While it's very unlikely that a large percentage of commercial property is would redevelop as multifamily, including these properties in the analysis is helpful for us to determine the potential impacts and the potential efficacy of the residential and commercial program. But the numbers would likely be a lot smaller than what our analysis yielded. One of the most useful ways to review the results of this quantitative analysis is to see the potential units gained

[2:56:22 PM]

see the potential units gained back, quote unquote, by ending compatibility at different distances from triggering properties. This chart looks at the cumulative gains in unit capacity if completed ability ended at various triggering distances and from this staff recommends ending compatibility at 75ft to align with peer cities and to increase housing capacity near transit goods and services is ending compatibility at 75ft could increase lease. The estimated unit capacity. Sorry. Okay. All right. I'll keep going so it could ending compatibility at 75ft could increase the estimated unit capacity by around 71,000 potential units or 53% of the total estimated capacity lost

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total estimated capacity lost due to compatibility. This still would leave around 47% of capacity to be unlocked through a density bonus program. And the analysis from peer cities further supports reducing compatibility to 75ft from a triggering property. The results of their peer city research indicates the average distance from a triggering property to reach 60ft in height is approximately 49ft, and the average distance to reach a height of 90ft is approximate 74ft. And in this analysis, we did exclude Jude Austin and Eid Austin current compatibility standards were significantly more restrictive than the peer group study. As you can see on this chart on the slide and staff also recognizes the need to establish a simpler, unified standard and recommends that the compatibility stand is completely supersede the

[2:58:24 PM]

completely supersede the compatibility on corridors, overlay. But in order to do that we have to end compatibility at a distance where the where the standards wouldn't cross the roadway and so ending a compatibility at 75ft would ensure that the compatibility regulations do not cross major corridors because corridor right of ways are larger than 75ft. Staff also has a few additional recommendations to consider. One is to consider either removing compatibility from sf. Six mf1 mf2 and mf three. Removing

these requirements will make it easier to mix different types of residential housing with similar heights, massing and scale. This change would support the blueprint's goals of encouraging more middle income and middle scale housing, and we also staff also recommends in the code

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also recommends in the code development portion of this work. So in the next steps to further refine the compatible the heights allowed in the compatibility buffer. So looking at peer cities, we saw that at 60ft you could get to a height of 60ft. So rather than staying with our current compatibility slope, adjusting that compatibility slope in line with our peer cities to reach varying heights within the first within that 75ft of compatible height restriction as and then finally , staff does recommend additional stakeholder engagement along in line with the code amendment process to make sure that additional input on other policy objectives is or and items important to stakeholders are considered. Because we were this study narrowly focused on the impacts to our housing goals, but didn't

[3:00:28 PM]

to our housing goals, but didn't assess broader stakeholder for kind of input around this issue . We also recognize that there is there are underlying disproportionate impacts in our displacement risk areas and we want to make recommendations to embed this in the policies going forward. So the first one is we need to analyze the potential impacts and preservation strategy for those existing multifamily housing that we'll see increased pressure because of the relaxed compatibility. So identifying which of those properties are going to see that that additional redevelop pressure and Ed developing strategies to try to preserve those units in displacement risk areas is one of our recommendations. We also think that we should explore programs and partnerships that bring back displaced communities because

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displaced communities because this what we found from this analysis is that we would be increasing capacity in these areas. But how do you make sure that that capacity actually brings back displaced communities and then finally, to continue prioritizing investments such as rental assistance, legal services, education on fair housing and tenant rights to stabilize the existing residents who may be vulnerable to displacement? And finally, we think it's really important to note the disproportionate impacts of compatibility. 80 are due to underlying disparities about the location of multifamily housing. So this diagram, this map shows that 66% of all properties zoned high density residential are found in displacement risk areas. So that underlying disparity is really what is leading to kind of a disproportionate impact on in with compatibility in these

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with compatibility in these displacement risk areas. So we think it's really important to balance the impact it's of with other of other existing regulations on housing capacity and engage in holistic discussions on the zoning, urban design, landscaping and other ways to establish transitions between development intensities and with that, I'm going to hand it back to Erica to kind of go over some next steps. >> So, Stevie, just went over the Gantt chart timeline of land development code amendments. And so the citywide compatibility changes are included in that schedule. And, and that wraps up our presentation about analysis of compatibility standards. We'd be happy to answer questions. >> Thank you both very much for

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>> Thank you both very much for your presentation. Colleagues are there any questions? Looks like councilmember alter. Let's just go down the line keeping keep it simple. >> That sounds great. Well, this is very detailed work. You all clearly went through everything, so I'm very impressed. But I wanted to better understand your recommendations within the buffer zone. Are you recommending changing the 25 foot no build or are you just saying after 25ft, increase the angle? What what is your recommendation on in that buffer? So yeah that that is a good question. >> And we actually didn't go that far with this study and that's why we recommend it as a next step to we, we have the data. We know how much yield will get back and we and we can test it at different heights to see if we if we allow 60ft at like our our comps at our peer

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like our our comps at our peer cities allow 60ft generally at 50ft of distance. And so we can see how much we would gain back if we did that. As well as looking at that 0 to 25ft. But one of the things that we recommend and what's what's recommended to explore is a density bonus program. So I think we need more further testing to figure out if we relax it too much. Is there really a density bonus program worth considering? Yeah and so that's that is tbd. Unfortunately, I don't have a recommendation today and I'm not necessarily thinking about building structures in the 25ft, but detention ponds or, or parking, you know, the, the types of stuff that is very surface level that right now is prohibited and even if we were. To change the 70, you know, change the line to 75ft, if you

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change the line to 75ft, if you can't put the pond in that 25ft, that pond now has to go where the building is going. >> And so everything above it, you know, you're losing that entire building because of the pond that has to be at ground level. And so I feel like at this stage it would be very beneficial for us to at least look at not the structures within that 25ft, but just what is allowed to be built there kind of, you know, maybe up to five feet or something, very surface level where we're talking about the ponds, the parking things that just take up space that you can't that we're going to take up building space otherwise. So and if I remember correctly, I believe that the resolution already directs that . >> And this was really just looking at housing capacity. So I mean, I think we would we would definitely see build off the resolution language. >> Great. Well, really do appreciate your work on this and a lot to digest. >> Thank you. Thank you very

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>> Thank you. Thank you very much. Mayor pro tem. >> Thank you, chair. I do appreciate this assessment because I think it's really informative. Can you talk a little bit more about the compatibility across corridors? I know we've talked about that in the past and you had said that typically the corridors are about 75ft anyway. But what about when they're not? Can you talk a bit about why that corridor or threshold was selected or not? >> Yeah, it gets a little technical, but but so the compatibility on corridors ordinance basically requires that compatibility be only be triggered on the same side of the of the street. And that's a very common plex regulation to implement and it's very difficult to sort of it's easy to make a buffer offset of 75ft, but then to, to kind of erase the portion that crosses the street is actually quite difficult. So it's very

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difficult. So it's very difficult to implement and that's why we staff, you know, didn't support it the first time. It's not in the citywide compatibility recommendations to not. To not trigger compatibility across the street. But we think that the cleanest way to do this is just to reduce compatibility to where there's not a city situation where compatibility crosses major corridors. And this only applies to corridors. So in cases with smaller streets like residential streets that are less than 60ft, it would still trigger across the street because the you know, the right of way, the right of way width is less than 75ft. But it would completely subsume the compatibility on corridors ordinance because those corridors are larger than 75ft. >> Okay. And can you tell me if there's been any assessment of the general height, like the floor height of some of those

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floor height of some of those buildings and the reason I'm asking the question this way is because we had a presentation probably about a year, year and a half ago that there was a pod on south Lamar that was potentially in the works. So there wasn't a lot of information Ann but there is a condo development or I don't know the exact zoning, but it is on a cliff. And so we were talking about the compatibility standard where you have people living essentially in single family homes or duplex styles homes, but they are actually much higher than the actual height that was potentially being proposed in this pod. And so I'm curious if that is at all something you can analyze or if it's been considered so far. >> So this analysis is does did not look at the kind of the starting place, the topographic starting place of a building. And I don't think the compatibility regulations do either. So that's why that happens. It's kind of a plan view. It triggers because in some cases it doesn't make sense

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some cases it doesn't make sense because there might be different levels between the triggering property and the property. That's being impacted because of topography and that's not really considered in the compatibility regulations and we didn't consider it for this study either. >> Okay. Do you know if staff would have the tool to consider that if we asked for the assessment? >> I don't think so. >> That sounds very site specific and based on the number of code amendments that are in front of us, I think that would have a potential L large impact on on timeframes. >> Okay. I'll keep that in my pocket for later because I've been curious about that for a while. But it seems odd to have a single family home duplex much, much higher in elevation, even though it's 1 or 2 stories. And then you've got something asking for 60 or 90ft further away and they can't build higher

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away and they can't build higher because of this house that's looming down on them. So I've just been curious about that. Along along the line of this conversation. >> Thank you, mayor pro tem. I appreciate that. And I think that's one of those items that we can add to future items for consideration. Ann because now you've piqued my interest. So thank you for the question. Councilmember vela, going off of the mayor pro tem point, I think that's where the waiver compatibility waiver comes in. >> I know that that was that discussion with regard to that property right across on the corner of Lamar and Barton springs where essentially like the cliffs on the other side are, you know, squeezed down the height of the property, even though ultimately the property is going to be shorter than the other. So I think that's where when I don't want y'all to, you know, reinvent the wheel to try and deal with very limited number of exceptions. But I think the valid point is that there are a number of exceptions

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there are a number of exceptions where compatibility doesn't make sense for whatever reasons, and that's where I think a waiver, whether planning commission granted or we grant it again, I'll leave that to you. Also, you know, a analysis and recommendation, but I think that would be a very helpful, first of all, there's a great I read it this morning and it's really good work. Greatly appreciated. And I think that that. 75 foot design distance is a good distance. I was surprised by how much is under 75ft, though, in terms of the capacity that we're leaving on the table. But but as you point out in the report, I think that's where our density bonus programs could really come in and provide that. Again, that's not explicit. Y'all are not making those recommendations . But I know as part of the my compatibility audit piece that

[3:12:40 PM]

compatibility audit piece that that'll come back where our, you know, do we waive compatibility for density bonus programs so that they can take advantage of that those those units that are being left on the table at those lower distances. That was, that was really great to see. And, and the other, honestly, the other number that really jumps out at me is the number of these units that are on the transit corridors that we're essentially talking about housing on the transit corridors that are being affected by compatibility and given our goals with regard to transit, given our goals with regard to climate change, it just seems to make a world of sense to boost housing along those corridors where they will have access to bike lanes, high quality transit and just a good mix of commercial retail and other services that are, you know, a short walk away,

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know, a short walk away, hopefully just downstairs. So just in general, I think this is a great starting point for the discussions and just really looking forward to the item coming back in February. Is that right? >> February, March. >> All right. Well, again, thank you very much. It's a great report. Appreciate the analysis. I also appreciate that you all have worked in at least attempted to work in some of the other limitations that are out there. And, you know, acknowledging that those also affect unit counts. And just the quick question, does parking did did did did the parking roll into this at all? Because that's another huge limitation on the total units built and what we can do so parking specifically didn't parking is often overlapped with floor area ratio because our floor area ratios

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because our floor area ratios are kind of are pretty limiting . >> We kind of that that general limitation factor includes both floor area ratio and Eid parking as as a kind of an average because we recognize that these regulations, these limits stack on top of each other and a lot of times what developers do is they have to they have to kind of maximize their space so they address far and parking together and so



that's that's why we didn't specifically call out parking as a limiter, because it's, it's often, you know, paired with other limiters like floor area ratio. >> All right well again just a suggestions and I think the suggestions with regard to the missing middle type sf6, a smaller kind of multifamily is really great. And then the last thing I would just mention that in addition to boosting housing in exactly the places that we want, housing, I mean, that

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want, housing, I mean, that boosts city property tax revenues as well. So I hopefully we can get into a bit of a virtuous cycle where not only are we adding units, but we're also boosting our the taxable value, our tax base as well. So again, thank you all very much. Great work. >> Thank you. Councilmember thank you guys for your presentation. We really appreciate it. Thank you. So I would like for us to take the opportunity now to recognize colleagues. Is there a motion to recommend that these code changes be adopted by the full council and city staff have the opportunity to initiate the broader working group on smart housing? Is there a motion on the floor moved by vice chair alter seconded by mayor pro tem Ellis? All in favor say aye. Hi with the exception of council member Velasquez, who's off the dais today, it looks like it's a unanimous vote. So zo. All

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unanimous vote. So zo. All right. Up next, one of the most impactful reforms that we can make to our city's housing shortage around around compatibility reform, staff has offered us some opportunity to come up and share their study and recommended next steps while I read posting language. Item number six, a apologies. I went backwards and not forwards. Item number seven, we're going to take up the discussion and possible action regarding the south redevelopment. Council member qadri. I thought, give me just a moment. To seeing as this development

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To seeing as this development now resides in district nine and no longer in district one like it once did, would you like to share your thoughts with the committee and provide any recommendation, actions or suggested actions for the committee to take today? >> Yeah, I have a few comments. I don't know if we want to do the presentation first chair or if I should make my comments first. I would say that it's your preference, but I think it might be important to like lead the conversation by way of recognizing why. >> Like what the importance is for you. >> Yeah, I appreciate that. And I do want to center it around you know, if it wasn't for redistricting, this would still be in your district. And I want to acknowledge the work that you and your staff has done on health south and talk about the values that were kind of mentioned

about how impactful and important health south is. And I kind of want to center my little spiel around around values and then kind of what we see as next steps as an office.

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see as next steps as an office. You know, we see health south as a place where there's a lot of working class jobs. And I think it's important for us to make sure that everyone who has those jobs has access to housing. That is, you know, that is accessible to those jobs. I think it's important to also understand the importance of the land staying within the city and also making sure that we maximize our opportunity with that land and we maximize the opportunity for everyone who lives in downtown Ann and that we can still make the max entitlements on the southern on the southern portion of health south. So I think what next steps hopefully will be will be to work with our sub quorum to bring staff recommendations to council for adoption in the next next few weeks. I just and I just want to just want to reiterate, I want to be very this is just extremely important. And I don't I don't ever want to rush anything and I want to be very intentional and I want to take

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intentional and I want to take our time to do this right. And I don't want to see, you know, when I got into office, you know, healthsouth had unfortunately become, you know, kind of kind of a mess. And we've seen other things become mess messes. And I don't think that's something that we want to do with this. We want to be very careful and do this right. Thank you very much. >> I appreciate that contribution to the conversation. We're very much looking forward to your presentation. No pressure. Thank you very much. >> Council members, I'm going to kick start the presentation Ann. I am Mandy Demayo. I'm deputy director of the housing department and I am here joined by some esteemed colleagues who I will let introduce themselves and we each have a piece of the presentation. >> Good afternoon. Council my name is Darren Smith. I'm a managing principal with the consulting firm of economic and planning systems. >> Good afternoon, everyone. Pardon me. Thank you. Thank you . My name is Jeff Coddington. I'm a managing director of capital markets with Jones Lang Lasalle or jll. Jll is a global

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Lasalle or jll. Jll is a global professional services and investment management firm that specializes in real estate. >> Good afternoon. I'm Steve Garvin. I'm the senior regional director with jll. Within jll, we have a public institution group that specializes exclusively with the public sector, and I'm here representing them. Good to be here again. >> Thank you very much. And thank you for the lead in to both council member harper-madison and council member qadri for setting the stage for this conversation today we

want to give you a status update where we are on the project. Some highlights around our community engagement and then we'll go into market overview by Darren Smith capital market overview by jll. And then we'll lead right into staff recommendations and hopefully have a discussion as a reminder, looking both forward and backward next week at the September 14th city council

[3:22:00 PM]

September 14th city council meeting, you will have an item on your agenda related to healthsouth, and that is essentially authorizing a contract for demolition of the existing healthsouth rehab hospital at and we are eager to execute move forward with that contract. We anticipate that demo provided that the contract is approved, demolition would commence in January of 2024 and effectively accomplish two things eliminate the annual maintenance costs that are associated with that facility, which, as you all know, is unusable as well as set the stage for a clean new solicitation. As a reminder, as council member qadri referenced, there was a resolution motion passed by city council at the July 20th meeting, which basically affirmed a lot of things. Council general will affirm Ann of a variety of things, including the goal of the city to retain ownership of the healthsouth property. The two different parcels, an

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two different parcels, an affirmation of the goal to redevelop the site as mixed use and mixed income with a real focus on serving residents and households at or below 60. Mfi a goal of providing affordable housing within the palm district plan either on site or within the palm district. Boundaries and also asking for an exploration of both hfc, Austin housing finance corporation, as well as edc, the Austin economic development corporation, Ann as potential negotiators on the site. And then also directed staff before September. This meeting coming back with a comprehensive report on the market feasibility of site redevelopment and recommend next steps. And of course we are going to talk about that next. With respect to community engagement, we've had a very busy it's been about six weeks at this point. We did a deep dive into the palm district plan stakeholder reports and we reviewed all of the engagement and the findings and

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and the findings and recommendations. For about a month we had a speak up Austin survey that was available for public comment. We actually had we'll talk a little bit about the public response, but we had a pretty remarkable response. More than 400 individual respondents participated in the survey and we received almost 500 unique comments. On August 9th. We had participated, did a presentation and a feedback session with the downtown Austin neighborhood association, which was very illuminating. And then on August 22nd, we had what we called a neighborhood roundtable. If you're familiar with the

site, you know that we are surrounded by some very important anchor institutions and other really important neighbors who will have some influence and certainly have a lot to say about the site and the redevelopment of the site. So we were joined by the Austin economic development corporation, edc, as well as central health. That of course, owns the vacant site north of us downtown Austin alliance, the innovation district steering committee, red river cultural district that is keenly

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district that is keenly interested in the site and the development university of Texas, of course, to our north Travis county sobering center, immediate adjacent to the east, the waller creek local government corporation of course, waller creek conservancy and Waterloo greenway bound, the site to the west. So speak up Austin, as I mentioned, really remarkable all response. We had more than 400 individual participants, very diverse respondents, and will be providing a comprehensive community engagement report for your review. To almost 500 comments. And what we heard overwhelmingly really was a reflection of what the council resolution from July recommended, which was a focus on affordable housing. And when we're talking about affordable housing, who the respondents really wanted to serve was the local workforce in terms of who is working downtown, a real focus on hospitality, health care and service industry workers. Almost 75% of folks said that was who they

[3:26:05 PM]

said that was who they envisioned serving. The highlights that we saw, that we gleaned from our various community engagement, whether it was speak up Austin or individual conversations or broader roundtables, was an interest in serving what we would call workforce housing. And that's really serving folks at or below 50% median family income up to 80. Median family income with a target on downtown workers. Again as I mentioned, an enormous amount of hospitality workers, health care and as we all know, a growing health care industry in that corridor just north. There was, of course, announcement that UT was going to be bringing in MD Anderson. So additional health care workers to the north of the site service industries, hospitality, as well as education. What we heard from folks was really a focus on one and two bedroom apartments or rental units, not condominiums. And we heard mixed things on serving families. Whether the focus really should be

[3:27:06 PM]

focus really should be individuals or families, other priorities. We heard loud and clear was local serving retail and or restaurant wants culture spaces, community rooms, open spaces that compliment Waterloo park, which of course is right adjacent to the site. And then we also heard a need for public parking to serve residents and visitors to Waterloo greenway as well as red river cultural district events.

I'm going to hand it over to Darren now to talk a little bit about the market conditions. >> Thank you very much. Again, Darren Smith with economic and planning systems. And we were asked, as you already stated, to come back with some market information as well as feasibility information. So I'm going to start with feasibility. In 2019, when this solicitation was being prepared and responded to in 2020, we were in a very different economic circumstance. It was pre-pandemic. A lot of things have happened since then. But

[3:28:07 PM]

have happened since then. But fundamentally, what feasibility means is that the cost to construct a building is less than that. Building is worth. And to the extent that the value van eenoo is greater than the than the cost that that delta there is what you can get for land value for a public owned parcel or some kind of community benefits. And what has happened in the last several years is that the costs have escalated much more rapidly than the values. So the delta between cost and value has shrunk. On this slide, we see that by several indices, costs have gone up by as much as 33% in just four years for construction, the cost of financing with the federal interest rates and associated increases in lending rates has gone up by a minimum of 65% in that same period of time. Meanwhile, rents in downtown have gone up by about 10% on apartments and about 4%

[3:29:08 PM]

10% on apartments and about 4% on office. So this is just an indicator of that kind of shrinking delta between the cost and the value of the proposed development that affects the land value and the ability to absorb the costs associated with community benefits with respect to what's going on in the market, this slide indicates the changes in rents for downtown apartments in the last several years, as well as the vacancy rates both in downtown and the rest of the city. Rents have been going up, but not as quickly as the rest of the city and we see that vacancies in downtown sort of the blue vertical bars are spiked in 2022. Now, vacancy can be a reflection of several different things. One is that people are moving out, but in this case, it has more to do with the fact that more units were being delivered. And it takes a while to absorb those in the

[3:30:09 PM]

to absorb those in the marketplace. So that is a dynamic that we've seen both in residential and in office. As I'll speak to momentarily, what this slide shows is that going all the way back to 2015, there were about 3000, 3000, 200 or so apart, tenant units in downtown at and at the beginning of the covid 19 era, there were about 5000 housing units downtown. So rapid escalation, rapid increase in the overall supply of housing. But even in those last three years, another 1700 or so units were brought on

online with another 3000 currently under construction in downtown. You see the cranes everywhere. Every time you come downtown. So a lot of growth happening in the downtown apartment market. You see also that the gray bar there, which is the difference between how many units there are and how many units are occupied. And that had a bit of a spike in 2021, 2022 in particular, but mostly that was because of the

[3:31:11 PM]

mostly that was because of the new units being brought online. Overall the vacancy is relatively stable in downtown for apartments, but again, there's another 3000 or so units being brought online in right now under construction. And in addition to that, another 6000 units are currently in planning or proposed stages, according to the downtown Austin alliance inventory of emerging projects. So a lot of new new construction underway and coming in the near future. We've compared what's been going on in Austin to 11 other cities around the country on this slide, we see that the solid, thickest blue bar is Austin. This is the rate of growth of occupied units in downtown since 2019. And again, it's been a substantial increase, 1500 additional units have been built and occupied in

[3:32:11 PM]

have been built and occupied in downtown Austin in those last several years, putting it well above many of the peer cities. Nashville and Phoenix seem to be really cranking it out right now. So they're well above what Austin's been doing. But overall, solid growth in downtown Austin market this is the same kind of data, but for office space and one of the interesting things that we've seen here is that office vacancies are significantly up in the last couple of years. But really, again, that's because of the increase in supply rather than people leaving town. Unlike in places like San Francisco where there's been over 6,000,000ft<sup>2</sup> of office space, that had been occupied prior to the pandemic and is now sitting empty. So again, the Austin office market is holding steady, but just not keeping up with the rate of new additions to the market. And this graph

[3:33:11 PM]

market. And this graph illustrates that same dynamic. Again the total amount of space occupied is about the same as it was prior to the pandemic. 18 point 3,000,000ft<sup>2</sup> of occupied office space downtown. So it just so happens that we've added 3,000,000ft<sup>2</sup> of office space in the last couple of years. And so that is the reason for the significant climb in vacancy, which is now up to 20. And again, there's another 3,000,000ft<sup>2</sup> of office space currently under construction and about 7 million more square feet of office space being planned or proposed right now with respect to affordable housing, this map shows where affordable units exist. But the red indicator is the healthsouth site. We've also put the hobby

building site on this map as well, because that's just a few blocks from where we sit right now. So that was announced just in the last couple of weeks as a site that the city and state are intending

[3:34:12 PM]

the city and state are intending to collaborate on to get a mixed use development that features a significant amount of affordable housing. Most of the affordable housing that you see certainly in what we would call the downtown area, west of 35, those units are in mixed income projects, primarily through density bonus program program, getting a small percentage of units in otherwise market rate housing to be built in exchange for added density. So there's great demand for affordable housing throughout the city and certainly downtown, as we've heard from the community outreach and the healthsouth site provides a unique opportunity to really address that issue. Finally, retail, there was a significant decline in retail occupancy and rents when the pandemic started, but it has since recovered and retail rents in downtown are stronger than the rest of the market so much so that there is

[3:35:13 PM]

market so much so that there is significant need for more retail . Again, that was spoken to in the community outreach but vacancy rate is only about 2% now for downtown retail and not that much more retail is in the offing. With respect to new projects. So again, this comparison among other cities shows that Austin has done better than most with respect to maintaining retail occupancy downtown. And this pretty much says the same thing. So in summary, what we find is that in the mid and long term downtown Austin is a very strong market, very attractive market for new development. There are significant challenges in the near term, both in terms of cost inflation relative to rents and also a significant headwinds with respect to competition from recently construct or under construction projects as well as that in the planning stage and that affordable housing is in

[3:36:14 PM]

that affordable housing is in very high demand regionally and particularly scarce downtown downtown where many low income employees work. And with that I believe I'll be turning it over to our friends from jll. >> Well, thank you very much, Darren. Our discussion today, or I should say my and Steve discussion today will focus more on national trends and how those affect the development and capital markets environments both nationally and here in Austin. And I want to start by saying, as a 39 year player in the real estate industry, I have never seen a more complex disruption of the capital markets and development environments that we see today than in my entire career. Let me repeat that. The most disrupt rooted capital markets and development environment. In my 39 year career. A lot of that

has to do with what Darren talked about recessionary fears, increased construction costs, interest rate increases that will go into in a little bit significant changes in lending behavior. Both of on the whole

[3:37:15 PM]

behavior. Both of on the whole asset side and on the construction debt side and increased return requirements. Investors are pricing the increased risk that I have alluded to and what they need in terms of an appropriate return for any development project. Darren also mentioned some forces that were unique to the office space realm in terms of returning to office. That complicates matters within that sector. But truly a very disrupted environment to be sure . I want to just focus quickly on two of the bullet points on this slide. I won't do you guys the disservice of reading through these, but I think they're as disrupted as things are right now. There are two pieces of good news that we're seeing currently in the latter part of 2023. That is, that signs have of inflation, that inflation has peaked. We're not seeing increases. Inflation in fact, we're seeing the opposite . So that is assuaging some of the concerns within the development community. Not all of them, to be certain. And the

[3:38:16 PM]

of them, to be certain. And the final bullet point that it is looking less likely that we could be facing a national or global recession. In fact, there were some data that was released yesterday that 17% and this is down 50% over the last six months, that only 17% of c-suite executives forecast a recession within the coming six months. So we take solace in those two green shoots of good news kind of on the national and global stage. I think this present station has been distributed to all of you before, so I won't bother read Singh all six of these bullet points as they relate to the current state of capital markets. But there's a couple of things that are both good news and bad news within this summary. And just pardon our using an abbreviation here, but ust says that refers to the United States treasury bond rate. But I direct your attention to number two, where there is a comment made that local and regional banks are one

[3:39:17 PM]

local and regional banks are one spot of relative weakness within the banking industry. This is second point to note because the vast majority of construction financing comes from local and regional banks. So they are approaching new project development with extreme caution right now and Ed retooling a number of the terms that they offer developers. So this becomes problematic certainly for new development. Number one, with respect to bullet point number three, more investors are banking on higher a higher interest rate environment for a longer period of time. The development communities and investment communities candidly have been spoiled over the last cycle by artificially low interest



rates. We're seeing interest rates moderate to what I would call more of a typical range. And I think those as those factors are being priced into investment and development projects going forward. So that's a very realistic approach that will cause people to be much more cautious as they underwrite new deals going forward. Number four is the

[3:40:18 PM]

forward. Number four is the notion of distress as people find themselves upside down on loans or occupancies aren't keeping up with expenses. This is a challenge that we're facing on a national basis. This, I think probably less so in Austin because we're the beneficiary of an economy that continues to outpace the nation and population growth, which still provides opportunity across the real estate spectrum. But but distress certainly is causing some reticence on the part of investors and developers going forward. And then finally, with respect to bullet point number six, we refer to dry powder, and that is the amount of capital that's sitting on the sidelines waiting to pull the trigger on development or investment projects. And it currently is at record levels. There is a lot of uncertainty about when is the right time to do that. But the good news is, is that there's a lot of liquidity in our market as it currently stands. This slide takes a look historically at transaction volume nationally across all product types. There

[3:41:19 PM]

across all product types. There is no terrific news to report here. There's obviously a very steep decline in overall transaction volume from 2022 to 2023. Reflect Singh kind of the totality of the uncertainty that I referred to a little earlier. Transaction volume right now is down 60% year over year. We're hopeful for improvement as we enter quarter four, but we're remaining guardedly optimistic. This expands on some of the commentary that Darren made about the cost of commercial real estate, that debt going forward and what this graph looks at is treasuries in the Orange versus lending rates of various lender types. This graph shows us with pretty dramatic effect. The rise in interest rates that Darren alluded to from a host of lenders starting particularly in quarter two of 2022 to the present, depending on the lender type costs of escalated between one and one half X and two and a half X since the pandemic. I think,

[3:42:19 PM]

since the pandemic. I think, Darren, you were quoting 30 year mortgage interest rates. That alone have escalated 65. But within the commercial realm, the effect is, is candidly quite a bit more acute. What this graph doesn't consider is the cost of construction finance, which I alluded to earlier, comes primary from community and regional banks. The costs for construction financing is significantly higher now and it's much more deferred to obtain in today's environment. Whether it's diminished proceeds us,

whether it's recv source, whether it's other loan terms that lenders are insisting upon in a riskier environment and whether it's strictly the cost of construction, finance, it has become entirely more challenging now than it has been historically. This is another graph that looks at overall interest rates, both on a index level and on a spread, or in other words, the profit that a lender receives on any loan that they make. And you can see without going into the figures

[3:43:20 PM]

without going into the figures here that they've escalated dramatically since before the pandemic, but certainly since the middle part of last year, what this graph looks like is capitalization spreads to two. To put that into English for you, a cap rate is essentially defined as the required rate of return that an investor is going to demand on his investment in a piece of property. And as cap rates capitalization rates go up, a value of a property goes down. So there is an inverse relationship to the to. Darren alluded a little bit to this is that you know investors are underwriting higher terminal capitalization rates which is causing project values to go down. So again another bit of challenging news in the national capital markets backdrop. Now we're going to focus this a little bit more acutely on the us multi-housing sector as opposed to markets. S more generally. And I would say that transaction volume, just like on an overall basis is down

[3:44:22 PM]

an overall basis is down significantly, down two thirds year over year. That has an effect both nationally and here in Austin as well. Steve, I'm going to turn the mic over to you. So you can address matters as they relate, as they relate to affordable housing. Yeah, absolutely. >> So I just want to give a broad overview of the affordable housing market right now. As you'll see in this graph over the last ten years, there has been a tremendous increase in demand and on affordable housing . And coupled with that is institute investors have come in as well. So on this graph, what you'll see is just the transaction volume within the last ten years has gone up ten X S in that period and one thing to keep in mind and one thing to notice on this graph is also the cost per unit over the last five years has doubled and that has really impacted the market on the not only the affordable housing, the capital, a affordable housing which is the high tech section of affordable

[3:45:23 PM]

high tech section of affordable housing, but also on the workplace housing as well. And this has been across the nation where you see from Atlanta all the way down to Baltimore and Austin is in the top ten there. This is the same basic graph. And basically says the same message in the workforce housing . It's still a huge demand. There it is not slowing down and we see an increase there in the for coming future.

One thing that has happened with the affordable housing is like I said, that institutional investor there. So over the past ten years the liquidity has been tremendous in that the cap rates have come down and the affordable and workforce housing has offered a less expensive entry point into those investors. So you're seeing interest is there it's on the sidelines right now, but you are seeing interest on across the board on affordable and workforce housing. Lang this we just wanted to

[3:46:23 PM]

. Lang this we just wanted to indicate some of the strong institutional and private capitalization capital represented across the affordable and workforce housing. There is several players national, globally and locally that touch this space. So not only do you have high demand, but you have interest on the investment side. That's waiting on the sidelines and here I'll kick it just back to Jeff on just the impacts on Texas and Austin. >> Yeah, to expand on a comment that Darren made with respect to stasis in the office market in Austin in terms of occupancy, certainly good news there. We kind of discern that occupancy from physical occupancy. In other words, how much space is leased versus how many bodies are actually within that lease space. And certainly the pandemic put a big dent in how many bodies are within any particular office suite in Austin or elsewhere. I think where the data is favorable to

[3:47:26 PM]

where the data is favorable to Austin is that we enjoy, along with other Texas markets, the highest figure physical office occupancy rate amongst markets within the United States. We expect this to improve dramatically, i.e. Over the coming two quarters as big tech makes a meaningful return to office, both in the balance of 23 and into 24. So I really find this slide interesting because it looks at capital inflows in the top, the graph to the left, it indicates that capital inflows to the top ten markets within the United States. And I'm really pleased to see that Austin now is punching above its weight in terms of capital inflows and when you look at who rounds out that top ten, we're talking about gateway markets like New York, Chicago, Los Angeles, Dallas. We're also joined by non gateway markets like Phoenix and Atlanta. So it really is gratifying to see both

[3:48:27 PM]

really is gratifying to see both the national and the global focus on Austin across all product types, be it affordable work, house or workforce. Pardon me or others. Don't want to spend a whole lot of time on this slide. But this shows in fairly dramatic detail. Just again, the decline in transaction activity that we've seen both in individual property sales and portfolios. >> If I may interrupt briefly, I appreciate I appreciate that you said you don't want to spend too much time on this slide. I'm doing a time check. It's 3:49. So why don't we skip this slide then and the next? >> Yeah. And we'll talk about p-3s. Thank you. >>

Yeah, I just want just want this is an important slide and we want to go over this because this is the impact nationally on public private partnerships. And we have seen across the board and this is public entities and higher education groups that are having a different approach to p-3s right now because of the tough underwriter resulting in

[3:49:29 PM]

tough underwriter resulting in less lending. There's fewer projects and there's increased return thresholds. I mean, not only for not only is the cost for debt rising, but the cost of equity is too so social and policy based objectives are struggling to pencil in this environment. P-3s are having a difficult time right now penciling and going to market it. So public entities have to consider different approaches his and to deliver these community benefits and some of the things that are to consider is basically to wait out the economy with low hold costs. Public entities have decided to pause on their projects until lending in construction climates improve. During this time, it's really important to focus on strategy planning and design. This is the actual the time to do it. If you take this approach , which you can improve the land value through demolition of existing improvements or investing in horizontal infrastructure, mitigate project

[3:50:31 PM]

infrastructure, mitigate project risk, there's occupancy guarantees, master leasing, tax incentive tax incentives and then finally, there's also the tried and true capital infusion where you can't meet these needs and they cannot wait. The public entities are pulling from their own coffers to make infeasible projects feasible or by becoming equity partners or self developing. I wanted to make sure that we had this slide in here to move forward. Yeah and I think in consideration of our time, that's probably a good spot at which we can wrap up. >> For what it's worth, I think this is good information, this presentation is good information. Just generally, but it would be great information to share with the entire body. So if all the members of the council, including the mayor and the city manager, could get this information, I think it'd be very helpful. We all today for your presentation. >> We would be happy to do that. If I can have the clicker. Yeah, sure. That's what I'm pointing to. Thank you. So thank you for all of that incredibly detailed,

[3:51:31 PM]

all of that incredibly detailed, useful information, which really helps us in terms of our major takeaways, as well as our recommendations for moving forward made major takeaways from our deep dive into both the market as well as our stakeholder conversations and our community outreach, which we remain committed to. Healthsouth and understand that it is really a prime opportunity within

downtown Austin for the creation of truly affordable housing. It is unprecedented. One of the few publicly owned parcels that remains in downtown Austin and we remain excited about the potential for this site. We based on all of the feedback and the prioritized mission of affordable housing, we believe that the best path forward is redevelopment, led by Austin housing finance corporation with a role for the Austin economic development corporation, depending on the various

[3:52:32 PM]

depending on the various scenarios that we're going to talk about, we also acknowledge that the current market conditions, near term market conditions, as well as all of the community priorities that have been articulated by both this body as well as the various stakeholder as we've communicated with, they support both affordable housing. So income restricted housing for that, what I would call workforce, but really lower income workers as well as ground floor retail. There is a real appetite for ground floor retail in that section of town. So thus, based on all of this information, we have three different scenarios to present to this body. The first scenario, and there's obviously a range of options. The first scenario would be that hfc would issue a request for qualifications, not a request for proposals, but an rfq request for qualifications in early 2024 for both parcels based on the information that we

[3:53:33 PM]

based on the information that we know we could move forward with repackaging and reimagining an rfq, we would want clear direction from council on what those priorities would be for that site so that we could move forward with a clear, concise and quick rfq. Certainly an option. Option number two, which Steve alluded to, and a lot of public bodies are pursuing this right now is really a slight pause. So hfc could wait out in the short term. Some market conditions that are of course, there's a lot of uncertainty in the market right now which we heard from our economic consultants. So we could pause to assess the market conditions both nationally, locally, as well as really hyper locally. You'll recall that there is central health has a parcel to the north of us that has not yet we have not determined yet, nor has central health determined what the path forward for that potential solicitation would be. So

[3:54:33 PM]

solicitation would be. So there's certainly some near-term and nearby uncertainty. We and we could look at a solicitation maybe the end of 2024 for both parcels as the third option really is a phased approach, recognizing that city council has, as demonstrated in articulated a sense of urgency, wants to see affordable housing, wants to see development on the site as quickly as possible. As I mentioned, we're bringing forward a contract at the September 14th council meeting for the demolition of the site, which should occur by January of 2024, or this phased approach would include hfc issuing a solicitation

for strictly income restricted housing. So it would most likely be a little low income housing tax, credit development. This would be an early 2024 for one of the parcels. There's two parcels, you'll recall one parcel is encumbered by the capitol view corridor. So there certainly are some development constraints

[3:55:35 PM]

some development constraints that make it a little bit more difficult and tie the typology and make it a little bit more affordable and more more likely for an affordable housing development. So in this phased approach, hfc would issue a solicitation in early 2024 and then phase two would really be issuing a solicitation as market conditions improve, move as there's more certainty regarding kind of the hyper local neighborhood. What is going on in that immediate adjacent area as well as what's happening with the markets, both debt and equity, what's happening with the markets and how could we maximize both financial return and community benefits on that second parcel, we are open for our Q and a happy to take any questions. I do want to acknowledge the team that has worked on healthsouth over the last several years, which includes economic development,

[3:56:35 PM]

includes economic development, Susanna Carbajal and Margaret Shaw, of course, our law department, Ron Padgett, financial services and real estate. Marek is a Czech and then of course I've represented housing, so it's been a great team and we're looking forward to the next steps for the parcel parcels. >> Colleagues, I'd encourage you to keep your questions brief, but if you have any please ask them now. >> Thank you, madam chair. I when we look at the survey, who was that distributed to or how did we put that up? >> The speak up Austin survey? Yes, it was made public. We did multiple different avenues. Our communications teams did multiple different avenues. Okay I, I think it's interesting. >> I know shock that 75% of people want affordable housing. I think if you went anywhere in Austin and said, what are some of your priorities, affordable housing. The trouble I have is the next layer, right? If we said to somebody, do you want

[3:57:35 PM]

said to somebody, do you want 100 units here or do you want 300 units a half mile away? That's a very different question. Right. And so we don't have that second layer. And I'm not saying that this survey should have asked that, but I just as we talk about what our goals are as a community, I think it's it can sometimes not capture the full picture of what we're trying to do by just saying, well, people want affordable housing. Well, of course they do. But how we do it is different. So I say that because I just think it's important as we move forward, weighing our options is that we don't just say, well, everybody wants affordable housing here. >> I so I hear that and we are going to provide a comprehensive report

that will do the multiple layers of the survey so you can slice and dice it in terms of demographics, who we reached, it was a really broad audience. We were very proud of the response rate. I will say that the question was specific about the health south site, like what belongs on that site. And it was further corroborated by our

[3:58:36 PM]

further corroborated by our conversations with other community stakeholders. So it was from our roundtable conversation with our neighbors. So a lot of those institutions, folks, what was clear was that the need was for affordable housing on site and the need was for the downtown workers. They were very specific, not like the broad we all want affordable housing, but we want housing that is affordable to the certified nurse's assistants. We want housing that's affordable to I mean, the sobering center has a number of emts we want housing. And so we did do a deep dive. What are those salaries? Where do they fit in the mfi chart? Would it comport with a tech development and the good news is when we look at the income ranges of the salaries of the folks that everybody identified, they wanted to serve, it really matched up nicely with a what I would call a mixed income development, which is a low income housing tax credit development. >> Absolutely. I think that's the exact point that I'm trying to make, is that whether it's

[3:59:37 PM]

to make, is that whether it's nurses at the hospital or or hospitality workers at the fairmont or pick your hotel, right. If we ask them in isolation, do what do you want on this parcel next door to you? They're going to say affordable housing. But if you say, what do we want, would you rather have 100 units next door or 300 units within a bus trip or a walk? You know, a half mile? I think that answer might just be a little more nuanced. And that's the only point I'm trying to make. When you looked at your the conclusion that you made of shoot, I've lost the page. But that that this is the best affordable housing site with in the palm district. Did you consider for any other sites APD headquarters convention center how did you come to the decision that this is the site so right now we did look at the palm district site plan, the vision plan, and looked at all of the sites within the palm district.

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sites within the palm district. >> You all may know and Darren had one slide that talked about affordable housing, but it really highlights our density bonus. You know, there's a smattering of units in Rainey street and a smattering more than a smattering in uno, but in downtown Ann proper and Rainey street, we really only have two parcels that are truly affordable housing, and that would be capital studios developed by foundation communities and of course, lakeside, which is 164 units for seniors and people

with disabilities. That's owned and managed by the housing authority of the city of Austin. Very limited affordable housing opportunities in terms of publicly owned land. We did look at publicly owned land of course, police headquarters. While there may be plans in the future, there are not plans anytime soon. In the near term and convention center, there are plans afoot not necessarily for affordable housing. The focus, of course, is on the convention center, although we've had plenty of conversations about P with our convention center friends. But we heard from council an urgency with respect

[4:01:42 PM]

council an urgency with respect to this site and any other publicly owned parcel should there be any redevelopment is years and years down the road. In addition, we contemplated there's often conversation about , well, just east of I-35, there are options for affordable housing. This is potential factual, not in the immediate vicinity, but we were also cognizant of two important things. One is physical and one is really a legal consideration with respect to the legal consideration, our commitment to affirmatively further fair housing and ensure that we do have housing opportunities all over the city of Austin, including in high income and difficult to develop areas like downtown. 78701. So we want to make sure that we have both jobs and housing opportunities for low income people in areas where there are low income jobs. So

[4:02:43 PM]

there are low income jobs. So that's one consideration. The other is the acknowledgment that I-35, while we can say, well, it's just a hop, skip and jump over I-35, if we were to develop on the east side, there's also an acknowledgment that I-35 is going to be under construction for probably whenever it kickstarts at least a decade. And so access east west will certainly not be as simple as we would like to imagine it to be. When hfc does a deal, there is a tax exemption because they're involved. >> Is that correct? >> Not always. So if a hfc is involved in a partnership and we're the general partner, then then we would confer as the general partner. We would confer our property tax exemption Ann to the development. We currently have 13 partnerships in various forms, either operational or under construction or a couple in planning most of hfc programs

[4:03:44 PM]

in planning most of hfc programs . We provide gap financing for non profit and for profit developers, including primarily tech developers for our rental housing assistance and no, we do not confer a property tax exemption in those cases. Now depending on the financing program under which they're developing, there may be tax abatement at, but but no, we do not confer our property tax exemption. >> And for y'all's deals, we're talking typically some form of public subsidy is involved, whether it's tax



credits or Rota. Money is put in from the public side. >> That is correct. Our our deals involve some Sade. And I was interested in the jll slides because we kind of track along a lot of those per unit. What what we're seeing historically for per unit development costs. And yes, we do provide a slice of that in exchange for the

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that in exchange for the affordability. All of our funding goes to all of our rental housing development assistance funding goes to units at or below 50. Median family income. So we typically get involved. We provide gap financing for a mixed income deal like a tech deal, which may certainly have some 60% units, 80% units. They may have some market rate units. We're subsidizing the lower end to bring those rents down. So the 30% and the 50% units. So so short answer, yes, we that's one of our main programs is providing subsidy, which is how we get income restricted housing, the tax credits alone in this kind of market will not result in income restricted housing, certainly in the urban core. >> Yeah, well, I think as we look forward and looking at your proposals, I'll, I'll be complete be candid. I think we kind of have two very stark options before us. One is an hfc

[4:05:46 PM]

options before us. One is an hfc style deal that does involve that public investment that is typically be smaller in scale, right? Four stories or such versus a much more robust development. You know, like kind of what we had seen as a previous proposal that ultimately yields tax base and it's a different product, right? It's offering a not as much affordable units. It's offering, among other things, but I, I, I worry I have concerns personally that we are not maximizing the site if we just go towards a limited development with hfc and so it one council member's opinion on that. I

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member's opinion on that. I think that edc, that style of seeing what what potential we have beyond the typical hfc type project is what I would like to see us explore. And as I look at kind of the timelines here, you know, we're proposing potentially not doing any action until 2024. I think it's interesting that the previous developer for this site has through their representative, come to us and said that they might have a new proposal that, you know, if nothing's going to happen by 2024, might it behoove us to even just see what new proposal they have by December of this year? You know that if nothing's going to happen anyways, why don't we at least see is that good enough before we maybe take our next step of saying, well, no, it's not. So we do want to do an rfp, we do want to do an rfq. I just think there are it takes a long time. Rfps take a long time. Rfqs take

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Rfps take a long time. Rfqs take a long time. We have the potential to address the immediacy which you talked about in the stakeholder process. People are looking for some immediate impact and why not at least turn over that leaf and have that piece of information? Ann so I'm that's that's really all. I really appreciate your work on this. I know your priorities here and you're doing exactly what has been guided. You I just I, I want us to broaden the conversation a little bit. >> Thank you. Vice chair. I really appreciate those contributions. I would like to encourage us to again, take a look at the time us asking these folks to drive home at 5 P.M. In Austin, Texas I don't think is the most considerate. We could be, in which case I'll hold my questions and I'll post them to the message board. I think some of the things that you mentioned throughout the course of your presentation and I'll include in our items for consideration moving forward, but I am in the interest of time again going to

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interest of time again going to move the meeting forward and encourage any additional questions to be posted to the message board. So thank you all for your presentation. Ann we really appreciate it. Thank you. Thank you. So items. Two and nine. I'll read the posting language and I respectfully request that our vice chair very briefly lay out the change is that he is proposing to residential and commercial considerations. So I'm sorry. Say again. >> Oh, as I say, absolutely, I'm ready when you are. >> So item number two, briefing on density bonus programs and then item number nine, discuss expansion of residential and commercial voluntary incentive program that allows residential uses in commercial zoning districts. So thank you, vice chair, for your work on this issue and that I hope it can be properly merged into the work that staff is initiating around

[4:09:53 PM]

that staff is initiating around all of our density bonus program terms. So if you could very briefly lay out what you're proposing. >> Absolutely. I'll be I'll be very brief. And I think that's a you laid it out exactly correctly. We have so many density bonus programs and what part of what we're looking to do with this is to recognize some of the standard behind vmu and see if we can make residential commercial more successful by looking to some of those standards that have allowed vmu to be successful. So that is a key aspect of what this will do. It will essentially allow for that extra bonus that 60ft to 90ft if you're going to give that additional affordability that we see in vmu Wright. Now, the way the resolution was initially drafted, that we were going to add some commercial Zones into it after having some conversations us and thinking

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conversations us and thinking about it further, we're actually going to take that out. I'm worried that we might add accidentally. You know, we all want to create a complete community and I don't want to inadvertently take a spot that might be a local neighborhood coffee shop and create the incentive for someone to go build a 2 or \$3 million home and prevent that opportunity for the community. So we're going to remove that out of there because I think it better serves our communities. And so with that, and I look forward to having a broader discussion at the full council meeting. >> Thank you. I appreciate you laying that out for us. I would say any additional questions we should definitely post to the message board, both for the public's ability to have the access to that direct tool and also because I am not trying to have y'all driving in 5:00 traffic in Austin, Texas. But

[4:11:54 PM]

traffic in Austin, Texas. But that's a question for future discussions at the mobility committee. Lastly our last item is number eight, where we get to discuss future items. So this is where we get to highlight any future items we'd like for the committee to discuss moving forward. For myself, I'd like to continue to recommend that we take the comprehensive deep dive into the density bonus programs and fee waivers for affordable housing, including smart housing density, bonus, uno and the several really awesome ifcs that are related to density bonus changes initiated over the last six months. I'd like very much for staff for this body, which works, you know, so brilliantly together because I think we're all committed in the same ways in terms of our policy priorities for this body to work together with staff and have that discussion and recommend

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that discussion and recommend actions in October, that would be great colleagues, I will generally speaking, I would start with what your recommendation is for the future are, but I'm also very forgetful, so I want to see it before I forget one. I think given the gravity of the health south conversation, I think it would be prudent for us to bring it up again. I think given some of the discussion that was had around, I've heard on multiple occasions as of late how construct costs are literally either holding up or completely halting projects. I think it would be prudent for us to have a conversation around alternative building materials or something like what do we need to do to help reduce construction costs? I think that would be a great conversation to have and I'm not sure exactly who we need to invite. And my hope is that vice chair alter and I get the opportunity to have a conversation moving

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have a conversation moving forward about how we can Ann think about what is the future of construction look like if projects are being delayed or completely abandoned by way of construction cost, and then if there are any additional items that you guys would like to provide ideas and or items you'd like to include on future agendas, please list them at this time and we'll start at the front with council member qadri and then move to vice chair alter I mean, I just want to thank you for leading a very efficient meeting. >> I think healthsouth that's so top of mind on so many people. So I'm looking forward to bringing that back up again next meeting. >> And I don't have anything at this moment. I think you you got it all. >> Well, moving forward, that's another thing that we can actively present for the public. We can post on the message board items that we intend to bring for future committee meetings.

[4:14:56 PM]

for future committee meetings. And that's a conversation that, you know, us as a body are able to take up safe travels. Everybody, I think at this time , if there is no objection, we are adjourned at 4:15 P.M. Thank you to my colleagues and thank you to everybody in attendance. Thank you to staff, thank you to all our speakers. We appreciate your time. Thank you We are a-t-x-n