

FINAL

Affordable Housing Incentives Task Force Report



**Presented by the AHITF Co-Chairs
Frank Fernandez
Tim Taylor**

May 2007

Affordable Housing Incentive Task Force

Resolution No. 20060622-075

- ❑ Directed the City Manager to assemble an affordable housing task force
- ❑ The AHITF was asked to review, develop and recommend policy enhancements
- ❑ First meeting was July 17, 2006
- ❑ The final report of consensus recommendations was completed on February 20, 2007.

AHITF Process

- ❑ **Review of Best Practices**
- ❑ **Decision Points**
- ❑ **Challenges to Affordability**
- ❑ **Core Values**
- ❑ **Incentives - Concepts and Principles**
- ❑ **Recommend Affordable Housing Incentives**

AHITF Process:

Best Practices

- ❑ AHITF focus on Voluntary Programs that provide density bonus and fee-in-lieu options

- ❑ Austin's existing models
 - S.M.A.R.T. Housing
 - UNO
 - VMU
 - RMMA

AHITF Process:

Decision Points

- **Legal Issues**
- **Affordability Requirements**
- **Applicability**
- **Targeting**
- **Comparability**
- **Meeting the Requirements and Alternatives**
- **Compliance Period**
- **Compliance Mechanisms**
- **Compensating Incentives**

AHITF Process:

Challenges to Affordability

- ❑ To better understand the challenges to producing affordable housing, AHITF examined existing conditions:
 - ❑ **Market forces**
 - ❑ **Land costs**
 - ❑ **Development costs**
 - ❑ **Regulatory barriers**
 - ❑ **Differing definitions of affordability**

AHITF Process:

Core Values

- **Deeper Affordability Targets**: It is desirable to reach deeper levels of affordability.
- **Long-term Affordability**: We value housing that will remain affordable over the long term;
- **Geographic Dispersion**: Affordable housing should be dispersed throughout the City of Austin.

Affordable Housing Incentives: Concepts and Principles

- ❑ Incentives are required to achieve the Core Values.
- ❑ Balance incentives with affordability
- ❑ Consideration of fiscal impact to the City budget
- ❑ S.M.A.R.T. Housing as baseline

Affordable Housing Incentives: Categories

- Three general categories of incentives:
 - **Expedited Review and Approvals**
 - **Expanded Fee Waivers**
 - **Enhanced Development Entitlements**

Affordable Housing Incentives: Development Types & Zoning

- ❑ General development categories:
 - **Downtown**
 - **Urban Infill**
 - **Suburban**

- ❑ Recommendations based zoning categories:
 - **Central Business District (CBD)**
 - **Downtown Mixed Use (DMU)**
 - **Multi-family (MF)**
 - **Single-family (SF)**

Recommended Affordable Housing Incentives: CBD and DMU

▣ CBD and DMU Zoning

- ▣ For developments seeking FAR increase:
 - ▣ Fast track development approvals
 - ▣ All development fees waived
 - ▣ Any and all other City Fees waived

Recommended Affordable Housing Incentives: CBD and DMU

☐ CBD and DMU Zoning

☐ 10% of “bonus” area must be affordable

- ☐ For CBD, above 8:1 FAR is bonus
- ☐ For DMU, above 5:1 FAR is bonus

☐ Rental

- ☐ 80% MFI or less; 40-year affordability period

☐ Ownership

- ☐ 120% MFI or less; permanent affordability (possible Community Land Trust units)

Recommended Affordable Housing Incentives: CBD and DMU

□ CBD and DMU Zoning

■ Developments not seeking zoning change or FAR bonus

- Eligible for CBD/DMU incentives, if:
- 5% of total square footage meets affordability requirements.

Recommended Affordable Housing Incentives: CBD and DMU

□ CBD and DMU Zoning

□ Fee-in-lieu:

- Fee of \$10 per bonus square foot.
- Funds to be invested in affordable housing within 2 miles of downtown.
- If not spent within 18 months, funds may be invested elsewhere in the city.

The AHITF Process: Recommended Affordable Housing Incentives

☐ Multi-family (MF) Zoning

☐ Requirements

- ☐ 10% of rental units at 60% or below MFI
- ☐ 40 year affordability period.
- ☐ Developments must be S.M.A.R.T. Housing Certified.
- ☐ Accessibility requirements reduced from 10% of units to 5%.
- ☐ Incentives apply “greenfield” sites only.

The AHITF Process: Recommended Affordable Housing Incentives

❑ Multi-family (MF) Zoning

❑ Incentives

- ❑ Additional fee waivers available.
- ❑ Upzoning for MF zoned sites:

Existing Zoning	New Zoning	Conditional Overlay (Capped Height)
MF-2 AND MF-3	MF-6	40 FEET
MF-4 AND MF 5	MF-6	60 FEET

The AHITF Process: Recommended Affordable Housing Incentives

❑ Single Family Incentives for S.M.A.R.T. Housing Development

■ **Alternative compliance for single family permits**

- ❑ Establish 2,400 square feet as threshold for applicability of wall articulation requirements.
- ❑ Exemption from wall articulation for new subdivisions of at least one acre (5 or more houses)
- ❑ Alternate compliance for topographic survey.

The AHITF Process: Recommended Affordable Housing Incentives

□ Single Family Incentives for S.M.A.R.T. Housing Development:

■ **Alternative single family subdivision standards**

- Allow small lot (SF4A) standards on single-family tracts of 3 acres or larger of unsubdivided land.
- Provide option to reduce street widths down to 24 feet in new subdivisions.

The AHITF Process: Recommended Affordable Housing Incentives

- ❑ **S.M.A.R.T. Housing has been effective tool, however, incentives have not kept pace with:**
 - ❑ Increased development costs;
 - ❑ Increased land costs;
 - ❑ Housing market conditions.

- ❑ **Add the following additional fee waivers to those currently applicable to all S.M.A.R.T. Housing developments:**
 - ❑ Water Meters;
 - ❑ Sewer Taps;
 - ❑ Inspection for Underground Electric;
 - ❑ Landscape Inspection Fee.

The AHITF Process: Recommended Affordable Housing Incentives

❑ Developments achieving Core Values should receive additional “bonus” fee waivers:

- ❑ Water Quality Fee-in-Lieu;
- ❑ Infrastructure Reimbursement;
- ❑ Fees for 2nd water/wastewater service to a lot;
- ❑ Utility Pole Relocation; and
- ❑ Parkland Dedication Fee.

AHITF Process: Recommended Affordable Housing Incentives

- ❑ **For SMART Housing providing long-term and deeper affordability, allow the following standards:**
 - ❑ Duplex / secondary units on lots less than 7,000 sq ft.
 - ❑ 50% impervious cover if no impact to nearby properties.
 - ❑ Secondary units may have up to 850 sq ft on 2nd story.

AHITF Process: Recommended Affordable Housing Incentives

- **For SMART Housing providing long-term and deeper affordability, allow the following standards:**
 - 2 detached houses on lots 7,000 sq ft or greater without limiting size, if other requirements are met.
 - 8 bedrooms in a duplex.
 - Replacement of legal, non-complying structure using previous setbacks.

The AHITF Process: Recommended Affordable Housing Incentives

❑ **Enhance flexibility of S.M.A.R.T. Housing:**

- ❑ Expand income standards
 - ❑ Allow 35% of income to be spent on housing.
 - ❑ Mortgages may exceed 35% of income with City approved homebuyer education.
- ❑ Establish Community Land Trust equivalency
 - ❑ Alternative to requirement of 40% of units serving income eligible households.
 - ❑ Fewer total units affordable, but for longer affordability periods.

AHITF: NEXT STEPS

Presentation of recommendations to:

3/27/07: Planning Commission

4/10/07: Community Development Commission

5/17/07: City Council