

# Late Backup



## MLK & Plaza Saltillo Affordable Housing Recommendations

City Council  
April 10, 2008



## TOD Ordinance Goals

The TOD Ordinance defines affordability goals for new housing in TOD areas.

TOD Station	Owner-Occupied	Rental
General Affordability Goal	25% of new housing units affordable	
	Affordable units at or below 80% MFI	Affordable units at or below 60% MFI
CP&R Zone (Plaza Saltillo and MLK)	Affordable units at or below 60% MFI	Affordable units at or below 50% MFI <ul style="list-style-type: none"> <li>▪ 5% of units at or below 30% MFI</li> <li>▪ 10% of units at or below 40% MFI</li> <li>▪ 10% of units at or below 50% MFI</li> </ul>



## TOD Housing Potential

- o Economic Research Associates (ERA) provided housing demand projections in the TOD Districts through the year 2025
- o Hypothetical affordable unit yields assume that affordability goals are met

TOD District	ERA Housing Potential Estimate through 2025 ("high" scenario)	Potential Affordable Housing Unit Yield through 2025 (assumes housing goals are met)
Plaza Saltillo	2,116 units	529 units
Martin Luther King, Jr Blvd	1,521 units	380 units
Lamar Boulevard/Justin Lane	1,654 units	414 units



## Recommendations

1. Implement Density and Height Bonus Program.
2. Dedicate Appropriate Resources.
3. Identify and Utilize Publicly-Owned Land.
4. Provide Menu of Incentives within TODs.
5. Utilize Homestead Preservation District Tools.



## Recommendations

### #1 Implement Density and Height Bonus Program.

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## Density Bonus

- Exempt properties from floor-to-area ratio (FAR) and maximum densities.
- 10% of the *total* habitable square footage must be designated affordable.
- MFI requirements
  - Homeownership: 80% MFI
  - Rental: 60% MFI
- Long-term affordability
  - Owner-occupied units - 99 years
  - Rental units - 40 years
- Density Bonus alone will not achieve affordability targets, additional subsidy will be required

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## ● ○ | Height Bonus

- Height bonus to maximum 60 foot heights.
- Applies to the TOD Mixed Use Subdistrict.
- 25% of the *bonus* area (habitable square footage) affordable.
- Income levels as established by TOD Ordinance.

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## ● ○ | Height Bonus

- Will require amendment to TOD Ordinance:
  - CP&R TODs - requirement of 25% of all units affordable for height increase.
  - Saltillo TOD - no height increases outside of Capital Metro 11 acres.
- Effectiveness reviewed within one year.

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## Density Bonus: Limitations

- Construction costs for high-rise development are significantly higher
- Neighborhood concerns regarding density and compatibility

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## Fee in Lieu

- Fee-in-Lieu required for all non-residential projects that utilize density or height bonus
- DMA recommends a fee-in-lieu payment in the amount of \$10 per square foot of additional benefit
- Fee amount should be reviewed and adjusted annually.
- Any funds should be utilized for affordable housing within the TOD Districts

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## Recommendations

### #2 Dedicate Appropriate Resources

- Earmark GO Bonds.
- Encourage use of Housing Tax Credits for rental developments.
- Staff Liaison to Working Group.

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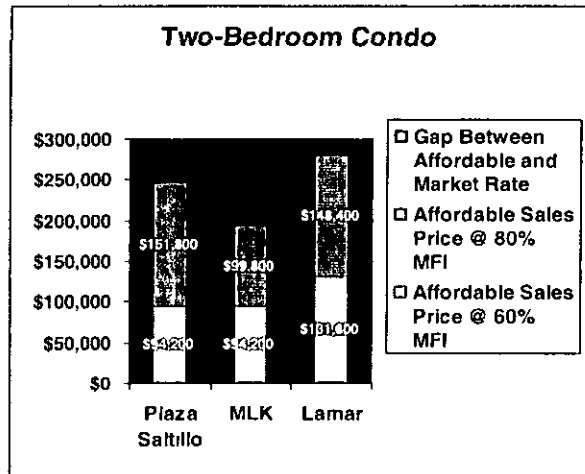


## Background Analysis

- DMA developed financial scenarios for rental and homeownership projects.
- Estimated the per-unit public subsidies required to reach affordability goals
  - Homeownership subsidy: approx. \$90,000-150,000 per unit
  - Rental subsidy: approx. \$50,000 to \$130,000 per unit

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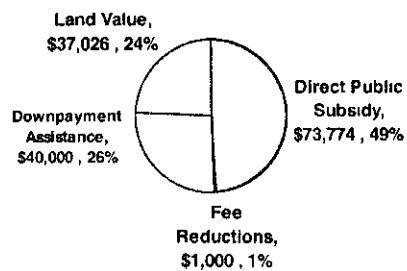
## Homeownership Affordability Gap



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## Bridging the Affordability Gap

**Bridging the Affordability Gap:  
\$151,800 at Plaza Saitillo**

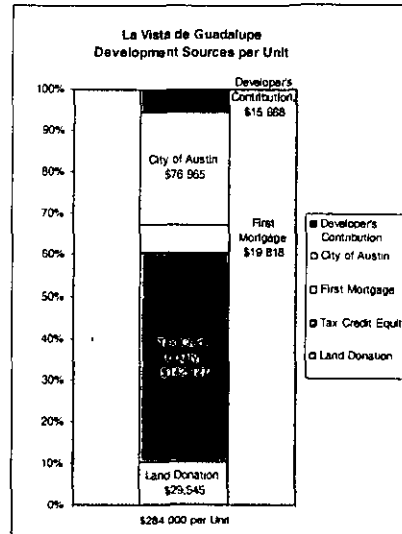


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## HTC Rental Example

- o La Vista de Guadalupe
- o Guadalupe Neighborhood Development Corporation
- o Located near Saltillo TOD
- o Deeper Affordability



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## Recommendations

#3 Identify and Utilize Publicly-Owned Land.

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## Publicly-Owned Land

- Review any publicly-owned land within and near the TOD areas for potential use as housing
  - City-owned property
  - Capital Metro

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## Publicly-Owned Land

- No City-owned land in MLK TOD Area
  - Potential Land Bank acquisition of parcels for housing development
- Capital Metro property in Plaza Saltillo
  - Modest height increase to 60 feet on 11 acres

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## Recommendations

#4 Provide Menu of Incentives within the TOD.

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## Additional Incentives

- The City should adopt a policy that offers developers within the TOD Districts a package of incentives in exchange for affordable units on-site.
  - Fee Waivers and Expedited Review
    - *Beyond the fee waivers and expedited review currently offered by S M A R T Housing™*
    - *Similar to incentives adopted for Downtown developments with affordability*
  - Maximize Use of Public Tax Exemptions
    - *City owns land but leases to developer to reduce property tax liability*
    - *Similar to model utilized for Villas on Sixth development*

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## Recommendations

#5 Utilize Homestead Preservation District Tools.

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## Homestead Preservation District

- o TIF district
- o Land Bank
- o Land Trust

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Questions?