



City of Austin

Neighborhood Housing and Community Development

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MEMORANDUM TO MAYOR AND COUNCIL

FROM: Margaret Shaw, Director

DATE: September 23, 2009

SUBJECT: Item 97: South Shore District Planned Unit Development:
Clarification of Affordable Housing Requirements

The purpose of this memorandum is to clarify requirements and options for providing affordable housing in the South Shore Planned Unit Development (PUD) proposal, which is Item 97 scheduled for a public hearing at Thursday's City Council agenda.

The applicant, Grayco Town Lake Investments 2007, L.P. is not required to comply with current PUD standards adopted June 18, 2009 (Ordinance No. 20080618-098) because their PUD zoning application was submitted prior to adoption of that ordinance. Their legal representative, Drenner Golden Stuart Wolff, has stated that their client wishes to comply with the ordinance and meet "superior" development standards.

The PUD Ordinance outlines a variety of ways affordable rental or ownership housing may be incorporated in a development – providing them on site or through the donation of land or fees to enable the City and its partners to create affordable housing elsewhere.

Drenner Golden representatives report they are meeting with affordable housing stakeholders and experts to consider the best option for their client. Their original proposal was to provide an in lieu donation (Section 2.5.7) of funds. Their calculation of the fee would donate \$3.7 million to the Austin Housing Finance Corporation's Housing Assistance Fund. This calculation is based on multiplying 60 percent of the \$10 fee for downtown density bonuses by the square footage increase above the PUD's baseline zoning:

1,297,000 total sf in PUD
– 675,180 sf of base zoning
=====
621,820 sf of bonus area
x \$6 60% of the \$10 Fee for Downtown Density Bonus (Ord. 20090131-132)
=====
\$3,730,920

Staff's reading of the ordinance, however, is that the in lieu fee is calculated using the total climate controlled square footage within the PUD, not just the bonus square footage. The fee then rises to \$7.8 million (1,297,00 sq. ft. x \$6). This amount is not economically feasible for the applicant, so Drenner Golden reports they are discussing with an affordable housing consultant how to comply through other means.

It is important to note that under current PUD standards, South Shore or any other PUD can achieve superiority without providing any affordable housing. This is because affordable housing is a Tier 2 criterion for judging PUD superiority, not a mandatory Tier 1 criterion. The policy issue is what level of entitlements (i.e. bonus square footage) should be granted in return for the quantity and depth of affordability provided in the PUD or the amount of the in lieu fee donated.

The PUD ordinance does state that the amount to be donated is "subject to the approval by City Council." Flexibility was incorporated in the ordinance to allow for cases where unintended consequences result and because all circumstances cannot be envisioned. This gives Council the authority to move forward after balancing the application's commitment to a variety of community benefits.

Cc: Marc Ott
Sue Edwards
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