MEMORANDUM TO MAYOR AND COUNCIL
FROM: Margaret Shav, 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:

\[
\begin{align*}
1,297,000 \text{ total sf in PUD} & \quad 1200,000 \\
- 675,180 \text{ sf of base zoning} & \quad \underline{514,820} \\
621,820 \text{ sf of bonus area} & \quad \underline{314,670} \\
x \quad $6 \quad 60\% \text{ of the $10 Fee for Downtown Density Bonus (Ord. 20090131-132)} & \quad \underline{3,148,920} \\[6pt]
$3,730,920
\end{align*}
\]
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
    Anthony Snipes
    Greg Guernsey
    Tom Nuckols