

## AGENDA



Thursday, December 9, 2010

**Neighborhood Housing and Community Development  
RECOMMENDATION FOR COUNCIL ACTION**
**Item No. 21**

**Subject:** Approve a resolution authorizing a fee-in-lieu of providing affordable housing on site in exchange for a development bonus in the Plaza Saltillo Transit-Oriented Development district for the property at 916 East 7th Street (the Bonneville Mixed Use project).

**Fiscal Note:** There is no unanticipated fiscal impact. A fiscal note is not required.

**For More Information:** Elizabeth A. Spencer, Acting Director, Neighborhood Housing and Community Development, 974-3182.

**Prior Council Action:** December 11, 2008 - City Council adopted the Plaza Saltillo Station Area Plan, Regulating Plan, and Transit Oriented Development rezonings (Ordinance # 20081211-081).

Station Area Plans (SAP) were adopted in December 2008 and March 2009 to guide development and redevelopment in the areas around three Capital Metro commuter rail stations: Plaza Saltillo, MLK, and Lamar/Justin Lane (Crestview). The goal of the plans is to create vibrant places around the transit stations and help manage growth by encouraging higher density urban development that supports greater mobility choices. Concurrently with adoption of the Station Area Plans, properties were rezoned "Transit-Oriented Development (TOD)," and Council adopted a TOD Regulating Plan, which specifies the zoning, urban design, and development bonus standards applicable to properties with TOD zoning.

Related to the Plaza Saltillo TOD development bonus, an applicant may seek a development bonus (waiver of maximum density requirements, maximum Floor-to-Area Ratio (FAR) requirements or compatibility height/setback requirements, or to build up to 60 feet in height if not already allowed through base entitlements) in exchange for providing affordable housing on site.

Section 4.3.2.D.1. of the Plaza Saltillo TOD Regulating Plan allows for payment of a fee-in-lieu of providing affordable housing on site, subject to the approval of the City Council. The current fee to be paid into the Housing Assistance fund for each square foot of bonus area is established as ten dollars (\$10).

**REQUEST BY DEVELOPER**

Since the Bonneville Mixed Use project is not seeking a height bonus and is proposing for-sale ownership condo units, the applicable on-site affordable housing requirement to receive the development bonus is to provide 10 percent of the entire square footage of the development as habitable space affordable to households earning no more than 80 percent median family income (MFI), for not less than 99 years. Based on preliminary information submitted by the developer, the fee-in-lieu generated would be approximately \$114,000.00, to be collected prior to the City issuing a Certificate of Occupancy if the City Council grants the fee-in-lieu request.

If the request for the ability to pay a fee-in-lieu is denied by Council, since the applicant is providing a homeownership product, the applicant would be required to provide 7,218 square feet of habitable space reserved as affordable to households earning no more than 80 percent MFI, for not less than 99 years in

order to receive the development bonus (7,218 square feet could accommodate eight average size units in this proposed development project).

#### COMPELLING REASON/STAFF RECOMMENDATION

As per the Plaza Saltillo TOD Regulating Plan, Article 4: Section 4.3.2: Density Bonus, "in order for a property owner/developer to pay a fee-in-lieu, he/she must demonstrate a compelling reason to not provide housing on-site, and subject to the approval of the City Council, may pay into the Housing Assistance Fund a fee-in-lieu payment." The developer has indicated in a written statement to the City of Austin that he would not move forward with the proposed development should a fee-in-lieu not be granted.

Neighborhood Housing and Community Development and Planning and Development Review jointly recommend that the City Council approve the applicant's request to pay a fee-in-lieu of providing affordable housing on site in exchange for a development bonus in the Plaza Saltillo TOD.

Rationale/Compelling reason: If a fee-in-lieu is not granted, information indicates the developer would work within the existing base entitlements allowed on the property. Two opportunities would be lost:

1. The City will not get affordable housing or additional funds for affordable housing.
2. Fewer units will be built in the TOD, an area of the City where the adopted station area plan encourages denser development to accommodate some of Austin's expected growth near transit.