

Neighborhood Housing and Community Development:
Response to stakeholder recommendations
January 28, 2014

In response to proposed changes to the Rainey Street Subdistrict and Downtown Density Bonus Programs NHCD and PDR staff has received recommendations from three major stakeholder groups; The City of Austin Downtown Commission and Community Development Commission, and HousingWorks. These recommendations fell under (number) topic areas. The following is staff response to each of the recommendations by topic area.

On-site Affordability Requirement:

Maintain 5% onsite affordability requirements in the Rainey Street Subdistrict. The City of Austin has a responsibility to affirmatively further fair housing; onsite affordable housing would help to achieve greater geographic dispersion and facilitate affordability in higher opportunity areas. In addition, Rainey Street has a unique cultural and socioeconomic history that should be honored by the inclusion of affordable housing (HousingWorks)

Staff Response: The Rainey Street Subdistrict Density Bonus Program will maintain the on-site affordability requirement. This on-site requirement is only applicable to the Rainey Street Density Bonus, which is applied up to 8:1 FAR.

Affordability Terms:

Require rental units to be affordable for a minimum of 40 years and ownership units to be affordable for a minimum of 99 years. This policy aligns with other density bonus programs and reflects the city's core values with respect to affordability terms. (HousingWorks)

Staff Response: Staff was directed by City Council to amend the Rainey Street Subdistrict Density Bonus Program to include an affordability period requirement of 40 years for rental units and 99 years for ownership units.

Monitoring and Marketing of affordable units:

Ensure that units developed under these density bonus programs are identified, tracked, and monitored for the length of the affordability period. In order to ensure the success of the density bonus programs, it is imperative that these affordable units are affirmatively aggressively marketed to income-qualified residents. (HousingWorks)

Direct staff to develop a system for identifying and adequately monitoring compliance with the City's density bonus programs and to develop a leasing agent or other program to market and connect the City's affordable density bonus units to eligible low-income households. (Downtown Commission)

Staff Response: NHCD administers a monitoring and compliance program for all developments that include affordable units tied to an affordability period. Developments are monitored annually for the entirety of the required affordability term. Our department tracks all affordable units developed through developer incentive programs including the S.M.A.R.T. Housing Program and Density Bonus programs. This unit count is available through the City's website in the Developer Incentive Matrix. Starting in December 2013, this matrix will be updated every two months. NHCD has identified the need for a centralized mechanism to provide current information to the public on developments that include affordable units. The department is currently researching efficient and cost effective best practices for the distribution of such information.

The ordinance draft includes the following language; *The director of Neighborhood Housing and Community Development shall establish compliance and monitoring rules and criteria for implementing the affordability requirements of this ordinance.*

Fair Housing:

Include a provision in the ordinance that prohibits discrimination based on a tenant's source of income including housing voucher assistance, thereby aligning the Rainey density bonus program with the PUD ordinance and the City of Austin's federal legal duties to affirmatively further fair housing. (Downtown Commission)

Require that all developments taking advantage of density bonus provisions be prohibited from discrimination against people with housing assistance. (HousingWorks)

Staff Response: The draft ordinance includes the following language; *An applicant may not deny a prospective tenant affordable rental housing based solely on the prospective tenant's participation in the Housing Choice Voucher Program or in any other housing voucher program that provides rental assistance.*

Family-Friendly Affordable Units:

Modify the Rainey density bonus program so that the number of on-site units required is based on 5% percentage of the additional square footage versus 5% of the additional units, thereby increasing the opportunity for family-sized affordable units and aligning the Rainey density bonus program with the

Downtown Austin Density Bonus Program and the PUD ordinance, which are both based on square footage. (Downtown Commission)

Staff Response: The revised ordinance includes the change to the Rainey Street Density Bonus on-site affordability requirement so that the percent of affordability is now based on 5% of the total square footage (up to 8:1 FAR) in place of 5% of the total units (up to 12:1 FAR).

Moreover, to encourage the creation of affordable family units, the ordinance should provide that the bedroom-count mix for the affordable units must be proportional to the overall bedroom-count mix in the development. For example, if there are 100 units overall in the development, with 20 three-bedroom units and 80 one-bedroom units, of the 5 affordable units overall in the development, then 1 of the affordable units must be three-bedroom units, and 4 must be one-bedroom units. (Downtown Commission)

The proportion of on-site affordable units should mirror the mix of units in the rest of the development. (Community Development Commission)

Staff Response: NHCD is open to exploring the potential benefits of this recommendation in the future. The suggested change would require an amendment to the previously codified sections of the Downtown Density Bonus program. Before making such an amendment, if directed by Council, staff would engage stakeholders in dialogue around the potential benefits and unintended consequences of this additional affordability requirement.

We recommend that the ordinance integrate the family-friendly housing community benefit into the affordable housing community benefit option. (Downtown Commission)

A preference for units with two or more units should be given to families. (Community Development Commission)

Staff Response: The proposed ordinance defines “family-friendly” units as any unit with two or more bedrooms. Please see **Eligibility requirements** for further response to “preference” for family-friendly units.

We also recommend that the City develop a plan for marketing the affordable units, such as a contract with a leasing agent who could keep an updated list of the affordable units available downtown and across the city and market these to low-income households, including families with children, though entities such as the housing authority, local CDCs, etc. This list would be posted publicly within six months with a marketing strategy implemented within nine months. (Downtown Commission)

Staff Response: NHCD has identified the need for a centralized mechanism to provide current information to the public on developments that include affordable units. The department is currently researching efficient and cost effective best practices for the distribution of such information.

Eligibility requirements:

Provide in the ordinance that the program is subject to rules created by the Director of the Neighborhood Housing and Community Development governing tenant eligibility and monitoring requirements, and direct staff to develop such rules. The rules should include a bar on occupancy in the affordable units by full-time students who are the head of household unless such person is eligible to file a joint federal income tax return, has dependents living in the household, or is attending a job training program. The program rules should also address mechanisms to ensure that larger units serve households with children. (Downtown Commission)

Use the UNO eligibility standards for students who apply to rent affordable unit (Community Development Commission)

Staff Response: The ordinance draft includes the following language; *The director of Neighborhood Housing and Community Development shall establish compliance and monitoring rules and criteria for implementing the affordability requirements of this ordinance.* Staff does not support barring any one group of residents from accessing affordable housing.