City of Austin

P.O. Box 1088, Austin, TX 78767
www.cityofaustin.org/housing

Neighborhood Housing and Community Development Department

MEMO

DATE: August 6, 2014

TO: Mayor and Council Members

FROM: Betsy Spencer, Director

RE: S.M.A.R.T. Housing Ordinance Status Update

This memorandum is in response to Resolution No. 20140410-026, which initiates a code amendment to the transit criteria of the S.M.A.R.T. Housing Ordinance as well as directs staff to bring forward additional recommendations on strengthening the S.M.A.R.T. Housing Program.

Council Resolution

City Council Resolution No. 20140410-026 adopted in March 2014 directs City Manager to,

> *Gather input from stakeholders including the Community Development Commission, affordable housing advocates, and housing developers on the benefits and costs to developers of building under S.M.A.R.T. housing on the effects of amending the "Transit" criteria…Staff should present all stakeholder feedback, and alternative recommendations on strengthening the S.M.A.R.T. Housing Program and the transit requirement…The City Manager is directed to consider alignment of the City's capital improvement funding, as well as how to improve coordination with Capital Metro related to affordable housing projects and transit stop, with this updated policy.*

In response to Council direction, Neighborhood Housing and Community Development staff initiated a comprehensive analysis and review of the City of Austin S.M.A.R.T. Housing Policy and Program with a focus on the transit-oriented criteria. S.M.A.R.T. Housing has supported household affordability in Austin since 2001 and continues to provide incentives to developers and builders to provide our community with Safe, Mixed-income, Accessible, Reasonably-priced, and Transit-oriented housing options.

In order to respond to Council's direction in the Resolution, Neighborhood Housing and Community Development identified a need to conduct a strategic review of the existing S.M.A.R.T. Housing policy and program guidelines to ensure that the program is responding to the current environment and to evaluate whether it continues to be an innovative program that encourages the provision of essential community benefits. NHCD's Work Plan objective is as follows:

2014 S.M.A.R.T. Housing Work Plan Objective:

- Conduct a comprehensive analysis of the City of Austin S.M.A.R.T. Housing program since the program's inception in 2001.
- Evaluate the S.M.A.R.T components of the program and make recommendations for potential policy and guideline revisions.
- Engage the expertise of stakeholders in order to access institutionalized knowledge of the S.M.A.R.T. Housing program and evaluate the program's effectiveness. Stakeholders include but are not limited to: developers/program users, resident users, advocates representing the interests of each of the S.M.A.R.T. components.
- Provide support and information to the Community Development Commission S.M.A.R.T. Housing Working Group as requested.

- Respond to Council direction by September 1, 2014 or as soon as possible thereafter.
- Foster a code amendment process that achieves desired outcomes identified by NHCD and the stakeholders including but not limited to:
    - A tiered-incentive based program that honors the existing S.M.A.R.T. Housing ordinance and enhances the program to better meet the original intention within the context of the current environment.
    - Explore how to better connect all density bonus programs to the S.M.A.R.T. Housing ordinance.
    - Marry two existing visitability ordinances;
    - Make recommendations for amendments to the S.M.A.R.T. ordinance to reflect any relevant current City policies since 2008.

Stakeholder engagement

NHCD staff has utilized a targeted outreach approach to stakeholder engagement. This process began with a series of one-on-one interviews with non-profit and for-profit developers who have experience working with the S.M.A.R.T. Housing Program, as well as current and past City staff with experience administering the policy and program. Following the stakeholder interview, staff facilitated three discussion session: the first with members of the CHDO Roundtable; the second with for-profit housing developers and representatives from organizations that represent this constituency; and the third was an open meeting for all interested stakeholders within a targeted list. Staff has also provided regular/monthly updates to the Community Development Commission Housing Committee.

Collaboration with City departments and Capital Metro

NHCD staff has engaged a number of integral departments in the analysis and review of the S.M.A.R.T. Housing program as well as how to support the development of accessible routes from S.M.A.R.T. Housing certified projects to public transportation opportunities. All of these departments indicated interest to collaborate with NHCD to support the City of Austin S.M.A.R.T. Housing program.

- Austin Energy Green Building: Staff is developing guidelines for single family and multifamily moderate rehab projects that, because of limited project scope, cannot achieve the one star rating required for S.M.A.R.T. Housing certification. NHCD would review project scope and recommend alternative path guidelines where appropriate.

-Capital Metro: NHCD and Capital Metro staff refined systems of communication related to the review of S.M.A.R.T. Housing applications. Capital Metro indicated interest in working with NHCD to identify a system to better evaluate transit stops and routes as a tool to better inform the review of the transit-oriented qualities of S.M.A.R.T. Housing applicants.

-CodeNEXT: PDRD staff and consultants provide guidance on how to recommend code amendments that align with the CodeNEXT process as well as consideration for the future form of the City's land development code.

-Planning and Development Review: NHCD is working with PDRD staff to identify short-term and long-term opportunities to enhance the development review process to ensure that S.M.A.R.T. Housing certified projects continue to receive priority review, as well as long-term interventions to increase the expedited review services.

-Capital Planning, Public Works, Austin Transportation Department: Staff from all three departments are working closely together to identify existing opportunities to prioritize the development of accessible routes in areas where S.M.A.R.T. Housing is located. Staff is also exploring additional tools not yet utilized that could support this goal.

Major Themes from Stakeholder developer users (April – July):

- Transit orientation is always a priority; but the cost of land has become a great barrier to developing on a medium-large scale within transit connected areas
- Lack of sidewalk connectivity and inconsistency of sidewalk quality makes providing an accessible route very challenging
    - Onus should be on the City not on affordable housing developers
- S.M.A.R.T. certified projects are no longer experiencing expedited review or development review advocacy from the City
    - Planning & Development Review, Law Department, Austin Energy, and Austin Water Utility all should be included to address this issue and bring forward a resolution
- Fees eligible to be waived should be expanded beyond the current list and capture future fees. This is required to balance incentives and any increased requirements
- A much higher percentage/amount of fee waivers will be necessary to entice for-profit developers to participate
- The most valued current incentive is the promise of expedited review, which is deemed currently non existent
- Frequent Development Review staff turnover makes consistency challenging
- Policy should consider differences between non-profit and for-profit business models and goals
- There is a need for additional incentives to bring for-profit developers to the table
- Program could benefit from targeted outreach and education to for-profit developers/builders
- Providing accessible units does not increase cost of development significantly, nor do the units elicit negative feedback from residents
- Land value/cost is a major challenge for:
    - Non-profits to secure financing
    - For-profits to provide affordable units and still meet investor expectations
    - In transit connected areas where land costs are generally higher

Anticipated schedule for future stakeholder engagement (may be modified due to Board & Commission schedules)

July 23rd:	Open meeting for targeted stakeholders to review analysis thus far and hold focused discussion on Transit-oriented criteria
August 8th:	Draft recommendations and draft analysis report for stakeholder review and comments
August 19th:	Briefing to Planning Commission Codes & Ordinances (no action requested)
August-September:	Finalize first phase of data analysis and preparation of final analysis report
September 9th:	Community Development Commission Housing Committee (action requested) Community Development Commission (action requested)
September 23rd:	Planning Commission (action requested)
October TBD:	Austin City Council action

October 2014 –March 2015 – Continue S.M.A.R.T. Housing Policy and Program analysis to pursue additional recommendations for code and programmatic changes.

cc: Marc A. Ott, City Manager
Bert Lumbreras, Assistant City Manager
Sue Edwards, Assistant City Manager
Robert Goode, Assistant City Manager