

## **RESOLUTION NO.**

**WHEREAS**, the Imagine Austin Comprehensive Plan identifies affordable housing as a necessary resource “to grow Austin’s economy and provide its workforce with places to live that are safe, convenient, and located close to job centers, good schools, retail, and services,” [Imagine Austin, Page 194]; and

**WHEREAS**, Imagine Austin calls upon the City to develop “new goals, targets, and strategies to promote the distribution of affordable housing in all parts of the city, including incentives for affordable housing in new developments and for the preservation of existing rental units,” [Imagine Austin, Page 202]; and

**WHEREAS**, the City of Austin Land Development Code (LDC) incorporates a wide-range of density and development bonuses in exchange for the provision of affordable housing resources throughout the city, including within the Downtown Density Bonus Program; University Neighborhood Overlay; Vertical Mixed Use buildings; Station Area Plans in Transit Oriented Developments; and S.M.A.R.T. Housing Development in certain single-family and multi-family districts; and

**WHEREAS**, this myriad of density bonus programs creates a patchwork of regulation with varying degrees of success in generating affordable housing resources for the development and preservation of affordable housing units; and

**WHEREAS**, the lack of consistency, clarity, and predictability of the density bonus programs does not achieve a fair and efficient process for developers going through the development review process; and

**WHEREAS**, the widespread utilization of fees-in-lieu results in missed opportunities for the generation of affordable housing, particularly in areas with higher land values; and

**WHEREAS**, the use of in-lieu fees reduces the inclusionary nature of density bonus programs by allowing the production of market-rate housing units without incorporating housing opportunities for lower-income families; and

**WHEREAS**, the various density bonus programs require regular (annual, biannual, triannual, etc.) evaluation and adjustment of the density bonus fee amounts and program requirements; and

**WHEREAS**, the University Neighborhood Overlay, which has created almost 500 on-site affordable units and more than \$2 million in payments, includes a tiered affordable housing requirement in which some of the affordable housing is required to be on site and some is allowed to be satisfied via a fee-in-lieu option; and

**WHEREAS**, the vertical mixed use development bonus program, which requires on-site production of affordable units, has resulted in the generation of more than 300 affordable units geographically dispersed throughout the city and has stimulated the development of thousands of infill residential units; and

**WHEREAS**, in June 2013, the City Council adopted Ordinance No. 20130627-105 eliminating the Central Urban Redevelopment (CURE) combining district zoning's loophole to avoid compliance with the Downtown Density Bonus Program; and

**WHEREAS**, the Downtown Development Density Bonus Program establishes set fees-in-lieu for each residential project utilizing the density bonus in

specific Downtown Districts but fails to set a fee-in-lieu for office and hotel development; and

**WHEREAS**, in September 2014, the City Council adopted Resolution No. 20140925-090 initiating a code amendment to remove or modify the in lieu donation option for development bonuses in a Planned Unit Development (PUD); and

**WHEREAS**, in developing recommendations to respond to the Resolution No. 20140925-090, city staff gathered significant information and data regarding the current status of the various density bonus programs; and

**WHEREAS**, on August 17, 2015, the Planning and Neighborhoods Committee voted to recommend consideration of an earlier iteration of this resolution and amendments have been made to reflect the desires of the Committee for additional review and data collection; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

The City Manager is directed to compile a report updating the data on the effectiveness of the various density bonus programs in generating affordable housing resources.

For each density bonus program, the report shall include:

1. the total number of affordable units constructed;
2. the level and longevity of affordability achieved for each unit;
3. an accounting of the allocations of money generated by fees-in-lieu;
4. the programs that rely on fee-in-lieu money, such as permanent supportive housing services Downtown; and

5. a per-unit cost estimate for constructing, preserving, or buying down the affordability of off-site units using fee-in-lieu money.

The report should be available for council review before the December 10, 2015 City Council meeting.

**BE IT FURTHER RESOLVED:**

The City Manager will place an item on the December 10, 2015 City Council meeting to enable the City Council to consider initiation of a code amendment and public process to remove or otherwise modify the fee-in-lieu option within the various density bonus programs.

**BE IT FURTHER RESOLVED:**

Alongside the potential code amendment, the City Manager is directed to conduct a review of best practices of using and calibrating fees-in-lieu within density bonus programs.

The review should consider:

1. alternative methods for calibrating fees-in-lieu, including basing the fee on the difference between the cost to construct a market-rate unit and the sales prices of an affordable unit and by determining the gap between the cost to construct a market-rate unit and the construction loans available to a developer of affordable housing;
2. an analysis of programs that do not include any fee-in-lieu option and programs that offer off-site housing and preservation as in lieu options; and

3. information from housing and social service providers, the City's housing market study, and other jurisdictions on housing needs and the loss of affordable housing stock in Austin neighborhoods;
4. a general overview of the costs, benefits, and tradeoffs of the various methods for requiring on-site housing or providing alternatives to on-site housing requirements within density bonus programs, which includes the long-term benefits of creating housing opportunities for families and children in high opportunity areas.

**BE IT FURTHER RESOLVED:**

The City Manager is directed to provide the review of best practices of using and calibrating fees-in-lieu within density bonus programs at the January meetings of the Planning and Neighborhoods Committee and the Housing Committee.

**BE IT FURTHER RESOLVED:**

Recognizing an imbalance in development of Downtown properties that might discourage the development of residential units, the City Manager is directed to prepare an amendment to Ordinance No. 20130627-105 that would effectively adjust the Downtown Development Bonus Fee Table to equalize the office and hotel density fees-in-lieu to the current levels of the residential density bonus fees. The ordinance should be sent to the Community Development Commission and the Downtown Commission for review and recommendation and return for City Council consideration on December 10, 2015.

**ADOPTED:**

, 2015

**ATTEST:**

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Jannette S. Goodall  
City Clerk