



Neighborhood Housing and Community Development

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Date: May 11, 2016

To: Mayor and Council

From: Betsy Spencer, Director, Neighborhood Housing and Community Development

Subject: Council Agenda Item No. 26: Case C814-2012-0163 – Second reading to consider Sun Chase Planned Unit Development and Affordable Housing plan

This memorandum serves to provide additional information related to Item #26 on the May 12th City Council Agenda. Council will consider on second reading an ordinance amending City Code Chapter 25-2 by zoning property locally known as 15201, 15810, and 16070 Pearce Lane, and 7910 Wolf Lane (Dry Creek East Watershed) from interim-single family residence-standard lot (I-SF-2) district zoning and interim-single family residence-small lot (I-SF-4A) district zoning to planned unit development (PUD) district zoning.

Ineligible for S.M.A.R.T.™ Housing certification

The development is not eligible for S.M.A.R.T.™ Housing (Safe, Mixed-Income, Accessible, Reasonably-priced, Transit-Oriented) certification, which renders the development ineligible for specific fee waivers made possible through the S.M.A.R.T.™ Housing certification process. Developments located within limited purpose jurisdiction require City Council approval for S.M.A.R.T. Housing certification. Because the development cannot meet the transit oriented criteria of the program, the Neighborhood Housing and Community Development (NHCD) staff is not recommending certification at this time. NHCD staff has worked with the developer to address policy objectives related to the affordable housing plan of the Planned Unit Development (PUD) application, specifically to address mechanisms to achieve long-term affordability for rental (40 years from the date of occupancy) and ownership housing opportunities (permanent affordability).

Background

The Municipal Utility District (MUD) Consent Agreement approved by Council in March 2012 includes provisions that the Developer agrees to prepare and submit a proposed PUD. In June 2012 the City Council annexed all four Sun Chase MUDs into the limited purpose jurisdiction, and assigned interim-single family residence-standard lot (I-SF-2) zoning to the vast majority of the property and interim-single family residence-small lot (I-SF-4A) district zoning to a ±50 acre tract on the south side of Pearce Lane. The I-SF-2 and I-SF-4A zonings are consistent with the three preliminary plans covering the entire 1,604 acres, and were reviewed and approved in 2009-2010 by the Single Office, also known as joint City / County review.

The MUD Consent Agreement also contains a provision which outlines that until the PUD is approved by the City, the City is not required to issue any site development permits other than those consistent with the uses allowed by the assigned I-SF-2 and I-SF-4A zonings.

The affordable housing plan exhibit for the Southeast Travis County Municipal Utility District, which is the same land that is currently the subject of C814-2012-0163 - Sun Chase Planned Unit Development, is represented in the Strategic Partnership Agreement in 2012 as follows:

- The applicant will make a financial contribution to the City's affordable housing program equal to 2% of the net reimbursements for "hard" construction costs received by the applicant out of the district's bonds.
- 10% of the residential rental units within the district will be set aside for households with an income level of 60% or less of the median family income in the Austin metropolitan statistical area for a period of 40 years.
- 10% of the owner-occupied residential units within the district will be priced, at the time of their initial offering for sale, at a price that is affordable to a household with an income level of 80% of the median family income in the Austin metropolitan statistical area.

Per the developer's PUD application, the development will expect complete buildout in the year 2031 and will consist of the following:

- Detached single family residences – 2,472 dwelling units
- Mixed Residential (this can include accessory dwelling unit, townhouses, 4 to 6-plexes, and mixed use mf buildings with ground floor commercial) – 1,557 dwelling units
- Multifamily – 2,400 dwelling units
- Office/Commercial – 65.5 acres based on Floor to Area Ratio (FAR) of 1:1 = 2,853,180 SF

Proposed PUD Affordable Housing Plan

Following the approval of the Strategic Partnership Agreement in 2012 for the Southeast Travis County MUD, the developer is now seeking approval by City Council to planned unit development district zoning as Sun Chase Planned Unit Development. In an effort to address the policy objective for long-term affordability, the following affordable housing provisions are currently recommended for the Sun Chase PUD:

- **Rental:** 10% of the total number of multifamily rental housing development units located within the Sun Chase PUD will be set aside for households with an income level not to exceed 60% median family income (MFI) (\$46,680 for a family of four) in the Austin metropolitan statistical area for a period of 40 years from the date of occupancy.
- **Ownership:** 2% of developed lots (proposed 50 lots) will be transferred to the Austin Housing Finance Corporation to achieve the objective of long-term affordability. The lots will be fully platted single-family lots located within the Sun Chase PUD with ownership units at a price that is affordable to a household with an income level not to exceed 80% MFI (\$62,250 for a family of four). Donated lots will be interspersed within the Travis County MUDs 2, 3 and 4, with at least 15 lots located throughout each MUD.

The applicant values these lots at \$1,100 a front foot or \$60,000 per lot – estimated total value of \$3 million, which exceeds the estimated \$1.8M anticipated from the 2% of the net reimbursement for "hard" construction costs that would be received out of the district's bonds.

The development will be phased by MUD 1, 2, 3, and 4. Due to the estimated timing of development underway, MUD 1 will be developed first and will not provide any lots to meet the affordability requirement. The developer anticipates roughly 4 years before the Austin Housing Finance Corporation (AHFC) will be conveyed the first scheduled number of finished lots. The developer anticipates transferring approximately 4-5 lots per year over a 10 year period to AHFC. The lots would be provided in MUD 2, 3 and 4. AHFC will initiate a Request for Proposal (RFP) for the development of the lots, which could be completed by a for-profit or non-profit affordable housing builder.

In summary, NHCD bases its recommendation of the Sun Chase PUD on the following affordable housing benefits:

- The PUD proposal provides the rental unit outcome that is consistent with the 2012 MUD Agreement;

- The estimated value of the lots (\$3M) proposed for conveyance to the Austin Housing Finance Corporation exceeds the anticipated value from the district's bonds (\$1.8M) stipulated in the MUD Agreement;
- The ownership language reflected in the MUD Agreement does not guarantee to provide housing to households at 80 percent median family income (MFI) (\$62,250 for a family of four) but rather provides housing at price points that could be available to households at 80 percent and below. The Sun Chase PUD proposal as presented by the developer provides a mechanism for long-term affordability for households at or below 80 percent MFI.

Should you have any questions regarding the PUD zoning, please feel free to contact Greg Guernsey at 512-974-2387. For questions related to the Sun Chase proposed Affordable Housing Plan, please contact Regina Copic at 512.974.3180; regina.copic@austintexas.gov.

cc: Marc A. Ott, City Manager
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