

S.M.A.R.T. Housing and Fee Waiver Information

At the May 10th Community Development Commission (CDC) meeting, questions were posed about S.M.A.R.T. Housing in general, and Pilot Knob in particular. This information is intended to help inform any recommendation the CDC is considering related to S.M.A.R.T. Housing. Questions 3 and 4 below were addressed by Austin Water Utility.

Questions from the CDC:

- 1. How did the increase in fees (especially the Water Utility fees) impact the affordable units created through S.M.A.R.T. Housing?**

RESPONSE: The increase in fee waivers makes participation in S.M.A.R.T. Housing more attractive to builders.

- 2. Please provide clarification re: whether higher fees (especially the Water Utility fees) became part of S.M.A.R.T. Housing fee waivers?**

RESPONSE: Yes, the fee waiver is still available by ordinance through S.M.A.R.T. Housing. There is still some discussion regarding the ordinances versus the guidelines and where the capital recovery fees reside.

- 3. What amount has been set aside by Council for fee waivers?**

RESPONSE: The ordinance allows up to 1,500 living unit equivalents for the capital recovery fee waiver.

- 4. What amount has Austin Water Utility budgeted for those fee waivers?**

RESPONSE: The developer has indicated, based upon a build-out schedule provided to Austin Water in February 2016, that the PUD will contain 5,000 single-family residential units, 1,500 condo/townhome residential units, and 1,648 multifamily units. Austin Water has assumed 100% waivers for the 5,000 single-family units and the 1,500 condo/townhome residential units. For the 1,648 multifamily units, the developer has indicated an assumption that only a 25% fee waiver would apply to these units.

Based on the assumptions above, Austin Water has estimated a total fee waiver of \$51.5 million. These waivers would be spread out over an estimated 20-30 years, depending on the progress of the development. Austin Water will budget for waivers annually as described in the response below.

5. Are the 1500 LUE's set aside fully accounted for in the Austin Water Utility budget?

RESPONSE: Austin Water annually budgets for collections and waivers of capital recovery fees based on historical trends. At this time, Austin Water is budgeting for an estimated amount of waivers based on recent year trends of approximately 700 to 1,000 waivers. The 1,500 limit for S.M.A.R.T. housing waivers does not include the Mueller development. If the annual waivers begin to increase, Austin Water would increase its projections for future years up to the maximum of 1,500 units. Collections of capital recovery fees can vary significantly from year to year based on the development activity and growth of new connections. If in any one year the number of waivers is more than what Austin Water has budgeted, there would not be an impact to the development, only a reduced level of capital recovery fee revenue, which could be offset by higher collections of non-waived fees.

6. What is the Pilot Knob PUD doing to meet affordability requirements? Are they meeting the minimum requirements for affordable units and on top of that paying fees, or are they doing something else?

RESPONSE: 10% of the ownership units will be reserved for households at 80% MFI or below in a community land trust and 10% of the rental will be reserved for households at 60% MFI or below for 40 years. The developer will deposit an amount equal to the fee waivers received by them and the builders that they contract with for the actual construction of the housing. Funds generated in an account designated by the city can also be used for acquisition and down payment assistance.