

# MEMO

TO: City of Austin Design Commission

FROM: Neighborhood Housing & Community Development Department  
Planning & Zoning Department

## Design Commission Request:

- to understand the current process in place to determine how and where the Density Bonus Program Fees are spent
- to know if the Density Bonus Program process is changing with Draft 3 of CodeNEXT

Per [Ordinance No. 20130808-019](#), fees collected through the Downtown Density Bonus Program must be used "exclusively for permanent supportive housing [PSH] for low barrier approaches for the chronically homeless." This text has been codified in Draft 3 of CodeNEXT [see Article 23-3E-2060 (D)(3)(b)]; the requirements are unchanged from the existing regulations. Per [Resolution 20171109-089](#), these fees can be allocated to "low-barrier permanent supportive housing vouchers" as well.

A detailed explanation of PSH (permanent supportive housing), is [available on the NHCD website](#). In short:

Permanent supportive housing is permanent, deeply affordable housing where services are offered to help homeless, disabled and low-income people live independently in the community. Tenants have leases or lease-like agreements; apartments are affordable; rent cannot exceed a third of tenants' income; and property management and services are provided by not-for-profit organizations. The concept behind supportive housing is simple: Tenants rent attractive, safe, affordable apartments and have access from on-site or off-site professionals to whatever support they need to stay housed and healthy.

The first DDBP fee payment (\$868,240 from Aspen Heights [now Rise] located between San Antonio and Nueces Streets at W. 8<sup>th</sup> Street) was received last year. This payment was deposited in the Housing Trust Fund and earmarked for use consistent with the ordinance and resolution referenced above.

### ***Mechanisms to Allocate Downtown Density Bonus Program Fees***

Neighborhood Housing and Community Development (NHCD) receives funding applications for development or rehab of rental units through the Rental Housing Development Assistance (RHDA) program. If the applications meet the scoring criteria, they are forwarded to Council for

funding approval. The funding for the RHDA program comes from local sources (like bonds) and federal sources (like HOME dollars\*). When these applications contain PSH units, they are eligible to receive some of their funding from the Downtown Density Bonus fees as well.

NHCD also administers a contract with the Ending Community Homelessness Coalition (ECHO) for a rental buy down pilot program. Some funds from the first fee payment (from Aspen Heights) went toward the contract with ECHO. The remaining funds are being held in the Housing Trust Fund and will be disbursed, along with any future fees, for PSH uses through the process described above, or through other contracts that meet the ordinance requirements.

In their direction on how to use the Downtown Density Bonus Program fees, City Council has not specified in what geographic locations the fees should be spent. However, the [Strategic Housing Blueprint](#) contains several geographic goals related to siting housing in higher opportunity locations, near transit, and equitably across Council Districts. Many projects seeking funding through the RHDA process also utilize funding from other sources (like Low Income Housing Tax Credits) that have their own site criteria.

The City does not issue a final Certificate of Occupancy for a building until it is verified that the affordable housing funds were received. This verification is logged in AMANDA, our permitting system.

\* The [HOME Investment Partnerships Program](#) is a federal program providing formula grants to states and localities to fund constructing, buying, and rehabilitating affordable housing or providing rental assistance to low income households.