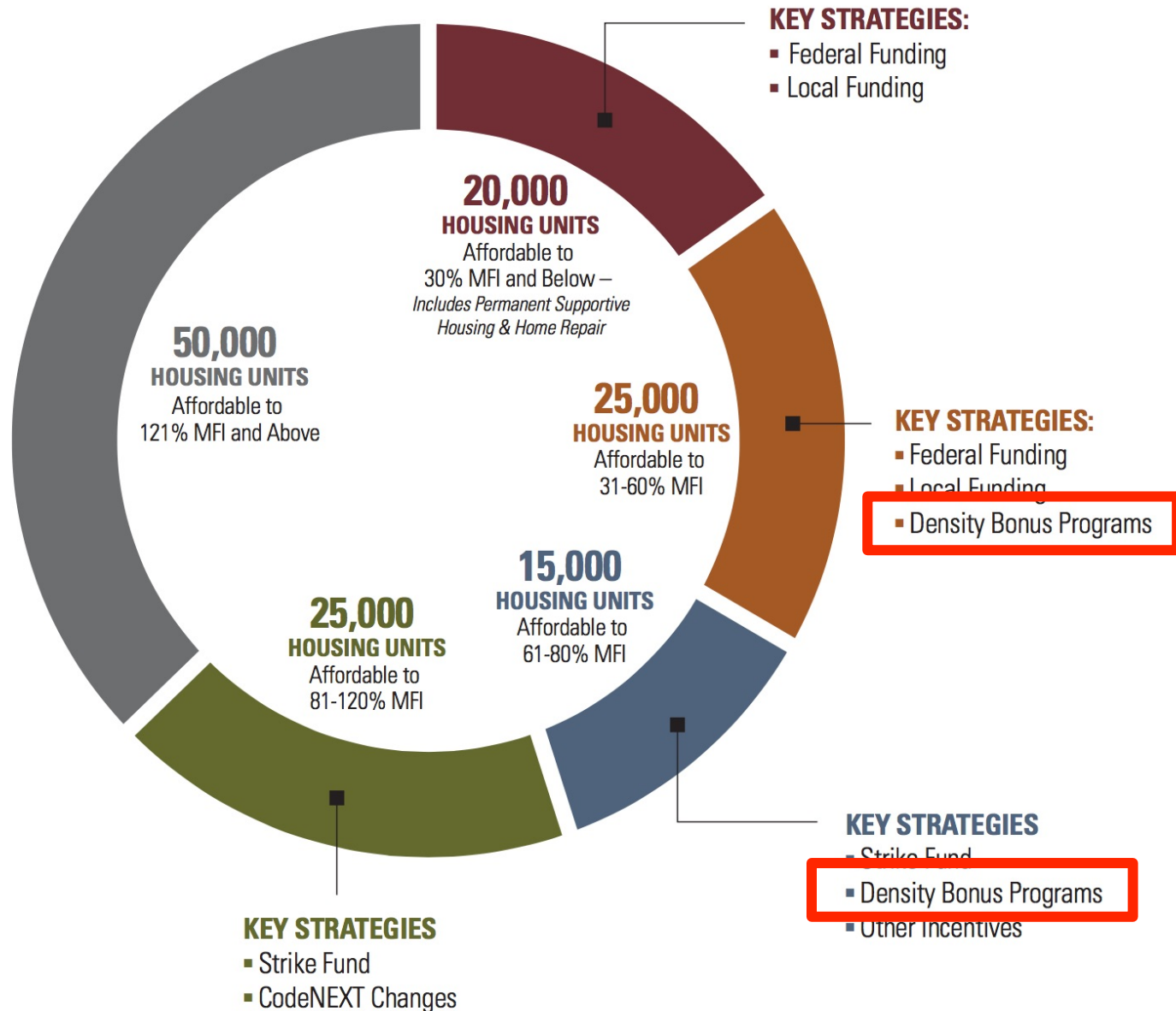


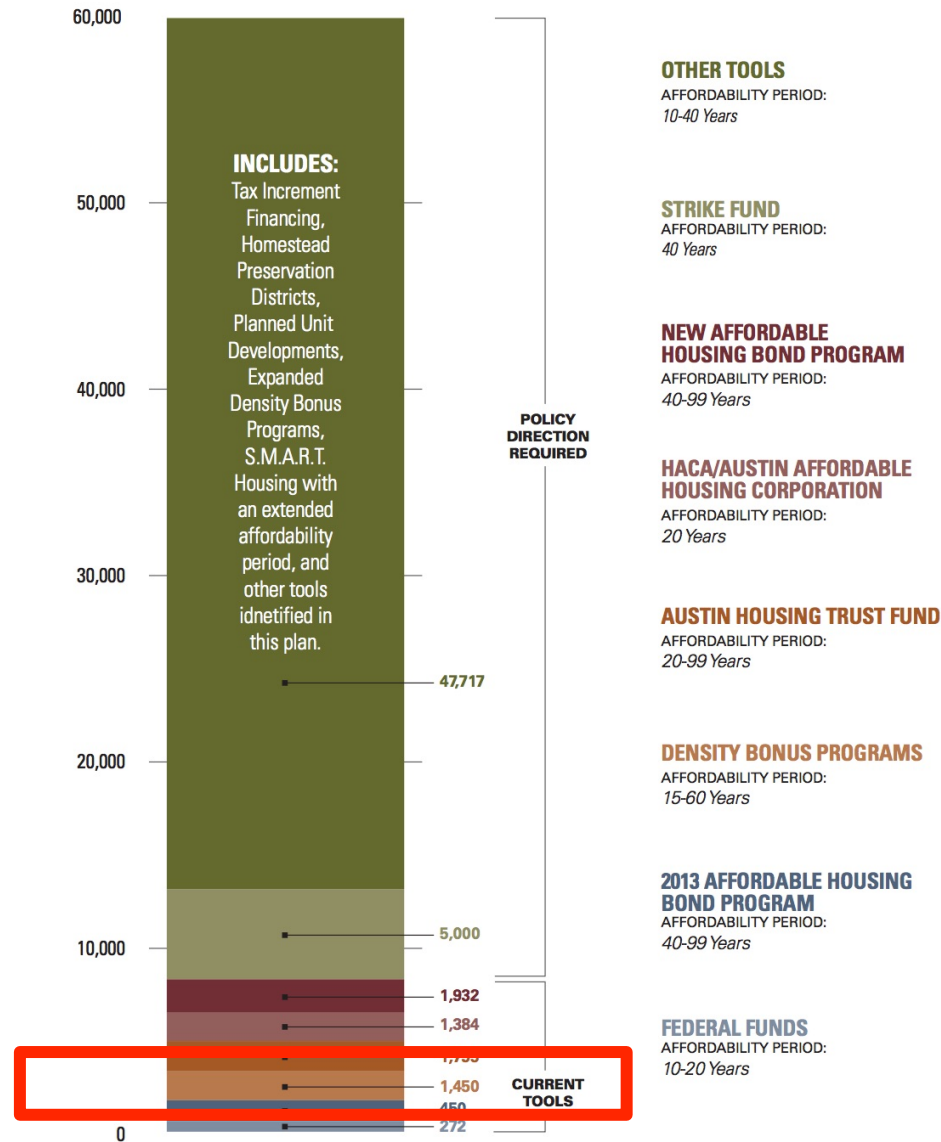
Affordability CodeTALK, May 8th, 2017

Ian Carlton

Great Need For Affordable Housing



Affordable Bonus Program Is One Tool in Toolkit



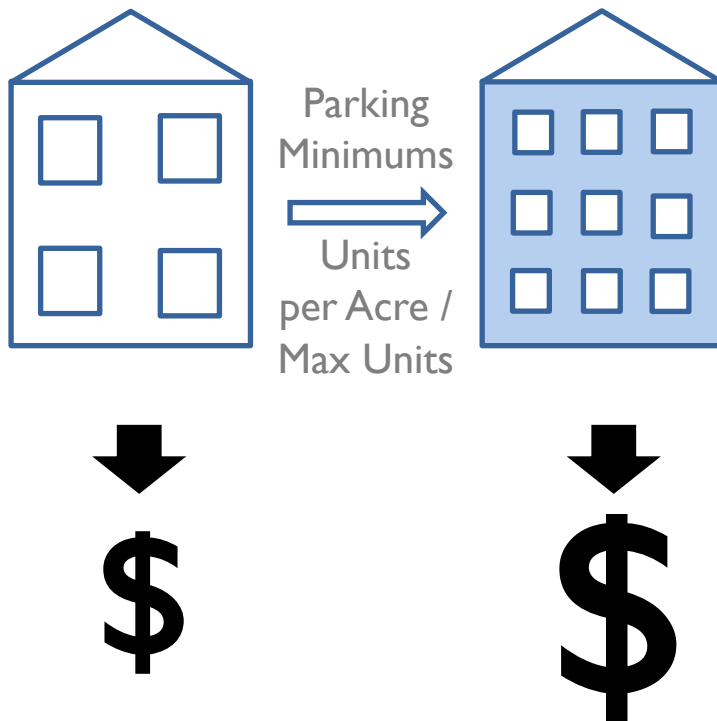
- What are density bonuses and how do they work for affordable housing?
- What do the CodeNEXT Draft Text and CodeNEXT Draft Maps tell us about bonus opportunities?
- What are some of the bonus policies under consideration?

Benefits of Affordable Housing Density Bonuses

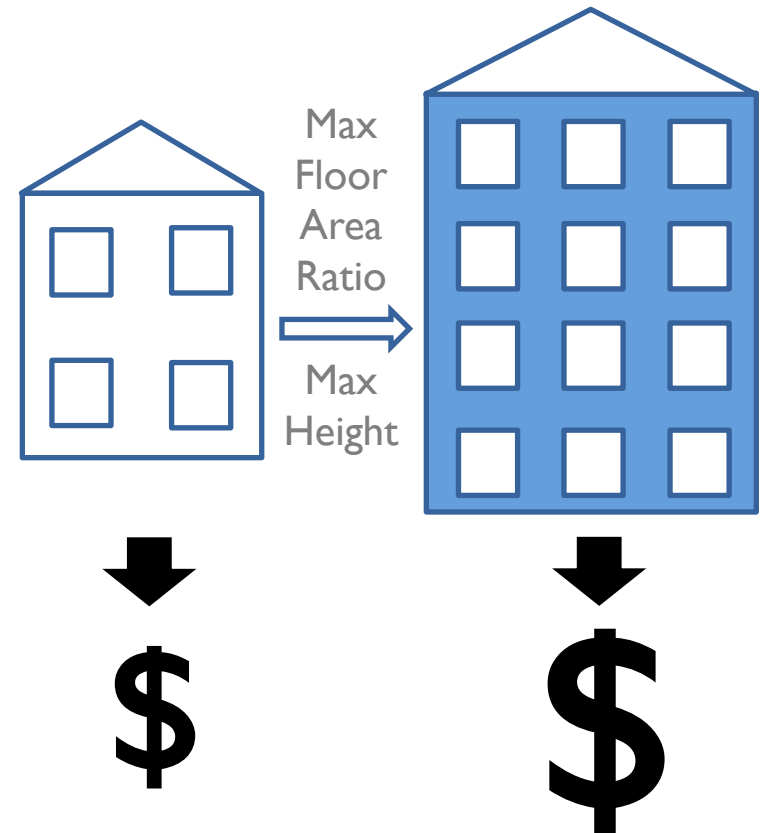
- Policy can leverage higher-end markets where development is already happening
- Bonuses can offset developer cost of providing affordable housing by providing additional entitlements with NO direct City funding
- Policy enables mixed-income buildings and communities

Density Bonuses Work in Two Primary Ways

1. Build more in the same form



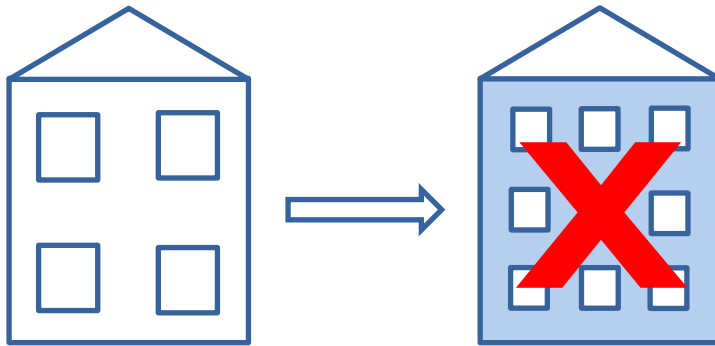
2. Build more in a bigger form



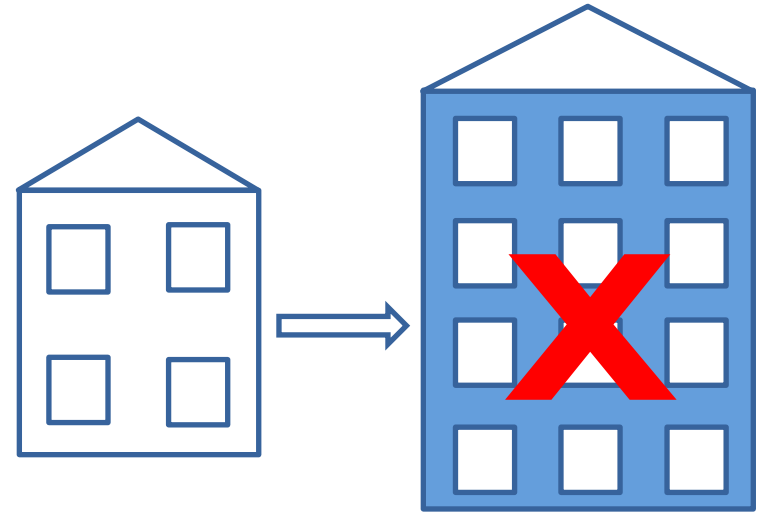
Developers can pay more for land and more landowners may be willing to part with their properties

Developers Will Not Always Take a Density Bonus

1. Build more in the same form



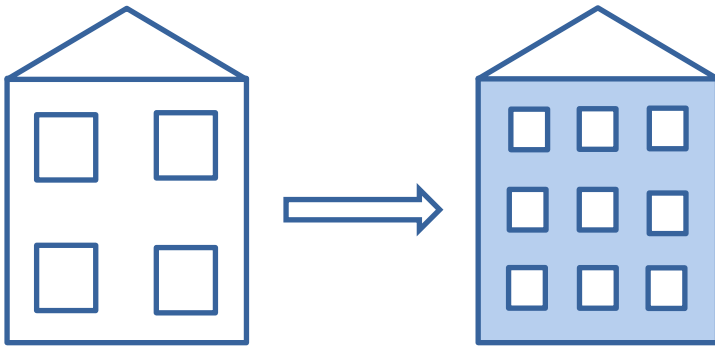
2. Build more in a bigger form



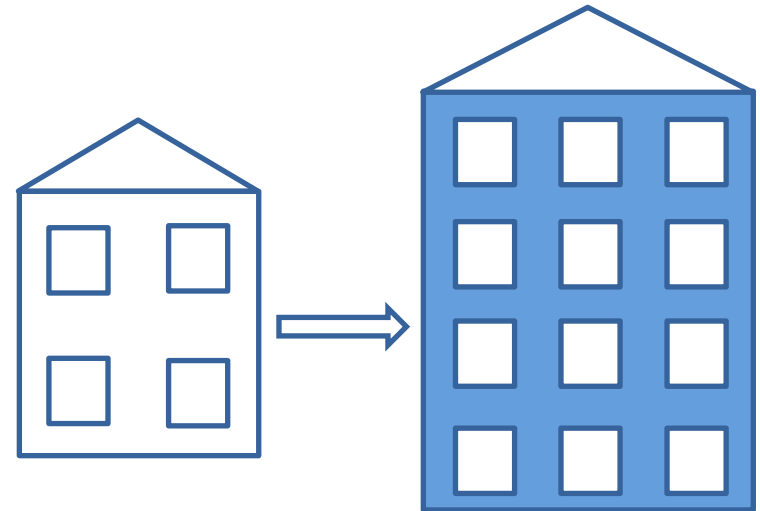
Market limitations (e.g. low demand) or construction costs can negatively impact development feasibility

Leveraging Density Bonuses for Affordability

1. Build more in the same form

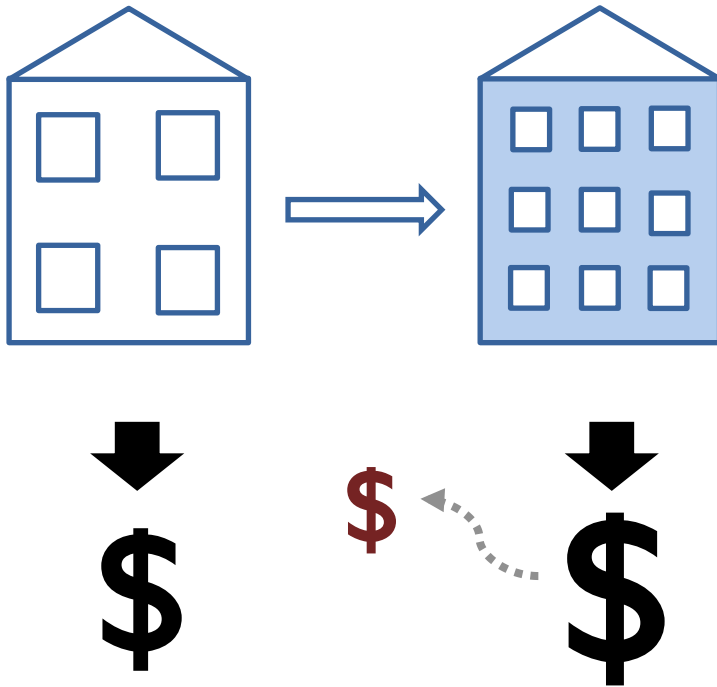


2. Build more in a bigger form

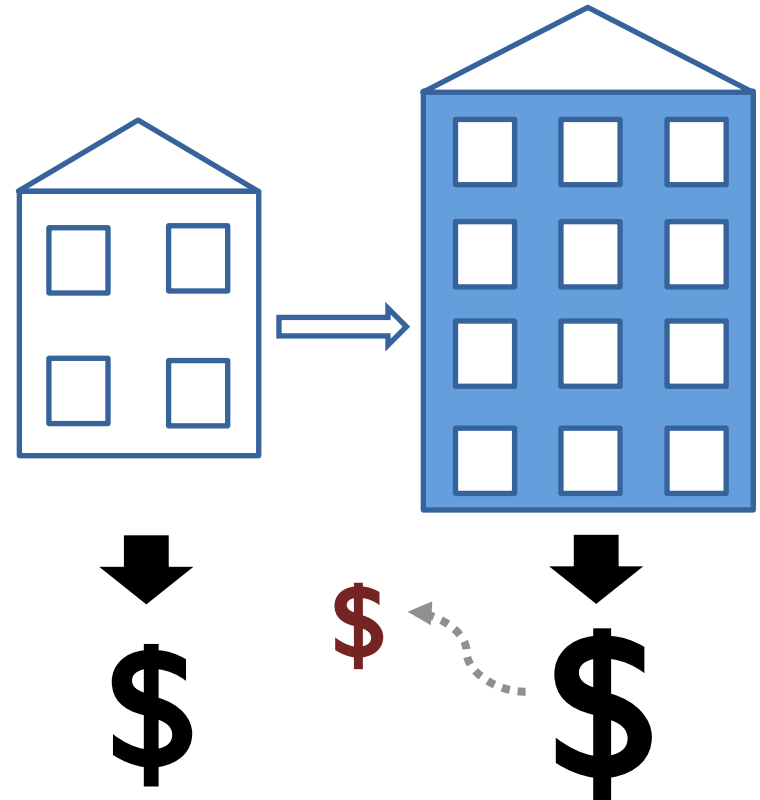


Leveraging Density Bonuses for Affordability

1. Build more in the same form



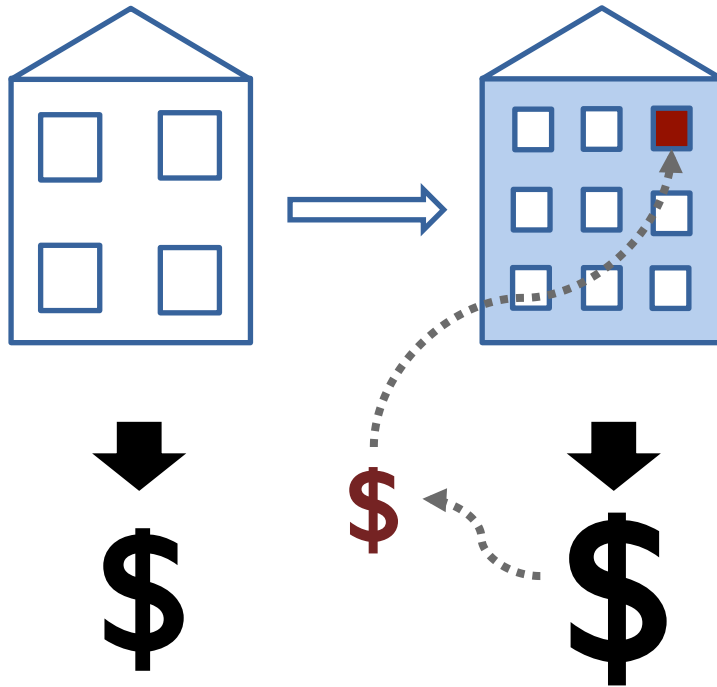
2. Build more in a bigger form



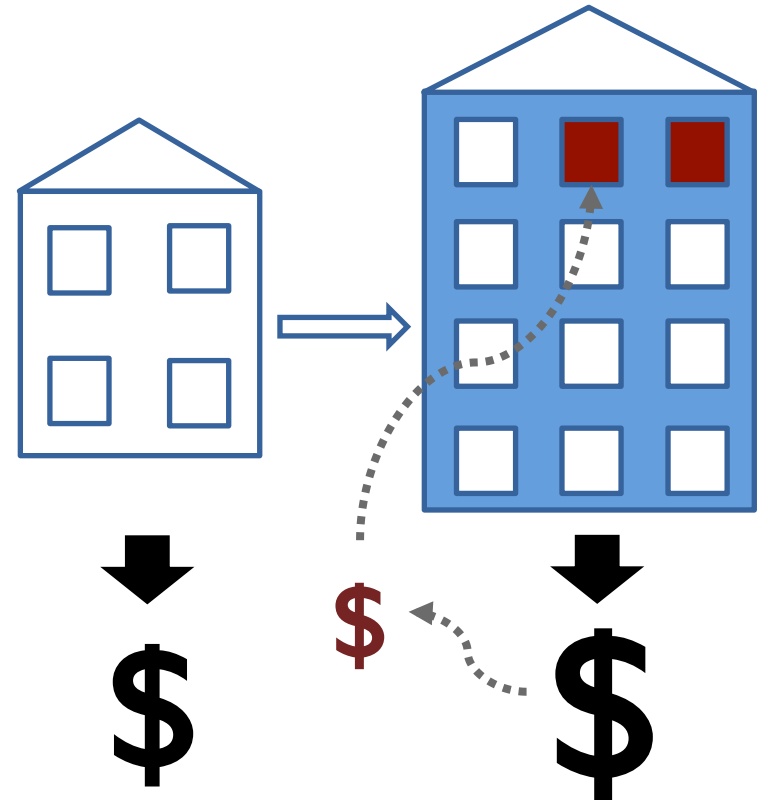
In some circumstances, developers can pay as much or more for land while spending some \$ on public benefits

Leveraging Density Bonuses for Affordability

1. Build more in the same form



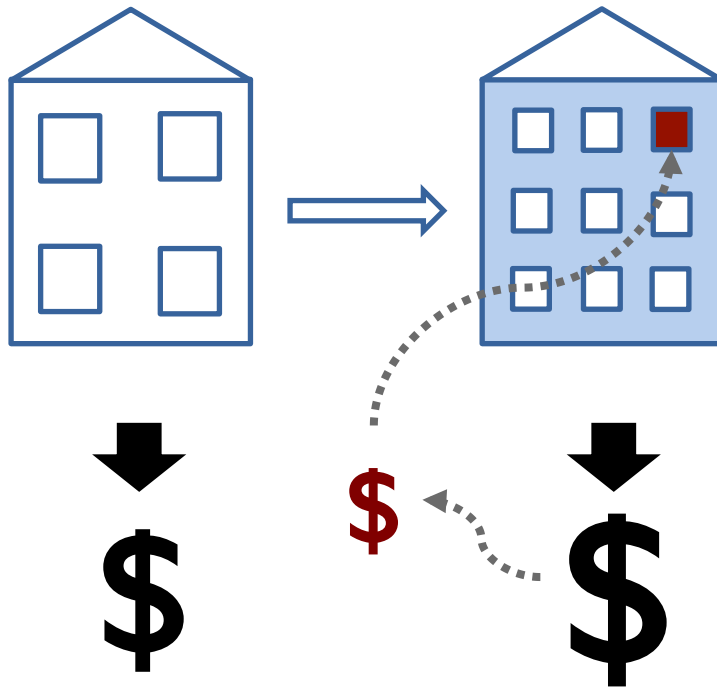
2. Build more in a bigger form



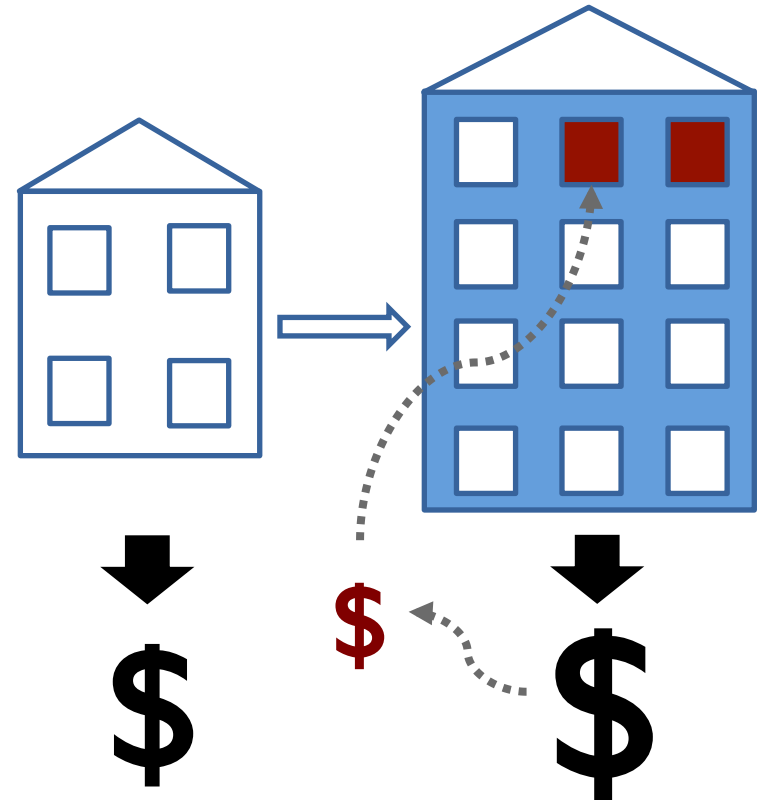
Public benefits may include affordable housing

But Requirements Can Limit Bonus Use

1. Build more in the same form

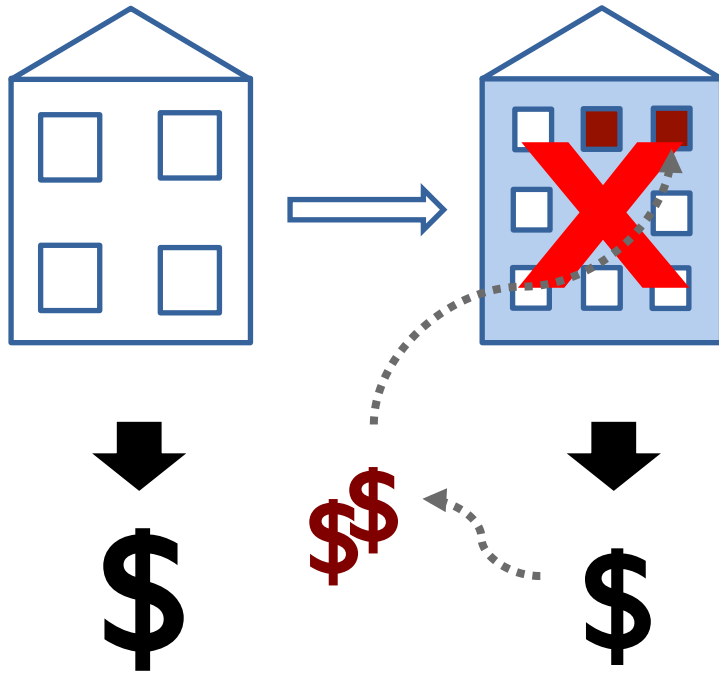


2. Build more in a bigger form

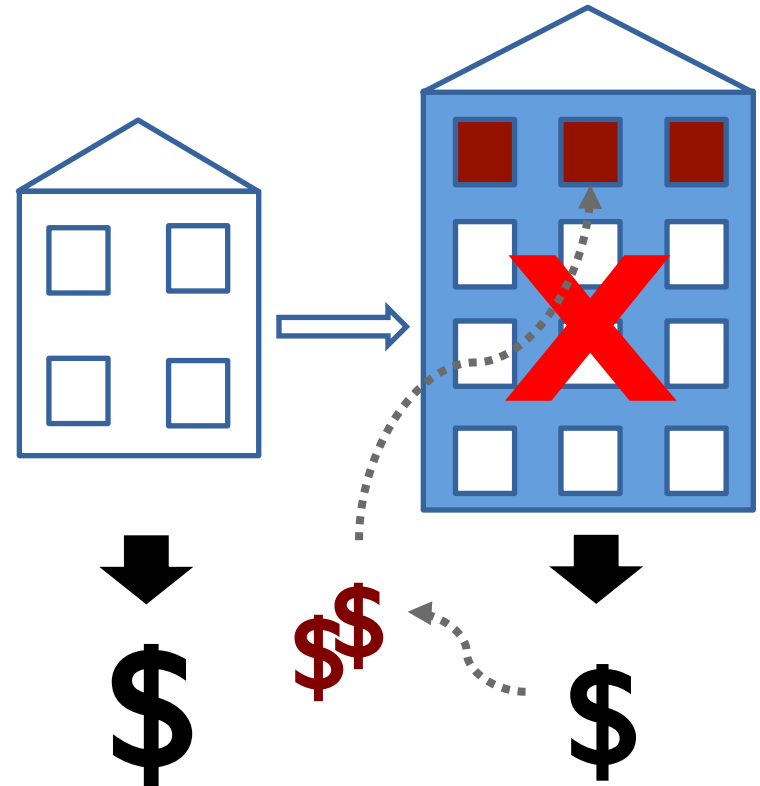


But Requirements Can Limit Bonus Use

1. Build more in the same form



2. Build more in a bigger form



Requirements can be too costly, outweighing the benefits of the density bonus

Austin Has Defined Density Bonus Areas

Existing density bonus areas*:

- Downtown/Rainey
- UNO
- TOD
- NBG
- ERC
- VMU



~12 square miles

~4% of the City's area

[full and limited purpose jurisdictions]



Existing density bonus areas
(see Austin Strategic Housing Plan)

*Excludes several districts and master plans with affordability targets (e.g., Mueller, Colony Park, South Central Waterfront)

Potential Bonuses in New CodeNEXT Zones

Bonuses Potentially Available



MDR
MHDR
HDR
VHDR
RC
CC
DC
GC L/O
SC L/O
T6U/R
T6UC

NC L/O
LC L/O
T4N.DS/O
T4N.IS/O
T4N.SS/O
T4N/O
T5N.SS/O
T5U.SS/O
T5U/O
T5MS

Bonuses Not Anticipated



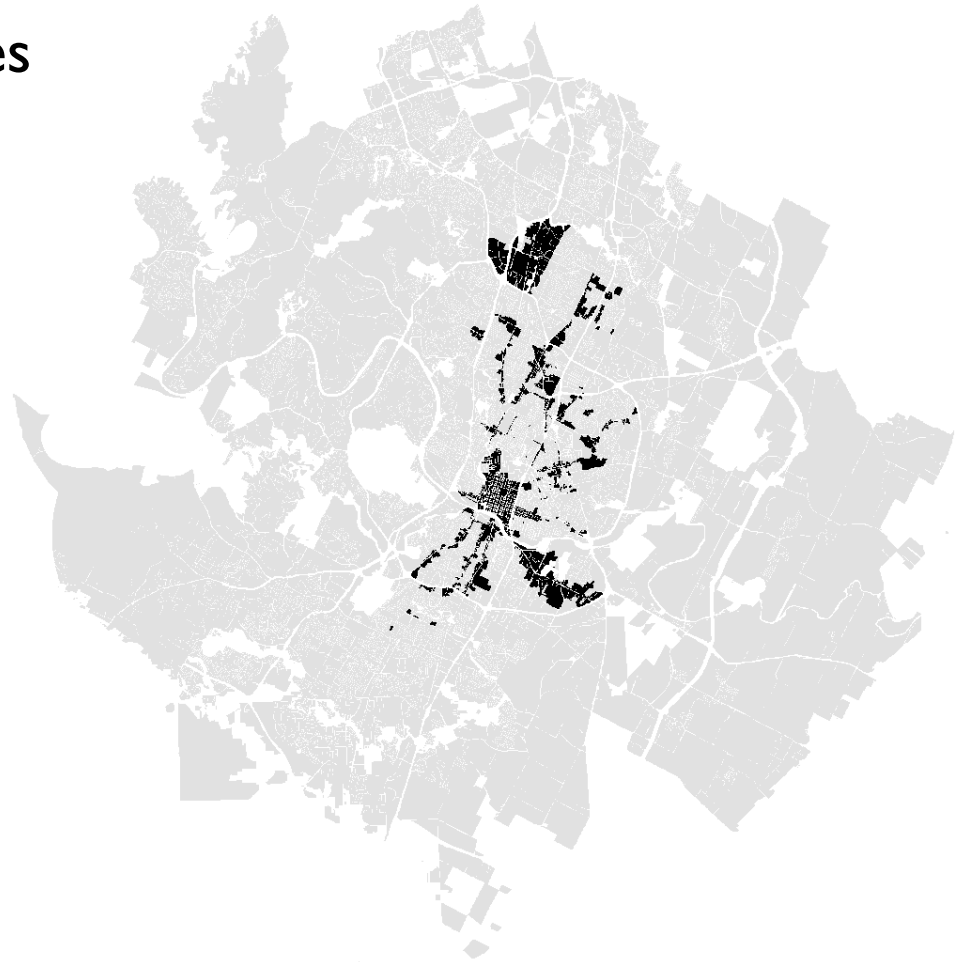
RR
VLDR, LDR
LMDR, LMDR-SL
MHP
HC, WC
CR
FI, GI, HI, R&D
P, AV
AG, OS, DR
T3NE.WL
T3NE
T3N.DS
T3N.IS
T3MS/O
T4MS/O

Potential Bonuses Could Cover ~300% More Area

12 sq mi

Existing bonuses

Downtown, UNO, TODs,
ERC, NBG, VMU



Existing density bonus areas

(based on COA data)

Potential Bonuses Could Cover ~300% More Area

12 sq mi

Existing bonuses

Downtown, UNO, TODs,
ERC, NBG, VMU

-3 sq mi

Replace existing
VMU zones

+30 sq mi

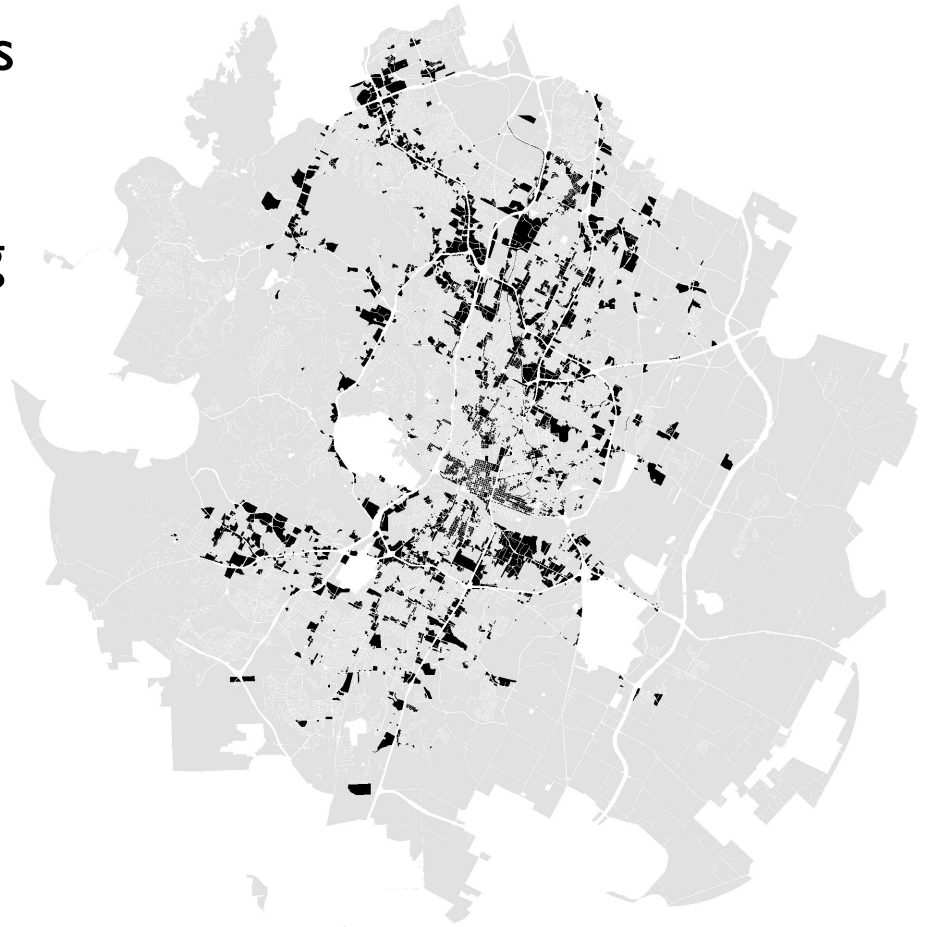
Offer new
residential
bonuses

+18 sq mi

Offer new
commercial
bonuses



**~48 net square miles
of eligible areas***



Potential area with density bonuses
(based on draft CodeNEXT map released 4/17/17)

*Note: Residential and commercial bonuses overlap in some instances

Potential Bonuses Could Cover ~300% More Area

12 sq mi

Existing bonuses

Downtown, UNO, TODs,
ERC, NBG, VMU

-3 sq mi

Replace existing
VMU zones

+30 sq mi

Offer new
residential
bonuses

+18 sq mi

Offer new
commercial
bonuses



**Bonuses available over ~50%
more Imagine Austin land area***



Potential area with density bonuses
(based on draft CodeNEXT map released 4/17/17)

*Note: Currently 20% vs. 30% coverage under CodeNEXT draft

Potential Bonus Policy Parameters

To build bonus area on a site, the following options are being considered:

- **For housing developers:**
 1. Provide units at 60% MFI for rental or 80% MFI for ownership, OR
 2. Build at least an equal number of affordable units offsite within a maximum distance, OR
 3. Pay the Housing Trust Fund a fee-in-lieu of providing affordable units

- **For commercial developers (hotel/office/retail):**
Pay a fee-in-lieu into the Housing Trust Fund

Bonus Policy Takeaways

Potential Bonuses:

- Available to residential and commercial developments (office, mixed-use, hotel) in specific CodeNEXT zones
- Offered in 300% more land area than current bonuses
- Bonuses still offered in all locations with current bonuses

Potential Bonus Requirements:

- Residential: Build on-site or offsite / Pay in-lieu fee
- Commercial: Pay fee for bonus area
- Consistent across zones

Potential Timing of Policy Language Release:

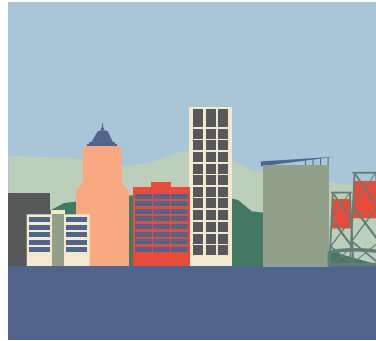
- Calibration to reflect ongoing CodeNEXT draft code text revisions and draft map changes
- Anticipate further policy details will be released in mid-June

ECONorthwest

ECONOMICS • FINANCE • PLANNING



Eugene



Portland



Seattle



Boise