

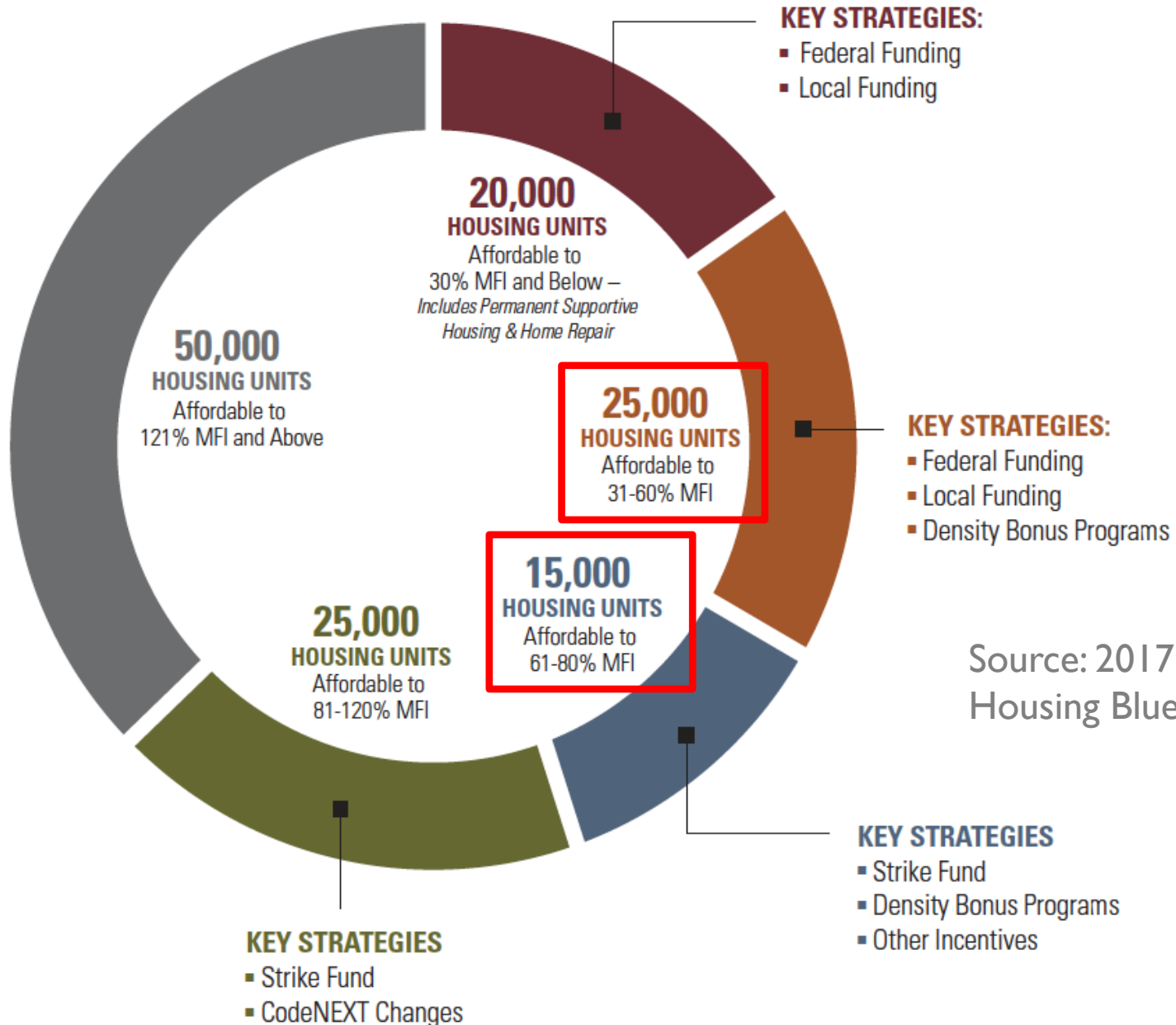
Expanded Affordability Toolkit

May, 2017

ECONNorthwest

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2017 Housing Blueprint



Source: 2017 Austin Housing Blueprint

- Focus on creation of new unit creation at 60%MFI (\$48.6k for family of four) by the private sector
 - Legal?
 - Most impactful?
 - Underutilized?

Tools Evaluated

| Private/ Nonprofit | Development- Derived | Regulatory | Tax Exemptions/GO | Federal | Other |
|---|--|--|--|--|--|
| Community Land Trust expansion | Existing Density Bonus Programs | Streamline City Codes and Permitting Processes | Multifamily tax exemption program | HUD 202 supportive housing for the elderly | Land Banking, Assembly, Property Price Buy Down |
| Austin Affordable Housing Corporation | Tax Increment Financing | Allow development on smaller houses on smaller lots | Targeted Preservation Property Tax Exemption | CDBG and HOME funds | Austin Housing Trust Fund |
| New Market Tax Credits | Expanded Density Bonus Programs | Relax regulations for ADUs | Homestead Property Tax Exemption for communities at risk of displacement | Leverage LIHTC | NHCD Housing Developer Assistance |
| Strike Fund | Transfer of Development Rights | Relax regulations on more affordable products and cooperatives | 2013/16 Affordable Housing Bond | National Housing Trust Fund | Restructured SMART housing with longer affordability periods |
| Private Sector Fund for Affordable/ Workforce Housing | Planned Unit Developments | | General Fund Appropriations | | |
| Philanthropy | Impact Fees | | | | |
| Public Improvement District | Construction Excise Tax | | | | |
| Real Estate Transfer Tax | Inclusionary Zoning | | | | |
| Real Estate Investment Trust | Homestead Preservation District (+Homestead Preservation Reinvestment Zones) | | | | |

Core Affordability Toolkit

| | Targeted Geography | Citywide |
|------------------|---|---|
| Most Impactful | <ul style="list-style-type: none">• Tax Increment District Finance• Homestead Preservation Zones• Development Agreement | <ul style="list-style-type: none">• Housing Bond• Multifamily Affordable Housing Tax Exemption• Strike Fund• Landbanking |
| Supportive Tools | <ul style="list-style-type: none">• Density Bonus Program• Public Improvement District | <ul style="list-style-type: none">• Philanthropy |

Sample Prototype Assumptions

- Modeling 50k SF lot with 80% lot coverage (40k SF building footprint)
- Base zoning allows a 3 story (2 over 1)
 - 75 apartment units – 1.0 parking space per unit
- Hard construction cost: \$190 for podium
- \$20k / parking space
- Blended rent: \$3 psf
- Operating expenses 30% of revenue
 - Property taxes are 60% of opex
- Return on cost: 6% (5% CAP + 20% margin)
- Residual Land value: \$90 per SF of Land (\$3.8M/acre)

Density Bonus

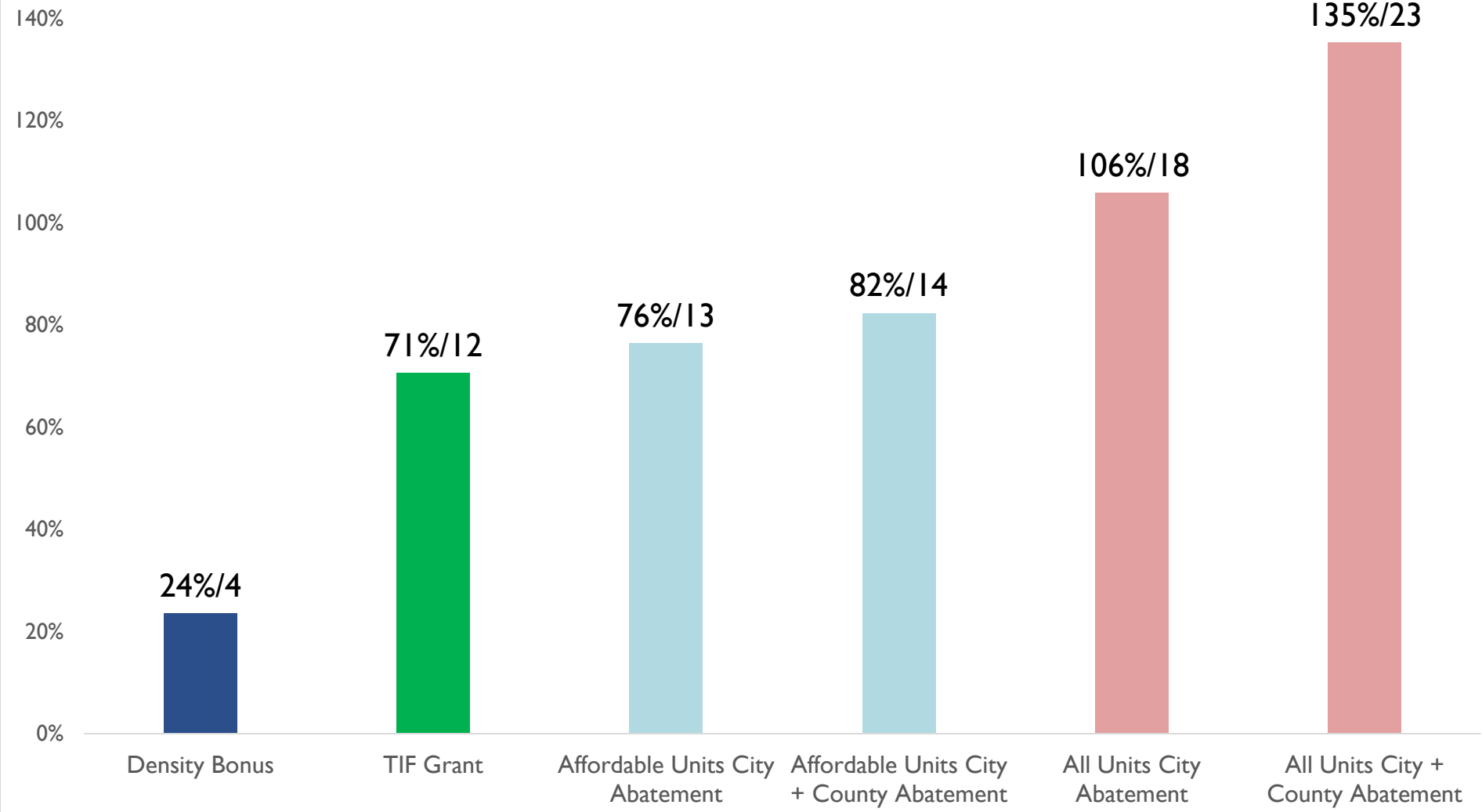
- Height increase allows 4 stories (3 over 1)
- Increases total units to 92 (17 more due to parking constraint)
- Goal is to use bonus to create affordable units without reducing residual land value (i.e., \$90 SF)
- Yields 24% (4 units) of bonus units @ 60% MFI

- TIF modeled as a grant
 - Reduces development budget in ROC model
- 10% of construction costs (excluding land)
 - \$2.7 million as modeled in prototype
- Yields 71% (12 units) of Bonus Units @ 60% MFI

- Tax abatements modeled to reduce op ex
 - 20% tax abatement for City
 - 40% tax abatement for City + County
- Tax abatements layered on top of TIF grant
- Modeled abatement for:
 1. affordable units only
 2. all units

Toolkit Affordability Results

**Percent and number of Affordable Bonus Unit
(holding RLV constant)**



Case Study: Pearl District (Portland, Or.)



TIF District-wide affordable units goal: 25%

- Varies by building (100% afford to market rate)
- 2017 status: 22% built
- Over 8,000 total units in Pearl (1760 affordable)

Tools

- Development agreements
- TIF to fund infrastructure
- TIF for affordable housing (loans/grants)
- Property tax abatement
- Land write downs
- LIHTC

Pearl District Housing

The Parker
Market Rate



Kearney Plaza
Market Rate



The Sitka
For Profit
Mixed-income,
50-60% MFI



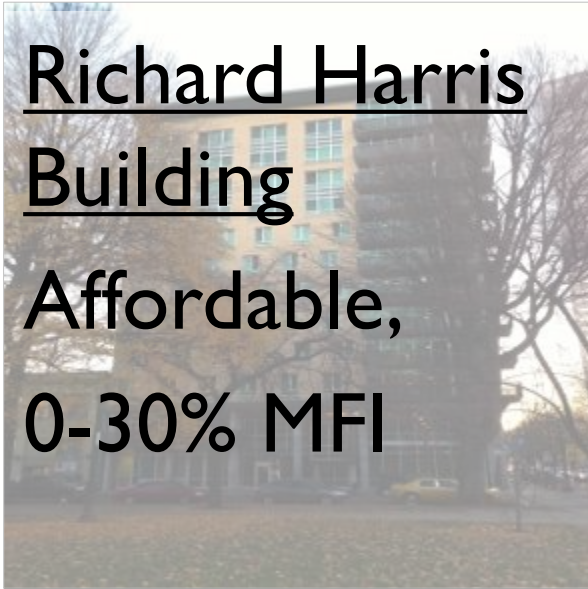
The Ramona
For Profit
Mixed-income,
60% MFI



Pearl District Housing

Richard Harris Building

Affordable,
0-30% MFI



Freedom Center

For profit micro
apartments



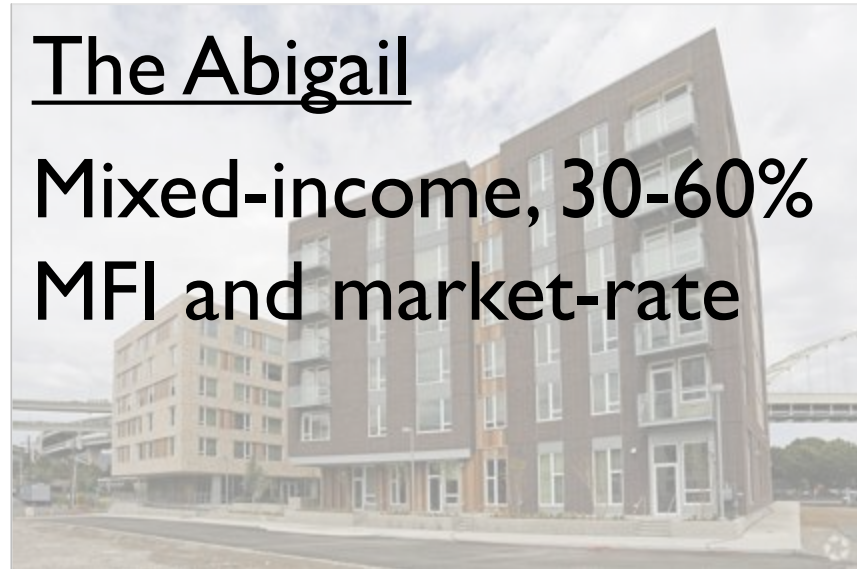
Pearl Court

Affordable,
40-60% MFI



The Abigail

Mixed-income, 30-60%
MFI and market-rate



Pearl District Housing

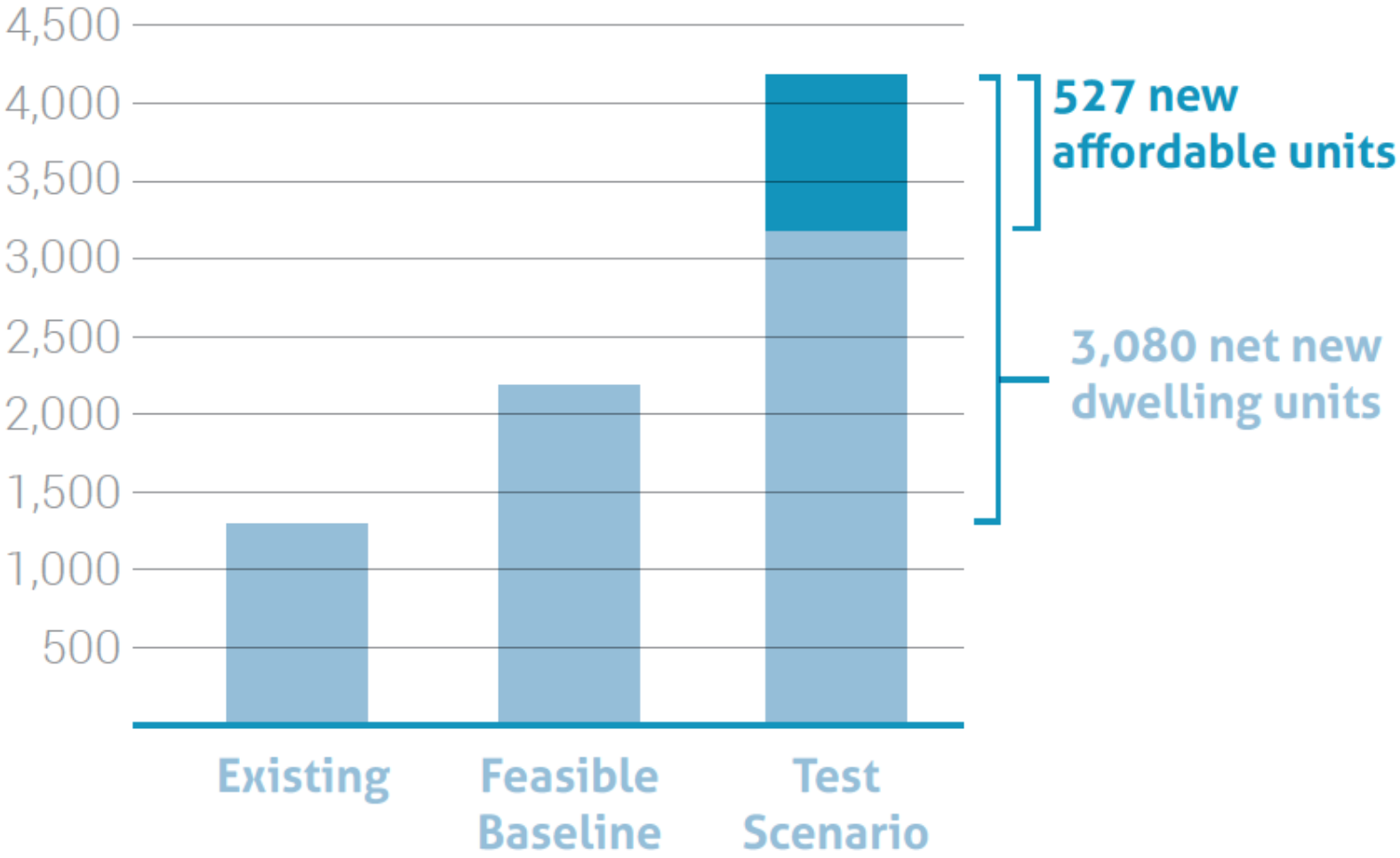


South Central Waterfront District Toolkit



Stephanie Bower | Architectural Illustration

SCW Housing Potential



SCW Funding Toolkit

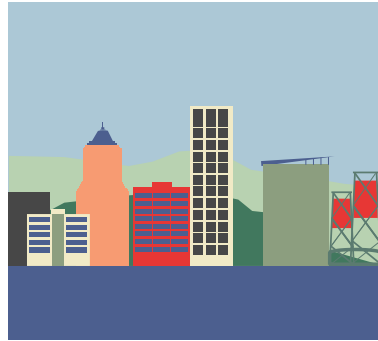
| | Transportation Infrastructure | Parks & Open Spaces | Affordable Housing |
|--|-------------------------------|---------------------|--------------------|
| Privately Funded | | | |
| Public Improvement District | ✓ | ✓ | ✓ |
| Transfer of Development Rights | | ✓ | ✓ |
| Philanthropy | | ✓ | ✓ |
| Publicly Funded | | | |
| Tax Increment Financing | ✓ | ✓ | ✓ |
| CIP Funds | ✓ | ✓ | |
| Parking Fund | ✓ | | ✓ |
| Affordable Housing (tax abatements/credits, Strike Fund) | | | ✓ |

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