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September 17, 2010

Greg Guernsey, Director
Planning and Development Review Department
505 Barton Spring Road, Suite 500
Austin, Texas 78704

Betsy Spencer, Acting Director
Neighborhood Housing & Community Development Department
1000 East 11th Street
Austin, Texas 78702

RE: Request for fee-in lieu of on site affordable housing in Plaza Saltillo TOD

Dear Greg and Betsy:

I represent the owner/developer of the proposed Bonneville Townhomes to be located at 916 East 7th Street at San Marcos St., within the Plaza Saltillo TOD. The Regulating Plan for Plaza Saltillo TOD gives property owners/developers the ability to seek development bonuses by paying a fee-in-lieu of on-site affordable housing. In the Plaza Saltillo TOD, a fee-in-lieu of on site housing must be approved by the City Council per Section 4.3(D-1) of the Regulating Plan. To that end, on behalf of my client, I would like to request City Council approval to pay a fee-in-lieu of providing on site affordable housing.

Project Background:

TOD Sub-District: TOD Corridor Mixed Use

Proposed Project: Townhome Condominiums & Street Level Retail

Total Land Area:	0.6445 acres
Maximum Total Units Allowed without Density Bonus:	29 (45 units/acre)
Total Units Allowed with Density Bonus:	38-53
Max. Units Allowed per acre without Density Bonus:	45
Site area:	0.6445 acres (28,073 sq. ft.)
Allowed FAR without Density Bonus:	2:1 (56,148 sq. ft.)
Proposed FAR with Density Bonus:	2:1 (56,148 sq. ft.)
Allowed Height per TOD zoning:	60 ft.
Allowed Height per Compatibility Standards:	55 ft.
Proposed Height (subject to 4.3.2 B3a):	60 ft.

Justification for fee-in-lieu of on site affordable housing

The Plaza Saltillo TOD goal for affordability is a minimum 25% of the entire square footage of a development (FAR). To receive a density and/or height bonus, a property owner is required to provide affordable on-site housing of at least 10% of the project's entire square footage (FAR). The City of Austin funds the remaining 15%, if funding is available. Section 4.3.3D of the Plaza Saltillo Regulating Plan provides for a fee-in-lieu of on site affordable housing, subject to City Council approval. The justifications for our request to pay a fee-in-lieu of providing on-site affordable housing are as follows:

1. While the land adjoining the subject site to the west is zoned TOD and is designated for corridor mixed use development, it currently has a single family detached structure on it which triggers compatibility setback standards. This property that triggers compatibility standards located to the west of the Bonneville Townhomes site is owned by the Guadalupe Neighborhood Development Corporation (GNDC), a non-profit entity experienced in affordable housing development. GNDC intends to redevelop the site with an affordable multifamily housing project. If GNDC were to redevelop its site before the adjacent Bonneville project, then compatibility standards would no longer be triggered and the requirement for a density bonus (and this Council approved fee-in-lieu request) would not be necessary.
2. If the fee-in-lieu of on-site affordable units is not granted, the land owner is willing to delay development of the site until such a time that the GNDC site is redeveloped. The owners of the Bonneville site have **no debt** on their land and can be patient as to when to bring this new, TOD appropriate mixed use project on line.
3. If the land owner were to wait until the GNDC site is redeveloped as a MF affordable housing project, then the City would lose the opportunity to collect the fee-in-lieu bonus fee that could be used to supplement or kick start affordable housing in the neighborhood. Additionally, near term job creation and property tax base revenue enhancement would be delayed indefinitely.
4. In the current economic climate it is very difficult to obtain financing from lenders for a market rate "for sale" residential condominium project. Attempting to combine affordable units with these for sale units makes this effort more problematic. Additionally the funding gap between market rate and affordable units as it pertains to the long term operation of the condominium homeowners' association (HOA) is a thorny issue that has yet to be resolved. The difficulty presented by these unknowns, i.e. commercial lending obstacles and gap financing, creates a significant dilemma for the developer.


5. Paying a fee-in-lieu of providing on-site affordable housing will allow the Director of Neighborhood Housing to allocate money from the Housing Assistance Fund to finance the fully integrated development of affordable units to appropriate projects located within the Plaza Saltillo TOD or within a half mile of the TOD.
6. It is the stated intention of GNDC to re-develop its adjacent land to yield additional and more efficient affordable units within the Plaza Saltillo TOD. To better facilitate this outcome, a proposed GNDC MF affordable housing project on E. 7th St. can potentially be a direct beneficiary of these fee in-lieu monies paid into the Housing Assistance Fund.
7. The affordable housing project contemplated by the Guadalupe Neighborhood Development Corporation and the Bonneville Townhomes condominium project share a common local architect – HUO Architects. Tom Hatch, principal architect at HUO, lives one block from the subject properties and is the designer of GNDC's nearby successful affordable housing project at 813 E. 8th St. – La Vista de Guadalupe. The use of a common architect is of benefit to both adjacent projects in that it allows for coordination between both projects to create economies of scale while simultaneously serving to create a tasteful, compatible, integrated streetscape.
8. Maximizing density throughout the city, especially in areas with good public transit like Plaza Saltillo TOD, is supported by the Comprehensive Housing Market Study prepared for the City of Austin by BBC Research & Consulting.
9. Additionally, allowing maximum density with bonuses for the subject site enhances the City's tax base. East 7th St. has been designated as a gateway corridor in to downtown Austin and is currently undergoing a phased upgrade, including strategically placed obelisk artworks from local designers. It is the stated goal of the triggering property, GNDC, to re-develop its site to yield more affordable units. To circumscribe the development capacity of the subject site based on short term present tense conditions does not seem to serve the long term interests of the community, specifically in terms of residential density in proximity to the rail station and the City's overall property tax base.

Compatibility Standards:

Building height and setbacks are triggered by the single family use of the adjacent properties that are owned by the Guadalupe Neighborhood Development Corporation (GNDC), recently zoned TOD, which permits the multifamily development intended by GNDC in their re-development plan, and the French Legation site to the north (outside of the TOD).

If you have any questions on any of the preceding or need additional information, please let me know.

Sincerely,

A handwritten signature in blue ink that reads "Alice Glasco". The signature is fluid and cursive, with the first name "Alice" and the last name "Glasco" clearly distinguishable.

Alice Glasco, President
AG Consulting

Cc: Jimmy Nassour, Attorney
Steve Portnoy, Carlson Commercial
Molly Scarborough, Planner
Planning and Development Review Department
Gina Copic, Planner
Neighborhood Housing and Community Development Department

LIMIT OF PARTIN-BENNETT NCCD

TRIGGERING PROPERTY
ZONED AS SF

ALLEY

LIMIT OF PLAZA SALTILLO TOD

TRIGGERING PROPERTY
ZONED AND USED AS SF

0-25' ~ NO STRUCTURES

25'-50' ~ 2 STORIES AND 30' HEIGHT LIMIT

50'-100' ~ 3 STORIES AND 40' HEIGHT LIMIT

51'

52'

53'

54'

55'

SAN MARCOS STREET

E. 7TH STREET



February 5, 2008

To: The Daughters of the Republic of Texas

Re: 916, 918, 920 & 924 E. 7th St. and 903 E. 8th St. properties
City of Austin Board of Adjustment variances

President General Madge Roberts,

I represent the owners of the above referenced properties as shown on Exhibit "A" attached. We have met with the DRT multiple times as good neighbors to the French Legation to discuss the development plans for this land as they have evolved.

Your acknowledgment below reflects the fact that you have reviewed our development plans for these properties and fully support our requested variances to the compatibility standards and the commercial design standards contained in the Land Development Code of the City of Austin

Your flexibility in working with us on this project is very much appreciated. We plan to work constructively with the DRT to be good neighbors in the development of our project and in upgrading and enhancing the general tone of the neighborhood that surrounds the historic French Legation site.

Sincerely,

Steven J. Portnoy

Approval Granted to the Variances Requested:

The Daughters of the Republic of Texas

BY: Madge Roberts

2-27-07
DATE

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