

## University Neighborhood Overlay District (overview)

The UNO district is Austin's first "form based code". It was enacted in September 2004 as a part of the Combined Central Austin Neighborhood Plan. UNO is an incentive based redevelopment program that was carefully developed by the stake holder group to require public benefits in exchange for increased development rights. The goal was to develop a high density mixed use urban pedestrian housing area for students who were primarily attending the University of Texas at Austin. UNO has 4 sub districts; Dobie, Guadalupe, Inner West Campus, and Outer West Campus. Each of these districts has different allowable maximum heights (see attached height map). UNO relaxed numerous zoning requirements in exchange for streetscape, design, and affordability requirements. The program was/is voluntary. At the Site Plan stage a project indicates whether it is applying to be processed as an UNO project and secures a SMART Housing Certification letter from NHCD.

### AFFORDABILITY:

Paragraph 25-2-765 Affordable Housing; sets out the affordability requirements:

- 1) Multifamily projects for a period of 15 yrs from date of CO must set aside on site:
  - a. 10 % of the dwelling units to a household to house persons whose income is 80% of the median income of the Austin statistical metropolitan area, as determined by director of NHCD, and
  - b. Provide an additional 10 % of the dwelling units to a household to house persons whose house hold income is less than 65% of the income as set forth in (a.), except
- 2) The UNO Housing Trust Fund is established to provide affordable housing in the district and a development can waive 1 (b) by paying a onetime fee of \$.50 per foot of net rentable floor area into said fund.
- 3) The fund could be used by developments that provided units at 50 % of median income.

### 25-2-756

(B) provided an additional 15 ft of height in the Outer West Campus Sub-district if;

- a) The project was on land with at least a 50 UNO height limit
- b) The project set aside on site an additional 10 % of the units at 50% of median for 15 years.

### RESULTS:

2004-2009 Nineteen, 19, UNO projects have been completed (\$ 1,300,000.00 Trust Fund)

- a) The College Houses Super Co-op: 176 beds of affordable housing at or below 50%
- b) 16 projects; 1,898 units and 4,529 bedrooms (paid into Trust Fund)
- c) 2 projects chose to get the 15ft height increase 240 units, 492 bedrooms
- d) 214 units at 80% and 49 at 50% in the "for profit developments"

### ISSUES:

The current system of using the HUD Median Income Information is problematic when applied to students.

- 1) HUD information is produced in April of May of each year. Student leases are typically signed before January of each year for the following fall school term.
- 2) Students are not "Households" in the traditional meaning and the table makes it impossible to have the least expensive units per person (3-4 bedrooms) available for SMART Housing because the rental rate for the unit based upon HUD is too low.

- 3) Each student in the unit must be qualified as needy as defined by the income tables and additionally pay no more than 28% of their monthly income for housing.
- 4) Developers, to overcome this problem, have chosen to lease there most desirable units (efficiencies and one bed room units) as the SMART Housing Units.
- 5) The "80% affordable rate" using the HUD Income is \$957 per month and the 1 person house hold income is over \$40,000.00 annually. These are not the students that need SMART Housing units.

#### NEW PROPOSAL:

To increase the number of students receiving assistance by SMART Housing and to lower the cost of the housing, the University Area Partners formed a task group of all the stake holders. The task force offers the following proposal to be adopted as the new requirement for Affordability in the UNO District.

- 1) Adopt the University Of Texas Undergraduate Cost Of Attendance for housing to replace the HUD rate. (This rate is relevant to the cost of housing students and is adjusted annually. It is also published on a timely basis and if accessible to students and potential students and parents.)
- 2) Adopt the need based financial aid letter as provided by the institution of higher learning (UT, ACC, St Edwards, or other qualified institutions) as the income qualifying documentation for a student to be eligible for the SMART Housing.
- 3) Change from "by the unit" to by the bedroom" for affordability. (This increases the number of students to be served, allows a lower rate to be charged, and allows the most expensive units (efficiencies and one bedrooms) to be leased at market rates. (Although not counted as two affordable students ; doubling up in apartments is encouraged if requests by the applying students)
- 4) Require all new UNO projects to provide 10% of the bedrooms onsite for SMART Housing
- 5) Require these bedrooms to be leased at 75% of the Undergraduate Cost of Attendance (UCA).
- 6) Require every new UNO project to pay a fee of \$1.00 per conditioned residential space into the UNO Affordable Housing Trust Fund. (Fee to be adjusted annually by Austin's CPI)(no project has chosen to built 10% of the units at 65% of the median rate)
- 7) Require an increase of the affordability period from 15 years to 40 years.
- 8) Amend the bonus height provision from 15 feet to 24 ft in all UNO districts that have an allowable height of at least 45 feet.
- 9) Require any project that receives a bonus height to provide onsite an additional 10 % of the bedrooms at 55% of the UCA.
- 10) UNO Housing Trust Funds will be used to fund projects in UNO that provide 40 % of their beds (for co-ops) or 40% of their bedrooms at 55% of the UCA for a period of 40 years.

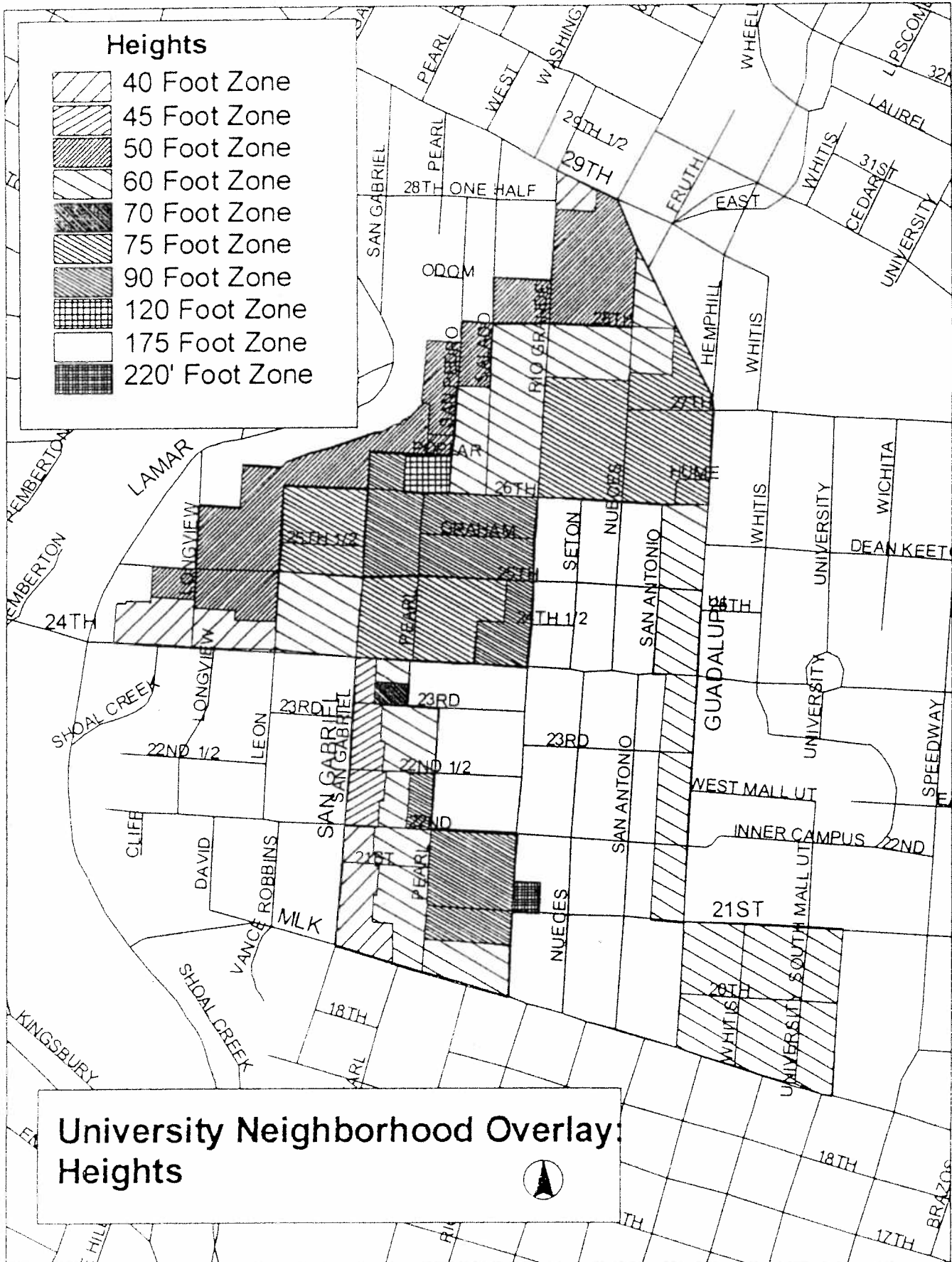
#### EXISTING PROJECTS:

- 1) Existing projects may voluntarily chose to utilize the new program provided they follow the above requirements except as follows:
  - a. Existing projects would not be required to pay any additional fee into the UNO Affordability Trust Fund (they have already paid).
  - b. The term for providing the SMART Housing affordable units would be 20 additional years (starting when the project requested to NHCD in writing that they chose to utilize this modified program).
  - c. Existing Projects that choose this new approach will:

- i. Be forgiven of any previous or pending non-compliance as it relates to providing SMART Housing, and
- ii. Be required to provide 10 % of the bedrooms at 75% of the UCA, and
- iii. Be required to provide 10% of the bedrooms at 55% of the UCA if they have received the 15ft height bonus.

**ANTICIPATED BENEFITS:**

- 1) Lower-income students served
- 2) More students served on each UNO site, with at least a doubling anticipated at each participating location
- 3) Lower rents for lower-income students
- 4) Longer term affordability
- 5) Ease of administration and monitoring that encourages UNO participation
- 6) Clearer path for monitors (NHCD) to identify non-compliant sites and initiate appropriate enforcement action
- 7) On-going income provided to Housing Trust Fund as new projects are developed at a rate identified by the outside consultant.



**University Neighborhood Overlay:  
Heights**



**Proposed Changes in Height**

**INCOME LIMITS BY HOUSEHOLD SIZE  
BASED ON HUD MEDIAN INCOME INFORMATION  
AS OF 05/14/10**

<b>% of Median Income</b>	<b>1 person</b>	<b>2 person</b>	<b>3 person</b>	<b>4 person</b>
30%	15,550.00	17,750.00	19,950.00	22,150.00
40%	20,680.00	23,640.00	26,600.00	29,520.00
50%	25,850.00	29,550.00	33,250.00	36,900.00
60%	31,020.00	35,460.00	39,900.00	44,280.00
80%	41,350.00	47,250.00	53,150.00	59,050.00
100%	51,660.00	59,040.00	66,420.00	73,800.00

**Maximum Rent Per Person Based on Units**

	<b>1br/1 bed</b>	<b>2 br/2 beds</b>	<b>3br/3 beds</b>	<b>4 br/4 beds</b>
30%	388.75	221.88	166.25	138.44
40%	517.00	295.50	221.67	184.50
50%	646.25	369.38	277.08	230.63
60%	775.50	443.25	332.50	276.75
80%	1,033.75	590.63	442.92	369.06
100%	1,291.50	738.00	553.50	461.25

**Maximum Rent Per Person Based on Beds**

	<b>1br/1 bed</b>	<b>2 br/2 beds</b>	<b>3br/3 beds</b>	<b>4 br/4 beds</b>
30%	388.75	388.75	388.75	388.75
40%	517.00	517.00	517.00	517.00
50%	646.25	646.25	646.25	646.25
60%	775.50	775.50	775.50	775.50
80%	1,033.75	1,033.75	1,033.75	1,033.75
100%	1,291.50	1,291.50	1,291.50	1,291.50

# Deming

Under UNO we must offer 10% of our UNITS at the 80% MFI.

We have 670 units – therefore, 67 S.M.A.R.T. housing units

The highest income level at the current 80% mark is \$41,350

The most we can charge for rent is 28% of their annual income.

$$\$41,350 \times 28\% = \$11,578$$

So, for a 12-month lease agreement we can charge up to \$965.

A student's income can be from employment, grants/loans (less tuition) and/or parental contribution (up to 30%). See below:

<b>Income</b>	<b>+</b>	<b>Grants / Loans</b>	<b>+</b>	<b>Parental Support</b>	<b>-</b>	<b>Tuition</b>	<b>=</b>	<b>Annual Income</b>
<i>W2 or 3 recent paystubs or the Employer Affidavit notarized</i>		<i>Financial Aid Award Letter</i>		<i>Limited to 30% of applicant's total annual income</i>		<i>Copy of tuition bill</i>		

Most of the students who have need-based financial aid fall closer to the 50% MFI level with an annual income around \$25,000.

Under the current guidelines, they would qualify for SMART housing. However, we could only charge them \$583 per month.

Market rent on our 1 bedroom apartments is around \$1200 per month.

Market rent on our 4 bedroom apartments is around \$700 per bedroom or \$2800 per unit per month.

Since the loss is substantially less on the one bedroom apartments, we utilize these for our SMART housing requirements.

The program sets the CEILING, but not the FLOOR. We do not gain more by leasing to someone at the 50% level versus the 80% level. To minimize rental income loss, we work hard to find those who qualify at the upper level of the parameters.

Unfortunately, those who can pay the \$965 per month are not truly those with need. Those that truly have need would much prefer to lease a bedroom in a 4-bedroom apartment at the market rate of \$700. These students typically enter into a dual-

occupancy lease where they share that bedroom with another student further reducing their rent to a more comfortable \$350.

Our 1 bedroom apartments are our most dense \$/sf unit. These are our premium units. We lose a good number of them to the program.

**If we were able to revise the program so that in lieu of 10% of our UNITS at the 80% level, we offer 10% of our BEDROOMS at the 50% level, we could:**

- Impact the students with proven need – those at the 50% MFI
- Increase the number of students who are able to be assisted under the program – 10% of our units = 67 students benefit – 10% of our beds = 155 students benefit. This is an increase of 231%
- Reduce the loss to the developers:

<b>1-Bedroom UNIT</b>	<b>4-Bedroom BEDROOM</b>
\$1200 market rent	\$700 market rent
<i>less</i>	<i>less</i>
\$965 (max rent under 80%)	\$603 (max rent under 50%)
<hr/>	<hr/>
\$235 loss to owner	\$97 loss to owner
X	X
67 SMART units	155 SMART beds
<hr/>	<hr/>
\$15,745 monthly loss	\$15,035 monthly loss
X	X
12-month lease	12-month lease
<hr/>	<hr/>
\$188,940 total annual loss	\$180,420 total annual loss

Another hurdle on-site operators are facing is the administrative burden to qualify the students. We would like to allow any student who has already been identified through the US Dept of Education as need-based to be eligible for the program. These students have already provided proof of need through the detailed FAFSA (Free Application for Federal Student Aid). Amending the approval process to allow immediate recognition would enhance the workflow and aid in ensuring the financial information presented is fair and accurate.

MARK E.

SMART Housing Analysis  
Quarters Phase I

**Current Program**

Unit Type	Market Rate	SMART Rate	Lost Rev/mo.
<b>A1</b>	\$1,175 @10% of units lost revenue/mo.	\$800	-\$375 26 -\$9,750

Annualized Loss X 9 Yrs Remaining **-\$1,053,000**

Unit Type	# of Units	Unit	Bedrms/	# of Bdrms
One Bdrms	92	1		92
Two Bdrms	92	2		184
Three Bdrms	68	3		204
Totals	252			480

**Proposed Program (a)**

Unit Type	Avg. Market Rate	SMART Rate (b)	Lost Rev/mo.
<b>B1</b>	\$800 @10% of bedrooms lost revenue/mo.	\$709	-\$91 48 -\$4,368
<b>B2</b>	\$885 @10% of bedrooms lost revenue/mo.	\$709	-\$176 48 -\$8,448
<b>C1</b>	\$795 10% of bedrooms lost revenue/mo.	\$709	-\$86 48 -\$4,128
<b>C2</b>	\$850 10% of bedrooms lost revenue/mo.	\$709	-\$141 48 -\$6,768

Max Annualized Loss X 34 Yrs Remaining **-\$3,446,784**  
Min Annualized Loss X 34 Yrs Remaining **-\$1,684,224**



**Block on 28th**

# of Student Assisted Under Current Program	Average Rent Under Current Program	Revenue Loss to the Asset Under Current Program	# of Student Assisted Under REVISED PROGRAM	Average Rent Under REVISED PROGRAM	Revenue Loss to the Asset Under REVISED PROGRAM
10	\$957	-\$16,380	21	\$709	-\$11,352

**Block on Leon**

# of Student Assisted Under Current Program	Average Rent Under Current Program	Revenue Loss to the Asset Under Current Program	# of Student Assisted Under REVISED PROGRAM	Average Rent Under REVISED PROGRAM	Revenue Loss to the Asset Under REVISED PROGRAM
27	\$957/\$599	-\$102,876	55	\$709/\$520	-\$66,936

**Block on Peori**

# of Student Assisted Under Current Program	Average Rent Under Current Program	Revenue Loss to the Asset Under Current Program	# of Student Assisted Under REVISED PROGRAM	Average Rent Under REVISED PROGRAM	Revenue Loss to the Asset Under REVISED PROGRAM
10	\$957	-\$23,820	21	\$709	-\$15,252

**The Block Phase I**

# of Student Assisted Under Current Program	Average Rent Under Current Program	Revenue Loss to the Asset Under Current Program	# of Student Assisted Under REVISED PROGRAM	Average Rent Under REVISED PROGRAM	Revenue Loss to the Asset Under REVISED PROGRAM
47	\$957/\$599	-\$143,076	97	\$709/\$520	-\$93,540

**Total Block Portfolio**

# of Student Assisted Under Current Program	Average Rent Under Current Program	Revenue Loss to the Asset Under Current Program	# of Student Assisted Under REVISED PROGRAM	Average Rent Under REVISED PROGRAM	Revenue Loss to the Asset Under REVISED PROGRAM
91	\$957/\$599	-\$292,824	206	\$709/\$520	-\$241,824

**Block on 25th**

# of Student Assisted Under Current Program	Average Rent Under Current Program	Revenue Loss to the Asset Under Current Program	# of Student Assisted Under REVISED PROGRAM	Average Rent Under REVISED PROGRAM	Revenue Loss to the Asset Under REVISED PROGRAM
16	\$957	-\$54,216	42	\$709	-\$55,200

**Block on 23rd**

# of Student Assisted Under Current Program	Average Rent Under Current Program	Revenue Loss to the Asset Under Current Program	# of Student Assisted Under REVISED PROGRAM	Average Rent Under REVISED PROGRAM	Revenue Loss to the Asset Under REVISED PROGRAM
10	\$957	-\$31,500	27	\$709	-\$30,000

**Block on Rio**

# of Student Assisted Under Current Program	Average Rent Under Current Program	Revenue Loss to the Asset Under Current Program	# of Student Assisted Under REVISED PROGRAM	Average Rent Under REVISED PROGRAM	Revenue Loss to the Asset Under REVISED PROGRAM
18	\$957/\$599	-\$64,032	45	\$709/\$520	-\$52,000

**The Block Phase II**

# of Student Assisted Under Current Program	Average Rent Under Current Program	Revenue Loss to the Asset Under Current Program	# of Student Assisted Under REVISED PROGRAM	Average Rent Under REVISED PROGRAM	Revenue Loss to the Asset Under REVISED PROGRAM
44	\$957/\$599	-\$149,748	109	\$709/\$520	-\$148,000

July 29, 2011

PROPERTY INFORMATION	TOTAL UNITS	TOTAL BEDROOMS
Jefferson 26	367	1,026
Jefferson West	76	388
Quarters Phase I	252	478
Quarters Karnes	12	24
Quarters Grayson	101	197
Quarters Nueces	217	436
Block Pearl Phase I	96	202
Block Leon Phase I	139	284
Block 28th Phase I	101	208
Block Rio Grande Phase II	85	227
Block 23rd Phase II	92	220
Block 25th Phase II	179	481
Texan West Campus	44	124
Texan Pearl	78	156
Texan Shoal Creek	79	148
Vintage West Campus	62	121
21 Rio	158	301
Block 26th	140	315
2505 Longview (under construction)	165	475
21st St. Ray Lee	134	250
2401 Longview	70	191
2608 Salado	7	7
2400 Nueces (UT/ERT)	305	573
510 W. 26th (Phoenix)	134	234
505 W 22nd (ACC/Baptist)	219 232	<del>333</del> 481
TOTAL	3,325	7,547

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WEST VALLES - MARKET SUMMARY

5/29/2011

Property Information	Beds	Bath	Total Units	Total Beds	NRSF	Total NRSF	Avg. Base Rate	NRSF Rate	Occupancy	Fall '10 Prelease	Fall '11 Prelease	Conc.	Locator	1 p Front Fee	Rate Guarantee
1 Jefferson 26	2.8	2.2	367	1,026	1,094	401,613	\$768	\$1.96	91.1%	86.9%	86.9%	\$0	\$350	\$250	12/3
2 Jefferson West	3.4	3.4	76	388	1,520	115,532	579	1.94	90.2%	86.1%	86.1%	0	250	250	12/3
3 Quarters - Ph 1	1.9	1.9	252	478	925	233,194	909	1.86	99.8%	81.0%	81.0%	0	250	250	12/3
4 Quarters - Karnes	2.0	2.0	12	24	1,033	12,400	1,400	2.71	99.8%	81.0%	81.0%	0	250	250	12/3
5 Quarters - Grayson	2.0	2.0	101	197	889	89,809	853	1.87	99.8%	81.0%	81.0%	0	250	250	12/3
6 Quarters - Nuces	2.0	2.0	217	436	946	205,211	865	1.84	99.8%	81.0%	81.0%	0	250	250	12/3
7 Block - Pearl (Ph I)	2.1	1.9	96	202	921	88,370	813	1.86	98.7%	81.4%	81.4%	0	250	250	12/3
8 Block - Leon (Ph I)	2.0	1.9	139	284	947	131,660	770	1.66	98.7%	81.4%	81.4%	0	300	250	12/3
9 Block - 28th (Ph I)	2.1	2.0	101	208	928	93,697	771	1.71	98.7%	81.4%	81.4%	0	300	250	12/3
10 Block - Rio Grande (Ph II)	2.7	2.4	85	227	1,146	97,439	724	1.69	98.7%	81.4%	81.4%	0	300	250	12/3
11 Block - 23rd (Ph II)	2.4	2.2	92	220	990	91,086	751	1.81	98.7%	81.4%	81.4%	0	300	250	12/3
12 Block - 25th (Ph II)	2.7	2.3	179	481	1,234	221,149	846	1.84	98.7%	81.4%	81.4%	0	300	250	12/3
14 Villas on Guadalupe	2.3	2.0	148	345	1,028	152,150	873	1.98	97.0%	80.8%	80.8%	0	250	250	12/3
15 Venue on Guadalupe	1.9	1.9	75	146	1,109	83,149	945	1.66	100.0%	87.0%	87.0%	0	250	100	100
16 Texan - West Campus	2.8	2.2	44	124	1,196	52,641	718	1.69	100.0%	100.0%	100.0%	0	360	50	100
17 Texan - Pearl	2.0	1.8	78	156	883	68,836	808	1.83	100.0%	93.0%	93.0%	0	931	100	100
18 Texan - Shool Creek	1.9	1.8	79	148	922	72,815	903	1.84	100.0%	90.0%	90.0%	0	948	50	100
19 Vintage West Campus	2.0	2.0	62	121	865	53,656	935	2.11	100.0%	92.0%	92.0%	0	468	100	100
20 21 Rio	1.9	1.7	158	301	1,098	173,523	1,065	1.85	98.0%	51.1%	51.1%	0	300	100	100
<b>Totals / Average:</b>	<b>2.3</b>	<b>2.1</b>	<b>2,361</b>	<b>5,512</b>	<b>1,032</b>	<b>2,437,930</b>	<b>\$821</b>	<b>\$1.86</b>	<b>97.6%</b>	<b>82.3%</b>	<b>82.3%</b>	<b>\$0</b>	<b>\$313</b>	<b>\$217</b>	