



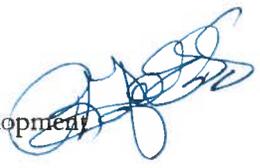
City of Austin

P.O. Box 1088, Austin, TX 78767 -1088
www.austintexas.gov/housing

MEMO

Date: June 27, 2013

To: Mayor and Council

From: Betsy Spencer, Director, Neighborhood Housing and Community Development 

Subject: Downtown Density Bonus: Code Amendments regarding Affordability Requirements

This memorandum provides a response to (2) proposed code amendments currently reflected in the draft Downtown Density Bonus Ordinance regarding the affordable housing requirements as well as to provide additional information in support of the Affordability Impact Statement on the proposed ordinance.

1. The Draft ordinance currently states: "The project may achieve bonus area by paying a development bonus fee at the dollar per square foot amount set by separate ordinance. The fee will be paid into the Affordable Housing Trust Fund for the express purpose of providing permanent supportive housing for the homeless."

NHCD staff supports an amendment to the draft ordinance as noted by the Planning Commission and the Downtown Commission to dedicate revenue from the Downtown Density Bonus fee in lieu for permanent supportive housing. Staff would support language to further the City's Permanent Supportive Housing Strategy with the following proposed language "The fee will be paid into the Affordable Housing Trust Fund for the express purpose of providing a priority for permanent supportive housing for low-barrier approaches for the chronic homeless."

Although NHCD staff is presented with a compelling recommendation by two separate boards to dedicate funding to support the objectives laid out in the PSH Strategy, NHCD staff recognizes that due to timing, the Community Development Commission has not had an opportunity to provide input on this proposed language.

2. The Draft Ordinance currently states "For the purposes of this section, a unit is affordable for purchase or rental if, in addition to the other requirements of this section, the household is required to spend no more than 30 percent of its gross monthly income on mortgage or rental payments for the unit, utilities and transportation costs."

Although NHCD fully supports broadening the concept of affordability to include costs related to transportation and utilities through planning efforts such as Imagine Austin as well as through educational efforts such as homebuyer counseling courses, staff recommends removing references to utilities and transportation costs.

Although the U.S. Department of Housing and Urban Development (HUD) offers regulatory guidance regarding utility costs for some federally funded housing programs, it is not inclusive of all federal sources applied to housing programs. In addition, NHCD recommends that transportation costs not be included as a component of the definition of affordable housing in the draft ordinance.

Page 2 of 2

Although it is well documented that transportation costs is the second-largest impact on a household budget after housing, there is no current national standard for including and documenting transportation costs as a component of household income.

As with all NHCD-funded projects, any affordable units completed as a component of the downtown density bonus program would be required to be certified as SMART (Safe, Mixed-Use, Accessible, Reasonably-Priced, Transit-Oriented) Housing units.

NHCD will continue to closely follow HUD's efforts to develop a national housing and transportation index and will include the issue as a component of the department's Imagine Austin Household Affordability Work Plan, specifically as a topic assigned to one of its three Work Groups dedicated to affordability related research.

Please don't hesitate to contact me if I can be off additional assistance on this issue. I can be reached at 512.974.3182.

Cc: Marc A. Ott, City Manager
Bert Lumbreras, Assistant City Manager



AFFORDABILITY IMPACT STATEMENT
NEIGHBORHOOD HOUSING AND COMMUNITY DEVELOPMENT
CITY COUNCIL AGENDA: PENDING CASE NUMBER: PENDING

PROPOSED CODE AMENDMENT:	DOWNTOWN DENSITY BONUS ORDINANCE
IMPACT ON REGULATORY BARRIERS TO HOUSING DEVELOPMENT	<input type="checkbox"/> INCREASE <input checked="" type="checkbox"/> DECREASE <input type="checkbox"/> NO IMPACT BY PROVIDING A CONSISTENT AND TRANSPARENT REGULATING FRAMEWORK FOR THE AREA AND REMOVING THE OPTION TO APPLY FOR CURE ZONING AS AN ALTERNATIVE TO PARTICIPATION IN THE DENSITY BONUS PROGRAM, THE PROPOSED REGULATING PLAN DECREASES REGULATORY BARRIERS TO HOUSING DEVELOPMENT.
LAND USE / ZONING OPPORTUNITIES FOR AFFORDABLE HOUSING DEVELOPMENT	<input checked="" type="checkbox"/> INCREASE <input type="checkbox"/> DECREASE <input type="checkbox"/> NO IMPACT THE PROPOSED REGULATING PLAN INCREASES OPPORTUNITIES FOR AFFORDABLE HOUSING DEVELOPMENT THROUGH THE CREATION OF A DEVELOPMENT BONUS PROGRAM.
IMPACT ON COST OF DEVELOPMENT	<input type="checkbox"/> INCREASE <input type="checkbox"/> DECREASE <input checked="" type="checkbox"/> NO IMPACT
IMPACT ON PRODUCTION OF AFFORDABLE HOUSING	<input checked="" type="checkbox"/> INCREASE <input type="checkbox"/> DECREASE <input type="checkbox"/> NO IMPACT THE PROPOSED REGULATING PLAN ENCOURAGES PRIVATE SECTOR DEVELOPMENT OF AFFORDABLE HOUSING THROUGH THE CREATION OF A DEVELOPMENT BONUS PROGRAM.
PROPOSED CHANGES IMPACTING HOUSING AFFORDABILITY:	
ALTERNATIVE LANGUAGE TO MAXIMIZE AFFORDABLE HOUSING OPPORTUNITIES:	NHCD OFFERS RECOMMENDATIONS RELATING TO THE DEDICATION OF THE FEE IN LIEU TO THE AFFORDABLE HOUSING TRUST AS WELL AS THE DEFINITION OF AFFORDABLE UNIT. PLEASE SEE ATTACHED MEMO.
DATE PREPARED:	JUNE 25, 2013
DIRECTOR'S SIGNATURE:	 ELIZABETH A. SPENCER