

5/16 Item 1 - 4-18 Density Bonus Rules
CM Vela Amendment 1- V1.2
Buy Down MFI Level of affordable rental units

Add a new Part 3 to the draft ordinance, amending § 4-18-23 AFFORDABILITY REQUIREMENTS -DWELLING UNITS to add the following language:

(H) City Right to Further Subsidize units

(1) For the units provided as an affordable unit under this section, the City reserves the right to further subsidize additional affordability down to 40% MFI, paying the difference between 40% MFI and the MFI level required as part of the density bonus.

Explanation

50% and 60% MFI, while a significant reduction from market rates for new construction, don't reach the lowest income levels for service industry workers.

These projects will provide significant property tax revenue for the city that could be used to buy down the affordability levels. Fee in lieu payments from ownership units could also be used for this purpose.

The Lamar/Justin Regulating Plan has a buy down provision applicable to the number of units on page 57:

https://www.austintexas.gov/sites/default/files/files/Housing_%26_Planning/Urban%20Design/lamar_justin_regplan.pdf