

Major Problems with the City's Density Bonus Report and Proposal of June 2016

- 1. No policy analysis.** There is no analysis in the report to support the proposal's policies or requirements.
- 2. No specific fees in lieu proposed.** The report proposes no fee in lieu figures. It is impossible to evaluate the proposal without these.
- 3. The City has no process for approving fees in lieu or other alternative sites.** There are no criteria for the city's approval of these alternatives to onsite units or how its review board will operate. Section 23-3E-1070
- 4. Will it serve families, the poor and people of color?** It is important to note that Texas law, unlike any other state, requires the city's density bonus program to be voluntary; in short, the developer may build without accepting the density bonus and without producing affordable units. This significantly reduces the city's leverage over the developer. Currently, the affordable units built as part of the city's density bonus program are at 80% median family income (MFI) and are overwhelmingly one bedroom, 500-600 square foot units. These units are basically market rate, which is why developers choose to participate in the current program.
 - A. Families aren't served. One-bedroom units obviously do not serve families.** That is why a survey of 6500 recently built apartment units with affordable units revealed only 46 AISD students residing there. Moreover, these developments aren't family-friendly environments. These affordable on-site units are attached to a market-driven, for-profit development. The developers' market is relatively young and privileged single Anglos; thus, these complexes are located and designed for such singles. These complexes are loud, with lots of partying and drinking.
 - B. The poor aren't served.** Some developers currently are willing to build single bedroom affordable units at 80% MFI, which isn't low income. The city's proposal calls for 60% MFI units, but provides no showing that at this below market rate the developer actually will choose the density bonus program and provide affordable units. In most mandatory bonus cities, developers don't provide affordable units at 60%, much less lower, without large tax subsidies. There is no identified revenue source in the proposal for tax subsidies. The city proposal provides no units for the 48,000 households at 50% MFI or below—those with the greatest need.
 - C. Do working class, people of color want to live in these complexes?** These complexes are marketed to and designed for privileged, young Anglos? Do working class people of color want to live there in a few token affordable units? Will they live there? Preliminary evidence suggests they might not.
- 5. The proportionality requirement will result in single-bedroom units.** The proposal requires proportionality of the number of bedroom units at market rate and of affordable units. Since the market units are overwhelmingly for singles, this requirement will ensure few multi-bedroom, affordable units. Section 23-3E-1030(D)
- 6. Much of the money and community benefits will not go to affordable housing.** The proposal allows fees in lieu and alternative community benefits to go to many other purposes besides affordable housing. Up to 50% of density bonus benefits may go to onsite cultural and historic preservation, on-site music venues, green buildings, green space, off site historic preservation, etc. While these are valuable, they are not nearly as high a priority as the affordable housing needs of poor families. In addition, all fees in lieu should be put in a trust for low income housing only.