

S.M.A.R.T. Housing™ as a Tool to Reduce Regulatory Barriers for Housing, as a Component of Smart Growth

September 2004

The Austin City Council adopted the **S.M.A.R.T. Housing™** Initiative on April 20, 2000. The goal was to stimulate the production of new housing that is **S.M.A.R.T.** (Safe, Mixed-Income, Accessible, Reasonably Priced and Transit Oriented). Since that time, **S.M.A.R.T. Housing™** has greatly expanded the number of reasonably-priced housing units built within Austin's city limits.

By providing incentives to housing developers and playing an advocacy role in the development process, **S.M.A.R.T. Housing™** has produced over 3800 single-family and multi-family units, including nearly 3000 reasonably-priced units.

A. Responding to the Need to Increase Affordable Housing by Developing a Local Housing Policy

The City of Austin had a developer-incentive program prior to the introduction of the **S.M.A.R.T. Housing™** Initiative. However, there were constraints within that program that needed to be addressed, including:

- Limited understanding from neighborhoods about affordable housing developments;
- A process was not in place for City Staff to review impacts of proposed rules, ordinances or plans on housing affordability before the Council took action; and
- The existing City-incentive program was under utilized by developers

As staff developed the **S.M.A.R.T. Housing™** Initiative, the following goals were identified:

- Stimulate the production of reasonably-priced housing for low and moderate-income residents of Austin;
- Increase the standard of Austin's housing supply;
- Improve accessibility standards;
- Improve energy efficiency; and
- Increase transit-oriented housing options

The implementation of **S.M.A.R.T. Housing™** has been a tremendous success for the City of Austin. The City of Austin offers Development Fee Waivers and Expedited Review to builders and developers to turn vacant property into reasonably priced housing. This new development not only equates to more housing stock for our community, but it also increases the city's tax base.

In addition to the positive outcomes the **S.M.A.R.T. Housing™** policy has achieved, it continues to receive national recognition and interest, most recently with requests for information from national newspapers, invitations to speak at national symposiums, and the appropriations, by Congress, of \$100,000 to expand the program.

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B. Collaboration with City Departments

S.M.A.R.T. Housing™ maximizes the amount of administrative decision-making and certainty and minimizes the level of public notice and review for housing development that meets standards without variances. The **S.M.A.R.T. Housing™** Review Team reduces costs through fast-track review of subdivisions and site plans, and provides consistent interpretation of City codes, ordinances, and technical standards..

S.M.A.R.T. Housing™ staff reviews all proposed code amendments, rule changes, neighborhood plans and changes in development fees to identify any likely impact on housing affordability.

Several City departments contribute to the **S.M.A.R.T. Housing™** initiative, including:

- Neighborhood Housing and Community Development Department (NHCD): Program design and implementation; assisting S.M.A.R.T. Housing™ applicants with developments; verifying compliance with Green Building, accessibility, transit-oriented design standards, and reasonably-priced standards. NHCD staff also coordinate with staff in various departments to ensure that development review, permit issuance, and inspections proceed smoothly.
- Water /Wastewater Department: Waives Capital Recovery Fees (up to \$1300 per unit)
- Public Works Department: Waives Construction Inspection Fee (up to \$500 per lot)
- Watershed Protection and Development Review: Waives Permit fees (approximately \$325 for a single-family unit). The department's S.M.A.R.T. Housing™ Review Team provides expedited development review of site plans and subdivisions, emphasizing a high degree of staff-developer interaction. The department also expedites building permit review and inspections.
- Neighborhood Planning and Zoning Department: Coordinates with S.M.A.R.T. Housing™ on neighborhood plans' land use and zoning issues that could affect housing affordability in neighborhood planning areas.
- Austin Energy: The Green Building program within Austin's utility establishes Green Building standards for S.M.A.R.T. Housing™ single- and multi-family development. Green Building staff pre-certify construction plans and inspect for compliance – during construction as well as after completion.

C. The Benefits of S.M.A.R.T. Housing™

Fee Waivers

The City of Austin waives fees for developments that the Department of Neighborhood Housing and Community Development has certified as **S.M.A.R.T. Housing™**.

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Fees waived for S.M.A.R.T. Housing™ developments include zoning, site plan, subdivision, building permit, construction inspection, and capital recovery fees. During the first three fiscal years of S.M.A.R.T. Housing™, the City of Austin waived \$3,535,018 in fees for S.M.A.R.T. Housing™ developments.

<u>If A builder provides</u>	<u>The City of Austin provides</u>
10% Reasonably-Priced Units	25 % Fee Waivers
20% Reasonably-Priced Units	50 % Fee Waivers
30% Reasonably-Priced Units	75 % Fee Waivers
40% Reasonably-Priced Units	100% Fee Waivers

Expedited Review

Because S.M.A.R.T. Housing™ is a City priority, those developments that meet S.M.A.R.T. Housing™ standards are eligible for special S.M.A.R.T. Housing™ review, which is typically faster than the review time for conventional development projects. City staff will work with applicants to move projects through review and inspection as quickly and efficiently as possible.

However, the speed of this review period depends on the applicant's performance as well as staff's. Providing corrections, responding to comments, and ultimately securing an approval in a timely manner is a shared responsibility of both staff and the applicant's design team. S.M.A.R.T. Housing™ review will not be available if the applicant fails to respond in a timely manner to City review comments.

The average completion time for S.M.A.R.T. Housing™ subdivision and site plan reviews was approximately half the time of conventional reviews.

Advocacy

S.M.A.R.T. Housing™ staff will assist builders and developers in resolving development-related issues with other City Departments. Staff is available to facilitate discussions and to find solutions. S.M.A.R.T. Housing™ staff works with developers to navigate the development process and discuss opportunities to improve the City's Land Development Code.

Facilitating dialogue between developers and neighborhood groups

S.M.A.R.T. Housing™ requires that developers seeking a zoning change meet with adjacent neighborhoods and address legitimate issues before filing a zoning application. As a result, nearly all S.M.A.R.T. Housing zoning cases have been successful.

Reinvesting in and strengthening existing communities

All S.M.A.R.T. Housing™ developments are inside Austin's city limits, including many infill developments within the city's urban core.

Partnership with the Austin Housing Finance Corporation (AHFC)

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The AHFC is the non-profit housing production arm of the City of Austin. In cases where developments require gap financing, S.M.A.R.T. Housing™ staff can connect applicants with AHFC funding options.

D. The Results of the Initiative

Production

S.M.A.R.T. Housing developments provide a broad array of housing choices, including single-family infill, new subdivisions, and multi-family apartments and condominiums. Currently, the first S.M.A.R.T. Housing™ live-work development is under construction, a mixed-use development is preparing to enter development review, and the new Downtown Homeless Shelter has just been completed. Income levels served by S.M.A.R.T. Housing developments range from below 30% MFI to market-rate units serving families above 80% MFI. The S.M.A.R.T. Housing™ Policy encourages mixed-income developments.

Completed units, inception of S.M.A.R.T. Housing™ to date: **4,003**

Single Family completed units	1,185
Multi-Family completed units	2,818
Reasonably Priced completed units	3,102 (77%)

Units certified to participate in S.M.A.R.T. Housing™ to date: **17,360**

Single Family certified	8,354
Multi-Family certified	9,006
Reasonably Priced certified	10,188 (59%)

Certified units under construction or in development review: **7,358**

Single Family under construction or in review	6,342
Multi-Family under construction or in review	2,294