

# AUSTIN, TEXAS

## S.M.A.R.T. HOUSING™

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Austin’s S.M.A.R.T. Housing™ program achieves a range of goals by providing developers with incentives to voluntarily produce housing that is affordable to low-income households.

The program was motivated in part by Austin’s plans to implement Smart Growth principles while successfully addressing affordable housing needs.

“We realized we could succeed on Smart Growth but totally fail on affordable housing,” said Stuart Hersh, a housing coordinator with the City of Austin.

- ✓ Transit-oriented development
- ✓ Expedited permitting processes
- ✓ Making housing more affordable by reducing utilities consumption
- ✓ Advocacy efforts to reduce NIMBYism
- ✓ Evaluation of the impact of legislation on housing
- ✓ Impact fee waivers and reductions

The S.M.A.R.T. Housing™ program, administered by the Austin Housing Finance Corporation, achieves Smart Growth goals by being transit-oriented and energy efficient. S.M.A.R.T. (Safe, Mixed-Income, Accessible, Reasonably-priced, Transit-oriented) Housing™ developments must be located within one-quarter mile of public transportation, and units must meet defined energy standards.

The program is voluntary, so it is designed to meet the community’s affordable housing needs by offering developers a package of incentives to produce S.M.A.R.T. Housing™. Incentives include fee waivers, advocacy, and expedited permitting procedures.

### **Fee waivers save developers on affordable and market-rate units**

Developments that include “reasonably priced” qualify for fee waivers on a graduated basis:<sup>152</sup>

- ❖ A development in which 10 percent of units are reasonably priced receives a 25 percent fee waiver;

- ❖ A development where 20 percent of units are reasonably priced receives a 50 percent fee waiver;
- ❖ A development where 40 percent or more units are reasonably priced qualifies for a 100 percent fee waiver.

The fee waiver schedule, which awards the same fee waiver to developments regardless of whether 40 percent or 100 percent of units are reasonably priced, is designed to provide incentives for developers to mix affordable and market-rate housing. Hersh notes that one goal of the program was to encourage development of market-rate housing within Austin city limits. “Most of this is happening in the ‘burbs,” he said.

Fee waivers save developers an average of \$2000 per single family home; developers building multifamily homes save an average of \$1000 since water and sewer fees are smaller for multifamily units. Fee waivers are limited and allocated on a first come, first-serve basis. Currently, the city budgets for fee waivers on about 1500 units annually.

### **Advocacy efforts are critical to successful development proposals**

S.M.A.R.T. Housing™ program staff also work as advocates for S.M.A.R.T. Housing™ developments. Staff work with other city staff as well as neighborhoods to speed the process and improve acceptance of the project. “If our partner has a

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*“We have overwhelming success ... in working with zoning and NIMBYs.”*

-Stuart Hersh

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problem, we visit other city staff,” said Hersh. “We’re the unpaid advocates.” He noted this is particularly helpful when a zoning change is needed.

Hersh said efforts to conduct outreach with residents of the neighborhood are also critical. “We have overwhelming success – over 90 percent – in working with zoning and NIMBYs,” he said.

The City Council’s support is also critical to approve requested zoning changes. Hersh noted that program staff work with neighbors to resolve parking, congestion, and other legitimate concerns. If objections remain after these issues are addressed, he said the City Council generally supports the S.M.A.R.T. Housing™ development.

“When it becomes clear that the issue is that people don’t want poor people – their concerns are not legitimate – then the City Council approves the change,” he said.

Developers also appreciate these advocacy efforts. Harry Savio, the Executive Vice President of the Home Builders Association of Greater Austin, notes that “Having a team of city employees advocating for you helps.”

### **Expedited processing cuts permitting time by 40 percent**

The program also offers expedited processing for all S.M.A.R.T. Housing™ projects. As Hersh explains, “The program’s approach to the review process is different [than the city’s typical approach to a development proposal]; we walk applicants through major issues early and identify ‘gotcha’ issues.” Typically, the review team reviews plans within 14 working days, and the applicant is required to submit revised plans within 14 working days as well.

The S.M.A.R.T. Housing™ review team then reviews corrected plans within seven working days, and the applicant is required to submit revisions for rejected plans within seven working days. According to Hersh, fast track permitting offers approximately 40 percent faster cycle time than conventional permitting.

In addition to the S.M.A.R.T. Housing™ program, the City of Austin considers the impact on affordable housing of every policy change. Affordability impact statements are required for all policy changes potentially impacting affordable housing. These affordability impact statements, prepared by S.M.A.R.T. Housing™ program staff, often show how the policy could be modified to have a positive or neutral impact on affordable housing while achieving the policy’s primary goals.

### **Voluntary incentives get big results**

Incentives for participating in the S.M.A.R.T. Housing™ program are relatively shallow, as are affordability requirements. Single-family homes that receive no federal assistance must remain affordable for only one year; multifamily units must remain affordable for five years. Developments that combine S.M.A.R.T. Housing™ incentives and the federal Low Income Housing Tax Credit or other programs follow the longer affordability requirements of the other funding sources.

Despite the limited incentives offered, the program generates significant numbers of affordable housing units each year. When the S.M.A.R.T. Housing™ Initiative was adopted in 2000, the City of Austin expected applications for 600 units in the first year. Instead, the program averages nearly 1,500 units per year, and by 2007, the 10,000<sup>th</sup> S.M.A.R.T. Housing™ unit had been built.

To maintain its success, the City is continually working to improve the program. Hersh stresses the importance of constantly adjusting the program to meet changing market demands. The City of Austin is considering additional incentives, such as density bonuses, for builders participating in the S.M.A.R.T. Housing™ Initiative. According to Hersh, no single strategy will create a successful affordable housing program. “You have to do a series of things all at once, then test and adjust and anticipate where the market is going,” he said.

Even without these additional incentives, the S.M.A.R.T. Housing™ Initiative has won the support of local developers. As Savio states, “It is an incredibly effective and good program that shows what can happen when the public sector decides to work with the private sector. I don’t know how to do it better.”

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[Click here to view the full report.](#)

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