Defining Housing Affordability

and

Three Ways to Address It
Pegasus Planning was established to provide professional services to public and private sector clients. Pegasus has helped hundreds of clients over the last twenty years understand market opportunities, create economic development strategies, revitalize vacant land or underutilized corridors and downtowns, facilitate strategic directions and achieve visions.

Although we focus mostly on economic development planning, over the last few years we have gained valuable experience with land development and workforce/business collaborations. Our clients are cities, counties, universities, community colleges, developers, and economic development organizations.

Specializations:

- Strategic Planning
- Market Analysis
- Workforce Housing Analysis
- Downtown Revitalization
- Economic/Fiscal Impact Analysis
- Private-Public Partnership Consulting
- Economic Development
- Entrepreneurship
- Urban & Regional Planning
- Land Development
- Feasibility Study
- Scenario Modeling / Analysis

Select Clients include:
- Socoro, Texas
- Dallas Community College
- Edinburg, Texas
- Buda, Texas
- San Marcos, Texas
- Palacios, Texas
- Cibolo, Texas
- Schertz, Texas
- Jarrell, Texas
- Rockwall, Texas
- Austin, Texas
- Meridian, Idaho
- Boise, Idaho
- State of Mississippi
- Gulfport, Mississippi
- State of Louisiana
- Pensacola, Florida
- Emporia, Kansas
- State of Vermont
- Puyallup, Washington
- Stillwell, Oklahoma
- Fort Smith, Arkansas
- Helena, Arkansas
- Arkadelphia, Arkansas
“Keeping Austin Creative” - Affordable Housing for the Creative Sector
*Austin, TX*

Pavilion Redevelopment & Branding Strategy
*Palacios, TX*

Downtown Revitalization Plan
*Central Texas APA – Planning Project of the Year (2009)*
*San Marcos, TX*

Economic Development Strategy & Retail Leakage Study
*Buda, TX*
San Marcos is a college town with very little connection to the downtown that is at the main entrance to the university which boasts a student population of 33,000. The downtown is also the county seat and has served as a retail and entertainment hub through the years. Competition from the outlet malls on I-35 and other strip retail development to support new subdivisions has left several buildings vacant.

Pegasus identified the market opportunities, catalyst project potential, and examined the fiscal impact of allowing denser development in the downtown.

Pegasus continues to help the public and private sector implement key aspects of the downtown plan.
Pegasus analyzed the demographic and economic market of El Paso County to determine the potential local market demand for mixed-use development and tourism. We analyzed other tourism projects/sites in the County (particularly El Paso) to determine competing projects and potential market niche for the City of Socorro project; and we identified and recommended target market and niche development types that can allow the City of Socorro project to draw additional tourists.

### PROJECTED DEVELOPMENT DEMAND

<table>
<thead>
<tr>
<th>General Uses</th>
<th>Planned Buildout</th>
<th>Projected Demand thru 2020</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Acres</td>
<td>SF</td>
<td>Acres</td>
</tr>
<tr>
<td>Retail / Restaurant</td>
<td>5.74</td>
<td>250,000</td>
<td>6.62</td>
</tr>
<tr>
<td>Office</td>
<td>2.87</td>
<td>125,000</td>
<td>7.00</td>
</tr>
<tr>
<td>Multi-family</td>
<td>1.84</td>
<td>80,000</td>
<td>1.80</td>
</tr>
<tr>
<td>Hotel / Hospitality</td>
<td>1.03</td>
<td>45,000</td>
<td>1.82</td>
</tr>
</tbody>
</table>
Pegasus led the market analysis and land strategy for a larger land planning effort of a new 4,000 acre mixed-use development north of Biloxi, MS. The developer acquired this acreage from International Paper Company and hired our team to analyze the market, identify strategic collaborations with higher education, economic developers, and businesses, and then create a master plan for a mixed-use community that is focused around a Town Center and a commercial technology park.

The developer followed our recommendations and has had tremendous success in getting higher education institutions through our contacts and theirs. The Mississippi Gulf Coast Community College, William and Cary University and other MS Colleges are creating a collaborative presence in the Town Center area.

Tradition is re-hiring the Pegasus-Broaddus team to further their goals with a focus on healthcare district planning, and then recruiting hospitals as well as commercial operators to create a healthcare district economic development engine.
Pegasus Team

Peggsus

Sean Garretson, AICP - President

Experience

• Market analyst, land strategist, strategic planner, economic developer and revitalization expert

• Former project leader and manager for planning departments at a large civil engineering company, a Texas utility company, and a regional council of government

• Adjunct graduate faculty at University of Texas-Austin in Economic Development Policy

• Frequent speaker and trainer for International Economic Development Council (IEDC)

• General Partner of several development projects in Austin.

Education

• M.A., Community and Regional Planning, University of Texas-Austin, Economic Development Specialization, 1998

• B.A., Anthropology, George Washington University, 1989

Unique Qualifications & Affiliations

• 2010 Project of the Year Award American Planning Association (Texas APA) (Edinburg Downtown Plan)

• 2008 Project of the Year Award-Central TX APA (San Marcos Downtown Plan)

• 2004 NADO Most Innovative Project (NW North Carolina Economic Development Strategy)

• Urban Renewal Agency of Austin (Past Vice Chairman)

• Chestnut Neighborhood Revitalization Corporation (Board President)

• American Institute of Certified Planners (AICP) (Member)

• Texas Chapter of the American Planning Association (Member)

• YMCA – Town Lake (Board Member)

• Avid water polo player, open water swimmer and mountain biker
FRAMING THE ISSUE

- Housing <30% of your income
- Cost of Transportation
- Cost of Food, Daycare

ADDRESSING THE ISSUE

- Policy (Rent vs Own, Agrarian, The Chicon, MicroUnits & Multimodal Transportation)
- Capacity (Local CHDOs)
- Land (publicly-owned)
- Finance
  - Local, State, Federal (Bonds, HUD programs, Down Pymt Assist)
  - Infrastructure Assistance / Density Bonuses
    - developer/City partnerships to support Housing/Jobs Goal(s)
- Micro Units
- Parking Waivers (Rocky Mountain Institute)
Alternative to Greenfield Development
Food Deserts in Central Texas
Loss of TX Farmland

FARMING ON THE EDGE
Sprawling Development Threatens America's Best Farmland
Texas

Legend:
- High-Quality Farmland & High Development
- High-Quality Farmland & Low Development
- Federal & Indian Lands
- Urban Areas
- Other Lands

American Farmland Trust
www.farmland.org
Affordability is Not Just the House

- Food: 20%
- Housing: 30%
- Transportation: 18%
- Stuff I really want: 12%
- Saving: 10%
- Misc.: 4%
- Health: 3%
- Debt: 3%
• Rent vs Own
• Agrarian Developments
• Mixed-Use, Limited Parking
• Micro-Units with No Parking
The Rise of Agrarianism
Origin of Concept

Mary Christian Burleson (circa 1880)
About Elgin
The Market

- 600 new homes in Elgin by 2020
- New City Mgr from Kyle (Seton), ACC Campus
- Buzz about EACo

Elgin Agrarian Community Promises Co-op Living on the Blackland Prairie
“It’s like an urban twist on traditional farming”
80 Homes on 10 Acres

1-3 Bedrooms, 650 – 1500 SF

Affordability

• $125k-$275k
• ½ mile to Downtown Elgin
• CARTS and CapMetro Stations

Sustainability

• Rainwater Collection
• Solar
• 5 lbs organics/wk

Co-Housing

• Trails, Plazas & Active Recreation
• Common House
• Dog Parks, Community Programs

www.ElginAgrarian.com
Project Feasibility

$2.5M Equity
$7.2M Bank Loan
$20M Construction

Balance paid through sales

www.ElginAgrarian.com
Project Status

- Site Plan Permit
- Building Permits
- 15 Presales (75% of Phase 1)
- Bank Term Sheet

ELGIN AGRARIAN COMMUNITY
HOME GROWN + COMMUNITY + SUSTAINABILITY
www.ElginAgrarian.com
The Chicon
An East Austin Revitalization Project

- Developer / Team
- Purpose / Market
- Context / Neighborhood
- Project Description
- Lessons Learned

Q&A
Chestnut Neighborhood Revitalization Corporation was established in 1999 as a 501 c3 non-profit Community and Housing Development Organization. Started by Rev. Joseph Parker.

- Create and sustain housing for existing and new residents
- Help implement the Chestnut Neighborhood Plan (1st in CoA)
- Help small businesses

CNRC is managed by a Board of Directors; contract w/ Structure

What have we done?
- Single family homes
- 22-unit senior housing project (Franklin Gardens @ MLK and EM Franklin)
43 Total Units
  • (27) 1/1s
  • (12) 2/2s
  • (4) 3/2s

33 affordable units for ownership at 80% MFI or below

8,700 sf Commercial
CNRC will retain 2,500 sf
With a mix of affordable and market rate homes, along with commercial spaces to foster economic growth, The Chicon is more than just a condominium development – it’s a manifestation of the legacy, culture and future growth of East Austin. One of the only affordable mixed-use condominium projects in such close proximity to downtown Austin, The Chicon aims to fit into and support the area instead of changing it, through positive, sustainable growth.
Affordability of Housing Units

- CNRC submitted an application to Austin Housing Finance Corporation (AHFC) to help develop these projects
- 33 of the units will be affordable to those making at 80% of the Median Family Income (MFI) or below.
- These will be home ownership units (NOT rental)

What is 80% MFI?

<table>
<thead>
<tr>
<th>AMFI %</th>
<th>Number of Household Members</th>
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<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>30</td>
<td>$15,750</td>
</tr>
<tr>
<td>40</td>
<td>$21,000</td>
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<tr>
<td>50</td>
<td>$26,250</td>
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<tr>
<td>60</td>
<td>$31,500</td>
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<tr>
<td>80</td>
<td>$41,950</td>
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<tr>
<td>120</td>
<td>$62,900</td>
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Lots purchased with the help of City of Austin/AHFC
Current Zoning and Development Standards

- **Zoning = CS (commercial Services)**

- **Allowable uses:**
  Administrative or Business Offices; Art/Craft Studio; Bail Bond services; Business Support Services; Communications Services/Facilities; Cultural Services; Community Recreation (public & private); Construction Sales & Services; Custom manufacturing; Day care; Equipment Repairs & Sales; Exterminating Services; Food sales; General Retail (convenience & general); Hotel/Motel; Medical Offices; Offsite accessory parking; Personal services; Printing & Publishing; Restaurant; Professional Office; Software Development
Current Zoning and Development Standards

Combined Lot Size: 15,943 sf (8,252 sf + 7,691 sf)

Building Coverage Allowed: 95% (max. 15,145.85 sf)

Impervious Cover Allowed: 95% (max. 15,145.85 sf)

Floor Area Ratio: 2:1 (max. 31,886 sf)

Front Set Back: 10 ft.

Street Side Yard Set Back: 10 ft.

Interior and Rear Set back: 0 ft.
View of Chicon Street, Looking North From 12th
In Progress: The Chicon Northeast Lot
43 Total Units
• (27) 1/1s
• (12) 2/2s
• (4) 3/2s

33 affordable units for ownership at 80% MFI or below
# Lessons Learned

## The Chicon - Sources and Uses

<table>
<thead>
<tr>
<th>Uses</th>
<th>Construction</th>
<th>Permanent</th>
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<tbody>
<tr>
<td>Acquisition</td>
<td>$1,023,225</td>
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<tr>
<td>Construction</td>
<td>$9,214,846</td>
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<tr>
<td>Professional Fees</td>
<td>$510,175</td>
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<tr>
<td>Finance Costs</td>
<td>$594,775</td>
<td>$594,775</td>
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<tr>
<td>Soft Costs</td>
<td>$193,816</td>
<td>$193,816</td>
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<tr>
<td>Developer Fee</td>
<td>$207,881</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$11,744,717</strong></td>
<td><strong>$11,744,717</strong></td>
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</table>

<table>
<thead>
<tr>
<th>Sources</th>
<th>Phase of Project</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Construction</td>
</tr>
<tr>
<td>Committed - City of Austin</td>
<td>$5,249,717</td>
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<tr>
<td>Construction Loan- TSAHC</td>
<td>$2,000,000</td>
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<tr>
<td>Construction Loan Lender</td>
<td>$4,500,000</td>
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<tr>
<td>Home Buyer - Net Proceeds</td>
<td>$-</td>
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<tr>
<td>Commercial Sales - Net Proceeds</td>
<td>$-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$11,749,717</strong></td>
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| Profit/Contingency | $379,692 |
3rd Lot –
- Micro Units (400-500sf)
- NO on-site parking
- Electric Vehicle Fleet
- Common Areas for Artists/Musicians
- Commercial Space focused on Performance Space

Build similar building as other two buildings, including:
- 2835sf Retail

15 total residential including: (4) 3bdrm, (5) 2bdrm, (6) 1bdrm, 13,144sf

OR

Build micro units 26 @ 500sf = 13,000sf
Defining Housing Affordability

and

Three Ways to Address It

Sean Garretson, AICP

sean@pegasusplanninganddevelopment.com