CHAPTER 2
THE PLAZA SALTIMO TOD STATION AREA PLAN
The neighborhoods surrounding the Plaza Saltillo station in 2020 are still some of the most diverse and culturally rich in all of Austin. The built environment is eclectic with new development that is well balanced with older buildings. There is no uniform style or theme that dominates the architecture of the buildings, but the diversity of designs and textures creates a truly authentic look and feel to the area.

Both long-time and new residents have several housing options and affordable housing is plentiful enough to allow people to stay in the neighborhood as prices rise in the region. There are special programs and developments that provide affordable rental housing, affordable for sale housing, and group living that allows seniors to age in place.

The Vision for the Plaza Saltillo Station Area in 2020...
Each of the east/west streets has its own character and purpose. East 7th Street carries the heaviest traffic through the area but it has been improved with wider sidewalks and safer street crossings. E 6th Street is the mixed-use spine of the neighborhood with active ground floor uses, sidewalk cafes and restaurants, and the highest degree of streetscape improvements. E 5th Street has an eclectic mix of commercial and residential uses with an active street life. Finally, E 4th Street is less intensely developed with a stronger residential character but welcomes smaller businesses, artisans, and light manufacturing space to blend with the residential.

Pocket parks, paseo parks, street trees, and other green elements are interspersed among the new buildings to soften the edges and to integrate the natural with the built environment. A mercado where local artisans can showcase their talents and wares is a central feature of the TOD.
CREATING THE PLAZA SALTILLO TOD STATION AREA PLAN

THE DESIGN CHALLENGE

The Plaza Saltillo area is a diverse, culturally rich area with an eclectic mix of small businesses, artists, and new enterprises. The central design challenge is to manage change while preserving the distinct character and affordability of the area. As one participant in the first charrette put it, “Are we planning the future of the residents who live there now or are we planning a future for the people we expect will move to the community in the future?”

Of course, the answer is both, but this blunt question highlights the central tension shaping the Plaza Saltillo plan. Whether we plan for the future or not, the Plaza Saltillo area will change; it is happening already. The goal of several planning participants is to protect the character of the community while also shaping change in ways that achieve the community’s vision for cultural diversity and affordable housing.

A second design challenge is creating a coherent plan when most of the area today is already zoned for mixed-use. The project team strived to create distinct places that responded to community context and aspirations and develop a thoughtful mixed-use strategy that better responded to the location of the rail stop and the surrounding street network.

The Plaza Saltillo Station Area is already defined by its dense and interconnected street grid. In particular, the east/west streets of 4th, 5th, 6th, and 7th Streets represent an opportunity to create distinct environments on each street, which is consistent with the community’s wishes to step down intensity from the north to the south. The challenge is determining how to create these distinct environments without fundamentally changing the base entitlements in existence.

THE VISION

The Plaza Saltillo TO D Station Area Plan will lay the foundation for achieving the Plaza Saltillo TO D vision. The Vision statement on the previous pages was crafted from the major themes discussed during the charrettes. The draft final plan is arranged in three concept plan layers for land use and design, circulation, and open space. Each layer of the plan is described in the following section.
EXISTING LAND USE AND ZONING

Currently, the majority of the Plaza Saltillo TOD is developed with a variety of commercial and industrial uses, with a moderate amount of recent residential loft development sprinkled throughout the Station Area. Existing lower density residential development is generally located along the north and south edges of the TOD District, and IH-35 and downtown Austin are immediately west. E. 7th Street is the primary east-west corridor running through the northern portion of the Station Area with E. 5th and 6th Streets also providing important access for area businesses. The majority of the properties in the Plaza Saltillo Station Area currently have commercial mixed-use zoning. The 11-acre Capital Metro property, located in the western portion of the Station Area between E. 4th and 5th Streets is the most significant redevelopment site as it is one of the few undeveloped parcels of land in the TOD District.

STATION AREA PLAN SUMMARY

The Plaza Saltillo Station Area Land Use and Design Concept Plan encourages the creation of a high activity mixed-use center around the MetroRail Station at Plaza Saltillo, which extends along E. 5th and 6th Streets, naturally leading towards the downtown area. This area is intended to have the highest level of pedestrian orientation in the District, taking full advantage of the transit services offered by the MetroRail Station. E. 7th Street is intended to continue as the primary transportation corridor. The redevelopment of the Capitol Metro site will be key to the overall success of the Plan.

Using TOD principles and public comments and ideas, TOD land use subdistricts were developed to define the basic land use and urban design character of the Plaza Saltillo Station Area. Much of the District continues to be designated for mixed-use development to allow for a variety of uses to occur throughout. To complement the land uses within the Station Area, circulation and open space elements were also developed. These three basic components for this Station Area Plan are summarized on the following pages.
1. LAND USE AND DESIGN CONCEPT PLAN

Land Use SubDistricts

The Land Use and Design Concept plan consists of two types of zones – mixed-use and residential. Much of the land in the TOD district is designated mixed-use. The plan includes primary mixed-use areas along E. 5th and 6th Streets and a secondary mixed-use district along E. 7th Street. The plan envisions the primary areas as being the most intensely developed with the highest density in the Station Area due to their proximity and ease of connection to the transit station. The remaining portion of the TOD is devoted to transitional uses that are predominantly residential in nature. The land use districts are summarized below:

Mixed-Use Designations

There are three types of mixed-use designations in the plan:
- TOD Mixed-Use
- Corridor Mixed-Use
- Live/Work Flex

Residential Designations

There is one purely residential land use designation in the plan:
- Low Density Residential
LAND USE AND DESIGN CONCEPT PLAN

SALITLLO DISTRICT REDEVELOPMENT AREA
(Capital Metro)

PLAZA SALITLLO

EXISTING STREETS

POTENTIAL STREETS

TOD DISTRICT BOUNDARY

POTENTIAL TOD EXTENSION

FUTURE COMMUTER RAIL STOP

POTENTIAL FUTURE REALIGNMENT OF RAIL LINE

TRANSPORT ORIENTED DEVELOPMENT STATION AREA PLANNING

LEGEND
LOW DENSITY RESIDENTIAL

TOD MIXED USE
(showing active edges)

CORRIDOR MIXED USE

LIVE/WORK FLEX

EXISTING CITY PARKLAND

POTENTIAL OPEN SPACE

POTENTIAL PASEOS

0 200 400 800 FEET

TRANSPORT ORIENTED DEVELOPMENT STATION AREA PLANNING
TOD Mixed-Use

TOD Mixed-Use is the most intensively developed land use zone and will typically be expressed as high density residential over active ground floor uses, such as retail or office. This land use designation is concentrated near a transit station and along major streets, generally located near the center of a TOD and along major “spines” that lead to it. This land use designation is concentrated along Comal, E. 5th and E. 6th Streets as they lead to the center of the TOD and Plaza Saltillo.

Corridor Mixed-Use

Corridor Mixed-Use allows a similar, but slightly more liberal, mix of uses as the TOD Mixed-Use district. Active ground floor uses or a mix of uses in one development are encouraged, but not required. Retail, office, and higher density residential development are all permitted. This zone is typically located on major streets farther away from the transit station. In this Plan, Corridor Mixed-Use is concentrated along E. 7th Street and the east end of the station area. These areas are appropriate for this type of land use designation as they are farther from the core of the TOD and are situated along streets that experience high traffic volumes.

Live/Work Flex

Live/work units are a type of mixed-use development, combining commercial, office or light manufacturing space within the same structure as a residential living space for the business owner. They have similar benefits to mixed-use development and can eliminate the need to commute to work. In addition, they can provide affordable work and housing space, meet the needs of special groups, such as artists, and serve new incubator businesses. This district may serve as a transition zone between the higher density core uses and lower density neighborhoods. Depending upon the context, Live/Work Flex may be designed to either be primarily residential or commercial in character. This subdistrict is located on the south side of E. 5th Street, near Chicon Street and on the south side of E. 4th Street. Live/work allows for a moderate number of non-residential uses to occur in conjunction with residential development to support small business and artisan activity on the smaller and less active streets in the TOD. In the context of this Plan, this subdistrict acts as a transition zone between the higher intensity core uses and the surrounding low density residential neighborhoods.
TOD Mixed-Use

Example: Three or four stories of residential units (condos or apartments) above ground floor retail (cafes, coffee shops, boutiques).

Corridor Mixed-Use

Example: A small-format grocery store that is built up to the sidewalk with parking located behind the building.

Live/Work Flex

Example: A three story rowhouse with the ground floor used as an artist studio and retail space.
1. Low Density Residential Zones

Low Density Residential

Low Density Residential is considered “low” in the context of a TOD station area, although it is “higher” density compared to surrounding single family neighborhoods, which are typically around 7 to 8 units per acre in older Austin neighborhoods with detached single-family residences.

Low Density Residential is located along the southernmost edge of the TOD on the north side of E. 3rd Street. This area is sufficiently removed from the prime activity areas of the TOD so lower density development is more appropriate, especially since existing single family homes on the south side of E. 3rd face the TOD. East 3rd Street is a relatively quiet and low volume street with fewer active uses than other parts of the Station Area. In addition, the majority of these properties currently have a multifamily future land use designation in the East Cesar Chavez Neighborhood Plan. Low Density Residential for TOD is an appropriate transition designation to the more densely development core. Non-residential development is not permitted in this Subdistrict.

Example: Cottage-style detached homes with rear lot alley garages.
Planning for Families and Seniors

A desire was expressed by some charrette participants to provide senior and family housing within the Plaza Saltillo TOD. Future development can accommodate the needs of the elderly and households with children by thinking carefully about their space and recreational needs. Projects that provide a variety of unit types and sizes are more likely to attract a range of households from families to seniors wishing to live in a more urban environment. Open space should be provided to meet the needs of these different user groups. Projects that include day care services will potentially enable parents to walk to drop their children off or to use a day care close to work. The integration of residences, daily community services, and employment in a TOD, in addition to creating safe routes for pedestrians and cyclists, is essential to its success.

Historic Resources in the Plaza Saltillo TOD

Currently there are five properties with historic zoning in the Plaza Saltillo TOD: the Sparks-Ledesma, Johnson, Duncan-Washington, and Briones Houses in addition to a property at the northeast corner of E. 5th and Brushy Streets. Some planning participants stressed that these properties should continue to retain their historic designation as they are good representations, amidst a rapidly changing environment, of the character of a former East Austin. The Plaza Saltillo Regulating Plan maintains the historic zoning designation for these properties and information on these properties, excerpted from the E. 7th Street Corridor Concept Plan, can be found in the Appendix.
DENSITY AND BUILDING HEIGHTS

An important characteristic of transit-oriented development is a residential density that is greater than the community average. The residential density of the existing single family neighborhoods around the Plaza Saltillo TOD district is approximately 7 to 8 units per acre and somewhat higher densities in areas with multi-family housing. This Station Area Plan assumes a higher density than the surrounding average with the highest intensity adjacent to the rail station.

The housing density of each of the land use zones includes a range with both minimum and maximum densities. The following table lists the density by land use zone.

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<thead>
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<th>LAND USE ZONE</th>
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<tbody>
<tr>
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<td>2 storys</td>
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</tr>
<tr>
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<td>9 units per acre</td>
<td>16 units per acre</td>
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* Density limit may be removed in exchange for the provision of affordable housing

As a rule of thumb, a 40-foot height limit permits a three-story building and a 60-foot building permits a five-story building. As a base height entitlement, the plan assumes existing height restrictions between 35 and 60 feet will continue throughout the TOD. The 60-foot height limit generally applies north of E. 5th St. and the 40-foot limit generally south of this street. There was a range of opinion expressed with respect to appropriate allowable building heights in the TOD. Generally speaking, three to five-story tall buildings were supported, with the highest heights located next to the rail stop(s). Input from the development community indicated that there was little interest in building heights greater than 60 feet as the cost of developing above that (i.e. using steel-frame construction) is not financially feasible in this area at this time.

Minimum densities or height have been established in this Plan for certain land use subdistricts. This is an effort to respond to the key principle of TOD, which is to create a higher density within the Station Area than the surrounding community average to encourage a concentration of activity (residential and commercial) around transit to promote its use. As a result, minimum densities are included in the primary residential categories: Low Density Residential and Live/Work Flex. The TOD Mixed-Use Subdistrict contains a minimum height instead of a minimum residential density to enable a certain amount of flexibility in the type of activity that goes on in these locations, but at the same time, development must adhere to a certain level. A minimum height not only accommodates a traditional mixed-use development that includes both a residential and non-residential component, but also pure commercial and/or office development to support and stimulate employment opportunities and the provision of services within the TOD. Ultimately, the real estate market will determine what developers build within the Station Area as any project must have a market to support it and be financially feasible. The flexibility inherent in the TOD Mixed-Use Subdistrict is designed to respond to a variety of market conditions. The Corridor Mixed-Use Subdistrict contains neither a minimum density nor a minimum height as these areas are further removed from the core of the Station Area where the highest level of residential and commercial activity is intended.
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Note: Additional height may be allowed in the TOD Mixed-Use Subdistrict in exchange for the provision of affordable housing. Total building height of 60 feet may be allowed if current height limit is less.
According to the TOD Ordinance adopted in May 2005, properties within the Community Preservation and Revitalization Zone (CP&R), which includes all of the Plaza Saltillo Station Area, may not benefit from an increase in height unless the affordable housing goals established in the TOD Ordinance are met. As a result, this Station Area Plan recommends that in specific areas of the Plaza Saltillo TOD a density bonus, and in more select locations of the TOD a height bonus, be allowed in exchange for the provision of affordable housing. The intent is to promote denser, mixed income projects to locate in the land use subdistricts designated for higher density development and to encourage the highest levels of activity in areas with good access to transit and that benefit from high visibility. As a first step, the density bonus would remove density restrictions, without changing the allowable height, in exchange for a certain level of affordable housing. This type of bonus is allowed in the TOD Mixed-Use, Corridor Mixed-Use, and Live/Work Flex Subdistricts. In addition, a height bonus allowing total building height up to 60 feet is available within the TOD Mixed-Use Subdistrict for those properties that currently have a height limit less than 60 feet. The details of these bonuses and the required levels of affordable housing are discussed in the Affordable Housing element of Chapter 3 and detailed in the Plaza Saltillo TOD Regulating Plan in the Appendix.

1. Chestnut Commons. Austin, TX
2. Mixed-Use with affordable housing. Milwaukie, OR
3. Live/work units. Boulder, Co
**Transition Area**

To ensure that buildings within the TOD District transition to surrounding neighborhoods outside the TOD, development inside the first 100 feet of the TOD boundary must comply with a building setback and height graduation (or “stair stepping”), commonly referred to as compatibility standards. The previous diagram illustrates the extent of this transition area. Only those properties within the transition area are subject to compatibility standards if triggered by a single family home or SF-1 through SF-5 zoning district outside of the TOD District. In addition to providing a building gradation from existing neighborhoods to the TOD, the goal of defining a transition area is to also allow for the higher intensity development characteristic of TOD to occur within the interior of the district.
AFFORDABLE HOUSING

Affordable housing is an important component of transit-oriented development. Inclusion of affordable housing in TOD areas can provide lower-income households with improved transportation access to employment and services. Reduced transportation costs can improve the ability of low income families to afford housing payments. In addition, economic diversity among TOD residents will benefit transit ridership.

However, due to land prices and construction costs, new market-rate developments in the TOD areas are not likely to be affordable to low-income households. Citywide, the median home price of $180,000 is well above what is considered affordable for a low-income family. The average rent in Austin is $831, which is not affordable to households at or below 50% of Austin’s median family income.¹

Housing Goals

To promote the development of affordable units in TOD areas, the TOD Ordinance and TOD Housing Resolution include a goal that 25% of the new housing units in each TOD area should be affordable. The overall affordability goal is as follows:

- Affordable owner-occupied units should be occupied by households with incomes at or below 80% of Median Family Income (MFI) as defined by the U.S. Department of Housing and Urban Development, and
- Affordable rental units should be occupied by households at or below 60% MFI.
- In addition, the Ordinance provides a specific breakdown of these targets.²

The TOD Ordinance establishes more ambitious goals for the two TOD areas located in the Community Preservation and Revitalization Zone (CP&R Zone) - the MLK and Plaza Saltillo TOD Districts. In these two TOD areas, the median income level of surrounding residents is typically lower than the citywide median. The affordability goals for these two districts are as follows:

- Affordable owner-occupied units in the CP&R Zone should be occupied by households at or below 60% MFI; and
- For rental units in the CP&R Zone, the following goals apply:
  - 10% of the units should be occupied by households between 40-50% MFI;
  - 10% of the units should be occupied by households between 30-40% MFI; and
  - 5% of the units should be occupied by households below 30% MFI.

¹ Sources: Austin Board of Realtors; ALN Apartment Data.
² For homeownership units, a goal of providing 10% of the units to households with income from 70-80% MFI; 10% of the units to households with income of 60-70% MFI; and 5% of the units to households with income of not more than 60% MFI. For rental units, a goal of providing 10% of the units to households with income from 40-60% MFI, 10% of the units to households with income of 30-40% MFI; and 5% of the units to households with income of less than 30% MFI.
Height Limits

In a more focused effort to encourage the provision of affordable units in the MLK and Plaza Saltillo TOD districts, the TOD Ordinance established height restrictions linked to housing affordability requirements:

“A Station Area Plan . . . in a Community Preservation and Revitalization Zone established by council . . . may not prescribe site development regulations that increase building height over the maximum prescribed by the applicable zoning district before adoption of the Station Area Plan, unless . . . the development meets the affordable housing goal[s] [outlined in the TOD Ordinance specific to the CP&R zone].”

Affordable Housing Analysis

The TOD Ordinance includes a requirement that a station area plan include a housing affordability analysis and feasibility review that describes potential strategies for achieving these goals. The Austin City Council selected the consulting firm Diana McIver and Associates (DMA) to conduct this analysis. DMA has provided several financial models for the achievement of the TOD goals, and has evaluated potential incentives and financing tools for creating housing affordability within the TOD areas, which can be found in Chapter 3: Implementation and the Appendices.

DMA’s financial scenarios demonstrate that the achievement of the TOD affordability goals will be challenging and will require a substantial commitment of incentives and subsidies. While DMA has indicated that there is not one single solution to housing affordability in TOD areas, their analysis shows that a combination of tools can be used to achieve affordability in TOD districts.
In addition to the land use districts, there are several important urban design treatments that should accompany land development in the station area. It is particularly important for development to be oriented to the street and pedestrians.

**Roadway Types**

Urban design elements are largely guided by three TOD street types – TOD Core Transit Corridor, TOD Pedestrian Priority Street, and TOD Local Street. This is modeled after the approach used in Subchapter E: Design Standards and Mixed Use, which categorizes all existing and future streets in the City, and then uses these designations as a basis for regulating streetscape, site, and building design. These three TOD street designations trigger specific streetscape and building design requirements within the Regulating Plan. The TOD Core Transit Corridors correspond to the existing and future Core Transit Corridors in Subchapter E. To address the unique issues related to the TOD station planning areas, two additional street designations apply. The three TOD street designations are described below and located in the Circulation Concept Plan:

- **TOD Core Transit Corridors.** Citywide Core Transit Corridors are defined and listed in Subchapter E: Design Standards and Mixed Use of the Land Development Code. They correspond with many of the major city streets. A Core Transit Corridor within the boundary of the Plaza Saltillo TOD is labeled a TOD Core Transit Corridor, whose designation in this Plan was informed by the original Core Transit Corridors established in Subchapter E. In both this Station Area Plan and in Subchapter E, these Corridors indicate a roadway that has, or will have, sufficient population density and mix of uses to encourage and support transit use. TOD Core Transit Corridors are of primary importance as transit and pedestrian places, and therefore, it is essential to create vibrant, pedestrian-friendly places. In addition, design features must include buildings located adjacent to or near the street, parking to the rear or side of buildings, building facades and entrances that are oriented to the street, and amenities, such as shelter, plazas, and seating to create a pleasant environment. The TOD Core Transit Corridor Street in the Plaza Saltillo Station Area is E. 7th Street.

- **TOD Pedestrian Priority Streets.** This designation applies to specific existing or future streets within a TOD, which are especially significant as pedestrian routes. Pedestrian Priority Street designations are applied to critical pedestrian connections through the TOD and can provide direct access to transit. These streets complement the TOD Core Transit Corridors to form an interconnected pedestrian network. Because of their significance for pedestrian circulation, TOD Pedestrian Priority Streets are intended to have similar pedestrian facilities and amenities to the TOD Core Transit Corridors. Land uses are often less intense than those adjacent to TOD Core Transit Corridors, and requirements for locating buildings near the street are more flexible. However, proper building orientation to the street and parking lot screening continue to
be important. E. 5th and 6th Waller, Comal and Chicon Streets and Chalmers Avenue are designated as TOD Pedestrian Priority Streets because they provide a network of routes that will provide an enhanced pedestrian environment and convenience.

- **TOD Local Streets.** These include all other existing or future streets within the TOD. While they are intended to provide comfortable, accessible, and pleasant accommodation for pedestrians, they do not represent the primary walking routes or pedestrian areas. Land uses are often less intense than those adjacent to TOD Core Transit Corridors and Pedestrian Priority Streets, and requirements for locating buildings near the street are more flexible. The remaining streets in the Plaza Saltillo TOD Station Area Plan are TOD Local Streets.

**Active Edges**

Having a good pedestrian environment is a key element for important pedestrian and transit streets within the station area. Specific properties along these streets, which have a TOD Mixed-Use land use designation, are required to have active edges. This means that buildings must be next to the street and designed to accommodate retail, entertainment, and similarly active ground floor uses, which are directly accessible to the people walking by. Off-street surface parking may not abut active edge frontages, and driveways are only allowed when no other reasonable and sufficient access alternative is available. This activates the pedestrian zone, and it also improves safety by increasing the potential number of “eyes on the street” to deter crime and vandalism.

Because E. 6th Street is intended to be the primary pedestrian street in the station area, active edge designations predominate. Active edge designations along E. 5th Street and Comal Street further reinforce the objective of creating a special pedestrian environment and activity center near and leading up to the station. As such, they are planned to have the highest density, greatest mix of uses, and a vibrant, urban character. While the design requirements summarized above will help shape such an environment, additional urban design standards are essential to establish them as urban centers. The active edge designation applies only to property design and development, and it does not affect adjoining public street and sidewalk design, which is determined by roadway type.

Although the standards in the Plaza Saltillo TOD Regulating Plan do not actually require active uses to occupy the ground floor, they require the building design to accommodate them. The goal is to design the ground floor space along an active edge so that an active use would not be prevented from occupying the space in the future due to improper building design. Therefore, requirements for taller ground level spaces with a minimum height of 12 feet, entrances and windows oriented to the street, and a prohibition of off-street surface parking adjacent to the street will supplement the normal design standards for property development associated with any of the three TOD Roadway types.
GREEN BUILDING AND SUSTAINABILITY

A primary goal of transit-oriented development within the City of Austin is the promotion of development and re-development in a manner that will help absorb some of the region’s expected population growth in areas well-supported by transit. It is important that the development of the built environment involve goals favorable to achieving long-term sustainability. Achieving a sustainable future means meeting the needs of the present without compromising the needs of the future, and in doing so helping to make more live-able communities. Sustainability in Austin’s TOD areas involves taking active measures to protect against negative environmental impacts.

Recognizing the City of Austin has set specific goals in an effort to be a leader in green building, renewable energy, and sustainable technologies, this station area plan includes the following recommendations:

Recommendations

1. Improve air quality and public health by providing alternative transportation choices. Provide clear alternatives to auto-centric development patterns by providing an environment that is pedestrian, bicycle, and transit-friendly.

2. Encourage all new buildings to meet the goals of the Austin Climate Protection Plan in effect at the time they begin the permit process. Current goals are to make all new single-family homes zero net-energy capable by 2015 and increase energy efficiency in all other new construction by 75% by 2015. Zero net-energy capable means that a building provides enough energy efficiency that all of its energy needs could be accommodated by on-site energy sources such as roof-top solar panels.
   a. Reduce energy use of buildings through better design and choice of materials and systems. Green buildings can achieve significant energy savings.
      - Buildings should have their longer sides oriented south as much as possible, and should minimize exposure to the west. As much as possible, minimize unshaded glazing on east and west exposures to reduce heat gain. Encourage glazing systems on northern and southern facades that reduce glare and provide opportunities for daylight harvesting (utilizing daylight to provide quality light indoors to minimize electric lighting). Overhangs, balconies, porches etc. should be utilized to provide shading of windows.
      - Buildings should be well insulated and use high efficiency heating and cooling systems. Systems should be sized and installed properly.
b. Encourage distributed energy generation (solar/thermal, wind power, etc.) within TODs and promote use of alternative energy sources through the Austin Energy Green Choices program.

3. Encourage roofing and paving design and materials that reduce the urban heat island effect (the tendency of urban areas to be several degrees warmer than the surrounding countryside). This includes using light colored roofing, siding and paving materials to reflect, rather than absorb the sun’s heat and by maximizing planted areas and shading paved areas and dark surfaces. Green roofs (planted vegetation on roofs) are a good option to help reduce the heat island effect and also provide air quality benefits.

4. Encourage protection of existing trees and plant new trees where possible. Trees should be considered part of the neighborhood’s infrastructure. Trees improve air quality by absorbing carbon dioxide and other harmful pollutants and to help reduce the urban heat island effect.
   a. Redevelopment should include a “street tree zone” to provide shade between the street and sidewalk.
   Near powerlines, smaller trees which do not grow more than 25 feet should be planted. Trees can cool neighborhoods by three to six degrees if planted to shade areas that absorb heat such as streets, sidewalks and parking lots.
   b. Trees should be planted in all parks and street medians.

5. Reduce solid waste production. Divert construction and demolition waste from the landfill to the fullest extent achievable and utilize existing infrastructure through adaptive reuse of buildings and building materials (developments in Austin have documented that more than 50% waste diversion is achievable). Design buildings to incorporate recycling collection areas and encourage tenants to recycle.

6. Promote the use of environmentally compatible building materials by selecting regional materials that are non-toxic, recycled and harvested in a sustainable manner.

7. Conserve water by installing low water use plumbing fixtures and appliances, using low water use native plants in landscaping, and utilizing rainwater harvesting, air conditioning condensate, or other recycled or non-potable water sources for irrigation.
As part of the Station Area planning process, the conditions of the water, wastewater, and storm water systems in and around the Plaza Saltillo TOD were evaluated. Consultant Raymond Chan and Associates examined the water and wastewater systems and potential impacts to this system from future TOD development. The full report is provided in Appendix D. The water service for the Plaza Saltillo SAP is provided by a 24-inch water main in the south side of the Station Area, which supplies water to the remainder of the system. The overall capacity of the system is sufficient to serve additional development in the area, however, some improvement to distribution lines may be necessary to provide adequate water supply for both domestic use and fire protection.

The wastewater system has sufficient overall capacity for existing development, which is provided by an interceptor system including a 15-inch line in Comal Street. Depending upon the density and character of new development in the area, some upgrading and improvement of wastewater system may be necessary to support specific projects.

The Watershed Protection and Development Review Department documented existing conditions of the storm water drainage system and identified potential future needs and methods for addressing flood, water quality, and erosion issues. This information is detailed in Appendix D.
FINANCIAL ANALYSIS

Timing of Projects & Financing Public Improvements

Bay Area Economics (BAE) was retained by the City to evaluate the financial feasibility of TOD and to provide a recommended financing strategy to help support this type of development in station areas. A summary of the BAE findings is presented in the following paragraphs, and the full reports are presented in the Appendix. In addition, several of the implementation techniques addressed in Chapter 3 reflect the BAE recommendations.

The timing of new development projects in the Plaza Saltillo SAP will be determined by the interaction of private sector market-based decisions with City decisions on public improvements and investments (along with zoning requirements) to set the stage for change. The factors shaping this interaction include:

- **Market Demand** - The level of market demand for various types of TOD, as well as the sale prices and lease rates for new development.
- **Project Financial Feasibility** - Whether the cost of new TOD, including land, construction, parking, and financing allow developers to make a profit based on market sales prices and level of demand.
- **Public Investment** - The timing and amount of public investments in new infrastructure, streetscape and open space improvements, as well as support for affordable housing and new TOD catalyst projects to attract and support widespread new private investment in TOD.

These factors are dynamic, meaning that they evolve over time, and the SAP needs to be flexible to respond to continuing change. Market conditions go through cycles, affecting the feasibility of uses and projects at any particular time. Success with new TOD in an unproven area can greatly increase other developers’ interest in building TOD. Public investment, while essential, is always a challenge because of limited resources, and its timing is not necessarily tied to market cycles.

BAE evaluated the financial feasibility of various TOD projects to identify those that are feasible today, versus those that will likely await improvement in market conditions. The estimates also identified the financing needs for catalyst projects that have the potential to shift market conditions and attract other new development.

Based on the public investment needs for infrastructure, streetscape and open space improvements, affordable housing, as well as funding assistance for potential catalyst projects, BAE reviewed existing public finance tools and formulated new approaches to create a TOD financing strategy for making the necessary public investments.
Feasibility of Plaza Saltillo TOD Projects

BAE’s estimates show that live/work and residential wrap buildings, both for-sale and rental, are currently feasible in this area (as also evidenced by extensive development activity). Mixed-use podium projects, which are more expensive to build, are likely feasible only if they can go above the current 40 foot height limit, up to four stories of residential above ground floor commercial. Because this type of mixed-use development has not been previously built in the area, developers are likely to hold back until a successful project has been built. Public assistance for a successful catalyst project could help convince other developers to proceed with other mixed-use TOD projects, as well as provide additional retail.

Enhancing the Feasibility of TOD Projects

TOD projects have higher construction costs than less dense projects, and a planning objective to create them in locations with moderate market conditions may require support to offset these higher costs. There are various public actions that can be taken to enhance the feasibility of TOD projects, including:

- Create Parking Districts or other solutions to more efficiently share high-cost structured parking.
- Assemble development sites and sell or lease them at a discount to developers.
- Assist catalyst TOD projects, including those to create more affordable housing, through support for infrastructure costs, parking, or modifications of planning requirements to enhance project revenues.
- Build denser TODs, which provide affordable housing, in order to stimulate developer interest in creating other mixed-income and market-rate residential TOD projects.

Public Financing Strategy

Depending on the extent of new TOD, the value of various types of public investment in the Plaza Saltillo TOD Station Area along with MLK and Lamar Station Areas could range from $900 million to $1.6 billion or more. This level of new development would primarily be financed by private investment and would create substantial economic benefits, including new employment and property tax and other revenue for the City. However, public investment will be needed for infrastructure, streetscape and open space improvements, affordable housing, and catalyst projects to attract and support substantial levels of new private investment and realize the goals of the SAP.

The recommended financing strategy for public investment is a multi-layered one that uses new financing sources to capture the value of new development, new grant and fee funding sources, along with existing City programs and incentives. Key objectives for the public financing strategy include:

- Phased implementation of the SAP to match public investment to market interest and targeted opportunities;
- Minimal use of City General Fund or Capital Improvement Program funds to reduce competition with other priority projects;
- Shift public improvement costs, to the greatest extent possible, to new development projects; and
- Use all existing public finance tools authorized by law.
The largest potential source of funds would be through use of Tax Increment Finance (TIF), which uses the increase in property taxes resulting from new development to cover the costs of public improvements. TIF does not increase taxes for existing property owners. For the SAP, it is recommended that only a portion of available tax increment be used, with the remainder available for new public services and schools to support residents and businesses occupying new TOD.

Other potential public finance sources include use of a combination of: Homestead Preservation Districts; Developer Impact Fees; Austin Housing Finance Corporation programs for affordable housing; Federal and State grants; and Public Improvement Districts.

There is a range of issues that must be addressed in a future Financing Implementation Plan. The Plan would be created as more detailed development plans are prepared and total public financing needs can be estimated and matched with potential sources. The Plan should provide for a wide range of creative public/private partnerships to stimulate TOD projects, utilizing existing City departments as well as new staff resources.
2. CIRCULATION CONCEPT PLAN

Successful and functional community centers and transit service both rely on pedestrian environments that are safe and convenient with short walking distances, and have comfortable and stimulating surroundings. In addition to the design of development adjacent to the street (as noted above), this environment is also shaped by the design of the public realm, including public streets, sidewalks, and gathering places.

TOD streetscapes serve as walkable corridors that concurrently facilitate multi-modal transportation, including rail and bus travel, private auto traffic, walking, and bicycling. Where existing street design often regards roadways as simple conduits for the efficient movement of cars, station area streets are refocused on the need to provide a sense of place and pleasant environments for people. The Circulation Concept Plan is intended to complement the Land Use and Design Concept Plan by providing pleasant and convenient walking facilities, appropriate on-street parking, and amenities within the public street right-of-way and public places, such as street trees, landscaping, and plazas.

During the station area planning process, many participants expressed the desire to create an open TOD area that encouraged north-south travel from neighborhoods north of E. 7th Street and south of E. 3rd Street. By and large, Plaza Saltillo boasts an efficient interconnected network of streets, providing many opportunities for getting around the area and helping to disperse traffic. In addition, the existing alley network provides enhanced circulation opportunities by allowing for multiple access points. Charrette commentary included the desire to maintain the alley network throughout Plaza Saltillo to continue the present circulation patterns as properties redevelop.

There are some key locations where street and/or pedestrian connections were desired to complete this network and complement it by making it truly accessible not only to motorists, but especially pedestrians and cyclists. The Circulation Concept Plan illustrates where and how these connections could be made, especially to the station and the 11-acre Capital Metro site. This plan also describes where to direct public and private resources to implement streetscape improvements and designate priority bicycle and pedestrian routes.

Multi-modal Connectivity

The Circulation Concept Plan identifies the types of new connections that should be made to enhance vehicle, transit, pedestrian, and bicycle circulation throughout the area. It is important to note that anything labeled a “potential street” is conceptual. These suggestions may ultimately be moved or reconfigured when large sites go through the development review process or public improvement projects are initiated. The Regulating Plan contains block standards to ensure the creation of an internal street system, providing a comparable level of connectivity to the system shown in the Circulation Concept Plan.

Because the street system is well developed within the Plaza Saltillo station area, the Circulation Concept Plan illustrates a relatively small number of connectivity improvements. The Circulation Concept Plan depicts possible ways to provide additional connectivity, particularly for pedestrians. This plan does not imply that proposed streets and pedestrian improvements will be publicly built and maintained. Additional connectivity could certainly be provided with a private street network and public easements.

A multi-modal street connection of the north and south segments of Chalmers Avenue is identified to create smaller blocks and enhance pedestrian connections in the eastern portion of the station area. This would create a new Pedestrian Priority Street. In addition, a new TOD Local Street connection is proposed on the Capital Metro property to bridge the gap along San Marcos between E. 4th and 5th Streets. If these two additional streets are introduced to the area, the connectivity within the TOD would be optimal, providing a highly efficient transportation network to disperse traffic and promote walking as there are many route choices available to reach a destination.
E. 7th Street will continue to function as the most significant thoroughfare
in the area. With the pedestrian and bicycle improvements indicated in
this Plan, E. 7th Street could offer a very functional and pleasant travel
experience for all users. A Corridor Concept Plan for E. 7th was produced
in 2002 that covers the segment from IH-35 to Pleasant Valley Road.
The goals of the exercise were to create a plan that improved safety for
vehicles and pedestrians along this road and improved its appearance and
aesthetic quality. A summary of the plan can be found in the Appendix. In
concert with the E. 7th Street Corridor Concept Plan, work is being done
from Chicon Street to Pleasant Valley. No projects or design/engineering
work are completed or currently planned for this section of E. 7th Street
between IH-35 and Chicon Street. As a complement to the Plaza Saltillo
TOD Station Area Plan, the E. 7th Street Corridor Concept Plan will be a
valuable resource when a street improvement project along this segment
is identified. The appendix also includes public art and color examples
that were produced for the Corridor Concept Plan to be incorporated on
the section east of Chicon Street. A continuation of the materials, artwork,
landscaping, and general color scheme is desired to create a coherent
and consistent theme and distinct identity for the entire length of E. 7th
Street from IH-35 to Pleasant Valley.

Bicycle and Pedestrian Access
Several pedestrian connections are included in the Circulation Concept
Plan to provide the desired north-south connectivity described previously
and to complement the abundant east-west routes already in existence.
These connections are important as they break-up the larger block structure
between E. 4th/6th and Comal/Chicon and also through the Capital Metro
site between E. 4th and 5th Streets. Providing these connections would
enhance and complete the existing circulation network in this area and
provide pedestrians and cyclists with more options to navigate through
the area. In addition, when a street improvement project for E. 7th Street
is initiated, a study to determine efficient and safe pedestrian and cyclist
crossings should be conducted and infrastructure improvements identified.
There is a long expanse of E. 7th Street (between IH-35 and Lydia Street)
that is difficult and dangerous for pedestrian and cyclists to cross because
there are no crosswalks or traffic signals present.

Paseos are proposed in key locations to serve a dual transportation and
open space function. As described more fully in the open space section,
they are designed to be pedestrian places that provide connections
through the neighborhood as well as potentially providing public open
space. Paseos are shown to provide future pedestrian connections as
shown on the Circulation Concept Map on Medina and Attayac Streets.
They are strongly encouraged, with new development between Comal
and Chicon Streets to break-up the large block structure that dominates
the eastern portion of the TOD.
In addition to the crossings along E. 7th Street, a project should be undertaken to improve pedestrian and bicycle crossings of the IH-35 access road at E. 4th Street. This was a recurring theme at the charrettes. Even though there is provision for walkers and cyclists in between the access lanes and under IH-35, traversing this area can be very dangerous and difficult due to high traffic volumes and speeds. Solutions could include pedestrian activated signals, safety luminaires, and/or raised/textured pedestrian crosswalks at E. 4th Street across both northbound and southbound access lanes. In order to facilitate pedestrian and bicycle movement between East Austin and downtown, and to leverage the City’s investment in the Lance Armstrong Bikeway (discussed below), the IH-35 barrier needs to be addressed by improving the safety, efficiency, and appearance of this crossing.

This area is part of a widely used bicycle corridor in and out of the Downtown via the E. 4th Street underpass. There are numerous street options to choose from as a cyclist, with most streets being relatively tame due to their small size and traffic volume. However, bicycle improvements are recommended at key locations in the area to further improve bicycle access and safety and encourage ridership. Currently, only Chicon Street south of E. 7th Street contains a dedicated bicycle lane. In the immediate Plaza Saltillo TOD area, the Austin Bicycle Plan recommends a bike lane along E. 7th Street and also a continuation of the Chicon Street bike lane north of E. 7th Street. This plan also recommends that bike lanes be included, if feasible, along Waller and Comal Streets to form an interconnected network of bicycle facilities.

In addition, the Lance Armstrong Bikeway has been designated along E. 4th and 5th Streets through the Plaza Saltillo TOD. The current improvement consists of signage. However, upon redevelopment of the land owned by Capital Metro, a more significant improvement is envisioned. The potential design could include a tree-lined dedicated space for the Lance Armstrong Bikeway that would parallel a portion of the realigned railway line on E. 4th Street, gradually connecting with the E. 5th Street alignment of both rail and the bikeway.
Sidewalk Standards Based on Roadway Type
As described previously, there are three roadway types within the station area – TOD Core Transit Corridors, TOD Pedestrian Priority Streets, and TOD Local Streets. This Station Area Plan applies many of the street design standards (sidewalk widths, clear zones, parking zones, etc.) from Subchapter E: Design Standards and Mixed Use and tailors them to the TOD Core Transit Corridors, TOD Pedestrian Priority Streets, and TOD Local Streets designated in this Plan. These requirements call for sidewalk widths of 5 to 15 feet, street trees, and a certain level of building frontage brought up to the sidewalk. Specific requirements for each roadway type are provided in the Regulating Plan.

Streetscape Prototypes
The project team chose to focus on providing street cross section prototypes for E. 5th, E. 7th and Comal Streets as sample designs for streetscape improvements that are consistent with their designation as either a TOD Core Transit Corridor or TOD Pedestrian Priority street. The curb-to-curb widths vary according to the existing and anticipated traffic volumes, and they have 15- or 12-foot wide sidewalks respectively. E. 7th Street is intended to have bicycle lanes, consistent with the Austin Bicycle Plan. These streets are further described in Chapter 3.
Rail Alignment
When MetroRail service begins at the end of 2008, it will utilize the existing Capital Metro rail tracks that are seen today in the Plaza Saltillo TOD. However, the rail line bisects the 11-acre Capital Metro site, which could present redevelopment challenges because of the existing irregular parcel sizes on either side of the tracks. As a result, Capital Metro commissioned a rail realignment study during a recent master planning process of the site. Based on the results, the preferred option for future rail realignment is along E. 4th Street. Capital Metro views this realignment as the most viable option from a safety, bus and rail operations, land use, and on-street parking perspective. It should be noted that during Capital Metro’s master planning process, which finished in 2006, and this station area planning process, there was a desire by some participants to locate the tracks along E. 5th Street. This alternative was considered by Capital Metro’s consultants, but for the reasons stated above, E. 4th Street was determined the safest and least intrusive option. There is no current funding or plan to relocate the rail line; it may be an infrastructure improvement made by a future developer of the site.
3. OPEN SPACE AND TRAILS CONCEPT PLAN

Well designed, accessible, and integrated open space and urban landscape systems are critical to the success of the station area plans. The higher density and compact character inherent of TOD calls for an open space approach that recognizes the importance of open space to TOD inhabitants, employees, and visitors and surrounding residents alike. TOD mixed-use and commercial uses should include: plazas and private open space, storm water gardens and landscapes, landscape methods to reduce urban heat island effects, water efficient landscapes, and on-site renewable energy systems, all conveniently accessible to pedestrians and bicyclists. Likewise, residential districts should be in close proximity to open space with pocket parks or community greens to serve the various open space needs at a local level. Depending on the TOD context and environmental conditions, a more significant, broader reaching open space element such as a community park, garden, or trail network could be very appropriate.

The open spaces designated on the Open Space and Trails Concept Plan do not indicate the exact location, type, or amount of open space that must be provided as part of a private development. Until development begins to occur and/or public projects are initiated, the exact details on type, location, and amount of open space cannot be defined. Depending on individual site conditions and constraints, open space may deviate from what is depicted in the Open Space and Trails Concept Plan. The City of Austin Parkland Dedication Ordinance ensures that all private development residential projects required to submit a site plan contribute to park needs either on-site or by paying a fee into a parks fund. Some of the potential open space elements represent projects that would most likely need to be implemented by the City as they may not be part of any particular private development project.

Existing and Planned Facilities

Residents and employees around Saltillo Plaza currently enjoy three developed parks - Plaza Saltillo, Comal Park, and the open space and play facilities at the Pan American Recreation Center. In addition, a new park space, called Velasquez Plaza, is being developed along a vacated portion of Medina right-of-way between E. 5th Street and the alley. This is intended to provide north-south access and passive recreation space in a colorful and playful environment. It will also serve as one of the “stops” along the Tejano Trail of Music, an Arts in Public Places project that consists of a walking trail featuring the work of Austin area artists commemorating local Tejano musicians. The Tejano Trail is predominantly on the eastern portion of the Town Lake Hike and Bike Trail and the art work is proposed to be located at Festival Beach, Festival Garden’s Pavilion, Donley Park, Velasquez Plaza, the Mexican American Cultural Center, and the Montelongo Overlook.
Open Space Concept

Overall Strategy
It is important to include parks and open space to complement higher density development. In addition, green corridors and pedestrian-friendly streets should provide pleasant, convenient, and safe connections between neighborhoods, parks and open spaces, and transit. The Plaza Saltillo Open Space and Trails Concept Plan proposes a pocket park and paseo parks in key locations. These are conceptual and are shown to illustrate the potential placement of green elements to soften the edges of the built environment. The open space concept portrays the approximate amount and location of open space with the understanding that the final location and design will be determined as redevelopment occurs. Because the amount of parks and open space is linked to the density of new residential development, the amount of required parkland dedication will vary, and the location will depend upon site conditions and constraints. Open spaces could be developed on other sites within the Plaza Saltillo Station Area as redevelopment occurs. However, due to the lack of large, undeveloped parcels (apart from the Capital Metro site) and city-owned land, potential open space locations are challenging to define at a planning level.

Capital Metro, in concert with the City of Austin, hired Roma Design to develop a Saltillo District Redevelopment Master Plan for its 11-acre property located immediately west of the Plaza Saltillo Station, between E. 4th and 5th Streets. This plan, commonly referred to as the “ROMA plan”, calls for a community center and offices located on the block immediately west of the Plaza Saltillo Station. The ROMA plan also shows a storm water treatment area on the west side of Navasota Street and a slender, triangular open space west of Attayac Street and north of E. 4th Street. All of these open areas would link-up with the Lance Armstrong Bikeway. This arrangement would offer a pleasant series of open spaces to complement the Plaza Saltillo station area. However, public comments during the planning process clearly supported creating open spaces that would be usable for active recreation. The city should work with Capital Metro and the neighborhoods to determine the appropriate configuration of parks and open space in this area west of the station.

Open Space Concept Elements
A pocket park, with a minimum size of half an acre, is recommended on the eastern portion of the Capital Metro property. Ideally, it should be immediately west of the Plaza Saltillo Station. This would further promote public activities related to the station, Plaza Saltillo, the Lance Armstrong Bikeway, the envisioned community center, and this park would be mutually supportive. Most important, it would create the critical mass necessary to establish a pleasant and active center for the Plaza Saltillo Station Area and the surrounding neighborhoods.

The ideal location for a pocket park may change as the Capital Metro rail alignment and development program for the property are more specifically defined. However, the park should have the following attributes:
- A minimum size of 0.5 acre;
- Configuration and design for active recreation, especially for children; and
- A location that is east of the Attayac Street paseo, which allows for visual and walking connection with the public spaces and civic uses adjacent to the Plaza Saltillo station.

This Plan also recommends the idea of creating an on-street pathway down Comal Street, connecting the rail stop and the Station Area with Lady Bird Lake and the Town Lake Trail system. Ideally, ample sidewalks and a bike lane would be elements of such a route, but appropriate signage could be sufficient as a wayfinding device and to publicize the presence of the path and connection. This could serve as a way to encourage people to use transit to access recreational amenities.
Paseo Parks (Paseos)
The paseo concept was originally proposed in the ROMA plan. Paseos, which are designed for people rather than cars, provide public gathering places. Paseos are intended to be tree-lined, linear open spaces that in addition to providing access to pedestrian and cyclists, offer a park-like setting. They typically would be aligned with street right-of-way. Depending on community desires, they may include play areas for families with small children, open green space for passive or recreational use, benches, fountains, interactive water features, etc. Generally, there was broad public support to include the paseos, as a way to achieve both open space and connectivity goals.

This Plan is supportive of the paseos proposed in the Roma Plan on Medina and Attayac Streets between E. 4th and 5th Streets. Onion Street is proposed to serve as a plaza or paseo immediately west of the station. This concept is carried forward in this plan as well. In addition, because the block structure in the eastern portion of the TOD is larger than the rest of the Station Area and circulation is less efficient, the paseo concept is carried over to this end and recommended for its open space and pedestrian connectivity benefits. A paseo, or a series of paseos south of E. 7th Street aligned with Concho Street and between Chalmers Avenue and Chicon Street are encouraged. Because of existing development and the presence of a significant number of small properties, provisions in the Regulating Plan aim to encourage creation of paseos as properties redevelop.
CHAPTER 3
IMPLEMENTATION
IMPLEMENTING THE PLAZA SALTILLO TOD STATION AREA PLAN

MAKING THE PLAN REAL

The adoption of the Plaza Saltillo TOD Station Area Plan (SAP) will not automatically implement the Vision articulated in Chapter 2. It is the first of many coordinated steps, which will need to be made over several years. The implementation of this plan along with other transit-oriented developments surrounding the proposed Capital MetroRail stations is expected to support ridership on Capital MetroRail and take full advantage of this public transit investment and the development potential of the station area. Successful implementation of the plan will require a strong partnership between Capital Metro, the City, other government agencies, the private sector, and the community.

UNDERSTANDING THE MARKET

Assessment

To better understand market trends, Capital Metro retained Economics Research Associates (ERA) to conduct an assessment of economic trends, land values, and real estate markets in the Austin area. This assessment also considered the transit-oriented development potential of three transit station locations including Plaza Saltillo, North Lamar/Justin, and MLK. An initial evaluation was completed in 2006, and an updated analysis was completed in 2007 to respond more fully to station area planning activities. Conducting a market assessment is an important step in creating the station area plan because it helps frame the planning discussion by focusing on possible development scenarios which are plausible for the station area. It helps the public and the City understand how to focus their collective planning energies in a direction that has a good chance of being realized.

The assessment indicated that the regional economy is strong and is expected to remain so. A diverse employment base, talented labor pool, and quality of life in the region receive much of the credit for the city’s prosperity and popularity.

Development Potential in the Plaza Saltillo Station Area

As part of its analysis, ERA identified the Plaza Saltillo station area’s strengths and opportunities along with challenges and constraints for transit-oriented development, which include:

Strengths & Opportunities

- **Location** – The Plaza Saltillo station will be only one stop north of Downtown Austin on the commuter rail line. It is located just one mile east of Downtown, allowing it to capture much of the spillover in housing, office, and retail development.
- **Master Planning Process** – The Saltillo District Redevelopment Master Plan for the 11-acre Capital Metro site provides a solid guide for a mixed-use transit village, with housing, retail, office and other community-oriented uses.
- **Recent development activity** – New housing and commercial projects in the neighborhood indicate that there is strong interest from private developers.
• Ability to attract Austin’s “creative class” – As mentioned above, Austin has an abundance of “creative” workers, who demand high-quality, urban-style housing, preferably in neighborhoods offering culture and diversity. Plaza Saltillo’s proximity to the Warehouse and 6th Street entertainment districts, as well as other cultural attractions, makes it a particularly strong location to attract this market segment.

• Lance Armstrong Bikeway – The City has begun to develop a six-mile bike route from U.S. 183 in East Austin (along E. 5th Street) through Downtown (along E. 4th Street) and ending at Lake Austin Boulevard and Veteran’s Drive. The bikeway will add a new amenity to East Austin and create a strong connection to Downtown and Town Lake districts.

Challenges & Constraints
• Disincentives for high-density development – The Austin TOD Ordinance creates affordable housing requirements for projects that exceed existing height entitlements, which may be a disincentive for private developers to build at higher densities. More affordable housing units and ridership can be generated with a higher density program. However, the TOD Ordinance specifies that a station area plan may not increase height outside of the 11 acres owned by Capital Metro, and if height is increased on this site, the affordable housing goals must be met.

• Community Support – As land values continue to increase in East Austin, some households are in danger of being displaced. This dynamic has created opposition to new development from existing residents and community activists fearing gentrification.

• Rail line realignment – Without the realignment of the rail line, real estate development potential on the Capital Metro 11-acre site is limited.

• Parcel size – More parcels should be created from the large super-blocks in order to encourage finer grain, pedestrian-scale development.

Development Program
Based upon the regional economy and the characteristics of the area around Plaza Saltillo, the ERA analysis yielded a summary of development potential for the Plaza Saltillo TOD.
IMPLEMENTING THE PLAN ELEMENTS

Creating the Plaza Saltillo TOD Station Area Plan is the starting point for realizing the Vision expressed by the public. Experience from successful planning programs consistently demonstrates the importance of strong partnerships between all levels of government, the transit agency, the private sector, and the community. Working together helps bring about quality development and strong neighborhoods. In addition, the ERA findings and other market information will be important to acknowledge as the implementation work moves forward.

I. Form a TOD Working Group

The City of Austin should form a “Working Group” including various city departments, Capital Metro, neighborhood representatives, and key members of the private sector. The working group’s primary focus should be to span jurisdictional and agency boundaries to facilitate collaboration and guide the implementation of transit-oriented development in the Plaza Saltillo TOD and other station areas along the Capital MetroRail line. Ideally, the members of the committee should have the authority to speak on behalf of their respective organizations and make decisions.

This group should meet regularly, with support from a technical committee of agency staff responsible for day-to-day management of the implementation strategy and individual tasks and projects. Other interests or subcommittees for individual station areas could also be included and formed depending upon the desires of the participants. What is of the utmost importance is to have a focused and organized implementation strategy for each station area.

II. Prioritize and Implement Action Items

The first order of business for the working group should be to evaluate and identify specific action items for implementation, which are based upon the recommended projects and activities in this section. The recommended lists and descriptions represent the major activities and projects to undertake pertaining to:

- Planning and Administration
- Transit-Oriented Development Catalyst Projects
- Circulation and Streets
- Open Space and Trails
- Supporting Infrastructure

Recommended activities and projects are presented for each of the five facets of the implementation program noted above followed by a description of what should be done along with the lead party responsible for accomplishing the identified task. The recommendations are intended to provide a “checklist” of a series of tasks that will move the station area plan from concept to reality.
ACTION ITEMS

Planning and Administration

PA1  Adopt the Plaza Saltillo TOD Station Area Plan and TOD Regulating Plan.

Chapter 2 of this report constitutes the Plaza Saltillo Station Area Plan. The Vision and the key plan elements are all described and depicted on the plan maps for land use and design, circulation, and open space. These should be adopted along with the Plaza Saltillo TOD Station Area Regulating Plan. The Regulating Plan, which is an element of the overall Station Area Plan, will replace the current zoning in the station area and Subchapter E: Design Standards and Mixed-Use.

PA2-4 Amend affected Neighborhood Plans. Each neighborhood plan affected by the Plaza Saltillo TOD Station Area Plan should be amended to include a TOD designation on the future land use map and make reference to the plan and the Regulating Plan for the properties within the TOD district.

PA5  Formation of a TOD Working Group. Formation of the Working Group described above will be a critical element for the plan’s success. Because implementation of the station area plan consistent with TOD design principles will require synchronized public agency and private sector actions, the development of strong working relationships, enhanced coordination, and community involvement will be essential. Many of the Plan’s activities and projects should be managed by this group to promote efficiency and timely progress on implementation.

PA6  Dedicated Staff. A city staff position should be created to work exclusively on implementation of the station area plans. Duties could include:

- Informing property owners about the Plaza Saltillo Station Area Plan, TOD zoning regulations, and opportunities for redevelopment.
- Identifying property owners interested in redevelopment and facilitate information exchange between property owners regarding such issues as property assembly.
- Pursuing funding opportunities for implementation of the Station Area Plan recommendations and infrastructure improvements.
- Reviewing TOD projects that are seeking alternative equivalent compliance.
- Reviewing and approving Project Circulation Plans.
- Aiding Rails with Trails project implementation by proactively working with property owners to seek trail easements in areas where the Capital Metro right-of-way is inadequate.
- Assisting property owners in providing affordable housing as part of their development and providing funding information.
- Coordinate TOD Working Group

PA7 Urban Design Division in the Development Review Process. Development review of TOD projects should include Urban Design Division staff to review and approve Project Circulation Plans and address any requests for alternative equivalent compliance.

PA8 Prioritization of TOD Projects. This Station Area Plan recommends prioritizing projects in and around the TOD on the General Obligation Bond CIP list, for grant funding, and/or for the potential establishment of special financing districts to respond to the higher level of development desired in the area. Sidewalk, bicycle and street/intersection improvements in and around the TOD are especially important to provide safe and efficient access to and through the area.
PA9  TOD Financing Strategy and Tools. The plan for this station area is designed to leverage the CapMetro transit investment by encouraging supportive development surrounding the station. The benefits of TOD have been documented, however, creating successful TOD is not without significant challenges, which require public action and investment before the desired urban development may be realized. Bay Area Economics (BAE) provided a report, which describes TOD financial feasibility and financing strategies and tools that are the most promising for the Austin station areas. This is summarized in Chapter 2 and located in the Appendix. BAE advises that public investment will probably be necessary to stimulate the much larger investment expected by the private sector. Public attention regarding affordable housing, public infrastructure, and catalyst projects should be considered as outlined in the BAE memorandum. Several of the implementation actions in the following sections are included in response to the BAE recommendations. An important assignment for the Working Group will be to review the BAE information and recommendations to develop a financing strategy and set of supporting tools.

Financing elements recommended by BAE include:
- Adopt a phased implementation strategy for the TOD Plan that matches public investment to targeted areas and market interest in new development
- Minimize reliance upon City General Fund or Capital Improvement Program funds to reduce competition with other priority projects;
- Make new development cover, to the extent feasible, a significant portion of the costs of public capital improvements, including upgrades to water and wastewater systems; and
- Utilize all existing public finance tools as currently authorized by law.

Specific public financing tools recommended in the BAE report to foster the implementation of TOD include:
- Homestead Preservation District
- Tax Increment Finance (TIF) Bonds
- Developer Impact Fees
- Austin Housing Finance Corporation
- Federal/State Grants
- Public Improvement Districts

PA10  Monitor Implementation Effectiveness. The Working Group should monitor the effectiveness of the implementation elements of this station area plan and recommend changes to them as appropriate. This could include amendments to the plan itself, amending the Regulating Plan to make it more effective, and the financing strategy and tools. A review should occur at least annually.
## PLAZA SALTILO SAP ACTION CHART 1: PLANNING AND ADMINISTRATION

<table>
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<td>ON-GOING</td>
<td>FIRST 5 YEARS</td>
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<td>PA1</td>
<td>Adopt the Plaza Saltillo Station Area Plan</td>
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<tr>
<td>PA2</td>
<td>Amend the Central East Austin Neighborhood Plan</td>
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<tr>
<td>PA3</td>
<td>Amend the East Cesar Chavez Neighborhood Plan</td>
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<td>PA4</td>
<td>Amend the Holly Neighborhood Plan</td>
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<tr>
<td>PA5</td>
<td>Create an interdepartmental and interagency TOD working group whose mission is to facilitate development in TOD districts.</td>
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<tr>
<td>PA6</td>
<td>Create dedicated staff position for SAP implementation</td>
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<td></td>
</tr>
<tr>
<td>PA7</td>
<td>Integrate UD Division into development review process</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>PA8</td>
<td>Prioritize projects within TOD Districts</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>PA9</td>
<td>TOD financing strategy and tools to be developed by the Working Group to stimulate TOD in the station areas.</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>PA10</td>
<td>Monitor implementation effectiveness conducted by the Working Group.</td>
<td>X</td>
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</table>
Transit-Oriented Development Catalyst Projects

**TOD1 Catalyst Site Owners.** The Working Group should establish a cooperative relationship with the owners of potential catalyst sites. The objective should be to identify how the parties can provide mutual assistance to initiate these critical first development projects. In particular, public assistance that would be beneficial to catalyst projects and the community generally should be identified and evaluated.

**TOD2 Apply Finance Strategy and Tools.** The Working Group should determine which specific financing strategy elements and tools (PA9 above) should be utilized to advance TOD catalyst projects with the goal of stimulating interest in overall TOD. This should be done with developers, property owners, and government agencies to develop the correct mix of incentives to promote TOD in the station areas.

**TOD3 Create a TOD Catalyst Project.** Developing a TOD pilot project will be an important way to create development interest in the station area. To the extent possible, such a project should include housing types not commonly found in Austin, but appropriate for the station area (such as higher density single family or mixed-use residential). It should include affordable housing. A catalyst project could also include the implementation of a key infrastructure or streetscape project, as described on subsequent pages.

<table>
<thead>
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<td>ADOPT WITH PLAN</td>
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<td>TOD1</td>
<td>Meet with owners of catalyst sites.</td>
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</tr>
<tr>
<td>TOD2</td>
<td>Apply finance strategy and tools for TOD implementation.</td>
<td></td>
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</tr>
<tr>
<td>TOD3</td>
<td>Create a TOD catalyst project.</td>
<td></td>
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</table>

Pedestrian Streetscapes  Urban Park  Streetcar on main road
Circulation and Streets

**CS1  E. 7th Street Improvements.**
A street and streetscape project to improve safety, encourage pedestrian and bicycle activity, and enhance general neighborhood appearance will typically encourage private investment on adjoining properties. E. 7th Street should be improved to better define the right-of-way, which currently boasts very wide outer lanes, and to create a positive change to its character and encourage private investment, in addition to enhancing an important route that traverse the Plaza Saltillo TOD and connects to key streets that lead to the core of the Station Area.

E. 7th Street is designated as a TOD Core Transit Corridor. Figure 2.1 illustrates a fully developed streetscape consistent with this designation, including the following elements:

- Four vehicular travel lanes (wide enough to support bus operations) separated by a landscape median.
- Bike lanes.
- On-street parallel parking on both sides of street, except at bus stops.
- Minimum 15-foot wide sidewalk with a 7-foot clear zone.
- Street lighting.
- Pedestrian crosswalks and signals at more frequent intervals.
- Street tree plantings at back-of-curb locations.
- Plantings or moveable planters.
- Street furniture and other pedestrian amenities.

Current right-of-way along this section of E. 7th Street, which ranges from 75-80 feet, is not sufficient to accommodate all of the suggested improvements below. Additional right-of-way or easements would need to be provided.

**FIGURE 2.1 CROSS SECTION OF E 7TH STREET**
**CS2 Comal Street Improvements.** Comal Street provides an important north-south connection immediately adjacent to the station. Because of this strategic location, it is designated a Pedestrian Priority Street and should have an improved streetscape to provide a pleasant pedestrian route to the Plaza Saltillo Station. In addition, it could function as a key pedestrian and bicycling route from the Plaza Saltillo transit stop and Station Area to Lady Bird Lake and the Town Lake Trail system.

Comal Street is designated as a TOD Pedestrian Priority Street. Figure 2.2 illustrates a fully developed streetscape consistent with this designation, including the following elements:

- Two vehicular travel lanes (wide enough to support bus operations).
- Possible traffic calming improvements.
- On-street parallel parking on both sides of street, except at bus stops.
- Minimum 12-foot wide sidewalk with a 5-foot clear zone.
- Street lighting.
- Pedestrian crosswalk and signal location and design.
- Street tree plantings at back-of-curb locations.
- Plantings or moveable planters.
- Street furniture and other pedestrian amenities.
- Add bicycle lanes

Current right-of-way along this section of Comal Street, which is approximately 60 feet, is not sufficient to accommodate all of the suggested improvements below. Additional right-of-way or easements would need to be provided.
CS3  E. 5th Street Improvements. E. 5th Street provides an important east-west connection with direct access to the station. It is designated as a Pedestrian Priority Street and it should have an improved streetscape to provide a pleasant pedestrian route to the Plaza Saltillo Station. Because portions of E. 5th abut the rail stop and the tracks on the south side of the street, street improvements will need to fit the specific conditions of each section of the street. It may be challenging to provide on-street parking next to the rail line (assuming there is substantial right-of-way) and at and near the station itself clear and convenient bus access will be needed. Creative solutions may be called for to implement bicycle and sidewalk amenities along certain portions of E. 5th Street.

E. 5th Street is designated as a TOD Pedestrian Priority Street. Figure 2.2 illustrates a fully developed streetscape consistent with this designation, including the following elements:

- Two vehicular travel lanes (wide enough to support bus operations).
- Possible traffic calming improvements.
- On-street parallel parking on both sides of street, except at bus stops (unless not feasible due to presence of rail station and/or track).
- Minimum 12-foot wide sidewalk with a 5-foot clear zone (at least on the north side).
- Street lighting.
- Pedestrian crosswalk and signal location and design.
- Street tree plantings at back-of-curb locations.
- Plantings or moveable planters.
- Street furniture and other pedestrian amenities.
- Bike lanes (east of Comal) in implementation of the Lance Armstrong Bikeway.

Current right-of-way along E. 5th Street in the TOD, which ranges from 65-70 feet, is not sufficient to accommodate all of the suggested improvements below. Additional right-of-way or easements would need to be provided. Figure 2.3 illustrates the streetscape to the east of the transit station (i.e. east of Comal Street), where due to ROW limitations, elements such as the sidewalk, bike lanes and/or on-street parking may be optional:

**FIGURE 2.3 CROSS SECTION OF E 5TH STREET**
**CS4 Parking and Traffic Management Strategy.** The Plaza Saltillo TOD Station Area is designed for transit, pedestrian, bicycle, and kiss-and-ride access, but park-and-ride facilities will not be provided. Due to concerns that people will drive to the station and park in surrounding neighborhoods, a monitoring system to assess the parking situation should be implemented, possibly by the Working Group. If it is determined that a problem exists, a management plan should be developed to addresses the situation. The plan could allow for local residents and visitors to park during the day, while discouraging commuters from parking on neighborhood streets. Likewise, concerns regarding cut-through traffic to adjacent neighborhoods should be monitored and improvements identified if a problem exists. Circulation system improvement projects noted in this section will complement these efforts by making walking and bicycling a more attractive option.

**CS5 E. 4th Street Improvements.** E. 4th Street is designated as a TOD Local Street. It needs significant improvement to facilitate pedestrian circulation. This improvement should be established on a district level to create a consistent design theme for development along the street.

**CS6 E. 6th, Waller, and Chicon Street Improvements.** As TOD Pedestrian Priority Streets, E. 6th, Waller, and Chicon Streets should be improved with ample sidewalks and other pedestrian amenities. Ideally, bike lanes should be included on Waller Street as recommended in the Austin Bicycle Plan. These improvements should be established on a district scale in order to create a consistent design theme for development along these streets.

**CS7 Chalmers Avenue and San Marcos Street extensions.** These new street connection, as shown in the Circulation Concept Plan, should be provided as development and redevelopment occurs. Chalmers Street is especially critical because a north-south access is lacking between Comal and Chicon Streets – a distance of over 1,300 feet. Because of its importance for pedestrian circulation, Chalmers Street should be improved as a TOD Pedestrian Priority Street to enhance circulation and access in this portion of the TOD district.

**CS8 Pedestrian Connections - Paseos.** Pedestrian connections, in the form of paseos are shown in the Circulation Concept Plan. The paseos shown on Medina, Attayac, and Onion Streets should be provided as development and redevelopment occurs. Similar connections, which are roughly aligned with Concho Street and Huston-Tillotson College, are also supported to break-up the large blocks that are present between Comal and Chicon south of E. 7th. It is possible that the provision of a paseo during development could count toward parkland dedication requirements. The Parks and Recreation Department would make that determination on a case-by-case basis during the development review process.
**CS9  Rail Realignment.** Capital Metro may determine that a realignment of the rail line through its 11-acre site is financially and technically feasible. If so, the rail line would be moved from its current mid-block location (between Onion and IH-35) to an off-street placement along the north side of E. 4th Street. The City should work closely with Capital Metro to ensure the rail re-alignment allows for effective development of the site and consistency with the Open Space Concept Plan.

**CS10  IH-35 Access Road Improvements at E. 4th Street.** Pedestrian and bicycle activity needs to be safe and attractive at this location. It is currently a dangerous and unappealing area on both sides of the Interstate. Solutions could include pedestrian activated signals, safety luminaires, and/or raised/textured pedestrian crosswalks at E. 4th across both northbound and southbound access lanes.

**CS11  TOD Projects as part of TIA Improvements.** As part of the evaluation the Austin Traffic Impact Analysis (TIA) program, an amendment of Section 2.3.5 of the Transportation Criteria Manual, “Recommendation on Roadway Improvements and Traffic Control Modifications”, to allow for infrastructure projects (including bicycle, trail, pedestrian, and street/intersection improvements) is recommended to allow an adopted station area plan to qualify for required improvements through the TIA process.

Note: These images are for illustrative purposes only, the Regulating Plan standards need to be complied with.
## PLAZA SALITLLO SAP ACTION CHART 3: CIRCULATION AND STREETS

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<td>ON-GOING</td>
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<td>CS1</td>
<td>Implement improvements on E. 7th Street.</td>
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<tr>
<td>CS2</td>
<td>Implement improvements on Comal Street.</td>
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<td>X</td>
</tr>
<tr>
<td>CS3</td>
<td>Implement improvements on 5th Street.</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>CS4</td>
<td>Develop parking management strategy.</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>CS5</td>
<td>Implement improvements on 4th Street.</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>CS6</td>
<td>Implement improvements on E. 6th, Waller, and Chicon Streets.</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>CS7</td>
<td>Extend Chalmers Avenue and San Marcos Street to increase north south connectivity between blocks.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CS8</td>
<td>Make additional pedestrian connections</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>CS9</td>
<td>Realignment of rail line.</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>CS10</td>
<td>IH-35 Access Road Pedestrian Improvements at 4th Street.</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>CS11</td>
<td>Recommended amendment to the TCM to include projects in an adopted SAP</td>
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<td>X</td>
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</table>
Open Space and Trails

**OS1 Provision and Funding of Parks and Open Space.** As part of this implementation program, the envisioned park and open space improvements are generally expected to be provided via existing parkland dedication requirements. Because open space is such an important element of compact, high density development areas, on-site open space provision generally in the form of pocket and/or linear parks, trails, and plazas are recommended. If it is either impossible on unrealistic that parkland be provided on-site, parkland dedication fees generated in a TOD are recommended to be spent within the TOD or in the immediate vicinity with the Open Space Concept used as a guide.

**OS2 Pocket Park.** As illustrated on the Open Space Concept, a pocket park is recommended immediately west of the Plaza Saltillo station. The key consideration is providing a park with sufficient area to allow active recreation, especially for children. The designated staff person and the Parks and Recreation Department should work with Capital Metro in determining the location and improvement program for this park as development plans for the 11-acre Capital Metro site move forward. This park is especially critical because the Capital Metro property represents one of the few, or perhaps the only, site where application of the City’s parkland dedication requirements would actually yield a sizable park site.

**OS3 Paseo Parks.** As illustrated on the Open Space Concept Plan, paseos are recommended in three locations (Medina, Attayac, and Onion) consistent with the ROMA plan. The City should work with Capital Metro in determining how and when these paseos should be implemented. Between Comal and Chicon Streets paseos are encouraged with redevelopment and this Plan recommends that they count towards City Parkland Dedication requirements, although the Parks and Recreation Department will make the determination on a case-by-case basis during the development review process. The designated staff person and the Parks and Recreation Department should work with property owners and developers to encourage creating paseos as part of development projects.

**OS4 Improvements to Existing Parkland.** The Parks and Recreation Department should keep abreast of redevelopment within the Plaza Saltillo TOD to the type of improvements that are needed to Comal Park and the open space area at the Pan Am Recreation Center as a result of new residents to the area.

**OS5 PARD Integration.** Parks and Recreation Department (PARD) staff should be formally integrated into the development review process of all subdivision and site plan applications that fall within the boundaries of the Plaza Saltillo TOD so that open space opportunities may be analyzed and explored early on.

**OS6 Lady Bird Lake Destination Pathway.** An on-street destination pathway along Comal Street is recommended to promote a connection between the rail stop and the Station Area with Lady Bird Lake and the Town Lake Trail system. Ideally, ample sidewalks and bike lanes would be elements of such a route, but appropriate signage could be sufficient as a wayfinding device and to publicize the presence of the path and connection.
## Plaza Saltillo SAP Action Chart 4: Open Space and Trails

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<tr>
<td>O S1</td>
<td>Provision and funding of open space in the TOD.</td>
<td>×</td>
<td>Private Sector and CoA</td>
</tr>
<tr>
<td>O S2</td>
<td>Pocket park located west of Plaza Saltillo station.</td>
<td>×</td>
<td>Private Sector, Capital Metro, and CoA</td>
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<tr>
<td>O S3</td>
<td>Paseos per the ROMA plan and through incentives east of Comal Street.</td>
<td>×</td>
<td>Private Sector, Capital Metro, and CoA</td>
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<tr>
<td>O S4</td>
<td>Improvements to existing parkland.</td>
<td>×</td>
<td>City of Austin</td>
</tr>
<tr>
<td>O S5</td>
<td>PARD Integration</td>
<td>×</td>
<td>CoA Planning and PARD staff</td>
</tr>
<tr>
<td>O S6</td>
<td>Lady Bird Lake destination pathway.</td>
<td>×</td>
<td>CoA</td>
</tr>
</tbody>
</table>

*Neighborhood park*  

*Paseo or pedestrian street*  

*Park with pedestrian path*
INFRASTRUCTURE

I1 Comprehensive Utility Upgrades. Capital Improvement Projects (CIP) should be accomplished in a comprehensive manner that coordinates street reconstruction projects with other utility upgrades. A process should be established that examines all future public infrastructure needs when planning Capital Improvement Projects within and around the Plaza Saltillo TOD. An example would be replacement of undersized or old water or wastewater lines in conjunction with a street improvement project.

I2 Water System Improvements. To help stimulate development in the Plaza Saltillo Station Area, localized low pressure and/or low fire flow areas should be identified and prioritized for improvement to meet anticipated future demand.

I3 Wastewater System Improvements. To the extent possible, the Austin Clean Water Program (AWCP) should give high priority to wastewater improvements of strategic importance to enable development of key sites in the Plaza Saltillo Station Area. Special attention should be given to determining the wastewater impact of future development, and whether system upgrades will be necessary.

<table>
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<td>I1</td>
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<td>I2</td>
<td>Water system improvements.</td>
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</tr>
<tr>
<td>I3</td>
<td>Wastewater system improvements.</td>
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Executive Summary

Draft Housing Element
Of the
Transit-Oriented Development (TOD) Districts
Station Area Plans

Plaza Saltillo
Martin Luther King, Jr. Boulevard
N. Lamar Boulevard/Justin Lane

Diana McIver & Associates, Inc.
February 8, 2008
INTRODUCTION

The City of Austin’s Transit Oriented Development (TOD) Ordinance is intended to promote pedestrian-friendly, dense, mixed-use development surrounding the future commuter rail stations on the Capital MetroRail line. The TOD Ordinance, approved in May 2005, established six Transit Oriented Districts (TODs) and a Station Area Planning (SAP) process for the TODs, defined specific affordable housing goals for the TODs, and required an analysis of the feasibility of achieving the affordable housing goals.

The TOD Ordinance includes a goal that 25 percent of the new housing units in each Transit Oriented District should be affordable. For owner-occupied developments, the goal is for the affordable units to be sold to households with incomes at or below 80 percent of Median Family Income (MFI)\(^1\). For rental developments, the goal is for the affordable units to be occupied by households at or below 60 percent of MFI. To be considered affordable, a homeownership or rental unit must serve a household at each of the corresponding income levels paying no more than 30 percent of its adjusted gross income toward housing costs, including utilities.

The TOD Ordinance also establishes goals targeting lower levels of affordability for Transit Oriented Districts located in the Community Preservation and Revitalization Zone (CP&R Zone). Table 1 below details the affordability goals of the TOD Ordinance.

### Table 1: TOD Affordability Goals

<table>
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<tr>
<th>TOD Station</th>
<th>Owner-Occupied</th>
<th>Rental</th>
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<tbody>
<tr>
<td>General</td>
<td>25% of new housing units affordable</td>
<td>Affordable units at or below 60% MFI</td>
</tr>
<tr>
<td>Affordability</td>
<td>Affordable units at or below 80% MFI</td>
<td>Affordable units at or below 50% MFI</td>
</tr>
<tr>
<td>Goal</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CP&amp;R Zone</td>
<td>Affordable units at or below 60% MFI</td>
<td>Affordable units at or below 50% MFI</td>
</tr>
<tr>
<td>(Plaza Saltillo</td>
<td></td>
<td></td>
</tr>
<tr>
<td>and MLK)</td>
<td></td>
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The affordability goals are ambitious. Due to significant development costs, land availability issues, legal limitations, development restrictions, and other challenges described below, there is a significant gap between the cost of developing rental and/or homeownership units and the income derived from either the rental or sale of those units to qualified low- and moderate-income residents.

This report identifies challenges to achieving the ambitious affordable housing goals specified in the TOD Ordinance, examines potential development scenarios, and provides recommendations

\(^1\) Area Median Family Income (MFI) limits are published by the U.S. Department of Housing and Urban Development (HUD) and are updated annually.
for strategies to achieve the affordable housing goals. In order to achieve the goals, the City will need to implement multiple strategies which will require a significant amount of public subsidy and/or incentives. In addition, the City will require significant participation from external entities in order to create affordable housing in the TOD areas. Potential partners include non-profit housing developers, as well as the Texas Department of Housing and Community Affairs (TDHCA). Through a combination of incentives, funding sources, and other tools, the TOD affordability goals can be achieved.

**TOD Housing Potential**

As part of the overall TOD planning effort, Economic Research Associates (ERA) provided market data and demand projections in the TOD Districts through the year 2025 (“ERA Station Area Market Analysis”). Assuming that the TOD Districts are built out to those full projections and that 25% of the residential units are designated affordable, DMA determined the following maximum potential yield for affordable housing in each of the three TOD Districts:

<table>
<thead>
<tr>
<th>TOD District</th>
<th>ERA Housing Potential Estimate through 2025 (“high” scenario)</th>
<th>Potential Affordable Housing Unit Yield through 2025 (assumes housing goals are met)</th>
</tr>
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<tbody>
<tr>
<td>Plaza Saltillo</td>
<td>2,116 units</td>
<td>529 units</td>
</tr>
<tr>
<td>Martin Luther King, Jr. Blvd.</td>
<td>1,521 units</td>
<td>380 units</td>
</tr>
<tr>
<td>Lamar Boulevard/Justin Lane</td>
<td>1,654 units</td>
<td>414 units</td>
</tr>
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</table>

It should be noted that the above affordable unit yields are based solely on a calculation of 25% of the ERA Housing Potential Estimate. These figures are not intended to describe the financial feasibility of a particular number of affordable units.

**Identification of Issues**

There are a variety of challenges to providing affordable housing within the Transit Oriented Districts. These issues include the following:

**Legal Limitations.** The City has limited ability to compel the creation of affordable housing. State law limits the use of inclusionary zoning, which is a tool that requires inclusion of a certain percentage of affordable housing in new developments. This prohibition applies to homeownership units as well as to the use of rent control. Accordingly, an incentive-based approach is the primary strategy available to the City to compel developers to include affordable units in new developments.

**Multiple Goals and Limited Resources.** There are multiple public goals for the Transit Oriented Districts, including increased development and higher density to support transit, affordable housing, open space, increased economic development opportunities, and high quality

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2 As discussed in more detail below, the legislation that prohibits inclusionary requirements does not prohibit the establishment of these requirements in a Homestead Preservation District.
pedestrian improvements to create a walkable environment. All of these components are necessary for a successful TOD but can only be partially addressed by the private sector. Accordingly, there will be significant competition for limited public resources. Identification of available resources and clear definition of priorities will be crucial to the success of the TODs and the realization of the affordable housing goals.

**Limited Public Land.** Offering public land for the development of affordable housing can be a powerful tool. However, there is a limited amount of publicly-owned land within the three TOD areas currently in the Station Area Planning process, and few of these publicly-owned properties are undeveloped. There are no publicly-owned sites within the MLK TOD.

**Land and Construction Costs.** Both land costs and construction costs are high, making provision of affordable housing challenging. In particular, the cost associated with high-rise development (six stories and up) is significantly higher than mid-rise (five stories and below). In fact, the per-unit cost of mid-rise development is estimated to be approximately 60% of high-rise development. Because of this reality, height increases beyond a certain level have limited benefit for affordable housing and are not always financially feasible.

**TOD Ordinance Development Regulations and Restrictions.** The TOD Ordinance establishes height restrictions for the Saltillo and MLK TODs, thus limiting the tools available to achieve the goals of the ordinance. These restrictions make even modest increases in height difficult to achieve. It should also be noted that the community feedback received during the Station Area Planning process was not supportive of significant height increases.

**Infrastructure Needs.** The first three TODs under consideration are located in central Austin, in older, established areas of the city. Much of the infrastructure, including water, wastewater, and storm water drainage, will require upgrades or replacement in order to support new development. Accordingly, the infrastructure needs will add development costs to affordable housing projects within the TODs.

**Identification of Costs**

In order to capture the true cost of affordability, DMA developed financial scenarios for both rental and homeownership developments in the three TOD areas. Utilizing current market data for a variety of factors, including mid-rise construction costs, land prices, and sales prices, DMA was able to identify the public subsidy required to make affordability feasible.

As a result of DMA’s financial analysis, it became apparent that every project (even those that were sponsored by nonprofit developers and included donated land and property tax exemption) would require some sort of public subsidy. Required per-unit subsidies for homeownership units ranged from $83,131 to $149,951 per unit, depending on the TOD. Required subsidies for rental

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3 Mid-rise development utilizes lightweight steel or stick (e.g., wood) structural systems. High-rise developments require significant investment in elevators and core components, fireproofing, and multi-level structured parking, all of which contribute to increased development costs.

4 Downtown Austin Plan, Phase I: Issues and Opportunities, page 88.
units ranged from $75,870 per unit in the Lamar TOD to $127,623 per unit in the Saltillo and MLK TODs.

Even when a project is infused with tax credit equity (as in the 9% and 4% LIHTC with bonds models), there is additional subsidy required. For example, in order to make a rental project utilizing 4% tax credits and private-activity bonds financially feasible, the additional subsidy required would range from $41,350 to $56,800 per unit.

As discussed previously, high-rise development is significantly more expensive than mid-rise development. Public comments throughout the Station Area Planning process expressed desire to limit maximum height caps. Accordingly, DMA utilized cost data for mid-rise type development (two- to five-story) throughout its financial modeling.

Using cost data for the Saltillo TOD District, the following pie chart illustrates the cost of condominium development:

As demonstrated above, actual construction costs constitute the vast majority of development costs. In fact, hard costs, soft costs, and parking account for 86% of the total project costs. These costs would be the same whether the developer were for-profit or nonprofit. While

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5 The scenarios utilize data from a 2007 Market Study of the TODs conducted by Economic Research Associates (ERA) commissioned by Capital Metro. According to the ERA Station Area Market Analysis, the sales price for a new unit in the Plaza Saltillo District averaged $246 per square foot as of July 2007. A survey of recent sales in the area shows land prices at $34 per square foot. Construction costs average $135 per square foot for mid-rise development, representing an average of $120 per square foot in hard costs and $15 per square foot for parking development. Soft costs are calculated at 20% of hard costs. Developer profit is calculated at 8% of total sale proceeds.
nonprofit developers may have access to free or reduced-cost land, or may be able to limit their developer profit, they are still subject to the same market construction costs.

**ANALYSIS OF DENSITY BONUS**

A density bonus program allows a developer to increase the number of units that could be developed on a parcel of land in exchange for public benefit, such as affordable housing. The increased density would be the result of either relaxed development standards (e.g., Floor to Area Ratio, building coverage, and setback requirements, etc.) or height increase (e.g., above the current height restriction). A density bonus program is widely viewed as an important tool to achieve some portion of the TOD goals. However, there are a number of factors that must be taken into consideration in order to maximize the effectiveness of a density bonus program.

Construction costs per square foot rise with taller building heights, thereby limiting the benefit of incremental height increases. Mid-rise development utilizes lightweight steel or stick (e.g., wood) structural systems. High-rise developments require significant investment in elevators and core components, fireproofing, and multi-level structured parking, all of which contribute to increased development costs.

In addition, concerns regarding density and compatibility with surrounding neighborhoods were expressed in public meetings held during the Station Area Planning process. Although some participants in the Station Area Planning process voiced support for increased density (including height bonuses in exchange for affordable units), many participants were concerned with increased regarding density, especially as related to height. Several Saltillo participants were concerned about the neighborhood becoming too urban and densely developed. In addition, several participants in the Lamar Station Area Plan presentation were adamant about limiting density, with maximum TOD development height of two or three stories.

In order to reach the TOD Ordinance goal of 25% affordability in a new development, a density bonus would need to offer significant benefit to a developer. Only by doubling the density of a development (100% increase in FAR or height) and requiring that 50% of the bonus area be affordable, would a single development begin to meet the 25% affordability goal set in the TOD Ordinance.

In order to incentivize developers to take advantage of the density bonus, the program must be calibrated to provide a developer with a net financial benefit (e.g., a sufficiently higher profit). A developer will lose revenue on the affordable units, so the benefit gained from the additional units must outweigh the loss.

Keeping in mind public concerns regarding density and height limitations, DMA modeled a theoretical mid-rise development, with and without a density bonus. The following table profiles a 100-unit market rate condominium development on a 2.5-acre site (without any density bonus) and that same development with a 25% density bonus. The cost and sales assumptions are based on market data from the Saltillo TOD District.
In the case of the 25% density bonus, the developer is granted relaxed FAR or additional height in exchange for 25% affordability in the additional (“bonus”) area.

<table>
<thead>
<tr>
<th></th>
<th>100-Unit Development</th>
<th>25% Density Bonus 125-Unit Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Rate Units</td>
<td>100</td>
<td>119</td>
</tr>
<tr>
<td>Affordable Units</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Total Land Cost</td>
<td>$3,702,600</td>
<td>$3,702,600</td>
</tr>
<tr>
<td>Total Project Cost</td>
<td>$19,039,350</td>
<td>$22,901,000</td>
</tr>
<tr>
<td>Additional Cost</td>
<td>n/a</td>
<td>$3,861,650</td>
</tr>
<tr>
<td>Market Rate Sales</td>
<td>$22,324,500</td>
<td>$26,494,200</td>
</tr>
<tr>
<td>Additional Sales</td>
<td>n/a</td>
<td>$4,169,700 (market rate)</td>
</tr>
<tr>
<td>Affordable Sales (60% MFI)</td>
<td>n/a</td>
<td>$684,890</td>
</tr>
<tr>
<td>Total Sales Less Cost</td>
<td>$3,285,150</td>
<td>$4,278,090</td>
</tr>
</tbody>
</table>

In this scenario, the community gains six units of affordable housing, or 5% of the total new units built. The private developer increases his return on investment, and there is no additional public subsidy. The only “cost” to the public is the additional FAR or height granted.

Considering the ambitious TOD affordability goals, the six-unit gain in affordability is modest. Even if every new development within the TOD District took advantage of a density bonus, there would need to more than 6,000 new units within the Plaza Saltillo TOD to provide 300 affordable units (which represent 25% of the estimated market demand, according to the ERA Station Area Market Analysis). Clearly, the density bonus needs to be combined with additional tools in order to make a substantial impact on affordability.

It is important to note that the 125-unit density bonus example only includes 25% affordability in the bonus area, rather than 25% of the total area. As currently written, the TOD Ordinance prohibits any increase in residential building heights in the CP&R Zone over the current maximum heights unless 25% of the total development is affordable. In order to develop the same 2.5-acre site and incentivize affordability in at least 25% of the total units, the density bonus would need to be significant.

In the scenario below, the developer is granted a 100% density bonus (from 40 units per acre to 80 units per acre). Accordingly, the site now accommodates 200 units, 50 of which will be designated affordable (25% of the total units). The basic assumptions, including land cost and the development costs, remain the same as in the previous model.
In this scenario, the developer is sufficiently incentivized to develop a project that designates 25% of its units as affordable. However, there are limitations to the density and height bonus model. Development costs increase disproportionately once the building transitions from a mid-rise to a high-rise structure. In addition, increased risk accompanies the increased number of units. The developer has to market and sell the additional units (both market-rate and affordable) in order to realize the substantial return on investment. Considering the disproportionate costs associated with significant increases in density, as well as concerns voiced by neighboring residents, a two-tier density bonus program is recommended below.

<table>
<thead>
<tr>
<th></th>
<th>100-Unit Development</th>
<th>200-Unit Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Rate Units</td>
<td>100</td>
<td>150</td>
</tr>
<tr>
<td>Affordable Units</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>Total Land Cost</td>
<td>$3,702,600</td>
<td>$3,702,600</td>
</tr>
<tr>
<td>Total Project Cost</td>
<td>$19,039,350</td>
<td>$34,376,100</td>
</tr>
<tr>
<td>Additional Cost</td>
<td>n/a</td>
<td>$15,336,750</td>
</tr>
<tr>
<td>Market Rate Sales</td>
<td>$22,324,500</td>
<td>$33,517,500</td>
</tr>
<tr>
<td>Additional Sales</td>
<td>n/a</td>
<td>$11,193,000</td>
</tr>
<tr>
<td>Affordable Sales (60% MFI)</td>
<td>n/a</td>
<td>$5,483,235</td>
</tr>
<tr>
<td>Total Sales Less Cost</td>
<td>$3,285,150</td>
<td>$4,624,635</td>
</tr>
</tbody>
</table>
There is a significant affordability gap that can be closed by utilizing a variety of regulatory and financial incentives. Using current market data for all three TOD areas under consideration, DMA developed the following affordability gap profile:

```
Two-Bedroom Condo Affordability Gap

<table>
<thead>
<tr>
<th></th>
<th>Plaza Saltillo</th>
<th>MLK</th>
<th>Lamar</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affordable</td>
<td>$50,000</td>
<td>$100,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>Affordable</td>
<td>$94,200</td>
<td>$94,200</td>
<td>$151,800</td>
</tr>
<tr>
<td>Affordable</td>
<td>$148,400</td>
<td>$148,400</td>
<td>$200,000</td>
</tr>
</tbody>
</table>
```

Based on current market data, the sales price for a two-bedroom, 1,000 square foot unit in the Plaza Saltillo TOD District is $246,000. The maximum price affordable to a three-person household at or below 60% MFI (the Plaza Saltillo TOD affordability goal for homeownership) is $94,200. This leaves a gap of $151,800. Because the market price for a two-bedroom condo in the MLK TOD area is slightly less ($194,000), the gap between the market rate and the affordable price is less ($99,800). However, the market rate in the Lamar TOD is significantly higher, $280,000. In this case, the TOD affordability target is higher (80% MFI), leaving a gap of $148,400. In order to fill this gap, multiple sources of incentives and subsidies will be required.

**Homeownership Scenario**

The graph below illustrates the financial gap for the development of hypothetical owner-occupied, affordable condominium developments in the Saltillo, MLK, and Lamar TOD areas. This example shows the most likely sources of subsidy or assistance that could bridge the gap.
If the developer utilized the City’s S.M.A.R.T. Housing™ program, in addition to expedited plan review, the average per-unit fee reduction would be approximately $1,000 (in addition to financial benefits from expedited plan review). If the developer participated in a Community Land Trust model (or the City purchased the land and leased it to the developer at a nominal rate), that would represent additional savings, ranging from $18,513 to $37,026 per unit depending on the TOD area.

Even utilizing fee waivers and removing land costs, however, is not sufficient to reach even the upper range of the TOD affordability goals. In the examples above, the affordability gap is closed through a combination of fee reductions, elimination of land costs, waivers, and public subsidy, including City of Austin Down Payment Assistance and GO Bond funding.

It is important to note that any developer — nonprofit or for-profit — will face this affordability gap. While nonprofit developers are motivated by their mission to provide affordable housing and may have access to some funds that are not available to for-profit developers, they still have to pay to construct the units and oftentimes have to sell at fair market value.6

6 If a nonprofit developer is utilizing HOME funds, for example, federal regulations require the sales price to be fair market value.
Rental Scenario

Although the sources and uses in a rental model are slightly different, these developments also require significant subsidy. The following is an example of a rental development currently under construction one block from the Plaza Saltillo TOD. Guadalupe Neighborhood Development Corporation (GNDC) is the nonprofit sponsor of this 22-unit rental development.

Although the La Vista de Guadalupe project is not technically in the TOD district, the construction type and the density (44 units per acre) are similar to the type of building that would be appropriate in the TOD. The development is 100% affordable with very low rents. Approximately 30% of the units will have rents affordable to families at 30% MFI; 15% of the units will have rents affordable at 40% MFI; and 55% affordable at 50% MFI.

The largest source of funds for this development is the equity from Low Income Housing Tax Credits, but several other sources are critical to making the project work. The land for this development is valued at $650,000 (nearly $30,000/unit) but was donated to the project by the nonprofit sponsor. (GNDC purchased the land more than 20 years ago at a very low price.)
Another important source of financing for this development is the developer's contribution of deferred fee. Although GNDC is earning a fee of $650,000, the developer must forgo $344,000 of the fee (identified as “Developer's Contribution” in the bar chart) in order to make the project financially feasible. In addition, the City of Austin has committed almost $1.7 million, or $77,000 per unit, to this development.

The City can also participate directly in housing development through the Austin Housing Finance Corporation (AHFC). For example, in 2003 AHFC partnered with a private developer/builder to develop Villas on Sixth Street using Housing Tax Credits. Villas on Sixth Housing Associates, L.P., the entity that owns the development, is a true partnership between public and private interests. AHFC created a new nonprofit corporation, Villas on Sixth Non Profit Corporation, to be the general partner of this limited partnership. The tax credits were sold to MMA Financial, and one of its entities is the limited partner. An entity of Campbell-Hogue’s, Campbell-Hogue Financial Services, LLC, owns a minority share of the project and acts as a guarantor, since the nonprofit cannot.

In addition to its role in the ownership, AHFC purchased the land for the development and leases is back to the partnership, which allows the property to be exempt from property taxes. Campbell-Hogue & Associates, Inc. was the general contractor who built the property, and its development arm, CHA Development, L.P., was the developer.
This creative partnership allowed the City to work with an experienced developer who knows and understand this type of development and the complicated financing mechanisms involved, while at the same time ensuring long-term affordability.

RECOMMENDATIONS

In order to achieve the affordability goals established in the TOD Ordinance, the City must utilize a multifaceted approach. In addition, the policies implemented to achieve housing affordability within the TOD areas should be reviewed and analyzed after a period of time to determine success in meeting affordability goals and to make recommendations for adjustments to the policies.

DMA recommends the following:

**Regulatory Incentives:**

1. **Density Bonus**

The City Council has adopted a Vertical Mixed Use (VMU) density bonus with affordability requirements, as part of the Design Standards and Mixed Use ordinance. Although it is too early to determine the success of the VMU density bonus incentives, a similar strategy should be established for the TOD Districts, which are intended to have a mixed-use character similar to that envisioned for VMU developments.

To incentivize the development of affordable housing in the TOD Districts, the City should exempt properties from Floor-Area-Ratio (FAR), maximum densities, building coverage limits, and setback requirements, in exchange for 10% of the total residential square footage being designated affordable. As in the VMU Ordinance, the affordability period for owner-occupied units should be a minimum of 99 years and rental units should be 40 years. (It should be noted that this bonus does not include a height bonus. A height increase entails a different affordability requirement as discussed below.)

Since the density bonus will offer a similar benefit as that offer in the VMU Ordinance, the income limits on the affordable units should also be the same—a maximum of 80% MFI for homeownership units and 60% for rental units. In order to reach the affordability targets set in the TOD Ordinance, the City will need to employ additional incentives or subsidies.

Because the density bonus alone will not achieve the affordability targets, the approach will need to be coupled with additional incentives and public subsidies. As in the case with VMU policy, the City must have the option to subsidize additional affordable units within the development. The effectiveness of this density bonus and its affordability requirements should be reviewed within one year of implementation.

DMA recommends that density bonuses be available to *any type* of development within the TOD Districts, including residential, non-residential, and mixed-use. In the case of projects that utilize
the bonus but do not include residential units, the developer would be required to pay a fee-in-lieu (rather than develop on-site affordable units) as described further below.

2. Height Bonus

DMA recommends that the City of Austin institute a height bonus to achieve up to a total building height of 60 feet in the TOD Mixed Use Subdistrict of the Lamar, Saltillo, and MLK TODs. Only those properties that currently have a height entitlement of less than 60 feet are eligible for the height bonus. In order to access the height bonus, a developer would need to commit to 25% affordability of the bonus area (square footage) to be reserved for households meeting the affordability goals established for each TOD (or for development that does not contain residential units, the relevant fee-in-lieu must be paid). As an example, a developer seeking additional height equal to 100,000 square feet would need to provide affordable units within the development totaling 25,000 square feet.

Because of community concerns related to compatibility and due to limited financial benefit accompanying density bonuses with affordability requirements in high-rise construction, DMA recommends that height bonuses should be limited to mid-rise heights. Throughout most of the three TOD Districts, current zoning restricts development to 40 or 60 feet. As discussed previously, a height bonus from five stories to six- or more stories may have limited value because of the corresponding increase in costs between mid-rise and high-rise development. In addition, because of neighborhood concerns regarding compatibility with surrounding single-family neighborhoods, significant increases in height are not broadly supported. The City’s approach to height bonuses should focus any additional height entitlements in defined locations around the transit stops where the highest densities are appropriate.

In certain cases, a developer may request both the density bonus and the height bonus. In this situation, the project would need to include 10% affordability in the total project (pre-height increase), as well as an additional 25% affordability in the bonus height area.

Currently, the TOD Ordinance limits the City’s ability to increase heights in the part of the Saltillo TOD that is designated as TOD Mixed Use but falls outside of the 11-acre Capital Metro property. In addition, the TOD Ordinance requires stringent affordability requirements for a height bonus in the CP&R Zone. Specifically, the TOD Ordinance requires that 25% of the total development meet affordability targets (rather than 25% of the bonus area, as DMA recommends). Accordingly, in order to implement DMA’s height bonus recommendations, the TOD Ordinance will need to be amended.

3. Fee-in-Lieu

DMA recommends a fee-in-lieu payment in the amount of $10 per square foot of additional benefit. This amount conforms to the fee-in-lieu recommendation of the Affordable Housing Incentive Task Force and the amount recommended to the City Council during the process of adopting a downtown density bonus ordinance. The fee-in-lieu amount should be reviewed and adjusted annually. Any funds captured through the fee-in-lieu program should be utilized for affordable housing within the TOD Districts.
Typically, a fee-in-lieu option is offered to residential developers who opt to not provide on-site affordable units, or to developers of commercial properties. The fee-in-lieu for the TODs should be required of commercial developments that utilize a height bonus and/or density bonus, as well as to residential or mixed-use developments on a more limited basis.

Because the intent of the TOD Ordinance is to develop affordable housing within the TOD Districts and those districts are relatively small, residential developers should be encouraged to develop on-site affordable units. A residential developer seeking fee-in-lieu should have a compelling economic basis for not providing on-site affordable units. A compelling reason might include that the funds will be directed to a stand-alone 100% affordable development in the TOD District.

**Financial Incentives:**

Based strictly on financial realities, the most cost-effective use of public subsidies is the traditional Low Income Housing Tax Credit (LIHTC) development. Based on DMA’s financial models, the public subsidy required for a 4% tax credit with private activity bonds project is estimated to be $56,800 per unit. In this scenario, 100% of the units would be affordable to households at or below 60% MFI, thereby meeting or exceeding the TOD affordability goals.

The most likely source of the public subsidy is the $55 million Affordable Housing General Obligation Bonds. Approved in November 2006, the bond funds will be allocated over a period of seven years. DMA recommends that the City consider dedicating a substantial portion of the funds to affordable housing projects within the first three TOD Districts.

However, with estimated rental subsidies ranging from approximately $50,000 to more than $100,000 per unit, and homeownership subsidies significantly higher, the City would have to dedicate the vast majority of the GO Bonds in order to meet all the goals specified in the TOD Ordinance and would have limited ability to provide funding for projects outside of TOD areas. Given the funding gap in each TOD District, it is unlikely that GO Bonds alone will achieve the affordability goals.

**Additional Incentives:**

The City should adopt a policy that offers developers within the TOD Districts a package of incentives in exchange for affordable units on-site. The incentives could be scaled based on the level of affordability and the percentage of affordable units provided. Incentives could include additional fee waivers and expedited review beyond what the S.M.A.R.T. Housing™ program currently provides. The incentives should be available to developments throughout the entire TOD District, not just a designated area.

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7 Because of the competitive nature and difficult scoring criteria of the 9% tax credit program, a project financed with 4% tax credits and private activity bonds is the most likely scenario. The project profile is similar to the 9% LIHTC development, but the public subsidy required is slightly higher.
Fee Waivers. The City already waives certain development fees through its S.M.A.R.T. Housing™ program. In addition to existing S.M.A.R.T. Housing™ fee waivers, additional fee waivers for affordable housing in TOD areas could include the following:

- Drainage
- Electrical meters
- Street lighting
- Water meters
- Sewer taps
- Street closure fee
- License agreements
- Austin Energy fees
- Any and all other City fees and/or extractions

Expedited Review. Building on the recommendations of the City’s Affordable Housing Incentives Taskforce, the City should offer a reliable and consistent expedited review and approval process. This fast-track review and approval would expand upon the existing S.M.A.R.T. Housing™ process. Expedited development review and inspection processes should encompass the following:

- Legal review of easements, covenants, and other instruments
- Austin Water Utility technical review of site plans and subdivisions
- Service extension request review
- License agreement review
- Utility construction plan review
- Right-of-Way management plan review
- Utility inspection
- Utility connections
- Street light installation
- Expedited zoning and platting review

Maximize Public Tax Exemptions. Through creative public-private partnerships, the City of Austin can foster affordability via tax exemptions. The City of Austin (through Austin Housing Finance Corporation) can purchase a vacant and/or underutilized parcel of land and lease it back to a developer for affordable housing. With a long-term land lease, the developer creates, owns, and/or manages the affordable housing. However, because the land is owned by a public entity, it is 100% tax exempt.

The benefits of this type of partnership are two-fold. First, the tax exemption lowers the overall operating costs of the property. Depending on the appraised value of the property, the benefit is equivalent to $7,000-$10,000 per unit in up-front, direct subsidy. Second, locating the property on City-owned land can guarantee long-term or permanent affordability. The City has facilitated this type of arrangement with organizations, such as the nonprofit Foundation Communities and for-profit developer Campbell-Hogue (Villas on Sixth). This type of public-private partnership
is probably best suited for multifamily rental developments where the majority of the units are rent-restricted.

While tax exemption is technically a form of subsidy, it can be seen as more palatable than direct subsidy it represents foregone income, rather than cash outflow. The current appraised value of many of the properties in question is negligible compared with their potential as fully improved properties. Accordingly, the assessing entity is not necessarily losing existing income but forgoing future income.

**TOD Specific Strategies:**

The most cost-effective use of public subsidies is the tax credit development in all three of the TOD areas under consideration. In this scenario for rental development, 100% of the units would be affordable to households at or below 60% MFI. In addition, a competitive tax credit proposal could exceed the identified TOD affordability goals and provide a large number of units in one location. Accordingly, the City should develop partnerships with qualified developers of affordable housing to explore tax credit development within the TODs.

In addition, DMA recommends the following strategies unique to each of the first three TOD areas:

**Plaza Saltillo.** The City should review and prioritize publicly-owned land to identify those most likely to accommodate residential uses. Eleven of the approximate 130 acres within the Plaza Saltillo TOD are owned by Capital Metro. In addition, the City of Austin owns two parcels immediately adjacent to the TOD District. One parcel is less than one-half acre and could be an opportunity for small-scale infill residential development. In addition, the other parcel — currently operating as a City mail room and uniform services facility — is under consideration for inclusion in the District and would be zoned as Live/Work/Flex. At 3.07 acres and current zoning of 45 units per acre, the site could potentially accommodate 138 units. The City should evaluate parcels such as these to determine their “highest and best use,” taking into consideration compatibility with the TOD development standards.

The City could solicit proposals for residential development on the sites it owns and require a baseline level of affordability that conforms to the TOD Ordinance. If the sites are not owned by the City but rather by an affiliated public entity, the City should take the lead in negotiations to ensure that those sites are developed in accordance with demonstrated public need.

The ROMA Design Group’s Saltillo District Redevelopment Master Plan (yet to be adopted by the City Council or the Capital Metro Board) estimates that the 11-acre Capital Metro property could accommodate a proposed 590-675 housing units, 25% of which would be designated affordable (147 – 169 units). The affordability targets in the ROMA plan were established with the assumption that a portion of the land with frontage on IH-35 could be utilized for dense, high-rise, market-rate commercial construction. This component of the plan has not received broad community support.
However, a more modest increase to a 60 foot height limit on the 11-acre property would help to meet the ambitious affordability goals within the Plaza Saltillo TOD District, without compromising the neighborhood’s concerns regarding compatibility and density in the remainder of the TOD.

_Martin Luther King, Jr. Boulevard._ In early 2007, the City of Austin adopted a Homestead Preservation District, which gives the City some additional tools to help create and preserve affordable housing. This district includes the Plaza Saltillo and the majority of the MLK TOD areas but does not extend to the Lamar TOD.

DMA recommends that the City of Austin maximize the use of the tools available in the Homestead Preservation District. Within the TOD District, the City has the ability to create a TIF district, to create a land bank, and to create a Community Land Trust. The Homestead Preservation District is also the only area in the state that is exempt from the prohibition against mandatory inclusionary housing programs. However, in order to implement a mandatory program, the City must conduct a nexus study to justify any affordable housing requirements.

The revenues collected in a TIF district established under the Homestead Preservation Act must be used for the development, construction, and preservation of affordable housing. The City is currently exploring the creation of such a TIF and is looking for participation by Travis County, as the City’s share of tax revenue is a relatively small portion of taxes collected in the area. The City is also working to develop a citywide Community Land Trust that would allow for the long-term preservation of affordable units. The land trust could also be used as a land bank to acquire and assemble parcels of land for future affordable housing developments, which could be especially important for the MLK TOD, where there are no publicly-owned properties within the TOD boundaries.

_Lamar._ The City of Austin owns a 5.8-acre tract in the approximate 200-acre N. Lamar/Justin Lane TOD District. The 5.8-acre tract could accommodate 261 housing units if it were to be developed at medium density (e.g., 45 units per acre). The City could solicit proposals for residential development on that site and require a baseline level of affordability that conforms to the TOD Ordinance.

In the alternative, the City could solicit proposals from tax credit developers to undertake a 100% affordable development. A 2007 ERA Market Study estimated the potential market demand for affordable housing in the Lamar TOD to be between 325 and 414 units. A 261-unit affordable housing development would make a substantial impact on the market demand and help to meet the 25% TOD affordability goal.

**NEXT STEPS**

Planning for the TOD Districts has been a lengthy and complex process. It has involved numerous stakeholder groups, including the City, private developers, and affordable housing advocates. DMA’s recommendations are the result of careful consideration of all interested parties with an eye toward the creation of a vibrant, diverse, and affordable community.
In November 2006, the community came together and voted overwhelmingly to approve $55 million for affordable housing development. In order to create affordability in the TOD Districts, it will be important for the community — including developers, advocates, neighborhood representatives, and citizens — to work together to ensure diversity and affordability within the Transit Oriented Development Districts.