

SHAPING THE AUSTIN WE IMAGINE

# AUSTIN LAND DEVELOPMENT CODE

Council Housing and  
Planning Committee  
March 27, 2018



**CODE**NEXT

20-SEP-17

# Focus on Affordability

- Income-restricted housing objectives in AHBP
- Citywide Affordable Housing Bonus Program (AHBP) development and calibration
- VMU and “-A” under CodeNEXT
- PC work group priorities/levers
- SMART housing

# AHBP Policy Overview



DECEMBER 5, 2016 DRAFT

NEIGHBORHOOD HOUSING  
AND COMMUNITY DEVELOPMENT

# AUSTIN STRATEGIC HOUSING PLAN



[www.austintexas.gov/housingplan](http://www.austintexas.gov/housingplan)

## THE CITYWIDE AFFORDABLE HOUSING BONUS PROGRAM DIRECTLY IMPLEMENTS

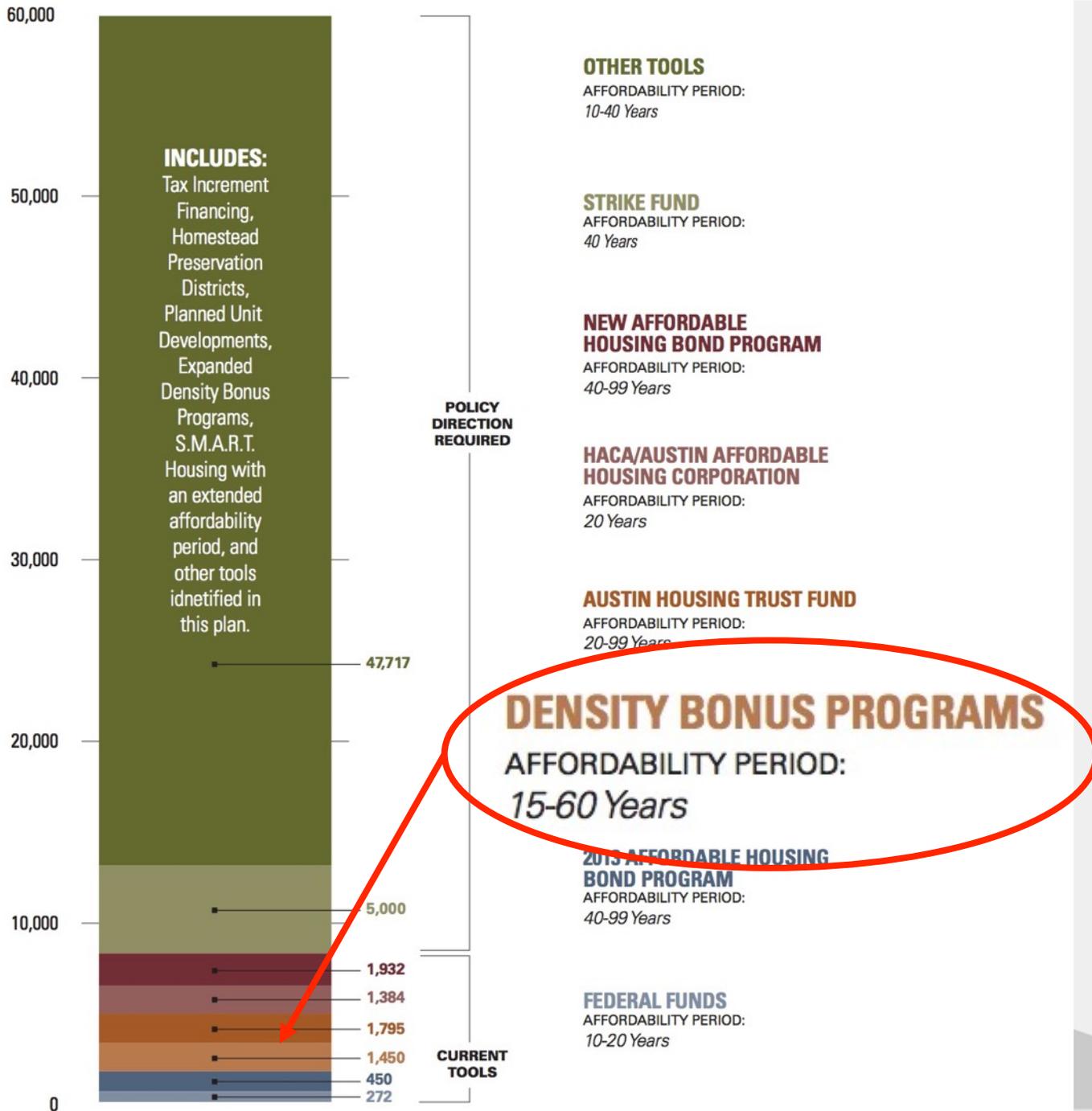
### 4 OF 65

## AFFORDABLE HOUSING TACTICS DEEMED NECESSARY IN THE CITY'S HOUSING BLUEPRINT

- Explore all possible mechanisms to incentivize the development of income-restricted housing
- Implement consistent density bonus programs for centers and corridors
- Revise SMART Housing program
- Implement density bonus program for missing middle housing

## **POLICY OBJECTIVES**

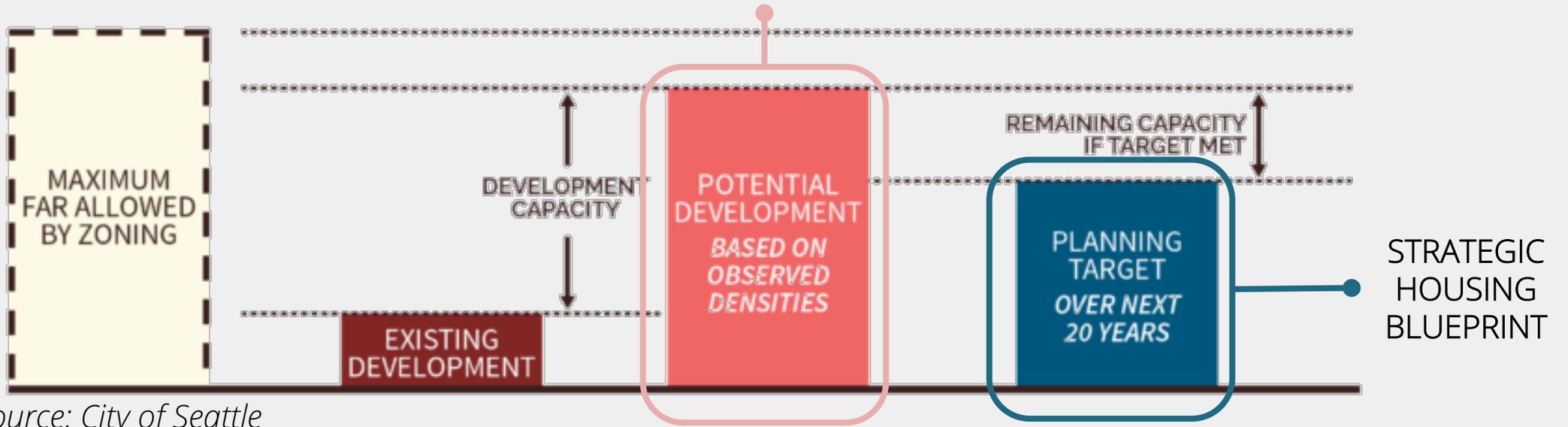
- Targeted to affordability goals from Austin Housing Blueprint:
  - Rental units: 60% MFI for 40 years
  - Ownership units: 80% MFI for 99 years
- Incentivize on-site affordable units whenever possible
- Calibrate to zones and geographies to maximize program uptake
- Option to incentivize the creation of 2- and 3-bedroom units
- Offer alternatives to increase participation in the voluntary program
- Promote affirmative marketing, unit dispersion & access
- Implement through program rules
- Enforce through land use restrictions, monitoring, and reporting



# Most current density bonus programs will continue to exist in their present forms:

- Downtown (included in CodeNEXT)
- UNO (included in CodeNEXT)
- ERC (remains F25)
- NBG (remains F25)
- TODs (remain F25)
- VMUs with COs (remains F25)

# HOUSING CAPACITY



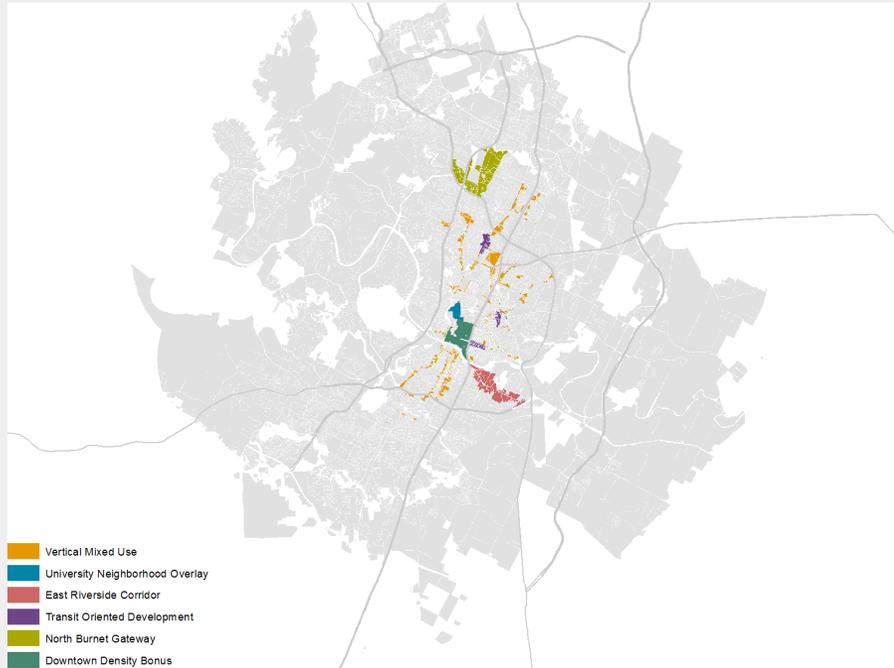
CAPACITY  $\neq$  FORECAST

CAPACITY  $= 2x$  FORECAST  
(OR MORE)

## CAPACITY ESTIMATES

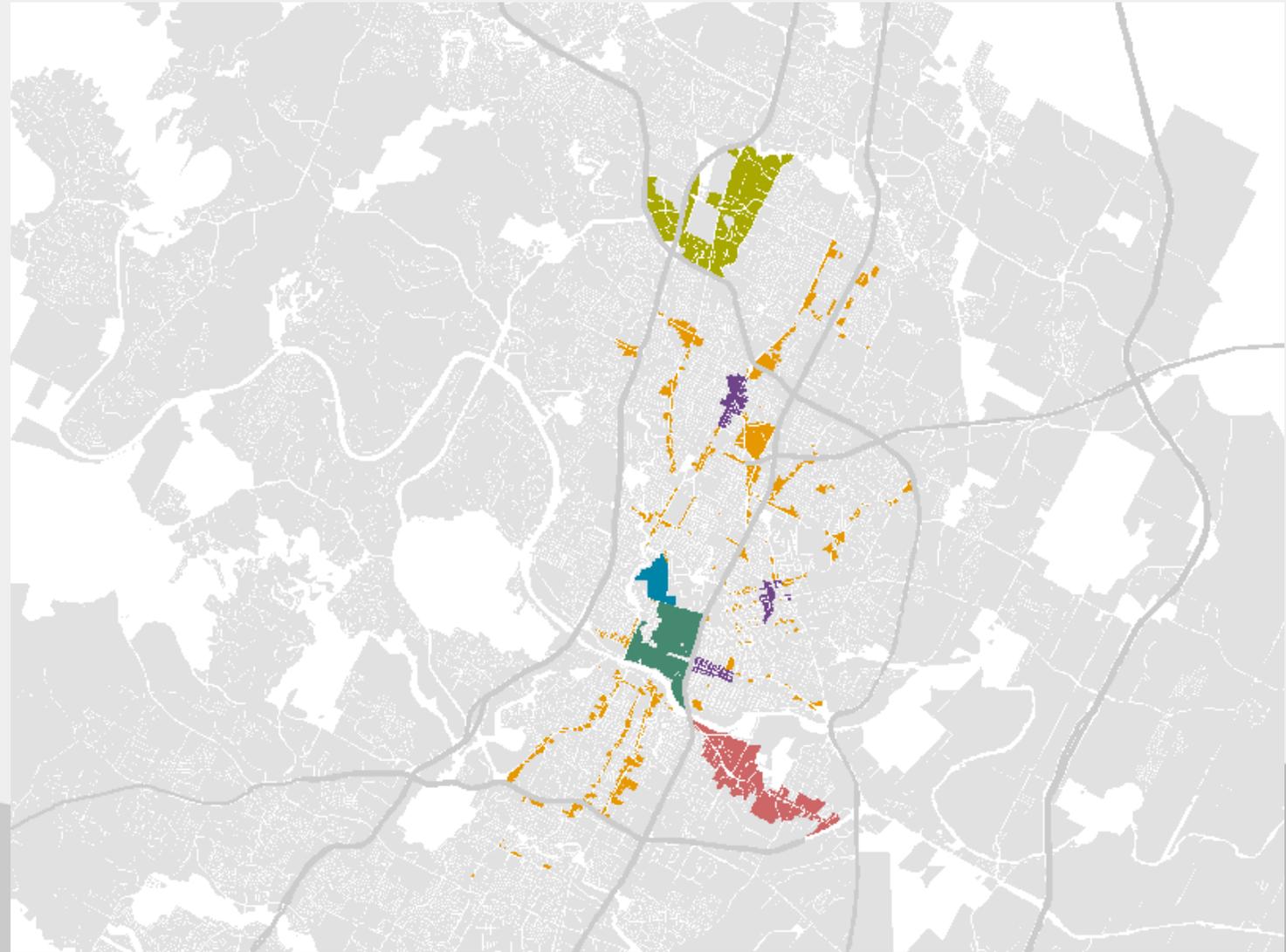
	Current Code	DRAFT 2	DRAFT 3
BASE UNIT CAPACITY	141,000	189,000	200,000
AHBP BONUS UNIT CAPACITY	N/A	86,000	87,000
AHBP AFFORDABLE UNIT CAPACITY	N/A	5,000	6,000
CODENEXT UNIT CAPACITY	N/A	275,000	287,000
AFFORDABLE UNIT PRODUCTION FROM EXISTING BONUS PROGRAMS	1,500*	1,200**	1,200**

# Existing Bonus Programs\*

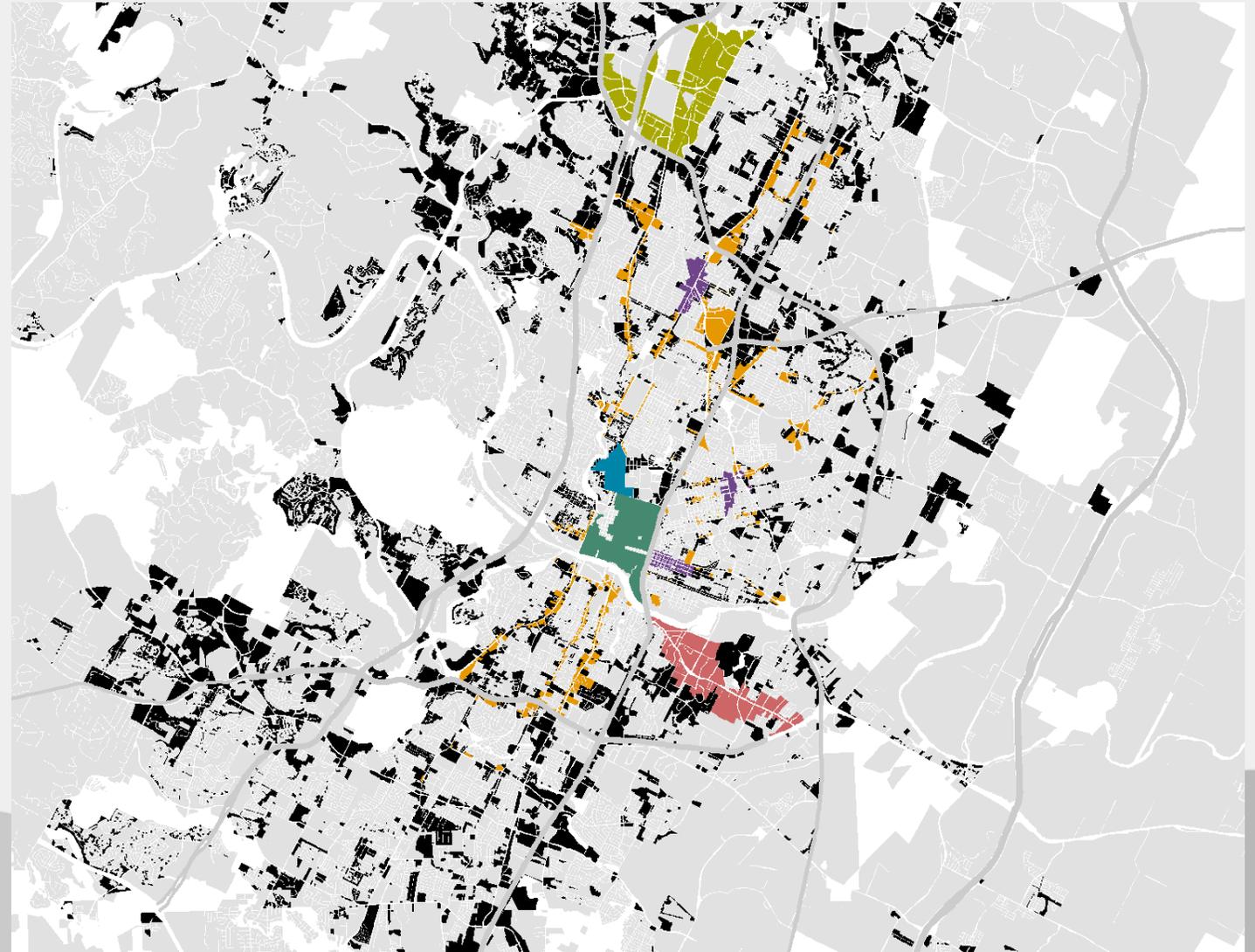
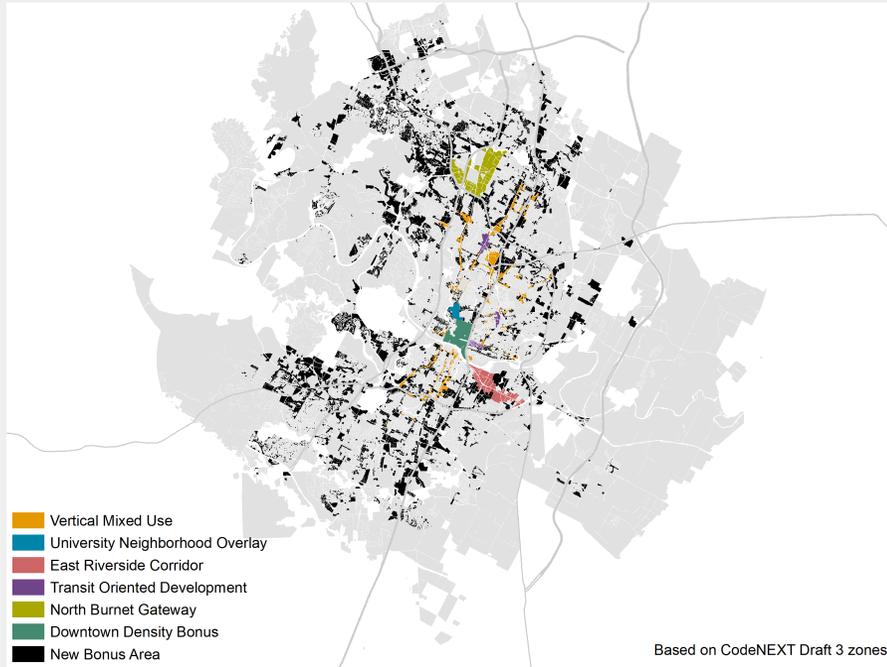


Current Code: **~5,600** Acres

\*Does NOT include PUDs and negotiated bonuses

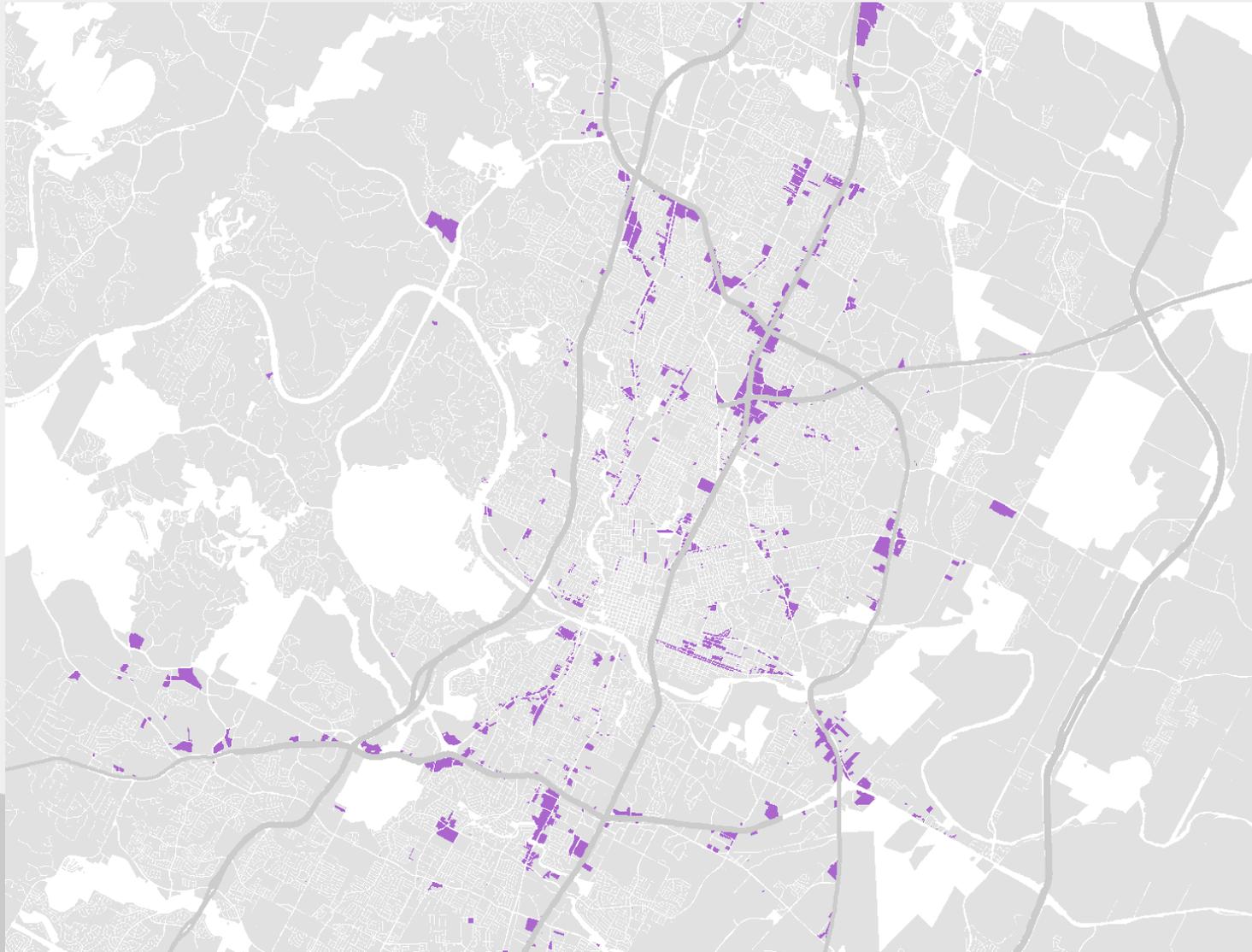
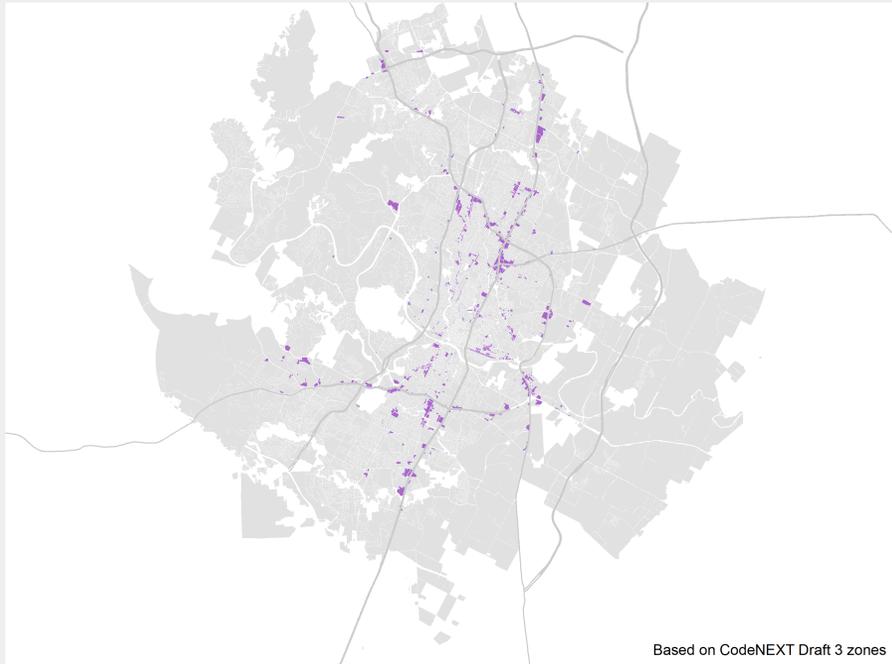


# DRAFT 3: MORE PROPOSED BONUS AREAS



Current Code: ~**5,600** Acres  
CodeNEXT D2: ~**24,100** Acres  
CodeNEXT D3: ~**30,000** Acres

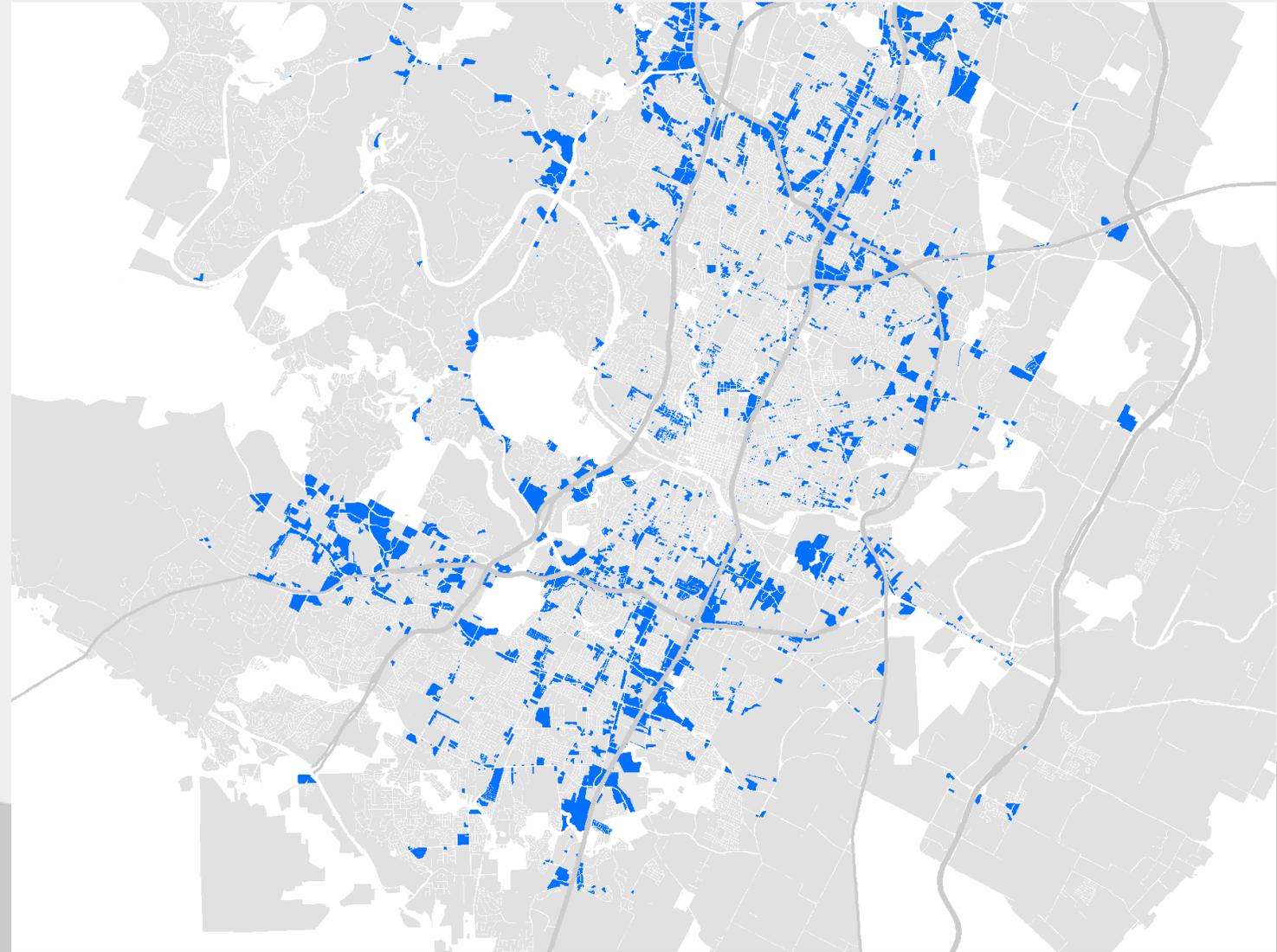
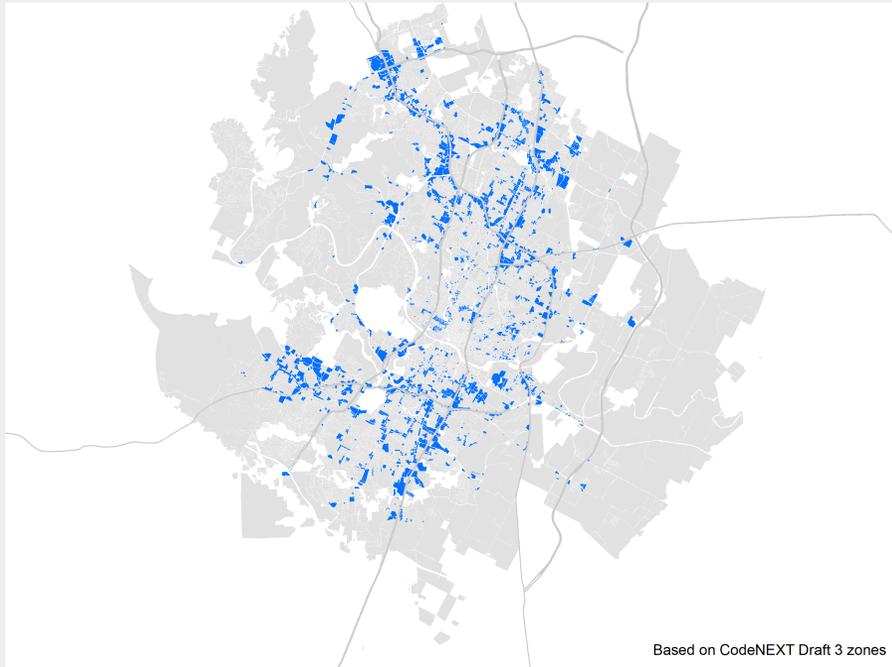
# DRAFT 3: AREA WITH **HEIGHT** BONUSES



CodeNEXT D2: ~**2,600** Acres  
CodeNEXT D3: ~**4,100** Acres



# DRAFT 3: AREA WITH **UNIT BONUSES\***

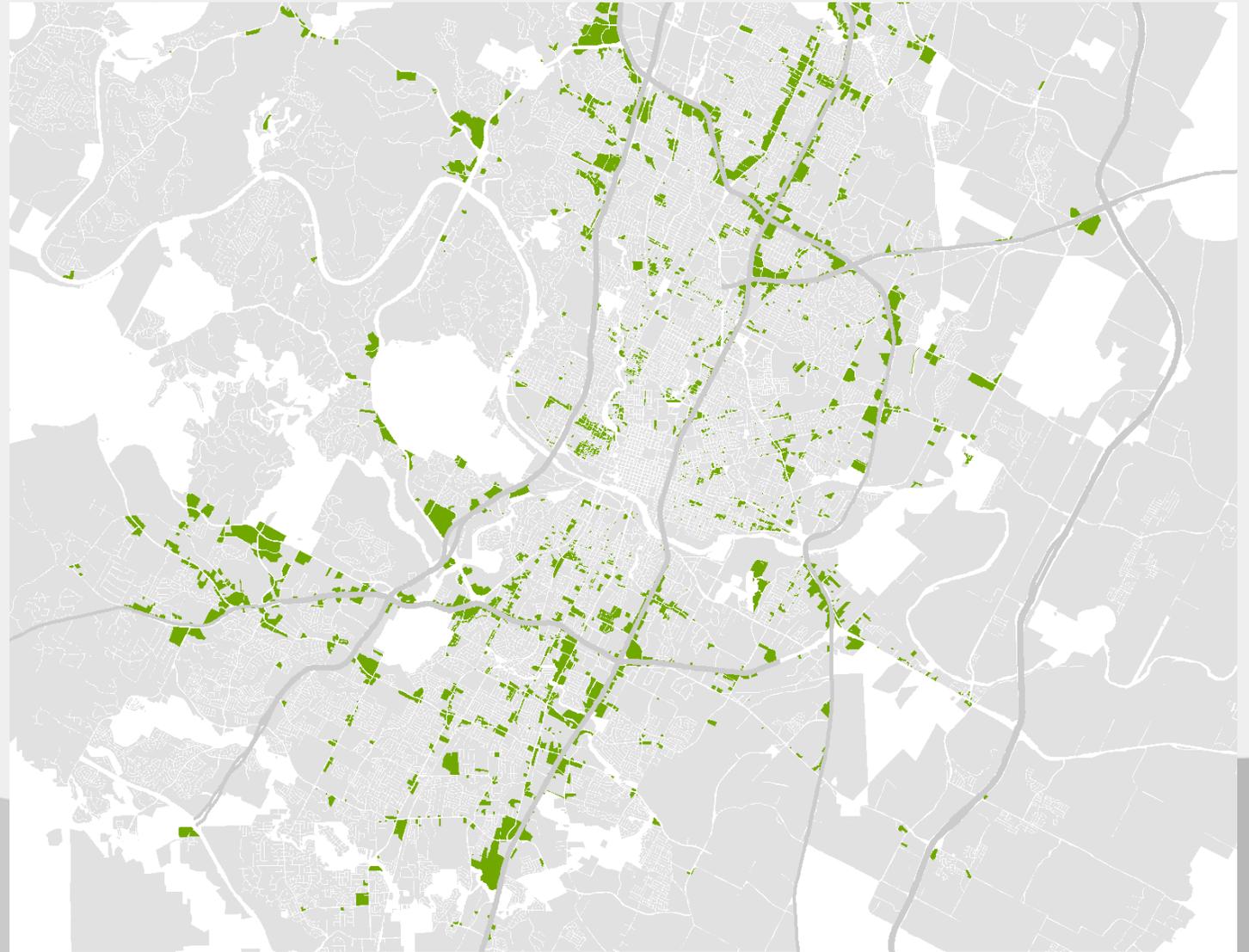
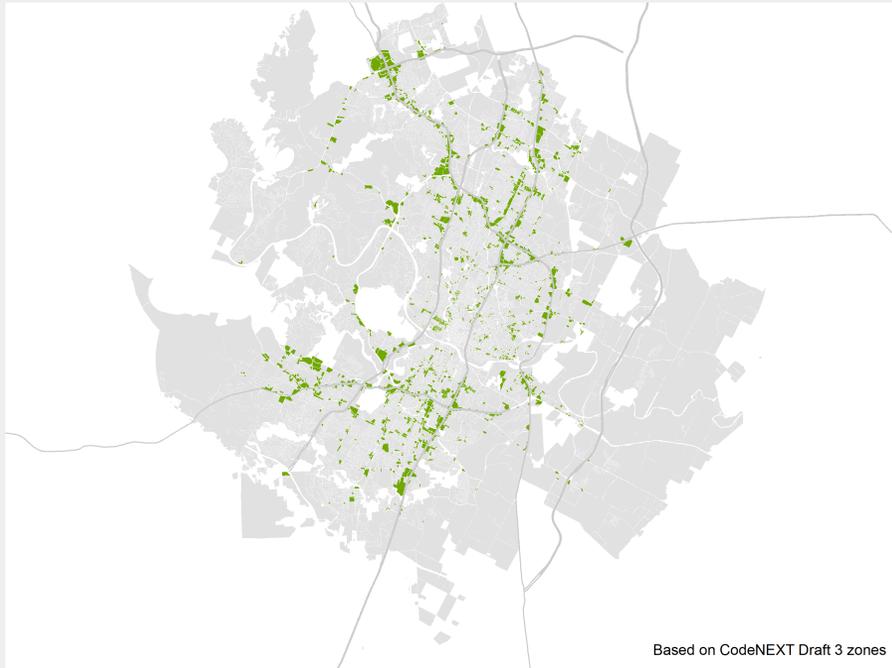


CodeNEXT D2: **~15,800** Acres

CodeNEXT D3: **~18,000** Acres

\*Does NOT include affordable ADU bonus for large lot R1

# DRAFT 3: AREA WITH **BULK** BONUSES

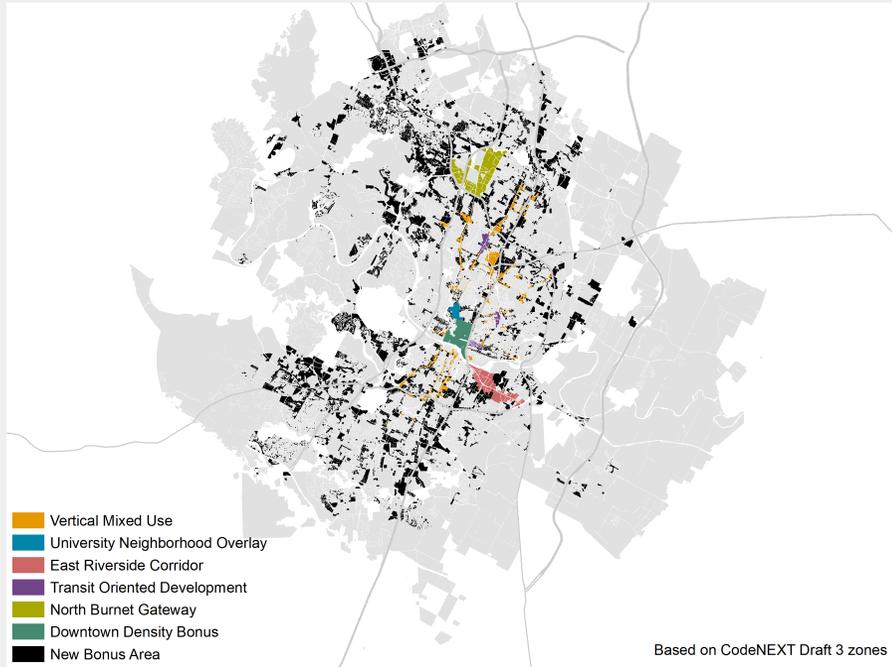


CodeNEXT D2: ~**9,400** Acres

CodeNEXT D3: ~**11,500** Acres



# DRAFT 3: MORE BONUS AREA IN HIGH OPPORTUNITY LOCATIONS



Acres In High / Very High

% Bonus Acres In High / Very High

Current Code: ~1,400 Acres

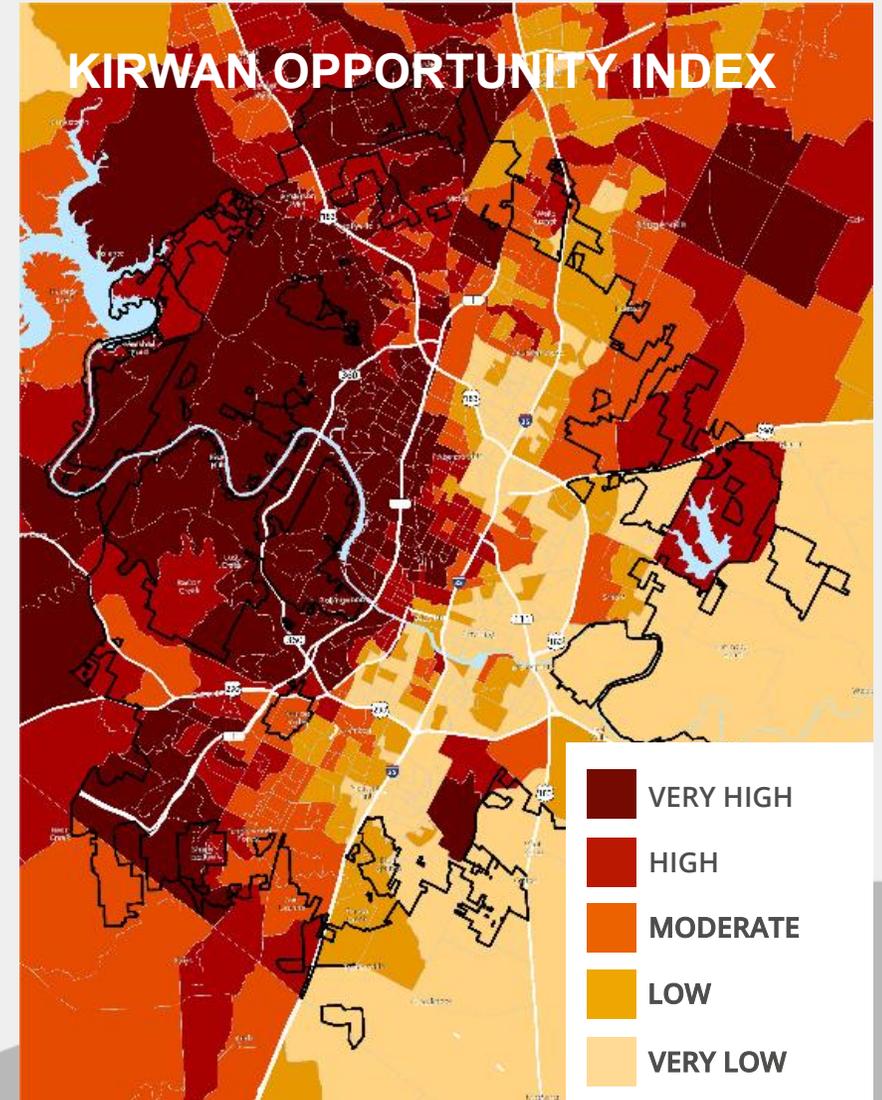
25%

CodeNEXT D2: ~7,900 Acres

33%

CodeNEXT D3: ~15,000 Acres

50%



# Developing The AHBP



## POLICY DEVELOPMENT INPUTS

- Organized market data from national and local sources
  - CoStar, Real Estate Transaction Standard, Capitol Market Research
- Sought inputs on methods
  - Developer roundtables with market-rate and affordable developers;
  - Stakeholder meetings with neighborhood reps, policy advocates, and real estate experts
  - Prior reports and analyses
- Gathered policy feedback
  - Council, PC, ZAP, CDC
  - Developers, stakeholders, and experts

## **POLICY DEVELOPMENT PROCESS OVERVIEW**

- ECONorthwest was given the base entitlements for each zone by the CodeNEXT team
- ECONorthwest proposed bonus entitlements for each zone that could attract landowners and developers to participate; NHCD promoted bonuses in as many zones as possible
- Negotiation and compromise among CodeNEXT team (reflecting community input on many factors, especially those unrelated to the bonus program) resulted in adaptations to the base and bonus entitlements
- NHCD defined policy principles that guided the calibration of the policy, including making the the program as attractive as possible

## **POLICY DEVELOPMENT PROCESS OVERVIEW**

- Program Rules will be created to implement the code language
- Adopted and updated through the rulemaking process (City Code 1-2), which mandates a stakeholder process
- Find out more in the “Proposed General Administrative Procedures for Affordable Housing Bonus Program” document on the CodeNEXT website: <http://austintexas.gov/page/codenext-draft-3>

### How much does it “cost” to make a bonus unit affordable?

- The “cost” of each affordable unit is the difference between the value of a market-rate unit versus an affordable unit
- The “cost” of each affordable unit varies by geography and by product type

Example impacts of various units

	Central Austin Apartment	Average Apartment	Central Austin Condo	Average Condo
Approximate value of a market-rate 2-bed unit	\$330K	\$250K	\$620K	\$400K
Approximate value of an income-restricted 2-bed unit <small>(60% AMI for apartments; 80% AMI for for-sale)</small>	\$0K	\$60K	\$140K	\$140K
Reduced value when delivering an affordable 2-bedroom unit rather than a market-rate unit	<b>\$330K</b>	<b>\$190K</b>	<b>\$480K</b>	<b>\$260K</b>

Example affordability requirements

**How many affordable units can the public “buy” with the upside created by a bonus?**

- The number of market-rate units required to offset the “cost” of an affordable unit varies by geography and by product type
- For the AHBP voluntary bonuses to function, developing a building using the bonus entitlements must be more attractive than using the base entitlements

	Central Austin Apartment	Average Apartment	Central Austin Condo	Average Condo
Reduced value when delivering an affordable 2-bedroom unit rather than a market-rate unit	\$330K	\$190K	\$480K	\$260K
Value produced by an incremental market-rate unit	\$35K	\$25K	\$40K	\$25K
Number of market-rate units that offset one affordable unit*	9	7	12	10
Percentage of bonus units that can be affordable if the public captures the full value of the bonus	11%	13%	8%	10%
Percentage of bonus units that can be affordable if the public captures half of the bonus value	5%	7%	4%	5%

Note(\*): Values are rounded down rather than up to make sure the requirement remains attractive

# FEE IN LIEU OF ON-SITE AFFORDABLE UNITS

## AHBP Calibration Principle:

Fees in-lieu of delivering on-site units should be set based on the cost of subsidizing affordable units in central Austin\*, which will make delivering on-site units more attractive than paying fees in most parts of Austin

Per-unit Fees in Lieu of on-site affordable units

Studio	1-Bed	2-Bed	3-Bed
\$135,000	\$180,000	\$335,000	\$440,000

This information can be found in the "Proposed General Administrative Procedures for Affordable Housing Bonus Program" on the CodeNEXT website: <http://austintexas.gov/page/codenext-draft-3>



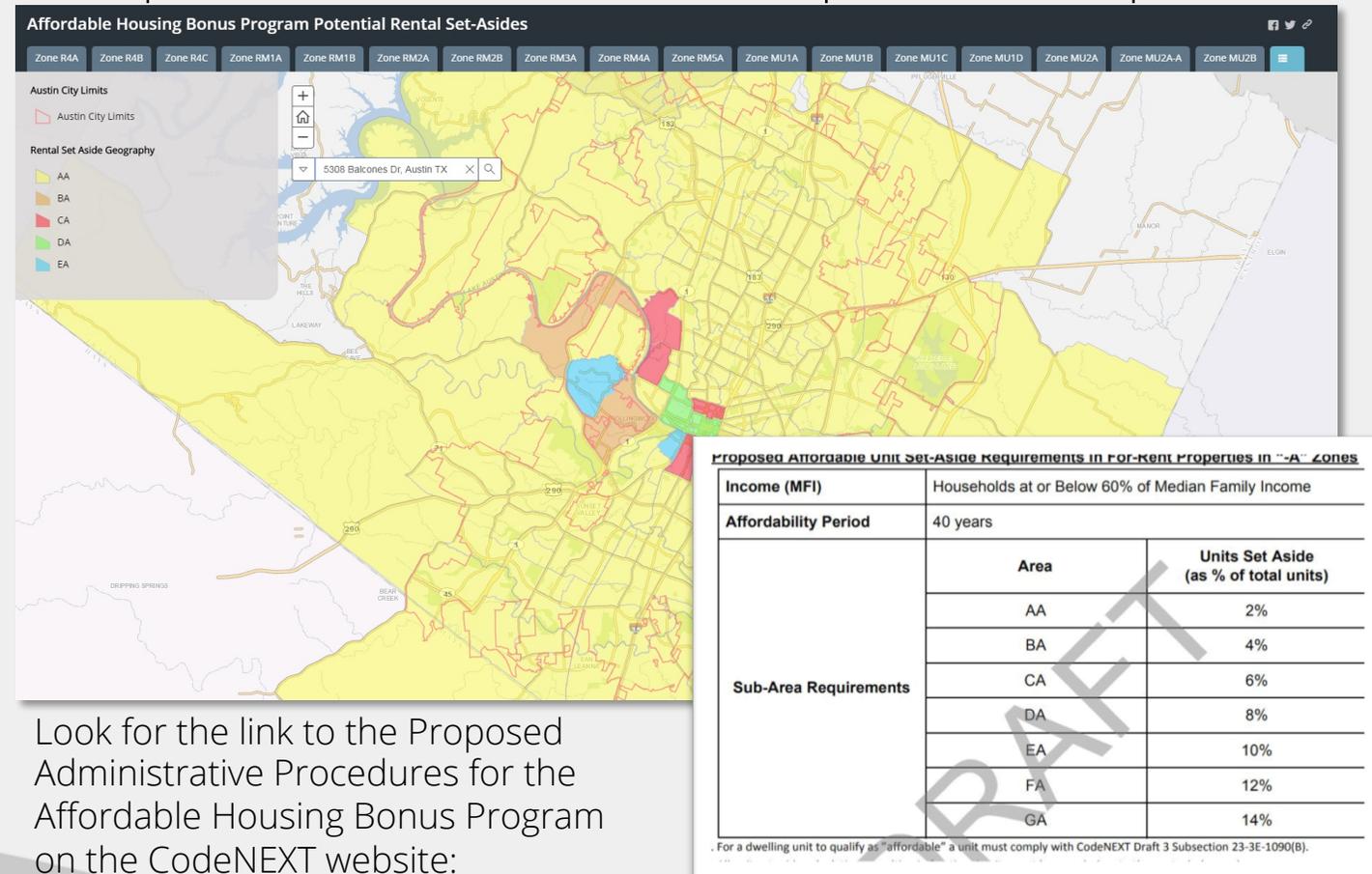
Note (\*): NHCD defined "central Austin" as the three downtown-adjacent zip codes (78702, 78703,78704); Previous Downtown fee calibrations set fees at approximately 33% of the bonus upside

# CALIBRATING AHBP

## How many affordable units are required by the AHBP?

- Bonus “upside” varies by zone and by location
- “Cost” of an affordable unit varies by location and tenure
- Requiring too many affordable units will cause the land budget produced by a building using base entitlements to be greater than a building using the bonus

## Example NHCD Affordable Unit Requirement Map (MU4B-A)



Look for the link to the Proposed Administrative Procedures for the Affordable Housing Bonus Program on the CodeNEXT website:  
<http://austintexas.gov/page/codenext-draft-3>

# VMU & "-A" SPECIFICS



Zone	GR / CS in Current Code	MU3-A / MU4-A in CodeNEXT
<b>Residential Uses</b>	No residential allowed	“-A” indicates that residential is only allowed when participating in Affordable Housing Bonus Program; 100% of units are considered bonus units
<b>Dwelling units/acre</b>	No residential allowed	<ul style="list-style-type: none"> <li>Multi-family &amp; Co-ops: 54 (72 w/ AHBP)</li> </ul>
<b>Min. Lot Size</b>	5,570 sf	<ul style="list-style-type: none"> <li>Multi-family &amp; Co-ops: 5,000 sf</li> </ul>
<b>Min. Lot Width</b>	50’	<ul style="list-style-type: none"> <li>Multi-family &amp; Co-ops: 50’</li> </ul>
<b>Height (ft)</b>	60’	60’ (+15’ w/AHBP for MU4)
<b>Building Cover</b>	75% / 95%	75% / 90-95%
<b>Impervious Cover</b>	90% / 95%	90% / 95%
<b>Parking</b>	Varies by use	Varies by use (residential reduction allowed with AHBP)
<b>Affordability Requirement</b>	No residential allowed	Varies by location

Zone	GR-MU / CS-MU	MU3 / MU4
<b>Residential Uses</b>	Allowed	Allowed
<b>Dwelling units/acre</b>	<ul style="list-style-type: none"> <li>• Efficiency: 54 (unlimited with VMU)</li> <li>• 1-bedroom: 43 (unlimited with VMU)</li> <li>• 2+ bedrooms: 36 (unlimited with VMU)</li> </ul>	<ul style="list-style-type: none"> <li>• Multi-family &amp; Co-ops: 36 (+18 / +36 with AHBP)</li> <li>• Townhouse &amp; Work/Live: 24</li> <li>• Duplex: 18</li> </ul>
<b>Min. Lot Size</b>	5,570 sf	<ul style="list-style-type: none"> <li>• Multi-family &amp; Co-ops: 5,000 sf</li> <li>• Townhouse &amp; Work/Live: 1,800 sf</li> <li>• Duplex: 4,000 sf</li> </ul>
<b>Min. Lot Width</b>	50'	<ul style="list-style-type: none"> <li>• Multi-family &amp; Co-ops: 50'</li> <li>• Townhouse &amp; Work/Live: 18'</li> <li>• Duplex: 40'</li> </ul>
<b>Height (ft)</b>	60'	60' (+15' w/AHBP for MU4)
<b>Building Cover</b>	75% / 95%	75% / 90-95%
<b>Impervious Cover</b>	90% / 95%	90% / 95%
<b>Parking</b>	Varies by use (40% reduction with VMU)	Varies by use (reduction allowed with AHBP)
<b>Affordability Requirement</b>	10% of rental units & 5% of for-sale units with VMU	Varies by location

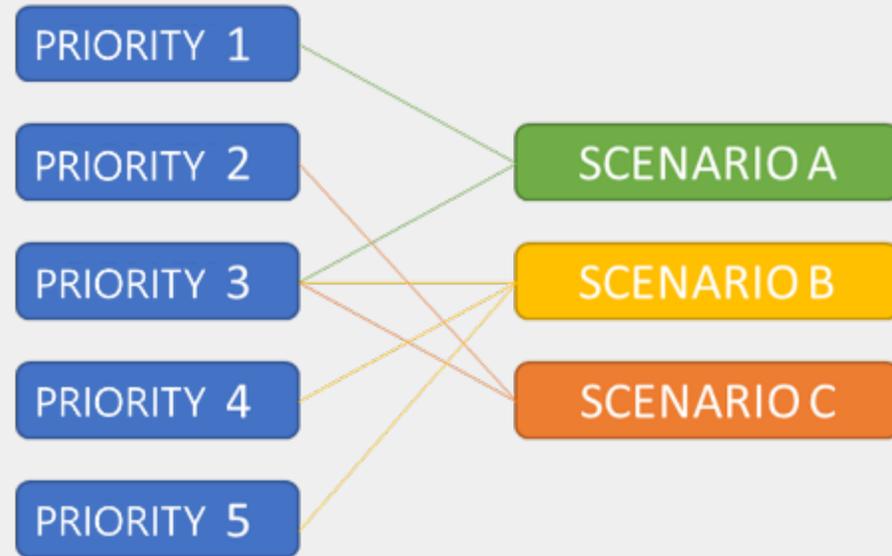
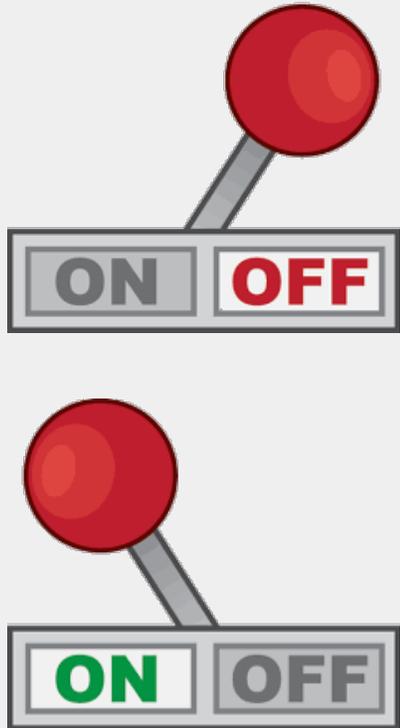
Zone	GO/GR/CS/CS-1-V	MS3
Residential Uses	Allowed	Allowed
Dwelling units/acre	<ul style="list-style-type: none"> <li>• Efficiency: 54 (unlimited with VMU)</li> <li>• 1-bedroom: 43 (unlimited with VMU)</li> <li>• 2+ bedrooms: 36 (unlimited with VMU)</li> </ul>	<ul style="list-style-type: none"> <li>• Multi-family: Unlimited</li> <li>• Live/Work &amp; Work/Live &amp; townhouse: 24</li> <li>• Duplex: 18</li> </ul>
Min. Lot Size	5,570 sf	<ul style="list-style-type: none"> <li>• 1,800 sf (5,000 sf when duplex allowed)</li> </ul>
Min. Lot Width	50'	<ul style="list-style-type: none"> <li>• Multi-family: 18'</li> <li>• Townhouse &amp; Work/Live: 18'</li> <li>• Duplex: 40'</li> </ul>
Height (ft)	60'	60' (+25' with AHBP for MS3)
Building Cover	60% / 75% / 95% / 95%	90%
Impervious Cover	80% / 90% / 95% / 95%	95%
Parking	Varies by use (40% reduction w/ VMU)	Varies by use (reduction allowed with AHBP)
Affordability Requirement	10% of rental units & 5% of for-sale units w/ VMU	Varies by location

Zone	NO-V / LO-V / LR-V	MS1 / MS2
Residential Uses	Allowed	Allowed
Dwelling units/acre	<ul style="list-style-type: none"> <li>Efficiency: 12 / 27 / 27 (unlimited with VMU)</li> <li>1-bedroom: 10 / 21 / 21 (unlimited with VMU)</li> <li>2+ bedrooms: 9 / 18 / 18 (unlimited with VMU)</li> </ul>	<ul style="list-style-type: none"> <li>Multi-family: Unlimited</li> <li>Live/Work &amp; Work/Live &amp; townhouse: 24</li> <li>Duplex: 18 (Not allowed in MS1A)</li> </ul>
Min. Lot Size	5,570 sf	<ul style="list-style-type: none"> <li>1,800 sf (5,000 sf when duplex allowed)</li> </ul>
Min. Lot Width	50'	<ul style="list-style-type: none"> <li>Multi-family: 18'</li> <li>Townhouse &amp; Work/Live: 18'</li> <li>Duplex: 40'</li> </ul>
Height (ft)	35' / 40' / 40'	35' / 45'
Building Cover	35% / 50% / 50%	70% / 70%
Impervious Cover	60% / 70% / 80%	80% / 80%
Parking	Varies by use (40% reduction with VMU)	Varies by use
Affordability Requirement	10% of rental units & 5% of for-sale units with VMU	N/A

# CodeNEXT Scenarios



# CODENEXT SCENARIO TESTING



**Step 1:**  
Test priorities independently

**Step 2:**  
Test priority interactions



**Step 3:**  
Evaluate priority performance

- Priority Levers and Scenarios are “crash test dummies” – NOT Zoning Map Proposals
- Some priorities have no clear implementation path – NOT always tied to defined policy proposals
- Designed to be distinctive – NOT subtle or refined
- Illustrate and quantify directional impacts – NOT representative of the nuance if applied in practice

D3 Incorporation of priorities tested by the Planning Commission's Mapping Working Group

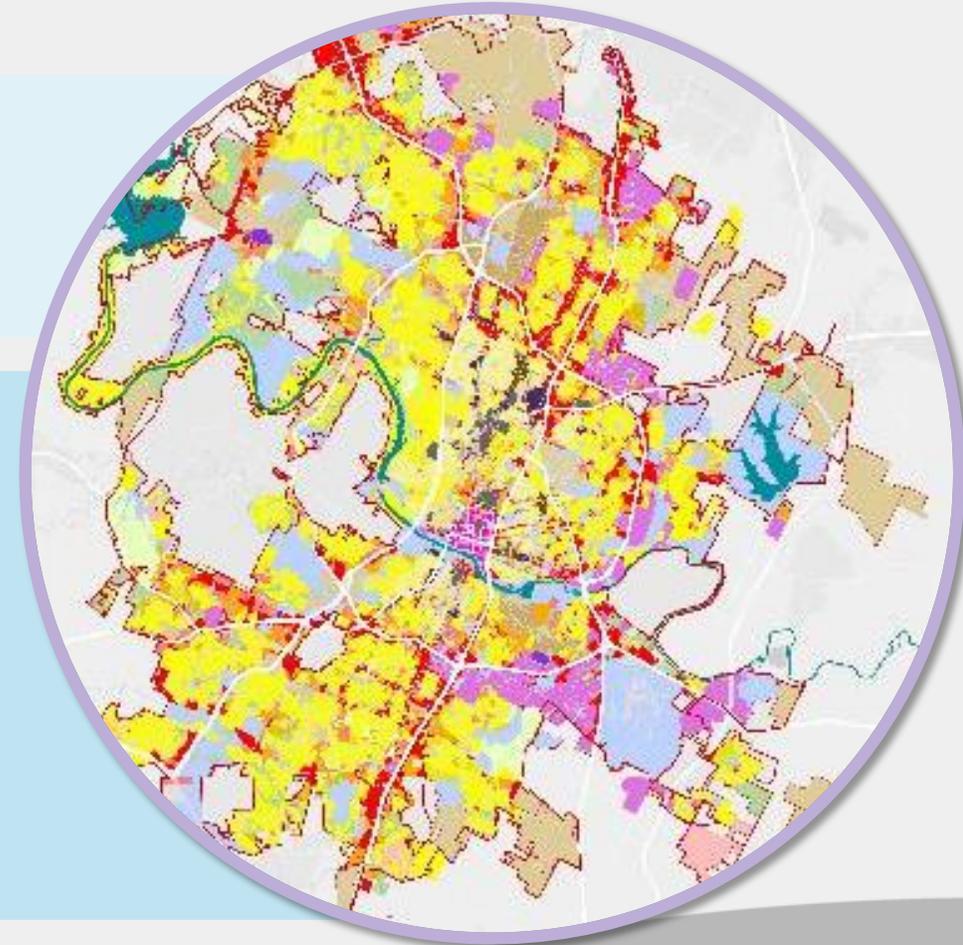
Priority	Nearest Equiv	Draft 3	Priority	Nearest Equiv	Draft 3
Mixed-Use in Commercial	● ○ ○ ○ ○	● ● ● ○ ○	Draft 2 Bonuses	● ○ ○ ○ ○	● ● ● ● ○
ADUs Everywhere	● ● ○ ○ ○	● ● ● ○ ○	Bonuses Without Residential Base	● ○ ○ ○ ○	● ● ● ● ●
Density on Commercial in IA Centers	● ● ○ ○ ○	● ● ● ○ ○	Mimic VMU Bonuses	○ ○ ○ ○ ○	● ● ● ○ ○
Density on Commercial Along Corridors	● ○ ○ ○ ○	● ● ○ ○ ○	Small Scale Bonuses (R1, R2, etc.)	○ ○ ○ ○ ○	● ○ ○ ○ ○
Increase Density Around Schools	○ ○ ○ ○ ○	● ○ ○ ○ ○	Missing Middle in IA Centers	○ ○ ○ ○ ○	● ○ ○ ○ ○
Limit Redevelopment of Older Multifamily	● ● ○ ○ ○	● ● ○ ○ ○	Missing Middle Along Corridors	○ ○ ○ ○ ○	● ○ ○ ○ ○

## Priority 0: "Nearest Equivalency" Scenario

- Current code translated to "Draft 2" code
- Redevelopment based on feasibility in current code

## What is "Nearest Equivalency?"

- This Zoning scenario would use the new Draft 2 language, but with proposed AHBP bonuses turned off
- Does not include MU zones in the Draft 2 code
- Priorities and scenarios are added to it to show how it would affect the city
- Both the Nearest Equivalency Map and Current Code have an estimated capacity of about 140,000 units



# EVALUATED PRIORITY LIST

POLICY ID	DESCRIPTION	CAPACITY	MAPPING WORKING GROUP EVAL
P1	Permit Mixed Use in Commercial Zones	46,324	●●●●●●
P2	ADUs in More Locations	10,525	●●●●●○
P3a	Increase density on non-residential land in IA Centers (1/8 mile)	11,679	●●●●●●
P3b	Increase density on non-residential land in IA Centers (1/4 mile)	17,238	-----
P4	Increase density on non-residential land within 1/8 mile of major thoroughfares	39,894	●●●●●○
P5	Increase density within 1/8 mile of schools (R3C)	2,927	●●●○/○/○
P6	Increase density within 1/8 mile of schools (R4A)	4,313	●●○/○/○
P7	Limit redevelopment of existing single family in R zones	(2,108)	○/○/○/○/○
P8	Limit redevelopment of older multifamily properties	(3,512)	●●●●●○
P9	Encourage infill development of missing middle housing on vacant land	25,620	●●○/○/○
P10	Encourage redevelopment of detached single family housing into missing middle housing	4,323	○/○/○/○/○
P11	Remove title 23 compatibility requirements	1,360	○/○/○/○/○
P12	Apply Draft 2 bonuses	76,848	●●●●●●
P14	Upzone to more intense zones, particularly zones with larger bonuses	73,664	●●●○/○/○
P15	Create new versions of some Draft 2 zones (MU/MS) so that the zones allow residential only as a bonus	89,640	●●●●●●
P16	Create new versions of some Draft 2 zones (MU/MS) to mimic the base entitlements of current VMU zones	16,380	●●●●●○
P17	Create new versions of Draft 2 small-scale zones (R1, R2, R3, R4, MU1 zones) that incorporate bonuses	10,525	●●●○/○/○
P18a	Missing Middle in IA Centers (R3C)	7,049	●●●●●●
P18b	Missing Middle in IA Centers (R4A)	8,805	-----
P19a	Missing Middle within 1/8 mile of major thoroughfares (R3C)	23,344	●●●○/○/○
P19b	Missing Middle within 1/8 mile of major thoroughfares (R4A)	28,266	-----

- Lack of interest in further discussion
- / Interest with caveats
- Interest in discussing further
- Not evaluated as of 2/1/18

P1

## EXPAND MIXED USE

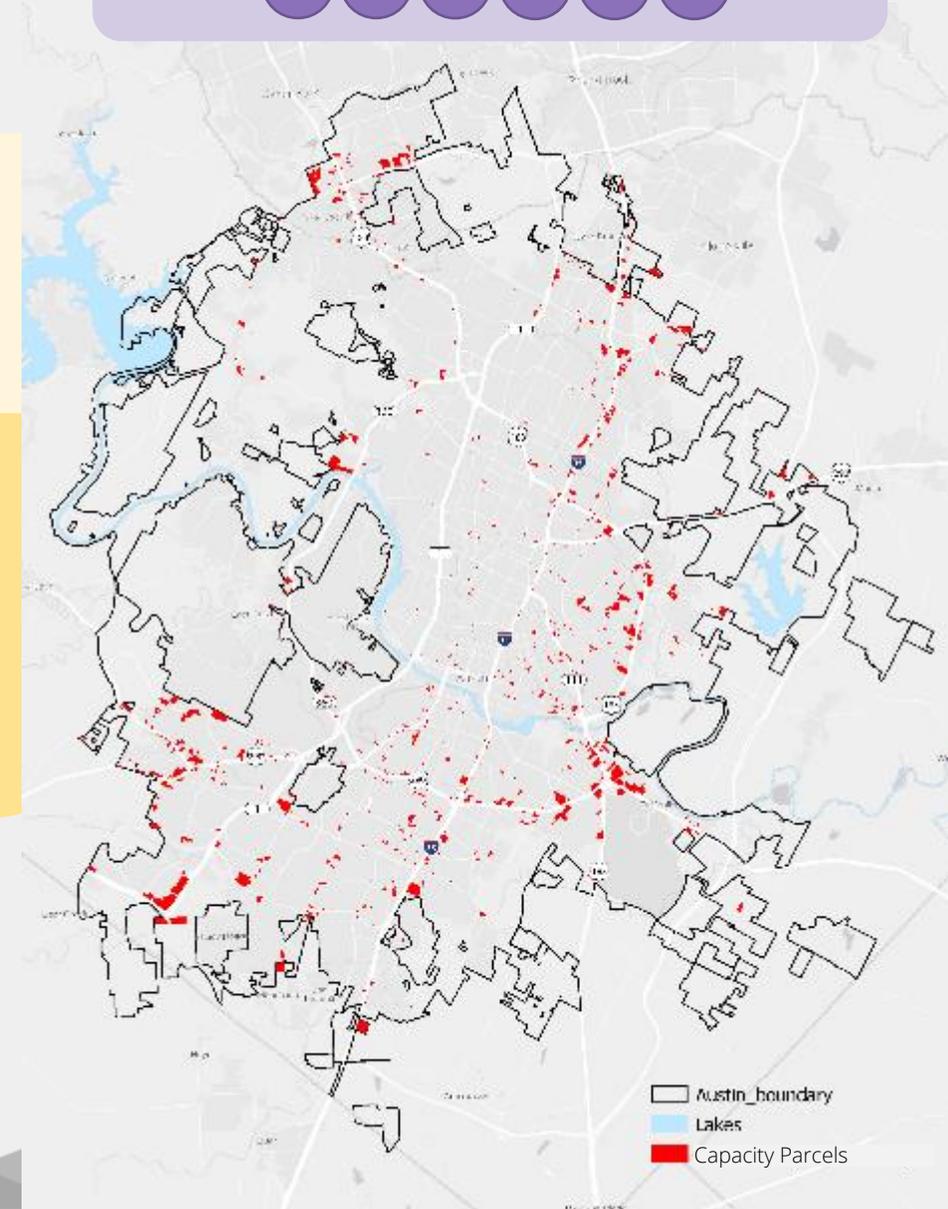
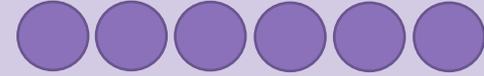
### Priority 1: Mixed Use in Commercial Zones

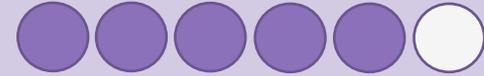
- MU zones applied to areas zoned commercial in current code without “v” or “mu” in their zoning string

CAPACITY CHANGE  
(RELATIVE TO NEAREST EQUIVALENCY)

**+46,324**  
*HOUSING UNITS*

MAPPING WORKING GROUP INTEREST



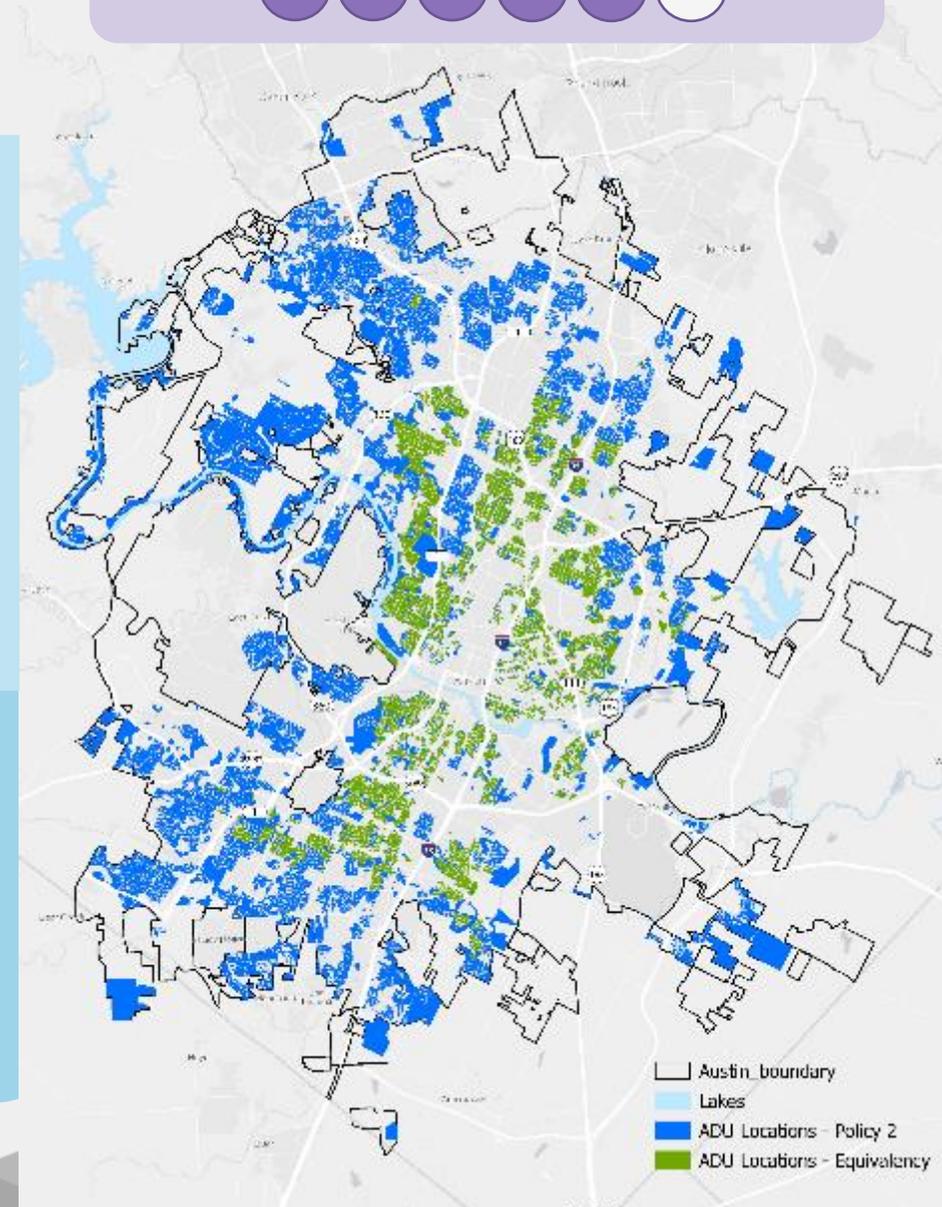


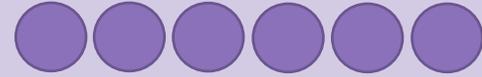
### Priority 2: Encourage ADUs and Increase Land Capacity

- ADUs possible on 148,922 parcels (94% of single-family zoned lots) up from 68,760 in “nearest equivalency” (43%)
- Package of incentives such as fee waivers, parking reductions, and internal ADUs encourage development
- Assume ADU production rises from 2.5% of annual permits to 10% (similar to Portland, OR)

CAPACITY CHANGE  
(RELATIVE TO NEAREST EQUIVALENCY)

**+10,525**  
HOUSING UNITS





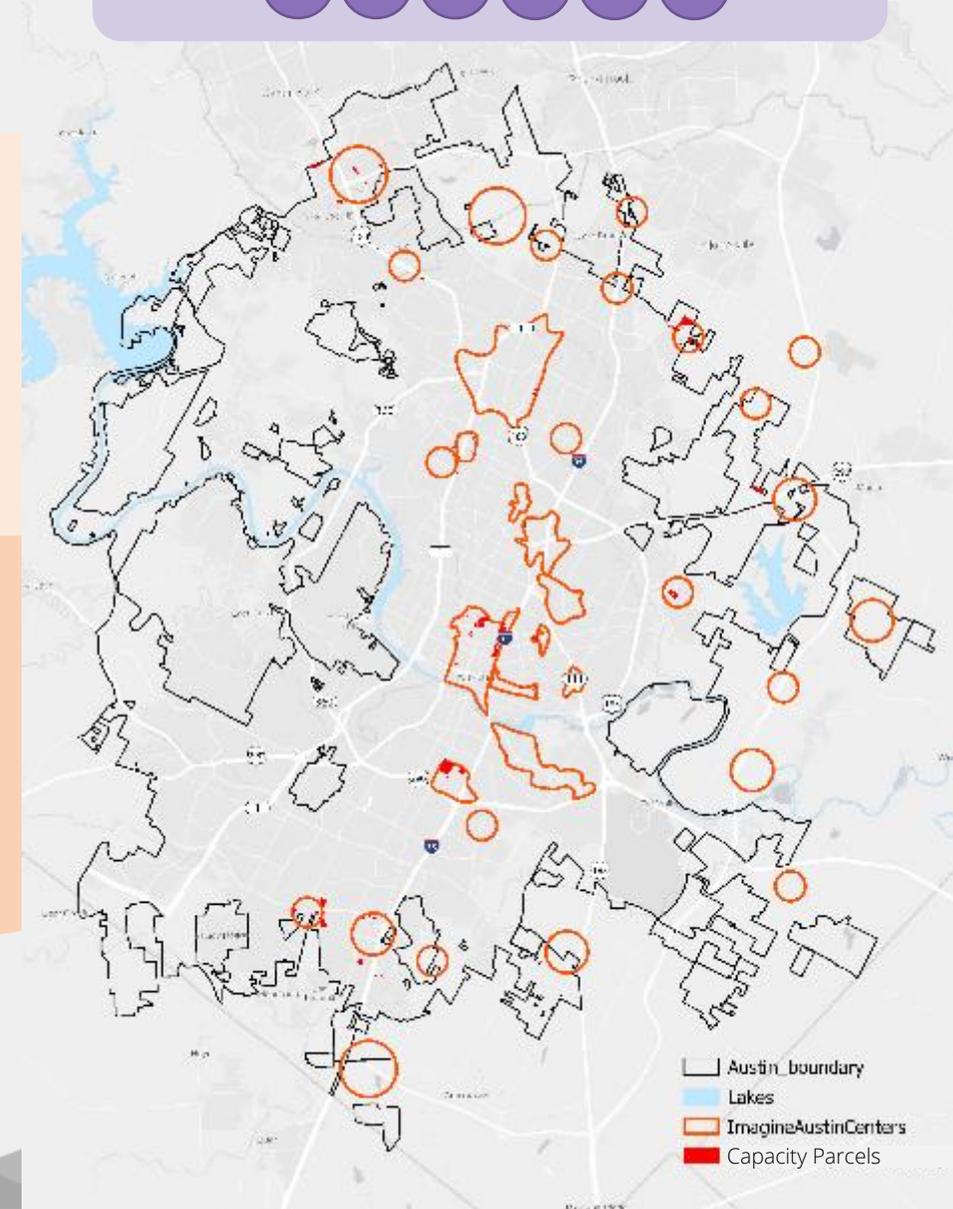
### Priority 3: Increase Density in IA Centers

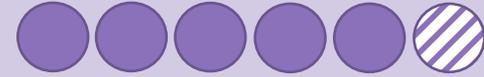
- Upzone parcels up to 1/8 mile away from Imagine Austin Centers to MS2B
- Exclude residential parcels
- Feasibility test is done to assess where redevelopment might occur

*Note: Increasing distance to 1/4 mile adds an additional 5,558 units*

CAPACITY CHANGE  
(RELATIVE TO NEAREST EQUIVALENCY)

**+11,679**  
HOUSING UNITS





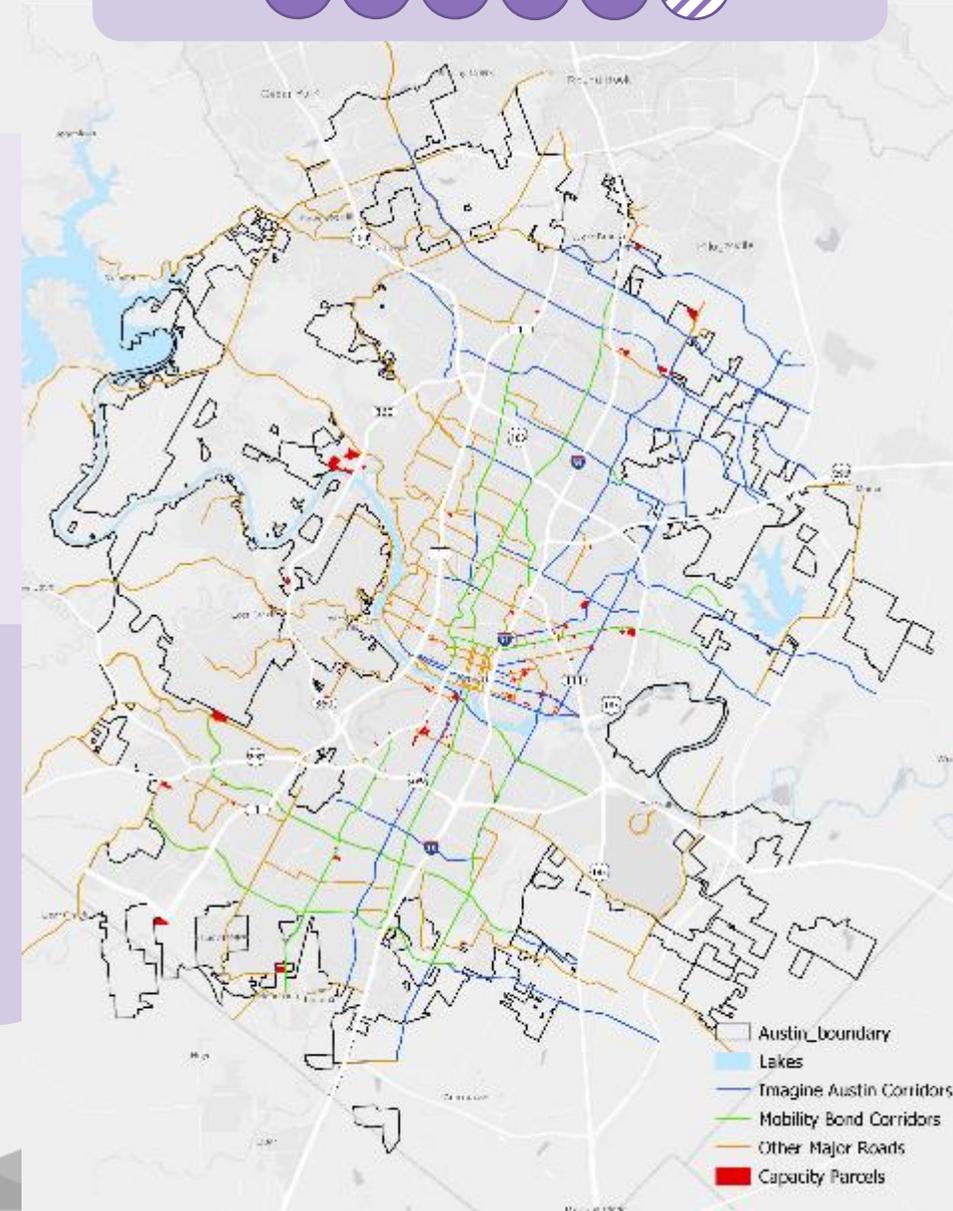
### Priority 4: Increase Density Along Major Thoroughfares

- Commercial land within 1/8 mile of Imagine Austin Corridors, Mobility Bond Corridors, and all other major thoroughfares.
- Exclude residential parcels
- Upzone parcels to MS2B
- Feasibility test is done to assess where redevelopment might occur

*Note: Increasing distance to 1/4 mile adds an additional 13,800 units*

CAPACITY CHANGE  
(RELATIVE TO NEAREST EQUIVALENCY)

**+39,894**  
HOUSING UNITS



P8

## PRESERVE EXISTING MULTIFAMILY

### Priority 8: Limit Redevelopment of Existing Older Multifamily Housing Stock

- Entitlements on existing multifamily use (in any zone) are kept static
- Threshold for age is built before 1985
- Relatively small impact even when combined with other priorities

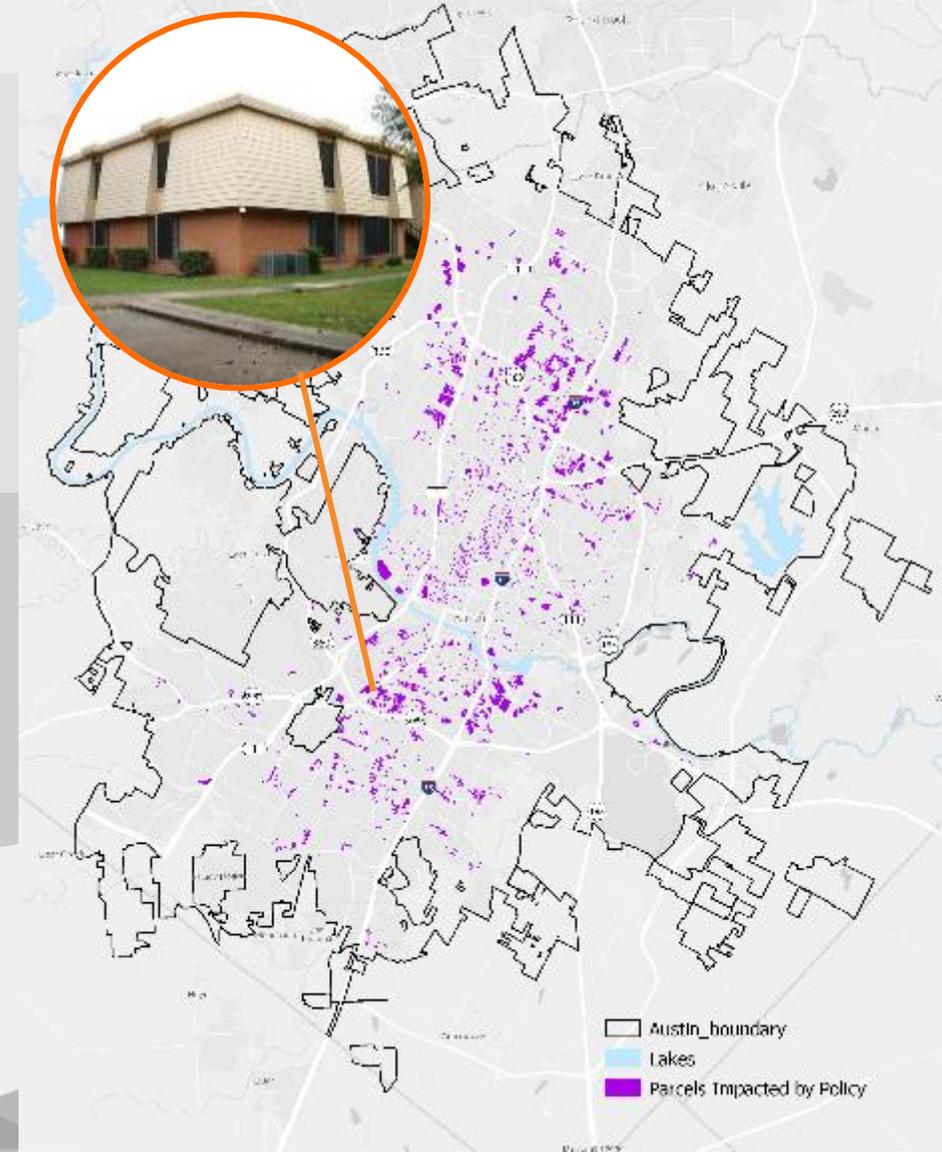
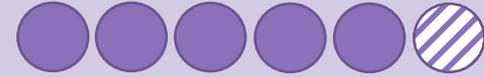
Note: P8 blocks ~7,800 units of capacity in Nearest Equivalency, but preserves ~4,300 existing multifamily units.

CAPACITY CHANGE  
(RELATIVE TO NEAREST EQUIVALENCY)

-3,512  
HOUSING UNITS

No clear policy action exists to achieve this priority

MAPPING WORKING GROUP INTEREST



**P14**

## MORE INTENSE BONUS ZONES

### Priority 14: Replace Less Intense Bonus Zones With More Intense Bonus Zones

- Specific RM and MU zones are upzoned to the next level of intensity
- Feasibility tests are run to estimate change in redevelopment potential
- Where bonuses apply, they are re-applied

### CAPACITY CHANGE

(RELATIVE TO NEAREST EQUIVALENCY)

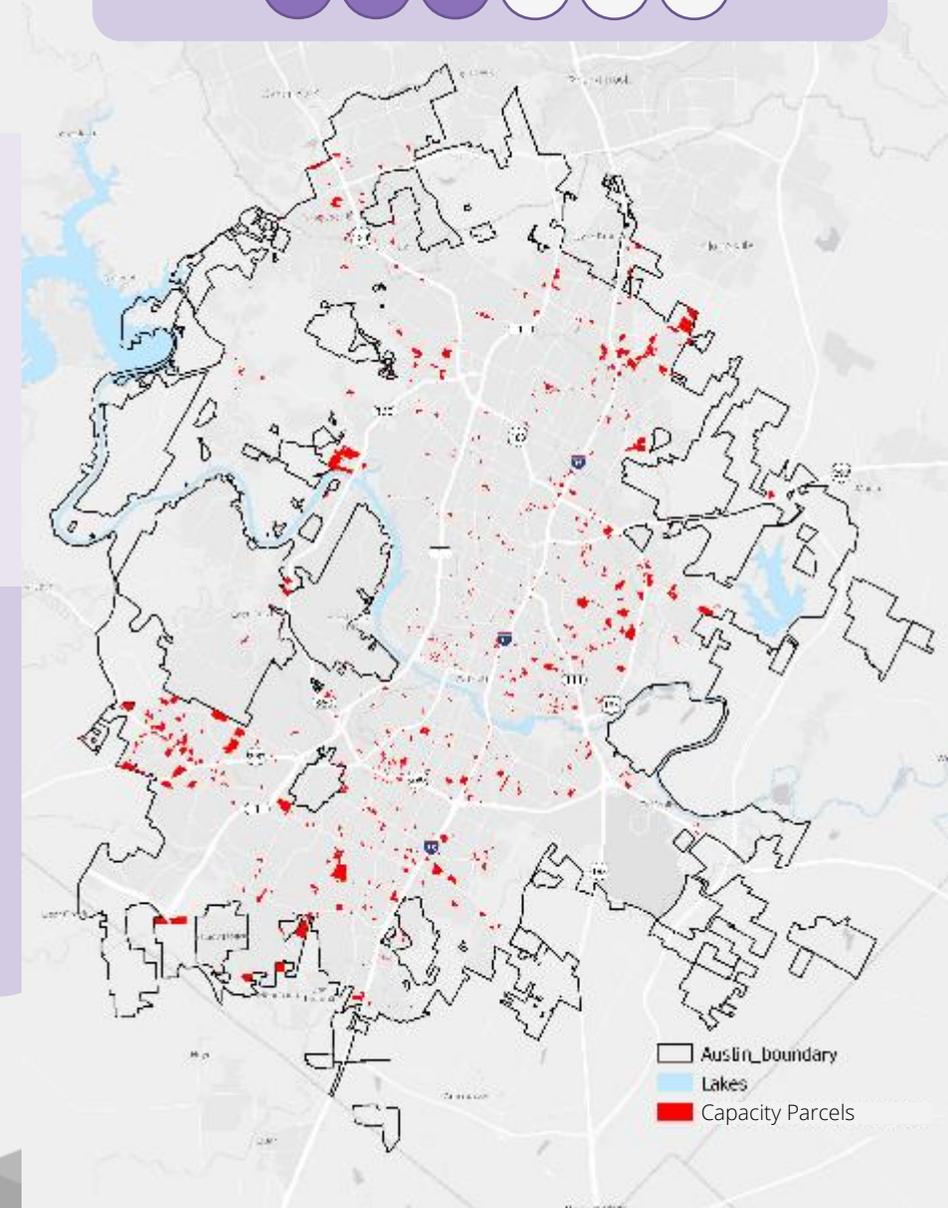
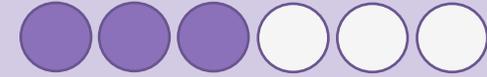
**+73,664**

TOTAL UNITS

**+1,903**

AFFORDABLE UNITS

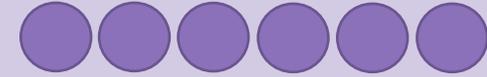
MAPPING WORKING GROUP INTEREST



**P15**

## RESIDENTIAL ONLY AS A BONUS

MAPPING WORKING GROUP INTEREST



### Priority 15: Apply Versions of MU That Mimic Existing Base Entitlements

- Applied to parcels where MU zones were painted in existing commercial zones and the parcels did not have a “v” or an “mu” in their zone string
- Assume full participation in the affordable housing bonus
- Some parcels will drop out due to relative increase in commercial feasibility compared to base and bonus residential entitlements

### CAPACITY CHANGE

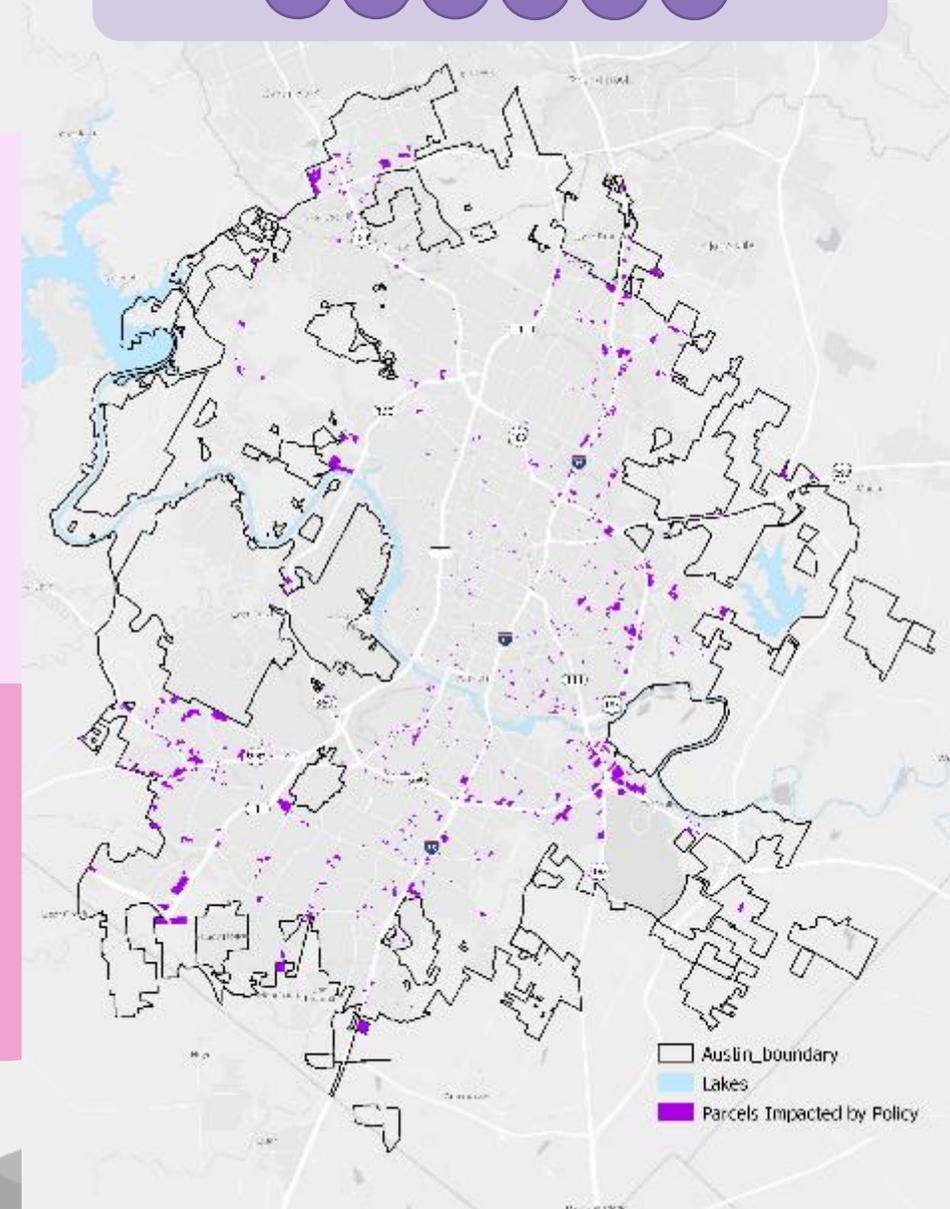
(RELATIVE TO NEAREST EQUIVALENCY)

**+89,518**

TOTAL UNITS

**+13,951**

AFFORDABLE UNITS



**P16**

# RESIDENTIAL BASE AND BONUS

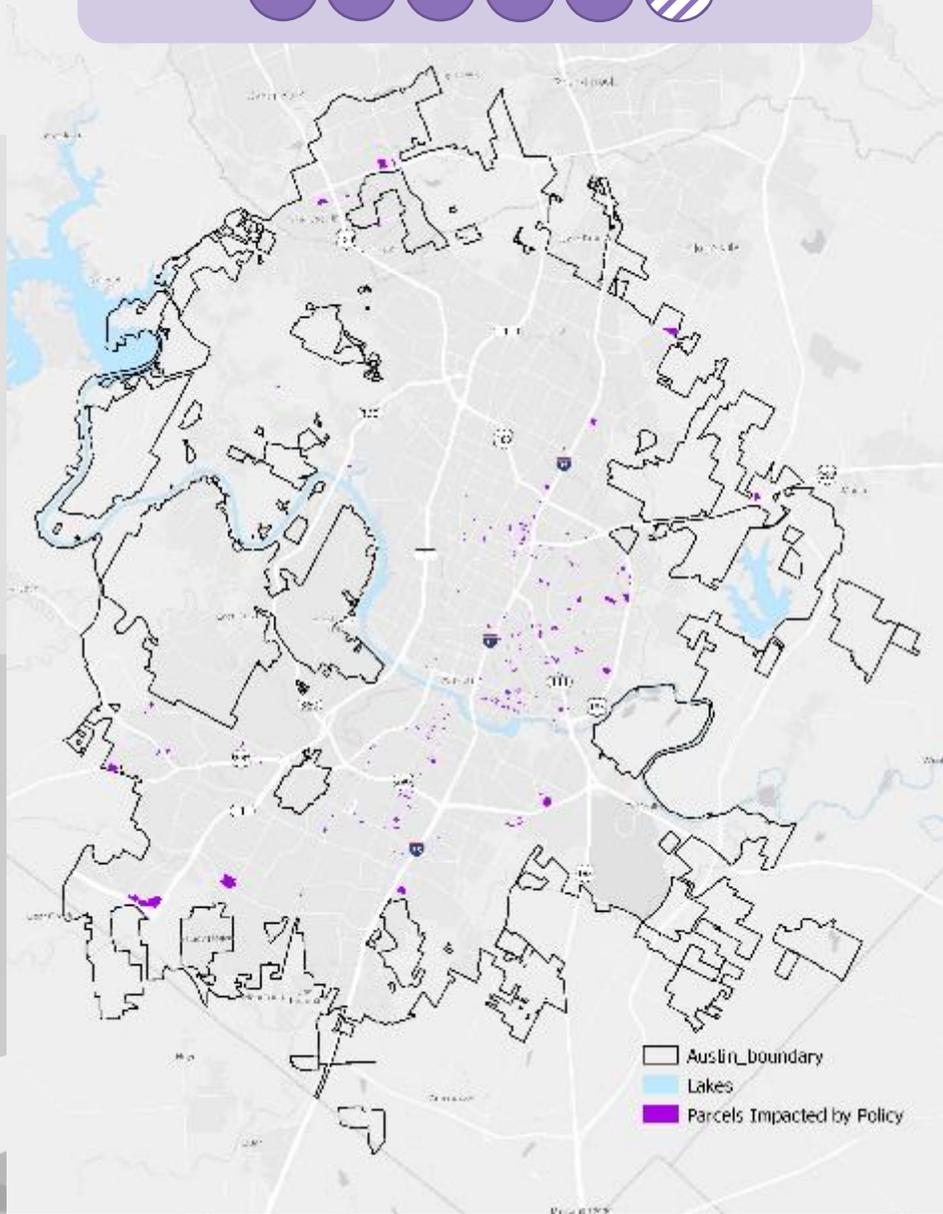
MAPPING WORKING GROUP INTEREST

## Priority 16: Apply Versions of MU That Mimic Base Entitlements of VMU

- Applied to parcels where MU zones were painted in existing commercial zones and the parcels have a “v” or an “mu” in their zone string
- Assume full participation in the affordable housing bonus
- Some parcels will drop out due to relative increase in commercial feasibility compared to base and bonus residential entitlements

**CAPACITY CHANGE**  
(RELATIVE TO NEAREST EQUIVALENCY)

<b>+16,380</b>	<b>+2,231</b>
TOTAL UNITS	AFFORDABLE UNITS



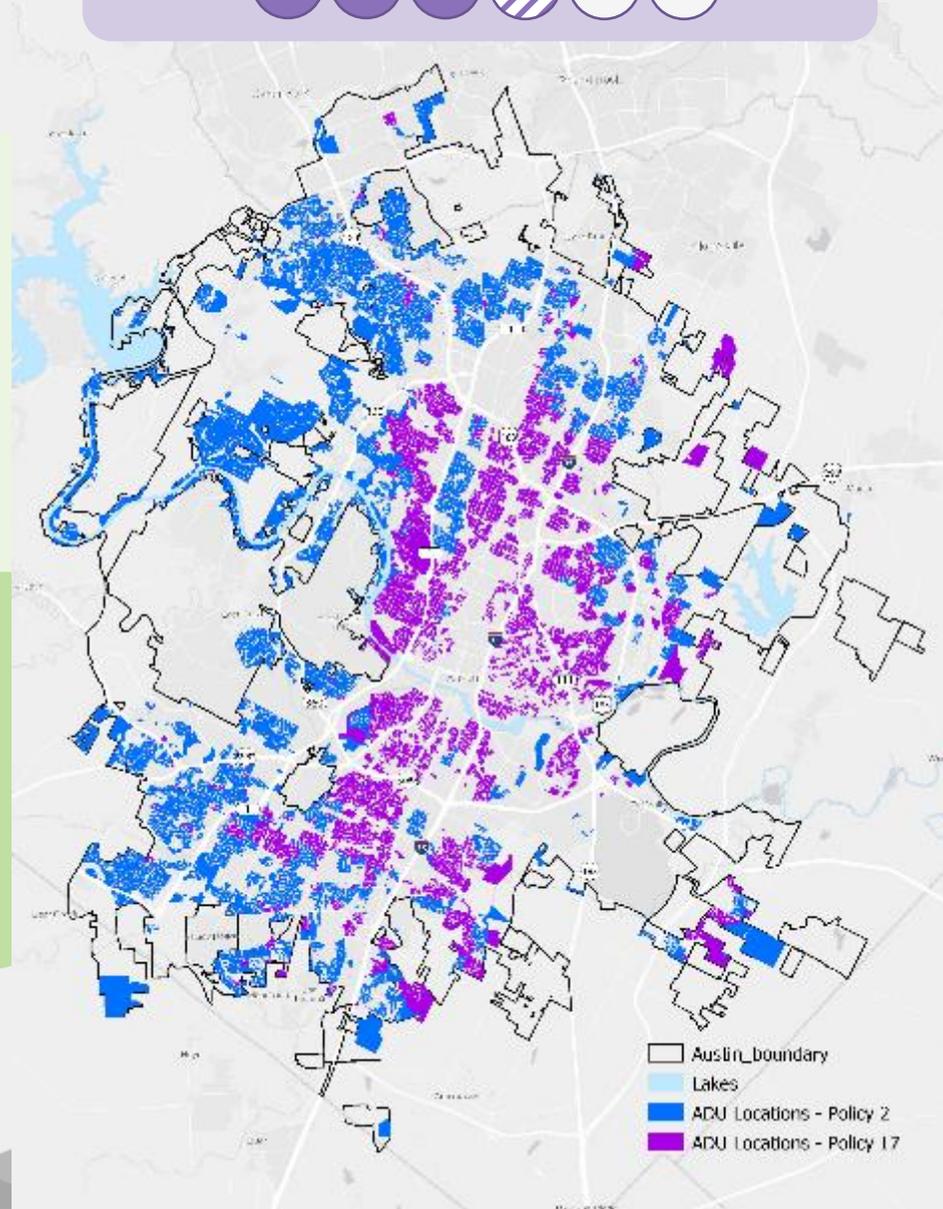


### Priority 17: Create Bonuses for Residential Zones and Small Scale Mixed Use Zones

- Allow additional affordable units to be built in R1, R2, R3, R4, and MU1 zones
- Typically allows an internal and external ADU if one of the ADUs is registered as part of the CodeNEXT Citywide Affordable Housing Bonus Program

**CAPACITY CHANGE**  
(RELATIVE TO NEAREST EQUIVALENCY)

*Included in higher Policy 2  
ADU Production Rate*



P18

## MISSING MIDDLE IN IA CENTERS

### Priority 18: Upzone to Missing Middle Densities in Imagine Austin Centers

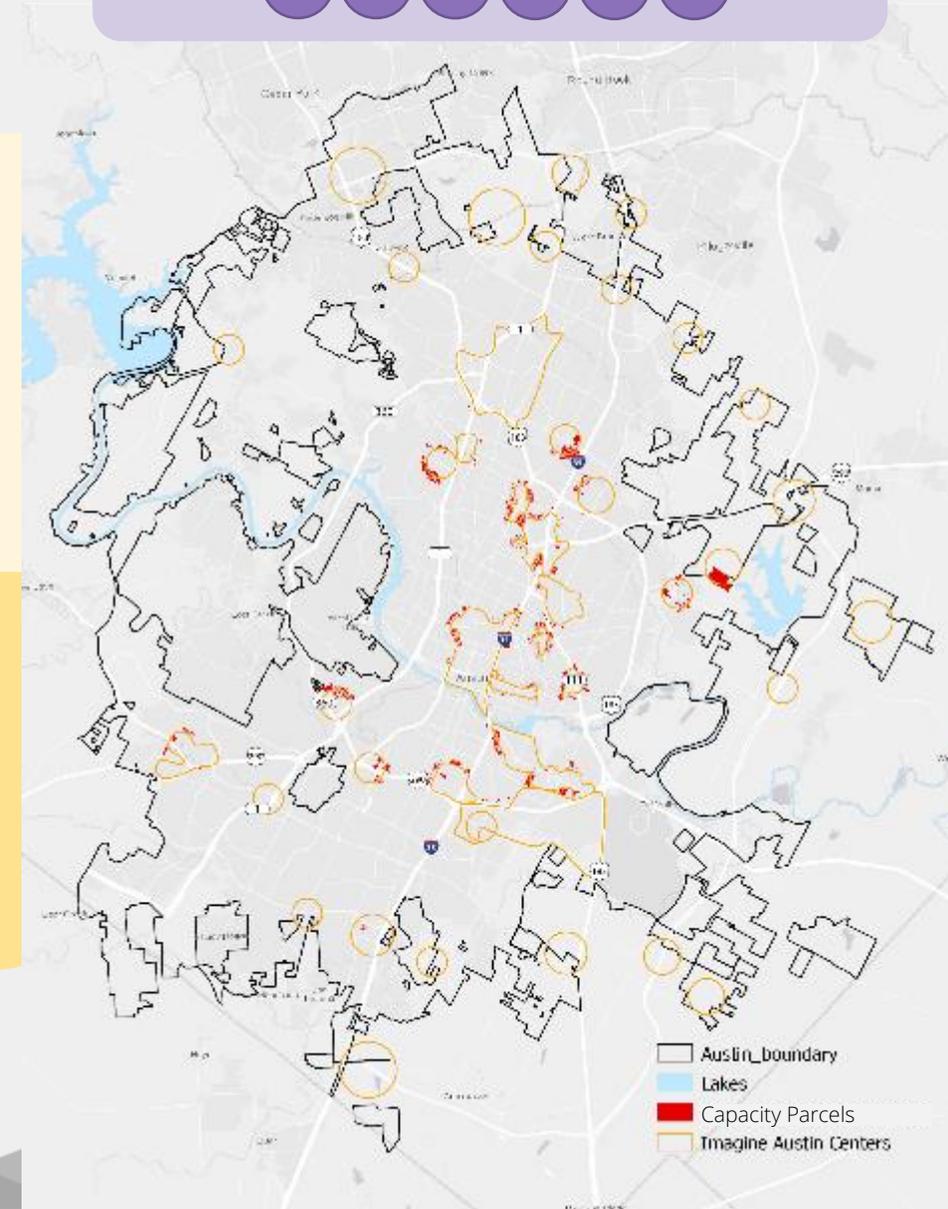
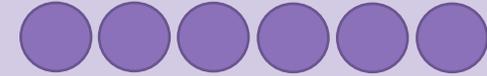
- Within 1/8 of a mile of centers, upzone R zones to R3C
- Would allow missing middle along in areas identified by Imagine Austin as priorities for growth and investment.

*Note: Upzoning to R4A adds an additional 1,800 units.*

CAPACITY CHANGE  
(RELATIVE TO NEAREST EQUIVALENCY)

**+7,049**  
HOUSING UNITS

MAPPING WORKING GROUP INTEREST



**P19**

# MISSING MIDDLE ALONG CORRIDORS

MAPPING WORKING GROUP INTEREST

## Priority 19: Upzone to Missing Middle Densities in Along Major Corridors

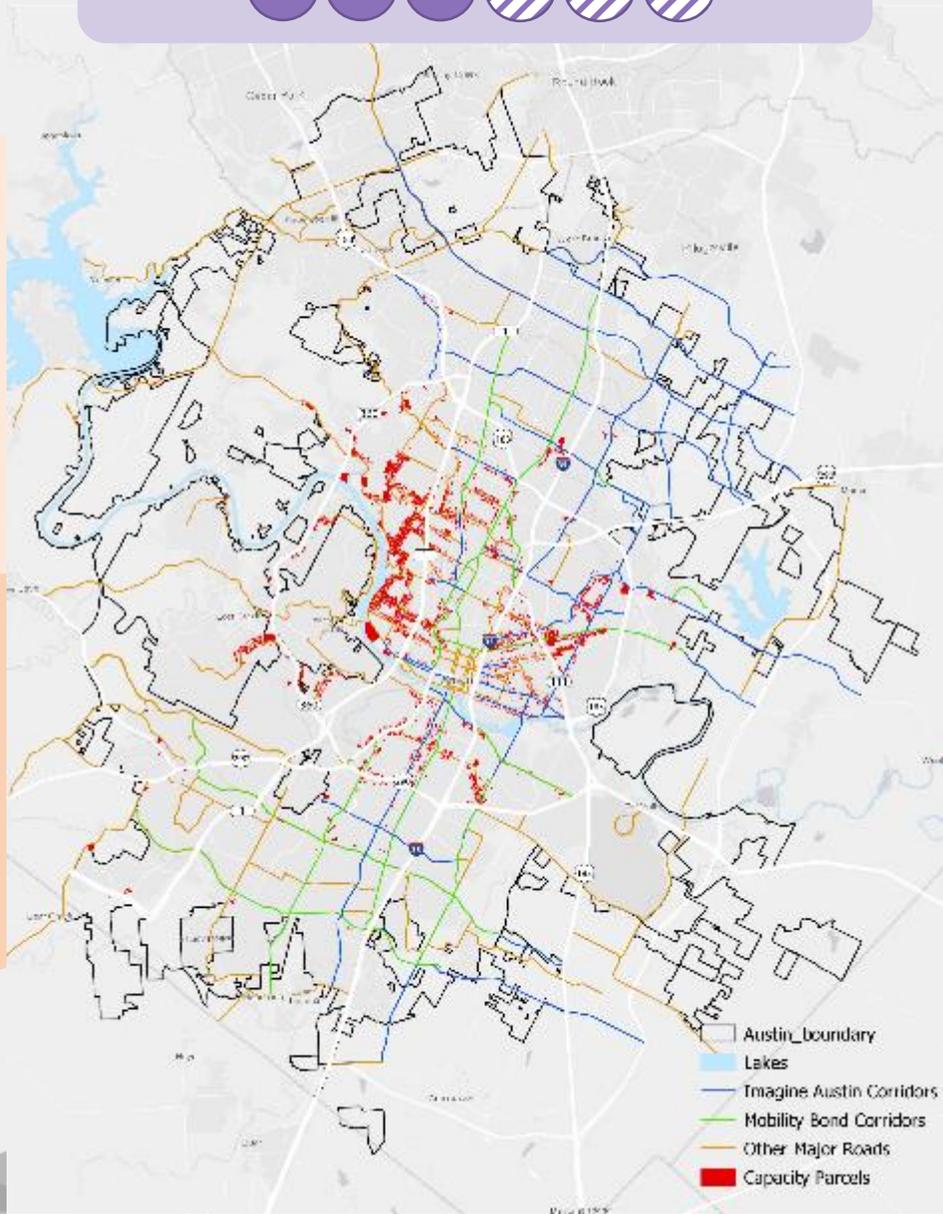
- Within 1/8 of a mile of corridors, upzone R zones to R3C
- Would allow missing middle along in areas identified by Imagine Austin as priorities for growth and investment.

*Note: Upzoning to R4A adds an additional 5,000 units.*

**CAPACITY CHANGE**  
 (RELATIVE TO NEAREST EQUIVALENCY)

**+23,344**  
**HOUSING UNITS**

**P18 AND P19 PROVIDE MORE CAPACITY THAN P9 AND P10 COMBINED**



# S.M.A.R.T. Policy Update



## **EVALUATED EXISTING S.M.A.R.T. POLICY AND POTENTIAL “UPDATES” IN CODENEXT CONTEXT**

- NHCD would like to see greater uptake of the SMART program by market-rate developments
- SMART would be folded into CodeNEXT, which presents an opportunity to improve the policy

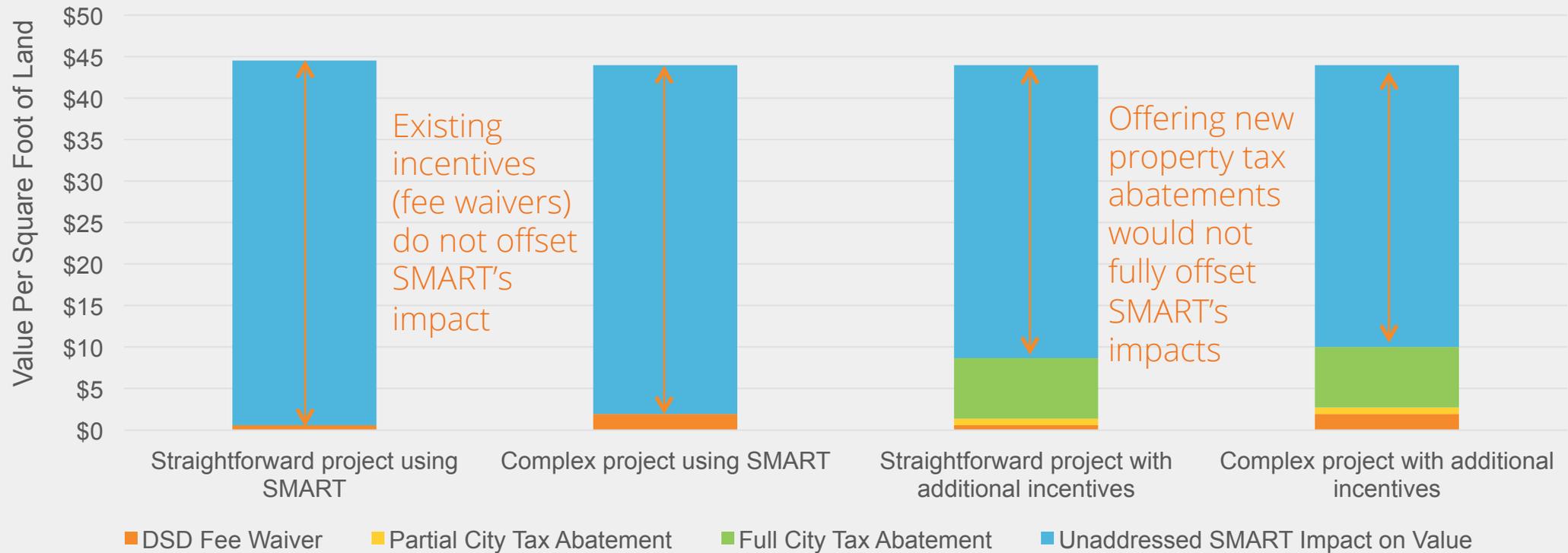
Development options tested in S.M.A.R.T. policy evaluations

Market-Rate Building Types	Site Complexities (for fee calculation)	SMART Policy	Additional Incentives
<ol style="list-style-type: none"> <li>1. Duplex (2 units)</li> <li>2. Stacked Flats (60-75 units)</li> <li>3. Podium (125-160 units)</li> <li>4. Tower (275-350 units)</li> </ol>	<ol style="list-style-type: none"> <li>1. Straightforward (single DSD review, platted before 2007)</li> <li>2. Complex (multiple DSD reviews, drinking water protection zone, platted after 2014)</li> </ol>	<ol style="list-style-type: none"> <li>1. 10% set-aside in base-entitled building (60% MFI for rental and 80%-100% MFI for sale)</li> <li>2. 10% set-aside in bonus-entitled building (60% MFI for rental and 80%-100% MFI for sale)</li> </ol>	<ol style="list-style-type: none"> <li>1. Partial (on affordable units only) City of Austin property tax abatement for 10 years</li> <li>2. Full (on all units) City of Austin property tax abatement for 10 years</li> <li>3. Full county tax abatement for 10 years</li> </ol>

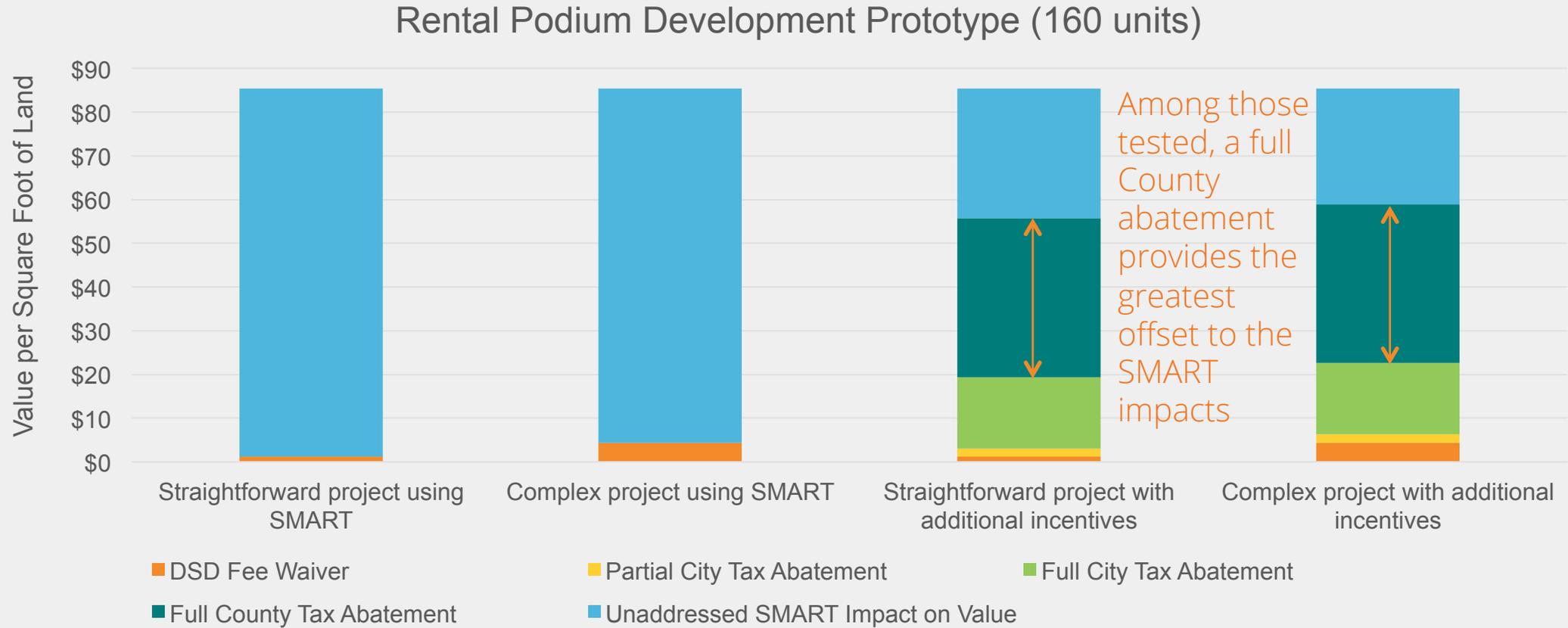
## GENERAL SUMMARY OF RESULTS

- Current SMART incentives partly off-set the impact of the SMART affordability requirement for prototypical urban infill projects
- While the value of fee waivers differed between a prototypical “straightforward” site/development and a more “complicated”<sup>\*</sup> site/development, there was little difference in the impact on project feasibility
- Tax abatements could have a larger impact on feasibility than existing SMART fee waivers
- Small-scale infill developments with few total units, such as a duplex, would not use SMART due to the effective affordability requirement (e.g., meeting the 10% set-aside would require one of two duplex units be affordable)

Rental Stacked Flats Development Prototype (60 units)



Note: While some developers have stated that SMART's accessibility requirements produce significant burden, this prototypical development was able to fully accommodate the accessibility requirements without changes



Note: While some developers have stated that SMART's accessibility requirements produce significant burden, this prototypical development was able to fully accommodate the accessibility requirements without changes

## **S.M.A.R.T. NEEDS ADDITIONAL INCENTIVES**

- To attract participation from market-rate developers, S.M.A.R.T. Housing needs additional incentives that will make the program financially attractive
- S.M.A.R.T. does not provide enough incentive unless developments are able to garner additional subsidies, like tax credits or grant funds, that typically do not apply to market-rate projects

## Help us get it right.

We invite you to review and comment on the draft code document, ask questions, and stay connected.

[www.austintexas.gov/codenext](http://www.austintexas.gov/codenext)

[codenext@austintexas.gov](mailto:codenext@austintexas.gov)

Review and comment on the draft code  
<https://codenext.civiccomment.org/>

Review and comment on the map [http://  
codenext.engagingplans.org/](http://codenext.engagingplans.org/)

SHAPING THE AUSTIN WE IMAGINE



CODENEXT

1-NOV-17