Affordability Impact Statement

Neighborhood Housing and Community Development Department
LDC Section 25-7-2 - Definitions (Definitions of the 25- and 100-year floodplains)
LDC Section 25-7-6 - Determination of the 100-year Floodplain
LDC Section 25-7-7 - Determination of the 25-year Floodplain
LDC Section 25-7-8 - Computation of Stormwater Runoff
LDC Section 25-7-93 - General Exceptions (Exceptions for buildings in 100-year floodplain)
LDC Section 25-7-96 - Requirements in the 25-Year Floodplain
LDC Section 25-8-1 - Definitions (Definitions of floodplain modification)
LDC Section 25-8-92 - Critical Water Quality Zones Established
LDC Section 25-8-121 - Environmental Resource Inventory Requirement

Corresponding updates to technical codes
25-12-3 Local Amendments to the Building Code, Section 1612 Flood Loads
25-12-133 Local Amendments to the 2015 Uniform Mechanical Code
25-12-153 Local Amendments to the Uniform Plumbing Code
25-12-243 Local Amendments to the International Residential Code
Corresponding updates to Title 30
30-4-1 Definitions
30-4-5 - Determination of the 100-Year Floodplain
30-4-6 - Determination of the 25-Year Floodplain
30-4-7 - Computation of Stormwater Runoff
30-5-1 - Definitions (Definitions of floodplain modification)
30-5-92 - Critical Water Quality Zones Established
30-5-121 - Environmental Resource Inventory Requirement

Background and Proposed Code Amendments

In the fall of 2018, the National Weather Service completed a study of historical rainfall amounts for Texas. The study, called Atlas 14, showed that severe flooding in Austin happens more frequently than previously thought. The proposed code amendments are intended to align City regulations with this new understanding of flood risk.

The proposed code amendments would redefine the existing 100-year and 25-year floodplain boundaries to reflect our new understanding of flood risk identified by the Atlas 14 study. The current 500-year and 100-year floodplains are very close proxies for the Atlas 14 100-year and 25-year floodplains, respectively. The proposed code amendments would therefore, during an interim period, redefine the current FEMA 500-year floodplain as the 100-year regulatory floodplain, and the current fully-developed 100-year floodplain as the 25-year floodplain. This interim period would end when the City updates the floodplain studies, which is expected to be within 2 to 3 years. The total amount of land within the 100-year floodplain would increase from 19,200 acres to 22,700 acres, or from 9% to 11% of the City's full and limited purpose jurisdiction.

The proposed code amendments would also change existing City regulations that govern development in the floodplain. Frist, all residential development within the 100-year floodplain must have a finished floor elevation of at least two feet above the floodplain. Second, a new "Redevelopment Exception"

provides an administrative permit approval process to allow certain residential properties with existing buildings in the 100-year floodplain to redevelop their properties in a way that reduces their flood risk. Third, the proposed amendments would expand the current exception for encroachment into the 100-year floodplain.

The Land Development Code, both current and proposed, prohibits buildings and parking lots from encroaching into the 100-year floodplain unless the development qualifies for an exception or is approved for a variance. The proposed code amendments would maintain the current exceptions for encroachment into the 100-year floodplain in the central business area, for facilities in parkland, and for parking in areas of shallow flooding of the Colorado River. These regulations would also apply to the 100-year floodplains of Lake Austin and Lake Travis. If a proposed development does not comply with the requirements for an exception, then a variance would be required to construct new buildings and parking lots within the 100-year floodplain on undeveloped tracts.

Land Use/Zoning Impacts on Development

The proposed code amendments would add approximately 550 acres of undeveloped land to the regulatory 100-year floodplain, which is approximately 1.6% of all undeveloped land within the City limits. Of this "new" floodplain area, approximately 65% impacts less than 10% of the properties' total area. The potential cost impact to undeveloped properties depends on the circumstances of the property and multiple variables, including the size of the property, the total developable area, the portion of the developable area impacted by the floodplain, among others.

Approximately 2,900 single-family and duplex residential buildings are currently located within the City's regulatory 100-year floodplain. The proposed code amendments would add approximately 2,600 residential buildings to the City's regulatory 100-year floodplain. In total, the number of single-family and duplex buildings within the current 100-year floodplain and proposed new floodplain areas represents less than 3% of citywide single-family and duplex buildings.

Development on properties within the proposed 100-year floodplain would be subject to new regulations. A City Council variance would be required to increase the number of dwelling units on the site. Additionally, if an existing building is not elevated two feet above the floodplain, it would be classified as a nonconforming use, subject to limits on improvements and repairs. The proposed code amendments would not require existing buildings to come into compliance with the new regulations unless they are being remodeled (in some cases) or redeveloped.

Properties within the proposed 25-year floodplain are already subject to current floodplain regulations since they are within the existing 100-year floodplain. While a large percentage of these properties are already nonconforming uses under the current code, the increase in floodplain depths associated with the proposed code amendment, as well as the increased elevation requirement, will increase the number of nonconforming properties. However, the proposed Redevelopment Exception would provide an administrative process to allow a property owner to bring an existing home into compliance with current code or replace it with a new building that meets code.

Similar to the prior discussion of impacts to undeveloped properties, the cost impact to existing residential properties also depends on the circumstances of the site. For example, if the new area of

100-year floodplain is relatively small and either the existing or proposed house remains outside of the floodplain and at an appropriate elevation, the cost of development on the lot could be insignificant. If a property owner chooses to use the Redevelopment Exception, the cost of development will either increase some (to reflect additional engineering costs if the property was not previously in the 100-year floodplain) or decrease (if the property was previously in the 100-year floodplain but was not eligible for an exception). (See a separate discussion of construction costs, below.)

Impact on Construction Costs

The proposed code amendment would increase the number of existing buildings and developable lots within the regulatory floodplain and increase the required finished floor elevations for new buildings constructed in the floodplain. This will increase constructions costs within the 11% of the City's land area subject to these regulations.

The Neighborhood Housing and Community Development Department estimates that the proposed changes to floodplain depths and associated finished floor requirements would increase average slab on grade foundation costs from $15,000 to $30,000 and increase pier and beam foundation costs from $13,500 to $19,000.

Additionally, new and redevelopment permitted in the floodplain is required to demonstrate through engineering that the development does not create an adverse flooding impact on other properties, preserves floodplain storage capacity on site, and is structurally designed to withstand flood forces. As the 100-year floodplain expands to include a 2% increase of city land, that area would now be required to provide and bear the cost of producing this documentation, while properties already subject to these requirements may see the costs for such engineering increase due to an increase in flood depths and velocities.

Impact to Affordable Housing

Whether a property encroaches on the 100-year floodplain is a consideration for applications submitted to the City of Austin to access funding for home repair or for accessibility modifications. City staff must evaluate the cost associated with developing a property in the floodplain. Project(s) that would now be in the 100-year floodplain will not be eligible for funding. Any existing projects/buildings seeking funding for rehabilitation could be restricted to 50% of the value of the building. Any buildings in the floodplain that required rehabilitation funding greater than 50% of the value of the building would have to demolish the existing building and build anew. Therefore, the rehabilitation would have to use more funds for construction and engineering. Such an increase in cost could potentially mean the reduction of the number of units provided or restricting the affordability of the units (MFI to be served).

Upon adoption of updated floodplains by FEMA, anyone purchasing a dwelling or re-financing within the new floodplain boundaries will be required to secure flood plain insurance by their mortgage lender. This FEMA's floodplain update process will be completed regardless of the ordinance's adoption.

Developments that are requesting Home Repair Loan Program, Down Payment Assistance, or Architectural Barrier Removal that are located in the proposed 25-year floodplain would no longer be

eligible to receive funds per Federal Funding requirements. Developments that are requesting Home Repair Loan Program, Down Payment Assistance, or Architectural Barrier Removal that are located in the proposed 100-year floodplain would be required to secure floodplain insurance. Developments that are part of the Home Repair Loan Program that are located in the proposed 100-year floodplain that have a building that is a demolition and re-construction candidate (repairs exceed $65,000), would be cost prohibitive due to the increased cost of foundation construction and engineering to demonstrate flood risk reduction requirements. The total maximum limit for a demolition/re-construction loan is $130,000 (includes all soft, construction, and loan processing costs).

Other Policy Considerations

While the proposed ordinance does impact the up-front construction costs and development potential of properties within the floodplain, there is also a negative affordability impact associated with not proceeding with the proposed code amendment. Broadly, allowing new development to occur in known high-risk flood areas could lead to future expenditures of City resources on flood mitigation and recovery. Additionally, there are public safety costs associated with allowing new residential buildings in floodplains, including search-and-rescue, first responder safety, and associated costs related to emergency and disaster operations. The costs of these drainage and public safety services are borne by all Austin residents in the form of taxes and service fees. For individual property owners within the floodplain, the proposed ordinance will positively impact long-term affordability in terms of future flood losses and insurance costs. Since Austin joined the National Flood Insurance Program, 83% of all flood insurance claims in the City have come from single-family residential properties, totaling more than $46.5 million dollars in paid losses. Homes elevated above the floodplain are much less likely to experience flood losses. For families without flood insurance this substantial reduction in flood risk can prevent potentially significant losses: losses that disproportionately impact vulnerable populations.

The Watershed Protection Department is currently initiating the process to produce new floodplain studies for every watershed in the City based upon the Atlas 14 data. This multi-year process will result in new City and FEMA floodplain maps and will be completed irrespective of adoption of this proposed code amendment. At the time those studies and maps are completed, development restrictions based upon current code would automatically go into effect for areas shown to be in the 100- and 25-year floodplains. In some cases, those regulations would be more restrictive than the proposed ordinance, and would limit the ability of property owners to redevelop existing properties. For example, the proposed Redevelopment Exception would grant all existing residential properties the entitlement to redevelop with a building elevated at least two feet above the 100-year floodplain elevation.

Furthermore, once the new FEMA flood insurance rates maps are completed and effective, federally-backed mortgage holders within the 100-year floodplain will be required by their lender to carry a flood insurance policy. In areas being added to the 100-year floodplain, the cost of insurance could be significantly impacted by whether the building was built under today's regulations or those of the proposed ordinance. While flood insurance costs will vary based upon coverage amounts, deductibles, and actions taken by the homeowner to maintain coverage prior to map changes, it is possible to provide examples that demonstrate the potential savings between buildings. For example, a building insured for $200,000 in building coverage and $80,000 in contents coverage built at grade would cost

$1,875 a year or more to insure, depending on how deep it was in the 100-year floodplain. Comparatively, a building with the same coverage levels built with its finished floor 2 feet above the 100-year floodplain, as would be required under the proposed code amendment, would cost $650 a year to insure. Over the course of a 30-year mortgage, elevating a building confers significant savings and should be considered when examining the costs associated with the proposed ordinance.

Date: 1/18/19

Director's Signature: _____