
LAND DEVELOPMENT CODE REVISION

AUSTIN CITY COUNCIL
SPECIAL CALLED WORK SESSION
February 4, 2020

AGENDA

- Status Update
 - Timeline
 - Supplemental Staff #3 Overview
- Mapping Overview
- Density Bonus Program Overview
- Housing Capacity Overview

TIMELINE AND STAFF REPORT

Timeline

- ***January 31*** - Supplemental Staff Report #3, Draft Code, and Draft Map Release
- ***February 4 at 1:00 pm*** - Special Called Council Work Session
- ***February 5 at 9:00 am*** - Special Called Council Work Session
- ***February 11 at 10:30 am*** – Second Reading, Day 1
- ***February 12 at 3:00 pm*** – Second Reading, Day 2
- ***February 13 at 9:00 am*** – Second Reading, Day 3

Supplemental Staff Report #3

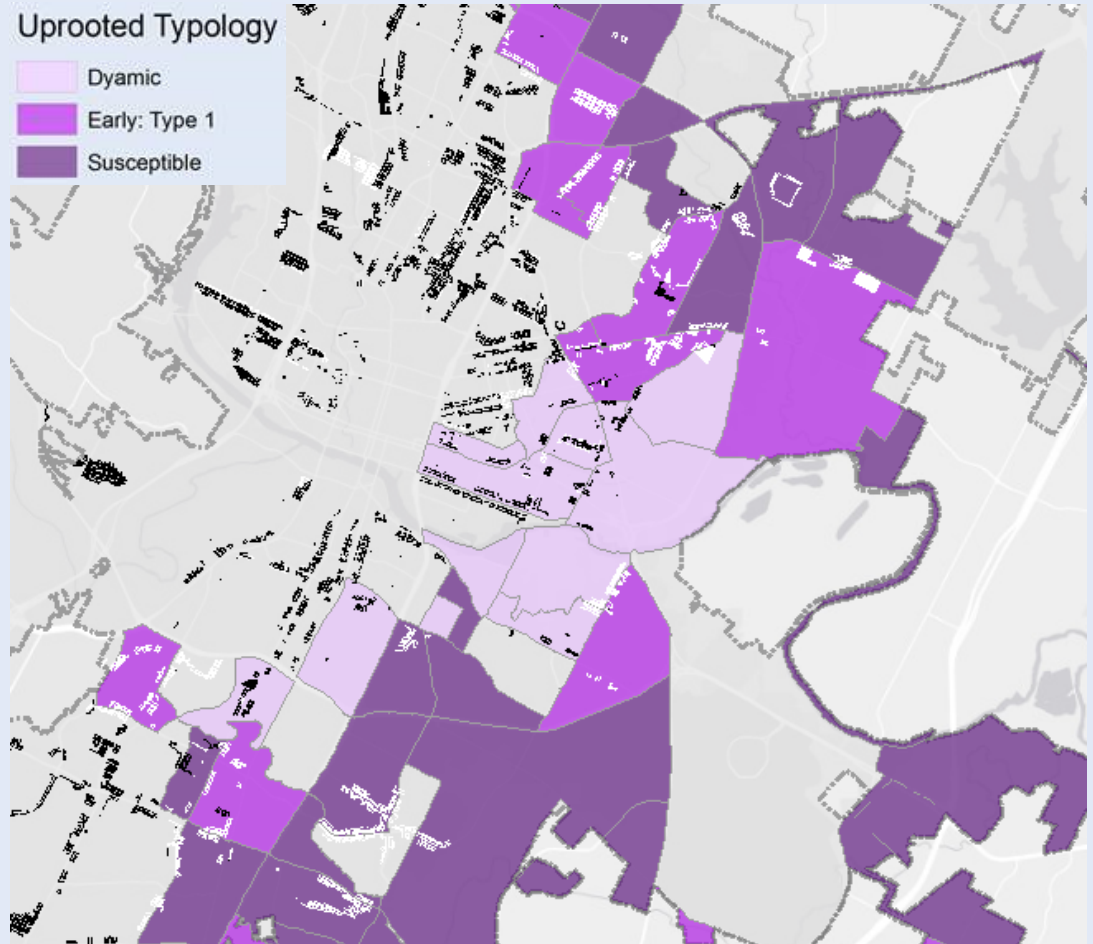
- 199 Amendments
- Highlights

Mapping Overview

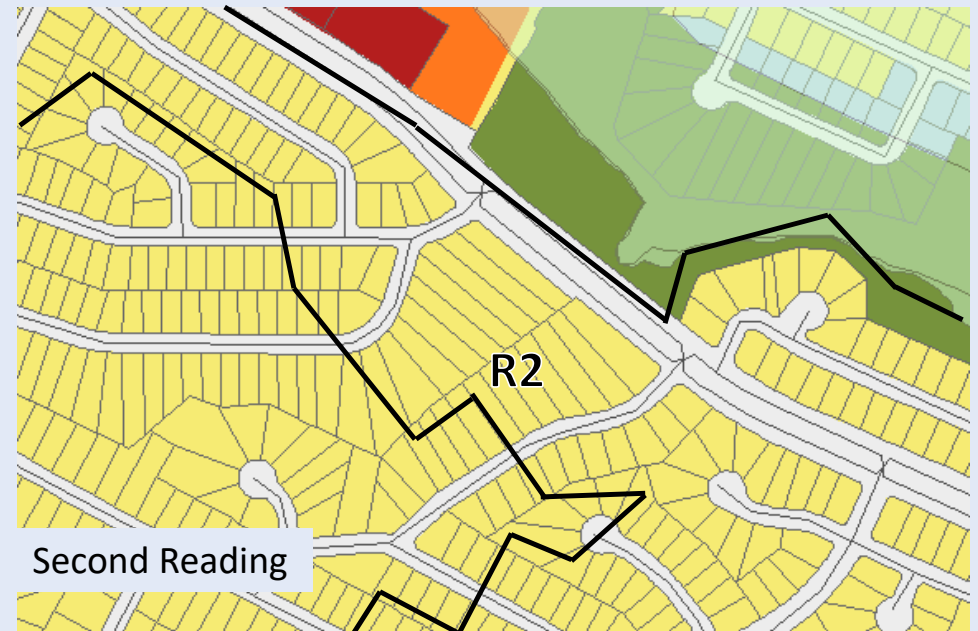
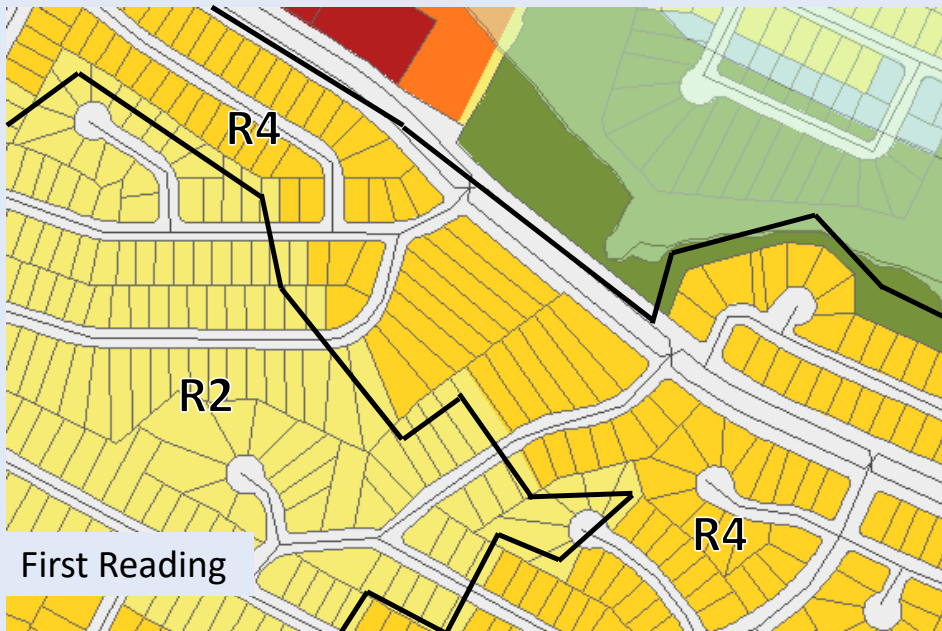
UPROOTED AND MISSING MIDDLE

1st Reading Direction

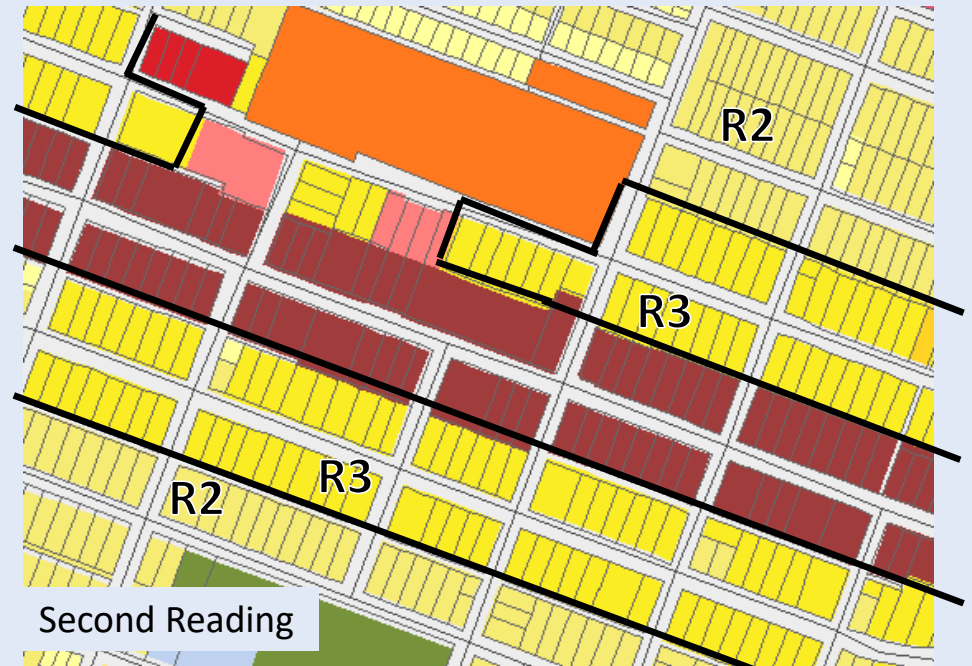
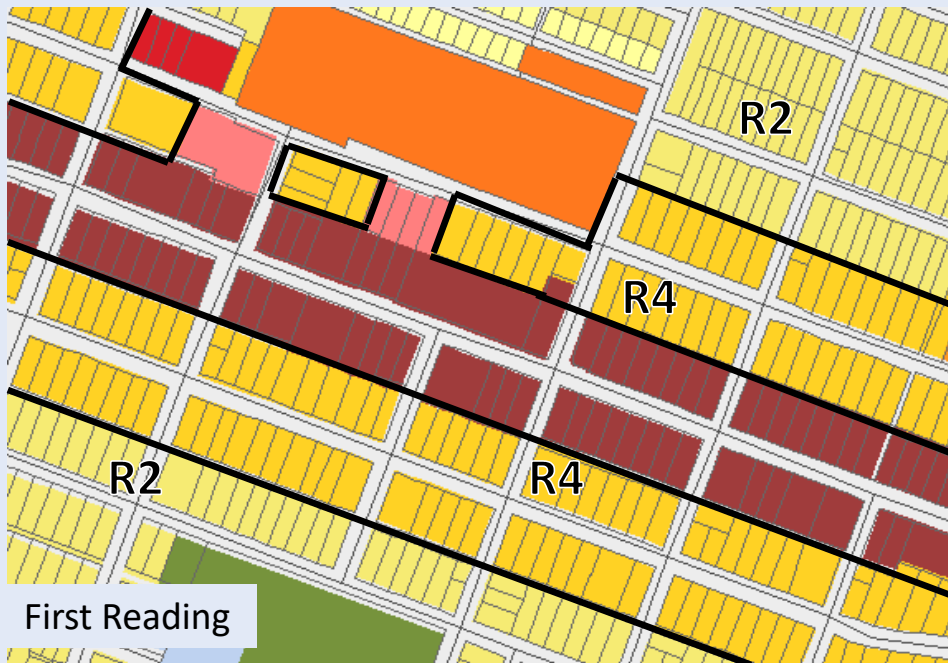
- **Apply comparable equivalent R2 zoning** in areas defined as **“Susceptible”** or **“Early –Type 1”** by the UT Uprooted Report.
- **Apply R3** in areas identified as **“Dynamic”** to support incremental increases in housing diversity.
- **Apply R4** to areas identified as **“Late”** to support more missing middle housing.
- Overriding any other instruction, mapping of any **additional transition zones should not be placed in any areas identified in the Uprooted study found as being susceptible, early or dynamic** gentrification stages but instead place in other high opportunity areas in locations identified by Council direction or Planning Commission suggestion prioritizing areas with higher levels of transit service.



“EARLY” AND “SUSCEPTIBLE” TRANSITION



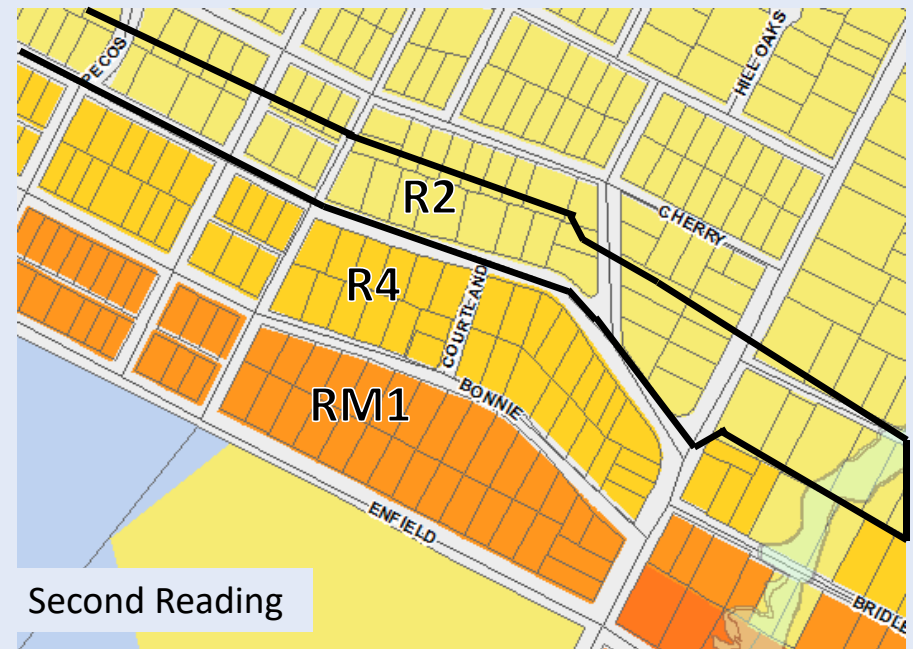
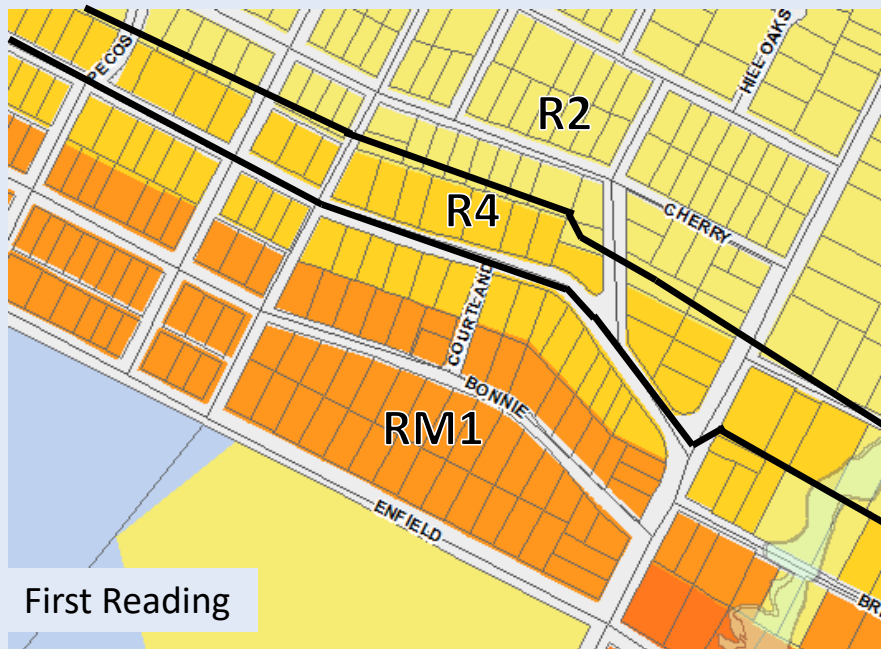
“DYNAMIC” TRANSITION



RESIDENTIAL CORRIDOR TRANSITION

1st Reading Direction

- Consistent with proposal from Supplemental Staff Report No. 1, **on predominantly residential corridors** where transition zones are mapped, **reduce the depth of the transition zone** (i.e. R4, RM1) by adjusting the depth to include the residential properties fronting the corridor. In general, this would result in the citywide reduction of transition zone application by generally the depth of one lot on predominantly residential corridors.

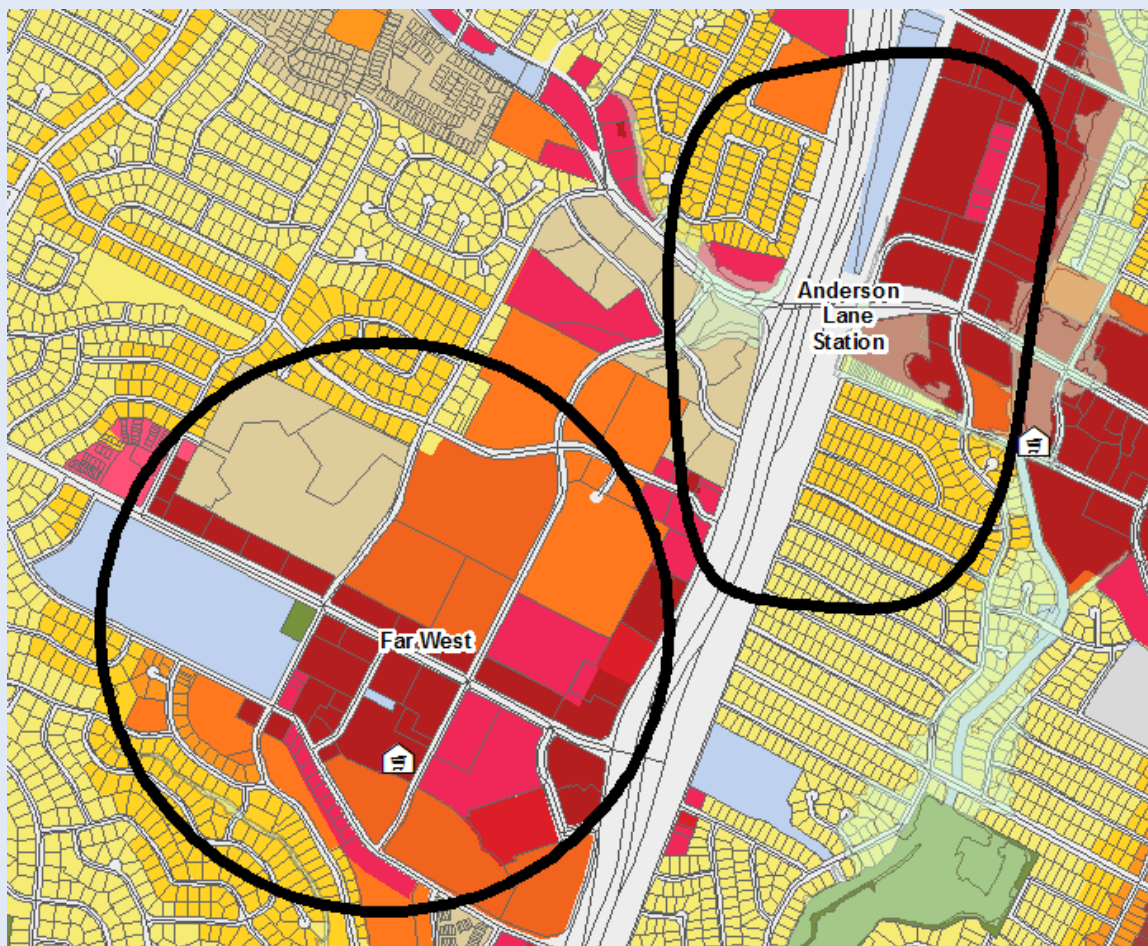


MISSING MIDDLE NEAR CENTERS

1st Reading Direction

To increase the supply of missing middle housing in recognized high opportunity areas, consider map revisions that locate additional missing middle housing opportunities near:

- *Imagine Austin Centers*
- *Mobility bond-funded improvements*
- *Parks*
- *Schools*
- *Grocery stores*
- *Corner lots*

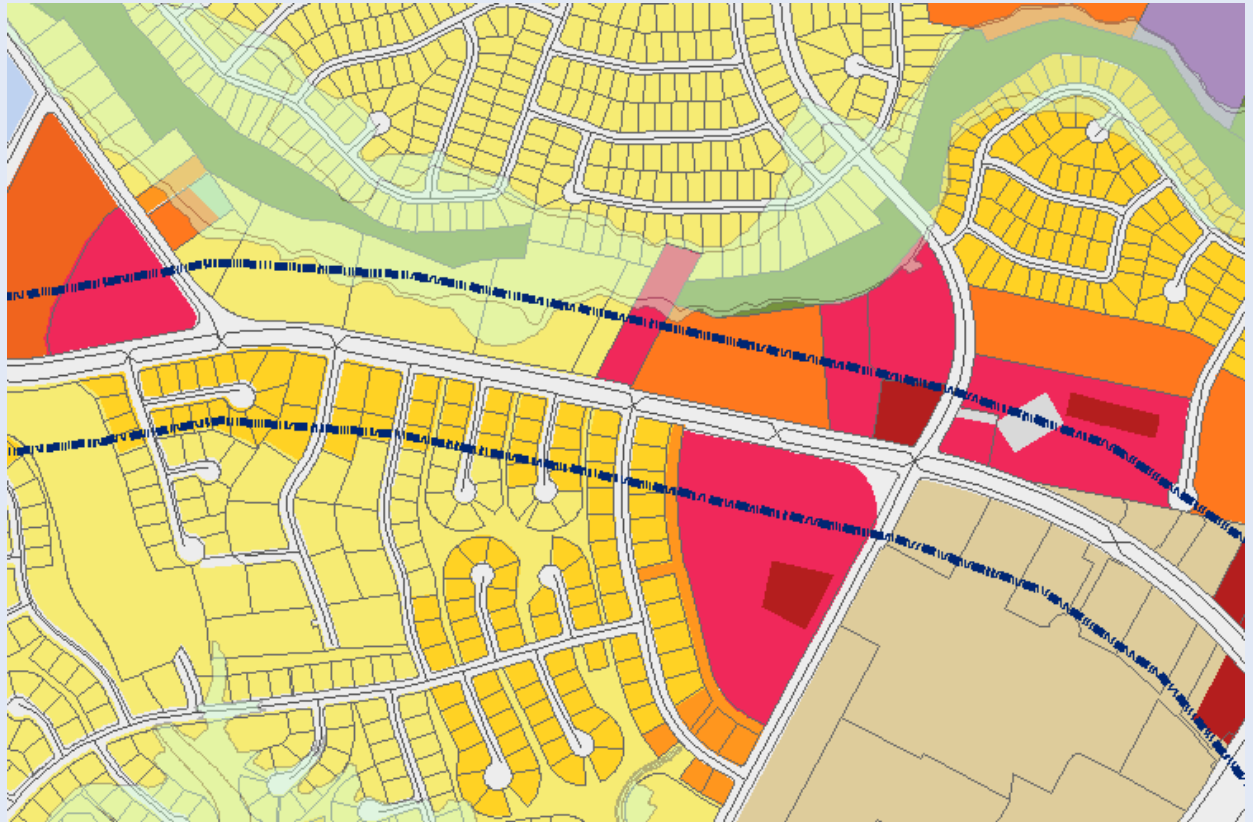


MISSING MIDDLE NEAR BOND FUNDING

1st Reading Direction

To increase the supply of missing middle housing in recognized high opportunity areas, consider map revisions that locate additional missing middle housing opportunities near:

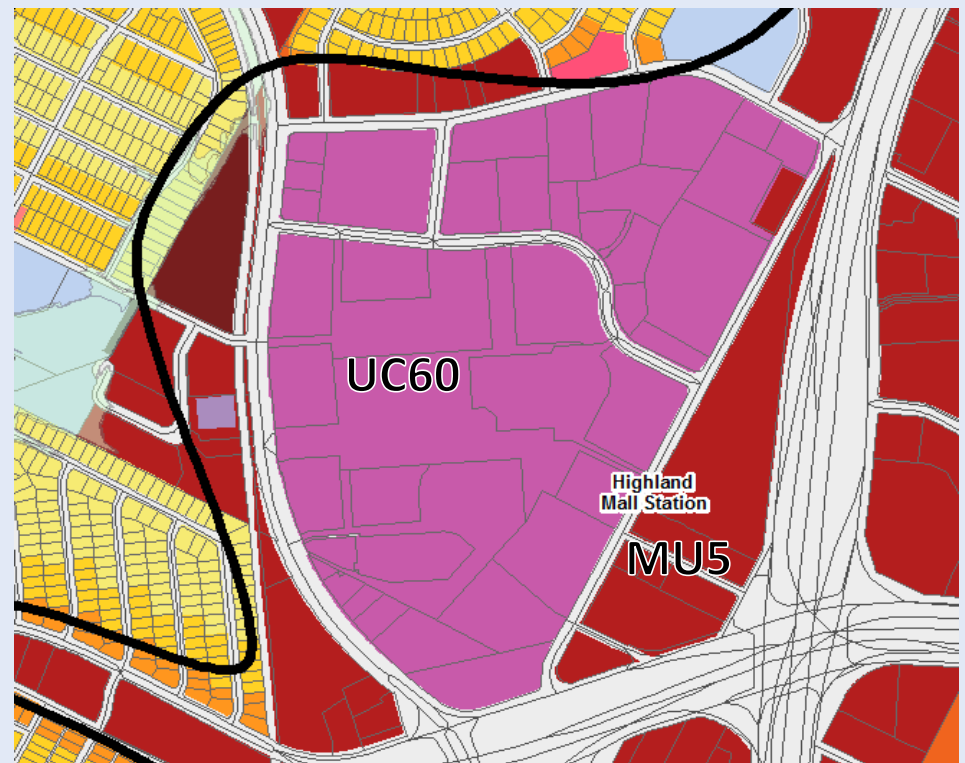
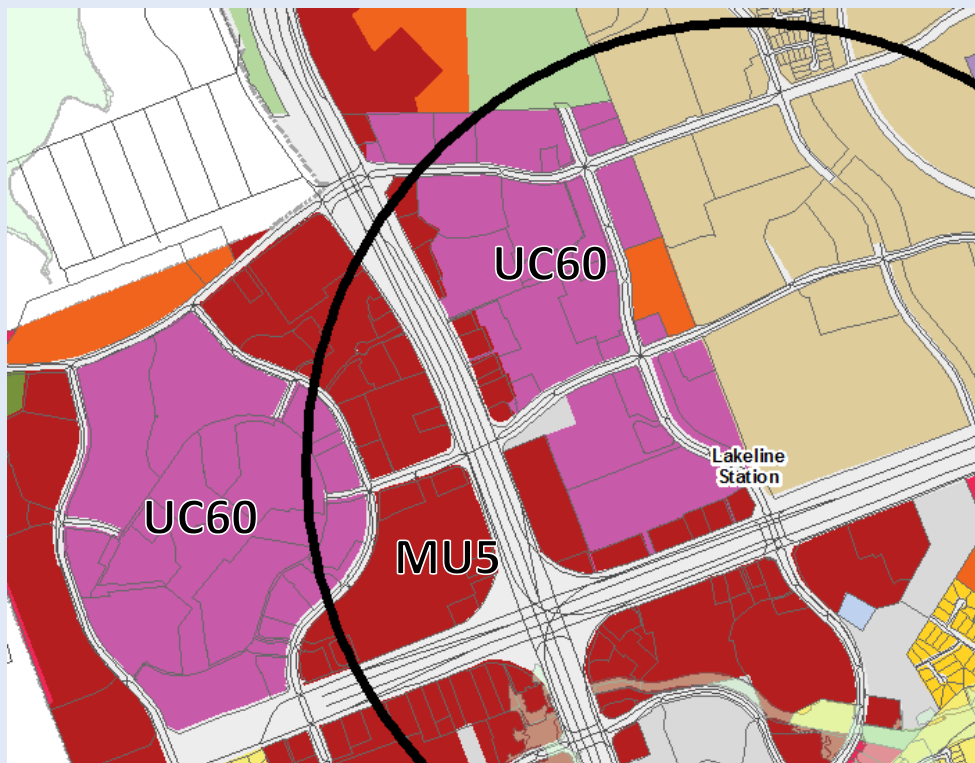
- *Imagine Austin Centers*
- *Mobility bond-funded improvements*
- *Parks*
- *Schools*
- *Grocery stores*
- *Corner lots*



UC IN CENTERS

1st Reading Direction

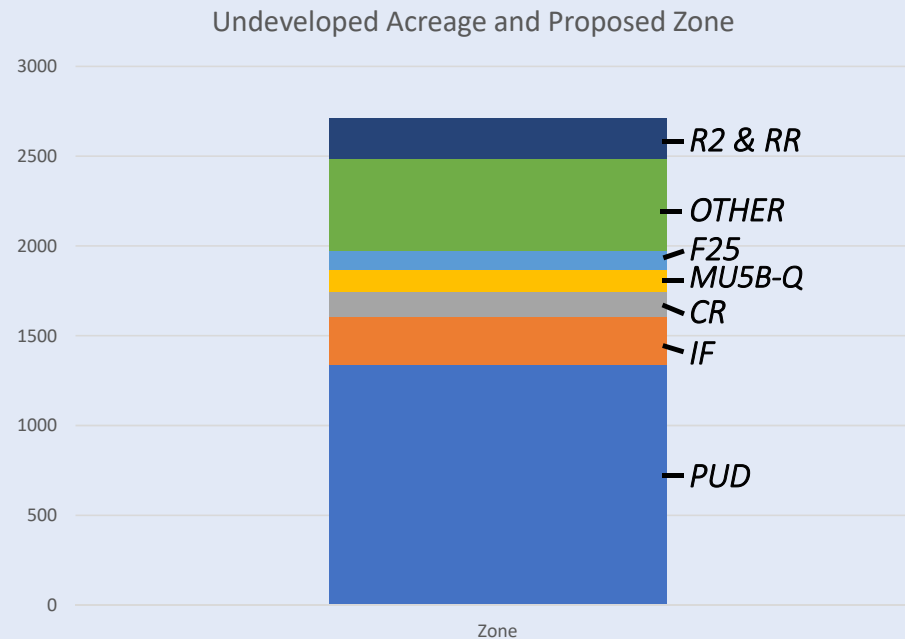
“Consider rezoning some Highland tracts and other Activity Centers to UC and apply transition zones from the Activity Centers.”



UNDEVELOPED CENTERS

1st Reading Direction

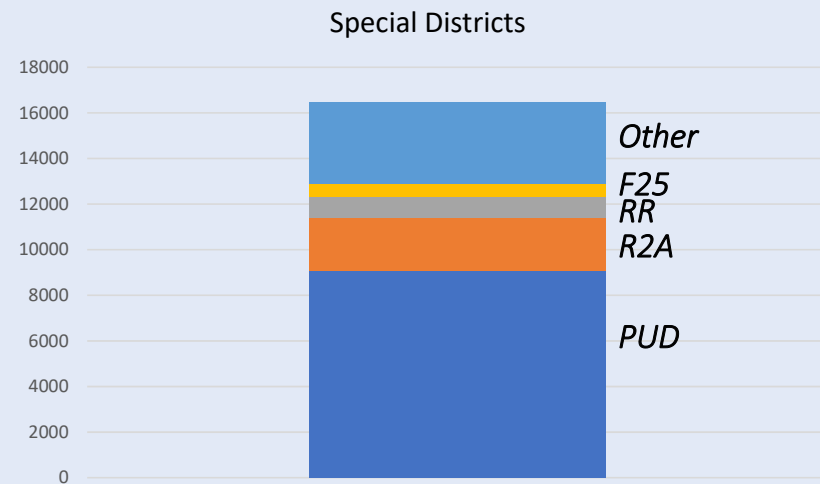
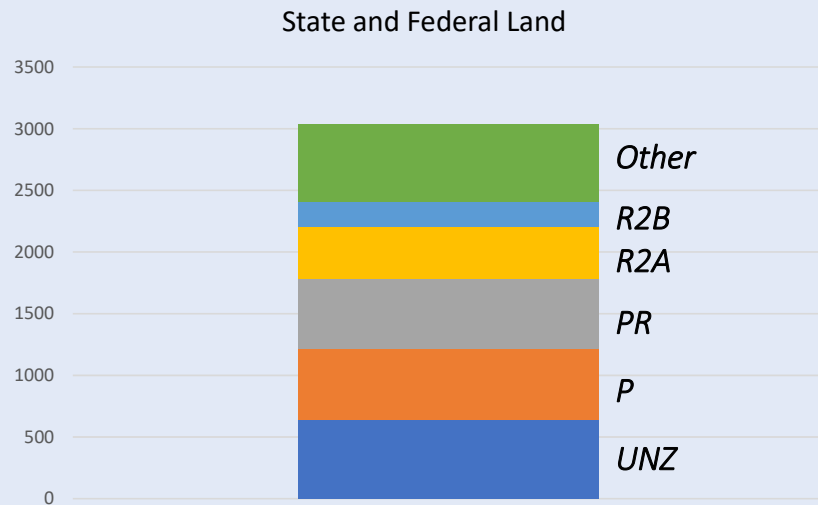
“Additional mapping of increased entitlements to maintain our housing capacity goals should first prioritize adding capacity by mapping additional entitlements within Imagine Austin Centers, starting with Regional Centers in high opportunity areas that are not zoned F25 and do not currently have a regulating plan as well as Imagine Austin Centers containing undeveloped (greenfield) areas”



SPECIAL DISTRICTS

1st Reading Direction

“Review proposed zoning for state and publicly owned lands, including lands controlled by Special Districts with elected boards, to ensure that zoning assignments align with current uses.”



DEVELOPMENT RESERVE

1st Reading Direction

“Areas currently zoned as Development Reserve that are to be maintained as undevelopable open space for the foreseeable future, such as greenspace owned and operated by homeowner associations, should be mapped as Conservation Land (23-3C-9070) or some other suitable zone to reflect their status as privately owned open space.”

Title 25 Zone	Classification/Condition	New LDC Zone
Development Reserve	Preserve land	CL
	Existing public parkland	PR
	Municipal properties, besides parks	P
	Other DR properties	F25

EXISTING FOUR/TRIPLEXES

1st Reading Direction

“To protect renters, right zone city wide existing missing middle housing, including triplexes and fourplexes.”

May 2nd Direction

“Generally, revisions to the Zoning map should not result in a downzoning of an existing use.”

“Existing market rate affordable multifamily shall not be mapped to be upzoned.”

MISSING MIDDLE MAPPING

1st Reading Direction

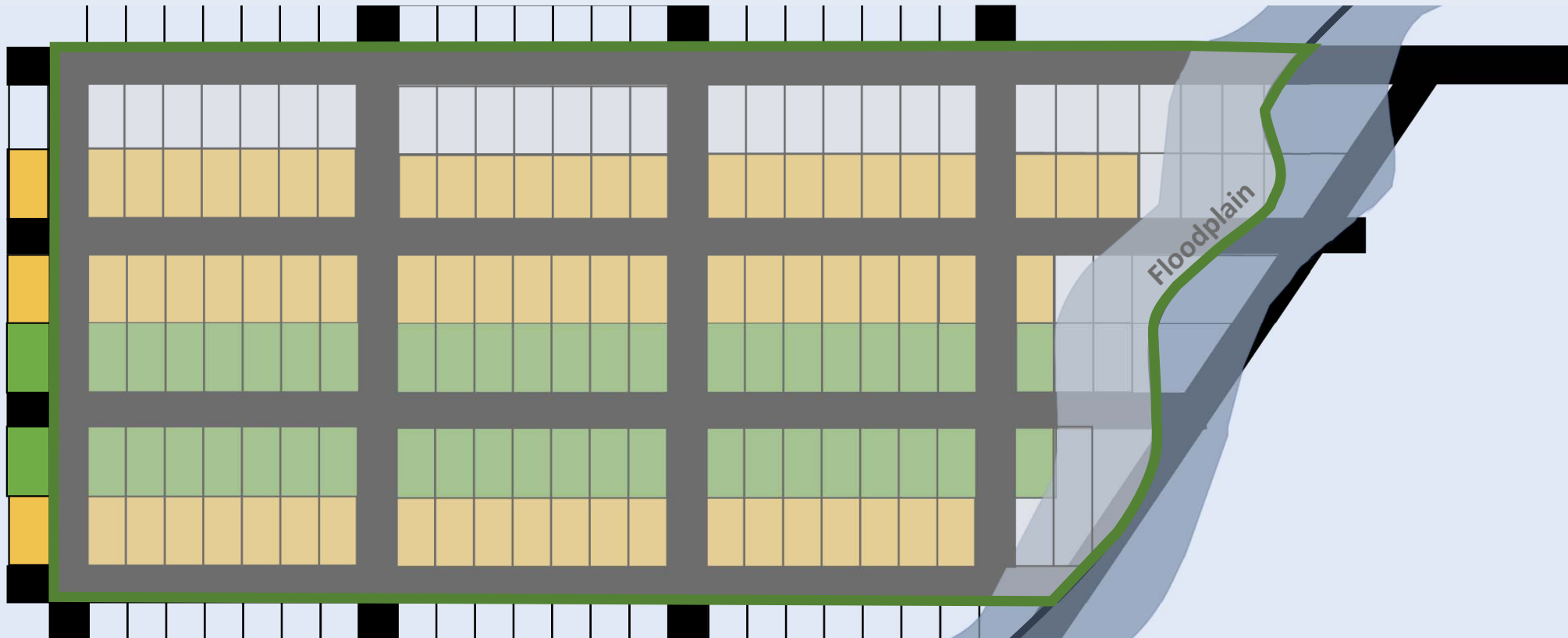
To increase the supply of missing middle housing in recognized high opportunity areas, consider map revisions that locate additional missing middle housing opportunities near:

- *Imagine Austin Centers*
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- *Corner lots*

LOCAL FLOOD PROBLEM AREA CHANGES

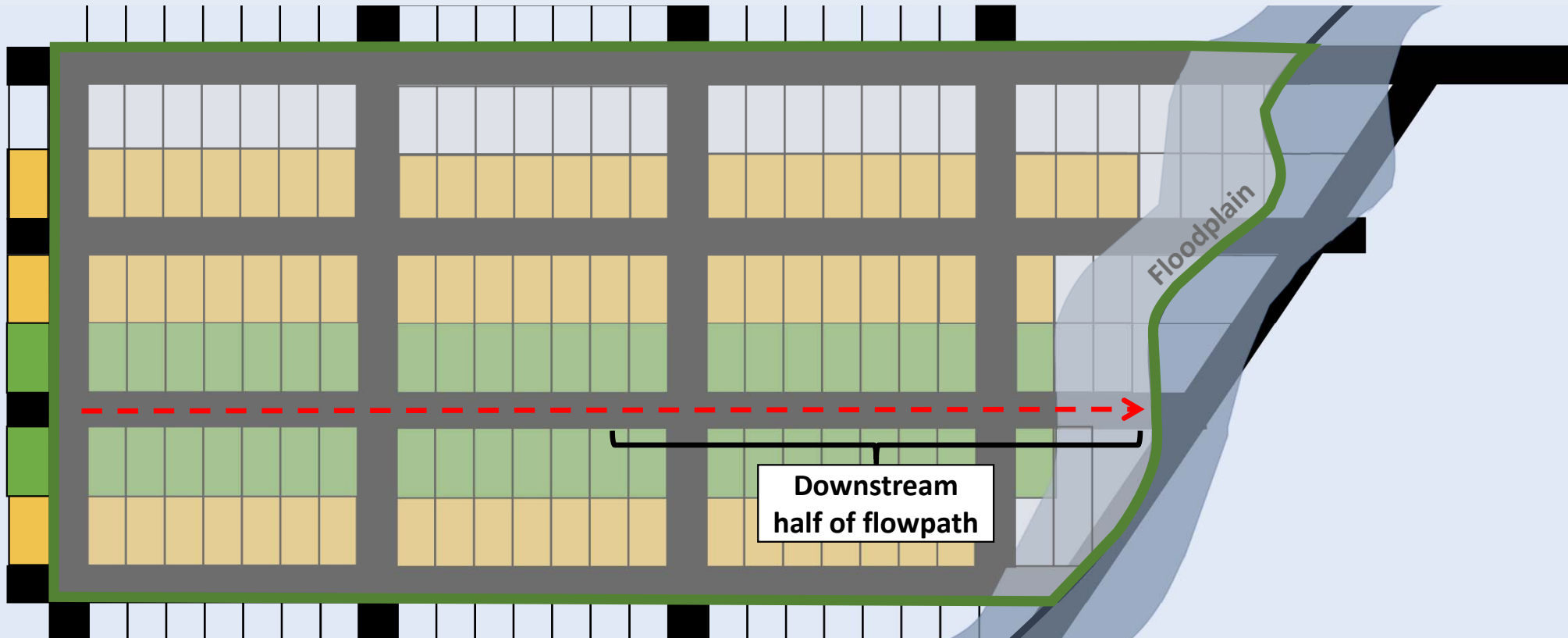
- Concern to be addressed: potential addition of new residential units in areas within local flood problem areas
- Proposed remedy: remove missing middle zones along the “lower half” of drainageways within Local Flood Problem Areas; addresses areas most likely to have accumulated drainage flows
- Results: Removed proposed missing middle zoning from over 300 properties

LOCAL FLOOD PROBLEM AREA CHANGES



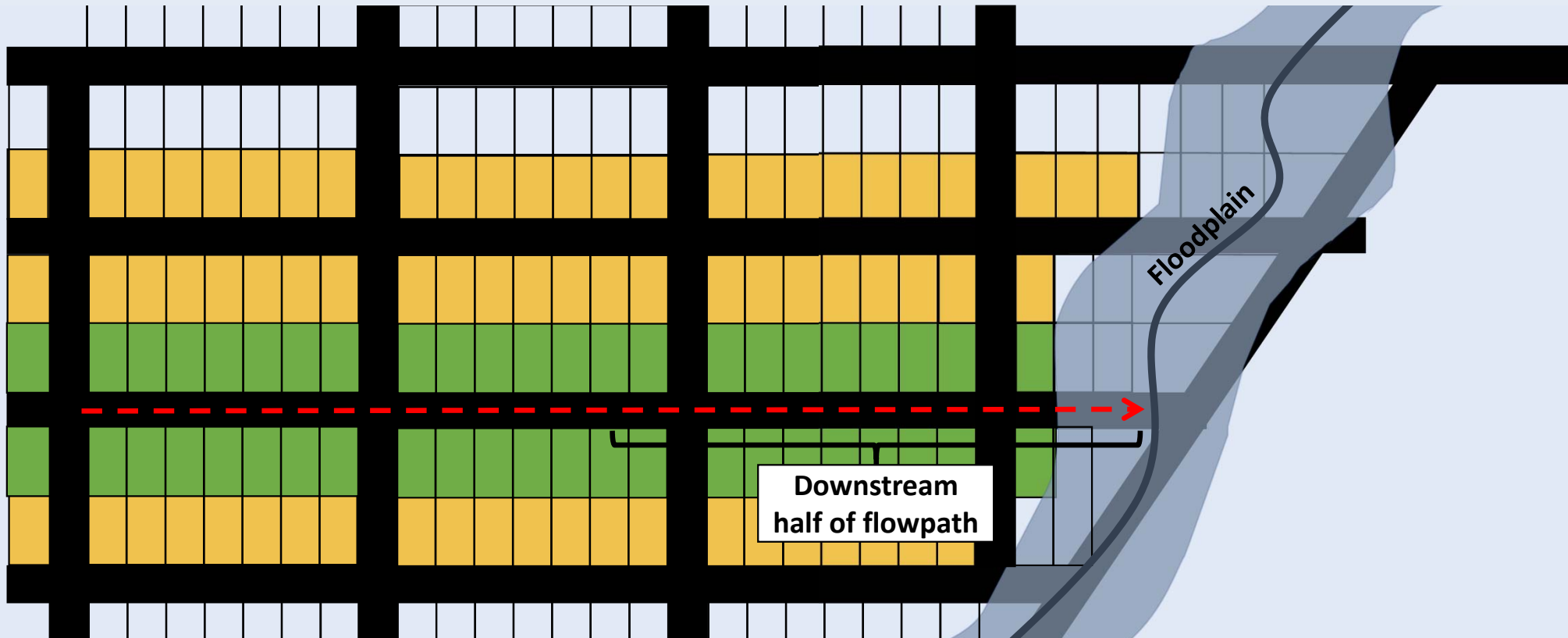
Local Flood Problem Area: Area used to delineate the area of a potential Capital Improvement Project to address local drainage issues

LOCAL FLOOD PROBLEM AREA CHANGES



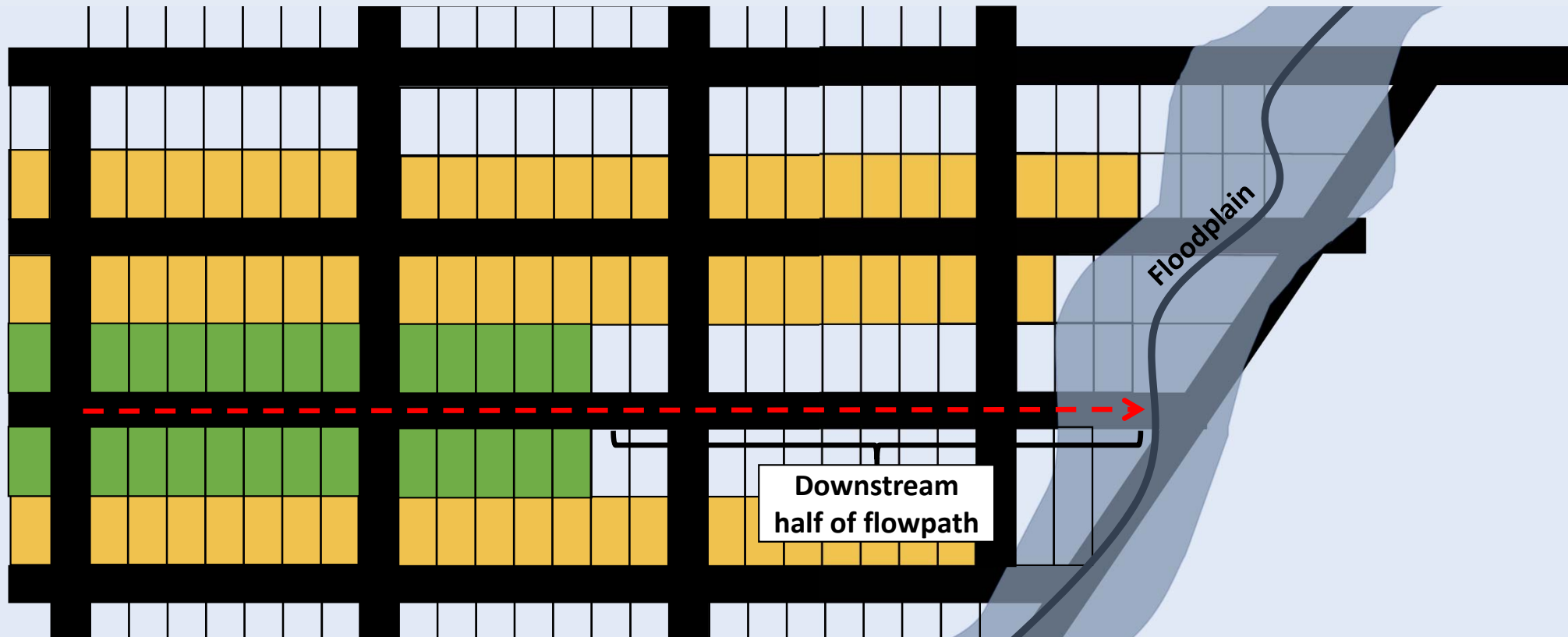
Local Flood Problem Area: Area used to delineate the area of a potential Capital Improvement Project to address local drainage issues

LOCAL FLOOD PROBLEM AREA CHANGES



Local Flood Problem Area: Area used to delineate the area of a potential Capital Improvement Project to address local drainage issues

LOCAL FLOOD PROBLEM AREA CHANGES



Local Flood Problem Area: Area used to delineate the area of a potential Capital Improvement Project to address local drainage issues

COUNCIL DIRECTION RELATED TO BONUS PROGRAMS

BONUS PROGRAM COUNCIL DIRECTION

- Equity Area
- VMU
- Downtown Density Bonus Program
- Other Bonus Program Changes

COUNCIL DIRECTION: EQUITY AREA

Council Direction: Garza – 1 (Equity Overlay)

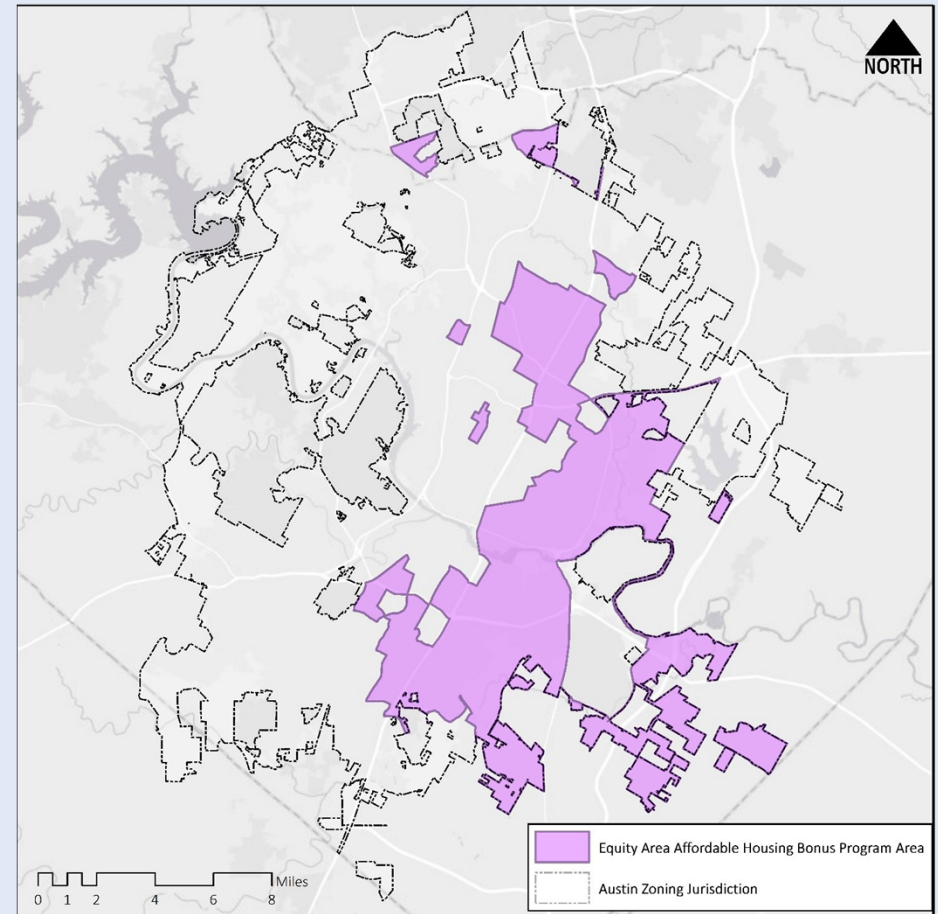
“BOUNDARIES: The area for the overlay should be delineated by the vulnerability map in the UT Uprooted study. Staff has already proposed this in their report.

- (a) PRESERVE EXISTING MULTIFAMILY: For current affordable multi-family -Map and zone to current structure and appropriate RM zone - No new height (in the base or bonus)
- (b) ONSITE AFFORDABILITY: Promote more onsite affordability - Require onsite affordability to be at least 10% of the total and no fee in lieu option.”

STAFF RESPONSE: EQUITY AREA

New Equity Area Bonus Program created

- Vulnerable areas identified by 2018 UT's Uprooted Study
- Requires on-site affordability to be at least 10% of the total
- No fee in-lieu option
- Preserve existing multi-family: Properties with existing multi-family must be granted Council approval to participate in the bonus program



COUNCIL DIRECTION: VMU PROGRAM

Council Direction: Casar AH1

“Keep the affordability requirements of VMU for currently zoned VMU lots. Set the base heights and residential densities for currently zoned VMU lots at the base height and densities of the current VMU lot”

Council Direction: Kitchen - 9

“To ensure we maintain zoning on properties currently with -V designation:

1. Carry over existing -V zoning designation on tracts to preserve the existing affordable requirements related to minimum residential units and **10% affordability based on total square footage** of the development”

Council Direction: Tovo - 7

“Properties with current Vertical Mixed-Use zoning should access the AHBP with requirements of **at least 10% affordable units or more.**”

Council Direction: Kitchen - 10

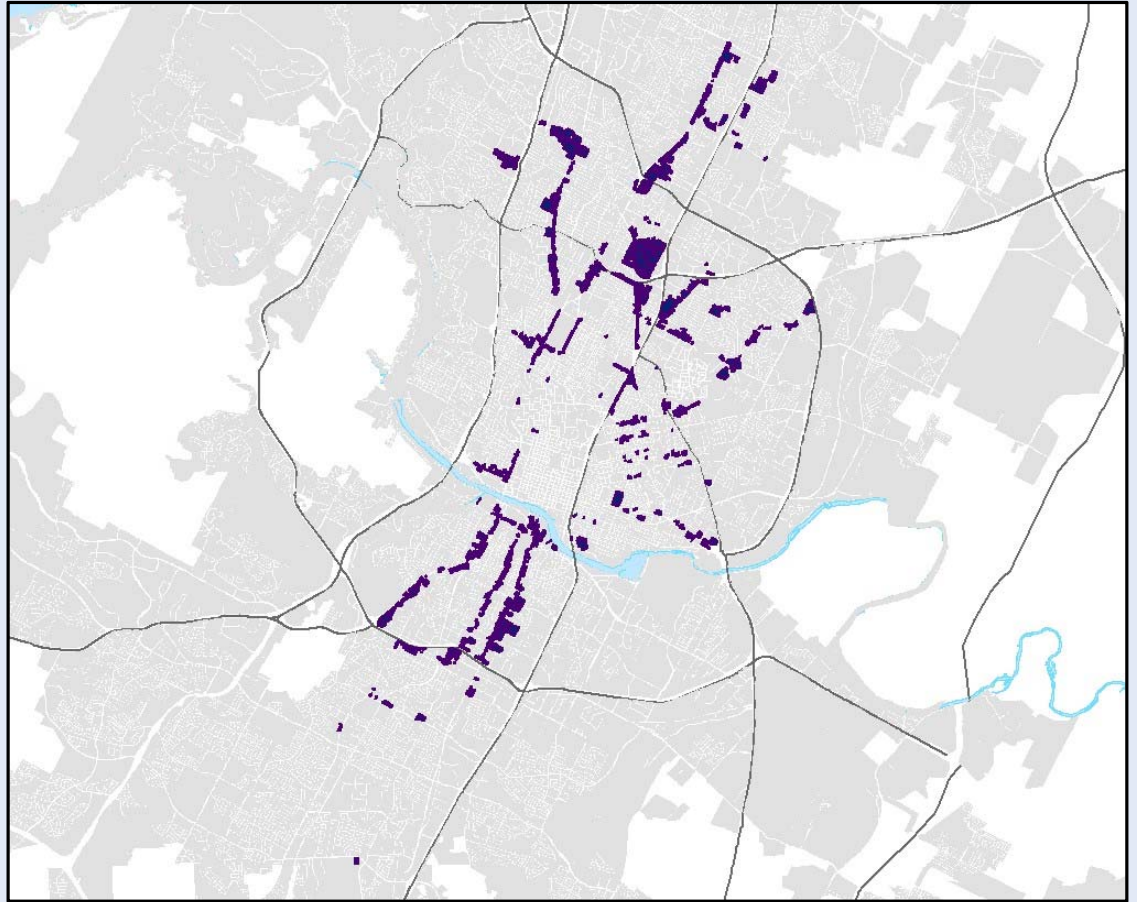
“To ensure broader opportunities for affordability:

1. Explore ways for Properties to access AHBP with **at least 10% set asides**
2. Include VMU in at least every 3-year lookback period/ evaluation cycle to analyze participation and success.”

STAFF RESPONSE: VMU PROPERTIES

New “-V” designation created

- Added a “-V” to the zoning string for properties that currently have a “-V” designation today
- Properties will be required to have at least 10% affordable units or more
- MFI requirements will be consistent with citywide Affordable Housing Bonus Program (60% rental, 80% ownership)



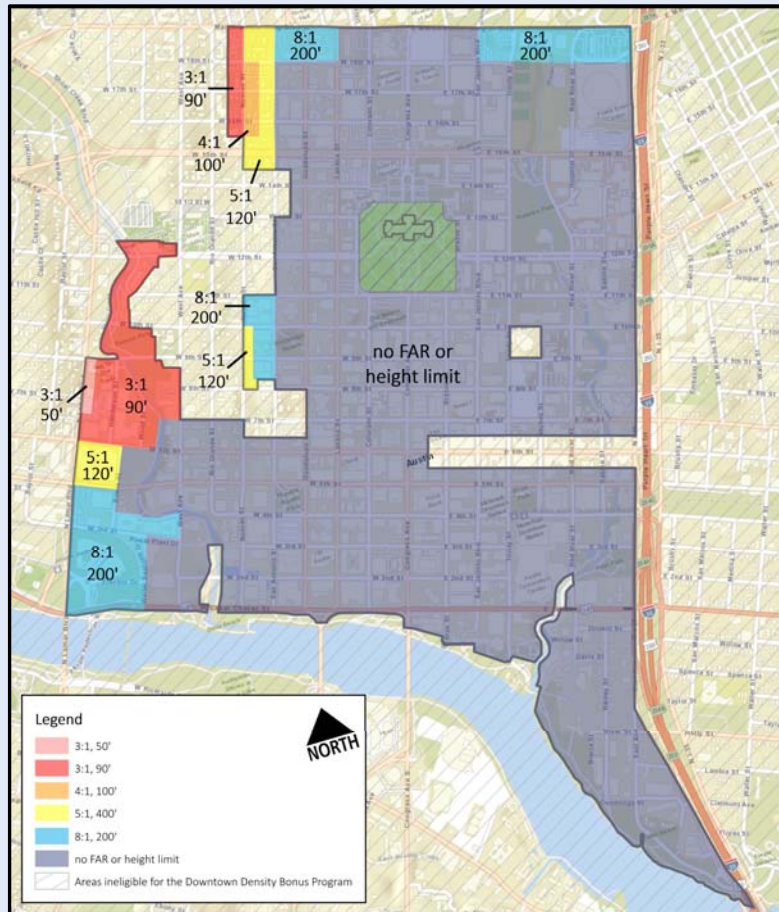
DOWNTOWN BONUS PROGRAM CHANGES

Council Direction

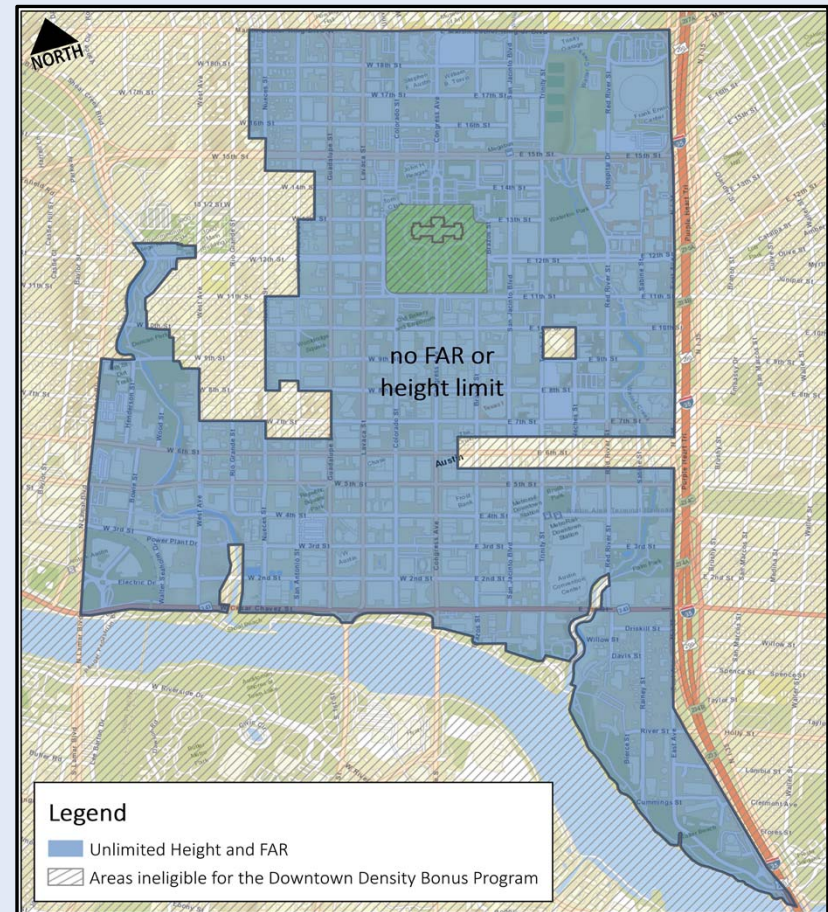
“Allow an unlimited CC bonus across Downtown, except do not map this unlimited bonus in the small area of Downtown where there currently is no bonus, on first reading. Council intends to add a bonus with new height and density in this northwest area on second reading, while maintaining a transition in height to areas that are primarily Residential House-Scale within the Downtown area. This transition in heights is to be considered the transition zone for house-scale areas in the Downtown. Staff and stakeholders should explore options for achieving this goal.

Within the boundaries of the Downtown Plan Overlay, if staff demonstrates that greater participation in the affordable housing bonus program would be achieved, DC zones may be mapped where CC zones are currently proposed, while maintaining a reasonable transition in height to areas that are primarily Residential House-Scale within the Northwest District of the Downtown Austin Plan Overlay.”

DOWNTOWN BONUS PROGRAM CHANGES



1st Reading Draft



2nd Reading Draft

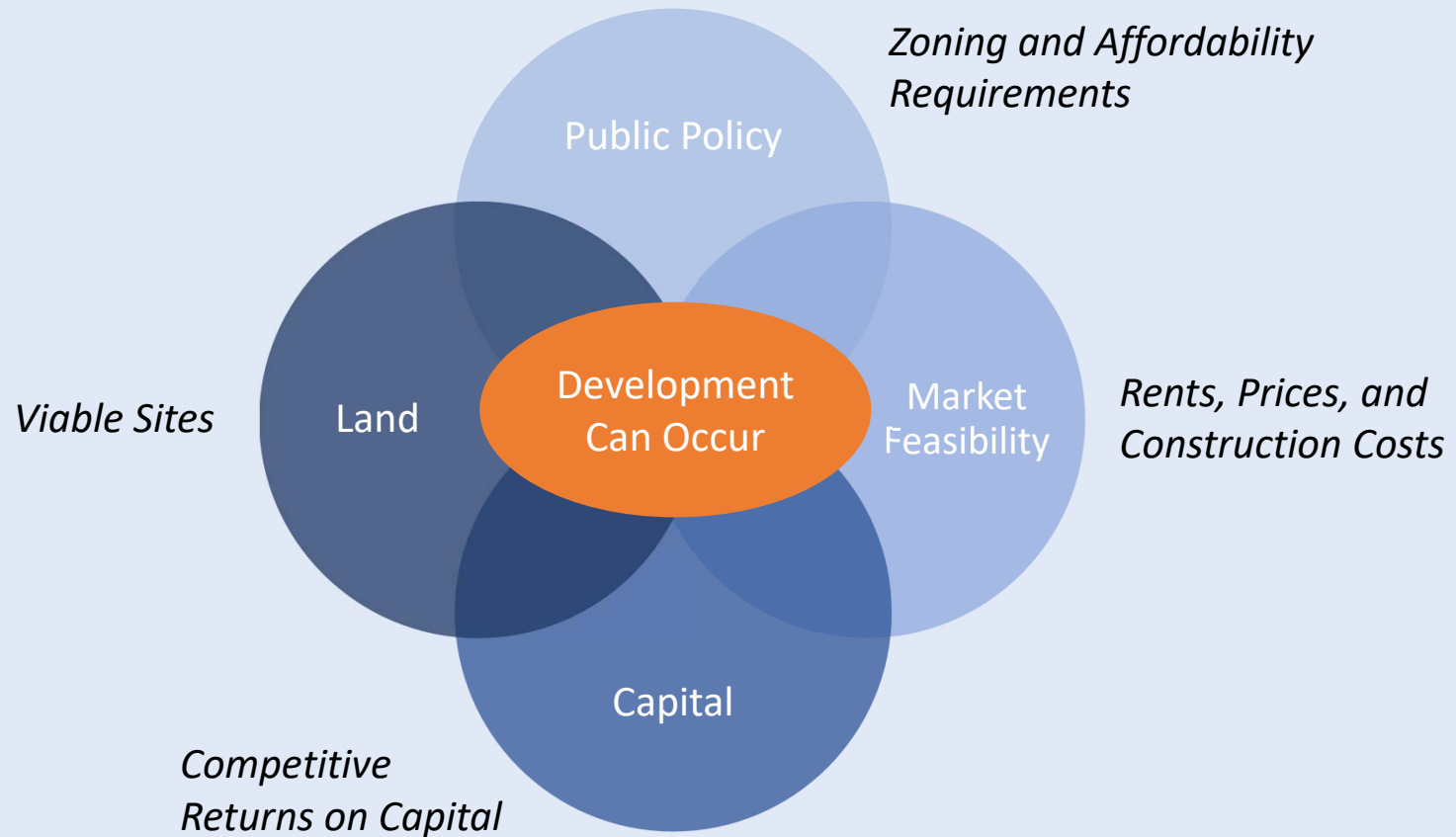
OTHER BONUS PROGRAM CHANGES

Rename “-A” designation to “-Q”

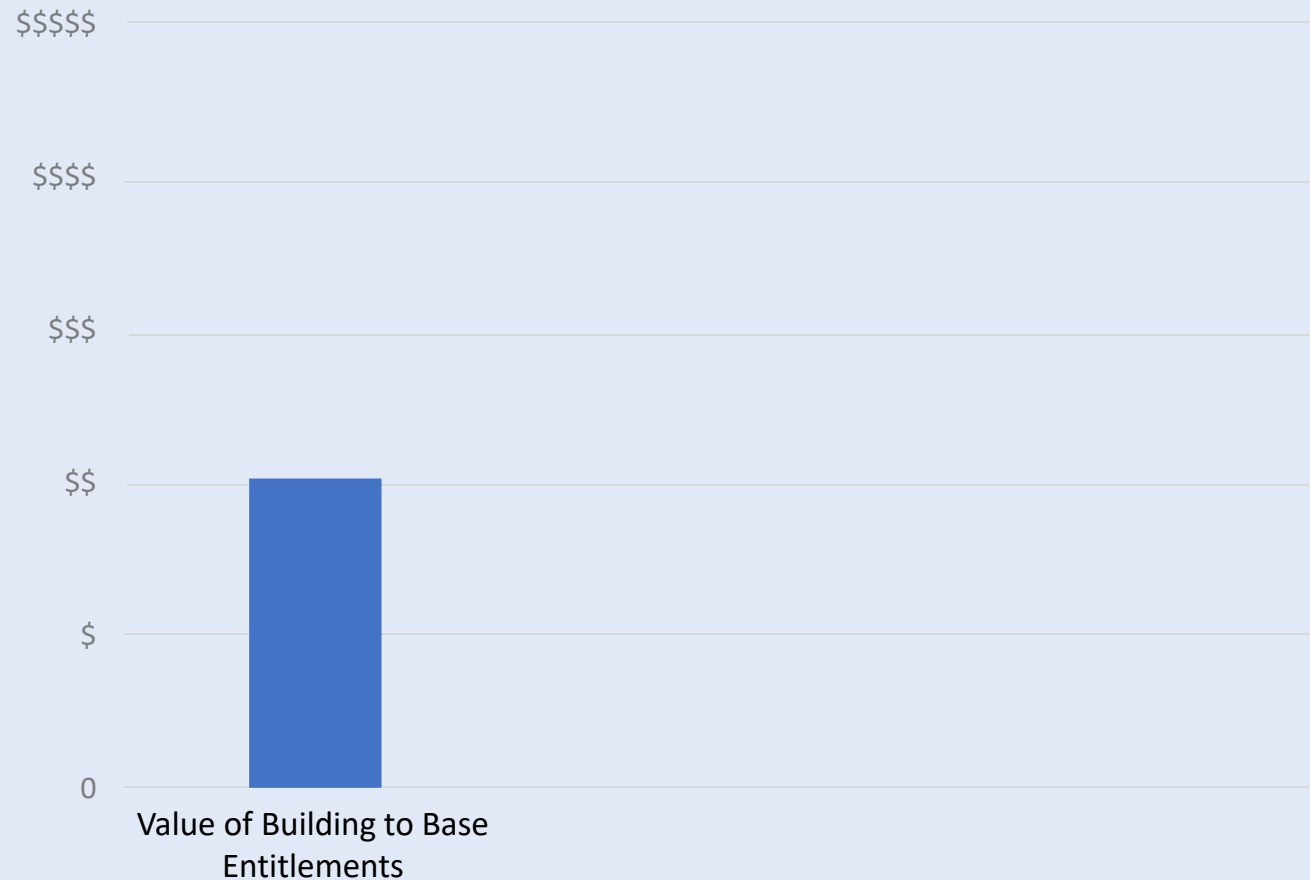
- “-Q” is applied to the zoning string for properties that currently do not have residential entitlements today
- Renamed for legibility
- Affordability requirements apply to all residential square footage

Affordable Housing Bonus Calibrations

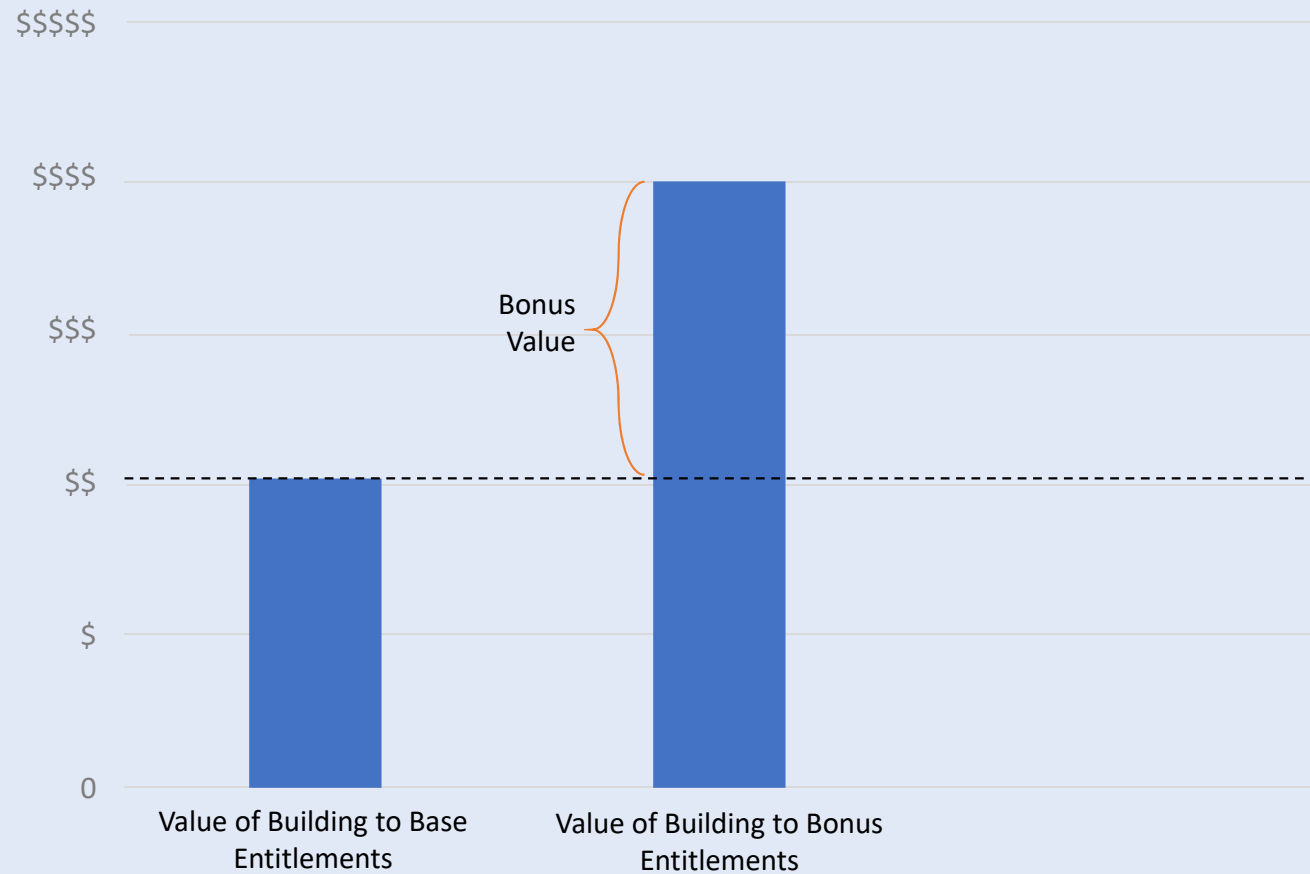
Real Estate Development Fundamentals



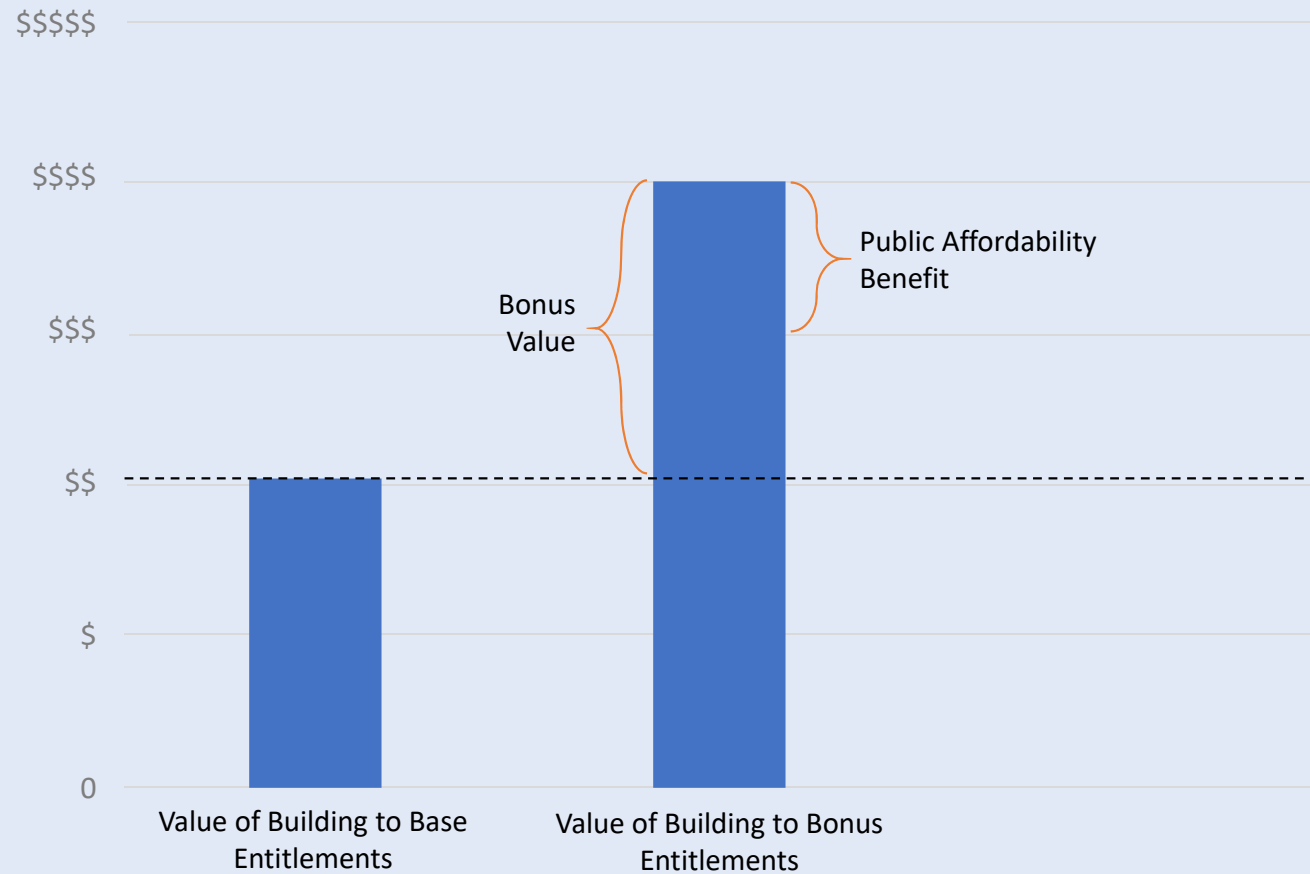
Real Estate Development Fundamentals



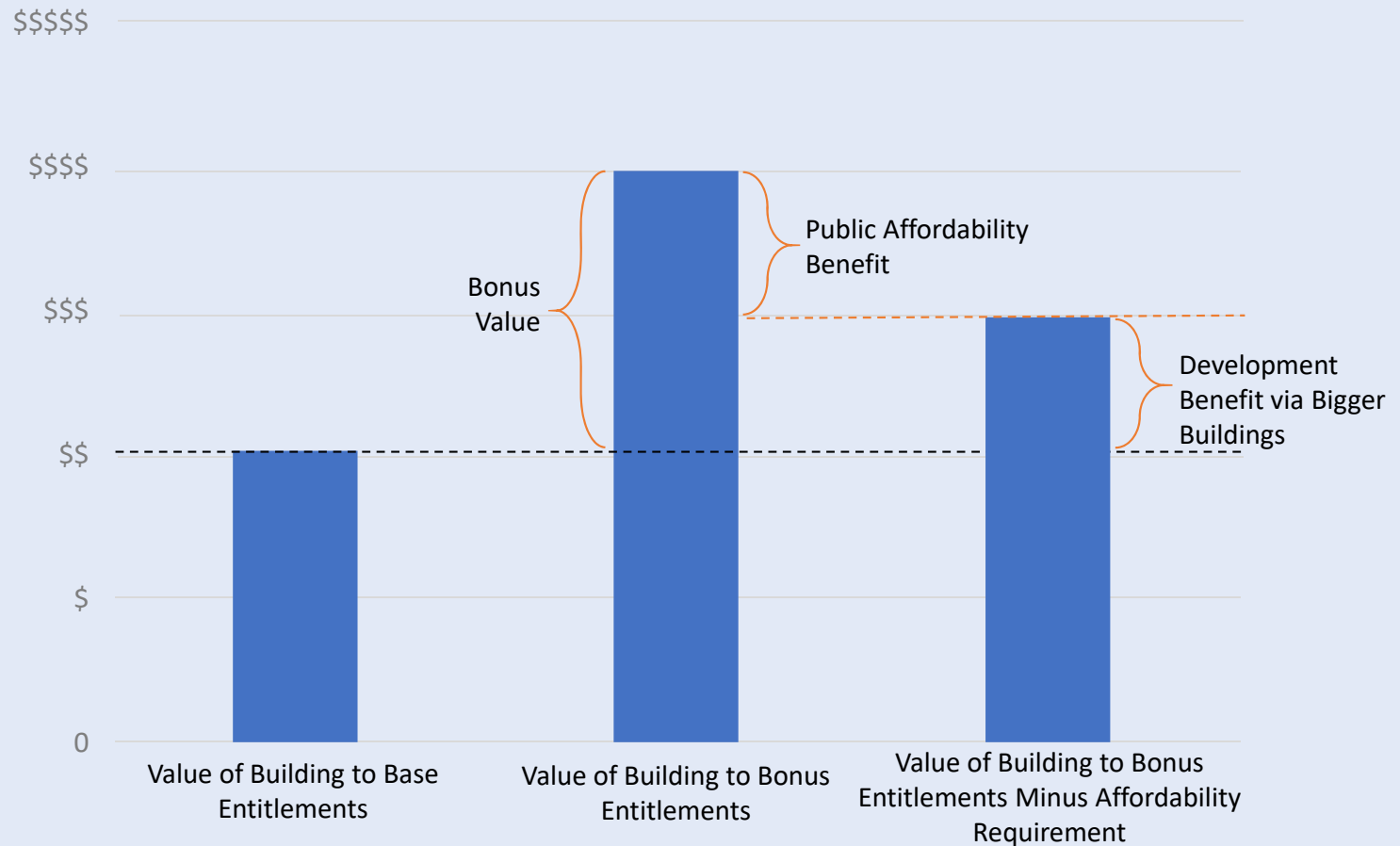
Real Estate Development Fundamentals



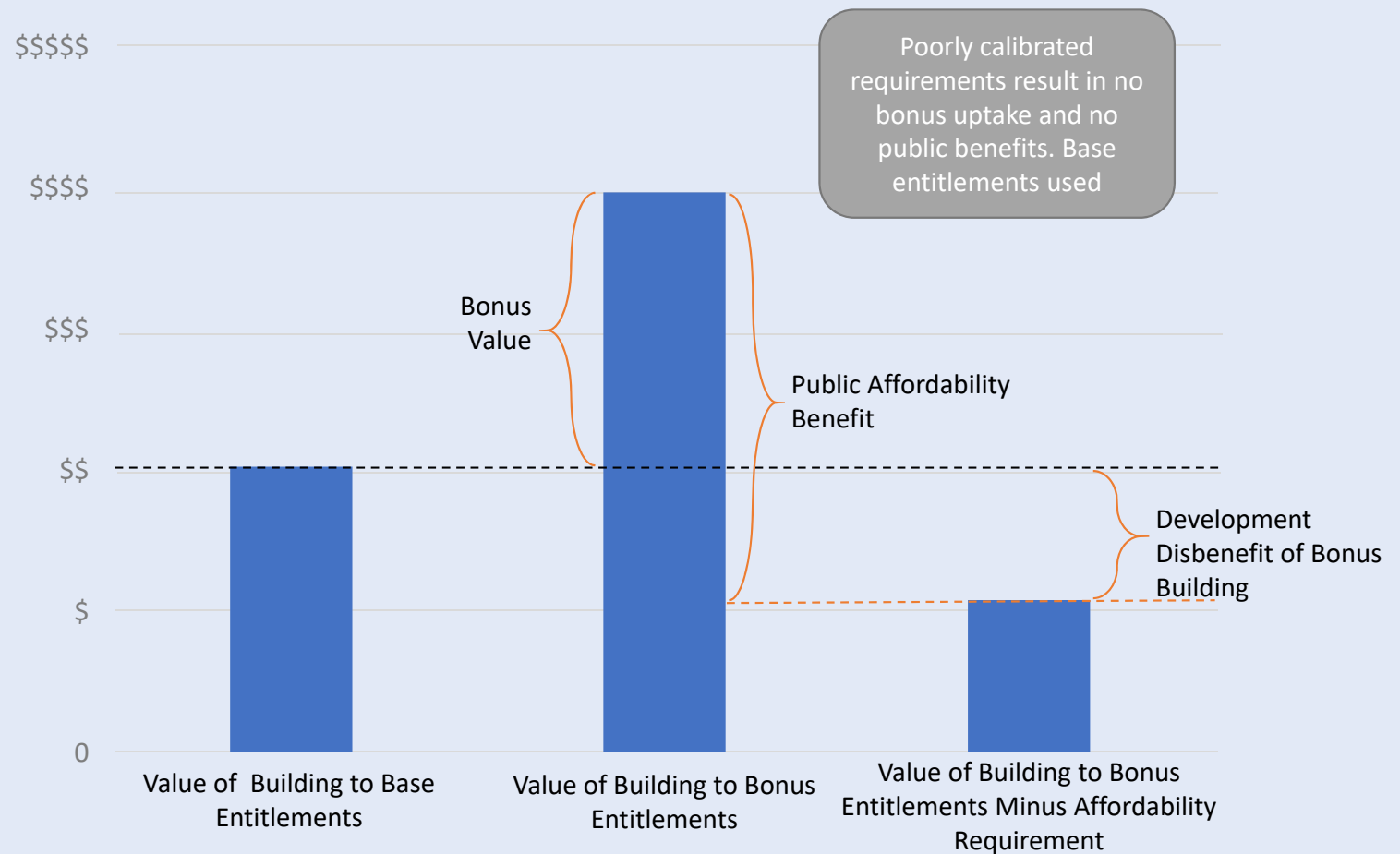
Real Estate Development Fundamentals



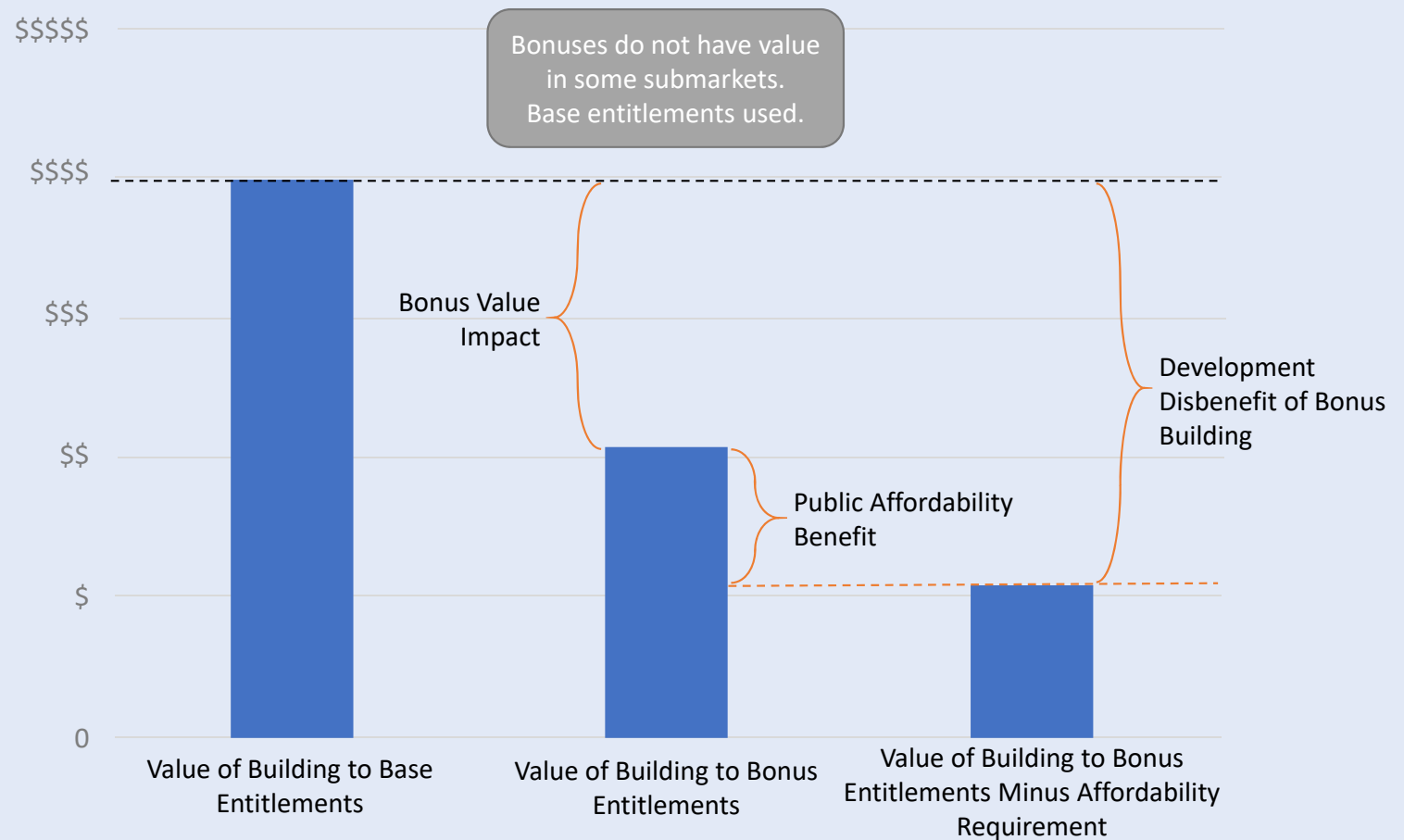
Real Estate Development Fundamentals



Real Estate Development Fundamentals

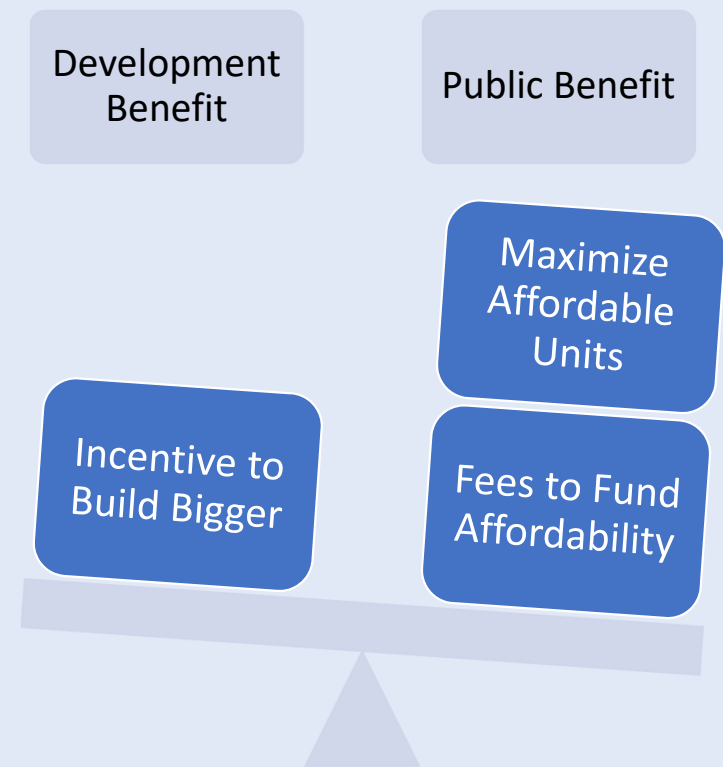


Real Estate Development Fundamentals



Density Bonus Calibration

- Careful calibration to weigh development benefit and public benefit
- Without participation in the bonus, no bonus units – market-rate or affordable – will be constructed
- Careful calibration needed to maximize public benefit and achieve policy goals

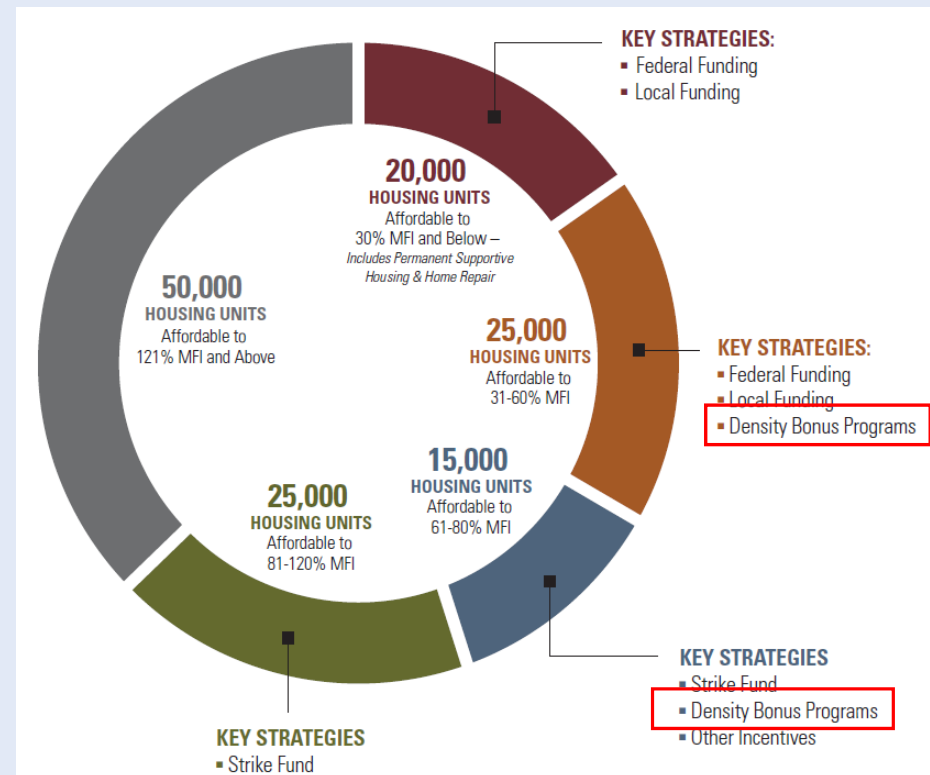


Citywide Affordable Housing Bonus Program (AHBP) Calibration

Developing the AHBP

AFFORDABILITY GOALS

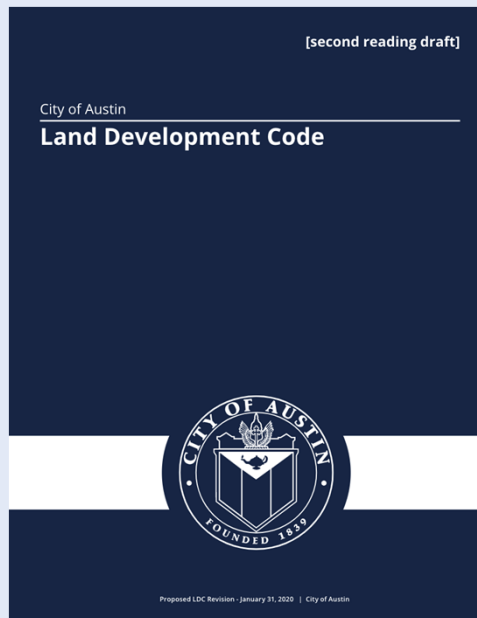
- 10-year community affordable housing goal of 60,000 units at 80% MFI and below
- Subset of that goal is applicable to market-driven affordable housing density bonuses



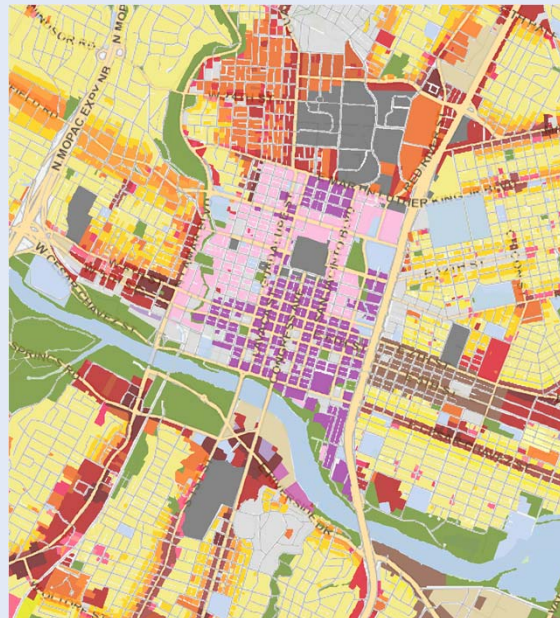
Implementing the AHBP

AHBP DEVELOPMENT IN RESPONSE TO COUNCIL DIRECTION

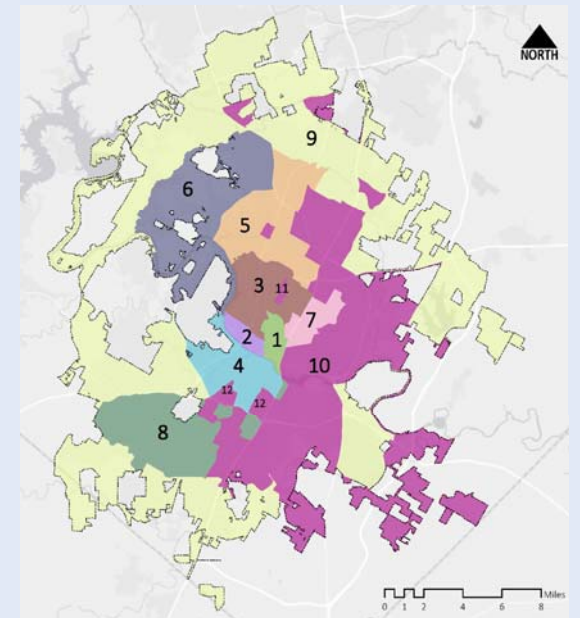
Incorporate AHBP into code



Consider AHBP in mapping



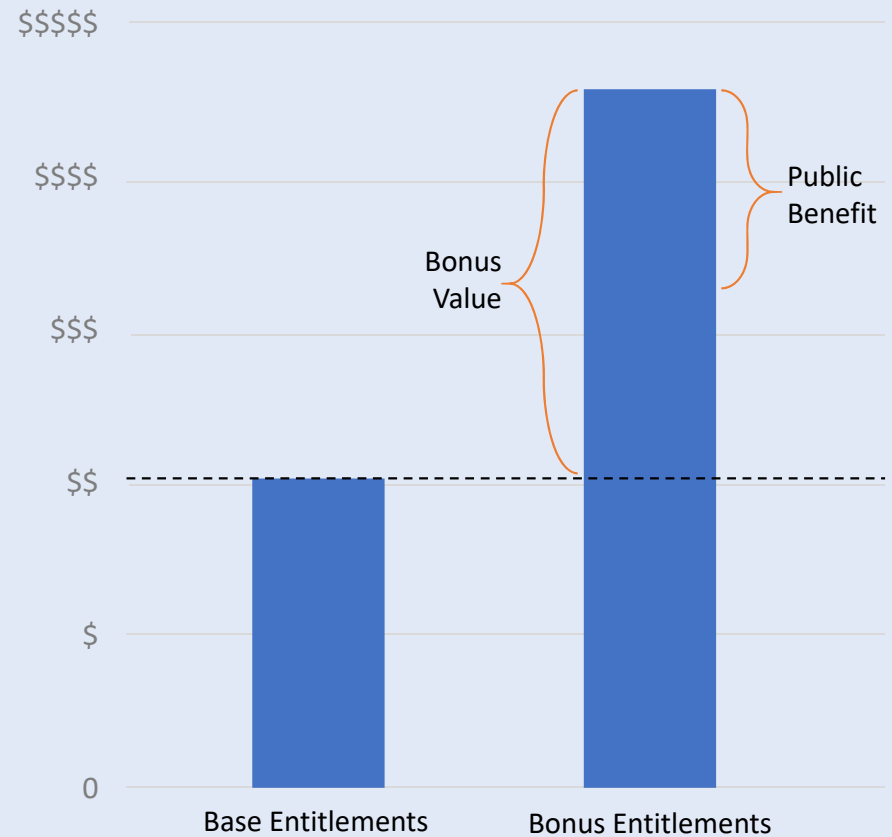
Apply market-specific calibration



Calibrating AHBP

ANALYZE BONUS VALUE

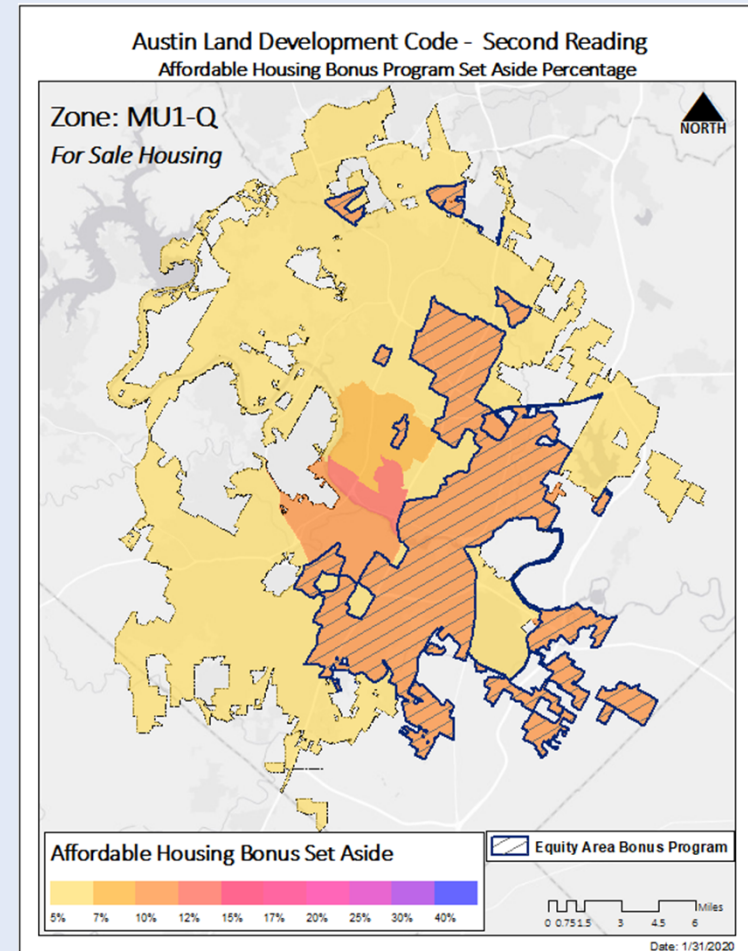
1. Gather base, bonus, and max bonus entitlements
2. Consider prototypical buildings for base and bonus entitlements on a variety of parcel sizes across distinct submarkets
3. Calculate the difference in value between base and bonus prototypes



Calibrating AHBP

GEOGRAPHIC SPECIFICITY

- Clustered submarkets into simplified policy geographies based on market dynamics
- Refined policy geographies to reflect “natural” boundaries
- AHBP requirements set by geography to maximize affordable unit delivery

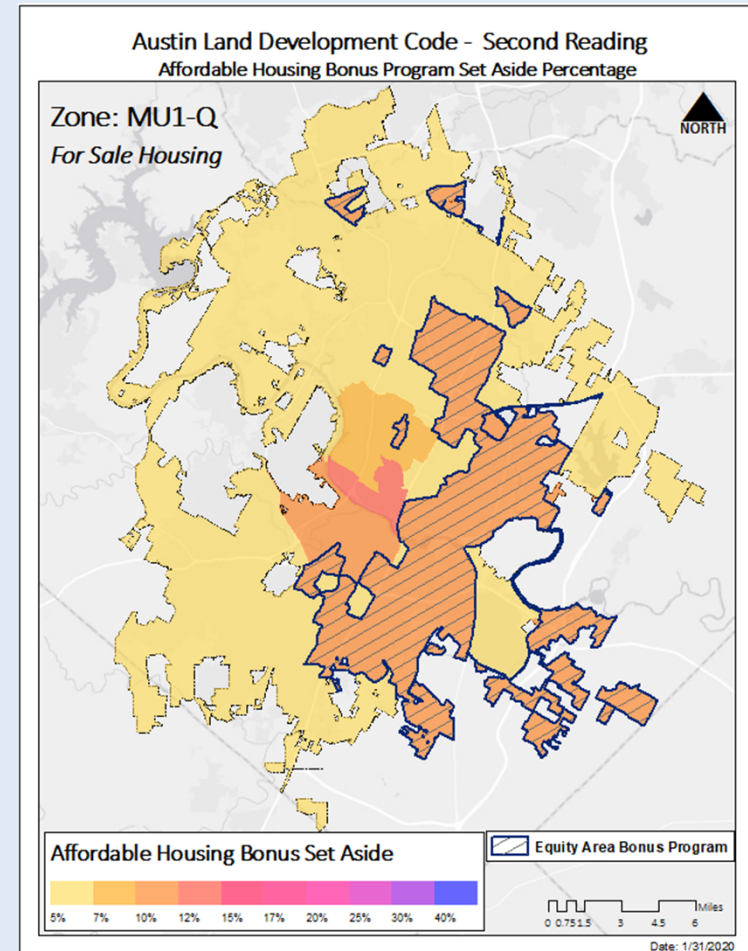


Look for a link to the Affordable Housing Bonus Program Guide on the Land Development Code Revision website: <http://www.austintexas.gov/departments/resources>

Calibrating AHBP

UNIT REQUIREMENTS

- Approximately 3 to 20 market-rate units can cross-subsidize 1 affordable unit depending on:
 - Zone-specific entitlements
 - Housing tenure
 - Market geography
- Affordable requirements were right-sized to maximize bonus uptake and delivery of bonus affordable units



Look for a link to the Affordable Housing Bonus Program Guide on the Land Development Code Revision website: <http://www.austintexas.gov/departments/resources>

Calibrating AHBP

FEE IN-LIEU OF ON-SITE AFFORDABLE UNITS

AHBP Calibration Principle:

- Fees in-lieu of delivering on-site units will be allowed in some cases
- Fees-in-lieu 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

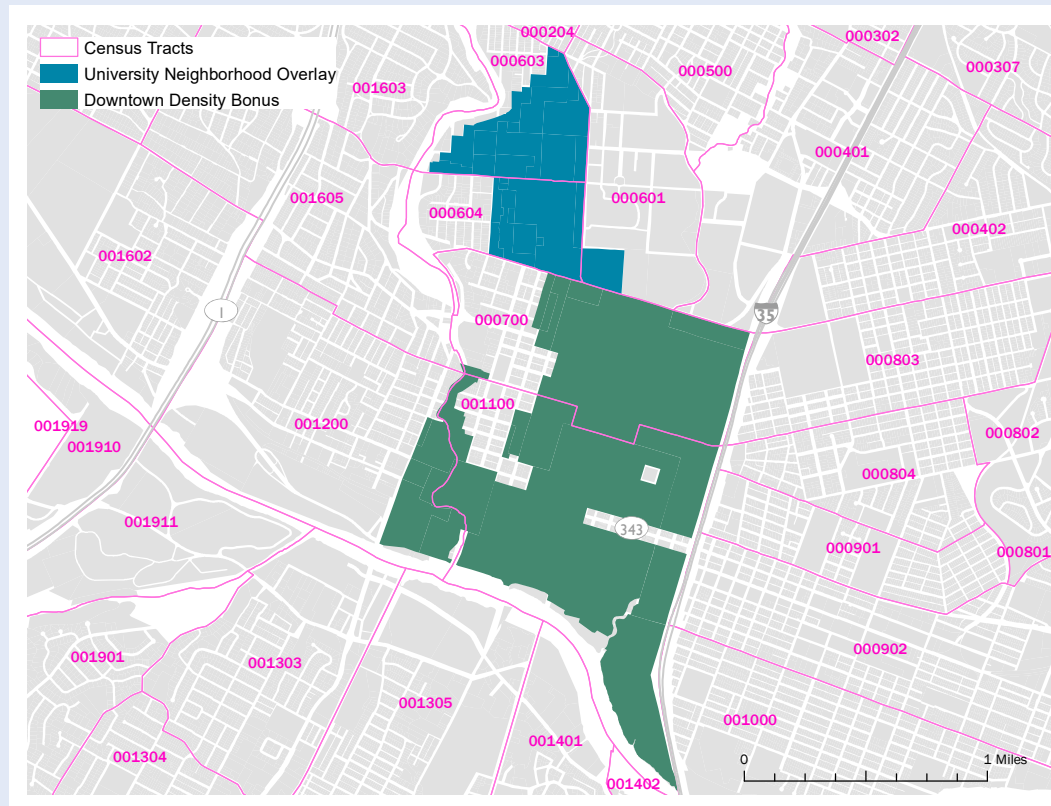
This information can be found in the “Affordable Housing Bonus Program Guide” on the Land Development Code Revision website

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

Downtown and University Neighborhood Overlay (UNO) Bonus In-Lieu Fee Calibration

Downtown & UNO

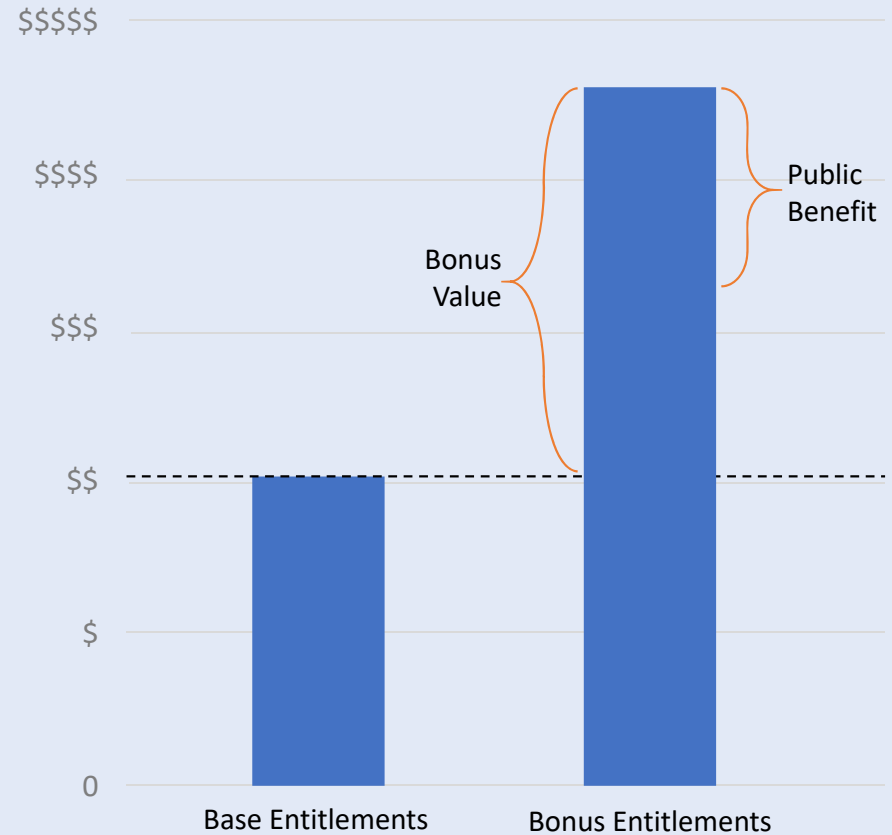
LDC-RELATED BONUS PROGRAMS



Fee Calibration

ANALYZE BONUS VALUE

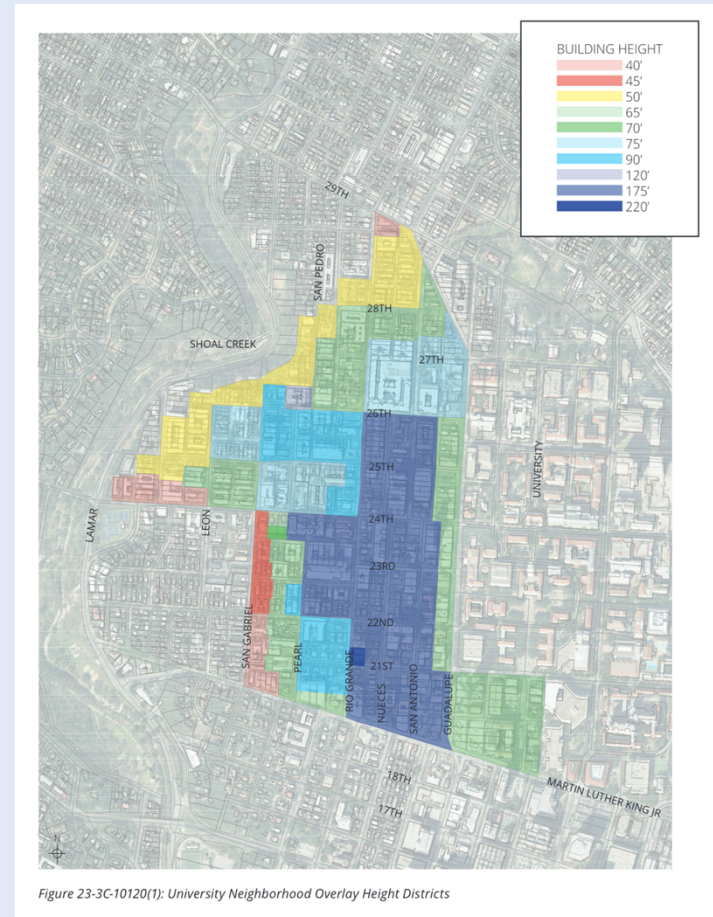
1. Gather base, bonus, and max bonus entitlements
 - i. Five+ downtown specifications
 - ii. Sampling of > 60 UNO specifications with multiple bonus opportunities
2. Consider prototypical buildings for base and bonus entitlements on a variety of parcel sizes
3. Calculate the difference in value between base and bonus prototypes



Fee Calibration

DEFINE POLICY GEOGRAPHIES AND FEES

1. Test fees under various policy geographies
 - i. Based on existing bonus policy geography
 - ii. Based on geographies defined in subdistrict plans
 - iii. Based on market sub-geographies
 - iv. Based on bonus entitlement geographies
 - v. Based on base entitlement geographies
2. Define optimal fee specification, balancing fee precision with policy legibility



Fee Calibration

RECOMMENDED FEES IN DOWNTOWN AND UNO

Bonus Area	Residential In-Lieu Fee per Square Foot*	Commercial In-Lieu Fee per Square Foot	Applicability
Downtown CC Zones	\$10	\$12	Fees per square foot of bonus
Downtown DC Zones	\$12	\$18	Fees per square foot of bonus
Downtown Rainey Subdistrict	\$5**	\$12 for CC Zones \$18 for DC Zones	Fees per square foot of bonus
UNO	\$1.50**,***	\$0	Fees per square foot of building

* Residential fees could be higher if parking maximums in the draft code were adjusted. Currently, condominium sale prices are associated with parking provision at approximately one and a half stalls per unit.

** This district requires that a developer provide some on-site affordable units, even when paying a fee in lieu of providing other required units.

*** UNO provides for multiple, layered bonuses. This fee applies to all in-lieu options.



HOUSING CAPACITY OVERVIEW



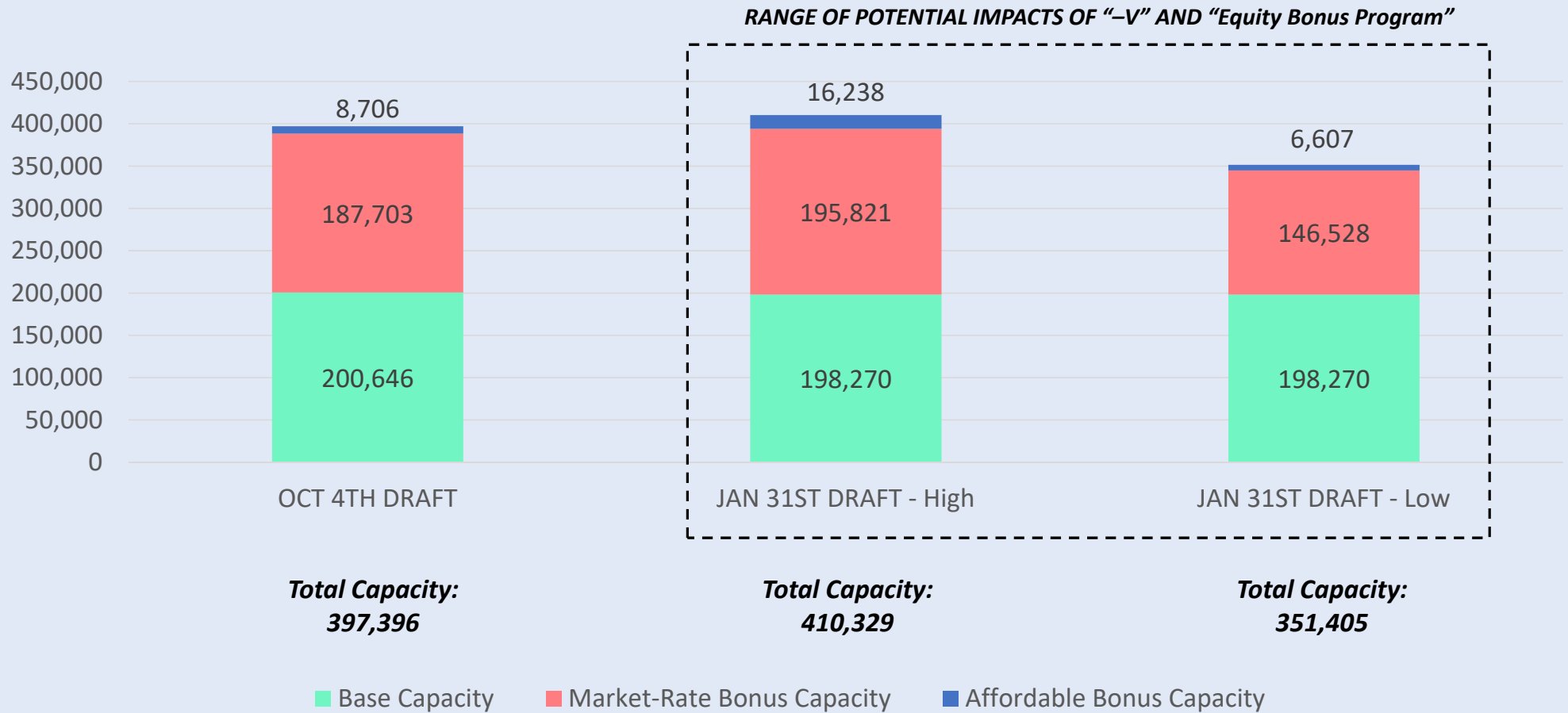
HOUSING CAPACITY OVERVIEW

- The capacity of the 1st Reading Draft (October 4, 2019):
 - **397,000 units**
- The capacity *range* of the 2nd Reading Draft (January 31, 2020):
 - **351,000 to 410,000 units**

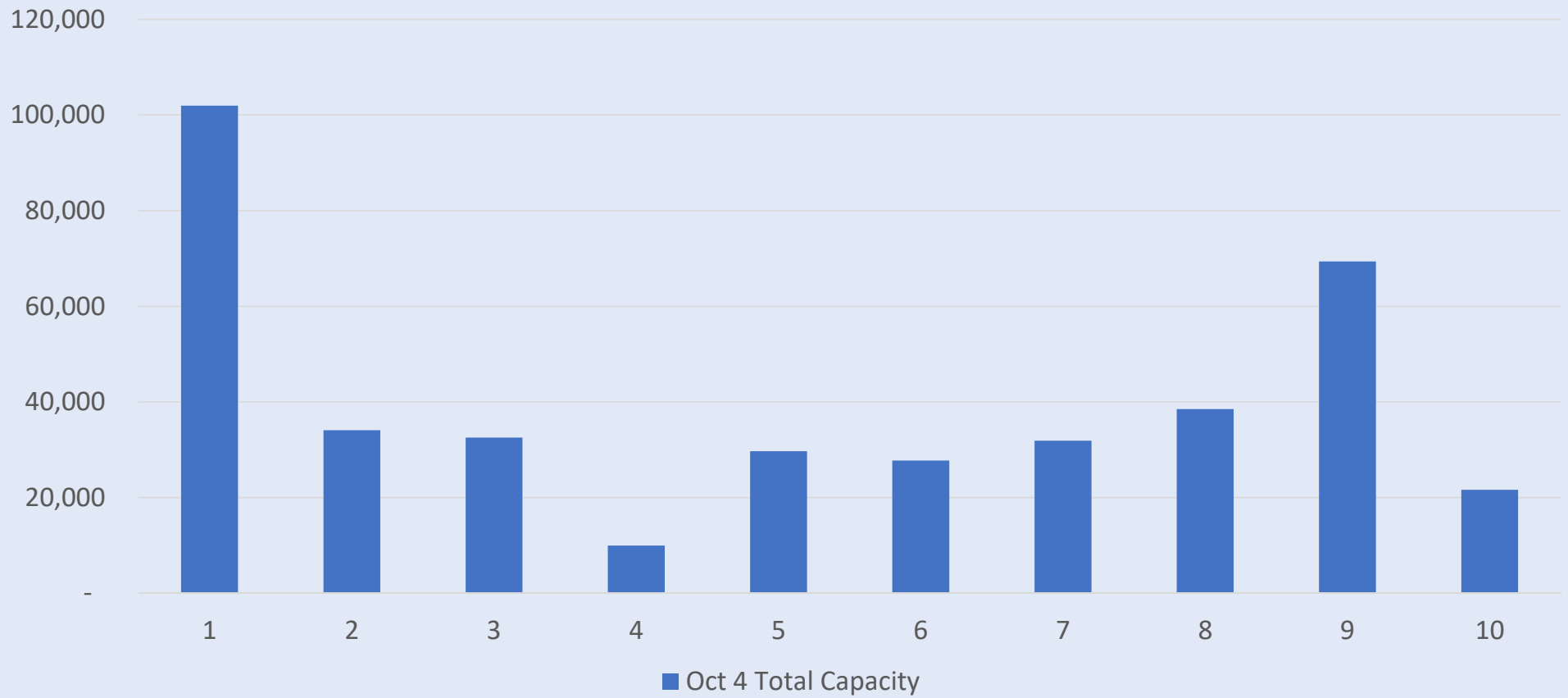
HOUSING CAPACITY OVERVIEW

October 4 th Draft	January 31 st Draft	
No “-V” and no Equity Bonus Program	Includes “-V” and Equity Bonus Program	
	“High”	“Low”
Capacity estimate based on revised LDC map and text released October 4, 2019.	<p>Capacity estimate based on revised LDC map and text released on January 31, 2020.</p> <p>Includes “-V” sub zones that mimic VMU entitlement.</p> <p>Assumes “-V” and Equity Bonus Program exist and that they work in all cases regardless of whether the market can support 10% set-asides.</p>	<p>Capacity estimate based on revised LDC map and text released on January 31, 2020.</p> <p>Includes “-V” sub zones that mimic VMU entitlement.</p> <p>Assumes “-V” and Equity Bonus Program exist and that bonuses are only taken if the market can support 10% set-asides.</p>

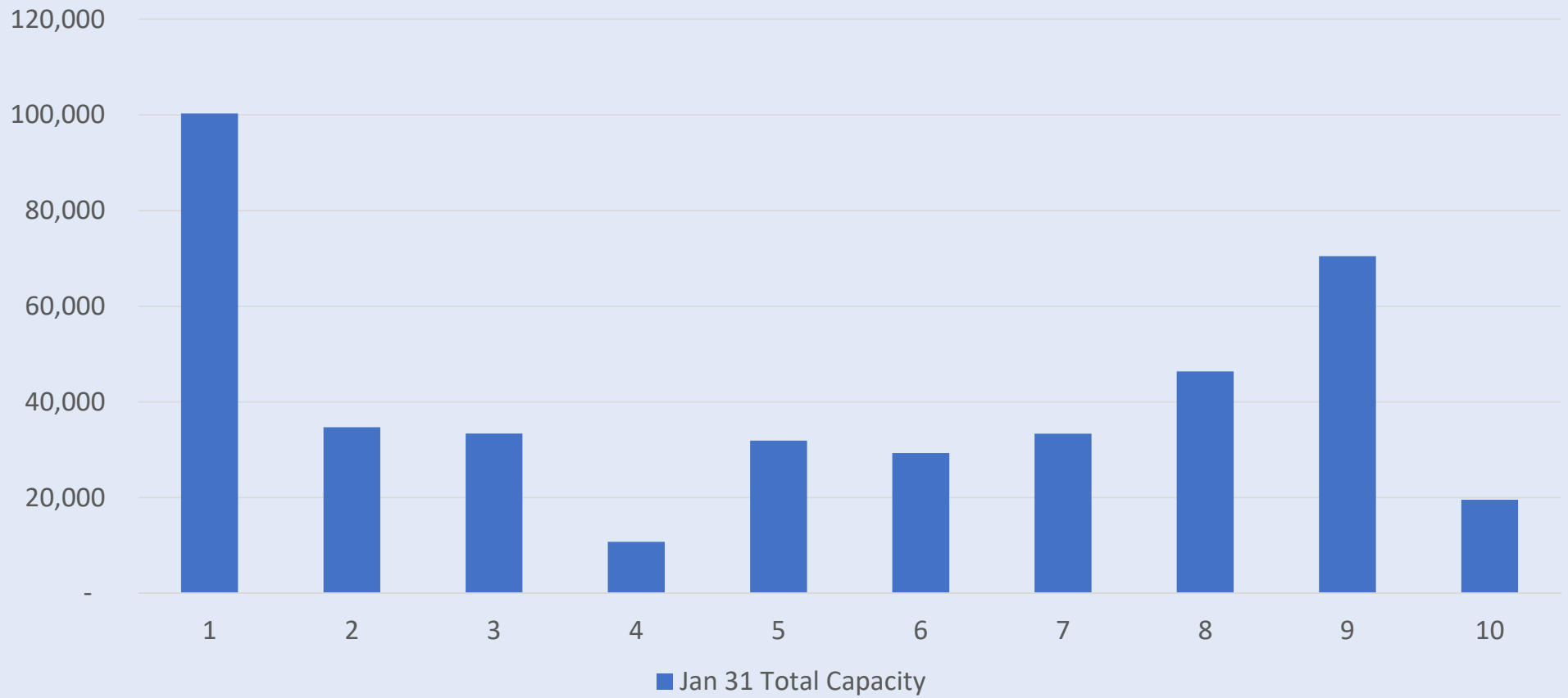
Capacity Comparison - Oct 4th and Jan 31st Drafts



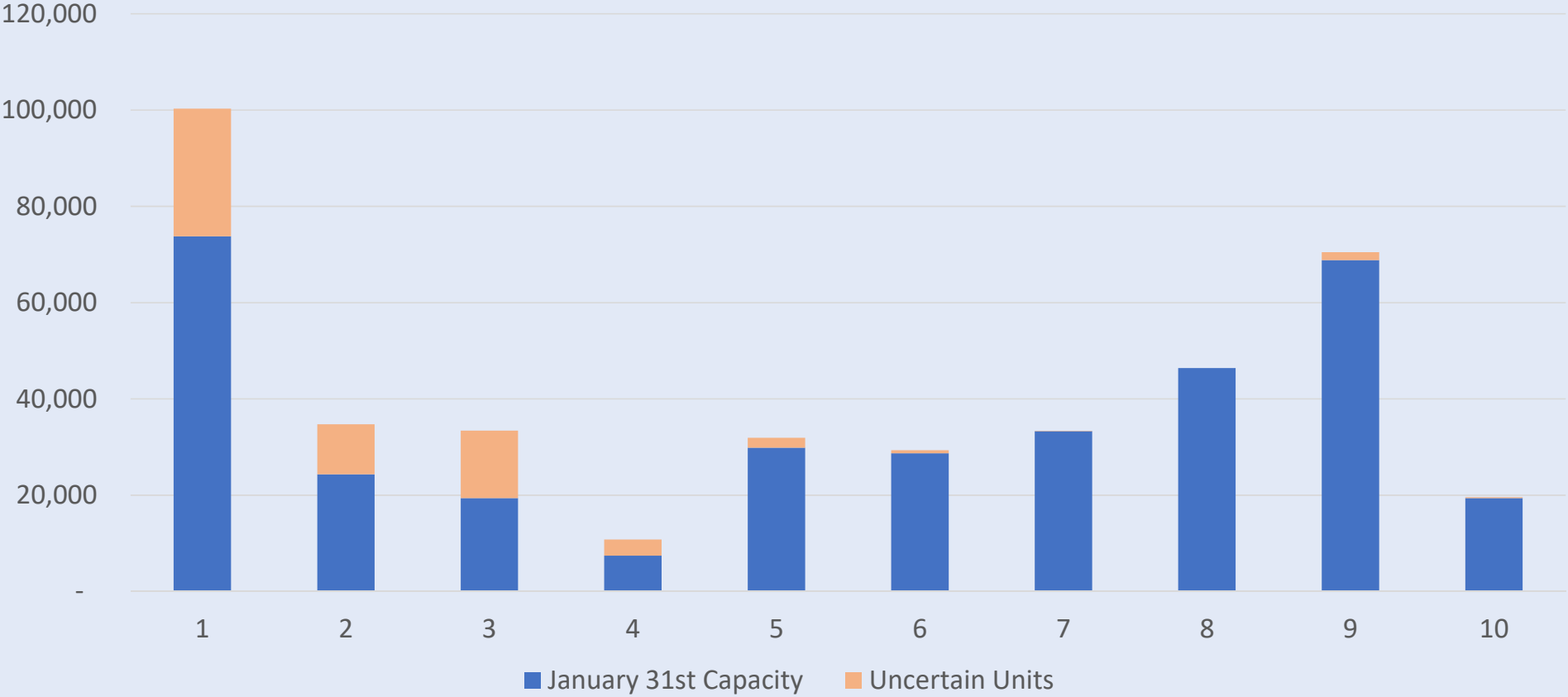
Total Capacity by Council District - October 4th Draft



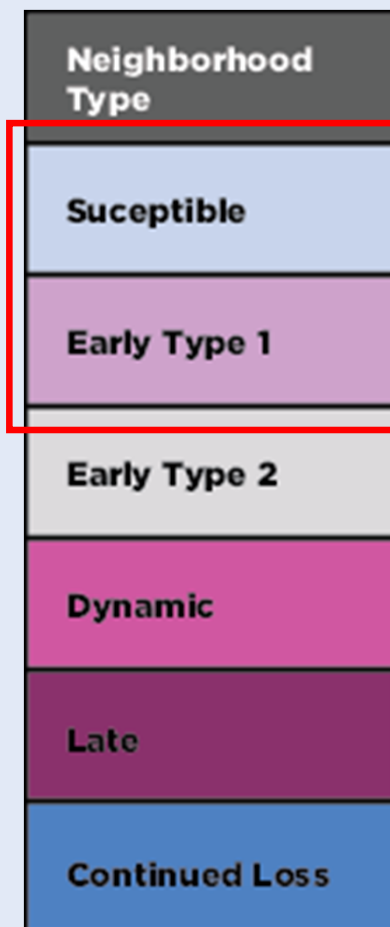
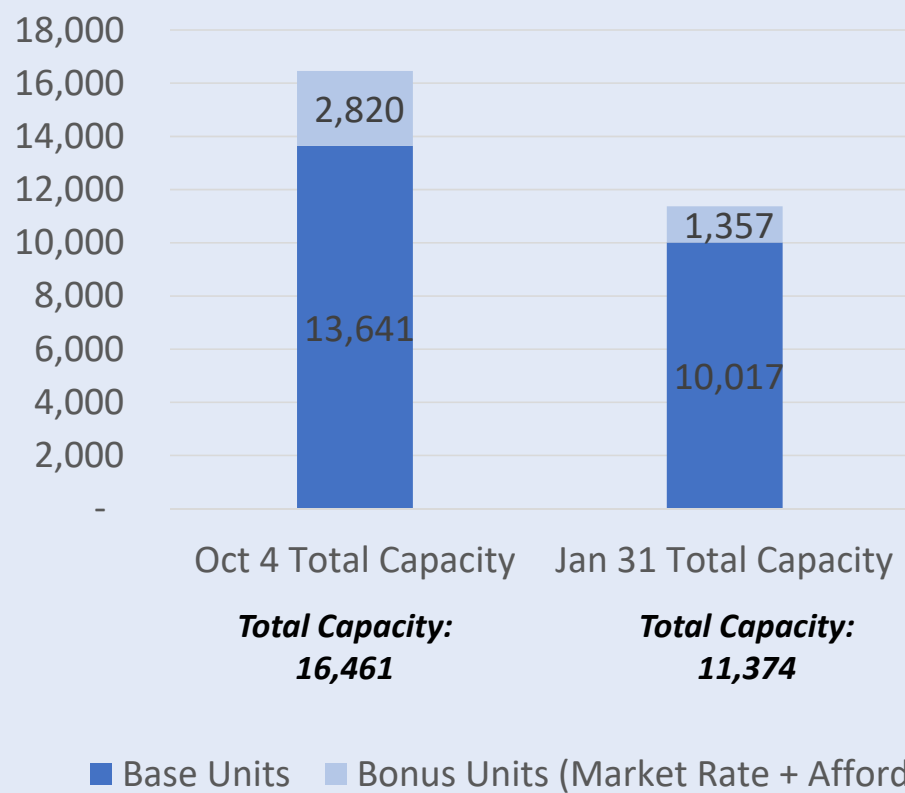
Total Capacity by Council District – January 31st Draft



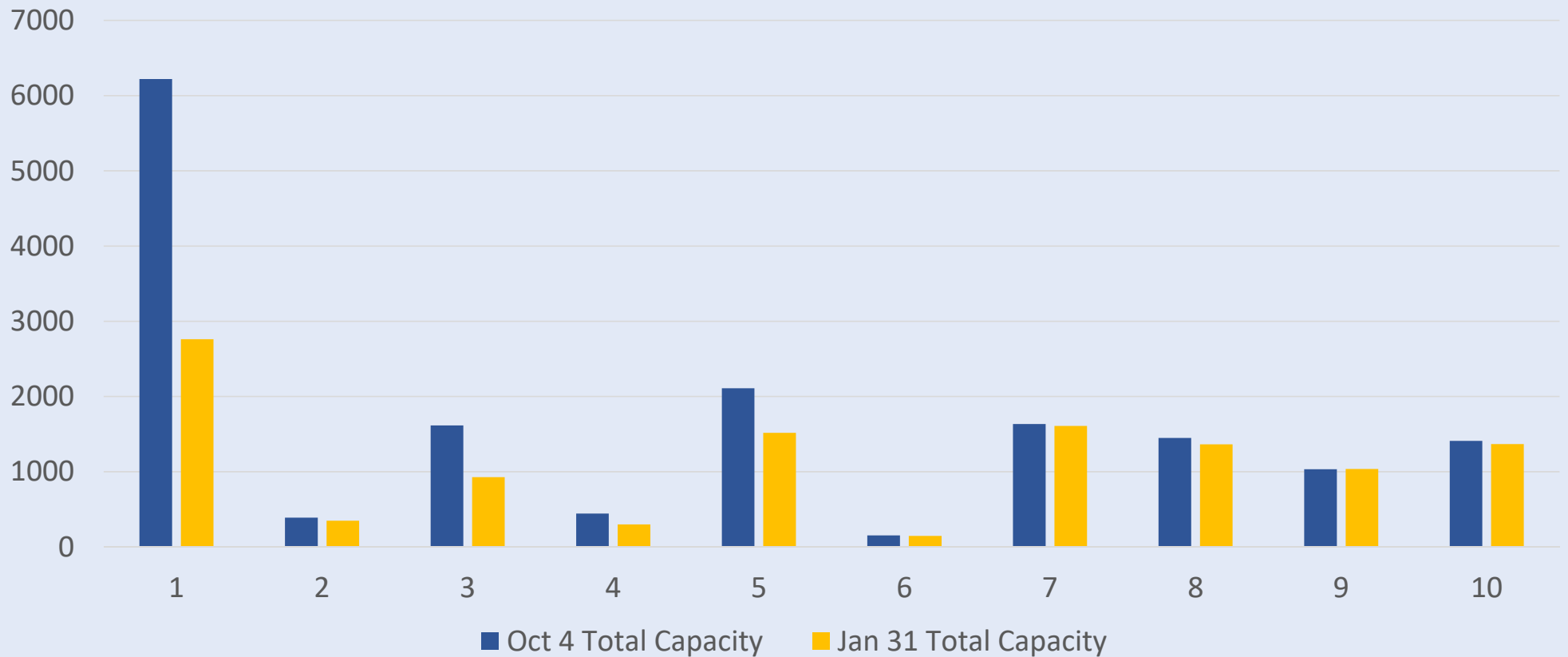
Total Capacity by Council District - January 31st Draft



January 31st - R3, R4, RM1 Capacity “Missing Middle Zones”



Comparison of Oct 4 and Jan 31 Drafts - R3, R4, RM1 Zone Capacity “Missing Middle Zones”



QUESTIONS