

**Exhibit A**

**Recommended changes to the affordability requirements for the Vertical Mixed Use Buildings**

(Commissioners Azhar and Connolly)

- a. The affordability requirements for owner-occupied units should be adjusted to reserve at least ten percent of the residential units in the VMU building for ownership and occupancy by households earning no more than 80 percent of the current Annual Median Family Income for the City of Austin Metropolitan Statistical Area, for not less than 99 years.
- b. The affordability requirements for rental units should be adjusted to reserve at least ten percent of the residential units in the VMU building as affordable, for a minimum of 40 years, for rental by households earning no more than 60 percent of the Annual Median Family Income.

## Vertical Mixed Use Affordability Requirements

Subsection (F) of Chapter 25-2, Subchapter E, Section 4.3.3 (*Standards*) is amended to read as follows:

**F. Affordability Requirements.** To be eligible for the dimensional or parking standards exemptions in Subsection E of this section, the residential units in a VMU building shall meet the following affordability requirements, which shall run with the land. This ordinance does not amend or repeal graphics or pictures that are used to illustrate various code requirements in the published version of [Chapter 25-2](#), Subchapter E (*Design Standards and Mixed Use*).

### 1. Affordability Requirements for Owner-Occupied Units.

- a. ~~[Five]~~ Ten percent of the residential units in the VMU building shall be reserved as affordable, for not less than 99 years from the date a certificate of occupancy is issued, for ownership and occupancy by households earning no more than 80 percent of the current Annual Median Family Income for the City of Austin Metropolitan Statistical Area as determined by the Director of Neighborhood Housing and Community Development Department.
  - b. ~~[In addition, five percent of the residential units in the VMU building shall be reserved, for not less than 99 years from the date a certificate of occupancy is issued, for ownership and occupancy by households earning no more than 100 percent of the Annual Median Family Income.]~~
- ~~[e.]~~ The city in its sole discretion may elect to subsidize an additional ten percent of the for-sale residential units in the building, at an affordability level consistent with criteria and procedures established by the Director.

### 2. Affordability Requirements for Rental Units.

- a. Ten percent of the residential units in the VMU building shall be reserved as affordable, for a minimum of 40 years following the issuance of the certificate of occupancy, for rental by households earning no more than ~~[80]~~ 60 percent of the Annual Median Family Income.
- b. As part of the one-time opt-in/opt-out process described in Section 4.3.5., an applicable neighborhood association or neighborhood planning team may request that the affordable rental units be available for renters earning a lower percentage of the annual median family income, to as low as 60 percent of the median family income. VMU projects that file zoning or site

plan applications after the effective date of the first interim VMU ordinance and prior to September 1, 2006, will not be subject to this neighborhood affordability customization; and instead shall set aside affordable rental units as required by subsection 2.a. above or provide for affordable units as otherwise agreed to by an applicable neighborhood prior to September 1, 2006, provided that VMU projects are allowed on the applicable site following the completion of the opt-in/opt-out process.

- c. The city may elect to subsidize an additional ten percent of the residential units in the building for rental purposes for residents at any level of affordability pursuant to criteria and procedures established by the Director.

- 3. **Affordability Definition.** For purposes of this subsection, a unit is affordable for purchase or rental if the household is required to spend no more than 30 percent of its gross monthly income on utilities and mortgage or rental payments for the unit as determined by the City's Neighborhood Housing and Community Development Department, based on the current Annual Median Family Income for the Austin Metropolitan Statistical Area.

## **ORDINANCE AMENDMENT REVIEW SHEET**

**Amendment:** C20-2021-006 Adjusting Affordability Requirements for Vertical Mixed-Use Developments

**Description:**

Amend certain provisions in the City Code related to the Affordability Requirements for Vertical Mixed-Use developments.

- Lower the income limit for required affordable owner-occupied units to no more than 80 percent of the current Median Family Income.
- Lower the income limits for the required affordable rental units to no more than 60 percent of the current Median Family Income.

The draft ordinance is attached.

**Staff Recommendation:**

Staff recommends approval of this amendment.

This amendment is supported by adopted policy direction in the Austin Strategic Housing Blueprint as well as the Displacement Mitigation Strategy.

**Board and Commission Actions**

Code amendment initiated by the Planning Commission on July 27, 2021.

Codes and Ordinances Joint Committee scheduled for November 17, 2021.

**City Council Action**

**Ordinance Number:** NA

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