



**HOUSING &
PLANNING**

C02-2021-006: Amending Title 25- 2(E) 4.3 Vertical Mixed-Use Buildings

March 8, 2022

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City of Austin, Housing and Planning Department

Overview



- VMU-Related Direction
- Process Clarification
- VMU Basics
- Staff Recommendation
- Staff Research



VMU-Related Direction

- Planning Commission, July 2021
 - C02-20210727
 - Directed changes to the affordability requirements for Vertical Mixed-Use Buildings
- City Council, November 2021
 - Resolution No. 20211118-052
 - Directed an expansion of the VMU program through the creation of new tier with a height bonus



Process Clarifications

- Acknowledgement of confusion and lack of transparency
 - Prior public notices and renotices, multiple postponements
 - VMU working group
- Planning Commission, March 22
 - Public hearing and potential action
 - Renotification required to explicitly state remote participation option
- City Council, April – *date pending*
 - Public hearing and potential action
 - Multiple postponements



Vertical Mixed-Use (VMU) Basics

VMU is a *voluntary* density bonus program designed to achieve community benefits through the use of development incentives.

- Adopted in 2010
 - Included a one-time opt-in/opt-out process for neighborhood associations or neighborhood planning teams
- Bonus Entitlements
 - Residential uses allowed on Commercial and Office-zoned sites
 - Unlimited FAR
 - Site dimensional waivers
 - 60% reduction of minimum parking requirement
 - 30ft height (VMU tier 2 only)
- Community Benefits
 - Active ground floor use
 - Mix of land uses near transit
 - Heightened design standards
 - Regulated Affordability





Staff Recommendation: Set-Aside Percentages and Affordability Levels

	Bonus Entitlements	Affordability Requirements	
VMU Tier 1	<ul style="list-style-type: none">Residential usesUnlimited FARWaiver of site dimensional requirements60% reduction in parking minimum	<u>Rental Developments</u> <i>40-year affordability period</i>	<u>For-Sale Developments</u> <i>99-year affordability period</i>
		10% set-aside affordable to 60% Median Family Income	10% set-aside affordable to 80% Median Family Income OR Fee equivalent to 10% of total units
VMU Tier 2	<ul style="list-style-type: none">All of the above30ft bonus height	10% set-aside affordable to 50% Median Family Income OR 12% set-aside affordable to 60% Median Family Income	12% set-aside affordable to 80% Median Family Income OR Fee equivalent to 12% of total units

A summary of the staff recommendation for affordability requirements in the Vertical Mixed-Use program is shown in the table above. Amendments to the current code provisions are shown in **blue**.



Staff Recommendation: Fee in-lieu for condominium developments

- Recommended for ownership developments only
 - Direct these fees back towards long-term affordable homeownership projects such as Community Land Trusts
 - Rental developments must provide affordable units onsite
- Proposed due to barriers to securing long-term affordability and stability for low-income homeowners in predominantly market-rate condominium developments
 - Homeowners' association fees
 - Property tax assessments

Example of proposed fees in-lieu of onsite income-restricted affordable units from the draft LDC Revision citywide Affordable Housing Bonus Program

Unit Size	Studio	1-Bedroom	2-Bedroom	3-Bedroom
Fee-in-Lieu	\$135,000	\$180,000	\$335,000	\$440,000

- If approved, the Housing and Planning Department would bring forward a recommendation for this fee in-lieu for the Vertical Mixed-Use program in the City budget process within the department's fee schedule.



Staff Recommendation: Addition of General Requirements to Affirmatively Further Fair Housing

- Applicable to all developments that voluntarily participate in VMU
 - In the long-term, staff recommends that these requirements apply uniformly in all voluntary density bonus programs within the LDC
- Affirmatively furthers Fair Housing and helps to create more inclusive, equitable outcomes for our community

Provision Name	Description
Source of Income Discrimination Protection	Ensures that a prospective tenant in a VMU development would not be denied housing based solely on their source of income, including housing vouchers.
Dispersion of and equal access to affordable units	<ul style="list-style-type: none">• Disperses income-restricted units through the development to avoid clustering• Ensures access to income-restricted units through the same routes as market-rate units• Guarantees access to all on-site amenities for income-restricted units that are available to market-rate units, including parking facilities
Comparable design standards	<ul style="list-style-type: none">• Requires functionally equivalent finishes, features, and appliances within income-restricted units and market-rate units• Requires that all interior components in income-restricted units are durable, good quality, and consistent with federal, state, and local standards
Proportional bedroom count	<ul style="list-style-type: none">• Requires that the income-restricted units within a development match the mix of the number of bedrooms in the market-rate units• Allows for two one-bedroom or efficiency units to be exchanged for one two-bedroom units or three one-bedroom or efficiency units to be exchanged for one three-bedroom unit
Floating rental units	Allows for the location of the income-restricted units in a rental development to change over time so long as the property maintains the required total number of affordable units for the duration of the affordability period
Simultaneous availability	Ensures that income-restricted affordable units are made available concurrently with market-rate units, or requires plans for sequencing construction in multi-phase developments
Affirmative marketing	Requires the development to prepare and utilize an affirmative marketing and outreach plan that affirmatively furthers Fair Housing



Staff Recommendation: Additional Direction to Set Non-Residential Bonus Area Fee

- Bonus area fee for upper-level non-residential space within VMU buildings never set by Council
- Staff will wait for additional direction to bring forward a recommendation for this non-residential bonus area fee for the Vertical Mixed-Use program

Staff Research



- VMU Developments
 - Completed
 - In the Pipeline
 - Tenure
 - By Council District
- Dispersion of VMU Zoning
 - Number of sites
 - Total Acreage
 - By Council District
 - Displacement Risk Areas
 - High Opportunity Areas
- Other Policies Impacting VMU-Zoned Properties
 - Conditional Overlays
 - Compatibility Standards



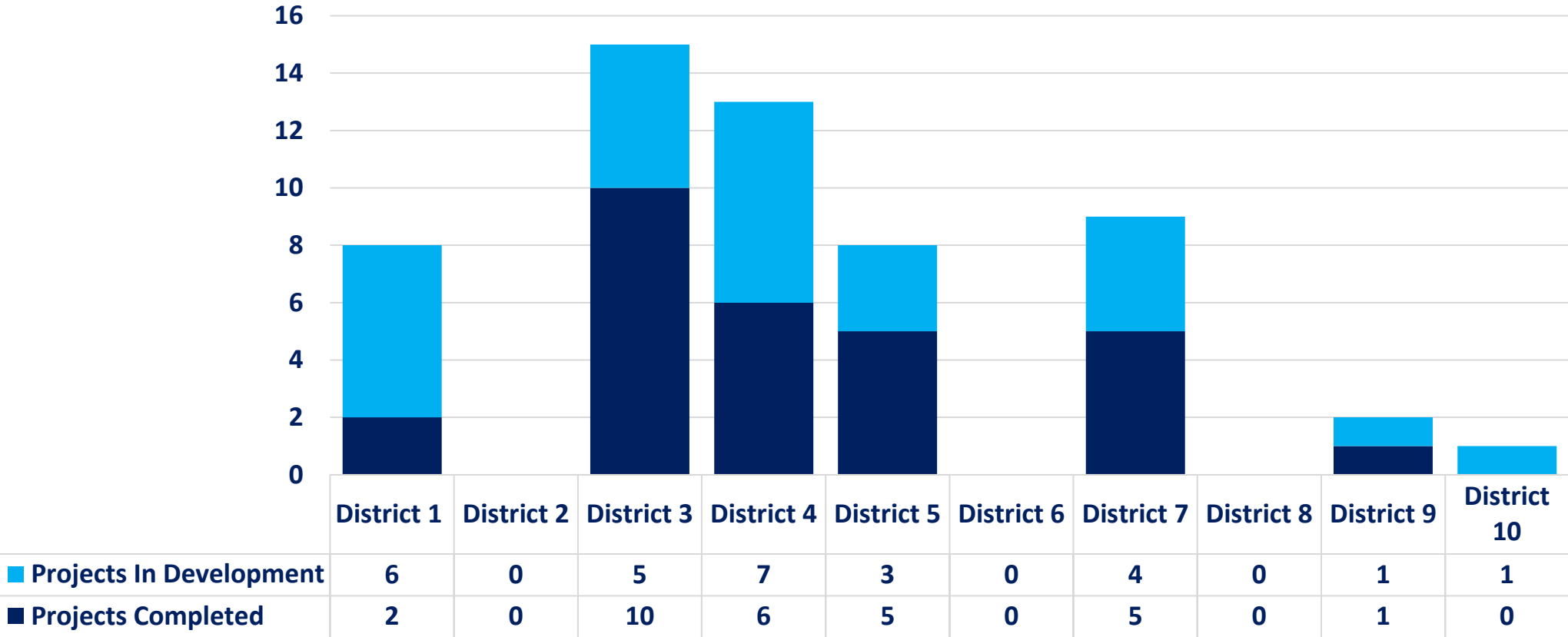
Vertical Mixed-Use Developments

VMU Developments			
	Completed	In the Pipeline	Notes
VMU Buildings	29	9 under construction 18 in planning	<i>Buildings under construction have been issued a building permit but have not receive a Certificate of Occupancy (CO). Buildings in planning have received a certification letter to utilize VMU but may be in early stages of planning and development ranging from site plan under review to building plan under review.</i>
VMU Housing Units	5,379	2,037 under construction 3,992 in planning	<i>These totals reflect all housing units within VMU buildings including both market-rate and income-restricted housing units.</i>
Income-Restricted Affordable VMU Housing Units	540	496 under construction 404 in planning	<i>These totals reflect income-restricted affordable units within VMU buildings ranging from below 60% MFI to 100% MFI. Two projects in the pipeline are developing with higher numbers of income-restricted affordable units than required under VMU, which brings the percentage of total units that are income-restricted to over 10%.</i>
VMU Housing Units by Tenure	98% rental 2% ownership	99% rental 1% ownership	



Vertical Mixed-Use Developments

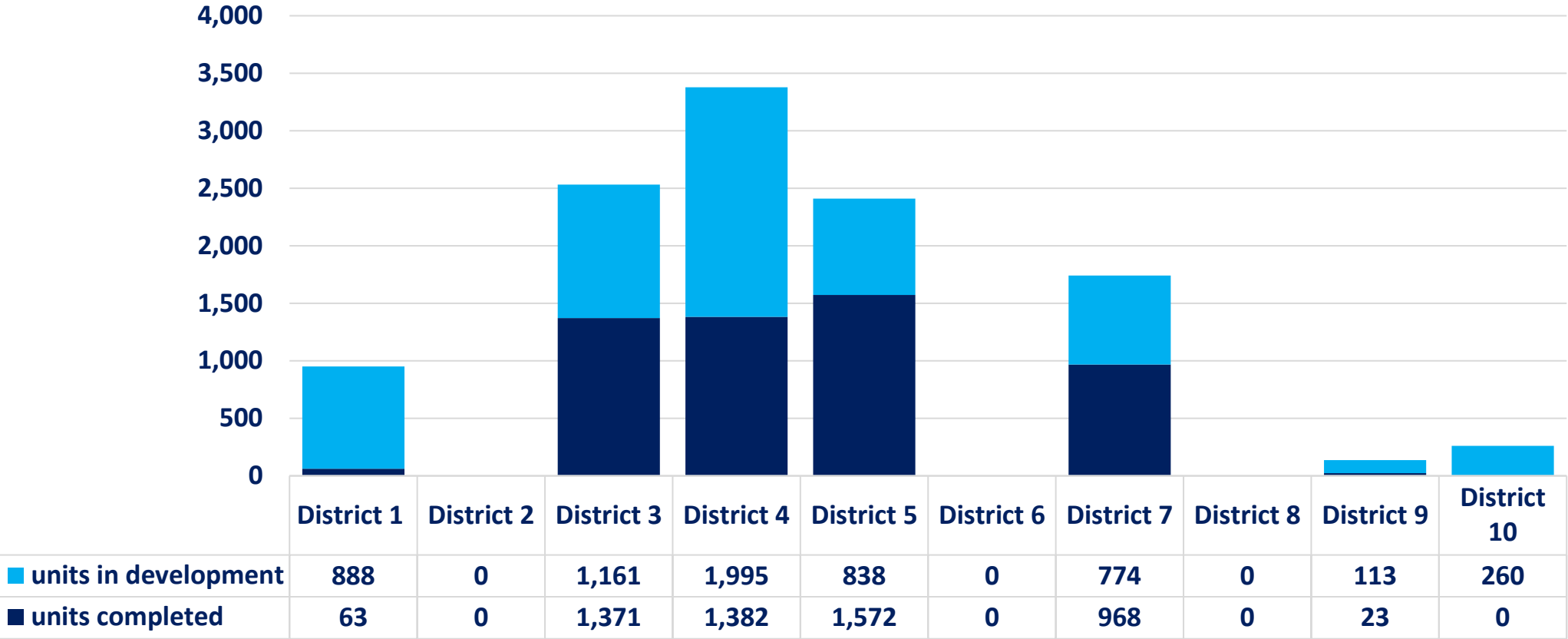
VMU Developments By Council District





Vertical Mixed-Use Developments

VMU Housing Units by Council District



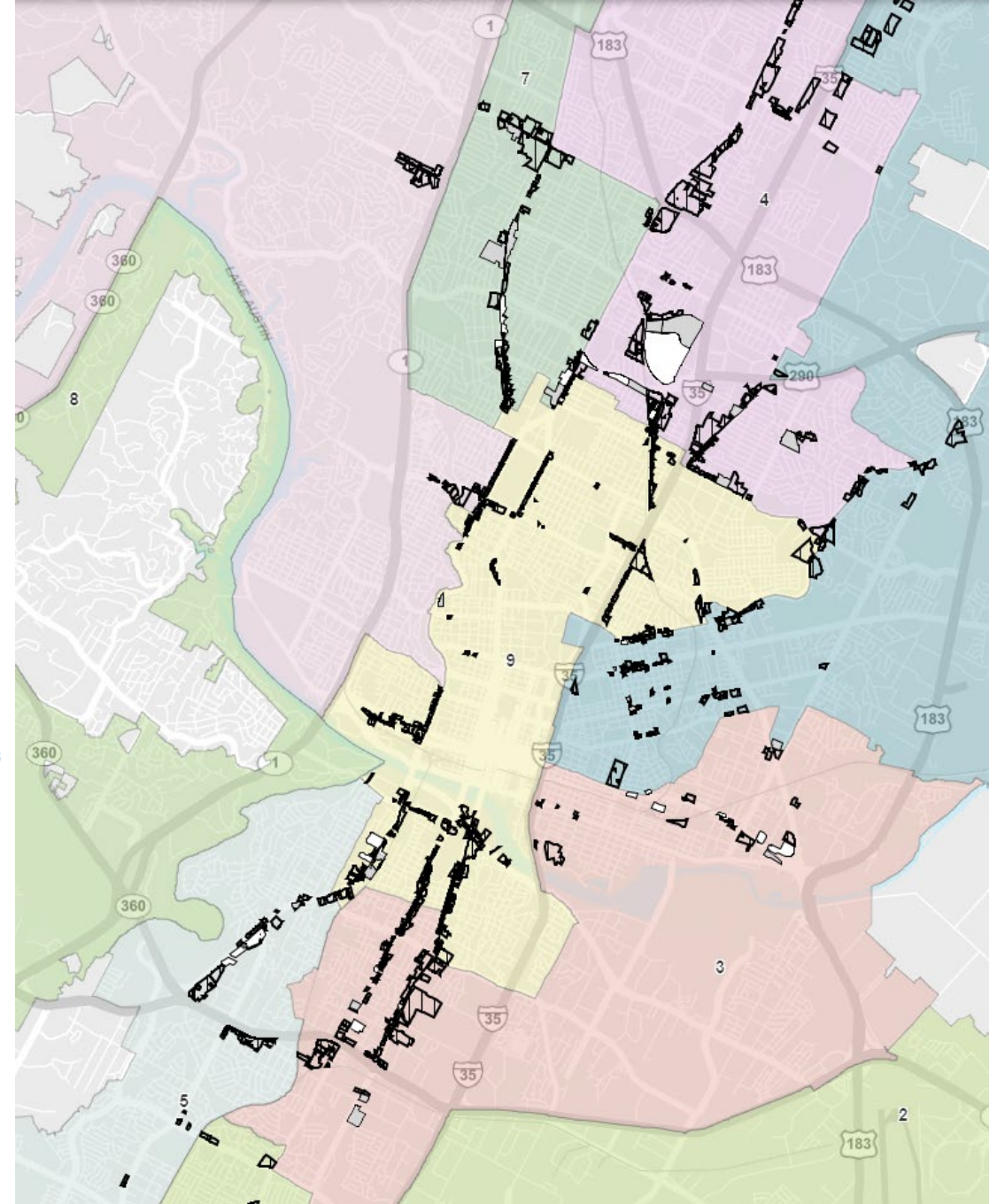


Dispersion of VMU Zoning

VMU Zoning	
Total Sites with -V	Total Acres with -V
~ 818	~ 1,900

Council Districts

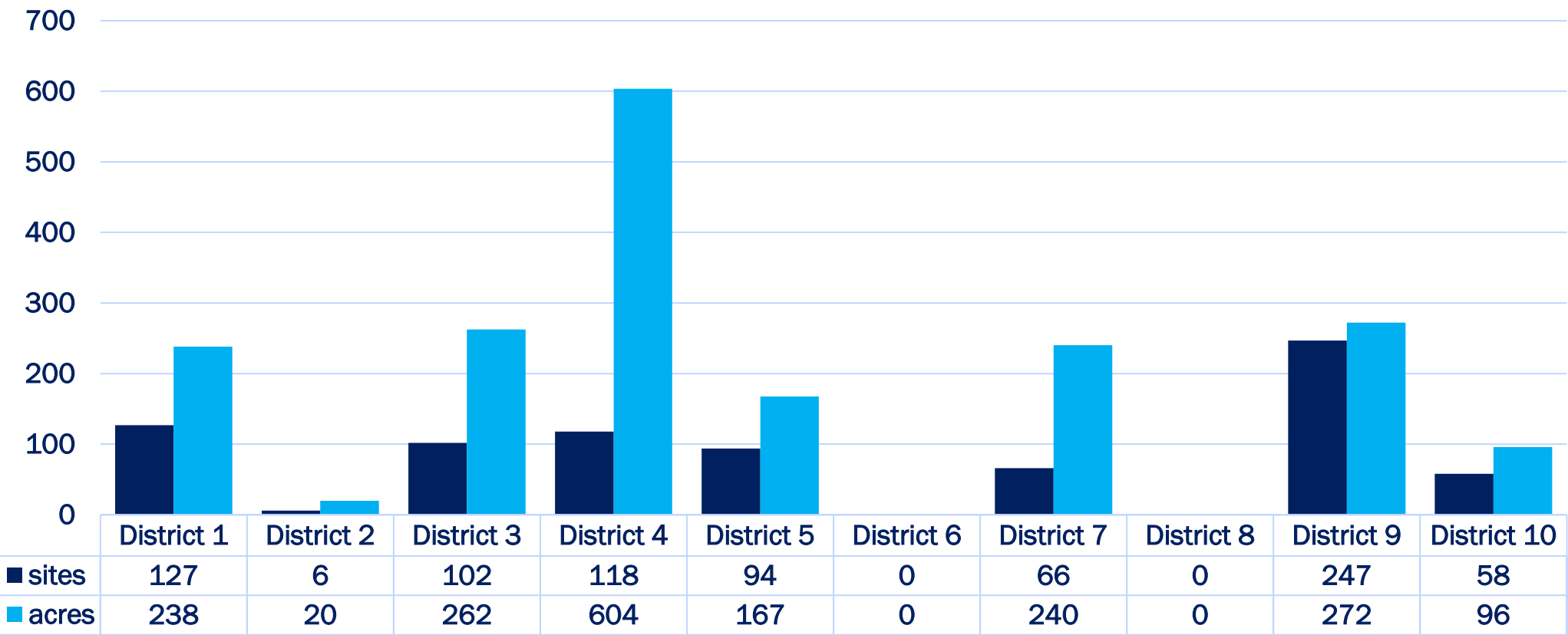
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- 10





Dispersion of VMU Zoning

VMU Zoning by Council District



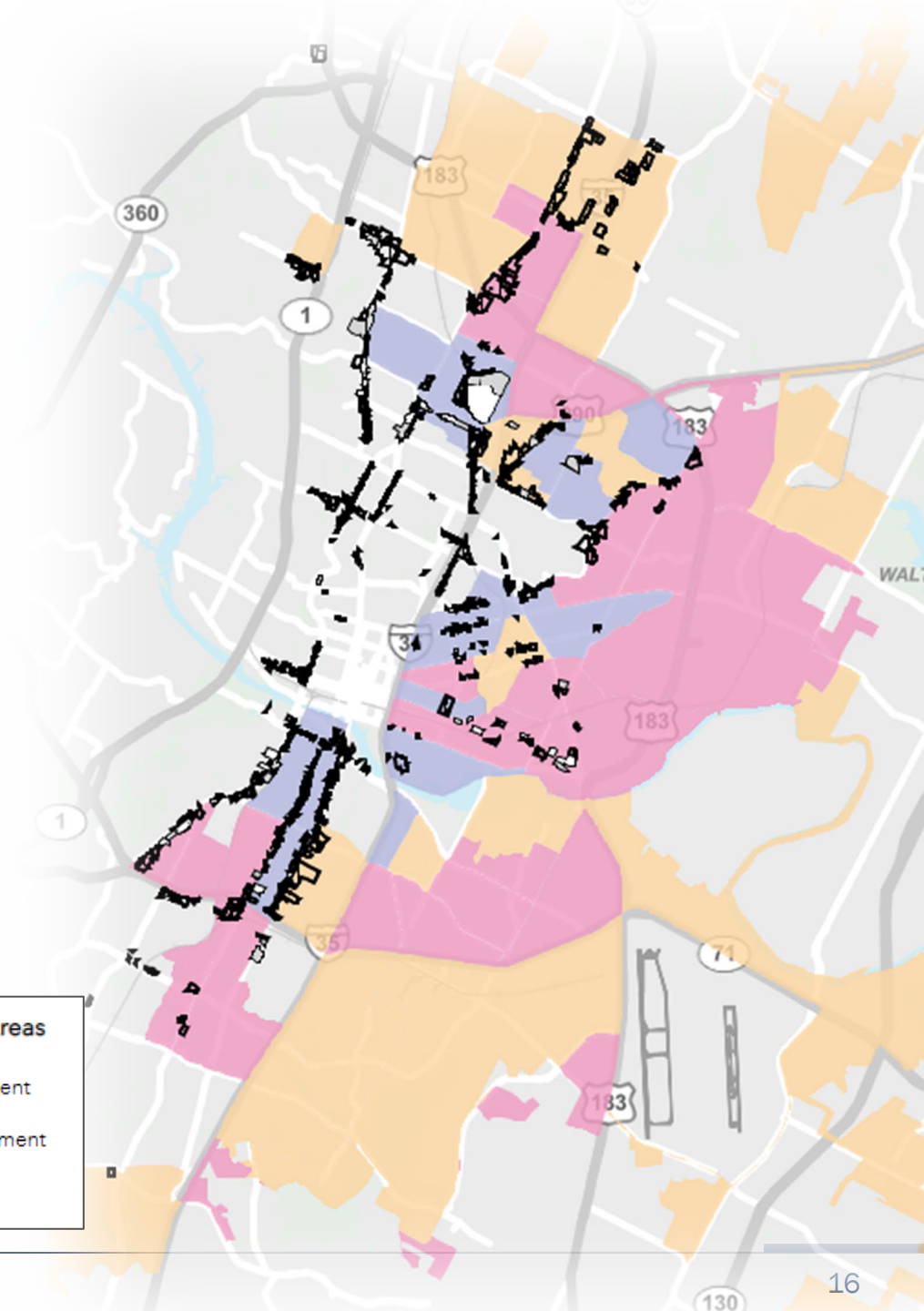
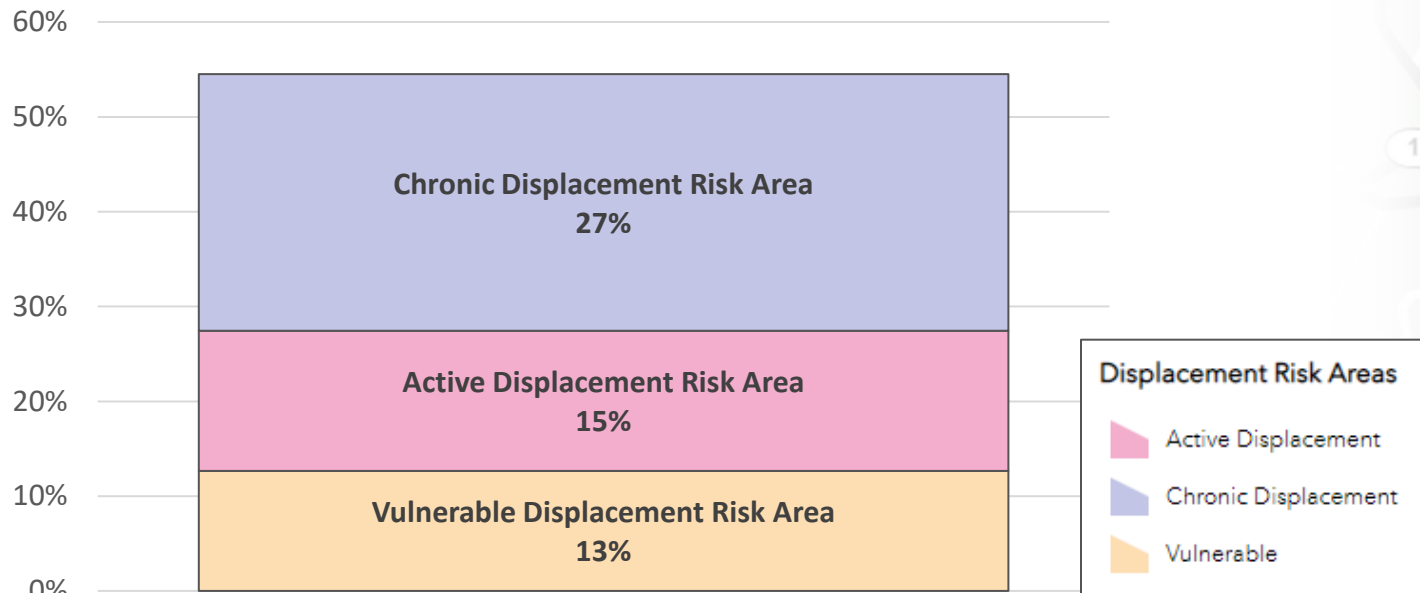


Dispersion of VMU Zoning

Displacement Risk Areas

- 55% of VMU-Zoned Sites are within Displacement Risk Areas

VMU-Zoned Sites within Displacement Risk Areas

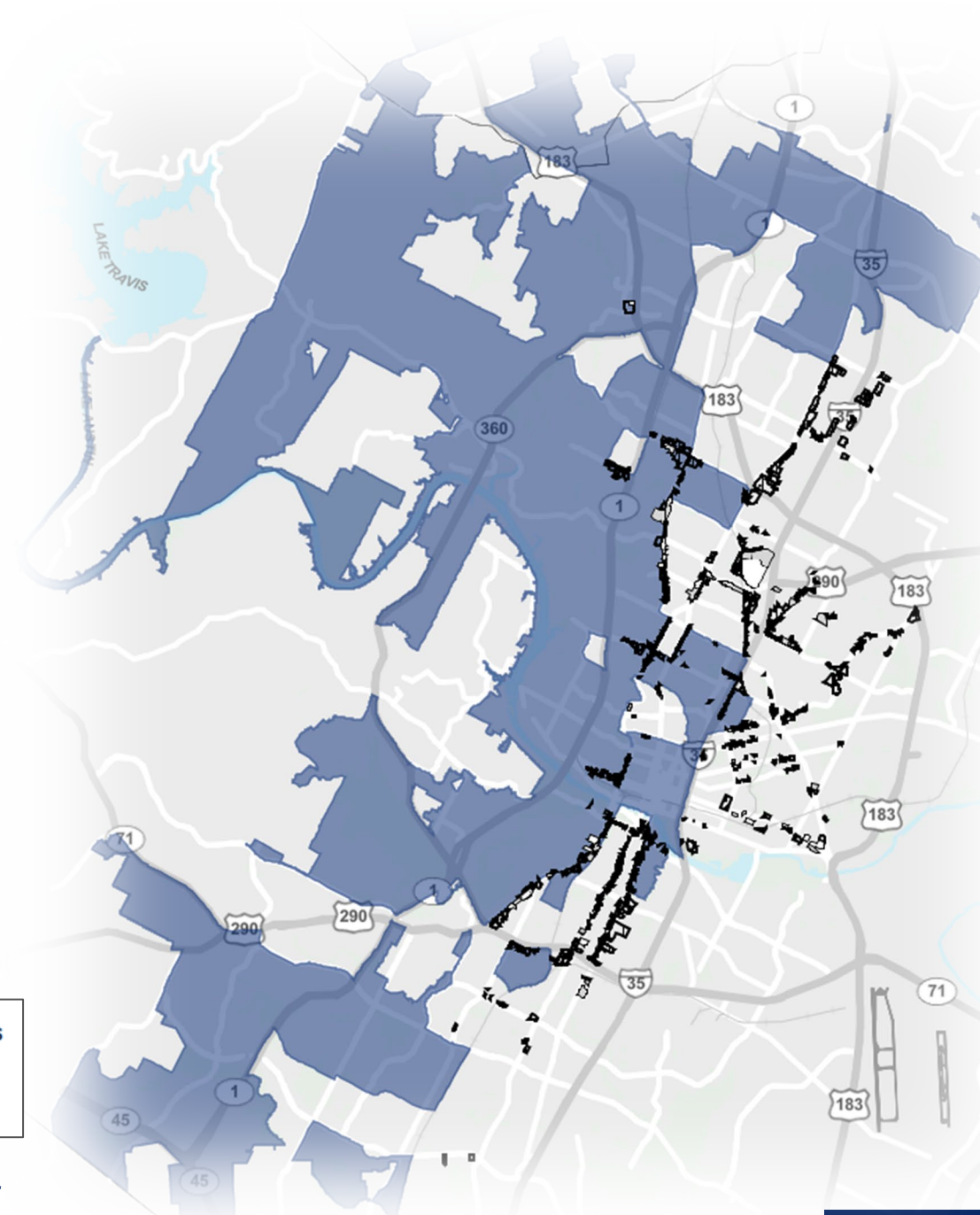
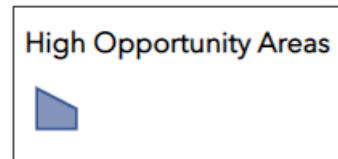




Dispersion of VMU Zoning

High Opportunity Areas

- 33% of VMU-Zoned Sites are within High Opportunity Areas



High Opportunity Areas are defined by Enterprise Community Partners Opportunity360 Index.

Other Policies Impacting VMU-Zoned Sites

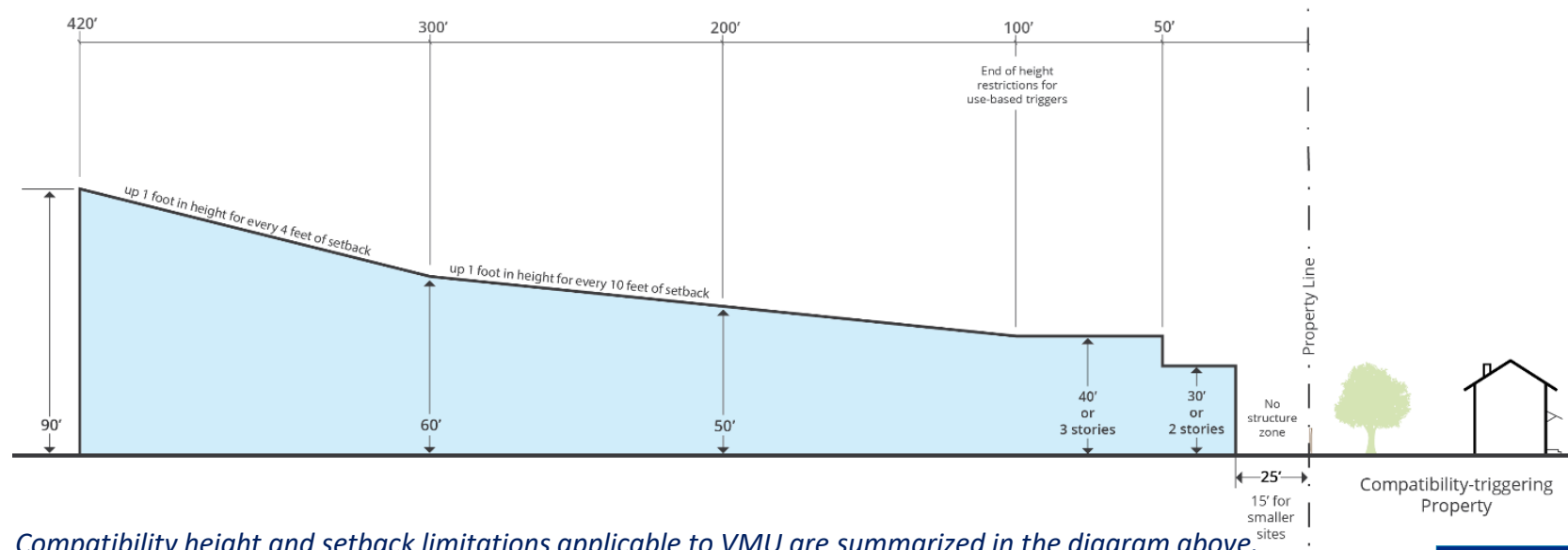
Conditional Overlays (CO's)

- Conditional Overlay Combining Districts, or CO's, are used to modify use and site development regulations on a site-by-site basis. CO's are always more restrictive than the restrictions otherwise applicable to the property. CO's can regulate many site development regulations, including lowering the maximum allowable building height on a site.
- **67% of VMU-zoned sites have a Conditional Overlay.** Staff did not research specific CO's on VMU-zoned sites; however, it is possible that many of these sites with CO's have additional height restrictions that may limit the ability to utilize the 30-foot height bonus outlined in the new tier of the VMU program.

Other Policies Impacting VMU-Zoned Sites

Compatibility Standards

- Compatibility standards apply to sites that are within 540 feet of the property line of an urban family residence (SF-5) or more restrictive **zoning** district.
 - For the purposes of the new VMU height bonus, the distance that could affect a VMU building's maximum height is 420 feet.
- Compatibility standards also apply when a site is adjacent to a lot on which a **use** permitted in an SF-5 or more restrictive zoning district is located.
- Compatibility Standards require:
 - Height and Setback Limitations
 - Scale and Clustering Requirements
 - Screening Requirements
 - Design Regulations

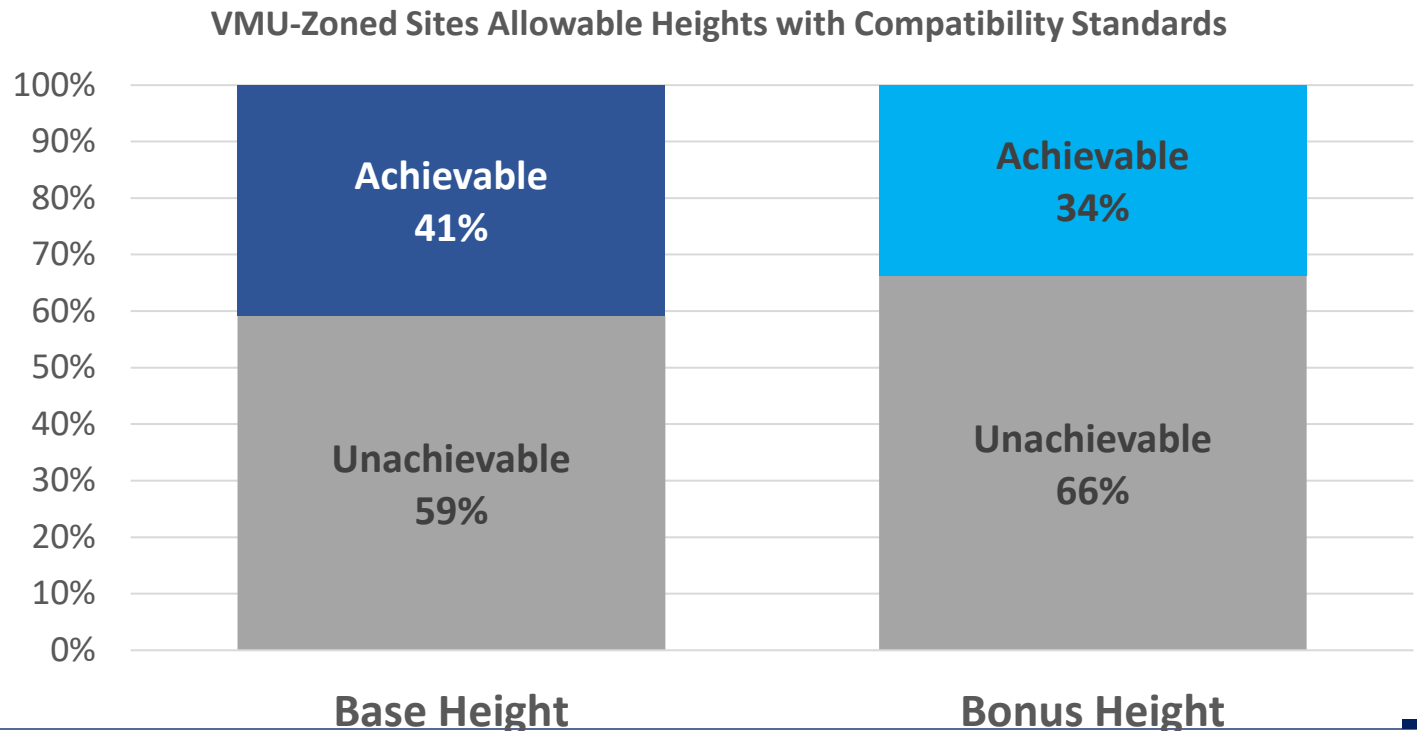


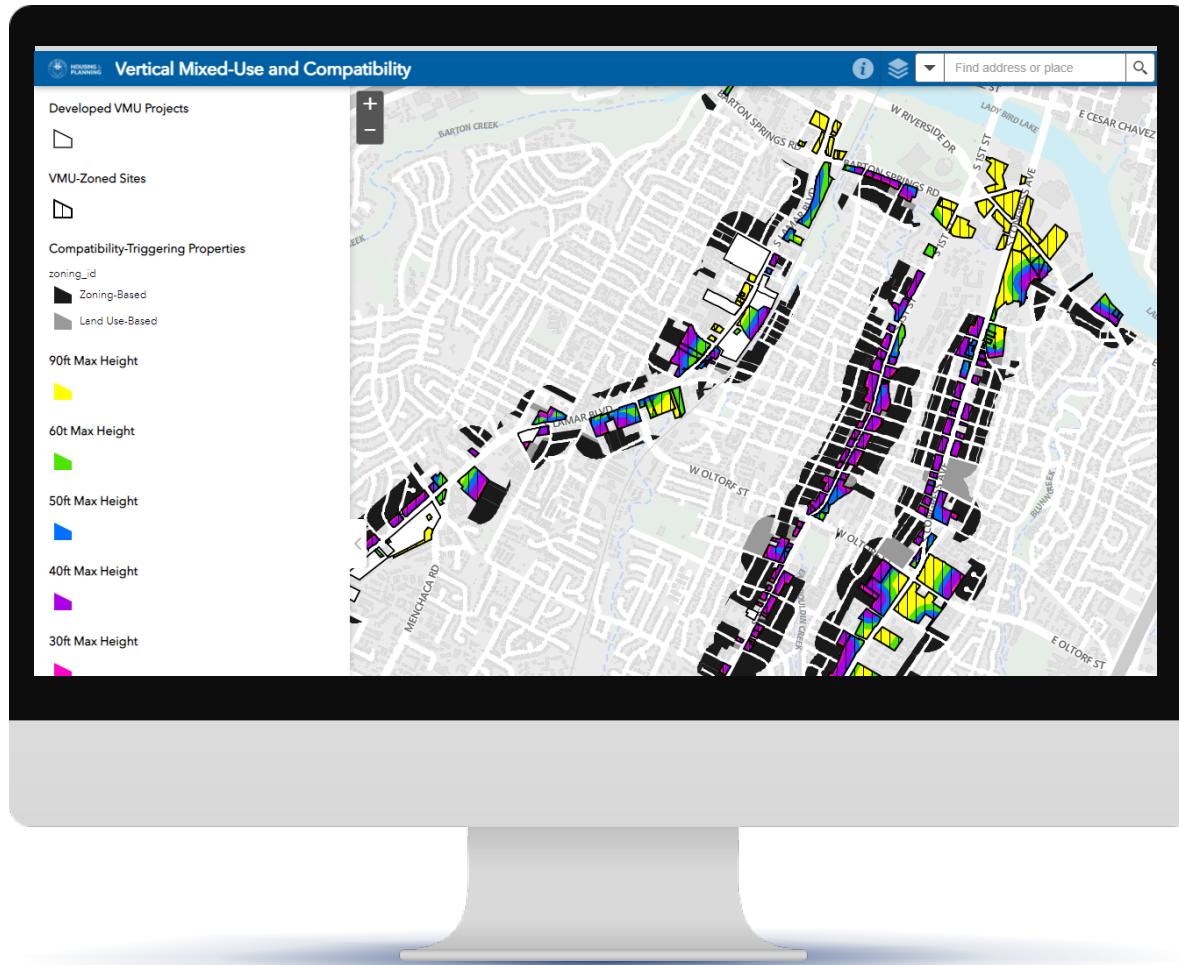
Other Policies Impacting VMU-Zoned Sites

Compatibility Standards

- 41% of VMU-zoned sites could build to their **base** height after compatibility standards are applied.
 - The remaining 59% of VMU-zoned sites are prohibited from building to the maximum height allowed by their base zoning due to compatibility standards.
- 34% of VMU-zoned sites would be able to build to the **bonus** height under the new tier of the VMU program after compatibility standards are applied.
 - The remaining 66% of VMU-zoned sites would be prohibited from building to the maximum height allowed with the 30-foot height bonus.

**For purposes of this analysis, a site was considered buildable if the maximum height could be achieved for at least 10,000 square feet.*





Compatibility + VMU Web Map

- Interactive Map
- View where VMU-Zoned Sites are Located
 - Including layers for Displacement Risk Areas, High Opportunity Areas, and the Transit Priority Network
- View allowable heights with the new bonus on VMU-Zoned sites after Compatibility Standards
- View VMU-Developed and Developing Buildings

The web map can be accessed here:

<https://austin.maps.arcgis.com/apps/webappviewer/index.html?id=bff1cf81f6534a0bb2f8a23988d499c2>



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Extras



VMU-Developed Buildings: AMLI 5350

Developer: Ardent Residential

Total Units: 174

Affordable Units: 17

Tenure: Rental

Year Built: 2010

Council District: 7

Corridor: North Burnet





VMU-Developed Buildings: Camden Lamar Heights

Developer: Camden Property
Trust

Total Units: 314
Affordable Units: 31
Tenure: Rental

Year Built: 2015

Council District: 7
Corridor: North Lamar





VMU-Developed Buildings: Texan North Campus fka Uptown Lofts

Developer: Uptown Lofts LLC

Total Units: 23

Affordable Units: 2

Tenure: Rental

Year Built: 2011

Council District: 9

Corridor: North Lamar





VMU-Developed Buildings: Aura on Lamar

Developer: TRG North Lamar L.P

Total Units: 279

Affordable Units: 28

Tenure: Rental

Year Built: 2021

Council District: 4

Corridor: North Lamar





VMU-Developed Buildings: West Koenig Flats

Developer: Stillwater Hyde Park

Total Units: 210

Affordable Units: 21

Tenure: Rental

Year Built: 2018

Council District: 4

Corridor: North Lamar





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VMU-Developed Buildings: Lamar Union Apartments

Developer: Greystar Real Estate
Partners

Total Units: 441
Affordable Units: 44
Tenure: Rental

Year Built: 2015

Council District: 5
Corridor: South Lamar





VMU-Developed Buildings: The 704

Developer: Residences at the
Spoke LLC

Total Units: 378

Affordable Units: 38

Tenure: Rental

Year Built: 2014

Council District: 5

Corridor: South Lamar





VMU-Developed Buildings: Nexus East

Developer: Spicewood
Investments, Ltd and ABP
Interests, Ltd

Total Units: 49
Affordable Units: 5
Tenure: Rental

Year Built: 2021

Council District: 3
Corridor: Airport Blvd





VMU-Developed Buildings: Lenox 7th

Developer: OH Gonzales GP, LLC

Total Units: 279

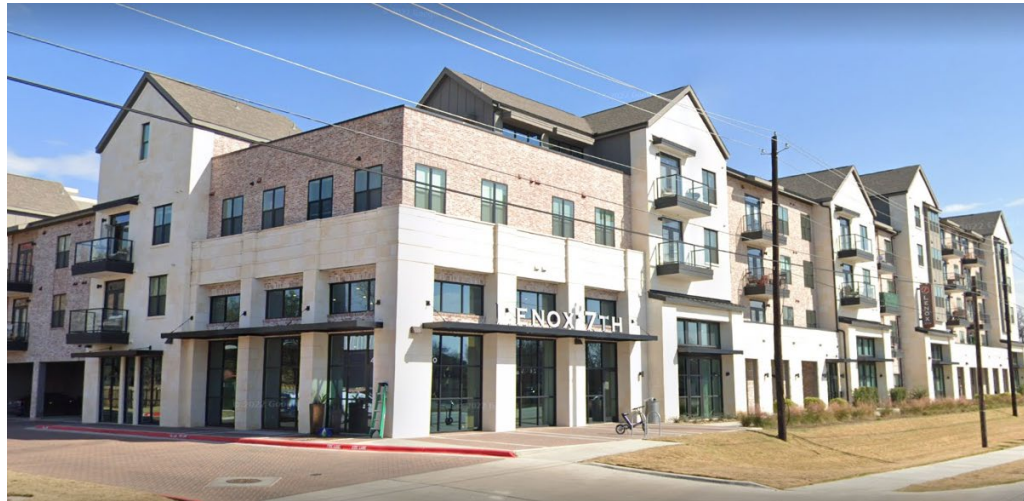
Affordable Units: 28

Tenure: Rental

Year Built: 2020

Council District: 3

Corridor: East 7th





VMU-Developed Buildings: Axiom East

Developer: Pearlstone Partners

Total Units: 60

Affordable Units: 6

Tenure: Ownership

Year Built: 2020

Council District: 1

Corridor: East 7th





VMU-Developed Buildings: 7East

Developer: SL Chicon, LP

Total Units: 177

Affordable Units: 18

Tenure: Rental

Year Built: 2015

Council District: 3

Corridor: East 7th





VMU-Developed Buildings: Alexan East 6th Street

Developer: AE6 Apartments LLC

Total Units: 208

Affordable Units: 21

Tenure: Rental

Year Built: 2015

Council District: 3

Corridor: East 6th





What is the Median Family Income?

2021 Area Median Family Income
For Travis County, Texas
\$98,900 (4-person household)
MSA: Austin – Round Rock, TX.

**2021 HOME & CDBG Program Income Limits
by Household Size Effective Date: June 01, 2021**
(Corrected June 14, 2021)

Median Income Limit	1 Person Household	2 Person Household	3 Person Household	4 Person Household	5 Person Household	6 Person Household	7 Person Household	8 Person Household
20%	13,850	15,800	17,800	19,800	21,350	22,950	24,550	26,100
* 30%	20,800	23,750	26,700	29,650	32,050	34,400	36,800	39,150
(30% MFI is defined by HUD as extremely low-income)								
40%	27,700	31,650	35,600	39,550	42,700	45,900	49,050	52,200
* 50%	34,650	39,600	44,550	49,450	53,450	57,400	61,350	65,300
(50% MFI is defined by HUD as very low income)								
* 60%	41,580	47,520	53,460	59,340	64,140	68,880	73,620	78,360
65%	45,000	51,450	57,850	64,300	69,450	74,550	79,700	84,850
70%	48,450	55,400	62,300	69,250	74,750	80,300	85,850	91,400
* 80%	55,400	63,300	71,200	79,100	85,450	91,800	98,100	104,450
(80% MFI is defined by HUD as low-income)								
100%	69,250	79,100	89,000	98,900	106,800	114,700	122,650	130,550
120%	83,100	94,950	106,800	118,700	128,150	137,650	147,150	156,650
140%	96,900	110,750	124,600	138,450	149,550	160,600	171,700	182,750

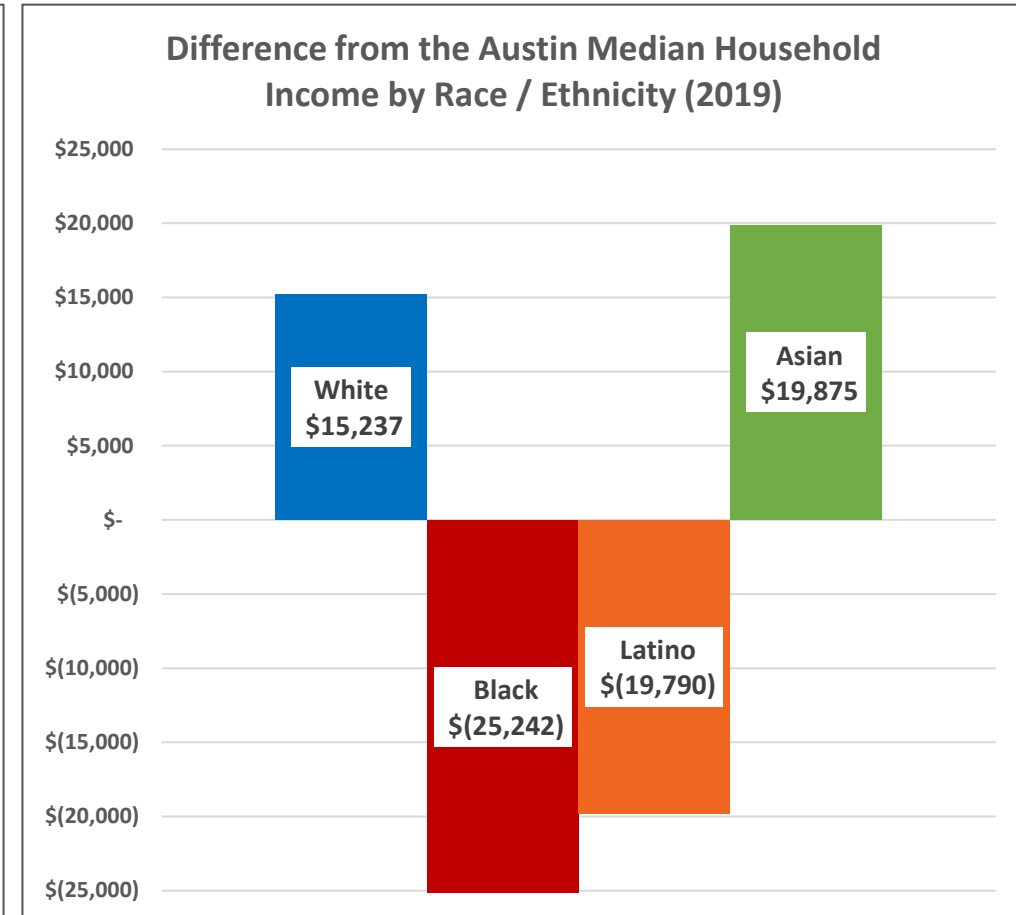
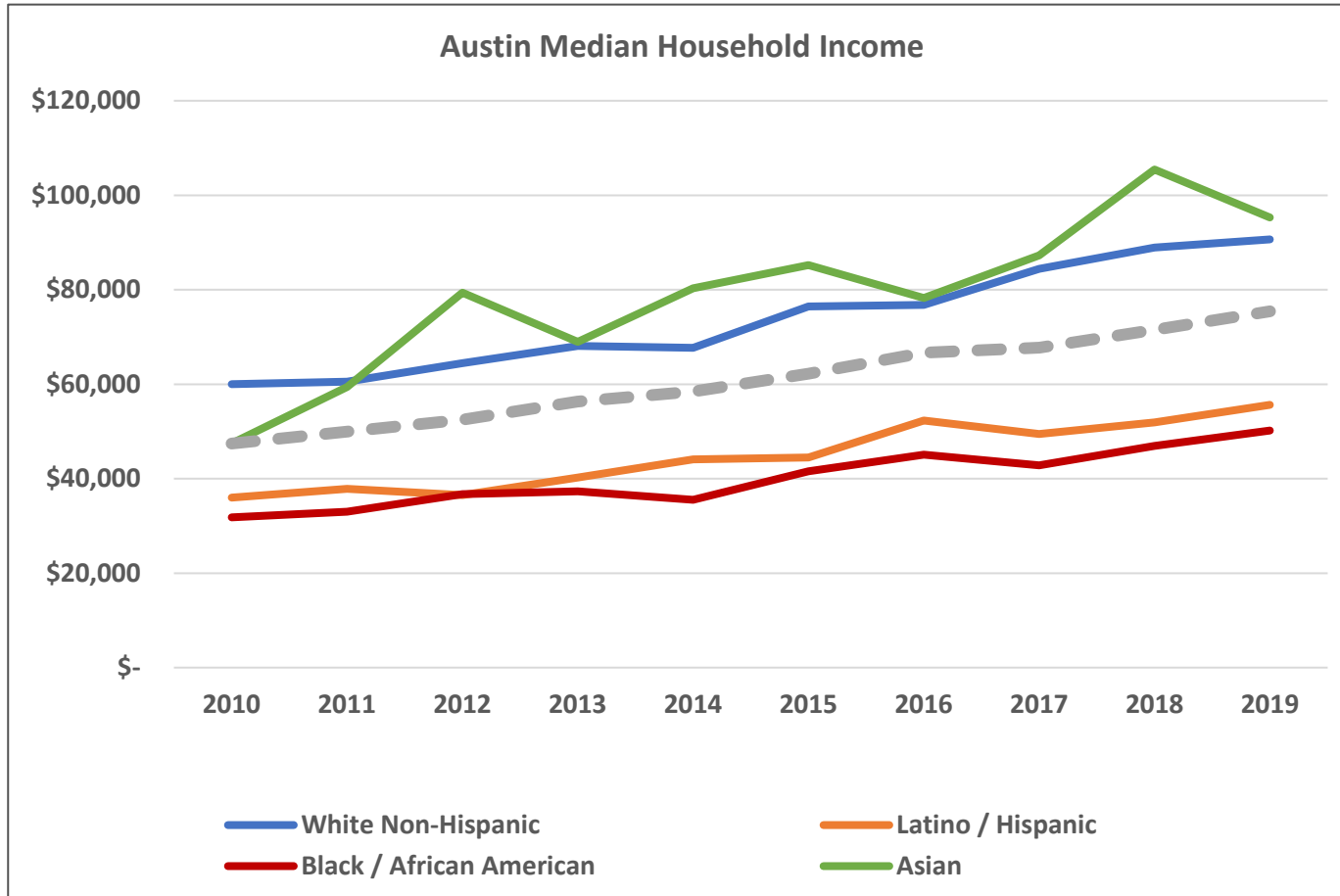
* Income limits provided by HUD.

Other income limits calculated by HPD based on the formula used by HUD.

MFI Chart was expanded to include other percentages used by HPD.



What does median income look like disaggregated by race?



Data Source: American Community Survey 1-Year Estimates for Austin city, Texas; Table S1903



What are affordable rents?

- Market-rate rent in VMU developments is on average \$1,832
- Affordable rent limits at 50% of MFI is about \$898 on average*
- Affordable rent limits at 60% of MFI is about \$1,077 on average*
- Affordable rent limits at 50% of MFI is about \$1,436 on average*

**averages are weighted and account for differences by number of bedrooms*