



**HOUSING &  
PLANNING**

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

**May 26, 2022**  
**Design Commission**

# Overview

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- VMU Basics
- VMU-Related Direction
- Staff Recommendation
- Additional Research
- Next Steps



# Vertical Mixed-Use (VMU) Basics

VMU is a *voluntary* density bonus program designed to generate 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
- Applicable along “core transit corridors”
  - Connects housing and services to transit
  - May also include other roadways based on original neighborhood opt-in process
- Offers development incentives in exchange for community benefits
  - Improves flexibility for site development
  - Creates enhanced pedestrian environment
  - Regulates affordability
  - Support sustainable development patterns

Development  
Incentive

Community  
Benefit

Site Development  
Flexibility

Regulated  
Affordability

Reduced Parking  
Requirement

Heightened  
design standards

No FAR  
restrictions

Mix of land uses

Additional  
Allowable Uses

Active ground  
floor use



# VMU Combining District

Example Zoning String:  
**CS-MU-V-CO-NP**



## VMU-Zoned Sites

Base Zones	Description	Max Height	Impervious Cover	% of Sites
CS	commercial services	60ft	95%	67%
GR	community commercial	60ft	90%	18%
LO	limited office	40ft	70%	5%
LR	neighborhood commercial	40ft	80%	5%
GO	general office	60ft	80%	3%
NO	neighborhood office	35ft	60%	1%

VMU-Zoned Properties with Other Combining Districts	% of Sites
NP: Neighborhood Plan	94%
MU: Mixed Use	53%
CO: Conditional Overlay	67%
NCCD: Neighborhood Conservation Combining District	5%



# VMU Site Development Standards

- Same as base zoning
- Compatibility standards supersede

**Building Height**



- Same as base zoning

**Impervious Cover**



- No minimum front or side setbacks
- Compatibility standards supersede

**Reduced Setbacks**



- Height and Impervious Cover still provide site controls

**No Floor to Area Ratio (FAR) limit**



- Up to a 60% reduction in the minimum number of required parking spaces

**Reduced Parking Requirement**



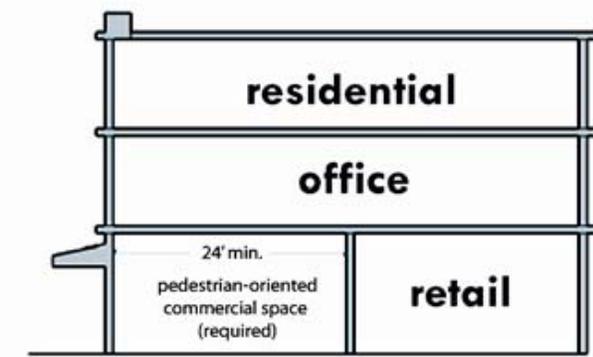
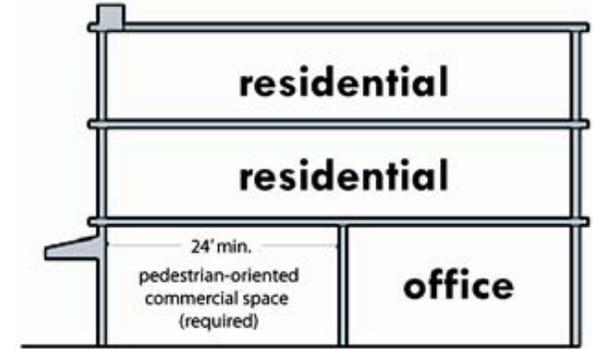
- Allows residential uses in commercial and office zones
- Allows additional commercial uses in office zones

**Broader Range of Allowed Uses**



- Pedestrian-Oriented Commercial space requirement on first floor
- Minimum of one floor of residential use required

**Mix of Uses Required**



# Vertical Mixed-Use Affordability Policy

<p><b><u>Rental Developments</u></b> <i>40-year affordability period</i></p>	<p><b><u>For-Sale Developments</u></b> <i>99-year affordability period</i></p>
<p>10% set-aside affordable to households earning not more than 60% Median Family Income Or 80% Median Family Income <i>(Varies by neighborhood)</i></p>	<p>10% set-aside affordable to households earning not more than 80% Median Family Income and 100% Median Family Income <i>(5% at each level)</i></p>



# 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



# Staff Recommendation: Set-Aside Percentages and Affordability Levels

		Affordability Requirements	
		<u>Rental Developments</u> <i>40-year affordability period</i>	<u>For-Sale Developments</u> <i>99-year affordability period</i>
VMU		10% set-aside affordable to 60% Median Family Income	10% set-aside affordable to 80% Median Family Income <b>OR</b> Fee equivalent to 10% of total units
VMU2		10% set-aside affordable to 50% Median Family Income <b>OR</b> 12% set-aside affordable to 60% Median Family Income	12% set-aside affordable to 80% Median Family Income <b>OR</b> 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.



# 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.



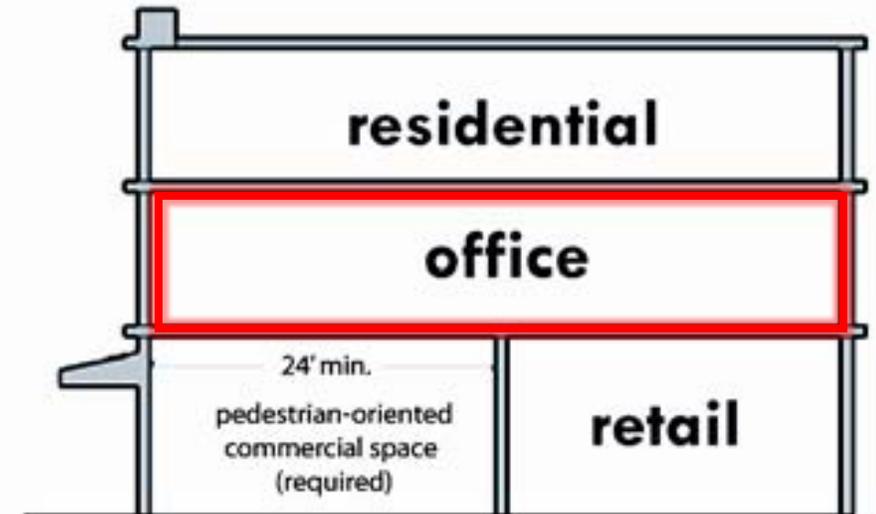
## Staff Recommendation: Addition of Provisions to Affirmatively Further Fair Housing

- 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
  - ❖ Source of Income Protections
  - ❖ Affirmative Marketing
  - ❖ Enhanced Enforcement
  - ❖ Proportional Bedroom Mix
  - ❖ Comparable Design Standards
  - ❖ Dispersion and Equal Access



## 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



# VMU Research

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- VMU Developments
- Dispersion of VMU Zoning
- Other Policies Impacting VMU-Zoned Properties



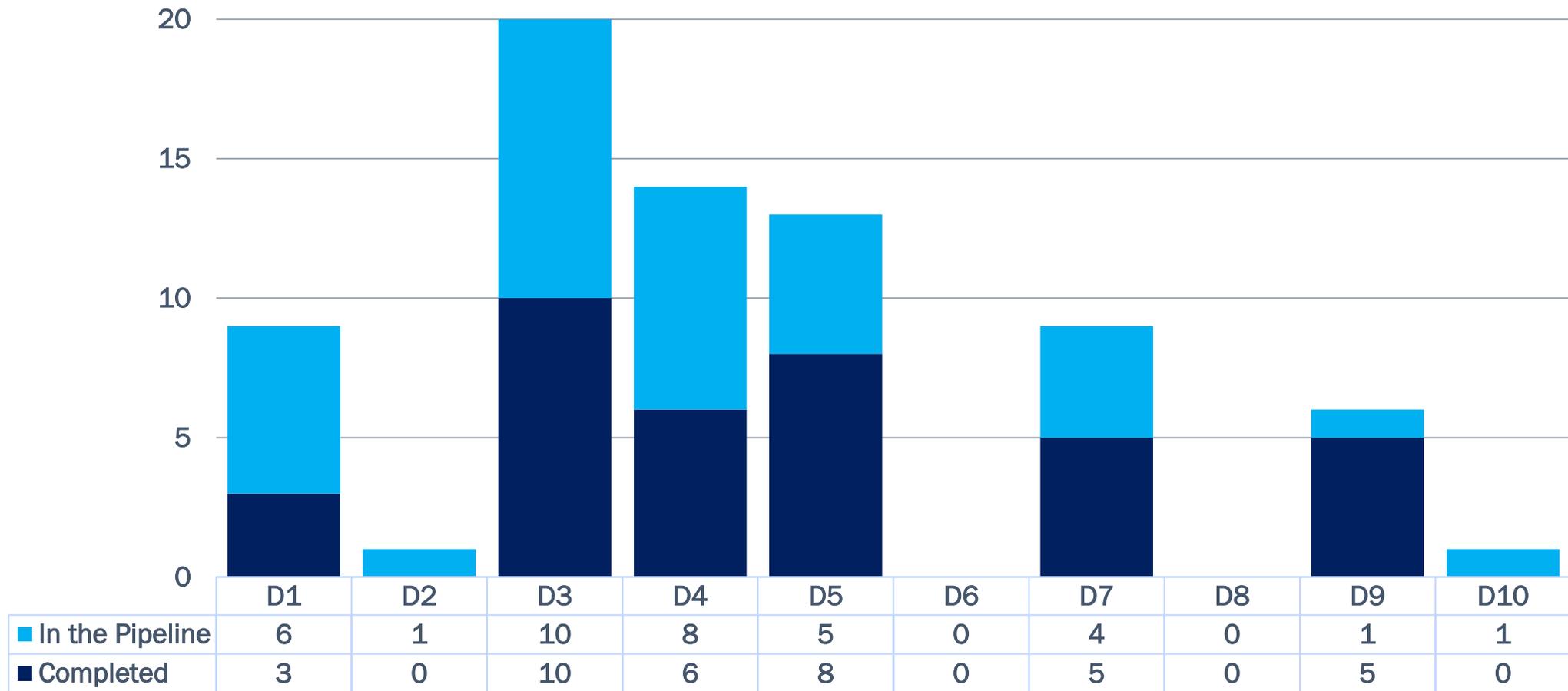
# Vertical Mixed-Use Outcomes

	In Planning	Under Construction	Completed	Possible Combined Impact
<b>VMU Projects</b>	25	11	37	73
<b>VMU Housing Units</b>	6,345	2,563	6,793	15,701
Income-Restricted Affordable Housing Units	641	549	678	1,868
<b>Tenure of VMU Housing Units</b>				
Rental	100%	98%	95%	97%
Ownership	0%	2%	5%	3%

data source: [Affordable Housing Inventory](#) (accessed 4/18/22)



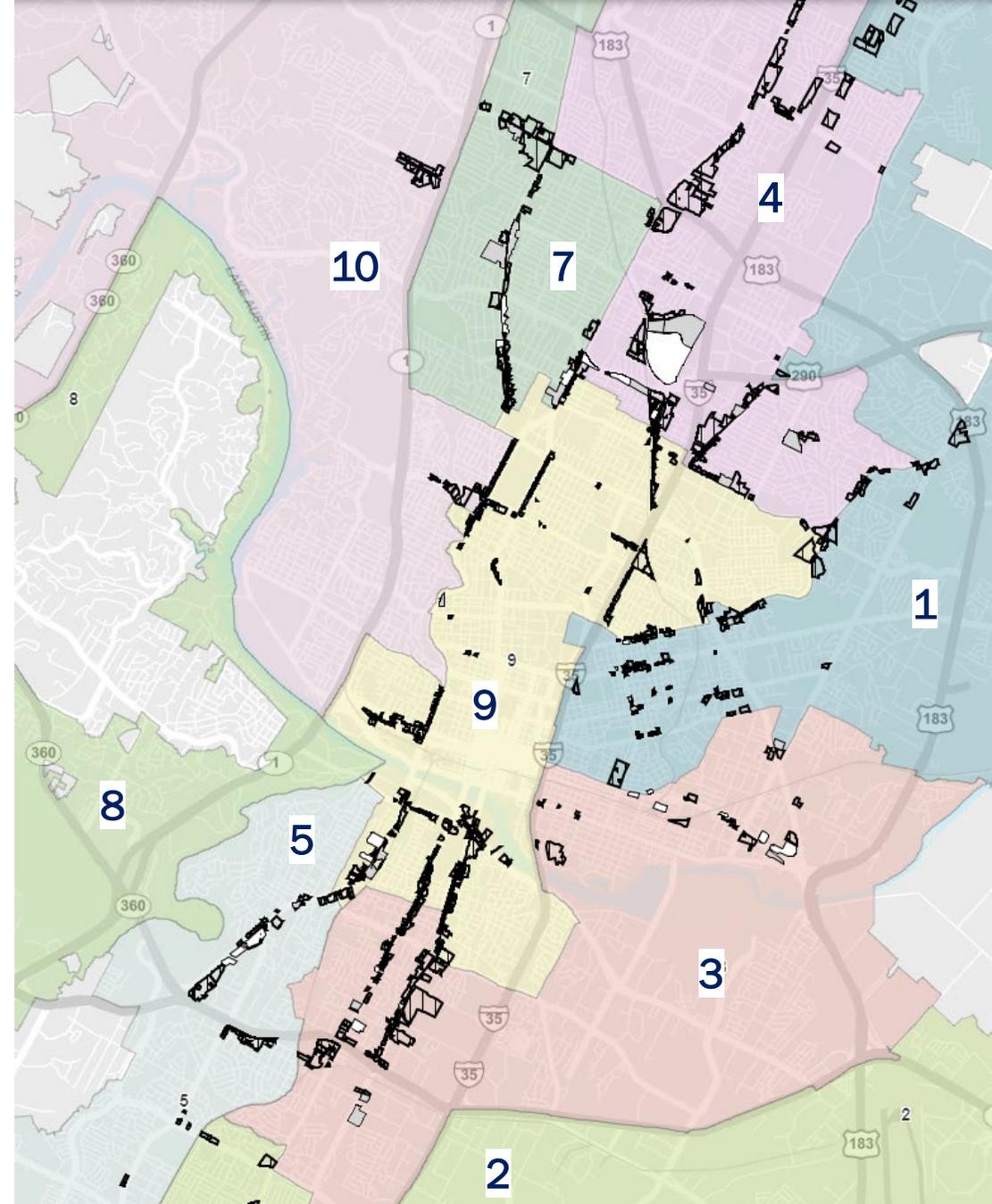
# Vertical Mixed-Use Developments by Council District





# Dispersion of VMU Zoning

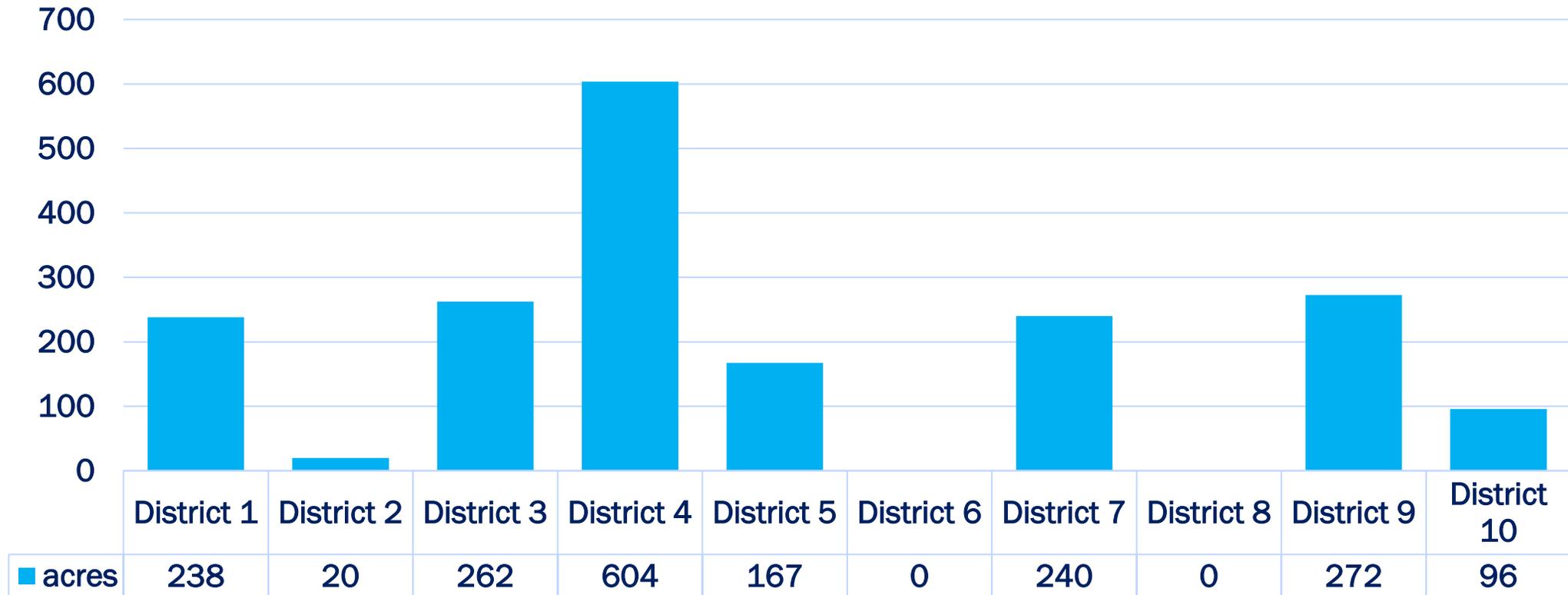
VMU Zoning	
Total Sites with -V	Total Acres with -V
~ 818	~ 1,900





# Dispersion of VMU Zoning

VMU Zoning by Council District



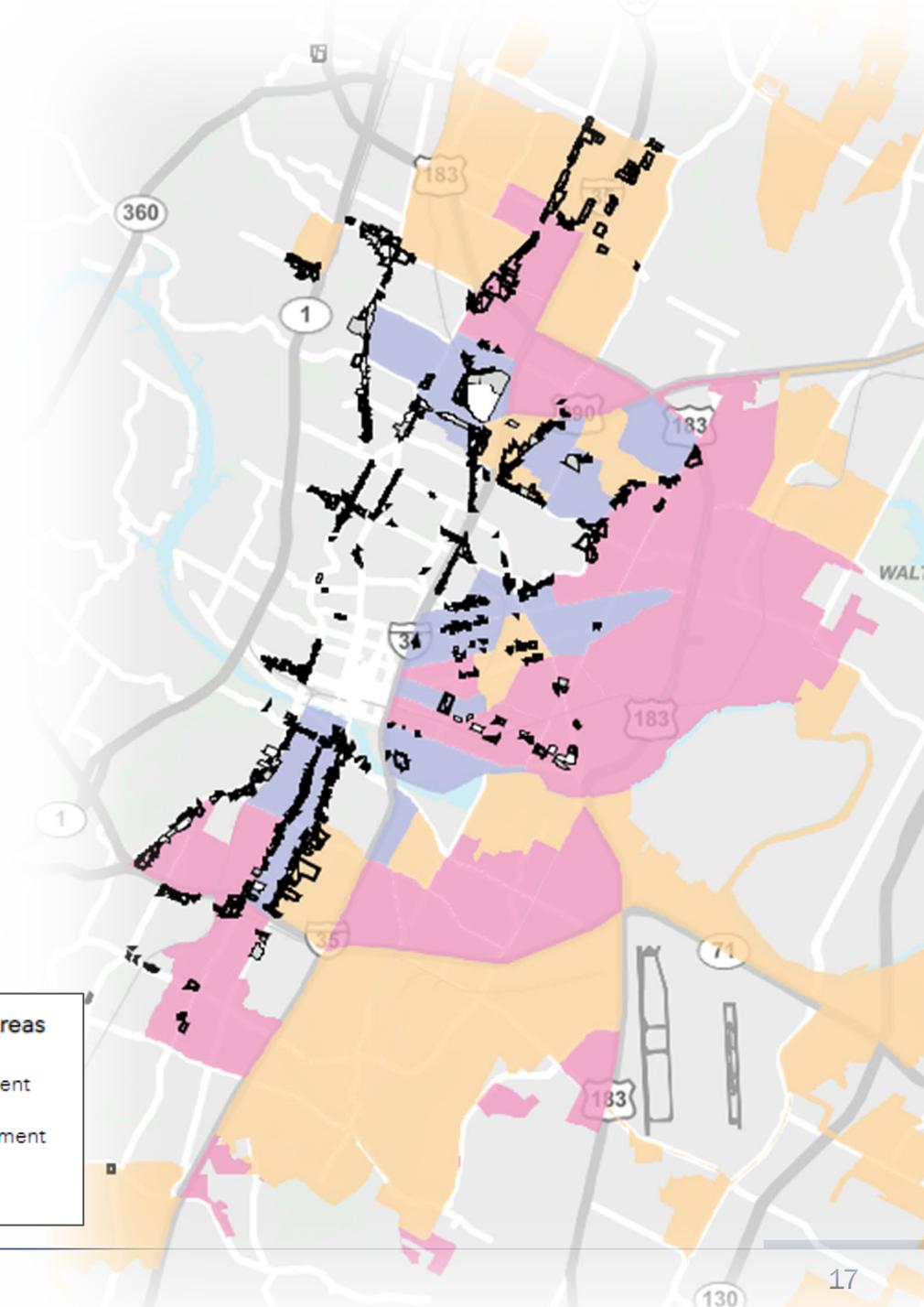
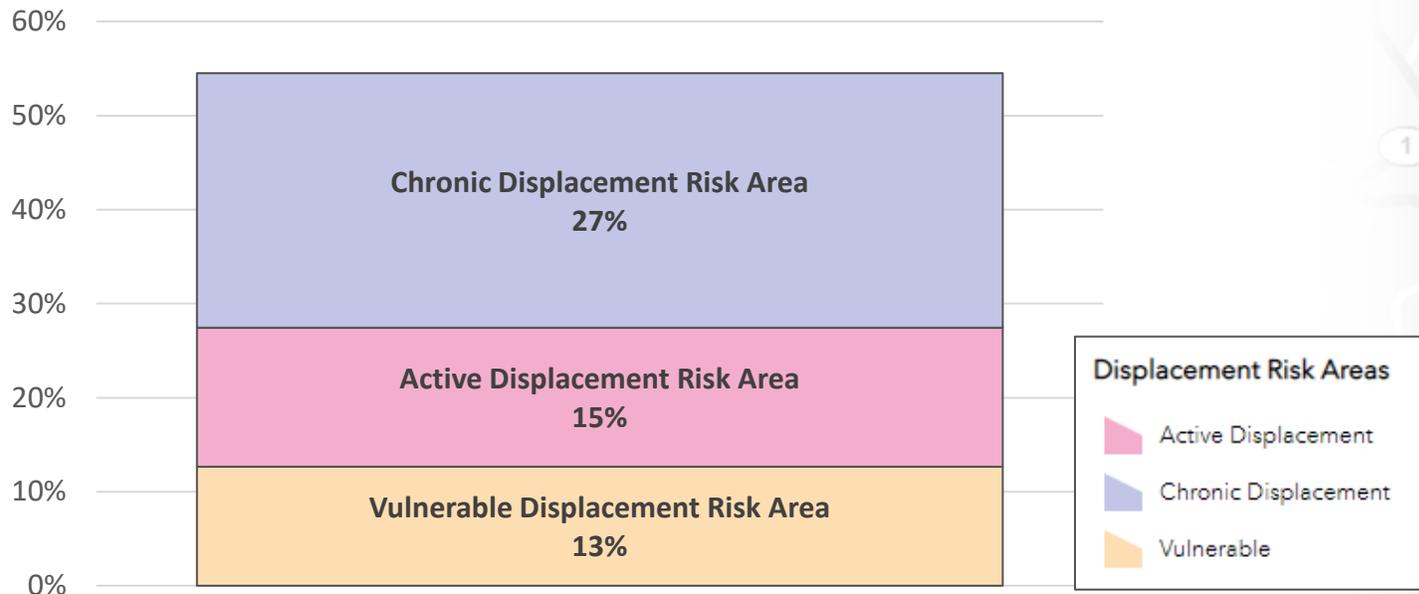


# Dispersion of VMU Zoning

## Displacement Risk Areas

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

VMU-Zoned Sites within Displacement Risk Areas

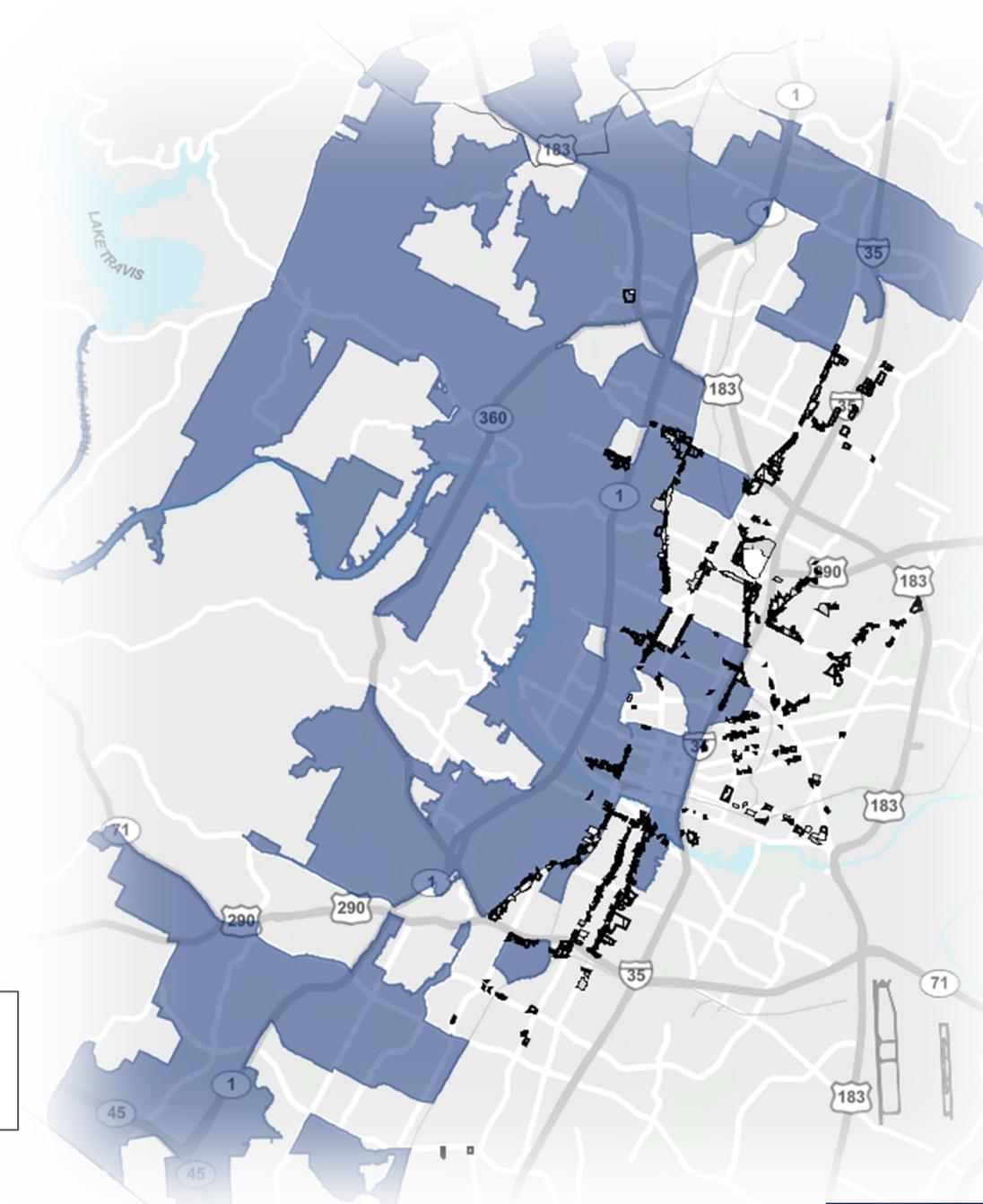
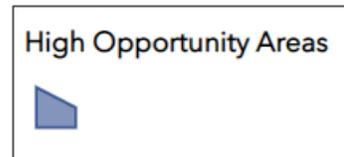




# Dispersion of VMU Zoning

## 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

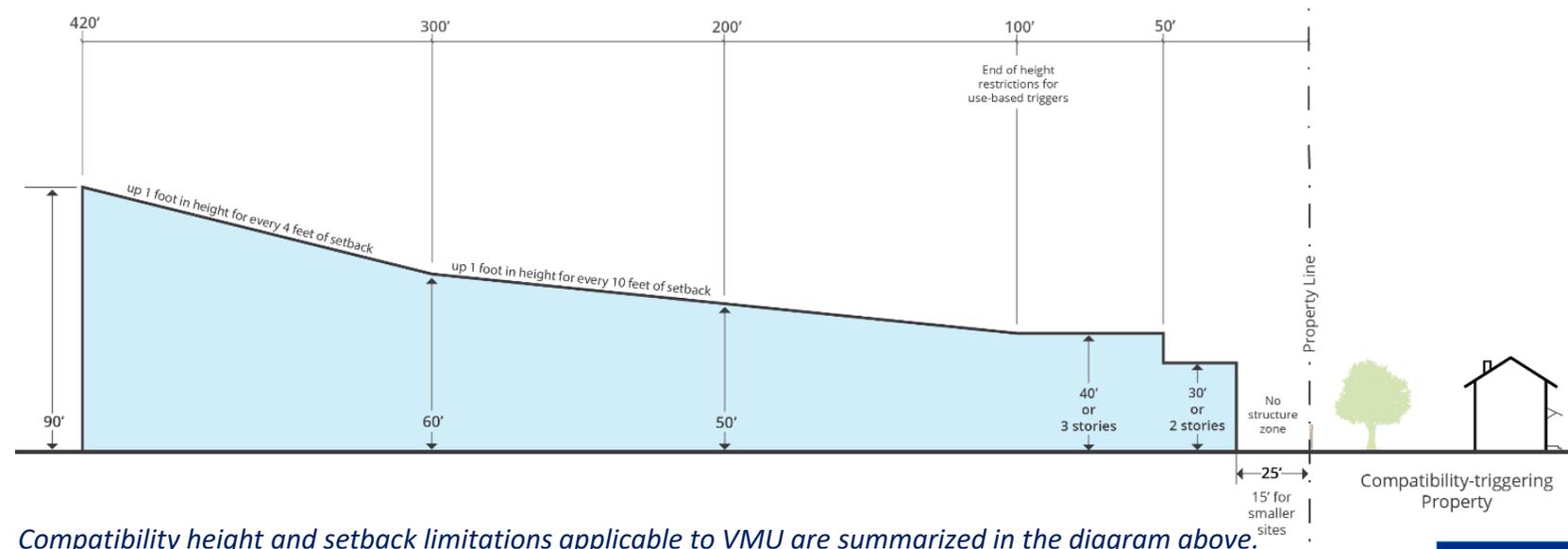
## Conditional Overlays (CO's)

- 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



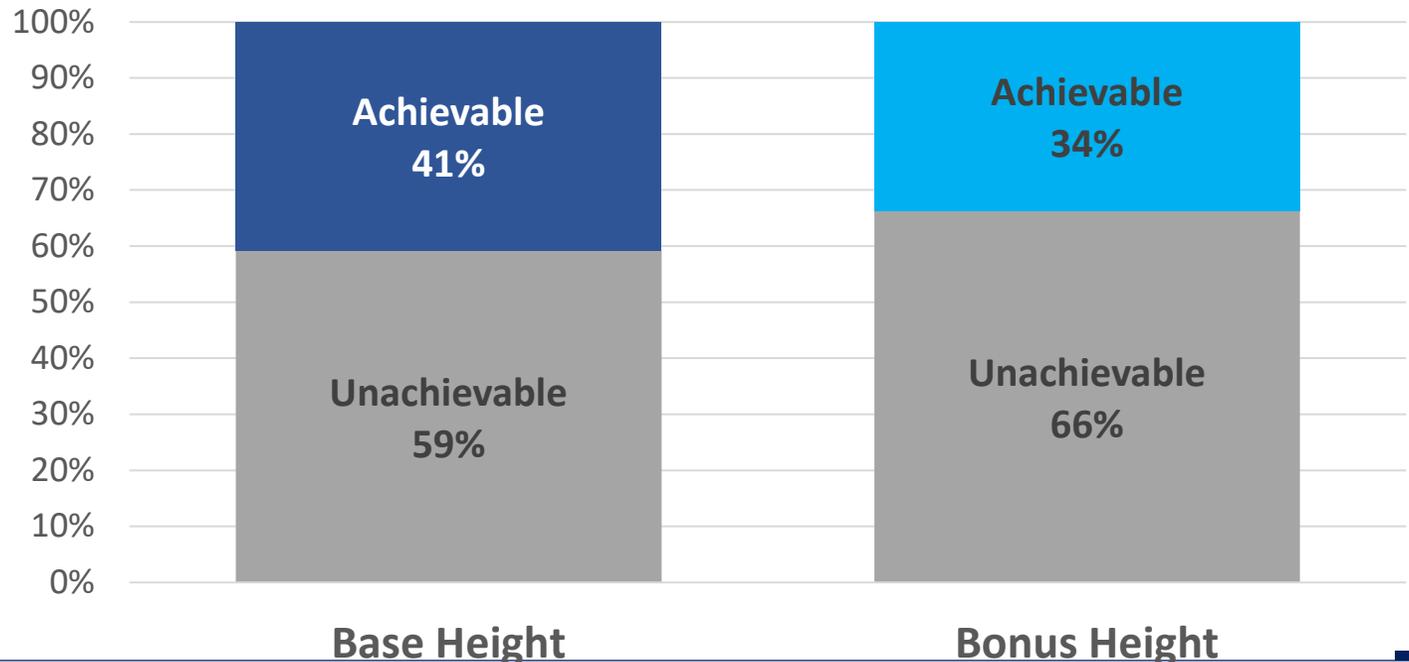
# Other Policies Impacting VMU-Zoned Sites

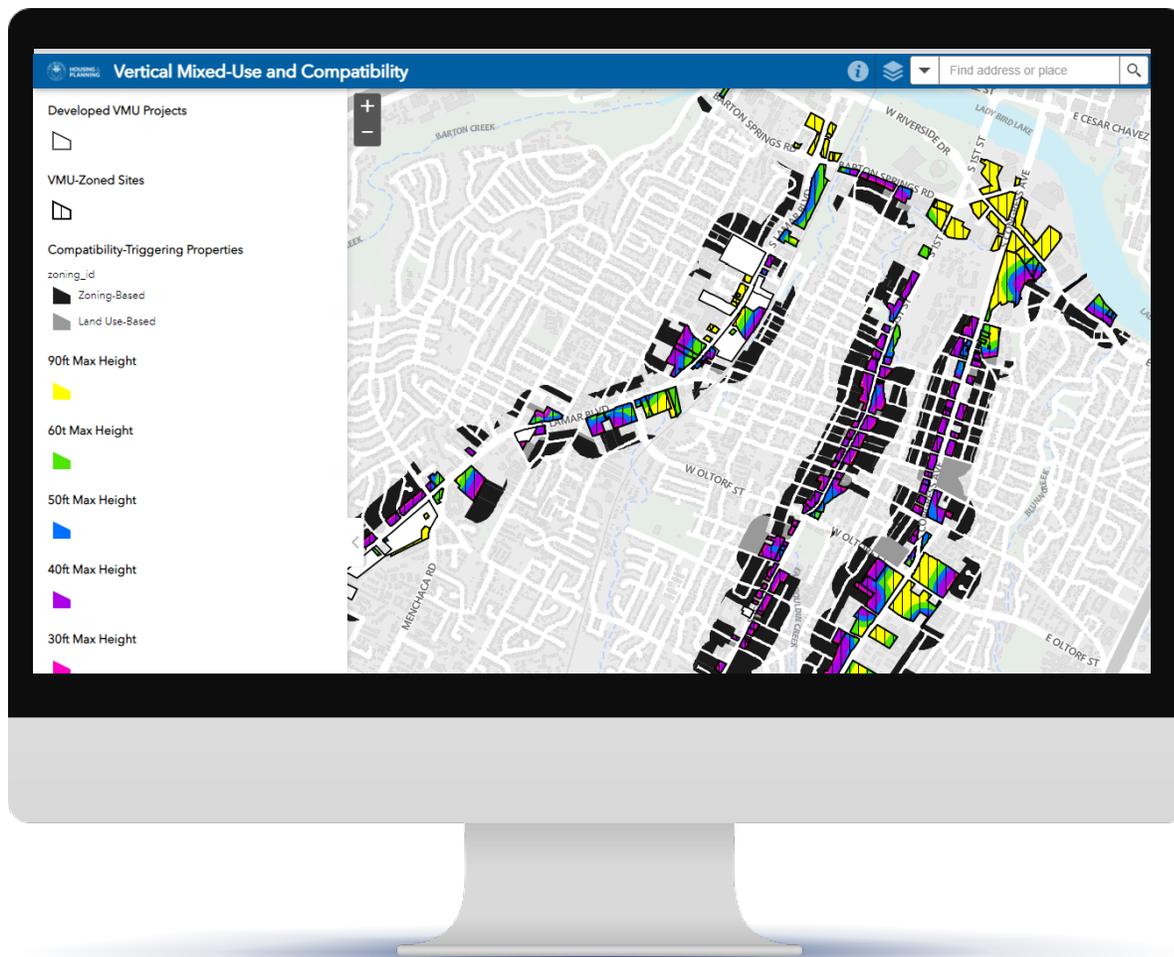
## Compatibility Standards

- 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.*

VMU-Zoned Sites Allowable Heights with Compatibility Standards





## 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>



# HOUSING & PLANNING





Extras



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

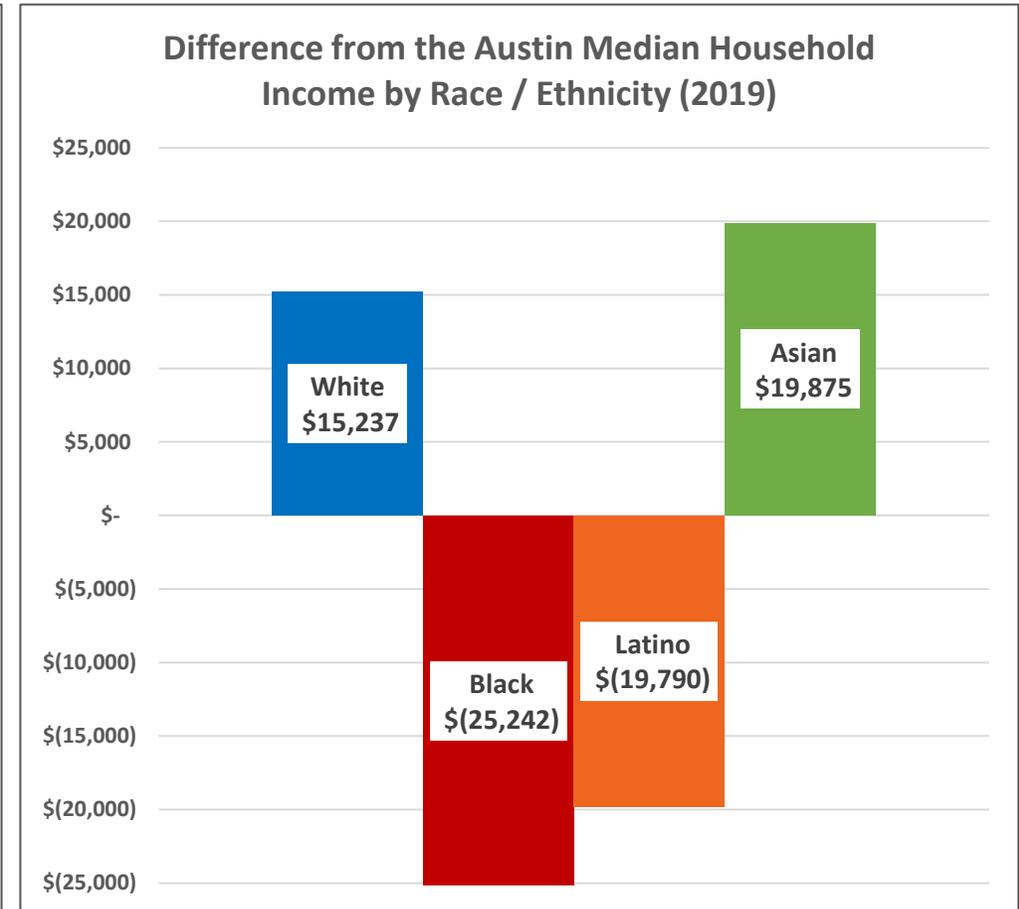
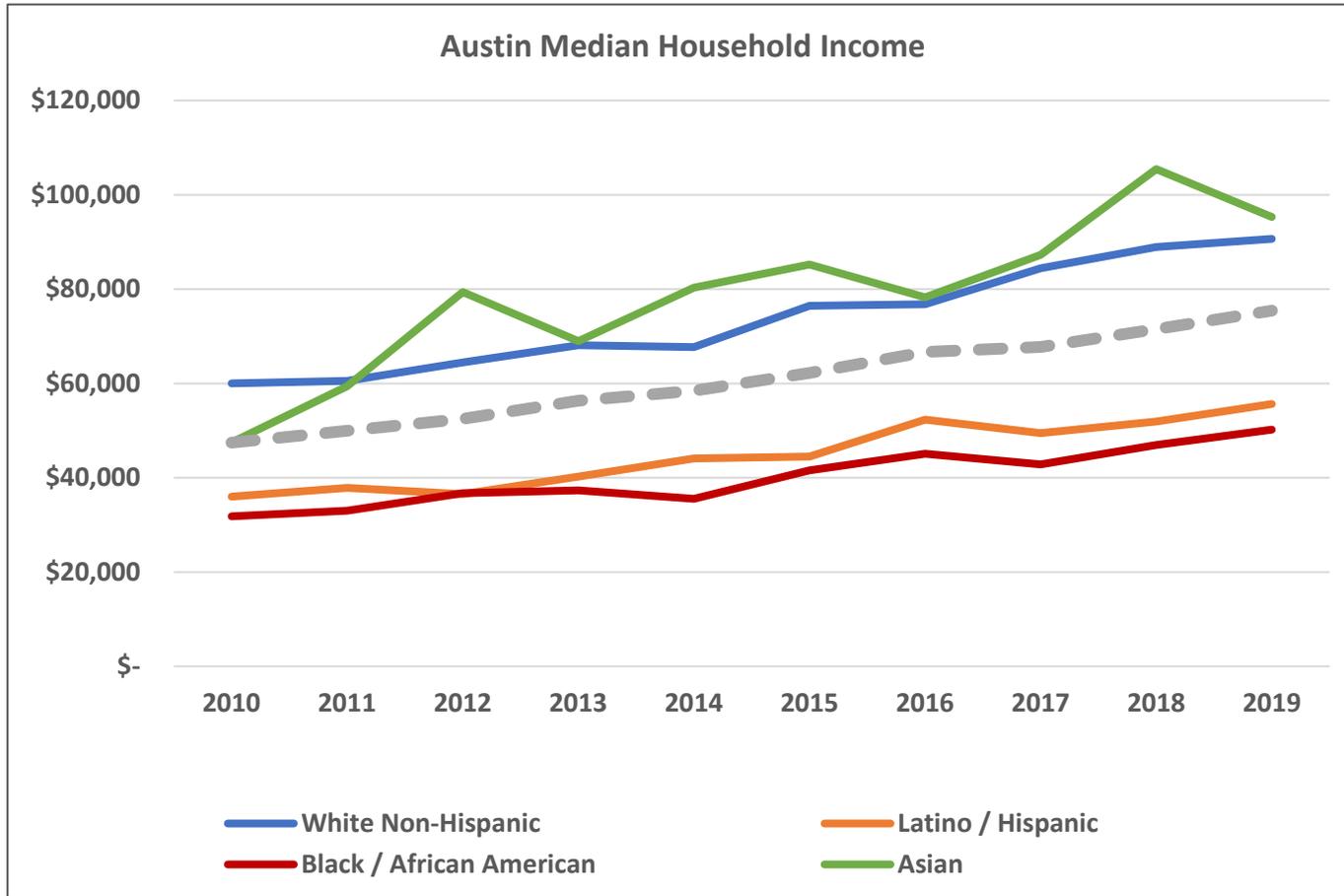
\* Income limits provided by HUD.

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 80% of MFI is about \$1,436 on average\*

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



# VMU-Developed Buildings: AMLI 5350

Total Units: 174

Affordable Units: 17

Tenure: Rental

Year Built: 2010

Council District: 7

Corridor: North Burnet





# VMU-Developed Buildings: Camden Lamar Heights

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

Total Units: 23

Affordable Units: 2

Tenure: Rental

Year Built: 2011

Council District: 9

Corridor: North Lamar





# VMU-Developed Buildings: Aura on Lamar

Total Units: 279

Affordable Units: 28

Tenure: Rental

Year Built: 2021

Council District: 4

Corridor: North Lamar





# VMU-Developed Buildings: West Koenig Flats

Total Units: 210

Affordable Units: 21

Tenure: Rental

Year Built: 2018

Council District: 4

Corridor: North Lamar





# VMU-Developed Buildings: Lamar Union Apartments

Total Units: 441

Affordable Units: 44

Tenure: Rental

Year Built: 2015

Council District: 5

Corridor: South Lamar





# VMU-Developed Buildings: The 704

Total Units: 378

Affordable Units: 38

Tenure: Rental

Year Built: 2014

Council District: 5

Corridor: South Lamar





# VMU-Developed Buildings: Nexus East

Total Units: 49

Affordable Units: 5

Tenure: Rental

Year Built: 2021

Council District: 3

Corridor: Airport Blvd





# VMU-Developed Buildings: Lenox 7th

Total Units: 279

Affordable Units: 28

Tenure: Rental

Year Built: 2020

Council District: 3

Corridor: East 7th





# VMU-Developed Buildings: Axiom East

Total Units: 60

Affordable Units: 6

Tenure: Ownership

Year Built: 2020

Council District: 1

Corridor: East 7th





# VMU-Developed Buildings: 7East

Total Units: 177

Affordable Units: 18

Tenure: Rental

Year Built: 2015

Council District: 3

Corridor: East 7th





# VMU-Developed Buildings: Alexan East 6th Street

Total Units: 208

Affordable Units: 21

Tenure: Rental

Year Built: 2015

Council District: 3

Corridor: East 6th





# VMU-Developed Buildings: Lamar Union Apartments

Total Units: 441

Affordable Units: 44

Tenure: Rental

Year Built: 2015

Council District: 5

Corridor: South Lamar



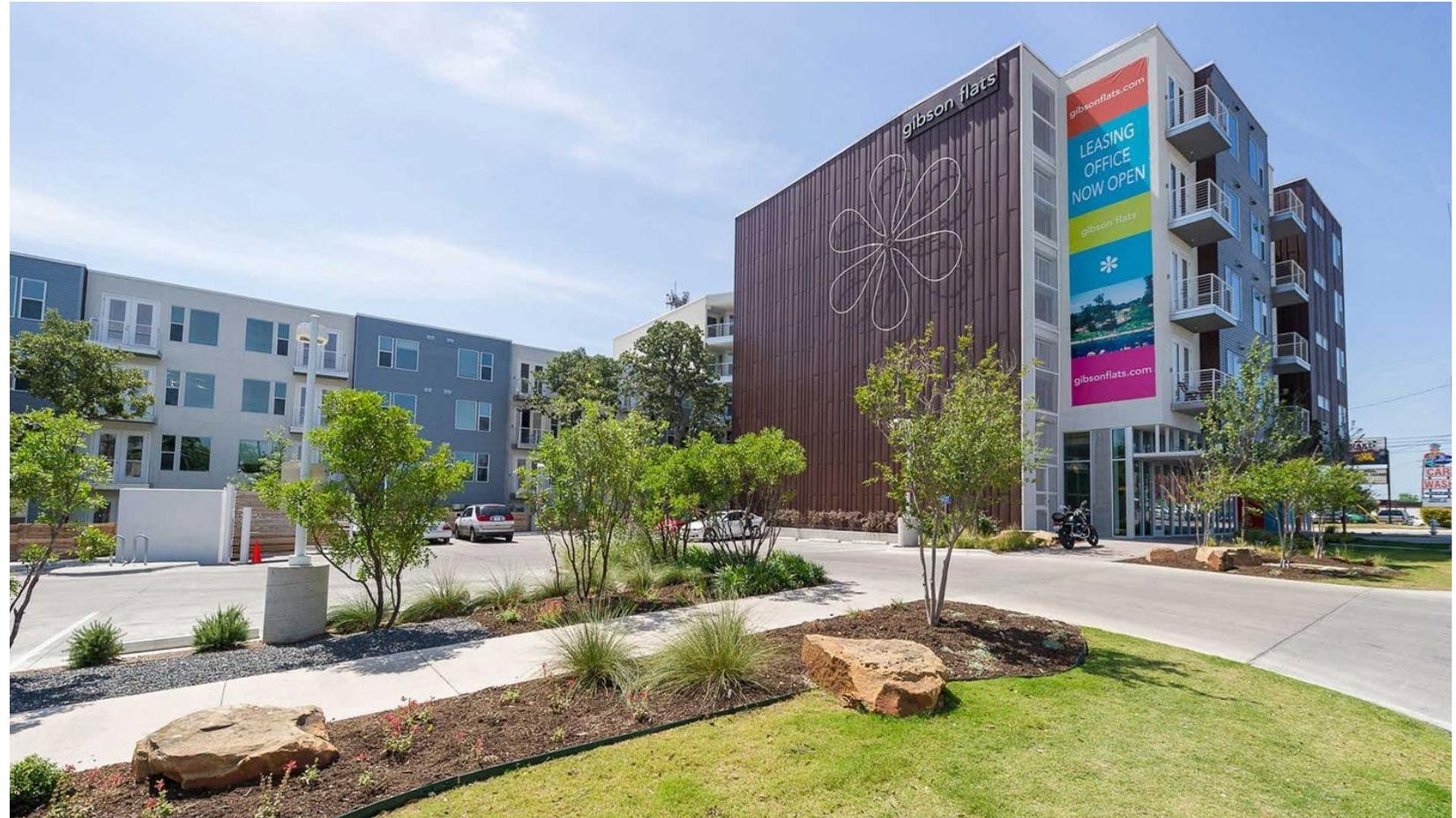


# VMU-Developed Buildings: Gibson Flats

Total Units: 95  
Affordable Units: 10  
Tenure: Rental

Year Built: 2014

Council District: 5  
Corridor: South Lamar





# VMU-Developed Buildings: The 704

Total Units: 378  
Affordable Units: 38  
Tenure: Rental

Year Built: 2014

Council District: 5  
Corridor: South Lamar





# VMU-Developed Buildings: The Tree Apartments

Total Units: 336

Affordable Units: 34

Tenure: Rental

Year Built: 2014

Council District: 3

Corridor: South 1<sup>st</sup> St





# VMU-Developed Buildings: 44 South

Total Units: 227

Affordable Units: 23

Tenure: Rental

Year Built: 2021

Council District: 3

Corridor: South Congress





# VMU-Developed Buildings: Frank

Total Units: 69

Affordable Units: 7

Tenure: Ownership

Year Built: 2019

Council District: 9

Corridor: South 1<sup>st</sup> St





# VMU-Developed Buildings: Willa

Total Units: 61

Affordable Units: 6

Tenure: Ownership

Year Built: 2021

Council District: 9

Corridor: South 1<sup>st</sup> St





# VMU-Developed Buildings: 3114 SoCo

Total Units: 20

Affordable Units: 2

Tenure: Ownership

Year Built: 2017

Council District: 3

Corridor: South Congress Ave

