

28. Expand areas for legally restricted affordable housing, use consistent requirements, consider monitoring fees, clarify terms, provide additional analyses.

Note: Due to the delayed release of Article 23-E, CAG members had only a short time to analyze and discuss proposed changes to the city's affordability bonus programs. In addition, key elements of the proposed programs remained unavailable at the time this report was finalized, including the dollar amounts of proposed fee waivers, where proposed –A zoning would be mapped, the composition and duties of the proposed Designated Review Group, as well as modeling to compare impacts of existing affordability programs, particularly the current Vertical Mixed Use (VMU) program, with those proposed. For these reasons, CAG members wish to emphasize that this issue brief and its recommendations are performe incomplete and there is much we still do not understand about proposed changes to the city's affordability bonus programs.

CodeNEXT Draft: Proposes a density bonus program in which developers could get increased entitlements in exchange for legally restricted affordable housing (23-3E). Also proposes more diverse housing choices and, in some cases, more units by right (23-4D).

Pros of CodeNEXT proposal:

- More closely aligns affordability incentive requirements across the City of Austin.
- Targets 60% MFI (rental) and 80% MFI (owner), which is lower than some previous programs.
- Increases the reach of the density bonus area, from approximately 7,700 parcels to 16,900 parcels, and expands these programs to more areas of the city.
- Provides density bonus provisions for both commercial and residential development.
- Requires Source of Income Protection across all density bonus units.
- Requires that legally-restricted affordable units mirror the unit mix of the non-affordable units.
- Ensures housing in areas of market demand.
- Provides legally-restricted affordable housing without any city subsidies.
- Provides for accessory dwelling units in lower density residential zones, including T3 and LMDR, which could offer more affordable housing options, though not legally restricted.
- Provides a .6 parking reduction for affordable units.

- Consultants estimate anticipated yield for affordable units will be roughly double that of current density bonus program.

Cons of CodeNEXT proposal:

- Calculates number of affordable units based on bonus area (versus total area), with the exception of 23-3E-1040(B)(2), which requires affordability to be calculated based on the entire residential development.
- Does not provide opportunity for legally restricted affordable housing in T3 and LMDR zones.
- Offers little to no opportunity for legally restricted affordable housing in greenfield areas.
- Lack of opportunity for legally restricted affordable housing west of MoPac could raise fair housing issues.
- Differing affordability requirements (percentage of affordable units) based on “inner” and “outer” ring geographies, intended to match market conditions in these two areas.
- Allowing option of fee-in-lieu and off-site production reduces likelihood of on-site units.
- Incentivized units could result primarily in smaller units not suitable for families.
- Provisions for accessory dwelling units are overly proscriptive.
- Greater dispersion of legally-restricted affordable housing increases administrative burden and costs of monitoring for compliance.
- Unintended consequences, such as accelerated gentrification and displacement, as well as loss of market affordable housing, are unknown.
- Additional public benefits for Downtown area (day care services, live music venues, cultural uses, green building, publicly accessible plaza, off-site open space, green roof) are not available in other regional centers created in Imagine Austin.
- Increased entitlements awarded through the affordability plan could exacerbate existing market pressures to demolish market affordable housing so net gain of affordability is unknown.
- Draft code increases by-right entitlements in a number of zones without commensurate community benefits.

Recommendations (14-0-0):

1. Minimize exceptions to on-site affordability while raising the bar for off-site or fee-in-lieu options, particularly in high opportunity areas.
2. Consider additional opportunities for legally-restricted affordable housing west of MoPac and in greenfield areas, such as the greenfield upzoning recommended by the Affordable Housing Incentives Task Force.
3. Reconsider references to “inner” and “outer” rings and embed affordability requirements that are reflective of market demand and cost.
4. Consider an additional zone in proximity to urban schools that would provide incentives for family-friendly housing.
5. Explore other tools to create density bonus family-friendly units citywide.
6. Administrative approvals of density bonuses (23-3E-2050 (B)) should be under the joint purview of the housing and planning departments.
7. Clarify the role and composition of the proposed Designated Review Group as part of the Density Bonus Affordable Housing Review (23-3E-1070 (B)).
8. Charge the proposed Designated Review Group with ongoing review and monitoring to ensure that proposed increased entitlements are matched to the resulting percentage of legally restricted affordable housing.
9. To offset the increased administrative burden of monitoring and compliance, consider an annual compliance and monitoring fee for affordable units.
10. Develop strategies to better publicize and track affordable units to ensure they reach desired population.
11. Clarify location of parcels on the draft map with “-A” affordability designation.
12. To ensure affordable units are responsive to local market conditions, develop a metric to ensure that density bonus units are actually lower in cost for rental or ownership than comparable market rate units within the same project.
13. Consider including the additional public benefits in the Downtown area (day care services, live music venues, cultural uses, green building, publicly accessible plaza, off-site open space, green roof) in all regional centers created in Imagine Austin, while maintaining provision of affordable housing as the “gatekeeper” requirement.

14. Clarify which parking reductions apply to affordable units (versus all residential units) and whether or not they are cumulative. (See 23-3E-1100 and 23-4E-3060)
15. Clarify role of compatibility standards in density bonuses that include an increase in height.
16. Work with the City of Austin Equity Office to consider policies to prevent the potential displacement of low-income residents and communities of color from market affordable housing as a result of CodeNEXT.
17. Consider additional strategies to avoid incentivizing demolitions of existing market affordable housing.
18. Amend draft to ensure that any fee-in-lieu units and/or land dedications are within one mile of the proposed project or in a high opportunity area.
19. Model impacts of proposed new affordability bonus programs vs. current affordability bonus programs, particularly the impact of altering the current VMU requirement that the number of affordable units be based on a percentage of the total units in the project, not just the bonus units.
20. Continue to explore proposed affordability calibrations to ensure the city is obtaining maximum community benefits for all new entitlements proposed in the draft code.
21. Model impacts of proposed affordability bonus programs on market rate units.
22. Revise current density bonus programs to be more effective and accountable.

Related Imagine Austin Goals:

- Increase non-vehicular trips (IA p. 231)
- Improve access to transit (IA p. 228)
- Maintain and increase household affordability in Austin (IA p. 186)
- Improve opportunities for healthy lifestyles (IA p. 186)
- Compact and connected (IA p. 186)
- Increase the percentage of mixed-use development (IA p. 208)
- Create an efficient development review process (IA p. 208)