




MEMORANDUM

TO: Gilbert Rivera, Chair
Community Development Commission

FROM: Gregory I. Guernsey, AICP, Director
Planning and Zoning Department 

DATE: July 12, 2017

SUBJECT: Housing Concerns CodeNEXT

In response to the questions asked by the CDC regarding CodeNEXT, we offer the following responses:

1. FAR: It is our understanding that the draft code does not recognize Floor-to-Area Ratio or FAR. Eliminating FAR would give away one of the city's most successful incentives for creating housing affordable for low-income Austinites, the Vertical Mixed Use (VMU) overlay. FAR is key to the incentives used in VMU. We count 28 developments, which used VMU incentives to provide 549 units below market rents in rapidly growing parts of town where it would otherwise be difficult to create affordable housing. Nearly all VMU units are within a quarter mile of transit, the majority are in high opportunity areas, and many are affordable to people at 60% of Median Family Income (MFI), making this a strong tool for serving individuals in low-wage jobs such as office support staff or fixed income seniors. With the elimination of FAR, where would the incentive of VMU be recaptured in CodeNEXT?

The intent of the CodeNEXT mapping process is to replace the VMU overlay with new CodeNEXT zones that incorporate a density bonus option. The forthcoming proposal for a Citywide Affordable Housing Density Bonus Program uses several zoning levers (max units, floor area ratio, dwelling units per acre, building height) to define bonus area and affordability requirements with deeper affordability goals.

2. Compatibility: We have heard that the new code would retain current compatibility standards unless and until a property is re-zoned. At that time, a different compatibility standard would apply. Compatibility has been very important to neighborhood integrity. If compatibility standards change, what benefits to

neighborhood integrity, including affordability, would offset the change in the compatibility standard? What role would different neighborhoods have in making these determinations?

CodeNEXT strives to integrate compatibility into the new and updated zones. In most cases achieving maximum height would only be attainable by participating in the density bonus program.

In regards to neighborhood input, the ongoing mapping process consults Neighborhood Plans and Future Land Use Maps to ensure that new zones implement each neighborhood's vision. Just as the Public Review Draft is available for public comment, the Draft Zoning Map will be revised following public input. Following the CodeNEXT process, nearby residents will still have the opportunity to participate in the public process affiliated with any potential rezoning.

3. **Parking:** We have heard that parking requirements would be reduced. Again, we would like to consider how to incentivize affordability under a new standard. What do neighborhoods gain from reducing parking? What incentives could be crafted from reduced parking to create affordability at specific low-income levels?

It is correct that parking minimums will be reduced. However, there will be no enforcement of parking maximums so two parking spaces for a detached single family home can still be built, but are not required. During the Community Character in a Box research, the CodeNEXT Team observed that many of Austin's cherished historic homes only have one parking space per single family home. The City of Austin did not have a parking requirement before 1954 and only one parking space for a detached single family home was required previous to 1985. A lower parking minimum can result in reduced development costs which can be carried down to the end user. Reducing the parking requirements also grants more architectural flexibility, especially for smaller lots; enabling the construction of smaller homes on these lots.

The forthcoming draft Affordable Housing Chapter (Article 23-3E) proposes a parking reduction per qualified affordable unit.

4. **"Middle Housing" or "Corner quads":** We have heard that the draft code proposes allowing single family corner lots to be redeveloped with up to four units. While theoretically the additional units could be offered at lower prices, the experience of our commissioners is that where usage increased from a single unit to duplex or more units, the new homes were way beyond what long-time residents could afford. Only by attaching specific affordability benefits can we assure the result of allowing additional units to be designated as affordable for low-income people. What specific affordability standards are proposed to guarantee that these increases in units are affordable to low-income people?

In the draft Citywide Affordable Housing Density Bonus Program released mid-June, bonus density will only be granted if compliance with the program occurs. The City will enforce the program with land use restrictions such as restrictive covenants or some other legal mechanism. The intent of the affordable housing program is to provide housing for residents earning 60% of median family income (MFI) for rental and 80% MFI for ownership.

5. Affordability level: CodeNEXT promises to “streamline” differing programs with uniform standards. While not discussed in the draft information available to the public, we have heard that the affordability levels in differing bonus incentives will be adjusted to have uniform standards. We are crystal clear that uniform standards should be set at 60% or 50% MFI for rental and 70% for homeownership.

Affordable Housing Incentives will require 60% MFI for rental and 80% MFI for ownership.

6. CodeNEXT is supposed to update city development standards to be more consistent with contemporary standards. We are concerned that in administering the current code, the City has been more likely to grant variances in many of the high poverty areas represented by the Community Development Commission rather than in other areas. How can variances be handled more equitably?

There are allowances for variances in the code and that system is still affective. Variances are granted on hardship which is unique to the property, not to the area, individual, or their economic status. Variances are granted by the Board of Adjustment, which is a quasi-judicial body appointed by the City Council and representation is made up from all ten districts.

7. We have heard that the minimum lot size for a duplex would be reduced, perhaps to 6,000 square feet, in East Austin. However, the minimum lot size for duplexes would be higher or non-existent in other areas within the Drinking Water Protection zone. Similarly front yard setbacks would increase in some areas but decrease in others. What is the rationale for these differences?

Standards for Transect zones have been crafted to reflect patterns and conditions found in neighborhoods throughout Austin.

8. Our commissioners have expressed concerns that SMART Housing is not geared to current needs. For example, we are concerned with a one-year affordability period on homeownership units in the SMART program. How is the Planning Department working with Neighborhood Housing to improve the benefits of SMART Housing such as the affordability level and the affordability period?

Neighborhood Housing and Community Development (NHCD) has met with stakeholders and has proposed updated language to the SMART Housing Policy. This process has involved the efforts of multiple departments including the Planning and Zoning Department (PAZ). A draft of proposed updates to the SMART Housing Policy is included in the draft Affordable Housing chapter (Article 23-3E) of CodeNEXT.

9. We have heard that the Strategic Housing Plan will be tied to Imagine Austin. What does tying Imagine Austin and the strategic plan together accomplish?

The Strategic Housing Blueprint helps to implement the affordability goals in Imagine Austin.

10. Considering that roughly one-third of Austinites are not proficient in English, what can the City of Austin do to increase the availability of information, presentations for, and participation of those of Limited English Proficiency in CodeNEXT?

City Staff is hosted a Mapping Open House event entirely for Spanish speakers on Wednesday June 28th from 7-8:30pm at the Carver Museum. The CodeNEXT Team had educational collateral translated into Spanish as well as a presentation describing the mapping process entirely in Spanish followed by a Q&A session. An additional Spanish open house will be held in the fall after the release of Draft 2.

CodeNEXT information in Spanish can be found here:

<http://austintexas.gov/page/codenext-en-espanol>

11. We have not found consideration of mobile home/manufactured home park residents in CodeNEXT. How will CodeNEXT address their unique needs and concerns?

A Manufactured housing zone has been carried over from what exists now in the current code.

12. Several efforts involve attempts to increase equity and overcome impediments to fair housing in Austin. How will CodeNEXT align with the equity tool currently being developed? How will recommendations from the Mayor's Task Force on Undoing Institutional Racism be reflected in CodeNEXT? How does CodeNEXT reflect the Fair Housing Action Plan in the City's Analysis of Impediments to Fair Housing?

The Equity Tool is still in draft form, but CodeNEXT will be tested once the tool is calibrated for use.

The CodeNEXT Team is currently reviewing the recommendations from the Mayor's Task Force and the recommendations that are effected by the land development code will be considered for incorporation into the second draft.

By creating opportunities for more housing options at a broader range of price points, including missing middle housing and density bonuses to support the creation of affordable housing, CodeNEXT can help address high priority housing barriers identified in the Analysis of Impediments and Fair Housing Plan such as the lack of affordable housing citywide.

13. Current housing production seems to favor units for households of one and two members. However, we know from the communities we represent on the CDC that we are losing lower income families to suburban areas outside of Austin. A tremendous need for affordable units of a size appropriate for families remains. Many families are lower income. What will CodeNEXT realistically provide to meet the needs of low-income families?

CodeNEXT enables the opportunity for more housing options at a broader range of price points. It will make it easier to build Accessory Dwelling Units (ADU's), which can help people to stay in place. However, CodeNEXT alone cannot solve Austin's housing shortage of family-sized affordable units. Tax credits, City municipal bonds and SMART financing incentives are still needed to help address this housing issue.

14. It is anticipated that CodeNEXT will change the land use development process substantially; we are concerned that the city should track indicators of involuntary residential displacement such as evictions and act accordingly to mitigate its negative consequences.

Recent changes to demolition permit applications made in response to Resolution 20170126-038 now allow the City of Austin to collect information related to income levels and demographics of recent tenants. The Tenant Notification and Relocation Assistance Ordinance has also been carried forward into the Affordable Housing chapter (Article 23-3E) of the CodeNEXT draft and will continue to be implemented. Property owners and landlords must also continue to follow state law regarding eviction processes and procedures.

Thank you for your questions and comments. We look forward to reviewing your responses as we begin drafting the second version of CodeNEXT.

Greg Guernsey, Director
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