Updated to reflect actions taken at 4/25 Council Meeting

Direction in Response to City Manager's March 15, 2019 Memo re:
Land Development Code Revision Policy Guidance

Each of the City Manager's five questions is restated below and followed by specific direction.

Question 1. Scope of Code Revision. To what extent should the Land Development Code be revised?

> ***Option A***   Adopt a new Land Development Code, consisting of:
>
> > i. A new Land Development Code (text) <u>and</u> Zoning Map, to take effect concurrently; or
> >
> > ii. A new Land Development Code (text) <u>only</u>, with the effective date deferred until Council adopts a new Zoning Map.
>
> ***Option B***   Adopt a limited set of amendments to the existing Land Development Code, targeting improvements in one or more policy areas.

In response to Question 1, the City Council selects Option A.i. and provides the following additional direction:

1. <u>Overall Scope</u>. The code revision process should use the staff-recommended Draft 3 (text and map) as a baseline, with revisions made to implement policy direction provided below and in response to Questions 2-5. Staff should also review recommendations previously made by boards and commissions on Draft 3 and incorporate those with which staff agrees (all or in part), using a process such as that used for the Austin Strategic Mobility Plan. The Manager should work to deliver a new code that is simplified, can be applied consistently, and furthers the goals of the City.

2. <u>Timeline</u>. The manager should have a revised Land Development Code (text) and Zoning Map ready for Council action on First Reading in October of this year (after Planning Commission issues their report on the text and map as part of the required process).

3. <u>Communication</u>. The Manager should establish and communicate clearly the public input process for Council's adoption of the revised Land Development Code, including timelines and opportunities for public input. Include a transparent and educational public process under which stakeholders are informed on how their input has been received and is being evaluated.

4. <u>Code Text</u>. The revised Land Development Code should be sufficiently clear and unambiguous that administrative criteria manuals are not relied upon to establish policy, except in circumstances where Council has directed that particular requirements be established

administratively. The revised Code text and map should result in reduced city-wide impervious cover and improved city-wide water quality.

a. Creative Spaces. Propose options to preserve creative space, including but not limited to zoning categories specific to cultural spaces and incentives to create dedicated, below market rate creative spaces in developments along corridors and in centers.

b. Age Friendly Policies. Propose options for provisions in the LDC to carry out the land use recommendations from the Age Friendly Action Plan, including supports for multigenerational housing, visitability, and other provisions. Additionally, there should be provisions that enable day cares and senior living centers in all parts of the City, at a scale commensurate with its surroundings.

c. Land Use and Zoning Categories.

i. The new LDC should focus on the size and scale of the built environment and regulate uses through context-sensitive policies that are clearly identified in the code and apply equitably throughout the City instead of through by-lot zoning regulations. Use restrictions should continue and be improved through a framework that identifies a range of incompatible uses among zoning categories, such as to avoid adult entertainment, hazardous industrial, or other activities that aren't supportive to surrounding residential or civic uses. Simple, clear requirements of conditions should be established, such as distance requirements and hours of operation.

ii. Propose options for prohibiting uses along corridors that displace potential housing opportunities, such as self-storage facilities or other uses that do not contribute to overall policy goals.

d. Transportation and VMT. Developments should be able to use a predetermined set of transportation demand management tools such as building additional bike lanes or sidewalks, providing bike storage, public transit stops and other mechanisms.

e. The new LDC should provide for the following as it relates to shaping the City's sustainable water future by preventing flooding, protecting water quality, and promoting water conservation:

i. Developments should retain more water on-site and encourage beneficial reuse.

ii. Require developments where total of new and redeveloped impervious cover is 5,000 sq. ft. and greater to treat water quality. Through the land development code process, this provision should be tested, and staff should potentially create separate

requirements for missing middle housing if such separate requirements are needed to achieve the goals of producing more small and missing middle housing types, while improving water quality in the city and the region overall.

iii. Expand the use of Green Stormwater Infrastructure (GSI) controls to treat residential subdivisions including roads.

iv. Provide options to significantly reform and/or remove exemptions to impervious cover limits in the redevelopment exceptions throughout the water quality section for all watersheds. Provide such options with the goal of actually achieving the most meaningful reductions in impervious cover locally and regionally, while balancing near-term and longer-term needs to reduce impervious cover and improve water quality.

v. Coordinate with Water Forward to Reduce Water Demand.

5. <u>Zoning Map</u>. The revised zoning map should limit the Former Title 25 (F25) zoning classification to unique zoning districts (e.g., NCCDs and PDAs) for which no similar district exists under the revised Land Development Code. Specialized zoning districts that exist today and are of a type contained in the new Code, such as Planned Unit Developments and regulating plans, should be carried over and not be classified as F25.
    a. Existing NCCDs should be preserved and carried forward in the new code and map, however, Code and Zoning Map changes related to ADUs, Parking, Preservation Bonuses, and Transition Area mapping (consistent with Council direction provided below and in response to Questions 2-5) should be applied to those NCCDs. Unique zoning districts (e.g., NCCDs) should be reevaluated in the current context of Austin's housing and transportation needs in addition to analyzing the extent to which NCCDs provide missing middle housing.
    b. COs that are generally incorporated into the new code are not to be carried forward; other, unique COs are carried forward and are subject to change with any future rezoning.

Question 2. Housing Capacity. To what extent should the Land Development Code provide for additional housing capacity in order to achieve the 135,000 additional housing units recommended by the *Strategic Housing Blueprint*?

>   ***Option A***   Maintain the level of housing capacity provided by current Code (i.e., approximately 145,000 new units);

> ***Option B***   Provide a level of housing capacity comparable to Draft 3 of CodeNEXT (i.e., approximately 287,000 new units); or
>
> ***Option C***   Provide greater housing capacity than Draft 3, through enhanced measures to allow construction of additional residential units.

In response to Question 2, the City Council selects Option C and provides the following additional direction:

1. Objective. The revised Land Development Code should provide a greater level of housing capacity than Draft 3, and the City Manager should consider this goal in developing proposed revisions to the Code text and zoning map.
    a. The new code and map should allow for housing capacity equivalent to at least three times the Austin Strategic Housing Blueprint (ASHB) goal of 135,000 new housing units, as well as for ASHB goals of 60,000 affordable housing units, preservation of 10,000 affordable housing units, production of sufficient numbers of Permanent Supportive Housing (PSH) units each year sufficient to address needs and 30% Missing Middle Housing, and be achieved in a manner consistent with direction provided throughout this document.
    b. In general, within activity centers, along activity corridors, along the transit priority network, and in transition areas, additional entitlements beyond current zoning should only be provided:
    i. to increase the supply of missing middle housing, which shall include an affordable housing bonus program where economically viable or,
    ii. through a density bonus that requires some measure of affordable housing.
    c. The granting of new entitlements in areas currently or susceptible to gentrification should be limited so as to reduce displacement and dis-incentivize the redevelopment of older, multi-family residential development, unless substantial increases in long-term affordable housing will be otherwise achieved.

    d. In general, housing affordability should be the primary policy driver of code and mapping revisions and the Manager should explore:

    i. options to allow some level of administrative variances for some building form regulations (setbacks, height, building cover, etc.) to help maximize the shared community values of housing, tree preservation, parks, and mitigating flood risk; and

    ii. the feasibility of how regulations can overlap (e.g., how a drainage field can also safely serve as open space).

e. The City Manager shall provide estimates for the potential impacts of the new map on transit ridership as well as affordable housing goals.

2. <u>Code Text</u>. Code revisions to provide additional housing capacity should include:
   a. Non-zoning regulations should provide flexibility to allow for higher unit yields for parcels within activity centers and activity corridors. The code should create alternative equivalent means to ensure the balance of needs, while protecting environment and sustainability (landscaping, parkland and tree preservation), public safety, transportation, utility and right of way needs. Review non-zoning regulations related to Austin Energy and Austin Water (other than regular fees) that can significantly impact the cost of development. Review and suggest changes to non-zoning regulations that may encourage demolition rather than the redevelopment of existing structures.
   b. A city-led testing process to assess the impact of revised regulations which includes participation by design and technical professionals. The testing should examine how the proposed zoning and non-zoning code provisions perform when applied to various types and scales of development.
   c. Measures to dis-incentivize the demolition and replacement of an existing housing unit(s) with a single, larger housing unit.
   d. Identifying and implementing opportunities throughout the code to encourage preservation of existing housing, especially market affordable housing.
   e. Residential uses should be allowed in commercial zoning categories. Draft 3 mapping included affordability requirements for commercial properties where residential uses are not permitted and these requirements should be maintained in the new draft.
   f. Preservation incentives should be expanded City-wide, so that an additional unit, beyond what would otherwise be allowed, is allowed with the preservation of an existing structure. Remodeling or adding units should be very simple, so it is much easier to preserve an existing home than to tear down and replace it with another larger structure. Provide options to revise McMansion ordinance that provide for ability to add a room or limited remodel but constrain ability to demolish existing home and replace with another larger single family home. If an existing affordable home is preserved, the balance of the lot's entitlements can be used to add more dwelling units.

3. <u>Zoning Map</u>. Map revisions to provide additional housing capacity should include broader use of zones that allow for affordable housing density bonuses than in Draft 3.
   a. 75% of new housing capacity should be within ½ mile of transit priority networks as identified by the Austin Strategic Mobility Plan and Imagine Austin activity centers and

corridors. Staff should update the growth maps for Imagine Austin including both corridors and centers.

b. All parts of town should be expected to contribute to reaching our ASHB and Austin Strategic Mobility Plan (ASMP) housing and mode shift goals as well.

c. Additional direction to staff to develop specific, context-sensitive criteria for areas where the distance between corridors is less than ½ mile.

Question 3.   Missing Middle Housing Types.   To what extent should the Land Development Code encourage more "missing-middle" housing types, such as duplexes, multiplexes, townhomes, cottage courts, and accessory dwelling units?

Option A	Maintain the range of housing types provided for by the current Land Development Code;
Option B	Provide for a range of housing types comparable to Draft 3; or
Option C	Provide for a greater range of housing types than Draft 3.

In response to Question 3, the City Council selects Option C and provides the following additional direction,

1. Code Text. Code revisions to increase the supply of missing middle housing should include:

A   Allowing accessory dwelling units (ADUs), both external and internal/attached, to be permitted and more easily developed in all residential zones;

B   Where appropriate, allowing new housing types to qualify as ADUs, including existing homes being preserved, mobile and manufactured homes, tiny homes on wheels, Airstream-style trailers, modular homes, and 3D-printed homes; and

C. Reduced site development standards as appropriate for missing middle housing options such as duplexes, multiplexes, townhomes, cooperatives and cottage courts in order to facilitate development of additional units. Council will need to determine the appropriate criteria to achieve more affordable housing while protecting environment and sustainability, public safety, transportation, utility and right of way needs.

2   Zoning Map. The goal of providing additional missing middle housing should inform the mapping of missing middle zones, consistent with the direction provided throughout this document.

A   Map new Missing Middle housing in transition areas adjacent to activity centers, activity corridors, or the transit priority network.

i. Generally, the transition area should be two (2) to (5) lots deep beyond the corridor lot.
ii. The depth and scale of any transition area should be set considering context-sensitive factors and planning principles such as those set out in the direction for Question 4.

Question 4.   **Compatibility Standards.** To what extent should the City's "compatibility standards" (i.e., rules limiting development near residential properties) be modified to provide additional opportunities for development?

Option A	Maintain compatibility standards comparable to those in the current Land Development Code;
Option B	Reduce the impact of compatibility standards on development to a degree consistent with changes proposed in Draft 3; or
Option C	Reduce the impact of compatibility standards on development to a greater degree than Draft 3.

In response to Question 4, the City Council selects Option C and provides the following additional direction:

1. Objective. The code revision should reduce the impact of compatibility standards on development within activity centers and activity corridors to a greater extent than Draft 3.
2. Code Text. Maintain Draft 3's no-build and vegetative buffers between residential and commercial uses, as well as compatibility triggers and standards for properties adjacent to a Residential House-Scale zone. The only exception should be that the highest density Residential House-Scale zones should not trigger compatibility onto the lowest density Residential Multifamily zones in order to create smooth transitions.

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3. <u>Zoning Map.</u> Compatibility standards and initial mapping should work together in a way that maximizes housing capacity on parcels fronting activity corridors, the Transit Priority Network, and within activity centers, consistent with applicable base zoning regulations and with any Affordable Housing Bonus otherwise available. Employment and other uses to create "complete communities" along transit and Imagine Austin corridors and centers should also be allowed in a way that is context-sensitive. In addition, regulations should still allow "village center" type low-density mixed-use and commercial use in neighborhoods to create "complete communities".

   a. In general, consider revisions that minimize the impact of compatibility standards on properties facing transportation corridors, particularly in relation to shallow lots.

   b. The revised zoning maps should reduce the impact of compatibility standards on development for parcels along all activity corridors and within activity centers. In redefining compatibility standards, the code revision should:

      i. Define the maximum height allowed by-right plus affordable housing bonus, along activity corridors and in activity centers, and then establish regulations that create a step-down effect in the transition zones.

c. The revised zoning map should include a transition zone that will eliminate the impact of compatibility for parcels along all activity corridors and within activity centers.

      i. Lot(s) adjacent to parcels fronting an activity corridor will not trigger compatibility and will be in scale with any adjacent residential house-scale zones this could also occur at the back end of a deep corridor lot if such is necessary to achieve the same result.

      ii Such mapping of this minimal transition zone may not occur in some situations, if Council can craft specific, context sensitive general criteria that provide staff with sufficient mapping direction. [Such criteria, if any, would need to be provided by Council.]

e. The LDC Revisions should map properties for missing middle housing in transition areas that meet some or all of the following criteria. Entitlements and length of transition areas should be relatively more or less intense for areas that meet more or fewer of the criteria listed below, respectively:

      i. Located on Transit Priority Network, or Imagine Austin Centers or Corridors

ii. Located within the Urban Core as defined by the Residential Design and Compatibility Standards Area (McMansion Ordinance)
iii. Has a well-connected street grid

iv. Located in a higher opportunity area as defined in the Enterprise Opportunity360 Index

f. The depth and scale of transition zones should be reduced so that the transition zone(s) do not overlap with the majority of the existing single-family neighborhood area.

g. The length and level of entitlement in transition zones should be substantially reduced in "Vulnerable" areas identified in the UT Gentrification Study, regardless of the number of criteria met above.

h. Lot(s) adjacent to parcels fronting an activity corridor will be mapped with a zone (RM1 and above) that does not trigger compatibility and that could provide a step-down in scale from the zone of the parcel fronting an activity corridor. For a shallow lot on a corridor, consideration will be given to maintaining the zoning of the corridor-fronting lot to the adjoining rear lot, if appropriate.

i. Transition areas should step down to residential house scale as quickly as possible, while providing for a graceful transition in scale from the zone of the parcel fronting an activity corridor.

j. R4 should be the least intense zone within a transition area.

k. Staff will provide a projection of how much missing middle housing capacity the mapping of transition areas consistent with these guidelines will provide, and how effectively the map enables us to achieve ASHB and ASMP goals.

l. The City Manager shall also use the following conditions as appropriate when mapping transition areas:

• Orientation of blocks relative to corridors

• Residential blocks sided by main street or mixed use type zoned lots

• Bound by other zones, use, or environmental features (including topography)

• Drainage considerations

• Whether it is most appropriate to split zone or not split zone a lot.

m. The City Manager shall provide to Council an analysis of the affordable housing and housing capacity yield when presenting the proposed mapping and potential for redevelopment using the Envision Tomorrow tool.

Question 5.   **Parking Requirements.** To what extent should the City's minimum parking requirements be modified to provide additional opportunities for development and/or encourage transit options consistent with the *Imagine Austin* comprehensive plan?

Option A	Maintain minimum parking requirements comparable to those established in the current Land Development Code;
Option B	Reduce the impact of minimum parking requirements on development to the same degree as Draft 3; or
Option C	Reduce the impact of minimum parking requirements on development to a greater than Draft 3.

In response to Question 5, the City Council selects Option C and provides the following additional direction:

1. Objective. The code revision should seek to reduce the impact of minimum parking requirements on development to a greater degree than Draft 3.

2. Code Text.

a. Minimum parking requirements should be generally eliminated in areas that are within the ¼ mile walkshed of activity centers, activity corridors, and transit priority network, except that some parking requirements may be maintained for areas where elimination of parking requirements would be particularly disruptive (conditions to be proposed by staff).

b. The City's visitability ordinance should be retained and expanded to ground floor missing middle housing in the new code and staff shall provide options for how it is expanded. ADA-compliant parking should be required for commercial and multifamily developments, even if no minimum parking is otherwise required to ensure adequate number of dedicated parking spaces exist to safeguard those with permanent disabilities, temporary illness or injury are afforded a place to park near where they live, shop, or visit others. Off-site or on-street parking may challenge safety and accessibility and should be carefully considered before being used as a means to provide for this parking. This is of critical importance with an aging population and generational housing.

c. Code revisions should provide that parking structures are able to evolve over time as transportation patterns change, including design standards for structured parking that will facilitate eventual conversion to residential or commercial uses.

d. The Manager should

i. Explore options for adopting parking maximums or minimum unit-yield in areas necessary to ensure sufficient transit-supportive development (e.g., TODs);

ii. Determine if parking in certain areas should be counted against FAR;

iii. Explore the feasibility of decoupling parking from leases; and

iv. Explore options for utilizing public parking and ROW to provide more ADA-compliant parking across the City.

Addition 2   Affordable Housing

1. Objective: The Land Development Code should support the city's 10-year Affordable Housing Goals and align resources and ensure a unified strategic direction to achieve a shared vision of housing affordability for all Austinites in all parts of the city. The City Manager should identify and propose for Council approval amendments to the Land Development Code that will (1) address the housing goals established on page 16 of the Austin Strategic Housing Blueprint (ASHB) and (2) implement recommendations for achieving these goals included in the Austin Strategic Housing Blueprint (ASHB) and the ASHB Implementation Plan (once adopted by Council).

2. Code Text: Code revisions for Council approval should include provisions to achieve the following (in addition to those already included in response to City Managers question 1 to 5):

b. Update Affordable Housing Bonus Programs: Provide options to update, streamline and/or expand, and evaluate going forward our catalogue of Affordable Housing Bonus Programs. Require owners to partner with the city and Housing Authority or other affordable housing provider to manage and make units created more affordable; to accept housing vouchers; and to accept funding from the city or other sources to buy down rents in these units in order to target affordable housing goals in the Blueprint.

Require any development that receives city funds or additional entitlements through a variance or other voluntary exchange to accept housing vouchers.

c. Implement a Consistent Density Bonus Program for Centers and Corridors: Tie any increases in development capacity to affordability requirements as provided in this document. Incent and provide additional opportunities for housing units with two bedrooms or more, particularly in high opportunity areas. Housing Blueprint, p. 29.

e. Revise Smart Housing Program: Revise the SMART Housing Program to lengthen the affordability period and to better balance developer benefits with unit construction. Housing Blueprint, p. 32.

f. Better utilize land for affordable housing: Continue to offer density bonuses as well as reduced parking and lot width and setback requirements for developments that include a significant number or percentage of units that are required to be affordable to very low-, low- or moderate-income households for at minimum 40 years. Explore options for tax abatements for multifamily affordable housing. Housing Blueprint, p. 32.

g. Relax Regulations on both Internal and External Accessory Dwelling Units (ADUs): Also ensure accessibility and/or visitability. Housing Blueprint, p. 33.

h. Allow the Development of Smaller Houses on Smaller Lots: Propose revisions to small lot regulations using a context sensitive approach to require a higher level of design and improved compatibility with neighboring properties. Housing Blueprint, p. 32.

i. Relax Regulations on Housing Cooperatives (Co-ops): Relax zoning barriers, density restrictions and mandatory parking requirements to shared housing communities, and cooperatives. Housing Blueprint, p. 34.

k. Increase Housing Diversity in New Subdivisions: Propose options for new subdivision regulations to incent the development of a range of housing types, including missing middle housing and co-housing formats. The regulations should also incent a connected street grid and promote a range of more affordable transportation choices. Once Council has approved options, work with the county to revise the subdivision ordinance applicable to the ETJ. Housing Blueprint, p. 35.

l. Minimize the Displacement of Core Transit Riders: Provide options that encourage the preservation of affordable housing near transit corridors, while ensuring that this housing remains affordable to current residents. Redevelopment and major

rehabilitation threaten the stock of market rate affordable rental housing, where many residents may depend on transit. Housing Blueprint, p. 37.

m. Link Housing Choices with Transportation Choices: Propose amendments to regulations and entitlements to ensure density is supported around transit stations. Utilize tools such as density bonuses and parking reductions when income-restricted affordable housing is provided in and around transit stops. Housing Blueprint, p. 37.

o. Preserve existing affordable housing: Target and preserve 10,000 existing affordable housing units over 10 years. Incorporate into the permitting process mechanisms that will facilitate achieving these goals and create a dashboard for DSD to track and report to Council on progress.

p. Produce Permanent Supportive Housing (PSH): Produce enough PSH units each year, sufficient to address needs. Incorporate into the permitting process mechanisms that will facilitate achieving these goals and create a dashboard for DSD to track and report to Council on progress.

3. Zoning Map. Propose options for mapping the provisions above to achieve affordable housing goals over the next ten years (60,000 affordable units, 10,000 preserved units, 100 PSH, 25% of new income restricted housing in high opportunity areas). Consider mechanisms such as upzoning, use of Future Land Use Maps (FLUM), zoning changes upon sale of a property, and/or other mechanisms