

**Notice of Affordability Impact Statement Postponement**
*Expansion of Reclaimed Water Mandatory Connection Requirements and
Creation of Onsite Water Reuse Systems Mandate***Proposed
Regulation**

The proposed changes would amend City Code Chapter 25-9 (Water and Wastewater) to:

- Require an Onsite Water Reuse System (OWRS) for developments with a gross floor area of 250,000 square feet or more
- Extend and expand the mandatory Reclaimed Water Connection requirements
 - Extend the mandatory connection distance for large developments from 250 feet to 500 feet
 - Specify the requirement to use reclaimed water for all mandatorily connected developments for toilet flushing in addition to other significant non-potable water uses identified in the water balance calculator
 - Remove the opportunity for developments with a gross floor area of 250,000 square feet or more to request a financial hardship variance

These proposed changes would have an effective date of December 1, 2023. The proposed ordinance would also require the creation of a report concerning the impact of the requirements on housing affordability and possible actions for Council consideration to mitigate negative impacts by September 2023, in advance of the regulations' effective date.

**City Policies
Implemented**

The proposed changes were directed by City Council in Resolutions No. 20210520-063 and 20210520-065 and implement key strategies from the Council-approved 2018 Water Forward: Integrated Water Resource Plan. The Water Forward plan seeks to ensure a diversified, sustainable, and resilient water future for our community. The proposed changes assist in meeting the community's near-term and long-term water supply needs.

**Justification
for
Postponement**

In collaboration with Austin Water staff, the Housing and Planning Department has determined that additional time and information is required to sufficiently fulfill Council's direction regarding an affordability impact analysis, stakeholder engagement, and development of recommendations to mitigate the negative impacts to affordability as called for in Resolution No. 20210520-063 and Resolution No. 20210520-065.

City staff do not have sufficient data or details to understand the full impact of these regulations on housing at this time. Rules will be developed to add guidelines and detailed specifications regarding the OWRS mandate over the next two years in advance of the effective date. Additionally, Austin Water will work with the Housing and Planning Department to further analyze the impacts of dual plumbing where it might be required for multifamily construction, accurately evaluate the costs and potential savings related to meeting these requirements, and research strategies to mitigate negative impacts to both market rate housing and Affordable Housing.

**Other Policy
Considerations**

There are no provisions in code to guide postponement of an AIS. The intent of the AIS is to *proactively* identify policies that may negatively impact the cost of housing prior to their adoption, discuss policy alternatives with sponsoring departments that could lessen negative impacts on housing affordability, and inform decision-makers of the impact a policy may have on housing affordability before they take action. Moving forward with code changes that have not received an AIS increases the risk of overlooking possible direct or indirect negative impacts.

When initiating work on the Affordability Impact Statement for these changes, Housing and Planning Department staff became aware that an AIS was not created for the initial code changes resulting in the Reclaimed Water Connection mandate that exists today. Implementation of the current code requirements may already require dual plumbing in some developments. In the affordability report that will be developed by 2023, HPD will provide information about the cost and potential savings of this requirement in addition to the proposed expansion of the Reclaimed Water Connection requirement for different types of housing developments.

Manager's Signature Matt Dugan

Date 9/28/2021