RESOLUTION NO.

WHEREAS, the City Council recognizes that the City of Austin is facing an unprecedented housing crisis and is committed to taking action to address the many causes contributing to this crisis; and

WHEREAS, the Council-adopted *Strategic Housing Blueprint* established that "there is a need for the construction of a minimum of 135,000 additional housing units in the City of Austin over the next decade," including:

- 20,000 housing units affordable to households earning 30 percent of Median Family Income (MFI) and below;

- 25,000 housing units affordable at or between 31 percent and 60 percent of MFI;

- 15,000 housing units affordable at or between 61 percent and 80 percent of MFI; and

- 25,000 housing units affordable at or between 81 percent and 120 percent of MFI; and

WHEREAS, the *Strategic Housing Blueprint* also established a goal that "at least 30% of new housing should be a range of housing types from small-lot single-family to eightplexes to help address Austin's need for multi-generational housing"; and

WHEREAS, the Biden Administration has called for policies that "identify the most powerful levers to produce more affordable housing and [incentivize] new land-use and zoning policies to remove those barriers" in recognition that

"empirical literature finds a relationship between restrictive land use regulations and higher housing prices"; and

WHEREAS, the *Strategic Housing Blueprint* identified "regulatory changes" to land use policies as a strategy to "achieve both market rate and affordable housing goals" and called for the City to, among other things, "Streamline City Codes and Permit Processes" identified as a "Highest Impact" action and "Relax Regulations on More Affordable Housing Products" within a timeframe of three to five years; and

WHEREAS, the housing market in Austin consists of various submarkets that feature differences in housing costs, which are affected by local land value and the regulatory environment, which consists of land use, site design restrictions, the presence of required development permit reviews, and the ability to access development or incentive density bonus programs; and

WHEREAS, according to a recent HousingWorks Austin analysis, over the first three years of tracking progress toward the *Strategic Housing Blueprint* housing production goals, the City has fallen over 14,500 units short, including over 2,600 units short for households making between 31 percent and 60 percent of MFI and over 2,600 units short for households making between 61 percent and 80 percent of MFI; and

WHEREAS, in addition to increasing the number of income-restricted units, increasing the number of market-affordable housing units produced in Austin is critical to the ultimate success of Austin's housing strategies; and

WHEREAS, the City Council recognizes that progress is needed in order to meet the City's housing goals and to meet Austin residents' housing needs; and

48   **WHEREAS**, an analysis of the key drivers of housing production costs
49   across Austin is needed to identify high-impact strategies for addressing this
50   housing crisis; **NOW, THEREFORE**,

51   **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

52   The Council directs the City Manager to perform an analysis of the cost of
53   producing housing in Austin and to identify potential options for reducing this
54   cost;

55   **BE IT FURTHER RESOLVED**:

56   In recognition that different housing submarkets in Austin feature important
57   differences that affect housing costs, this study should divide Austin's housing
58   markets into submarkets and produce housing submarket models ("Housing
59   Submarket Models") that are broadly representative of each grouping;

60   **BE IT FURTHER RESOLVED**:

61   For each of Housing Submarket Models, this study should analyze the cost
62   components for different types of housing ("Housing Model Types"), including at
63   least the following:

64   • Single-family detached;

65   • Duplex;

66   • Townhome;

67   • Small multiplex; and

68   • Mid-rise multi-family;

BE IT FURTHER RESOLVED:

This analysis should determine the total housing cost borne by a renter (estimated median monthly rent) or a homebuyer (estimated median sale price) for each Housing Model Type, considering, at a minimum, the following costs as shown on Exhibit A:

- land costs;

- design and construction costs, including labor and materials;

- financing costs, including interest and profit costs;

- City costs (described below); and

- any other relevant cost components, such as time associated with completing the permitting process;

BE IT FURTHER RESOLVED:

The analysis of City costs should incorporate all typical costs for the development of each Housing Model Type, including, but not limited to, costs and associated time for:

- rezoning for Housing Model Types for which zoning entitlements are not prevalent within the Housing Submarket Model;

- subdivision for Housing Model Types for which subdivision is likely required within the Housing Submarket Model;

- site plan review and associated permitting and inspections;

- compliance with applicable land use regulations, including parkland dedication, tree mitigation, right-of-way dedication, Transportation Impact Analyses, rough proportionality, Street Impact Fees, and utility costs;

- Housing Submarket Model-specific costs related to additional approvals or reviews; and

- any other expected City-imposed costs across all reviewing departments;

BE IT FURTHER RESOLVED:

When this analysis is presented to Council, the City Manager will also present best thinking on the impact that housing cost has on housing supply and the price of renting or owning a home;

BE IT FURTHER RESOLVED:

The City Council directs the City Manager to present the findings of this study by December 1, 2022, with an interim update to be presented by May 1, 2022.

ADOPTED: _____, 2021 **ATTEST:** _____
                                                           Myrna Rios
                                                           Interim City Clerk

Exhibit A

Example Matrix for Each Housing Submarket Model

	Single-Family Detached	Duplex	Townhome	Small Multiplex	Mid-Rise Multi-Family
Land Cost					
Design and Construction Costs					
Financing Costs					
City Costs					
Other Costs					
Total Housing Cost					