



**HOUSING &  
PLANNING**

# Vertical Mixed-Use

May 31, 2022

Austin City Council Housing and Planning Committee

# Overview



- Housing Strategy
- VMU Basics
- VMU-Related Direction
- Staff Recommendation
- Additional Research



# What's the problem we're solving for?

- Austin needs 135,000 new housing units by 2025 to keep pace with population growth
- The market is not providing adequate housing for low-income and moderate-income people
- Affordable housing is not equitably distributed throughout the city
- The cost to close the gap in low-income housing in Austin was estimated at over \$11 billion in 2017

## AUSTIN STRATEGIC HOUSING BLUEPRINT

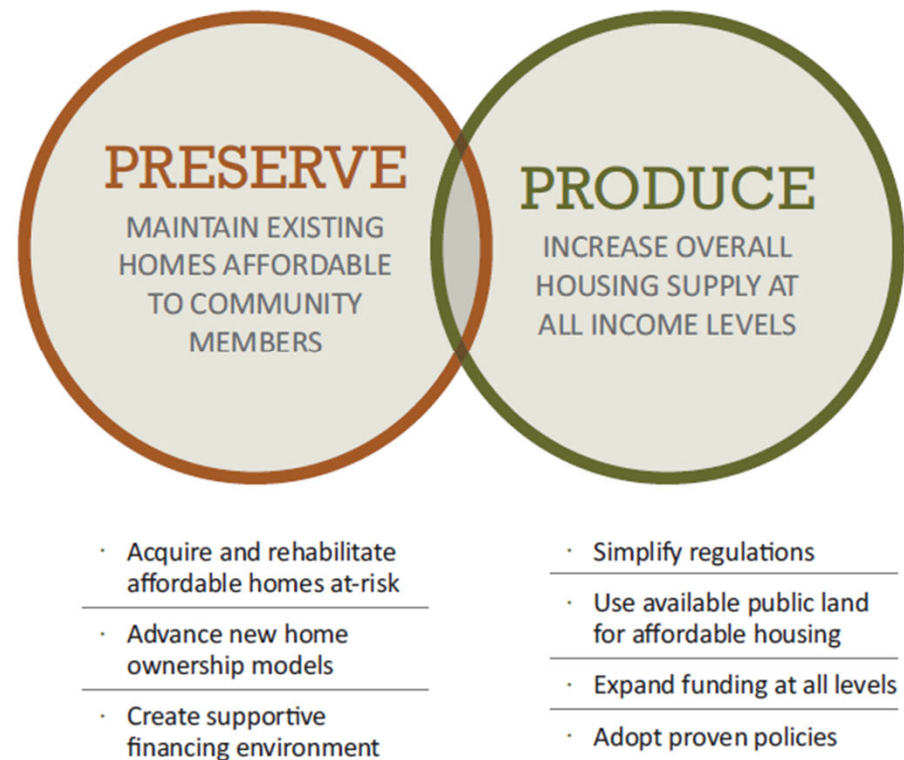




## Our Toolkit

- Subsidize Affordable Housing
  - Local Funding
  - Federal Funding
- Incentivize (Affordable) Housing
  - Density Bonus
  - Fee Waivers
  - Regulations

## HOLISTIC APPROACH TO AFFORDABLE HOUSING

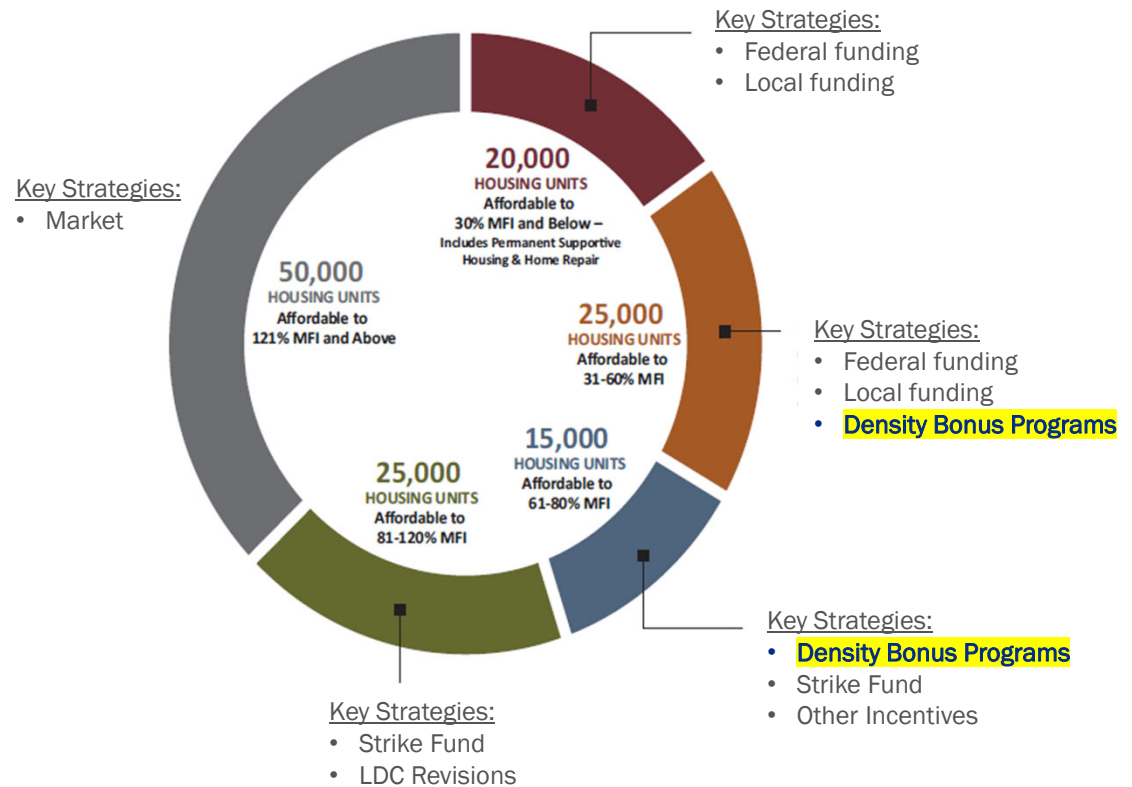






# Austin's 10-Year Affordable Housing Goals

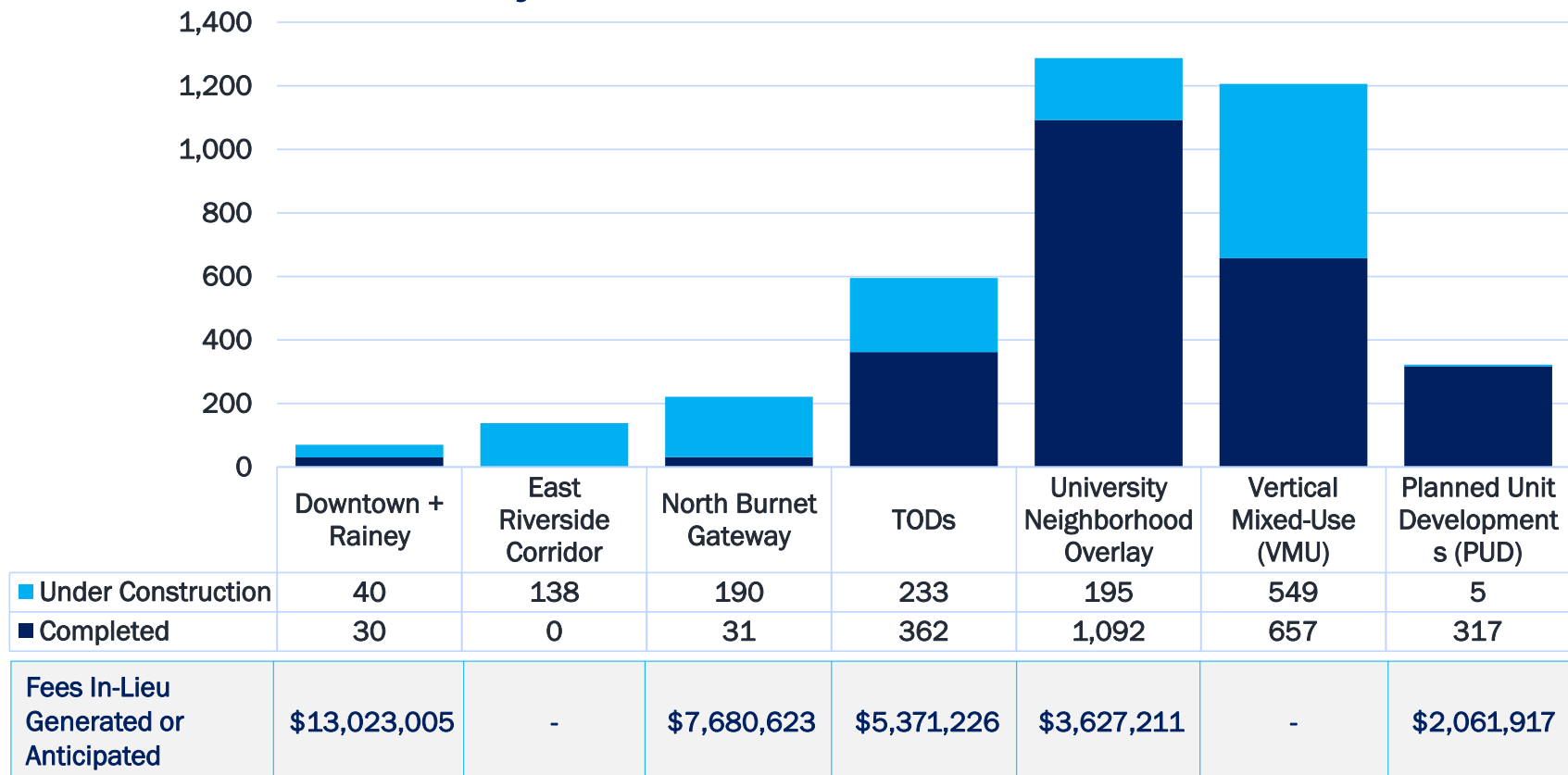
## 135,000 Units in 10 Years







## Affordable Housing Created by Development Incentive Programs without Public Subsidy



Data source: Affordable Housing Inventory, accessed 4/18/22



# Vertical Mixed-Use (VMU) Basics

VMU is a *voluntary* density bonus program designed to generate community benefits through the use of development incentives.

- Adopted in 2010
  - Included a one-time opt-in/opt-out process for neighborhood associations or neighborhood planning teams
- Applicable along 2010 “core transit corridors”
  - Connects housing and services to transit
  - May also include other roadways based on original neighborhood opt-in process
- Offers development incentives in exchange for community benefits
  - Improves flexibility for site development
  - Creates enhanced pedestrian environment
  - Regulates affordability
  - Support sustainable development patterns

## Development Incentive

Site Development Flexibility

Reduced Parking Requirement

No FAR restrictions

Additional Allowable Uses

## Community Benefit

Regulated Affordability

Heightened design standards

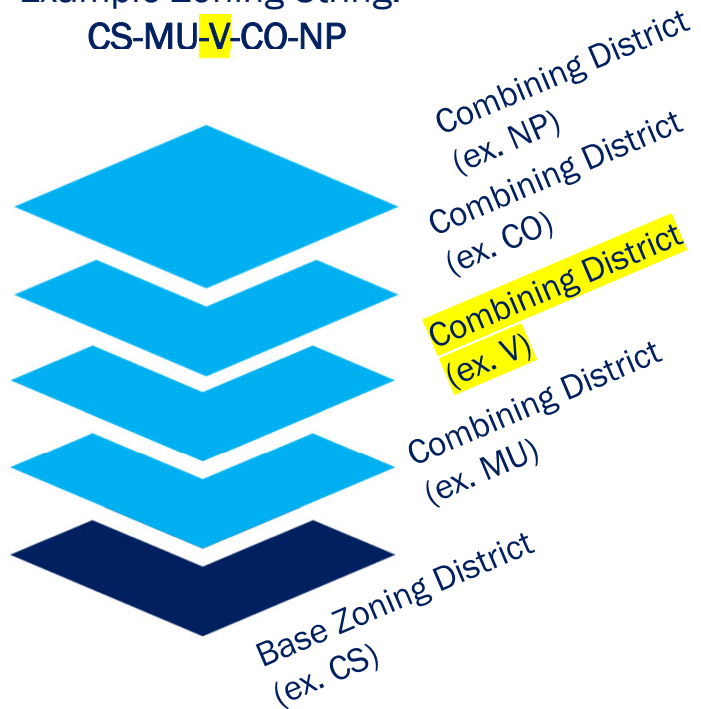
Mix of land uses

Active ground floor use



# VMU Combining District

Example Zoning String:  
CS-MU-V-CO-NP



VMU-Zoned Sites

Base Zones	Description	Max Height	Impervious Cover	% of Sites
CS	commercial services	60ft	95%	67%
GR	community commercial	60ft	90%	18%
LO	limited office	40ft	70%	5%
LR	neighborhood commercial	40ft	80%	5%
GO	general office	60ft	80%	3%
NO	neighborhood office	35ft	60%	1%

VMU-Zoned Properties with Other Combining Districts	% of Sites
NP: Neighborhood Plan	94%
MU: Mixed Use	53%
CO: Conditional Overlay	67%
NCCD: Neighborhood Conservation Combining District	5%



# VMU Site Development Standards

- Same as base zoning
- Compatibility standards supersede

## Building Height



- Same as base zoning

## Impervious Cover



- No minimum front or side setbacks
- Compatibility standards supersede

## Reduced Setbacks



- Height and Impervious Cover still provide site controls

## No Floor to Area Ratio (FAR) limit



- Up to a 60% reduction in the minimum number of required parking spaces

## Reduced Parking Requirement



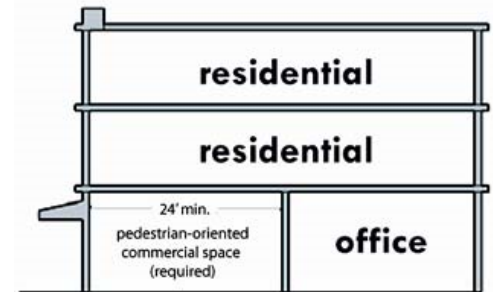
- Allows residential uses in commercial and office zones
- Allows additional commercial uses in office zones

## Broader Range of Allowed Uses



- Pedestrian-Oriented Commercial space requirement on first floor
- Minimum of one floor of residential use required

## Mix of Uses Required





# Vertical Mixed-Use Affordability Policy

<u>Rental Developments</u> <i>40-year affordability period</i>	<u>For-Sale Developments</u> <i>99-year affordability period</i>
<p><b>10% set-aside</b> affordable to households earning not more than  <b>60% Median Family Income</b>  Or  <b>80% Median Family Income</b>  <i>(Varies by neighborhood)</i></p>	<p><b>10% set-aside</b> affordable to households earning not more than  <b>80% Median Family Income</b>  and  <b>100% Median Family Income</b>  <i>(5% at each level)</i></p>

2021 Median Family Income Limits (Austin Area)

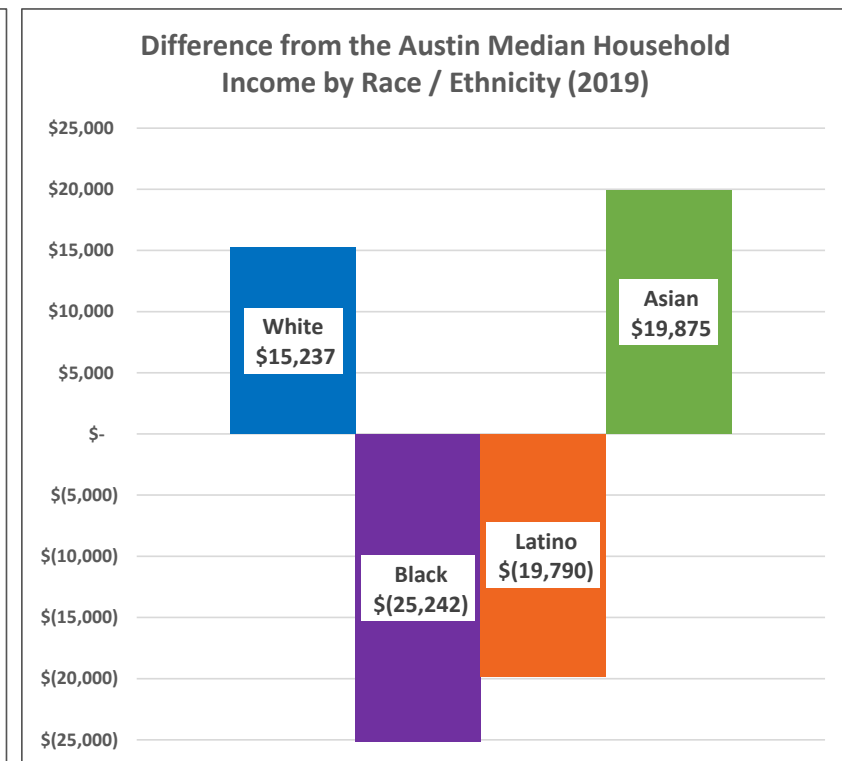
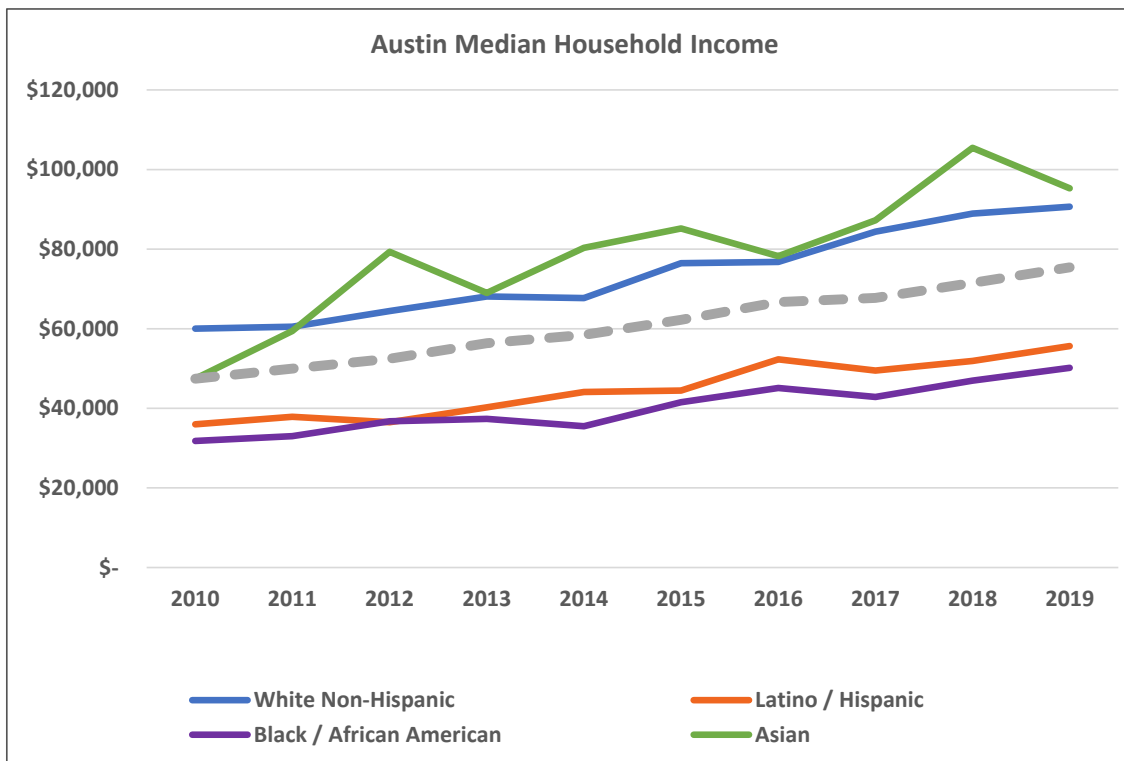
	1 Person Household	2 Person Household	3 Person Household	4 Person Household
60% MFI	\$41,580	\$47,520	\$53,450	\$59,340
80% MFI	\$55,400	\$63,300	\$71,200	\$79,100
100% MFI	\$69,250	\$79,100	\$89,000	\$98,900

	Average Affordable Rental Limit	Typical Affordable Home Sales Price (1 Bedroom)
60% MFI	\$1,077	
80% MFI	\$1,436	\$219,800
100% MFI		\$273,400





## What does median income look like disaggregated by race?



Data Source: American Community Survey 1-Year Estimates for Austin city, Texas; Table S1903



# Challenges

Only works in areas with high market demand

Barriers to securing long-term affordable homeownership housing units

Feasibility reduced by competing regulations that inhibit design and construction

Was not created with racial equity at the forefront



# Opportunities

Create income-restricted affordable housing without requiring direct public subsidy

Increasing housing supply with bonus market-rate housing

Improves transportation choice by locating housing and other services near transit

Supports Climate Equity goals for land use and transportation



# VMU-Related Direction

## Planning Commission

- July 2021
- C02-20210727
- Directed changes to the affordability requirements for Vertical Mixed-Use Buildings

## City Council

- November 2021
- Resolution No. 20211118-052
- Directed an expansion of the VMU program through the creation of new tier with a height bonus



## Staff Recommendation: Set-Aside Percentages and Affordability Levels

VMU	<u>Rental Developments</u> <i>40-year affordability period</i>	<u>For-Sale Developments</u> <i>99-year affordability period</i>
	<b>10% set-aside</b> as affordable to households earning no more than <b>60% Median Family Income</b>	<b>10% set-aside</b> as affordable to households earning no more than <b>80% Median Family Income</b> <b>OR</b> Fee equivalent to 10% of total units
<b>VMU2</b> <b>(30ft height bonus)</b>	<b>10% set-aside</b> as affordable to households earning no more than <b>50% Median Family Income</b> <b>OR</b> <b>12% set-aside</b> affordable to households earning no more than <b>60% Median Family Income</b>	<b>12% set-aside</b> affordable to households earning no more than <b>80% Median Family Income</b> <b>OR</b> Fee equivalent to 12% of total units



## Staff Recommendation: Fee in-lieu for condominium developments

- Recommended for ownership developments only
  - Direct these fees back towards long-term affordable homeownership projects such as Community Land Trusts
  - Rental developments must provide affordable units onsite
- Proposed due to barriers to securing long-term affordability and stability for low-income homeowners in predominantly market-rate condominium developments
  - Homeowners' association fees
  - Property tax assessments

*Example of proposed fees in-lieu of onsite income-restricted affordable units from the draft LDC Revision citywide Affordable Housing Bonus Program*

Unit Size	Studio	1-Bedroom	2-Bedroom	3-Bedroom
Fee-in-Lieu	\$135,000	\$180,000	\$335,000	\$440,000



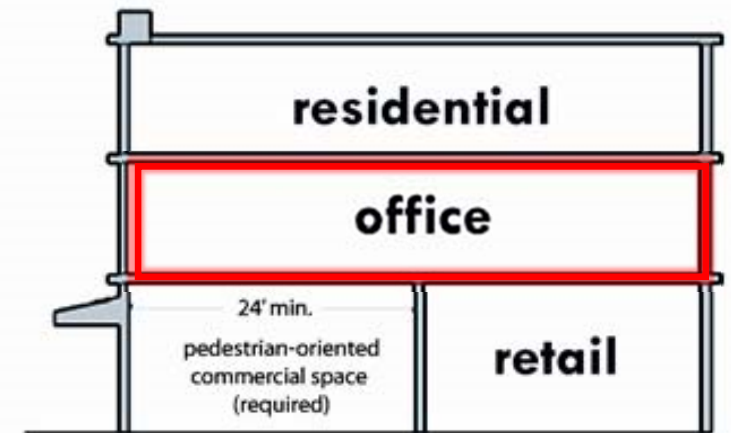
## Staff Recommendation: Addition of Provisions to Affirmatively Further Fair Housing

- Applicable to all developments that voluntarily participate in VMU
  - In the long-term, staff recommends that these requirements apply uniformly in all voluntary density bonus programs within the LDC
- Affirmatively furthers Fair Housing and helps to create more inclusive, equitable outcomes for our community
  - ❖ Source of Income Protections
  - ❖ Affirmative Marketing
  - ❖ Enhanced Enforcement
  - ❖ Proportional Bedroom Mix
  - ❖ Comparable Design Standards
  - ❖ Dispersion and Equal Access



## Staff Recommendation: Additional Direction to Set Non-Residential Bonus Area Fee

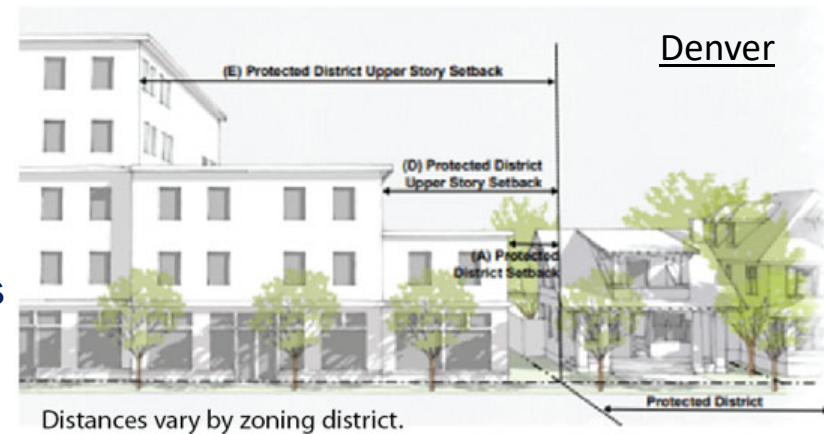
- Bonus area fee for upper-level non-residential space within VMU buildings never set by Council
- Staff will wait for additional direction to bring forward a recommendation for this non-residential bonus area fee for the Vertical Mixed-Use program



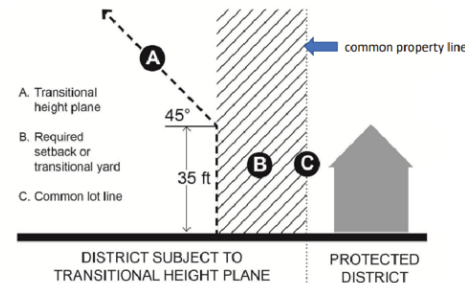


# Compatibility Standards

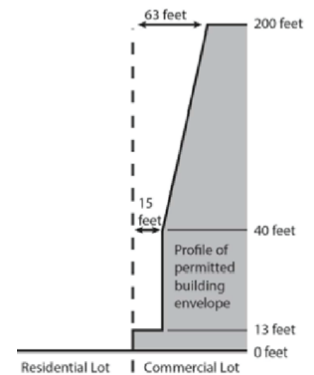
- Purpose is to provide a transition between single family homes or certain civic uses and more intense land uses
- Austin's compatibility standards are some of the most restrictive in the country
- Austin compatibility standards apply to sites that are
  - within 540 feet of the property line of an urban family residence (SF-5) or more restrictive **zoning** district
  - adjacent to a lot on which a **use** permitted in an SF-5 or more restrictive zoning district is located
- Compatibility Standards require:
  - Height and Setback Limitations
  - Scale and Clustering Requirements
  - Screening Requirements
  - Design Regulations



Atlanta

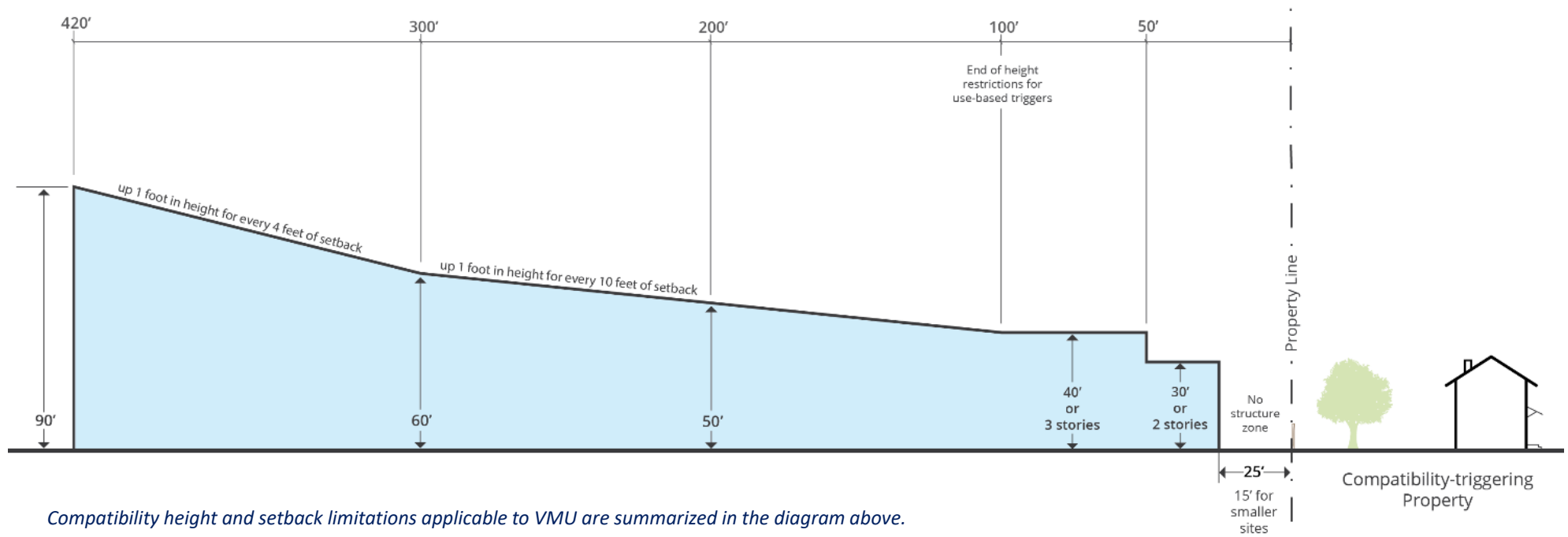


Seattle





# Austin Compatibility Height and Setbacks





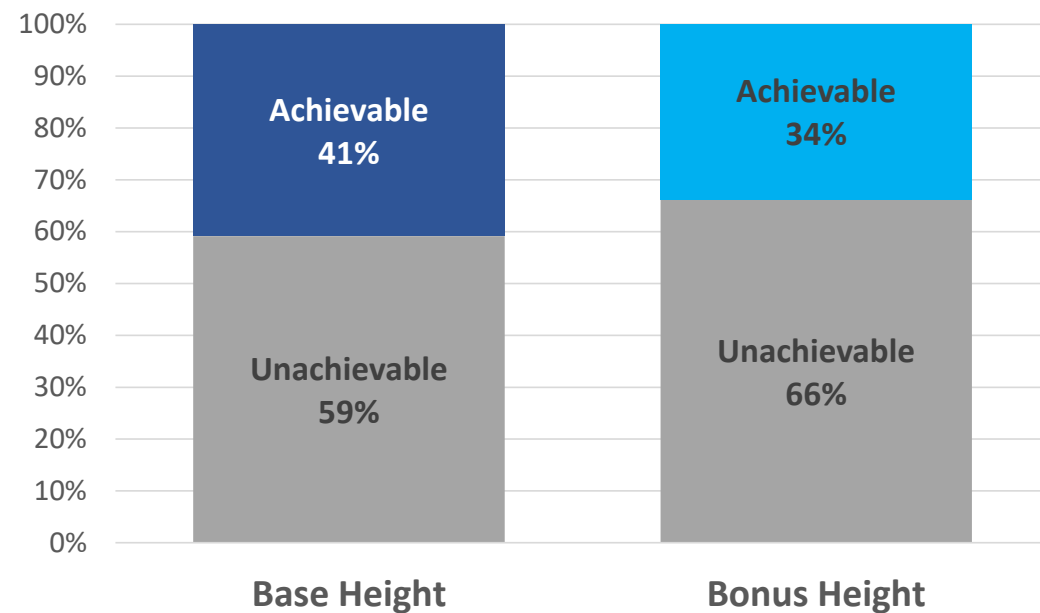


# Compatibility Impacts on VMU

- 41% of VMU-zoned sites could build to their **base** height after compatibility standards are applied.
  - The remaining 59% of VMU-zoned sites are prohibited from building to the maximum height allowed by their base zoning due to compatibility standards.
- 34% of VMU-zoned sites would be able to build to the **bonus** height under the new tier of the VMU program after compatibility standards are applied.
  - The remaining 66% of VMU-zoned sites would be prohibited from building to the maximum height allowed with the 30-foot height bonus.

*\*For purposes of this analysis, a site was considered buildable if the maximum height could be achieved for at least 10,000 square feet.*

VMU-Zoned Sites Allowable Heights with Compatibility Standards





## Transition Area



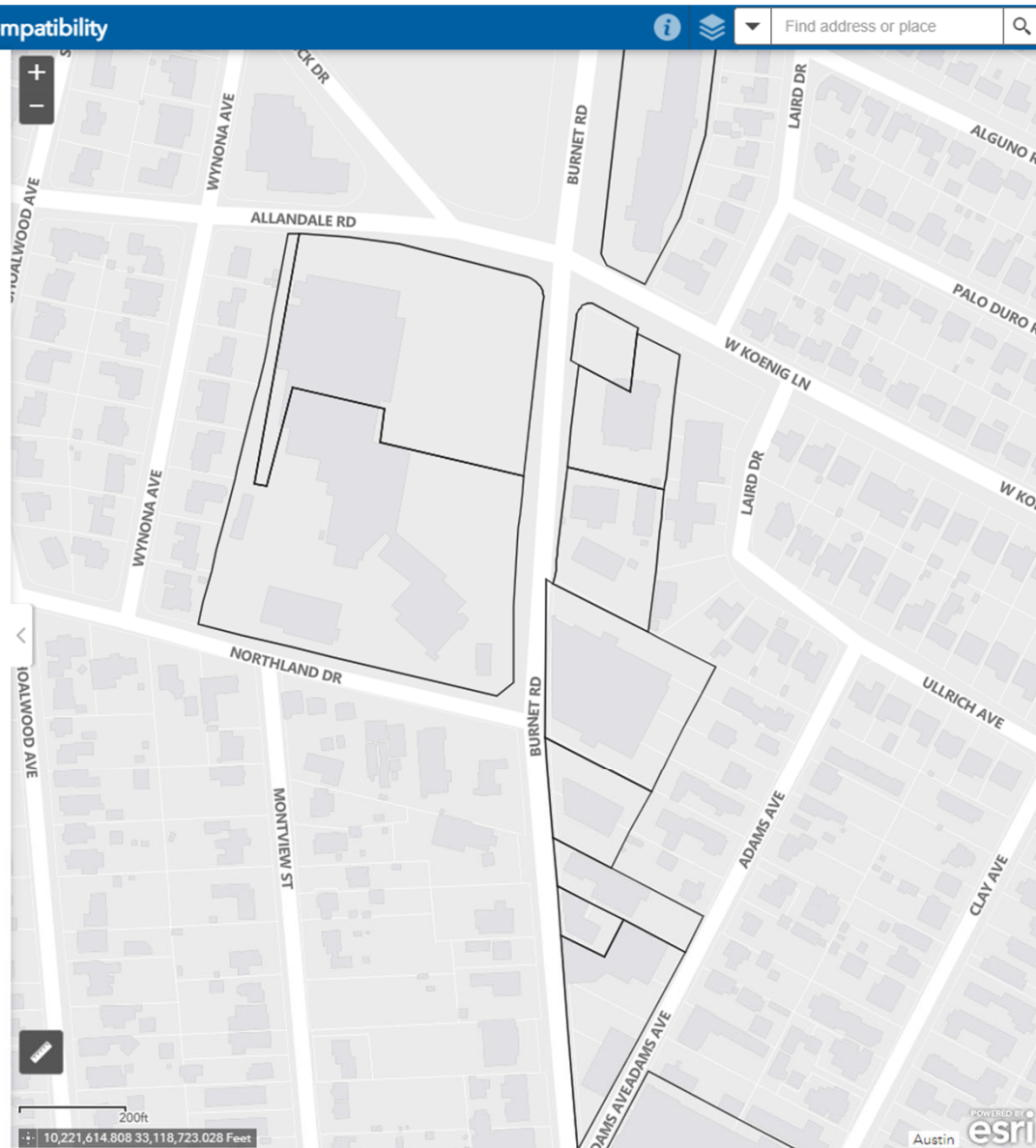
## No Transition Area (with Compatibility)





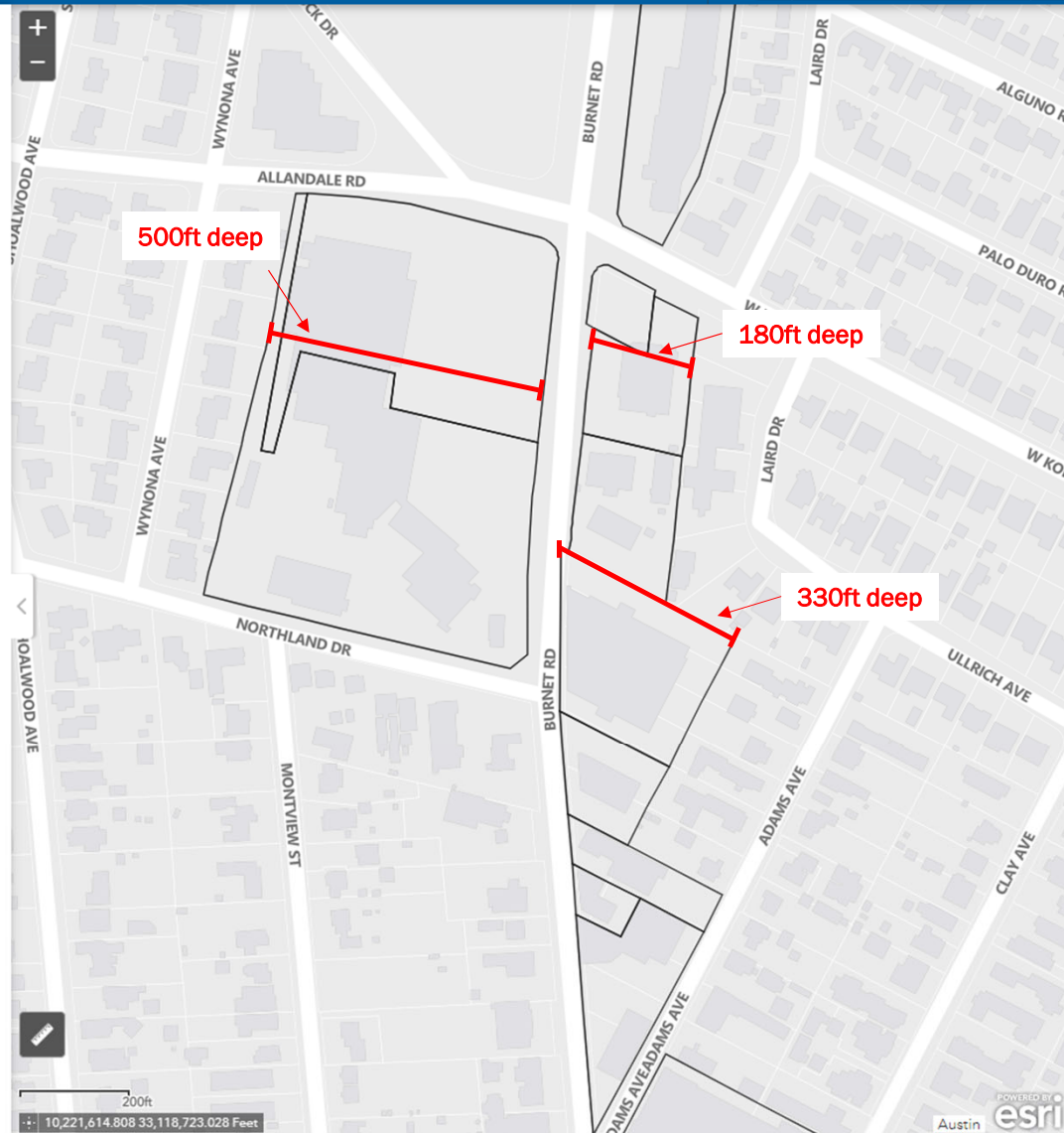
## Example: Burnet Road at Koenig Ln

- Imagine Austin Corridor
- Served by 803 MetroRapid
- VMU Zoning, CS base zoning





Lot depths ranging from 180ft to 500ft





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### Vertical Mixed-Use 2 and Compatibility



Find address or place



VMU-Zoned Parcels



Compatibility-Triggering Properties

zoning\_id

■ Zoning-Based

■ Land Use-Based



Austin | City of Austin Housing and Planning Department





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### Vertical Mixed-Use 2 and Compatibility



Find address or place



VMU-Zoned Parcels



Compatibility-Triggering Properties

zoning\_id

Zoning-Based

Land Use-Based

No Structure Allowed



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### Vertical Mixed-Use 2 and Compatibility



Find address or place



VMU-Zoned Parcels



Compatibility-Triggering Properties

zoning\_id

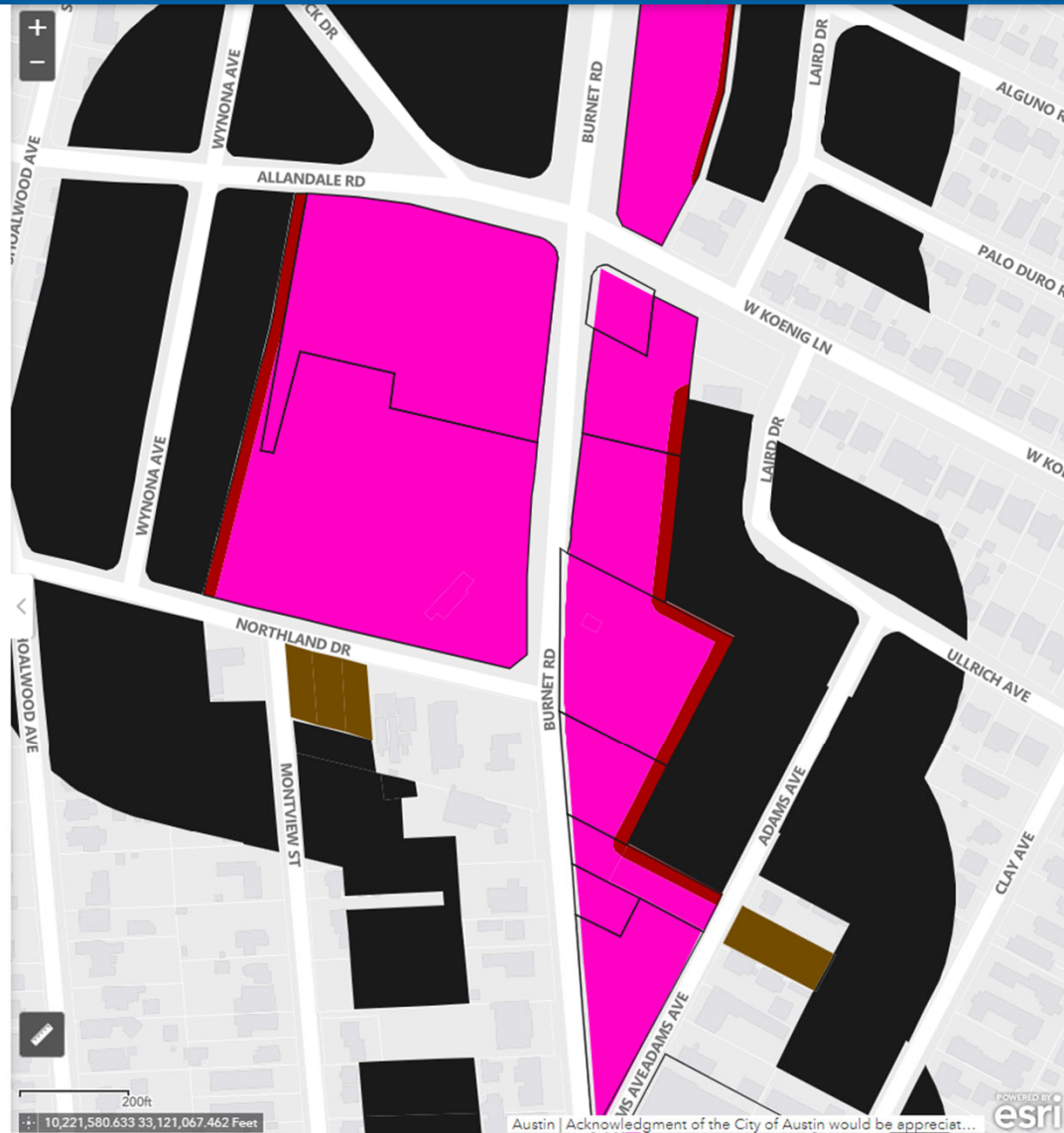
Zoning-Based

Land Use-Based

30ft Max Height



No Structure Allowed



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## HOUSING & PLANNING



### Vertical Mixed-Use 2 and Compatibility



Find address or place



VMU-Zoned Parcels



Compatibility-Triggering Properties

zoning\_id

Zoning-Based

Land Use-Based

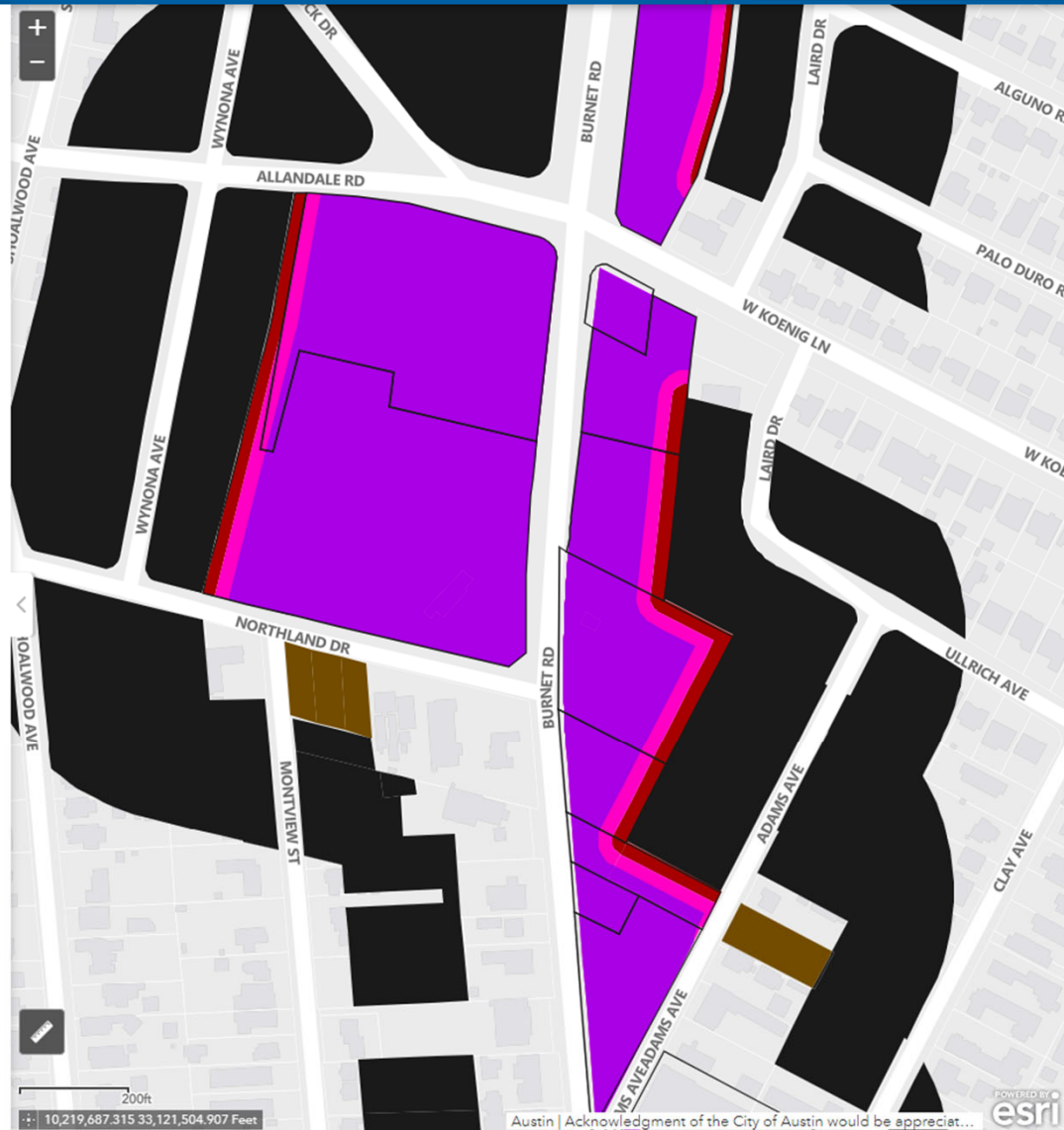
40ft Max Height



30ft Max Height



No Structure Allowed







## HOUSING & PLANNING



### Vertical Mixed-Use 2 and Compatibility



Find address or place



VMU-Zoned Parcels



Compatibility-Triggering Properties

zoning\_id



50ft Max Height



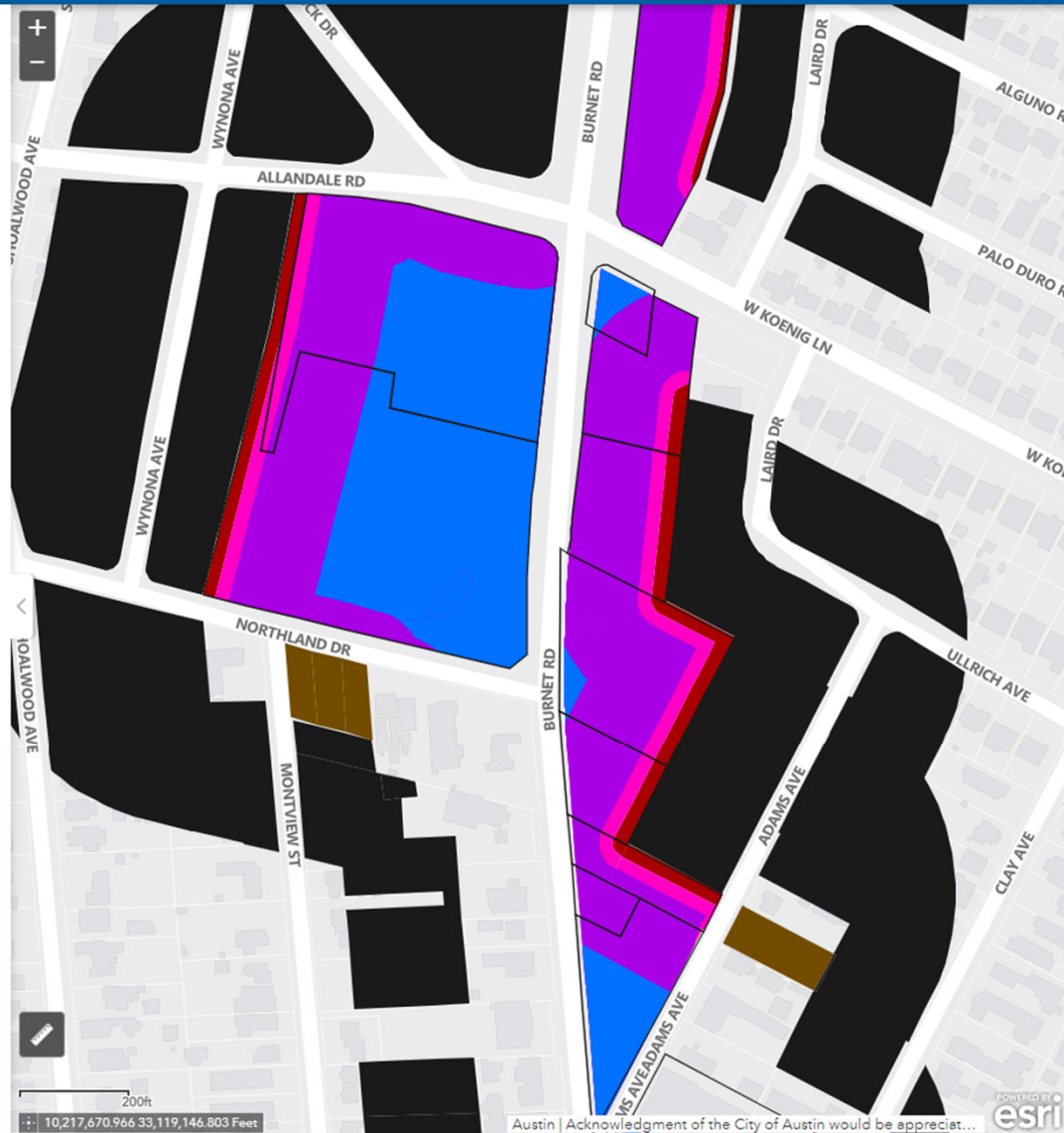
40ft Max Height



30ft Max Height



No Structure Allowed



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### Vertical Mixed-Use 2 and Compatibility



Find address or place



VMU-Zoned Parcels



Compatibility-Triggering Properties

zoning\_id



60ft Max Height



50ft Max Height



40ft Max Height



30ft Max Height



No Structure Allowed



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### Vertical Mixed-Use 2 and Compatibility



Find address or place



VMU-Zoned Parcels



Compatibility-Triggering Properties

zoning\_id

Zoning-Based

Land Use-Based

60ft Max Height



50ft Max Height



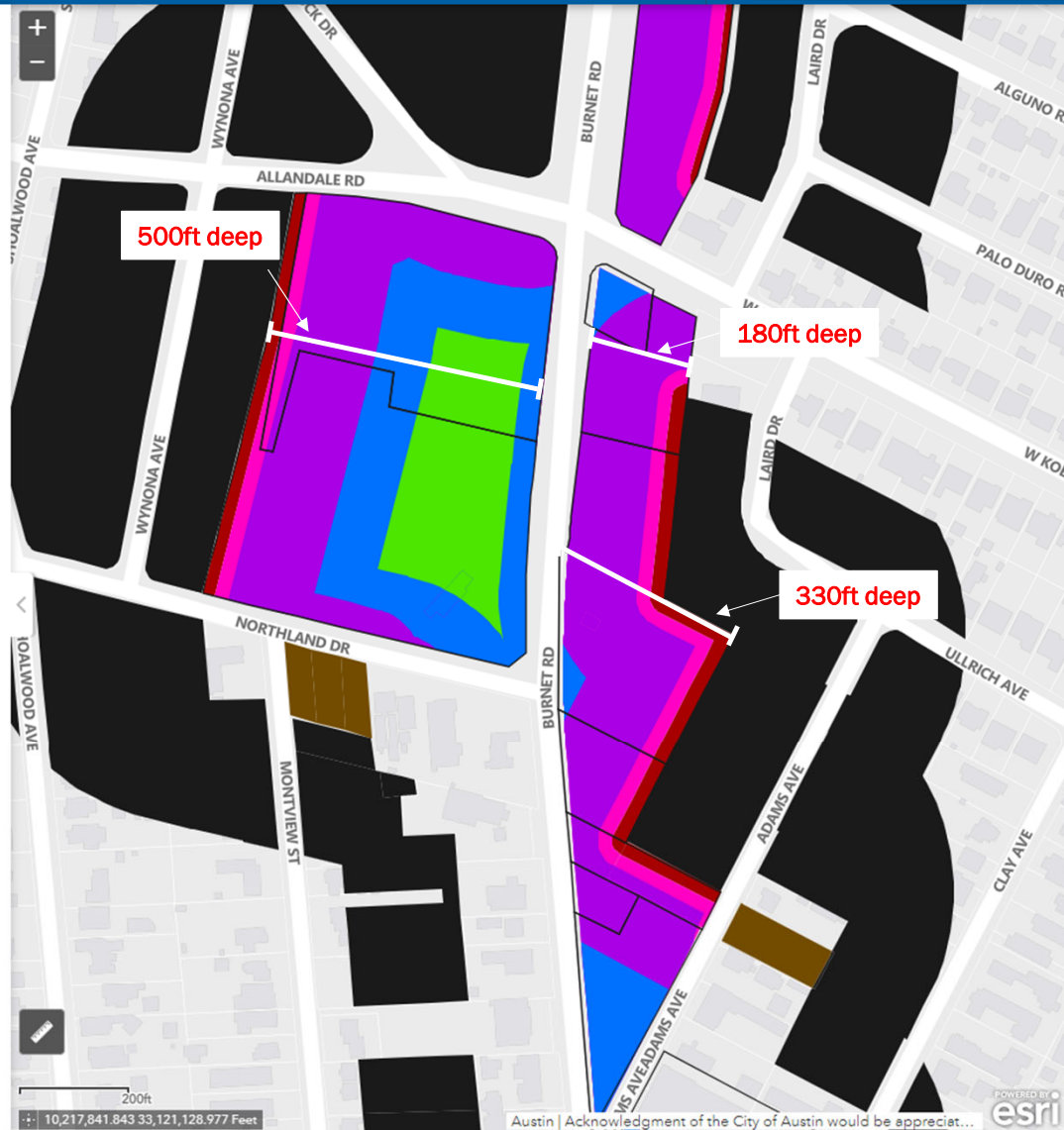
40ft Max Height



30ft Max Height



No Structure Allowed





## HOUSING & PLANNING



### Vertical Mixed-Use 2 and Compatibility



Find address or place



VMU-Zoned Parcels



Compatibility-Triggering Properties

zoning\_id



Zoning-Based



Land Use-Based

60t Max Height



50ft Max Height



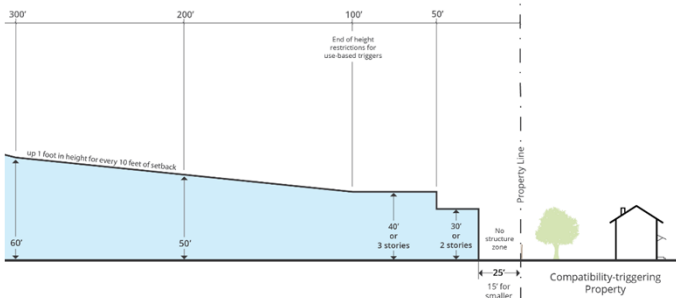
40ft Max Height



30ft Max Height



No Structure Allowed



300ft from compatibility-triggering property

300ft from compatibility-triggering property

200ft from Compatibility-triggering property

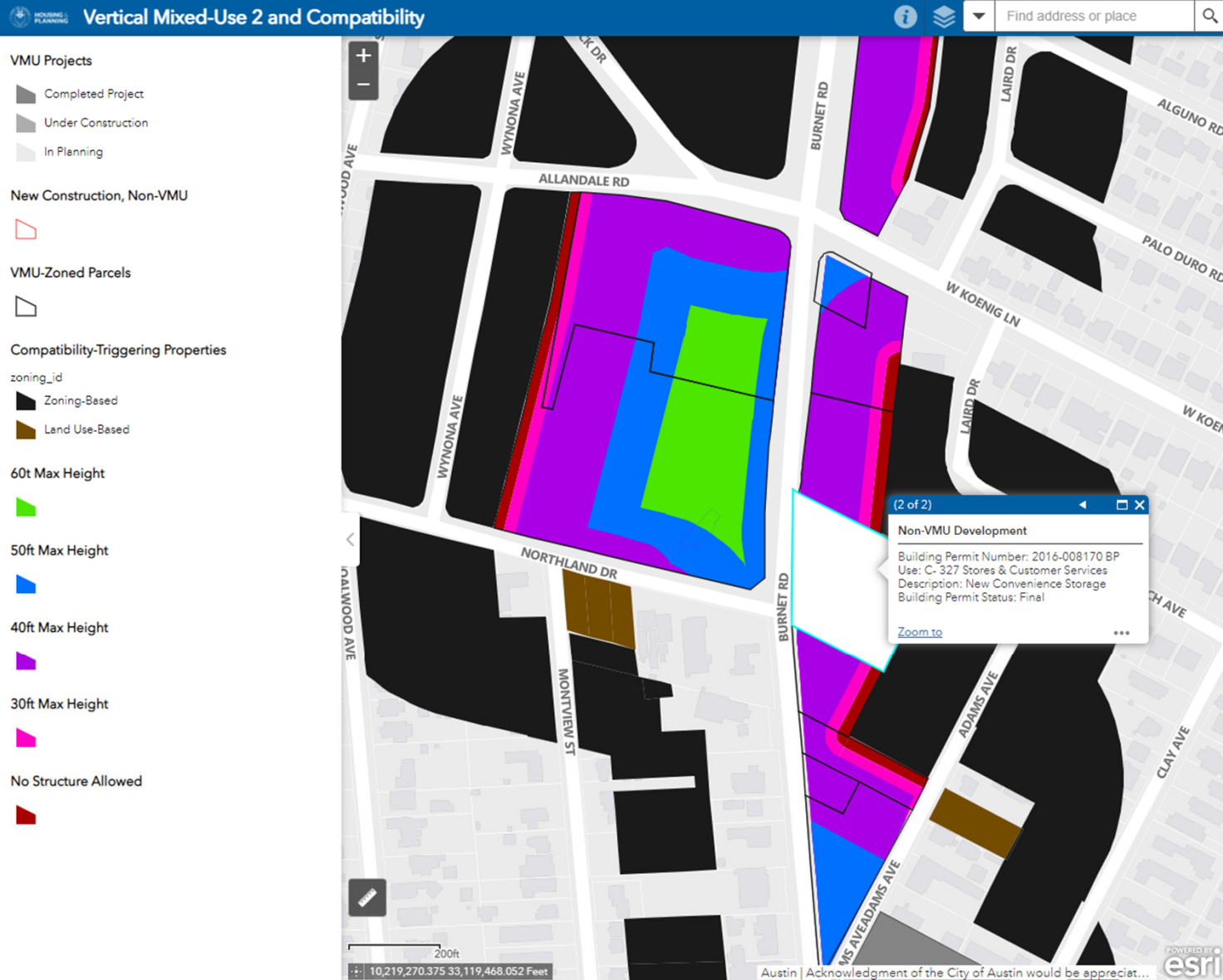
10,217,841.843 33,121,128.977 Feet

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# HOUSING & PLANNING



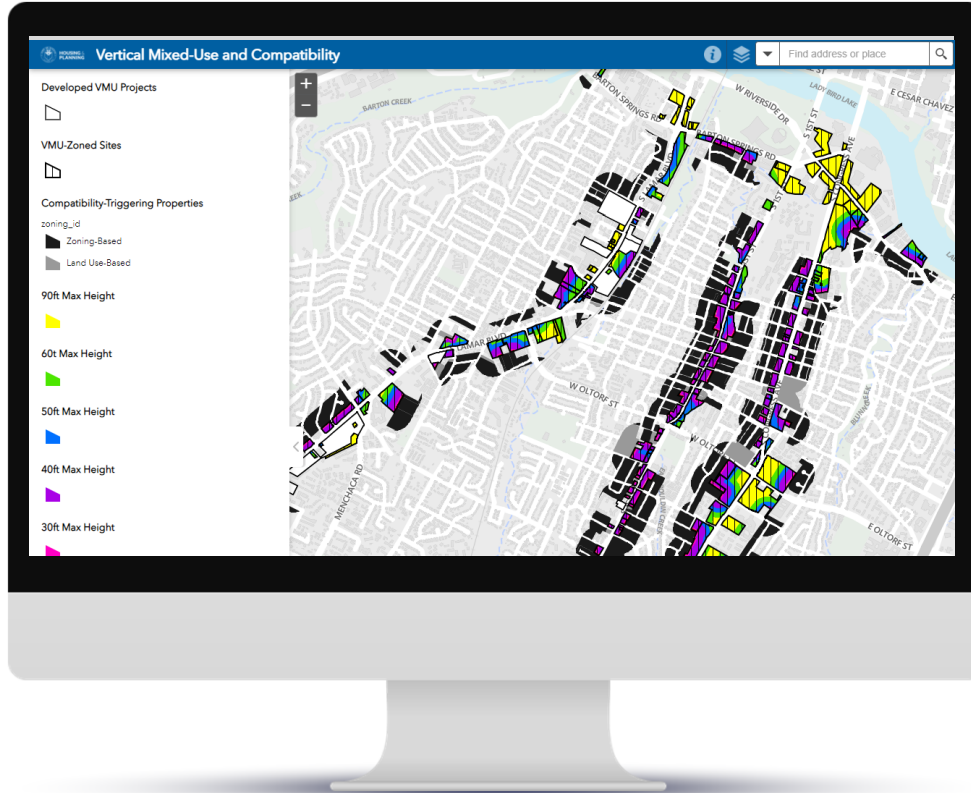


## Transition Area



## No Transition Area (with Compatibility)





The web map can be accessed here:

<https://austin.maps.arcgis.com/apps/webappviewer/index.html?id=bff1cf81f6534a0bb2f8a23988d499c2>

## Compatibility + VMU Web Map

- Interactive Map
- View where VMU-Zoned Sites are Located
  - Including layers for Displacement Risk Areas, High Opportunity Areas, and the Transit Priority Network
- View allowable heights with the new bonus on VMU-Zoned sites after Compatibility Standards
- View VMU-Developed and Developing Buildings



# VMU Research



- VMU Developments
- Dispersion of VMU Zoning
- Other Policies Impacting VMU-Zoned Properties



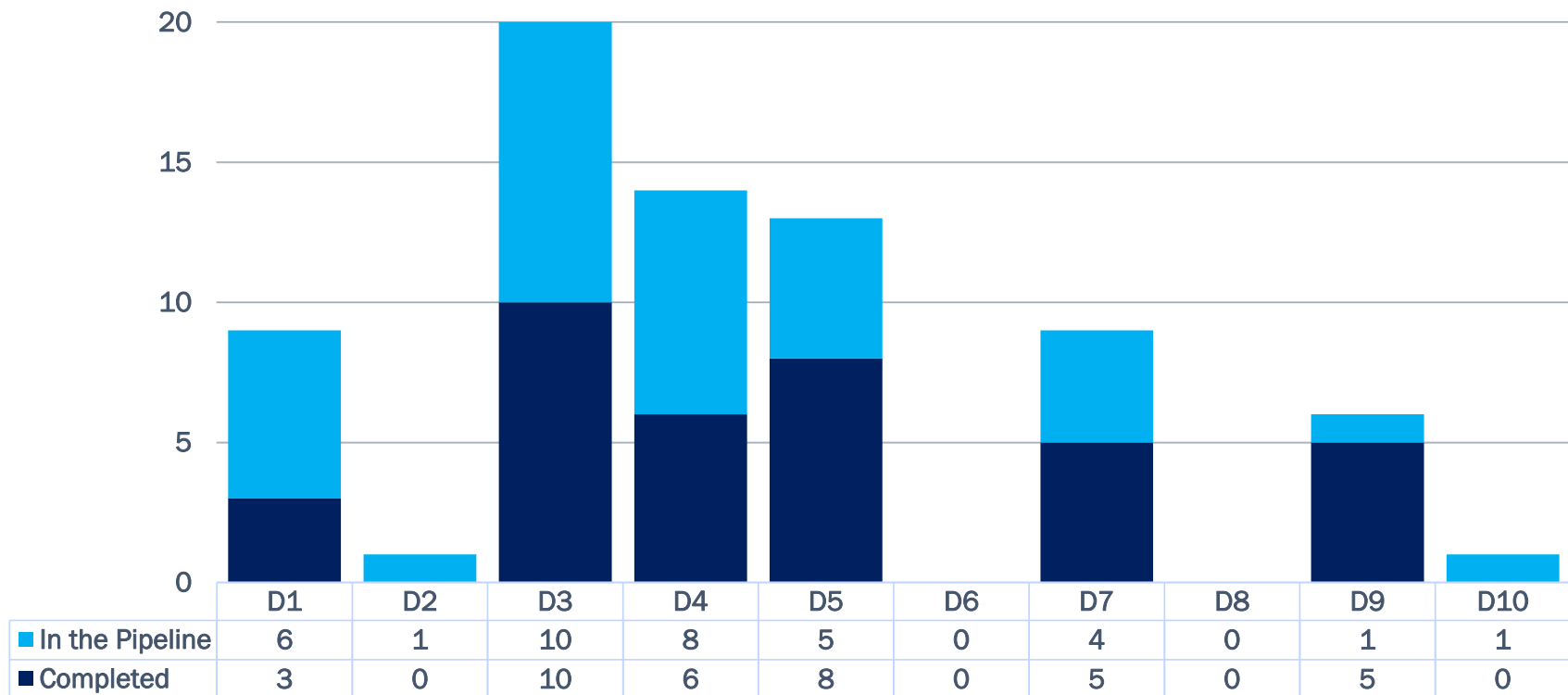
## Vertical Mixed-Use Outcomes

	In Planning	Under Construction	Completed	Possible Combined Impact
VMU Projects	25	11	37	73
VMU Housing Units	6,345	2,563	6,793	15,701
Income-Restricted Affordable Housing Units	641	549	678	1,868
Tenure of VMU Housing Units				
Rental	100%	98%	95%	97%
Ownership	0%	2%	5%	3%

data source: [Affordable Housing Inventory](#) (accessed 4/18/22)



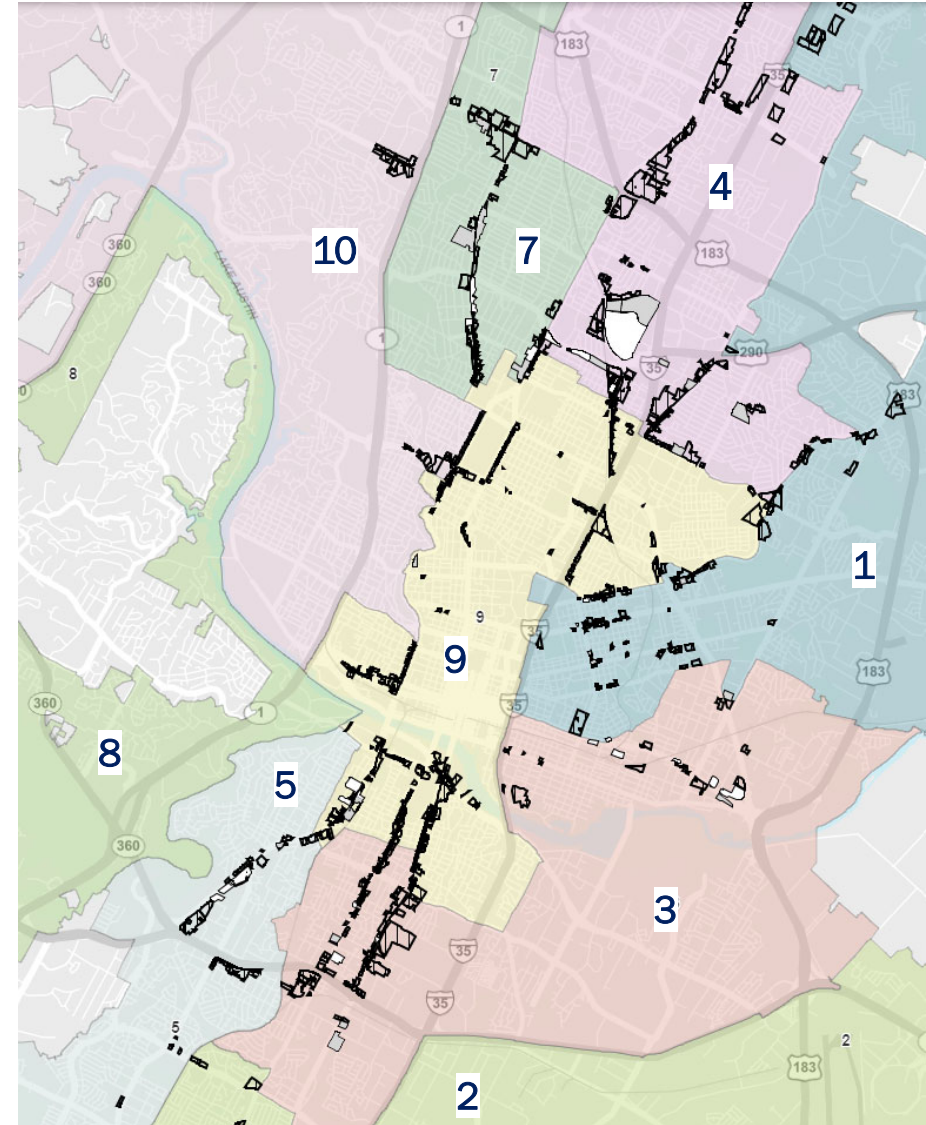
## Vertical Mixed-Use Developments by Council District





# Dispersion of VMU Zoning

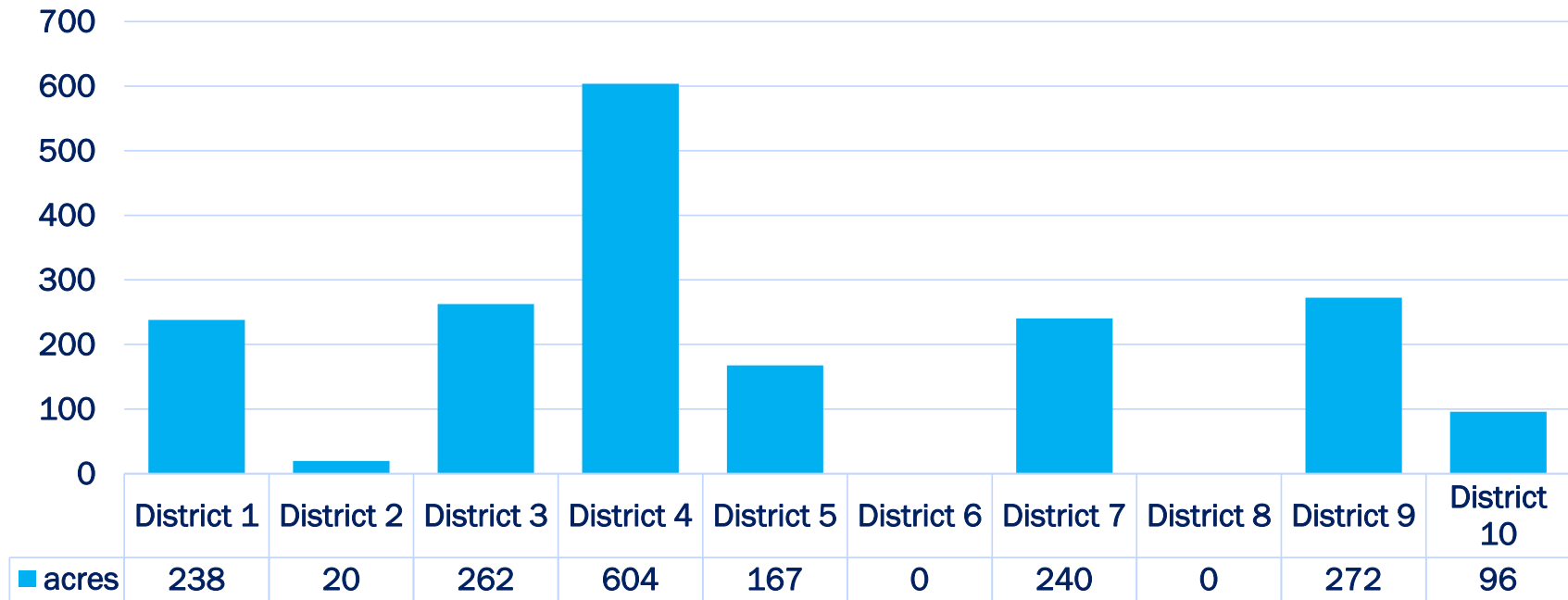
VMU Zoning	
Total Sites with -V	Total Acres with -V
~ 818	~ 1,900





# Dispersion of VMU Zoning

VMU Zoning by Council District



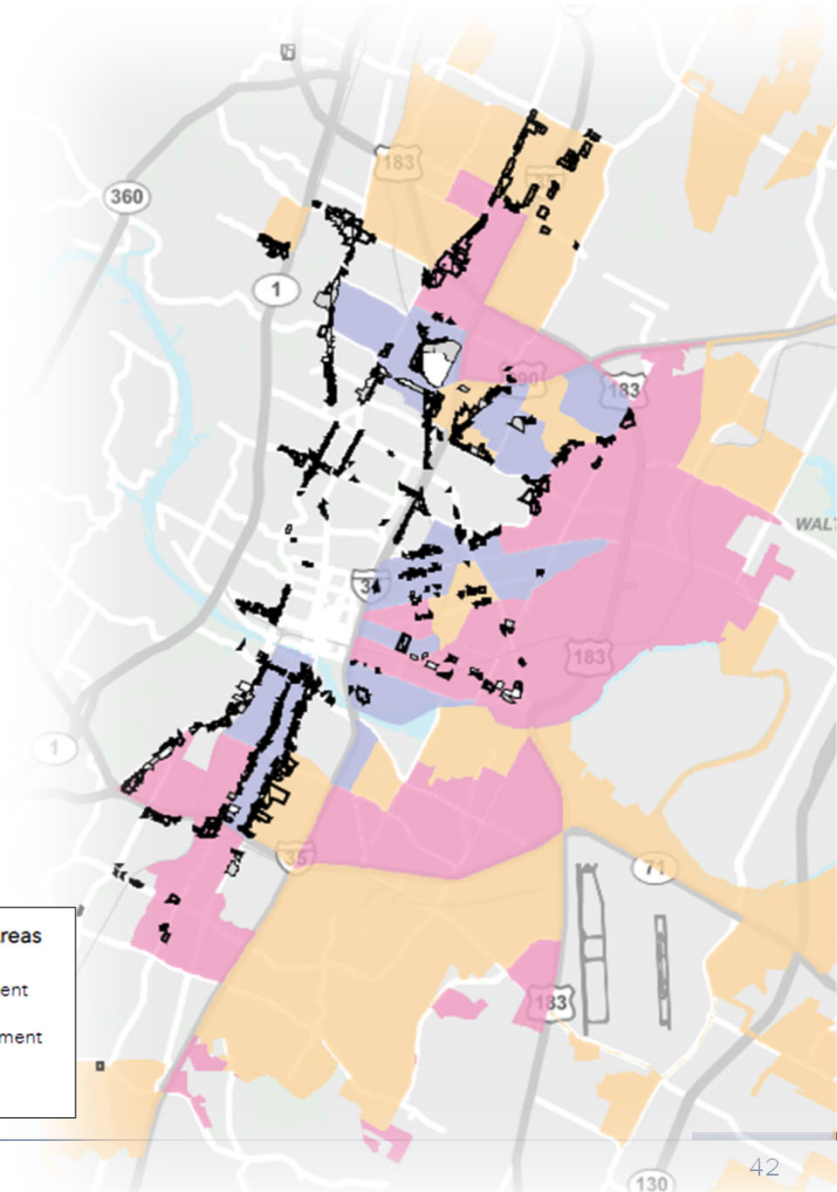
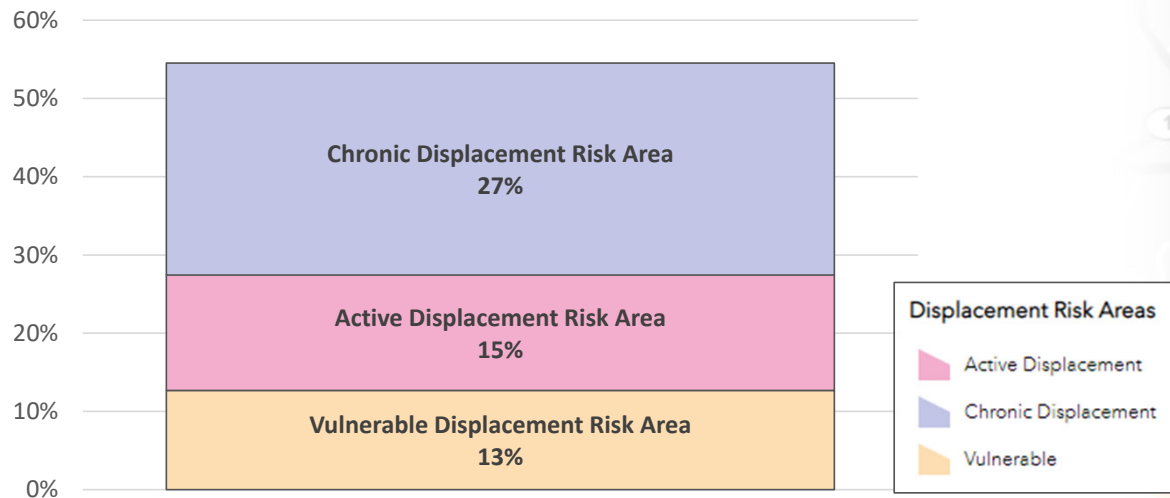


# Dispersion of VMU Zoning

## Displacement Risk Areas

- 55% of VMU-Zoned Sites are within Displacement Risk Areas

VMU-Zoned Sites within Displacement Risk Areas





# Dispersion of VMU Zoning

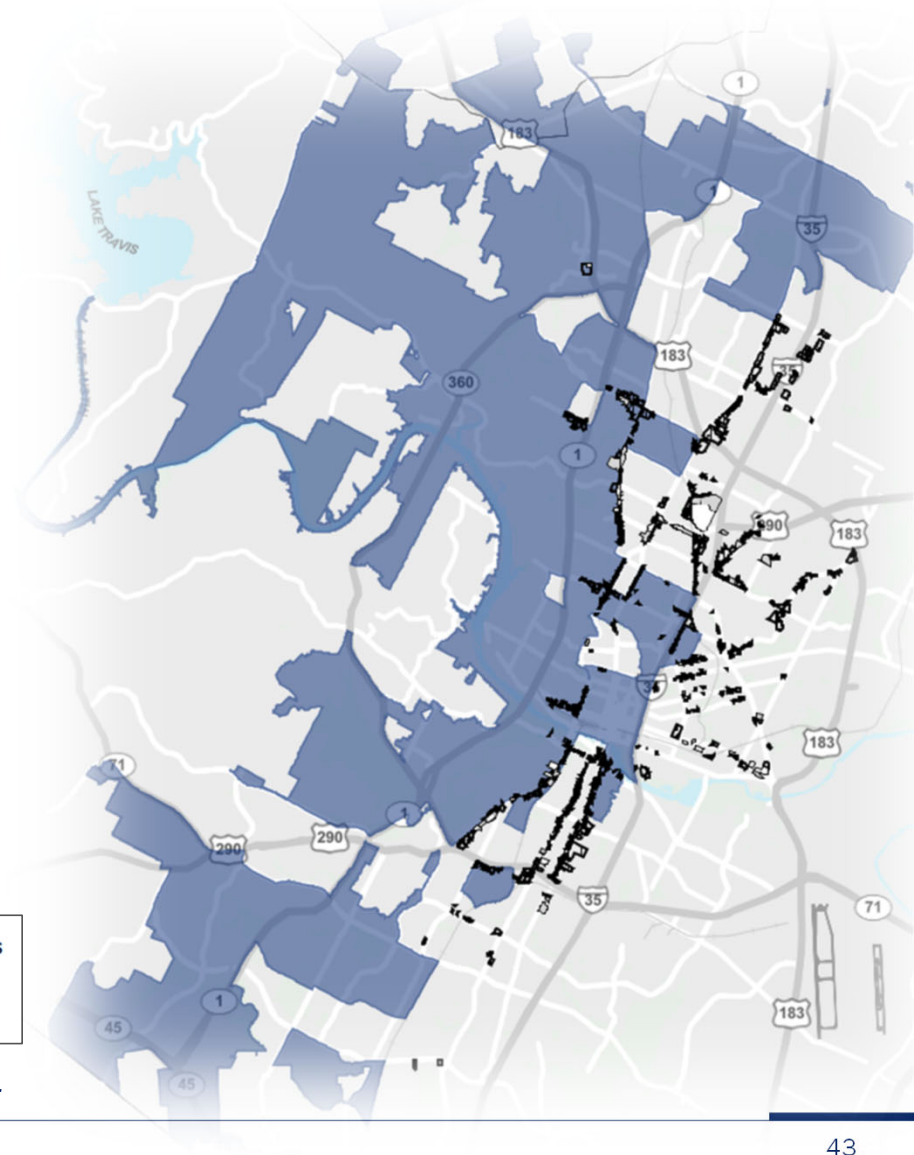
## High Opportunity Areas

- 33% of VMU-Zoned Sites are within High Opportunity Areas

High Opportunity Areas



*High Opportunity Areas are defined by Enterprise Community Partners Opportunity360 Index.*





Extras





# VMU-Developed Buildings: AMLI 5350

Total Units: 174  
Affordable Units: 17  
Tenure: Rental

Year Built: 2010

Council District: 7  
Corridor: North Burnet





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# VMU-Developed Buildings: Camden Lamar Heights

Total Units: 314  
Affordable Units: 31  
Tenure: Rental

Year Built: 2015

Council District: 7  
Corridor: North Lamar





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# VMU-Developed Buildings: Texan North Campus fka Uptown Lofts

Total Units: 23

Affordable Units: 2

Tenure: Rental

Year Built: 2011

Council District: 9

Corridor: North Lamar





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# VMU-Developed Buildings: Aura on Lamar

Total Units: 279  
Affordable Units: 28  
Tenure: Rental

Year Built: 2021

Council District: 4  
Corridor: North Lamar







# VMU-Developed Buildings: West Koenig Flats

Total Units: 210  
Affordable Units: 21  
Tenure: Rental

Year Built: 2018

Council District: 4  
Corridor: North Lamar





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# VMU-Developed Buildings: Lamar Union Apartments

Total Units: 441

Affordable Units: 44

Tenure: Rental

Year Built: 2015

Council District: 5

Corridor: South Lamar





# VMU-Developed Buildings: The 704

Total Units: 378  
Affordable Units: 38  
Tenure: Rental

Year Built: 2014

Council District: 5  
Corridor: South Lamar







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# VMU-Developed Buildings: Nexus East

Total Units: 49

Affordable Units: 5

Tenure: Rental

Year Built: 2021

Council District: 3

Corridor: Airport Blvd







# VMU-Developed Buildings: Lenox 7th

Total Units: 279  
Affordable Units: 28  
Tenure: Rental

Year Built: 2020

Council District: 3  
Corridor: East 7th





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# VMU-Developed Buildings: Axiom East

Total Units: 60  
Affordable Units: 6  
Tenure: Ownership

Year Built: 2020

Council District: 1  
Corridor: East 7th





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## VMU-Developed Buildings: 7East

Total Units: 177  
Affordable Units: 18  
Tenure: Rental

Year Built: 2015

Council District: 3  
Corridor: East 7th





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# VMU-Developed Buildings: Alexan East 6th Street

Total Units: 208  
Affordable Units: 21  
Tenure: Rental

Year Built: 2015

Council District: 3  
Corridor: East 6th







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# VMU-Developed Buildings: Lamar Union Apartments

Total Units: 441  
Affordable Units: 44  
Tenure: Rental

Year Built: 2015

Council District: 5  
Corridor: South Lamar





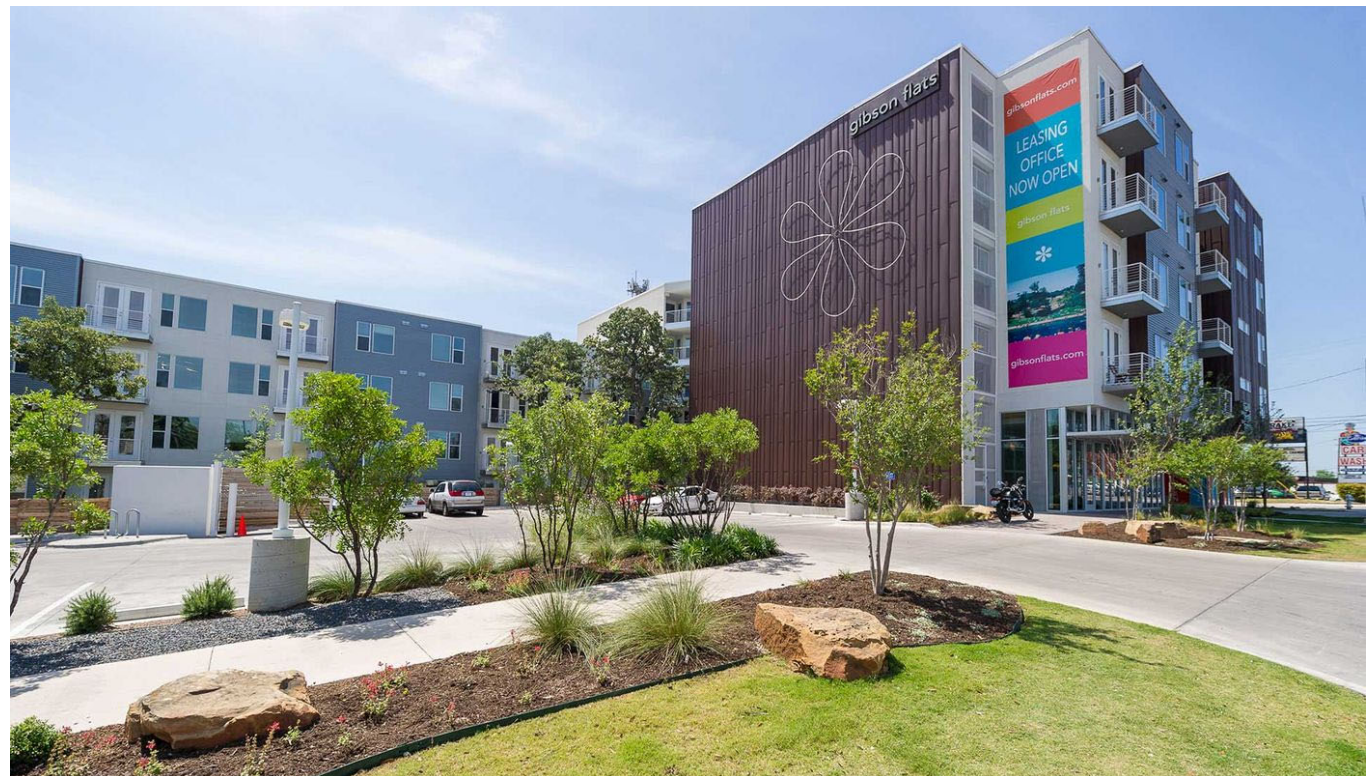
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# VMU-Developed Buildings: Gibson Flats

Total Units: 95  
Affordable Units: 10  
Tenure: Rental

Year Built: 2014

Council District: 5  
Corridor: South Lamar







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# VMU-Developed Buildings: The 704

Total Units: 378  
Affordable Units: 38  
Tenure: Rental

Year Built: 2014

Council District: 5  
Corridor: South Lamar





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# VMU-Developed Buildings: The Tree Apartments

Total Units: 336

Affordable Units: 34

Tenure: Rental

Year Built: 2014

Council District: 3

Corridor: South 1<sup>st</sup> St







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# VMU-Developed Buildings: 44 South

Total Units: 227  
Affordable Units: 23  
Tenure: Rental

Year Built: 2021

Council District: 3  
Corridor: South Congress





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# VMU-Developed Buildings: Frank

Total Units: 69  
Affordable Units: 7  
Tenure: Ownership

Year Built: 2019

Council District: 9  
Corridor: South 1<sup>st</sup> St





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# VMU-Developed Buildings: Willa

Total Units: 61  
Affordable Units: 6  
Tenure: Ownership

Year Built: 2021

Council District: 9  
Corridor: South 1<sup>st</sup> St







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# VMU-Developed Buildings: 3114 SoCo

Total Units: 20

Affordable Units: 2

Tenure: Ownership

Year Built: 2017

Council District: 3

Corridor: South Congress Ave

