



# Developing Complete Communities for all Austinites:

Household Affordability Code Prescription



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Affordability affects everyone directly or indirectly including seniors, those on a fixed income or in the low and middle income brackets, musicians and artists, service workers, and families with children. A revised Land Development Code can provide flexibility to build more affordable housing options and reduce regulatory barriers so more resources can go toward providing housing that is affordable to more people.



## What is a code prescription?

CodeNEXT is the process of aligning Austin’s land use standards and regulations (the Land Development Code, or LDC) with “Imagine Austin,” the city’s comprehensive plan. CodeNEXT progressed through several phases during 2013 and 2014:

- Listening and Understanding: “Listening to the Community Report” and “Community Character Manual.”
- Diagnosis: “Land Development Code Diagnosis.”

The City of Austin’s CodeNEXT team, which includes staff from multiple departments and consultants, is busy drafting and refining code elements. Virtually the entire LDC will be re-written or revised, including chapters relating to requirements and procedures, zoning, subdivision, site plan, transportation, drainage, environment, and others. The draft code will be released for public review and comment in January 2017. After an extensive review and comment period, the draft code will be revised in accordance with the feedback received, and delivered for City Council potential adoption. Once the code is adopted, the city will adopt a new Zoning Map to implement the zoning elements of the code.

During 2016 – while the CodeNEXT team is drafting and reviewing code – the project team will issue and organize community conversations and feedback on some of the most challenging and important topics that the code will address:

- Natural and Built Environment.
- Household Affordability.
- Mobility.
- Fiscal Health.

This is being accomplished through four “Code Prescription” papers. These Code Prescriptions represent a preview of the specific direction being taken in the new code as well as “conversation starters” to gather community feedback on whether these Prescriptions accurately reflect community values expressed in Imagine Austin. While the Code Prescription papers will not be revised based on feedback received, the feedback will be used to shape the new code. Feedback can be provided several ways including:

- Through your participation in the work of the Council-appointed Code Advisory Group.
- By providing feedback directly at SpeakUp Austin.
- By joining a CodeWalk or a Reddit/AMA (Ask Me Anything).
- Additional information about all of means to get involved can be found at the project website: [www.austintexas.gov/codenext](http://www.austintexas.gov/codenext).



## Executive Summary

Household affordability is a growing concern to more and more Austinites. This code prescription discusses the affordability challenges Austinites face in housing and transportation costs as well as commercial space for small businesses, cultural organizations, and venues. As CodeNEXT is focused on revising the land development code, this prescription identifies needed changes to Austin's Land Development Code that can help promote affordability. It must be noted that many other actions outside of land development regulations are needed in order to comprehensively address our affordability challenge. Thus, CodeNEXT alone cannot resolve all of Austin's affordability problems.

In order to make the necessary regulatory changes, tradeoffs will need to be made. The tradeoffs identified in the prescription are recommended because they are seen as beneficial to the community in light of best practices, best available information, and alignment with the goals of Imagine Austin. These tradeoffs include:

1. How might we increase housing supply and diversity to increase affordability while preserving what is unique and special about Austin?

In order to achieve a diversity of price points to accommodate a wider range of Austinites, a diversity of building types and unit sizes are needed. Concerns about development issues including the changing built environment, parking and traffic patterns, and exacerbated flooding can be mitigated through built form and design; examples include promoting more Missing Middle housing options near mass transit and bike facilities, and through improved environmental regulations. Missing Middle readily fits into neighborhoods and can add to the character as seen in neighborhoods like Bouldin, Clarksville, and Hyde Park when calibrated to respect the existing scale and proportion of existing housing stock. Missing Middle housing can be developed to provide a price point that is more affordable than single-family units.

Increasing the supply of housing where appropriate could increase the amount and diversity of available housing, which could then slow Austin's increasing housing prices. Form-based standards can help address the concerns about the size and scale of a building while applying more permissive parking and density standards near mobility infrastructure such as transit stops. Trading proximity to transit for car ownership can increase affordability. The prescriptions focus on:

- Refining and expanding the application Density Bonus programs.
- Promoting housing diversity in targeted areas such as Imagine Austin Activity Centers and Corridors.
- Providing more flexible development standards to promote housing diversity.
- Simplifying the permitting process.

2. How might we promote mobility choices to ensure affordability while enhancing and maintaining neighborhood character?

- Having access to various transportation options (transit, walking, biking) provides opportunities for people to reduce household costs associated with owning a vehicle. Placing more and diverse housing near transit, safe and consistent sidewalks, bike lanes, retail, and offices allows more people to consider riding a bike, walking, or taking transit to their daily destinations. Adding density and diversity can cause concern about large development near single-family neighborhoods, additional traffic, and parking problems. The form-based standards will ensure appropriate building scale and compatible structures. Prescriptions include:
- Integrating transit-oriented development standards into form-based code standards and applying the standards near high-capacity transition stations.

- Development standards into form-based code standards that support transportation choices such as local transit, bike infrastructure and walking.
- Reducing parking minimums in areas targeted for compact development.

3. How might we have an efficient development review process while ensuring development meets all code requirements?

A lengthy process with complex regulations does not guarantee better development results for Austin. A more clear, simple, predictable, and efficient administrative process for the code will allow for greater certainty in development, and a faster determination on whether a project is approved or rejected. This review process can be more efficient and still allow a public voice. It will enable and enhance enforceability of the code, and contribute to reduced regulatory costs, which could be passed to the owner or renter. Prescriptions include revising the organization of the Land Development Code and eliminating conflicting code prescriptions.

4. How might we create affordability while supporting environmental regulations?

Public health and safety is essential to the City of Austin. Ensuring that Austinites are safe and comfortable is of utmost importance. In areas that have known hazards such as flooding, protecting public health and safety is the City's top priority. The same is true for those parts of Austin that have known critical environmental features such as aquifer recharge zones. Given these constraints, our community discussion centers on how to strike a balance with other public benefits such as affordable, attainable housing and commercial space. Prescriptions include maintaining the environmental regulations as identified in the Natural and Built Environment Code Prescription.

5. How might we promote affordable housing, and venues for small business and cultural arts while supporting the character of our existing neighborhoods?

Incentivizing more affordable housing and commercial space will help retain and attract musicians, artists, and small business. There will be concerns by some Austinites about providing the supply and diversity of development needed to provide opportunities for affordability, but there are regulatory changes that can help address these concerns. Failing to address the regulatory costs of development could cause a loss of not only people such as musicians, artists and service workers, but also of places we gather such as small business and cultural venues. Prescriptions include:

- Allowing for retail and commercial uses by right, including culture and creative uses, in areas where form-based zones have been applied.
- Revising the Density Bonus Program in targeted areas by adding preservation of an existing creative venue or business as a Community Benefit.
- Expand the opportunity for live/work units in form-based code districts.





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## INTRODUCTION

Affordability. It's a word painfully familiar to Austinites, and the reasons for our City's lack of affordability are many. All too often we hear about Austinites priced out of their homes and neighborhoods due to rising rents, skyrocketing home prices, increased utility bills, and higher property taxes. With thousands of people moving to Austin each year, the city's housing supply has not kept pace with Austin's rapid population growth. This trend has accelerated housing price appreciation, contributing to a shortage of housing that is affordable and attainable for many Austinites.

We also hear about beloved iconic businesses and cultural venues displaced or forced to close for similar reasons. Affordability affects all of us directly or indirectly, and includes (but is not limited to) people such as seniors, those in on a fixed income or in the low and middle income brackets, musicians and artists, service workers, and families with children. Austin was once a relatively affordable place for people of various income levels to live, but it is now at risk of becoming increasingly unaffordable, as shown in the [2014 Comprehensive Housing Market Study](#).

There is extensive research about Austin's affordability challenges. Here are a few points to consider:

- Austin has the highest rent in Texas <sup>1</sup>.
- While various reports differ, Austin is often listed as one of the top-20 most expensive cities in America to rent <sup>2</sup>.
- In the last five years, median home prices in the city have gone up nearly 50% while the median household income has increased 2.5%. In 2015, the average priced home became the highest in Austin's history <sup>3</sup>.
- A family making the median income can no longer qualify for a loan to buy a median priced home in Austin <sup>4</sup>.
- Best practices indicate that affordability is maintained when a person or family pays less than 45% of their income on housing (30%) and transportation (15%). On average, Austinites spend around 48% on housing and transportation. And that's the average, many in our community pay much more than that <sup>5</sup>.

The Housing Market Study identified four major constraints related to attaining affordable housing.

1. A shortage of deeply affordable rental units (primarily those renting for less than \$500/month) for renters earning less than \$25,000 per year
2. Geographically limited housing opportunities:
  - a. Affordable rentals are scarce west of I-35.

### “Affordable housing”

Dwelling units available for sale or rent that are deemed affordable to low- and moderate-income households. It is also housing that does not create an economic burden for a household and allows residents to meet their basic needs on a sustainable basis.”

### “Household affordability”

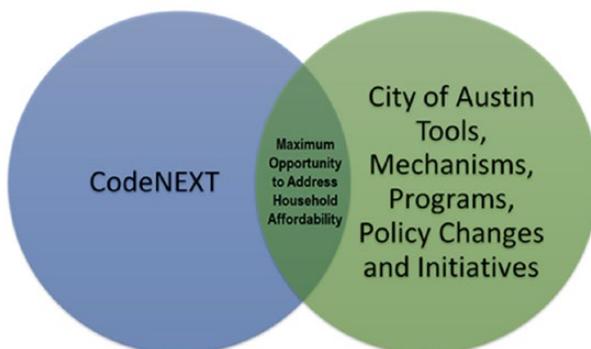
The ability of a household to afford its housing and associated costs, including rent or mortgage, transportation and utilities.



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- b. Homes available for \$250,000 or less are increasingly concentrated in northeast, far south, and southeast Austin.
- 3. Rising housing costs in a number of established neighborhoods, especially in the central city, that are redeveloping, which could cause long-time residents to seek more affordable housing elsewhere.
- 4. A growing need for affordable housing near transit and services, to provide a wider array of housing choices, and to mitigate the financial impact of rising transportation costs.

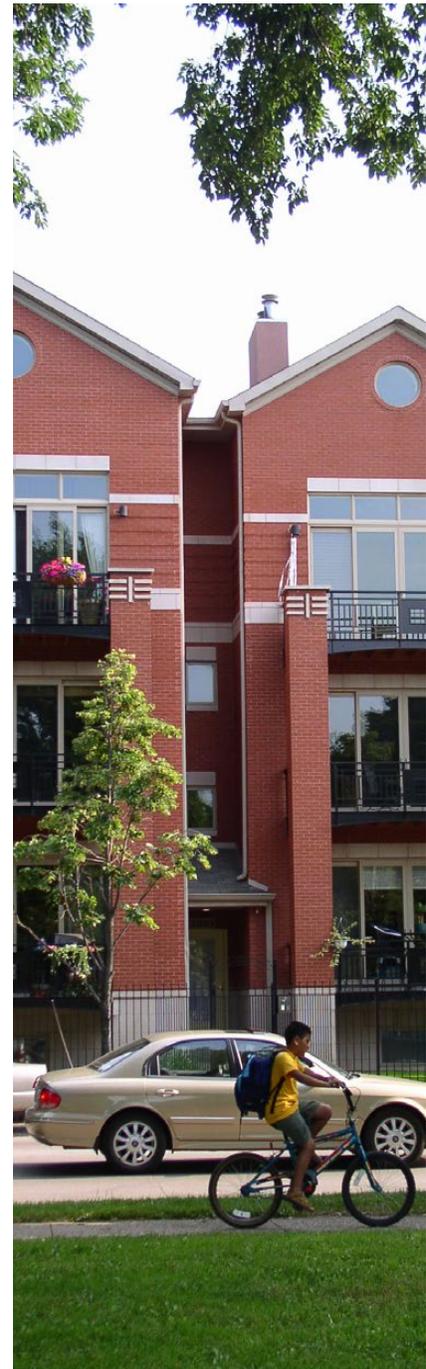
While CodeNEXT can create additional opportunities for affordable housing beyond what exist today, a new Land Development Code will not be the solution for Austin’s affordability challenges. Many other factors contribute to Austin’s lack of affordability including housing supply and demand, labor and construction costs, tax and utility rates, access to convenient mobility options, land development patterns, and capital investments made by the City and its partners, including funds to construct affordable housing and mobility improvements. Pairing a new code with other tools, mechanisms, policy changes, initiatives and resources (such as enhanced City public infrastructure participation, tax abatements, fee waivers and low income housing tax credits, grants and low interest financing, to name a few) provide the greatest opportunity for the City of Austin and the private sector to begin to address affordability in a coordinated manner.



For example, the City of Austin, an affordable housing developer, the code would provide more flexibility to build more affordable housing, or reduce regulatory barriers so more resources can go toward just that, providing affordable housing.

Based on the goals of Imagine Austin and best practice research, this Code Prescription recommends addressing affordability through CodeNEXT by:

- 1. Improving the alignment between land use and transportation, including placing more diverse housing options in and around Imagine Austin Centers and Corridors; near transit, bike, and pedestrian infrastructure; and developing a comprehensive and coordinated approach to addressing parking needs.



“The ache for home lives in all of us, the safe place where we can go as we are and not be questioned.”

Maya Angelou

2. Promoting opportunities to increase the housing supply with different types, sizes, and diversity of product throughout Austin in a manner that supports existing communities and provides households with more choices.
3. Improve the development review process so that it is more efficient and less costly for projects that provide increased housing types and choices to receive expeditious approval by the City.
4. Balancing the needs of affordability with other public needs and values.
5. While this prescription is focused on household affordability, it will, where appropriate, also highlight affordability impacts to small business including cultural arts.



## The Tools

The City of Austin has certain regulatory tools available to promote affordability that will be discussed throughout this prescription. Below is a description of some of the tools that appear in various prescriptions:

A **Density Bonus** is a zoning tool that permits developers to build more housing units, taller buildings, or add more floor space than normally allowed by right (i.e., by the base zoning of the parcel), in exchange for the provision of a defined public benefit, such as the inclusion of affordable units in the development or publicly accessible open space.



A **Form-Based Code** is a land development regulation that fosters predictable built results and a high-quality public realm by using physical form (rather than separation of uses) as the organizing principle for the code.

**Land development standards** such as minimum lot size, setbacks, impervious cover, compatibility and more have the ability to impact how many housing units can be built, the size of a unit, the number of bedrooms and other factors that can impact the cost of a dwelling.



**Missing Middle Housing** is a term used to describe a range of housing types fairly rare in Austin: occupying the spectrum between detached singlefamily housing and large multi-family housing products. Missing Middle Housing provides a range of housing types with incremental increases in density ranging from accessory dwelling units, duplexes, triplexes, fourplexes, courtyard housing, bungalow courts, townhomes, multiplexes, live/work units, studios or “micro units” as well as those offering larger units, with multiple bedrooms for family households. Missing middle housing is typically found in walkable communities, can have higher density than what we actually perceive due to their small nature, and can blend into many types of neighborhoods due to their scale and form.

**Parking requirements** directly impact the number of parking spaces that must be provided to accommodate new development and redevelopment. Every parking space built on-site carries a cost for development.



WELCOME  
RACE FANS!  
NOV 16-17-18  
FRI SAT SUN

HISTORIC DISTRICT  
W. 5<sup>TH</sup> STREET  
(FINE ST.)  
100

SALON  
SHERES  
SECOND FLOOR

CELESTIA  
ROOM



F  
Formula 1



## DIVERSITY OF PEOPLE AND BUILDINGS

### Tradeoffs

Though not apparent on its surface, a Land Development Code represents a balancing of competing public values. Austinites value diversity, environmental protection, neighborhood and community character, affordability, mobility, and other things that make Austin special. But we can't optimize (achieve 100% "victory") for each of those values in every situation and every context. Therefore, any Land Development Code represents a city's attempt to embed its values in the rules for land development. We will begin each section of this paper with a paragraph that discusses the "tradeoffs" in values associated with the issues addressed in that section.

A diverse array of housing options (both type and price) opens up neighborhoods to the variety of households found in Austin: large households without much money; small households with money; single person households; etc. So how might we promote a diversity of housing choices that fit within the character of existing neighborhoods while preserving what is unique and special about these places? It is important to note that as land prices go up, allowing more units to be developed on a parcel allows those costs to be divided among those units, and thus be more affordable. If a single-family home is all that the code allows to be built on an expensive piece of land, the market provides a really expensive, large single-family home, and nothing else. In order to achieve a diversity of price points and to accommodate a wider range of Austinites, a diversity of building types and unit sizes is needed. Missing Middle readily fits into neighborhoods and can go beyond adding to the character. When calibrated to respect the existing scale and proportion of existing housing stock, it can add economic and cultural diversity as seen in neighborhoods like Bouldin, Clarksville, and Hyde Park. Missing Middle in these neighborhoods can be developed to provide a price point that is more affordable than the single-family housing.

The sections below will cover density bonus programs, the need for diversity of housing choice, and fair housing choice.

### Density Bonus Program

The proposed revised code will retain the aspects of the city's existing density bonus programs that work well, bring added consistency to the programs, and supplement them with a new program to cover Imagine Austin Centers and Corridors where larger buildings are deemed acceptable.



## Where Are We Now?

The city has several density bonus programs that enable developers to secure additional entitlements if a development includes 5% to 30% of housing units or square footage as affordable housing on-site (depending on the program), and/or providing other community benefits. Some affordability requirements are based on the percent of units, others are based on the percent of square footage. These include the multifamily density bonus and Vertical Mixed-Use (VMU) Program as well as geographically targeted programs in Downtown, East Riverside Corridor, Transit-Oriented Developments, Rainey Street, University Neighborhood Overlay (UNO). The city has several density bonus programs that enable developers to secure additional entitlements if a development includes 5% to 30% of housing units or square footage as affordable housing on-site (depending on the program), and/or providing other community benefits. Some affordability requirements are based on the percent of units, others are based on the percent of square footage. These include the multifamily density bonus and Vertical Mixed-Use (VMU) Program as well as geographically targeted programs in Downtown, East Riverside Corridor, Transit-Oriented Developments, Rainey Street, University Neighborhood Overlay (UNO).

Density Bonus Program	Total Affordable Units Completed or In Progress with Current Affordability Requirements
<i>Rainey (RAINEY), 2005</i>	51
<i>University Neighborhood Overlay (UNO), 2008</i>	558
<i>Transit Oriented Development (TOD), 2009</i>	162
<i>Vertical Mixed Use (VMU), 2010</i>	394
<b>TOTAL</b>	<b>1,165</b>

Source: *Affordable Housing Inventory (AHI), August 2015*

- Since 2005, over 1,100 units of affordable housing have been created by the City of Austin’s Density Bonus Programs
- These units have been largely in higher opportunity areas, along transit corridors, or in Transit Oriented Developments (TODs)
- Over \$4 million of fees in lieu from density bonuses have been, or are committed to be paid to the City of Austin Housing Trust Fund (HTF) to develop off site affordable housing
- Without the City’s Density Bonus Programs, none of the units below would have been created/generated

While some of these density bonuses have been revised over time, with a new code there is an opportunity to reevaluate the programs holistically based on their individual and collective performance. The density bonus program remains a powerful tool to achieve a multitude of outcomes with regard to affordability.



## Where Do We Want To Be?

1. Imagine Austin calls for creating a regulatory framework to promote housing by creating development incentives including density bonuses.
2. The City of Austin's Analysis of Impediments to Fair Housing Choice (AI) recommends:
  - Strengthen and align density bonus programs in a consistent manner
    - Inconsistency in program design and their application leads to different outcomes by geographic area, which is at odds with the goal of with increasing opportunity throughout the city.
    - Ideally, the density bonus programs should contribute to the diversity of housing stock in the city and expand the opportunity for protected classes to live throughout the city.
  - City incentives to create affordable housing may not be equitably distributed throughout the city and may not serve the protected classes with the greatest needs.
3. The [City of Austin Comprehensive Housing Market Study \(2014\)](#) stated "The city has a number of development incentives and agreements...yet it

could do more, by asking greater contributions from developers when they receive expanded entitlements through rezoning and density bonuses". Modeling conducted utilizing the Envision Tomorrow—a real estate pro-forma tool—has affirmed that there are additional opportunities to promote more affordability with code revisions.

4. The Community Development Commission (CDC) "supports the staff recommendations on approach to CodeNEXT provided that density bonuses or other incentives for affordable housing are not lost in an attempt to place overlay provisions in the base code." The CDC wants to ensure that these tools are preserved in the new land development code. This is critical in areas with strong development pressure such as core transit corridors, transit oriented districts, the central business district, and other activity centers identified in Imagine Austin. As the City considers expanding form based approaches to zoning, the CDC recommends the City provide specific affordability set asides such as VMU."



## What Is The Prescription?

1. The revised code will replace the existing inconsistent density bonus programs with a new program to cover Imagine Austin Centers and Corridors where larger buildings are deemed acceptable. This should align with Federal Transportation Agency (FTA) criteria, which contemplates both the existing stock of affordable housing and the policies and programs to increase and sustain the supply at specific affordability levels. This is important because alignment with FTA criteria is essential should Austin seek federal funding to support future transit investments. The testing conducted at the [Sound Check](#)<sup>6</sup> utilizing Envision Tomorrow preliminarily indicated that such programs would be feasible (allowing projects to be financially feasible while also producing affordable housing benefits) in a number of corridors and centers throughout Austin
2. A second type of density bonus program will be available in and around Imagine Austin Activity Centers and Corridors with access to transit where smaller buildings with height and bulk appropriate to their neighborhood context are more appropriate. This “density bonus” could take the form of allowing more units within the same size building height and bulk.

## Diversity of Housing Choice

### Where Are We Now?

Development of new housing was constrained during the Subprime Mortgage Crisis (2007-2009); however, thousands of people continued to move to Austin with

limited housing being developed to house new residents. So Austin emerged from the economic downturn with a pent-up demand for new housing units. A substantial amount of the housing being constructed today in Austin is in the form of large, high end multifamily apartments and much more expensive single-family house; however, little is being constructed between single-family and large multifamily. This leads to a lack of housing for a range of households in terms of family composition and income levels and floods the market with a specific residential product that in the end provides very little choice. For example, a substantial percentage of the housing produced on major corridors is smaller studio and one bedroom units, including efficiencies and “micro-units” of 400 square feet or less. This does not meet the needs of working families with children, and may also be contributing to price escalation in housing units with 2 bedrooms or more.

Increasing prices and lack of housing choices in Austin impacts not only Austin’s household composition, the number of people living together, and their relationships to one another, but also the City’s demographics and diversity as a whole. When these changes are considered collectively across the entire city, they can have profound effects on public school enrollment and can impact public and social service delivery. Low- and moderate-income households are particularly vulnerable as they tend to have even more limited choices due to income qualification, lending practices, market dynamics, and other barriers. A diversity of housing types enables households with a diversity of incomes to live together in Austin.

Household Type	Family Households			Non- Family Households
	Married Couple	Single Father	Single Mother	
Percentage Living in Multifamily in 2005	20%	48%	43%	63%
Percentage Living in Multifamily in 2013	23%	49%	48%	63%
Change	+3%	+1%	+5%	No Change

Table: Households by Housing Type in Austin Source: U.S. Census ACS Data

In light of increasing housing prices, family households of all types are opting to live in multifamily housing at an increasing rate, as such options tend to be more affordable.

The concern remains that there is not enough multifamily housing with two bedrooms or more for families. That's where Missing Middle comes in.

Missing Middle Housing offers a range of architectural solutions to some of Austin's most pressing challenges—affordability, sustainability, walkability, traffic congestion and quality of life—while simultaneously accommodating the housing needs of various age groups, family sizes, and incomes. They are middle because they are at a scale and density that falls between detached single-family homes on a single lot and mid-rise, multifamily buildings, but are (largely) missing from the City's urban fabric.

The private sector has proved adept at producing more expensive single-family detached housing, both new and by renovating and redeveloping in existing neighborhoods. The latter process has captured formerly middle-income housing and repositioned it for what the market is anticipating as an even more affluent market in the future. But the market is not producing a sufficient supply of “missing middle” in Austin and has not been for some time, mostly due to our current code prohibiting such housing diversity. Without this housing choice,



households and families are not even presented with the option of making tradeoffs to live comfortably in Austin. What kind of tradeoffs? Tradeoffs like sharing a wall or two, so you can afford to live in a neighborhood you would not otherwise be able to afford, or choosing to live as a single car household, within walking distance to a rail or high-frequency bus stop, work and other daily needs such as a grocery store or pharmacy. . In the rare instance where Austinites have been presented with that opportunity, many households have opted to make that tradeoff. At Mueller, the neighborhood being developed at the site of Austin's former city airport, households have been eager consumers of Missing Middle type housing: rowhouses; courtyard houses; six-plexes; and live-work houses.

While Austin has missing middle housing in some areas, it does not exist in all parts of the city or in the variety needed, and there are opportunities to increase the supply. The greatest concentrations of missing middle appear

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in central Austin, primarily in those neighborhoods with predominantly older housing stock that were initially Austin’s streetcar suburbs. Missing middle building types that can easily fit in an infill context vary from 2-19 units depending on size of the lot, physical constraints, and environmental impacts. However, within the built form, and at the scale that is proportional, the number of units can increase and vary with minimal to little impact on neighborhood character.

Preservation of existing housing stock is also a very important part of retaining diversity. It is cost efficient, environmentally responsible, and it aligns with local planning initiatives. Today, the majority of the City of Austin’s affordable housing is in privately-owned, unsubsidized, “market-rate” housing. According to Capitol Market Research in 2014 there were over 62,000 units at 60% of MFI or less. Those accounted only for units in apartments with 50 or more units. It would be fair to say that that number would be even higher if 1-49 unit sites were included. The count of subsidized affordable units at that time was 18,524 <sup>7</sup>. Unlike subsidized affordable units, “market-affordable” housing does not incur administrative costs, and does not have to be overseen or evaluated for compliance.

### Where Do We Want To Be?

1. Imagine Austin calls for economically mixed and diverse neighborhoods across all parts of the city having a range of affordable housing choices, where all residents have a variety of urban, suburban, and semi-rural lifestyle choices. The CodeNEXT Advisory Group Working Group on Affordability recommended having a range of housing types to encourage families to stay in the city as well as promoting affordable housing citywide. The CodeNEXT Advisory Group Working Group on Infill recommended new and innovative housing solutions such as co-housing and a larger menu of housing types, which can help a household reduce expenses.
2. In 2014, the Austin City Council resolved to address the need for preservation of existing affordable housing, both subsidized and unsubsidized market rate with a 20,000 unit goal over the next 20 years. The City can also utilize various tools, mechanisms, programs and policy changes in conjunction with the code to better achieve this goal.
3. Given the recognition that “market-affordable” housing comprises a substantial portion of affordable housing in Austin, there must be sensitivity to preservation when adding additional entitlements.

### What Is The Prescription?

1. Promote diversity of housing options in targeted areas such as Imagine Austin Activity Corridors and Centers that have more transportation choices. During the mapping phase, Missing Middle will likely be focused within, and in “transition zones” along, Activity Centers, along Activity

#### Spotlight:

Today, according to U.S. Census estimates, over 30% of Austin’s minority headed households live in missing middle housing (defined as 2 to 19 units).





**Spotlight:**

Austin was named by the Martin Prosperity Institute as the most economically segregated metro area in the U.S.; “It is not so much the size of the gap between the rich and poor that drives segregation as the ability of the super-wealthy to isolate and wall themselves off from the less well-to-do” -Segregated City: The Geography of Economic Segregation in America’s Metros <sup>8</sup>

Corridors. When considering appropriate zoning categories during the mapping phase, consideration will be given to the local context such as the type of neighborhood and other characteristics such as natural features.

2. Provide a more diverse set of housing options within most form-based code districts; some will include a range of Missing Middle types that correspond with building forms appropriate for the walkable context.
3. Adjust lot size minimums and maximums in the form-based code districts to accommodate a diversity of housing options including Missing Middle building types.
4. Simplify the permitting process for Missing Middle projects between 3 and 10 units when they adhere to the form-base standards in the code. The new code may be applied in a manner that takes account of the physical form and character of a neighborhood, rather than applying a one-size-fits-all approach uniformly across all residential neighborhoods.
5. Provide additional opportunities for flexible housing: cooperatives, prefabricated housing, group homes, mobile and manufactured homes, RVs, tiny homes, temporary and permanent shelters.

## Fair Housing

### Where Are We Now?

Fair Housing is the right to choose housing free from unlawful discrimination. Federal, state and local fair housing laws protect people from discrimination in housing transactions such as rentals, sales, lending, and insurance. Land use regulations can both promote and perpetuate income segregation by requiring development standards that limit smaller or diverse housing choices.

The Code Diagnosis and the [City of Austin’s Analysis of Impediments to Fair Housing Choice \(AI\)](#) identified many issues that that limit fair housing choice in Austin:

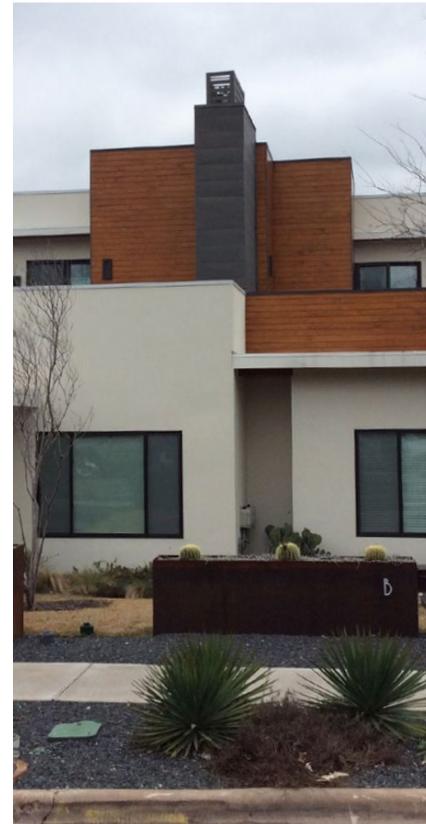
- The city’s complicated, fragmented “opt-in, opt-out” system allows neighborhoods to choose on a neighborhood by neighborhood basis whether they want various infill tools (relaxed development standards to promote infill development including a diversity of housing choice) to be available in their neighborhood. This resulted in a patchwork of availability that has resulted in unpredictable development patterns and difficulty understanding of what can be built. This absence of transparency can also fuel NIMBYism (Not In My Back Yard - opposition to new development) and resistance to a variety of housing types.
- Our current code does not encourage the development of a variety of housing products to meet the growing demands for housing affordability. It does, however, make it easy to perpetuate land development patterns that increase distances between destinations, which increases traffic

congestion and decreases affordability when you factor in transportation costs.

- The current code is “autocentric” in that it promotes development patterns which assume the automobile as the main form of transportation. An auto-centric code adversely impacts persons with impaired mobility, residents who cannot drive, and the many households that cannot afford or choose not to own a car.
- The city has a review process informed (and burdened) by an overly complicated code that is the result of a reactive rather than proactive approach to addressing land development challenges. Unique “fixes” and “one-offs” that sought to solve a particular problem within a specific context have been applied city-wide. This causes delays in the review process, adding time and cost to projects, and affecting the ability to realize affordability. In 2014, the City adopted a notable code amendment regarding dwelling unit occupancies, which has a negative impact on fair housing choice.

### Where Do We Want To Be?

1. Imagine Austin calls for economically mixed and diverse neighborhoods across all parts of the city having a range of affordable housing choices where all residents have access to a variety of urban, suburban, and semi-rural lifestyle choices.
2. The City of Austin’s Analysis of Impediments to Fair Housing Choice noted that CodeNEXT was an opportunity to “change how land is used in the city, where residential housing is built and how housing is distributed throughout Austin.”



#### Spotlight:

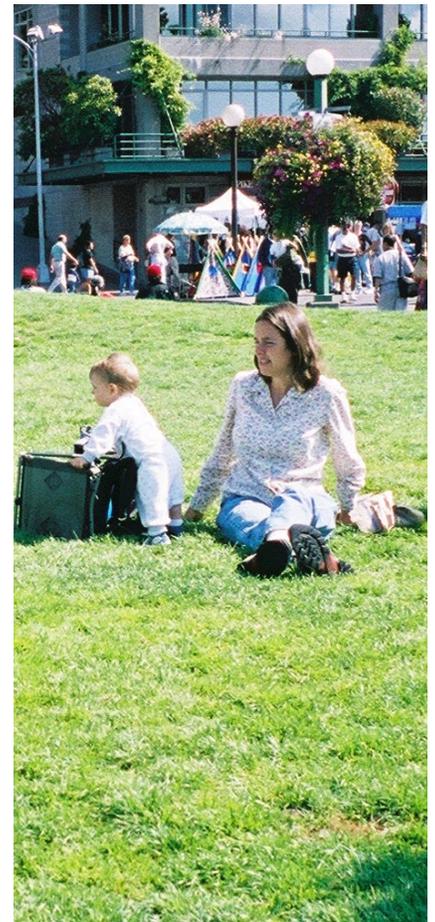
Prescriptions that are beyond the reach of the Land Development Code and require collaboration with others include:

- Strengthen policies that provide incentives for the development of affordable housing for households below 30%, 50%, and 80% median family income (MFI), or \$24,300, \$46,680 and \$62,250 annual for a 4 person household respectively.
- Create policies that require longer affordability periods for Vertical Mixed Use (VMU) and other programs that are successful in providing affordable housing.
- Work with public and private partners to create affordable housing, both subsidized and unsubsidized, that is equitably distributed throughout the city and serves protected classes. Under the Federal Fair Housing Act, a protected class is a characteristic of a person which cannot be targeted for discrimination. The following characteristics are considered protected classes” by federal law: race, color, religion, national origin, religion, sex, familial status, and disability. The City of Austin’s Housing Ordinance extends the definition of protected classes to include sexual orientation, gender identity, and status as a student.



## Code Prescriptions

1. Pursuant to the City of Austin's Fair Housing Action Plan, the revised code will maintain, expand, and revise density bonus programs to:
  - Align bonus programs and formulas for calculating the number of units, accessibility requirements, the affordability periods, and on-site requirements. This will require economic analysis to calibrate the required community benefits.
  - Incentivize and provide additional opportunities for housing units with two bedrooms or more particularly in high opportunity areas, which typically include access to educational jobs, transportation, and positive environmental conditions. These factors can limit or expand a person's social mobility, potential, and even life expectancy.
2. Pursuant to the City of Austin's Fair Housing Action Plan, land use and regulatory requirements will be modified to expand housing choice and reduce housing access barriers:
  - Provide a more refined set of zoning districts, transect and use-based, that replace the complicated "opt-in, opt-out" regulations and process in order to affirmatively further fair housing choice throughout Austin.
  - Provide additional housing choices.





## COMPACT COMMUNITIES AND AFFORDABILITY

Land development regulations have a direct effect on our communities such as whether they are walkable or drivable or the diversity and supply of housing.

### Tradeoffs

How might we promote greater housing supply and diversity across a range of prices and types while maintaining neighborhood character? Many Austinites have voiced their desire for housing affordability and diversity, but increasing housing in certain contexts in order to achieve those goals can elicit concerns from some that their neighborhoods will be adversely impacted in a number of ways including increased traffic, limited parking, buildings that are out of scale for the neighborhood, and exacerbated flooding. Increasing housing in appropriate areas of the city will increase the supply and diversity of housing types. Form-based standards can help address the concerns about the size and scale of a building, while incentivizing development by applying more permissive standards near mobility infrastructure such as transit or bike lanes can help

with the traffic and parking concerns. While some are concerned about on-street parking causing noise and traffic problems, on-street parking can slow cars and help mitigate flooding by reducing a site's impervious cover.

### Density Limits

Austin's regulations that impose limits on the number of residential units a project can build include a density cap on dwelling units per acre, minimum size of a lot, floor to area ratio (FAR), compatibility standards, and minimum site area requirements. The maximum number of units per acre creates a cap on the number of units that can be built per project. Standards such as FAR, minimum site area, minimum lot size, and impervious cover all create additional restrictions on development by limiting a development's size or "footprint".

### Where Are We Now?

The current code applies density limits in a way that decreases affordability. When there are fewer dwelling units on a particular site, each unit must bear a higher



**Spotlight:**

The 5,750 square foot minimum lot size requirement for ADUs was derived from the standard lot size in Austin’s current code. This rule has been applied throughout the city without reference to place or context. Today, with a few exceptions, no residential development may be built on lots smaller than 5,750 square feet unless small lot amnesty has been granted through a Neighborhood Plan, or a variance is granted based on an extenuating circumstance.



**Spotlight:**

The Working Group on Infill, Missing Middle and Compatibility identified the need to ensure that Missing Middle housing meets the needs of middle-income individuals and families by having units attractive to a diversity of people from families with children to seniors to the disabled.

portion of the fixed costs (costs that the project must bear regardless of its size), which gets passed along to the owner or renter. The current code has strict density limitations by zoning district on dwelling units per acre. This reduces the development feasibility of producing units affordable to more people as well as producing affordable housing even in the more intense districts such as Multifamily-4 and 5, and Mixed Use districts. In addition, the density limits in Multifamily zoning districts are too strict to support Missing Middle housing, some of which could have densities as high as 50 units per acre in neighborhood supportive buildings.

Minimum lot sizes also create an adverse impact on the ability to create Missing Middle housing. In all Multifamily zoning districts, the minimum lot size of 8,000 square feet is too large and prevents Missing Middle housing types such as a triplexes and fourplexes from being built on smaller lot sizes that could readily accommodate this type of housing. Another example of overly large minimum lot sizes are the requirements for accessory dwelling units (ADU), also known as as garage apartments and granny flats, in Single-Family zoning. A primary residential use and an accessory dwelling unit can be accommodated on lots smaller than 5,750 square feet by stacking units, attaching the units, and by building tiny houses.

### Where Do We Want to Be?

1. The plan states the desire to promote Missing Middle housing such as small-scale apartments, row houses and garage apartments that complement and enhance neighborhood character. It calls for regulations to promote affordable housing throughout Austin by examining regulations that adversely affect affordable housing and “consider approaches to minimize cost impacts for units attainable for families at significantly less than market values.”
2. The Land Development Code Diagnosis states that current regulations and processes could be revised to help lower development costs, encourage density and diversity, and promote the development of affordable housing in more areas.
3. The CodeNEXT Advisory Group’s Working Group on Affordability discussed the need for encouraging more families to stay in the city by allowing for a range of housing types, density bonuses, connectivity, transit-oriented development, and creating smaller lots.

### What Is the Prescription?

1. In the form-based districts, density will be addressed by the form standards contained within each district. These standards include building placement, height, mass, impervious cover, parking placement, lot width, open space, landscaping and so on. These standards will

allow for appropriate built forms to be developed to fit the context of the neighborhood while allowing additional supply and diversity of housing types.

2. Reduce the minimum lot size requirement to promote Missing Middle housing. New lot size standards will be incorporated into each form-based district that is supportive of the various neighborhood contexts. Rather than minimum lot size standards, the form-based code districts will include minimum and maximum lot width and depths, build-to areas, and building placement standards. In the use-based Single-Family and Multifamily zoning districts, the lot sizes will be reduced in certain contexts to promote Missing Middle residential uses as well as fit within the context of the neighborhood.
3. Maintain the Minimum Site Area requirements. These requirements, found at Sections 25-2-560 through -563 of the Land Development Code, limit the number of dwelling units on a site by requiring a certain amount of square footage of site area for each type of unit. The presence of this requirement has proven to be a significant incentive for projects to participate in the Vertical Mixed Use (VMU) program. The requirements should be evaluated, however, to determine whether the application of the requirements is adversely impacting the development of housing with two or more bedrooms.

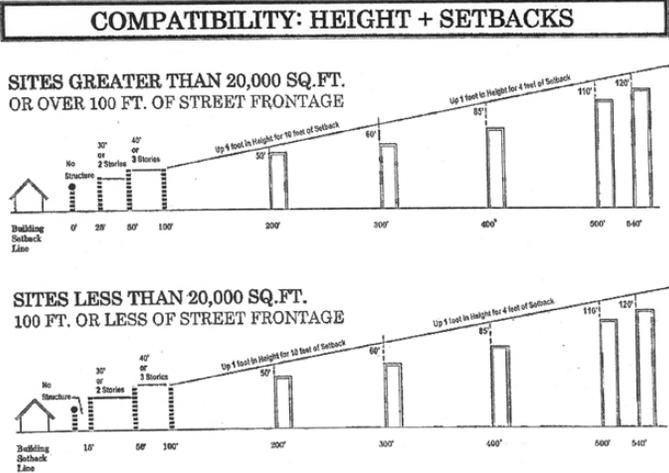
**Spotlight:**  
Imagine Austin states that our neighborhoods should be economically mixed and diverse across all parts of the city and have a range of affordable housing choices.



## Compatibility and Transitions

### Where Are We Now?

As stated in the Natural and Built Environment Code Prescription, the application of Compatibility Standards has not consistently created the desired effect of addressing incompatible forms and land uses. Our current Compatibility Standards affect our built form, and have created impacts on household affordability and affordable housing.



## CODENEXT: SHAPING THE AUSTIN WE IMAGINE

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Compatibility Standards are designed to “protect” single-family houses and single-family zoned properties from larger or more intense uses such as commercial and multifamily housing as well as Missing Middle housing such as triplexes, fourplexes and small apartments. With regard to affordability, compatibility has created a couple challenges:

1. Multifamily housing developments, including those with affordable housing, have had to reduce the number of units to meet compatibility standards.
2. Market rate housing projects must make up for the units lost by passing costs along to the future owners or renters, decreasing affordability.

### Where Do We Want to Be?

1. Imagine Austin seeks to “Ensure harmonious and compatible transitions between neighborhoods and adjacent commercial, mixed-use, and denser housing by regulating setbacks, building mass and height, and other design elements and uses.” It also calls for regulations to promote affordable housing throughout Austin by examining regulations that adversely affect affordable housing and “consider approaches to minimize cost impacts for units attainable for families at significantly less than market values.”
2. The Land Development Code Diagnosis discusses how compatibility should be built into form-based standards in order to promote more missing middle housing that will fit harmoniously into the context of existing neighborhoods.
3. The CodeNEXT Advisory Group’s Working Group on Affordability recommended modifying Compatibility Standards to support transit and affordability, and the Working Group on Infill, Missing Middle and Compatibility identified

#### Spotlight:

Compatibility Standards caused the elimination of nearly 40 deeply affordable housing units at Foundation Communities’ Bluebonnet development and 25 deeply affordable units at LifeWorks’ The Works at Pleasant Valley



the need to harmonize commercial districts with residential neighborhoods by relying on design and form-based code standards that consider the context of a neighborhood.

### What Is the Prescription?

As stated in the Natural and Built Environment Code Prescription, the revised code will provide a more carefully crafted approach to providing graceful transitions from areas of greater intensity to areas of less intensity. The tools that the new code will bring to achieve compatibility and transitions while promoting affordability include the following:

1. See the Code Prescriptions identified in the Natural and Built Environment Code Prescription on pages 22-23.
2. Evaluate the impacts of compatibility standards in the use-based districts on household affordability especially affordable housing.





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## MOBILITY, LAND USE, CONNECTIVITY, AND AFFORDABILITY

Having the ability to utilize numerous ways to get around such as by bike, walking and transit can reduce a person's transportation costs. The way a community develops has a direct impact on the opportunity to use transportation options other than an automobile as well as the cost to develop.

### Tradeoffs

How might we promote mobility choices to ensure affordability while enhancing and maintaining neighborhood character? Having access to various transportation options provides choices to reduce household costs related to owning a car. Placing more and diverse housing near transit, bike lanes, and near retail will allow more people to ride a bike, walk or talk transit. Concerns about large buildings looming over single-family homes, traffic and parking problems can be addressed by design and other regulations to promote harmonious development better than current regulations can ensure.

### Mobility and Affordability

#### Where Are We Now?

Imagine Austin established the growth scenario of a “compact and connected” city with new development and redevelopment along major activity centers and corridors, where that new development will have ready access to a wide range of mobility options beyond just automobile. CodeNEXT will provide new development

regulations for more compact development in the activity centers and corridors so that the community can be better connected by the city's existing and future high-capacity transit network (i.e. MetroRail and MetroRapid), local bus, bike lanes, trails, and sidewalks. In addition, and as noted in the “Natural and Built Environment” Code Prescription, CodeNEXT will seek to require connectivity in greenfield development.

Austin has historically been a low density city with Austinites having to own a car to get where we want to go. Combined, the city limits of Austin and its extraterritorial jurisdiction is over 600 square miles, or roughly half the size of Rhode Island, making it a large geographic area. Combining the low density development with a large geography makes getting around other than by automobile very difficult and expensive. Not only does this have implications for physical “mobility,” it also has implications for economic mobility. A person who cannot afford a car has a difficult time taking advantage of job opportunities when those opportunities are difficult, or impossible, to reach through public transit.

In Austin, the average household spends 20% of monthly income on transportation costs, which can include fuel, insurance, maintenance, finance charges, taxes, etc. Transportation costs are considered affordable if they are 15% or less of a household income, or \$7,957 per year for the typical household in the Austin region. According to a recent study by CNT H+T®, Austinites spend about \$11,453<sup>9</sup> per year on transportation costs, which is



**CODENEXT: SHAPING THE AUSTIN WE IMAGINE**

44% higher than a typical household spends nationally. Such a high cost is particularly difficult for lower income households who do not live in close proximity to their daily destinations and needs.

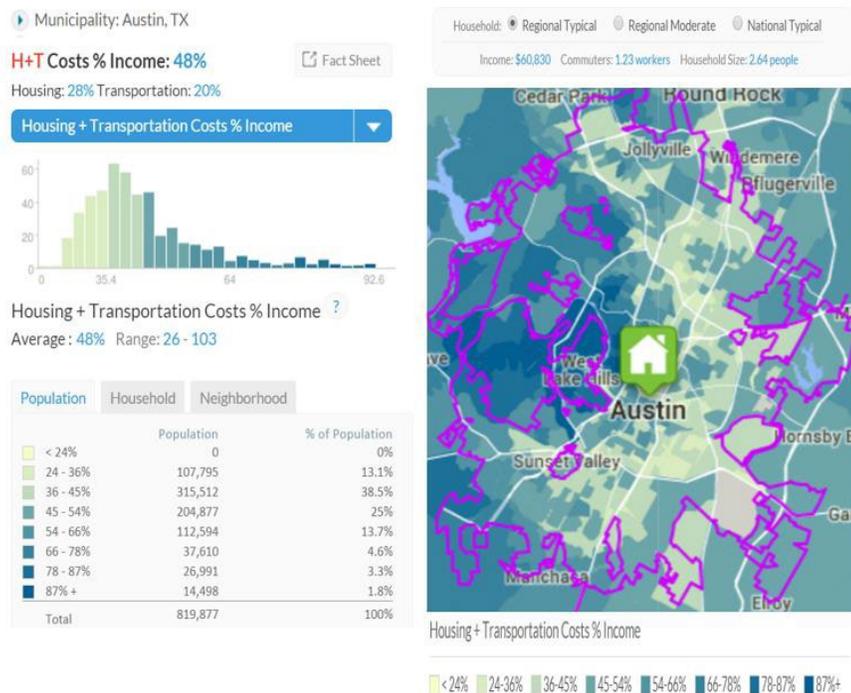
**Where Do We Want to Be?**

1. Imagine Austin seeks to promote housing near public transportation, bike and pedestrian facilities to reduce household transportation costs and vehicle miles traveled, and to establish regulations to promote a variety of housing within centers and along corridors that are served by transit.
2. The City adopted a Complete Streets Policy and Transit-Oriented Development (TOD) Ordinance that promotes the coordination of land use and transportation. Capital Metro adopted a TOD Policy with a number of goals including “increasing transit ridership, creating and promoting equitable mixed-use and mixed-income communities around transit, and responding to local community vision and values.” The Capital Area Metropolitan Planning Organization’s (CAMPO) 2040 Plan calls for targeting 50% of available CAMPO discretionary federal funding to support development of the high density, mixed-use

activity centers indicated on the CAMPO Centers Map. Federal transit guidelines for new high-capacity transit (i.e. dedicated bus lanes or rail) specify a minimum population density of 5,760 persons per square mile within the ½ mile station area as well as guidelines that specify the need to address affordable housing needs and transit accessibility.

**What Is the Prescription?**

1. Integrate transit-oriented development standards into form-based code standards and apply these standards near high-capacity transit stations. These standards include building form and placement, reduced parking requirements, parking amount and location standards, diverse and compact lot sizes, adaptable buildings that accommodate shifting markets and uses, connectivity requirements including interconnected streets and walkable block sizes, and a diversity of uses that promote complete communities.
2. The CodeNEXT team will recommend that these standards be applied in the higher intensity form-based districts such as T4 and T5, applied to centers



**Spotlight:**  
 According to the Center for Neighborhood Technology (CNT) H+T®, only 2% of Austin is “location efficient,” which identifies places that are compact, close to jobs and services, and have a variety of transportation choices, allowing people to spend less time, energy, and money on transportation.

Figure 1: The typical Austin household spends an average of 48% of their household income on housing and transportation. However, as illustrated in the map below, costs vary geographically, indicating unequal cost burdens on households.



Housing + Transportation Costs % Income ?

Average: 48% Range: 26 - 103

Population	Household	Neighborhood
	Neighborhoods	% of Neighborhoods
< 24%	0	0%
24 - 36%	63	12.8%
36 - 45%	187	38%
45 - 54%	130	26.4%
54 - 66%	67	13.6%
66 - 78%	22	4.5%
78 - 87%	12	2.4%
87% +	11	2.2%
Total	492	100%

Central Austin Neighborhoods w/Block Groups > 45% H+T % Income	
Abercrombie	Market District
Allandale	MLK
Barton Hills	Mueller Town Central District
Bouldin	North Loop
Brentwood	North Shoal Creek
Bryker Woods	Oakmont Heights
Cherrywood	Old West Austin
Chestnut	Pecan Springs Springdale
Civic District	Rathgeber Village
Clarksville	Rosedale
Crestview	South Congress
Dawson	South Lamar
Downtown	South River City
East Cesar Chavez	St. John/Coronado Hills
Hancock	Travis Heights
Heritage	University Hills
Highland	West Campus
Highland Park Court	West End
Holly	Windsor Park
Hyde Park	Wooten
Johnston Terrace	Zilker

Figure 2 Austinites in 242 out of 492 neighborhoods spend over 45% of their income on housing and transportation; 42 of these neighborhoods are in Central Austin.

and corridors and areas that are within a ½ mile of high-capacity transit stations, rail, and bus rapid transit stations, and will consider the context of the adjacent community. This decision will ultimately rest with the City Council during the “mapping” of the zoning code.

- As stated in the Density Bonus section, a revised density bonus program will be available in and around Imagine Austin Activity Centers and Corridors to promote housing near transit. It may, in some cases, be appropriate to build residential units in place of some ground floor commercial to address the City’s unmet demand for more affordable housing units, particularly beyond ½ mile from a station.
- In addition to the standards for transit-oriented development, T3 zones and higher will have development standards and uses that support transportation choices including local and express bus, bike infrastructure, and walking. Along certain activity corridors, urban districts such as T4 and higher will support walkable access to services, particularly along corridors that are within walking distance (½ mile or less) to bus stops.



## Parking and Affordability

The amount of parking has a direct effect on the affordability of residential and commercial projects. Parking (especially garage or underground) can be a major contributor to construction costs that results in increased rents and mortgages. Garage parking spaces can cost \$15,000 per space or more, and underground parking \$25,000 per space or more <sup>10</sup>. Parking also occupies a lot of space, thereby reducing the amount of space available for the underlying use it supports. A typical parking configuration requires about 350 square feet per parking space (including circulation and maneuvering area). Thus, a two-bedroom, 1,000 square foot apartment may require 750 square feet for its two parking spaces. This reduces the ability to spread fixed costs across more income earning areas, such as commercial or residential space.

### Where Are We Now?

Parking is expensive, and utilizes increasingly valuable land for cars instead of for people. High parking requirements make it difficult for new development to fit into the context of older central city neighborhoods, where available land is limited.

Two major issues with parking regulations in Austin include higher than necessary on-site parking requirements that vary by use (which can impact a site when the use within a building changes), and the high cost of providing parking spaces. For example, a parking space in a wrap garage (where a mid- to high-rise building is wrapped around an interior parking garage, also known as a “Texas Donut”) is roughly \$15,000 per space. Under the current land development code, a two-bedroom residential unit is required to provide two on-site parking spaces. In a wrap garage scenario, this results in the construction of two structured parking spaces at \$30,000, the cost of which impacts the two-bedroom unit cost. By reducing the minimum number of required on-site parking spaces, this \$30,000 can be reduced and the cost savings can be passed to the owner or renter in the form of a more affordable unit.

The City’s parking requirements are based on automobile-centric standards ensuring that new development can more than accommodate its peak need for parking. High parking requirements reduce the viability of affordable transportation choices, as it incentivizes driving. With a few exceptions, the City of Austin currently requires on-site parking regardless of the location of a development and other transportation choices available. This means, in many cases developments near transit or bike lanes often have more parking than needed, making it easy for households to opt to drive, instead of utilizing other mobility choices.

### Spotlight:

The cost of parking creates challenges for people looking to buy or rent a home. A case in point: a study conducted during the [Sound Check](#) indicates that a person may have to earn \$15,000 more per year to live in a unit with 2 parking spaces per unit than a unit with no parking. This is particularly troublesome for those who cannot afford to buy or choose not to own a car, yet pay for parking where they live <sup>11</sup>.

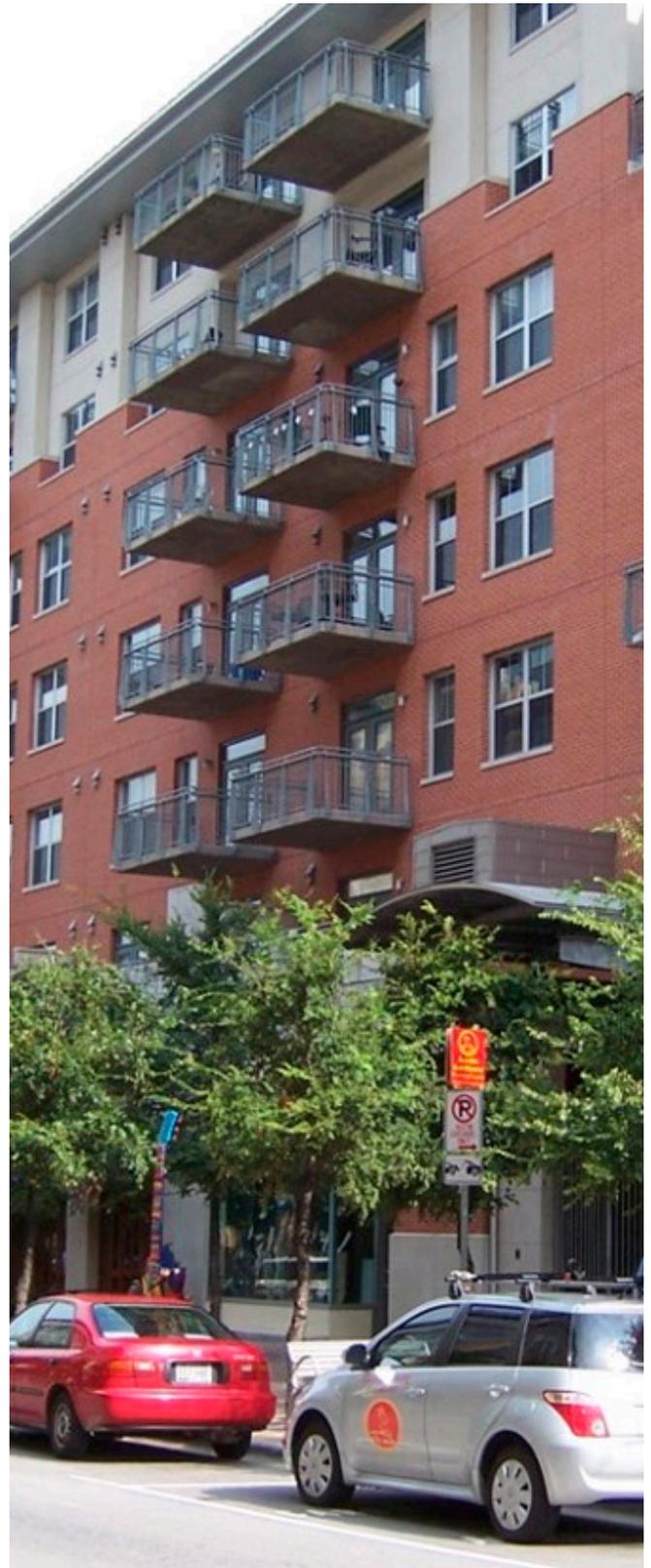


Changes to parking requirements are already happening. The city has removed parking requirements Downtown and is enacting a pilot program to reduce parking in other areas in exchange for active efforts by businesses to encourage alternative forms of transportation. Parking Transportation Management Districts are in place in several areas; one of the major benefits is that funds paid for on- and/or off-street parking in these areas is used for improvement projects within the district that have a public benefit. In addition, City Council recently reduced parking requirements for accessory dwelling units near activity corridors.

Proliferation of Neighborhood Parking Permit Restrictions poses questions about an acceptable level of use. These restrictions are put in place by the City at the request of residents who seek to prevent their streets from being overwhelmed by the parked cars of people frequenting the nearby businesses. This reduces the supply of on-street parking and can hurt local businesses, especially on corridors where on-site parking is constrained. Over 300 city blocks are now residential permit parking only, most of which are in Central Austin neighborhoods. Those conversions have removed more than 5,000 parking spaces from city streets, which brings to light a tradeoff discussion. While the community wants more walkable, people-friendly development, which is correlated with a lower number of parking spaces (among other things), we will still need to accommodate some cars. Where we accommodate cars, and how, is a community-wide discussion.

### Where Do We Want to Be?

1. Imagine Austin calls for people across all parts of the city and of all ages and income levels to live in safe, stable neighborhoods with a variety of affordable and accessible homes with access to healthy food, economic opportunity, health care, education, and transportation.
2. The Land Development Code Diagnosis recommended reduced parking requirements in exchange for active efforts by businesses to encourage alternative forms of transportation.
3. The CodeNEXT Advisory Group's Working Group on



Obstacles to Small Businesses discussed the need to explore parking alternatives such as parking management strategies and context sensitive parking.

### What Is the Prescription?

1. Reduced Parking Minimums: CodeNEXT will recommend that the revised code will have reduced parking minimums in areas of the city targeted for compact development, especially when those areas have public transit and other mobility choices. Parking reductions in these areas will happen within the local context, taking into account the type of street and street network



available as well as surrounding development and uses. In order to further incentivize reduced parking where appropriate:

- Include a bonus system where, in exchange for providing a public benefit such as affordable housing or community open space, a developer could choose the next most restrictive level of parking for their zoning category and provide fewer spaces than would otherwise be required.
- Reduce parking minimums near high-frequency transit stops.
- Waive minimum parking requirements for developments that build all of their units as affordable housing near transit stops including local bus.

2. There is a need to rethink and refine the City's shared parking and Residential Permit Parking (RPP) Program with an eye toward balancing neighborhood, business, environmental and affordability needs.





# QUALITY, SAFE AND AFFORDABLE NEIGHBORHOODS

This section examines how the land development code can be revised to have an efficient process that promotes environmental stewardship as well as more affordability for small business including cultural and creative venues and spaces.

## Development Review Process

### Tradeoffs

How might we have an efficient development review process while ensuring development meets all code requirements? The development review process can be more efficient while ensuring compliance with all code requirements. A complicated review process can lead to delays for projects that ultimately receive approval, with the lengthy process creating higher development costs. An efficient process can reduce these costs, which could then be passed to an owner or renter, while maintaining our standards for the protection of the environment, neighborhoods, and the public welfare. A clearer, more efficient code will benefit those seeking permits, residents, board and commission members, City Council, and staff.

### Where Are We Now?

The Development Services Department (DSD) serves as a key department for intake, distribution, review and approval of development applications, including:

- Single-family residential (1-2 units on a site)
- Multifamily residential (3 or more units on a site)
- Mixed use projects
- Commercial projects



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In broad terms, the current sequential development review process is:

- Single-family use: zoning, subdivision, building permit
- Multifamily, Mixed Use or Commercial uses: zoning, subdivision, site plan, building permit

Land Development Code Chapters 25-2 through 25-11 contain the regulations applicable to zoning, subdivision, and site plan requirements. The code has been amended hundreds of times since adoption in 1984. Chapter 25-12 contains the Technical Codes applicable to building permits. As identified in the Land Development Code Diagnosis, the code is complicated, challenging to navigate and understand, and includes numerous conflicts and overlapping regulations. A major challenge in administering and understanding the code is the lack of integration or prioritization of conflicting regulatory requirements.

City staff also maintains a series of Technical Criteria Manuals that provide more detailed guidance and additional layers of regulation for administration of the code. The Technical Criteria Manuals include: Building, Drainage, Environment, Fire Protection, Standard Specifications, Standards, Traditional Neighborhood Districts, Transportation, and Utilities.

Depending on the type of development, as many as 15 separate departments and other jurisdictions (such as Travis County) may review development



applications. Many of these also have separate permit requirements. For example, when improvements such as street trees are proposed or required within city right-of-way, a separate License Agreement is required.

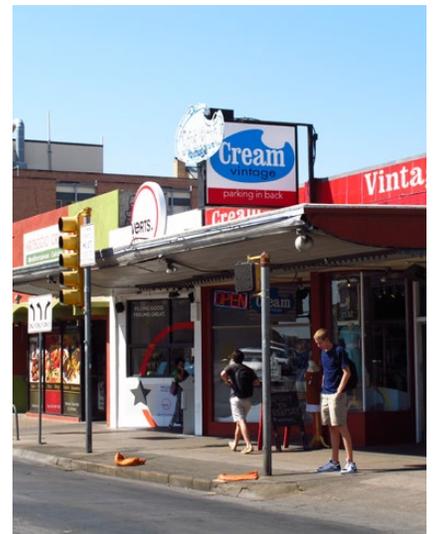
The development review and permitting process for Single-family, Multifamily and Commercial or Mixed Use has grown increasingly complex over the last 10-15 years as more requirements that address important community values have been added. Examples include Commercial and Residential Design Standards (Subchapters E and F), Downtown Density Bonus, and the Heritage Tree, Parkland Dedication, and Watershed Protection Ordinances.

The complexity and conflicting provisions of the Land Development Code contribute to development review process challenges by extending the time required to receive a permit, and increase costs for both the public and private sector. While delays increase costs, some of these regulations also add community benefits and monetary value. For example, Austin’s urban forest is valued at \$16 billion in public benefits that the community would otherwise have to fund if these resources were lost.



### Where We Want To Be?

1. Imagine Austin created CodeNEXT to focus on revising the land development code and processes to promote a compact and connected city. Numerous actions in the plan call for creating a regulatory environment to promote affordability.
2. The Code Diagnosis and Zucker Report identified numerous challenges associated with the land development code and process including impacts to affordability.
3. The CodeNEXT Advisory Group Working Group on Obstacles to Small Business identified the need to create more predictability and certainty in the permitting process.



### What is the Prescription?

1. CodeNEXT will re-organize and re-format the Land Development Code to make code requirements clear and understandable. For example, as stated in the Natural and Built Code Prescription, site development and building design standards will be integrated into the base zoning district.
2. CodeNEXT will, to the greatest extent possible, eliminate, consolidate, or restructure conflicting code provisions to increase the simplicity of applying the new code.
3. CodeNEXT will provide a more refined set of zoning districts, (form-based and conventional) that replaces the complicated “opt-in, opt-out” regulations and process.





## Environmental Regulations

### Tradeoffs

How might we create opportunities for affordability while supporting environmental regulations?

The discussion of how environmental regulations impact affordability highlights the complexity of decisions made about short- and long-term costs and benefits. For over 30 years, Austin has preserved our natural resources and protected public health and safety through environmental regulations. These regulatory safeguards are necessary to protect our lives, property, and the environment in Austin and prevent the long term costs and burdens of development from being transferred to the public.

### Where Are We Now?

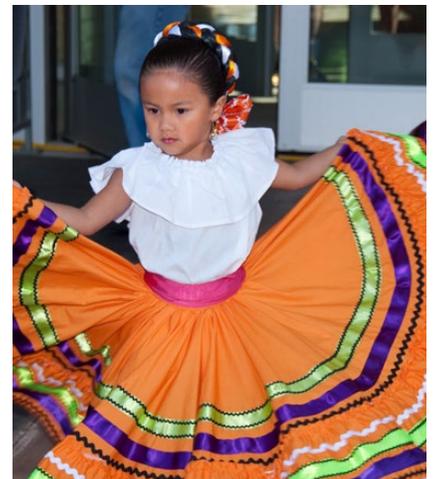
Austin's earliest watershed, landscape, and tree ordinances date back to the late 1970s and early 1980s. Prior to this time, developments were often built too close to creeks, with undersized infrastructure, insufficient green space, and unfettered discharges of runoff directly into our waterways. A very large portion of watershed problems that exist in Austin—buildings in floodplains, eroding stream channels, and degraded water quality—date back to this earlier period of land development. In addition, wildfire risk has increased not only because of climate but also because of where some structures are sited in a development. The price tag to correct these problems is estimated in the several billions of dollars. The city's development history underscores the vital “an-ounce-of-prevention-is-worth-a-pound-of-cure” need for preventative



regulations to guard our public safety and protect our physical environment—and thereby avoid unsustainable public and private community expenses.

Specific examples of these avoidable public costs include the more than \$30 million the City has spent to repair erosion problems, virtually all of which would have been unnecessary had development provided adequate stormwater management and been adequately set back from creeks. In addition, the City has budgeted over \$130 million for purchasing homes that were built in harm's way in floodplains. Unfortunately, these public expenditures represent only a fraction of the remaining, unresolved problems created in the past. Current watershed regulations ensure that projects are set back far enough from creeks to protect and improve water quality, minimize threats to property and infrastructure from flooding and erosion, and prevent unsustainable public expense on drainage systems. Waterway setbacks also serve as a valuable opportunity to build a more sustainable community with enhanced connectivity and open space with allowances for trails, community gardens, parks, and habitat <sup>12</sup>.

Initial modeling in Envision Tomorrow—a real estate pro-forma tool—conducted during the Sound Check found the provision of on-site stormwater management ranged from 1-3% of total project costs, depending on the type of technology utilized (e.g., rain gardens versus green roof). In addition, allowing more flexibility and creativity in site layout can protect invaluable natural resources while still promoting a variety of building and housing types.



## Where Do We Want To Be?

1. Imagine Austin calls for a sustainable city where growth and infrastructure are well-managed to respect the limitations of our natural resources including many actions supporting watershed protection and capturing stormwater for benefits such as irrigation. The plan also calls for incentives to encourage low impact designs to sustainably manage stormwater and help promote redevelopment. The 2013 Watershed Protection Ordinance and Green Infrastructure Working Group provided recommendations that support Imagine Austin’s provisions for stormwater.

## What’s The Prescription?

1. Maintain the context-sensitive prescriptions identified in the Natural and Built Environment Code Prescription on pages 10-12 and 15-17.

## Affordability Impacts to Small Businesses and the Cultural Arts

### Tradeoffs

How might we promote the retention and development of affordable space for small businesses, cultural organizations, live music venues, and related housing such as live/work units? Incentivizing more affordable housing and reasonably-priced commercial space will help preserve and deepen Austin’s ability to attract and retain musicians, artists, and small business owners, thereby protecting Austin’s eclectic character we value so much. As with housing, basic investment in retention and new development is necessary to meet community needs for affordable creative and commercial space. This investment can be facilitated through regulatory changes. Failing to address the regulatory costs of development exacerbates the financial burdens upon not only the creative sector and small business workers (musicians, artists, service workers, etc.) but also physical anchors of shared community such as small and legacy businesses and cultural venues.

## Where Are We Now?

Lack of affordability in Austin causes tremendous hardship for much of the community, especially service workers, artists, and musicians. According to the City’s 2014 Comprehensive Housing Market Analysis, people working in certain industries have major difficulty affording rental and owner-occupied housing. This is corroborated by the Austin Music Census (2015)<sup>13</sup> as well as several other studies on arts and culture workers in Austin<sup>14</sup>. Oftentimes, these workers find housing outside the central core placing them miles from their work. This creates time, travel, and financial burdens on the individuals



as well as adversely impacting employee retention and recruitment for businesses.

Many small, local businesses, including cultural arts organizations and music venues, also struggle to find affordable space in which to operate. Rental and sale prices of commercial property are rising quickly, making it harder for businesses to stay rooted in their neighborhood and expand to new locations. This problem is even more drastic for startups and new businesses. Some of Austin's cultural institutions have been forced to either move or close because of rising rent or property taxes despite their commercial success. This is particularly dangerous for small business; few small retailers can survive a major relocation. The arts and creative community struggles with issues of funding, affordable and appropriately-sized performance and practice space, and affordable housing. Commercial lease and vacancy trends in important commercial corridors suggest that much of these affordability problems are caused by inadequate supply of commercial real estate. Given Austin's

Spotlight:

"Austin is simply at the beginning of what looks to be a long-term problem unless something is done quickly to stabilize the situation. Housing and property pricing is pushing artists, business, educators, professors and scores of people into Webberville. I spoke with an actress and filmmaker who has decided to move her family to New Braunfels, and why not? The cost of living is a fraction of Austin, and they just got an Alamo Drafthouse." –Timothy Braun, Board Member of the Salvage Vanguard Theater



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attractiveness for commercial property investment, the supply lag is exacerbated by zoning restrictions that 1) make commercial space development difficult and 2) aggravate competition between commercial spaces and higher-value residential uses.

### Where Do We Want To Be?

1. Imagine Austin seeks an economy that is resilient and responsive to global trends. Arts, culture and creativity are essential keys to the city's unique identity and are valued as vital contributors to our community's character, quality of life, and economy.
2. The CodeNEXT Advisory Group Working Group on Infill recommended that development along corridors serve the neighborhood which helps support complete communities.

### What Is The Prescription?

1. Allow for compatible retail and commercial uses by right including arts, culture and creative uses such as rehearsal, gallery, studio, performance or exhibit spaces and offices in areas where form-based zones have been applied and a diversity of uses is

desired. This includes adequate commercial space allowances in corridors, centers, and in between these areas and neighborhoods.

2. Revise the density bonus program in targeted areas such as cultural districts by adding the preservation or creation of an existing creative venue or business as a Community Benefit. Density bonus fee-in-lieu requirements will be evaluated for 501(c)(3)s to promote emerging small non-profits. The existing density bonus provisions will be evaluated to determine if they can incorporate preservation or development of a music or creative venue that will be used for rehearsal, gallery, studio, performance, or exhibit spaces and offices.
3. The opportunity to expand live/work units will be found in all form-based code districts in order to promote the opportunity for the small businesses, including artists to be able to work where they live. The allowance of live/work units will be both within the uses regulated by the different form-based code districts but also in the regulation of building types to ensure the proper form to allow for live-work units.

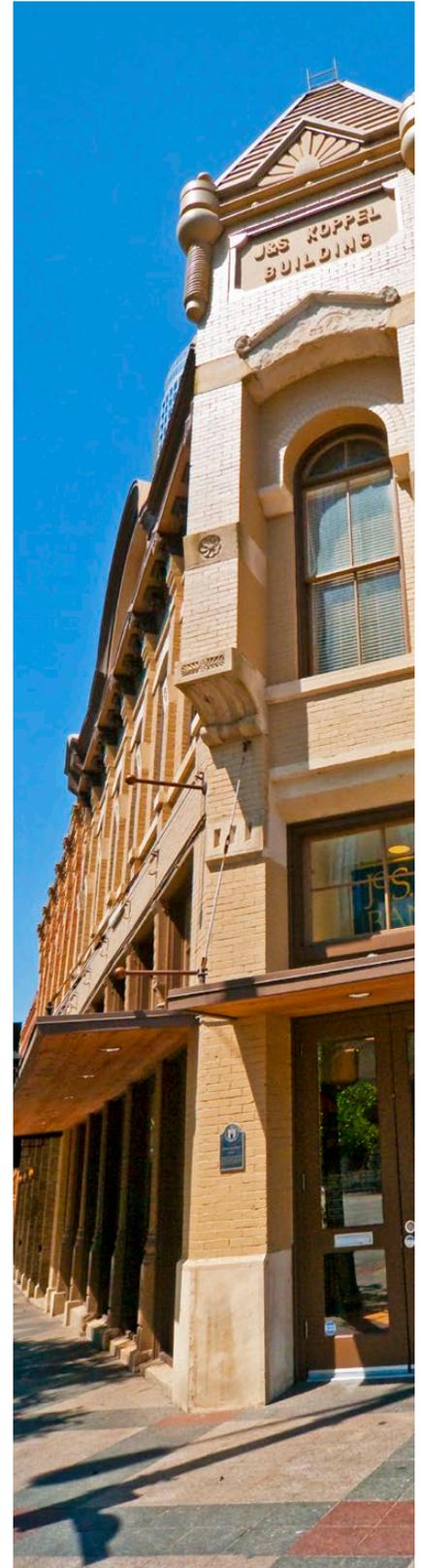


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Surging City Center Job Growth

Thoughts on Some City Issues and Our City Goals

Top Ten Demographic Trends in Austin

Watershed Protection Master Plan.

Watershed Protection Ordinance.

Why We Must Build

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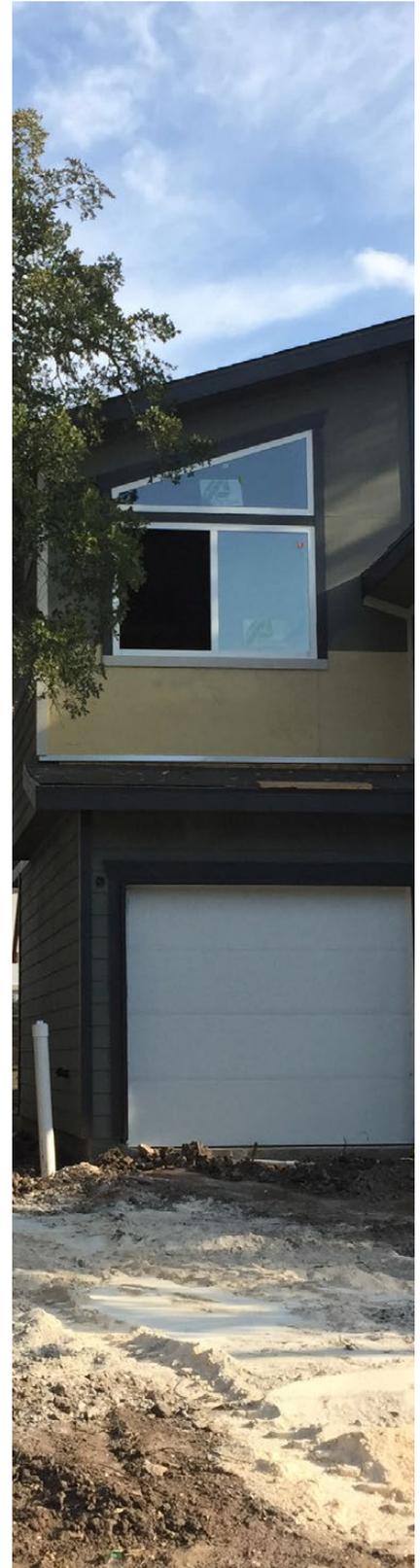
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## GLOSSARY

“Affordable housing”-Dwelling units available for sale or rent that are deemed affordable to low- and moderate-income households. It is also housing that does not create an economic burden for a household and allows residents to meet other basic needs on a sustainable basis.”

“Building Coverage”- A percentage limit on the amount of a lot that may be covered by a building.

“Density bonus”-Zoning tool that that permits developers to build more housing units, taller buildings, or more floor space than normally allowed, in exchange for provision of a defined public benefit, such as a specified number or percentage of affordable units included in the development.

“Floor to Area Ratio or F.A.R”- The total square feet of a building divided by the total square feet of the lot the building is located on. Higher F.A.Rs indicate more urban (dense) construction.

“Household affordability”-The ability of a household to afford its housing and associated costs, including rent or mortgage, transportation and utilities.

“Low- and Moderate- Income Households”- Defined by the U.S. Department of Housing and Urban Development at 50% to 80% Median Family Income and 80% to 120% Median Family Income respectively.

“Low Impact Development”-Development that emphasizes conservation and use of on-site natural features to protect water quality.

“Median Family Income (MFI)” - The HUD Income Limits Documentation System is the source of median family income (MFI) data which is an annual estimate utilized by HUD to set income limits for a variety of housing programs. HUD uses the U.S. Census American Community Survey (ACS) median income as a baseline and then factors in the national consumer price index and other variables to establish an area MFI. Thus, MFI is generally a much higher figure than the median household income or median income figure from the ACS.

“Missing Middle housing”- A range of multi-unit or clustered housing types compatible in scale with single-family homes that help meet the growing demand for walkable urban living. Examples include bungalow courts, side by side duplexes, stacked duplexes, triplex, fourplex, live/work and small multiplex.

“Planned Unit Development or PUD”-Intended for large or complex developments under unified control planned as a single continuous project, to allow single or multi-use projects within its boundaries and provide greater design flexibility for development proposed within the PUD. Use of a PUD district should result in development superior to that which would occur using conventional zoning regulations. The minimum size generally considered appropriate for a PUD is ten acres.

“Vertical Mixed Use District or VMU”-A program created to promote buildings that have a mix of residential and commercial uses, including pedestrian-oriented spaces on the first floor as well as affordable housing. A density bonus is provided via relaxed development standards if affordable housing is provided at defined affordability levels for owner-occupied and rental units.



# CODENEXT

SHAPING THE AUSTIN WE IMAGINE

Household Affordability Code Prescription

May 2016