

## COMMUNITY DEVELOPMENT COMMISSION HOUSING COMMITTEE

June 10, 2014

Micro Units Code Amendment Update

### **Initiated per Council Resolution 20140327-040**

#### ***“BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:***

*The City Council initiates amendments to Title 25 of the City Code and directs the City Manager to develop an ordinance that reduces or eliminates parking requirements and reduces or eliminates site area requirements for dwelling units less than 500 square feet in size and that are located on core transit corridors, future core transit corridors, or within a Transit Oriented Development District.*

#### ***BE IT FURTHER RESOLVED:***

*The amendment process should include consideration of how the provisions allowing micro-units should be integrated with current provisions for Vertical Mixed Use and Transit Oriented development, particularly in regard to affordable housing requirements.*

#### ***BE IT FURTHER RESOLVED:***

*The City Manager is further directed to compile detailed information and best practices from other cities about the relationship between micro-units and affordability, car ownership, parking, and adjacent neighborhoods.*

#### ***BE IT FURTHER RESOLVED:***

*The City Manager is directed to seek input from housing stakeholders and the Community Development Commission; and to include a status on the effort in the Housing/Transit/Jobs Action Team report to the Comprehensive Planning and Transportation Council Committee by June 15, 2014; and to return this ordinance to the City Council within 120 days.”*

### **Background**

#### **What’s a micro-unit?**

A micro-unit is a dwelling unit that is typically less than 500 square feet in size, usually an efficiency, which uses clever packaging and spacing to create a dwelling space suitable for one or two people. The space in a micro-unit usually has convertible or modular furniture that plays different roles, depending on what activity is taking place, with higher ceilings to accommodate storage and to create an airier space. Micro-units have gained popularity and press in the last few years, but have existed since at least 2006 in some cities. The smallest micro-units are less than 200 square feet total, but are generally closer to 300-350 square feet. Most micro-units projects have been constructed in very dense urban cores, where parking requirements are greatly reduced or non-existent.

#### **Why are micro-units being built?**

The overwhelming factor that is driving the construction of micro-units is need for affordable housing. Micro-units are being developed or have been constructed in the most expensive housing markets in the US: San Francisco, New York City, Los Angeles, Washington, D.C.,

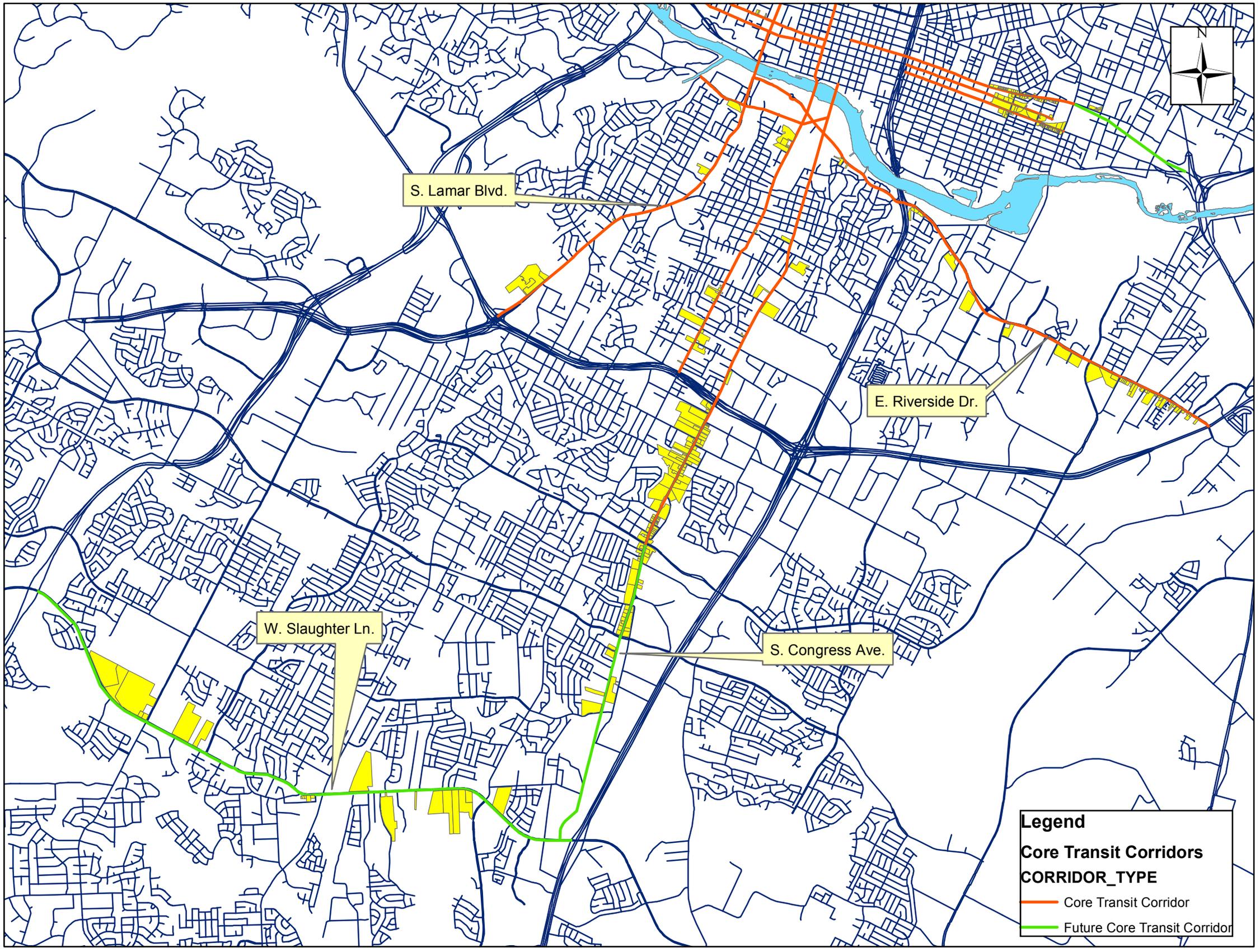
Seattle, and Boston. Micro-units offer the ability to rent or buy a space for less than comparable (albeit larger) units in the same area, although the cost for a micro-unit on a per-square-foot basis is often higher than a traditional apartment or condo. It's the lower fixed monthly cost of living in a micro-unit that holds appeal. In cities that have geographical limitations to building outward, and land is already at a premium, micro-units offer a way to increase density on a given footprint, offer more units than a traditional project, and at a lower per-unit cost to consumers. In Austin, the median rental rate has increased 49% since 2003, while median incomes have barely improved. Combined with an annual population increase of nearly 40,000, and a vacancy rate of less than 5%, the demand for affordable housing is extremely high.

### **Proposed code changes for micro units**

- 400 sq ft site area requirement for each dwelling unit
- 0.6 on-site parking spaces required per dwelling
- Permitted on Core Transit Corridors and Future Core Transit Corridors
- Permitted in the following zoning districts: MF-1, MF-2, MF-3, MF-4, MF-5; MU combining district
- No changes to other base district site development standards
- Affordability required: 10% of on-site micro units (or one unit, whichever is greater) must be reserved as affordable for a minimum of 99 years for ownership and occupancy by a household earning not more than 60 percent of the median family income for the Austin metropolitan statistical area

### **Tentative schedule**

- June 10: Briefing to CDC Housing Committee
- June 17: Briefing to PC Codes and Ordinances Subcommittee
- July 8: Community Development Commission (potential action)
- July 15: Planning Commission Codes and Ordinances (potential action)
- July 22: Planning Commission (potential action)
- August 7: City Council (potential action)



S. Lamar Blvd.

E. Riverside Dr.

W. Slaughter Ln.

S. Congress Ave.

**Legend**

**Core Transit Corridors**

**CORRIDOR\_TYPE**

- Core Transit Corridor
- Future Core Transit Corridor



Jollyville Rd.

**Legend**

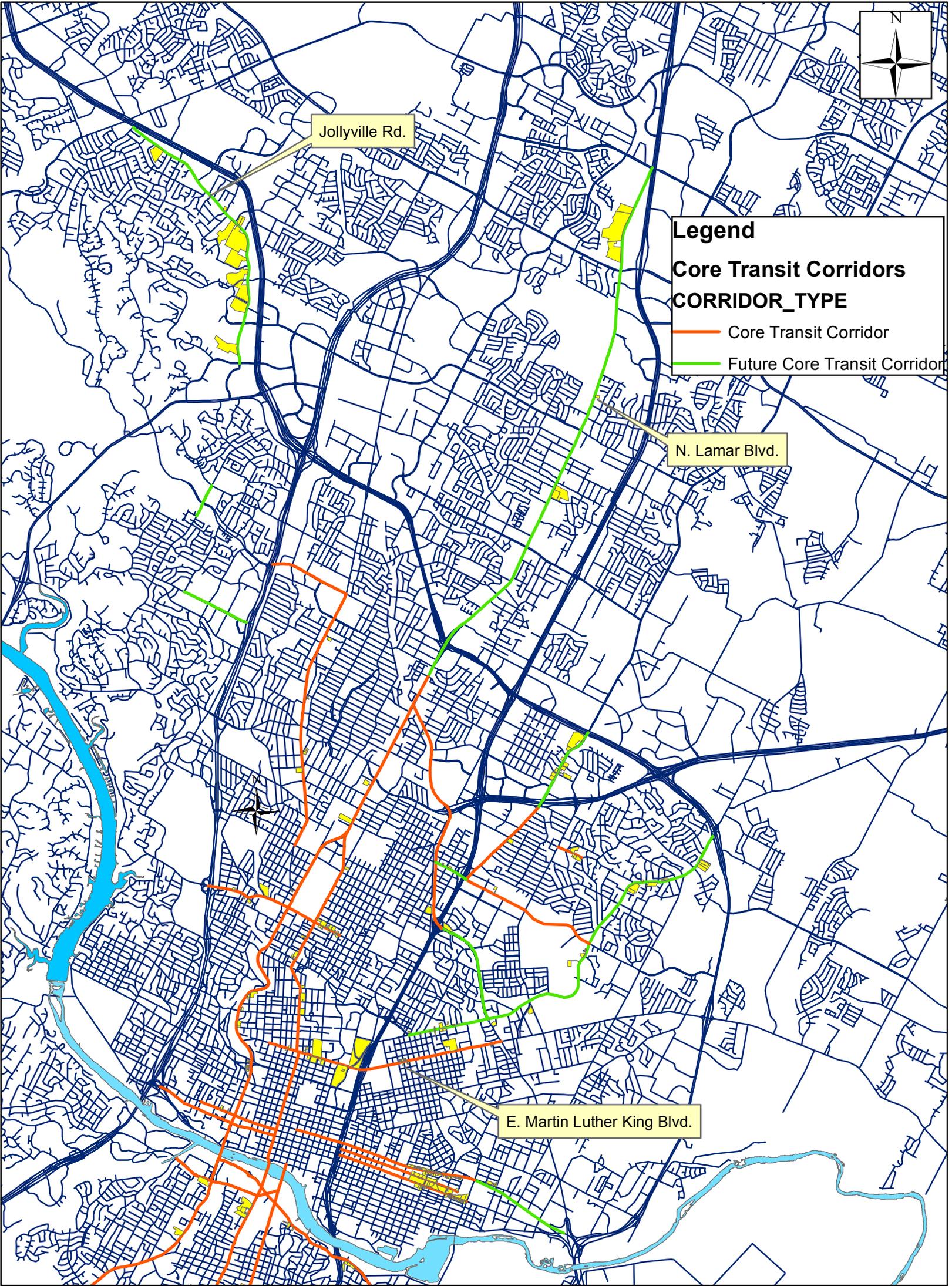
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**CORRIDOR\_TYPE**

- Core Transit Corridor
- Future Core Transit Corridor

N. Lamar Blvd.

E. Martin Luther King Blvd.



**RESOLUTION NO. 20140327-040**

**WHEREAS**, the Imagine Austin Comprehensive Plan calls out Austin's limited housing choices and rising housing costs, and recognizes the need for a variety of housing types to meet the financial and lifestyle needs of Austin's diverse population; and

**WHEREAS**, Imagine Austin also identifies the need to retain the character of Austin's neighborhoods by accommodating growth along corridors and major roadways; and

**WHEREAS**, micro-unit housing is an efficient and cost-effective housing choice developed and utilized in many of Austin's peer cities; and

**WHEREAS**, micro-unit housing most often appeals to single people, who make up over a third of Austin's population; and

**WHEREAS**, decoupling parking from housing costs – i.e., renting or selling parking separately, rather than automatically including it in the price of the living space – typically results in a demand reduction of up to 30%; and

**WHEREAS**, micro-unit development offers the potential of placing more affordable dwelling units within reach of those who want to live an urban lifestyle, often accompanied by reduced car ownership; and

**WHEREAS**, Council passed Resolution No. 20140123-059 asking the City Manager to identify best practices and code amendments that would encourage micro-unit development; and

**WHEREAS**, the March 18, 2014 City staff memo identified the primary zoning code constraints that may be inhibiting micro-unit

development in Austin as minimum site area requirements and parking requirements; and

**WHEREAS**, initial staff research suggests that Portland's reduced parking requirements for micro-units has led to tenants parking on the streets of adjacent neighborhoods; and

**WHEREAS**, site area requirements are waived in the Vertical Mixed Use Combining District under 25-2, Subchapter E, Section 4.3.3 for projects that meet affordability requirements, thus providing programs that incentivize affordable housing and an increase in density of dwelling units; and

**WHEREAS**, because the VMU Combining District is generally available on Core Transit Corridors (CTC) and future CTCs, there is a risk reducing or eliminating site area requirements on CTCs and future CTCs could decrease the effectiveness of VMU as a tool for housing affordability in Austin; **NOW, THEREFORE**,

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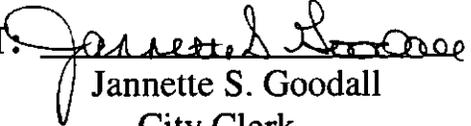
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**ADOPTED:** March 27, 2014

**ATTEST:**   
Jannette S. Goodall  
City Clerk