

TOD Supportive Policies

I. H+T+J Recommendations

1. Reduce Exactions; Provide incentives that make things work well

The Code includes several exactions, or “asks”; these exactions elevate construction costs (compromising opportunity, affordability) and should be removed from the code. Applied generally, they may not be appropriate in specific contexts, where they can have unintended consequences.

Exactions by regulation do not address the goals and objectives of the land development code of health, safety, and welfare. They can become arbitrary economic development measures that should instead be structured as optional incentives.

2. Facilitate mobility and livability

All parts of the City should possess the essential elements of an interactive and socially healthy community and travel options are essential, even though priorities of choice often differ around the City. It is important to facilitate the creation of a vibrant and inviting public realm and mixed-use services and amenities to go with it. Freedom of mobility for all ages is dependent on the ability to safely walk and/or bike within and between them and availability of public transit service.

Transit-oriented and/or walkable-oriented development reduces dependency on personal vehicles reducing vehicle miles traveled (VMTs), parking requirements, and auto-centric design that impedes walking and biking for many.

3. Right-size zoning at high-capacity transit stations

It is strongly recommended that “right-size” Form Base Code transects be mapped consistently with the implementation strategies presented in the TOD Priority Tool, notwithstanding existing TOD regulating plans. By mapping these station areas, the “compact and connected” vision and recommended policies of Imagine Austin will become closer to reality by incentivizing incremental development and redevelopment in centers and corridors to simultaneously address our City’s transportation and affordable housing crises.

Future improvements to these station areas, especially new zoning to “right size” the station areas, would significantly enhance their level of transit supportiveness,

and ultimately, improve their ability to meet FTA New Starts criteria, and viability for future high-capacity transit capital investments.

4. Predictability and consistency of land use ordinances should be explicit

Ordinance requirements seek to eliminate noxious conditions that undermine public health, safety, etc. Their intended application should be explicit. Time can erode requirements and regulations, and ordinance requirements can be chipped away or added to because they fail to apply the level of clarity and application needed to accomplish its initial intent or can be argued to be excessive. More utilitarian regulations should be applied that appropriately establish provisions that can remain consistent over time.

5. TOD zoning 'by right' around high-capacity transit stations and corridors

Instead of concentrating on station area plans for existing and future TODs, Form-Based zoning should be established to allow 'by right' zoning in these areas. Zoning should be transit-supportive and create a more transit-friendly land use and regulatory environment.

6. Align density bonus programs with Federal Transit Administration (FTA) New Starts guidelines in support of future transit investments

Efforts should be made to follow FTA New Starts guidelines that illustrate appropriate population and employment density levels around high-capacity stations. This will allow for the creation of transit-supportive development that will support the implementation of the Project Connect High-Capacity System Plan and, more broadly, the Imagine Austin Comprehensive Plan. The FTA "New and Small Starts Project Evaluation and Rating," considers Plans and Policies to Maintain or Increase Affordable Housing in Corridor. The guidelines define "affordable housing" using two factors:

- 1) The housing units must be affordable to renters and/or owners with incomes below 60% of the area median family income_(MFI); and
- 2) The housing affordability must be ensured through some "legally binding" mechanism, such as "a lien, deed of trust, or other legal instrument attached to a property and/or housing structure that restricts the cost of the housing units." Austin has Density Bonus Programs in a number of locations, which provide a means for projects to achieve additional square footage (or height) in return for providing community benefits, including affordable housing. But, these programs deviate from the federal criteria by (1) no consistently requiring affordability at 60% MFI (e.g., some define

"affordability" at 80% MFI), and (2) by some allowing the payment of a fee in lieu instead of providing on-site affordable units.

Austin could significantly improve the competitiveness of its New Starts application by:

- 1) Aligning the Density Bonus Program definitions of affordable housing with the federal definition: below 60% of the area median family income.
- 2) Eliminating the option to pay a fee in lieu of providing on-site affordable units. Deepening the level of affordability and requiring on-site units rather than payment of a fee-in-lieu could have the effect of discouraging Density Bonus Program participation that would provide affordable housing, so staff will need to ensure that the programs are properly "calibrated" for their particular conditions.

7. Dedicate Funding for affordable housing in high-capacity transit corridors

Dedicating affordable housing resources, programs and initiatives in current and future high frequency transit corridors can help maximize opportunities presented around the intersect of housing and transportation. The FTA New Starts application recommends making funding available for targeted acquisition, rehabilitation, and development of housing, including weatherization and other programs that already exist, but are not focused along these corridors. The following steps should be taken:

- 1) EXAMINE SCORING CRITERIAS FOR PROGRAMS:** Consider scoring criteria for programs which could be amended to direct more investment along current and future high frequency transit corridors.
- 2) IDENTIFY TARGET LOCATIONS:** Utilizing the Comprehensive TOD Strategy, use maps of station areas to identify potential project locations where activities are recommended to be undertaken with programs.
- 3) TRACK PROGRESS:** The Austin Housing Plan establishes metrics that will be reported on, such as number of housing units created or retained along current and future high-capacity and/or high-frequency transit corridors.

8. Develop Dedicated Funding Mechanisms for Station Areas

Imagine Austin calls for the connection of mixed-use, live-work-play activity centers. Public transportation infrastructure, public open space, and urban

spaces add to over-all urban vibrancy, but are too costly for any one privately financed project to fund. The "gap" between the cost of development and the amount that can be privately financed requires the deployment of a broad range of statutorily allowed economic development incentives including local government code chapter 380 Agreements, tax abatements, fee waivers, bond funds, tax increment financing districts, public improvement districts and affordable housing incentives. The following steps should be taken:

- 1) PUT IN PLACE THE POLICY FRAMEWORK:** Review existing tax increment finance, special assessment district and Local Government Code Chapter 380 policies to put in place a robust evaluation, negotiation and management structure to appropriately structure public-private partnerships that deliver long-term public return on investment. Consider the establishment of other tax incentive tools (development fee waivers, expedited permitting, property tax abatement) that can provide public financing assistance for the construction of public infrastructure through private-led development that supports multi-modal transportation modes and public communal space.
- 2) REFRESH TOD/STATION AREA/ACTIVITY CENTER PLANS:** Hire contractor to refresh or put in place current market analysis in order to forecast immediate and near-term demand for real estate development for all product types contemplated in adopted community plans appropriate for TOD. Ascertain through that market analysis process potential private-sector led TOD opportunities that would significantly advance the community goals of the plans. Identify the funding gaps, if any, between the cost of constructing of the public infrastructure needed for the TOD and the amount that can be financed through private sources of debt and equity.
- 3) PREPARE TOD/CENTER FINANCING PLANS:** Financing the cost of infrastructure that supports TOD requires a number of public funding sources strategically deployed to best leverage private sources of capital, minimize public sector risk and capitalize on private sector entrepreneurial expertise. Doing so requires that Staff develop a public infrastructure financing plan for these TOD-appropriate activity centers that provides "gap" financing to catalytic private-sector led projects that construct multimodal transit supportive infrastructure. The utilization of public tax incentives, such as sales and property tax rebates, property tax abatement, fee waivers, federal tax credits and other sources, are policy tools that can provide important sources of "gap" financing. Other sources of public infrastructure financing tools include the utilization of tax increment

financing districts or special assessment districts. The increase in property tax values from a base value over time in an area would finance public infrastructure costs in the district.

- 4) SELECT APPROPRIATE PUBLIC FINANCE TOOL:** Implement the Imagine Austin Growth Plan as catalytic private sector-led TOD projects and/or area-wide value capture district opportunities manifest. The utilization of one type of public financing mechanism to support a TOD-specific project may impact the efficacy or effectiveness of utilizing an area-wide public infrastructure financing mechanism. For example, providing a real property tax abatement or rebate of real property tax to a TOD project would reduce the amount of property value increment that project would generate to an area-wide tax increment finance district. Additionally, areas within Homestead Preservation District limits would be carved out from a tax increment financing district. Staff would recommend the appropriate public financing mechanism based on the project-specific development opportunity and the area-wide public infrastructure need. The financing plan (Step 3) would ensure that the appropriate combination of public financing tools is synergistically employed.
- 5) NOTIFICATIONS AND HEARINGS:** The establishment of various public financing mechanisms require that local property owners; other taxing entities and the public are notified and/or provide consent to the use of the public financing mechanism.
- 6) ADOPTION OF CREATING ORDINANCE:** City Council action is required to establish an area-wide value capture district or put in place an economic development agreement that outlines the terms of a public-private partnership.

9. Continue to utilize TOD Catalyst Fund (i.e. Strike Fund)

Development of a TOD Catalyst Fund supports the creation and preservation of affordable housing units through strategic property acquisition in current and future transit corridors. Research indicates that property values are lower before high capacity transit is developed. Low-income households are particularly susceptible to being displaced when property values increase as a result of improved transit service. Local partners include lending institutions, community development institutions (AHFC), Capital Metro, non-profits, and other governmental entities. Innovative financing tools developed should leverage both public and private dollars and result in low-cost flexible loan productions, including but not limited to acquisition, predevelopment, and permanent financing.

10. Zoning to serve a diversity of households and incomes

A cornerstone of Imagine Austin is the establishment of complete communities across the city (p.88). These are places where all Austinites, regardless of background, age, and physical abilities can easily and safely access their daily needs-goods, services, recreation, employment, etc-without a lengthy trip. There are a number of converging factors that hinder this goal's realization. Some of these, such as increasing land costs, are market driven and are largely beyond the scope of the City of Austin to significantly affect across the entire jurisdiction. However, others, such as the complexity of the development process; Austin's complicated land development code (LDC); inconsistent application of zoning; and regulations.

The following have been identified as barriers to creating more affordable housing:

- 1) "Density Cap" built in to the code limit affordable housing by reducing the potential number of dwelling units on a particular site and driving up the per-unit land costs.
- 2) The effects of high parking requirements such as establishing incompatible development standards for established areas and increased development costs associated with current parking standards.
- 3) Minimum site area requirements for townhouses and apartments drive up land costs for development.
- 4) Lack of context sensitive development standards can increase opposition to new development. An inefficient approval and permitting processes increases development costs.
- 5) Lack of regulatory mechanisms to preserve or enhance existing affordable housing.
- 6) Limited success of existing density bonus programs.

Addressing these issues requires interagency cooperation to formulate code and policy recommendations that remove regulatory barriers to expand the housing options near high-capacity transit stops. It is important to increase the supply of legally binding affordable housing. The revised code should promote increase the overall diversity of housing options. To facilitate these steps, coordination should continue between stakeholders, such as the H+T+J Action Team, NHCD, Planning, and S.M.A.R.T. Housing Program and Household Affordability Priority

Program to identify additional recommendations to eliminate affordability barriers in the existing code. The development review process should be improved and a greater variety of housing types should be allowed within new base zoning districts.

11. Designate high-capacity transit routes as Core Transit Corridors

12. Multi-agency collaboration to support transit

implementing transit supportive programs and policies transcends any single entity. Many public and private entities have jurisdictions, customers, and employees that overlap with the City's, and are involved in decision-making that effects land use, housing, employment, and transportation. Fostering coordination with other public and private entities to align their programs and policies towards a shared vision, as expressed in Imagine Austin and other adopted policy documents, will ensure the best outcomes.

13. Transit System Terminology and Application: Consistent with national best practices

It is important the terminology used by the City of Austin is consistent with that used by Capital Metro and with national best practices (i.e. NACTO). Currently there are many inconsistencies that should be calibrated with the standards we use.

14. Utilize the TOD Priority Tool to develop a comprehensive TOD strategy

While the City of Austin currently has mechanisms in place to address the in-tegration of transit and land planning, it lacks a high-level strategy that addresses the multiple levels of mobility investments taking place in the City. A Comprehensive TOD Strategy would help prioritize where to allocate limited resources to better respond to market forces, needs, and desired outcomes to support connectivity, housing, and jobs in TOD areas around high-capacity transit stations. Capital Metro initiated the creation of a TOD strategy for its existing high-capacity transit stations in 2015, which resulted in the TOD Priority Tool. The Tool should be used in the creation of a city-wide Comprehensive TOD Strategy.

The Comprehensive TOD Strategy will guide public and private investment at high capacity transit stations; create an implementation action plan; develop city-wide, high level policy recommendations; establish station level action items to foster high quality TOD's; prioritize need to allocate limited resources to better respond lo market forces, needs, and desired outcomes. A system would be established to track and monitor success to refine and improve the strategy in the future. The FTA New Starts Criteria considers the track record of existing

regulatory and constructed examples of integrated transit and land use planning as transferable to proposed station locations on future high capacity transit corridors. Aligning land use and transit policies with the FTA New Starts Criteria application timeline in an expedient manner is essential to a successful application.