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# LAND DEVELOPMENT CODE REVISION

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AUSTIN CITY COUNCIL  
SPECIAL CALLED WORK SESSION  
September 11, 2019

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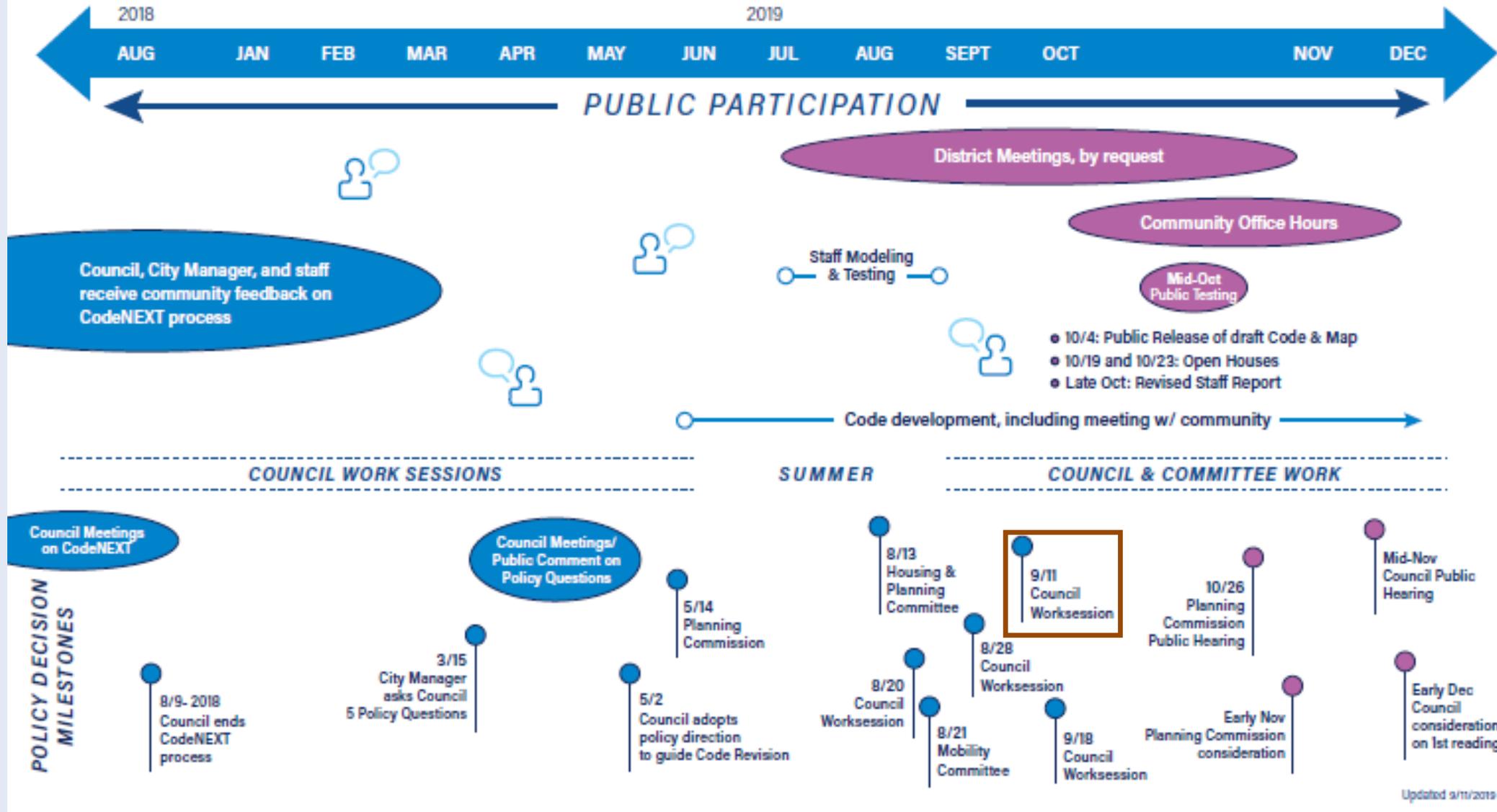
# AGENDA

- Mapping
  - Market Rate Affordable Multifamily
  - Non-Transition Area Mapping
  - Neighborhood Conservation Combining Districts (NCCDs)
  - Conditional Overlays (COs)
- Housing Capacity/Yield Analysis
- Affordable Housing Bonus Program

# Land Development Code Revision: Proposed Timeline\*



\*Proposed dates, subject to change based on Council direction & outcome of public process



# MARKET RATE AFFORDABLE MULTIFAMILY

## *Council Direction*

*“The granting of new entitlements in areas currently or susceptible to gentrification should be limited so as to reduce displacement and dis-incentivize the redevelopment of multi-family residential development, unless substantial increases in long-term affordable housing will be otherwise achieved.”*

*“Existing market rate affordable multifamily shall not be mapped to be upzoned.”*

Current Code	Draft 3	Potential Revisions	Effect of Change
<ul style="list-style-type: none"> <li>Market rate affordable multifamily properties exist in a variety of zones</li> </ul>	<ul style="list-style-type: none"> <li>No specific consideration given to market rate affordable multifamily properties</li> </ul>	<ul style="list-style-type: none"> <li>Market rate affordable multifamily properties mapped with zones comparable to current zones</li> <li>If comparable zone is R4 or higher intensity, an affordable housing bonus option is available</li> </ul>	<ul style="list-style-type: none"> <li>No by-right increase or decrease to entitlements</li> <li>Retains non-conformities where they exist today</li> </ul>

# NON-TRANSITION AREA MAPPING

## **Council Direction**

*“Generally, revisions to the Zoning map should not result in a downzoning of an existing use.”*

*“Map revisions to provide additional housing capacity should include broader use of zones that allow for affordable housing density bonuses than in Draft 3.”*

*“In general...additional entitlements beyond current zoning should only be provided...through a density bonus that requires some measure of affordable housing.”*

*“Residential uses should be allowed in commercial zoning categories. Draft 3 mapping included affordability requirements for commercial properties where residential uses are not permitted and these requirements should be maintained in the new draft.”*

# NON-TRANSITION AREA MAPPING

Current Code	Draft 3	Potential Revisions	Effect of Change
<ul style="list-style-type: none"> <li>• 400+ zoning combinations (e.g. CS-V-MU-CO)</li> <li>• Limited amount of zones provide for affordable housing bonus</li> <li>• Lack of clarity that residential zones allow for 2 units</li> </ul>	<ul style="list-style-type: none"> <li>• Mapped new zones comparable to current entitlements (e.g. MS3A)</li> <li>• Generally additional entitlements achieved through an affordable housing bonus</li> </ul>	<ul style="list-style-type: none"> <li>• New bonus for certain zones</li> <li>• Bonus expanded in some zones</li> <li>• Residential zones allow 2 units and up to 3 with preservation incentive</li> </ul>	<ul style="list-style-type: none"> <li>• Most new units provided through a bonus: market rate and income-restricted units</li> </ul>

# NON-TRANSITION AREA MAPPING: F25

## *Council Direction*

*“The revised zoning map should limit the Former Title 25 (F25) zoning classification to unique zoning districts (e.g. NCCDs and PDAs) for which no similar district exists under the revised Land Development Code. Specialized zoning districts that exist today and are of a type contained in the new Code, such as Planned Unit Developments and regulating plans, should be carried over and not be classified as F25.”*

<b>Current Code</b>	<b>Draft 3</b>	<b>Potential Revisions</b>	<b>Effect of Change</b>
<ul style="list-style-type: none"> <li>Many specialized zones</li> </ul>	<ul style="list-style-type: none"> <li>Mapped F25:               <ul style="list-style-type: none"> <li>Regulating plan areas (East Riverside, North Burnet, Transit-Oriented Development)</li> <li>Unique zoning designations (CURE, CO, PDA, NCCD, PUD)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Regulating plans not mapped as F25 but with unique regulating plan area designation (ERC, NBG, TOD, PUD)</li> <li>Applying missing middle zones to areas of NCCDs that fall within transition areas</li> </ul>	<ul style="list-style-type: none"> <li>Reduces amount of F25 shown in draft map</li> </ul>

# NEIGHBORHOOD CONSERVATION COMBINING DISTRICTS (NCCDS)

**Council Direction**

*“Unique zoning districts (e.g., NCCDs) should be reevaluated in the current context of Austin’s housing and transportation needs in addition to analyzing the extent to which NCCDs provide missing middle housing.”*

*“Existing NCCDs should be preserved and carried forward in the new code and map, however, Code and Zoning Map changes related to ADUs, Parking, Preservation Bonuses, Affordability Bonuses, lot size, and Transition Area mapping (consistent with Council direction provided below and in response to Questions 2-5) should be applied to those NCCDs.”*

Current Code	Draft 3	Potential Revisions	Effect of Change
<ul style="list-style-type: none"> <li>• 6 NCCDs</li> <li>• No new NCCDs since 2008</li> </ul>	<ul style="list-style-type: none"> <li>• Existing NCCDs preserved as F25 zoning</li> </ul>	<ul style="list-style-type: none"> <li>• NCCDs will be partially remapped with transition zones</li> <li>• Map some corridor lots as Main Street zone</li> <li>• Provisions for ADUs and parking will apply</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in the size of the NCCDs</li> <li>• Incremental change to NCCDs to bring them more closely in-line with the new code</li> </ul>

# CONDITIONAL OVERLAYS

## *Council Direction*

*“The new LDC should focus on the size and scale of the built environment and regulate uses through context-sensitive policies that are clearly identified in the code and apply equitably throughout the City instead of through by-lot zoning regulations.”*

*“COs that are generally incorporated into the new code are not to be carried forward; other, unique COs are carried forward and are subject to change with any future rezoning.”*

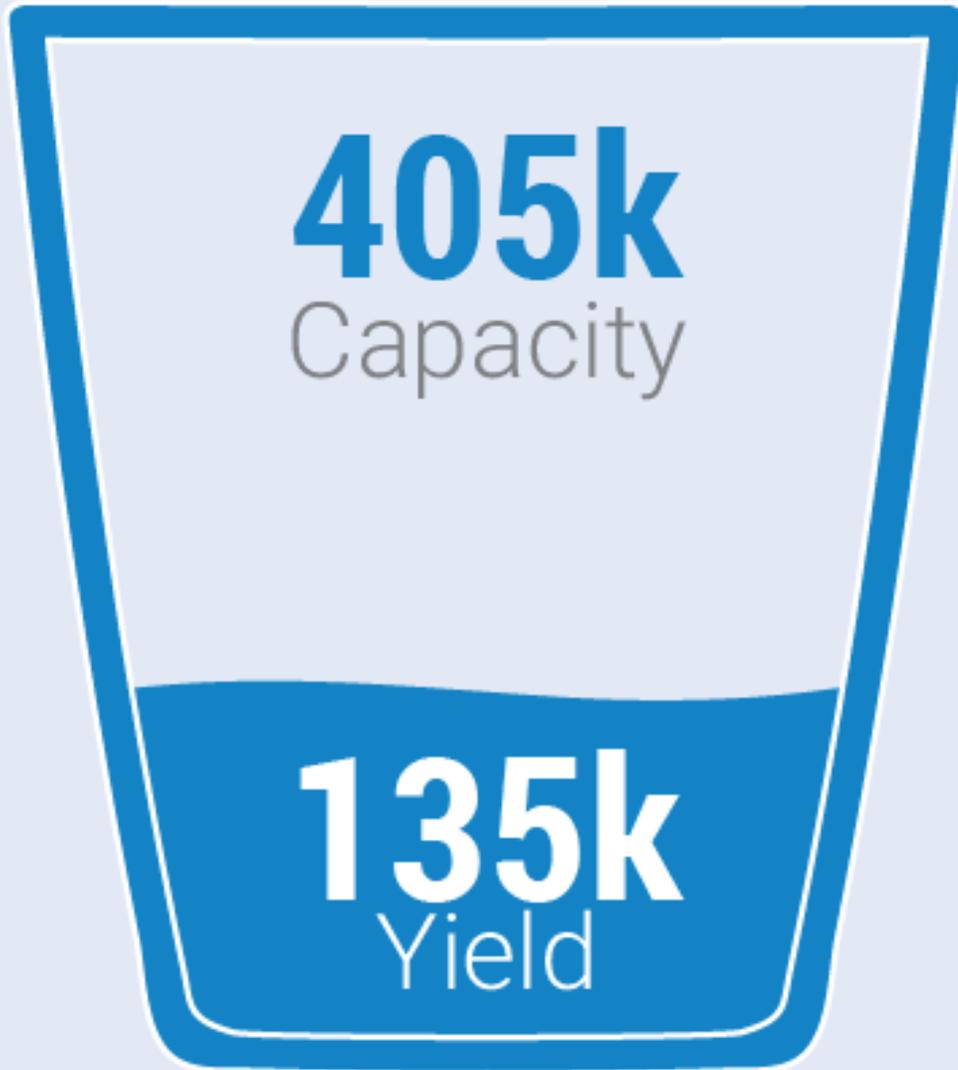
<b>Current Code</b>	<b>Draft 3</b>	<b>Potential Revisions</b>	<b>Effect of Change</b>
<ul style="list-style-type: none"> <li>• Prevalent use of Conditional Overlays (COs); 3,500+</li> <li>• COs restrictive only, not permissive</li> <li>• Creates lot-by-lot patchwork system of zoning</li> </ul>	<ul style="list-style-type: none"> <li>• No CO process available</li> <li>• Some COs remapped</li> <li>• Most COs remained as F25</li> <li>• Common COs incorporated into zones</li> </ul>	<ul style="list-style-type: none"> <li>• Mapping COs from Draft 3 to new zones unless they are identified as unique</li> <li>• Uses permitted in each zone re-evaluated</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction in F25 zoning</li> <li>• New map: properties with same zone have same zoning entitlements</li> </ul>

# HOUSING CAPACITY/YIELD

## ***Council Direction***

*“The revised Land Development Code should provide a greater level of housing capacity than Draft 3, and the City Manager should consider this goal in developing proposed revisions to the Code text and zoning map.”*

*“The new code and map should allow for housing capacity equivalent to at least three times the Austin Strategic Housing Blueprint (ASHB) goal of 135,000 new housing units...”*



## CAPACITY

*The “upper limit” or the amount of housing units that is allowed to be built on land.*

## YIELD

*The amount of housing units that might actually be built and is influenced by many factors, such as owner preferences, construction costs, and/or other restrictions.*

# HOUSING CAPACITY/YIELD

Current Code	Draft 3	Potential Revisions	Effect of Change
<ul style="list-style-type: none"> <li>145k estimated capacity using analysis which included feasibility</li> </ul>	<ul style="list-style-type: none"> <li>287k estimated capacity using analysis which included feasibility</li> </ul>	<ul style="list-style-type: none"> <li>Adjusting zones to reach 405k capacity goal using analysis which includes feasibility               <ul style="list-style-type: none"> <li>- Increasing affordable housing bonuses</li> <li>- Mapping transition areas</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>More market rate units and income-restricted affordable units to be built</li> <li>More types of housing at different price points in all parts of town, including high opportunity areas, which helps the City affirmatively further fair housing</li> <li>Supports multimodal transportation goals</li> <li>Enables more people to live closer to work and services</li> </ul>

# HOUSING CAPACITY/YIELD MODELING

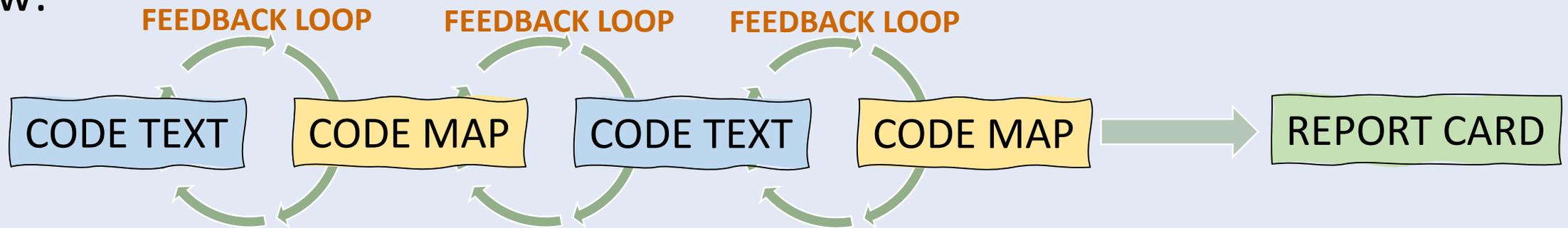
- Provides iterative data-driven feedback on proposed LDC text and map changes
- Estimates city-wide housing capacity and potential yield using the Envision Tomorrow scenario planning tool (including base, bonus, and affordable units)
- Develops a “report card” that measures performance of LDC revision

# AN ITERATIVE APPROACH

Before:



Now:



# City-wide Housing Capacity Estimate

Housing capacity estimates are based on the amount of feasible development that could occur.

## INCLUDES:

### VACANT, BUILDABLE LAND

Primarily, feasible development on vacant, buildable land

### EXISTING DEVELOPED LAND

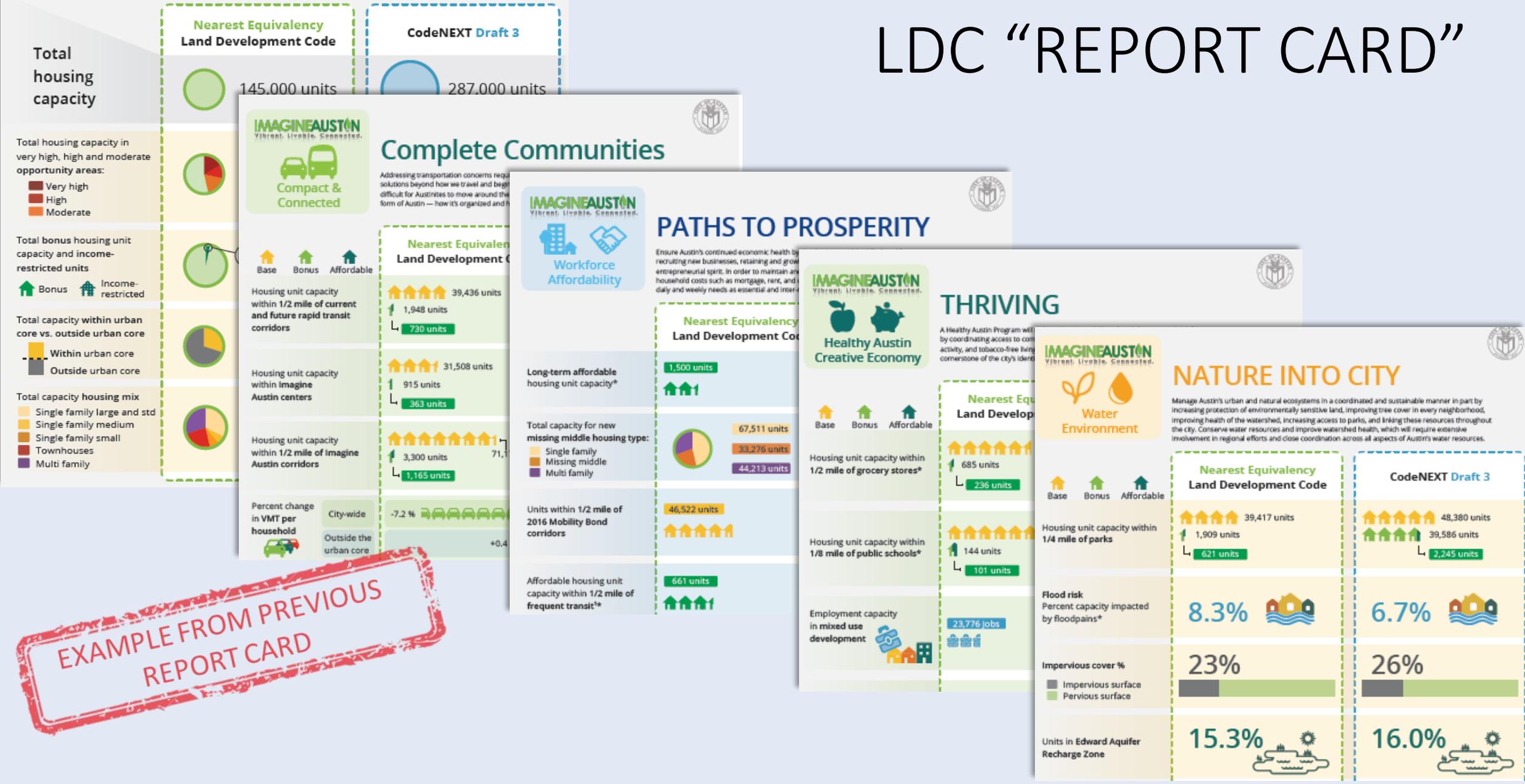
To a lesser extent, feasible redevelopment of existing developed land

## EXCLUDES:

### CONSTRAINED LAND

- FEMA Flood Zones
- Publicly accessible open space
- Educational Institutions
- Zoned Conservation Land
- Steep slopes
- Critical Water Quality Zones

# LDC "REPORT CARD"



**EXAMPLE FROM PREVIOUS REPORT CARD**

# COMPACT & CONNECTED

Percent change  
in VMT per  
household



City-wide

-7.2 %



Outside the  
urban core

+0.4 %



-7.4 %



-3.4 %



Mode split



Walk/  
Bike



Transit



Auto



12.3 %

3.2 %

84.4 %



12.2 %

3.3 %

84.5 %

EXAMPLE FROM PREVIOUS  
REPORT CARD

# AFFORDABLE HOUSING BONUS PROGRAM

## **Council Direction**

*“The Land Development Code should support the city’s 10-year Affordable Housing Goals and align resources and ensure a unified strategic direction to achieve a shared vision of housing affordability for all Austinites in all parts of the city. The City Manager should identify and propose for Council approval amendments to the Land Development Code that will (1) further the housing goals established in the Austin Strategic Housing Blueprint (ASHB) and (2) implement recommendations for achieving these goals included in the Austin Strategic Housing Blueprint (ASHB) and the ASHB Implementation Plan (if adopted by Council).”*

*“In general, within activity centers, along activity corridors, along the transit priority network, and in transition areas, additional entitlements beyond current zoning should only be provided: i. to increase the supply of missing middle housing, which shall include an affordable housing bonus program where economically viable or, ii. through a density bonus that requires some measure of affordable housing.”*

# AFFORDABLE HOUSING BONUS PROGRAM

Current Code	Draft 3	Potential Revisions	Effect of Change
<ul style="list-style-type: none"> <li>Affordability Unlocked is the only citywide bonus program</li> <li>About a dozen different bonus programs tied to specific parts of city</li> </ul>	<ul style="list-style-type: none"> <li>Proposed a citywide affordable housing bonus program that was tied to zoning districts</li> <li>Increased the amount of land where affordable housing could be achieved through a bonus by over 24,000 acres and increased high opportunity acreage from 25% to 50%</li> <li>Calibrated to ensure participation in a variety of development types</li> <li>Affirmative marketing, dispersion, and multi-bedroom unit requirements</li> <li>Multiple maps of census tracts show affordable unit requirements for each zone</li> </ul>	<ul style="list-style-type: none"> <li>New bonus for certain zones</li> <li>Bonus expanded in some zones</li> <li>New processes for strengthening compliance</li> <li>Simplif affordable unit set-aside maps</li> </ul>	<ul style="list-style-type: none"> <li>Increased bonuses incentivize participation, resulting in more housing units (including affordable units) overall</li> <li>More zones with bonuses mapped in more places increases opportunities to achieve more affordable units</li> <li>New compliance processes improve enforcement</li> <li>Simplified set-aside maps make implementation clearer and easier</li> </ul>

# AFFORDABLE HOUSING CREATION

## *Mechanisms to Create/Preserve Income-Restricted Affordable Housing*

- ***Subsidies***

- *General Obligation Bonds for Affordable Housing*
- *Federal Funding*
- *Low Income Housing Tax Credits*
- *Private Funding*
- *Publicly Owned Land*

- ***Incentives***

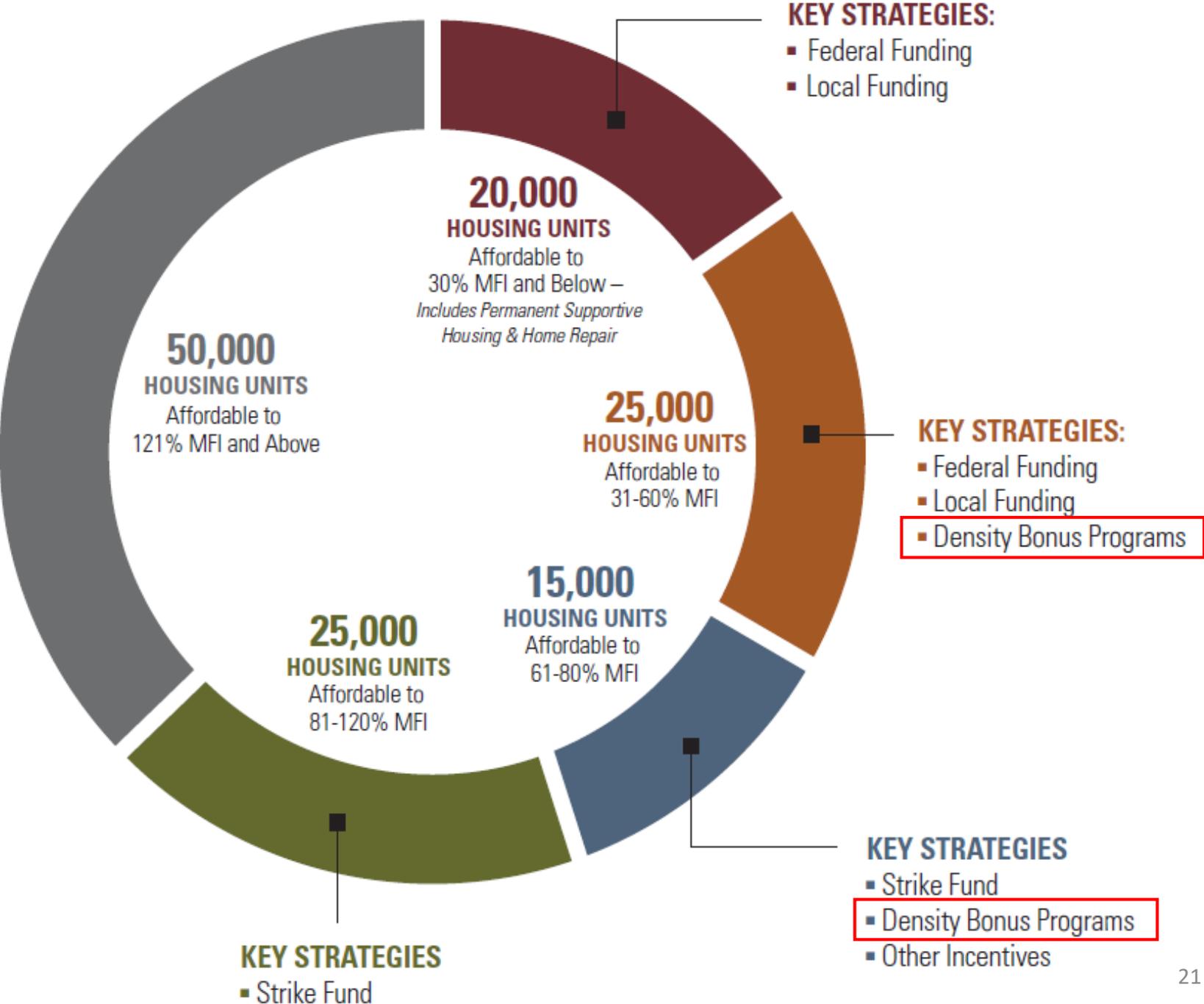
- *Fee Waivers*
- *Expedited Review*
- *Voluntary Bonus Programs*

**LDC revisions promote:**

- More income-restricted affordable units through bonus program
- More missing middle housing
- More market-rate housing to decrease competition for housing

# AFFORDABLE HOUSING GOALS

Proposed 10-Year Community Affordable Housing Goal: 60,000 units at 80% MFI and below



- KEY STRATEGIES:**
- Federal Funding
  - Local Funding

- KEY STRATEGIES:**
- Federal Funding
  - Local Funding
  - Density Bonus Programs

- KEY STRATEGIES**
- Strike Fund
  - Density Bonus Programs
  - Other Incentives

- KEY STRATEGIES**
- Strike Fund

# AFFORDABLE HOUSING BONUS PROGRAM

## ***Fundamentals of City-Wide Affordable Housing Bonus Program***

- *Due to state law prohibiting inclusionary zoning and rent control, program must be voluntary; it relies on incentives*
- *It is one of the few tools that does not require financial subsidy from the City or another entity*

## ***Benefits of City-Wide Affordable Housing Bonus Program***

- *Affordable Housing Bonus Program can create income-restricted affordable housing units that will remain affordable for long periods of time (40 years for rental; 99 for ownership)*
- *Opportunity to tie clearly identified benefits and costs together to the gain of both community and developer*

# AFFORDABLE HOUSING BONUS PROGRAM

## ***Benefits of City-Wide Affordable Housing Bonus Program***

- *Addresses City of Austin's Federally-Required Analysis of Impediments to Fair Housing Choice (AI):*
  - *Strengthen and align bonus programs*
  - *Bonus program should contribute to the diversity of housing stock in the city and expand the opportunity for protected classes to live throughout the city*
- *The Federal Transit Administration (FTA) Grants*
  - *FTA grants require an affordable housing component*
  - *FTA grants require transit-supportive density*

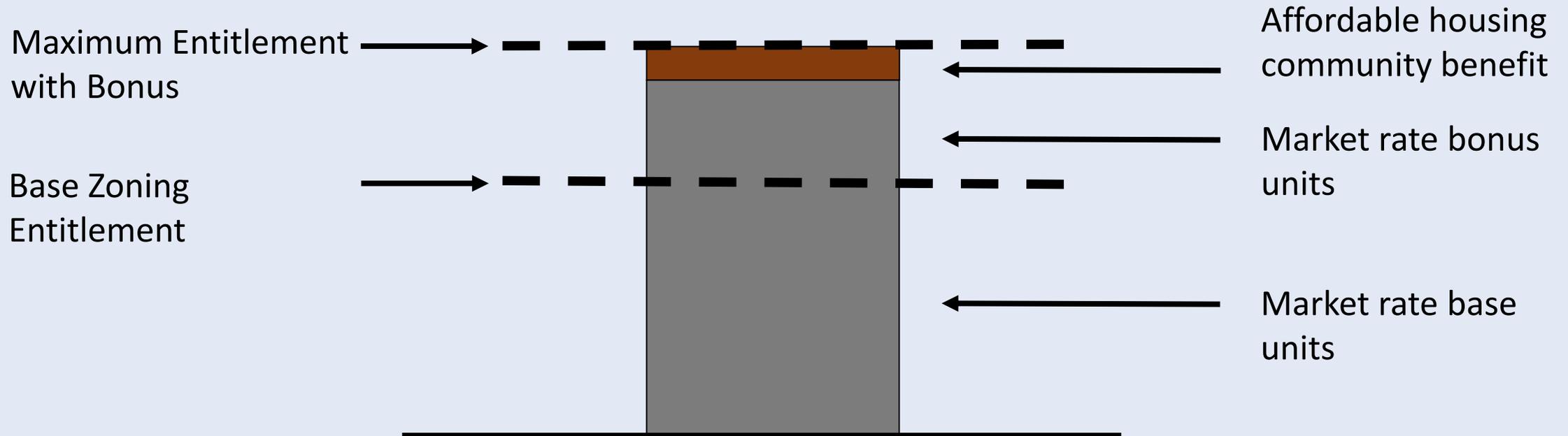
# AFFORDABLE HOUSING BONUS PROGRAM

## ***Policy Objectives***

- *Median Family Income (MFI) Levels & Affordability Periods*
  - *Rental units: 60% MFI for 40 years*
  - *Ownership units: 80% MFI for 99 years*
- *Incentivize on-site affordable units whenever possible*
  - *Offer alternatives to on-site affordable units to increase participation; fees in lieu of units, off-site units, and land donations are potential alternatives that require approval*
  - *Criteria for approval will be located in the new Affordable Housing Criteria Manual*
- *Replicate Vertical Mixed Use Program to the extent possible with “-A” zones*
  - *Parcels that don’t currently allow residential units are designated as “-A” and all residential space will be considered bonus area for which affordability requirements will apply*
- *Option to incentivize the creation of 2- and 3-bedroom units*
- *Promote affirmative marketing, unit dispersion & access*
- *Enforce through rulemaking, contractual agreements, land use restrictions, monitoring, and reporting*

# AFFORDABLE HOUSING BONUS PROGRAM

## How Does a Bonus Program Work?



# AFFORDABLE HOUSING BONUS PROGRAM

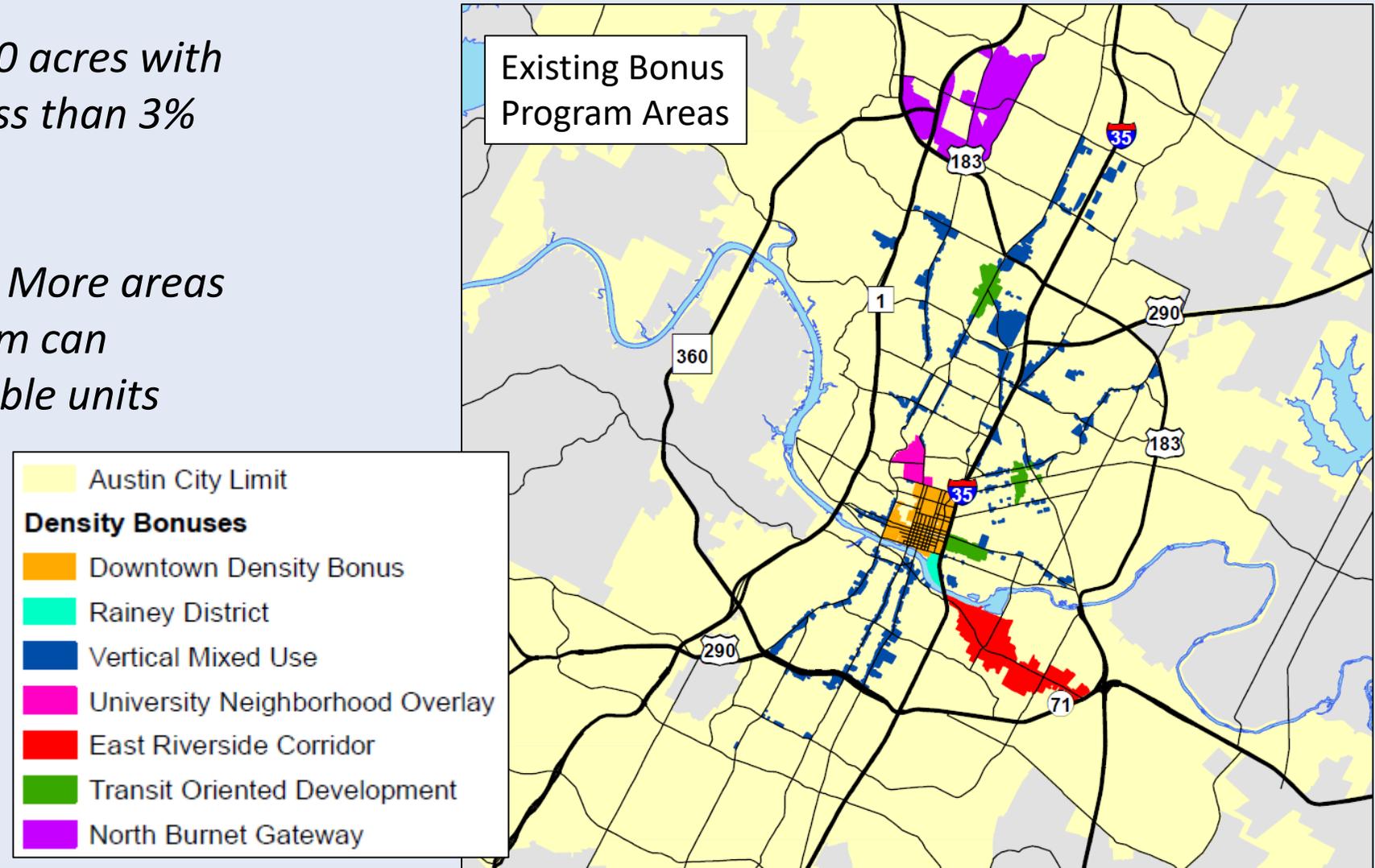
## *Calibrating the Program*

- ***Goal: Create base & bonus entitlements that make participation in the program attractive***
  - *Program should be calibrated to market, which varies by development cycle and geography*
    - *Value of the bonus varies by zone and by location*
    - *“Cost” to provide an affordable unit varies by location, whether it is rental or ownership, and construction type*
    - *Requiring too many affordable units will disincentivize program participation and the provision of affordable units; sites will be developed under base entitlements without any affordable units*
  - *Program works best:*
    - *Where development is occurring*
    - *To provide the highest numbers of units at 60% MFI and above*

# AFFORDABLE HOUSING BONUS PROGRAM

**Current Code:** ~5,600 acres with a bonus program (less than 3% of the city)

**Proposed Revisions:** More areas with a bonus program can enable more affordable units



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# QUESTIONS

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