

City Council Special Called Meeting – Tax Rate Hearing

Transcript – 9/13/2019

Title: City of Austin

Channel: 6 - COAUS

Recorded On: 9/13/2019 6:00:00 AM

Original Air Date: 9/13/2019

Transcript Generated by SnapStream

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>> Garza: Good afternoon. I'm mayor pro tem Delia Garza. Today is -- what is today? September 13th. And the time is 1:06. I'm calling this meeting to order. Mayor Adler will be here at 2:00, but I think we'll be done by 2:00. So I don't think mayor Adler will be here. We have a quorum present. Councilmember tovo is making her way up here. We're in council chambers and since it's citizens communication, we'll take up agenda number item, the first of two public hearings to receive comments on the proposed maximum property tax rate of 44.34 cents per 100-dollar valuation for 2019-2020. The second public hearing will be at 4:00 P.M. On September 19th, 2019 here at city hall, 301 west second street, Austin, Texas. Council will adopt the city's actual property tax rate at two P.M. At

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September 25th, 2019 at city hall, 301 west second street, Austin, Texas. We do not have any speakers signed up. Is there anybody here or in the atrium that would like to speak on the proposed property tax rate? Not hearing any or seeing any, the first public hearing on the property tax rate is closed. And having no further business, we are adjourned at 1:08.

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>> Mayor Adler: All right. I think we're ready. We have a special called meeting here on September 11th, 2019. We're in the boards and commissions room here. It is 3:10. This is a session that is intended to end at 5:00. There's a lot of information for us to cover, so to that end, I'm going to ask that you guys just go through your entire presentation so that if somebody is in the community wants to watch this they can see a complete presentation. Colleagues, please make note of the questions you have. We'll

ask the questions at the back end, but let's let these folks get through the complete presentation so we have a video record of the presentation. Exciting and we're on a roll here. The council got through budget on one day, so keep us going forward. >> Appreciate that, mayor. Mayor and council, just to -- we appreciate the time that people are taking this

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afternoon. This is another chance for us to talk through the work that staff is doing based on your direction that you gave us in may. And this is a chance to both introduce some additional work that has been going on, but consistent with what we have been doing over the past few months to air some of the issues that have been raised by staff and by the community. With that I'll turn it over to Rodney Gonzalez, our assistant city manager, who is the executive lead on this process. >> Thank you, Spencer, Rodney Gonzalez, assistant city manager for economic opportunity and affordability. Mayor and council, we're pleased to be in front of you again and provide more information on the step progress to you and the public. With me are city staff who are working on the project as well as Peter park and Alex steinburger, who consultants who we've hired for the project as well. And the city manager has mentioned, we've had council policy direction from may of this year and we want to take this time to brief council on several policy areas and how staff is

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revising the code in accordance with that council policy direction. As a reminder to the public we have a cross-functional and cross-departmental team assigned to the project and as such we will have multiple presenters today to lead the discussion of their particular subject matter. And with that I will turn it over to anik Beaudet. >> Thanks, Rodney. Good afternoon, mayor and council. Our agenda, we're going to jump right into it, for this afternoon, is going to be in three specific areas in service to your direction from may 2nd. Specifically we're going to go over the approach to mapping the non-transition areas. At our last work session we went through our methodology for the transition areas. Today we'd like to focus on mapping as it relates to market rate affordable multi-family. Other areas of the city that are not the transition area, and then specifics on how we're -- how the approach is

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shaping up with regards to neighborhood conservation combining districts, nccds, and also conditional overlays, cos. We're also going to go in to housing capacity -- housing capacity and yield analysis in service to the direction. And then we'll have also an overview of the relationship of the code revision to our affordable housing bonus program in more detail. Before we get into the agenda we'd like to start always with our calendar and our progress. Here we are at the September 11th work session. We are

also planning another work session for the week of the 23rd to go into our approach. We'll have watershed here and others to the environmental regulations and also some administrative changes that we'd like to discuss with you. The month of October is going to be a busy month and

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we'll have opportunities for the public to talk specifically with staff. We are currently on target to release the code on October 4th along with the map and a staff report. During the month of October we'll have distinct opportunities for the public to come talk to us at office hours. We'll have two open houses. The dates have been confirmed as October 19th and 23rd. The timeline has been updated. And we'll have public testing as well in October. That date is still to be determined. I also mentioned at the last morning session that at the end of September prior to the release we will be working with your offices to look at the transition zone maps in preparation for the release. So we will be reaching out if we haven't already, I believe we have, to have y'all sign up for times to do that. We're making sure we're being -- going through everything before the

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release to check I's and crossed T's. With that I'll pass it over to Craig Dutton to do the presentation with mapping with regards to affordable market rate affordable housing. >> Craig Dutton. So we wanted to touch on a few mapping items today that we did not cover last time that we met. And if you rule the last time we talked about transition areas, today we want to talk a little bit about items that are related to mapping citywide and outside of the transition areas. So we'll start with market rate multi-family affordable housing. We got direction from council that the granting of new entitlements in areas currently susceptible to gentrification should be limited so as to reduce displacement and incentivize the redevelopment of

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multi-family development unless substantial increases in long-term affordable housing will otherwise be achieved. Existing market rate affordable multi-family shall not be mapped to be upzoned. And so whether we say market rate affordable multi-family it's at 80% mfi, is affordable for households at 80% mfi. And when staff is looking at this direction we're thinking of it citywide. So it applies everywhere in the transitions and outside of the transition areas. So currently we find market rate today in a variety of zoning districts, in a variety of places. In draft 3 we really had no specific direction on looking at market rate affordable properties so there was -- staff wasn't necessarily doing anything in particular to address

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those types of properties, but on may second council gave us specific direction that I just read. And so the revisions that are being considered in the new code are to map so that the market rate affordable multi-family properties that we find are mapped comparable to current entitlements. And so what that really means is that if we find a property that's market rate affordable and it has a certain zoning district today, we're just going to map it with whatever is comparable with the new code, whatever that zoning is today it's getting comparable zoning. And what that also means is that because all of the new Zones in the new draft have an affordable housing component, if that affordable housing gets an R 4 or greater intensity it will have a bonus potential with that zoning that it gets. So the base entitlements are

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the same but there will be the potential for a bonus. And then the effect of that change is just that there is going to be no by right increase or decrease to the entitlements for market rate multi-family. And there's kind of a secondary effect that if we have existing nonconforming multi-family affordable today, it's going to remain nonconforming into the future and that's just because we got very clear direction from council not to change the zoning. So nonconforming today could persist into the future because that zoning is not going to change. If we move on to non-transition areas, where generally we had some direction from council that generally revisions to the zoning map should not result in a down zoning of an existing use. Map revisions provide additional housing capacity

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should include broader use of Zones that allow for affordable housing density compared to draft 3. And in general additional entitlements beyond current zoning should only be provided through a density bonus that requires some measure of affordable housing. So in today's code we have, as I'm sure you know, we have a zoning and zoning combinations that exceed 400 different combinations. So for instance, you run across zoning that is csv-mu-co, which means it's a commercial based district, with two different kinds of mixed use, vertical and horizontal with a conditional overlay that can do many different things. Even though we have all of these different zoning combinations today we

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actually do not have a lot of Zones that are mapped that will actually get us any kind of affordable housing, even though affordable housing is a major value for the city. And then going along with -- kind of the confusing zoning streams that we have, the code itself is not clear that in residential areas you

can always get two units on a lot so your typical single-family zoning, you can get two units today, but the code is confused about how you do that. It's possible, but it's just confusing. So that's one of the things we want to clarify. In draft 3 what we did was we mapped new Zones that were comparable to current zoning, so all of that example, csv-mu-co, that kind of got -- incorporated all of those complexities in

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the current zoning string got incorporated into our new Zones and the result was an Ms zone in draft 3 that kind of did all of those things that you see with csv-mu-co. It all incorporated or baked into the new Zones. And also in draft 3 for the most part there were no new entitlements except through affordable housing bonuses. So the base entitlements were representative the same, but any new units capacity came out of bonuses that were on the new entitlements. And that con at the present time actually is being -- conceptually is being carried into the new code so there are some new bonuses for certain Zones, Zones in draft 3 that didn't have -- have had bonuses added to them. And then the bonuses that we had in draft 3 we kind of expanded them, unleashed them, made them a little bit more robust.

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Then going back to the allowance of two units on single-family lots you can do it in current code. We are clarifying how you can do that in the new draft and we're also introducing what we had in draft 3, the preservation incentive, and we're making it clear you can actually get one more unit with the preservation incentive. So the preservation incentive allows you to go one unit beyond what you would otherwise be allowed in the zone. Then the overall effect of that is that most of the new units that you're going to see, most of the new capacity, is going to be through a bonus. And it results in market rate and affordable units, income restricted units. And that's just because all of those market rate units come packaged with those affordable units. Those are -- that's a package deal, but that's how most of the new units are going to be produced is with the bonus. And with that I'll turn it

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over to [indiscernible]. >> Thanks, mayor and council. Brent Lloyd, development officer with dsd. And here to talk to you about a few related items. And first off we'll talk about -- a little bit about the former title 25, f-25 zoning district, and how that approached in draft 3 and the changes that you will see in the October release. To sort of set the stage, council's direction from may 2nd reads the revised zoning map should limit the f-25 zoning classification to unique zoning districts such as nccds and pdas for which no similar district exists under the revised land development code. Others should be carried over and not

classified as f-25. So just by way of context, the former title 25 zoning district is a placeholder zone and what it's really

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intended for is to capture zoning districts that exist under today's code that really don't have anything comparable under the new code. In other words, they're not -- there's not something comparable that one could rezone to under the new code. But at the same time, there are zoning classifications that have value, that council wants to preserve for the benefit of the people that have relied on those districts. And so that's essentially the role of the f-25 zoning district. By way of current context, current code has 4,000 unique zoning label combinations. Those of you familiar with our zoning dockets have seen a lot of those. We have very long strings, very unique classifications, lots of different permutations. And not all of those are going to be -- have any sort of comparable equivalent under the code that is presented to you in October, and that is really I think the foundational reason why we have the f-25 zoning

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district. So draft 3 mapped f25 for planning zone areas and that would include things like Riverside, north burnet and tod's, and certain unique designations such as ceu, certain properties with co's in a minute, pa's and nccd's, we'll talk about those and puds. So this was a broad approach to f25, and it included in the f25 zoning district things that will kind of exist in the new code, but they are simply -- like for puds, for example, today's p.u.d.'s are written with reference to certain code. You read a pud that exists today it will obviously reference title 25. That's the code that exists today. So going forward we have what's called a continuation clause. So those puds, title 25 will continue to apply to those puds and we don't need to map them f25.

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Puds are going to be a thing going forward so that's an example of how we're going to reduce the scope of the f25. Similarly the regulating plans. The regulating plans are fairly recently adopted. They're consistent with council's approach to imagine Austin. And in the future as we talked more about small area planning and about different approaches to regulating plans, it may be that if we were doing those plans today they would be different, but they are generally consistent with where council has indicated they want to go in the future. And so they are also not going to be mapped f25. We'll goad need to continue to apply the current land development code in processing applications, but those will be removed from the f25 district. And the same with the tod's. Additionally another way in which the f25 district has been limited is per

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council's direction as we've discussed, the missing middle Zones, the transition areas, will be applied to portions of the nccds. Essentially as you've heard in a prior presentation, the same basic criteria that staff has used in proposing map changes along corridors elsewhere will be used as well for nccds. So the net result is that the portion of the zoning map, the percentage of the zoning map that you all see in October will have less of the f-25 zoning district on it, but it still will continue to play a role. C Os, which we'll talk about in a minute. Cos are unique and are intended to be carried forward, they need to be f25. A conditional overlay is tied to the specific ordinance that rezoned the property so really the only way to preserve those cos is through the f25 zoning

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district. Also plan development agreements are another unique tool that has not been used for a long time but those have no comparable so those are also going to be preserved, via the f25 district. So neighborhood conservation combining districts, just to set the stage with council's direction, unique zoning district such as nccds, should be reevaluated in the current context of Austin's housing and transportation needs in addition to analyzing the extent to which nccd's provide missing middle housing. Existing nccds should be retained, however, affordability bonuses, lot size and transition area mapping consistent with council direction should be applied to those nccds. So current code includes six

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nccds and there have been no new nccds adopted since 2008. Draft 3 used the f25 zoning district as I mentioned to carry forward the nccds and the potential revisions that you will see in the October release, the nccds will be partially remapped with transition Zones as I mentioned. Additionally some of the corridor lots may be proposed for mapping to a main street zone. As was mentioned I think in one of the prior presentations, part of the transition area mapping includes for those corridor-facing lots looking at properties that are close to rapid bus transit and have unique potential to really further the city's goals for enhancing the multimodal transportation system. And those, there will be properties in those situations that are being considered for the high intensity main street zone, and that will include areas

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that are adjacent to nccds or that are within nccds. Additionally, and this is an important point, the provisions will include modifications to the nccds with respect to the allowance of ads and the reductions in parking that flow from council's policy direction. However, and this is the point I want to emphasize, when staff did the hard work and sitting down and looking at the nccds and looking at council's policy direction and really rolling up our sleeves and trying to make changes consistent with your direction, we find some of the proposed changes in your direction were extremely difficult to implement. The -- specifically your direction said with the nccds to make changes to implement preservation bonuses, affordability bonuses, changes in -- and

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changes in lot size. What we found was in going through the nccds because they use a very sort of began knew lot by lot sort of approach to regulation, that making those sorts of broad changes would really upset kind of the delicate structure of each individual nccd. So really the only way to implement some of those changes would be to kind of rezone the nccds, and that was not council's direction. Council's direction has been to preserve the nccds. So on the approach you will see in the October release draft will include changes with respect to Adu and parking because those can be implemented without sort of undoing some of the structures of the nccds, but the other changes we found for reasons I hope I explain clearly enough to be

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extremely difficult to implement without kind of undoing the balance of the nccds. So the reflection of the change to the size of the nccds metropolitan to the transition Zones. Incremental change to the nccds to bring them more closely in line with the new code with respect to parking and motor liberalized allowance for ads. So the next issue to talk about is conditional overlays. Again just to set the stage, council's 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 lot by lot zoning regulations. Cos that are carried in are

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not to be carried it forward. So current code for context, there's a -- there's been a very are prevalent use of cos. There's approximately -- it could be a little more than this, but approximately 3500 cos have been identified. Cos are restrictions, they're not permissive. They're used to restrict the regulations, to impose more restrictive regulations than would apply in the the base zoning. And they create essentially a lot by lot patchwork of zoning that presents challenges. They provide benefits in terms of somewhat allowing for tailored regulations, but they also present a lot of challenges. And at the outset of our

former work, leading up to draft 3, we received the land development code diagnosis report from 2014 recommended that the city move away from conditional lot by lot zoning. So draft 3 in the earlier iterations as well did not

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authorize cos to be used in the future. And the approach in draft 3 was that some cos were remapped to current Zones. And I think the thinking behind choosing cos or identifying cos that are appropriate for remapping was basically looking at cos that have -- looking at all the universe of cos and identifying common themes. Cos have a lot of different restrictions, but some of them are fairly straightforward changes in height, elimination of uses that would otherwise be allowed in the zone. And in those instances where common themes occurred, themes along the lines of certain areas, uses are not desired next to each other, there were just certain values that were evident in council's use of cos that staff factored in to crafting the new zoning districts. So to the extent that the

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goals behind a co, the type of restrictions they embody were really consistent with the new Zones, and informed by the new Zones, those were remapped. However, most cos have conditions that are fairly unique and that maybe don't have an exact analog into current code. Some of them include conditions that are not necessarily directly zoning regulations. They relate to the layout of a lot or access, dumpster placement, things that are sort of beyond what the zoning regulations pertain to. So those were generally carried forward again through the f25 approach. Potential revisions that you will see in October. Cos from draft 3 were mapped to new Zones unless they are identified as unique. And this was basically just an attempt to really go back through the work we did before and for each co ask

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does this serve an essential and important function to where it warrants using the f25 zoning district or is it something where the new code that is going to be proposed has enough protections and similar sorts of tools that carrying forward the co is not essential and being mindful as well of council's direction to reduce the size of the former title 25 zoning district. So uses permitted in each zone were reevaluated as part of the restructuring of the zoning districts that staff has presented on in prior work sessions, there was a more careful realignment of the uses. So in looking at cos, staff again looked at whether or not the use restrictions that are used -- that council imposes through the co tool are fairly well accommodated by the new zoning districts that you will see in October and that staff has presented

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on. So the effect of that analysis is a reduction in the overall size of the f25 zoning district that is devoted to co properties, and a new map with entitlements, but again there's a substantial number of cos that are carried forward through the f25 zoning district. I think now that concludes my comments and we'll turn it over to Erica leek from neighborhood housing. >> I'm not Erica leek, I'm Peter park, consultant to the team. [Laughter]. That's okay. And I'll be talking about housing capacity and yield and how the staff is incorporating the council direction, specifically council directed that the

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revised land development code so should a greater level of housing capacity than draft 3. And city manager should consider this goal in developing proposed revisions to the code text and the zoning map. The new code and map should allow for housing capacity equivalent to at least three times the Austin strategic housing blueprint. The goal of 135,000 new housing units. So just to reiterate the distinction between capacity and yield. So with -- using the council direction of three times the 135,000 goal, the yield of 135,000, the capacity is 405,000. So we describe that as the upper limit or the amount of housing units that is allowed to be built basically under the zoning. But the reality in development is even though

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the raw number of how much the zoning might allow is the capacity. What gets developed is never going to max out. There's a lot of different reasons why the amount of housing that actually gets built doesn't -- isn't fully realizing what the zoning says can be built. Property owners don't want to build that much. There are other instruction cost factors that may limit the amount that actually gets delivered or there other kinds of restrictions. And so the capacity is really what the staff have been using to calibrate the zone districts and the application of those Zones on the map. So under the current code the team estimated that the capacity under the current code is about 145,000.

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And this analysis used feasibility, an understanding of what's market feasible. In draft 3 that estimate rose to 287,000. It's short of 405,000. And that also included feasibility factors. So in terms of potential revisions, the staff are adjusting the Zones and the map to reach the 405,000 capacity using feasibility in two ways. Increasing affordable housing bonuses and mapping transition Zones for city council direction. So the effect of this, the intent, is that there will be more market rate units and more income

restricted affordable units. There will be more types of housing at different price points than all parts of town, including high opportunity areas, which helps the city firm up their housing goals, support multimodal transportation goals and enables more

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people to live closer to where they work, where they shop and have access to services. And with that I'm going to hand it over to Alex steinburger who will go into a little bit more detail about how this is done.

>> Thank you, Peter. Do you all feel like you're drinking from the fire hose yet? My name is Alex. I'm with Cass adaa partners. Some of you may remember me. I've been involved in this project on and off for about six years. And today I'll be talking to you about how we are using some data driven methods to give staff feedback as we go through this ldc rewrite. We're going to talk about our iterative approach to providing that feedback. We'll be talking about how we estimate citywide capacity for base bonus and affordable units and we'll talk about how we're going to develop a report card, which a number of you have

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probably seen from past work, that will measure the performance of the ldcry vision. So -- revision. So how is this iterative approach working and how is it different from what we've done in the past? Well, before the feedback loops were really long. Code text was developed, a map was developed, then we ran our capacity numbers and then the whole process basically started over again. So there wasn't any learning that happened along the way. Staff wasn't getting the feedback they needed to make the appropriate changes and improve the code. And then the other difference is that they didn't have a target. And so through your directive of 405,000 units now they do. So that's a huge difference. So now with that target in mind at every step in the process from the code text changes at the to proposed map changes we're going through and showing them this is the impact. Consider changing this or

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tweaking that standard. And we can even test what-ifs, kind of one-offs as we go through the process. So our hope is that this results in a much more nuanced code that responds more completely to the directives that you've provided staff. So how are we estimating citywide capacity? So as before, we're using an open source scenario planning tool called envision tomorrow, which if you have been on council for the last few years you've probably heard of, but I'll just explain it at a high level here. We estimate housing capacity based on the amount of feasible development that could occur based on whatever code proposal we're looking at. So this includes primarily vacant buildable land. So feasible development on vacant and buildable acreage within the city. That's the biggest source of

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development that we -- that we assume in the model. To a much lesser extent it's existing developed land. So redevelopment of feasible locations on that existing developed land. And what we exclude is constrained land. So these are lands such as flood Zones, publicly accessible open space, conservation lands, steep slopes, making sure that we're not overestimating the development that could occur occur. So as I mentioned, we're able to produce an estimate of base bonus and affordable units and we'll be producing a report card document that summarizes those findings. Many of you are probably familiar with that format as we've been using it for a number of years on different iterations of this work, but as we know the code has impacts far beyond the amount of housing it can

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produce. Its impact to transportation, public health, environmental quality, there are all these things that we can track and using envision tomorrow we can estimate the code's performance on all of those different topic areas. And the way that we represent that is by grouping those performance metrics around your imagine priority programs. So we'll be releasing this report card in October and so look out for that. Here's just one example of what some of those performance metrics might look like. This is from a previous iteration of the work, but it shows how we can use what we get from the code, running it through this model to judge its impacts or performance on for instance transportation and how it might help us meet the non-50% auto mode split in the Austin strategic mobility plan. With that I'll pass it over to Erica who will talk about housing affordability.

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>> Good afternoon, Erica leek, neighborhood housing. So the may 2nd council direction actually had multiple references to various types of affordable housing bonus programs. And thfocus of that was really trying to be able to support the 10 year affordable housing goals included in the strategic housing blueprint and help with the shared vision of housing affordability for all austinities in all parts of the city. So to that end the proposed revisions to the code attempt to meet that goal. So in the current code just up until this year there were approximately a dozen different density bonus programs throughout the city and I have a map of that at the end. But they only covered a very

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small portion of the city, approximately three percent of the city. And then you all adopted for the first time this year the affordability unlocked incentive program for people who were providing at least 50% of the units as affordable. But that was the first citywide affordable housing bonus program. In draft 3 there were proposals for affordable housing bonus programs, but they weren't included in -- there were a number of Zones where they weren't included, but a potential revision related to -- that will be coming out in October is there are new bonuses in some Zones compared with draft 3. There are expanded bonuses in some Zones, basically meaning that there are additional entitlements for those bonuses that could be in terms of height,

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additional density, additional floor area ratio, et cetera. There's also -- there are also new processes for strengthening compliance. There were already compliance mechanisms in our current programs, but we have even additional processes to help with that. And another thank change is there will be simplified affordable units on maps. Some of you may remember from last time each census tract could have a different unit set aside. So we're simplifying that so that different areas of the city that have similar market conditions will be grouped together and that grouping of areas will have the same percentage set aside, which will hopefully make it a little bit easier for everyone to figure out what the requirements are.

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The effect of that change, of all of those changes, is that we're hoping that more people will want to participate in the bonus programs, which will result in more housing units, including both market rate housing units and affordable housing units. As I mentioned there will be more parts of the city that have those bonus opportunities which means we can get more affordable housing in places where we potentially couldn't before. And that new compliance process. So just as a very brief reminder to council and the public just about how affordable housing can be created in Texas because we do have specific legislation that limits our opportunities to do so. So in general there are two main ways that we're able to

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create affordable housing here in Texas. One is through some type of subsidy, so that could be our general obligation bonds for affordable housing, it could be federal funding, low income housing tax credits, private funding or publicly owned land because that's certainly a type of subsidy. Or it can be through means. And that could be -- or it can be through incentives. And that could be through a fee waiver, expedited review or a voluntary bonus program, which is what we're mostly focusing on today.

The ldc revisions themselves, they obviously -- they promote more income restricted affordable units through the bonus program. The revisions also enable more missing middle housing in more parts of the city and more market rate housing to decrease competition for housing that we're seeing now.

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In terms of the housing blueprint goals, this is just a reminder of the breakdown, the affordable housing unit goal is to create and preserve 60,000 units at or below 80% of the median family income. And different strategies work better for different mfi, median family income levels. So at very deep levels of affordability, those almost always need some sort of subsidy. So as I said, it could be the federal funding, it could be local funding, et cetera, but usually some sort of subsidy is needed at those very deep levels. Once we get into higher median family income levels, then that's where bonus programs can be more effective. Above 50% of the median family income it's also an area where we actually don't have that many tools to

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provide units because our general obligation bond fund only fund units up to 50% of the median family income for rental. So this creates -- it fills a gap in terms of an area where the city doesn't fund affordable housing. And then once you get up into higher affordability levels, that's where a variety of housing types can really help to provide options for people to be able to find housing at different price points. So as I mentioned in Texas, we are not allowed to require inclusionary zoning or basically requiring someone to set aside some percentage of units as a

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condition of zoning. So we couldn't just tell everyone, okay, you're going to build a new multi-family building. All right, 10% of those units have to be affordable. That's possible in other states, but not in Texas. So very important to know that we can't mandate that. We can only incentivize that. So I just want to make sure that everyone is really clear on that. It is also not legal to have rent control in Texas so we can't tell a landlord in general, unless it's through an incentive program, that they have to keep rent at a certain level. So any type of affordable housing bonus program really does have to rely on incentives. And there's a really important part of this whole process is that we have to calibrate the bonus program so that it will function as an incentive.

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But what is also really important about this bonus program is it's one of the few tools that we have that does not require a subsidy from somewhere. So this is a way to really have market development help provide, you know, one of the community benefits that we value, which is providing those income restricted affordable units. We're also able to require long-term affordability as part of this program so I'll talk a little bit more about that in a moment. As Peter mentioned earlier, one of the other benefits of the bonus program is that it does help to address the city of Austin's federally required analysis of impediments to fair housing. And basically that requirement is that all

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people should be able to live anywhere in the city and there shouldn't be barriers to them living in some parts of the city. So the bonus program is a way to affirmatively further fair housing and it creates -- it helps to create a diversity of housing stock and creates opportunities throughout the city. In addition, for federal transit administration grants having income restricted affordable housing is one of the criteria for those grants as is transit supportive density. Okay. Getting into some of the nitty-gritty specifics of the bonus program, what we're proposing is that rental units to be affordable to households 60% mfi or below at 40 years.

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Ownership units would be affordable to households at 80% of the median family income for 99 years. The program is intended to incentivize on-site affordable units whenever possible, but there will be some situations where that may not make sense. And so we do have -- we do have options included in the code for -- for potential alternatives. And we see this in a lot of cities, so it may make sense for someone to partner with an affordable housing developer to build the affordable housing on another site. There may be instances where a fee-in-lieu is appropriate, and so we'll have those spelled out in the affordable housing criteria manual that goes along with the land development code. I do want to flag two items

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that we are -- we're grappling with. One of those is there are some cases where condo or hoa fees can be really expensive, and one of our challenges is trying to figure out how to make sure a unit stays affordable to someone at a low income over time if those -- if those fees increase. And so that's something that we're grappling with. We actually have a contract with an organization that maintains and provides support for people who want long-term ownership. And, trying to figure out if there's a

good way to do that, but it's a challenge, so I wanted to flag that for everyone. And then the then the other challenging that we

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have is in places where there might be one or two affordable units in a building, the monitoring for that and the administrative overhead for that is quite time intensive and staff intensive, and so we are contemplating, you know, if in those cases whether it might make sense -- it might make more sense to have a fee-in-lieu for those units with those fees we can reach deeper levels of affordability, potentially get more affordable units, but perhaps do that instead of having to spend an extensive amount of staff time on the training and monitoring for those units. A couple of other things. We are attempting to replicate vertical mixed use as much as possible so that on sites where commercial -- beam where residential was not allowed, then all of the

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residential space would be considered bonus space, and so some portion of those units would be affordable. We do have options to incentivize the creation of 2- and 3-bedroom units. Through the citywide program we'll be promoting affirmative marketing and unit dispersion throughout the building. As I mentioned there will be enforcement through rule making, contract restrictions, monitoring rotorring. Rotor -- reporting. For those of you who may be visual learners, I wanted to do a quick visual of kind of how this works as an incentive program. I'm reminding everyone that it really has to be an incentive or people won't take advantage of the program. So a building -- or a site will have base zoning entitlements, and a

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developer can obviously just choose to develop under their base zoning entitlements. If they choose to participate in the bonus program 25-year floodplain, -- in the bonus program, they will be able to build additional units potentially to additional heights or maybe additional floor area ratio, and some portion of those bonus units will have to be affordable, and that portion of the bonus units that has to be affordable, it varies based on construction costs, on market strength, and affordability level. So if the affordability level were to change, you would need more bonus units to be able to cross-subsidize the affordable units. So what we're hearing from our consultants is that it takes somewhere between three and 20 market-rate bonus units to be able to

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cross-subsidize an affordable I'm not, and so, again, that is based on a lot of factors. As to whether it's three or 20. But I wanted to put that out there so that people can sort of realize that for a developer to want to participate in the program, you have to have it calibrated carefully by different geographies, different incentive types so there is that. >> [Off mic] >> Between three and 20. Like I said it varies by construction type and by location in the city. But if you require too many affordable units, the developers will just develop under their base entitlements and then we won't get any affordable units. So I know that's a little bit detailed but I just wanted to make sure everyone understood how that worked.

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I kind of already covered this that, the program is well-calibrated. We're working with consultants, and we'll have the maps with the specific percent set aside when the code is released. But you will see at that time that the bonus requirement will vary by the zone itself and by the location. And just one final point, the program does work best where development is occurring. So, you know, you can always -- you can always have a bonus program, you could map that anywhere, but if the market isn't strong, people will be unlikely to participate in it because it may only make economic sense for them to build a smaller building. Just it is a market-based

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way to get income-restricted affordable units. And then, as I mentioned, this is a map showing where density bonus programs currently exist in our city, basically transit oriented developments and regulating district areas. They cover less than 3% of the city. And through the proposed bonus program, there will be bonus options in corridors, in centers, and in transition areas. So it will greatest increase the areas throughout the city where there is a bonus option. Questions? >> Mayor Adler: First let me say I really appreciate the continued work. I appreciate you daylighting things for us and for the community to be able to see, and the fact that you're trying to stay true to the direction that the council gave. I appreciate that you're

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identifying for us where it is that the council direction might not be able to happen exactly as we had thought like at ccvs, the adjustments that were made, so thanks for day lighting that kind of thing. Are you finding yet areas that are unclear or that council, it would be helpful if we would make policy decision for you I urge you to bring those back to us if you identify any so that you're not laboring over

trying to make choices when the council could at least have the option of providing direction in those matters. So if you have any, let us know. If you want to bring some to us, bring them to us so that we can help facilitate the process. Colleagues, any questions?

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Councilmember Ellis. >> Ellis: Yes. On slide 19, I see in your potential revisions it talks about simplification of affordable units set-aside maps. Is that in reference to the census tracts discussed in draft three? I'm not familiar with that language can you go into a set-aside maps? >> Sure, yes. So in the previous -- in the previous version, there was a different map for each zone. And for ownership and for rental. Do you remember home Zones were in the last version? Okay. Let's say that there were 30 Zones in the last version of the code. I'm not sure that that's the right number. Just hypothetically. Then there would be two maps for each zone, and each

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census tract would have a percent set aside for the bonus units. So it meant that there were 60 different -- perhaps there were approximately -- I think there may have actually been more than that, but there was a different map for each zone, and the census tract could vary from one side of the street to the other side of the street because the census tract line would go down the street. So we tried to create . Larger geographic areas that have similar market conditions so that there are fewer of those differences across corridors so that there's grouping there. And then we're also going to actually group some of the Zones together so that there doesn't necessarily have to be a separate map for each zone. >> Ellis: Okay. With those maps you said there was a rent versus own, so depending on if you

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rented or owned the unit, the map would change? >> Well, depending on whether the units will be rental or ownership. >> Ellis: Okay. >> Yeah. So when you're building you would have to declare whether it's a rental or ownership building. >> Ellis: That's interesting to me. Are you still planning on basing them on census tracts given that we are going through a 2020 census process or will you provide flexibility depending on the results of next year's census? >> So they will still be based on census tracts, but they will be able to be changed over time. So the maps themselves will not live within the code, partially for the reason that you mentioned, that the census tracts might change. But basically council could -- could also update the calibration, like every few years, and that could be done through an ordinance

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change instead of a land development code change. >> Ellis: Okay. >> Yeah. So that would be to adjust, you know, to market conditions. So if -- you know, if it turns out that some area of town that wasn't experiencing much redevelopment and, therefore, it wouldn't really support much affordable housing, if it turns out there's a lot of new development there, we'd obviously want to recalibrate the program so we're able to capture as much value as we can without providing disincentive. >> Ellis: Okay. Are you still in the simplification planning on separating owner versus rent? My 2 cents should be we shouldn't have different zoning depending on if you own or rent. But that's just me. >> They will still be separate for a couple of reasons. One is the ownership units are a different -- are at a different median family income than the rental

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units, it's 80% ownership, 60% rental. >> Ellis: Okay. >> Also, at least based on the information that we have, the economics are different. You're able to -- like, if the funding -- the way the funding is set up, if you're planning to have ownership units is just sort of a different way. >> Ellis: The taxes are processed differently? >> Yeah. >> Ellis: For commercial versus -- >> Well, the -- they're not processed differently, but it's just that the economics are different enough that they don't model the same in terms of what is feasible. >> Ellis: Okay. I'm excited to see more on that. But thanks. >> Kitchen: I have a couple of different questions, so I'll just ask a few and then

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see if anyone else has questions first before I go -- because I have questions about a number of subject areas. Let me start just by asking about -- I want to ask about the -- let's see, the targets. Well, it goes back to -- we talked about -- I'm wondering if -- a couple of things. So we talked about -- I'm sorry. Let me find the right page here. We talked about a process that is an iterative process between the code text and the code mapping. And I'm assuming that that means that there would be code text and mapping and then a looking back at our goals, and that's why there's an iterative process

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there. Am I understanding that correctly? >> Absolutely, yeah. >> Kitchen: Okay. >> We're giving them the data-driven feedback. >> Kitchen: Okay. >> To see how they're measuring up against the directives that you all gave them. >> Kitchen: Okay. In that process are you looking at -- I know we have the larger goal with the total dollars -- I mean, not dollars, the total number of units that we're looking at,

but is that drilling down to the other targets that were set? For example, we have targets by the 60,000 below the 80% mfi. We have targets by corridors, I think, and we have targets by districts. So is this iterative process looking at all of those targets, or are all of those goals that we've set? Or how is that happening? >> It's looking at many of them, but given the speed at which we're having to do all this work and give them feedback that's relevant to them as they're going at a high rate of speed doing

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this work, we can't delve into absolutely everything that we would like to. >> Kitchen: Okay. >> We are delivering base, bonus and affordable unit estimates, capacity estimates. And we are delivering those at the parcel scale. So staff is able to see where these units are being produced, what kinds of units are being produced. For instance we've been able to share with them the number of missing-middle housing units that are in the capacity. So -- >> Kitchen: How is staff doing that as part of this feedback loop? Maybe this is a question for staff. How is that being compared to the goals that have been set? >> Councilmember, we get feedback from cascadia, as Alex said, it could be as specific as changes to certain Zones to achieve for instance a greater number of

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income-restricted units. So for instance we use feedback from cascadia to adjust the bonuses because we know it's a goal to get more income-restricted units. >> Kitchen: Okay. But are you actually -- and I'm not suggesting how you should be doing it. I'm just trying to understand. So are you comparing that -- so, for example, are you look at your code text, looking at the map and then saying well we're not meeting the 60,000? Or are you looking at it and saying, well, we're not meeting X amount along X corridor? In other words how granular with you getting in terms of comparing the goals? That's what I'm trying to understand. >> It's fairly -- it's not quite that granular. It's a little more directional, just that -- it's granular in the sense that we are looking at some specific provisions in the code and tweaking those, but it is also -- can be fairly

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general. Like for instance feedback from cascadia told us that, in line with council's direction that eliminating parking standards would go along way to aiding development and getting those additional units. >> Kitchen: Okay. I'm just not quite understanding how this is a feedback on the map and the code text. So if we got text and we map it, right, if the map is not showing us that we're meeting our goals, is it not showing us we're meeting our goals by geography also or -- do you see what I'm saying, what my question is there? >> Right. Yeah. I think the geographic part of it is -- it's not super delineated the way that it's being looked at. It's a little bit broader than that. But it can tell us that --

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where we know certain things are mapped that we may not be getting as many -- for instance as many units out of Zones where those Zones are currently mapped. It won't necessarily change the mapping itself. It's more of an adjustment within the Zones that have been mapped. Because -- yeah. >> Kitchen: Okay. So then the last related question is then is that something that we can -- when will -- when do we get the feedback to see that? For example, there's a process whereby we're going to be seeing the maps before they're released, but am I going to be able to say, okay, that map does or doesn't meet the goal for an area? What am I going to be able to understand about how areas are mapped versus the goals that we've set? I mean, and if you don't have an answer now, that's fine. You can get back to me. But is my question clear? >> Yeah. It sounds like aside from

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the report card indicators that Alex was talking about, you're talking about some other types of geographic break-outs. >> Kitchen: As a council we set a 60,000 goal for under 80% mfi. So I would want to see if we think we're gonna reach that as opposed to just reaching the higher level of number of units. So that's one thing. I would also want to understand what we're talking about in terms of distribution across the city. We've set goals by corridors and by council districts. Now, you know, those are targets. They're directional. I'm not suggesting that they're exactly the number of units we need to see, but we did set them so I want to understand at the end of the day if we're gonna be able to see some kind of relationship. That's all. >> Councilmember, these are helpful questions, and as we start to prepare to present the map in October, we will be mindful of these questions and do our best to

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be prepared to answer the kind of focused questions you're asking. >> Kitchen: Okay. Okay. All right. I'll let others ask questions, and then come back to me if there aren't other questions. >> Mayor Adler: Okay. Natasha. >> Harper-madison: Question number 1 came from the slide on page number 8 about nccds. And my specific question there is the far right column, affected change, it's the second bullet, the incremental change part. I'm just curious about that time line. Is there some specific parameters for determining -- I mean, what does "Incremental" mean there and how long until you maximize the goal? Do you understand my question? >> Yes, I do. So, councilmember, what I think we're getting at there is that council's direction was to make a number of

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changes to the nccds. It was to parking and ads, which are gonna be in the code in October but then additionally direction with respect to lot size, with respect to the preservation bonus, and affordability bonuses. And when we say what you see in October is gonna be incremental, I think what we're trying to daylight is that some of those specific changes proved to be technically very difficult to do without essentially remapping the nccds, which was not council's direction, council's direction was to preserve them. We're basically just letting you know there going to be a few items in your direction that were sort of not able to be carried forward while still keeping the nccds. For example, the lot sizes. The lot sizes for nccds oftentimes will vary from lot to lot. The regulations can be very tied to what's on the ground when they were adopted, and to do a sort of uniform change to those lot sizes would have sort of a domino

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effect on other regulations, and so -- and similarly, the preservation bonus depends upon floor to area ratio as sort of the baseline for imposing the bonus and that's also a regulations that addressed in the nccds and that would be difficult to tweak. So without further direction from council, I think that there will have to be a forward-looking process to revisit the nccds that would be solely at council's direction. And we have done, as you'll see in the October release, the best we can to carry forward those elements of council's direction that were workable from a technical standpoint. >> Harper-madison: Okay. Then my second question -- [off mic] My second question is on page 24.

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And I think you actually might have answered my question with the first one, but I'll get some clarity anyway. It's a 2-parter. It's the last bullet, the enforcement piece through rule making contractual agreements. Land use restrictions, some questions there. The monitoring component, questions about who does the monitoring and how? And then the reporting piece. The who and how question again there? >> Okay. So in terms of land use restrictions, we generally have some sort of either restrictive covenant or some sort of legal land use restriction that gets placed on the deed of the property so that if the property is

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resold it's very clear to anyone who is purchasing it that there is a requirement for income-restricted units. And so we worked with the law department to develop those restrictions and then they get filed with the deed. Anything to add on that? Okay, all right. In terms of monitoring, we have both people

internally who do monitoring and then we also have contracts with external monitoring firms, and so they'll go out to developments ask, to look at a sample of the paperwork that's required for any income-restricted units, make sure it's in compliance. If it's not, then have some set of requirements that either the next unit be made available to an income -- to

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an eligible participant, but basically that that monitoring -- we have a monitoring schedule. If someone is found to be non-compliant, then they get monitored more frequently to make sure that they are compliant. And in terms of reporting, that's ongoing, making sure that, you know, we are -- we're letting council and the public know what -- the compliance that we're finding. >> Harper-madison: Okay. I think the expansion on that question, on the monitoring piece, you said if somebody failed to be -- is found to be non-compliant they'd be monitored more frequently. Is it similar to our -- oh, what's the program, the list that you're on when -- >> Harper-madison: -- Oh, fender? >> Harper-madison: Yeah.

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To be more specific, when I say is it similar, I mean are there a certain amount of infractions that you can have before you're no longer eligible? Or what is the punitive side of that look like, other than increased frequency with monitoring? >> So actually the additional contractual agreements are intended to make sure that that's very clear, and I think the punitive measures sort of depend on how the requirements were written at the time that they were written. So that's why we're continually attempting to strengthen the legal mechanisms for that. >> Harper-madison: Okay. Then my final question is an expansion on councilmember kitchen's question about equal distribution. So I'm looking at the

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affordable bonus program map here, and I'm just -- I'm trying to -- so I absolutely understand and agree that we need more compact communities that are -- that are accessible to transit, and so the transit-oriented development is super important. I get it. But I'm just looking at the concentration of transit-oriented development areas. It's chunks, right? So if we're talking about the importance of mixed income, mixed use, diverse neighborhoods, if the chunks are, you know, all eligible for density bonuses, then it sound to me like you're gonna have specific types of neighborhood in these chunks. >> So this map shows our existing programs? >> Harper-madison: Hmm. >> What we don't have yet is a map showing the new areas? >> Harper-madison: Okay. >> Where bonuses are possible. But they'll basically be

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along all corridors, in all centers and in transition areas. So anywhere that meets those definitions, that's where there will be bonuses in the future. >> Harper-madison: You anticipate that it won't be so blocky. >> Correct. >> Harper-madison: Okay. Thank you. >> I had a couple questions. Can you help us understand. You talked within here about the capacity that was being mapped to the transition Zones and the non-transition area. Can you help us understand how much of the capacity the request for capacity is being met to corridors? >> Sorry. What's the question about capacity on corridors? >> Tovo: Yeah. Your presentation kind of talked about transition zone

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mapping and capacity being mapped in those areas and I'm wondering how much -- do you have an estimate of how much of the capacity that's being aimed for is being mapped to corridors? >> I think at this time we don't -- we're not quite there. >> Tovo: Okay. >> Yeah. I couldn't give you a number right now. >> Tovo: Okay. Thanks. How about a percentage or no? I mean, I don't know if you set goals for -- as a team as to how much of the capacity was being mapped for corridors and activity centers or -- >> If you think about the capacity and where the additional capacity is coming from, in the new draft versus draft three, there are the transition Zones where there's an incremental increase with the base entitlement and the base on top and literally everywhere else except transition Zones all the capacity is coming out of

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the bonus program, so just the additional market rate, the additional income-restricted. And I can say that the vast majority of the capacity is coming out of those bonus programs. I couldn't say how much exactly is on the corridor. >> Tovo: Okay. I think it would be helpful to have -- to circle back to that question a little bit later. I mean, not later today. Later in the process. With regard to the nccds, I wanted to better understand the point about reduce the area of the nccd. If you could give us some sense of the scale of that reduction. >> Councilmember, I'm not sure if we have that

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information, but the -- basically the same criteria that were presented to you I think a couple work sessions ago with respect to how the transition areas are going to be mapped, those same criteria of

two to five lots generally off of the corridor would be applied within the nccds and I think the -- I don't think we have a percentage for you or a number, but that is certainly something that we will flag as an issue to follow up on. >> Tovo: So in the -- when it talks about the effect of the change, the potential revisions that they're gonna be partially remapped with transition Zones and that will result in the reduction and the size of the, in basically you're using the same measures as for any other transition zone and mapping those on nccds so they would be reduced by the amount of the transition zone? There's no different accommodation for nccds? >> That's correct. And that's different than draft three, where the

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entirety of the nccd was just f-25. >> Tovo: What was the exact language? I forgot to bring the memo down. What was the exact language with regard to nccds? I thought it was something like considering changes or. . . >> It's on slide 8. >> Unique zoning districts. >> Ah, there it is. >> Unique zoning districts, nccds should be reevaluated in the current context of Austin's housing and transportation needs in addition to analyzing -- >> Tovo: I see it now. Thanks. Okay. Can you -- and so I just want to clarify something I heard you say about the two units. So the -- from what you were describing in the non-transition zone mapping it sounds as if every residential tract in the city will be able to construct two units on it

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and all will be able to do three units with a preservation bonus? Every tract in the city? >> Yeah. Every residentially zoned piece of property with the exception of there will be a zone in the new code that allows for one unit, but aside from that every other zone which we're gonna -- starting with the r-2 Zones will have a by-right entitlement to build two rights and the preservation side will allow one additional unit. >> Tovo: Where were the one unit Zones being mapped? >> Right now we're anticipating that that will be small-lot Zones. So it will be mapped -- if small lots already exist, it may be mapped on to those areas. >> Tovo: So with regard to the preservation bonus are you making changes to the requirements that define

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preservation? Or is it -- or are you relying on kind of the current provision of if you keep up one wall you're doing a remodel? >> We're looking into that. We want to make sure that the preservation bonus, as we're talking about it, that allows the addition of a unit or additional construction, if the existing unit is preserved, we want to make sure that that certainly is not abused in any way so that there will be some provision that has a limit, has a threshold beyond which you would not qualify for it. So some limit

on remodeling or demolition, reconstruction that you cannot go beyond. >> Tovo: Do you know yet what those limits will be? I think our current provision is extremely loose. I mean, it's really a loophole, and I'm happy to bring in some photos, including of one that's right here in our downtown where they've -- you know, they took it down to the

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studs, to one -- they had one wall of studs and I think they eventually removed that and rebuilt that. So, I mean, it was a completely -- meaning the preservation, the remodel in that case was just completely meaningless and I want to be sure if there is an incentive for keeping the house, which I think is an important provision, that it actually has -- is an effective provision. And I don't know if you're looking to other studies that have constructed -- that have a best practice around this or -- >> We -- we're looking - - we are looking certainly at our own code. We know what you're talking about, how -- the way the code is currently written it's often -- it's abused for lack of a better term. But we have it in our draft code regarding nonconforming uses. We have a limitation on remodeling, and we're looking at that possibly as a starting point for the

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preservation bonus. But we agree that it needs to be written in a way so that that incentive is not -- is not misused. >> Tovo: I would say I think the remodeling provision that you may have just said is gonna be your base is exactly the ones that I think creating the kind of loopholes that we're seeing. So I hope, you know -- I hope that you're looking to some cities that might have some good code on this point that we might be able to use, and I'll certainly ask our friends in preservation Austin if they've got any suggestions for some cities that we should model it after. I think for the moment that maybe it for me. Thank you. >> Mayor Adler: Okay. Alison. >> Alter: Thank you. I appreciate the presentation. I had a couple -- similar questions and then some other ones I might need to have a conversation but I wanted to bring them to your

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attention today. So the first is, I don't -- are you going to tell us more about how you're mapping on the corridor? Is that a different session? Because we haven't actually heard very much about it, and I think what I've heard so far today is that we're giving entitlements on the corridor, additional entitlements without bonuses but then there's also an opportunity for a bonus but I don't really know much more than that on our corridor. I also would like to know what councilmember tovo was looking for in terms of what percentage of the capacity is being placed on the corridors and activity centers. >> So, councilmember, -- apologize if it wasn't clear when we were talking about preservation areas. That

included corridors and on corridors, for the most part, those lots are being given zoning equivalent to what they have today for

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base entitlements with a bonus on top. So the base entitlements are staying equivalent, but there will be a bonus option on top of the base. >> Alter: There are a number of ways we can look at that. Right now on the corridor you have base entitlements but you can't build them because of all sorts of other constraints. Are you talking about the base is the same minus all of the other constraints, then they get a bonus, or is it where they are and then there's the bonus? >> We're talking about where the zoning is today, getting equivalent zoning. >> Alter: Okay. So they have have more entitlements because they can't build them now on the corridor and then they will get the bonus if I'm understanding correctly what you are saying? >> They may not be able to build them today for any number of cell phones might be able to in the new code. >> Alter: And I understand that for some versions of of this that's what people want, but I just want to understand that that is giving them entitlements without a bonus. And that we should be calling it what it is. Because they can actually

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build it now in a way that they couldn't build it before, in my view on that. On the corridor -- this is going to bleed into a question later, but can you help us understand what kind of product type we're incentivizing on the corridor because I think there's differences, if it's a stick type or other types that then have implications for affordability and I'm trying to better understand what we're incentivizing. >> So on the corridor with the new Zones, you're really gonna see the same product types you're seeing today on the corridors. So as you said, stick construction or brick and stick over a podium, probably not gonna see any steel construction. >> Alter: Okay. What is the tipping point in terms of height that we're seeing today? >> I'm not an architect but I've been told it's about 90 feet is maybe 85, 90 is

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about the highest you can go before you need to switch. And Alex might be able to confirm that. >> Yeah. There is an international building code that regulates that. I don't have that number top of mind. I'm getting yes, the answer is yes, that's correct. >> Alter: So 90? Okay, great. Thank you. Then my next question, I think, is for Alex, which on page 15, I want to just make sure, so when we're talking about the housing capacity and we're trying to get to that 405,000 that was in the direction, what you're looking at is what's feasible capacity, we're not just throwing it on the ground and giving folks entitlements but via this analysis that includes the vacant developed land, what's feasible to redevelop and then the constrained,

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all of that is factored into the analysis? >> That's correct. >> Alter: Okay. I just wanted to make sure. So that's that other part of that sort of water glass with the 405,000 is feasible. Okay. Then on page 26, again, I'm trying to understand what we're incentivizing in terms of product and price point. And there's two parts of my question. If I understood Ms. Leak correctly, she said there were two elements that would affect whether you actually can incentivize the market. One is the base and one is the bonus. We talked about the bonus requirement, if you have to have too many units or too high a price you're not going to get the bonus units. You didn't talk so much about the base part. Can you talk a little bit

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about how the base and how we calibrate the base affects the choice to do the affordable units? >> Sure. So certainly the way a bonus program is most effective is if you have as much kind of bonus entitlement as possible. And so to -- I mean, there's always the challenge in Texas of not wanting to be considered taking entitlements, which I'm sure there are many other people at this table who know a lot more about that than I do. But, you know, if entitlements can be set, base entitlements can be set as low as possible, then that is when you have the greatest potential to get more affordable units.

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>> Alter: Go ahead. >> I might just add that in terms of -- your question in terms of establishing the base, that the approach has been similar to your earlier discussion with Greg, that the base is being carried forward, right? That the only place where the base is being increased is in the transition areas, right? That's the only place where there's any proposal for raising the base. But otherwise in all other Zones the base zoning of today is the base starting point for the application of the new zone. It's just that the bonus has been applied in more places and in places where it might not have been available in the past. And that's the difference in terms of potential capacity in getting additional capacity. >> Alter: But the more you give in the base without a bonus, the less the bonus becomes attractive. Is that not correct?

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>> That's true. >> Alter: Okay. >> Again, the starting point, as I was saying, what is the base zoning that property owners have today that the proposal is not -- and the staff has not gotten direction to downzone properties today. >> Alter: And I'm not talking about downzoning, but if you had a property

that under our current zoning, and if you include the zoning to include the rules that go around it, they couldn't build something that was in their base zoning today and now you let them build, that you have given them increased entitlements. So you have increased the base even before you give them the opportunity to go for the bonus and we just need to be straightforward with what we're doing because we are giving entitlements. We may want to do that and choose to do that but we are giving entitlements by taking away those other constraints and in doing that we disincentivize doing the bonus because we're giving them base.

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You know, I think that, you know, when we do that in the transition zone, we are also giving them base and disincentivizing doing the affordable bonus and in certain areas where you have those transition Zones that you're not going to get any affordability as a consequence because there's not going to be the incentive to go from four to eight. So can you tell me, though, in addition, for what we're doing on the ground, how is this in any way impacting the product type? Is it because we have the 90 feet it doesn't affect, you know, the product type and we're not getting to 90 feet anywhere except for down in the downtown? Or, you know, are there ways that the choice that's you're making here are affecting the product type, which affects snapshot so I'm trying to understand with all of these questions what we're incentivizing.

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And in this last one I'm trying to understand if there's anything that we're doing here that tips us from one product type to another or is it that everywhere but downtown we're below the 90 feet level? >> Sorry. I'm just looking something >> Alter: up. >> Alter: Sure. And maybe I can get around the semantic situation I was in before, instead of calling them entitlements we can talk about it as granting increased building capacity. That may be the more appropriate way for me to be terming it, but we are giving them increased building capacity, which is the thing that we're talking

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about affecting the affordability choices. >> So I think, to your question about building types, product types, I don't think any of the -- any of the zoning entitlements as envisioned are going to create a slew of new product types that we don't see today. You're probably gonna get more product types in missing middle areas that have shared walls, but in terms of an actual change in construction, I can't imagine that happening. Is that what you're getting -- >> Alter: Yeah. I was -- I mean, I had -- I may have the wrong -- it's been a little while since I went through this exercise but it was my understanding when you

went from a three story to a six story, you know, there were differences in construction and if you went from a six story to a

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nine story there were differences in construction, and those ultimately affect the cost of the building, which has an affect on affordability and on -- then matters what the units you're getting. And I'm trying to understand how those things change with what you're incentivizing with the code that is being proposed. Because those can then affect the affordability because if we don't want to just get a bunch of expensive units with more expensive building type. >> So in the transition Zones the construction type is not going to be an issue because you can't get that high, right? So it's really only on -- in the corridor or other Zones that allow, you know, beyond -- >> Alter: And how does that play out in the corridor then? >> Again, the starting point of the base is the zoning comparable entitlement today. Right? >> Alter: But does the bonus take you up to a different construction type? >> It doesn't. We actually -- we made -- we

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were trying to be conscientious about doing bonuses that would not take you over that threshold because we understood that at that it is more expensive to construct and it does -- the units have a different cost. So even on the corridors when there's a bonus, it's -- it can take you up to that 90-foot, 85, 90 feet, but not over that, yeah. >> Alter: Okay. Thank you. That may resolve the question. Thank you. >> Mayor Adler: Greg? >> Casar: I just want to remind us, given the conversation on affordable housing bonuses that if I'm right based on our analysis, we think we only have about 1500 in affordable housing bonus capacity right now. Does that ring a bell? Ative -- I have it on the record as long as that's still true. >> I believe that was an estimate what the current

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bonus programs would produce if allowed to continue as they are. >> Casar: Right. 1500 of our desired almost 400,000 in housing capacity. It's just not enough right now, and so while I'm really ready to get to work on this new draft to get it as high as we can, even if it's not totally perfect on every single site, leaving it at 1500, where it is now, isn't acceptable. And so I'm ready to go to work to make sure that the base and the bonus are calibrated so that we can get ten times, 11 times more affordable housing in those bonuses than we have right now, and I appreciate y'all's really hard work on that, but at some point we have to change from the status quo to make it better. Because right now the way things are set up is we're not gonna get more than a Smith of affordable housing out of the bonuses. Same thing with missing-middle housing. Right now under the report card we expect we have capacity for about 6,000

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mist missing middle units in the city, which means we'll maybe get 2,000. That's basically zero. We basically have missing-middle housing band inside of the city of Austin right now. And so, again, I am ready to do the work to make sure that the kind of missing middle we get is the kind that we want, that we put it in places that we want, that we get affordable units along with missing middle units when we want to get them. Even if it isn't totally perfect in every single little place, by leaving things the way they are, we basically will get no missing-middle housing and continue to get new extremely expensive large lot single-family homes and stay on that kind of course. And that course I just can't live with, so I'm ready to put my shoulder to the wheel with everybody here to make that the best that we can. But the idea that these changes are gonna get us less affordable housing just can't be right because you can't get any less than what we've got now, basically. Or that it's gonna get us less missing-middle housing. We basically have missing-middle housing

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banned already in this city. So I'm ready to put my shoulder to the wheel and I know folks are shaking their heads. The fact of the matter is I hear that we can do better, that the way we do this can be either good or great or really great. But the idea that we're giving away entitlements and losing out on affordable housing just isn't right because -- to me because we basically don't have a very functional density program now so we've got to make it significantly better and set the base right and got to set the bonus right and we should work together on setting those bases and bonuses as right as we can. >> Mayor Adler: Leslie. >> Pool: I wanted to post to -- pivot to our next meeting. If somebody wants to continue this conversation, I did want to talk about when we get together the week of September -- >> Mayor Adler: Why don't you hold on for that? >> Pool: I'm going to have to leave right at about 5:00 myself. >> Tovo: I need to actually leave now to go to sobering

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center. >> Mayor Adler: I'm sorry? >> Pool: She has to go. I have to go. It's almost 5:00. >> Mayor Adler: Jimmy hasn't had a chance to speak yet so I'm going to give him a chance to do that. >> Flannigan: Thank you, mayor. Really great work. Every presentation seems to get us closer and closer to interpreting the direction into a final document and I'm excited to see that. The map that's on the last slide, this is my picky thing I always have to bring up cuts off all of my district. We know -- a lot of other districts too. We know there are no density bonuses in district 6 right now. It's always good to do an inset map to show how little of the city has bonuses now so you can see the full piece of it. To this point about bonuses, entitlements, the --calibration is so important because I don't think it's always true that maintaining

entitlements at their current state and just adding a bonus means you're gonna get the bonus. Because the requirements of

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the bonus really dictate whether or not someone will take it. It could equally be true that an increase in base entitlement is what makes the rest of that bonus work financially. And I'm sure we could all come up with an example on one apartments in the city where that's true and another parcel where that's not true. That's why the calibration is so important. If you go out to parts of my district on the edge of town it's very hard to make bonuses work at all. Just the market dynamics are such that they're very difficult to work. But there's still an opportunity for market-rate affordability. So, you know, you answered some of my colleagues' questions with a very 1-word yes answer, but I think it's much more complicated than that because there are cases, I believe, where the increase entitlement is what makes the additional bonus work. Because if you create a bonus program that is really intense you'll just get the II story penthouses and roof top gardens and won't get four story with a fifth story that's affordable.

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So I just want to make sure that that point, as I have found in -- councilmember councilmember kitchen, and you and I had this where you're thinking about a parcel in your district and I'm thinking about a parcel in my district and we actually agree because it's going to be different in different parts of town. >> Mayor Adler: Ann. >> Can I address Greg's questions for a second? I want to be clear that nobody is arguing for keeping the status quo the same. I'm asking questions precisely because I care about how we calibrate it and trying to understand when they present how they're saying they calibrate it, to ask whether or not we're optimizing it. And trying to understand the detail. And that is not the same thing as what you're suggesting we said. And I think that we need to allow us to ask questions to understand what they're proposing because I can bet if you I'm asking the question there are gonna be other people out there asking the question, too, and to ask a question about how they're calibrating it is not to say that we

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shouldn't change anything. But we do have a responsibility to make sure that what we're doing is the best that we can do. And part of how you get that is to ask questions. And the last thing I want to say is that it is not outlawed to do missing middle. >> Casar: And I -- that's my -- my reference was I am ready to work to optimize the way that we do it and that we should work to do that, but that every step of the way that we don't finally get this done after whatever it's been, seven or eight years, there's that much loss as well so we need to get it done. Even if it isn't totally perfect we need to try our best. I'm not

referencing anybody here as saying they don't want to change things. I'm just talking about the bigger issue around if we don't figure out a way to get this done, then we're just gonna stay in the place where we've been at. And I am not asking anybody to unask their questions or do their due diligence. >>

Kitchen: Can I ask a

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question? >> Mayor Adler: Yes. >> Kitchen: I'll be very short. I just want to say one thing. And the first thing is that all of us are trying to optimize. I appreciate what you said. I think we all share that. And we're way beyond that. We moved forward with the policy and we're way beyond that. I would just just want to say that too missing middle houses in my neighborhood will not be affordable if we're not careful. They'll just be high-end condos and high-end duplexes. So what I'm trying to work toward is real affordability for people. So I've got one quick question, and that is, are we looking to bonus programs throughout the town, beyond the core? And I understand that there's limitations for markets on where it will work or not, but are we examining the entire city for where bonus programs might be -- might work? >> So we're definitely doing the calibrating. It's really -- >> Kitchen: Okay.

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>> -- A question of mapping. So where -- >> Kitchen: Are we mapping it throughout the whole city? >> Yes. >> Kitchen: Okay. >> But -- I mean, Greg is definitely the person to answer that. I think the thing that I would say, which is a challenge that I have seen on council through a number of different discussions, is, you know, we know we have the transit priority network. And the imagine Austin centers and corridors. But, you know, there are parts of town that don't have as many of those for probably a variety of reasons. So, you know, we are mapping and, Greg, please do correct me if I'm wrong. We are mapping in relationship to those corridors, transit priority networks per the direction. So I think to the extent that there are parts of the city that don't have these transit priority networks or corridors, you know, those are the places where you won't see mapping of those

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types of things. >> Kitchen: Okay. I understand that. I was more thinking I didn't want us to limit our examination of what's possible to the core of the city because we do have corridors that are far south, for example, as well as corridors that are further north. But I'm hearing you say yes to that so -- >> Yes. >> Kitchen: Okay. >> Mayor Adler: In that regard the loop we had before, to say that we're doing it all over the city doesn't mean we're doing it equally all over the city. It means we're reaching all over the city. We have corridors all over the city. So I think the expectation and the goal is to do it all over the city. We recognize it's not going to be equally done all over the city. Because of those inherent issues. At

some point I want to talk about how frequently we're going to be calibrating. Could be every several years. We have a market that's on fire. Might be earlier than that. So at some point in the process I want to make sure we have the expertise we need, if we're hiring consultants, I want to have that conversation we start having during budget and put

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off for the conversation we have here. I'd like to hear you address what we're doing to -- everybody on this council is eager to do everything we can to avoid displacement and gentrification and slow what's happening in this city under the existing code. So I think it's so I think it's important that we surface for the community the steps that are being taken with this code to do that since one of the abilities of this code is to do preservation than we have in the past and the like. And some of the questions that were asked earlier. I don't want us to get lost on the semantics of whether there's an entitlement or not an entitlement. I think the question is still valid in terms of trying to understand what we're really doing. I personally wouldn't characterize it as an entitlement when we're fixing a conflict that exists in the code. We map things on a corridor to be a certain height and a certain use for a reason. And if our existing code doesn't let us get to that height or that use for the

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reason that we mapped it for that height or that use, then I would say there's a problem with the code. So to the degree or at least a conflict in the code with competing priorities. And I think resolving those is not the same as those other areas where we're actually granting entitlement to changes. But I don't want to get lost on the semantics. Whatever it's called I think it's still real important for us to be able to understand exactly what's happening. I think it's really important that we drive the affordability goals that we have in the city that this council had when it was giving the direction in the spring. So if we've given insufficient direction in order to be able to achieve the kinds of things that we need, you need to be able to bring those issues back to the council so we have the ability to be able to talk or to be able to give direction. One thing to take a look at I think that I haven't really heard being discussed is the partial unit opportunity. If I can't get a full affordable unit out of a process, maybe I can get a quarter unit or a half a

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unit, depending on how it gets calibrated. That's still real dollars. I think every time we can get it on-site we should get it on-site. If we can't get it on-site I don't want to lose the ability to be able to capture half a unit or three-quarters of a unit that then gets put into a fund that we're able to use because I think that we are trying to use this development code in a way that will significantly impact and give us

greater missing middle housing, greater supply and greater affordability. Kathie? >> Tovo: I will have to be quick. I'm actually going to be late to the sobering center at this point. We talked early in the process about making sure not to be -- to be as accurate as possible and so I just really need to circle around back. Councilmember, I'll go back to the transcript to be sure, but I think you said twice that we had banned missing middle from the central city, which is just not an accurate statement.

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It is not unlike some of the news I sometimes read. One article of which suggested that central city neighborhoods have banned complexes, which is also just patently untrue. And in fact, I think if you look at -- if we had a really clear definition of what missing middle is I think we would probably see more of missing middle in the central city than we do in other places throughout the city. So I certainly share the goal of making a more effective density bonus program and of you doing what we can to really make sure that we're adopting a code that will result in more affordable housing that is an absolute goal that I think we all share. But needed to mention that I -- that there is no ban on missing middle housing. >> Mayor Adler: Leslie, do you want to ask your question about the next meeting? >> Pool: Yeah. Thanks again to staff for coming in to talk to us. I am really sorry that we have had so little time to

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prepare for this meeting because budget was this week and we've been consumed with budget for the last six weeks. My staff and I had essentially I guess, I don't know, a day's worth of time to prepare and I'm not happy about that. I'm also really aware that the deadline, I guess, city manager, for all of this to come to us in draft form is, what, in three weeks? >> We're planning to release the draft on October 4th. >> Pool: So that's about three, maybe four weeks. I'm hearing a rising tide of concern in the community about the inability of them to have any input or to know what it is that we're doing. I'm going to pivot now to the next time we -- this happy band of warriors gets together. The week of September 23rd September 23rd, my staff and I have been working closely with watershed staff on the issues of impervious cover. And specifically in the

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transition Zones and elsewhere in my district. District 7 neighborhoods have a history of watershed flooding: We've got lots of issues in local area flooding and I want to make sure we're not exacerbating those existing flooding issues for our residents. The ability to tap into the national federal insurance program is high on their list. Some of my residents are unhappy that they have to get flood insurance, really unhappy about it. They recognize that they don't have a whole lot of say in that matter because of merely logical changes. On the other hand, they also recognize the work we are doing here can have

some lasting, exacerbating impacts on their properties. I spent significant time when we were talking in may in answer to your five questions to ensure that we discussed environmental impacts, flood mitigation, and just flooding generally.

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And the watersheds. I had to fight to keep this language in. It is in. And it was not diluted or weakened in any way at all. So I wanted to point everybody to page 2 of the document, the revision policy direction that we adopted on may 2nd. And just remind everybody about the significant impacts that this city has from flooding and our floodplain regulations. D on page 2, city manager says the city manager will report on how revisions to the land development code will likely affect existing environmental regulations, understanding the goal of the council is to preserve or increase our current level of environmental protections and sustainability with respect to flooding, water quality and usage and greenhouse gas emissions. That's not really in watershed protection nor is

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there quality. But that report I presume will be coming to us on September 23rd. I mean, I don't know when else it will come. Okay. So I just wanted to give staff an early notice that I would be looking for this information and to kind of work through it. I'm happy to meet. We will continue to meet with staff to make sure that we understand the specific impacts on district 7. I urge everybody who has these sorts of concerns to do the same. I would like to see maps that show areas where our horizontal infrastructure is aging and in need of repair with an indication of timelines for replacement. I know that the water department, our water utility is going to be looking at significant bonds in order to pay for the new pipes that are undersized, they're aging. My neighborhood had some of those repairs done about 10 years ago, I think, and it was pretty extensive and

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very expensive proposition. So we as a council need to know where the waste wastewater lines are aging and what the plans are to do a planned replacement and how that is all going to work. And also to prepare for what I understand will be significant bond needs for us to go to the voters to approve. I mean, if we have a different approach to it that would be great, but we need to start thinking about that. >> Mayor Adler: Jimmy? >> Flannigan: So I think we all -- we all didn't vote for the direction, but I think we all agree that everything in it is important and I don't know that we need to be reading it at each other like that, but we also said that we weren't going to increase impervious cover across the city and that was an important element that we all agree to in the direction. And these are the trade-offs.

And the trade-offs that we're choosing are we're going to protect environmental quality, we're going to protect and improve flooding wherever we can. And the trade-off for that

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is that we're going to see more housing and we're going to see areas where there's already development, where there's already impervious cover, see more of that development and I just want to make sure that we don't forget that because sometimes I hear people talk about flooding and then they don't then support the trade-off of that, which is increased height or increase entitlements in other areas. And that's an important part of this. And we all fought very hard for different parts of that document and nobody gets to take ownership of it. It's owned by the council. And I'm -- and to the extent that there is a rising tide of dissent, the biggest is housing cost and housing affordability. And I don't want to lose the narrative here that we are trying to build more housing in this community and we want to build it in a way that doesn't destroy our open spaces and our green field like some in the community have said all new development will go. I will never forget that coming out of bill bunch and

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S.O.S.' mouth to Kut that all new development should go in the green field and I don't think so either. >> Mayor Adler: Greg? >> Casar: I wear Kathie doesn't have to go, but I appreciate folks checking what I say. I think it's important for us to work together on this and to build each other up as we try to get there. And so I did not mean for the implication to -- to imply apply anything about any person here because everybody here is working very hard. I do want to express that clearly. I have some frustration about the state of things in the city and I'm going to try to make sure myself to make sure that when I state frustration that I'm stating it about the proper target. So I apologize for -- I wish they were here if I misread or said it wrong. At the same time I'm not going to stop talking about things that are facts.

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And I will say that there are according to the consultants about 6,000 at capacity of missing middle in the city if we build two-thirds it's about 2,000. There's a reason it's missing middle and I'm going to try my best to stick to the facts that I did not say was banned or virtually banned, but might as well be banned if you're talking about about a city of a million people. And it's a fact that our current program is underapproximate performing and I would say just not good. And that's what I was trying to say. I'm not trying to say any person is not good, but the combination of us as people I think can do better. >> Mayor Adler: I am I want to -- I think that Leslie's asking for -- to touch base on impervious cover and environmental ordinance I think would be a really helpful thing. My understanding is that the goal is to make sure that we not only don't make things worse, but we make things better, but that's a citywide

goal as opposed to the goal of on any particular lot. And I think if we were to discuss and you could demonstrate that that would actually further the

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conversation in the city. I think people don't know whether to look on any given lot and judge it or whether to look citywide and judge it. I think we were clear in the direction that we gave, but it might be good to elevate that issue. Anything else before we close? Can you close us up, manager. >> Thank you to the council and mayor for allowing this conversation to take place today. This is an important piece of how we are intending to ensure that as staff continues to move forward on your direction back in may, that if anything is a surprise on October 4th we're trying to highlight that ahead of time. You saw some of those rich discussions today. We'll have another one in a week and a half and we're going to do additional one on one's with you before that release is out. But this is an ongoing process and so we really thank you for your engagement with that. >> Mayor Adler: Thank you for the work. And now at 5:14 this meeting is adjourned.