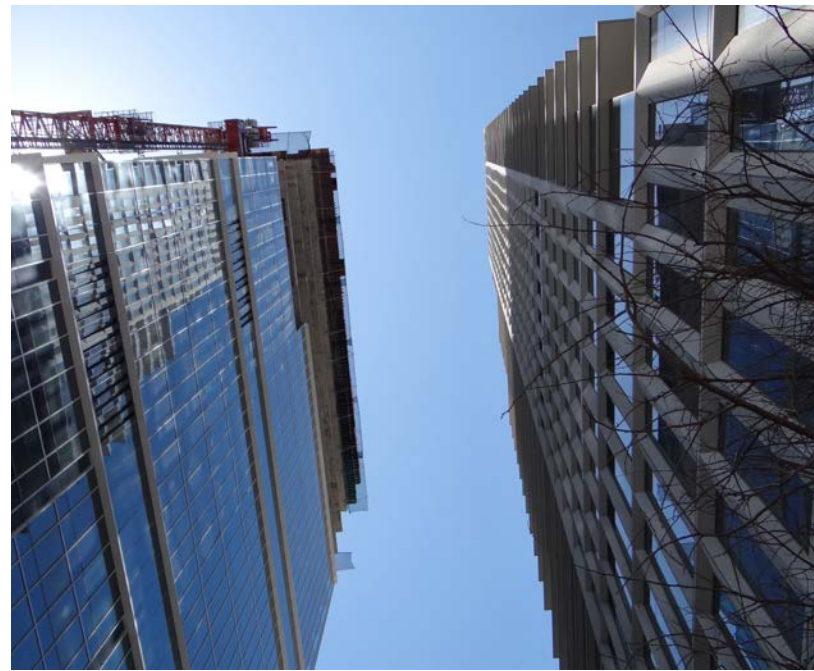
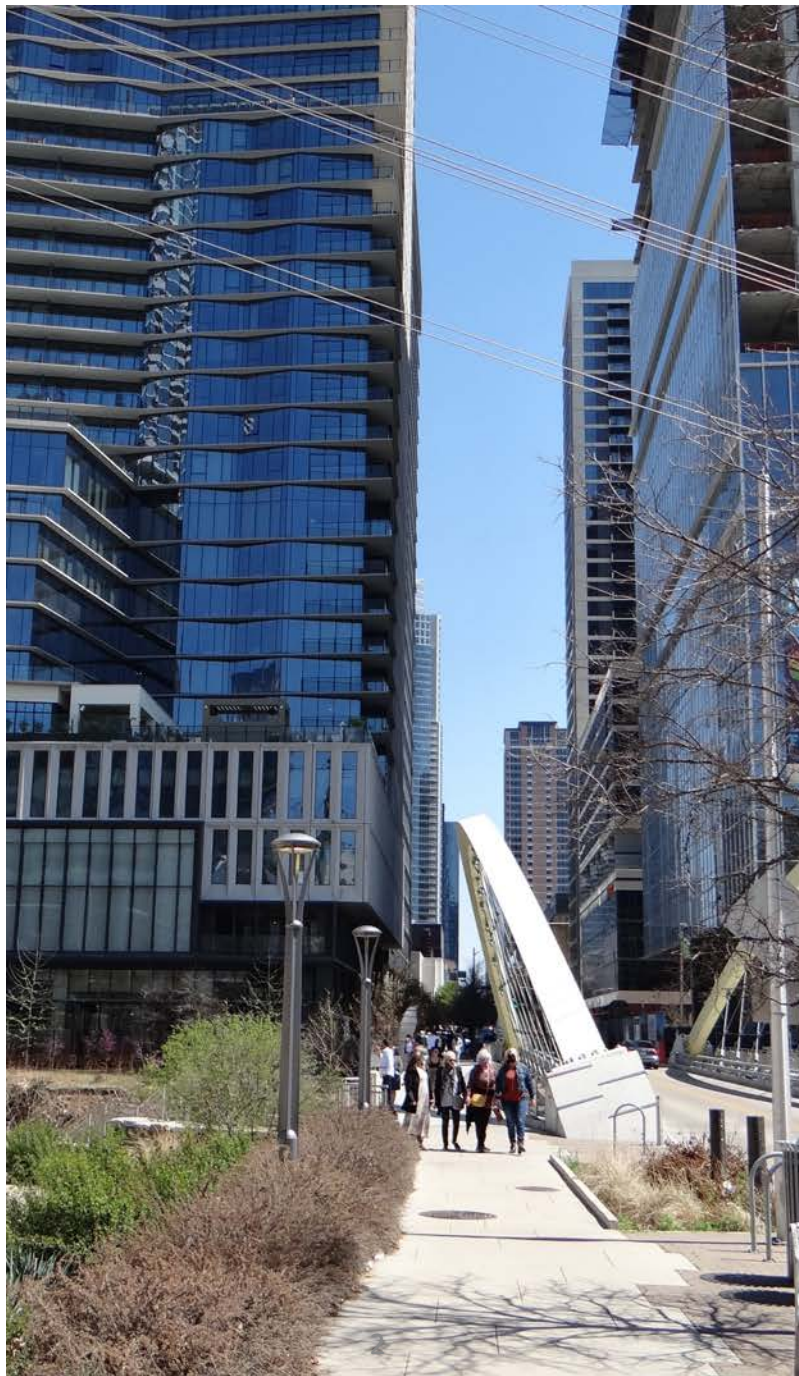


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# Downtown Density Bonus Program

Options to modify 25-2-586 (B)(6)

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# Council Direction

## Resolution No. 20210422-039

1. City Council initiates an amendment to City Code section 25-2-586 (Downtown Density Bonus Program) to amend subsection (B) (6).
2. The City Manager is directed to present a report on Floor to Area Ratio best practices.

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

City Council initiates an amendment to City Code section 25-2-586 (*Downtown Density Bonus Program*) to amend subsection (B) (6). Before deliberation on the code changes by the Planning Commission or City Council, the City Manager is directed to present a report on Floor to Area Ratio best practices.

# Best Practice Research

# Texas cities researched

Staff conducted research on eight major Texas cities for the purpose of comparing existing Programs or Zoning, which incentivized additional building density within the Central Business District or Downtown.

Research concluded that Austin is the only Texas City that has a Downtown Density Bonus Program and specifically, a pathway to achieve greater density beyond specified limits of FAR and height.



Map not to scale

# Texas cities researched

The City of Dallas has an Incentive Zoning Program that is the closest resemblance to Austin's DDBP.

Through this program additional density is granted in exchange for mixed income housing. These are specific to areas outside of downtown and main incentives offered are the removal of the FAR requirement and additional maximum unit density.



Map not to scale

# Options to address 25-2-586 (B)(6)

**Option 1**

Leave existing language  
(no changes)

**Option 2**

Eliminate Section (B)(6)

**Option 3**

Modify Section (B)(6)

# Options to address 25-2-586 (B)(6)

## Option 1

### No modifications to Section 25-2-586 (B)(6) based on new calibration

Based on revised development bonus fees as adopted under Ordinance No. 20210520-009, Staff could recommend no changes to Sub-section (B)(6). The amount of in-lieu fees expected under the revised in Exhibit A of the Ordinance include development types under Residential and Commercial properties zoned CBD will increase the amount of funds per square feet of bonused areas.

(Continued)



# Options to address 25-2-586 (B)(6) – (Continued)

## Option 1

No modifications to Section 25-2-586 (B)(6) based on new calibration

### Exhibit A

#### Downtown Density Bonus Affordable Housing In-Lieu Fee Table

Development Type	Downtown District	Development Bonus Fee (\$/Sq. Ft. Bonus Area)
Residential	Rainey Street District	\$5/ Sq. Ft. Bonus Area
Residential properties with CBD zoning	All Districts other than Rainey Street District	\$12/ Sq. Ft. Bonus Area
Residential properties with zoning other than CBD	All Districts other than Rainey Street District	\$10/ Sq. Ft. Bonus Area
Commercial properties with CBD zoning	All Districts	\$18/ Sq. Ft. Bonus Area
Commercial properties with zoning other than CBD	All Districts	\$12/ Sq. Ft. Bonus Area

Interim development bonus fees as adopted under Ordinance No. 20210520-009

# Options to address 25-2-586 (B)(6)

## Option 2

### **Complete removal of Section 25-2-586 (B)(6)**

Removal of this section would eliminate the ability for an applicant to request additional FAR beyond the administrative provisions of the Program. In certain areas of downtown, development potential would be limited to the base entitlements plus the voluntary participation in the administrative DDBP up to the entitlement limits of the DDBP Maps.

Removal will limit the potential for additional on-site affordable housing or contributions to in-lieu fees for permanent supportive housing currently available through the provisions of this section.

# Options to address 25-2-586 (B)(6)

## Option 3

### Modifications to Section 25-2-586 (B)(6)

Modification to subsection (B)(6) to include additional requirements to be met as a metric to determine additional provision of community benefits as follows:

1. Meet all administrative program requirements under 25-2-586 (C) [*Gatekeeper Requirements*];
2. Impose an increase of in-lieu fees beyond those listed in Exhibit A of Ordinance No. 20210520-009.
3. Impose additional community benefits to be achieved using those listed under 25-2-586 (E).

(Continued)

# Options to address 25-2-586 (B)(6) – (Continued)

## Option 3

### Modifications to Section 25-2-586 (B)(6)

4. Revise the “formulas” listed under Part 4-14 under Ordinance No. 20140227-054 to increase the amount of square footage necessary to gain bonus area beyond the program limits in Figure 2 of 25-2-586 (B);
5. Consider adding other specific community benefits with specified metrics as listed in Part 4-14 under Ordinance No. 20140227-054 and Remove 25-2-586 (E)(12) as an option for providing other community benefits.

# Staff Recommendation on 25-2-586 (B)(6)

## Option 1

### No modifications to Section 25-2-586 (B)(6) based on new calibration

Staff recommends no changes to Sub-section (B)(6). The amount of in-lieu fees expected under the revised in Exhibit A of the Ordinance include development types under Residential and Commercial properties zoned CBD will increase the amount of funds per square feet of bonused areas.



# **Downtown Density Bonus Program Fee Calibration**

# Resolution No 20210422-039

## Adopt Interim Fees

- Implement interim revisions to the in-lieu affordable housing fees for residential and non-residential development for the Downtown Density Bonus Program and Rainey Density Bonus Program
- Move revised fees to the City Fee Schedule so they can be updated more effectively

## Calibrate Fees

- Update the fee-in-lieu analysis provided by EcoNorthwest to reflect current market conditions and existing zones of the Downtown Density Bonus Program area

# Resolution No 20210422-039



The City Council directs the City Manager to post an item for action on May 20, 2021 that accomplishes the following:

- Implements interim revisions to the in-lieu affordable housing fees for residential development for the Downtown Density Bonus Program;
- Implements interim revisions to the in-lieu affordable housing fees for non-residential development for the Downtown Density Bonus Program and Rainey Density Bonus Programs; and
- Moves revised fees described above to the City Fee Schedule so they can be updated more effectively.



# Ordinance No. 20210520-009

Effective May 31, 2021, the FY20-21 Housing and Planning Department fee schedule is amended to include the following Downtown Density Bonus Program in-lieu fees:

<b>2021 Interim Fees</b> <i>(based on EcoNW calibration per LDC Revision)</i>			
<b>Development Type</b>	<b>Downtown District</b>	<b>Base Zoning</b>	<b>Development Bonus Fee</b> <i>(\$/sq ft bonus area)</i>
<b>Residential</b>	Rainey Street District	all zones	<b>\$5</b>
	All Districts other than Rainey	CBD	<b>\$12</b>
	All Districts other than Rainey	all zones other than CBD	<b>\$10</b>
<b>Commercial</b>	All Districts	CBD	<b>\$18</b>
	All Districts	all zones other than CBD	<b>\$12</b>

***Density bonus applications apply the fee in-lieu rate in effect at the time a site plan is submitted.***

*Site plans submitted before May 31, 2021 pay the fee rate applicable at the time of site plan submission.*

# Interim Fees

Based on LDC Revision calibrated fees for the Downtown Density Bonus Program:

- Calibrated using late 2019 market dynamics
- Based on new zones of the LDC Revision
- Calibrated to a site's base zoning not the downtown sub-district
- Tuned to specific requirements of proposed LDC Revision

## **LDC Revision Calibrated DDBP fees**

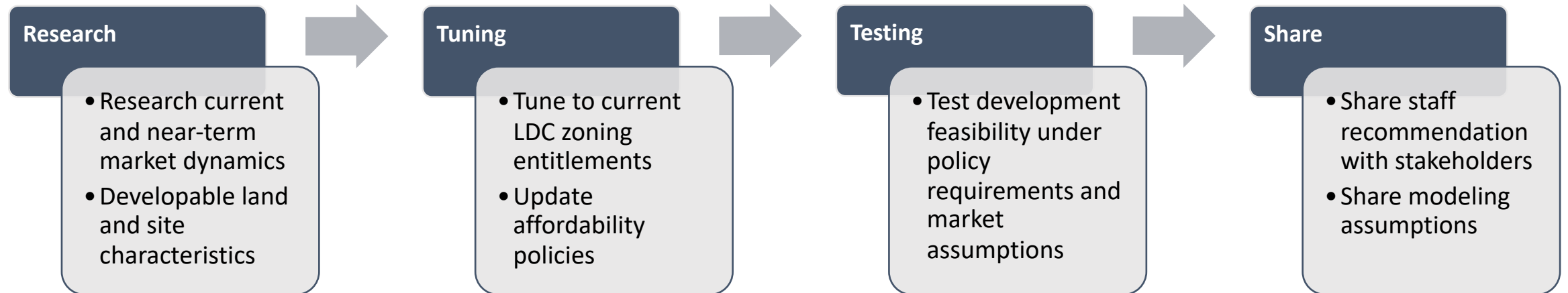
Zone or Subdistrict	Residential In-Lieu Fee per Square Foot of Bonus	Commercial In-Lieu Fee per Square Foot of Bonus
CC Zones	\$10	\$12
DC Zone	\$12	\$18
Rainey Subdistrict*	\$5*	\$12 for CC Zones \$18 for DC Zones

\*This district requires that a developer provide both on-site affordable units and pay a fee. These fees are calibrated such that they account for the additional set-aside requirement for affordable units.

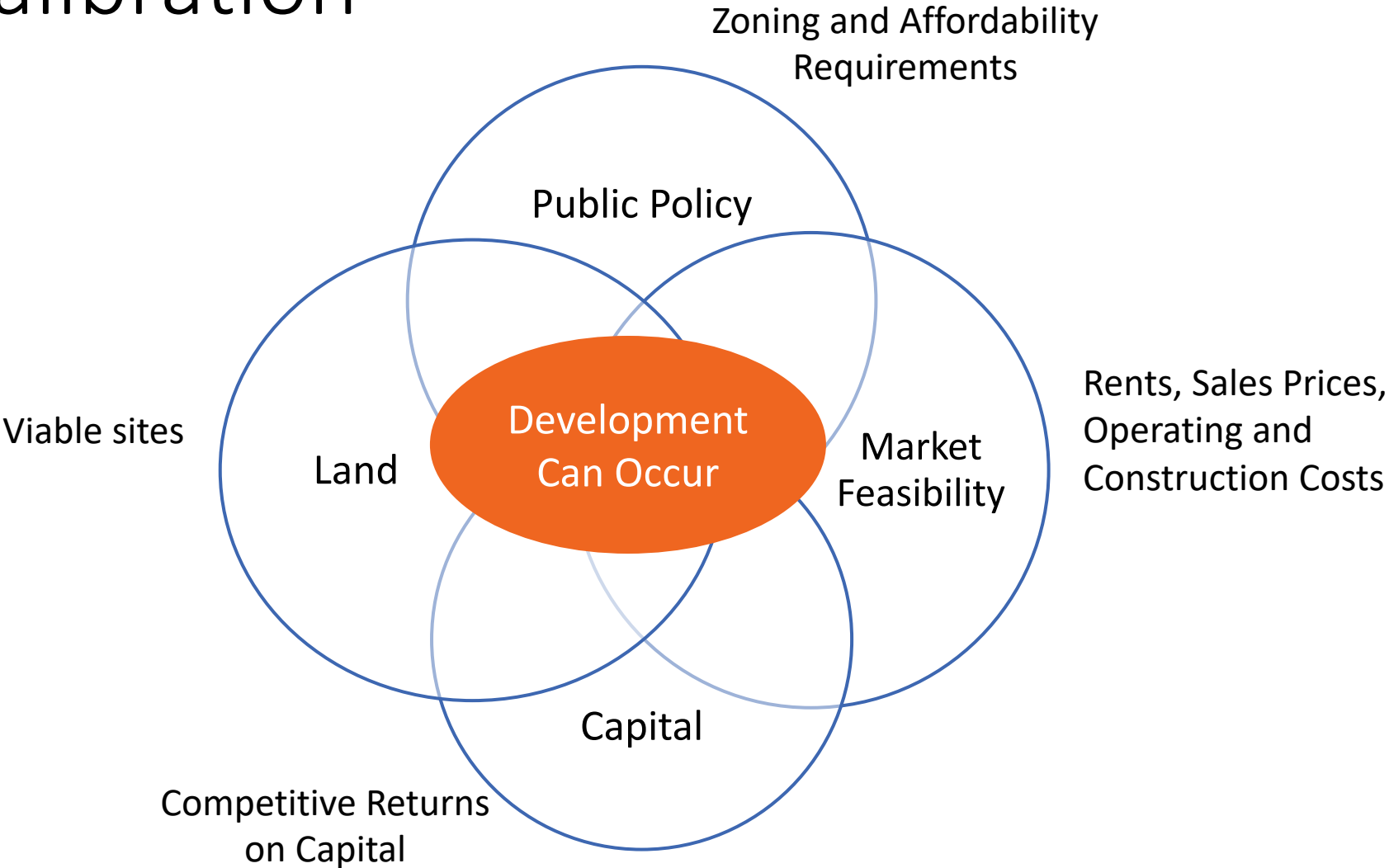
*[from January 28, 2020 memo from economic consultants, EcoNorthwest](#)*

# Fee Calibration

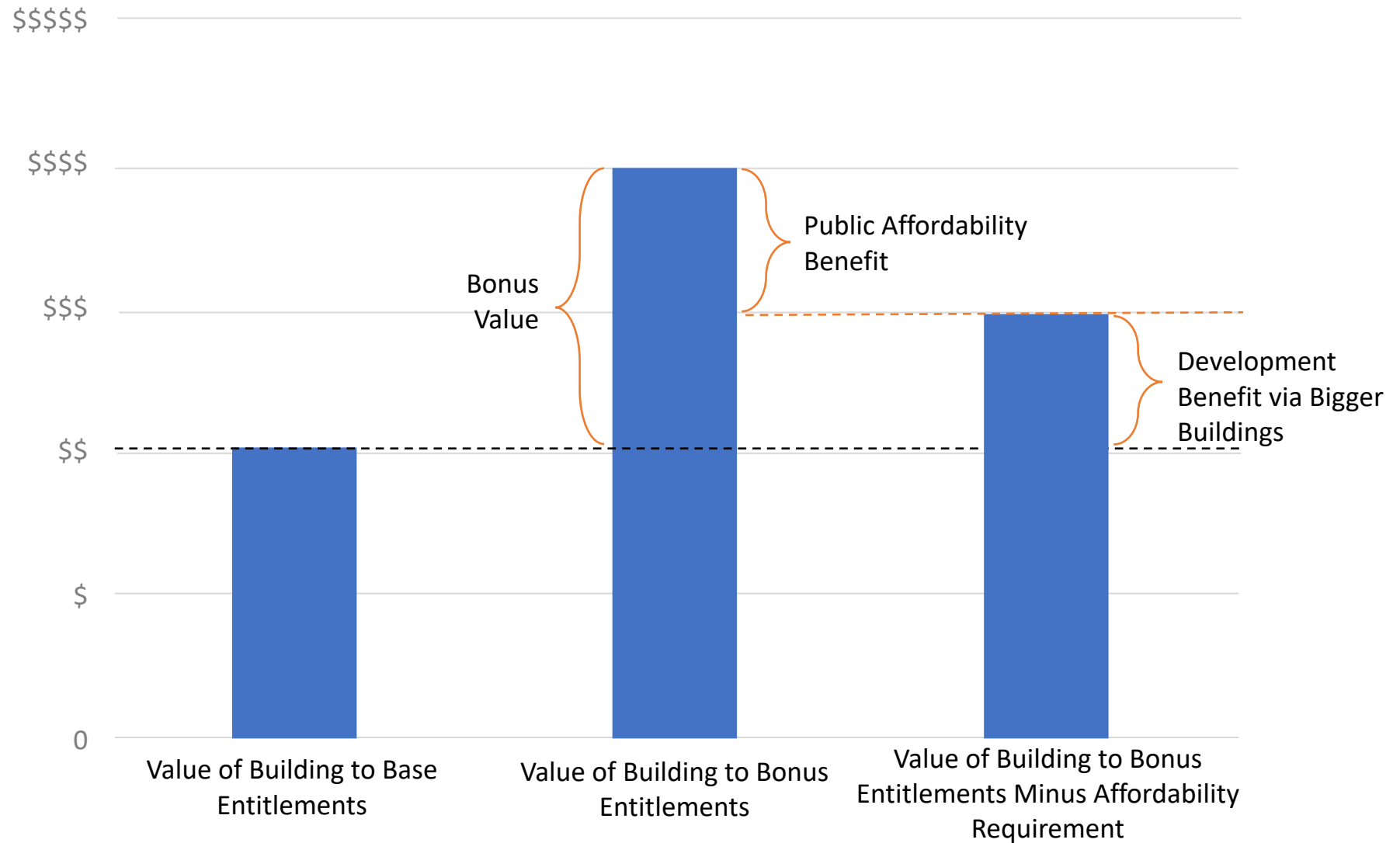
- **In Progress:** Update the fee-in-lieu analysis provided by EcoNorthwest to reflect current market conditions and existing zones of the Downtown Density Bonus Program area.



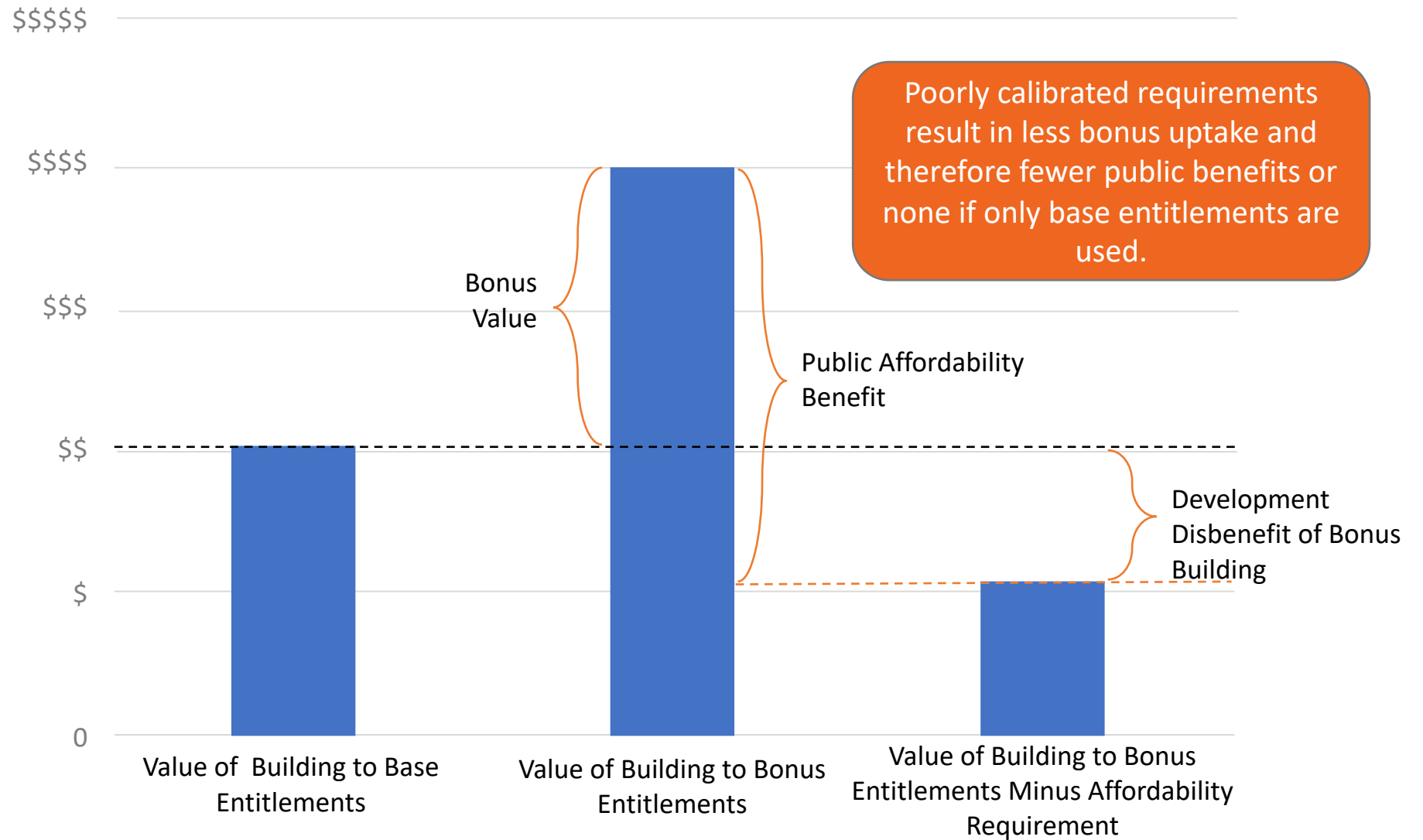
# Fee Calibration



# Fee Calibration – Density Bonus Basics

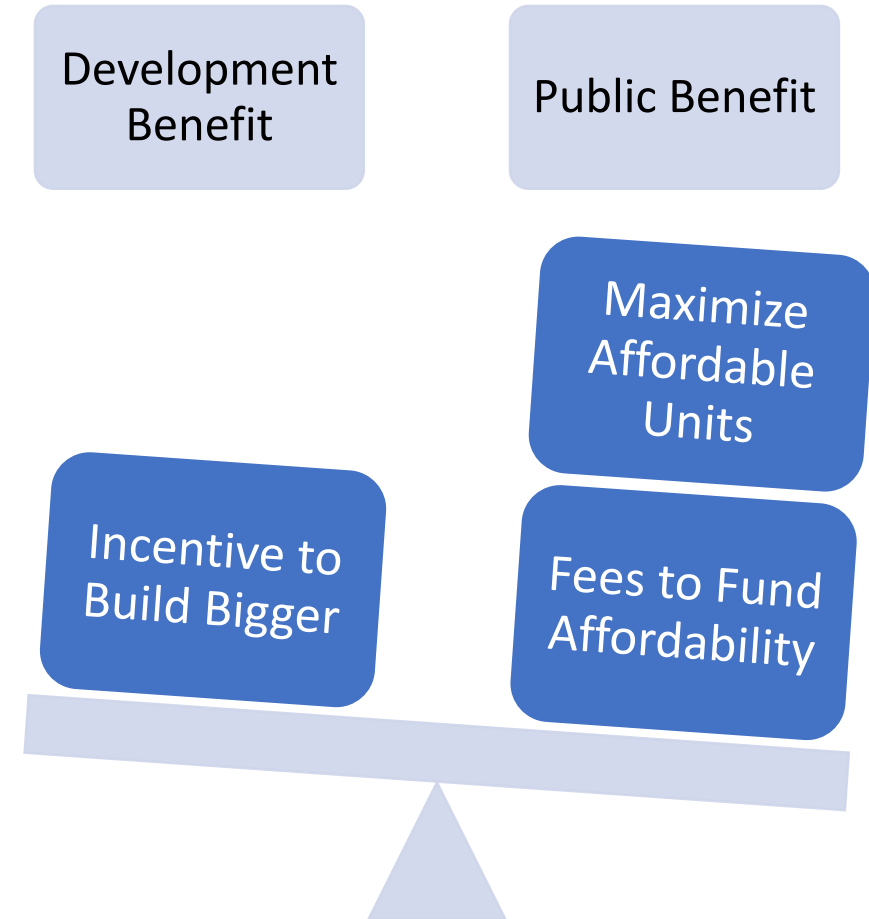


# Fee Calibration – Density Bonus Basics



# Fee Calibration

- Careful calibration to weigh development benefit and public benefit
- Without participation in the bonus, no bonus units – market-rate or affordable – will be constructed
- Careful calibration needed to maximize public benefit and achieve policy goals



# Next Steps

## **Late July or August**

- Staff will develop recommendation and share market and policy assumptions with stakeholders
- Staff will brief appropriate Boards and Commissions and other stakeholders about proposed fees

## **Late August or September**

- Council will consider update to fee schedule to reflect calibrated Downtown Density Bonus Program in-lieu fees