

**DESIGN COMMISSION  
RECOMMENDATION 20210805-1A**

August 06, 2021

Honorable Mayor Adler  
Honorable City Council Members  
City Manager Spencer Cronk

**Re: Downtown Density Bonus Program**

Dear Mayor and City Council Members,

Given that the Design Commission is the Gatekeeper of the Downtown Density Bonus Program (DDBP), we believe our input is valuable to the work that is currently underway to revise the fees for this program. To this end, we have attached two resolutions recently passed by the Design Commission related to this work.

The first resolution speaks to how the fees-in-lieu should be spent, while the second resolution is more comprehensive and recommends additional changes to the structure of the DDBP.

As the Design Commission reviews all of the DDBP projects, we believe we have a great understanding of the program's successes and failures and it is in this vein that we offer our resolutions to improve the program for your consideration so that it may provide more benefit to our community.

Sincerely,



David Carroll  
Chair  
City of Austin Design Commission

**RESOLUTION ON HOW DOWNTOWN DENSITY BONUS FEES-IN-LIEU SHOULD BE USED**

WHEREAS, currently all Downtown Density Bonus Program fee-in-lieu funds collected by the City are spent solely for the Housing Voucher Program; and

WHEREAS, Housing Vouchers are an important component to affordable housing, but they do not help add any affordable housing units; and

WHEREAS, the Austin Strategic Housing Blueprint calls for the creation of 60,000 affordable housing units throughout the city; and

WHEREAS, the new Downtown Density Bonus fee-in-lieu structure will result in more fees than are currently being collected; NOW, THEREFORE,

BE IT RESOLVED BY THE DESIGN COMMISSION OF THE CITY OF AUSTIN:

In order to meet the City's stated affordable housing goals, we recommend that Council direct the City Manager to allocate Downtown Density Bonus fees-in-lieu to be used for building affordable housing units in Austin. The Housing Voucher Program could continue to receive the same amount of funding that it does today, but the additional fees being collected from the new fee structure should be earmarked for projects that will generate affordable housing units.

BE IT FURTHER RESOLVED:

Examples of how this could be accomplished are: distributing these funds to the Austin Economic Development Corporation to help achieve their affordable housing development goals; and distributing to the Austin Housing Finance Corporation to award more funding to affordable housing developers for the construction of affordable housing in Austin.

BE IT FURTHER RESOLVED:

The apportionment of the Downtown Density Bonus fees collected should be re-evaluated on a regular basis so that the City is effectively using these funds to meet our affordability goals.

VOTE: 7-0-1

ADOPTED: 08/05/21

ATTEST:   
David Carroll  
Chair, Design Commission

## RESOLUTION FOR A TIERED DOWNTOWN DENSITY BONUS PROGRAM

WHEREAS, currently, if a project stays below the density bonus program's district FAR cap, it needs approval from city staff and support from the Design Commission; and

WHEREAS, if a project exceeds a district's FAR cap, it requires an additional step of needing council approval; and

WHEREAS, exceeding the FAR cap does not require any additional requirements other than applying the same fee-in-lieu formula that was used when under the cap; and

WHEREAS this additional administrative step in the process is discretionary, unpredictable, and does not result in any additional community benefit; and

WHEREAS in the Rainey Street district, a tiered approach is used to require on site affordable housing in the first tier and on-site community benefits or a fee-in-lieu in the second tier; NOW, THEREFORE,

BE IT RESOLVED BY THE DESIGN COMMISSION OF THE CITY OF AUSTIN:

We recommend that Council direct the City Manager to modify the Downtown Density Bonus Program to eliminate the existing district FAR caps and use a tiered approach across all of downtown, such that if a project moves to a higher tier, additional community benefits are required. An example of how this might look is described below and illustrated in Figure 1.

### TIER 1:

- For floor area exceeding the Base Zoning FAR, community benefits should be required on site, as listed in LDC 25-2-586 (E), and/or
- For floor area exceeding Base Zoning FAR, a fee-in-lieu is collected

### TIER 2:

- For floor area exceeding TIER 1 FAR, *additional* community benefits should be required on site; and/or
- For floor area exceeding TIER 1 FAR, a fee-in-lieu is collected; and/or
- All above grade parking should counts towards FAR (assuming lower parking ratios should be more viable with increased density)
- There is no FAR limit in this tier

Fees-in-lieu for both tiers should be calibrated independently so that they each have a unique fee that reflects the requirements of that tier and encourages participation in both.

BE IT FURTHER RESOLVED:

The intent of these recommendations is to increase participation in the density bonus program; to increase community benefit; to calibrate requirements that are proportional and relevant to the scale projects; to provide more predictability and flexibility for projects; to decrease the discretionary and administrative steps that projects go through; and to support smaller infill developers by decreasing the burden on lower-FAR projects.

BE IT FURTHER RESOLVED:

The Design Commission believes that additional density and supply of housing downtown is a community benefit in and of itself due to the need for housing and critical mass to support the viability of public transit, and staff should endeavor to calibrate the requirements of each of these tiers in a rigorous and careful manner so as not to discourage increased development downtown.

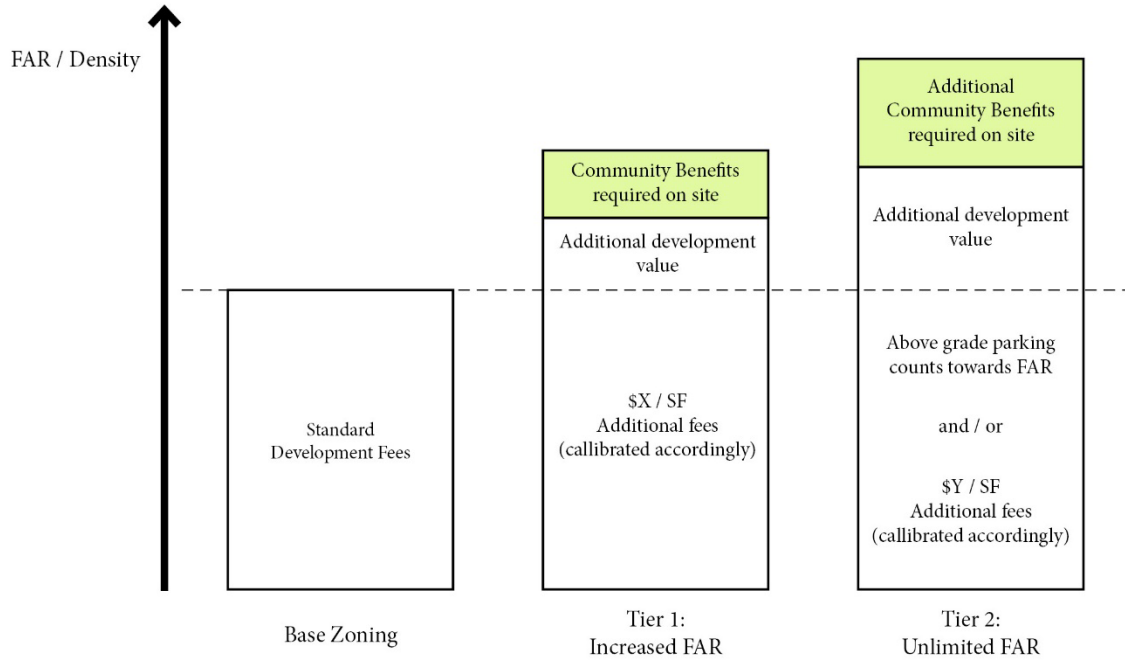


Figure 1- Tiered Approach

VOTE: 7-0-1

ADOPTED: 08/05/21

ATTEST: David Carroll  
David Carroll  
Chair, Design Commission