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RESOLUTION NO.

WHEREAS, in 2020, Council approved Resolution No. 20200409-080, directing the City Manager to:

- explore eligible funding sources for low-interest loans and devise program and income eligibility guidelines for Council consideration;
- explore partnerships with Community Powered Workshop and other organizations that could develop a menu of pre-approved Accessory Dwelling Units (ADU) models as part of a streamlined permitting process;
- explore the viability of a tax abatement or grants for property owners who construct income-restricted ADUs to offset increases in property valuations; and
- initiate conversations with local taxing authorities to explore the potential to minimize property taxes for property owners who construct income-restricted ADUs; and

WHEREAS, staff's June 2021 memo in response to Resolution No. 20200409-080 recommended, among other initiatives, allocating sufficient staff time and resources from all relevant departments to:

- Engage with low- and moderate-income homeowners and renters as well as design professionals to develop criteria and priorities for ADU designs;
- Issue a public call for ADU plans from local design professionals or organizations;
- Review and approve qualifying plan submissions;
- Partner with selected design professionals or organizations to establish pre-approved ADU plan guidelines and processes; and
- Use affirmative marketing to inform eligible homeowners facing displacement pressures of the ADU building plan options;

WHEREAS, the staff memo also found that low- and moderate-income households identified potential property tax increases as the top concern; and

40 **WHEREAS**, in response, city staff recommended that the City Council
41 develop a new Chapter 380 policy and/or program to provide a tax incentive for
42 the construction or preservation of income-restricted housing, including ADUs;

43 **NOW, THEREFORE,**

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

45 The City Manager is directed to estimate the amount of staff time and
46 resources that would be required to create a menu of pre-approved building plans
47 for detached ADUs, as described in the June 2021 staff memo. The City Manager
48 is directed to report back to Council via memorandum no later than February 1,
49 2022.

50 **BE IT FURTHER RESOLVED:**

51 The City Manager is directed to propose a new Chapter 380 policy and/or
52 program focused on affordable housing development and preservation that includes
53 income-restricted ADUs. The City Manager is directed to conduct stakeholder
54 feedback among ADU and affordable housing developers and to recommend
55 guidelines for eligibility and the application evaluation process. The City Manager
56 shall present Council this work no later than April 1, 2022.

57 **BE IT FURTHER RESOLVED:**

58 City Council initiates an amendment to City Code that would permit an
59 internal or external ADU in Single Family 1 and Single Family 2 residential zones
60 (zoning categories where ADUs are not currently allowed) with the **substantial***
61 preservation of an existing single-family dwelling of any age as long as the
62 principal dwelling and the ADU remain within the allowed watershed impervious
63 cover and FAR limits.

64 *The preservation requirement must be substantially more meaningful than those
65 provisions included within previously proposed Land Development Code rewrite.
66 In the course of constructing this amendment, the City Manager shall also do the
67 following:

- 68 1. consider options for scaling the size of ADUs based on lot size, and
69 review examples including in Hawaii, Seattle, and Santa Barbara;
70
71 2. propose regulations designed to restrict use of ADUs as short-term
72 rentals in these expanded areas;
73
74 3. consider expedited permitting, fee waivers, and other incentives for
75 property owners who construct income-restricted ADUs; and
76

77 **BE IT FURTHER RESOLVED:**

78 The City Manager shall review case studies from Chicago and other relevant
79 information and evaluate whether the above provisions should be applied to Single
80 Family 3 and other residential zoning categories.

81 **BE IT FURTHER RESOLVED:**

82 City Council initiates a code amendment to remove the prohibition in City
83 Code against including converted garage space within an ADU.

84 **BE IT FURTHER RESOLVED:**

85 The City Manager returns to Council with options for a streamlined
86 definition of “Accessory Dwelling” that eliminates distinctions among different
87 types identified in the code and would thus remove requirements related to age,
88 ability, occupation, or family status. This work shall be completed no later than
89 February 1, 2022. The City Manager shall also provide information about how
90 different amendment options would impact the maximum number of units that
91 could be constructed on Single Family 3-zoned properties.

92 **BE IT FURTHER RESOLVED:**

93 The City Manager shall engage Neighborhood Planning Areas or
94 Neighborhood Conservation Combining Districts (NCCD) where ADUs are not
95 currently allowed in considering amendments that would enable broader
96 opportunities for this housing type.

97 **BE IT FURTHER RESOLVED:**

98 The City Manager shall engage financing entities to encourage the
99 development of third-party loans for qualifying applicants. The City Manager shall
100 report back on initial progress no later than March 1, 2022.
101

102 **ADOPTED:** _____, 2021 **ATTEST:** _____
103
104

Myrna Rios
Interim City Clerk

DRAFT