

ORDINANCE AMENDMENT REVIEW SHEET

Amendment: C20-2021-012 Residential in Commercial

Description: Consider an amendment to Title 25 of the City Code to create an affordable housing bonus program and allow residential development on commercially-zoned properties.

Proposed Language: See attached draft ordinance and background information.

Summary of proposed code amendment

- The proposed amendment will create an affordable housing bonus program to allow commercially-zoned properties with no existing residential entitlements to develop projects with residential units in return for on-site affordable units.
- Eligible projects:
 - Must provide on-site affordable units
 - Cannot exceed base zoning height or impervious cover
 - Must generally comply with the standards of a mixed-use (MU) combining district

Background: Initiated by City Council Resolution 20211209-056.

In December 2021, City Council issued a resolution that directed staff to create a bonus program that would allow commercially zoned properties with no existing residential entitlement to develop residential units in return for providing on-site affordable units.

Staff Recommendation: Recommend with modifications

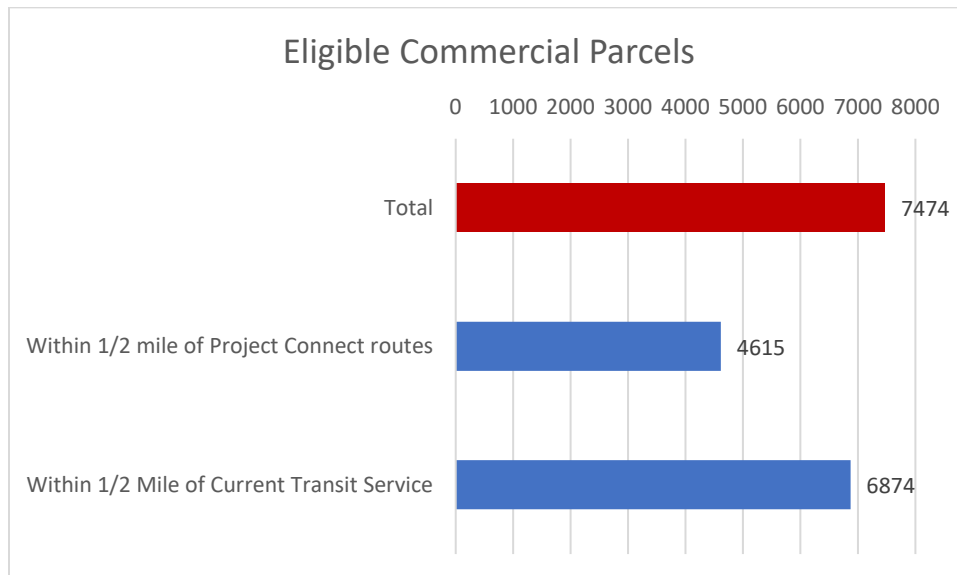
As drafted, the proposed amendments to the Land Development Code would apply to 7,474 commercially zoned properties, including all properties zoned Commercial Liquor Sales (CS-1), General Commercial Services (CS), Community Commercial (GR), Neighborhood Commercial (LR), General Office (GO), and Limited Office (LO). A significant majority of these properties are located along existing transit corridors and Project Connect transit corridors, and approximately 37% of these properties are located within displacement risk areas. (See charts below for more detailed analysis.) The draft code amendments include provisions for the preservation of existing residential development as well as creative spaces. The draft code amendments would support implementation of multiple City policy goals, including goals related to transit-supportive land uses, housing production goals of the Austin Strategic Housing Blueprint, and goals related to preservation of existing affordable housing. Based on the geographic analysis, the recommended code amendments do not appear to have a disproportionate impact on racial equity or displacement risk areas.

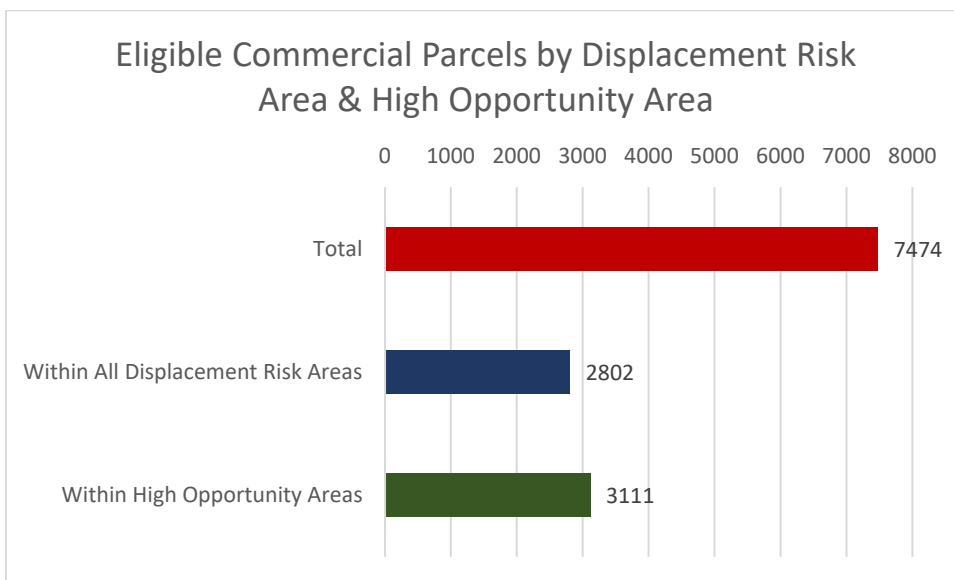
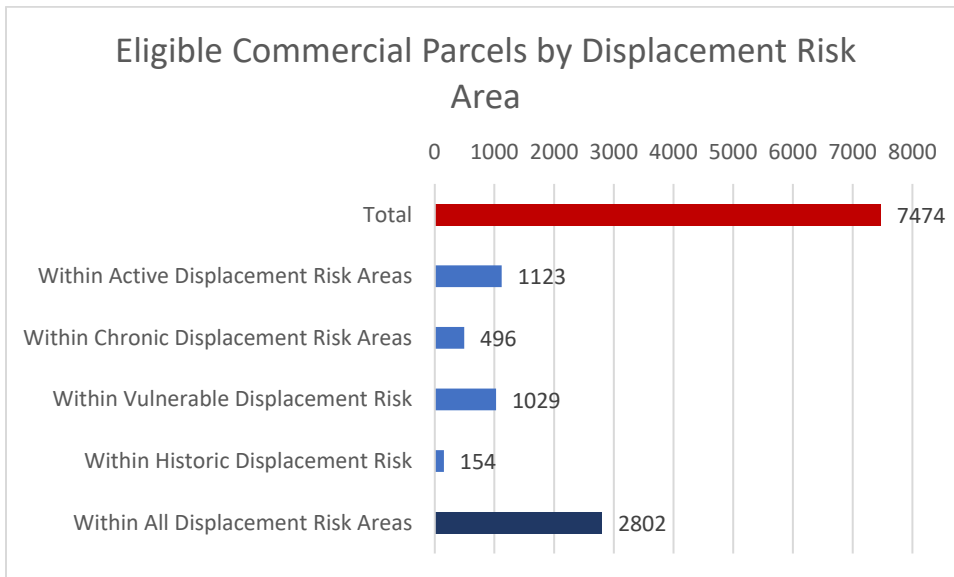
Property owners currently have other options for developing residential units on commercially-zoned properties, including providing affordable housing that meets the deep affordability targets of the Affordability Unlocked Program and requesting a zone change through the conventional zone change request process.

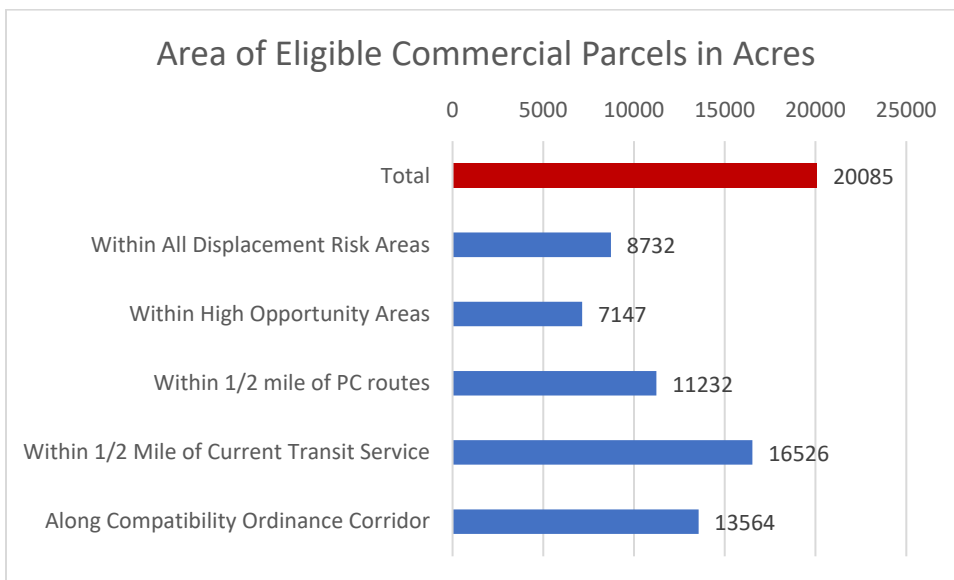
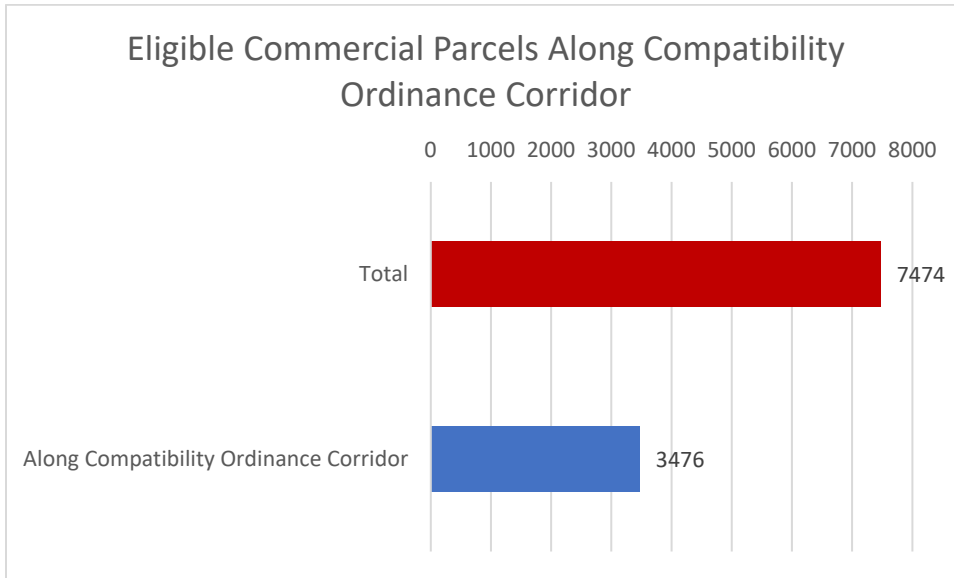
HPD staff generally supports providing additional flexibility to develop residential projects in commercial zones as described in the draft code language, but has identified several potential areas of concern:

- Compatibility of Uses.** The current proposal includes General Commercial Services and Commercial-Liquor Sales (CS and CS-1) districts, which allow for development of fairly intense commercial/light industrial uses, including vehicle storage, custom manufacturing, and limited warehousing and distribution, and many areas where these zones apply today may not be compatible with residential uses. In addition, 1,809 of the parcels eligible under the draft code amendments are along “Level 5” Regional Highways. Studies have shown that due to the increased particulates associated with freight vehicles, highways have a detrimental impact on respiratory health for people who live near them, and HPD staff generally do not recommend incentivizing additional housing development along such highways. **Recommended Modification:** Modify code amendments to not apply within 500 feet of Level 5 Regional Highways and examine ways to exclude residential uses from locating near certain CS and CS-1 uses. (Note: This option would have a substantive impact on the recommended structure of the proposed code language and approval process.)

Summary of Geographic Analysis:







Board and Commission Actions

October 19, 2022: To be reviewed by the Codes and Ordinances Joint Committee.

October 25, 2022: A public hearing will be held by Planning Commission.

Council Action

November 30, 2022: A public hearing has been scheduled.

Ordinance Number: NA

City Staff: Greg Dutton **Phone:** (512) 974-3509 **Email:** greg.dutton@austintexas.gov