



**HOUSING &
PLANNING**

Vertical Mixed-Use (VMU) Update

December 6, 2022

Zoning and Platting Commission

Overview



- VMU Background
- VMU Participation Data
- VMU-2 Amendments
- Questions



Vertical Mixed-Use (VMU)

- Austin needs 135,000 new housing units by 2025 to keep pace with population growth
- The market is not providing adequate housing for low-income and moderate-income people
- Affordable housing is not equitably distributed throughout the city
- **The cost to close the gap in low-income housing in Austin was estimated at over \$11 billion in 2017**

AUSTIN STRATEGIC HOUSING BLUEPRINT



www.austintexas.gov/housingplan



Vertical Mixed-Use (VMU)

VMU is a *voluntary* density bonus program designed to generate community benefits through the use of development incentives.

- Adopted in 2010
 - Included a one-time opt-in/opt-out process for neighborhood associations or neighborhood planning teams
- Applicable along 2010 “core transit corridors”
 - Connects housing and services to transit
 - May also include other roadways based on original neighborhood opt-in process
- Offers development incentives in exchange for community benefits
 - Improves flexibility for site development
 - Creates enhanced pedestrian environment
 - Regulates affordability
 - Support sustainable development patterns

Development Incentive

Site Development Flexibility

Reduced Parking Requirement

No FAR restrictions

Additional Allowable Uses

Community Benefit

Regulated Affordability

Heightened design standards

Mix of land uses

Active ground floor use



Our Toolkit

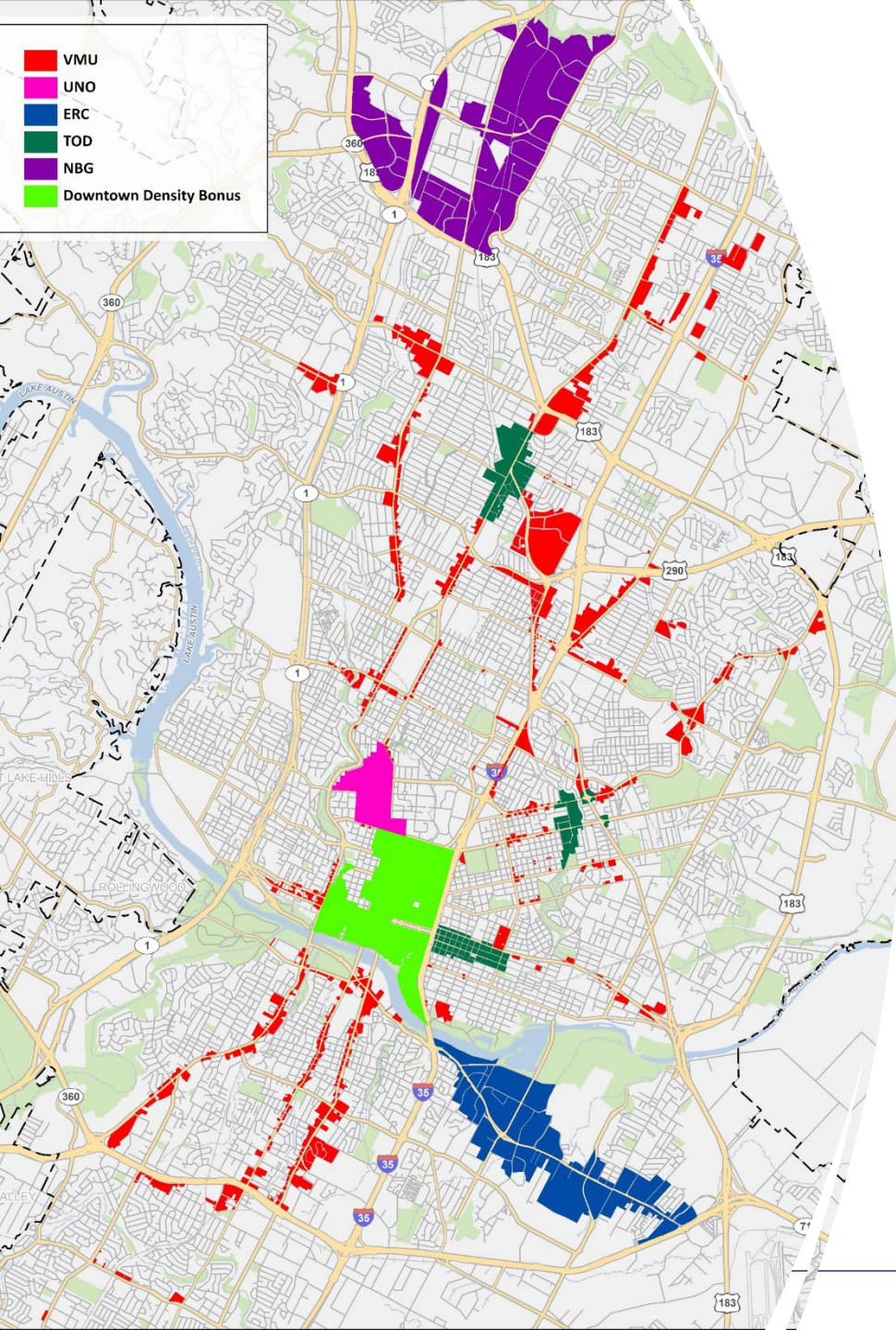
- Subsidize Affordable Housing
 - Local Funding
 - Federal Funding
- Incentivize (Affordable) Housing
 - Density Bonus
 - Fee Waivers
 - Regulations

HOLISTIC APPROACH TO AFFORDABLE HOUSING



- Acquire and rehabilitate affordable homes at-risk
- Advance new home ownership models
- Create supportive financing environment

- Simplify regulations
- Use available public land for affordable housing
- Expand funding at all levels
- Adopt proven policies



Current Density Bonus Programs

Citywide:

SMART Housing
Affordability Unlocked

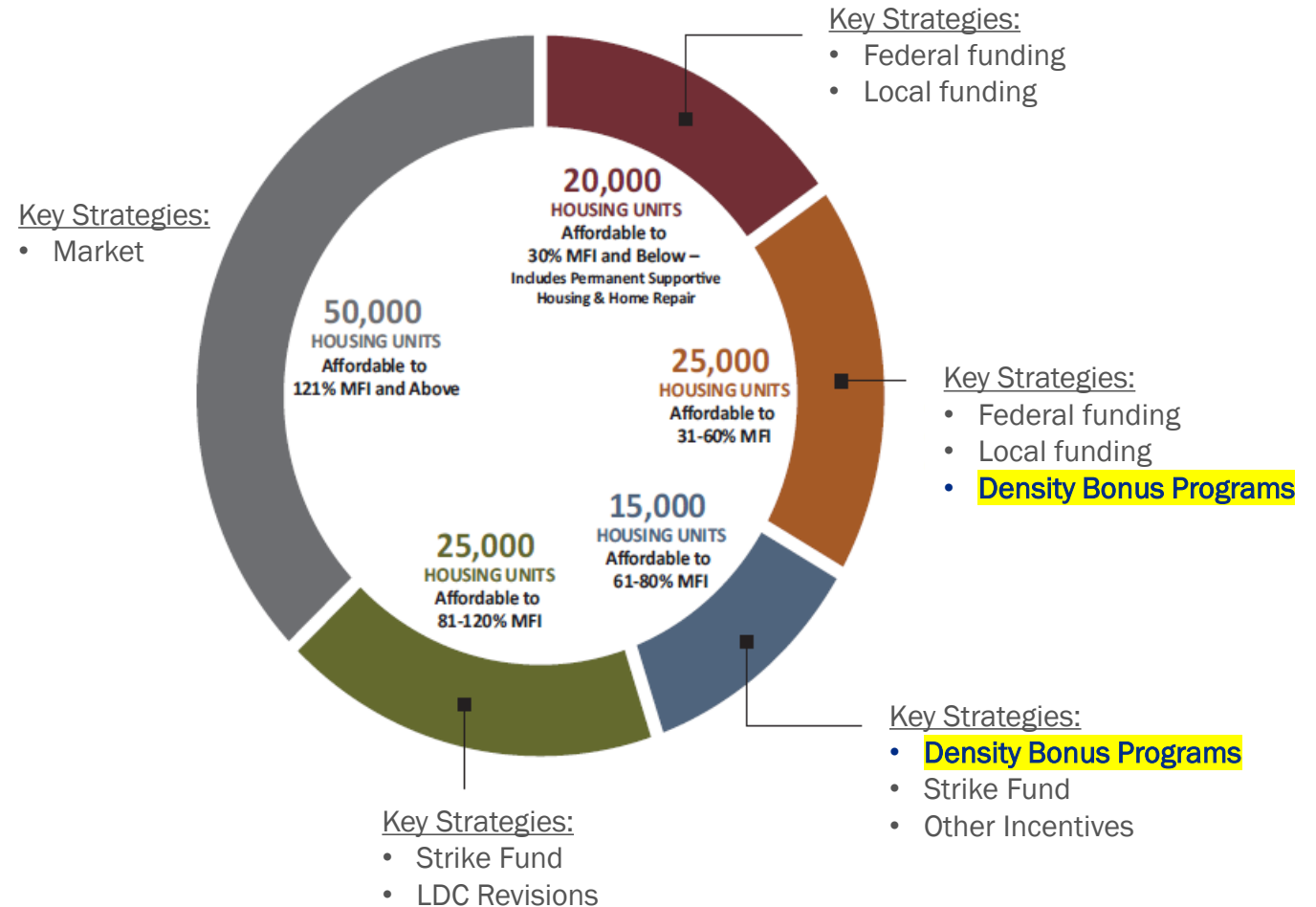
Geographically Specific:

- Downtown (+ Rainey) Density Bonus
- East Riverside Corridor Regulating Plan
- North Burnet Gateway Regulating Plan
- Transit Oriented Development Regulating Plans
 - Plaza Saltillo, MLK, North Lamar/Airport
- University Neighborhood Overlay
- Vertical Mixed-Use (VMU)
- Planned Unit Developments (PUD)



135,000 Units in 10 Years

Austin's 10-Year Affordable Housing Goals

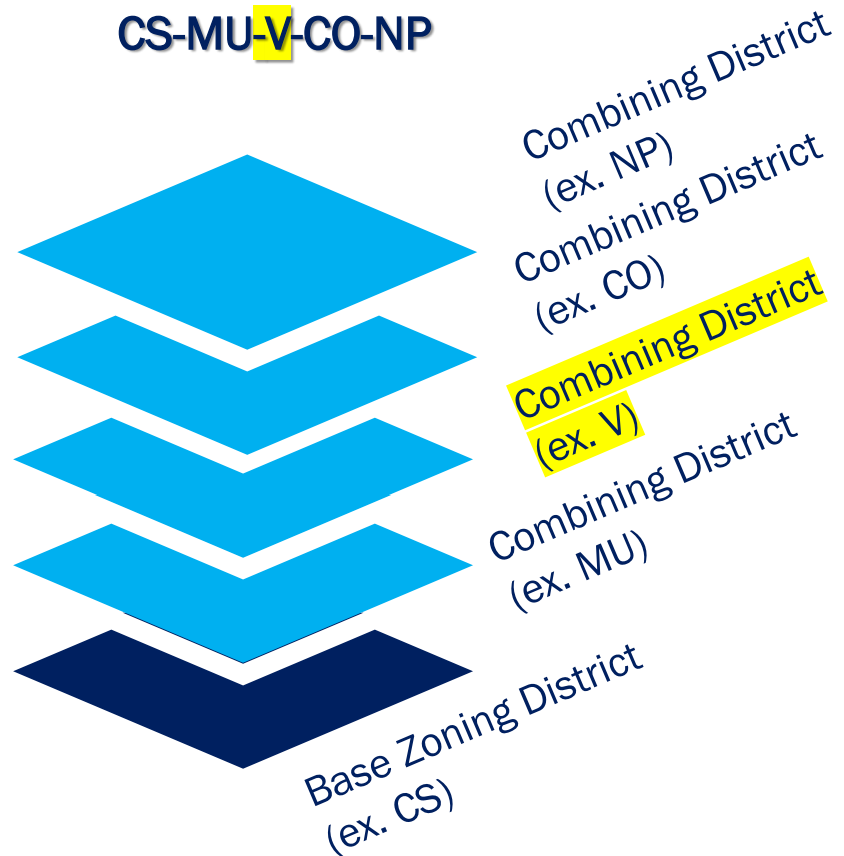




VMU Combining District

Example Zoning String:

CS-MU-V-CO-NP



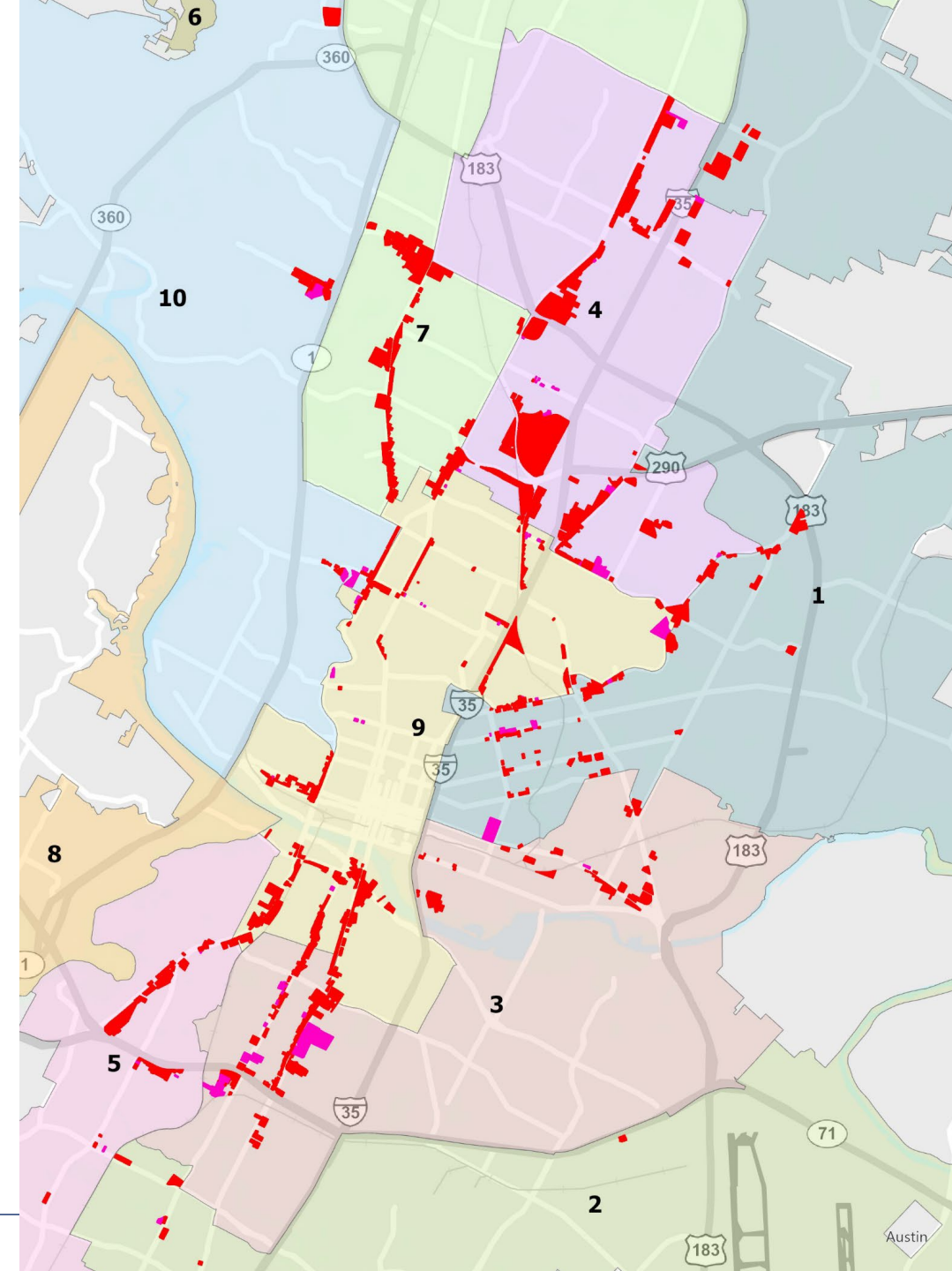
VMU-Zoned Sites

| Base Zones | Description | Max Height | Impervious Cover | % of Sites |
|------------|-------------------------|------------|------------------|------------|
| CS | commercial services | 60ft | 95% | 67% |
| GR | community commercial | 60ft | 90% | 18% |
| LO | limited office | 40ft | 70% | 5% |
| LR | neighborhood commercial | 40ft | 80% | 5% |
| GO | general office | 60ft | 80% | 3% |
| NO | neighborhood office | 35ft | 60% | 1% |



Dispersion of VMU Zoning

| VMU Zoning | |
|---------------------|---------------------|
| Total Sites with -V | Total Acres with -V |
| ~ 818 | ~ 1,900 |





VMU Site Development Standards

- Same as base zoning
- Compatibility standards supersede

Building Height



- Same as base zoning

Impervious Cover



- No minimum front or side setbacks
- Compatibility standards supersede

Reduced Setbacks



- Height and Impervious Cover still provide site controls

No Floor to Area Ratio (FAR) limit



- Up to a 60% reduction in the minimum number of required parking spaces

Reduced Parking Requirement



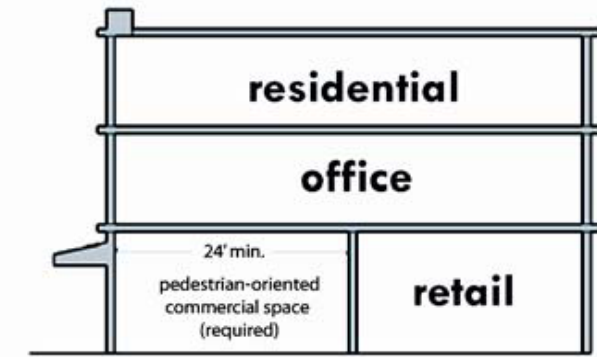
- Allows residential uses in commercial and office zones
- Allows additional commercial uses in office zones

Broader Range of Allowed Uses



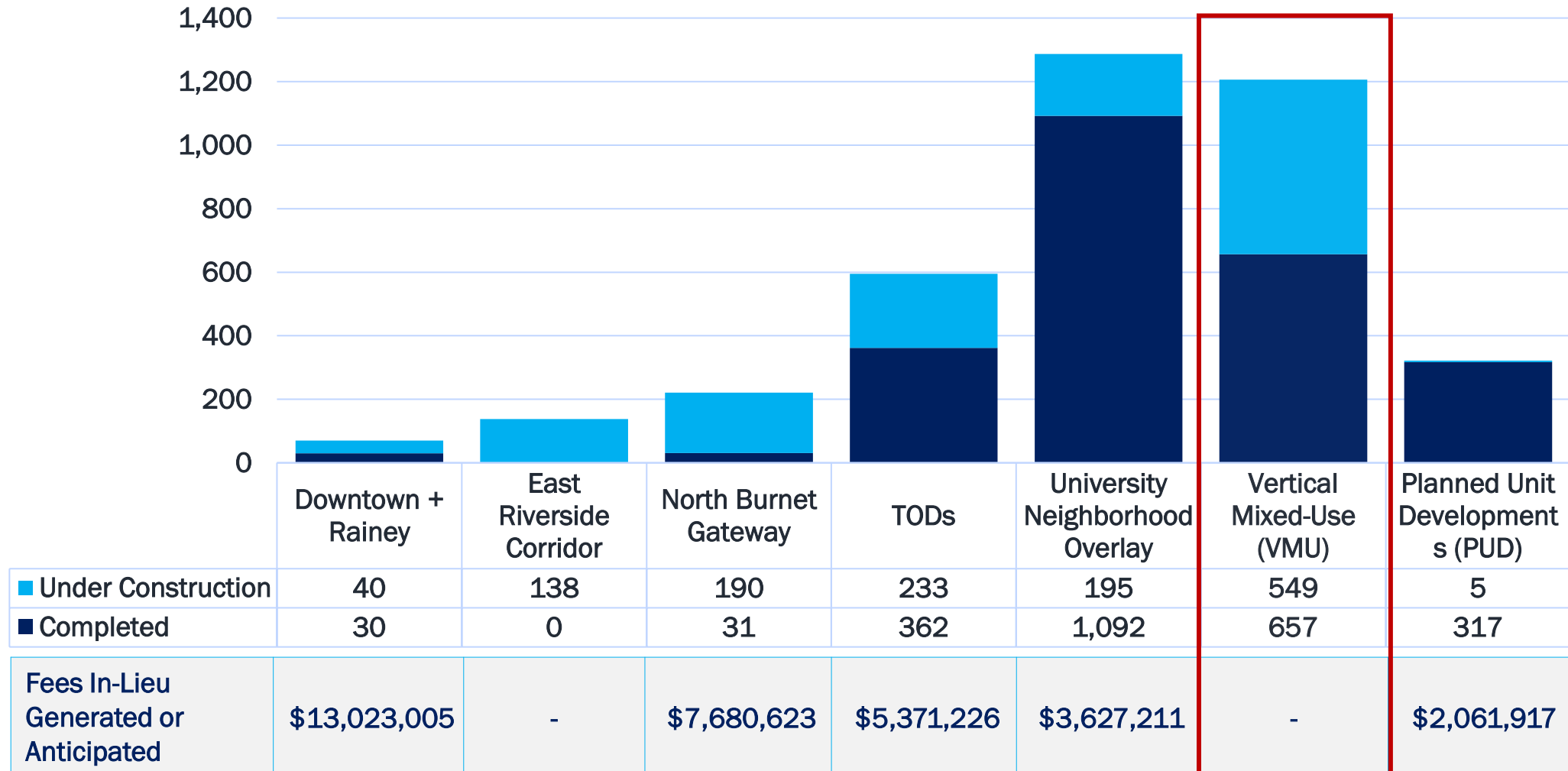
- Pedestrian-Oriented Commercial space requirement on first floor
- Minimum of one floor of residential use required

Mix of Uses Required





Affordable Housing Created by Density Bonus Program Participation





Vertical Mixed-Use (VMU) Program Participation

| | In Planning | Under Construction | Completed | Possible Combined Impact |
|--|-------------|--------------------|-----------|--------------------------|
| VMU Projects | 25 | 11 | 37 | 73 |
| VMU Housing Units | 6,345 | 2,563 | 6,793 | 15,701 |
| Income-Restricted Affordable Housing Units | 641 | 549 | 657 | 1,868 |
| Tenure of VMU Housing Units | | | | |
| Rental | 100% | 98% | 95% | 97% |
| Ownership | 0% | 2% | 5% | 3% |

data source: [Affordable Housing Inventory](#) (accessed 4/18/22)



Previous VMU Requirements: VMU1 Buildings

| <u>Rental Developments</u> <i>40-year affordability period</i> | <u>For-Sale Developments</u> <i>99-year affordability period</i> |
|---|---|
| <p>10% set-aside affordable to households earning not more than 60% Median Family Income Or 80% Median Family Income <i>(Varies by neighborhood)</i></p> | <p>10% set-aside affordable to households earning not more than 80% Median Family Income and 100% Median Family Income <i>(5% at each level)</i></p> |

| 2021 Median Family Income Limits (Austin Area) | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 1 Person Household | 2 Person Household | 3 Person Household | 4 Person Household |
| 60% MFI | \$41,580 | \$47,520 | \$53,450 | \$59,340 |
| 80% MFI | \$55,400 | \$63,300 | \$71,200 | \$79,100 |
| 100% MFI | \$69,250 | \$79,100 | \$89,000 | \$98,900 |

| | Average Affordable Rental Limit | Typical Affordable Home Sales Price (1 Bedroom) |
|----------|---------------------------------|---|
| 60% MFI | \$1,077 | |
| 80% MFI | \$1,436 | \$219,800 |
| 100% MFI | | \$273,400 |



Recent VMU Updates: VMU2 Buildings

| | Bonus Entitlements | <u>Rental Developments</u> <i>40-year affordability period</i> | <u>For-Sale Developments</u> <i>99-year affordability period</i> |
|---------------------------|---|--|---|
| VMU1 Buildings | <ul style="list-style-type: none">Residential usesUnlimited FARWaiver of site dimensional requirements60% reduction in parking minimum | 10% set-aside as affordable to households earning no more than 60% Median Family Income | 10% set-aside as affordable to households earning no more than 80% Median Family Income OR Fee equivalent to 10% of total units |
| VMU2 Buildings | <ul style="list-style-type: none">All of the above30ft bonus height | 10% set-aside as affordable to households earning no more than 50% Median Family Income OR 12% set-aside affordable to 60% Median Family Income | 12% set-aside affordable to households earning no more than 80% Median Family Income OR Fee equivalent to 12% of total units |

Challenges

Only works in areas with high market demand

Barriers to securing long-term affordable homeownership housing units

Feasibility reduced by competing regulations that inhibit design and construction

Was not created with racial equity at the forefront



Opportunities

Create income-restricted affordable housing without requiring direct public subsidy

Increasing housing supply with bonus market-rate housing

Improves transportation choice by locating housing and other services near transit

Supports Climate Equity goals for land use and transportation



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Questions