



MEMORANDUM

TO: Mayor and Council Members

FROM: Shay Ralls Roalson, P.E., Director, Austin Water

THROUGH: Robert Goode, P.E., Interim Assistant City Manager

DATE: October 26, 2023

SUBJECT: Water Forward Land Development Code Amendments

This memo presents a report and possible actions for consideration concerning the impact of the requirements for an Onsite Water Reuse System (OWRS) and the expansion of the Reclaimed Water Connection mandate on housing affordability as required by [Ordinance No. 20210930-117](#) relating to Water Forward Land Development Code amendments.

In 2018, Council adopted Austin's 100-year integrated water resource plan, Water Forward, which includes the development of new water supplies and an emphasis on water conservation and reuse. Requiring onsite water reuse and expanding the use of reclaimed water within new development projects are two strategies that build our resilience against drought and climate change by diversifying our water supply. These strategies will enable new developments to save an estimated 16 million gallons of potable water per day by 2040.

Prior Council Action

Council adopted Ordinance No. 20210930-117 to establish new requirements in the implementation of the Water Forward Plan, including Water Benchmarking, expanding the Reclaimed Water Connection Requirement, and requiring OWRS for large developments. These requirements were effective on December 1, 2021, with the exception of the following two components:

- New large development projects with a multifamily component that are more than 250 feet but less than 500 feet from a reclaimed water line were granted a variance from the requirement to connect to reclaimed water until December 1, 2023.
- The 2021 Land Development Code Amendments do not define what qualifies as an OWRS, and additional Land Development Code Amendments are needed to codify the requirements for OWRS. Council deferred the OWRS implementation date to December 1, 2023, to give staff time to develop the final set of regulatory requirements, evaluate potential impacts on housing affordability, and develop recommendations for offsetting affordability impacts.

Austin Water Analysis

Austin Water evaluated several potential reuse system strategies. The least costly strategies for the majority of multifamily housing units collect and treat rainwater and air conditioning condensate for irrigation, cooling, and toilet flushing. The report also identifies water utility cost offsets, co-benefits with other City sustainability initiatives, and qualified affordable housing projects that could be exempted from the requirements.

The Affordability Impact Statement, conducted by the Housing Department, indicates that the identified reclaimed water connection requirements and onsite water reuse requirements will increase the cost of certain large multifamily housing projects. However, these costs could be offset by other code amendments that the City has initiated. Additionally, developments may qualify for State or County programs, such as the Texas PACE Authority, that offer low interest loans for energy and water conservation.

Austin Water believes that this balanced approach of enacting the least costly onsite water reuse system strategies and exempting qualified affordable housing projects is consistent with Council's direction to become a more resilient community.

Recommendation for Council Consideration

To allow more time for consideration of the onsite water reuse system ordinance changes and to establish exemptions to the requirements for certain affordable housing projects, Austin Water recommends that the implementation of the reclaimed water connection requirement for developments with a multifamily component and requirements for OWRS be considered on March 7, 2023.

Therefore, Austin Water recommends the following Council actions to postpone the effective date:

- Amend Ordinance No. 20210930-117 to postpone the effective date for mandatory OWRS for large development projects. **November 9, 2023 Council Meeting**
- Conduct a public hearing and consider an ordinance to amend City Code Chapter 25-9 (Water and Wastewater) to extend the variance for reclaimed water connection requirements for large development projects with a multifamily component. Waive the requirement to go to Planning Commission for this item. **November 30, 2023 Council Meeting**

Austin Water recommends the following Council actions to implement the final requirements for an Onsite Water Reuse System and the expansion of the Reclaimed Water Connection mandate:

- Conduct a public hearing and consider an ordinance to amend City Code Chapter 25-9 (Water and Wastewater) to clarify requirements for water conservation in the implementation of the Water Forward plan. **March 7, 2024 Council Meeting**
- Amend City Code Chapter 15-13 (Regulation of Onsite Water Reuse Systems) to establish development project requirements for mandatory onsite water reuse systems and add clarifying language to onsite water reuse system regulations. **March 7, 2024 Council Meeting**

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Additionally, Austin Water recommends continuing the existing incentive program:

- Reauthorize the Onsite Water Reuse System Pilot Incentive Program for Fiscal Year 2024 to encourage voluntary installation of these systems for housing projects that are exempt from these requirements. **March 7, 2024 Council Meeting**

If you have any questions, please contact Shay Ralls Roalson at 512-972-0108 or shay.roalson@austintexas.gov.

cc: Jesús Garza, Interim City Manager
Robert Goode, Interim Assistant City Manager
Rosie Truelove, Director, Housing Department
Lauren Middleton-Pratt, Director, Planning Department

Attachments: Report on the Impact of Onsite Water Reuse System and Expanded Reclaimed Water
Connection Requirements on Housing Affordability
Housing Department Affordability Impact Statement