

ORDINANCE AMENDMENT REVIEW SHEET

Amendment: Onsite Water Reuse and Reclaimed Water Connection Requirements

Description:

City Code Sections 25-9-411 and 25-9-413 specify that certain new commercial, multifamily and mixed-use development projects are required to install onsite water reuse systems or connect to the City's reclaimed water distribution network to supply a project's irrigation systems, cooling systems, toilets/urinals, and other significant non-potable water demands with recycled water. These mandates apply to applicable site plans filed after April 1, 2024.

Background:

In November of 2018 Austin City Council adopted the Water Forward Plan. Water Forward is an adaptive management plan that evaluates and plans for water supply and demand management strategies for the City of Austin in a regional water supply context. The goal of the plan is to ensure the City of Austin will have a diversified, sustainable and resilient water future for the next 100 years. Adopted strategies from the 2018 Water Forward Plan include development of ordinances and incentives for new commercial and multifamily development projects to use alternative water sources such as rainwater, stormwater, graywater, air conditioning condensate, and wastewater that can be treated and reused to meet non-potable (non-drinking) water demands.

In May of 2019, Austin City Council directed Austin Water to develop requirements for alternative water use within new large commercial and multifamily development projects (projects with 250,000 square feet or more of gross floor area) as part of the Land Development Code Revision process. Several public stakeholder workshops were held throughout 2019 to develop a framework for the new alternative water use regulations. Based on stakeholder input, Austin Water recommended a phased regulatory approach whereby new design and permitting criteria would be adopted into City Code for alternative water use in 2020, and new large commercial and multifamily development projects would be encouraged via incentives to voluntarily adopt alternative water use. After three years, in 2023, alternative water use would become mandatory for new large commercial and multifamily development projects.

In December 2020, Austin City Council adopted City Code Chapter 15-13 (*Regulation of Onsite Water Reuse Systems*) to establish new regulations for alternative water use in commercial and multifamily buildings, and in April 2021, City Council initiated a pilot incentive program for onsite water reuse systems that would rebate up to \$500,000 per project. In September of 2021, Austin City Council adopted an ordinance to amend the Land Development Code to specify that all new large commercial and multifamily development projects (projects with 250,000 square feet or more of gross floor area) would be required to either install an onsite water reuse system or connect to the City's reclaimed water distribution network beginning December 1, 2023. The 2021 ordinance also specified that a report on the impacts to housing from the new alternative water use requirements be prepared for Council by September of 2023, along with recommendations for mitigating the costs to housing.

In November 2023, after receipt of the report on the impact to housing, City Council amended the Land Development Code to extend the effective date of the requirements for large commercial and multifamily development projects to either install an onsite water reuse system or connect to the City's reclaimed water distribution network to April 1, 2024 to allow more time to consider the cost impacts to housing and recommendations for exempting certain affordable housing projects. The recommended code changes will include a provision to exempt affordable housing development.

In addition, Council will be considering a series of affordability actions on March 7, 2024 and through the August 2024 budget adoption process related to these requirements. This package, known as the "GoPurple Program" includes potential cost-sharing to connect to Austin Water's reclaimed system, low interest loans, grants, expedited reviews for large developments, and other measures under consideration to incentivize onsite reuse and reclaimed connections. These could be funded through the implementation of a proposed reuse-dedicated Community Benefit Charge (CBC). Customers enrolled in the Customer Assistance Program (CAP) do not pay the CBC, so this proposed fee will not impact their water and wastewater bills.

Summary of Proposed Code Amendment:

The proposed code amendment will exempt development projects that are approved for Low Income Housing Tax Credits for affordable housing or that are certified and participating in the City's Affordability Unlocked Program from the alternative water use requirements that will go into effect on April 1, 2024. The proposed code amendment also clarifies applicability, definitions, measurement distances, and director authorized variances.

Code Amendment Text: See attached ordinance draft.

Staff Recommendation: Recommended

Staff recommends codifying exemptions to the onsite water reuse system and reclaimed water connection requirements for deeply affordable housing projects to help the City reach a portion of its housing goals within the Austin Strategic Housing Blueprint.

A more detailed report on the impacts to housing from the new onsite water reuse system and reclaimed water connection requirements as well as the recommendations for exemptions can be found in the attached October 25, 2023 memo to Mayor and Council. The Housing Department's Affordability Impact Statement on the code amendments is also included in this attachment.

Board and Commission Action:

Codes and Ordinances Joint Committee Review: February 21, 2024
Planning Commission Public Hearing: February 27, 2024

Council Action:

To be considered on March 7, 2024

Sponsor Department: Austin Water

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Attachments: Draft revisions to Land Development Code 25-9 Title 5
Memo from Austin Water to Mayor and Council, October 25, 2023