



Affordability Impact Statement

South Central Waterfront Combining District and Density Bonus Program

Case number: C20-2022-003

Date: March 27, 2024

Proposed Regulation

- The proposed code amendments will create the South Central Waterfront Combining District (SCWCD) and the South Central Waterfront Density Bonus (SCWDB). The SCWCD is established to implement the intent of the 2016 South Central Waterfront Vision Framework Plan (Vision Plan). The SCWDB will allow for additional density beyond the South Central Waterfront SCWCD standard regulation in exchange for implementing certain design criteria and providing community benefits.
- The affordable housing component includes:
 - Require 5% of housing on-site within 3:1 Floor Area Ratio (FAR) must be affordable
 - For rental units:
 - 60% MFI; or
 - For ownership units:
 - 80% of ownership units; or
 - A fee in lieu equivalent to the otherwise required on-site set-aside percentage of the total residential units, including the mix of bedrooms required, at the rate set in the fee schedule at the time of final site plan submission.
- Apart from meeting the on-site requirements within the 3:1 FAR, up to 70% of the additional bonus area can be attained through fees-in-lieu and dedications. These fees-in-lieu will be equally allocated among affordable housing, parks, and infrastructure.

- The funds designated for affordable housing will be spent within a boundary delineated by Ladybird Lake to the North, E Ben White to the South, IH-35 to the East, and MoPac to the West and within a ½ mile of a rail stop or ¼ mile of a bus stop.
- Recently, the City Council approved changes to City Code Chapter 4-18, impacting both residential and non-residential redevelopment. These changes included regulations for density bonus programs, with specific focus on residential redevelopment requirements. Initially, the ordinance called for the replacement of all units affordable to households earning 80% or less of the Median Family Income (MFI). However, subsequent collaboration among various City departments led staff to conclude that a more finely-tuned threshold for triggering unit replacement under this requirement would be to replace existing units affordable to a household earning 60% MFI or below. This adjustment aligns with the goals outlined in the Strategic Housing Blueprint, prioritizing deeper levels of affordability, and aiming to enhance participation in density bonus programs. Staff recommends bringing forward an item on a future Council agenda to update this provision of Chapter 4-18.
- The staff proposal for redevelopment protections for existing multi-family, include:
 - Confirm extensive repairs exceeding 50% of market value as deemed necessary by the Building Official.
 - Ensure that rents for units affordable to households earning 60% of the Median Family Income (MFI) or below have not risen by more than 10% within the last 24 months.
 - Replace existing units affordable to households earning 60% of MFI or below in the past 12 months with units of comparable affordability and size.
 - Provide current tenants with notice and information about the redevelopment plans, using an approved form.
 - Furnish current tenants with relocation benefits consistent with the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970.
 - Offer current tenants the option to lease a unit of comparable affordability and size following the completion of redevelopment.

Land Use/Zoning Impacts on Housing Costs

The proposed changes would have a **positive** impact on housing costs via land use and zoning.

The South Central Waterfront District is in a highly desirable location directly across from Downtown and adjacent to Lady Bird Lake. The current zoning for many of the parcels in the South Central Waterfront District does not result in a financially feasible project because the density allowed by-right does not generate enough value to justify the land costs. Today, to achieve a financially viable project, developers pursue rezoning the

property to a Planned Unit Development (PUD), which is a unique zoning district with negotiated land uses and development standards approved by City Council. PUDs can result in a lengthy negotiation process which can be costly and time consuming. A recent report developed by city staff and UT researchers found that in Austin, additional regulatory costs, including rezoning, affect the cost of multifamily housing more than low-intensity uses like single-family.¹

To take advantage of the additional entitlements allowed by the SCWCD and SCWDB, a property must be rezoned to add the combining district to a property's base zoning. Every zoning case contains varying levels of uncertainty; however, a case to add combining district would likely not affect a project's timeline as compared to the PUD rezoning process. To further address the uncertainty, time delays, and associated costs, staff is requesting that the Council initiate a South Central Waterfront District-wide rezoning case to add the SCWCD to properties within the district with the exception of those present zoned Planned Development Area (PDA) or PUD and those subject to a Planned Development Agreement. Once a site is rezoned, a project would then be subject to administrative approval if they choose to develop under these regulations.

Impact on Development Cost

The proposed changes would have a **neutral** impact on development costs.

Impact on Affordable Housing

The proposed changes would have a **positive** impact on subsidized affordable housing.

- This incentive program would create an additional pathway to increasing subsidized affordable rental supply at 60% MFI and ownership supply at 80% MFI without direct public subsidies.
- The program would also generate fee-in-lieu for affordable housing to be within a boundary delineated by Ladybird Lake to the North, E Ben White to the South, IH-35 to the East, and MoPac to the West and within a ½ mile of a rail stop or ¼ mile of a bus stop.

City Policies Implemented

The proposed amendment aligns with council adopted plans, including the ETOD Policy Plan, Imagine Austin, and the Austin Climate Equity Plan.

Other Housing Policy Considerations

None

Manager's Signature Marla Torrado

1. Kennedy, B., Lopez, S., Hemeon-McMahon, A., Pepper, A. (2022). *Smart Cities Policy Research Project: Cost of Housing in the City of Austin*. City of Austin, University of Texas at Austin.