ORDINANCE AMENDMENT REVIEW SHEET

Description:

Amend City Code Chapter 4-18 (General Permitting Standards) to modify requirements for redeveloping existing non-residential space and existing multi-family structures for properties participating in a density bonus program.

Background:

On February 29, 2024, the City Council approved Ordinance No. 20240229-070, which amended City Code Chapter 4-18 to create processes and procedures related to density bonus and incentive programs.

Prior to the inclusion of the Residential Redevelopment Requirements in Chapter 4-18, similar provisions were included in density bonus programs. The Affordability Unlocked Density Bonus Program, adopted in 2019 through Ordinance No. 20190509-027, contained similar redevelopment requirements for existing multi-family structures as codified in § 25-1-722 - Eligibility. In 2022, City Council approved Ordinance No. 20221201-055, creating an affordable housing development incentive program that allowed residential uses in certain commercial zoning districts (commonly referred to as Residential in Commercial). Established in the program were eligibility requirements to redevelop existing non-residential and multi-family structures, on which the recent additions to City Code Chapter 4-18 were modeled. The Residential in Commercial program was invalidated in December 2023 and repealed through Ordinance No. 20240229-070.

Summary of Proposed Code Amendment:

The proposed amendment to §4-18-31 Existing Non-Residential Space would modify the relocation benefit standard associated with redeveloping an existing non-residential use from being "consistent with the Federal Uniform Relocation Assistance and Real Acquisition Policies Act of 1970" to also include a standard reflective of actual costs required to support operational continuity and achieve successful reestablishment of the displaced business during the relocation period. The proposed relocation benefit standard is equivalent to six months average rent, determined by comparing current submarket rents of non-residential locations in Austin, in addition to assistance defined in the Federal Uniform Relocation Assistance and Real Acquisition Policies Act of 1970. The calculated six months average rent will be approved by the Director of the Economic Development Department.
The proposed amendment to §4-18-32 - Existing Multi-Family Structures would modify the residential replacement requirement to change the affordability threshold of units that must be replaced when complying with this provision. Currently, all existing units that were affordable to a household earning 80% Median Family Income (MFI) or below are required to be replaced; with this amendment, the City would instead require replacement of all units at 60% MFI and below.

Proposed Text Amendment(s): See draft ordinance.

Staff Recommendation: Recommended

The current relocation benefit standard "consistent with the Federal Uniform Relocation Assistance and Real Acquisition Policies Act of 1970" provides an equal amount to all displaced businesses without regard to real costs. The proposed amendment to §4-18-31 - Existing Non-Residential Space would address real costs of relocating businesses at the time they are being relocated. Non-residential relocations are only successful if the displaced business can resume activity and remain viable during and after the relocation period. This amendment would ensure businesses that must relocate have the highest potential for survival following the relocation period, better meeting the needs of the displaced businesses.

The proposed amendment to § 4-18-32 – Existing Multi-Family Structure lowering the MFI level from 80% to 60% is in line with the affordability requirements for rental set-asides in the proposed programs triggering the redevelopment requirements, namely the South-Central Waterfront Density Bonus Program and the ETOD Density Bonus Program. The change is in alignment with Strategic Housing Blueprint goals to prioritize deeper levels of affordability, while seeking to bolster participation in density bonus programs.

In support of the City's 2017 Austin Strategic Housing Blueprint, the Rental Housing Development Assistance (RHDA) Program works to expand the community's supply of affordable rental housing for low-income households and increase the availability of permanent supportive housing for persons experiencing homelessness or low-income households with special needs. RHDA program funds are limited to rental housing affordable to households at 50% MFI and below, with additional consideration given to funding applications with deeper affordability levels. In addition, the Texas Department of Housing and Community Affairs (TDHCA) Low-Income Housing Tax Credit (LIHTC) Program is one of the primary means of directing private capital toward the development and preservation of affordable rental housing for low-income households, and LIHTC is limited to rental housing affordable to households at 60% MFI. Aligning the redevelopment requirements with the Strategic Housing Blueprint goals and implementation strategies ensures a consistent approach to addressing the City's housing needs.

Board and Commission Action:
Not applicable

Council Action:
May 2, 2024 – To be considered by City Council

Sponsor Department:
Planning Department

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