



MEMORANDUM

TO: Mayor and Council Members

THROUGH: Veronica Briseño, Assistant City Manager
Robert Goode, Assistant City Manager

FROM: Ghizlane Badawi, Chief Executive Officer, Department of Aviation
Mandy DeMayo, Interim Director, Housing Department *GB*

DATE: October 18, 2024

SUBJECT: 1501 Airport Commerce Drive

On July 24, 2024, the Housing Department received an application for a Resolution of No Objection (RONO) for a 328-unit affordable housing development located in District 3. The application is available on the Housing Department website: [Request for City of Austin 4% Housing Tax Credit, Airport Commerce](#).

As background, the Texas Department of Housing and Community Affairs (TDHCA) requires a RONO from the local jurisdiction for approval of Low-Income Housing Tax Credit (LIHTC) applications. City staff does not recommend a RONO and, as a result, will not be requesting Council consideration of the requested RONO. City staff does not recommend a RONO and, as a result, will not place the item on a future City Council agenda.

The proposed project is an Affordability Unlocked (AU) community that will be developed by Richman Southwest Development, LLC. The site is located at 1501 Airport Commerce Drive in the Montopolis Neighborhood. The site is located in the Airport Overlay Zone 3 (AO-3) and is subject to an approved site plan.

In the spring of 2019, the Department of Aviation first became aware that an applicant was seeking to rezone the property from *commercial* to *MF residential* in order to pursue a multifamily residential project. Following its standard review, the Department of Aviation determined that the multifamily development was a prohibited land use under City Code Chapter 25-13 and communicated this to the applicant in a letter dated April 30, 2019. The rezoning case was later presented, but the request to rezone the property was ultimately unsuccessful.

In March 2022, the project reemerged under AU, which is a development bonus program adopted by City Council in May 2019. AU waives or modifies some development restrictions in exchange for providing affordable housing. In return for setting aside at least half of a development's total units as

affordable, developments can receive increased height and density limits, parking and compatibility waivers, and reductions in minimum lot sizes. The program is designed to increase the number of affordable housing units being developed in Austin and fully leverage public resources by allowing housing providers to build more units in their developments when significant amounts of affordable housing are included. A development that qualifies under AU is a permitted residential use in most base zoning districts, including commercial base zoning districts.

In this instance, the proposed development meets AU standards – and was subsequently certified as such – and a zoning change was not required. However, both Housing and Aviation Department staff continue to have concerns regarding the development.

In a letter dated March 22, 2022, the Aviation Department expressed its concerns with a new residential development being constructed within AO-3. However, the Aviation Department acknowledged that the development could proceed under AU and advised the developer that the noise level reduction measures prescribed in City Code Section 25-12-12 (Measures to Achieve a Noise Reduction of 25 Decibels) applied to the development. Further, the letter requested an aviation easement, which serves as a buffer that would assist with reducing noise level reduction and limit the height of any structures on this property. Lastly, the letter required the developer to attach a form titled Notice of the City of Austin Airport Overlay Acknowledgement to each lease and purchase agreement and required each tenant or purchaser to sign the acknowledgment before occupying a unit on the property. On April 6, 2022, the Aviation Department reiterated its concerns but acknowledged that the developer complied with the March 2022 letter.

City staff continue to have a multitude of concerns that simple noise attenuation strategies cannot address. With the airport undergoing extensive expansion, future noise contours are projected to extend into the current AO-3, including this proposed development. If this development moves forward, the addition of new residents is likely to exacerbate the challenges of expanding the airport. This includes exposing more residents to the flight path, which will increase adverse environmental impacts including noise. Ultimately, even with the requirement that each lease and purchase agreement include an acknowledgement of the Airport overlay, we expect that future tenants would complain about the environmental impacts resulting from living adjacent to flight paths.

City Council support is required for this development to secure tax credits. For the many reasons detailed above, the Aviation Department and the Housing Department do not recommend approving a RONO for this development.

Should you have any questions or wish to discuss this further, please contact Ghizlane Badawi, Chief Executive Officer at Austin-Bergstrom International Airport, at Ghizlane.Badawi@flyaustin.com or Mandy DeMayo, Housing Department Director, at Mandy.Demayo@austintexas.gov.

cc: T.C. Broadnax, City Manager
CMO Executive Team