



Affordability Impact Statement

Preservation Bonus Code Amendment

Resolution No. 20240718-090

Date: 3/18/2025

Proposed Regulation

In December of 2023, the City Council approved [Ordinance No. 20231207-001](#) (HOME Phase 1), which authorized up to three housing units on a site and created provisions to encourage property owners to utilize the new provisions and to slow the pace of ongoing demolitions of older existing homes. Specifically, these provisions allow a property owner to exclude the square footage of the existing home from the floor-to-area (FAR) calculations (i.e. how a property owner calculates the site's maximum square footage limits) in exchange for preserving an existing structure. Currently, the two new units are limited to the greater of .55 or 3,200 square feet.

In July 2024, the City Council adopted [Resolution No. 20240718-090](#), which initiated an amendment to City Code Title 25 (Land Development) to increase the maximum square footage limits for two new units when the property owner preserves the existing housing unit. Specifically, the Resolution requested a code amendment to allow two new units to achieve the greater of 0.65 or 4,350 square feet.

Land Use/Zoning Impacts on Housing Costs

The proposed changes would have a **neutral** impact on housing costs:

[As of March 17th, 2025, Development Services Department \(DSD\) has approved 284 applications for new construction under HOME Phase 1 amendments](#); only 1% of those applications have used the existing preservation bonus. The proposed ordinance increases the allowable space for the two new units, which increases property owners' incentive to use the preservation bonus, therefore further incentivizing utilization of the zoning changes provided under HOME Phase 1. In alignment with the goals of the HOME amendments, the ordinance intends to reduce demolition rates while increasing infill housing in middle income communities.

However, the FAR increase does not change the total density allowed by right on Single-Family (SF) zoned property (SF-1, SF-2, SF-3). The ordinance does not alter land use in a way that will impact housing costs.

Impact on Development Cost

The proposed changes would have a **neutral** impact on development cost:

The ordinance does not fundamentally change construction expenses. It maintains the same provisions for developers that are articulated in the HOME Phase I amendments:

- “Subchapter F” design rules are entirely waived for duplex, two-unit, and three-unit project, reducing architecture and engineering labor time.
- The preservation incentive can be cost-effective for development. If an owner preserves an existing older house on the lot, the floor area of that house is excluded from FAR calculations, which yields extra sellable area at no added land cost.

Impact on Affordable Housing

The proposed changes would have a **neutral** impact on affordable housing:

The new ordinance aims to reduce demolitions and help property owners stay in place longer, which is important to the preservation of Austin’s naturally occurring affordable housing. At the same time, the ordinance increases sellable area on the lot, which will likely result in new, larger units. The ordinance incentivizes infill development but there are not stipulations for the affordability of those units so property owners will be more likely to rent or sell at market-rate.

Other Policy Considerations

None

Manager’s Signature

A handwritten signature in black ink, appearing to read "C. H. Smith", is written over a horizontal line.