



# Affordability Impact Statement

## Central Business District Height Amendment

Case number: C20-2025-010

Date: 9/29/2025

### Proposed Regulation

The proposed ordinance and code amendments will add a maximum base height of 350 feet to the 25-2-492 Central Business District (CBD) site development regulations and update 25-2-586 Downtown Density Bonus Program and 25-2-739 Rainey Street Subdistrict Regulations accordingly to modify allowable maximum height when participating in the DDBP.

### Background

CBD zoning does not currently have a height limit, instead regulating building size through a maximum floor-to-area ratio (FAR) of 8:1. Downtown development that proposes to exceed the allowed FAR or the maximum height allowed under the site's primary entitlements could participate in the Downtown Density Bonus (DDB) program to receive additional entitlements in exchange for specified community benefits. However, Senate Bill 840 (SB 840) from the State of Texas' 89<sup>th</sup> regular legislative session, effective since September 1, 2025, removed the City of Austin's ability to regulate development in CBD zoning through FAR. This means that there is currently no FAR for CBD zones, introducing the need for a height amendment.

Austin Planning analyzed developments permitted under CBD zoning from 2006 to 2025 to understand trends and determine an appropriate base height entitlement. Their analysis observed 14 non-DDB cases and 43 DDB cases. Table 1 and Table 2 show summary statistics from those developments.

*Table 1: Summary Statistics for Density Bonus Sites in CBD Zoning*

		Site Area (acres)	Floors	Height	Floors with 8:1 FAR*	Height with 8:1 FAR*
Density Bonus Sites	CBD Median	0.55	39	447	16	207
	CBD Average	0.72	39	466	18	223

\* Base floor and height with 8:1 FAR equivalent for developed sites.

Table 2: Summary Statistics for Non-Density Bonus Sites in CBD Zoning

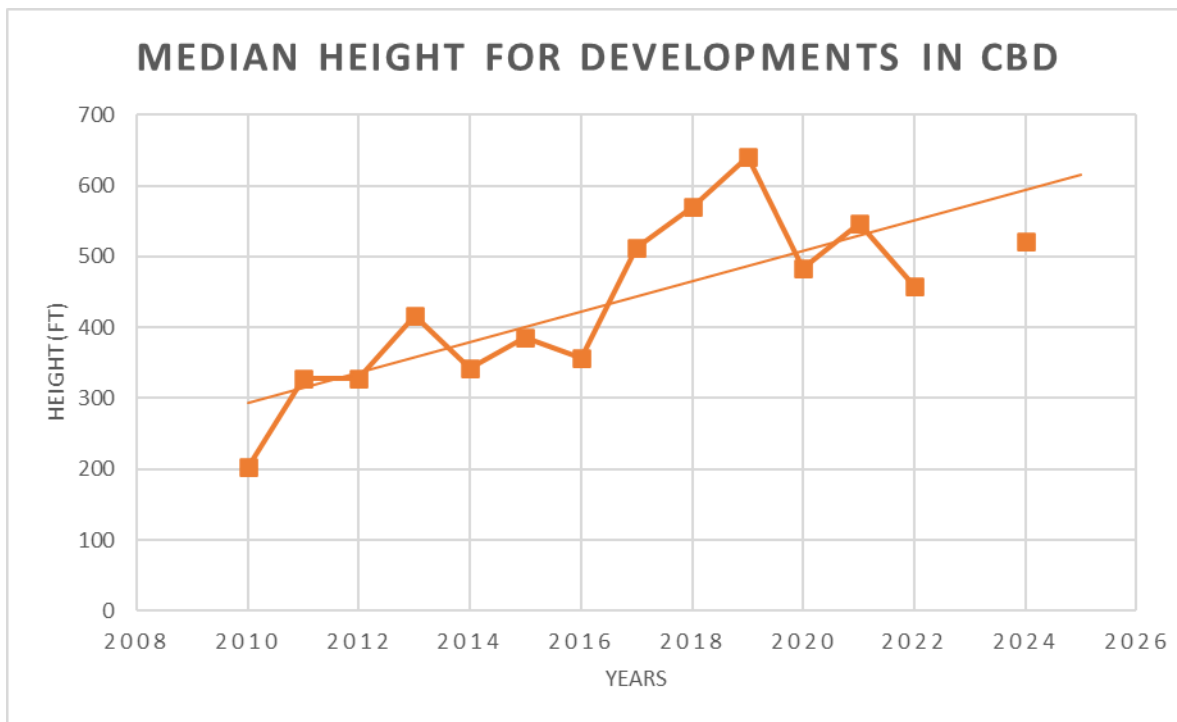
		Site Area (acres)	Floors	Height	Floors with 8:1 FAR*	Height with 8:1 FAR*
Non-Density Bonus Sites	CBD Median	0.71	31	367	19	235
	CBD Average	0.95	30	382	22	278

\* Base floor and height with 8:1 FAR equivalent for developed sites.

Source: Austin Planning

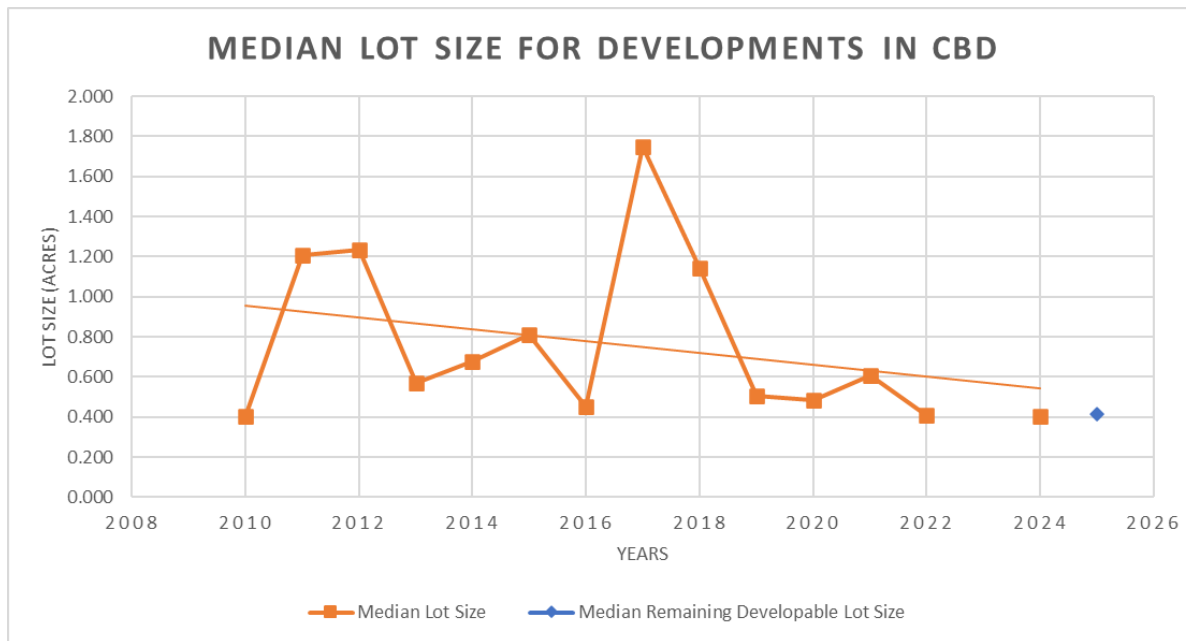
Austin Planning’s analysis also shows that median development heights in CBD zoning have been increasing significantly since 2010, while median lot sizes have trended somewhat smaller (Figures 1 and 2). Refer to the staff report from Austin Planning for background and analysis of for this proposed regulation.

Figure 1



Source: City of Austin permit data

Figure 2



Sources: TCAD, City of Austin Land Database

## Land Use/Zoning Impacts on Housing Costs

The proposed changes would have **neutral** impacts on housing costs though land use and zoning:

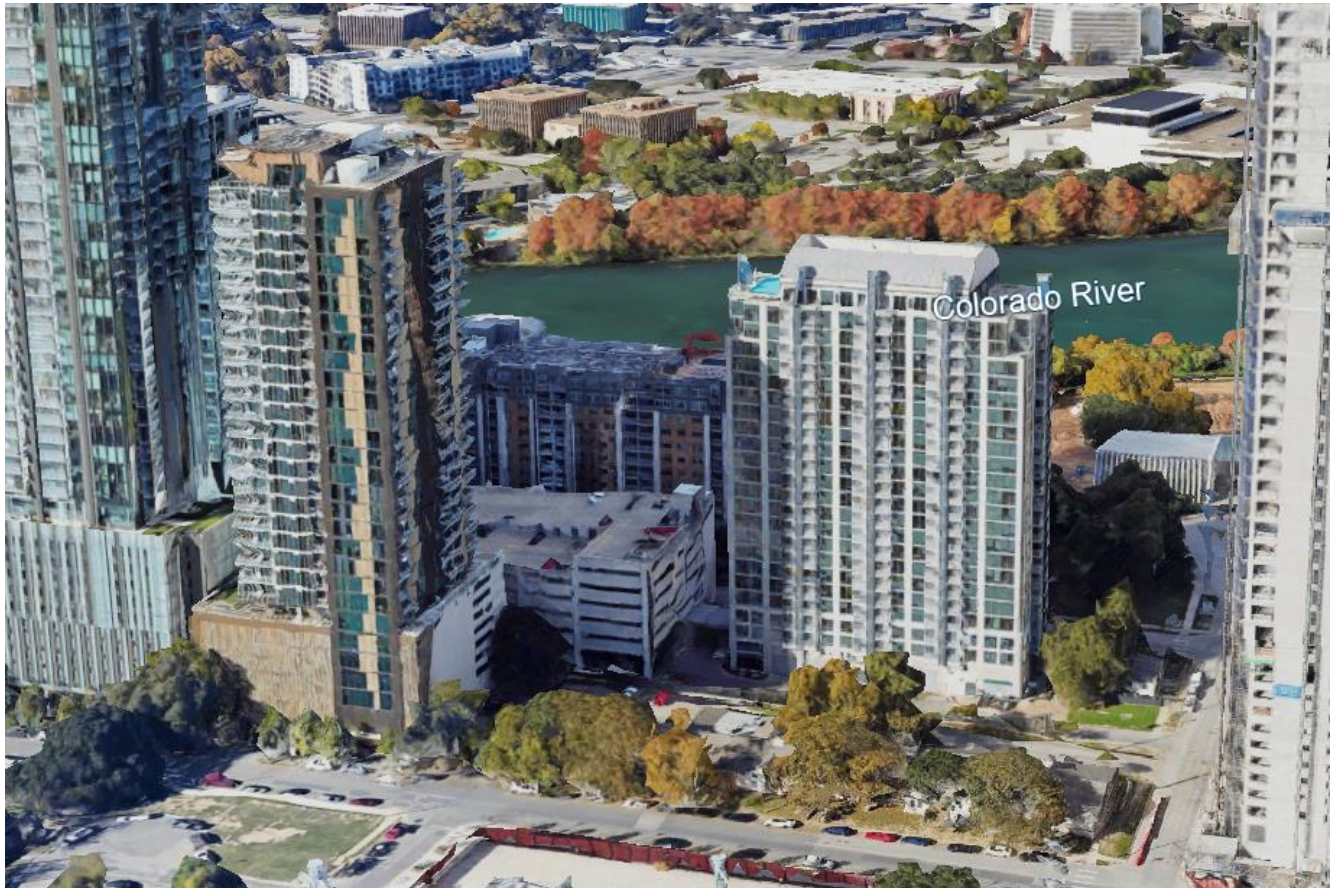
- Higher baseline height entitlements will make it cheaper than it previously was for developers to build between the median 8:1 FAR height of approximately 207 feet (~18 stories) and 350 feet (~29 stories). This could result in more housing that is somewhat more affordable for higher-income households. Housing needs assessments and market analyses for the City of Austin do show that many higher-income renters occupy cheaper homes that lower-income earners would otherwise live in (ECONorthwest, [Tenant Relocation Cost Study](#), 2024; City of Austin, [2025-2029 Consolidated Plan](#), 2024).
- At the same time, increasing the effective base height entitlement from approximately 207 feet to 350 feet represents a roughly 60% increase compared to pre-SB 840 regulations. However, this is still lower than what would currently be allowed under SB 840, which removed the city's ability to regulate FAR. Even so, the change could significantly increase land and property values downtown, potentially raising costs for existing residences in CBD zones that are currently far below this entitlement.
- Approximately 8,000 housing units have been built or permitted in CBD zoned sites using the DDB program since 2006, approximately 200 of which are income-restricted housing units. Roughly 70 of these income-restricted housing units have been built since 2020 or are under construction. These income-restricted housing totals are relatively low (most DDB developments choose to pay fee-in-lieu rather than build on-site affordable housing), and they are usually not more deeply affordable than 80%MFI. Still, there may be even fewer income-restricted housing units downtown after amending CBD zoning to a 350ft base entitlement unless the DDB program is recalibrated.

## Impact on Development Cost

The proposed changes would have **positive** impacts on development cost:

- Higher baseline height entitlements will make it cheaper than it previously was for developers to build between approximately 220 feet (~18 stories) and 350 feet (~29 stories) on sites with CBD zoning.
- Since 2010, 7/14 non-DDB sites (50%) and 8/42 DDB sites (20%) have been below 350ft in height.
- For a simple comparison, Figure 3 below shows Natiivo (left) and 47 Rainey (right). Natiivo was built 2016 with a height of 342ft and a 15:1 FAR. 47 Rainey was built 2012 with a height of 258ft and an 8:1 FAR.

*Figure 3: Rainey Street Buildings*



## Impact on Affordable Housing

The proposed changes would have **negative** impacts on affordable housing:

- Participation in the DDB program will likely decrease unless the program is recalibrated. Residential developments reaching 350 ft would no longer contribute fee-in-lieu (FIL) funding to the City's Housing Trust Fund (for affordable housing), will likely not include any income-restricted housing, and will likely only produce housing affordable to higher-income households. Most DDB developments opt to pay FIL, and these funds go to permanent supportive housing development. So, reducing the DDB fee-in-lieu funding could limit future housing opportunities for Austinites transitioning out of homelessness.

- As stated above, approximately 8,000 housing units have been built or permitted in CBD zoned sites using the DDB program since 2006, approximately 200 of which are income-restricted housing units. The DDB program has collected approximately \$40 million over the same period.
- Table 3 below attempts to translate the difference in FIL collected at various height thresholds, assuming the median figures for CBD-zoned developments that have used the DDB program. The assumptions are a 39-floor building (a little over 450ft), where each floor is 10,700 square feet in area and 12ft high, on a site that is 23,958 square feet (0.55 acres). Under these assumptions, an 8:1 FAR would be 220ft in height. In this building scenario, the current 8:1 FAR base would result in approximately \$2 million bonus FIL, but changing to a 350ft maximum height would result in approximately \$960,000. The same 39-floor building (17:1 FAR) would collect half as much FIL if the base height changes to 350ft.
- Table 4 below shows a scenario of the same median conditions but for a taller development. This illustrates that taller buildings have a less significant overall FIL difference when shifting to a 350ft base height.

Table 3: Fee-In-Lieu Scenario for a 39-Floor Building (~475ft)

CBD Base Height	Median Site (sqft)	Median Floor (sqft)	Median Floors	Bonus Area	Bonus Fee-In-Lieu (\$)
<b>8:1 FAR = 220' (18 floors)</b>	23,958	10,700	39	<b>224,700</b>	<b>\$ 2,022,300.00</b>
<b>350' (29 floors)</b>	23,958	10,700	39	<b>107,000</b>	<b>\$ 963,000.00</b>
<b>400' (33 floors)</b>	23,958	10,700	39	<b>64,200</b>	<b>\$ 577,800.00</b>
<b>450' (38 floors)</b>	23,958	10,700	39	<b>10,700</b>	<b>\$ 96,300.00</b>
<b>500' (42 floors)</b>	23,958	10,700	39	<b>0</b>	<b>\$ -</b>

Source: Austin Planning

Table 4: Fee-In-Lieu Scenario for a 63-Floor Building (~750ft)

CBD Base Height	Median Site (sqft)	Median Floor (sqft)	Median Floors	Bonus Area	Bonus Fee-In-Lieu (\$)
<b>8:1 FAR = 220' (18 floors)</b>	23,958	10,700	63	<b>481,500</b>	<b>\$ 4,333,500.00</b>
<b>350' (29 floors)</b>	23,958	10,700	63	<b>363,800</b>	<b>\$ 3,274,200.00</b>
<b>400' (33 floors)</b>	23,958	10,700	63	<b>321,000</b>	<b>\$ 2,889,000.00</b>
<b>450' (38 floors)</b>	23,958	10,700	63	<b>267,500</b>	<b>\$ 2,407,500.00</b>
<b>500' (42 floors)</b>	23,958	10,700	63	<b>224,700</b>	<b>\$ 2,022,300.00</b>

Source: Austin Planning

## Overall Impact

The proposed changes would have **neutral** overall impact:

- The impact of SB 840 forces the City of Austin to adopt a maximum height entitlement for CBD-zoned sites. Setting a maximum height that is somewhat higher than the rough equivalent to the previous 8:1 FAR maximum will make it cheaper to develop market rate housing in downtown Austin. However, it will also reduce on-site affordable housing and FIL payments to the Housing Trust Fund specifically for permanent supportive housing. These mixed outcomes produce an overall neutral impact.
- Negative impacts on affordable housing may be mitigated with appropriate recalibration of the DDB program.

- Building heights have been increasing and site sizes have been decreasing in CBD zones, making an increased base height for the DDB program less impactful.

The scale of the impact will be:

- Downtown Austin and Rainey Street where CBD zoning applies (see Figure 4). Most CBD zoning sits within the DDB program boundaries (see Figure 5).

Figure 4: Parcels Zoned Central Business District (CBD)

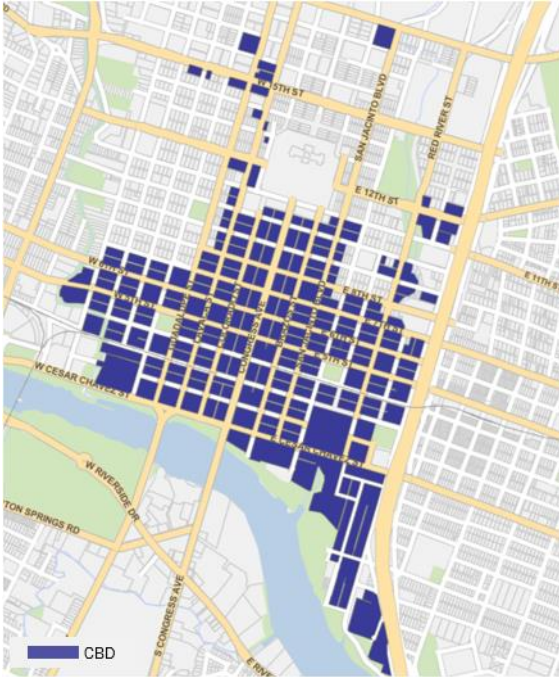
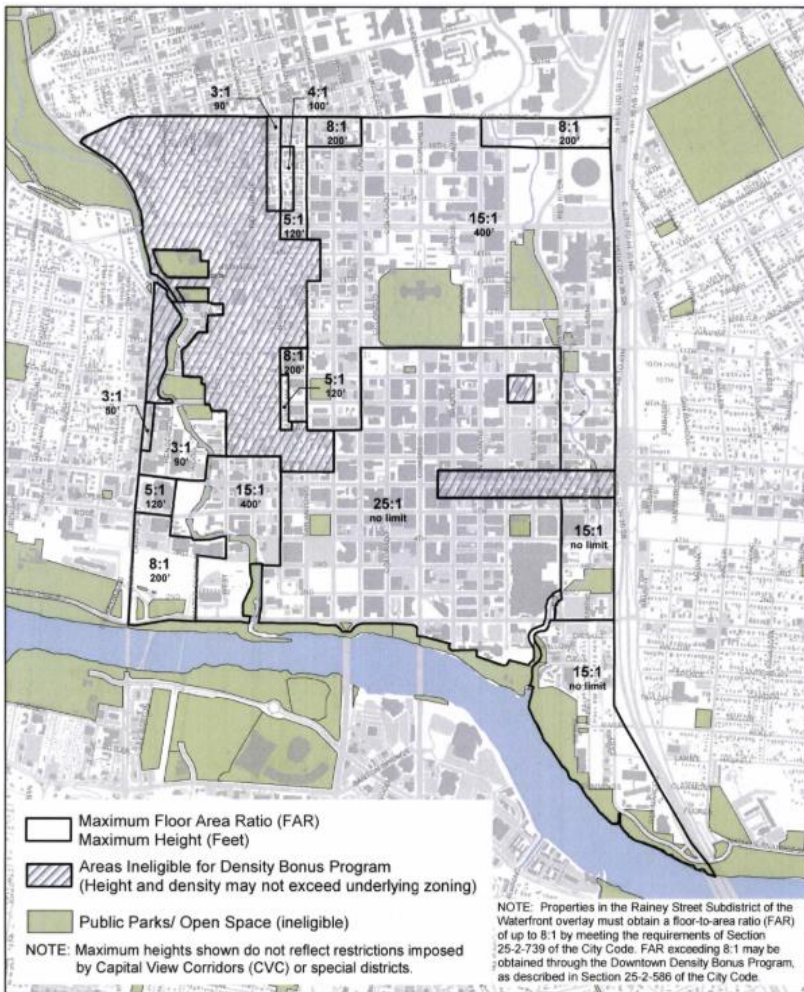


Figure 5: Downtown Density Bonus Program – Eligibility, Floor Area Ratio (FAR), and Height Map



## Other Policy Considerations

- Downtown Austin already suffers from lack of affordable housing, becoming a concentrated area of affluence over the course of two decades. This fact has been balanced somewhat by the significant fee-in-lieu funding that downtown developments contribute for deeply affordable housing elsewhere in the city (particularly after the downtown density bonus fees were recalibrated in recent years). The reduction in the fee-in-lieu revenue stream may limit the funding available for affordable housing elsewhere in the city.
- The City of Austin needs reliable sources of revenue to account for recent State and Federal pressures. If expanding the tax base in downtown Austin helps to soften further tax increases on other tax payers, then setting a height allowance of 350ft may help stabilize revenue to continue funding public services.
- Austin Planning will simultaneously update the Downtown Austin Plan and the DDB program by the end of 2026 (estimated). This will be an opportunity to recalibrate the DDB program's affordable housing community benefits based on the new height for CBD zones.

Manager's Signature \_\_\_\_\_

*C. H. Smith*