



SB 840 and Austin Density Bonus Programs

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Agenda

- SB 840 Overview
- Impacts of SB 840
- Next Steps



SB 840 Overview

SB 840 Summary



- Allows by-right mixed-use or multifamily in all zoning districts that allow non-residential uses (excluding zones with heavy industrial).
- Sets minimum standards for height, density, and maximum setbacks for multifamily and multifamily and mixed-use developments in commercial zones.
- Exempts residential conversions of existing commercial or office buildings from impact fees and other city requirements.
- **Effective Date: September 1, 2025**

SB 840 Applicability: Residential by Right



- Allows residential by-right on any property where mixed-use, office, commercial, retail, or warehouse uses are currently allowed in the zoning district.
- **Does not apply to:**
 - Zones that allow a heavy industrial use
 - Properties within 1,000 ft of a heavy industrial use or development site or within 3,000 ft. of an airport or military base
 - An area designated by a city as “a clear zone or accident potential zone”

SB 840 Applicability: Residential by Right (cont'd)



- Residential is allowed by right in the following zoning districts in Austin:
 - All office base zones:
 - Neighborhood Office (NO), Limited Office (LO), General Office (GO)
 - All commercial base zones:
 - Community Recreation (CR), Neighborhood Commercial (LR), Community Commercial (GR), Lake Commercial (L), Central Business District (CBD), Downtown Mixed-Use (DMU), Warehouse/Limited Office (W/LO), Commercial Services (CS), Commercial Highway (CH)
 - Special purpose base zones:
 - Agriculture (AG), *Planned Unit Development (PUDs)**
 - Industrial base zones:
 - *Research & Development (R&D)**
 - Regulating plans:
 - Lamar/Justin, Plaza Saltillo, MLK, East Riverside Corridor, North Burnet/Gateway Regulating Plans

**Applicable to properties with PUD and R&D zoning that allow commercial uses & prohibit heavy industrial uses*

SB 840 Applicability: **New Minimum Entitlements**



- Bill sets new minimum entitlements for “mixed-use residential” and “multifamily residential” development, for sites where SB 840 applies.
 - **Mixed-Use Residential** = any site in which the residential uses are at least 65% of the development’s total square footage.
 - **Multifamily Residential** = any site for 3 or more dwelling units within one or more buildings.

New Minimum Entitlements Under SB 840



- Density:
 - Cities must allow the greater of 36 units per acre or the highest residential density currently allowed in the city. This is 54 units per acre in Austin.
 - Cannot restrict floor-area-ratio (FAR)
- Height:
 - Cities must allow the greater of 45 feet or the height that currently applies to a non-residential use on the same site.
- Setbacks:
 - Cities must allow the lesser of 25 feet or the setback that currently applies to a non-residential use on the same site.

Impacts of SB 840

General Impacts to Density Bonus Programs



- Density bonuses that do not allow additional height, such as VMU, are likely no longer viable.
- Density bonuses that allow additional height, such as DB90, DBETOD, ERC, TOD, and NBG, may be less attractive than what's available by right for developments, post-SB 840
 - Viability likely varies by location or other factors, such as higher construction cost per sq. ft. for podium construction.
- Affordability Unlocked projects may have to compete with market-rate developers on more properties, potentially leading to higher land costs for subsidized affordable housing developments.
- Downtown Sites zoned Central Business District (CBD) were unlikely to participate in the Downtown Density Bonus as CBD zoning did not have a height limit & SB840 granted unlimited FAR
 - In response, Council approved the creation of a new maximum by-right height of 350' for CBD
 - Developers can participate in DDB to exceed new maximum height with Council approval

Additional Impacts of SB 840



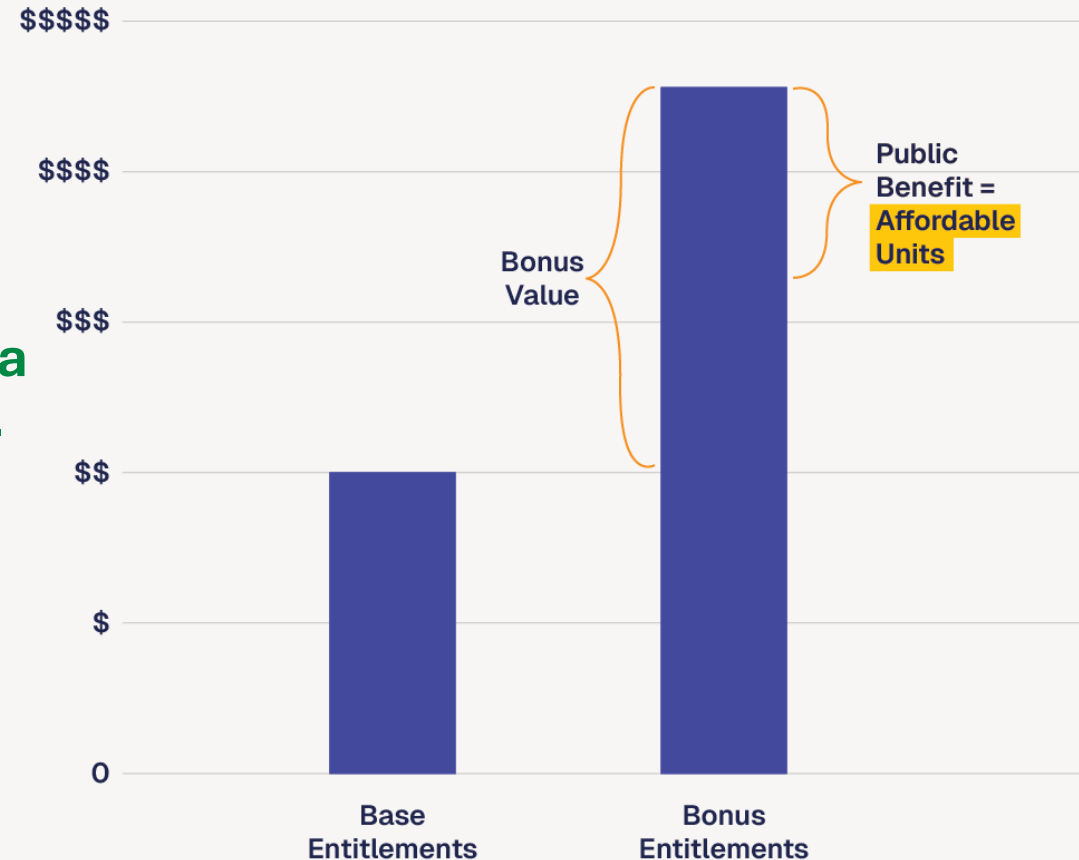
- Impacts on legacy commercial districts and regulation of active uses
- Airport Overlay impacts
- FLUMs and Neighborhood Plan Amendments
- Waterfront Overlay

For updates, an information sheet, and information on potential amendments, visit SpeakUpAustin.org/LDCUpdates

ETOD Overlay Phase 2 / Tiered Density Bonuses

Density Bonus Programs in Austin

- Austin’s 13 distinct **Density Bonus (DB) programs provide additional entitlements in exchange for community benefits**, while still providing some residual bonus value to the developer.
- Staff estimates that **DB programs have generated a little over 20% of total built and planned income-restricted units** since adoption of the Strategic Housing Blueprint in 2017.



Density Bonus Direction from Council



[Resolution No. 20250605-080](#) directs update of DB programs citywide:

- Create variety of density bonus combining districts in a new tiered structure that considers:
 - Bonus height entitlements more or less than 30 feet,
 - Calibrated affordability requirements,
 - Additional community benefits beyond affordable housing,
 - Modified compatibility regulations, and
 - Redevelopment requirements, including considering one to one unit replacement.
- Amend DB90 and VMU to align with new DB programs.
- Align new DB combining districts with additional phases of ETOD Overlay.

Impacts for Tiered Citywide DBs/DBETOD

- Council initiated changes on June 5 to create new tiered density bonus programs and revise the existing VMU and DB90.
- Goals from the resolution included direction to:
 - Look at additional types of community benefits
 - Analyze requirement for partial or full replacement of existing affordable units
- Staff will analyze the new development reality post-SB 840 to understand **whether bonus programs could “pencil” with the same, fewer, or more benefits than are required today.**

Next Steps

Next Steps for Density Bonus Programs



- Citywide Density Bonuses: Develop staff proposals for new citywide tiered density bonus system that accounts for SB 840 impacts
 - Council consideration tentatively anticipated in May 2026
- Evaluate other types of incentives for affordable housing, beyond density bonus programs
- Identify additional changes and amend Land Development Code as needed

Current Project Timeline



June – September

- Analyze SB 840 Impacts
- Additional Market Calibration with Consultants

March – May

- Community Engagement
- Planning Commission Consideration
- Council Consideration

October – February

- Interdepartmental Discussions
- Finalize Staff Proposal

**Timeline subject to change*



Thank you!