Austin Equity-Based Preservation Plan Implementation:

TRANSFER OF DEVELOPMENT RIGHTS (TDR)

Market Analysis

Austin City Council Housing & Planning Committee

June 2, 2026

Austin Planning

LIONHEART

Economic & Planning Systems, Inc.
The Economics of Land Use

The Why

Council Direction:

Comprehensively reform Austin's historic tax incentive program to advance equity and align with specific recommendations in the Equity-Based Preservation Plan, including Transfers of Development Rights.

(Resolution 20230323-059, Resolution 20241121-078 Motion Sheet #1)

Downtown Austin Plan:

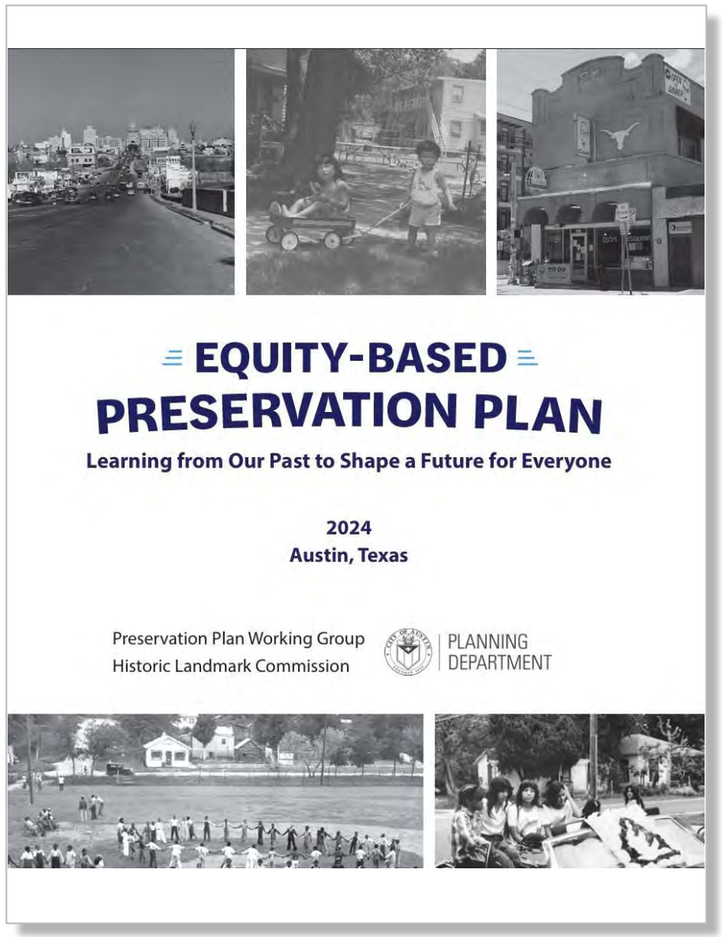
Establish a Transfer of Development Rights system to allow Warehouse District property owners to sell unused floor area to property owners seeking greater density in other parts of Downtown.

(Adopted 2011)

Equity-Based Preservation Plan:

Actively explore how a Transfer of Development Rights program could successfully support preservation of smaller-scale downtown buildings, commercial corridors, and historic districts in areas targeted for higher density.

(Adopted Nov. 2024 as part of Imagine Austin Comprehensive Plan)



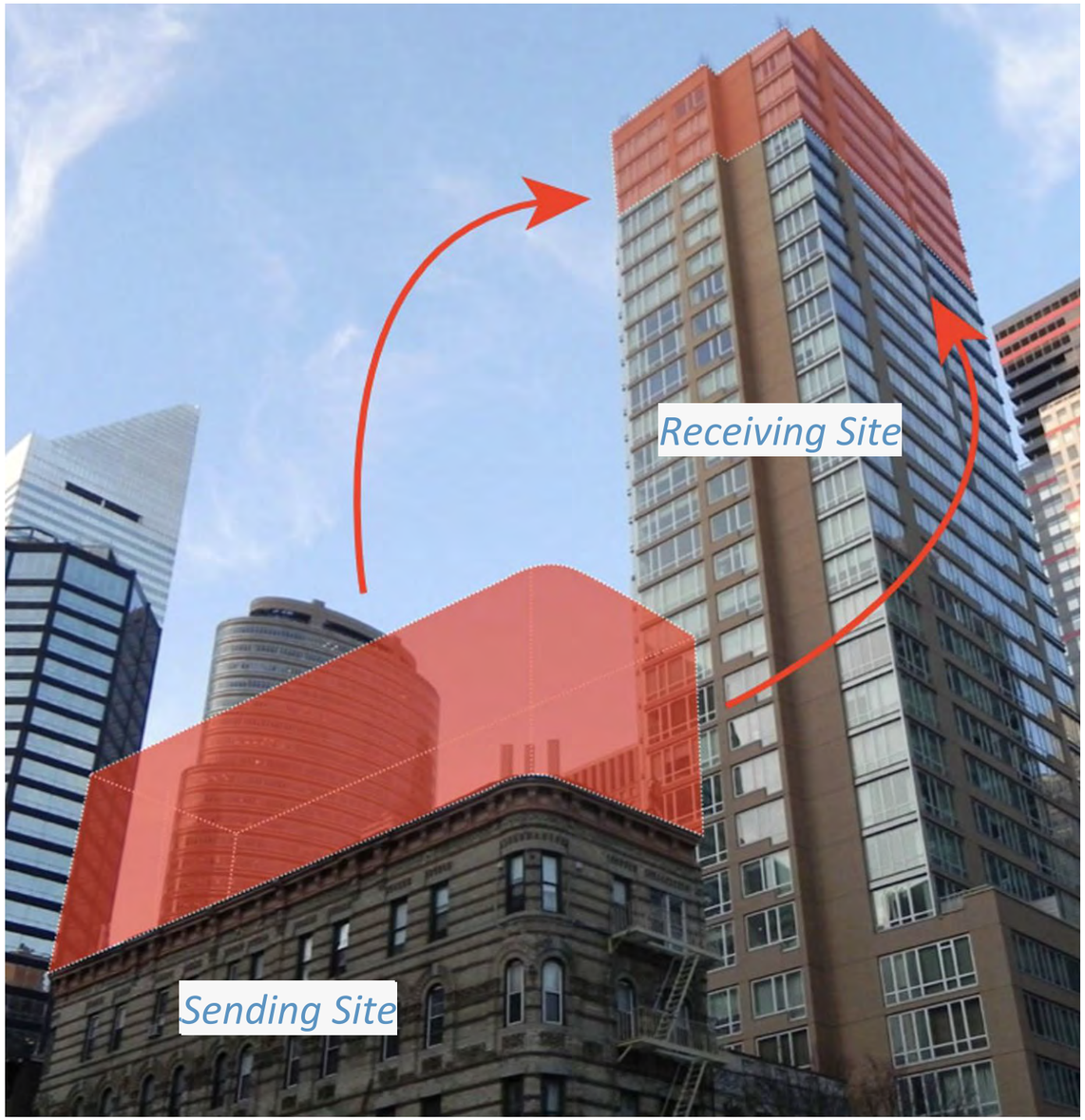
What is Transfer of Development Rights (TDR)?

How It Works

- Voluntary, market-based tool
- The owner of a protected property *(sending site)* sells unused development capacity
- The developer *(receiving site)* purchases additional development capacity for a new building

Sending Sites are properties the City wants to protect, such as historic landmarks.

Receiving Sites are properties in areas targeted for higher population density and growth.



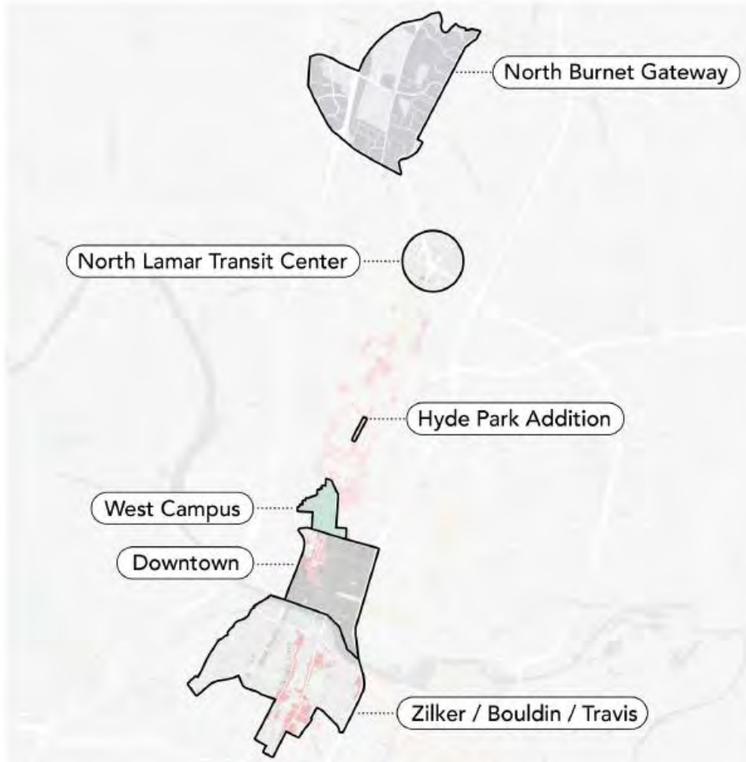
Source: NYU Furman Center

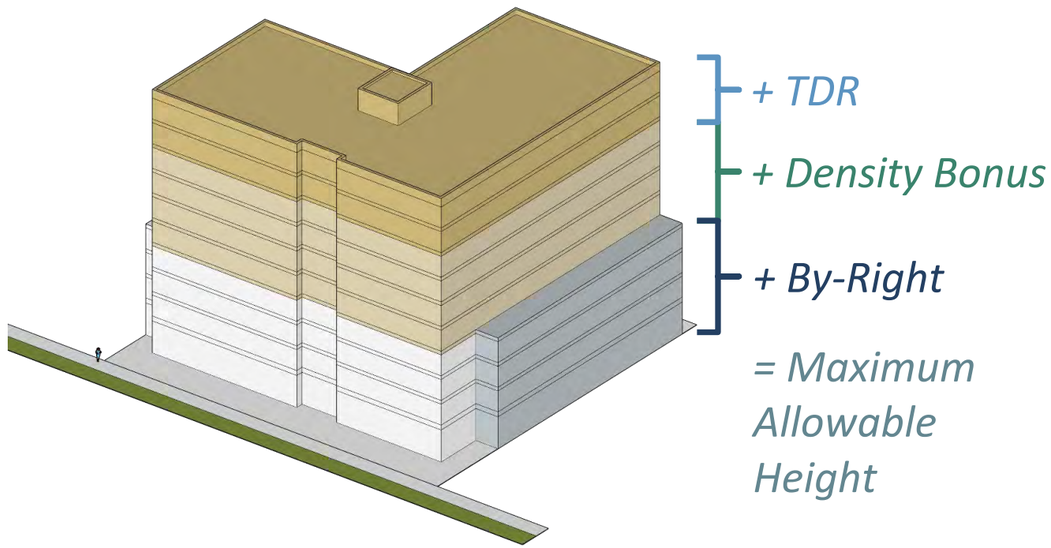
TDR & Density Bonus Programs

Considerations for Integration

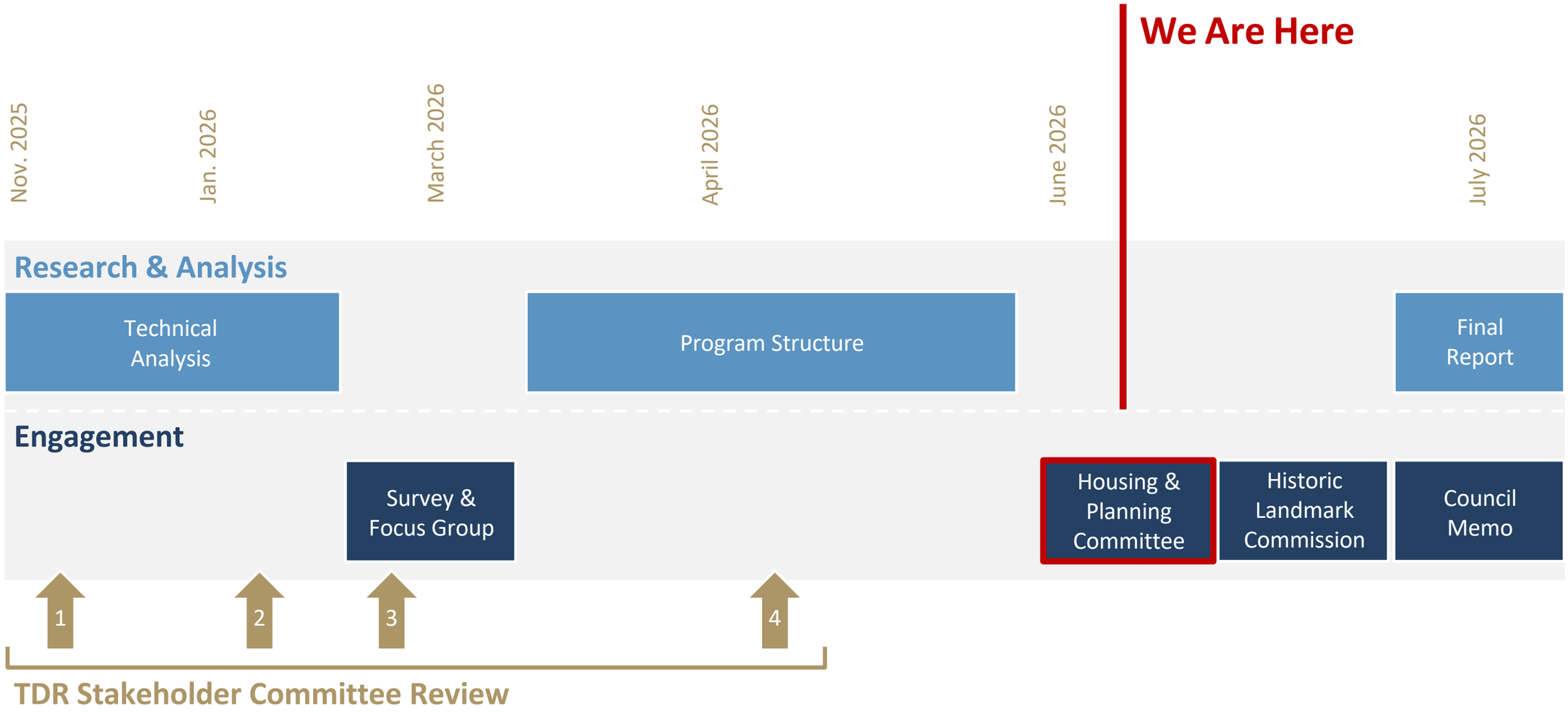
- Similar areas, different scales
- Affordability should remain a priority
- Setting a maximum allowable height would provide predictability for developers and neighbors
- Further analysis and refinement are critical to ensure that any future TDR program complements density bonus programs

Example Receiving Zones





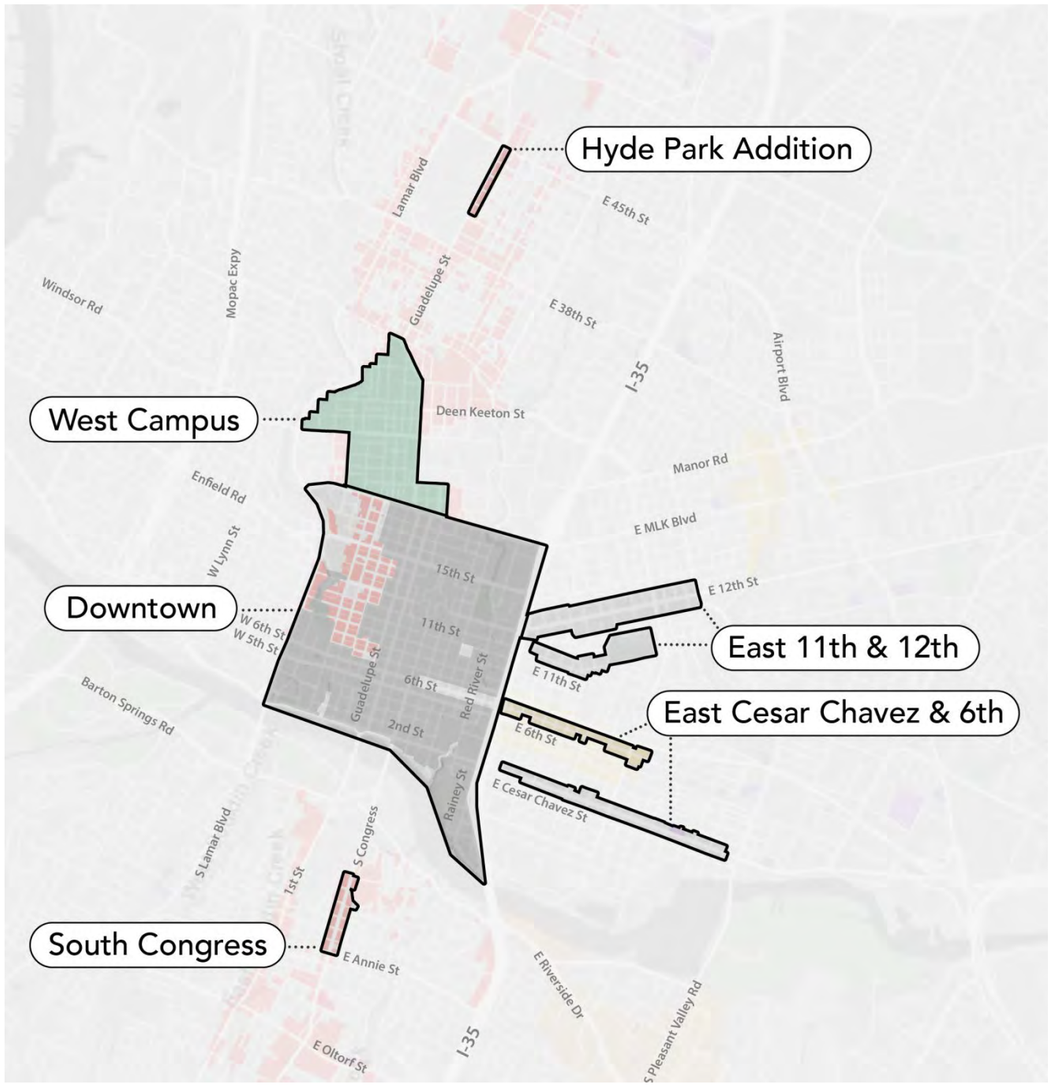
TDR Project Timeline



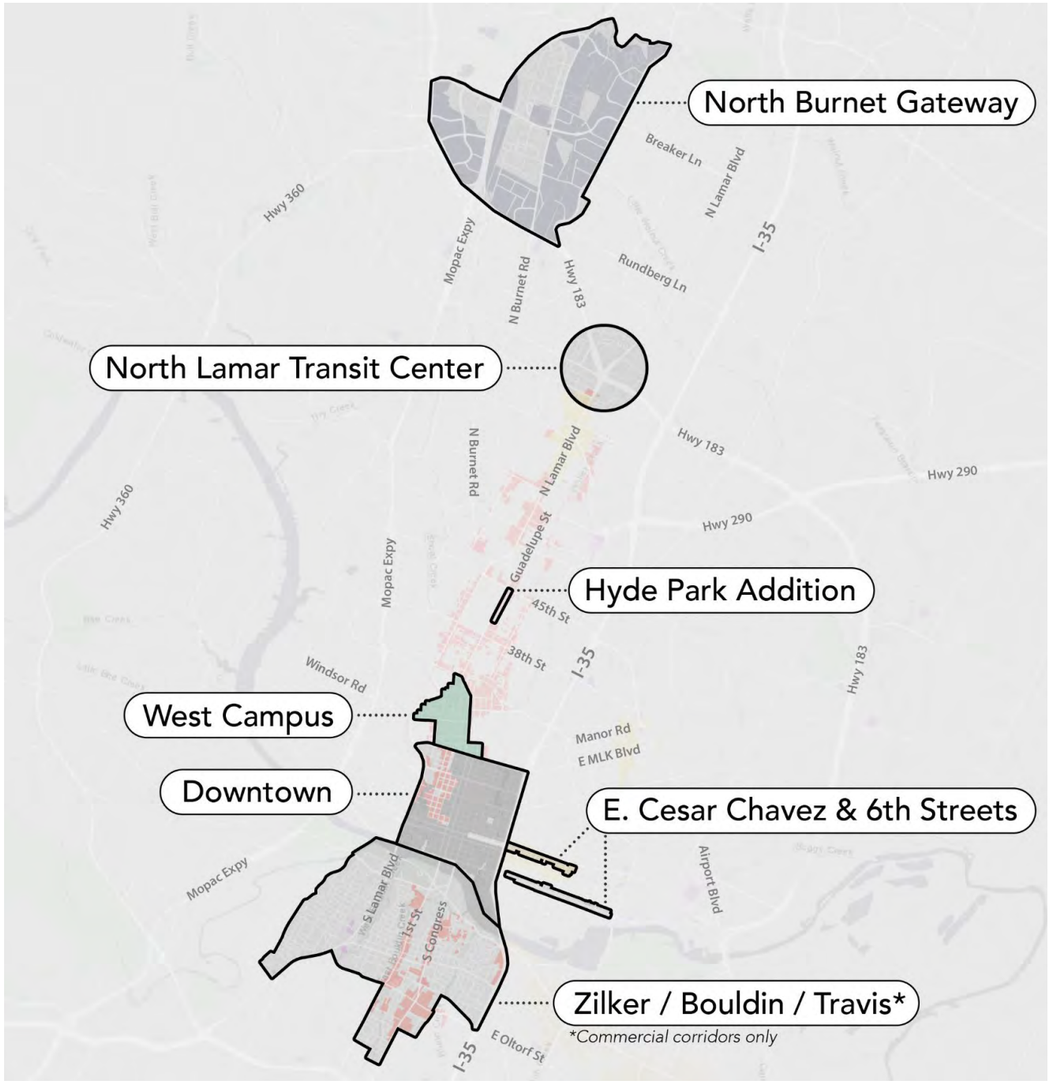
TECHNICAL ANALYSIS

Technical Analysis Study Areas

Potential Sending Zones



Example Receiving Zones



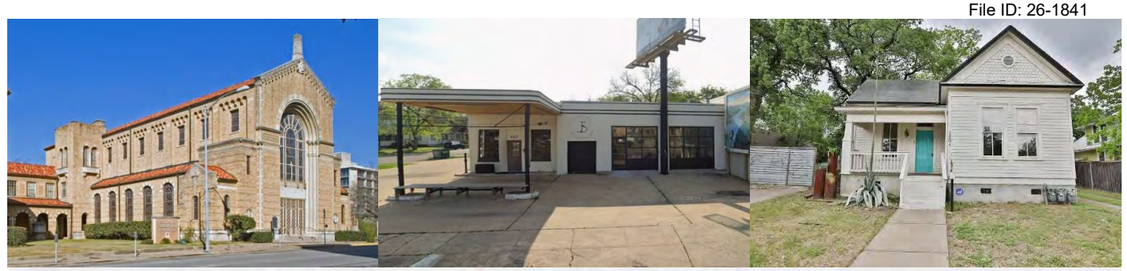
Scale of TDR Supply

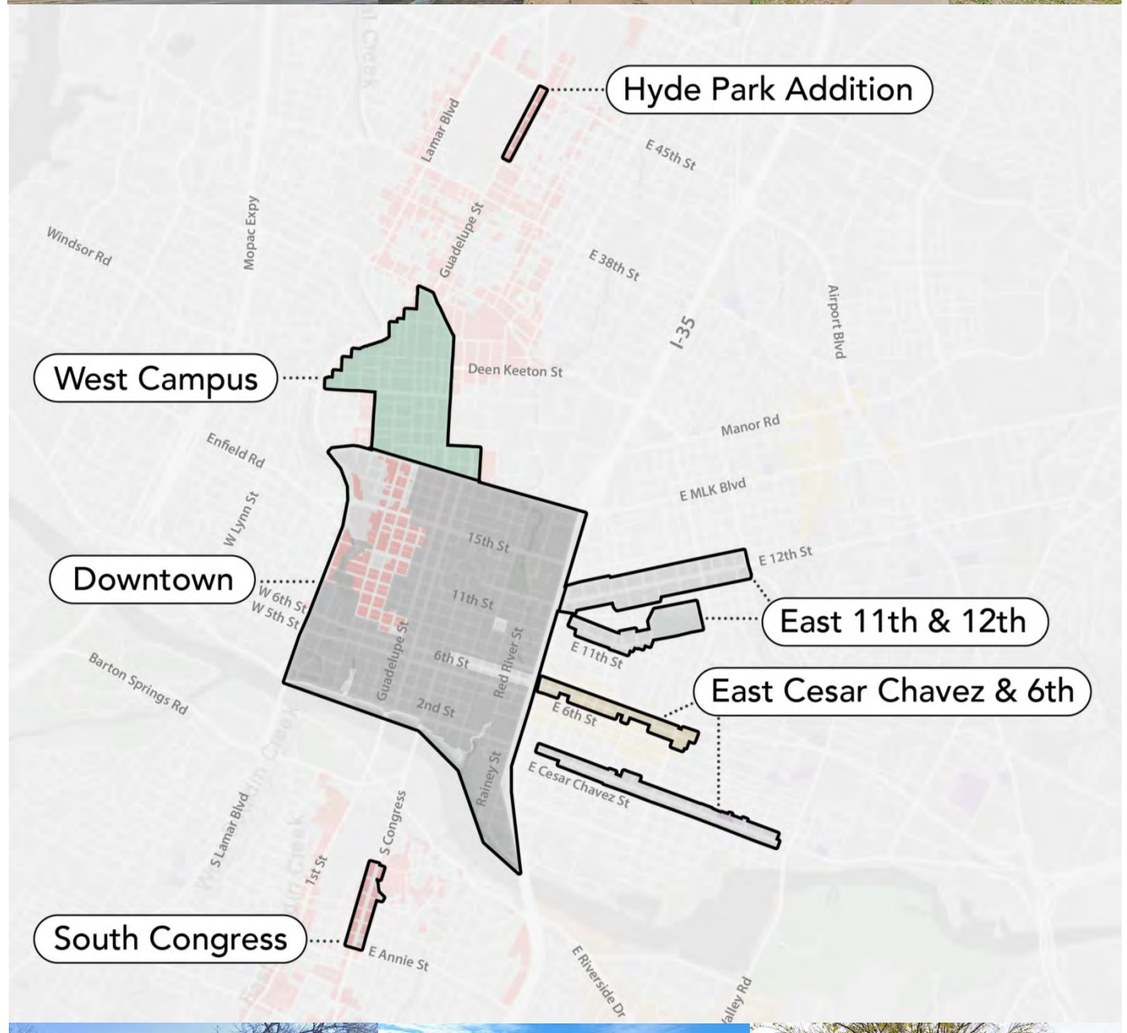
Potential Sending Parcels

447

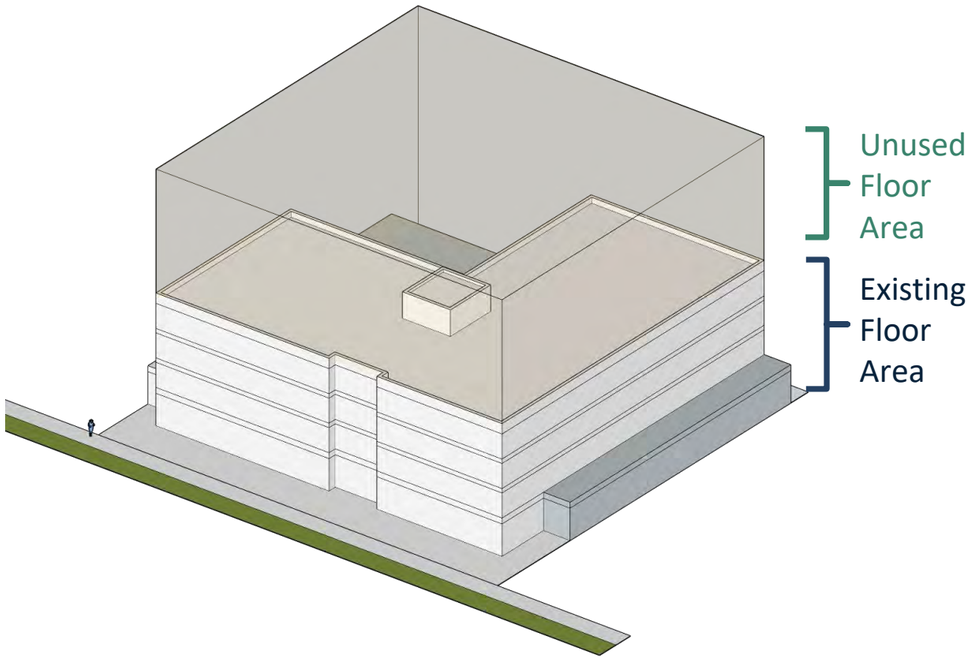
parcels may qualify as sending sites

Sending Zone	Historic Landmarks	Eligible Landmarks	Total Potential Sending Parcels
E 11th & 12th St	20	27	47
E Cesar Chavez & E 6th St	8	22	30
Downtown	169	126	295
West Campus	22	32	54
S Congress Ave	3	12	15
Hyde Park Addition	0	6	6
Total	222	225	447





Scale of TDR Supply



TDR Sending Capacity

~37M sf

unused floor area under
base zoning

Sending Area		Unused By-Right Floor Area* Existing Landmarks	Eligible Landmarks	Total All
1	E. 11th & 12th St.	311,512	230,042	541,554
2	E. Cesar Chavez & 6th St.	124,099	911,909	1,036,008
3	Downtown	16,446,562	17,616,032	34,062,595
4	UNO	293,032	842,712	1,135,744
5	S. Congress Ave.	36,118	419,671	455,789
6	Hyde Park Addition	0	86,474	86,474
	Total Base Zoning Bldg. Sq. Ft.	**17,211,323**	**20,106,840**	**37,318,163**

*Subtracts existing building sq. ft. by calculated total maximum allowable building sq. ft. under base zoning

** Rounded to nearest 1,000 SF. These figures do not include restrictions from Capitol View Corridors.*

Current Market Conditions

Average TDR Value to Sellers

~$165/sf

At-Risk Historic Assets

~20%

of eligible (potential) historic landmarks worth more as new development

Study Area	Eligible Landmarks	At Risk of Redevelopment	%
E 11th & 12th St	27	23	85.19%
E Cesar Chavez & E 6th St	22	1	4.55%
Downtown	126	18	14.29%
West Campus	32	1	3.13%
S Congress Ave	12	0	
Hyde Park Addition	6	0	
Total	225	43	19.11%

Current Market Conditions

Austin's Real Estate Market is in a Downturn:

Multifamily Rents

⬇ 25%

Since Q2 2022

Home Prices

⬇ $94/ft²

To ~$306 from a peak of ~$400 *(Apr. 2022)*

Multifamily Vacancy

12.6%

Downtown Office Vacancy

25%

Data sources: CoStar Group, Integra Realty Resources (IRR), Redfin (January 2026)

Scale of TDR Demand

Average TDR Value to Buyers Today

$0

Developers are unlikely to pay for additional entitlements through TDR. Rents do not support increased development costs.

Market Recovery

- 8 of 11 prototypes become financially feasible under 2020-2021 market conditions
- Create a TDR program before market recovery threatens potential historic resources

Building Type Feasibility by Example Receiving Zone

Receiving Zone	Base Zone	Building Type	Bonus Program	Scenario	Likely to Redevelop[1]?	
					Current Conditions	Improved Conditions
Downtown	CBD	High-rise Residential	DDB	50% DB + 50% TDR	NO	YES
Downtown	DMU	High-rise Residential	DDB	50% DB + 50% TDR	NO	YES
Downtown	LO / MF-3	"5 over 3" Podium Residential	DBETOD-2	50% DB + 50% TDR	NO	YES
Downtown	CS / GO	Commercial Podium	-	TDR Only	NO	YES
UNO	CS	"5 over 3" Wrap Residential	UNO-G	50% DB + 50% TDR	NO	NO
North Lamar	CS / MF-3	Mid-rise Residential	DBETOD-1	Bonus Only	NO	NO
North Burnet	NBG	High-rise Residential	NBG-180	50% DB + 50% TDR	NO	NO
North Burnet	NBG	High-rise Commercial	-	TDR Only	NO	YES
North Burnet	NBG	Commercial Podium	-	TDR Only	NO	YES
Zilker	MF-4/GR/CS	Mid-rise Commercial	-	TDR Only	NO	YES

[1] Prototypes labeled as likely to redevelop are those with positive residual land values.

RECOMMENDED PROGRAM STRUCTURE

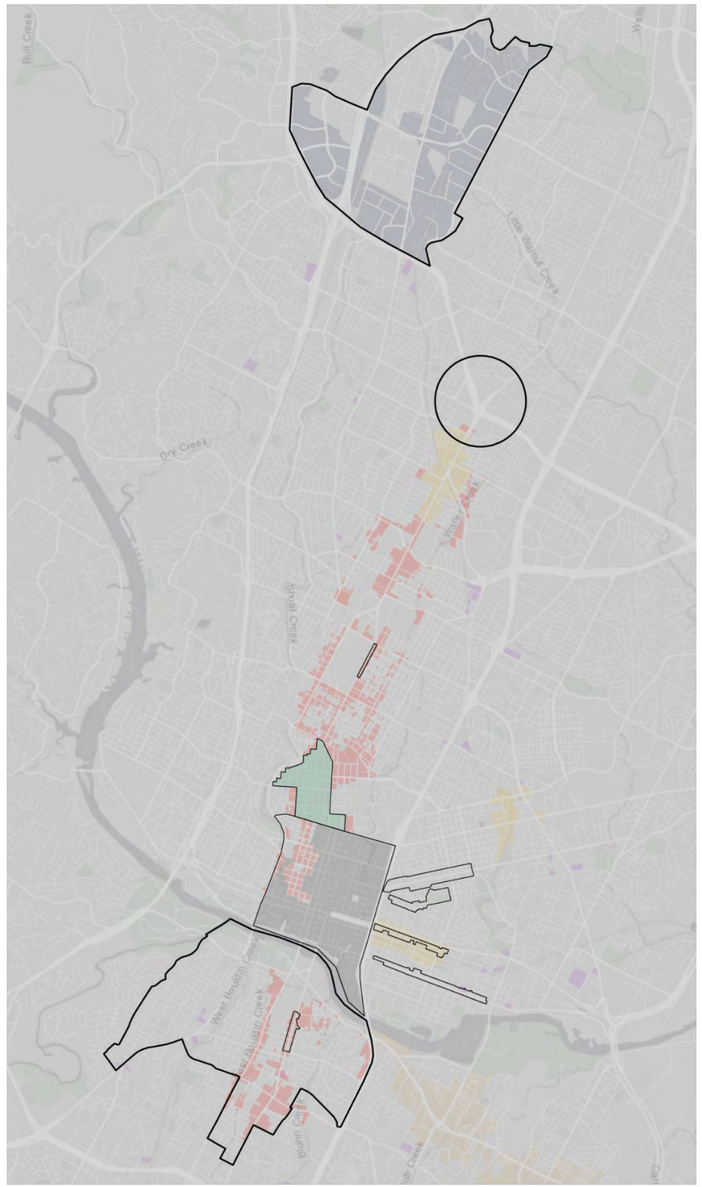
Principles for Successful TDR Programs

1. Clear Preservation Objective
2. Strong Receiving Market
3. Predictable Development Bonus
4. Administrative Simplicity
5. Permanent Preservation Outcome
6. Integration with Existing Zoning & Development Incentives

TDR program recommendations informed by national precedents, including:

Boston	Los Angeles	Palo Alto
San Francisco	New York City	King County, WA
Seattle	Dallas	

TDR Program Structure Recommendations



Element 1: **Sending Site Eligibility**

- Properties with historic landmark designation (H zoning) in sending zones

Element 2: **Receiving Site Eligibility**

- Properties in receiving zones where additional development capacity meets City priorities for density

Element 3: **Geographic Transfer Limits**

- Development rights can be transferred between any sending and receiving zones

TDR Program Structure Recommendations

Current Market Conditions:

Average TDR Value to Sellers

~$165/sf

Average TDR Value to Buyers

$0

Element 4: Transfer Mechanisms

- Standard real estate instruments (deed restrictions, covenants, sale agreements)
- Standardized forms
- Centralized tracking system

Element 5: Pricing & Valuation

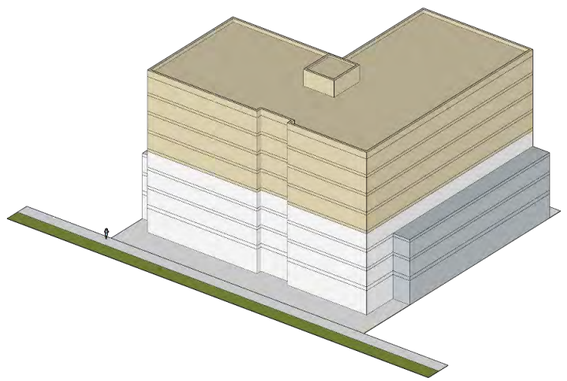
- Market-based pricing through direct negotiation
- TDR bank provides pricing benchmarks, transaction support, and early market stabilization

Element 6: Transfer Ratios

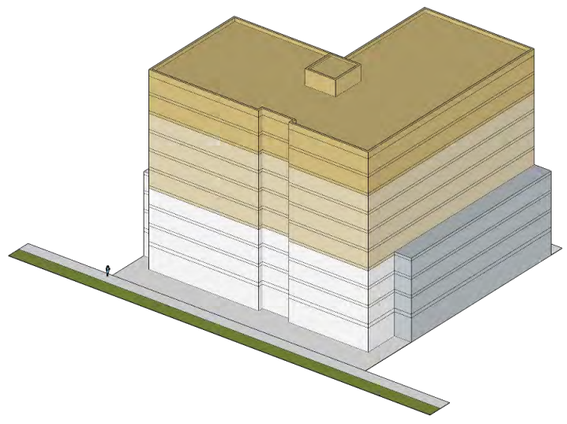
- Base 1:1 transfer ratio
- Targeted adjustments available to support priority outcomes

TDR Program Structure Recommendations

Additional Bonus Height



Additional Bonus +
Additional TDR Height



Element 7: **Height & Floor Area Caps**

- Established height limits within receiving zones
- TDR may be used in combination with density bonus programs

Element 8: **Program Administration**

- Administered through existing City departments with tracking system
- TDR bank to support program implementation

TDR Program Structure Recommendations

Element 9: **Regulations & Enforcement**

- Existing standards for historic landmarks ensure long-term preservation
- TDR proceeds can be reinvested into the sending property

Element 10: **Program Phasing & Pilot Implementation**

- Phased approach, beginning with further analysis
- Pilot program for real-world calibration
- TDR bank plays a more active role early

TDR Program Structure Recommendations

A successful TDR program in Austin will:

1. Align with existing incentives
2. Address market feasibility constraints
3. Work within legal and regulatory context

TDR Program Structure Recommendations

Implementation & Next Steps

Phase 1: **Incentive coordination, expanded research, and public planning process**

If the program works with existing incentives:

Phase 2: **Pilot program and systems development**

Phase 3: **Expand to full program**

Initiate ASAP: Further analyze and plan for a TDR program now before market recovery threatens additional potential historic resources.