



MEMORANDUM

To: Mayor and City Council

Through: Dr. Eric A. Johnson, Assistant City Manager, City Manager's Office *EAG*

From: Keith Mars, Director, Austin Development Services *KM*

Date: June 18, 2026

Subject: **Small Tree Fee Credit Initiative – Resolution No. 20241121-074**

The purpose of this memorandum is to provide a response to Resolution No. [20241121-074](#), which directed the City Manager to develop an incentive program that encourages the preservation of trees with diameters between 8 and 18 inches on residential lots by offering a credit toward development fees. The resolution also outlined specific elements to be included in the program's design.

Small Tree Fee Credit (STFC)

In response to City Council direction, Austin Development Services launched the Small Tree Fee Credit as a pilot program to incentivize the preservation of smaller, unregulated trees on single-family lots. The pilot launched on June 1, 2026.

Trees under 19 inches in diameter ("small trees") are unregulated on single-family property and often removed during construction. The credit applies to qualifying development fees for builders who successfully "enroll" and preserve these small trees through the development process. The goal of the pilot is to extend the protection of our urban forest to trees currently outside City regulation and ensure their survival during development.

Eligibility and Requirements

- **Project Eligibility:** The credit is available for single-family lots where a new home is being constructed.
- **Tree Eligibility:** The credit applies to "small trees" defined as having a diameter between 1 – 19 inches. All small trees of a species listed in [Appendix F](#) of the Environmental Criteria Manual qualify for the credit.

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- **Preservation Requirement:** Trees designated for participation in the pilot are considered “enrolled” and must be treated with the same protection standards as regulated trees throughout construction and must meet preservation criteria as outlined in [Environmental Criteria Manual Section 3.5.2](#) at the project's completion to qualify for the credit.

Credit Calculation

On properties with one residence, small trees will be credited at \$100 per inch. On properties with two residences, small trees will be credited at \$150 per inch. On properties with three or more residences, small trees will be credited at \$200 per inch.

Fee Application and Limits

- **Qualifying Fees:** The credit offsets eligible review and inspection fees. It does not apply to revisions, violations, reinspection fees, or expedited review fees.
- **Maximum Credit:** The credit is capped at the total amount of all qualifying fees for that project.
- **Payment:** The credit is issued after the final tree inspection confirms preservation.

Pilot Program Duration and Funding Cap

- **Time Limit:** The pilot will run for one year or until program funds are fully utilized.
- **Funding Cap:** A total of \$50,000 in fee credits is budgeted for the duration of the pilot. Funding comes from the City's Urban Forest Replenishment Fund.

Construction and Opt-Out Flexibility

To encourage participation while maintaining high standards, the program offers flexibility as follows:

- **Minimizes Administrative Requirements:** Submission requirements for small trees largely match existing requirements for regulated trees, and no additional inspections will be required for small trees preserved under the program.
- **Preservation Standards:** Enrolled trees must meet standard preservation and protection criteria throughout construction.
- **Reinspection:** Unlike regulated trees, deficiencies in small tree protection do *not* trigger an automatic reinspection fee, reducing the burden on the builder.
- **Opt-Out:** A builder may opt out any enrolled tree from the program.
- **Over-enrollment:** Builders are encouraged to enroll more trees than needed for the maximum credit to serve as a buffer in case some trees do not survive, ensuring they still receive the full maximum credit if possible.

Staff did not identify any non-zoning administrative waiver criteria whose expansion would allow for greater preservation of trees within a proposed development. Staff previewed the proposed program with stakeholders. Stakeholder feedback was incorporated where possible, and overall, the proposal was well received. The success of the pilot will be tracked and reported upon at the program's conclusion to determine future implementation.

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HOME Direction

As part of the City Council's action when approving Phase One of the Home Options for Mobility and Equity ([HOME](#)) code amendments, the City Manager was tasked with recommending ways to preserve trees, address gaps in planting requirements, encourage future tree planting, and explore incentives for protecting non-regulated and setback-area trees. In response to Council direction, staff have finalized an amendment to the Environmental Criteria Manual to increase mitigation credit for preserving unregulated trees. This amendment is awaiting posting with the City Clerk for public comment. Additionally, staff are investigating the feasibility of a Priority Species list to grant enhanced mitigation credit for planting select tree species.

This final update completes the reporting required by the resolution and the related direction outlined in the HOME Ordinance. Should you have any questions or concerns, please contact Keith Mars, Director of Austin Development Services at keith.mars@austintexas.gov or 512-574-6837.

cc: T.C. Broadnax, City Manager
Erika Brady, City Clerk
Jason Hadavi, City Auditor
Mary Jane Grubb, Municipal Court Clerk
Judge Sherry Statman, Municipal Court
CMO Executive Team
Department Directors