Posting: Approve a resolution directing the City Manager to prepare reports and propose options to reduce barriers, including regulations and development-related fees, to developing Residential Infill Projects without regard to whether ownership will be through fee simple ownership or a condominium regime.

RESOLUTION NO.

WHEREAS, Austin needs all types of housing, for all types of people, in all parts of the city; starter homes — modestly sized, fee-simple homes on small lots — are nearly impossible to deliver; reforming the residential infill subdivision process is critical to unlocking more starter homes in Austin; and

WHEREAS, City Council has taken significant steps to expand attainable homeownership opportunities through the HOME Initiative's Phase 1 (Ordinance No. 20231207-001), Phase 2 (Ordinance No. 20240516-006), and HOME Improvements (Resolution No. 20260507-026); however, despite changes to drainage regulations and other aspects of the review process adopted through the Infill Development Ordinance (Ordinance No. 20250306-037), the subdivision process remains poorly calibrated to residential infill projects, and it significantly limits attainable fee-simple homeownership opportunities; and

WHEREAS, Ordinance No. 20250306-037 defined "Residential Infill Project" at Section 25-1-21(97) of the City Code; this Council-adopted definition already captures the universe of small infill projects for which the City's subdivision review requirements are disproportionate to the scale and impact of the development; and

WHEREAS, the City reviews a residential infill replat under largely the same process as a greenfield subdivision, requiring substantially the same transportation analysis, parkland dedication, water quality review, easement and right-of-way dedication, and sequential multi-department review with limited

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regard to the scale of the project; this process was designed for large suburban subdivisions and is the principal driver of cost and delay for residential infill subdivision; and

WHEREAS, a HOME Phase 1 project may be physically indistinguishable from a HOME Phase 2 project; yet the HOME Phase 2 project must replat in order to convey fee-simple lots, thereby carrying impact fees more than eight times higher, plus other fees such as parkland dedication that a HOME Phase 1 project does not incur at all, and often more than $100,000 in engineering and design costs driven by both review requirements and on-site improvements; and

WHEREAS, the time and expense of the current subdivision process has long made residential infill projects infeasible, residential infill subdivision has not been happening in Austin, and simplifying the process would allow more infill re-subdivisions to move forward which would support economic development expanding the City's tax base and expand fee-simple ownership opportunities at a more attainable price point; and

WHEREAS, peer Texas cities including San Antonio, Dallas, and Fort Worth have each created a streamlined minor plat process for small residential subdivisions, yet this process remains unavailable in Austin; and

WHEREAS, Houston reduces water and wastewater impact fees for residential construction priced below the average market sale price, an approach that preserves impact fee collections from higher-cost development while removing a substantial barrier to attainable, fee-simple homeownership; and

WHEREAS, small-scale builders and individual homeowners report that time and predictability matter as much as cost; a process that is predictable and

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timely would allow a longtime homeowner to sell a portion of their lot and a small builder to deliver a starter home; **NOW, THEREFORE,**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City Manager is directed to establish a performance goal for residential infill subdivision applications that matches or improves on peer Texas cities in both cost and review time. For reference, San Antonio charges at $1,500 with approval in under 30 days, Dallas at $2,800 in under 30 days, and Houston at $1,500 in under 30 days. A property owner should be able to complete the subdivision or replat of a site that qualifies as a "Residential Infill Project" within a timeframe, measured from submission of a complete application, comparable to that of peer Texas cities, and at a total City-imposed cost no greater than that of a typical comparable project in those cities. City-driven costs include all City review and application fees, impact fees, and fees-in-lieu, plus the cost of engineering, surveying, and other professional services that the City requires but that may not be reasonably necessary given the scale and risk of a small residential infill project. The City Manager shall treat this goal as a primary measure of success for the work directed by this resolution.

BE IT FURTHER RESOLVED:

The City Manager is directed to engage the Development Services Department, Austin Water, Austin Energy, the Watershed Protection Department, Transportation and Public Works, the Parks and Recreation Department, and the Austin Fire Department to propose review requirements, submittal requirements, timelines, and costs that will allow for parity between HOME Phase 1 condominium regime development and HOME Phase 2 fee simple development. To understand how to establish parity, the City Manager is directed to prepare a report that includes, but is not limited to, comparisons of the review processes,

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submittal requirements, timelines, and fees imposed on Residential Infill projects that create fee-simple lots with those imposed on equivalent condominium ownership developments, and identifying each Land Development Code and criteria manual requirement that a comparable HOME Phase 1 project does not trigger. To assist Council in determining whether to initiate amendments to the Land Development Code or make other changes to City policy, the City Manager's report shall also identify the requirements that would need to be modified or eliminated in order to achieve closer parity in development-related fees and review times between these two categories of Residential Infill projects and to better align the City's infill subdivision process with those of the peer cities previously mentioned. Requirements to be evaluated should include, but not be limited to, all applicable zoning regulations and non-zoning regulations administered by the aforementioned City departments. If any of those processes, requirements, or fees could be updated in order to streamline and right-size processes, the City Manager is directed to propose those updates to Council.

BE IT FURTHER RESOLVED:

The City Manager, in coordination with the Austin City Attorney's Office, is directed to evaluate options to reduce impact fees collected on Residential Infill Projects, including (i) preserving the original plat date for purposes of impact fee assessment, and (ii) exploring an exemption or reduced collection rate for homes priced below the trailing twelve-month average sale price, modeled on the approach used in Houston. The City Manager shall further identify any additional measures available to the City to bring impact fees assessed on Residential Infill Projects into alignment with the objectives stated above.

BE IT FURTHER RESOLVED:

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The City Manager is also directed to evaluate measures that further support fee-simple homeownership, including changes to land status requirements, concurrent rather than sequential department review, standardized template easements and restrictive covenants, and allowing utility service lines to cross new lot lines consistent with HOME Phase 1's condominium regimes.

BE IT FURTHER RESOLVED:

The City Manager shall identify the City policies, codes, and procedures that differ from those of peer Texas cities and that prevent the City from meeting the timeline and cost goals those cities have shown to be achievable. For each one identified, the City Manager shall present a proposed reform that includes:

1. Identifying the specific code section, criteria manual provision, administrative rule, or process step to be modified;
2. Describing the nature of the change, whether an exemption, a waiver, a scaled reduction, a process modification, or a fee adjustment;
3. Explaining the estimated impact on development cost, review timeline, or regulatory burden for a typical Residential Infill Project.

Implementation timelines for each reform should be proposed by the City Manager in the consolidated March 2027 report based on the departmental submissions; departments are not required to include implementation timelines in their initial submission.

BE IT FURTHER RESOLVED:

To inform the department recommendations, the City Manager is directed to administer an anonymous survey to staff in each department identified above who review, inspect, or otherwise process subdivision applications for Residential Infill Projects. The survey shall invite staff to identify requirements, review steps, or fees

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they consider disproportionate to the scale or impact of these projects; sources of delay or redundancy; and changes they would recommend. The City Manager shall include the survey results in the March report.

BE IT FURTHER RESOLVED:

Recognizing that the cost and complexity of the City's subdivision requirements currently discourages property owners from pursuing in-fill residential subdivisions, the City Manager shall return to Council by April 1, 2027, with a report for Council that compares the applicable Land Development Code requirements and fees triggered by the most common types of in-fill style residential subdivision applications with those of peer Texas cities. The report should also explain the review processes that apply to these requirements. The report should propose alternative processes or substitute standards that achieve health and safety outcomes in line with other small-scale residential development not utilizing the subdivision process. Council will consider whether to initiate any Land Development Code amendments after receiving the City Manager's report, with an overall goal of adopting code amendments by October 2027.

ADOPTED: _____, 2026 **ATTEST:** _____
Erika Brady
City Clerk

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