



MEMORANDUM

TO: Mayor and Council Members

FROM: Rosie Truelove, Director, Housing Department RT

DATE: December 4, 2023

SUBJECT: Single Family Lot and Use Modifications, Phase 1 – Affordability Impact Statement – Council Q&A and Clarifications

Housing staff would like to provide an update to the Affordability Impact Statement that addresses [questions](#) that have been raised by Council Members as well as a clarification regarding occupancy limits.

Cost of Doing Nothing

The Affordability Impact Statement for the HOME initiative does not include an analysis on the opportunity cost of doing nothing. In other words, what is the impact to middle-class households and to Austin's housing affordability in the long-term if single-family zoning districts remain low density? (Pool, Q&A #54)

- According to the US Census, 44.8%, or almost half of all housing units in the City of Austin are detached single-family houses.
 - 1) As indicated in a recent report developed by city staff and UT researchers, single family homes are the most expensive housing type.
 - 2) Attached duplexes and triplexes have lower development cost per unit than developing single family housing (\$400,000 per unit for duplexes compared to nearly \$800,000 for single-family homes). In addition to single-family homes being the most expensive, only allowing one house on a lot constrains the supply of housing and increases the competition between buyers, which raises the rent and sale prices, ultimately increasing the cost.
- Zoning restrictions, such as minimum lot sizes and prohibitions on multi-family homes, adversely affect affordability by limiting the types and amount of housing allowed on a lot.
- If the City of Austin does nothing to enable cheaper development typologies, current trends will likely continue. The average new homes size is 3,072 sq. ft. in 2023, which is out of reach for low-and-middle-income Austinites.
- In addition to increased costs, areas limited only to single-family homes to the exclusion of multifamily can limit access to schools, parks, grocery stores and many other community amenities. Even if a student can transfer schools, the additional

transportation costs and travel time can create a burden for the household and caregivers.

- There is also an environmental cost to maintaining the status quo. Imagine Austin identifies increasing Austin’s density, specifically through infill development, as a vital component of sustainable growth. Dense development patterns allow for more efficient transit and utility delivery relative to low-density patterns.

FAR and Affordability

Based on the concerns raised in the affordability impact statement on potential unit size, please provide some details on whether alternatives exist to limit the size of units other than maintaining our existing residential design standards. (A. Alter, Q&A #38)

- A variety of alternatives could be considered for limiting the mass of structures, other than compliance with City Code Chapter 25-2, Subchapter F (Residential Design & Compatibility Standards). Examples include application of: (1) a maximum floor-to-area ratio (“FAR”) limit, to be calculated in a more streamlined manner than currently used under Subchapter F; and/or (2) limits on vertical mass of structures near lot lines consistent with objectives of current Subchapter F tent, but simpler and more streamlined. Each of these options could be graduated to incentivize multiple units of a moderate scale, if desired.

What impact would there be on the affordability analysis of the HOME initiative to applying a house size constraint, such as a limit on “Floor-to-Area” allowances? An amendment to limit the FAR allowance is being crafted in collaboration with staff and community experts in time for the upcoming Planning Commission discussion on November 14. (Pool, Q&A #55)

- Relative to current conditions and the current proposal, adding a house size constraint would increase the likelihood that the proposal will provide housing accessible to middle-income households, because smaller units typically sell for less on the market.
- A size constraint would be most likely to achieve this outcome if it were calibrated to encourage attached duplexes and triplexes, which are often cheaper to build and purchase than detached structures.
- To incentivize the construction of more, smaller units, the FAR should consider both the size of the lot and the number of units.

Preservation Incentive and Affordability

What impact would a Preservation Incentive have on the affordability and displacement analysis of the HOME initiative if it encourages homeowners to save their existing house with meaningful incentives and allowances? An amendment to offer a preservation incentive is being crafted in collaboration with Preservation Austin and council offices in time for the upcoming Planning Commission discussion on November 14. (Pool, Q&A #56)

- In general, a preservation incentive would reduce the likelihood that renters and homeowners would be displaced from single-family homes. A preservation incentive would have the greatest impact if targeted to geographies with high concentrations of populations vulnerable to displacement.

Clarification on Occupancy Limits

In City Code Section 25-2-511 (*Dwelling Unit Occupancy Limit*), the City regulates the maximum number of unrelated adults who can live in a housing unit. As required by the Fair Housing Act (FHA), the City grants reasonable accommodations that allow individuals with disabilities to exceed the maximum number of unrelated adults living in a home. Allowing more unrelated adults to reside in a home will increase housing choice.

Should you have questions, feel free to contact me at (512) 974-3064 or rosie.truelove@austintexas.gov.

cc: Jesús Garza, Interim City Manager
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