

Public Input and CodeNEXT Community Advisory Group Discussion of

**DEVELOPING COMPLETE COMMUNITIES FOR ALL AUSTINITES:
HOUSEHOLDS AFFORDABILITY CODE PRESCRIPTION**

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INTRODUCTION

The *Imagine Austin* comprehensive plan includes a priority program to develop and maintain household affordability throughout Austin. The comprehensive plan envisions “[e]conomically mixed and diverse neighborhoods across all parts of the city [with] a range of affordable housing options, where all residents have a variety of urban, suburban, and semi-rural lifestyle choices.”

CodeNEXT is one tool that can help to increase household affordability. To maximize household affordability, it will be crucial to implement additional tools, programs, and policies, in concert with an updated code. The City Council will soon consider adoption of the city’s first Strategic Housing Plan, which includes both goals for the scale of production of new housing and affordable housing in the city, and for the location of new affordable housing throughout the city and in proximity to transit. If passed, the plan would be an amendment to *Imagine Austin*. Achievement of such goals would also require the dedication of significant resources to allow for the development of new affordable housing at a greater scale and in parts of town currently lacking it, and also for the strategic preservation of existing affordable housing vulnerable to loss in areas providing good transit access.¹

The May 2014 *Code Diagnosis* recommends a variety of tools to meet Austin’s growing affordability needs (page 55, *Code Diagnosis*). In addition, the draft Austin Strategic Housing Plan (http://www.austintexas.gov/sites/default/files/files/Draft_Austin_Housing_Plan_06.06.16_2_.pdf) proposes a variety of programs and policies that will be necessary to meet current and future housing demand. Because affordability is such a complex issue and challenge, solving for affordability will require a host of programs and policy changes. CodeNEXT is only one of many tools.

In May 2016, city staff released the second in a series of four “prescription papers,” which were developed to provide a preview to the new draft land development code and to highlight some of the potential tradeoffs inherent in the code. *Developing Complete Communities for all Austinites: Household Affordability Code Prescription*, recommends a variety of code changes to increase household affordability. In general, those prescriptions include the following:

1. Revise the Density Bonus Programs
2. Map the form-based zones to Centers and Corridors
3. Refine regulatory restrictions on density
4. Align with the Fair Housing Action Plan
5. Improve the effectiveness of Compatibility Standards
6. Reduce parking requirements in targeted areas
7. Preserve the natural environment
8. Improve development review process

Public input process

¹ The draft plan can be found here: <http://austintexas.gov/housingplan>

Staff presented the draft prescription paper to the Code Advisory Group (CAG), along with four CAG members, Elizabeth Mueller, Terry Mitchell, Nuria Zaragoza, and Mandy De Mayo. The four CAG members offered their feedback based on their professional and personal perspectives. The paper was released to the public and presented to the CAG on [date]. At that meeting, working group members also make presentations in order to provide context for the paper. Those presentations are included in the appendix.

CAG members subsequently solicited information from the public through a variety of mechanisms. At each meeting, 15 minutes is set aside for citizen communication. In addition, there are online forums (such as Reddit and Speak Up Austin), regular email communication, and individual CAG member outreach. 45 community members posted comments on the on-line forums.

The CodeNEXT team held a community walk through the Zilker Neighborhood on May 14, 2016. The walk began at Zilker elementary and the route included several examples of existing small apartment complexes, new “missing middle” development and a visit to the 17 unit Sasona housing cooperative where residents provided an overview of how the coop operates, the rents residents pay and also gave a tour of the property. (See appendix for details).

On May 23rd, the CAG and CodeNEXT staff hosted an interactive public engagement session. More than 100 community members attended and provided input on the prescription paper and the topic of affordability. (A map showing which areas of town were represented and the representation of renters and owners is provided in the appendix.) The event was organized as follows: in the first half of the event, residents attended break out groups according to the city council district they lived in. In this round of discussion, residents were first asked to talk about the factors that shaped their choices when they bought or rented their current home. Each person spoke about their experience. These factors were listed on butcher paper. In this round of discussion differences emerged between older, long-time residents and those who had moved to Austin or bought or rented a home more recently. Some long-time residents reflected on the physical character of their neighborhoods in the past and lamented changes, long time east side homeowners noted the lack of choices their families faced when they bought their homes and the problems they found in their neighborhoods. Younger residents described the poor choices they faced and the trade-offs they made between price and location, and the consequences for their ability to meet their daily needs.

In the second round of discussion, participants were randomly assigned a new room so that groups were more mixed in terms of where they lived. This resulted in much more diverse groups in terms of housing tenure. We began the second round by reviewing the list of factors shaping housing choices that the previous group in that room had compiled and adding to it to reflect the new mix of people in the room. Each resident was then asked to comment on who was not able to live in their neighborhood and why. Being priced out was the dominant theme in this conversation and how this was changing over time.

Finally, the groups discussed some of the ideas in the prescription paper. There was much agreement on the importance of making it easier to rely on transit rather than driving, but less agreement on the specific proposals. In particular, disagreement seemed to center on whether proposed changes meant to allow more development near transit would improve housing choices or contribute to rising taxes or other problems facing neighborhoods near transit. (A summary of the issues raised in each round of discussion, transcribed from the butcher paper sheets used at the meeting, is provided in the appendix.)

Finally, the Code Advisory Group members gathered input through outreach to the groups they were appointed to represent and recorded it in a google doc. Members were also surveyed for their views in order to determine which prescriptions had the most support and which were most controversial. (see appendix).

In general, the CAG has received a lot of input from diverse organizations and individuals on the issues included in this prescription paper. Organizations whose representatives consistently attended and spoke at meetings included the Austin Neighborhoods Council, the Real Estate Council of Austin, the Homebuilders Association, the Friends of Austin Neighborhoods, AURA, La Reunion housing cooperative and Evolve Austin. At the May 23rd public engagement session, the CAG was able to reach a broader cross section of the community. In general, however, the CAG has not had sufficient outreach to (or input from) low-income communities, communities of color, and renters.

FINDINGS

Summary of themes

Through these various input mechanisms, the Household Affordability Working Group assembled the following consolidated overview of feedback. The report highlights both public input, as well as CAG and staff conversations. While there was no consensus on ways to achieve household affordability, there was consensus that affordability is perhaps the most pressing need and persistent challenge in our community. Responses to affordability could be generally categorized into five major themes:

Fair Housing:

*How might we affirmatively further fair housing goals through our development patterns?
Ensure broad housing choice in all types of neighborhoods?*

Increased entitlements and unintended consequences:

How can we balance development pressure and neighborhood context?

Density and affordability:

How might we increase affordability in concert with increased density?

Greenfield and Infill development:

How might we calibrate growth and density in both greenfield and infill areas?

Density and infrastructure:

How can we ensure our infrastructure supports increased density?

1. FAIR HOUSING:

How might we affirmatively further fair housing goals through our development patterns? Ensure broad housing choice in all types of neighborhoods?

Imagine Austin presents a vision for the city framed around the concept of “complete communities.” Complete communities are geographic areas that contain jobs, services, open space, and housing that provide the opportunity for residents to live close to work, and to avoid the need to travel long distances to meet their daily needs. Since currently Austin is highly economically segregated, this would mean adding housing options affordable to households with low incomes to parts of town currently lacking affordable rental housing. It also means ensuring that development on greenfield sites, or in the centers and corridors identified in *Imagine Austin*, integrates a diversity of housing types and tenures, and that it includes (subsidized) affordable housing.

The prescription paper highlights several particular barriers to fair housing choice that our new code might address: first, the exclusion of infill development from some residential neighborhoods produced through the current “opt-in/opt-out” system for determining where infill development will be allowed, second, the inconsistency of density bonus program rules, resulting in different outcomes (and thus different choices for low income, often minority households) by geographic area, and third, the impact of poorly designed regulations on the cost of producing housing that in turn may drive up housing prices with exclusionary effects. In this section, we focus on the discussion surrounding creating more diverse housing choices throughout the city. (The next section will cover the discussion of proposed changes to density bonus programs.)

The particular solutions proposed in the prescription paper include allowing for the production of “missing middle” housing in existing neighborhoods by using the code to ensure that the physical form of this added housing fits well with the existing neighborhood context.

There were many comments on the topic of added new housing types to existing single family neighborhoods. The exclusion of housing options for those who cannot afford detached single family homes was an issue that was raised at the May 23 public input event at the Carver Museum (summarized above). It has also been raised in the weekly citizen communication consistently by regular speakers as well as through online venues for citizen comment.

Frank Herrin, September 19, 2016, Code NEXT Advisory Group meeting

I did write a list of 15 reasons why we should allow all kinds of housing in all neighborhoods....the idea of mixing all housing options is not a new one, some of you will remember a photograph that I passed out of 21 units an acre being developed 70 years ago next to single family in Tarrytown, and those two property types have co-existed next door to one another for longer than I've been around (and that's a long time). Mixing housing options does not damage the neighborhoods. We did it 70 years ago and the Grove, which is a current proposed project has already been approved by the zoning and platting commission of our city and its got that mix of all different types of housing all in the same project, so that you go all the way in price point from subsidized housing to million dollar properties. There's no reason those

can't coexist well and that's going to be a fabulous project. We need to do more of that kind of thing. It's also what's basically fair. I don't know why any citizen in our town should be told because you don't make enough money, you don't have access to a certain neighborhood or part of a neighborhood....the market going to cause some of that unfairness, but for us to exacerbate that problem, that unfairness, by actual government policy, I think is wrong. I've also pointed out some legal problems I think that we'll have if we don't discontinue this policy of roping off certain parts of our city and saying they're going to be unaffordable. We need to take a fresh look at this because I can't tell if there's a single traditional housing option that can't set right next door to a single family home and what it did in Tarrytown as of today's tax assessment on that one example was that you've got a condo property at \$200,000 a unit right next door to a \$750,000 house. That's true housing diversity and that will create more diversity of our population and perhaps we can get rid of this title of being America's most economically segregated city.

Christopher Gill- Speak Up! Austin:

What about people who have absolutely no hope of owning a single-family home? The median single-family home price in my neighborhood is over half a million. Single-family homes are great for the 20% of the population that can afford them. I'd love to buy a unit in a fourplex though, and I wish this housing option were available.

We note that a key challenge to changing pattern in neighborhoods that have historically been most uniformly single family and affluent is that this pattern is the result not only of zoning, but also of restrictive covenants attached to property deeds, that often limit the number of units and style of housing that can be developed in that subdivision. This makes development on corridors or centers in such neighborhoods especially important for providing housing choice consistent with the Fair Housing Act.

While many speakers advocating for inclusion of missing middle housing in existing single family neighborhoods linked this to racial segregation, we have also heard from residents of historically segregated east Austin neighborhoods about the particular meaning of homeownership and single family homes to long standing residents of historically segregated areas of east Austin.

Daniel Llanes, Code NEXT Advisory Group Meeting, September 22, 2016:

My name is Daniel Llanes and I live on the east side...I heard something a while back and this is why I'm here tonight. This is the first opportunity I've had to come. But I heard that somebody was telling you that guys that single family housing is racist....I want to tell you that single family housing is the one of the main ways that people of color have been able to prosper in our country. Without homeownership there is no prosperity. So, just in case, cause that's what I heard, whoever is telling you this has some kind of secret agenda because that's absolutely not true. Now the other side of this is homeownership. This city has more renters than homeowners. That to me is the one percent exploiting the population. We need to have ownership of homes so that people can build equity. The trend in my neighborhood and in a lot of the city is just to build rental housing and that's warehousing people, that's exploiting people and that doesn't give anyone who's a renter the opportunity to build equity....my aunts and

uncles, when I was young, those who were able to buy houses were able to prosper, in my neighborhood, those in my family who did not have homeownership, were renter most of their lives, their kids had less of a chance. So homeownership is where it's at and certainly homeownership of single family housing is anything but racist. It actually helps the communities of color.

In response to the lack of housing choices available in many existing single family neighborhoods, we heard two main types of suggestions about changes in this process. One theme was to allow infill types such as accessory dwelling units in all neighborhoods by right. (As noted above, the code cannot overcome the deed restrictions in the most affluent, single family neighborhoods.) The implication would be to allow this in areas where zoning is what governs current patterns.

AURA CodeNEXT Expectations:

Significantly reduce or eliminate minimum lot size//minimum lot sizes are an attempt to address wide-area issues by regulating an individual lot. Our minimum lot size is larger than any peer city in Texas and increases the cost of housing. We call for a minimum lot size of 1000 square feet, and reducing the minimum lot width to 15 feet. Austin definitely needs to review its residential zoning districts. However, rather than eliminating minimum lot sizes, districts need to be added that better accommodate “missing middle” housing (cottage homes, townhouses, quadplexes and low-rise multi-family) in appropriate transitional locations.

The second theme was to ensure development in greenfield sites promotes complete communities, with a mix of housing choices, services, and access to transit

2. INCREASED ENTITLEMENTS AND UNINTENDED CONSEQUENCES.

How can we balance development pressure and neighborhood context?

There appears to be almost unanimous support for the goal of affordability. However there are different points of view on how to achieve it. Some believe that loosening site development regulations will result in the production of less expensive housing. Others believe that if the changes in entitlements are not calibrated properly, they will result in the demolition of the older housing stock, which will negatively affect affordability.

Pro-density advocates express the belief that if more units are built on the same piece of land, costs will decrease, and when the savings are passed on to the consumer, there will be a net gain in affordability. Further, they express that the increases in supply will result in increased affordability by the forces of supply and demand.

There has been a significant amount of testimony in support of increasing density throughout the city in order to address economic segregation, stressing that zoning regulations such as large lot size requirements prevent lower income people from affording our city.

Following are some comments in support of the increasing entitlements:

Real Estate Council of Austin Response:

The Households Affordability Prescription aligns very closely with our recent call for the City to produce a minimum of 15,000 new housing units every year for the next decade. There are many prescription recommendations we support, others we'd recommend taking a step further and a few we feel miss the mark in achieving more affordability throughout our City.

For example, we do not believe the proposed prescriptions should be solely focused on form-based areas along designated *Imagine Austin* corridors or designated districts/centers. In fact, we believe missing middle housing and increased density must be incorporated throughout our City, albeit contextually integrated within established neighborhoods.

Reddit (anonymous contribution)

The prescription says we should “[promote] housing diversity in targeted areas such as *Imagine Austin* Activity Centers and Corridors” to make the city more affordable. Why is it appropriate to limit how many cheaper homes can be built? Why would we limit where we can build cheaper homes when the same report notes that we're the most economically segregated city in America? Isn't walling off neighborhood interiors for the wealthy just drawing another segregation map in this city?

The American Institute of Architects (AIA) Austin Chapter:

The fact that there are still low-density zoning categories such as SF-2 parcels in a central neighborhood like Allandale is an anomaly, and it would be inappropriate for a new LDC to mandate new construction that fits into this outdated built environment. There is a clear tradeoff that must occur: trade the quaint, existing neighborhood aesthetic for abundant housing.

AURA CodeNEXT Expectations:

Urban Core Zoned to No Less Than T-4: The city of Austin has an established definition for the “urban core,” and has enacted policies such as VMU and reduced parking burdens within those boundaries. As CodeNEXT will use a transect model, and the lowest transect suitable for urban spaces is T-4, “General Urban,” all developable land within the defined urban core should be zoned for at least T-4.

Potential unintended effect- Demolitions, decrease in affordability, gentrification.

The opposing point of view comes from residents who believe that changes in entitlements, when applied to already developed areas, could have a negative effect on affordability. They believe that increases in entitlements raise the value of the land and promote the early demolition of the existing older “market affordable” housing stock. The older housing stock is in then replaced with more expensive, higher-end, new construction, intended for residents with higher incomes. During the CAG public comment, representatives from neighborhoods that adopted infill tools for smaller lot sizes (small-lot, cottage, urban home) expressed their concern about losing modest, older, affordable homes in exchange for higher end, more expensive new construction homes or condos. Representatives from neighborhoods near the university further expressed that simply changes in occupancy limits have had an effect on the demolition of market affordable housing.

Regarding economic segregation, during the community input event there was much discussion about the belief that the redevelopment of older housing stock has driven out our lower income residents and has caused the gentrification of historically African American and Latino neighborhoods. There is concern that changes in entitlements will not affect the areas of with the least racial and economic diversity as evidenced by their currently choosing to develop on larger lots than currently allowed by code and choosing single family use over duplex or two-family use even where it is currently allowed.

Comments received:

SpeakUp! Austin – Betsy Greenberg:

Infill is just a polite word for demolition. The affordable properties are the only properties that are profitable to redevelop, so those are the ones that get demolished. Austin needs to protect the existing affordable housing that we have. Even small “tweaks” to the development standards in areas that are already built out, will accelerate this process. Encouraging demolition and redevelopment is simply a step in the wrong direction.

Planning Commission Response to CodeNEXT Prescription Papers (8/23/2016):

The affordability prescription paper does a good job of explaining market affordable housing, and how it makes up the vast majority of our affordable housing stock. However it does not propose any prescriptions for monitoring or preserving affordable units that occur naturally in the market, outside of affordability programs.

- a. Demolished housing units must be tracked in order to evaluate the success of affordability programs.
- b. Increased entitlements must be calibrated to ensure they do not incentivize the demolition of market affordable units.
- c. Our older stock of market affordable units must be preserved or replaced when facing demolition.

Letter from Mary Sanger, Mike Wong, and Mike Hebert 6/28/2016 regarding occupancy:

The 2014 amendment worked. It achieved its intended purpose. It slowed down dramatically the demolition of older, affordable housing to be replaced by high-occupancy, less affordable duplex buildings, particularly in the neighborhoods near the university. The change had an immediate and beneficial impact on neighborhoods. In the Northfield neighborhood, for example, demolitions for these types of buildings practically ceased.

3. DENSITY AND AFFORDABILITY:

How might we increase affordability in concert with increased density?

The prescription paper highlighted multiple methods to increase affordability, one of which was reducing parking requirements in certain locations. Many community members advocate for reduced parking requirements, with the idea that reducing or eliminating parking would (1) make development less expensive and (2) encourage alternative modes of transportation, such as public transit and/or

walking. Alternatively, many community members expressed concerns about the consequences of reduced parking, including spillover parking into established neighborhoods and skepticism about developers passing along the cost savings from parking reductions to the end users.

There was agreement that greenfield development should incorporate transit hubs, mix of uses, and density to support public transportation.

There was general agreement that diversity of housing types (including micro-units, accessory dwelling units (ADUs), family sized units, townhomes, condos, cooperatives, etc.) were a good thing. Many people wanted these tools in all parts of town. Many people expressed concern about whether these diverse housing choices would actually increase affordability (or would they just provide diverse, expensive housing types?).

Letter from Friends of Austin Neighborhoods:

FAN stands for an inclusive Austin that welcomes people of all socioeconomic backgrounds throughout the city. When our policies limit the amount and diversity of housing, we effectively segregate our communities, preventing all but the privileged few from living in the highest-demand neighborhoods. We strive for diversity to be a defining character common to all our neighborhoods. We support a broader mix of housing types, throughout the city, to increase the socioeconomic diversity of our neighborhoods. We support a broader mix of housing types, throughout the city, to increase the socioeconomic diversity of our neighborhoods. In addition to detached single family homes, the mix of housing types should include options such as row-houses, triplexes, quadplexes, and “tiny homes.”

Does increased density enhance or prohibit affordability? Many community members voiced concern about the affordability of new development (whether large scale or small scale). It seems to be out of reach to current residents and marketed to higher-income “new comers.” In addition, there was concern voiced regarding CodeNEXT encouraging density and high end development in areas of town that were previously affordable.

Toni House email to CAG regarding Riverside Corridor:

Very little of the affordable housing removed from the Corridor has been replaced, [1][1] pushing those former residents farther and farther away from the public transportation on which they rely. My assumption is that this has resulted in reduced employment opportunities and a lack of access to the services they need. The corridor plan has displaced the public transit-reliant community the Corridor was supposed to support.

Kim Johnson Oswald:

Infill in the central city is an important improvement over increasing sprawl. But we shouldn't kid ourselves about improving affordability. Those smaller infill houses will cost less than the larger homes next to them, but still unaffordable to most Austinites. You have only to look at the rental and/or purchase prices of the new tiny apartment. 420 square feet for about 15% off typical prices of a 1 bedroom at \$2100-\$2300. So that's ONLY \$1,800 for a 420 sq ft 1 bedroom.

Affordable housing? <http://www.mystatesman.com/news/business/new-microunit-apartment-project-planned-for-austin/nrxdB/> 200 sqft for \$600.

There was a lot of discussion around density bonus programs, including the “missing middle” density bonus program. There was general agreement that the community wants longer affordability periods, lower income targeting, and better monitoring and compliance. With respect to the missing middle density bonus program, the community wants to see guaranteed (e.g., legally-binding) affordability if there is going to be upzoning.

4. GREENFIELD AND INFILL DEVELOPMENT:

How might we calibrate growth and density in both greenfield and infill areas?

Imagine Austin proposes to focus new development in particular areas of town in order to reduce reliance and automobiles by reducing the separation between workplaces, services and residential areas. The plan designates a set of centers of various types and of activity corridors that will be the focus of change. At the same time, new rules will be set for the development of subdivisions farther from the city center. The balance between growth in these two types of areas, as well as how greenfield development relates to fair housing concerns, was brought up by community members.

While the plan aspires to change our current pattern of development along corridors and in designated centers, growth is likely to continue at the edge of the city, often in areas of the city’s Extra Territorial Jurisdiction (ETJ) that will likely be annexed in the future. The question arose, how might we ensure that this new growth follows a different pattern and, rather than continuing our deepening economic segregation, contributes to reversing this pattern? What tools can the new code use to ensure a different pattern emerges?

Comments on this topic fell into two general categories: those concerned that too much emphasis was being placed on infill development generally (including in SF neighborhoods), and those concerned that not enough attention was being given to subdivision rules.

Joan Owens—Speak Up! Austin

We keep hearing that we cannot spread enough to manage the numbers of people moving into Austin, but I think more could be accommodated by creating high density development in external activity centers and then link them with rapid transportation crossing through out town.

On the second comment, discussion at CAG meetings revealed the complex nature of this issue. Since subdivision rules are set by state law, and since many subdivided areas are not in the city’s full purpose jurisdiction, the city has little leverage over these subdivisions. The main point of leverage appears to be negotiations with developers whose subdivisions are likely to be annexed in the future over the quality of infrastructure they will provide. Issues such as ensuring a wider range of housing types, the inclusion

of services and town centers, and of transit-friendly street networks and nodes, lie beyond the city's regulatory purview.

5. DENSITY AND INFRASTRUCTURE:

How can we ensure our infrastructure supports increased density?

Two major issues related to infrastructure emerged from our community conversations. First, we are witnessing increased density without the supporting infrastructure. South Lamar Boulevard is a perfect example. The zoning got ahead of the capital improvements. Thus, we have additional population (and built environment), yet we do not have connected sidewalks, green infrastructure, and drainage. In addition, there is frustration with public transportation. While mobility experts have stated that density is required to have functioning and frequent public transit, bus rapid transit along the core transit corridors is underutilized.

Elizabeth McGreevy- Speak-Up! Austin

Infill is what we've been doing. We're getting too dense with no infrastructure upgrades. So citizens have to pay the bills for new roads, storm drains, etc. and all the new development increases flooding. On top of that, citizens have to pay home repairs and higher insurance rates when homes get flooded.

No more development should be permitted until developers start paying all fees, appropriate property taxes and paying for the upgrade of relevant infrastructure. This way, regular citizens don't foot the bill.

There seems to be an inverse relationship between affordability and infrastructure. At the CAG's May 23, 2016, public input session, participants lamented that finding affordable housing meant doing without basic infrastructure, such as sidewalks and public transportation. In addition, there is a noticeable lack of amenities, such as grocery stores and medical care, in more affordable areas.

