



**HousingWorks**

AUSTIN

July 14, 2017

**Board of Directors**

**Emily Chenevert**

*Austin Board of REALTORS®*

**Ashton Cumberbatch**

*Seton Family of Hospitals &  
Austin Bridge Builders Alliance*

**Catharine Echols**

*Liveable City*

**Frances Ferguson**

*NeighborWorks America*

**Michael Gerber**

*Housing Authority of the City of  
Austin*

**John Limon**

*Guadalupe Neighborhood  
Development Corporation*

**Terry Mitchell**

*MOMARK Development  
Capital Metro Board of  
Directors*

**Cile Montgomery**

*Inventive*

**Laura Morrison**

*Former City Council Member  
Community Leader*

**Karen Paup**

*Texas Low Income  
Housing Information Service*

**Chris Peterson**

*Rivendale Homes Texas*

**Mark Rogers**

*Guadalupe Neighborhood  
Development Corporation*

**Cookie G. Ruiz, C.F.R.E.**

*Ballet Austin*

**Kathy Tyler**

*Motivation Education and  
Training, Inc.*

Dear CodeNEXT Team,

HousingWorks Austin is a nonprofit organization that provides research, education, and advocacy on the topic of household affordability in Austin. With increasing pressures on affordability, and limited tools to address this daunting challenge, CodeNEXT provides a unique opportunity to embed affordability throughout the City of Austin. At the same time, HousingWorks recognizes that affordability is a complicated and interconnected system and that the land development code (and density bonuses in particular) is only one component of that system.

Whereas the draft text of the code was released at the end of January and the accompanying maps were released in April, the affordable housing incentives portion of CodeNEXT was just released on June 16<sup>th</sup>. In addition, staff recently announced that the transect zones and non-transect zones will be merged into a single, simplified zoning code. Accordingly, our comments are preliminary and based on the information that we have to date.

In order to provide more substantive comments, it will be crucial for us (and the community as a whole) to have more details on the methodology and calibration involved in developing the affordable housing incentives. In addition, it will be essential to see modeling of various zoning scenarios, including existing zoning from the current code to proposed zoning in CodeNEXT. This modeling will help to inform the tradeoffs necessary around affordability. HousingWorks recommends that staff and/or consultants provide this information in conjunction with the release of the second draft of the code in late August.

As we approached the draft code, HousingWorks Austin's over-arching questions are as follows:

- Does CodeNEXT increase the diversity of housing types available, including "missing middle" (e.g., duplex, tri-plex, four-plex, ADUs, etc.) and alternative forms of housing, such as cooperatives?
- Will CodeNEXT help to ensure legally restricted affordable housing in all parts of town, including "high opportunity areas"?
- Are the proposed incentive tools sufficient to result in increased legally restricted affordable housing?
- Are increased entitlements commensurate with community benefits, particularly legally restricted affordable housing?
- Does CodeNEXT create a development review system that is simpler to understand and administer?

- How does CodeNEXT help us strategically preserve market affordable housing, while increasing the overall supply of housing?
- Will CodeNEXT help our community affirmatively further fair housing goals, rather than perpetuating historical patterns of racial/ethnic and economic segregation?

We are encouraged by a variety of aspects of the proposed affordable housing incentives program, including the following:

- Source of Income Protection across all density bonuses, thereby ensuring that lower-income households have access to affordable housing across the City of Austin.
- Alignment and simplification of affordability incentive requirements across the City of Austin.
- 60% MFI (rental) and 80% MFI (owner) income targeting, which is lower than some previous programs.
- Increased reach of the density bonus area, from approximately 7,700 parcels to 16,900 parcels, expanded to more areas of the city.
- Density bonus provisions for both commercial and residential development.
- Legally-restricted affordable units mirror the unit mix of the non-affordable units.
- Doubled anticipated yield for affordable units over current density bonus program.

In reviewing the draft text, HousingWorks has identified the following issues and/or concerns:

**Housing Choice.** The initial draft text adds significant constraints on accessory dwelling units, including proscriptive setbacks and other regulations. Modeling, as previously recommended, will help to identify the tradeoffs inherent with regulations and restrictions.

In addition, there are not explicit opportunities for creating alternative housing types within the same form (e.g., “internal ADUs” or cooperatives). Currently, CodeNEXT allows for “accessory apartments” within a principal structure that is reserved for a senior or person with a disability (see 23-4E-6040). Can this restriction be broadened? Does the restriction create a fair housing concern?

There are questions regarding the feasibility of the density bonus program and SMART Housing incentives on smaller-scale development. Is the program designed for a variety of housing types, including small-scale infill development and family-friendly housing? Or is it best suited for large-scale rental development? If there is a desire for affordable infill development and/or smaller scale development, are the incentives properly calibrated?

**Geographic Dispersion of Affordable Housing.** There are not sufficient opportunities for legally-restricted affordable housing West of Mopac or in greenfield areas. If deed restrictions limit opportunities for legally-restricted housing, how does the City of Austin plan to address this from a fair housing perspective?

The opportunities for density and affordability are generally concentrated in the urban core, rather than reflective of the Imagine Austin growth concept map. Are there also opportunities for legally-restricted affordability in lower density designations?

Onsite affordability is one mechanism to ensure geographic dispersion of affordable housing. CodeNEXT should minimize exceptions to on-site affordability while raising the bar for off-site or fee-in-lieu options. Alternatives to on-site affordability should result in affordable housing built within one-mile of the development location and/or should meet other affordable housing goals, such as family-friendly housing, more deeply affordable units, and/or affordable housing built within a designated high opportunity area.

**Tools to Incentivize Affordable Residential Development.** The incentive tools need to be assessed more fully to ensure that they are effective and responsive to changing market conditions. The estimated affordable housing yield (anticipated to be approximately double current yield) should be corroborated, with a detailed breakdown by zoning category.

Companion policies to the code must be introduced that go beyond the code and help achieve the goals of the Strategic Housing Blueprint. Neighborhood planning must be enhanced and updated to work towards affordability goals. The updated SMART Housing incentives do not appear to provide sufficient incentive in exchange for affordability. Can fee waivers include “any current and future fees and/or assessments”? Can developments meeting SMART housing requirements receive expedited review without a fee? Can the city offer infrastructure cost sharing in exchange for affordability?

**Entitlements/Density.** There are concerns that some of the transect zones increase entitlements without extracting any community benefits. At the same time, there are concerns that additional entitlements conferred through the affordable housing incentives do not result in sufficient legally-restricted on-site affordability. The community needs to better understand the methodology and calibration involved in developing the affordable housing incentives.

While CodeNEXT maps have attempted to reflect the current zoning on the ground, are we perpetuating the zoning restrictions in the current code that have diminished our ability to address fair housing concerns and have exacerbated our historical patterns of racial/ethnic and economic segregation?

What is the impact of the density bonus programs on housing for families? Could we consider alternative incentives for multi-bedroom, family-friendly affordable units?

**Development Process Improvement.** Ensuring an expeditious and predictable development process can ease the pressure on housing supply and contribute to greater affordability. Developments that are designated SMART Housing should be able to access expedited review on a sliding scale, based on their level of affordability.

**Preservation of Affordable Housing.** The impact of gentrification and displacement on low-income communities is a pressing challenge. Preservation of affordable housing across the city is one tool to meet the challenge. In addition to looking for opportunities to preserve market affordable housing within the land development code, CodeNEXT will require parallel policy actions to ensure low-income residents can remain in their neighborhoods and have access to high opportunity areas. HousingWorks looks forward to an analysis by the City of Austin Equity Office (along with other stakeholders) regarding the impact of CodeNEXT on low-income communities and communities of color.

Thank you for your consideration of our comments. We look forward to reviewing the second draft and working to increase affordability throughout the City of Austin.

Sincerely,

A handwritten signature in cursive script, appearing to read "F. Ferguson".

Frances Ferguson  
President, Board of Directors