



Affordability Impact Statement

Neighborhood Housing and Community Development

Land Development Code revisions released October 4, 2019

This Affordability Impact Statement (AIS) assesses how the adoption of comprehensive Land Development Code revisions as proposed under the Staff Recommendation Draft published on October 4, 2019, (referenced throughout as the “LDC Draft”) might impact housing costs. This AIS highlights land development code changes that may have a positive or negative impact on housing costs. Increases in development costs passed on to homeowners and renters may be realized in the short-term; however, the proposed changes, particularly those related to transportation and the environment, may result in savings to households either directly or indirectly in the long-term, as well as help to achieve other community goals related to environmental quality, health, safety, and mobility. The assessment classifies the potential impact of changes generally; given that the degree of potential impacts will vary for each development, no specific monetary estimates of the impacts are included.

Zoning Categories

The LDC Draft proposes new zoning categories that allow for a greater variety of building types and an increased housing capacity in a context-sensitive manner. The revisions include:

- Increasing housing entitlements in transition areas, along ASMP Transit Priority Corridors, and in Imagine Austin activity corridors and centers
- Including zones that allow more house-scale multi-unit (missing middle) housing types (such as R3, R4, and RM1 zones)
- Removing barriers to developing accessory dwelling units (ADUs)
- Reducing minimum lot size in multiple zones allowing for more units on smaller lots
- Modifying compatibility standards resulting in increased effective development entitlements on corridor sites
- Reducing minimum parking requirements allowing for more site area to be devoted to housing
- Defining co-housing as an allowed use

Affordable Housing

To promote income-restricted affordable housing, the LDC Draft proposes a new Affordable Housing Bonus Program that provides opportunities to produce more income-restricted affordable housing in more parts of the City without financial subsidy. Bonus opportunities are tied to zones rather than specific geographic areas, significantly increasing the land area in which bonuses may be utilized. Furthermore, bonuses are calibrated to maximize participation in the voluntary program, and thus the production of income-restricted affordable housing. The new program incentivizes the provision of multi-bedroom affordable units and requires the acceptance of housing vouchers.

The LDC Draft also proposes a reduction in transportation mitigation requirements and expands waivers of parkland dedication requirements for more types of income-restricted affordable units as incentives to provide those units. Additionally, the draft includes an expansion of fee waivers available under the S.M.A.R.T. Housing Program.

To preserve existing market-rate affordable housing, the proposed revisions include:

- Mapping existing market-rate affordable multifamily properties to zoning categories that match these properties' current zoning (i.e., no upzoning)
- Preserving the ability of single-family property owners in transition areas to maintain their existing houses even if new zoning categories set unit minimums at a higher number of units
- Incentivizing the preservation of existing residential housing when additional housing is added to a site

Transportation

To prioritize a development pattern that supports 50/50 transportation mode split, the proposed changes to transportation regulations codify Comprehensive Transportation Review requirements, including the implementation of Transportation Demand Management strategies and Active Modes Analysis to mitigate the transportation impacts generated by a development. These changes will more clearly enumerate requirements, provide more predictability, and ensure the policy is applied uniformly across the city. Because many details will be contained in the Transportation Criteria Manual, which is still under development, it is difficult to assess the potential magnitude of the impact that may result from the proposed changes.

Some proposed changes to transportation regulations could increase housing costs by changing the methodology and lowering the threshold at which a development must conduct a Transportation Impact Analysis (TIA) and provide for transportation impact mitigation. Conversely, other proposed changes may decrease housing costs for developments that are expected to add more than 2,000 vehicle trips by allowing less expensive mitigation through the use of Transportation Demand Management (TDM) strategies. Developments producing less than 2,000 vehicle trips per day may reduce their mitigation costs by opting into a TDM plan.

The LDC Draft also proposes new transportation mitigation waivers for developments that provide income-restricted affordable housing, potentially decreasing housing costs for these developments.

Changes to block length standards proposed as a means to realize a more connected transportation grid may increase housing costs for both new subdivision development and multifamily or mixed-use development on large sites due to increased transportation infrastructure construction costs. The Austin Transportation Department is implementing the Austin Strategic Mobility Plan, including a city-wide process of determining real right-of-way needs, which may result in decreased costs.

While some proposed transportation revisions may initially increase housing costs, those costs may be partially off-set in the long-term by requiring new development to proportionally mitigate transportation impacts, rather than putting off mitigation and network improvements and requiring tax payers to pay for large infrastructure investments financed through large bond packages.

Development Review

To simplify development review, changes to development review processes proposed under the LDC Draft have the potential to both increase and decrease housing costs depending on the type of housing being developed. Proposed development review changes that may decrease housing costs for the development of one to nine units are identified below.

- Residential developments between three and nine units on residentially platted lots that do not exceed 50% impervious cover will be subject to review requirements and processes that are scaled to the applicable regulations
- Flag lots will no longer require a variance, reducing the time and expense previously incurred by the variance process
- The use of conditional overlays is eliminated going forward, simplifying the zoning process
- The incorporation of smaller lot sizes in the code makes existing homes on smaller lots conforming, allowing owners to complete renovations and additions
- Developments that include a certain percentage of income-restricted affordable housing may obtain administrative approval for tree removal variances

Environmental, Drainage and Open Space Standards

Some of the new environmental, drainage, and open space standards proposed in the LDC Revision may increase housing costs by increasing development costs and/or decreasing buildable site area. Proposed changes that may increase housing costs include:

- The requirement for additional landscaped areas, including a compatibility buffer and a strip between a surface parking lot and a building, for new multifamily development
- New Functional Green requirements for sites with more than 80 percent impervious cover
- The requirement that multifamily and subdivision redevelopment provide flood mitigation that reduces a developed site's stormwater runoff to at or below the rate of the site's stormwater runoff under undeveloped conditions
- The requirement that multifamily and subdivision development install and maintain green stormwater infrastructure rather than conventional water quality controls (except in cases of hardship)

Proposed changes that may decrease development costs and/or increase buildable site area include:

- Allowing automatic eligibility for Regional Stormwater Management Program participation for small sites that meet the requirements in the Drainage Criteria Manual

- Allowing small residential infill subdivisions in all watersheds to be eligible for payment in lieu of on-site water quality controls
- In the Barton Springs Zone, allowing redevelopment of a portion of a site with proportionate water quality treatment and mitigation

Increases in up-front housing costs may be partially off-set by long-term savings associated with the preservation of life and property due to new flood mitigation standards, lower maintenance costs of green water quality controls, and potential savings associated with reduction in water usage for landscape irrigation.

Austin Strategic Housing Blueprint Strategies Implemented

The proposed LDC Draft revisions would fully or partially implement the following strategies for increasing housing affordability identified in the adopted *Austin Strategic Housing Blueprint* (<http://austintexas.gov/housingblueprint>):

- Relax regulations on both internal and external ADUs
- Allow homeowners to rent a portion of their house as a separate housing unit
- Support community goal of at least 25 percent of new income-restricted affordable housing to be in high opportunity areas
- Allow the development of smaller houses on smaller lots
- Relax regulations on housing cooperatives
- Comprehensive parking reform
- Parking reductions for multifamily and mixed-use developments tied to the creation of income-restricted affordable housing units
- Link housing choices with transportation choices
- Streamline city codes and permitting processes
- Increase housing diversity in new subdivisions
- Increase bikeability and walkability
- Implement consistent density bonus programs for centers and corridors
- Better utilize land for affordable housing
- Implement density bonuses for missing middle housing
- Protect renters from discrimination based on source of income
- Preserve and create rental options for households at 60% MFI
- Preserve and create ownership options for households at 80% - 120% MFI
- Revise S.M.A.R.T. Housing Program

Summary

In summary, Austin residents and policymakers must prioritize policy trade-offs and determine the degree to which they may or may not be willing to bear the impacts of potential increases in near-term housing costs to achieve other policy goals outlined in the City's comprehensive and strategic plans.

It is anticipated that, if adopted, revisions to the Land Development Code proposed under the LDC Draft (such as changes in zoning requirements, affordability incentive programs, parkland dedication, and elements of development review) may decrease housing costs in the short and long term. Proposals for multimodal transportation, environmental, and open space regulations may increase housing costs in the short term, but may decrease costs in the long term. Examples of long term affordability benefits may include decreased transportation costs for residents and increased applicant participation in capital projects.