

CodeNEXT: Addressing the Infrastructure Gap on Imagine Austin Corridors

Position Paper

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As the City of Austin continues to grow towards the goals of Imagine Austin, the City's underperforming public infrastructure and limited future planning are quickly creating an infrastructure gap. Along the Imagine Austin corridors and in areas of desired high density, the infrastructure gap is beginning to disincentivize development thereby hindering the goals of Imagine Austin. ***Better planning related to the City's infrastructure is critical in furthering the goals of Imagine Austin and achieving the goals of the Austin Strategic Housing Plan.*** This letter includes feedback from the development community on how CodeNEXT and new development might assist in closing this infrastructure gap and help us create the community we outlined in [Imagine Austin](#).

There are three key goals to addressing the infrastructure gap in the City of Austin.

- Proper management and future planning of public infrastructure
- Clearly defined and timely processes, as well as the creation of resources, for proper evaluation of existing infrastructure, with a priority focus along Imagine Austin corridors
- Clearly defined methods to fairly allocate the responsibility to repair and/or upgrade public infrastructure in all parts of the City

It should be noted that the first of these three goals cannot be addressed by CodeNEXT, however the others can, and should be, addressed. Section 23-9B-1040 of the current draft anticipates the need to focus on traffic related infrastructure in the code, yet it is strongly encouraged that all types of public infrastructure be addressed.

City Management and Future Planning of Infrastructure

The City of Austin has multiple departments that manage varying types of public infrastructure. The Austin Water Utility manages water and wastewater, the Public Works Department manages storm water conveyance systems, flood management systems and sidewalks, and the Austin Transportation Department manages roadways, signals and traffic management, as well as playing a role in pedestrian connectivity and sidewalk placement. Only one of these departments currently has a formal (although not codified) system to manage existing resources and evaluate regional planning needs in the early stages of a development, and that is the Austin Water Utility. Other departments have limited resources relative to managing and planning for future infrastructure needs.

Although CodeNEXT does not discuss City organization and management, it is important to point out that better resource management, mapping, and planning efforts for all City departments will improve the development process relative to public infrastructure and increase the rate at which Austin can meet its housing goals.

Existing Infrastructure Evaluation: Improving the Process

An important part of closing the infrastructure gap is understanding where the holes in the system exist, and where development and density are desired but not planned for. Although never codified, the historical process has been that the development community bear the responsibility to evaluate the City's existing infrastructure systems if, and when, a new development is proposed. The current approach results in infrastructure assessments that are (1) limited in scope to a specific segment of a corridor, neighborhood, or watershed, (2) are not inclusive of adjacent developments or future growth, and (3) are reactionary to known issues within a corridor/watershed. In addition, these studies take significant time and money to complete, slowing down the development process and inhibiting the ability to get necessary housing and infrastructure on the ground.

An upfront evaluation of City infrastructure would allow a proactive approach to closing the infrastructure gap and planning for future density. The evaluations could be used by the City to identify and leverage public funding through bonds, grants or TIFs, as well as to prioritize funding to areas of desired high density such as transit corridors and centers. These evaluations could also be used by the development community in evaluating project sites, understanding development costs, and to streamline the development processes. Both the City and the development community could more efficiently allocate funding towards infrastructure improvements if given an opportunity to better plan for those improvements in advance.

City departments may be initially limited in allocating the needed resources and funds towards infrastructure evaluation, and so there is a need for the development community to continue to assist in the preparation of infrastructure assessment studies. In order to achieve the goals of Imagine Austin and the Strategic Housing Plan, it is suggested that the City work to create a more expeditious review of infrastructure studies prepared by the development community, especially those along Imagine Austin corridors, and find ways to assist in offsetting the cost of such studies by potentially crediting against any required pro-rata infrastructure improvement fees. It is also critical that results of all assessment studies are collected, managed, and shared for future use of both City departments and the development community.

Code Goals:

1. *CodeNEXT should establish criteria for an upfront, timely, Infrastructure Assessment Study for a property, covering all types of publicly managed City infrastructure. The study should provide information including: (a) Existing infrastructure availability, condition and capacity, (b) City planned infrastructure improvements in the area, including timeline and funding summary, (c) Future density desired infrastructure improvements in the area, including potential timeline and funding proposal, and (d) Funding/Improvement requirements that may be required for development of a property (per density outlined in Imagine Austin).*
2. *CodeNEXT should establish a process for determining responsibility and process of an Infrastructure Assessment Study including: (a) Criteria for when an Infrastructure Assessment Study is required, (b) Establishment of responsibility of a required Infrastructure Assessment Study, and (c) Establishment of responsibility to review and approve an Infrastructure Assessment Study.*
3. *CodeNEXT should establish policies as to how the City shall offset the cost of a privately prepared Infrastructure Assessment Studies.*

Approaching Insufficient Infrastructure: Updates and Upgrades

As new projects are proposed and new infrastructure studies are completed, a projects adjacent infrastructure can be classified into one of three scenarios. In the first, the existing City infrastructure is designed, built and maintained appropriately for the existing condition of the neighborhood and planning for the future growth is completed. In this scenario, the development may need to fund a portion of future infrastructure needs. The second scenario is one in which the City infrastructure is designed, built, or managed below the level required for the existing density of the neighborhood. Although no increase in density is proposed with the project, the developer may be asked to fund improvements to the existing infrastructure to bring it into functional condition. These types of improvements are really *system upkeep improvements*; System upkeep improvements are those that are generally managed by a public agency and funded by tax dollars, connection/impact fees, or franchise fees. The third scenario is similar to the second, however in this case the project is along an Imagine Austin Corridor without an infrastructure plan, which requires *system upgrade studies and upgraded infrastructure* to meet the additional density demands of the neighborhood or corridor. In this final scenario, the system needs both *system upkeep improvements* and *upgrades*.

Currently, although not codified, the *system upkeep improvements* become the responsibility of the developer who has prepared the infrastructure study, and *upgrades* become primarily the responsibility of the first developer on the corridor or in a watershed. In both scenarios two and three, the lack of management of the existing infrastructure and limited public planning for future density create an unbalanced cost to new development that results in added project costs; Added project costs generally result in reduced density, higher rents, and/or no project at all.

To fill in the infrastructure gap, CodeNEXT needs to fairly and appropriately address all three scenarios described above. Although the development community has been, and may be able to assist in sharing the

cost of outdated infrastructure, that cost is ultimately being passed on to residents or tenants of a development and increasing the affordability issues we face in Austin today. Instead, we believe that CodeNEXT should codify a process to fairly assess a pro-rata share of costs to both the development community and The City of Austin for both system upkeep improvements and upgrades. The City's evaluation and management tools discussed in the first two points of this letter will provide the City with the ability to manage and leverage City funding to make up the public pro-rata share of each improvement, and the two sources combined can create a better infrastructure system that allows density to be added as established in Imagine Austin.

It is also important to note that in areas that are along Imagine Austin Corridors and in high demand for existing infrastructure upkeep, that it may be necessary for City staff to prioritize infrastructure projects so as to encourage development in these areas rather than discourage density.

CodeNEXT should establish boundaries for adoption of a pro-rata share calculation for each type of infrastructure. The actual method of the calculation should be studied and evaluated by designers and technical experts in each infrastructure area, and should include stakeholder input before any methods are finalized or codified. CodeNEXT should also specify how previously collected and future collected pro-rata moneys should be spent; rather than earmarking collected money to a specific improvement, shares should be targeted to any improvement within a specific watershed, transportation corridor, or along a utility corridor, as appropriate, such that the money can fund improvements faster and adapt to changes in the demands of the community.

CodeNEXT has one further opportunity related to providing for the future infrastructure needs of the City, by allowing the development community to fund additional infrastructure improvements beyond a pro-rata share for a given corridor or watershed in receipt of a development bonus. This would further the goals of Imagine Austin by reducing burden from the City to expand its infrastructure for the desired future density, and ultimately increase the rate at which Austin could reach its housing goals. Development bonuses could include expedited reviews, reduction of fees, or increase in density on a property.

Code Goals:

1. *CodeNEXT should establish Pro-Rata guidelines relative to each type of infrastructure. The Pro-Rata guidelines should address: (a) Existing Infrastructure needs/upkeep, (b) Desired Density infrastructure needs and (c) Prioritization of infrastructure needs.*
2. *CodeNEXT should clarify rules relative to City Pro-Rata portion of both Existing and Desired Density improvements.*
3. *CodeNEXT should identify tools for City funding towards infrastructure needs and outline the timeline, steps, and involvement required relative to each funding type.*
4. *CodeNEXT should establish rules relative to spending Pro-Rata collected funds within a corridor, watershed, utility area, etc.*
5. *CodeNEXT should provide timelines by which City should utilize collected Pro-Rata moneys for improvements projects.*
6. *CodeNEXT should establish incentives that are available for private development funded improvements beyond required Pro-Rata amounts, and process/timeline for approval of such an incentive process.*

Examples

The following examples show how the current process relative to infrastructure assessment and responsibility limit density and delay projects, and demonstrates how the proposed CodeNEXT goals identified here may improve the process.

Example 1: Uncertainty Limits Development Density

A typical example of how the current process of addressing infrastructure in Austin affects development is the typical cap on development density related to the need for a Traffic Impact Analysis (TIA). The current City of Austin code specifies that a development that generates less than 2,000 trips per day is not required to complete a TIA. The uncertainty of additional time and cost associated with preparing and completing a TIA review, and uncertain requirements to get a TIA approved, results in many developments limiting density to just below the density to achieve 2,000 trips, regardless of the allowed density of a site. On a multifamily residential development, this typically means limiting the number of total units to approximately 250 units, even though more could potentially be built. A subsequent result of this scenario is that the City misses out on collection of needed funds for traffic improvements.

Utilizing the CodeNEXT Goals relative to predevelopment assessment of infrastructure demand of a site, a property owner could determine during the planning stage the potential traffic infrastructure needs in the area, and using the codified pro-rata terms, identify the cost to add the additional units. Removing the uncertainty in determining the cost of the additional units, a project could budget the additional cost and increase the project density, adding units along Imagine Austin corridors and working towards the goals of the Strategic Housing Plan.

Example 2: Uncertain Process Causes Development Delays & Increases Cost

A common issue with the lack of code process related to infrastructure is the uncertainty and delays felt within a project schedule. The limited resources related to the state and capacity of various infrastructure systems requires that a plan be prepared and submitted based only on infrastructure map reviews and discussions with City staff. This often results in the initial request for an infrastructure study 3 or 4 months into a project, after a site has been designed and submitted for a permit. The time to prepare a study and have it reviewed can delay a project approval by 4-6 months, and sometimes much longer. In addition, major changes to a project design may be required, further delaying a project and increasing costs for redesign efforts. At this late point in a project schedule, it is typical that the project's budget has been finalized and financing may already be secured, so it becomes very difficult for the project to absorb any requested infrastructure improvement costs. The additional costs of any improvements and time-related-costs associated with the project delay commonly results in either additional delays to negotiate with City staff on the requested improvements and associated costs or adjustment to the project revenue sources (i.e. rents) to offset the added costs.

If a project were to have the resources established in our CodeNEXT goals, such as a predevelopment infrastructure assessment and pro-rata calculations to assess costs, the project schedule would shorten by 4-6 months, increasing the rate at which housing units in a residential development could be delivered. The project would also save money by moving through the process more quickly and eliminating some of the risk of the uncertain development process. Both of these results would contribute to the goals of the Strategic Housing Plan by providing a more affordable project and ultimately more affordable rents for Austin residents.

Concluding Thoughts

CodeNEXT will be the tool by which Austin can achieve the vision of the Imagine Austin plan, but to be a success CodeNEXT must set out policy to address the City's infrastructure needs. Although CodeNEXT cannot address the City's management of its infrastructure, it can and should set out procedures to quickly and fairly assess infrastructure needs in all parts of the City. CodeNEXT should also define a process for shared responsibility of necessary infrastructure improvements, both existing and density driven, and address potential incentives where the public and private community can work together to expedite the rate at which these improvements can be completed.

Addressing infrastructure policies in CodeNEXT is an important final step in achieving Imagine Austin.

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