



Affordability Impact Statement

HOME Amendments Phase 2

Initiated by: Resolution No. 20230720-126

Date: March 22, 2024

Proposed Regulation

The proposed amendments would:

- Reduce the minimum lot size for one unit from 5750 sq ft to 2,000 sq ft
- Reduce the minimum lot width to 30 ft or less
- Modify driveway and garage standards to minimize curb cuts/disruptions to the pedestrian environment
- Modify standards relating to setbacks, building coverage, and floor to area ratio (FAR) to allow for a sufficient developable envelope on smaller lots
- Adjust flag lot regulations to facilitate easier subdivision

Land Use/Zoning Impacts on Housing Costs

The proposed changes would have a **positive** impact on housing costs via land use and zoning.

- The proposed amendments allow lots zoned SF-1, SF-2, and SF-3 to subdivide into two or three lots. This would enable the production of more ownership units relative to today, at smaller sizes.
- The ability to subdivide one lot into three new small lots depends on the dimensions of the initial existing lot, particularly lot width. The site dimensions of many existing lots preclude them from subdividing into three units.

- Lowering the proposed minimum lot size for one unit in SF-1, SF-2, and SF-3 to 2000 sq ft would enable more existing lots to subdivide into three new small lots as opposed to two, in line with the intent of Resolution No. 20230720-126.
- While the resolution's intent was to achieve three units per lot, for those existing lots that can only subdivide into two new small lots, the subdivision will still substantially lower the land cost of development.
- In many lots platted after 1960, the existing house occupies most of the lot width, and is roughly in the center of the plot lengthwise. The result of this layout is that the original house blocks vehicles and construction equipment from accessing the rear lot area. In many cases, at least part of the initial structure may need to be demolished for the property owner to build additional units. However, the proposed changes to flag lot regulations aim to decrease the width requirement for the "flagpole" strip of land, enabling more subdivisions while ensuring sufficient access for driveways and utilities, and potentially making it easier to preserve the existing houses on the lots.

Impact on Development Cost

The proposed changes would have a **positive** impact on development costs.

- A recent report developed by city staff and UT researchers found that in Austin, land accounts for over half the total development cost for single-family housing. Allowing subdivision will substantially reduce the land cost per unit of single-family housing, in addition to reducing unit size. The report's estimates suggest that construction cost savings are greater for attached units like duplexes and triplexes. In Austin, duplexes have estimated construction costs of \$400,000 per unit compared to nearly \$800,000 per unit for single-family homes pre-HOME Phase One.¹
- The proposal incentivizes comparatively cheaper-to-build attached units by reducing front, rear, and side setbacks for this typology.
- The proposal constrains the maximum unit square footage for units on new small lots to encourage units with lower relative sale price.

Impact on Affordable Housing

The proposed changes would have a **positive** impact on income-restricted affordable housing.

- Lowering the minimum lot size would lower the land cost of building income-restricted single-family, duplex, or triplex ownership units. It would further enable more units to be built per existing lot, in many cases, such that more households could be served.
- Under current conditions, building multiple ownership units on the same lot would only be possible through a condominium regime. Condominium fees can be a barrier to income-restricted unit ownership. The proposed amendments would enable income-restricted units for fee-simple ownership, removing a barrier to homeownership for low-income households.

Other Housing Policy Considerations

None.

Manager's Signature Marla Torrado

1. Kennedy, B., Lopez, S., Hemeon-McMahon, A., Pepper, A. (2022). *Smart Cities Policy Research Project: Cost of Housing in the City of Austin*. City of Austin, University of Texas at Austin.