



# Affordability Impact Statement

## Equitable Transit Oriented Development Phase 1

Initiated by: Resolution No. 20230309-016 and Resolution No. 20240201-054

Case number: C20-2023-004

Date: March 26, 2024

### Proposed Regulation

The proposed amendment would do the following:

- Create the -ETOD and -DBETOD combining districts, with uses that are restricted to those best supporting transit
- Create a development incentive program to be used by properties with -DBETOD zoning, offering extra height and modifications to site development standards in exchange for onsite income-restricted housing (or a fee-in-lieu for ownership units)
- Apply those districts to a variety of properties without single family zoning within ½ mile of the Phase 1 Austin Light Rail alignment and Priority Extensions

### Land Use/Zoning Impacts on Housing Costs

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

- The City of Austin's Displacement Risk Index defines four categories of displacement risk: Active, Vulnerable, Chronic, and Historic. Active and Vulnerable areas have the highest displacement risk, with Chronic and Historic representing areas that have already undergone significant displacement and neighborhood change. The proposal minimizes applying the new zoning to parcels in Active and Vulnerable areas, with only 19% of proposed rezonings applying to parcels in these areas. Conversely,

81% of the parcels that would receive increased entitlements are in areas of comparatively lower displacement risk.

- The proposal recommends that -DBETOD development standards supersede when they conflict with certain restrictive zoning overlays such as Neighborhood Conservation Combining Districts (NCCDs). The proposal's changes are aligned with existing policies and recommendations from the Central Texas Assessment of Fair Housing, an analysis required by the Housing and Urban Development (HUD).<sup>1</sup> The assessment noted Austin's overly restrictive neighborhood plans as hindrances to promoting fair housing, especially considering a significant number of properties lie within a half-mile radius of the Phase I light rail corridor. This DBETOD zoning would not only increase the number of parcels eligible to provide income-restricted housing but will increase the amount of income-restricted housing that can be built in close proximity to high-quality transit. This would help the Phase 1 Austin Light Rail project and the Priority Extensions to be accessible to more Austinites of marginalized economic status and racial backgrounds.
- ETOD Overlay Proposal recommends that the overlay is not applied to parcels zoned Mobile Home Residence (MH). This could prevent the potential loss of an important source of affordable housing, and the displacement of these residents.<sup>2,3</sup>

## Impact on Development Cost

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

- Developers using the -DBETOD program will be able to use alternative site development standards, increasing flexibility and potential developable site area. The -DBETOD program also includes affordability protections for existing market affordable units, which may increase overall project costs for residential redevelopment, while providing substantial public benefit.

## Impact on Affordable Housing

The proposed changes would have a **positive** impact on subsidized affordable housing.

- This incentive program would create an additional pathway to increasing subsidized affordable rental supply at 50 and 60% MFI for 40 years and ownership supply at 80% MFI for 99 years without direct public subsidies.
- Recently, the City Council approved changes to City Code Chapter 4-18, impacting both residential and non-residential redevelopment. These changes included regulations for density bonus programs, with specific focus on residential redevelopment requirements. Initially, the ordinance called for the

replacement of all units affordable to households earning 80% or less of the Median Family Income (MFI). However, subsequent collaboration among various City departments led staff to conclude that a more finely-tuned threshold for triggering unit replacement under this requirement would be to replace existing units affordable to a household earning 60% MFI or below. This adjustment aligns with the goals outlined in the Strategic Housing Blueprint, prioritizing deeper levels of affordability, and aiming to enhance participation in density bonus programs. Staff recommends bringing forward an item on a future Council agenda to update this provision of Chapter 4-18.

- Staff estimates that there are roughly 3,800 naturally occurring affordable housing (NOAH) units in the DBETOD combining district where rents are affordable to households earning 60% MFI or below. To redevelop these existing multifamily structures using the -DBETOD program, an applicant would need to:
  - Prove that the current structure needs repairs that will exceed 50% of the structure's market value
  - Prove that average rents for below-market-rate units did not increase more than 10% in the previous 24 months
  - Provide tenants with notice and relocation benefits consistent with federal requirements
  - Replace units affordable to a household earning 60% MFI or below
- Outside of acquiring existing multifamily NOAH properties, the City is constrained in its ability to protect residents from displacement through redevelopment. The proposal takes steps to protect NOAH properties and the households that rely on them.

## City Policies Implemented

The proposed amendment aligns with council adopted plans, including the ETOD Policy Plan, Imagine Austin, and the Austin Climate Equity Plan.

## Other Housing Policy Considerations

None.

Manager's Signature Marla Torrado

---

1. Rep. [Central Texas Assessment of Fair Housing](#). Denver, CO: Root Policy Research, 2019.
2. Louet, E., & Rifkin, C. (2023, December 4). Manufactured Homes: An Underutilized Source of Affordable Housing? <https://www.ncsl.org/human-services/manufactured-homes-an-underutilized-source-of-affordable-housing>
3. (2024, February 29). HUD Announces New Actions to Support Affordability for Manufactured Homes and Communities as Part of the Biden-Harris Administration's Housing Supply Action Plan. [https://www.hud.gov/press/press\\_releases\\_media\\_advisories/hud\\_no\\_24\\_041](https://www.hud.gov/press/press_releases_media_advisories/hud_no_24_041)