



MEMORANDUM

To: Mayor and City Council Members

From: Spencer Cronk, City Manager *sc*

Date: March 15, 2019

Subject: Land Development Code Revision (Resolution 20180809-111)

In August 2018, Council passed a resolution terminating the “CodeNEXT” process and directing the City Manager to: “[D]evelop and propose a new process leading to a Land Development Code that achieves the stated goals of the City as outlined in *the Imagine Austin Comprehensive Plan*, the *Strategic Housing Blueprint*, *Austin’s Watershed Protection Master Plan*, and the *Austin Strategic Direction 2023 Plan*[.]”

The purpose of this memo is to provide the initial response to Resolution 20180809-111 regarding land development code revisions.

Summary. The attached document offers policy questions that drive the content of the Land Development Code. The appendices, specifically, provide context for each policy question and suggest specific options for Council consideration. Receiving Council guidance on these policy questions is a critical first step. Because Council’s policy direction will drive the extent of code revisions and community engagement, it is imperative to complete the policy direction phase first.

Background and Need for Policy Guidance. Over the last several months, I have spent considerable time learning what worked during our previous efforts to amend the code and where we could make improvements moving forward. As I gathered an understanding of the various concerns from you, staff, and the community, it became clear that during the CodeNEXT process, there was uncertainty regarding the following key policy issues:

- Scope of revisions;
- Density and housing;
- Compatibility standards; and
- Parking requirements.

Uncertainty about these policy issues made it difficult to write a code that met Council’s and the community’s goals. Rather than assume Council’s position on these topics, I am seeking more specific policy guidance.

The attachment provides a more detailed account of the policy questions for Council consideration. Appendices A-E, specifically, summarize relevant concepts and available data, as well as competing positions on how the various issues could be addressed. Additionally, the appendices suggest specific options for Council to consider when giving policy direction. While the questions included in the report are not an exhaustive list of topics, the questions were selected because they drive the content of the Land Development Code. As we progress through the process, it is possible that other policy drivers may arise and require Council to provide additional direction.

Guiding Principles. While working with staff to articulate the policy questions, I established the following principles to guide our work and future discussions:

- *Simplicity and candor.*
 - Use plain language to frame issues and describe what we're doing.
 - Don't avoid or shy away from difficult topics. Instead, identify and present them for discussion and consideration.

- *Learn from the past.*
 - Acknowledge that our historical land use policies have not benefitted all communities. We must learn from those past practices and do better.
 - While the CodeNEXT process was not perfect, community stakeholders dedicated extensive time and energy to revise the Land Development Code. The valuable aspects of that work and input should not be disregarded.

- *Build a versatile toolbox.*
 - We have significant challenges in our City, but revisions to the Land Development Code alone will not solve long standing issues regarding gentrification, equity, sustainability, affordability, and mobility. In my experience, land development codes enable communities to create an environment that can address these concerns. Land development codes are one tool in a versatile toolbox of resources and must be used in concert with complementary programs, services, and community resources.
 - Collectively, we need to fill our toolbox with effective resources that will allow us to solve these problems and make our community a beacon of sustainability, social equity, and economic opportunity.

Next Steps. During the March 26 Council Work Session, I will walk Council through the policy questions. I will add an item to future Council agendas to discuss and take action on these policy questions. I recognize that we have a lot of work ahead of us. But, I am certain that if we take this critical first step to get clarity on your policy direction, we will be better equipped to discuss and develop a process that meets your objectives.

If you have any questions, please do not hesitate to contact me or Assistant City Manager Rodney Gonzales.

cc: Executive Team

LAND DEVELOPMENT CODE REVISION

POLICY GUIDANCE

INTRODUCTION

The *Imagine Austin* Comprehensive Plan establishes important goals for managing growth. For all its strengths in setting a vision for our community, *Imagine Austin* does not include the level of detail needed to provide meaningful direction to those tasked with writing a Land Development Code. While a comprehensive plan is not supposed to dictate precise regulatory requirements, many cities use their comprehensive plans to articulate positions on core issues, such as density, housing types, and transportation, which significantly influence the content of a city's development regulations. In my estimation, *Imagine Austin* lacked firm direction on these important issues and leaned too heavily on the code development process to determine policy.

To fill this critical gap and enable any Land Development Code revision to successfully realize *Imagine Austin's* goal of a "compact and connected" City of "complete communities," I am asking Council to provide direction on the policy questions listed at pages 2-3 of this report. While not an exhaustive list of topics, these questions were selected because they serve as drivers for so many of the regulations that Council, the City's boards and commissions, and the public as whole were most focused on during the CodeNEXT process. To provide context, Appendices A-E at the back of this report include background information and analysis related to each of the policy topics. Additionally, to assist Council in providing direction, each policy question is accompanied by a range of possible answers and a general description of the impacts associated with each option.

Getting clear guidance from Council on these topics will enable staff to better align the Land Development Code to the Council's vision and the community values expressed in *Imagine Austin*, which includes the *Strategic Housing Blueprint* adopted by Council in 2017. Because Council's policy direction is critical to determining the scope and content of the Land Development Code revision, it is important to complete the Policy Direction phase of the process before establishing a timetable for the remaining steps leading to final action by Council.

To help Council provide clear and definite policy direction, we have suggested a range of possible options to consider for each of the five questions. While Council may take whatever action it deems appropriate, the simplest approach would be to vote for one of the choices offered on each of the five questions. Acting by formal resolution is not necessary, but may be considered during the deliberation process if Council wishes to provide additional direction or clarification beyond the options suggested in this report.

POLICY QUESTIONS

1. **Scope of Code Revision.** To what extent should the Land Development Code be revised? Options include:

Option A Adopt a new Land Development Code, consisting of:

- i. A new Land Development Code (text) and Zoning Map, to take effect concurrently; or
- ii. A new Land Development Code (text) only, with the effective date deferred until Council adopts a new Zoning Map.

Option B Adopt a limited set of amendments to the existing Land Development Code, targeting improvements in one or more policy areas.

2. **Housing Capacity.** To what extent should the Land Development Code provide for additional housing capacity in order to achieve the 135,000 additional housing units recommended by the *Strategic Housing Blueprint*? Options include:

Option A Maintain the level of housing capacity provided by current Code (i.e., approximately 145,000 new units);

Option B Provide a level of housing capacity comparable to Draft 3 of CodeNEXT (i.e., approximately 287,000 new units); or

Option C Provide greater housing capacity than Draft 3, through enhanced measures to allow construction of additional residential units.

3. **Missing Middle Housing Types.** To what extent should the Land Development Code encourage more “missing-middle” housing types, such as duplexes, multiplexes, townhomes, cottage courts, and accessory dwelling units? Options include:

- Option A** Maintain the range of housing types provided for by the current Land Development Code;
- Option B** Provide for a range of housing types comparable to Draft 3; or
- Option C** Provide for a greater range of housing types than Draft 3.

4. Compatibility Standards. To what extent should the City’s “compatibility standards” (i.e., rules limiting development near residential properties) be modified to provide additional opportunities for development?

- Option A** Maintain compatibility standards comparable to those in the current Land Development Code;
- Option B** Reduce the impact of compatibility standards on development to a degree consistent with changes proposed in Draft 3; or
- Option C** Reduce the impact of compatibility standards on development to a greater degree than Draft 3.

5. Parking Requirements. To what extent should the City’s minimum parking requirements be modified to provide additional opportunities for development and/or encourage transit options consistent with the *Imagine Austin* comprehensive plan?

- Option A** Maintain minimum parking requirements comparable to those established in the current Land Development Code;
- Option B** Reduce the impact of minimum parking requirements on development to the same degree as Draft 3; or
- Option C** Reduce the impact of minimum parking requirements on development to a greater degree than Draft 3.

POLICY APPENDICES

To aid Council in providing policy direction, Appendices A-E of this report include background information, analysis, and specific policy options for each policy question. The appendices are intended to serve two important purposes.

First, the appendices provide context for the policy questions by summarizing relevant concepts and available data, as well as competing positions on how the various issues should be addressed. Second, the appendices suggest specific options for Council to consider in giving policy direction. The suggested options are presented in a manner that is intended to make it easy and straightforward for Council to provide direction.

Appendix A is unique in that it focuses on the scope of the Land Development Code Revision (Policy Question 1), rather than on substantive regulatory issues. Accordingly, the options presented in Appendix A focus on whether the City should continue forward with adoption of a new Land Development Code, or instead, pursue a more limited set of amendments to the existing Code.

Appendices B-E each pertain to important regulatory and planning issues that were a primary focus of discussion during the CodeNEXT process: Housing Capacity (Policy Question 2), Missing Middle Housing Options (Policy Question 3), Compatibility Standards (Policy Question 4), and Parking Requirements (Policy Question 5). For each of these policy questions, the following options are presented:

1. Option A: Current Code

Option A would preserve regulatory limitations comparable to those established by the current Land Development Code. A vote for Option A on Parking Requirements (Policy Question 5), for example, would signal Council's intent to include minimum parking requirements comparable to those that exist today.

2. Option B: Draft 3

Option B would implement the types of regulatory changes proposed in Draft 3 of CodeNEXT, which is summarized for each of the policy topics covered by Appendices B-

E.¹ Voting for Option B on a particular topic does not mean that revisions to Draft 3 are not needed. Instead, a vote for Option B means that CodeNEXT struck the right balance between the protections afforded by the current Land Development Code and *Imagine Austin's* emphasis on achieving a more “compact and connected” city.

3. Option C: Enhanced

Option C represents a more significant departure from the current Land Development Code than was proposed in Draft 3 and would generally provide for greater densification and housing capacity. The specific measures discussed under Option C include revisions recommended by the Planning Commission during the CodeNEXT process, as well as measures drawn from the *Strategic Housing Blueprint* and other Council directives issued over the last several years.

If Council selects Option C on a particular policy question, the core team would consider revisions necessary to implement those measures. A vote for Option C on Housing Capacity (Policy Question 2), for example, would signal Council’s intent for staff consider incorporating the measures discussed in Appendix B. In many cases, evaluating the feasibility of measures suggested for Option C would require careful inter-departmental review.

¹ To review Draft 3 and associated materials, see: <https://www.austintexas.gov/page/codenext-draft-3>

**APPENDIX A:
SCOPE OF LAND DEVELOPMENT CODE
REVISION**

Policy Question 1: Scope of Code Revision. To what extent should the Land Development Code be revised? Options include:

Option A Adopt a new Land Development Code, consisting of:

- i. A new Land Development Code (text) and Zoning Map, to take effect concurrently; or
- ii. A new Land Development Code (text) only, with the effective date deferred until Council adopts a new Zoning Map.

Option B Adopt a limited set of amendments to the existing Land Development Code, targeting improvements in one or more policy areas.

Policy Context:

Early in the CodeNEXT process, Council passed Resolution No. 20150618-095 reaffirming support for a fairly comprehensive approach to revising the City’s Land Development Code.² That approach, dubbed “2.5,” was consistent with the 2014 *Land Development Code Diagnosis*, which identified significant overarching deficiencies with the City’s current Land Development Code indicating the need for a fairly comprehensive revision across multiple chapters.³

To provide Council a thorough range of options, the discussion below presents two different ways in which a new Land Development Code could be adopted. An alternative option to pursue a more limited set of amendments to current Code is also presented.

Policy Options:

Option A **New Code Adoption.**

- i. Adopt Both a New Code and New Zoning Map

Two distinct options exist for adopting a new Land Development Code. The first option, which was used in Draft 3, is to adopt both the new Code and new Zoning Map

² Council’s resolution is viewable at: <http://www.austintexas.gov/edims/document.cfm?id=234104>

³ The 2014 *Land Development Code Diagnosis* is viewable at: https://www.austintexas.gov/sites/default/files/files/Planning/CodeNEXT/Austin_CodeDiagnosis_Public_Draft_web_050514.pdf

concurrently. This option allows the new regulations to take effect immediately on a citywide basis, although the substantive impact of the changes would vary depending on where the new zoning districts are applied. In CodeNEXT, the most intensive new zones were generally limited to areas along corridors and within identified regional centers.

Without an opportunity for areawide planning, this option may require the use of at least “placeholder zoning” that freezes existing zoning regulations in place for particular areas and defers application of new zoning districts to a subsequent rezoning process. While stakeholders expressed a range of perspectives regarding the Draft 3 Zoning Map, one frequent criticism was that the map applied its placeholder zoning category, called “Former Title 25 (F25),” to larger portions of the City than was necessary.

Going forward, if Council gives policy direction to continue towards adoption of a new Code and Zoning Map, staff may revisit the use of the F25 zone and propose a Zoning Map that applies new zones to larger portions of the City. This also depends in part on the direction Council provides regarding other policy questions, most notably Question 2 (Housing Capacity) and Question 3 (Missing Middle Housing Types).

- ii. Adopt a New Land Development Code (Text) *Only*, to Become Effective Only When a New Map is Subsequently Adopted.

The second option for adopting a new Land Development Code is to adopt the text of the Code first, and delay its effective date until Council adopts a new Zoning Map. This approach would allow a more comprehensive and focused mapping process to occur after Council decides on the overall content of the new regulations and zoning districts. However, given the substantial time and resources that a comprehensive mapping process may require, this approach would likely mean that the new Land Development Code would not take effect for a considerable period of time after its initial adoption.

For a variety of reasons, staff does not recommend adopting a new Land Development Code that would take effect without concurrently adopting a new Zoning Map. The Land Development Code and Zoning Map are interrelated and it would be extremely difficult, if not impossible, to apply a new Code to areas within zoning districts established under a prior version of the Code. Similarly, while using a placeholder zone like “F25” is acceptable, staff does not recommend adopting a Zoning Map that depicts zoning districts established under different versions of the Land Development Code.

***Option B* Targeted Amendments to Current Code.**

Adopting amendments to the current Land Development Code, rather than adopting an entirely new Code, is another option available to Council. Should Council wish to pursue this option, staff would recommend confining the amendments to discrete topic areas

rather than attempting to make the kind of broad substantive and structural changes included in CodeNEXT.

Because all chapters of the Land Development Code are interrelated, it's hard to make significant changes to one chapter without having to amend several other chapters as well. Changing the system of zoning districts or permitting procedures, for example, would likely affect numerous sections of the Land Development Code throughout multiple chapters.

In sum, the more significantly Council wishes to change aspects of the current Land Development Code, the more difficult it becomes to do so through amendments to the existing Code. If this is an option Council wishes to consider, staff will be available to provide general guidance as to the types of changes that could reasonably be made through amendments to the existing Code.

For the reasons identified in Council's resolution and the *Code Diagnosis Report*, staff recommends continuing forward with adoption of both a new Land Development Code and new Zoning Map.

APPENDIX B: HOUSING CAPACITY

Policy Question 2. Housing Capacity. To what extent should the Land Development Code provide for additional housing capacity in order to achieve the 135,000 additional housing units recommended by the *Strategic Housing Blueprint*? Options include:

- Option A** Maintain the level of housing capacity provided by the current Land Development Code (i.e., approximately 145,000 new units);
- Option B** Provide a level of housing capacity comparable to Draft 3 (i.e., approximately 287,000 new units); or
- Option C** Provide greater housing capacity than Draft 3, through enhanced measures to allow construction of additional residential units.

Policy Context:

In order to keep pace with population growth, the *Austin Strategic Housing Blueprint* establishes a goal of constructing 135,000 new housing units by 2025.⁴ To achieve that goal, the Land Development Code should allow for greater housing capacity than 135,000 units. This is because, as shown in Figure B-1, the actual number of units built will be less than the total capacity of units that could be constructed under the Code:

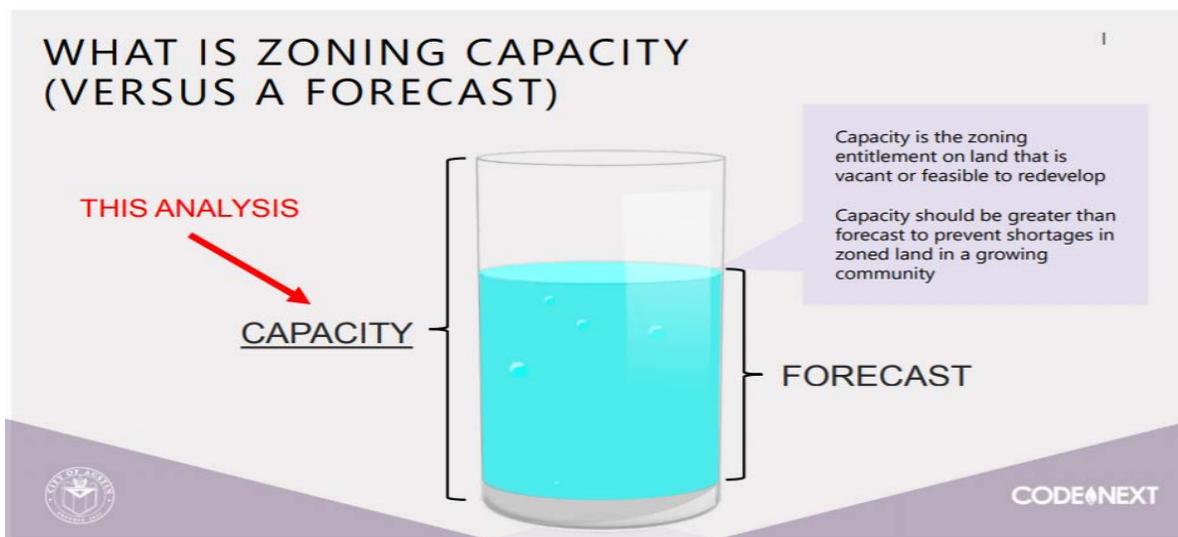


FIGURE B-1 (Planning Commission’s “Mapping Working Group,” February 7, 2018)

⁴ The *Strategic Housing Blueprint*, adopted by Council in April 2017, is viewable at: https://www.austintexas.gov/sites/default/files/files/NHCD/Strategic_Housing_Blueprint_4.24.17_reduced_.pdf

Housing capacity is an all-encompassing topic that implicates many aspects of land use planning and development, including the regulatory topics addressed in Appendix C (Missing-Middle Housing Types), Appendix D (Compatibility Standards), and Appendix E (Parking Requirements). Although housing capacity is not solely determined by the Land Development Code, regulations that individually or cumulatively limit developable area or increase project costs have the potential to significantly impact housing capacity.

During the CodeNEXT process, the City’s staff and consultant teams used the “Envision Tomorrow” model to compare housing capacity based on entitlements provided under the current Land Development Code to the housing capacity estimated based on changes proposed in Draft 3.⁵

This analysis determined that current housing capacity was roughly equal to the goal of 135,000 new units established in the *Strategic Housing Blueprint*. While there is no definite rule regarding how much housing capacity should exceed the desired number of new units, providing for little excess capacity is generally regarded as insufficient.

Policy Options:

With this context in mind, the following three options available to address the overall issue of housing capacity through the Land Development Code Revision.

Option A* **Current Code.*

One option would be to limit housing capacity to the approximately 145,000 new units provided for by the current Land Development Code. This capacity calculation, based on the comparative analysis described below, should not be viewed in isolation but in relationship to Option B—i.e., the Draft 3 option. Should Council wish to limit capacity to the level provided by current code, the two clearest options would be to either not proceed with the Land Development Code Revision at this time or minimize the application of new residential zoning districts that increase development potential.

⁵ For a summary of the “Envision Tomorrow” analysis, see: http://austintexas.gov/sites/default/files/files/Planning/CodeNEXT/FregoCouncilWorkSessionSlides_021318.pdf

Option B Draft 3.

The second option for responding to Policy Question 2 is to maintain the overall housing capacity estimated for Draft 3, which was calculated to be approximately 287,000 new units or roughly double the number units than could be constructed under the current Land Development Code. If Council chooses this option, the Code Development process would not include map or regulatory changes intended to significantly increase overall housing capacity beyond that amount.

i. Comparing Housing Capacity: CodeNEXT vs. Current Code.

In considering Option B, it's important to understand that the analysis used to compare housing capacity under Draft 3 versus the current Land Development Code was imperfect and subject to certain limitations. For example, while the analysis was comprehensive and conducted at a parcel level, it was difficult to precisely compare the development potential of the new zones proposed under Draft 3 to the zoning districts established under the current Land Development Code.

Despite these limitations, however, staff regards the analysis as a useful measure of how much housing capacity would likely increase under Option B. Figure B-2, on the next page, highlights key data points and findings used to support the analysis:

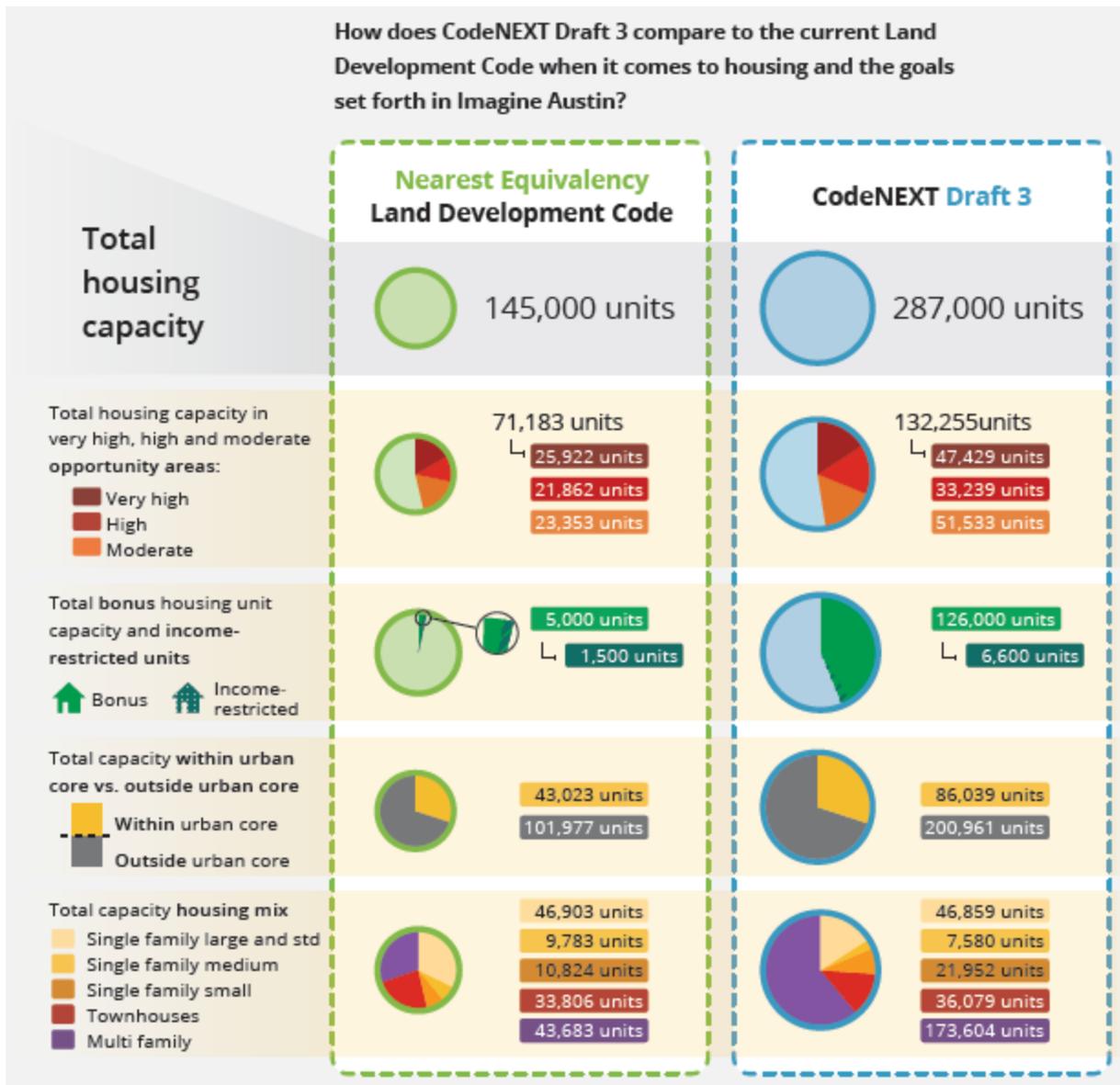


FIGURE B-2 (Source: "CodeNEXT Report Card")⁶

ii. How Draft 3 Achieves Additional Housing Units.

To achieve the increase in housing capacity described in Figure B-2, above, Draft 3 relies primarily on mixed-use development options available through an expanded density

⁶ The "CodeNEXT Report Card" is viewable at: http://www.austintexas.gov/sites/default/files/files/Planning/CodeNEXT/CodeNEXT_D3_Report_Card_041218.pdf

bonus program that increases allowable densities for developments with affordable housing units.

This approach is consistent with the *Strategic Housing Blueprint's* recommendation to implement consistent density bonus programs for centers and corridors. Bonus programs such as the University Neighborhood Overlay, Vertical Mixed Use, and the Downtown Density Bonus Program have all been successful under the current Land Development Code, but they are geographically limited and therefore unable to significantly increase overall housing capacity citywide.

Option C Enhanced.

The third option for responding to Policy Question 2 is to increase overall housing capacity beyond the 287,000 new units provided for under Draft 3. If Council chooses the enhanced option, staff would incorporate some or all of the following measures to achieve greater housing capacity:

i. Increase in By-Right Entitlements.

Draft 3 sought to increase housing capacity primarily through the density bonus, rather than providing more “by right” entitlements that do not require developers to provide affordable units. This is because, in general, Draft 3 confined application of the more intensive zones to fairly limited areas along transit corridors and in urban centers specifically identified by the *Imagine Austin* Comprehensive Plan.

The Planning Commission, in its recommendation to Council, proposed several measures that would apply Draft 3's new zones to a larger portions of the City, though still focused primarily on *Imagine Austin's* corridors and centers. These options would likely increase housing capacity above the level achieved in Draft 3.

ii. Further Expanding the Density Bonus Program.

In addition to proposing expansions in by-right entitlements, the Planning Commission also proposed changes that would further expand the availability of the citywide density bonus program beyond the increases proposed in Draft 3. These options would likely increase overall housing capacity above the level estimated for Draft 3.

iii. Changes to Non-Zoning Regulations.

Zoning standards affect housing capacity by directly regulating factors such as building size, lot coverage, and land use. However, non-zoning regulations indirectly affect housing capacity as well by limiting the degree to which development can utilize its full zoning entitlements. Examples include:

- Drainage and water quality improvements
- Parkland dedication and open space requirements
- Tree preservation requirements
- Transportation improvements and dedication of right-of-way
- Utility easements

Each of these regulations serves important purposes, including the protection of public safety and the environment, as well as maintaining a high-quality public realm that provides opportunities for recreation and participation in civic life. On many occasions, however, Council has raised concerns regarding the overall impact of non-zoning regulations on housing capacity and has initiated several measures to consider changes.

For example, drawing on measures proposed in the Obama administration’s “Housing Toolkit,” Council passed a resolution shortly before the termination of CodeNEXT that directed the City Manager to study the cumulative effects of non-zoning regulations on development and “the extent to which non-zoning regulations may affect the number of developable residential units.”⁷

Similarly, shortly after adoption of the 2016 amendments to the City’s Parkland Dedication Ordinance, Council passed a resolution initiating code amendments and seeking recommendations to provide additional entitlements for development projects dedicating on-site parkland in order to help offset impacts to developable area.⁸

In addition to limiting developable area, regulations can discourage redevelopment of under-utilized properties that were originally developed before current regulations took effect. To address this issue, the current Land Development Code includes exceptions that allow noncompliant properties to redevelop if on-site water quality controls are provided. Redevelopment exceptions offer another tool that can be used to mitigate the impacts of non-zoning regulations on development.

If Council votes in favor of Option C for Policy Question 2, staff would carefully coordinate with all affected departments to explore including new measures in the Land Development Code along the lines of those discussed above.

⁷ See Resolution No. 20180628-125, at: <http://www.austintexas.gov/edims/document.cfm?id=301941>

⁸ See Resolution No. 20160211-058, at: <http://www.austintexas.gov/edims/document.cfm?id=249135>

iv. Changes Proposed for the “Enhanced Options” in Appendices C-E.

As mentioned above, the enhanced options discussed in Appendix C (Missing-Middle Housing Types), Appendix D (Compatibility Standards), and Appendix E (Parking Requirements) would also increase housing capacity. These options are discussed separately, however, because they relate to other policy questions that were a primary focus of discussion during the CodeNEXT process.

**APPENDIX C:
MISSING MIDDLE HOUSING**

Policy Question 3: Missing Middle Housing Types. To what extent should the Land Development Code encourage more “missing-middle” housing types, such as duplexes, multiplexes, townhomes, cottage courts, and accessory dwelling units? Options include:

Option A Maintain the range of housing types provided for by the current Land Development Code;

Option B Provide for a range of housing types comparable to Draft 3; or

Option C Provide for a greater range of housing types than Draft 3.

Policy Context:

The term “missing middle” generally refers to the variety of building types that fall between detached, single-family homes, and large apartment buildings. As shown below, in Figure C-1, duplexes, multiplexes (i.e., small-scale multifamily uses), townhomes, cottage courts, and accessory dwelling units (“ADUs”) are all examples of missing middle housing:



FIGURE C-1 (Source: Staff presentation at PC/ZAP Joint Session, November 28, 2017)

Missing middle housing offers alternatives to standard single-family homes or large apartment complexes that dominate Austin’s residential housing supply and may provide a range of price points for buyers priced out of a traditional single-family neighborhood. The *Imagine Austin* comprehensive plan recognizes the need for missing middle housing by making eight separate recommendations to diversify housing types and by adopting Priority Program #6, which provides that:

“To meet the market demand of our growing and diversifying population, the range of available housing choices must expand throughout the city. Alternatives to the typical larger-lot single family and garden-style

apartments that characterize much of Austin’s housing stock are needed, including a greater variety of starter and move-up homes. The introduction and expansion into the market of housing types such as row houses, courtyard apartments, bungalow courts, small lot single-family, garage apartments, and live/work units can meet this emerging demand.”⁹

Policy Options:

Option A Current Code.

One option would be to provide for a range of missing middle housing types comparable to what’s allowed in current Land Development Code. To provide context for this option, following is a summary of the missing middle housing currently allowed, the regulatory limits to constructing missing middle units, and the handful of changes the City has made in recent years to incentivize missing middle housing.

i. Missing middle housing allowed by current code.

In general, the current Land Development Code allows the following missing middle housing types:

- Up to two dwelling units on standard-sized lots in single-family zoning districts, provided that units are configured as a duplex or a primary house with an accessory dwelling unit (“ADU”); and
- Triplexes, multiplexes, and townhomes are allowed only in more intense zoning districts with a minimum lot size of 8,000 square feet (triplexes, multiplexes) or 10,500 (townhomes).

ii. Limitations on construction of missing middle housing.

While each of the missing middle housing types listed above is currently allowed, several regulatory constraints limit the construction of these housing types under the existing Land Development Code. These constraints include:

- Limited use of zoning districts that allow missing middle housing.
- The lack of appropriate transitional zoning districts that could be used to allow missing middle housing between commercial corridors and abutting single-family

⁹ Missing-middle housing types are discussed at pages 118, 137, 138, 235, and 237 of *Imagine Austin*, which can be viewed here: ftp://ftp.ci.austin.tx.us/npzd/IACP_amended2016_web_sm.pdf

neighborhoods, without also permitting more intensive commercial uses that are incompatible with single-family uses.

- An expensive site plan review process required for any residential project of more than two units that can make the cost and time associated with construction of missing middle housing cost prohibitive. Under the existing process, a small multiplex project of three units is subject to the same review process as a 200-unit high-rise project.

iii. Allowances for missing middle housing over time.

The housing types allowed by the Land Development Code have not been significantly changed since the Code was adopted in 1984. However, Council adopted an ordinance incentivizing “micro-units” in 2014 and an ordinance relaxing requirements for ADUs in 2015.

Option B* **Draft 3.*

The second option is to provide for a range of missing middle housing types comparable to what would be allowed by CodeNEXT. To provide context for this option, following is a summary of the measures used in Draft 3 to increase missing middle housing options relative to the current Land Development Code:

i. Modified and expanded housing types.

Like the current Land Development Code, Draft 3 allows for duplexes, multiplexes, townhomes, and ADUs. However, Draft 3 relaxed some of the regulatory requirements that limit construction of these missing middle housing types under the current Land Development Code. In particular, Draft 3 provided for:

- Smaller projects on small lots, with slight increases in density—particularly where affordable units are provided under a density bonus; and
- Reduced minimum lot sizes and site area requirements for small-scale multifamily uses, as well as ADUs, condominiums, and townhomes.

Additionally, Draft 3 introduced two new missing middle housing types:

- Cottage courts, where three or more residential units are centered around common areas; and
- ADUs located on the same lot as a duplex.

These new housing types would be permitted in Draft 3’s moderately intense residential zones on lots as small as 5,000 square feet. This contrasts with the current Land

Development Code, which generally limits three-unit residential projects to multifamily lots of at least 8,000 square feet.

ii. Relaxed ADU standards.

The residential development standards proposed in Draft 3 would allow construction of ADUs on smaller lots. These changes also included an allowance for interior ADUs to be located within a larger residential structure, which is one of the measures recommended by the *Strategic Housing Blueprint*. Figure C-2, below, illustrates the ADU configurations allowed under Draft 3:

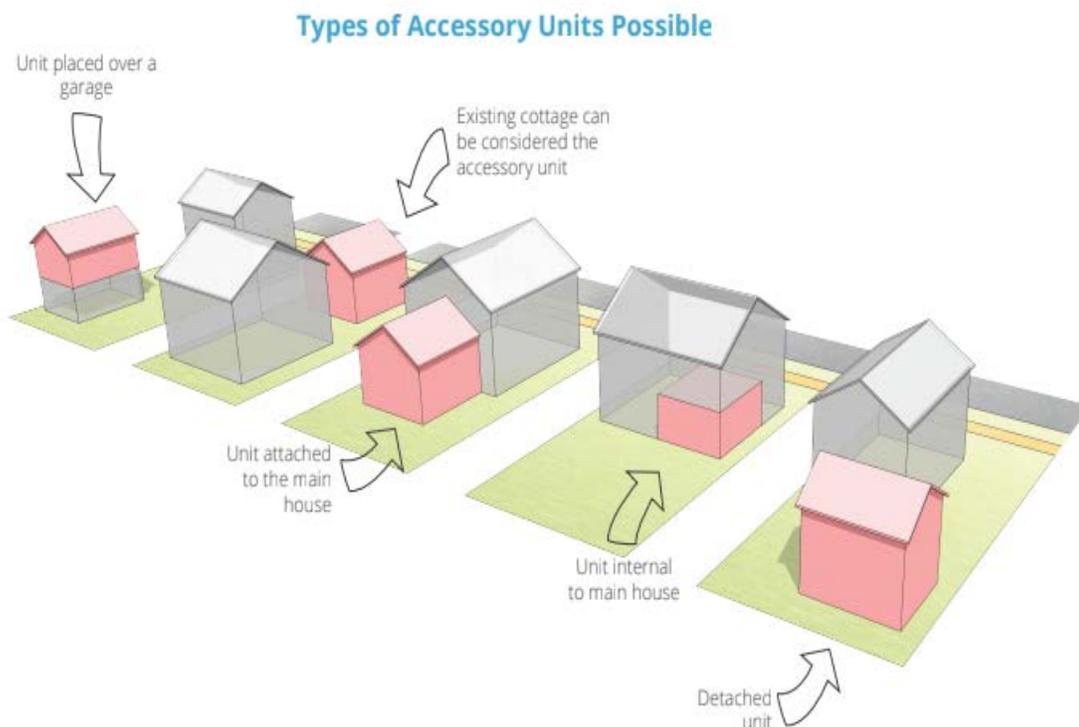


FIGURE C-2 (Source: Planning & Zoning Department)

iii. Missing middle density bonus.

As a way of incentivizing the production of market-rate and income-restricted units in smaller projects, Draft 3 introduced a density bonus for small multiplex projects. This option, which is currently used only for larger projects, is also recommended by the *Strategic Housing Blueprint*.

iv. Simplified review process.

Draft 3 included several staff-initiated changes to simplify the site plan review process for residential projects with three to six units. As with most residential uses, these changes

included reductions in on-site parking requirements as modifications to the standard site plan review process.

v. Mapping transition areas.

While the regulatory changes discussed above would all increase the availability of missing middle housing, the Zoning Map included with Draft 3 was fairly conservative in applying the new transition zones that allow missing middle housing. Instead, the Draft 3 map largely perpetuates existing zoning patterns that significantly limit the availability of missing middle housing. This means that, if Council chooses the Draft 3 option, the supply of missing middle housing would be unlikely to increase substantially unless appropriate and context-sensitive mapping of new zoning districts also occurred.

Option C* **Enhanced.*

The third option is to provide a greater opportunity for missing middle housing types than proposed in Draft 3. If Council selects this option, staff would consider the following additional measures to increase missing middle housing during the Code Development process:

i. Mapping new transition areas.

The zoning map included in earlier drafts of CodeNEXT applied new transitional zones that allow missing middle housing to a larger portion of the areas located along commercial corridors.

As mentioned above, this approach would step-down zoning from commercial corridors to single-family interior neighborhoods and thereby allow missing middle housing without permitting more intensive commercial development that is incompatible with single-family uses. A return to this context-sensitive mapping concept, which was supported by the Planning Commission, would likely result in increased construction of missing middle housing.

ii. Further reducing barriers to missing middle housing.

In addition to broader use of new transition zones, as discussed above, further reducing site development standards for missing middle housing types is another tool available to increase the supply of missing middle housing. These measures could include reductions in minimum parking requirements, limits on floor-to-area ratio, and modified compatibility standards.

APPENDIX D: COMPATIBILITY STANDARDS

Policy Question 4: Compatibility Standards. To what extent should the City’s “compatibility standards” (i.e., rules limiting development near residential properties) be modified to provide additional opportunities for development?

Option A Maintain compatibility standards comparable to those in the current Land Development Code;

Option B Reduce the impact of compatibility standards on development to a degree consistent with changes proposed in Draft 3; or

Option C Reduce the impact of compatibility standards on development to a greater degree than Draft 3.

Policy Context:

The term “compatibility standards” refers to regulations in the City’s Land Development Code that reduce height, increase setbacks, and limit development based on proximity to certain land uses or zoning districts.¹⁰ As stated in the 1984 adopting ordinance, the intent of compatibility standards was to “preserve and protect single-family residential neighborhoods.”¹¹

While compatibility standards help safeguard residences from tall and intensive commercial and industrial developments, the regulations also have the effect of limiting construction of new residential units. Sufficient data does not exist to show the precise extent to which compatibility impacts development, but there is strong evidence that housing unit capacity has been reduced in individual cases.

Compatibility standards differ from other site development regulations because they operate more as a zoning overlay, rather than as a standalone regulation. In general, compatibility standards apply to development adjacent to, or within a certain distance from, most single-family zoning districts or existing uses that are permitted in those districts. When the use or zoning of a property requires adjacent development to comply

¹⁰ Compatibility standards are codified in the Land Development Code, at Subchapter C, Article 10 of Chapter 25-2, and can be accessed at:

https://library.municode.com/tx/austin/codes/code_of_ordinances?nodeId=TIT25LADE_CH25-2ZO_SUBCHAPTER_CUSDERE_ART10COST

¹¹ See Ordinance No. 840301-s, at: <http://www.austintexas.gov/edims/document.cfm?id=13688>

with compatibility standards, that property is often described as “triggering compatibility.”

The height limit imposed by compatibility standards applies to development within 540 feet of a triggering property and essentially ramps up from zero feet to the maximum height allowed by the base zoning district regulations. As shown in Figure D-1, below, the specific height and setback requirements imposed by compatibility standards vary depending on whether an affected property exceeds 20,000 square feet:



FIGURE D-1 (Source: Planning & Zoning Department)

To reduce the impacts on development, the City has modified compatibility standards in certain contexts. For example, in the East Riverside Corridor (ERC) Regulating Plan,¹² compatibility standards extend 275 feet from the triggering property as opposed to the 540-foot distance established by the Land Development Code. Additionally, as shown in Figure D-2, the ERC Regulating Plan introduced the concept of “step backs,” which provide a more predictable means of limiting building height:

¹² The East Riverside Corridor Regulating Plan can be found at: ftp://ftp.ci.austin.tx.us/npzd/Austingo/erc_reg_plan_adopted.pdf

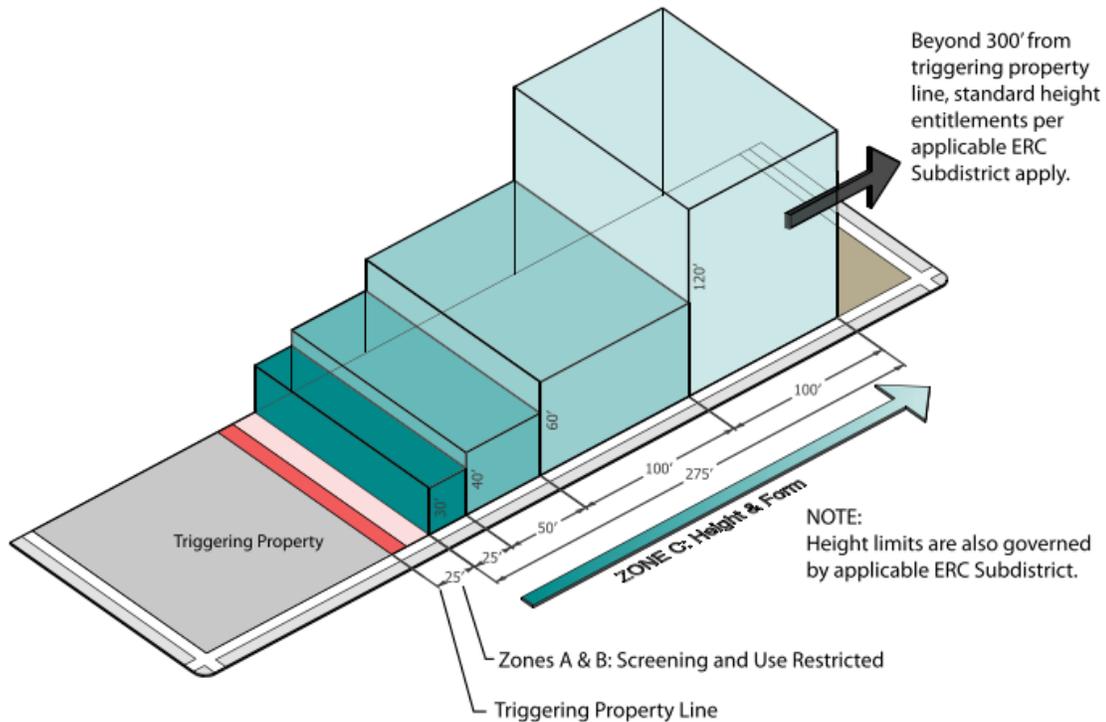


FIGURE D-2 (Source: *East Riverside Corridor Regulating Plan*)

Policy Options:

Option A* **Current Code.*

The first option is to leave in place compatibility standards as they exist under the City’s current Land Development Code. This option would preserve existing protections for single-family neighborhoods affected by adjacent development. However, retaining compatibility standards in their present form may limit the construction of new multi-family units and result in a certain degree unpredictability for developers considering potential new projects.

Option B* **Draft 3.*

The second option is to modify existing compatibility standards consistent with proposed changes included in Draft 3. To provide context for this option, here are some of the ways that Draft 3 sought to modify compatibility standards to allow construction of more housing units and increase predictability while still providing a basic level of protection for single-family homes near commercial sites.

i. Ties compatibility standards to zoning, not to existing uses.

Draft 3 proposed compatibility standards that generally limit the intensity of commercial or multi-family development within 100 feet of properties located in traditional single-family zones, referred to as “Residential House-Scale” zones.¹³ By tying compatibility standards solely to specific zones, rather than existing land uses, and by using the “step-back” method for establishing height limits, Draft 3’s approach intended to simplify compatibility regulations and increase predictability.

Figure D-2, below, summarizes key features of Draft 3’s compatibility regulations:

Building Height Stepback		Setback (Distance from ROW / Lot Line)	Front ¹ A	Side St. ¹ B	Side C	Rear D
Stepbacks required for portions of building adjacent to, across an alley from, or across a ROW less than 60' wide from a Residential House-Scale Zone.		Minimum, except for portions of building across a shared lot line from:	10'	10'	10'	15'
Distance from Lot Line of Triggering Property		Height (max.)	Any Residential House-Scale Zone			
≤ 25'	18'	Lots ≤ 75' wide	15'	15'	10'	30'
25'-50'	35'	Lots > 75' wide	15'	15'	20'	30'
50'-100'	45'					
> 100'	Set by zone standards					

FIGURE D-2 (Source: Draft 3)

¹³ The Planning Commission recommended extending the compatibility boundary under Draft 3 from 100 to 300 feet, except for properties participating in an affordable housing density bonus program.

ii. Reduces height restrictions to limit impact on developable area.

Figure D-3 compares the building heights allowed under the compatibility regulations in the current Land Development Code to those in Draft 3:



FIGURE D-3 (Source: Planning & Zoning Department)

Option C Enhanced.

The third option is to eliminate compatibility standards or modify them to further reduce their impact on development potential, beyond the changes that were included in Draft 3. If Council selects this option, staff would carefully evaluate the following additional options:

i. Create compatible zoning transitions that reflect the goals of compatibility.

The intent of compatibility standards can be preserved even if the specific standards are eliminated, at least in some contexts. For example, one way to implement height and use transitions from the corridor to the neighborhood core is through the zoning map. Compatible transitions can be created by applying high-density, mixed-use zoning on corridors and activity nodes, moderate density adjacent to the corridors (including missing middle and small-scale commercial), and then stepping down to a lower-density residential core.

The Planning Commission recommended applying transition areas along corridors to mimic the step down in intensity provided by compatibility standards, rather than

applying compatibility standards as a separate site development regulation. In considering this option, however, it's important to keep in mind that not all corridors are alike, and context would need to be considered in how transitions are applied.

ii. Waiving compatibility standards through the use of a density bonus.

To incentivize residential development along corridors and increase the number of affordable units across the City, compatibility standards could be waived for projects taking part in a density bonus program. While more housing is a priority, a mix of uses needs to also exist along corridors to promote the compact and connected priority program of Imagine Austin. This balance should also be kept in mind if this option is considered.

APPENDIX E: PARKING REQUIREMENTS

Policy Question 5: Parking Requirements. To what extent should the City’s minimum parking requirements be modified to provide additional opportunities for development and/or encourage transit options consistent with the *Imagine Austin* comprehensive plan?

Option A Maintain minimum parking requirements comparable to those established in the current Land Development Code;

Option B Reduce the impact of minimum parking requirements on development to the same degree as Draft 3; or

Option C Reduce the impact of minimum parking requirements on development to a greater than Draft 3.

Policy Context:

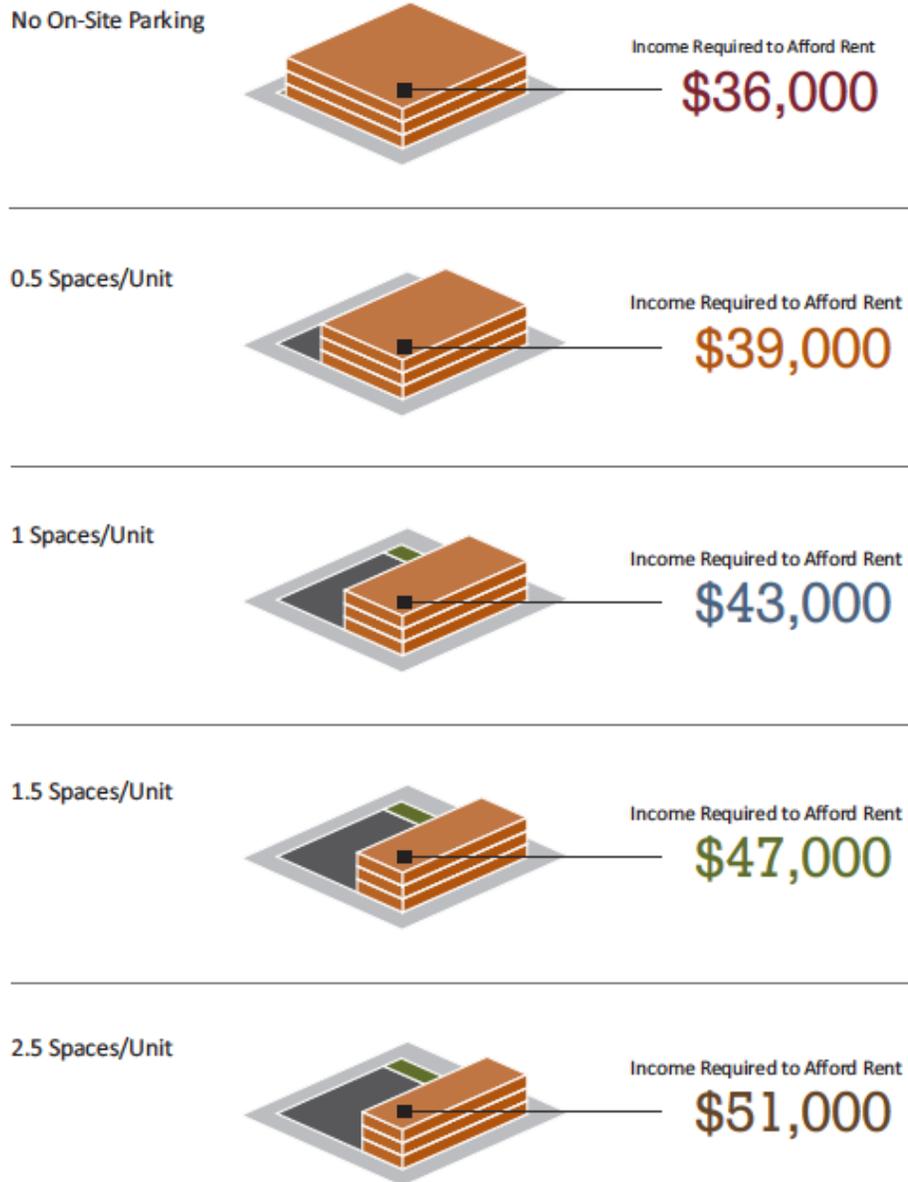
Among its many priority programs and goals, the *Imagine Austin* Comprehensive Plan calls for establishing complete communities centered around compact centers and corridors, creating shorter distances between people’s homes and daily destinations, and ultimately reducing dependence on driving. Calibration of parking standards is an important piece of creating this compact and connected future.

Consistent with these objectives, the draft *Austin Strategic Mobility Plan* (ASMP) emphasizes the importance of right-sizing parking requirements to help shift travel preferences from single-occupancy vehicles to multimodal travel. Providing an overabundance of parking has continued to encourage and incentivize people to drive, increasing congestion throughout the city. To address this concern, the ASMP recommends focusing on parking maximums and updating the Land Development Code to “allow for reduced or zero parking minimums” and “shared and off-site parking[.]”¹⁴

The *Strategic Housing Blueprint* likewise discusses the relationship between parking and affordability, acknowledging that relaxed parking requirements can reduce rental rates or the costs of providing units:

¹⁴ The ASMP draft plan is available at:
http://austintexas.gov/sites/default/files/files/Draft_ASMP_Full_document_Low_format_version.pdf

RELATIONSHIP BETWEEN PARKING REQUIREMENTS & AFFORDABILITY



SOURCE: Fregonese and Associates, 2016
NOTE: Analysis based on a fixed profit margin of 8%

FIGURE E-1 (Source: Austin Strategic Housing Blueprint, provided by Fregonese and Associates, 2016)

In the context of location, walkability, and transit service, the *Strategic Housing Blueprint* also recommends that the City consider comprehensive parking reform which would “address several important City goals such as lower construction costs, reduced dependence on automobiles, mitigation of flood and erosion, and water quality protection.”

In 2016, 73.5% of Austin commuters drove alone to work every day.¹⁵ While many of Austin’s mobility, environmental priorities, and goals aim to reduce our reliance on single-occupancy vehicles, automobiles and parking remain an essential component of making the Austin transportation network function. Accordingly, while the ASMP aims to accommodate Austin’s growth by achieving a 50/50 mode share (i.e., 50% drive-alone, 50% all other options combined), it does not aim to eliminate the need for automobiles. Rather, the ASMP seeks to broaden multi-modal options and reduce the demand on our transportation network, including right-sizing parking. Even in the Central Business District, which does not have parking minimums, the Downtown Austin Parking Strategy acknowledges the importance of providing parking, but with the understanding that parking management and “shared parking approaches are the only way to cost-effectively unlock downtown’s growth potential.”

Policy Options:

Option A* **Current Code.*

One option is to maintain minimum parking requirements comparable to those provided for in the current Land Development Code, which are established in Chapter 25-6 of the Land Development Code.¹⁶ To provide context for this option, following is a summary of current onsite parking requirements applicable to new development.

i. Residential parking standards.

For standard single-family residential uses, two parking spaces are required per dwelling unit. For accessory dwelling units that are located farther than ¼ mile from an activity

¹⁵ See the Austin Transportation Department’s “Transportation Demand Management Program Explainer,” accessible at: https://austintexas.gov/sites/default/files/files/Transportation/TDM_Explainer_Draft_Final_WebVersion.pdf

¹⁶ Appendix A is accessible at: https://library.municode.com/tx/austin/codes/code_of_ordinances?nodeId=TIT25LADE_CH25-6TR_APXATAOREPALORE

corridor, one parking space is required; for ADUs located within ¼ mile from an activity corridor with a bus or transit line, no parking spaces are required.

ii. Commercial parking standards.

Parking requirements for commercial development vary greatly based on use, as shown in Appendix A of Chapter 25-6. For Downtown properties zoned CBD and DMU, no minimum parking is required, and the maximum number parking spaces is set at 60 percent of the spaces generally required for that use outside of CBD or DMU zoning districts. Special provisions for ADA are also taken into consideration.

iii. Parking reductions.

For properties located within the urban core, required parking is reduced to 80 percent of that established by Appendix A. Further reductions are possible with on-site parking alternatives such as bicycle parking, car sharing, and showers.

Option B. Draft 3.

The second option is to modify minimum parking requirements to be consistent with changes proposed in Draft 3 of CodeNEXT. These changes, which are summarized below, included a general reduction of minimum parking requirements to simplify parking provisions, minimize impervious cover, reduce the cost of providing excess parking, and make small-lot developments more feasible, particularly for missing middle projects and developments along narrow commercial corridors.

i. Residential parking standards.

Parking requirements within Draft 3's traditional residential zoning categories, referred to as "Residential House Scale" zones, are based on the particular use. The standard on-site parking for residential uses is reduced from two spaces to one space per unit. The parking requirement for ADUs is eliminated, regardless of distance from an activity corridor.

ii. Commercial parking standards.

In general, Draft 3 requires less parking within its commercial zones than the current Land Development Code. The following chart, though not an exhaustive list of commercial parking standards, compares the kinds of parking reductions included in Draft 3 to those provided in the current Land Development Code:

Land Use	Current Code (2017)	Draft 3	
Restaurant		Mixed Use (MU)	Main Street (MS)
0 - 2,500 SQ FT	1 / 100 SQ FT	1 / 150 SQ FT; 1 / 325 SQ FT if no Dining Area	None Required
2,500 + SQ FT	1 / 75 SQ FT	1 / 125 SQ FT; 1 / 325 SQ FT if no Dining Area	1 / 125 SQ FT ; 1 / 325 if no Dining Area
Retail		Mixed Use (MU)	Main Street (MS)
0 - 25,000 SQ FT	1 / 275 SQ FT	1 / 500 SQ FT	1 / 500 SQ FT after first 2,500 SQ FT
25,000 - 400,000 SQ FT	1 / 275 SQFT	1 / 500 SQ FT	
400,000 - 600,000 SQ FT	1 / 275 SQ FT	1 / 500 SQ FT	
600,000 + SQ FT	1 / 275 SQFT	1 / 500 SQ FT	
Services		Mixed Use (MU)	Main Street (MS)
Food Sales	1 / 275 SQ FT	1 / 350 SQ FT	1 / 350 SQ FT after first 2,500 SQ FT
Office	1 / 275 SQFT	1 / 500 SQ FT	1 / 500 SQ FT after first 2,500 SQ FT
Medical Office	1 / 200 SQ FT -free standing; 1 / 275 SQ FT Shopping Center/Mixed Use Bldg	1 / 350 SQ FT	1 / 350 SQ FT after first 2,500 SQ FT

Figure E-2 (Source: Planning & Zoning Department)

Like the current Land Development Code, most of Draft 3's commercial parking requirements are tied to land use. One notable exception, however, is the Main Street Zone, which ties parking requirements to building size and includes an exemption for the first 2,500 square feet of development that supports small businesses or is located on small lots. Within select zoning categories, including Main Street Zones, developments of 10,000 square feet or greater were subject to parking maximums.

iii. Parking reductions.

For properties within 1/4 mile to 1/2 mile of a transit corridor, Draft 3 proposed 20% and 10% reductions to onsite parking requirements, respectively. Additional parking reductions are permitted for providing onsite features such as bicycle parking, car-share, or participating in an affordable housing density bonus. For projects participating in a Transportation Demand Management program, multiple parking reductions are permitted, with up to 100% reduction in onsite parking requirements.

Option C Enhanced.

The third option is to reduce onsite parking requirements more significantly than the changes proposed in Draft 3. If Council selected this option, staff would consider the following measures during the Code Development phase:

i. Reductions based on land use.

The parking reductions proposed in Draft 3, both for individual uses and zone categories, could be analyzed and further reduced to remove barriers to development, particularly on small lots. For example, the 2,500 square foot parking exemption that was proposed for commercial uses in the Main Street zone could be applied on a larger scale in more zoning categories.

ii. Elimination of on-site parking requirements.

During its deliberations, the Planning Commission recommended that staff develop provisions for eliminating parking requirements to the greatest extent possible, while balancing ADA-accessible parking, public safety, and potential impacts to neighborhoods from reduced parking for commercial developments. Planning Commission also voted to recommend eliminating parking minimums completely for properties located within Transit Oriented Developments or the University Neighborhood Overlay, with exceptions for accessible parking.

A logical corollary to reducing or eliminating parking minimums is to create parking maximums to ensure developments do not provide excess parking. Draft 3 included parking maximums within certain zoning categories, an approach which could be applied on a larger scale or to more zoning categories.

Should Council wish to proceed further in this direction, staff would recommend incorporating the following ADA parking allowances based on those standards currently required in the CBD and DMU zoning districts:

- If off-street parking is provided, it must include parking for persons with disabilities as required by the Building Code; and
- Except for a use occupying a designated historic landmark or an existing building in a designated historic district, off-street parking for persons with disabilities must be provided for a use that occupies 6,000 square feet or more of floor space.