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How big can Austin get? City Hall bears down on housing capacity conundrum as prices, traffic get worse

Worries spread that new land development code won't go far enough to encourage a denser, more affordable Austin

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In 2017, hopes were high among reform-minded Austinites about the comprehensive land development code rewrite known as CodeNext.

They were optimistic about the first draft of the code overhaul. But many CodeNext advocates felt subsequent drafts released later that year and in 2018 were watered down to the point where they did not effectively address Austin's housing needs.



COSTAR GROUP INC
Downtown Austin

By the time CodeNext was abandoned in summer 2018, it had lost support from all sides of the debate — urbanists and business groups felt it did not go far enough to tackle the city's affordability and traffic challenges while neighborhood preservationists believed it would harm residential areas central to Austin's identity.

Now, with Austin speeding toward a new land development code, Pete Gilcrease is worried that history is repeating itself in some ways.

The Friends of Hyde Park board member believes the ongoing attempt at revising the land development code has been tweaked in ways that remind him of CodeNext's changes — with provisions added between first and second reading that weakened the code's housing capacity potential.

"We were really excited," Gilcrease said. "[The land development code] seemed to be moving in a better direction."

"It seems like only the worst stuff made it into draft two and everything else was ignored," he added.

All the while, opponents of the current land development code rewrite effort lodge complaints over both the revamp's substance and process.

"Many of the most dramatic changes [to density] have been proposed not on vacant land and greenfield areas, but on top of and even in the middle of existing neighborhoods that are just the types of complete communities we say we'd like to see in every part of the city," Council Member [Kathie Tovo](#) said, shortly after announcing she and others on the dais would push an "alternative path" to the rewrite.

A code rewrite was called for in the city's 2012 comprehensive plan called Imagine Austin. With only one more vote remaining for the new code to be approved, Austin is entering the final weeks of a multi-year effort.

But will the code raise residential capacity the way it's supposed to? It's an open question in what may be the most important storyline in Austin, one that will impact what can be built where within the city for decades to come. It's top of mind in a city grappling with an extreme shortage of housing — housing inventory within city limits [hit 1.1 months in January](#), when balanced housing markets typically have at least six months of inventory. That exacerbates rising housing prices and traffic as Austin workers settle in the suburbs where housing is more affordable and abundant.

Capacity concerns

Last October, city staff released [the first draft code](#) of the new revamp effort — taking their cues from Council members' directions on key policy issues from [that May](#).

One of the key Council objectives was to provide for a residential capacity of 405,000 new units. That's three times larger than the city's goal of adding 135,000 residential units in 10 years, outlined in the Strategic Housing Blueprint. Residential capacity needs to be much larger than the desired housing yield because not every conceivable unit will be built.

In 2016, under the pressure of this city facing the prospect of adding far more jobs than homes for the foreseeable future, the Real Estate Council of Austin issued a call for more residential construction in the city — a minimum of 15,000 units a year for the next decade.

Much of the code's potential capacity is through missing middle housing or bonus programs that allow homeowners or developers to build beyond what's allowed in base entitlements.

Missing middle housing includes duplexes, triplexes, townhomes and other forms of residential development that's between lower-density single-family homes and higher-density multifamily apartments. It's a key type of housing product that's affordable to more residents.

But only 2% of Austin residential construction in the last 10 years is considered missing middle, so city staff proposed zoning along corridors to encourage more of it. These transition zones — RM1 and R4 — have become perhaps the most controversial part of the code, pitting those who view them as critical to transit-supportive development against those who believe they'll harm established residential neighborhoods.

After first reading, transition zones were made slimmer or less intense on predominantly residential corridors, areas vulnerable to gentrification and some areas prone to flooding. A lower projected capacity through these changes, from 397,000 units in the first draft to as low as 351,000 units after first reading, enraged some activists.

"Passing a new code that's effectively the old code with a few minor changes is effectively rearranging the deck chairs on the Titanic," said Timothy Bray, a board member of the urbanist group AURA.

More missing middle zoning was included in high-opportunity areas including town centers in Imagine Austin. But there's skepticism that can make up what capacity was lost in other areas in the second reading draft.

"I don't think the centers can offset what happened elsewhere," said [Scott Turner](#), an infill builder that actively tracks code deliberations, "because the centers are all not in the middle of town. While we do need our centers as employment hubs and housing hubs, they are also not anyone's first priority because they are further out — that's sprawl."

"If we are doing things that reduce capacity, we need to offset them ... with things that gain somewhere else," he added.

'Entitlements ... could destabilize neighborhoods'

Even with scaled back transition zones, some residents view these new zoning designations as existential threats to their neighborhoods.

One example that came up repeatedly during Council's second reading discussion was Duval Street, the north-south corridor that slices through the Hyde Park neighborhood in North Central Austin.

Some residents have argued that there isn't space to expand transit service up and down the road because of how narrow Duval is — and that transition zoning doesn't match the mostly residential nature of the area compared to more commercial corridors.

"With 53rd being an activity corridor and Duval being a [transit priority network], we've seen a lot of upzoning across what's likely more than 50% of our lots," said [James Howard](#), president of the North Loop Neighborhood Association, which includes the northern part of Duval between Hyde Park and Koenig Lane. "We're asking for ... a more nuanced approach."

A bloc of Council members — [Alison Alter](#), [Kathie Tovo](#), [Ann Kitchen](#) and [Leslie Pool](#) — remains concerned about how transition zones will impact neighborhoods in their districts, warning of unintended consequences.

"Applying dramatic increases in entitlements instead of phasing increases over time could destabilize neighborhoods and accelerate loss of affordable housing," they

said in a statement after voting against the code's second reading on Feb. 13.

Some of their amendments during second reading tried unsuccessfully to scale down the impact of transition zones.

For example, a Kitchen amendment sought to remove R4 zoning from areas along bus routes that have no plans for transit investment or expansion. A Tovo amendment tried to remove lots within local flooding areas from transition zones. Both failed.

Mayor Steve Adler also surprised observers by asking if Council members opposed to the code rewrite would get on board if transition zones were scaled back to two lots in depth citywide.

Evolve Austin, a group of pro-reform organizations, issued a statement blasting any effort to reduce the proposed transition areas zoned for missing middle housing.

"Doing so would strike a serious blow to Austin's ability to achieve the city's own adopted housing and transit goals and conflict with the priorities set by the Austin City Council at the beginning of the rewrite process," the coalition said. "Any additional changes to the code should be focused on making missing middle zones work better, not scaling it back."

'This code doesn't go far enough'

City staff have not yet estimated where the code's potential capacity stands after the second reading vote.

Observers said some approved amendments could amount to a downtick in potential capacity. An amendment from Council Member Greg Casar asks staff to avoid upzoning some lots with existing apartments on them.

Although Casar represents one of Council's most vocal members for more housing, he's opposed granting more entitlements to lots with existing affordable housing in the past — such as the controversial 4700 East Riverside project.

But other amendments that were passed should help the city maximize its potential capacity, advocates say.

Council Member Natasha Harper-Madison's amendment to allow a higher floor-to-area ratio for duplexes could incentivize builders to construct two-unit structures instead of one. Another Casar amendment made fees-in-lieu for the city's preservation bonus more proportionate based on unit count. And an amendment from Council Member Jimmy Flannigan reduced setbacks from 15 feet to 10 feet in R3 and R4 zones "to facilitate a more pedestrian-friendly environment."

Turner, who volunteers with Evolve Austin, said that Flannigan amendment could give homebuilders more breathing room on lots to potentially add more units.

"It gives you some flexibility around the other [regulations] we deal with," Turner said.

"Look at Mueller, they have a bunch of 10 foot front yards and everyone loves them," he added.

Council members opposed to the land development code's second reading version said they'll be pushing an alternate series of proposals.

"Right now, our overriding principle is to achieve a capacity goal of over 400,000 units, and to do that at the unnecessary expense of every goal that we care about," Alter said. "We can and must do better."

While they remain unhappy with the code's process, others on the dais say the code has already trended in the wrong direction at times.

"I worry that this code doesn't go far enough," Flannigan said. "There are big problems in this city — affordability, gentrification, taxes, climate change. The closer we get to the status quo, the closer we get to the things that cause and maintain those problems. But I maintain that we can get there."

What remains

Staff will release a third reading draft sometime in March, with Council scheduled to float amendments and potentially take a final vote in late March or early April.

"We're getting down to crunch time," Turner said.

After a third reading vote this spring, the city will still need to adopt the code's criteria manuals, which will contain important minutiae for how the code will be

implemented.

City Manager Spencer Cronk, who relaunched the post-CodeNext process last spring, said he's committed to a cross-departmental and transparent process to adopt the criteria manuals.

Geoffrey Tahuahua, the Real Estate Council of Austin's vice president of policy and government affairs, said the criteria manuals will need to provide clarity when competing regulations conflict with one another.

"By creating a more unified process, it's really going to make a huge difference," he said.

Turner said he'd like to see progress made on providing a more limited site plan process for smaller projects.

"For us, it's time. With a small project of four units or eight units or 10 units, I don't have 200 units to spread extra interest costs around," Turner said. "If my project gets delayed ... for a year or more, I can't recover from that. That's a deal killer."

Jackson Walker LLP Partner Pam Madere said the criteria manuals will need to provide more predictability to developers and landowners when they're deciding what to do with their properties.

"We still have a ways to go to make a code that is truly predictable," she said.

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