

RESOLUTION NO.

1
2 **WHEREAS**, the City of Austin seeks to support local entrepreneurship and
3 expand economic opportunity for residents; and

4 **WHEREAS**, the cost of traditional commercial real estate can present a
5 significant barrier to entry for small businesses, limiting participation in the local
6 economy for many residents without access to substantial capital; and

7 **WHEREAS**, neighborhood-serving small businesses can contribute to
8 walkable communities by providing nearby goods, services, and destinations
9 within residential areas; and

10 **WHEREAS**, the City Council has expressed its commitment to supporting
11 the small business community through initiatives, such as the Small Biz IFC,
12 recognizing that regulatory complexity can disproportionately burden small
13 business operations; and

14 **WHEREAS**, recent Texas state legislation, specifically H.B. 2464 and S.B.
15 541, has established protections for “no-impact” home businesses and cottage food
16 production, yet these laws favor “hidden” commerce over the active, visible
17 neighborhood engagement that defines Austin’s character; and

18 **WHEREAS**, current Land Development Code Section 25-2-900 (Home
19 Occupations) strictly prohibits visible storefronts, on-site signage, and exterior
20 business operations; and

21 **WHEREAS**, while traditional home occupations have historically been
22 hidden from view, a Front Yard Business (FYB) is intentionally integrated into the
23 streetscape to serve the immediate neighborhood and foster local commerce; and

24 **WHEREAS**, the concepts of Accessory Commercial Units (ACUs) and
25 Front Yard Businesses (FYBs) provide residents with low-risk pathways to build
26 wealth, test commercial concepts, and achieve financial resilience; and

27 **WHEREAS**, by removing the barrier of commercial rent, the FYB model
28 fosters local wealth building by ensuring more revenue stays in the pockets of
29 Austin residents, encouraging long-term financial stability and community
30 resilience; and

31 **WHEREAS**, the City has made significant investments in mobility and
32 walkability, yet walkability remains an incomplete goal if residents have no
33 meaningful destinations to walk to within their own neighborhoods; and

34 **WHEREAS**, the Strong Local Commerce (SLC) Initiative introduces a
35 “Small Footprint, Big Impact” (SFBI) framework designed to decentralize
36 economic opportunity by moving commerce from hidden spare rooms into
37 professional, scale-appropriate ACUs and FYBs; and

38 **WHEREAS**, legalizing ACUs and FYBs by-right within a designated
39 overlay will catalyze neighborhood vibrancy, by creating social anchors that
40 transform residential blocks into active, pedestrian safe corridors where neighbors
41 naturally interact, and the community fabric is strengthened; and

42 **WHEREAS**, a Neighborhood Storefront program is necessary to test these
43 regulatory reforms in a controlled environment, ensuring that small businesses
44 operating at a neighborhood scale remain compatible with residential life
45 while providing opportunities for local economic growth; **NOW, THEREFORE,**
46

47 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

48 The Council supports allowing FYB in residential areas and establishes the
49 Strong Local Commerce (SLC) Initiative. The Council desires to test these ideas
50 using overlays instead of Citywide.

51 **BE IT FURTHER RESOLVED:**

52 The Council initiates amendments to City Code Title 25 (Land
53 Development) that are necessary to implement the SLC Initiative and to allow
54 ACU. Potential amendments could include:

- 55 1. Establish the ACU Classification: Create a new land-use category for
56 commercial establishments limited in size (maximum 200 square feet) that
57 are accessory to a residential use on the same parcel.
- 58 2. Permit On-Premises Sales: Explicitly authorize the on-site sale of
59 merchandise and services for businesses operating as ACUs, overriding
60 existing prohibitions within the Home Occupation ordinance (City Code
61 Section 25-2-900).
- 62 3. Prohibit Tobacco Sales: Ensure that the sale of tobacco products is not
63 allowed.
- 64 4. Remove Customer Traffic Caps: Rescind the current limitation of three
65 vehicle trips per day for small businesses, instead managing neighborhood
66 traffic impact through the physical square-footage limitations of the ACU.
- 67 5. Authorize Exterior Business Activity: Permit ACUs to conduct business and
68 engage the street from exterior portions of the property, specifically allowing
69 the use of front porches, front yards, and dedicated stands.

- 70 6. Implement By-Right Administrative Approval: Establish a non-discretionary
71 permitting process for ACUs within a designated overlay ensure that projects
72 meeting established form and size standards are approved administratively.
- 73 7. Ensure the Physical Viability of FYBs: Modify dimensional and site
74 development standards. At a minimum, Council requests the City Manager
75 specifically propose amendments that achieve the following goals:
- 76 a. adjusting maximum front setback regulations to facilitate direct
77 interface with the sidewalk and pedestrians;
 - 78 b. prioritizing commercial floor area over vehicle storage by utilizing
79 existing parking minimum eliminations;
 - 80 c. adjusting impervious cover and building coverage limits to
81 accommodate the integration of an ACU on a residential lot; and
 - 82 d. amending the code to allow for modest, neighborhood-appropriate
83 signage and permit the structural alterations necessary for health and
84 safety compliance without requiring the primary residence to meet full
85 non-residential construction standards.

86 **BE IT FURTHER RESOLVED:**

87 The Council encourages the City Manager to establish a cross-departmental
88 task force to ensure a coordinated and streamlined implementation of the SLC
89 Initiative. The task force would be responsible for:

- 90 • developing criteria that can be used to grade the success of the program;
- 91 • proposing one overlay area in each council district;
- 92 • determining which businesses areas of the City would benefit from the
93 program;

- 94 • developing specific administrative permitting criteria for ACUs;
- 95 • designing the “Pink Zone” regulatory overlay;
- 96 • coordinating with community stakeholders to ensure equitable access to the
- 97 program; and
- 98 • establishing the monitoring framework for the first 12 months of the
- 99 program.

100 **BE IT FURTHER RESOLVED:**

101 The City Manager is directed to develop and implement a Neighborhood
102 Storefront program to establish a Pink Zone Discovery Phase within designated
103 areas of the city. The program shall serve as a dynamic laboratory to test the ACU
104 zoning framework and shall include:

- 105 • expanded business categories: inclusion of both Cottage Food Operators and
106 Non-Food Front Yard Businesses, such as small businesses for artisanal
107 goods, garden stands for plants, and service windows for small-scale
108 repair services;
- 109 • controlled visibility testing: temporary adjustment of existing visibility and
110 signage bans to establish clear, professional aesthetic standards that enhance
111 the neighborhood streetscape;
- 112 • data collection and active management: structured monitoring of traffic
113 patterns, parking impacts, and neighborhood sentiment to ensure these
114 storefronts remain compatible with residential life; and
- 115 • regulatory calibration: evaluation of the program’s outcomes to refine
116 standards for a potential citywide rollout, focusing on creating a scalable
117 “Economic Ladder” for local entrepreneurs.

BE IT FURTHER RESOLVED:

The City Manager is directed to conduct a comprehensive evaluation of the Neighborhood Storefront program following its initial 12-month duration and present a report to the City Council that includes:

- an assessment of program effectiveness: a detailed review of the program’s success in lowering barriers to entry for entrepreneurs and enhancing neighborhood vibrancy and walkability;
- regulatory and administrative refinements: proposed updates to the ACU standards and program protocols based on data-driven findings from the discovery phase; and
- an expansion roadmap: a strategic plan for expanding the program to additional areas of the city to increase equitable access to business opportunities and further strengthen the local economic ladder for all residents.

BE IT FURTHER RESOLVED:

The City Manager is directed to report back to Council with recommended amendments to City Code, a comprehensive implementation plan, and proposed overlay areas for the Neighborhood Storefront within 90 days of the adoption of this resolution.

ADOPTED: _____, 2026 **ATTEST:** _____

Erika Brady
City Clerk