



MEMORANDUM

To: Mayor and City Council

Through: Dr. Eric A. Johnson, Assistant City Manager *EAJ*

From: Lauren Middleton-Pratt, Director, Austin Planning *lmp*

Date: January 30, 2026

Subject: **Missing Middle and Mixed-Use Zoning Study**

The purpose of this memorandum is to provide an update on staff’s analysis to identify gaps in the City’s existing zoning toolbox and to recommend the creation of new zoning tools that could support better development outcomes in Austin. The “[Missing Middle and Mixed-Use Zoning Study](#)” contains the results of this analysis and detailed recommendations. The study comprehensively addresses past policy guidance from the City Council and the City’s Land Use Commissions, and identifies two primary areas for improvement:

- the regulation of transit-supportive, mixed-use development, and
- the regulation of “missing middle” housing development.

The study includes the following key findings:

- Existing base zones in the Austin Land Development Code generally limit housing choice to single-family homes or large apartment complexes.
- Existing base zones allow auto-oriented development where inappropriate.
- Mixed-use development is prohibited in many places in Austin and, where it is allowed, it is not always required or encouraged.
- Missing middle and mixed-use building types can provide various benefits and can support walkable, transit-oriented neighborhoods.
- Peer cities have adopted various best practices related to encouraging missing middle and mixed-use development that Austin can learn from.
- Many common missing middle and mixed-use building types that are not currently encouraged by the Austin Land Development Code could be encouraged through the creation and application of new base zones.

As detailed in the study, staff recommends the creation of two new middle residential zones and four new mixed-use zones. The study also provides specific recommendations on the development

Date: January 30, 2026
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standards and use requirements that should be considered as part of these new zones and identifies areas where additional engagement and testing are needed to identify the best standard.

Staff Recommendation and Next Steps

Staff recommends that City Council consider initiating one or more amendments to the Land Development Code to create new missing-middle and mixed-use zoning districts, consistent with the study's recommendations. Once City Council takes action to initiate amendments to the Land Development Code, staff would work to develop and test specific regulations and engage stakeholders with a goal of bringing forward Land Development Code amendments for consideration by the end of 2026. This work will be coordinated with work currently underway to develop new citywide tiered density bonuses and will address a key aspect of the scope of work that was submitted as part of our successful application for HUD Pro Housing Grant funding.

Should you have any questions or concerns, please contact Andrea Bates, Assistant Director of Austin Planning, at andrea.bates@austintexas.gov or (512) 974-2291.

cc: T.C. Broadnax, City Manager
Erika Brady, City Clerk
Jason Hadavi, City Auditor
Mary Jane Grubb, Municipal Court Clerk
Judge Sherry Statman, Municipal Court
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Department Directors

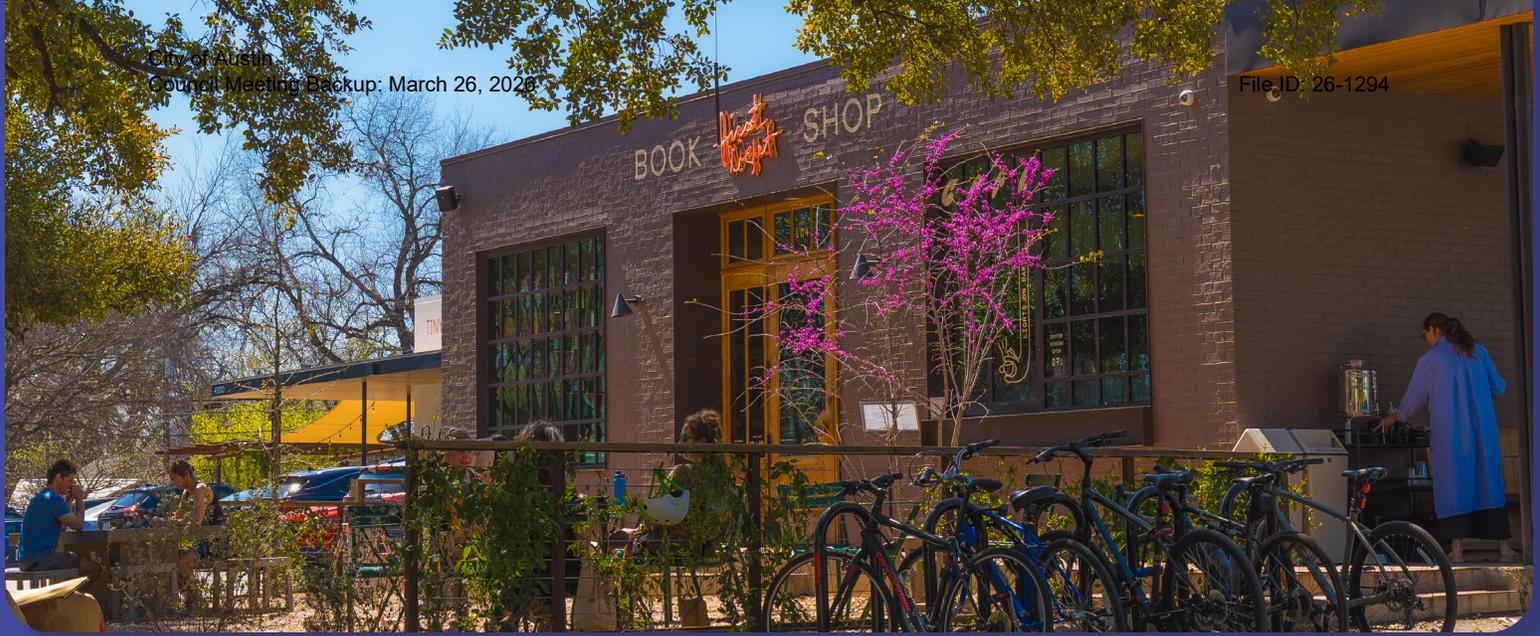
Attachment: Summary of Missing Middle and Mixed-Use Zoning Study



Missing Middle and Mixed-Use Zoning Summary

January 2026





Missing Middle and Mixed-Use Zoning Study Summary

The Missing Middle and Mixed-Use Zoning Study is intended to evaluate Austin's existing zoning toolbox and identify opportunities to create additional zoning tools that will better achieve City policy goals related to developing a complete, connected city with a broader range of housing options and economic opportunities. The study focuses on two significant areas with opportunity for improvement: 1) creation of new zoning tools that will better support transit-oriented mixed-use development, and 2) creation of new zoning tools that will better support development of new types of medium-density housing, sometimes referred to as "missing middle" housing. The study provides an overview of previous direction from City decision makers, analyzes the limitations of Austin's current zoning tools, presents peer city best practices, provides recommendations for development of new zoning tools, and identifies next steps. Should Austin City Council choose to initiate Land Development Code amendments based on the recommendations of the study, additional engagement and testing would occur before detailed proposed code amendments are presented to the public and City Council later in 2026.

Existing Conditions

A key feature of the City of Austin's Land Development Code, adopted in 1984, is its separation of commercial uses, offices, single-family homes, and apartments from one another. While some uses do need separation, the code's strict separation of uses reflects outdated planning principles and is misaligned with current City plans and policy goals. By prioritizing single-use development over mixed-use development, the code has contributed to Austin growing in a way where many residents live far from where they work, play, and access goods and services.

The code was also written to support only two main housing types: single-family homes and large apartment complexes. This has left few options for those looking for a home that is less expensive than a single-family home and not in a large complex. **Housing types like townhomes, cottage courts, fourplexes, and small multi-unit buildings, often called missing middle housing, are indeed missing in Austin – only three percent of Austin's current housing stock is in the missing middle range of 3-16 units.**

Prior Council and Commission Action

Within the past three years, Austin's City Council and land use commissions have initiated several amendments to the Land Development Code to address the need for zoning that supports missing middle and mixed-use development:

Code amendments initiated by City Council

- Home Options for Mobility and Equity (HOME) – [Resolution No. 20230720-126](#) – Initiated July 2023
- Equitable Transit-Oriented Development (ETOD) Amendments – [Resolution No. 20230309-016](#) – Initiated March 2023
- Single-Family Ownership Bonus Program – [Resolution No. 20230608-040](#) – Initiated June 2023
- Coffee Shops in Residential Areas – [Resolution No. 20251009-024](#) – Initiated October 2025

Code amendments initiated or recommended by Planning Commission

- [Town Zoning](#) – Initiated April 2023
- [Restrict Noxious Land Uses](#) – Initiated November 2022
- [Expand Non-Residential Use Allowances in Mixed-Use Zoning](#) – Recommended October 2025

Code amendments recommended by Zoning and Platting Commission (ZAP) and Codes and Ordinances Joint Committee (COJC)

- [Restrict Some Commercial Uses on Imagine Austin Corridors](#) – Recommended for initiation in October 2024 by ZAP and in December 2024 by Codes and Ordinances Joint Committee
- [Allow Some Commercial Uses in Residential Zones](#) – Recommended for initiation in December 2024 by ZAP and Codes and Ordinances Joint Committee

Recommended Approach

To effectively respond to these separate policy directions and further City goals related to housing supply, affordability, and transit-supportive land uses, Austin Planning staff recommends creating new base zoning districts that permit a wide range of missing middle and mixed-use development types that are generally prohibited or disincentivized by the current zoning code. These include townhouses, cottage courts, house-scale multi-unit buildings, and mixed-use buildings, such as live-work units and apartments with ground-floor retail. Going forward, the new base zones could be used instead of the current ones to create complete neighborhoods where people can live, work, shop, and play.

The proposed zones would also support recent Council-adopted initiatives, such as Site Plan Lite Phase 2 and the single-stair allowance in the International Building Code (IBC), by enabling the kinds of development that these adopted policies are designed to facilitate. The proposed mixed-use zones also provide a tool to align zoning with new allowances created by Senate Bill 840 (SB 840), which requires cities to allow multifamily and mixed-use development in commercial zoning, while ensuring development still meets the City's goals. The recommendations in this study build on the extensive work and engagement done through efforts to update the Land Development Code since 2012, including the 2019 Land Development Code Revision proposal.

Staff recommends that Council provide additional guidance to move forward with code changes establishing the new zoning tools proposed in this study.

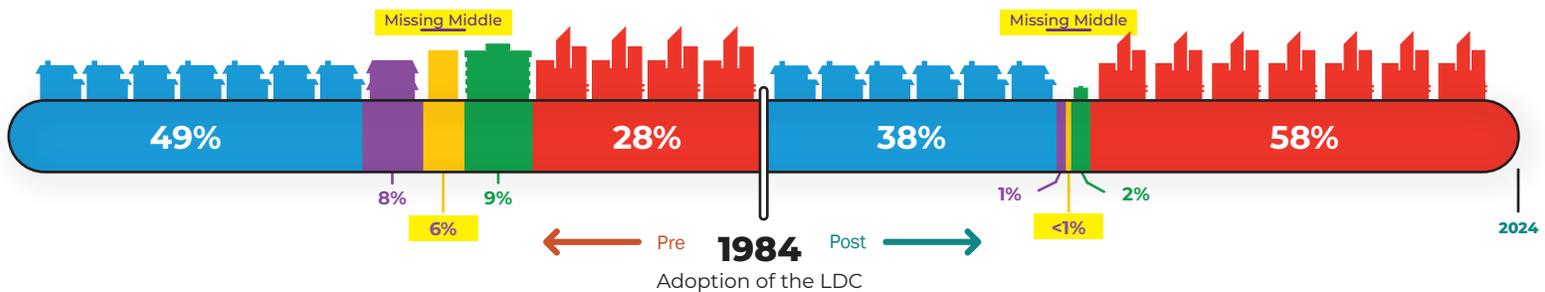
Limitations of Current Base Zones

Recent reforms, including HOME, ETOD amendments, Density Bonus 90 (DB90), removal of parking requirements, and updated compatibility standards will enable progress towards City housing supply, affordability, and transit-supportive land-use goals. The code, however, still presents obstacles to offering more housing choices and creating more walkable neighborhoods. Among the most significant barriers are the code’s outdated base zoning districts, which remain substantially unchanged since the code was adopted over four decades ago.

Limitation: Base zones limit housing choice to single-family homes or large apartment complexes

Existing residential base zones are designed for either single-family homes or large, suburban-style apartment complexes. While HOME reforms have allowed more homes in single-family neighborhoods, builders mainly construct detached homes that remain unaffordable for many. More housing types are needed to provide greater housing choice and attainability in residential neighborhoods.

Since the code was adopted in 1984, less than one percent of housing units built have been in the missing middle range of 3-16 units, and over 95 percent have been single-family homes or units in apartment complexes with over 100 units. The limited missing middle housing that does exist in Austin was mainly built either before the current code or in Planned Unit Development (PUD) districts like the Mueller development. Over half (58 percent) of Austin’s existing housing stock was built under the current Land Development Code.



Legend



Source: City of Austin 2024 Land Use Database

Limitation: Base zones allow auto-oriented development where inappropriate

Commercial base zones allow low-density, auto-oriented land uses like drive-thrus, self-storage units, and gas stations in locations where these uses may not be appropriate. The zones also lack pedestrian-oriented urban design standards, though Subchapter E of the Land Development Code does require varying degrees of pedestrian-oriented design features depending on the context. This has in some cases lead to car-dependent, suburban-style development where the City's plans instead envision walkable, mixed-use neighborhoods.

Examples of auto-oriented commercial uses



Limitation: Mixed-use is prohibited in many places

Base zones that allow mixed-use development are limited to properties in Downtown, along major highways, or in special regulating districts. While the Mixed-Use (-MU) combining district allows mixed-use development by right in more parts of the city, it has suburban development standards, allows auto-oriented uses, and makes the code more complicated by applying on top of base zone regulations.

Much of the mixed-use development built in Austin was enabled by specialized zoning like Planned Unit Developments (PUDs) and regulating plans. Many of Austin's mixed-use places outside Downtown are in these specialized zoning districts, including North Burnet/Gateway, East Riverside, Mueller, the Triangle, and the areas around the Crestview, East Martin Luther King Jr., and Plaza Saltillo CapMetro Red Line stations. Density bonus programs, such as Vertical Mixed-Use (VMU), have also led to more mixed-use development along certain commercial corridors. Though these tools do support mixed-use development in certain areas, the code lacks a generalized transit-oriented mixed-use base zone that could be applied more broadly.

While Senate Bill 840 allows mixed-use residential development in commercial and office zones, new mixed-use zones are still needed to limit auto-oriented uses in urban areas, create a pedestrian-oriented built form, and require ground-floor retail where appropriate.

Missing Middle and Mixed-Use Building Types

Missing middle and mixed-use buildings form the foundation of walkable, transit-oriented neighborhoods in cities across the country and worldwide. Here are examples of common building types that are not currently encouraged by the existing Land Development Code, but that could be encouraged through the creation and application of new types of zones:

Cottage Courts

Cottage courts contain a group of small- to medium-sized homes surrounding a common green space. The green space enhances community by promoting casual interaction among neighbors and providing a safe place for kids to play. Smaller lot sizes and less private outdoor space can also make cottage court homes more affordable than comparable single-family homes.



Townhomes

Townhomes are the most popular missing middle housing type, in part because of the flexibility to either own the townhome and the land under it just like a detached single-family home, or share land ownership and common area maintenance with neighbors in a condo regime. Townhomes fit in a variety of neighborhood contexts from lower-density residential to medium-density mixed-use.



Stacked Flats

Stacked flats are a small multifamily development type appropriate in lower- and medium-density residential and mixed-use neighborhoods. Buildings typically have four or more units, and units are stacked on top of one another, making them more affordable than townhomes and also more accessible for people with disabilities.



Small-Scale Mixed-Use Buildings

Small-scale mixed-use buildings provide opportunities for more housing on the same site as neighborhood-serving commercial uses like corner stores, coffee shops, or physicians' offices. These buildings can bring everyday goods and services closer to where people live, helping create more complete neighborhoods.



Low- to Mid-Rise Mixed-Use Buildings

Buildings with several stories are the foundations of walkable, mixed-use neighborhoods in cities worldwide. In some locations, single-use buildings like offices or apartments are appropriate, while in other locations, a mix of uses in the same building should be required to create highly walkable and transit-oriented places.



Benefits of Missing Middle & Mixed-Use Development



Missing middle housing bridges the gap between single-family homes and large apartment buildings. These housing types offer many benefits, including:



Additional housing choices:

Different household types (singles, couples, families, seniors) have varying space requirements and preferences that a mix of housing types can accommodate.



More attainable housing:

Missing middle housing often sells or rents for less than comparable single-family homes, making housing in residential neighborhoods affordable to more people.



More access to opportunity:

Homebuyers and renters would have more opportunities to live in quiet, safe neighborhoods with good access to schools, jobs, parks, and other amenities.

Mixed-use zoning departs from traditional zoning by allowing residential, commercial, and office uses to exist on one property. Examples include live/work units, apartments with ground floor retail, or larger sites with multiple buildings and uses. Mixed-use zoning offers numerous benefits, including:



Increased walkability:

Residents of mixed-use neighborhoods can easily access work, shopping, restaurants, groceries, and other daily needs on foot, by bike, via transit, or with a short car trip. This enhances quality of life and reduces traffic, pollution, and parking demand.



Extended activity hours:

Buildings with multiple uses have more active hours, which stimulates local businesses, fosters vibrant street life, enables transit service improvements, and enhances public safety as more people move through the city on foot throughout the day.



Environmental benefits:

Mixed-use urban infill development reduces urban sprawl, per-capita resource consumption, infrastructure costs, and transportation emissions.



Peer City Best Practices

While Austin has been a national leader in land use reform in recent years, its Land Development Code is still out of step with missing middle and mixed-use zoning best practices in peer cities.

Missing middle best practice: Allow a range of missing middle housing types

Compared to Austin, peer cities such as Seattle, Washington; Portland, Oregon; Sacramento, California; and St. Paul, Minnesota have zoning that permits a wider range of missing middle housing in more places:

- **Seattle**: Four homes are allowed on a typical residential lot; eight homes are allowed per lot within a quarter mile of transit.
- **Portland**: Up to four homes are allowed by right; six homes are allowed if half are affordable.
- **Sacramento**: Allows missing middle housing citywide. While there is no cap on the number of units allowed, a maximum floor area ratio (FAR) limit determines how big buildings can be, which affects the number of units that are feasible.
- **St. Paul**: Allows up to five homes per lot in lower-density residential neighborhoods.

Mixed-use best practice: Allow residential uses wherever commercial or office uses are allowed

Many peer cities across the country, including Portland, Seattle, Sacramento, Charlotte, and Atlanta, allow residential uses by right in commercial and office zones. Other cities, including Raleigh, only have mixed-use and residential base zones, with special districts for industry, agriculture, or other specialized uses. Many cities require ground-floor retail in pedestrian-oriented commercial districts, either through base zones or overlays.

Due to Senate Bill 840, Austin also now allows multifamily and mixed-use residential development by right in office and commercial zones. The Land Development Code, however, does not yet reflect this allowance, and additional zoning tools are still needed to encourage development that supports City goals, such as limiting auto-oriented uses in urban areas, creating a pedestrian-oriented built form, and requiring ground-floor retail where appropriate.

Recommendation: Create New Missing Middle and Mixed-Use Zones

The primary recommendation of the study is to create new base zones that fully enable missing middle and mixed-use development. The zones could be used going forward as an alternative to existing single-family, multifamily, commercial, and office zones and could be applied to specific areas through rezonings initiated by the City or property owners. The mixed-use zones also offer a tool to align zoning with Senate Bill 840 and ensure development meets City goals.

Middle Residential (MR) Zones

Staff recommends exploring the creation of two new Middle Residential (MR) zones that would allow townhomes, cottage courts, and house-scale buildings with multiple units. The number of units allowed would be tied to lot size. The recommended lower-density zone, MR-1, would allow four units on a minimum size 5,750 sq. ft. lot, and the recommended higher density zone, MR-2, would allow six units on the same size lot. Other development standards would remain the same across both zones. These zones would create opportunities for more housing options in lower- to mid-density residential neighborhoods. They also would fully enable the kind of development that Site Plan Lite Phase 2, adopted in March 2025, was designed to facilitate through streamlined permitting.



Mixed-Use (MX) Zones

Staff recommends exploring the creation of at least four new Mixed-Use (MX) zones that would allow a mix of transit-oriented uses and prohibit auto-oriented uses. The recommended lower density zones, MX-1A and MX-1B, would support live/work, small-scale neighborhood retail, offices, missing middle-scale housing, and low-rise multifamily buildings. These zones could be appropriate in low- to medium-density areas. The recommended higher-density zones, MX-2A and MX-2B, would permit buildings several stories tall with homes, offices, hotels, and pedestrian-oriented ground floor spaces. The MX-2 zones would also support single-stair buildings up to five stories that were allowed by City Council in April 2025. “A” zones would allow but not require mixed-use and would be appropriate in most contexts. “B” zones would require active ground floor uses like retail and would be most appropriate near frequent transit routes. Additional zones that allow more height could also be considered.

Recommended Middle Residential (MR) Zones

Building height

A maximum height of 35 ft. would match the height limit of single-family zones.

Number of units

Lot size would determine how many homes are allowed, with more units allowed as lot size increases. MR-1 could allow construction of up to four units on a minimum size 5,750 sq. ft. lot. MR-2 could allow up to six units on a 5,750 sq. ft. lot. Further testing is needed to ensure support for intended missing middle types on various lot sizes.

Setbacks and frontages

Buildings would have 10 ft. minimum front setbacks, front-facing entrances, and frontages such as porches that project into the front setback and engage with the street.

Driveway, parking, and garage design

Parking would be to the rear of the site, accessed via alley, if available, or a single driveway if an alley is not available.

Specific-to-use regulations

Specialized standards for townhomes and cottage courts would ensure the intended building form.

Floor area ratio (FAR) – Needs further analysis

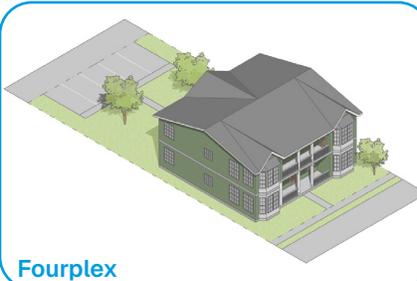
FAR limits would be tailored to produce an average unit size that addresses policy goals, such as creating family-sized units. MR-2 could allow more FAR than MR-1. More FAR could also be allowed with more units.

Impervious cover (IC) – Needs further analysis

Impervious cover limits would be calibrated to enable missing middle housing types. MR-2 would potentially allow more IC than MR-1. Allowing more IC with more units could also be considered.

Example Development Types

MR-1



MR-2



Additional recommendation: Right-size non-zoning regulations for missing middle

Engage partner departments to address aspects of technical codes, criteria manuals, and development review processes that may present barriers to missing middle. Topics to discuss include utility layouts and rate classification, fire department access, and allowing missing middle housing and live/work units to use the International Residential Code (IRC).

Additional recommendation: Explore a missing middle density bonus

Study the feasibility of a missing middle density bonus to create opportunities for affordable housing in smaller-scale buildings.

Recommended Mixed-Use (MX) Zones

<u>Allows a mix of uses</u>	<u>Requires a mix of uses and an active ground-floor</u>	<u>Existing zone of comparable scale</u>
Mixed-Use 1A	Mixed-Use 1B	Neighborhood Office (NO), Limited Office (LO), and Neighborhood Commercial (LR)
Mixed-Use 2A	Mixed-Use 2B	General Office (GO), Community Commercial (GR), Commercial Services (CS)

Recommended Development Standards and Considerations

Building height

Maximum height of 45 ft. in MX-1 and 65ft. in MX-2.
Consider additional mixed-use zones with greater heights.

Mix of uses

Allow a mix of transit supportive uses in all MX zones; require an active ground floor with pedestrian-oriented uses in MX-1B and MX-2B.

Setbacks and frontages

Buildings close to the street with required frontages (e.g. porches, shopfronts) would create an urban built form with pedestrian-oriented design.

Impervious cover – Needs further analysis

Analyze impervious cover limits that would enable intended development types.

Relationship to density bonuses – Needs further analysis

Zones could be paired with existing bonuses such as DB90, DBETOD, or future bonus programs.

Example Development Types

MX-1

Mixed-Use 1A – Townhomes and a four-story office building



MX-1A

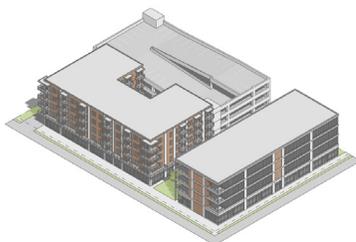
Mixed-Use 1B – Four-story mixed-use building with ground-floor retail and three floors of housing



MX-1B

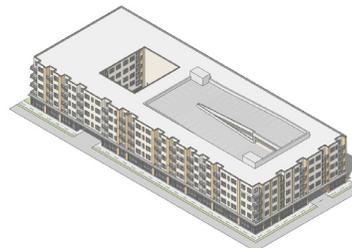
MX-2

Mixed-Use 2A – Five-story office and apartment buildings with ground floor retail



MX-2A

Mixed-Use 2B – Five-story apartment building with ground floor retail



MX-2B

Next Steps

Should Council choose to initiate Land Development Code amendments based on the study, staff would engage community stakeholders and conduct additional analysis and testing before bringing back a detailed proposal. Analysis and engagement activities would include:

- Refining initial recommendations presented in the study with the support of consultants
- Engaging the community to share information about missing middle and mixed-use development and gather feedback to inform final recommendations
- Conducting testing sessions with City staff and external stakeholders to determine whether the proposed development standards fully enable the envisioned development types on a variety of sites
- Completing a pro forma analysis to determine whether the envisioned development types are financially feasible to build under the proposed regulations
- Consulting with partner City departments to evaluate changes and coordinate any necessary updates to related regulations and business processes

Timeline

Should City Council initiate code amendments in early 2026, staff anticipates conducting engagement, testing, and proposal development on the following timeline:

Mixed-Use	Further develop and test mixed-use zoning districts and gather community feedback	January-July 2026
	Release final staff recommendation	August 2026
	Public hearing and adoption process	September-October 2026
Missing Middle	Further develop and test missing middle zoning districts and gather community feedback	March-September 2026
	Release final staff recommendation	October 2026
	Public hearing and adoption process	November-December 2026

For More Information

Please reference the full [Missing Middle and Mixed-Use Zoning Study](#) for detailed information on previous direction from City decision makers, analysis of the limitations of Austin’s current zoning tools, peer city best practices, recommendations for new zoning tools, and next steps.