



# City Manager's Office Housing Policy Update

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City Manager's Office | December 2, 2025

# City Manager's Office Housing Policy Team

## Created to:

- Communicate and explain the issues around affordable housing in Austin, including at what price levels and for what occupations
- Expand affordable housing opportunities by identifying and implementing the most effective incentives for affordable housing production or preservation
- Streamline and remove barriers to access for existing incentives
- Engage with stakeholders to identify what incentives will be most effective
- Align City incentives to address identified needs

# City Manager's Office Housing Policy Team

## Why needed?

- To have up-to-date data to inform decision-making
- To align Austin's incentives and affordable housing policies to meet identified needs
- Because Senate Bill 840 made Austin's density bonus programs less effective in producing affordable housing
- To facilitate cross-department collaboration on efforts to support affordable housing

# Texas Senate Bill 840

- Texas SB 840 went into effect on September 1.
  - Allows by-right mixed-use or multifamily in all zoning districts that allow non-residential uses (excluding zones with heavy industrial).
  - Sets minimum allowable heights and density, and maximum setbacks for multifamily and mixed-use developments in commercial zones.
  - Exempts residential conversions of existing commercial or office buildings from impact fees and other city requirements.



# Texas Senate Bill 840 (cont.)

- Under SB 840, multifamily and mixed-use residential developments in commercial zones will, by right, be able to:
  - Reach a height that is the greater of 45 feet or the height that applies to commercial uses for the site.
  - Reach a density of up to 54 units per acre.
  - Include setbacks that are the lesser of 25 feet or the setbacks imposed on commercial uses.
  - Develop unlimited floor-to-area ratio (FAR).



# SB 840 Applicability

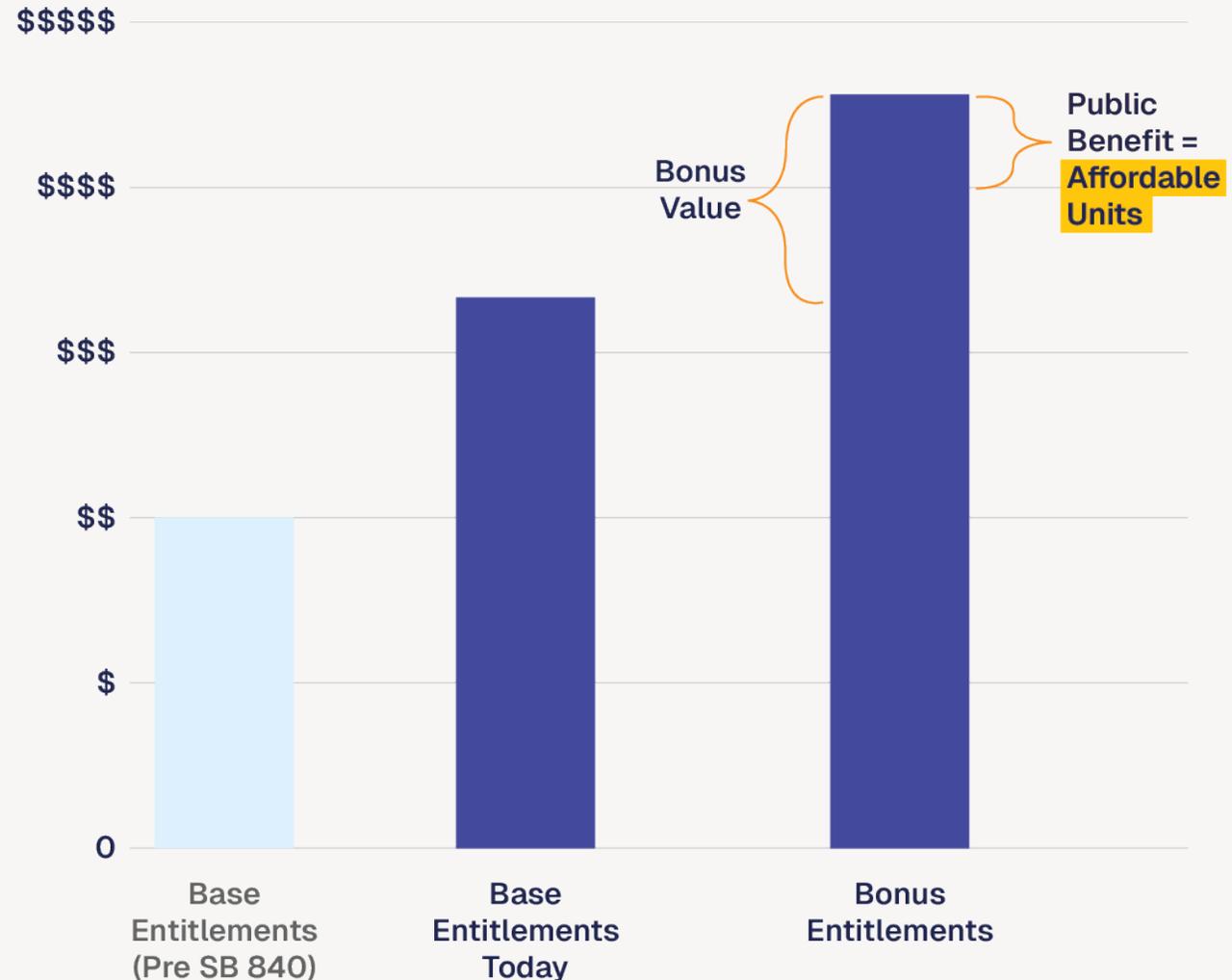
Residential is allowed by right in the following zoning districts in Austin:

- **All office base zones:**
  - Neighborhood Office (NO), Limited Office (LO), General Office (GO)
- **All commercial base zones:**
  - Community Recreation (CR), Neighborhood Commercial (LR), Community Commercial (GR), Lake Commercial (L), Central Business District (CBD), Downtown Mixed-Use (DMU), Warehouse/Limited Office (W/LO), Commercial Services (CS), and Commercial Highway (CH)
- **Some special purpose base zones:**
  - Agriculture (AG, *Planned Unit Development (PUDs)*)\*
- **Some industrial base zones:**
  - *Research and Development (R&D)*\*
- **Some parcels in regulating plans:**
  - Lamar/Justin, MLK, Plaza Saltillo, East Riverside Corridor, and North Burnet/Gateway Regulating Plans



# Density Bonus Programs in Austin

- Austin’s 13 distinct Density Bonus (DB) programs provide additional entitlements in exchange for community benefits, while still providing some residual bonus value to the developer.
- Staff estimates that **DB programs have generated a little over 20% of total built and planned income-restricted units** since adoption of the Strategic Housing Blueprint in 2017.
- The [Comprehensive Analysis of Density Bonus Programs report](#) provides more information on existing programs in Austin.



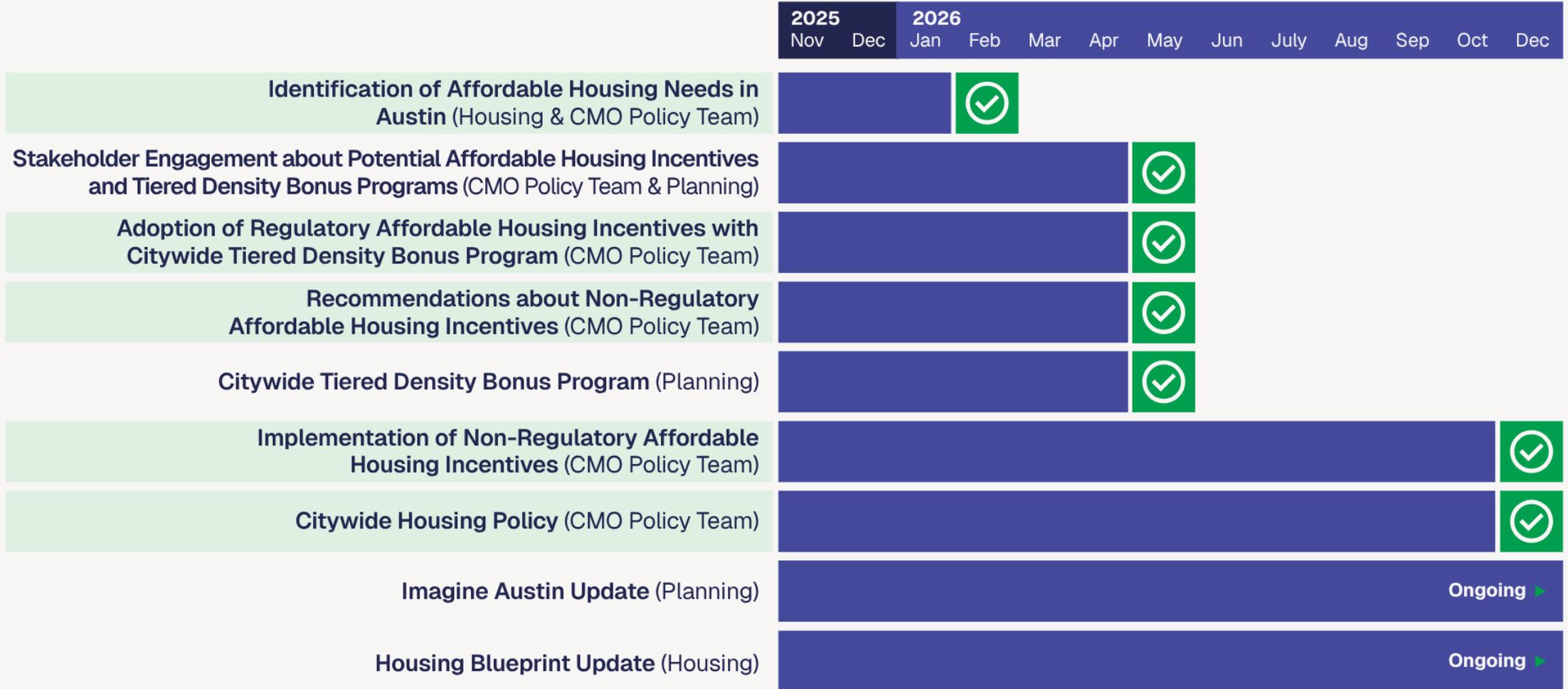
# SB 840 Impacts on Density Bonus Programs



- Austin's current density bonus programs allow additional height and density *if* affordable housing is provided
- SB 840 makes the density bonus programs less effective because it allows unlimited FAR and up to 54 units/acre *by right*, decreasing the incentive for developers to participate in the density bonus programs
- Therefore, fewer affordable housing units will likely result from Austin's density bonus programs
- The team will be looking for new incentives for affordable housing to try to make up for the affordable units that will be lost due to SB 840



# Timeframes for Housing Policy-Related Initiatives



**Legend**

Work Underway

Work Completed

CMO Housing Policy Team

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# Next Steps



- Collaboration with stakeholders to identify promising incentives in late 2025/early 2026
- Update with affordable housing needs at next HPC meeting in February 2026
- Recommend new incentives by spring 2026

# Questions

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