



Affordability Impact Statement

Citywide Density Bonus Program

Case number: C20-2024-004

Initiated by: Resolution No. 20250605-080

Date: 04/20/2026

Proposed Regulation

This code amendment would create a new Citywide Density Bonus Program and after adoption would retire the existing Density Bonus 90 (DB90) and Vertical Mixed Use (VMU or V) programs for properties going forward.

The Citywide Density Bonus Program would create five new density bonus program combining districts within City Code Chapter 25, Chapter 2 (Zoning) that are organized into a tiered system based on additional height entitlement. The height tiers include +0 ft, +15 ft, +30 ft, +45 ft, or +60 ft. The new density bonus program would also offer additional land uses, relaxed site development standards, and relaxed compatibility standards at each of the height tiers. In exchange, the developer commits to providing affordable housing and meeting certain other requirements such as tenant protections, redevelopment protections, mixed-use space, and pedestrian improvements.

The new combining districts, if adopted by Council, will be available for individual applicant rezoning requests as well as for future City-initiated areawide rezonings as directed by Council. Moving forward, properties would no longer be able to rezone into DB90 or VMU but would instead request one of the new combining districts.

Figure 1. Comparison of Proposed Citywide Density Bonus Tiers. (Source: Austin Planning)

| Tier | Combining District Name | Comparable Existing Program |
|----------------------|---|-----------------------------|
| No Additional Height | Citywide Density Bonus Program Base (-DBC) | Vertical Mixed Use (V) |
| +15' | Citywide Density Bonus Program 15' (-DBC15) | N/A |
| +30' | Citywide Density Bonus Program 30' (-DBC30) | DB90, DBETOD Subdistrict 2 |
| +45' | Citywide Density Bonus Program 45' (-DBC45) | N/A |
| +60' | Citywide Density Bonus Program 60' (-DBC60) | DBETOD Subdistrict 1 |

Land Use/Zoning Impacts on Housing Costs

The proposed changes would have **positive** impacts on housing costs from land use/zoning:

- [SB 840](#) from the 2025 Regular Session of the Texas Legislature established new development entitlements in certain areas. These greater by-right entitlements have made Austin’s density bonus programs less attractive, or perhaps obsolete in the case of V. Density bonus programs are a critical tool for gaining more income-restricted housing through on-site affordable units and fee-in-lieu (FIL) going to the City’s Housing Trust Fund. Density bonus programs have been used for over 20%¹ of the over 25,000 income-restricted homes recorded as completed or under construction in the City’s Affordable Housing Inventory data, and 80% of the \$45 million collected of FIL.
- The Citywide Density Bonus program may be applied to specific commercial base zones, shown in Figure 2 below in comparison with other density bonuses. It may also apply to future mixed-use zones that may be created in response to Council Resolution [No. 20260326-040](#).
- The new baseline entitlements that SB 840 establishes in these base zones, on which the Citywide Density Bonus entitlements apply (Figure 3 and Figure 4), include:
 - 54 units per acre by-right
 - No maximum floor-area-ratio (FAR)
 - The greater height of either 45 feet or the height that would apply to a commercial use on the same property
 - Setback the lesser of 25 feet or the setback that currently applies to a non-residential use on the base zone

¹ Note that this does not include developments that use the Affordability Unlocked program, which typically uses additional subsidy programs.

- In general, the Citywide Density Bonus Program proposal offers greater development flexibility, encourages mixed uses, and helps with pedestrian improvements. The development entitlements and the community benefits encourage greater density and walkability, as well as lower housing costs.
 - The height tiers build upon the 45-foot baseline height allowed by SB 840. Greater allowable heights in the Citywide Density Bonus require more housing, including more on-site income-restricted housing or a FIL option for the Housing Trust Fund from ownership housing.
 - The Citywide Density Bonus baseline would be that least 75% of the building frontage along a principal street as defined in City Code Title 25 Chapter 2 Subchapter E must contain one or more pedestrian-oriented commercial or civic uses and must comply with the dimensional requirements found in Section 4.3.3.C in Subchapter E.² However, waivers would be available for this requirement.
 - Maximum of 35% of the building area can be used for non-residential purposes (Figure 5).
 - Complying developments are exempt from side and interior yard setbacks. They are also exempt from front yard setbacks, except when the right of way is less than 60 feet wide.
 - The Citywide Density Bonus proposes no maximum FAR (SB 840 prohibits max FAR in these base zones for qualifying mixed-use and multifamily developments), building coverage limits, maximum density, or minimum site area requirements apply for complying developments.
 - Partial reduction in compatibility requirements (Figure 6):
 - Landscaped buffer required within 25 feet of a triggering property.
 - Buildings may reach up to 90 feet in total height when between 25 feet and 50 feet from a triggering property.
 - Compatibility standards do not apply to a building located 50 feet or more from a triggering property – full height allowed beyond this distance.
 - The additional allowable land uses aid walkability by facilitating more nearby services. The Citywide Density Bonus proposal allows the following additional land uses on sites:
 - Adult care services (limited or general)
 - Art gallery
 - Art workshop
 - Business or trade school
 - Childcare services (limited or general)
 - Consumer repair services
 - Consumer convenience services
 - Counseling services
 - Cultural services
 - Custom manufacturing
 - Financial services without drive-through services
 - Food sales

² “The roadway with the highest level of priority adjacent to the lot or site is considered the ‘principal street’ for purposes of this Subchapter. For a lot or site that is adjacent to more than one roadway of equal priority, the development shall be subject to the standards associated with the roadway with the highest level of transit service, as determined by the Director, or if the roadways do not have transit service or the level of transit service is equal, the roadway designated by the lot owner.”

- Guidance services
- General retail sales (convenience or general)
- Personal services
- Restaurant (limited or general) without drive-in service
- Theater

Figure 2. Comparison of Applicability of Proposed and Existing Density Bonus Programs. (Source: Austin Planning)

| | Existing Programs | | | Proposed |
|--|-------------------|------|--------|----------|
| | VMU | DB90 | DBETOD | Citywide |
| Single Family Residential (SF) | N | N | N | N |
| Multifamily Residential (MF) | N | N | Y | N |
| Neighborhood Office (NO) | N | N | Y | Y |
| Limited Office (LO) | Y | Y | Y | Y |
| General Office (GO) | Y | Y | Y | Y |
| General Commercial Services (CS, CS-1) | Y | Y | Y | Y |
| Commercial Highway Services (CH) | N | N | Y | Y |
| Neighborhood Commercial (LR) | Y | Y | Y | Y |
| Community Commercial (GR) | Y | Y | Y | Y |
| Commercial Recreation (CR) | N | N | Y | N |
| Central Business District (CBD) | N | N | Y | N |
| Downtown Mixed Use (DMU) | N | N | Y | N |
| Lake Commercial (L) | N | N | Y | N |
| Warehouse/Limited Office (W/LO) | N | N | Y | N |
| Industrial (LI, MI, IP, R&D) | N | N | Y | N |
| Potential Future Mixed-Use Zones | - | - | - | Possibly |

Figure 3. Base and Bonus Heights Possible under the Proposed Citywide Density Bonus Program. (Source: Austin Planning)

| | Base Zone Height* | Total Combined Height Using a Citywide Density Bonus Program Tier | | | | | Total Height Range |
|--|--|---|--------|--------|--------|--------|--------------------|
| | | -DBC | -DBC15 | -DBC30 | -DBC45 | -DBC60 | |
| Neighborhood Office (NO) | 45' | 45' | 60' | 75' | 90' | 105' | 45'-105' |
| Limited Office (LO) | 45' | 45' | 60' | 75' | 90' | 105' | 45'-105' |
| General Office (GO) | 60' | 60' | 75' | 90' | 105' | 120' | 60'-120' |
| General Commercial Services (CS, CS-1) | 60' | 60' | 75' | 90' | 105' | 120' | 60'-120' |
| Commercial Highway Services (CH) | CH maximum base height varies from 60' to 120', based on impervious cover (e.g., taller base heights for lower percentages impervious cover) | | | | | | 60'-180' |
| Neighborhood Commercial (LR) | 45' | 45' | 60' | 75' | 90' | 105' | 45'-105' |
| Community Commercial (GR) | 60' | 60' | 75' | 90' | 105' | 120' | 60'-120' |
| Potential Future Mixed Use Zones | TBD | TBD | TBD | TBD | TBD | TBD | TBD |

*Base zone height for NO, LO, and LR are listed here as at least 45', due to SB840 requirement that eligible developments be allowed at least 45' total height. If developing without using a bonus program or meeting SB840 eligibility, the maximum heights for these base zones are either 35' (NO) or 40' (LO and LR).

Figure 4. Illustration of Citywide Density Bonus Height Tiers on Limited Office (LO) Base Zoning. (Source: Austin Planning)

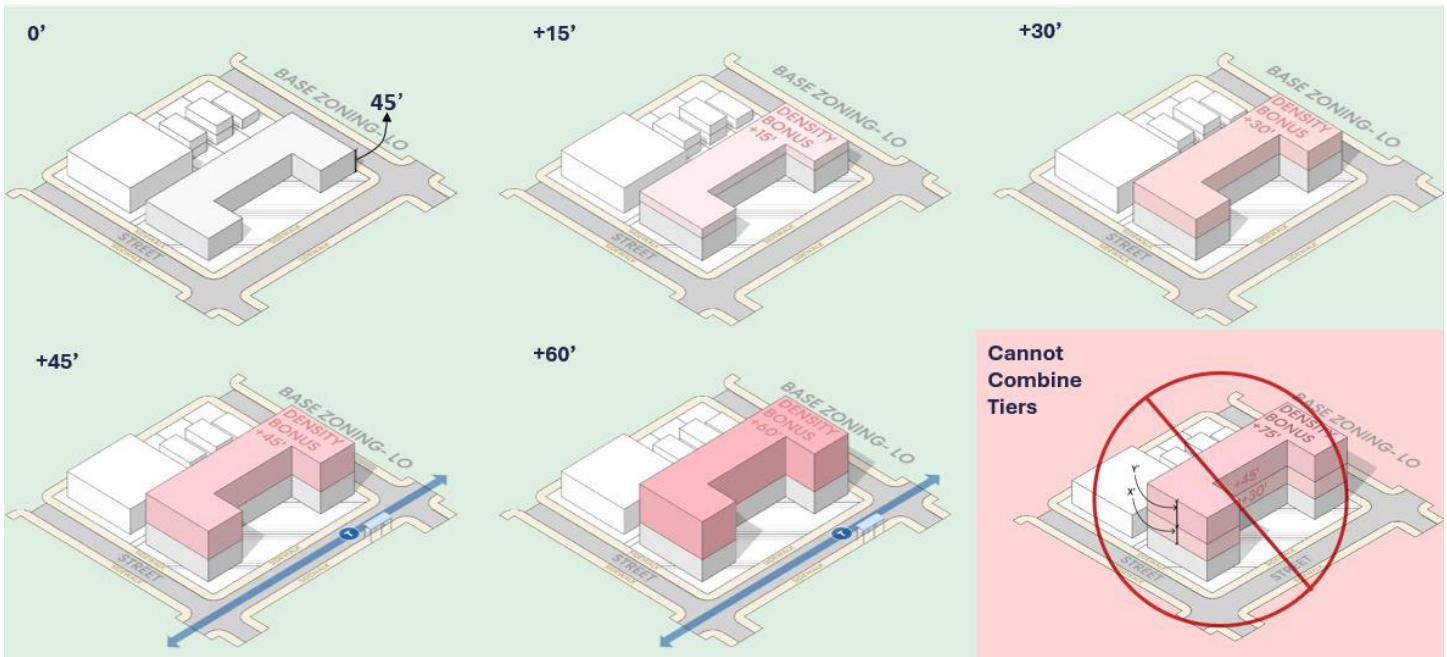


Figure 5. Illustration Mix of Use Standards for the Citywide Density Bonus Program. (Source: Austin Planning)

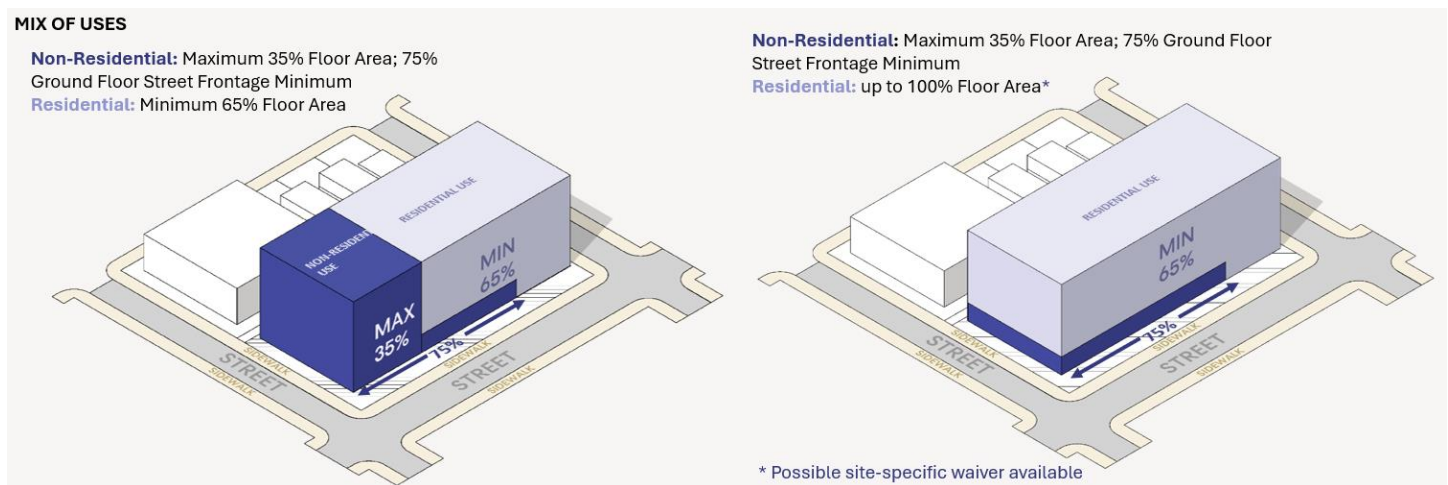
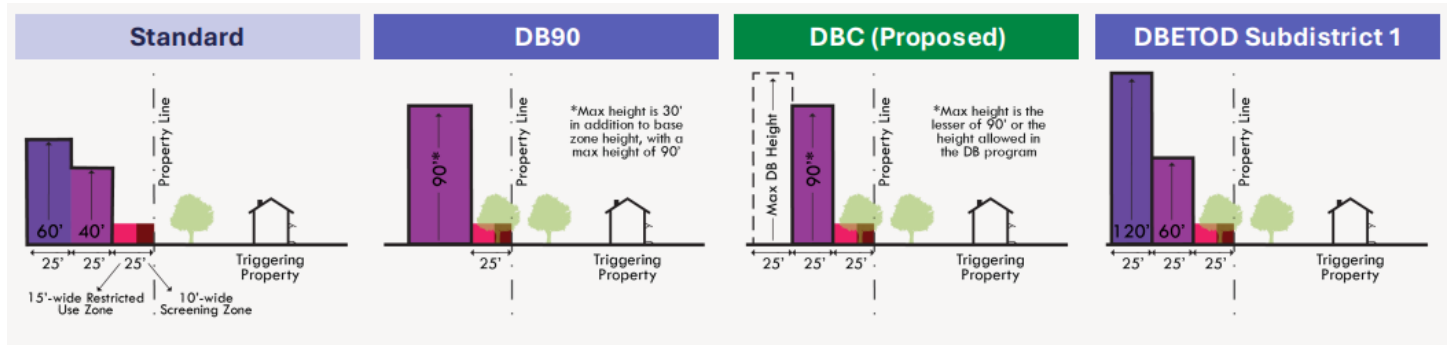


Figure 6. Illustration of Compatibility Standards for Proposed and Existing Density Bonus Programs. (Source: Austin Planning)



Impact on Development Cost

The proposed changes would have **neutral** impacts on development costs:

- Density bonus programs are voluntary. There is no requirement to participate if the balance between additional development entitlements and community benefit requirements do not make financial sense to developers.
- Compared to the existing DB90 bonus program, the only difference in housing development costs that are required of voluntary project participants and that are more restrictive/costly than today are the Chapter 4-18 unit replacement requirements included in staff's proposal. Projects that trigger these requirements may be required to provide more units of income-restricted housing above the baseline 10% of units at 50% MFI.
- Compared to the existing V program, the cost for participating Citywide Density Bonus developments *that do not seek additional height* could increase primarily because:
 - All of Chapter 4-18 would now be required, whereas today V does not include unit replacement and tenant protections.
 - The new Citywide Density Bonus Program requires 10% of housing units at 50% MFI affordability levels for rental, whereas today V allows for 10% of housing units at 60%-80% MFI depending on the neighborhood.

- On the other hand, V projects today do not receive compatibility reductions from the citywide compatibility standard. Citywide Density Bonus projects will have relaxed compatibility requirements, allowing for more buildable area.
- Compared to both DB90 and V, a slightly positive impact of the Citywide Density Bonus proposal could be greater flexibility for the mixed-use component. The Citywide Density Bonus program would allow non-residential uses anywhere in the building rather than just the first two floors. It would also allow a greater array of additional allowable uses, as DB90 and DBETOD only allow four of the uses listed above on page 3. This greater flexibility in the placement and allowable types of commercial space could help cross-subsidize the income-restricted housing because it can mirror market demand more closely.

Impact on Affordable Housing

The proposed changes would have **positive** impacts on affordable housing:

- Though Austin's current housing market conditions make development difficult for both market rate and income-restricted housing, Austin Housing is certifying developments under DB90 and DBETOD. The Citywide Density Bonus proposal translates similar affordability requirements from the current DB90 and DBETOD programs. Both DB90 and DBETOD allow the choice between on-site income-restricted housing and FIL (paid to the Housing Trust Fund) for ownership, and require on-site income-restricted housing for rentals. From 2024 to April 20, 2026, 14 projects certified by Austin Housing under these 2 programs propose an estimated 3,772 total housing units, 508 of which would be income-restricted on-site affordable rental units at 40-60% MFI. Additionally, 350 of the total housing units are planned as market-rate ownership, having opted to pay nearly \$13.5 million in FIL to the HTF.
- Though there have been relatively few certified ownership developments, each program has demonstrated large potential amounts of FIL revenue. One certified DB90 proposal of 265 homes from 2024 (though not yet under construction) would provide nearly \$11 million. One certified DBETOD proposal of 85 homes from 2026 would provide \$2.5 million. These figures offer some indication of what the Citywide Density Bonus ownership proposals may provide.
- Pairing the FIL option for ownership housing with on-site housing requirements for rental proposals provides a strong combination of funding for the Housing Trust Fund and more immediate affordable housing production. On-site requirements for rental housing facilitate greater geographic dispersion to areas where FIL revenue cannot be spent while providing more housing in the near term. FIL takes longer to result in housing production but helps to secure funds for future subsidies.
- One weakness of DB90 has been the lack of redevelopment requirements (which DBETOD does have). The Citywide Density Bonus proposal responds to this by requiring the Chapter 4-18 redevelopment conditions in City Code. This helps to discourage the demolition of naturally occurring affordable housing (specifically developments with renters below 70% MFI in this case) or otherwise ensure that the new community maintains a similar number of affordable homes (Figure 8). The minimum percentage of on-site income-restricted housing for redevelopments is 10% at 60% MFI and the maximum required is 20%.

Figure 7. Affordable Housing Requirements for the Citywide Density Bonus Program. (Source: Austin Planning)

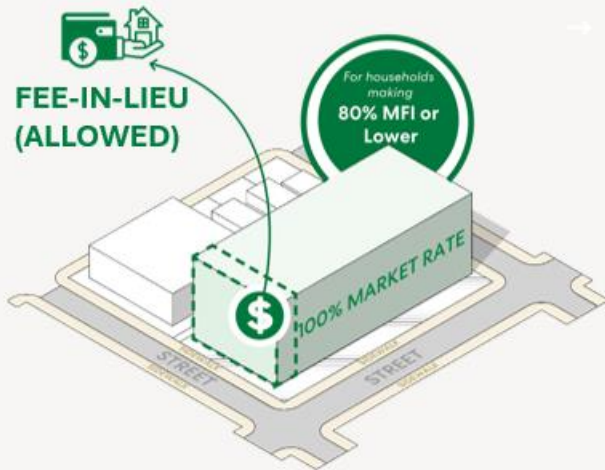
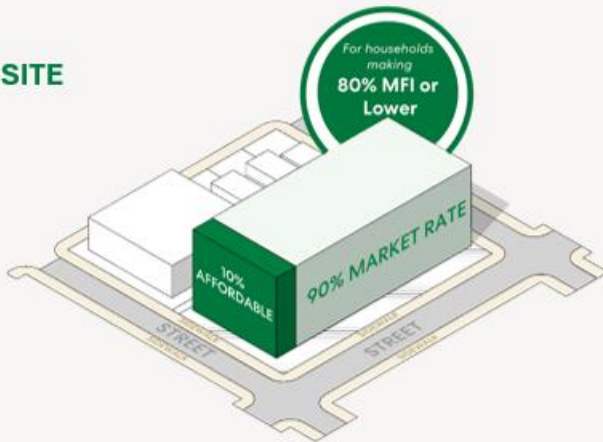
OWNERSHIP UNITS

Duration: For a minimum of 99 years

Affordability Criteria: For a household making 80% MFI or lower

Fee-in-Lieu (FIL): Allowed

ON-SITE



RENTAL UNITS

Duration: For a minimum of 40 years

Affordability Criteria: For a household making 50% MFI or lower

Fee-in-Lieu (FIL): Not Allowed

ON-SITE ONLY

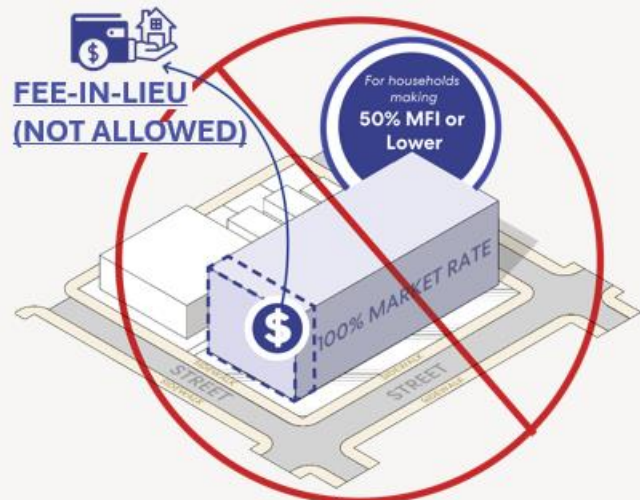


Figure 8. Examples of the Redevelopment Requirements for the Citywide Density Bonus Program. (Source: Austin Planning)

| Apartment Style | Existing Units (at 70% MFI or below) | Proposed Units | Required Affordable Units | Total Percentage Affordable Units | Full Replacement of Existing Units? |
|--------------------|--------------------------------------|----------------|---------------------------|-----------------------------------|-------------------------------------|
| Low-Rise Example 1 | 25 | 100 | 20 | 20% | No |
| Low-Rise Example 2 | 25 | 200 | 25 | 12.5% | Yes |
| Low-Rise Example 3 | 25 | 300 | 30 | 10% | Yes, and 5 additional units |
| Garden Example 4 | 300 | 600 | 120 | 20% | No |

Overall Impact

The proposed changes would have **positive** overall impact:

- Positive impact – increases total housing capacity and specifically encourages non-City-subsidized income-restricted affordable housing unit development.
- The overall impact on housing costs will likely be positive because responds to Austin’s need for more homes that are affordable at 50% MFI while facilitating the creation of more housing overall. Some market rate rental units may rent at higher rates to subsidize the lower-income units. However, overall housing costs still likely benefit from filtering, where fewer households of higher income occupy homes that are affordable to those with lower incomes.
- The Citywide Density Bonus proposal allows the City of Austin to adapt to changes from the 2025 Texas Legislative session that made current density bonus programs less attractive (due to SB 840). The proposal is sensitive to the current need for deeper affordability (50% MFI and below) and responds to concerns about the redevelopment of large naturally occurring affordable housing communities from some DB90 proposals. It does this while balancing continuity with the current DB90 and DBETOD programs.

The scale of the impact will be:

- Citywide in the base zones listed in Figure 2 above.

Other Policy Considerations

- Incentivizing housing near highways carries health risks for residents ([Environmental Protection Agency](#), 2026; [Samuels & Freemark](#) 2022). SB 840 includes buffers around industrial areas and airports due to similar concerns. Disincentivizing development bonuses on base zones such as Commercial Highway Services (CH), which is only allowed on highway corridors, may be prudent. City Council and the Planning Commission may still choose, on a case-by-case basis, not to grant a Citywide Density Bonus to sites that carry greater health risks from major highways. Note that multifamily and several other residential land uses are already allowed by-right for CH and other commercial base zones that appear along major highways, so the question is if these are sites where the City should be locating income-restricted housing or targeting development incentives. Proximity to major roadways is a wider housing policy issue for the City of Austin, but tailoring density bonuses or their approval to incentivize housing in areas with fewer health risks may be safest until the City establishes stronger mitigation strategies. Additionally, base zones and properties that are oriented to major highway infrastructure are often poorly served by transit or not within an Imagine Austin center, undercutting their value to Austin’s housing and planning goals.

Manager’s Signature



References

- Environmental Protection Agency. (2026). *Research on Near Roadway and Other Near Source Air Pollution*. Retrieved from Environmental Protection Agency (accessed April 20, 2026): <https://www.epa.gov/air-research/research-near-roadway-and-other-near-source-air-pollution>
- Samuels, G., & Freemark, Y. (2022). *The Polluted Life Near the Highway: A Review of National Scholarship and a Louisville Case Study*. Retrieved from Urban Institute: <https://www.urban.org/research/publication/polluted-life-near-highway>