

Downtown Density Bonus Update – Phase I

Engagement Summary

[Resolution 20240718-185](#) directed City Staff to “...engage area stakeholders on proposed changes to the Downtown Density Bonus program, in alignment with existing density bonus recalibration and streamlining efforts,” on proposed changes initiated by the Resolution.

To support the community engagement activities, staff launched a [Speak Up Austin](#) site in December 2025 to act as a landing page for information on the Resolution action items, the Downtown Density Bonus Program as it exists today, and how to participate in the engagement process. This page was updated in April 2026 to include information on staff’s proposal for Phase I of the update. To date, the site has received nearly 1,500 views by interested community members.

Beginning in November 2025 with early engagement and throughout the creation of the draft proposal, staff have connected with interested stakeholder groups. Staff have met on multiple occasions with members of the Downtown Austin Alliance, the Downtown Austin Neighborhood Association, the Real Estate Council of Austin, and The Red River Cultural District to gather feedback on the Resolution and provide updates on the progress toward the action items of the Resolution. Staff have also given presentations on the proposed updates to the Austin Chapter of the American Institute of Architects and the Urban Land Institute Affordability Strategic Council and gathered valuable feedback through these meetings. Additionally, staff have worked closely with the Central City District Plan (CCDP) team to ensure alignment of the CCDP creation and the Downtown Density Bonus update. This included facilitation of activities at CCDP Stakeholder Advisory Group meetings and supporting the April virtual and an in-person CCDP Open Houses to present on the Downtown Density Bonus Program updates and collect community feedback.

Stakeholder Meetings held to Date:

- Austin Chapter of the American Institute of Architects
- Central City District Plan Stakeholder Advisory Group
- Downtown Austin Alliance
- Downtown Austin Neighborhood Association
- Real Estate Council of Austin
- The Red River Cultural District
- Urban Land Institute Affordability Strategic Council

Staff developed a public survey to gather additional feedback from the community on their experiences with the current Downtown Density Bonus Program and what aspects of the program they value the most. The survey was published on December 22nd, 2025, and was provided to over 350 individuals or groups in direct emails or through City newsletters. Staff developed the list of individuals and groups in collaboration with the Central City District Planning team, with representation from neighborhood associations, the development community, advocacy groups,

area property managers, and the business community. The survey garnered 51 participants, and their feedback provided beneficial insight that informed staff's proposal. This feedback can be seen in Appendix A included at the end of this document.

Staff also presented to multiple commissions throughout the creation of the draft proposal. These commissions include the Codes and Ordinances Joint Committee, Design Commission, Downtown Commission, Historic Landmark Commission, and Planning Commission. The feedback heard at these meeting helped to inform staff's proposal. Staff collaborated with the Design Commission and the Design Commission Working Group in the process of developing the Urban Design Standards. These standards went through several iterations to incorporate as much of the updated Design Guidelines proposal as possible.

Commissions Engaged to Date:

- Codes and Ordinances Joint Committee
- Design Commission
- Downtown Commission
- Historic Landmark Commission
- Planning Commission

Appendix A: Downtown Density Bonus Update Survey Results and Feedback

C20-2024-018 Downtown Density Bonus Update

Project Engagement

| VIEWS | PARTICIPANTS | RESPONSES | COMMENTS | SUBSCRIBERS |
|-------|--------------|-----------|----------|-------------|
| 920 | 51 | 704 | 89 | 26 |

Submit a Comment/Question: Your input is important to us. If you have a question or comment, please don't hesitate to let us know using the form below. Please note, depending on when you submit your input or question and the volume of input received, you may not receive a personalized response; however, all input will be shared with staff, City Council and Planning Commission, and the website will be updated to include responses to frequently asked questions.

Density bonus programs, as they are currently structured, are fundamentally flawed. A study of LA's Transit Oriented Communities (TOC) density bonus program found that calibration is futile. The model found that, no matter what the affordability requirement, it would stifle housing production relative to granting the bonus entitlements by right.

The city should restructure density bonus programs to grant the bonus entitlements by right (unconditionally) and use the resulting extra property tax revenue to fund affordable housing and other community benefits.

12/22/2025

1. We want to understand the relative importance of gatekeeper requirements within the Downtown Density Bonus (DDB) program. Please rank the DDB program's existing gatekeeper requirements according to which is most important to you.

| | | |
|--|------------|------|
| Commitment to provide streetscape improvements consistent with Great Street Standards | Rank: 1.41 | 29 ✓ |
| Compliance with Urban Design Guidelines | Rank: 1.60 | 30 ✓ |
| Commitment to achieve a minimum 2-star rating under the Austin Energy Green Building program | Rank: 2.62 | 29 ✓ |

35 Respondents

2. Please share any feedback you have on the gatekeeper requirements as they function today and any other gatekeeper requirements you think should be added to the program. *(Optional)*

Great Streets Standards are a heavy burden on new development, but a high impact to the quality of downtown public space and right-of-way.

1/19/2026

I ranked them in order of how irreplaceable each is. For Compliance with Urban Design Guidelines, we have one opportunity--period. We cannot make up for compliance in any other way. The Great Streets Standards can be funded in others ways, but realistically, the best opportunity and most cost-effective is when the particular property is being developed. Green building standards are generally effective and helpful on a global or regional scale, and have much less (if any) environmental impact/benefits for the particular parcel. Any missed opportunity for green building standards for any particular property can generally be made up by better environmental practice in some other location.

1/16/2026

NA

1/14/2026

Strict compliance with Great Streets is often not practical and proves difficult when small changes can make a big difference for the project. It is also difficult with proposed rail and I-35

1/13/2026

The great streets standard that focuses on Pedestrians, Public Transit, and Cyclists before cars is easily the most important thing that should be happening downtown.

1/12/2026

Urban Design Guidelines are an effective way to shape the kind development, density, and streetscape in a community, but it doesn't appear that the Great Streets Program is officially part of the guidelines. Officially adding the program helps ensure that the pedestrian experience fulfills the reason that Great Streets was created initially.

1/9/2026

I think having an activated street level with multiple tenants is very important!

1/8/2026

All improvements need to address comfort, safety, a livability for residents and downtown employees.

1/7/2026

More priority for making Austin bike friendly.
Please do something about our disgusting alleyways.

1/7/2026

Updates to the urban design guidelines that look more specifically at district character would make this gatekeeper requirement even stronger.

1/7/2026

This survey does not work!!!! cannot rank my choices

1/7/2026

Hi [REDACTED]

I'm so sorry to hear that the choice ranking option didn't work! I checked it out to make sure the tabs/options can move to show ranking choices, and it is working on my desktop and mobile (and checked on an unaffiliated mobile device too just to be sure). I apologize I can't be of more help, and we would love to have your feedback - please feel encouraged to try to the survey on another device or to try again! Thank you for your time and comments, we really appreciate it!

1/15/2026

I have grave concerns that a gatekeeper requirement for this is compliance with the Urban Design Guidelines and the Great Streets Master Plan and both of those are very outdated. My understanding is that the Urban Design Guidelines have been re-written but that effort has stalled or paused? The same is true for the Great Streets Master plan; and even more concerning on that front the re-write of those is being done with City Staff with limited public and stakeholder involvement.

1/6/2026

Improvements to consider include:

Streamlining documentation requirements to reduce redundancy and unnecessary delays.

Expanding who can serve as gatekeepers, including trusted community-based organizations, peer navigators, and frontline providers with lived experience.

Allowing flexible eligibility pathways that account for non-traditional households, informal income, and evolving family circumstances.

Strengthening training for gatekeepers on trauma-informed, culturally responsive, and harm-reduction approaches.

Implementing clear timelines and communication standards so clients understand what to expect and are not left without updates.

1/6/2026

na

1/6/2026

An elevated and improved user experience, both users of the building's interior and users that interact with the building's (project's) exterior, should be the ultimate goal of the Density Bonus program.

1/6/2026

Urban Design Guidelines should remain a gatekeeper requirement and should be enforced during construction just as Great Streets and AEGB are.

1/5/2026

n/a

1/2/2026

You should provide summaries of the Urban Design and Great Streets requirements; we can't read 100-page reports to give feedback. Two stars out of five for Green Building sounds too low.

1/2/2026

N/A

12/29/2025

I ranked a the Great Streets commitment first because as Austin moves toward greater transit-oriented development, there will be an increased need for ways and places for pedestrians to enjoy the city. From more quality pedestrian infrastructure which makes our streets a more welcoming place for all (including more public benches, restrooms, and trash cans) to creating the opportunity for enrichment, such as through street closures and converting street parking into useable area, the Greet Streets Standards seems foundational to other gatekeeper requirements going forward. Additionally, given the increased attacks on the ability of cities like Austin to appropriately plan for the future, the Great Streets Standards feel like the best long-term investment of our public dollars, accomplishing multiple goals at once.

12/29/2025

The gate keeper requirements, and in fact the entire downtown density program, should be scrapped. If we as a city have determined that we strategically want more housing and more density, why are we adding additional costs to developers who want to build above a certain height? We are essentially disincentiving more height. We should do the opposite and incentivize more dense, taller construction.

12/26/2025

Please add/provide incentives for developers to not only implement Great Street Standards on the streetscape directly in front of their development/buildings, but also on the adjacent streetscapes. It would be a big improvement to encourage developers to complete the entire/half/quarter block or whatnot instead of leaving things in a half done state.

12/24/2025

This program is trash. Get out of the way of developers. Let people build as tall and dense as they like. Mandate street scape improvements. They'll account for the cost in the density they select

12/24/2025

Nueces is in NO way historic. It is service business oriented and has been for many decades. It is in NO way related to Judges Hill and the need for more commerical and living space is logical in this area as it is in West Campus just two blocks away. Height is not an issue since it is NOT in the Capitol View Corridor.

12/23/2025

Nueces is in NO way historic. It is service business oriented and has been for many decades. It should not be considered part or near Judges Hill.

12/23/2025

Why is there an arbitrary dividing line on Nueces. Our properties are NOT in the view corridor and are only two blocks from West Campus there there are much more significant height allowances. Nueces is NOT historic in any way and should not be figured the same way as Judges Hill. Any such retrictions will trigger a lawsuit from myself an neighboring property owners. This is in no way acceptable to us or our neighbors.

12/23/2025

The gatekeeper requirements should be abolished along with the rest of the density bonus program. Unlimited density should be allowed by-right throughout the city.

Any requirements around streetscapes and energy efficiency should similarly be done in a citywide way, to avoid incentivizing low-density development through the imposition of fewer restrictions.

12/22/2025

The Density Bonus program should be focused exclusively on the interface between downtown buildings and the public / public realm.

Great Streets -- very important.

Urban Design Guidelines -- incredibly important.

2-star rating under the Austin Energy Green Building program -- there is zero nexus between that and a building's presence in downtown. Either the city should require it for all buildings or none. Only requiring it for large downtown buildings is counterproductive, by driving buildings from downtown to places that will require more transportation energy to connect.

12/22/2025

All development - regardless of whether it occurs under the Downtown Density Bonus Program - should be subject to the same standards and requirements.

12/22/2025

Commitment to a walkable city.

Commitment to accessibility and parking

12/22/2025

3. We want to understand the relative importance of potential community benefits within the Downtown Density Bonus program. Please rank the items below according to which is most important to you.

| | |
|---|------------|
| Transit-Supportive Infrastructure (e.g., space for a Traction Powered Substation, stations or platforms, catenary system support, maintenance facility) | Rank: 4.59 |
| Funding for Off-Site Affordable Housing (i.e., fees-in-lieu) | Rank: 4.62 |
| Cultural Uses (e.g., theatres, galleries, museums) | Rank: 4.76 |
| Funding for Off-Site Parks | Rank: 5.21 |
| Historic Preservation | Rank: 5.34 |
| Publicly Accessible On-Site Plazas | Rank: 5.34 |
| On-Site Affordable Housing | Rank: 5.69 |
| Climate Resilience Building Standards and Green Infrastructure (e.g., green roofs, rain gardens, etc.) | Rank: 5.79 |
| Live Music | Rank: 6.79 |
| Day Care Services | Rank: 6.86 |

29 Respondents

4. Please share any feedback you have on the community benefits as they exist today. Do you think they could function better in the future or that other community benefits should be included? If so, what are those improvements, and what benefits should be added, if any? (Optional)

Funding for other types of offsite transportation infrastructure would be helpful too, e.g. funding for walkways, bikeways, trails, I-35 caps & stitches, bike share, trail amenities (shade, water, benches, etc.)

1/16/2026

I think we need to work to maintain the parks we have downtown, but it would not be possible to add more parkland. Funding for off-site parks would be a great alternative, but we also need to have an active City parks program that works to build out those other parks.

1/14/2026

NA

1/14/2026

I think that "Transit-Supportive Infrastructure" means a train/light rail. That would be fantastic. In lieu of that, a Dillo trolley like the city used to have that ran from S Congress to the Capital would be great, with an east-west option on 6th Street to really connect things and limit cars.

1/12/2026

Code offers several options for community benefits but in practice, fees-in-lieu, and affordable housing are chosen to meet this requirement for bonus area. As a result, fees are paid to the city but other benefits, ones that might actually "benefit" the immediate area being impacted by the new development, are not usually discussed. In trying to streamline the site plan approval process, real opportunities to understand what residents need and want in their neighborhood are often overlooked. Cooperation between city staff, stakeholders, and developers should be encouraged and some process formally exploring community benefits adopted. If the city desires to fulfill the "spirit of the intention" behind the ordinance for the benefit, a medium for presenting this as an option could be added. Developers seem to default to fees-in-lieu because it is easier and faster for approval process.

1/9/2026

Encourage uses that drive people to downtown, like small music venues or theatres. Provide train stations. Avoid programs that prioritize "qualification by the few" like affordable housing based on MFI.

1/9/2026

Access to cheaper and fresh produce. Requirements for select developments to provide a minimally sized supermarket (10,000sqft) and other developments to include space for smaller grocery stores.

1/8/2026

I think public plazas are nice if it is a large site, but they are not practical for most sites that are smaller (1/4 block). I think funding for off-site parks is a great idea, especially for improvements to the Lady Bird Lake Hike and Bike Trail.

1/8/2026

Affordability within the downtown PID will never be achieved without damaging the "vibe" of downtown. Let's be honest about that. Transportation into downtown will help as the outer ring of Austin can be more affordable than downtown.

1/7/2026

I don't think Austin has done a good job of keeping our Live Music heritage alive. We don't have enough third places in the city where all feel welcome. Everything costs so much, the average person can't even enjoy a simple coffee shop visit

1/7/2026

Focus on only 1 or 2 priorities. Remove the rest.

1/7/2026

Fee-in-lieu, when appropriate City programs to manage those fees exist, is generally a better approach. These projects don't often have the nearby or on-site services that are aligned with on-site affordable units and the creation of "public space" within the property can be a token effort to meet the requirement. Strong fee-in-lieu requirements allow the City to control those resources and place them where they are best suited. Similarly, shoe-horning in cultural use requirements without a clear market-tested program seems like a recipe for empty space.

1/7/2026

Expanded prevention and stabilization support, not just crisis response, to help families avoid displacement before emergencies occur.

Culturally responsive and trauma-informed services led by trusted community-based organizations with lived experience.

Transportation and mobile service delivery, ensuring benefits reach those who cannot access fixed sites.

Clear communication and accessibility, including multilingual outreach and simplified eligibility requirements.

Opportunities for community voice and leadership, allowing residents to shape programs, provide feedback, and participate in decision-making.

1/6/2026

Additional improvements could include:

Expanded prevention and stabilization support, not just crisis response, to help families avoid displacement before emergencies occur.

Culturally responsive and trauma-informed services led by trusted community-based organizations with lived experience.

Transportation and mobile service delivery, ensuring benefits reach those who cannot access fixed sites.

Clear communication and accessibility, including multilingual outreach and simplified eligibility requirements.

Opportunities for community voice and leadership, allowing residents to shape programs, provide feedback, and participate in decision-making.

Additional community benefits that would be valuable include:

Workforce development and paid training pathways

Childcare and family-support services

Mental health and wellness supports rooted in community care

Long-term housing navigation and stabilization assistance

Youth engagement and mentorship opportunities

1/6/2026

WE NEED AFFORDABLE HOUSING! NOT AFFORDABLE POLICIES! WE ARE DIRECTLY IMPACTED, AND THE NEED IS ONLY INCREASING.

1/6/2026

Green infrastructure should be a primary requirement within Austin's Density Bonus Program. Strategies that increase on-site water infiltration measurably reduce downstream flooding risk and lessen the burden on public stormwater infrastructure. Trees, soils, and vegetated systems also provide localized cooling that functions as a public resource, improving thermal comfort in dense areas and mitigating urban heat island impacts. As climate conditions become more extreme, these systems are no longer optional amenities but essential infrastructure for resilience. Density bonuses should prioritize and reward projects that deliver these benefits at the site and neighborhood scale.

1/6/2026

Increasing the density of the downtown area and west campus makes sense, but the increase in impact to local parks with increased density has not been properly addressed, and should be. Pease Park especially stands to see significantly more traffic with increased density and should be supported (with O&M dollars, not just funds for capital improvements) with development fees.

1/5/2026

We need to amend the housing affordability requirement to only provide affordable units (unless the development is an office) as part of the development with no option to pay fee-in-lieu. Unless this change occurs, the current requirements will continue to be a key contributor to causing the lack of affordability within the city.

1/5/2026

Current ordinance allows applicants to propose community benefits, so I don't see the need for including an exhaustive list. I do think community benefits should be incentivized more in the program to encourage more participation and less fee-in-lieu.

1/5/2026

Please make improvements that will account for micromobility devices off major sidewalk paths and infrastructure that promotes riding off the sidewalk as well, dedicated paths for micromobility.

1/2/2026

It is very expensive to provide affordable housing downtown, and the goal should be to maximize the amount of affordable housing, so fee-in-lieu policies should be the default. There are already many amenities downtown, as your map shows, so funding for parks in other parts of the city as well as cultural uses in other parts of the city should be prioritized. Low energy and water use building designs, solar panels, and bird friendly designs are not emphasized enough, but there should be other ways to incentivize that, not necessarily through this program, such as rebates and lower energy costs. Transit-supportive infrastructure should be required outside of this program, in response to traffic generated, but I think current state law limits that.

1/2/2026

N/A

12/29/2025

"If we build it, they will come" applies to many of the community benefits listed under the current program. I ranked some items lower because I believe they will naturally arise when we prioritize the higher ranking benefits, such as funding for off-site and on-site affordable housing, day care services, and historic preservation. These benefits bring the opportunity for more people to whom artists and culture-makers can engage with, while also providing the opportunity for more rising Austinites to enjoy the heart of Austin's community downtown.

12/29/2025

Again, we should scrap the downtown density program. By removing additional costs associated with higher construction, we will incentive developers to build higher and denser, which in turn will increase the property tax base and allow us to spend far more on community benefits.

As for community benefits, I'd like to see Austin fund things like world class museums and aquariums that other cities it's size have in their urban cores.

12/26/2025

We have not had a new residential building start downtown in years, thus, these benefits are fictitious. The benefits of dense housing downtown is inherent, and any extractions/fees/taxes that the DDB attempts are counterproductive. We need to maximize the amount of housing downtown and eliminate all taxes on it like the DDB, and use the additional property taxes from the new housing construction to fund affordable housing.

12/25/2025

Incentives should be provided to encourage as much ground floor retail spaces as possible. Not only will this encourage more business and walkability, but it will help keep retail space rental rates from rising at a pace that locally born businesses cannot keep up with.

12/24/2025

I don't understand why the city is involving itself in this.

12/24/2025

Service oriented small businesses are critical for the central corridor, mixed with new dense development. Nueces is in NO way historic and should have dense housing and commerical businesses for the future expansion of downtown. Nueces is NOT in the Capitol View Corridor.

12/23/2025

This is a critical block for future density and development as Austin grows in certain areas. Nueces is in NO way historic and should not be considered part of Judges Hill.

12/23/2025

The density is the community benefit; all other things the city may want to encourage, such as transit use and low-emissions lifestyles, are downstream of living in a dense area. Imposing an effective tax on the best form of housing to further the city's goals has the priorities backward; with larger by-right developments, greater property tax revenue to fund city priorities would be available. With minor "taxpayer revolt" over prop Q, now is the time for the whole city to be upzoned to grow the tax base.

As a frequent user of downtown spaces for both work and leisure, empty sidewalks due to the low number of residents downtown is the most serious disamenity I encounter. The emptiness of our downtown is also a major source of citizen fears about crime and safety; with fewer eyes on the street and fewer pleasant interactions with neighbors, unpleasant interactions with individuals with mental health struggles become more salient features of downtown in people's perceptions.

12/22/2025

Literally none of these community benefits should be required. The way to build a vibrant, affordable city isn't to drive up compliance costs through expensive-to-maintain, bespoke "community benefits" programs. It's to let enough buildings get built cheaply and easily so that there's home for all these benefits. You are literally destroying community benefits by trying to micromanage them.

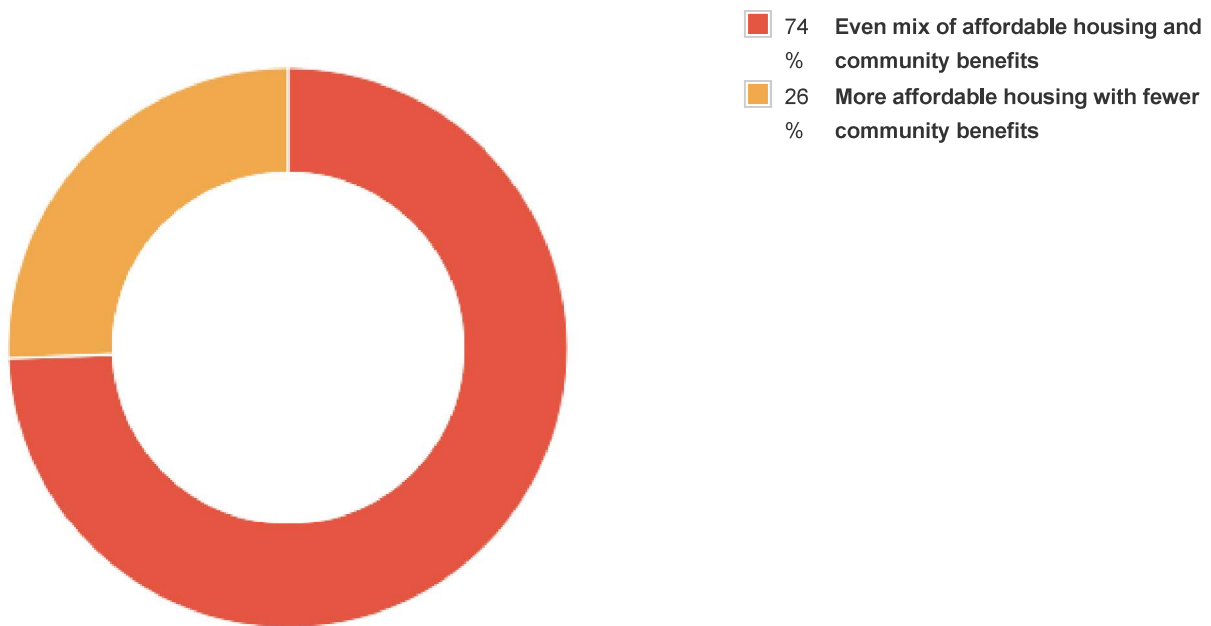
12/22/2025

Density bonus programs have it backwards. Density itself provides community benefits, including greater housing supply, lower market prices and rents, lower household carbon footprints, greater transit ridership, and more recurring property tax revenue. Requiring developers of dense projects to provide additional "community benefits" or pay fees is a tax on housing, resulting in lower housing production than would granting the bonus entitlements by right.

The city should replace or restructure density bonus programs with an alternative that grants bonus entitlements unconditionally, "captures" the extra property tax revenue, and uses it to fund affordable housing and other community benefits.

12/22/2025

5. If a bonus program requires multiple types of community benefits, projects cannot provide as many affordable housing benefits. Would you prefer to see more affordable housing benefits with fewer community benefits or a more even mix of affordable housing and community benefits?



43 respondents

RECA Comments on the Downtown Density Bonus Update

Introduction

A successful downtown density program is important for everyone. A successful program is a benefit for the tax base of the City, a thriving downtown environment, and for affordable housing programs across Austin.

Any density bonus, especially one as impactful as this one, needs to be carefully considered and calibrated before it is implemented to avoid unintended consequences or the reduced application of the program.

The Real Estate Council of Austin, as an organization, represents the users of the downtown density bonus program, as well as other density bonus programs both locally and nationally. Our members are committed to seeing successful density bonus programs in Austin.

The below represent collected comments and concerns from the RECA membership who work on downtown projects.

Thank you in advance for your time and consideration of these comments.

Issue 1: Incomplete and Inaccurate Calibration of the Downtown Density Bonus Program

Recommended Action: Conduct a full assessment of the downtown density bonus program calibration with downtown developers and property owners to ensure a complete and accurate financial modeling of the program, as the existing calibration is incomplete and inaccurate.

It is essential to have a calibration conducted for feasibility, but equally important to ensure that it is accurate and complete. Stakeholders were not given the opportunity to review and make recommendations on the calibration as part of this process, and thus it is unclear whether the fees-in-lieu are actually feasible.

The downtown density bonus program must balance the community benefits and additional entitlements carefully to ensure Austin benefits from the program while also incentivizing growth in the downtown area. It is important that the calibration includes all of the new regulations, fees, and other requirements that have been implemented since the last calibration in addition to a market feasibility study.

The downtown density bonus calibration conducted by EPS did not incorporate market inputs from stakeholders who build and operate in downtown Austin. A brief overview of inaccuracies or missing elements from the calibration can be found in **Appendix A below**. This overview is not holistic, because many of the underlying calculations within the calibration were not revealed in the report.

While new program requirements or regulations may appear manageable in isolation, their cumulative effect, without thorough and transparent financial modeling informed by commercial development stakeholders, risks making the downtown density bonus program cost-prohibitive relative to other Austin-area submarkets or peer cities, undermining the density and development the City is seeking as part of its economic growth objectives. Stakeholder feedback on the calibration will ensure that it is correctly calculated and incorporates all costs accurately.

Issue 2: Chapter 4-18 Commercial Redevelopment Requirements

Recommended Action: The Chapter 4-18 commercial redevelopment requirements should be removed from Phase I of the downtown density bonus program proposal, and should not be added to the program until a full stakeholder process takes place.

The commercial redevelopment requirements, initially formulated in 2024 as part of the equitable transit-oriented development program, have never been applied to a development and lack adequate testing and research necessary to be incorporated into an otherwise proven and successful downtown density bonus program.

The program's redevelopment requirements introduce significant financial obligations: six months of rent payments, 1:1 replacement of non-residential space, and a first right of refusal, without any accompanying analysis of their cumulative cost impact on project feasibility. Unlike residential displacement protections, which have established precedent and cost modeling in peer cities, these requirements have not been tested against the pro forma realities of downtown Austin development.

In practice, the replacement requirement alone could render development economically unviable, which is a significant policy risk. The redevelopment requirements also lack a waiver process for existing businesses that do not wish to return or prefer to negotiate an alternative arrangement directly with the developer. Without this flexibility, the program steps in where a private agreement between the business and developer could otherwise suffice and potentially yield a better outcome. As written, the policy sets a ceiling rather than a floor.

Additionally, the proposed operating period outlined in the program does not, in itself, constitute a meaningful measure of a truly historic business. Longevity alone is an insufficient proxy, as it fails to account for other critical factors that define historic significance. As written, the threshold is overly-broad and imprecise, and was created without meaningful consultation with small businesses or the development community.

While the program's intent to protect displaced businesses is understandable, the requirements as written contain significant gaps. Six months of rent assistance and a right to return assume that a displaced business can reestablish and sustain itself through a downtown construction timeline that typically spans 18 to 24 months. The right to return is further complicated by the reality that the replacement space, while similar in size, will be a fundamentally different commercial product at market rents that may be unattainable for the very businesses the policy seeks to protect.

Perhaps most counterproductive, applying these requirements to downtown sites may discourage landlords from entering into long-term leases with tenants altogether, in order to avoid triggering burdensome redevelopment obligations. In this way, the policy intended to protect businesses may inadvertently reduce the stability and tenure of the commercial tenancies it seeks to preserve.

The requirements as proposed are not flexible and do not consider the unique characteristics of downtown properties. Without adequate testing, calibration, or stakeholder input, they risk having a dampening effect on redevelopment and even create a perverse incentive to keep storefronts vacant rather than assume the obligations that come with long-term commercial tenancies. The City's goal of protecting legacy businesses is a worthy one, but policy that has not been stress-tested against market realities is unlikely to achieve it.

Issue 3: Absence of Fee-in-Lieu Indexing Mechanism and Economic Cycle Responsiveness

Recommended Action: A transparent and predictable methodology for setting and adjusting fee-in-lieu rates should be established, including a defined indexing mechanism tied to current market conditions and economic cycles.

Fee-in-lieu rates are a critical component of the downtown density bonus program and must reflect real-time economic conditions to ensure continued feasibility. Static fee structures can quickly become misaligned in periods of market volatility, particularly in environments with fluctuating construction costs, interest rates, and rental performance.

To maintain alignment with market conditions, the City should implement a clearly defined indexing framework that allows for periodic updates to fee-in-lieu rates based on measurable inputs such as construction cost indices or changes in median family income. Additionally, establishing a predictable schedule for thorough recalibration will provide certainty to project sponsors and improve underwriting accuracy.

The City should also consider implementing defined triggers or thresholds, such as sustained increases in interest rates, declines in rental rates, or significant increases in construction costs, that would allow for temporary adjustments to program requirements. These adjustments could include modifications to fee-in-lieu rates, deferral of certain obligations, or alternative compliance options.

Consideration should also be given to payment structure flexibility, including the potential for phased or deferred payment options, to better align with project cash flows and reduce capital constraints.

Without a predictable and responsive fee structure, there is a risk that the program will become economically infeasible over time, reducing participation and limiting the delivery of community benefits.

Issue 4: Lack of Benchmarking for Regional and National Competitiveness

Recommended Action: The downtown density bonus program should be benchmarked against peer cities to ensure that Austin remains competitive in attracting development capital and delivering new projects.

As capital for real estate development is allocated across multiple markets, Austin must remain competitive with peer cities such as Dallas, Denver, and Nashville. If program requirements are materially more burdensome or less predictable than those in comparable markets, there is a risk that investment will shift to jurisdictions with more favorable development environments.

A comparative analysis of density bonus programs in peer cities should be conducted periodically to evaluate relative fee structures, entitlement processes, flexibility, and overall feasibility. This benchmarking will help ensure that Austin's program is calibrated not only to local policy goals but also to the realities of a competitive national marketplace.

Maintaining competitiveness is essential to achieving the City's broader objectives related to economic growth, tax base expansion, and the delivery of affordable housing and other community benefits.

Conclusion

Recommended Action 1: RECA is requesting a full assessment of the conducted calibration with downtown stakeholders to ensure the calibration is complete and accurate.

Recommended Action 2: RECA is requesting that the 4-18 commercial redevelopment requirements be removed from the downtown density bonus program proposal until they are fully evaluated for its impacts.

Recommended Action 3: RECA is requesting that the City establish a transparent and predictable fee-in-lieu methodology, including an indexing mechanism tied to market conditions and a defined schedule for periodic updates.

Recommended Action 4: RECA is requesting that the City benchmark the downtown density bonus program against peer cities, including Dallas, Denver, and Nashville, to ensure Austin remains competitive in attracting development capital.

Thank you for your consideration of these comments.



Alina Carnahan
Vice President of Advocacy
Real Estate Council of Austin

Appendix A: Additional Comments on Calibration Memorandum

The below comments represent feedback provided on the calibration memorandum submitted to the City by EPS. These comments should not be considered exhaustive because the calculations and assumptions are not laid out in the calibration memo from EPS.

Commenter 1:

The calibration should make sure to address:

- Current market conditions in Austin, including
 - Interest rates,
 - Construction costs,
 - Current rental rates and concessions,
 - Median family income,
 - Return requirements of lenders and equity partners,
- The comprehensive costs of all of the elements of the program, including
 - fee-in-lieu rates,
 - the gatekeeper requirements,
 - design requirements, and
 - redevelopment requirements
- The cumulative impact of any new regulations that have been implemented since the last calibration of the downtown density bonus program, including
 - new parking regulations,
 - Water Forward requirements, and
 - new solar and EV requirements.

Commenter 2:

- **Cost Assumptions:**
 - It is unclear if the cost per square foot numbers are **per gross square foot** or **per net rentable square foot**. This should be clarified, and depending upon the answer to the question, may be an issued that needs to be flagged.
 - Parking garages in high rise projects rarely if ever can achieve a 350 gsf/space ratio. More typical would be 400 gsf/space, and on smaller, less efficient sites, it often exceeds 400 sf/gsf.
 - The \$28K/ above-grade parking space is not realistic. When taking into consideration the garage skin and the above ratio (400 vs 350 gsf/space), the costs for an above grade podium parking space will typically be more in the range of \$34K/space.
 - Developer's profit margins, which are **Net Profit as a % of Total Project Budget**, need to be 25% (or greater if larger buildings/more risk). If a developer cannot achieve these margins, they will not raise the capital and the project will not get built.
- **Revenue and Valuation Assumptions**

- MF Rents. While I take no issue with the idea that Penthouse units in high rise multifamily can command premium rents, I strongly disagree with the 21-71% of the units assumed to achieve these premium rents. I would suggest these premium rents should be assigned to no more than 3-4% of the NRSF of a building.
- MF OpEx as a % of Gross Revenue. It appears that the definition of operating expenses includes real estate taxes (RET). Historically, when a MF asset sells, buyers will “gross-up” real estate taxes based upon a fully assessed valuation. A more accurate assumption would be that multifamily operating expenses (including grossed-up RET) should be **~45% of gross residential revenue** (vs 35% as modeled).
- **Surplus Value Methodology**
 - Many of the remaining development sites in downtown Austin are impacted by the Capitol View Corridor. These sites often have no choice but to locate much of their parking below grade. I think it is an aggressive assumption to assume in Table 2 that so many of the scenarios have 0% below grade parking.
 - Office Parking. A 2.1/1000 RSF ratio is aggressive. A more realistic ratio would be 2.25/1,000.
- **Surplus Value Results**
 - The 500,000 SF buildings, at least in the next 5+ years, appear to be a thing of the past. Equity partners, lenders, and buyers are heavily focused on depth of buyer pool and liquidity of exit, and there are very few groups looking to buy \$300M+ assets. I believe an assumption of a 500,000 sf building is too aggressive, and would recommend a recalibration to a 350-400,000 sf prototype.

Commenter 3:

Overall, the calibration:

- Overstates the feasibility at extreme heights,
- misallocates value between land and developer,
- and doesn't reflect how capital actually makes decisions.

Developers don't build based on surplus. They build off of internal rate of return, equity multiples, and risk-adjusted returns. The “Developer Profit” sections in the models are static and not tied to timing or risk. At a minimum, the calibration would need to include internal rate of return thresholds and time-to-completion sensitivity to make them more realistic.

Additionally, floor-to-floor heights that are being used to calculate height and density in Table 2 are too small. The calibration says 12 feet floor to floor, but in the CBD, it's typically 13.5 feet floor to floor with a 15- or 16-foot top floor.

The calibration's base assumption is that the downtown density bonus fee is correct because market conditions will improve, but the way the calibration is done implies that the market will turn up quickly. In reality, market conditions will improve, but it will be a gradual improvement over the next 3-5 years. Downtown developers shouldn't be paying a downtown density bonus fee in lieu that reflects the peak market while in a cycle that's underperforming. The market cycle needs to be linked to these fees. Lower fees should apply in poor cycles, and higher fees can apply in hot cycles.

The parking ratios in Table 2 are incredibly low. There is not a 450,000 square foot building with 564 spaces—it would be severely underparked and considered a bad investment. For reference, 300 Colorado is 350,000 square feet with 720 spaces and is considered on the low end of parking.

Recommendations:

Fix the Structure of the Analysis:

- Replace static pro forma models with dynamic internal rate of return-based models
- Make land value endogenous (residual land value-based)
- Add cycle timing and lease up modeling
- Need to add absorption constraints to the cost/revenue
- Calibrate based on participation rate



May 7, 2026

Via Email

Alan Pani, Principal Planner
City of Austin Planning Department

Re: Proposed Downtown Density Bonus Program Phase I Updates

Dear Mr. Pani,

On behalf of the Downtown Austin Alliance Board of Directors, I am writing to share recommendations from our Board on the proposed Downtown Density Bonus Program, Phase I Updates. The Downtown Austin Alliance supports the City's goals of increasing housing production, advancing affordability goals, and shaping high-quality urban development through the Downtown Density Bonus Program. Downtown policy should also be structured to promote long-term growth, strengthen the public realm, and continually grow a tax base that supports the City. DAA recommends adopting a downtown bonus framework that is ambitious in its vision but practical in its implementation.

To succeed, the program must create a realistic pathway for participation, meaningfully support density, allow for design excellence, and avoid requirements that are unlikely to deliver their intended policy outcomes. DAA recommends refining the Phase I proposal to better align policy goals with market realities and the long-term needs of downtown Austin in the following ways:

1. Protect feasibility and reduce compounding project risk

The proposed framework layers additional affordability expectations, new Ch. 4-18 compliance obligations, and an uncertain approval pathway onto already challenging development conditions. **The cumulative cost impact of the proposal must be further considered and refined to ensure a structure that is clear, predictable, and feasible enough to support actual participation.**

2. Make increasing density a central objective of any Downtown policy

Any downtown policy should actively encourage density - not meter it out - through substantial base zoning and further enhanced by incentive programs. Density through increased heights 1.) increases public space potential at ground level, 2.) mitigates sprawl beyond the downtown core, 3.) and supports the City's broader sustainability goals.

However, the current proposal will disproportionately burden taller projects, undermining long-term growth at a time when downtown should be planning for the next 20 to 25 years, not just current market averages. Meaningful height and

The Downtown Austin Alliance mission:
To create, preserve and enhance the vibe, vitality and value of downtown Austin for everyone.

density should be achieved *through base entitlements and administrative review, not council approval*. The goal should be to ambitiously position downtown to attract and harness future growth rather than artificially limiting it. **DAA recommends more clearly centering increasing density as a core downtown policy objective by:**

- **increasing base entitlements in the Phase II update,**
- **increasing the height limits in the tiered bonus structure, and**
- **eliminating the “cliff” effect between DDB400 and DDB850 in-lieu fees, which disincentivizes additional density.**

3. Remove Chapter 4-18 Requirements in the Downtown Density Bonus Program

Introducing Chapter 4-18 requirements to the program may not effectively protect affordable tenants or legacy businesses and will increase project cost burden. **DAA recommends removing Chapter 4-18 requirements in order to preserve project feasibility and encourage program participation.**

4. Delay Design Review Updates to Phase II of the Downtown Density Bonus Update

Removal of Design Commission review improves efficiency while introducing the risk of “checkbox urbanism.” **DAA recommends exploring replacing the prescriptive Design Standards menu with performance-based standards focused on the quality and impact of the first 40 feet of the building face, during the Phase II updates to the Downtown Density Bonus Program.** This approach would better support strong urban design outcomes while allowing flexibility for site-specific solutions. Any design requirements should be coordinated with Great Streets to ensure alignment and avoid overlap or conflict.

Thank you for your consideration, your service to the city of Austin, and your continued support of Downtown Austin. If you have any questions, please contact Matt Geske, VP of Public Affairs at mgeske@downtownaustin.com.

Sincerely,

Hannah Rangel
Vice President, Built Environment
Downtown Austin Alliance