



MEMORANDUM

TO: Mayor and Council Members

THROUGH: Mike Rogers, Assistant City Manager

FROM: Shay Ralls Roalson, P.E., Director, Austin Water

DATE: February 13, 2025

SUBJECT: **Update on GoPurple Program Incentives for Exempt Affordable Housing Projects, Ordinance No. 20240307-037**

The purpose of this memorandum is to provide the feasibility analysis of a program to fully subsidize the cost of reclaimed connections, dual use plumbing, and onsite water reuse systems for exempt affordable housing projects per [Ordinance No. 20240307-037](#) as well as related recommendations for City Council consideration to implement a program by April 1, 2025. Based on the analysis, Austin Water is proposing changes to the GoPurple Program Incentives to help benefit exempt affordable housing projects.

Background

Austin City Council approved key elements of the GoPurple Program on March 7, 2024, to accelerate the expansion of Austin's centralized reclaimed water system and onsite water reuse. These strategies are essential in Water Forward, Austin's 100-Year integrated water resources plan, to meet the long-term needs for a secure and sustainable future, including:

- Adoption of code requirements for new large commercial, multi-family, and mixed-use developments to install Onsite Water Reuse Systems (OWRS) or connect to the City's reclaimed water system to use for non-drinking water purposes such as irrigation, flushing toilets, and cooling towers.
- Approval of new incentives to share costs with developments that install onsite water reuse or reclaimed water systems.
- Creation of a new Community Benefit Charge to support reuse strategies in the Water Forward Plan.

[Ordinance No. 20240307-037](#) provided an exemption from the water reuse code requirements for specific affordable housing projects. Additionally, it instructed the City Manager to investigate the possibility of establishing a program to fully subsidize the costs associated with reclaimed connections, dual-use plumbing, and onsite water reuse systems for these exempt projects to implement the program by April 1, 2025.

Austin Water Analysis and Recommendations

The GoPurple Program, adopted in March of 2024, includes incentives covering up to \$500,000 per project for implementing an onsite water reuse system or a reclaimed water connection. The [Affordability Impact Statement](#) that was completed for the Program identified additional construction costs of approximately \$200,000 to \$1,500,000 per project.

While the existing GoPurple Program cap of \$500,000 per project is able to cover the cost of implementing an onsite water reuse system or a reclaimed water connection for certain building types, an additional \$1,000,000 would be needed per project to fully subsidize the cost of reclaimed connections, dual use plumbing, and onsite water reuse systems for all types of exempt affordable housing projects. A new Community Benefit Charge was created in 2024 to support reuse strategies in the Water Forward Plan, which Austin Water estimates will generate \$10,000,000 in revenue annually. Additionally, Austin Water has implemented a voluntary monthly fee of \$6.00, known as Purple Choice, which customers can choose to opt into this fiscal year to support the GoPurple Program. These funding sources will enable an increase in GoPurple Program incentives from \$500,000 per project to \$1,500,000 for a limited number of exempt affordable housing projects. Approximately half of the GoPurple Program funding will also be used to expand the City's purple pipe network so that more projects can utilize reclaimed water.

Implementation of an incentive program for exempt affordable housing projects will require City Council to amend the existing GoPurple Pilot Incentive Program resolution to increase the per project cap to \$1,500,000 to cover additional plumbing costs. To this end, Austin Water will bring forward for City Council's consideration an amended GoPurple Pilot Incentive Program resolution authorizing Austin Water to increase the per project cap and create an additional plumbing rebate for exempt affordable housing projects on the June 5, 2025 City Council Agenda.

Proposed Changes to GoPurple Program Incentives

Incentive	Eligible Costs	Proposed Changes to Per Project Funding
Onsite Water Reuse System Incentive (Existing Incentive)	Covers the design and installation costs of a collection and treatment system and dual plumbing	Increase the per project cap from \$500,000 to \$1,500,000 for exempt affordable housing projects
Reclaimed Main Extension Cost Share (Existing Incentive)	Covers the design and installation cost of public reclaimed water mains	Maintain the current per project cap of \$500,000
Dual Plumbing Rebate (Proposed Incentive)	Covers the design and installation cost of dual plumbing in buildings for reclaimed water service	Only exempt affordable housing projects would be eligible for up to \$1,000,000 per project

This rebate would be available to development that is exempt from the Reclaimed Water Connection Requirements in [City Code Section 25-9-412](#), per paragraph (E), and the Onsite Water Reuse System

Requirement in [City Code Section 25-9-414](#), per paragraph (B)(2). Exempt development projects provide the City with 50% on-site affordable housing units that are income-restricted at 60% of the median family income for rental units or 80% of the median family income for ownership units.

Providing the additional incentives will benefit the City by achieving both affordable housing and alternative water supply goals, and residents of these developments will benefit from reduced utility bills that non-exempt development projects receive when they install water reuse systems.

Austin Water staff currently estimate that as many as six affordable housing projects per year might be eligible to benefit from this program which would require approximately \$1.2M to \$9M in funding to fully subsidize water reuse systems depending on the building types and proximity to the purple pipe network.

The current City budget includes a reservation of \$4,000,000 per fiscal year for GoPurple Program incentives. Austin Water will assess the need to increase this annual reservation to support additional affordable housing projects in future fiscal year budgets depending on affordable housing participation, reclaimed water main capital projects, and available GoPurple Program funds.

Should you have any questions, please contact Shay Ralls Roalson, Director, Austin Water at 512-972-0108 or shay.roalson@austintexas.gov.

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