

ORDINANCE AMENDMENT REVIEW SHEET

Amendment: C20-2024-017 Planned Development Area 2 (PDA2) & C20-2024-022 Density Bonus for Commercial Highway and Industrial Zones (DB240)

Description: Amend City Code Title 25 (Land Development) to create a Planned Development Area 2 (PDA2) combining district and a Density Bonus for Commercial Highway and Industrial Zones (DB240) combining district. The PDA2 combining district is proposed to allow for modification of use and site development standards in certain commercial and industrial base districts. Under the proposal, additional residential uses would not be allowed under the PDA2 combining district. The Density Bonus for Commercial Highway and Industrial Zones (DB240) combining district is proposed to allow additional residential uses and modification of certain site development standards for residential uses in certain commercial and industrial base districts through a voluntary density bonus program. Under the proposal, PDA2 could be added to the IP, MI, LI, and R&D base zoning districts and DB240 could be added to the CH, IP, MI, LI, and R&D base districts. Moving forward, sites would no longer be able to rezone into PDA, but would need to request either PDA2 or the DB240.

Background: Initiated by City Council [Resolution No. 20240718-091](#).

Planned Development Areas (PDA) were first added to the land development code in 1966 ([19660616, City Council Meeting Minutes \(austintexas.gov\)](#)) for the following purpose:

“to provide suitable and conducive environment for the development of modern administrative facilities, research establishments, specialized manufacturing plants, and similar enterprises plus retail and other customer service facilities... and not intrude upon nearby existing or future residential and associated development.” (page 21)

The use of a PDA allows for modifications to site development standards, including maximum height and floor-to-area ratio (FAR), as well as modifications to allowed and prohibited uses within a zoning district.

On May 23rd, 2023, via [Resolution No. 20230323-085](#), the City Council initiated an amendment to Land Development Code Section 25-2-582 (Commercial Highway (CH) District Regulations) to eliminate all the regulations found in 25-2-582(C) and clarify that a zoning ordinance establishing a CH-PDA controls over any conflicting CH regulations. This allowed for wider use of PDA zoning for Commercial Highway (CH) districts.

Based on staff analysis of PDA zoning ordinances over the last ten years, there has been an increase in the number of cases where residential uses have been permitted: since 2014, 45 PDA zoning ordinances have permitted residential uses, with 31 of those cases since 2020.

On July 18th, 2024, via [Resolution No. 20240718-091](#), the City Council initiated amendments to the Land Development Code to modify the requirements for future PDAs and

to create a new density bonus program that could be combined with industrial and CH zones to allow increased height for residential uses in exchange for income-restricted dwelling units or a fee-in-lieu.

Summary of Proposed Code Amendment:

The proposed code amendments will create both a new Planned Development Area 2 (PDA2) combining district and a Density Bonus for Commercial Highway and Industrial Zones (DB240) combining district to address Council’s resolution. The new PDA2 combining district will function similarly to PDA but will no longer allow residential uses to be added and will not be available to Commercial Highway, since Commercial Highway already has residential uses allowed. Commercial Highway and industrial zones that request residential use can utilize the proposed DB240, which grants residential uses and additional height in exchange for income-restricted dwelling units or a fee-in-lieu. The purpose of DB240 is to allow for modified site development regulations and residential uses in certain existing commercial and industrial base districts in exchange for community benefits. The max height that can be achieved in DB240 is 120 feet taller than the existing maximum height allowed for a parcel, for a total height of up to 240 feet for parcels where 120 feet in height is currently allowed.

The proposed Planned Development Area 2 (PDA2) combining district:

1. provides for industrial and commercial uses in certain commercial and industrial base districts;
2. allows certain site development regulations to be modified; and
3. when applicable, incorporates the terms of a planned development area agreement into a zoning ordinance following annexation of a property that is subject to a planned development area agreement.

A PDA2 combining district may be combined with the following base districts:

1. industrial park (IP);
2. major industry (MI);
3. limited industrial services (LI); and
4. research and development (R&D).

Regulations established by a PDA2 combining district may modify:

1. permitted or conditional uses authorized in the base district, except for allowing residential use;
2. site development regulations applicable in the base district, except for Subchapter C, Article 10 (Compatibility Standards); and/or
3. off-street parking design or loading regulations, sign regulations, or landscaping or screening regulations applicable in the base district.

Modifications to the base district regulations must be identified in the ordinance zoning or rezoning a property as a PDA2 combining district.

Additionally, the proposed code amendment will create a new Density Bonus for Commercial Highway and Industrial Zones (DB240) combining district that:

1. Can be combined with the following base districts:
 - a. commercial highway services (CH);
 - b. industrial park (IP);
 - c. major industry (MI);
 - d. limited industrial services (LI); and
 - e. research and development (R&D).

2. Allows for the following uses to be added as permitted uses to sites that opt to participate in the density bonus program:

RESIDENTIAL USES

- a. Bed & Breakfast (Group 1)
- b. Bed & Breakfast (Group 2)
- c. Condominium Residential
- d. Conservation Single Family Residential
- e. Duplex Residential
- f. Group Residential
- g. Mobile Home Residential
- h. Multifamily Residential
- i. Retirement Housing (Small Site)
- j. Retirement Housing (Large Site)
- k. Single-Family Attached Residential
- l. Single-Family Residential
- m. Small Lot Single-Family Residential
- n. Townhouse Residential
- o. Two-Family Residential
- p. Short-Term Rental (Types 1 and 3)

COMMERCIAL USES

- a. Liquor Sales
- b. Commercial Off-Street Parking
- c. Consumer Convenience Services
- d. Consumer Repair Services
- e. Equipment Repair Services
- f. Equipment Sales
- g. Food Sales
- h. General Retail Sales (Convenience)
- i. General Retail Sales (General)
- j. Hotel-Motel
- k. Kennels
- l. Laundry Services
- m. Personal Improvement Services
- n. Pet Services
- o. Plant Nursery
- p. Software Development
- q. Vehicle Storage
- r. Veterinary Services

CIVIC USES

- a. College and University Facilities
- b. Counseling Services
- c. Guidance Services
- d. Hospital Services (Limited)
- e. Child Care Services (Commercial)
- f. Child Care Services (General)
- g. Child Care Services (Limited)

3. Allows for the following uses to be added as conditional uses to sites that opt to participate in the density bonus program:

COMMERCIAL USES

- a. Agricultural Sales and Services
- b. Alternative Financial Services
- c. Automotive Rentals
- d. Automotive Repair Services
- e. Automotive Sales
- f. Automotive Washing (of any type)
- g. Bail Bond Services
- h. Commercial Blood Plasma Center
- i. Monument Retail Sales

AGRICULTURAL USES

- a. Indoor Crop Production

CIVIC USES

- a. Community Events
- b. Hospital Services (General)
- c. Private Primary Educational Facilities
- d. Private Secondary Educational Facilities
- e. Telecommunication Tower
- f. Public Primary Educational Facilities
- g. Public Secondary Educational Facilities
- h. Employee Recreation

INDUSTRIAL USES

- a. Light Manufacturing

4. Prohibits the following uses on sites that opt to participate in the density bonus program:

INDUSTRIAL USES

- a. Basic Industry
- b. General Warehousing and Distribution
- c. Light Manufacturing

- d. Recycling Center
- e. Resource Extraction

COMMERCIAL USES

- a. Drop-Off Recycling Collection Facility
- b. Electronic Prototype Assembly
- c. Electronic Testing
- d. Exterminating Services
- e. Scrap and Salvage

CIVIC USES

- a. Railroad Facilities

- 5. Must comply with Article 2 (Density Bonus and Incentive Programs) of Chapter 4-18
 - a. The Density Bonus for Commercial Highway and Industrial Zones (DB240) combining district defines non-residential uses that qualify as existing non-residential spaces in Chapter 4-18 as:
 - i. Creative Spaces
 - Art Gallery, Art Workshop, Performance Venue, Theater
 - All sizes
 - ii. Brewery, Distillery & Cidery
 - Under 20,000sf, established for 5 years
 - iii. Food Manufacturing
 - Under 20,000sf, established for 5 years
 - iv. Custom Manufacturing
 - Under 10,000sf, established for 5 years
 - v. Light Manufacturing
 - Under 10,000sf, established for 10 years
- 6. Governs over conflicting provisions of this or other ordinances
- 7. When requesting residential uses, serves the following households and requires a minimum number of on-site affordable units in exchange for the specified entitlements:
 - a. For rental units:
 - i. 10% of units set-aside affordable to 60% Median Family Income (MFI) or 8% of units set-aside affordable to 50% MFI for:
 - the addition of residential use with no increase in height or the addition of residential use and an increase in height of 30 feet
 - ii. 12% of units set-aside affordable to 60% Median Family Income (MFI) or 10% of units set-aside affordable to 50% MFI for:
 - the addition of residential use and an increase in height of 60 feet
 - iii. 15% of units set-aside affordable to 60% Median Family Income (MFI) or 12% of units set-aside affordable to 50% MFI for:

- the addition of residential use and an increase in height of 120 feet
- b. For ownership units:
 - i. 10% of units set-aside affordable to 80% MFI for:
 - the addition of residential use with no increase in height or the addition of residential use and an increase in height of 30 feet
 - ii. 12% of units set-aside affordable to 80% MFI for:
 - the addition of residential use and an increase in height of 60 feet
 - iii. 15% of units set-aside affordable to 80% MFI for:
 - the addition of residential use and an increase in height of 120 feet
 - iv. Requirements for ownership units may be satisfied by a fee-in-lieu of on-site units
- 8. Does not allow residential use to be below a performance venue
- 9. Requires a 10-foot building step-back after the first 90 feet of height
- 10. Must meet requirements from Article 10 (Compatibility Standards), Subchapter C of City Code Chapter 25-2

During the October 22, 2024, Planning Commission meeting, the Commission recommended several amendments to the staff proposal. The amendments are summarized in Attachment A – Planning Commission amendments.

Proposed Text Amendment(s): See draft ordinance.

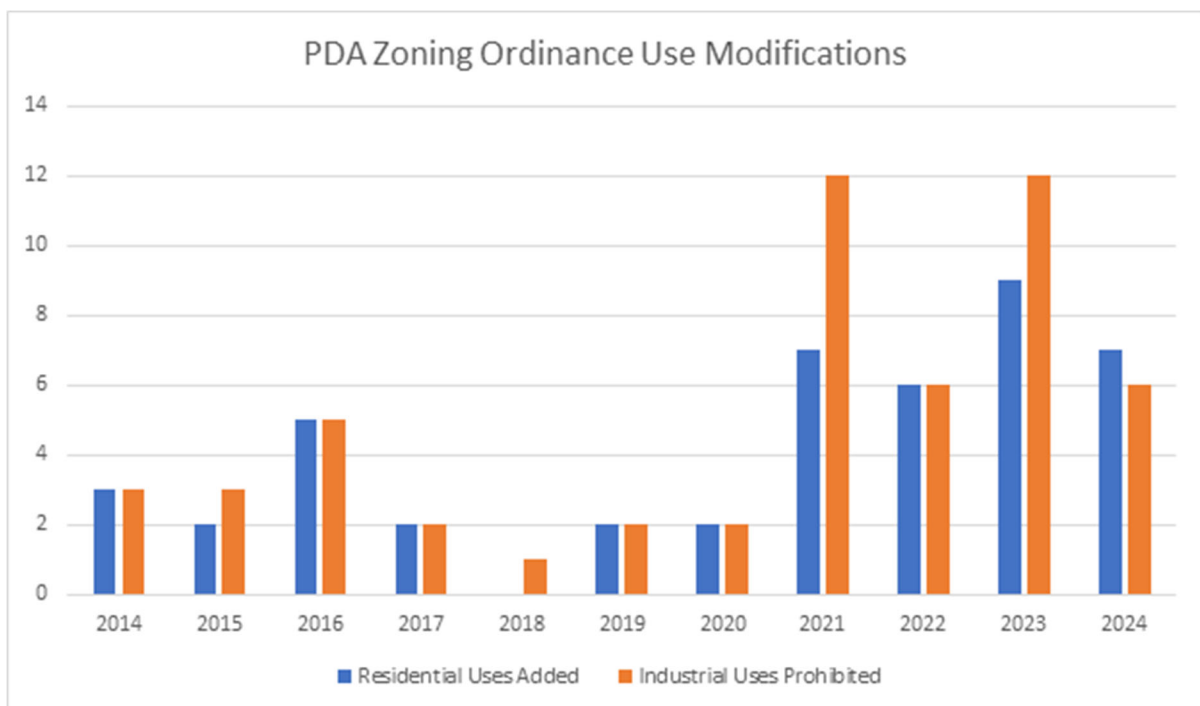
Staff Recommendation:

Staff supports the creation of the new Planned Development Area 2 and Density Bonus for Commercial Highway and Industrial Zones combining districts. Density bonuses are a tool to encourage the development of affordable housing and achieve the City’s housing goals. The creation of PDA2 and DB240 will help the city achieve:

1. Increased Housing Supply: The Density Bonus for Commercial Highway and Industrial Zones will continue to allow developments in certain industrial base zones to add residential uses. This will allow for more housing units to be built on industrial base zones and increase the housing supply.
2. Affordable Housing Supply: In addition to increasing housing supply generally, the Density Bonus for Commercial Highway and Industrial Zones will help address the shortage of affordable housing in the city by requiring new developments to provide a set-aside percentage of units as affordable.
3. Mixed-Income Communities: Density bonuses contribute to the creation of mixed-income neighborhoods by encouraging the integration of affordable housing within

market rate developments.

Based on staff analysis of PDA zoning ordinances over the last ten years, there has been an increase in the number of cases where residential uses have been permitted. Since 2014, there have been 45 PDA zoning ordinances in which residential uses have been added as a permitted use, with 31 of those cases since 2020. This trend has taken place despite the original stated intent of the PDA provision being to create the “environment for the development of modern administrative facilities, research establishments, specialized manufacturing plants, and similar enterprises” and not to create mixed-use residential districts.



In addition to the cases identified above, at the time of this reporting, there are 17 PDA zoning cases currently in review. Each of these cases requested residential uses be added as a permitted use.

Since 2014, 23 PDA-zoned parcels across 86 acres have been developed with 2,250 residential units. Ten PDA cases have approved site plans but have not completed construction and six site plan applications are currently in review. 23 PDA cases since 2014 requested 90ft or below in height, six requested between 90ft and 120ft, and 26 requested over 120ft in height. Assuming similar affordability requirements to those in place for DB90 and DBETOD, residential development on PDA-zoned parcels would have produced between 225 and 338 income-restricted affordable units since 2014 with the potential for more units currently in the pipeline.

The proposed DB240 would allow a maximum building height of 120 feet taller than the existing maximum height allowed for a parcel, for a total height of up to 240 feet for parcels where 120 feet in height is currently allowed. If developments are requesting heights greater than 240ft, staff recommends applicants consider the Planned Unit Development (PUD) process to obtain the requested heights, residential use, and other site development requests. Applicants requesting PUD zoning or a future density bonus program to obtain building heights exceeding 240ft would allow for a more robust review process for more intense development and could increase the number of affordable housing units the city could create, supporting Strategic Housing Blueprint Goals of producing 60,000 affordable housing units and 135,000 total housing units in 10 years.

Finally, the new DB240 will create redevelopment requirements for certain industrial uses to help protect certain industrial and commercial businesses and limit the loss of industrial uses, which are important for job creation. In the last 10 years, there have been 54 zoning ordinances which have restricted industrial uses. Although these developments still contain industrial zoning, the uses are restricted resulting in a loss of approximately 18.50 acres of industrial use. By adding the redevelopment requirement for certain industrial uses, the City can help protect legacy industrial businesses and help preserve those jobs.

Staff supports Planning Commission's amendment to DB240 to include a pedestrian-oriented ground floor commercial requirement along 75 percent of the frontage of the development along the principal street. For sites that front multiple streets, staff supports requiring a 50 percent requirement along the frontage of the principal street and the second highest priority street.

Additionally, staff supports Planning Commission's amendment to DB240 to require Subchapter E Core Transit Corridor standards for all sites regardless of the street level they front on.

Board and Commission Action:

September 18 – Recommended as amended by the Codes and Ordinances Joint Committee on a 4-1-1 vote with Commissioner Greenberg voting nay, Commissioner Stern abstaining, and Commissioner Maxwell off the dais.

October 8 – Postponed by the Planning Commission to October 22.

October 22 – Recommended as amended by the Planning Commission on a 7-6 vote with Commissioners Phillips, Haynes, Barrera-Ramirez, Cox, Johnson, Azhar voting nay.

Council Action:

October 24 – Postponed by City Council to November 7.

November 7 – Postponed by City Council to November 21.

November 21 – To be considered by City Council.

Sponsor Department: Planning Department

City Staff:

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No.	Planning Commission Amendment	Staff Recommendation	Staff Response	Text Changes
1	As part of the ongoing density bonus recalibration, prioritizing the codification of DB-240 Community Benefits as outlined in the initial Council Resolution	Future Planning Guidance	Staff supports Council review of the Density Bonus Study and prioritizing DB240 as appropriate amongst all density bonus programs.	No changes to this ordinance are necessary. This recommendation would guide future planning work.
2	Development Standards and Mixed Use.(1)In a DB90 combining district, the following uses are permitted:(a)uses that are permitted in the base zoning district unless the use is restricted by a conditional overlay that applies to the property; and(b)residential uses.(2)A development must comply with Article 2 (Site Development Standards) and Article 3 (Building Design Standards) in Subchapter E (Design Standards and Mixed Use) of this chapter except when those provisions conflict with this section.(3)Mix of Uses.(a)In this subdivision, PRINCIPAL STREET has the same meaning as principal street in and is applied consistent with Article 5 (Definitions) of Subchapter E (Design Standards and Mixed Use).(b)Pedestrian-Oriented Commercial Spaces. When a site abuts a principal street, 75 percent of the ground floor of the building must contain one or more commercial uses and must comply with the dimensional requirements found in Section 4.3.3.C in Subchapter E (Design Standards and Mixed Use) of this chapter.(c)If a building includes a mix of uses, a non-residential use:(i)may not be located above a residential use; and(ii)may not be located on or above the third story of the building.(d)An on-site amenity is a residential use when provided solely for use by the occupant, or the occupant's guests.(e)The ordinance zoning or rezoning a site as DB90 may modify the requirements in Subdivision (3)(b) if the site abuts one of the following roadways defined in Article 5 (Definitions) of Subchapter E (Design Standards and Mixed Use).(i)urban roadway;(ii)suburban roadway;(iii)highway; or(iv)hill country.	Recommended with changes	Staff supports adding DB90 standards for pedestrian-oriented commercial standards and amending to include a requirement for lots that front on multiple streets.	Staff and planning commission’s version of the ordinance amended to include the following text: Pedestrian-Oriented Commercial and Civic Spaces. At least 75 percent of the building frontage along the principal street and on the ground floor of the building must be designed for one or more commercial or civic uses and must comply with the dimensional requirements found in Section 4.3.3.C in Subchapter E (Design Standards and Mixed Use) of this chapter. A lobby serving a use other than a pedestrian-oriented commercial or civic space is not counted as a pedestrian-oriented commercial or civic space. If a lot exceeds 2.5 acres or fronts more than one street, then 50 percent of the building frontage along the principal street and 50 percent of the second highest priority street must be designed for one or more commercial uses and must comply with dimensional requirements found in Section 4.3.3.C in Subchapter E (Design Standards and Mixed Use) of this chapter. A lobby serving a use other than a pedestrian-oriented commercial or civic space is not counted as a pedestrian-oriented commercial or civic space.
3	For DB-240 sites, on larger sites (i.e., over 2.5 acres), require ground floor activation on more than just the principal streets and craft an addition mix of use requirement for larger sites to require a certain percentage of the site be commercial or a similarly activated public use.	Recommended	Staff supports with changes. Staff’s proposed changes to the pedestrian-oriented commercial standards above for sites that front multiple streets would also help address larger sites.	Staff and planning commission’s version of the ordinance amended to include the following text: If a lot exceeds 2.5 acres or fronts more than one street, then 50 percent of the building frontage along the principal street and 50 percent of the second highest priority street must be designed for one or more commercial uses and must comply with dimensional requirements found in Section 4.3.3.C in Subchapter E (Design Standards and Mixed Use) of this chapter. A lobby serving a use other than a pedestrian-

				oriented commercial or civic space is not counted as a pedestrian-oriented commercial or civic space.
4	Transit Supportive Infrastructure.(a)In this subdivision, TRANSIT SUPPORTIVE INFRASTRUCTURE includes appurtenances, facilities, and amenities related to a transit system project as defined in Ordinance No. 20221115-048.(b)If an applicant provides transit supportive infrastructure, the affordability requirement is reduced by two percent.(c)It is presumed that the value of the transit supportive infrastructure equals at least two percent of the minimum affordability.(i)The director of the Housing Department is authorized to reduce the affordability requirement by more than two percent if the director of the Housing Department and the Project Connect mobility officer agree that the value of the transit supportive infrastructure is greater than or equal to the value of the reduction.(ii)The director of the Housing Department may not reduce the affordability requirement to less than one residential unit or the equivalent of the fee-in-lieu for one ownership unit.(d)An applicant must submit a written request to the Project Connect mobility officer to provide transit supportive infrastructure.(e)If the applicant proposes transit supportive infrastructure that serves a community benefit, the Project Connect mobility officer must approve a request.(f)Before approving a request to provide transit supportive infrastructure, the Project Connect mobility officer must adopt rules under Chapter 1-2 (Administrative Rules) that establish when transit supportive infrastructure serves a community benefit.		Staff does not support as DB240 eligible districts are not along the Project Connect alignment or other major transit lines. Additionally, the community benefit option may not be available to all sites.	No changes were made to the staff version of the ordinance. The PC version of the ordinance includes recommended text.
5	As part of the community benefits to be created for contiguous ASMP level street of 2, 3, or 4, require streetscape enhancements based on the Great Streets, University Neighborhood, or South Central Waterfront overlay standards. Consider additional streetscape requirements to improve the pedestrian experience for internal circulation routes	Not Recommended	Staff does not support utilizing these standards across DB240 projects due to the variance in location across the city, as they may not be appropriate at all sites.	No changes were made to either version of the ordinance because a set of standards was not recommended. If Council would like to incorporate Great Streets, UNO standards, or other existing standards, the text can be added to the ordinance.
6	Consider required internal circulation based on the density distribution areas (DDA) in the South Central Waterfront Combining District & Density Bonus Program, and similar requirements to improve pedestrian permeability and walkability beyond base code. Density Distribution Areas	Not Recommended	Staff does not support utilizing DDA as they were designed for the South Central Waterfront neighborhood and the addition of Subchapter E standards addresses block size and pedestrian connectivity.	No changes were made to either version of the ordinance. If Council would like to incorporate DDAs then the following language from the recommended text could be added: “Density Distribution Areas are to be no larger than 90,000 square feet”

	<p>- To account for the variation of the sizes and shapes of the parcels in this district, and to prevent the creation of monolithic structures, the concept of “Density Distribution Areas” (DDAs) is created to distribute density throughout large sites.</p> <p>- Density Distribution Areas are to be no larger than 90,000 square feet (approximately the size of a downtown city block).</p>			
7	Recalibrate the affordable housing density bonus requirements after the citywide density bonus recalibration to maximize the total number of affordable housing achieved and community benefits produced, with consideration of overall utilization of the program.	Future Planning Guidance	Staff supports Council review the Density Bonus Study and prioritize DB240 as appropriate amongst all density bonus programs	No changes to this ordinance are necessary. This recommendation would guide future planning work.
8	As part of the ongoing density bonus recalibration, prioritize potential expansion of what base zonings can rezone to include DB240 to additional intensive commercial base zones to more evenly distribute these types of projects and allow them outside of a highway or industrial context.	Future Planning Guidance	Staff does not support expanding the use of this tool as it is intended for only industrial and commercial highway zones. Different standards would need to be developed for other contexts and zones.	No changes to this ordinance are necessary. This recommendation would guide future planning work.
9	Ensure that Subchapter E Core Transit Corridor requirements apply to all sites seeking rezoning such that requirements for relationships to buildings, connectivity and internal circulation are met.	Recommended	Staff supports requiring Subchapter E Core Transit Corridor requirements for all sites	Incorporated in staff and PC ordinance
10	Cox Amendment -> Pending legal review, for DB240 cases only that staff provides in backup publicly available information on facilities with the highest levels of emissions of PM 2.5, VOCs, Sulfur Dioxide, according to the Texas Commission of Environmental Quality within proximity of the subject tract. Haynes Amendment -> and add Hazardous Air Pollutants	Not Recommended	Staff does not support this amendment. Should Council want additional information to be provided on rezoning applications, staff recommends requiring applicants provide additional information.	No changes to this ordinance were necessary. This recommendation would guide future planning work.
11	Help close the gap between the number of local jobs available and the amount of skilled workers qualified to fill them by implementing portions of Austin's Hire Local Plan and ensure there is equitable distribution of industrial land uses throughout the city	Future Planning Guidance	Staff supports.	No changes to this ordinance are necessary. This recommendation would guide future planning work.

12	“For developments offering creative spaces, the applicant may establish an “artist-in-residence” program for creative community members to perform or present their creative talents. The units serving as “artists-in-residence” shall be offered at a maximum of 50 percent market rate as determined by the director of the Housing Department and the owner of the unit is eligible for a city tax credit or a financial incentive that is equal to the reduction of the rent as long as the unit serves as an “artist-in-residence” unit.	Not Recommended	Staff does not support this amendment. This would require Council create a new city tax credit program or other financial incentive. Staff recommends applicants utilize the Place-Based Enhancement Policy to provide creative spaces.	No changes were made to either version of the ordinance because it would require Council to approve or create a tax credit or financial program. This recommendation could guide future planning work.
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