



MEMORANDUM

TO: Mayor and Council Members

FROM: Lauren Middleton-Pratt, Director, Planning Department

DATE: May 8, 2024

SUBJECT: Proposed Changes to City Code Chapter 4-18

This memorandum provides information regarding proposed modifications to City Code Chapter 4-18.

On February 29, 2024, the City Council approved [Ordinance No. 20240229-070](#), which amended City Code Chapter 4-18 to create processes and procedures related to density bonus and incentive programs. These processes and procedures include requirements related to certification requirements, affordability definitions and requirements, post-construction requirements and penalties, as well as redevelopment requirements for existing non-residential space and multifamily structures. Prior to the inclusion of the Residential Redevelopment Requirements in Chapter 4-18, similar provisions were included in several adopted density bonus programs, including Affordability Unlocked and Residential in Commercial.

After amendments to City Code Chapter 4-18 were approved by Council in February, staff determined that the language related to the redevelopment of existing non-residential space and multifamily structures required amendment. A draft ordinance and staff report were included for consideration under [item #49](#) on the May 2, 2024, City Council meeting, which included the following recommended modifications to Chapter 4-18, Article 2, Division 2:

- modify requirements related to the redevelopment of non-residential space to ensure smoother administration of those requirements by the Economic Development Department by further specifying relocation benefits and by clarifying how the average rental payment would be calculated by the Economic Development Department.
- modify requirements related to the redevelopment of multifamily structures to require replacement of units affordable to households earning 60% of median family income (MFI). This modification would reduce the MFI levels that qualify for

replacement from 80% MFI to 60% MFI to better align MFI levels with Strategic Housing Blueprint goals to prioritize deeper levels of affordability and to minimize the impact on the cost of developing housing.

Version 2 of the ordinance posted on May 1 includes additional modifications that staff feel are needed to clarify the intent of the requirements. Version 2 of the ordinance clarifies that the replacement of existing units that are affordable to households earning 60% MFI must be rented to a household earning 60% MFI or less in accordance with Section 4-18-23, and that these units would count towards the minimum affordability requirements established in the applicable density bonus or incentive program. In addition, under Version 2 of the ordinance, staff proposes inclusion of a minimum term lease term of 12 months that must be offered to current tenants as a right to return at the completion of redevelopment.

Under a separate action item regarding the proposed Equitable Transit Oriented Development (ETOD) Overlay moving forward for Council consideration on May 16, staff will be recommending that the redevelopment requirements for certain non-residential spaces and multifamily structures included in Chapter 4-18 be required for projects developing under the DBETOD provisions. The current staff recommendation and affordability impact statement for the DBETOD proposal is conditioned on these redevelopment provisions continuing to be at least as protective as they are under Version 2 of the ordinance that has been included in Council backup. If Council amends Chapter 4-18 to provide less protection for existing multifamily structures and non-residential space, staff may recommend reducing the properties that are rezoned to DBETOD to ensure that we are not incentivizing replacement of existing ETOD-supportive uses including small businesses, childcare, creative spaces, and naturally occurring affordable multifamily housing.

Please contact me at (512) 974-1827 or via email at lauren.middleton-pratt@austintexas.gov or Erica Leak, Development Officer, at (512) 974-9375 or via email at erica.leak@austintexas.gov if you have questions regarding this update.