

Citywide Density Bonus Program – Planning Commission Amendments and Staff Responses

	Planning Commission Amendment	Staff Recommendation	Staff Response	Text Changes
1	<p>Allow fee in lieu payments as an option for rental housing developments. Fee in lieu funds generated shall be a) restricted for use as RDHA or OHDA funding, and b) geographically prioritized to affordable developments within 1.5 miles of the originating density bonus development. If no eligible Rental Housing Development Assistance (RHDA) or Ownership Housing Development Assistance (OHDA)-funded projects exist to accept the funds within 3 years of fee-in-lieu payment, fee-in-lieu funds shall revert to general RHDA/OHDA funding for any citywide project receiving this funding.</p>	<p>Not recommended</p>	<p>Staff’s proposal is for on-site units only for rental developments, consistent with our longstanding policy for density bonuses. The City’s density bonus programs have resulted in nearly 6,000 affordable units (or beds, in the case of some properties in the University Neighborhood Overlay), which would cost up to \$600M to subsidize, making density bonus programs the main tool for generating affordable housing without the need for subsidy. However, staff is happy to provide information about the pros and cons of any proposed fee-in-lieu option for rental.</p> <p>If Council decides to include a fee-in-lieu option, staff wants to ensure that it continues to promote geographic dispersion, and avoids concentration of poverty. Planning Commission’s proposed geographic restrictions would not be administratively feasible, as staff would not feasibly be able to maintain, track, and communicate fee availability to prospective RHDA/OHDA applicants for funding if each fee-in-lieu payment had its own geographic restriction and shot clock for spending. If Council chooses to include a fee-in-lieu option, staff recommends that Austin Housing limit the use of fee-in-lieu revenues to High Opportunity Areas as defined by Austin Housing, which would advance the policy intent while remaining administratively workable.</p> <p>Staff also want to ensure that fee-in-lieu does not negate or supersede any requirements for on-site units in cases of redevelopment of existing multifamily buildings. We would therefore recommend that if a fee-in-lieu is adopted for rental developments, it should only be available for developments that do not trigger City Code § 4-18-32 which sets out redevelopment requirements for existing multifamily structures.</p>	<p>No changes were made to the staff version of the ordinance. Aspects of this amendment that are able to be included were included in the Planning Commission version of the ordinance.</p>

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2	Exempt projects with 16 or fewer dwelling units, or lots zoned MF-3 or more restrictive, from compatibility standards.	Neutral	Staff does not support applying the Citywide Density Bonus Program to residentially zoned properties; see the detailed response in amendment #8 below. However, should Council want to apply the Citywide Density Bonus Program to residential base zones, it should be noted that lots zoned MF-3 or more restrictive are already exempt from compatibility under Article 10 compatibility standards that apply outside of bonus programs, so it would be a logical component of a bonus program in the event it did apply to residential zones. Staff would generally be supportive of reducing compatibility standards for developments with a small number of dwelling units, like those with 16 or fewer dwelling units as proposed by Planning Commission. However, it should be noted that the Planning Commission amendment as written would fully exempt those smaller developments from every aspect of compatibility, including things such as mechanical equipment and screening requirements, as well as all compatibility buffer requirements (meaning 0' side yard setbacks would be permissible). Staff therefore would recommend a more nuanced modification of compatibility standards for smaller developments rather than full exemption.	No changes were made to the staff version of the ordinance. The Planning Commission version of the ordinance includes this change.
3	Use a scale factor of +25ft, +50ft, +75ft.	Not recommended	The staff proposal that uses 15' increments reflects the transition from wood to steel construction that typically happens around 75' tall, or 5 stories. For example, a 15' bonus on a base zone with 60' of allowable height would achieve a total of 75' without changing to the more intense construction category. The Planning Commission's recommendation to instead have the lowest height tier grant an additional 25' of bonus height combined with a base zone that allows for 60' would result in a total of 85'. This does not achieve Council's direction to staff to align or update programs such as Density Bonus 90 (DB90) because as amended there would not be a tier that could achieve 90' total height. Council direction was interpreted by staff to create a replacement for DB90 and to create a viable option below DB90 that still increases height beyond base height, which this amendment fails to do.	No changes were made to the staff version of the ordinance. Aspects of this amendment that are able to be included were included in the Planning Commission version of the ordinance.

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4	<p>Add +120 and +190 tiers, with a request for staff to develop criteria related to these taller tiers that require a higher barrier to entry that could include the adjacency to certain class of roadways, adjacency to transit, parcel size, and proximity to Imagine Austin corridors.</p>	<p>Neutral</p>	<p>Staff welcomes a discussion with policymakers on whether additional tiers beyond +60' are appropriate to create at this time, and we are happy to respond to any amendments related to this topic area. The structure of the Citywide Density Bonus Program is such that additional taller heights could be created in the future without disruption to other tiers. Planning Commission intended to create tiers to allow for total heights of either 180' or 250' with this amendment. It should be noted that, as written, the amendment would actually allow for tiers that resulted in total heights of either 240' or 310' when applied to Commercial Highway Services (CH), because CH as a base zone allows for up to 120' tall buildings by right. These heights may not be appropriate in every location throughout Austin. Additionally, allowing much taller tiers that are likely only appropriate and even viable in limited locations throughout the city could generate more effort and disagreement during rezoning cases; in instances where an applicant requests the highest tier regardless of site context, staff, Planning Commissioners, and Council may see more contention in such cases. If higher tiers are of interest to and adopted by Council, there would need to be criteria related to which sites are and are not appropriate.</p>	<p>No changes were made to the staff version of the ordinance. The Planning Commission version of the ordinance includes this change.</p>
5	<p><u>General Recommendation</u>: create a “ground floor menu,” based on the structure of the updated urban design standards being produced by the Design Commission, to offset the 75% ground-floor street frontage requirement and add flexibility for projects without having to pursue a site-specific waiver. Ensure that requirements are right-sized for projects with varying levels of street frontage.</p>	<p>Policy/ Programmatic/ Future Action</p>	<p>The staff proposal for the Downtown Density Bonus Program update would require developments to meet a number of items from a menu of design standards <u>in addition to</u> the ground floor active use requirements. This approach is appropriate for intense high-rise development, but less appropriate for the variety of intensities of development and context that are eligible for the proposed Citywide Density Bonus Program. Design standards such as those proposed in the Downtown Density Bonus Program update are more complex to administer and add cost to development that likely will not be feasible in mid-rise or lower intensity high-rise construction outside of downtown. The staff proposal streamlines the program by mirroring the requirements of DBETOD, which also allows for a waiver or modification of the ground floor active use requirements through the zoning process. It is possible that a menu with a few alternatives for active ground floors could be administered without too much additional complexity. Doing so could better meet the needs of sites with differing amounts of street frontage. However, design standards are not feasible in staff's opinion.</p>	<p>This general recommendation is not in the scope of this code amendment.</p>

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6	For onsite affordable units, allow developers to round down a fractional amount under 1/2, rather than rounding up. Anything 1/2 or above should continue to be rounded up.	Not recommended	Staff does not support rounding down. Density bonus programs set a minimum percentage of on-site units that applicants must achieve, and rounding up in each case is necessary for applicants to meet that threshold. Allowing rounding down would allow for the creation of developments where the number of on-site units is less than 10% of total units. To promote affordability, we continue to support rounding up to ensure the minimum thresholds in Code are met or exceeded. Additionally, if Council would want to consider changing the calculation of affordable units to in some cases round down, staff would recommend that change apply to all density bonus programs rather than only the Citywide Density Bonus Program, in order to ensure consistent administration across programs. Incorporating this amendment would require amending Chapter 4-18-23 (B) rather than Chapter 25-2.	No changes were made to the staff version of the ordinance. No changes were made to the Planning Commission version of the ordinance.
7	<u>General Recommendation</u> : consider a height bonus increase within a specific distance of Project Connect, the Imagine Austin corridor network, and CapMetro high frequency bus network with flexibility regarding the various bonus tiers as appropriate.	Policy/ Programmatic/ Future Action	Staff does not recommend the creation of a mechanism like this that would essentially create a "bonus on top of a bonus" in particular cases. Not only is this more difficult to administer and more difficult for community members to understand what may be built on individual sites, but it also may not be a legally feasible approach to bonus programs. If taller heights beyond staff's recommended +60' tier are created, staff recommends those be created using the existing structure of tiers, such as would be done via Planning Commission amendment #4, rather than through this sort of bonus on top of a bonus structure.	This general recommendation is not in the scope of these code amendments.
8	Allow the Citywide Density Bonus on MF-1, MF-2, MF-3, and MF-4 lots under a half-acre, with the following additional requirements waived: ground floor mixed-use requirements, Subchapter E, and minimum lot size.	Not recommended	Staff continues to recommend that the Citywide Density Bonus Program should only be applied to certain commercial base zones. Many of our existing naturally occurring affordable housing units are located on small sites, and roughly 2/3 of them are on property zoned Multifamily. This amendment could incentivize redevelopment of these smaller sites. This could also incentivize the redevelopment of the limited missing middle development that exists today. Finally, differentiating eligibility for the Citywide Density Bonus Program based on site acreage would be more complex to administer.	No changes were made to the staff version of the ordinance. The Planning Commission version of the ordinance includes this change.

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9	<p><u>General Recommendation:</u> include superior compatibility/design requirements with this program similar to those proposed in the revised Downtown Density Bonus per Planning Commission recommendations.</p>	<p>Policy/ Programmatic/ Future Action</p>	<p>The staff proposal for the Downtown Density Bonus Program update would require developments to meet a number of items from a menu of design standards. This approach is appropriate for intense high-rise development, but less appropriate for the variety of intensities of development and context that are eligible for the proposed Citywide Density Bonus Program.</p> <p>Design standards such as those proposed in the Downtown Density Bonus Program update are more complex to administer and add cost to development that likely will not be feasible in mid-rise or lower intensity high-rise construction outside of downtown. The staff proposal streamlines the program by mirroring the requirements of DBETOD, which also allows for a waiver or modification of the ground floor active use requirements through the zoning process. Additional requirements beyond those proposed by staff would likely require a reduction in the amount of affordable housing being required in order to offset the additional cost to a developer if the program is to remain an attractive voluntary program. On the other hand, if Council does adopt taller tiers (such as recommended by Planning Commission amendment #4) staff would recommend including some sort of design standards for these much taller developments.</p>	<p>This general recommendation is not in the scope of these code amendments.</p>
10	<p><u>General Recommendation:</u> consider allowing uses that offer significant community benefits to offset or replace other requirements similar to the proposed language in the Downtown Density Bonus Program with the addition of transit-supportive amenities including shelters, micromobility hubs, and transit plazas.</p>	<p>Policy/ Programmatic/ Future Action</p>	<p>Additional types of community benefits such as those proposed here by the Planning Commission are more complex to administer and add cost to development that likely will not be feasible in mid-rise or lower intensity high-rise construction in most parts of Austin. Additional requirements beyond those proposed by staff would likely require a reduction in the amount of affordable housing being required in order to offset the additional cost to a developer if the Citywide Density Bonus Program is to remain an attractive voluntary program.</p>	<p>This general recommendation is not in the scope of these code amendments.</p>
11	<p><u>General Recommendation:</u> consider including parking limitations like those in the [Downtown Density Bonus Program] proposal with a focus ultimately on creating right-sized parking allowances and incentivizing/requiring non-car-centric transportation options (bike parking, bike charging, ride/car share, decoupled parking, etc.)</p>	<p>Policy/ Programmatic/ Future Action</p>	<p>Council directed staff at its March 26, 2026, meeting to study both the concepts of unbundling parking from residential leases and creating soft parking maximums that could be exceeded in certain instances by developers that meet other defined requirements. Work is beginning on these two parking-related items with the goal of presenting findings and recommendations to Council by the end of 2026. Staff will consider this general recommendation as we undertake this related work.</p>	<p>This general recommendation is not in the scope of these code amendments.</p>

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12	<u>General Recommendation:</u> consult the development community to calibrate affordability requirements of the program's lower tiers (+30ft and under) to ensure smaller developments are financially feasible.	Policy/ Programmatic/ Future Action	Staff has conducted market analysis and understands that not every project will pencil on every site under the proposal. However, generally, smaller, wood-frame developments are more feasible than taller developments in more areas of the city. Therefore, the staff-proposed affordability requirements are most likely feasible for developments utilizing lower tiers such as +30', +15', or no additional height. Lastly, having a single requirement across tiers is less complex to administer and increases transparency.	This general recommendation is not in the scope of these code amendments.
13	<u>General Recommendation:</u> calculate fee-in-lieu payment based on some \$/square foot of bonus area beyond base zoning, regardless of the use of the bonus area.	Policy/ Programmatic/ Future Action	Staff does not recommend that developments be able to utilize bonus area for non-residential space in excess of 35% of the total development area as is allowed in staff's proposal. Fee-in-lieu must be a fee-in-lieu of affordable housing, and the policy goal for the Citywide Density Bonus Program relates strongly to increasing both total housing supply and incentivizing development of income-restricted affordable housing. Additionally, administering bonus area on a square foot basis has proved more complex than calculating requirements based on a set percentage of total units (as is the current approach in most more recent bonus programs).	This general recommendation is not in the scope of these code amendments.
14	<u>General Recommendation:</u> create a mechanism to buy out additional square footage for a limited selection of commercial uses beyond the 35% cap.	Policy/ Programmatic/ Future Action	Staff does not recommend such a mechanism for non-residential space in excess of 35% of the total development area. Fee-in-lieu must be a fee-in-lieu of affordable housing. A primary goal for the proposal is increasing both total housing supply and incentivizing development of income-restricted affordable housing. Additionally, administering bonus area on a square foot basis has proved more complex than calculating requirements based on a percentage of total units as (is the approach in more recent bonus programs). Other efforts may be able to address this recommendation, such as the Transfer of Development Rights study, creating new mixed-use base zones, and/or updating the Planned Unit Developments or Planned Development Areas. Some of these efforts are already underway with anticipated milestones in 2026.	This general recommendation is not in the scope of these code amendments.