

ORDINANCE AMENDMENT REVIEW SHEET

Amendment: C20-2023-024 HOME Phase 2

Description:

Amend City Code Title 25 (Land Development) to revise regulations that apply to lots with one housing unit, including reducing the minimum lot size and regulations that apply to flag lots.

Background: Initiated by [Resolution No. 20230720-126](#).

On July 20, 2023, City Council adopted [Resolution No. 20230720-126](#), tasking staff with the development of amendments to the Land Development Code (LDC) with specific housing related objectives in mind. These objectives included reducing the minimum lot size for properties zoned single-family, permitting up to three housing units on such properties, and establishing a new Three-Unit Residential Land Use designation. Additionally, the changes aimed to introduce flexibility in housing configurations for properties zoned SF-1, SF-2, SF-3, and SF-4A/B. This flexibility would encompass various housing types such as rowhouses, townhomes, duplexes, triplexes, fourplexes, garden homes, and cottage courts.

On December 7, 2023, City Council approved [Ordinance No. 20231207-001](#) adopting code amendments that allow up to three housing units, including tiny homes, on a Single-Family (SF) zoned property, revising the regulations that apply to a property with two housing units, and removing restrictions on the number of unrelated adults living in a housing unit.

Summary of Proposed Code Amendment:

The proposed code amendments will reduce the minimum lot size and revise site development regulations for small lots to facilitate the development of one-unit homes with unit sizes and densities similar to those allowed under HOME Phase 1. The proposed changes:

- Lower the minimum lot size for one unit from 5,750 sq ft to 2,000 sq ft
- Adjust development standards for lots under 5,750 sq ft (i.e., small lots)
- Reduce the minimum lot width
- Include design standards for driveways, front yards, and garage placement
- Allow for a variety of detached and attached housing types
- Remove Residential Design and Compatibility (i.e., McMansion or Subchapter F) standards for small lots
- Increase impervious cover from 40% to 45% in SF-1 for small lots
- Adjust flag lot regulations to facilitate easier subdivision and to ensure sites do not exceed 45% impervious cover

The following is not changed under this proposal:

- Minimum lot size of 5,750 sq ft for two-unit and three-unit uses

- Regulations for one unit on lots that are 5,750 sq ft or greater in lot size
- 45% impervious cover maximum for SF-2 and SF-3
- General size and heights established under the HOME Phase 1 ordinance (Ordinance No. 20231207-001)

The following table summarizes site development standards for one unit on a small lot (under 5750 sq ft) in comparison to existing standards:

Site Development Regulation	Existing Standard Lot Requirement for One Unit		Proposed Small Lot Requirement
	SF-1	SF-2 & SF-3	
Lot Size (min.)	10,000 sq ft	5,750 sq ft	2,000 sq ft
Lot Width (min.)	60 ft	50 ft	20 - 30 ft ¹
Units per lot (max.)	One	One	One
Setbacks (min.)			
Front	25 ft	25 ft	15 ft ²
Side Street	15 ft	15 ft	5 ft - 10 ft ³
Side	5 ft	5 ft	5 ft ⁴
Rear	10 ft	10 ft	5 ft
Attached Units	N/A	N/A	0 ft
Impervious Cover (max.)	40%	45%	45%
Building Cover (max.)	35%	40%	N/A
Height (max.)	35 ft ⁵	35 ft ⁵	35 ft
Floor Area Ratio (max.)			
Within “McMansion” Boundary	Greater of 2,300 sq ft or 0.4	Greater of 2,300 sq ft or 0.4	Greater of 1,450 sq ft or 0.55 Unit Size (max.) 2,300 sq ft
Outside “McMansion” Boundary	N/A	N/A	N/A

¹ 30 ft is required for lots with an individual driveway

² Reduced to 5 ft for flag lots

³ Varies based on street type and curb location consistent with HOME Phase 1

⁴ Reduced to 0 ft adjacent to the “flagpole” of a flag lot

⁵ In areas subject to Residential Design and Compatibility Standards (“McMansion”), additional height restrictions apply

Floor Area Ratio & Unit Size

The proposed floor area ratio (FAR) and unit size regulations align with current allowances for up to three units. FAR is the allowed unit size based on the size of a lot. For example, if a 6,000 sq ft lot has a FAR of 0.4, the largest house that can be built on that lot is 2,400 sq ft (6,000 x 0.4). Under the current code, only the portion of the City subject to Residential Design and Compatibility Standards (i.e., McMansion or Subchapter F) has FAR limitations for one to three units.

The proposed changes carry forward the use of the [“McMansion” boundary](#) to only apply FAR to the central city. The following table summarizes existing maximums for one to three units.

One Unit	Two Units	Three Units
Greater of 2,300 sq ft or 0.4 FAR	Greater of 3,200 sq ft or 0.55 FAR	Greater of 4,350 sq ft or 0.65 FAR

The proposed changes would allow one unit on a small lot to be the greater of 1,450 sq ft or 0.55 FAR, with a maximum unit size of 2,300 sq ft. The smallest lots are guaranteed a unit size of 1,450 sq ft, the same as the average unit size for three units ($4,350 \text{ sq ft} \div 3$) under HOME Phase 1. These smallest lots are likely the result of an existing lot being subdivided into three new lots. The proposed 0.55 FAR matches the allowance for two units under HOME Phase 1, which will apply to lots that are likely the result of an existing lot subdividing into two new lots. The 2,300 sq ft maximum comes from the current standards for one unit on existing lots. This ensures that no unit on a small lot (under 5,750 sq ft) will be bigger than one on a standard-size lot (5,750 sq ft or greater).

Design Standards

In combination with lot width standards, proposed design standards are intended to preserve the area for open space along the street, reduce the impact of curb cuts for driveways, preserve curb space for street parking and trash collection, and promote pedestrian-oriented building design. Design standards for lots along the street (i.e. not flag lots) include the following:

- Each home must have one street-facing entrance
- Garages and carports are not allowed between the house and the street
- A front-facing garage or carport is restricted to 50% of the façade width unless it is set back behind the building façade a minimum of 5 feet
- Front yard impervious cover is limited to 50% of the front yard

Lot Width

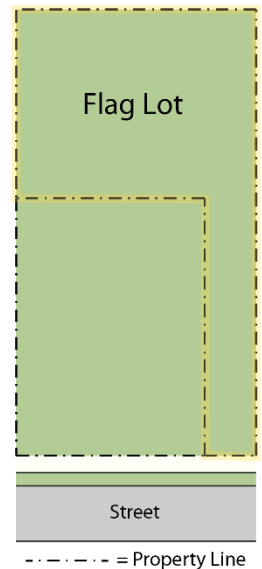
All lots are required to have street frontage to provide access for utilities. The width of the lot along the street determines how an existing lot can be subdivided into new lots. For lots interior to a block, lot width is the primary constraint to the number of lots that can be created under the new minimum lot size. Corner lots have ample street frontage for driveways and utilities and can be subdivided more easily. For example, an interior lot (i.e., not a corner lot) of 8,000 sq ft has enough lot area to create four 2,000 sq ft lots. However, the lot width likely restricts the lot to subdivide into only two or three lots due to the lot width required for each small lot. Proposed changes to lot width minimums take into account the space needed for driveways, access, and utilities.

The proposed minimum lot width varies depending on the type of driveway access needed. For homes on interior lots with a single dedicated driveway, the minimum lot width is 30 feet. For corner lots and homes that share a driveway with other units, have alley access, or do not have a driveway, the minimum lot width is 20 feet.

Flag Lots

A flag lot is shaped like a flag with a long, narrow strip of land, like a “flagpole,” extending to the street. The purpose of the flagpole is to provide driveway and water utility access to the lot. The proposed changes reduce the width requirement for the flagpole, which will allow more lots to be subdivided while maintaining enough space for driveways and utilities. The width of the flagpole must be at least 15 feet (currently 20 feet) wide for an individual lot with a dedicated driveway. If a flag lot shares driveway access or does not have a driveway, the flagpole can be reduced to 10 feet (currently 15 feet) wide.

Another proposed change is how impervious cover is calculated on the flagpole. Under the current code, the flagpole does not count toward lot area, and any impervious cover, usually driveways, is not calculated into the impervious cover limits for the lot. Proposed changes include the flagpole area in the total lot area to ensure that sites do not exceed 45% impervious cover.



Proposed Text Amendment(s): See attached draft ordinance.

Staff Recommendation: Recommended

The goals of the resolution include making homeownership more attainable for more people. The purpose of this phase is to establish a reduced minimum lot size for one unit to facilitate fee-simple ownership. Fee-simple ownership means that the homeowner owns the home and the land under it rather than a condominium ownership structure. The regulations established in this phase are intended to mirror the density and size allowances approved under the HOME Phase 1 ordinance.

Staff recommends the proposed modifications to reduce the minimum lot size for single-unit developments in single-family zoning. By reducing the minimum lot size to the proposed 2,000 sq ft, most lots can be subdivided into at least two or three small lots. The proposed modification to minimum lot size is aligned with land use strategies articulated in the ETOD Policy Plan, including legalizing “soft density by right,” which will increase housing types and the number of housing units near employment and transit hubs.

An [analysis of housing construction costs](#) conducted by the Housing Department in 2023 found that land acquisition costs make up to 52% of the development costs for the typical single-family unit. By reducing the minimum lot size and increasing density, land acquisition costs could decrease – potentially resulting in lower sale or rental prices of units developed on smaller lots. [Recent reports](#) of the impacts of minimum lot size reform in the City of Houston indicate that, on average, units produced on newly created smaller lots where an existing single-family home once stood are assessed at almost 25% less (\$133 per sq ft vs \$176 per sq ft) than single-family houses of similar age. Further analysis indicated that newly constructed units on newly created smaller lots where an existing single-family home once stood are affordable to households earning 105% of the Median Household Income of the Houston area.

Staff recommends the proposed modifications to regulations that apply to flag lots to facilitate the subdivision of existing single-family lots. Reducing the required width for

flagpoles to 15 feet for lots with a dedicated driveway and to 10 feet for lots with a shared driveway or no driveway will increase the number of existing lots that can be subdivided. The proposed dimensions will also support the required access for utilities and will not change any utility spacing requirements.

Staff recommends the proposed floor area ratio (FAR) limits and modifications to setbacks and other site development standards to facilitate the development of housing units on smaller lots. The proposed changes are supported by the adopted policy in Phase 1 of the HOME initiative.

Current infill single family subdivisions are complex, onerous to applicants, and have lengthy timelines. Staff recommends the proposed simplification of the infill subdivision regulations being proposed under code amendment case C20-2023-011 Infill-Lot Plat Process to reduce the need for labor-intensive and time-consuming development reviews.

Board and Commission Action:

April 23 and 24, 2024 – Planning Commission held a public hearing on the proposed changes and recommended approval on an 8-1-0 vote. The commission recommended 25 amendments to the staff recommendation. For more details on the amendments, please see HOME Phase 2 Planning Commission Amendments and Staff Responses.

Council Action:

May 16, 2024 – To be Considered by City Council

Sponsor Department:

Planning Department

City Staff:

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Affordability Impact Statement

HOME Amendments Phase 2

Initiated by: Resolution No. 20230720-126

Date: March 22, 2024

Proposed Regulation

The proposed amendments would:

- Reduce the minimum lot size for one unit from 5750 sq ft to 2,000 sq ft
- Reduce the minimum lot width to 30 ft or less
- Modify driveway and garage standards to minimize curb cuts/disruptions to the pedestrian environment
- Modify standards relating to setbacks, building coverage, and floor to area ratio (FAR) to allow for a sufficient developable envelope on smaller lots
- Adjust flag lot regulations to facilitate easier subdivision

Land Use/Zoning Impacts on Housing Costs

The proposed changes would have a **positive** impact on housing costs via land use and zoning.

- The proposed amendments allow lots zoned SF-1, SF-2, and SF-3 to subdivide into two or three lots. This would enable the production of more ownership units relative to today, at smaller sizes.
- The ability to subdivide one lot into three new small lots depends on the dimensions of the initial existing lot, particularly lot width. The site dimensions of many existing lots preclude them from subdividing into three units.

- Lowering the proposed minimum lot size for one unit in SF-1, SF-2, and SF-3 to 2000 sq ft would enable more existing lots to subdivide into three new small lots as opposed to two, in line with the intent of Resolution No. 20230720-126.
- While the resolution's intent was to achieve three units per lot, for those existing lots that can only subdivide into two new small lots, the subdivision will still substantially lower the land cost of development.
- In many lots platted after 1960, the existing house occupies most of the lot width, and is roughly in the center of the plot lengthwise. The result of this layout is that the original house blocks vehicles and construction equipment from accessing the rear lot area. In many cases, at least part of the initial structure may need to be demolished for the property owner to build additional units. However, the proposed changes to flag lot regulations aim to decrease the width requirement for the "flagpole" strip of land, enabling more subdivisions while ensuring sufficient access for driveways and utilities, and potentially making it easier to preserve the existing houses on the lots.

Impact on Development Cost

The proposed changes would have a **positive** impact on development costs.

- A recent report developed by city staff and UT researchers found that in Austin, land accounts for over half the total development cost for single-family housing. Allowing subdivision will substantially reduce the land cost per unit of single-family housing, in addition to reducing unit size. The report's estimates suggest that construction cost savings are greater for attached units like duplexes and triplexes. In Austin, duplexes have estimated construction costs of \$400,000 per unit compared to nearly \$800,000 per unit for single-family homes pre-HOME Phase One.¹
- The proposal incentivizes comparatively cheaper-to-build attached units by reducing front, rear, and side setbacks for this typology.
- The proposal constrains the maximum unit square footage for units on new small lots to encourage units with lower relative sale price.

Impact on Affordable Housing

The proposed changes would have a **positive** impact on income-restricted affordable housing.

- Lowering the minimum lot size would lower the land cost of building income-restricted single-family, duplex, or triplex ownership units. It would further enable more units to be built per existing lot, in many cases, such that more households could be served.
- Under current conditions, building multiple ownership units on the same lot would only be possible through a condominium regime. Condominium fees can be a barrier to income-restricted unit ownership. The proposed amendments would enable income-restricted units for fee-simple ownership, removing a barrier to homeownership for low-income households.

Other Housing Policy Considerations

None.

Manager's Signature Marla Torrado

1. Kennedy, B., Lopez, S., Hemeon-McMahon, A., Pepper, A. (2022). *Smart Cities Policy Research Project: Cost of Housing in the City of Austin*. City of Austin, University of Texas at Austin.