



HousingWorks

April 5, 2022

Dear Mayor Adler, Council Members and City Manager Cronk,

Awais Azhar
PhD Candidate, University of Texas

Don Baylor, Jr.
Lafayette Square Holding Company,
LLC

Emily Chenevert, Past Chair
Austin Board of REALTORS®

Joao Paulo Connolly
Austin Justice Coalition

**John Michael Cortez, Advocacy
Committee Chair**
Google Fiber

**Ashton Cumberbatch, Nominating
Committee Chair**
McGinnis Lochridge

Quincy Dunlap
Austin Area Urban League

Catharine Echols, Secretary
School of Psychology,
University of Texas

Frances Ferguson
Mueller Foundation

Parisa Fatehi-Weeks, Treasurer
Indeed

Michael Gerber
Housing Authority of the City of Austin

Diana McIver
DMA Companies

Terry Mitchell
MOMARK Development

Cile Montgomery
VMware

Karen Paup
Texas Housers

Emily Ryder Perlmeter, Chair
Federal Reserve Bank of Dallas

Cookie G. Ruiz, C.F.R.E.
Ballet Austin

Kathy Tyler
Austin Women in Housing

We write in support of proposed amendments to the land development code known as VMU2 and adjustment to the affordability requirements for the general VMU program.

The proposed additional options for incentivizing income-restricted affordable housing in new vertical mixed use developments could contribute to our City meeting its affordable housing unit goals while also increasing the overall housing supply to better satisfy market demand. Density bonus programs such as VMU are an important tool for facilitating the development of affordable units, particularly because they require no subsidy from local funds, allowing the reservation of scarce public funding for the development of more deeply affordable units.

We thank the Council for initiating these proposed amendments in response to our City's ongoing affordability challenges. It is critical to take timely action on the changes to the VMU program and other programs as we are missing opportunities to capture affordable housing benefits through incentive programs with each passing day.

However, while we support the proposed VMU2 amendments as currently recommended by City Staff, we remain concerned that the VMU2 program as currently proposed may not be feasible on a sufficient number of developable sites to make meaningful progress toward our City's housing goals.

We are additionally concerned that the remaining developable sites currently zoned with a -V overlay are not equitably dispersed throughout our City, and are non-existent in many high-opportunity areas¹.

Absent additional changes to the VMU2 Bonus Program, we fear that the positive impact of the program will be minimal and could unintentionally serve to exacerbate economic segregation in our city.

We recommend that the Council approve the proposed ordinance and direct City staff to provide the Council with recommendations for additional changes to the VMU2 program for consideration that serve to maximize the effectiveness of the bonus program in order to:

- yield a greater number of income-restricted, affordable units, and
- ensure greater geographic dispersion of affordable units, especially in high opportunity areas.

¹.Page 14 of 18 of Planning Commission backup:

<https://www.austintexas.gov/edims/document.cfm?id=378941>

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RE: VMU 2 recommendations

We further recommend that Council direct staff to consider, without limitation, the following additional changes to maximize the efficacy of the VMU2 Bonus Program:

- Modify compatibility standards for VMU2 Projects
 - Multiple previous analyses have found that current residential compatibility standards excessively constrain the housing unit potential of developable sites ².
 - Modifications to compatibility standards, particularly those related to the distance from triggering properties where compatibility standards apply, and whether commercially zoned properties that are single family uses should trigger compatibility, should be considered in order to increase the feasibility of developments utilizing the VMU2 bonus program, thus increasing the creation of income restricted units.
- Eliminate minimum parking requirements for VMU2 projects, excepting appropriate requirements for parking for persons with disabilities
 - Off street parking for VMU2 projects should continue to be allowed, and will no doubt be built as part of VMU2 projects, however removing prescriptive and often excessive parking requirements will facilitate VMU2 feasibility on a greater number of constrained sites, while reducing the overall cost of construction, thus increasing the yield and geographic dispersion of affordable units.
- Provide greater flexibility on ground floor commercial requirements, including consideration of a fee in lieu program
- Establish periodic reporting of program outcomes and calibration, including evaluation of fee-in-lieu requirements
- Provide a plan and timeline for identifying opportunities to apply the -V overlay in high-opportunity areas that currently do not possess any such zoned properties
- Consider increasing affordable requirements for rental and ownership units, should any of the above changes be included

With the above-recommended improvements to the code amendments, we believe the VMU2 program can be an effective tool for creation of affordable units in high-opportunity areas.

We thank the City Council for their leadership on this issue and hope our recommendations can help shape this critical conversation. If you have any questions, please email me at nora@housingworksAustin.org or call 512-413-1627 and/or John-Michael Cortez, Advocacy Committee Chair, HousingWorks Board of Directors at jmvcortez@gmail.com.

Best Regards,



Nora Linares-Moeller
Executive Director
HousingWorks Austin

cc: HousingWorks Board of Directors
HousingWorks Advocacy Committee
Rodney Gonzales, Assistant City Manager, City of Austin
Rosie Truelove, Housing and Planning Department, City of Austin

² Page 17 of 18 of Planning Commission backup: <https://www.austintexas.gov/edims/document.cfm?id=378941>