



# Citywide Density Bonus Program

---

Community Advisory Committee Briefing | April 9, 2026

# Agenda

- Housing Affordability in Austin
- Density Bonus Programs
- What We've Heard
- Citywide Density Bonus Program Proposal
- Other Potential Strategies for Affordable Housing
- Next Steps



Source: City of Austin



# **Housing Affordability in Austin**

# Austin's Affordability Challenges

Because Austin has seen population growth over recent decades and housing production has not kept up with this growth, housing costs have increased, making it more difficult for residents to find affordable housing.

Affordable housing is a priority in policy initiatives for the City, including the City's historic investment in Project Connect.



Source: City of Austin

# Project Connect

Project Connect includes investment in new light rail, a second commuter rail, and new high-frequency, high-capacity bus rapid transit (BRT) lines.

New transit investment is often tied to housing development nearby, but new units can be unaffordable to those who rely on transit most.

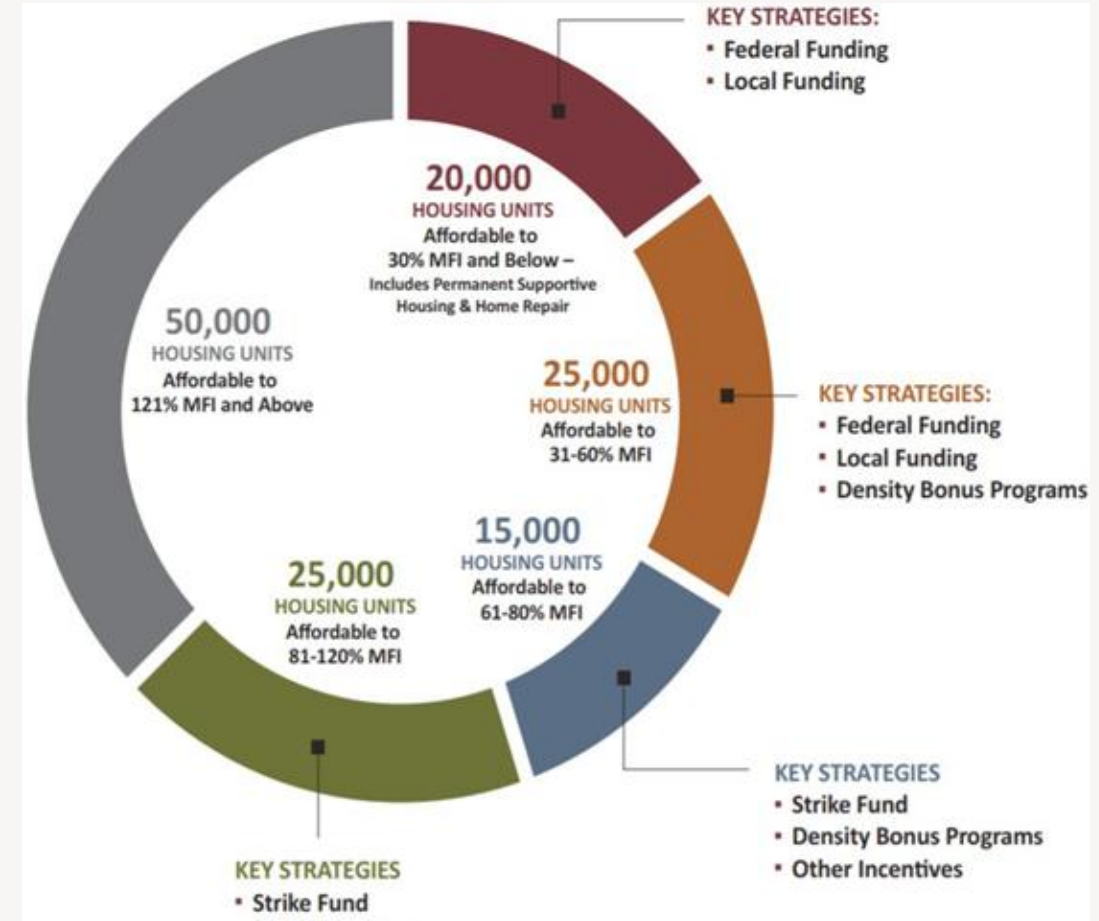
Policy efforts can increase the proportion of affordable housing in project areas so that new transit can meaningfully serve all Austinites.



Source: CapMetro

# Austin's Affordable Housing Needs

- The 2017 Austin Strategic Housing Blueprint set a goal of creating **60,000 new affordable units over 10 years** while preserving existing affordable housing.
- The Blueprint advocates for the use of various strategies and tools, including:
  - Public subsidies and grants
  - Public-private partnerships
  - Fee waivers
  - Tax incentives
  - Density bonuses



# Austin's Affordable Housing Needs



- Affordability is measured using Median Family Income (MFI).
- These figures help determine income limits for affordable housing programs, ensuring that rent levels or home sales prices are aligned with what families at various income levels can afford.

Austin MFI Level	Annual Income (4-person household)	Monthly Rent Limit (2-bedroom)
30%	\$40,150	\$903
50%	\$66,900	\$1,506
60%	\$80,280	\$1,807
80%	\$104,200	\$2,345
<b>100%</b>	<b>\$133,800</b>	<b>\$3,010</b>
120%	\$160,550	\$3,612

Source: City of Austin, US Department of Housing and Urban Development

# Austin's Affordable Housing Needs



- A recent housing gap analysis found that, generally:
  - **Households at 80% MFI and above (\$104,200 for a four-person household) are able to find rental housing that is affordable to them.**
  - **The greatest need is at and below 50% MFI (\$66,900 for a four-person household).**

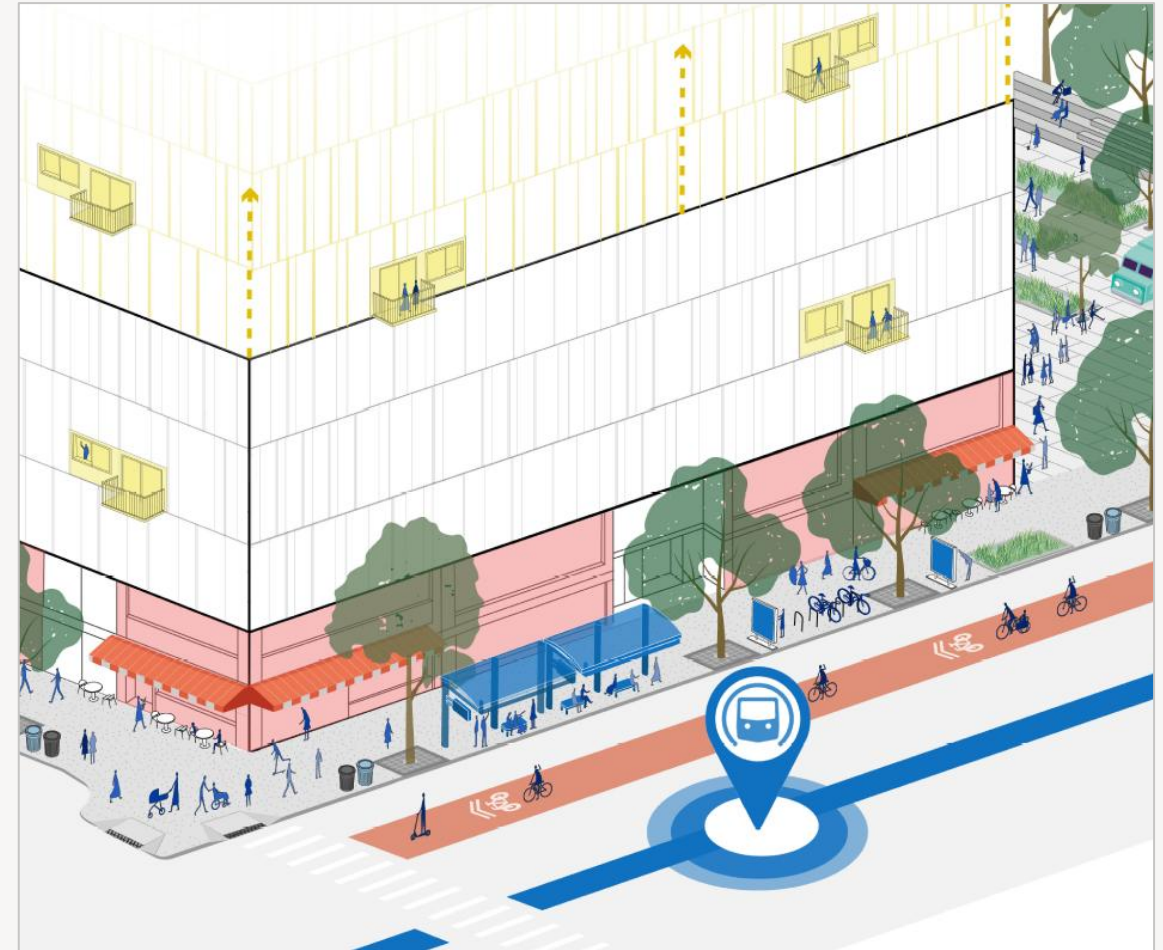
Austin MFI Level	Annual Income (4-person household)	Monthly Rent Limit (2-Bedroom)
30%	\$40,150	\$903
50%	\$66,900	\$1,506
60%	\$80,280	\$1,807
80%	\$104,200	\$2,345
<b>100%</b>	<b>\$133,800</b>	<b>\$3,010</b>
120%	\$160,550	\$3,612

Source: City of Austin, US Department of Housing and Urban Development

# Density Bonus Programs

# Density Bonus Programs in Austin today

- A density bonus allows a developer to build a taller building in exchange for a community benefit, usually affordable housing.
- The City of Austin currently has 13 different density bonus programs. Since the 2017 Blueprint, density bonus programs accounted for about 20% of total built/planned income-restricted units.
- Because Texas cities can't require affordable housing via zoning, these are voluntary programs for developers/owners.



# Financial Limits of Density Bonus Programs

- Density bonus programs are **market-based**; their success depends on current economic/real estate conditions.
- As a result, density bonuses tend to be more **effective for units affordable to households at 50%-80% MFI**.
- Other tools like public subsidies and grants, public-private partnerships, fee waivers, and tax incentives are often used to create affordable housing for deeper MFI levels.



Source: City of Austin

# Current Economic Context

- Austin's real estate and construction market is in a different place than it was even five years ago. **Interest rates are higher, construction costs are up, and development has slowed.** This reduces the likelihood that developers would choose to participate in density bonus programs.
- At the direction of City Council, staff conducted a market analysis and a review of all 13 density bonus programs. The findings informed the proposal for a Citywide Density Bonus Program.

## Key Review Findings

**Density bonus programs need to be made clearer and more consistent, so they are easy to understand and do not compete with each other.**

**Due to construction methods and land value, taller buildings do not always mean more community benefits, including affordable housing.**

**Density bonus programs work better in some places than others, and additional community benefits beyond affordable housing may depend on future market conditions.**

# SB 840 and Impacts to Austin's Density Bonus Programs

- SB 840 is a recent state law that became effective on September 1, 2025. It allows construction of housing in areas that previously allowed only office or commercial uses, with the aim of increasing housing supply without requiring rezoning.
- Though the law makes it easier to build, a developer can now construct additional housing without providing community benefits, like affordable housing, required by density bonuses.

News Article ⓘ

## Texas Housing Market To Change in September: What To Know

PUBLISHED

JUL 13, 2025 AT 05:00 AM EDT





# What We've Heard

# Community Feedback on Density Bonus Programs

- Public input has been gathered through past engagement on density bonus programs, Planning Commission meetings, City Council meetings, and other public meetings.
- Austinites have expressed that they want the following from density bonus programs:
  - **Affordable housing provision in addition to a mix of other community benefits** (public open space, ground-floor stores, civic/cultural spaces, bike lanes, transit amenities, etc.).
  - **Tall buildings near transit;** mid-rise and shorter buildings are more appropriate farther from transit.
  - **A mix of income-restricted housing levels,** not just deep affordability or only moderate affordability.
  - **Sensitivity to the surrounding neighborhood context.**
  - **Intentionally preserving existing affordable housing.**





# **Citywide Density Bonus Program Proposal**

# City Council's Direction

Austin City Council directed staff to create a new Citywide Density Bonus Program with a tiered structure, offering a range of additional heights in exchange for income-restricted housing, that also considers:

- **Additional Heights:** Consider tiered options that are more or less than 30'
- **Market-Feasible Affordability:** Ensure requirements reflect current market conditions
- **Community Benefits:** Provide benefits beyond affordable housing
- **Compatibility Rules:** Update regulations to allow for more housing
- **Redevelopment Requirements:** Consider one-to-one replacement for demolished affordable units in new developments

Council also asked us to update or align existing programs including DB90, VMU, and DBETOD with the new program.



Source: City of Austin

# Citywide DB Goals

The Citywide Density Bonus Program aims to **encourage creation of new affordable housing** and to **provide more density bonus options that can be tailored** to different neighborhood contexts across Austin.

The program will also help make density bonus requirements more consistent and transparent for City staff, property owners, builders, and the community.

It also responds to the implications of SB 840 that impact where and how housing can be built by-right.



Source: City of Austin

# Tiered Program Structure

The new program will consist of **five new combining districts** corresponding to height tiers. Only one tier can be used per property.

Tier	Combining District Name	Comparable Existing Program
No Additional Height	Citywide Density Bonus Program Base (-DBC)	Vertical Mixed Use (V)
+15'	Citywide Density Bonus Program 15' (-DBC15)	N/A
+30'	Citywide Density Bonus Program 30' (-DBC30)	DB90, DBETOD Subdistrict 2
+45'	Citywide Density Bonus Program 45' (-DBC45)	N/A
+60'	Citywide Density Bonus Program 60' (-DBC60)	DBETOD Subdistrict 1



Source: City of Austin

# Applicability

The Citywide Density Bonus will be allowed in the following commercial zones:

- Neighborhood Office (NO)
- Limited Office (LO)
- General Office (GO)
- Neighborhood Commercial (LR)
- Community Commercial (GR)
- General Commercial (CS and CS-1)
- Commercial Highway Services (CH)
- *Potential future mixed-use zones*

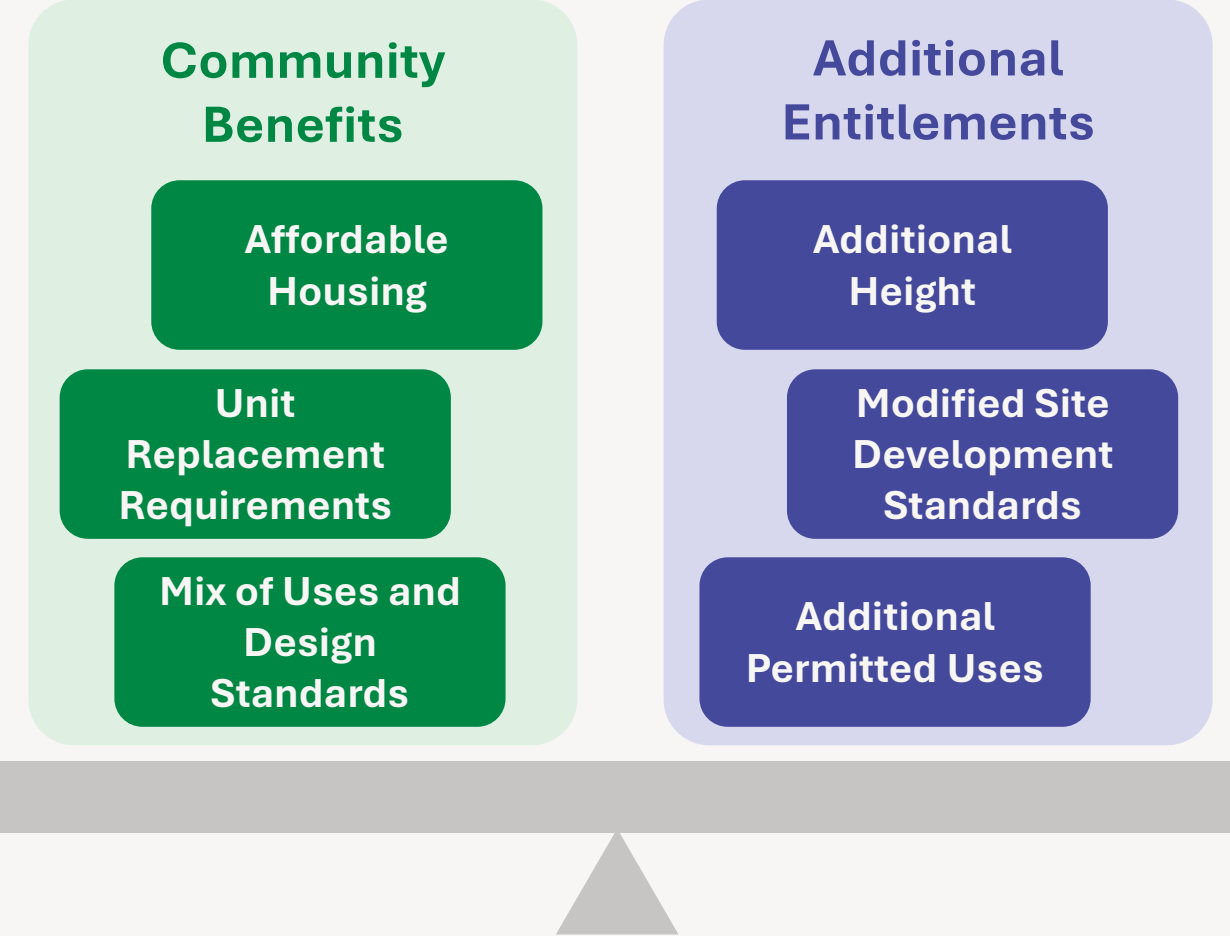
No residential or industrial zones will be eligible for this program.

	VMU	DB90	DBETOD	Citywide DB
Single Family Residential	N	N	N	N
Multifamily Residential	N	N	Y	N
Neighborhood Office (NO)	N	N	Y	Y
Limited Office (LO)	Y	Y	Y	Y
General Office (GO)	Y	Y	Y	Y
Commercial (CS, CS-1)	Y	Y	Y	Y
Commercial Highway (CH)	N	N	Y	Y
Neighborhood Commercial (LR)	Y	Y	Y	Y
Community Commercial (GR)	Y	Y	Y	Y
Commercial Recreation (CR)	N	N	Y	N
Central Business District (CBD)	N	N	Y	N
Downtown Mixed Use (DMU)	N	N	Y	N
Lake Commercial (L)	N	N	Y	N
Warehouse/ Limited Office (W/LO)	N	N	Y	N
Industrial (LI, MI, IP, R&D)	N	N	Y	N
Potential Future Mixed-Use Zones	-	-	-	Possibly

# Program Components

A density bonus program allows a developer additional **entitlements**, such as the additional heights allowed, in exchange for providing a **community benefit**, usually affordable housing.

The next slides will discuss the specifics of how this balance of requirements and incentives will work under the new program.



# Affordable Housing

Each DBC tier has the same affordability requirements.

- Ownership:
  - **10% units** affordable to households making **80% MFI or less** for a minimum of 99 years.
  - Fee-in-lieu allowed.
- Rental:
  - **10% units** affordable to households making **50% MFI or less** for a minimum of 40 years.
  - On-site only; fee-in-lieu **not** allowed.

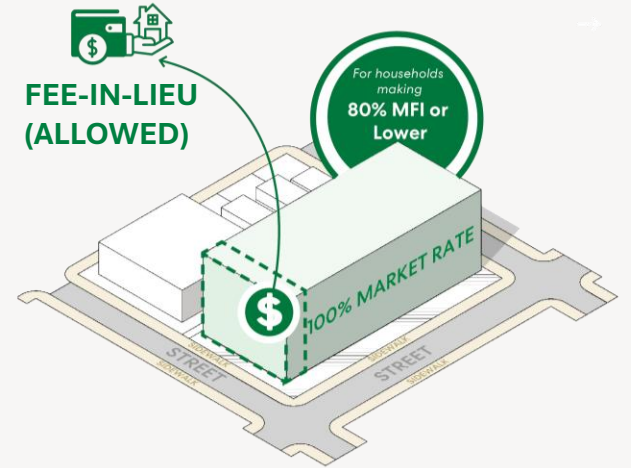
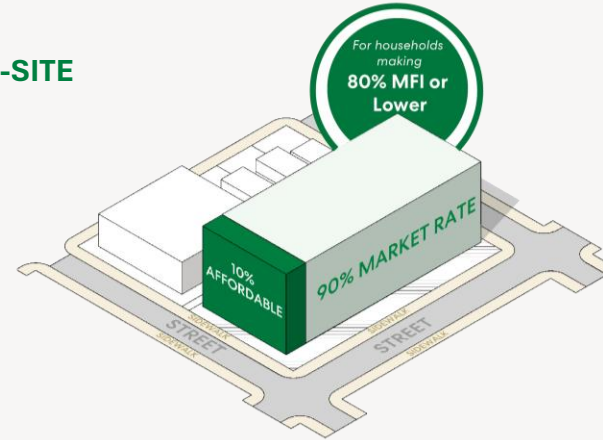
## OWNERSHIP UNITS

**Duration:** For a minimum of 99 years

**Affordability Criteria:** For a household making 80% MFI or lower

**Fee-in-Lieu (FIL):** Allowed

### ON-SITE



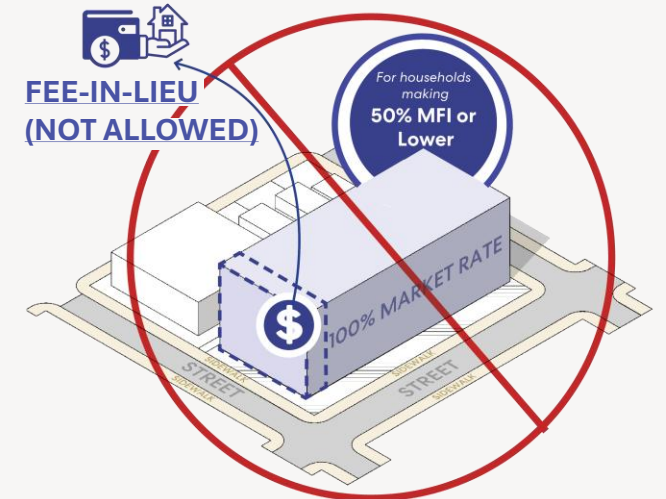
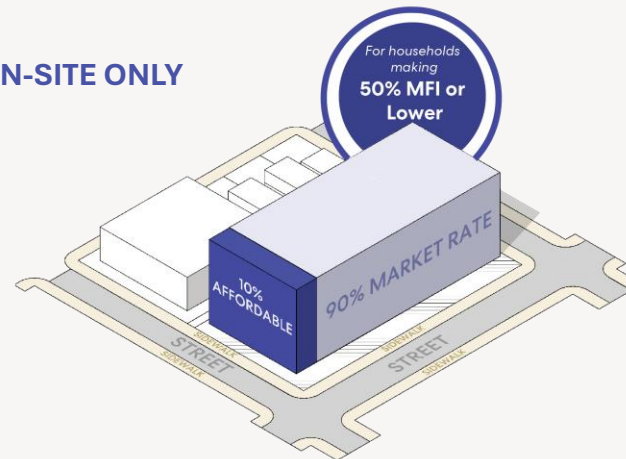
## RENTAL UNITS

**Duration:** For a minimum of 40 years

**Affordability Criteria:** For a household making 50% MFI or lower

**Fee-in-Lieu (FIL):** Not Allowed

### ON-SITE ONLY



# Redevelopment Requirements

Tenant protections outlined in Austin's Chapter 4-18 of City Code today will apply to all Citywide DB Program developments that redevelop existing housing affordable to households earning 70% MFI and below, including:

- Required tenant notice information
- Payment of four months rent and fees
- Payment for moving expenses
- Right of first refusal for new units
- Ability to break lease without penalty
- Full return of security deposits



Source: City of Austin

# Redevelopment Requirements (cont.)

Unit replacement requirements also help increase the number of affordable units in the new development above the **Citywide Density Bonus Program’s baseline** when redevelopment of lower cost existing housing occurs.

To use the Citywide Density Bonus Program on properties with existing units that are affordable to households earning 70% MFI or less, a developer must replace those units in the new development by providing a **minimum of 10% of units and up to a maximum of 20% of units.**



Apartment Style	Existing Units (at 70% MFI or below)	Proposed Units	Required Affordable Units	Total Percentage Affordable Units	Full Replacement of Existing Units?
Low-Rise Example 1	25	100	20	20%	No
Low-Rise Example 2	25	200	25	12.5%	Yes
Low-Rise Example 3	25	300	30	10%	Yes, and 5 additional units
Garden Example 4	300	600	120	20%	No

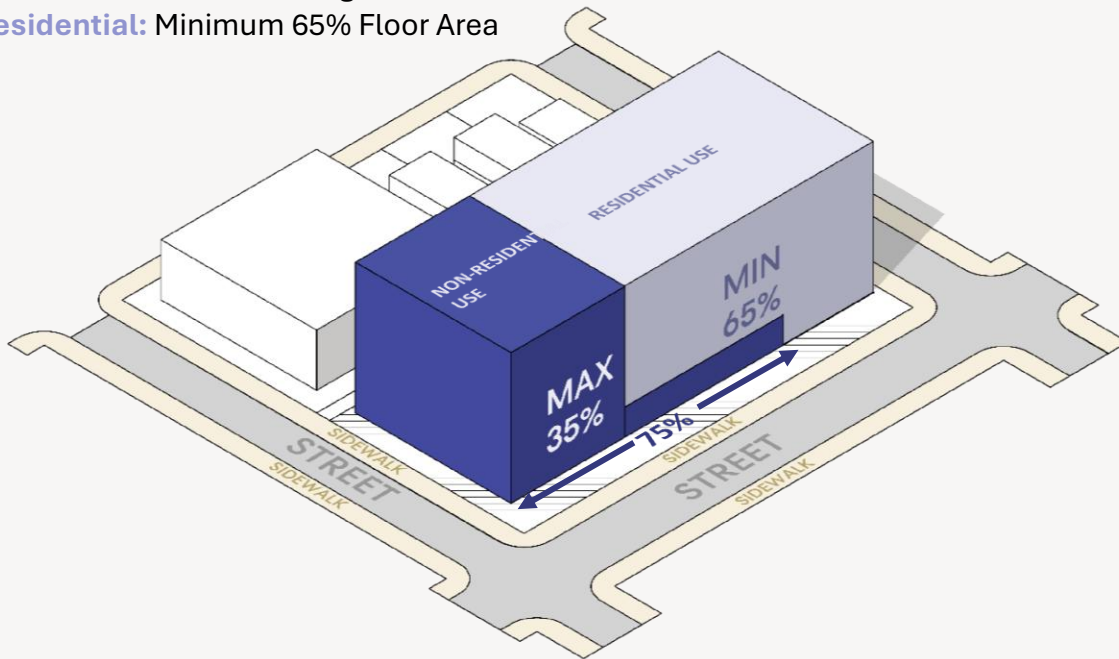
# Mix of Use Standards

Development projects using the Citywide DB must be **at least 65% residential**, with the remaining area able to be used for purposes like office, retail, commercial, and restaurants.

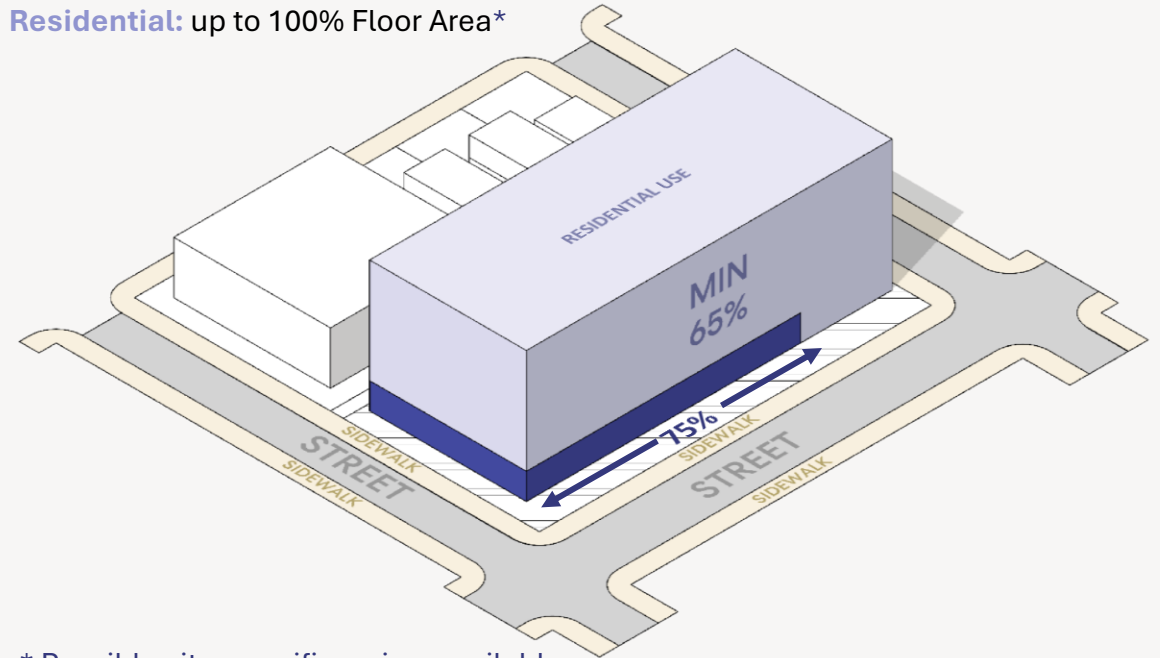
**At least 75% of the ground floor street frontage must contain non-residential uses**, although site-specific waivers are allowed.

## MIX OF USES

**Non-Residential:** Maximum 35% Floor Area; 75% Ground Floor Street Frontage Minimum  
**Residential:** Minimum 65% Floor Area

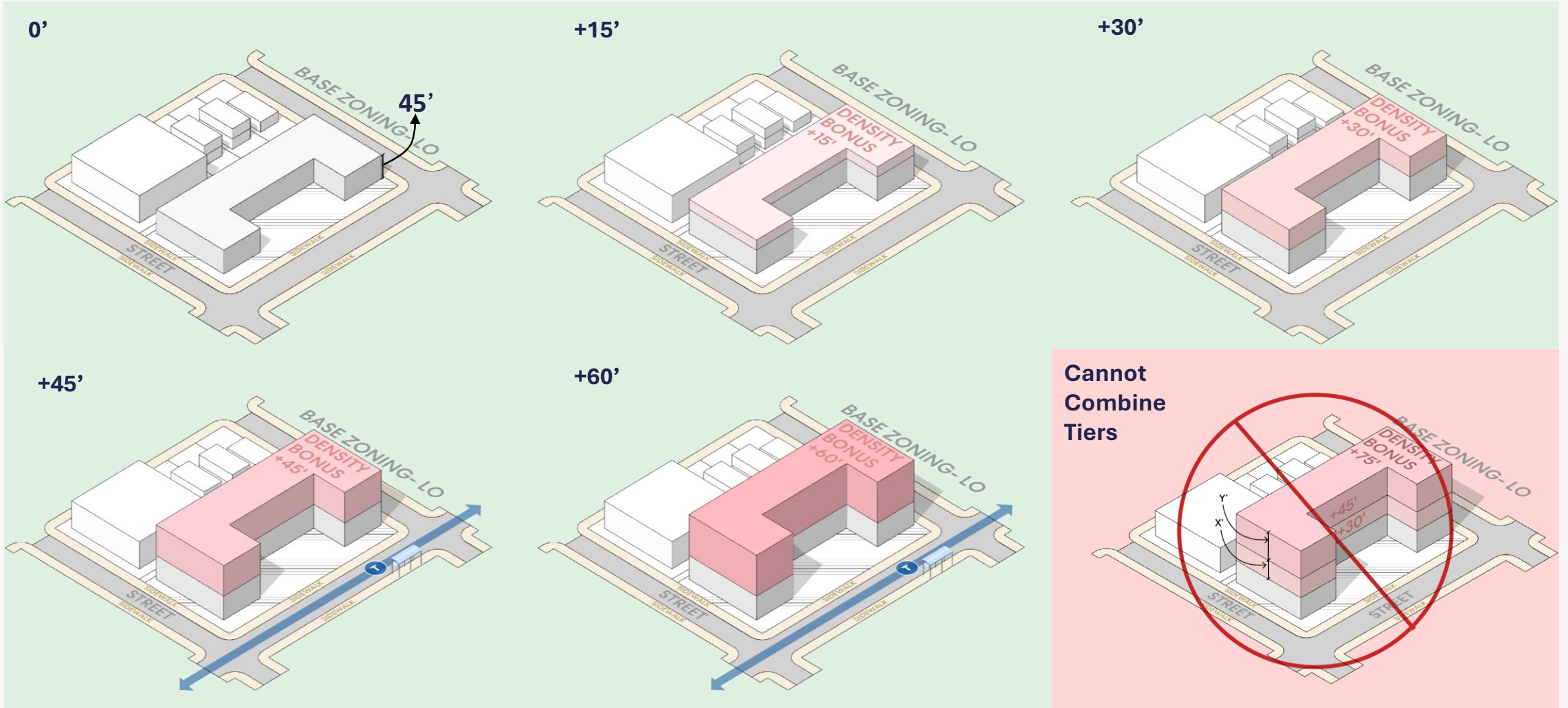


**Non-Residential:** Maximum 35% Floor Area; 75% Ground Floor Street Frontage Minimum  
**Residential:** up to 100% Floor Area\*



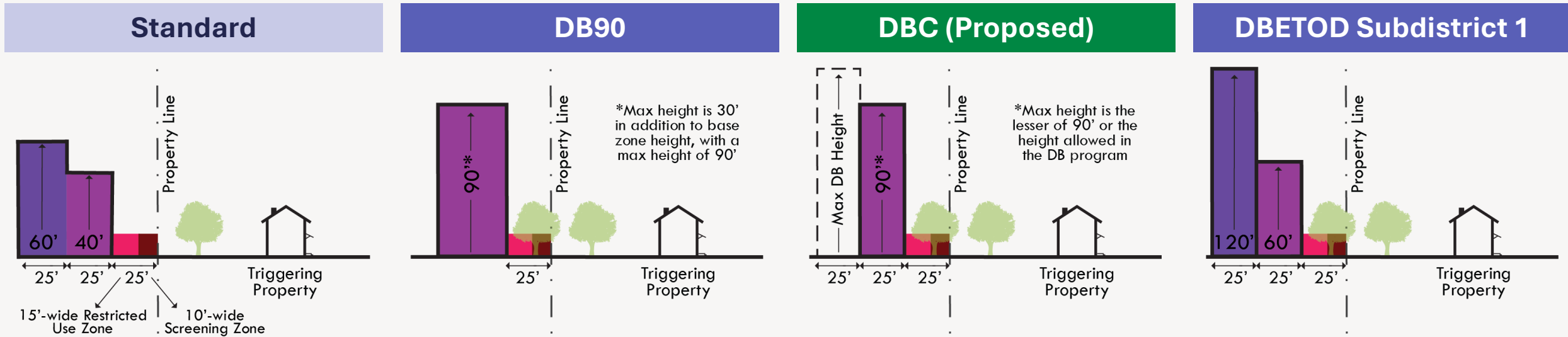
\* Possible site-specific waiver available

# Height and Site Development Standards



# Compatibility Standards

The program recommends a relaxed version of compatibility standards, similar to existing density bonus programs.



# Allowable Use Standards

Staff are also exploring the feasibility of allowing land uses beyond what a site's base zoning may permit when the Citywide Density Bonus program is used. The goal is to make neighborhoods more pedestrian-friendly and help residents meet their daily needs.

Example uses include allowing **restaurants, retail, salons, grocery stores**, and potentially other uses on participating sites zoned only for office use.



Source: City of Austin



# **Other Potential Strategies for Affordable Housing**

# Potential City Policy Changes

- Use **public financing tools** to fund housing at the deepest affordability levels
- Revise **Public Facility Corporation (PFC)** partnership criteria
- **Adjust income eligibility** for density bonus programs
- **Update the Strategic Housing Blueprint** and related policies
- Use **updated data** to guide policy decisions



# Other Developer Incentives

## Process and Timeline Incentives for Projects with Income-Restricted Units

- Streamline permitting and approvals
- Prioritize inspections for affordable units
- Reduce or eliminate license agreements

## Financial Incentives

- Property tax exemptions tied to affordability
- Operating cost subsidies
- Affordable unit buy-downs
- Financing tools like affordable unit fund or fee deferrals



Source: City of Austin

# Cost Reduction Strategies

- Pursue **infill development** that uses existing infrastructure
- Support alternative construction technologies like **manufactured and modular housing**
- Expand **cross-sector housing partnerships** in collaboration with private builders, faith-based organizations, school districts, transit agencies, and other institutions



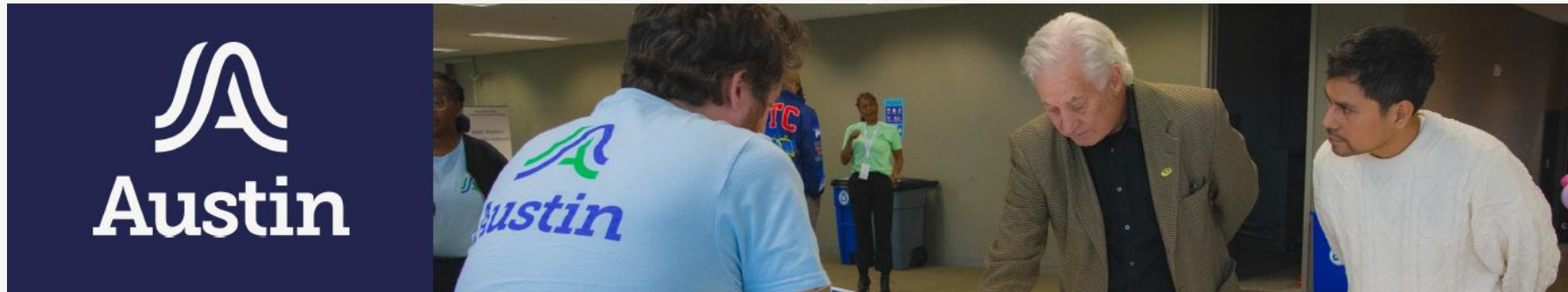
Source: City of Austin

# Next Steps

# Next Steps



# Housing Affordability Fair



## Housing Affordability Fair



**Conley-Guerrero Senior Activity Center**  
808 Nile St., Austin, TX 78702



**Saturday, April 11, 2026**



**10:00 a.m. - 1:00 p.m.**

Join us to connect with housing resources provided by the City of Austin and weigh in on updates to programs that support housing affordability throughout the city.

This is a family-friendly event. Food, kids' activities, and Spanish interpreters will be provided.



**[SpeakUpAustin.org/HousingAffordabilityFair](https://SpeakUpAustin.org/HousingAffordabilityFair)**

# Thank you!

---

Warner Cook, Austin Planning | [LDCUpdates@austintexas.gov](mailto:LDCUpdates@austintexas.gov)

[SpeakUpAustin.org/CitywideDB](https://SpeakUpAustin.org/CitywideDB)

