

Design Commission

# Density Bonus Recommendations

10 September 2007

*FINAL REPORT INCLUDING EXECUTIVE SUMMARY*



## Community Goals of a Density Bonus Program

- Affordable and workforce housing
- Child and elder care
- Open space
- Pedestrian connectivity
- Transit
- Green building
- Historic preservation
- Saving of valuable community features
- Space for non-profits
- Public art
- Cultural facilities and live music venues
- Sound mitigation

## Summary of Recommendations

Full details of recommendations can be found on pgs. 4-5

Set baseline requirements for participation in a density bonus program.

Leave existing Floor-to-Area Ratios (FARs) as they are, and grant additional FAR only as a development incentive tied to identified community goals.

Define areas with common challenges and opportunities, and use density bonuses to achieve defined goals.

Provide incentives to wrap parking with occupied space or locate it underground.

Exempt from FAR calculations square footage for uses that embody community values.

Establish a "Transfer of Development Rights bank" to acquire and hold unused development rights from eligible properties until buyers can be found.

Establish one or more methods by which transit could be funded through a density bonus program.

Reduce parking requirements or unlink parking spaces from residential uses as a way to discourage automobile use and encourage transit use.

When appropriate, use Developer Agreements to achieve district goals.





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ERICA LEAK  
STAFF LIAISON

## **Re: Design Commission Density Bonus Recommendations**

Dear Mayor and Members of the City Council:

Enclosed is the report to the City Council from the Density Bonus Task Force of the Design Commission. As members of the Task Force, we were honored to serve the city in this capacity. We recommend the report to Council for further consideration and action.

The Task Force has worked diligently for over ten months to identify best practices for density bonus programs throughout the country, to review challenges to such a program in Austin, Texas, to identify community values and goals, and to review strategies and planning tools to achieve these goals. We reached common ground in support of increased community benefit working in tandem with increased density in Downtown and other nodal developments.

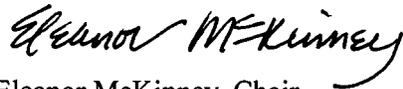
The Task Force is composed of representatives from the development industry, design and planning community, and the arts community. We invited leaders from various community sectors, including affordable housing, green building, parks, transit, historic preservation, public art, and the music industry to give us their input into the crafting of the recommendations. In addition, we presented our interim recommendations to various boards and commissions for more substantial input into the final report.

We believe that a broad spectrum of community benefits needs to be considered in any density bonus program. In particular areas or districts, these benefits should be prioritized according to the needs of the area. Planning efforts should work to identify these priorities, establish guidelines for implementation, and work with the development industry and stakeholders to achieve the identified goals. A baseline threshold for participation in a density bonus program should be established and then include provision for such items as affordable and workforce housing, compliance with the Downtown Design Guidelines, and implementation of Great Streets on street frontages adjacent to the property. Additional community benefits would be assigned to achieve prioritized community goals.

We submit these recommendations to the Council with an understanding that they will receive further study and analysis in the Downtown Plan. We remain willing to participate in review and dialogue of proposed implementation strategies for a density bonus program.

Also, we wish to thank the city staff and community leaders for their assistance in our efforts.

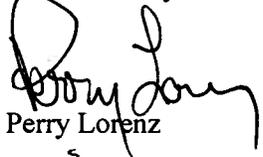
Sincerely,



Eleanor McKinney, Chair



Girard Kinney



Perry Lorenz



Phil Reed



Jeannie Wiginton



Holly Kincannon, Advisor

Cc:

Laura Huffman, Assistant City Manager  
Greg Guernsey, Director, Neighborhood Planning and Zoning  
File

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# Recommendations

## 1. Density Bonus Recommendations

**Design Commission**  
**Density Bonus Recommendations**  
10 September 2007

**Introduction**

On September 28, 2006, the City Council approved Resolution No. 20060928-072, directing the Design Commission to revise and update the Downtown Design Guidelines, and to include in those proposed revisions recommendations for density bonus options that would allow greater density in exchange for community benefits such as affordable housing, public art, and open space. Over the last ten months, a Task Force of the Design Commission researched density bonus programs in peer cities, traveled to Portland, Oregon to better understand that city's approach to density bonuses, developed Interim Recommendations and presented these to numerous boards and commissions, city staff and interested stakeholders for comments, and refined the recommendations based on this input.

The Design Commission believes that density bonuses are one of several development policies that can be used both to shape the growth of a city and to realize community values and goals. The Commission sees these density bonus recommendations working in tandem with the emerging Downtown Master Plan. The intention is that they will inform other existing and emerging planning efforts throughout the city, for example PUDs, TODs, Transit Corridors, Activity Centers, etc. The initial focus of a density bonus program would be in downtown, with potential for use in other areas of the city.

The following summarizes the Design Commission's recommendations to the City Council regarding potential future density bonus programs and is respectfully submitted in hope it will assist the Council in the creation of policies that standardize the process for granting development entitlements while providing support for community goals. These recommendations are general in nature because they were prepared to assist in the preparation of the Downtown Austin Plan. The Design Commission assumes that specific recommendations and a defined density bonus policy will result from the development of the Downtown Plan.

**What is a Density Bonus and Why Establish a Defined DB Program**

At present, the process by which developers are granted considerable increases in density is unpredictable and potentially inequitable. Developers seeking to build projects in Austin with greater density, greater height and up-zoning frequently have offered community benefits, prior to planning and zoning hearings, in order to mitigate public opposition. This citizen support has then been conspicuously displayed in order to gain approval from public officials with each case, then, having its own peculiar outcome. This process is ad hoc, with each zoning case taking on a life of its own. The developer navigates this system with little guidance, and the

benefits to the community may or may not coincide with the most pressing community priorities.

The Design Commission believes that a defined density bonus program would help to standardize and equalize the development process in Austin. In their most basic form, density bonuses are a means by which new development is authorized to exceed a baseline level of density in exchange for providing support for community goals. A well-defined, but flexible density bonus program has the potential to provide both a more predictable, efficient and equitable process for development interests and more direct and meaningful benefits to the community. The Design Commission understands that a density bonus program should not discourage development in downtown. In fact, comparative research shows that because density bonus programs tend to follow accepted trends of growth within a community that density is not discouraged but leveraged. Another advantage that a density program offers is the ability to balance a mix of services that support growth and sustainable development.

### **Potential Community Goals and Benefits of a Density Bonus Policy**

The primary purpose of any density bonus program is to support community goals. The Design Commission has identified a number of community goals, used by other cities, that should be supported as Austin continues to develop and become more dense. With new construction raising the price of living in the city, there is a need for affordable and workforce housing. The Design Commission recognizes that the provision of affordable and workforce housing is a significant goal for the city, and therefore has included affordable housing as a baseline for participation in the proposed Density Bonus Program. However, the Commission wants to ensure there is still adequate incentive available to support other community benefits as described below.

Public open space becomes more important as people live in downtown high rises with little private open space in which to recreate. Increases in pollution due to both automobile and building emissions as well as ever increasing congestion and drive time to and from the workplace create a necessity to reduce our dependence on the automobile, encourage more sustainable building practices, and to increase the use of transit. Austin is known as the cultural heart of Texas, and therefore there should be support for more public art and cultural facilities; as the Live Music Capital, we should develop sound mitigation policies to allow live music venues and new development to co-exist in proximity. Finally, as development places pressure on the fabric of the city, significant historic and community features need to be preserved through a range of mechanisms.

Density bonuses (and a related set of policies described below) can encourage growth and density in appropriate locations, alleviate sprawl, encourage transit usage and accomplish other community goals as defined. The Design Commission believes that a density bonus program should not be applied uniformly across downtown or

other density nodes because the community goals may vary by location and time. Therefore, it is recommended that the city establish districts or areas that might have differing community goals. Affordable housing might be the highest priority in one location or district, while parks and open space may be the highest priority in another. Likewise, as certain community goals are realized in an area, others may take their place as priorities. Therefore, a density bonus program should be customized by place and time. The community benefits that might be achieved through a density bonus program could include:

- Affordable and workforce housing
- Child and elder care
- Open space
- Pedestrian connectivity
- Transit
- Green building
- Historic preservation
- Saving of valuable community features
- Space for non-profits
- Public art
- Cultural facilities and live music venues
- Sound mitigation

### **Recommendations for a Density Bonus Policy**

The strategies for achieving the community goals by a density bonus program may vary by location and should be adjusted according to the needs and development climate of particular areas. Recommended components of a density bonus policy include:

1. Set baseline requirements for participation in a density bonus program, i.e.: provision of affordable and workforce housing; compliance with the Downtown Design Guidelines; and implementation of Great Streets on street frontages adjacent to the property.
2. Recognizing that granting additional FAR above the current baseline levels is the most powerful tool the City possesses to achieve community goals, the City should leave existing Floor-to-Area Ratios (FARs) as they are, and grant additional FAR only as a development incentive tied to identified community goals.
3. Define areas with common challenges and opportunities and develop planning goals within the areas. Utilize density bonuses to achieve the goals.
4. Provide incentives to wrap parking with occupied space or locate it underground, perhaps through a re-definition of FAR within the Density Bonus

Program to include above-ground structured parking, unless that parking is wrapped with occupied space for the purpose of enlivening the street wall.

5. Exempt from FAR calculations square footage for uses that embody community values, e.g. historic preservation, space for non-profits and cultural facilities.
6. Through a Transfer of Development Rights (TDR) program, the City could establish a “TDR bank” by which the City or a private entity could acquire and hold unused development rights from historically significant properties (or other properties where development is limited by a valued community feature) until buyers can be found. Development on other properties could exceed base FAR limits by purchasing a specified amount of those rights from the “bank.”\*
7. Establish one or more methods by which transit could be funded through a density bonus program.
8. Reduce parking requirements or un-link parking spaces from residential uses as a way to discourage automobile use and encourage transit use.
9. When appropriate, use Developer Agreements to achieve district goals such as open space, streetscape amenities, affordable housing, density requirements, density bonus options, etc. In return, the City would commit to financial assistance or infrastructure. Developer Agreements would set out timelines for provisions.\*

### **Planning Tools to Assist in Implementation of a Density Bonus Program**

In addition to strategies for achieving community goals, there may be planning tools that can assist in the implementation of a density bonus program. While these would not be elements of the program itself, they could be implemented in tandem with a density bonus program. Recommended planning tools to use in coordination with a density bonus program could include:

1. Coordination of transit planning and implementation with Capital Metro to address increased density. Utilize fixed rail transit as a tool to guide density.
2. Creation and use of a digital 3-D modeling program, maintained by the city, into which proposed new developments can be inserted for public review.
3. Research an economic feasibility model for a density bonus program that would not deter dense development.

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\* Additional research and discussion may be needed

# Recommendations

## 2. Summary of Density Bonus Task Force Efforts

## **Summary of Density Bonus Task Force Efforts**

### **The Density Bonus Task Force (DBTF) Process**

City staff researched density bonus programs in other cities and gave this information to the Design Commission in the fall of 2006. Density Bonus Task Force (DBTF) members reviewed that information, and decided to further research the Portland, Oregon density bonus program, including traveling to Portland to meet with city officials to discuss their program.

The Density Bonus Task Force initially met every other week for six months beginning November 11<sup>th</sup>, 2007 and then, following the publication of the Interim Density Bonus Recommendations, every week for the last four months. They reviewed best practices for density bonus programs, clarified program goals, defined potential community values to be met through the program, noted challenges to a density bonus program, discussed potential incentives for the program, and drafted recommendations for a density bonus program. The task force requested feedback on the interim recommendations from numerous boards and commissions, city staff and interested stakeholders, and then refined their recommendations based on this input.

### **Review of Best Practices**

In order to determine best practices for density bonus programs, the task force examined development incentive and density bonus programs in other cities, including: Portland, Oregon; Vancouver, B.C.; Seattle, Washington; San Diego, California, Atlanta, Georgia; and Boston, Massachusetts. They members also examined different types of development incentives, including density bonuses, fee-in-lieu-of, transfer of developments rights, and reduction of parking requirements. Austin's existing programs that provide development incentives include Vertical Mixed Use, Transit Oriented Developments, University Neighborhood Overly, and S.M.A.R.T. Housing

### **Decision Points**

The task force considered numerous issues related to a density bonus program, including legal issues, in what areas of the city the program would be applicable, community goals to be met, a baseline to participate in the program, and potential entitlements for developers. Legal issues impacting a density bonus program include Texas laws that prevent inclusionary zoning and Tax Increment Financing (TIFs). The task force concluded that a density bonus program should follow density, and could be applicable in downtown and at all density nodes. Districts or areas should be created that could have differing community goals, and a system for establishing those goals.

### **Challenges to a Density Bonus Program**

The creation and implementation of a density bonus program will face numerous challenges, including legal issues and regulatory barriers; the already high cost of development in various parts of the city; other requirements for developers, including parkland dedication

fees, Great Streets compliance, and other systems development charges; the equitable involvement and participation of community sectors, including developers; new community sectors seeking to be included, e.g. child care, non-profits; and implementation issues such as the development of equitable formulas for community benefits and the creation of an organizational structure for staff implementation

## **Program Goal**

The Density Bonus Task Force believes that a density bonus program is needed because the current process by which the City grants entitlements to developers is unpredictable and inequitable. The task force also believes that urban density is desirable in appropriate locations as a means of alleviating sprawl, creating critical mass that makes public amenities affordable, and that a density bonus program can encourage density while also ensuring that community goals are met by new development. The DBTF believes that private developments seeking to increase entitlements should contribute to the community in ways that benefit the public at large and create vibrant communities. The task force is supportive of the policies of Envision Central Texas and the Sustainable Cities Initiative and therefore a goal is to align the Density Bonus program with these overarching planning efforts.

## **Incentives – Concepts and Principles**

The DBTF realizes that incentives are necessary and critical to achieving the goals of the Community. However, the types of incentives that can be offered are limited by Texas law. Therefore, the DBTF recommends that base floor area ratios (FAR) should remain at their current levels to provide opportunity for development incentives based on increased FAR in exchange for the support of community goals. The general categories of incentives that could be incorporated into a density bonus program are enhanced development entitlements, transfer of development rights, density bonuses, and reduced parking requirements.

## **Density Bonus Program Recommendations**

The task force authored recommendations for a density bonus program. These recommendations include a description of density bonuses, a summary of the need for such a program in Austin, the potential community goals and benefits of a density bonus policy, the strategies for achieving community goals within a program, and planning tools to assist in the implementation of a density bonus program.

These recommendations lay out suggestions for the creation of baseline requirements for participation in a density bonus program; recommend leaving the existing Floor-to-Area Ratios (FARs) in the City as they are, and grant additional FAR only as a development incentive tied to achieving identified community goals; recommend the development of a transfer of development rights (TDR) program; and other potential elements of a density bonus policy (see attached recommendations). The task force also recommends that some community goals could be met through fee-in-lieu-of, rather than having all amenities on-site.

## **Items for Future Consideration**

Although the DBTF has considered numerous aspects of a density bonus program, they realize there will be elements that have yet to be discussed and items that still need to be clarified. One issue that is yet to be addressed is the development of formulas to determine appropriate proportion for various community benefits.

In addition, the DBTF recommends a review of heights in relationship to urban core density, protection of public views, protection and creation of open space, historic preservation, and buffering neighborhood edges. They also recommend that the creation of a comprehensive parking plan for the downtown core be part of the density bonus effort, as well as an Urban Open Space Master Plan. Finally, the task force believes the City should consider the use of Systems Development Charges (SDCs) to cover additional basic services required by new development, e.g. Parkland Dedication fees, infrastructure and environmental services fees, etc.

## **DBTF Members**

The Density Bonus Task Force is comprised of a diverse group of people representing real estate developers, architects, and landscape architects. The Task Force members are as follows:

- Eleanor McKinney, Austin Design Commission Chair and Principal of McKinney Landscape Architect Inc.
- Girard Kinney, Austin Design Commission Co-Chair and Principal of Kinney Architects
- Phillip Reed, Austin Design Commission Member and Principal of Cotera + Reed Architects
- Perry Lorenz, Austin Design Commission Member and Real Estate Developer
- Jeannie Wiginton, Austin Design Commission Member and Principal of CDM
- Holly Kincannon, Former Austin Design Commission Member and Principal of Archaic Stone

Staff support provided by Erica Leak and George Adams, City of Austin Neighborhood Planning and Zoning Department.

# Recommendations

## 3. Authorizing Documents

**RESOLUTION NO. 20060928-072**

**WHEREAS**, the Downtown Design Guidelines have not been amended or updated since their original adoption in 2002; and

**WHEREAS**, Austin's current economy promises to bring new, denser development to the downtown area; and

**WHEREAS**, our current code sets density limits; and

**WHEREAS**, it may be beneficial to the city to allow development to exceed those density limits; and

**WHEREAS**, public open spaces such as plazas, arcades, pocket parks, bikeways and other infrastructure enhance the quality of life of Austin's citizens; and

**WHEREAS**, other cities, including New York City, have successfully developed density bonus options that allow greater density in exchange for amenities that provide public benefits, such as affordable housing, plazas, or open space; and

**WHEREAS**, the City has a resource in the Design Commission to advise council on issues of the built environment, including design guidelines, great streets, open space, civic art, and other community amenities; and

**WHEREAS**, the Design Commission supports the efforts of the Affordability Housing Incentives Task Force to establish affordable housing density bonus options; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

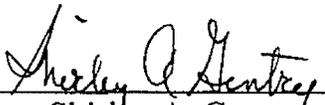
The City Council directs the City Manager to work with the Design Commission to revise and update the Downtown Design Guidelines; and

**BE IT FURTHER RESOLVED:**

That the proposed revisions to the Guidelines include recommendations for Density Bonus options that would allow greater density in exchange for amenities that provide public benefits such as affordable housing, plazas, and open space.

**ADOPTED:** September 28, 2006

**ATTEST:**

  
Shirley A. Gentry  
City Clerk



# AUSTIN DESIGN COMMISSION

ELEANOR MCKINNEY  
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PHILIP REED  
VICE CHAIR  
JUAN COTERA  
JOAN HYDE  
HOLLY KINCANNON  
GIRALD KINNEY  
PERRY LORENZ  
RICHARD WEISS  
JEANNIE K. WIGINTON

November 28, 2006

Mayor Will Wynn  
Council Member Sheryl Cole  
Council Member Betty Dunkerley  
Council Member Jennifer Kim  
Council Member Lee Leffingwell  
Council Member Brewster McCracken  
Council Member Mike Martinez

Re: Clarification of Design Guideline Update and the Density Bonus Effort

Dear Mayor and Members of the City Council,

CHHABI MISHRA  
STAFF LIASON

As we begin our effort to update the Downtown Design Guidelines and provide recommendations for Density Bonus options, we want to clarify our understanding of the intent of the council resolution. We believe that it is the council's intent that the Design Commission looks at various possibilities for density bonuses and other mechanisms that would allow greater density in exchange for amenities that provide public benefit.

We understand that in other cities, such as Portland, a variety of density bonus options are available for use by developers. Some of these options include affordable housing, urban open space, public art, sustainability, day care facilities, bicycle locker rooms, underground parking garages, proximity to transit, etc. It is our intent to research these options and bring them forward to the council as interim and final recommendations.

We also understand that other mechanisms that would provide public amenities are currently being proposed by various groups in the city. We understand that it is the intent of the council that we look at these other mechanisms, compare them to density bonus options and provide recommendations to council on their advantages and disadvantages.

Unless instructed otherwise, we will proceed based on our understanding that it is our role to review and understand the efforts of groups which are working on Density Bonuses, and to bring forward comprehensive recommendations.

Sincerely,

Eleanor McKinney, Chair  
Austin Design Commission

Cc:

Laura Huffman, Assistant City Manager  
Greg Guernsey, Director, Neighborhood Planning and Zoning  
File