

Austin Zoning Changes: Necessary But Not Sufficient To Increase Housing Supply

The headline "[Austin will now allow more homes to be built on single-family lots](#)" in the *Texas Tribune* was mostly accurate, while the Austin Chronicle's, "[After Long Day of Testimony, Council Votes to End Single-Family Zoning](#)," was more hyperbolic. Yes, the zoning changes made by the Austin City Council are significant and create the necessary conditions for more housing, but those changes are not sufficient to "end single-family zoning." The truth, as in most stories, is more complicated. Across the country city councils are responding to demands to allow more production to lower prices, but unfortunately those changes don't go far enough.

The changes to zoning were passed by the Austin City Council after a grueling process: the last hearing lasted an entire day. Before I even thought about making any comments about the legislation one way or another, I wanted to see the legislation. The problem was that I couldn't. When I contacted the Austin City Clerk's office, they told me that they had "not received that final ordinance yet. As soon as we have the final, signed version, we will send your way." I got the link to the actual legislation on January 11, 2024, a month after the legislation passed on December 7th.

I point this out not to criticize the City of Austin, but the reporters who characterized the passage of the ordinance, and others who touted it as a big step toward more density and more housing. You can't really make those statements until you can see the legislation and give other people a link to that legislation (you can find the full legislation [here](#)). I've found over the years that claims about land use changes often are made without any links or connections to the actual legislation to verify what's really going on in the code.

In the case of Austin, I spoke with an advocate and member of the planning commission who worked for months on the legislation. What's often true about significant changes to land use and zoning codes is that those opposed to them claim they will do much more damage than they will really do, and proponents claim that the changes will do much more good than they will actually do. This advocate confirmed this is the case with the Austin changes.

What passed?

Indeed, the legislation allows, by right, 3 units on what are now currently zoned for a single unit. There are two big areas in Austin, a core area around the center of the city and outlying areas. Within the core, there is a "McMansion" provision that more aggressively regulates the size of single-family homes. All existing building code requirements, like room size, for example, will remain the same. The Floor Area Ratio (FAR) requirements in the core also remain the same as well. There are some FAR bonuses for preserving existing homes when redeveloping. The idea is to avoid demolition of existing homes to put three units on sites. There were also modest changes to setbacks, and no changes to height limits.

Why isn't it enough?

Simply removing the unit limit to allow more density won't result in much new housing development. Here's why.

- *Lot size, setbacks, and Floor Area Ratio (FAR).* A real quick explanation of FAR; Floor Area Ratio is the measure of a house's floor area in relation to the size of the lot it is built on. The FAR is a way of describing, essentially, how much building can fit on a lot. It links back to density because if there are limits to the floor area, there will be constraints on how many units will fit on a lot. Austin's changes allow more units, but other requirements mean fitting those units on existing lots will be infeasible in most cases. No lot in Austin can be smaller than 5,750 feet. The average FAR of a house in Austin is about 0.45 which means a 6,000 square foot lot would have a 3,600 square foot house. In that case, a new 1,200 square foot house could be built on the lot. However, when adding in setback requirements, and the shape of the lot, and the placement of the existing home, it's not likely that another unit would fit on that lot. Breaking an existing lot into smaller lots might help, but subdividing lots in Austin (and most everywhere else) is exceptionally difficult to do, taking time and costing money and adding costs to additional units (see pages 5-7 of the legislation).
- *Impervious surface limits.* Surface water management is part of development standards, and this means there are limits to the addition of additional roof and parking coverage for example. The limits on impervious surfaces have not changed, so any new development is likely to hit that limit. Even if on site detention of surface water runoff was allowed, that would be expensive adding significant costs to additional units (page 4). Any new homes created would be limited because they create too much additional impervious surface.
- *Utility requirements.* Any new units created have the same utility requirements as any other new unit of single-family housing; this means new connections to electricity, water mains, and sewer for example. These utility requirements are cost prohibitive. My own experience with utilities is that connections, additional regulations and requirements, and engineering and inspections, add time and cost, also pushing up the costs of production and price.
- *Financing.* For sale or rental? Selling a fee simple lot would require splitting the lot, something already discussed as quite difficult. Rental would work, provided that market rents would offset debt service on any loan or would pay back expenditures in a reasonable time. This is entirely possible, but would likely be done by developers on empty lots or with demolition of existing homes. The idea that an individual homeowner would add a unit to their lot is highly unlikely given that borrowing would require an equity take out, some kind of secured loan, or cash. A homeowner would find it challenging to find easy financing to

construct a house at Austin prices, about \$200 per square foot. That 1,200 square foot house would cost about \$240,000.

What's the impact?

The advocate I spoke to agreed that these changes in Austin “will not have a massive impact.” He said, “Goldilocks lots,” that is, lots that have just the right specifications, have room for additional units to fit into existing lots and development standards, and have no issues with utilities would be the most likely to add density. While there was a tremendous amount of work and controversy associated with the changes, they don’t represent an end to single-family zoning, and are unlikely to result in a large increase in production of new housing. When new housing does happen, it is likely to be expensive given the challenges of building.

Ending Zoning

What needs to be done is that city leaders and housing advocates in Austin and everywhere, need to take the zoning code, dig a hole in front of City Hall, dump in the code, and set it on fire. Without substantial and significant changes in development standards, adding units is not likely to happen at scale; it is simply too challenging to do, permit, finance, and given all the other elements of the zoning and building code, utility requirements, often infeasible. Again, it is no small achievement to push through these changes, and allowing more units in otherwise low-density zones is necessary for creation of more housing supply, it simply isn’t sufficient.