

Special Report

The Missing Middle: Affordable Housing for Middle Income Families in the City of Austin

Technical Assistance Panel | March 31-April 1, 2015



**Urban Land
Institute**

Austin



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Austin

ABOUT ULI – THE URBAN LAND INSTITUTE

The mission of the Urban Land Institute (ULI) is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide. ULI is committed to:

- Bringing together leaders from across the fields of real estate and land use policy to exchange best practices and serve community needs;
- Fostering collaboration within and beyond ULI's membership through mentoring, dialogue and problem solving;
- Exploring issues of urbanization, conservation, regeneration, land use, capital formation, and sustainable development;
- Advancing land use policies and design practices that respect the uniqueness of both built and natural environments;
- Sharing knowledge through education, applied research, publishing and electronic media; and
- Sustaining a diverse global network of local practice and advisory efforts that address current and future challenges.

Established in 1936, the Institute today has more than 35,000 members from 90 countries, representing the entire spectrum of the land use and development disciplines. Professionals represented include developers, builders, property owners, investors, architects, public official, planners, real estate brokers, appraisers, attorneys, engineers, financiers, academics, students and librarians. ULI relies heavily on the experience of its members. It is through member involvement and information resources that ULI has been able to set standards of excellence in development practice. The Institute has long been recognized as one of the world's most respected and widely quoted sources of objective information on urban planning, growth, and development.

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ABOUT ULI ADVISORY SERVICES

The goal of ULI's Advisory Services Program is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs and policies. Since 1947, this program has assembled well over 400 ULI-member teams to help sponsoring organizations find creative, practical solutions for issues such as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalization, brownfields redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies, among other matters. A wide variety of public, private, and nonprofit organizations have contracted for ULI's Advisory Services.

ULI offers two services under this program, an Advisory Service Panel (ASP) and a Technical Assistance Panel (TAP). Each panel team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the panel topic and screened to ensure their objectivity. ULI's interdisciplinary panel teams provide a holistic look at development problems. A respected ULI member who has previous panel experience chairs each panel. Both a TAP and ASP have similar components. However, an ASP is a more in depth an intense approach requiring additional hours, research and funding than a TAP.

The agenda for this one and one half day TAP assignment was intensive and held on April 14-15, 2015. The sponsoring organization provided briefing materials to the panel members prior to the session. It also provided an introduction, briefing and tour of their site and meeting with representatives of the sponsoring



organization. The session included a half-day of interviews with key stakeholders, a half-day research/work session, and a presentation of findings at the conclusion. This written report was prepared and published after the completion of the work.

A major strength of the program is ULI's unique ability to draw on the knowledge and expertise of its members, including land developers and owners, public officials, academicians, representatives of financial institutions, and others. In fulfillment of the mission of the Urban Land Institute, this Technical Assistance Panel report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

ACKNOWLEDGEMENTS

ULI Austin would like to acknowledge the leadership of the Housingworks for inviting the Urban Land Institute to provide independent, objective expert advice on creating affordable housing for middle income families. ULI Austin would also like to express appreciation to the Austin Board of Realtors and Greenlights for Nonprofits for hosting planning and interview sessions.



We would also like to thank the stakeholders who participated in the background interview session, for providing their insight to augment the multiple decades of on-the-ground experience represented among the ULI panel members. The following key stakeholders were invited to participate:

- Paul Hilgers, ABoR
- Sherry Greenberg
- City of Austin, Mayors Office
- Confirmed
- David Whitworth
- David Whitworth Development Company
- Confirmed
- Garrett Martin
- Milestone Community Builders
- Jonathan Tomko, City of Austin - NHCD/AHFC
- George Adams, City of Austin - PDR
- David King, ANC
- Cathy Echols, Liveable City
- Dave Neider, Mueller Neighborhood Association
- Francie Ferguson, NeighborWorks
- Steve Zettner, Sustainable Neighborhoods of North Central Austin
- Mark Rogers, GNDC
- Heather Way, UT Community Development Law Clinic
- Jeff Jack, CodeNEXT CAG
- Jim Duncan, CodeNEXT CAG
- Steven Delgado, CodeNEXT CAG
- Michael Gatto, ACDDC
- Michael Wilt, TSAHC

The contribution of writer Mike Clark-Madison, Vice President, Public Policy & Research, Hahn Communications, was vital to the production of the panel's presentation and this report.

The findings and recommendations provided in this report are based on the collective expertise of the panel, along with the provided briefing materials, and information gleaned from the tour, stakeholder interviews and discussions conducted during the panel's two-day effort.

AUSTIN DISTRICT COUNCIL

The Austin District Council of the Urban Land Institute is organized to carry forward the mission of the national organization with a greater understanding of the unique regional issues and relationships fostered by its over 535 members in the Greater Austin area.

The leadership team for 2015 includes:

ULI Austin Executive Director

David Steinwedell

Executive Committee Members

Rob Golding

LiveOak Gottesman

ULI Austin District Council Chair

David Carter

Cardno Haynes Whaley

Cooper Drenner

Heritage Title of Austin

Elizabeth Good

Cypress Real Estate Advisors

Mandy Pope

TBG Partners

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ULI PANEL

The Urban Land Institute Technical Assistance Panel brought together five industry experts to explore and address issues related to the current Austin Convention Center including:

Panel Chair

David Knoll

Director of Development
Ryan Companies
Austin, TX

Panelists:

Abe Farkas

Senior Project Director
ECONorthwest
Seattle, WA

Terry Mitchell

President
Momark Development
Austin, TX

Bryan Kaminski

Vice President Investments
RedLeaf Properties
Austin, TX

Kelly Weiss

President & CEO
Austin Habitat for Humanity
Austin, TX

Additional information on these Panelists may be found on page 20 of this Report.

ULI PANEL'S ASSIGNMENT

The panel established the following objectives:

1. Identify challenges that prevent the development of housing, which serves middle-income residents within the City of Austin, with special focus on families.
2. Identify challenges that are preventing the development of “missing-middle” housing types than can help address the needs of middle-income renters and buyers within the city.
3. Develop high-level recommendations to guide the City, housing developers, neighbors, and private- and public-sector partners as they move forward with changes to city plans, codes, and regulatory processes to develop new housing products and methods to finance such housing as part of the community's overall response to the challenge of housing affordability.



EXECUTIVE SUMMARY

Over two days, the ULI Panel learned a great deal and had robust discussion about the “missing middle” both as a type of housing —in between single- and multi-family as they most commonly exist in Austin — and as a type of buyer who is unserved by public subsidies but who finds market-rate housing in Austin increasingly unattainable. Many challenges to creating missing middle housing and serving middle-income residents exist, ranging from regulatory barriers built into Austin’s obsolete and broken land-use codes and procedures, to opposition from neighbors and community stakeholders. At the same time, the few examples of walkable urban missing-middle housing that exist in Austin have proven so popular that they quickly appreciate in price, and ones that remain attainable for middle-income households are often lacking community amenities that make them suitable for families. While Austin has seen the beginnings of a successful response to housing needs on a small scale, the ULI Panel has made recommendations designed to allow more rapid expansion of production of housing to meet the needs of the missing middle market.



Summary of Major Recommendations and Conclusions

1. The ULI Panel recommends that the city continue moving forward with the CodeNEXT project; develop types of housing that will receive preferred treatment by the city’s code and review processes; and explore regulatory changes that can be implemented to increase housing production.
2. The ULI Panel recommends that the City of Austin and its community partners develop an inventory of existing and potential financing options that can be used to support housing for middle-income customers.
3. The ULI Panel recommends that the City of Austin, work with neighborhoods to show how missing-middle strategies can and must be implemented throughout the city in a way that does not harm the interests and character of those neighborhoods.
4. The ULI Panel recommends that the City of Austin identify opportunities to increase the scale of missing-middle product development; document appropriate family-friendly design standards to make sure that these product types can be viable for diverse sizes and types of households; and continue

and expand their efforts to promote the development of this housing type in proximity to transit, schools, and employment centers.

5. The ULI Panel recommends that the City and its partners pursue creative opportunities for partnerships with other entities and institutions who have an interest in improving household affordability and meeting Austin’s housing challenges.
6. The ULI Panel recommends that the Austin City Council adopt policies for assessing the success of efforts in each Council district; remain aware of the demographic shifts affecting needs and preferences; and continue to develop, refine and make accessible data on how many units are needed, what kinds of units are being produced, what properties are susceptible to redevelopment, and what is allowed by city entitlements.

The following report provides greater detail for these findings.

OVERVIEW OF ISSUE

What is the missing middle?

The term “missing middle” has been brought into Austin’s land use dialogue by Opticos Design, the lead consultant on the CodeNEXT project to reimagine the City of Austin’s land development code. It refers to a range of housing product types that, in density and intensity, lie between the traditional owner-occupied single-family detached home and the multiple-unit apartment complexes and buildings regulated (in Austin and elsewhere) as “multifamily” commercial properties. This range includes incremental increases in density through accessory dwelling units and subdivision of existing structures, to townhomes and lofts, through duplexes and fourplexes, to smaller apartment or condominium buildings or courts, including those made up primarily of studios or “microunits” as well as those offering larger units for family households.



While this range of housing lies conceptually “in the middle” between pure single-family and more typical multi-family, it also can occupy the physical space between single-family neighborhoods and commercial corridors, allowing for a gradual transition in increasing density. While this is an important tool as Austin turns more and more to infill development to accommodate the city’s growing population, it is not essential that missing-middle products be located or form transition zones.

Various extant examples of missing-middle housing exist both in the cores and on the edges of Austin’s pre-war central neighborhoods, built before current codes were in place. However, Austin, like most cities, has seen an almost-total disappearance of these formerly common product types in new residential production, due to regulatory constraints, incentives for single-family home ownership, and the postwar shift from more walkable to more auto-dependent land use patterns.

Who is the missing middle?

A core task facing the ULI Panel is to assess the convergence between the opportunities created with these product types and the housing affordability challenges faced by another “missing middle” — the middle tier of the Austin income distribution, roughly from between 80 and 120 percent of median family income. This group is exemplified by families of four making between \$60,000 and \$90,000 a year (or upwards of 165,000 persons) — often described as the market for “workforce housing” or its



equivalent, above the benchmarks for traditional public-sector housing subsidies. It often includes teachers, first responders, health care providers, and others with important roles in a community’s well being. It also includes many members of Austin’s creative community of musicians, artists, actors, writers, filmmakers, and others who have made such great contributions to Austin’s unique cultural vitality and identity.

Simply put, sufficient housing for this “missing middle” is not being produced in Austin and has not been for some time. In contrast, lower-income and higher-income households have been served by the public and private sector, respectively. While serious gaps clearly exist in housing for lower-income Austinites, the existence of multiple subsidy strategies provides a starting point for addressing those needs. The private sector has proved adept at producing more expensive housing, both new and through renovating and redeveloping existing neighborhoods. The latter process has captured formerly middle-income housing and repositioned it for the more affluent market.

Meanwhile, the middle tier has largely been forced to either assume a larger-than-healthy cost burden (relative to income) for its housing, or to move farther out from the central city and its concentration of jobs, education and services. The latter trend in many cases simply substitutes higher transportation costs for lower housing costs and is contributing to Austin’s worsening traffic congestion. It is possible that missing-middle products can provide high-quality, marketable and attainable options between single-family homes and mid-rise apartments for walkable urban living for this middle tier.

Can the missing middle be brought back?

The ULI Panel sought to understand why, if rising demand for housing and prices for land in Austin have squeezed out a large and viable segment of middle-income customers, the market has not been able on its own to respond with medium-density housing products that are attainable to renters and buyers without subsidy and with a fair rate of return to the developer. This encompasses two key assumptions: that such housing *can* be produced at the appropriate price points at various locations within the city, and that a market for such housing genuinely exists in Austin.

Both of these assumptions were borne out by the ULI Panel's discussions. Several participants made the unfortunate observation: In the limited numbers that have been produced in recent years, urban missing-middle housing in Austin, built at a cost level that allows for marketing to middle-income buyers, has proved so popular that it has quickly appreciated in price.

This price appreciation may be exacerbated for the reasons cited in the next section of this report as the missing-middle market grows. The ULI Panel reviewed demographic data and research showing that, nationally, regionally and locally, the emerging Millennial generation of housing customers is forming households later and experiencing slower income growth (hence increasing the demand for less costly housing). At the same time, downsizing baby-boomer and senior households form an emerging market for more walkable urban missing-middle housing — but with the ability to pay more for it, which will (and, anecdotally, already has) put increasing pressure on the middle-income tier. Therefore, this missing middle product type is projected to continue to be in high demand from both of these representative demographic groups



CURRENT CHALLENGES IN AUSTIN

The ULI Panel in its discussions heard extensively from Austin stakeholders about the challenges that prevented the emergence of missing-middle housing as a natural option for middle-income customers. These fell into several recurring categories:

CHALLENGES

Regulatory Barriers

Austin is broadly and deeply convinced that its land-use regulatory regime — both its codes and ordinances and the process that implements them — is broken. Even stakeholders with strongly opposing views about what constitutes an ideal land use pattern agree that Austin's status quo satisfies nobody. This is especially true in contexts like the production of missing-middle housing, which almost by definition exists as an exception to Austin's plans, rules and process.

Some of the identified regulatory barriers to missing-middle housing, such as parking minimums and site-area requirements, are common to postwar American cities, but others are largely unique to Austin. This includes Austin's rules on "compatibility," which impact the size and shape of non-residential (including multi-family) buildings within defined distances of single-family residences. These standards, which have been a point of contention for years between developers, neighborhoods, and regulators, can have an impact on some missing-middle product types.



However, perhaps the most significant process barrier that impedes missing middle housing is the current requirement that any project over two units go through site plan review. In theory, this merely doubles the number of review checkpoints from two to four, but in practice this process can easily add a year or more to a development timeline and is filled with unpredictable opportunities for conflict between developers and regulators. This leads to an order-of-magnitude increase in difficulty for developers, who in an infill context can generally more easily do a one-for-one replacement of existing units (with larger, more expensive housing) than to increase residential density.

Demand, Supply and Pricing



With land costs in many Austin neighborhoods exceeding the value of the structures upon them, and with for-sale inventories of less than 2 months and rental occupancy rates of 98 percent, at the current moment it is difficult to produce any housing that's attainable to middle income buyers within the city, even if it were less difficult to achieve the missing-middle densities that conceptually make this outcome feasible. This has resulted in recently built missing-middle products quickly rising to unattainable price levels, with those units remaining in

reach of middle-income buyers being too small for working families.

The ULI Panel discussions suggested that this market imbalance could work itself out over time, although probably not soon enough for the current political and policy climate. Both addressing the regulatory constraints — not just by removing barriers but by identifying incentives — and opening up more financing strategies that reduce land costs and improve customers' ability to rent or purchase could be necessary to ramp up production to meet demand and stabilize prices in a timeframe acceptable to the community.

Community and Political Concerns

Housing affordability, land use regulation, and neighborhood-level change are all highly political issues in Austin, and those politics and the resulting policies bear directly on the missing middle. The ULI Panel discussions considered the understandable yet incompatible goals expressed by influential Austinites: They don't want sprawl, yet they also don't want density, yet they also don't want taxes and prices to go up.

The specific impact of Austin's neighborhood plans and organizations on missing-middle viability varies widely across the city, which is itself a challenge. Beyond traditional NIMBYism and conservative views on neighborhood character and preservation, and beyond the city code's embedded preference for residential neighborhoods via compatibility standards, Austin has created multiple opportunities (including the Smart Growth Infill tools and vertical mixed use {VMU} zoning) for neighborhoods to opt in or out of allowing missing middle housing. The resulting patchwork of standards is difficult to enforce and an impediment to builders being able to achieve scale on missing middle product throughout the city.

Need for Amenities and Services

A particular consideration of the ULI Panel is the role of family households with children within the middle-income segment and how missing-middle housing types would be able to serve them. Both new and existing housing within the city limits that is attainable to middle-income families — whether single-family, multi-family, or missing middle — is challenged by a lack of consistent amenities, services and infrastructure that families would find essential or at least valuable.

The ULI Panel discussed this challenge both on a macro-level — such as the quality and accessibility of schools and transit — and on a more micro-level, such as the provision of green spaces and sidewalks. While examples exist in Austin of missing middle housing that provides these amenities and is very popular with working families (such as within the Mueller community), it is clear that many opportunities for missing middle housing in the city will have to be developed with attention to making their locations more family-friendly through these associated individual and community investments. These investments will, in many cases, require creative financing strategies, such as tax-increment financing, local improvement or benefit districts, dedicated revenue streams through new development fees, among other options discussed by the panel.

AUSTIN'S CURRENT AND FUTURE OPPORTUNITIES

Small-Scale Infill

While regulatory and political challenges to small-scale infill and incremental density are substantial, the ULI Panel identified examples of successful creation of missing-middle products using the limited tools currently available. These include a small but increasing number of accessory dwelling units, which can further affordability not just for their occupants but also their owners, for whom the income stream of a rental, or the opportunity for multi-generational housing, can make living in Austin more viable for working families.



The ULI Panel also saw examples of creating and recreating the housing densities that were originally enabled in the planning and platting of its urban neighborhoods. While some of these projects have been controversial, it appears clear that opportunities exist to subdivide existing structures built to house larger families, or to build to the original smaller lot sizes (or multiple dwellings on single lots) in neighborhoods that were later built and rebuilt at lower densities.

Corridors, TOD and VMU Projects

The ULI Panel also considered current missing-middle production on Austin’s commercial and transit corridors, including projects built under the city’s recent vertical mixed use (VMU) regulations, which can be applied to core transit corridors and which sets minimums for on-site housing affordability. Austin’s transit-oriented development (TOD) ordinance also includes minimum affordability targets, although most development in the city’s active TODs along the Capital MetroRail “Red Line” has been larger-scale multi-family.

The ULI Panel heard that much of the housing produced on these corridors has comprised smaller units, including efficiencies and, of late, “micro-units” of 400 square feet or less — not meeting the needs of working families, although potentially absorbing market demand that would otherwise be displaced into family-friendly market segments and driving up prices there. If this challenge could be addressed with a more diverse array of product types, it could make a worthwhile nearer-term difference in the middle-income housing market, since the entitlements allowing for medium density housing already exist in these corridor, VMU and TOD plans, even in neighborhoods that otherwise have resisted incremental density.

The Mueller Model

With the redevelopment of its former municipal airport, Austin has had a unique and successful opportunity to work around its systemic and structural challenges and create a mixed-income community with a diversity of housing product types at a scale unattainable to date elsewhere in the city. The ULI Panel discussions examined how the Mueller model is defined by its differences from the status quo elsewhere in Austin — from the 60-plus deviations from regular city code and development standards embedded in its planned-unit development (PUD) zoning, to the shared-appreciation model that is keeping 25 percent of the community’s for-sale housing affordable (at below 80 percent of MFI) for the long term.



The ULI Panel considered how Mueller’s lessons could be generalized and applied where the unique circumstances of Mueller’s planning and execution did not apply. While prices at Mueller for unsubsidized housing have likewise escalated beyond the middle-income range originally contemplated by its planners, the production of missing middle types — row houses, “shop house” live-work units, garden courts with shared open space, and “mansion home” four- and six-plexes — has helped temper this impact.

The amenities and services available at Mueller have made these product types attractive to working families in ways that may not be the case elsewhere. As Mueller continues to be built out, future phases will include the more dense areas (such as the Town Center) envisioned by its original plan, which will provide further opportunities for developing missing-middle products and reaching middle-income renters and buyers.

Nonprofit Development, Ownership and Financing Models

Mueller's affordable homes program is enabled by a nonprofit foundation that holds a portion of the shared equity of for-sale units. The ULI Panel considered the potential for using this kind of model to create more attainable housing for middle-income customers.



Historically in Austin, nonprofit development and the public subsidies that sustain it have been reserved for below-market-rate housing and lower-income residents, but the strategies involved could be extended to support missing-middle housing and middle-income renters and buyers. For example, a community land trust model, or a cooperative housing approach, may allow for the creation of the larger units needed by families with children within the otherwise urban densities of Austin's existing missing-middle production.

In addition, the ULI Panel discussed public and nonprofit financing programs that could benefit particular market segments based on occupation or status — such as teachers, first responders, or veterans — and provide the customer-side assistance that could close the gap between incomes and housing prices. Having these options in place in addition to pre-qualified renters or buyers could make the difference in an infill developer's ability to produce more units and achieve missing-middle densities in locations throughout the city.

Regulatory Incentives, Quick Fixes, Pilot Programs

In addition to looking at the elimination of regulatory barriers, the ULI Panel discussed how the city could provide incentives that made it possible for developers to build missing-middle product for middle-income customers as easily as they can currently produce luxury housing.

One quick fix identified by the panel would be allowing missing-middle projects (e.g., 2 to 10 units) to bypass the site plan review process if they commit to including affordable or workforce housing for qualified renters or buyers. This alone could significantly expand the city's opportunities to produce such housing. On a more potentially contentious level, the ULI Panel also discussed whether some of Austin's other myriad development controls (e.g., the heritage tree ordinance or compatibility standards) were worth waiving as an incentive to meeting community housing needs.

Another strategy discussed by the ULI Panel involved the development of “pre-approved” housing product types in the missing middle range — from ADUs up to small apartment or condo buildings — that would expand the repertory of “normal” projects for which regulatory review is more or less routine. While this is somewhat implied by definition in a form-based code of the sort that Austin may move toward in the CodeNEXT process, it could be implemented now, perhaps in conjunction with relaxed site plan review, in a way that could incentivize near-term housing production and eliminate some of the issues of ease and scale encountered in the city’s current opt-in/opt-out environment.

The ULI Panel discussions noted that creating regulatory “incentives” is less effective than providing by right development types more broadly throughout the city. However, the potential exists for a broad-based set of regulatory incentives for residential development of all kinds — an effective rebirth and reinvention of the city’s largely dormant SMART Housing program — to address Austin’s overall housing shortage, including the gaps in the missing middle.

Public and Private Social Investing



In addition to the nonprofit ownership and financing models noted above, the ULI Panel discussed opportunities for a broader social investing approach that could deliver more types of housing at attainable price points throughout the city.

One example discussed often in Austin in recent years, in part inspired by Mueller’s example, is the banking of publicly owned land for affordable housing. In practice, this has fallen short of expectations as public owners, short on cash themselves, need the return provided by market-rate buyers, and as public land holdings prove to be less well suited to housing due to condition or location.

An evolution of this approach, implemented with some success in Denver, would be to develop a land conservancy that could acquire both public and private land to meet community housing needs, including those of middle-income renters and

buyers. This approach could include the development of a “strike fund” that would allow for the quick intervention of a conservancy and its housing partners into the market when a property is available. (Something like this was discussed in Austin with the recent sale by the State of Texas of its surplus Bull Creek property, for which financing for a city acquisition was not available in a timely manner.)

Within their limitations, existing strategies such as tax increment financing (TIF) districts or even urban renewal areas can be deployed to achieve similar outcomes. However, as Austin grows in both population and prosperity, the opportunity arises to meet the same objective — buying down the cost of development of attainable housing — purely with private social investment. The ULI Panel considered options for social-capital investment funds to put money into individual housing projects, or into a overarching conservancy or development corporation, that would generate the multiple-bottom-line return sought by those investors and help close the gap in Austin’s housing market.

Partnerships for Affordability: Employers, Schools, Faith Communities

Building on this line of inquiry, the ULI Panel also considered opportunities for partnerships and collaborations between public-interest housing development projects and the institutions that could benefit from more abundant and attainable housing for middle-income customers.

The broad arena of employer-assisted housing has largely gone unexplored in Austin, but the city has large employers with large tracts of land and an interest in reducing both the housing costs and travel times of the employees they seek to recruit and retain. This group includes not just major primary employers, but also large users of commercial property (such as big-box retailers) who could help their own customers if provided effective ways of converting their surplus parking and wasted air rights into housing.

Another potential category of partners, at least in advocacy and regulatory reform if not in financing or making land available, are the city's and region's school districts. Austin ISD is anticipating significant declines in enrollment in future years, largely due to declining household affordability. In addition, student mobility — changing schools frequently due to changing housing situations — is a major detriment to academic performance.

The ULI Panel also observed that many of Austin faith communities have land holdings that may exceed the needs of their congregants or ministries, often located in neighborhoods where missing-middle housing would be both appropriate and attractive. A systematic way of exploring these opportunities could both help address community housing needs and fulfill these institutions' missions.

CONCLUSIONS AND RECOMMENDATIONS

Public Policy and Regulation

1. The ULI Panel recommends that the city continue moving forward with the CodeNEXT project, exploring opportunities for form-based codes that can make missing-middle housing easier to implement.
2. The ULI Panel recommends that the City of Austin, through a stakeholder process, develop a consensus on preferred types of housing (defined by product type, market segment and affordability, or both) that will receive preferred treatment by the city's code and review processes. Clarity in this objective is essential to guide further policy discussions.
3. The ULI Panel recommends, as part of the City of Austin's current review of the development process, explore feasible regulatory changes that can be quickly implemented to increase housing production, such as a adjustment of site plan requirements to accommodate the missing middle housing type, or waivers of other development restrictions such as compatibility standards and tree ordinances to increase production of more affordable housing.

Financing

1. The ULI Panel recommends that the City of Austin and its community partners, as part of their ongoing housing strategies, develop an inventory of existing and potential financing options that can be used to support missing-middle housing for middle-income customers, including:
 - a. Shared equity and community land trusts
 - b. Land conservancies and nonprofit community housing developers
 - c. Economic development corporations and redevelopment agencies
 - d. Tax increment financing and urban renewal districts
 - e. Nonprofit financing targeted to key market sub-segments, such as public employees, veterans, or families with children
 - f. Social investing from private and nonprofit sources, such as social capital funds

Community Engagement

1. The ULI Panel recommends that the City of Austin, including the City Council, continue to work with neighborhoods to show how missing-middle strategies can and must be implemented throughout the city in a way that does not harm the interests and character of those neighborhoods. Approaches to

building trust in this outcome can include:

2. Capturing best practices and successful models and finding opportunities for them to be recreated
 - a. Building consensus around community benefits that can and should be achieved by projects granted exceptions to regulatory requirements
 - b. Re-examining neighborhood plans and their future land use maps to identify locations where missing middle product types and incremental density would be feasible — without the constraints imposed by the inconsistent implementation of previous regulations.
3. At the same time, the ULI Panel recommends that this community engagement be conducted in a way that integrates the leadership of neighborhood associations while expanding the overall engagement of City residents. It is essential that the full range of Austinites be heard as the city seeks ways to meet the holistic housing needs of the whole community in all parts of the city.

Design, Scale and Placemaking

1. The ULI Panel recommends that the City of Austin work with design professionals to develop a catalog of “pre-approved” missing-middle product types that can receive expedited approval.
2. The ULI Panel recommends that, as part of the policy development and community engagement discussed above, the City and its partners identify opportunities to increase the scale of missing-middle product development, whether at scattered sites throughout the city (such as by relaxing ADU regulations) or in identified districts. This could include capturing best practices from successful projects and seeking to make them easily replicable.
3. The ULI Panel recommends that, as part of these design efforts, the city aim to document appropriate family-friendly design standards for such elements as sidewalks and green spaces, to be applied at either the individual project, district, or corridor level, to make sure that middle-income housing and missing-middle product types can be viable for diverse sizes and types of households.
4. The ULI Panel recommends that the City and its partners continue and expand their efforts to promote the development of attainable missing-middle housing in proximity to transit, schools, and employment centers. Increasing available incentives may be required.
5. The ULI Panel recommends that the City and its partners establish one or more programs to test missing-middle product types in coordination with the non-profit community and participating neighborhoods through a grant program, to create on-the-ground examples of missing-middle product types in the Austin market.

Partnerships and Collaborations

1. The ULI Panel recommends that the City and its partners, along with the housing community, pursue creative opportunities for partnerships with other entities and institutions who have an interest in improving household affordability and meeting Austin's housing challenges. These could include:
 - a. Employers
 - b. School districts, colleges, and universities
 - c. Religious institutions
 - d. Other public-sector entities who have either land or buildings that can provide opportunities for housing (e.g., Travis County at its North Campus)
 - e. Developers of large commercial properties who could provide on-site housing in exchange for either development bonuses or reductions in parking requirements

Data, Demographics and Measuring Success

1. The ULI Panel recommends that the Austin City Council adopt policies for assessing the success of efforts *in each Council district* to close gaps and meet the community's housing needs. This would be consistent both with the spirit of the new 10-1 council and with the specific commitments to improve affordability made by nearly every council member.
2. The ULI Panel recommends that the City and its partners, and the housing community, remain aware as they develop goals and metrics for housing production of the demographic shifts anticipated in the housing market, such as the emergence of Millennials and seniors as customers with different needs and preferences.
3. The ULI Panel recommends that the City and its partners, along with the housing community, continue to develop, refine and make accessible data on how many units are needed, what kinds of units are being produced, what properties are susceptible to redevelopment, and what is allowed by city entitlements. Making this data transparent and accessible will help the city and community perform the appropriate cost/benefit analyses and build and sustain the trust needed to achieve desired outcomes.

IOGRAPHIES OF PANELISTS

David Knoll (Panel Chair)

David Knoll is the Director of Development in the SouthCentral Region for Ryan Companies. Mr. Knoll is responsible for leading the pursuit of development projects in Texas, site selection and land acquisition, due diligence, municipal approvals, design and construction coordination, marketing and leasing, and sale negotiation. Prior to joining Ryan, Mr. Knoll was Executive Director of ULI Austin. Mr. Knoll received a Bachelor of Arts in Civil Engineering from Dartmouth College and a Masters in Community and Regional Planning from the University of Texas at Austin. He is a member of the Urban Land Institute (ULI) and the American Planning Association (APA).

Abe Farkas

Mr. Farkas is a Senior Project Director at ECONorthwest. Mr. Farkas has nearly three decades experience in structuring successful public-private partnerships that have improved urban neighborhoods, business districts, and university environments. Mr. Farkas has served on the Inter-City Council, the Public-Private Partnership Council, and on the board of directors for the International Economic Development Council. Mr. Farkas has a Doctorate in American Studies from University of Minnesota; a Master of Arts in American Studies from Purdue University and a Bachelor of Arts in Political Science from Purdue University.

Terry Mitchell

Terry Mitchell is the President of Momark Development. Mr. Mitchell is heavily involved in the planning and development of various residential and mixed-use real estate developments involving approximately 6,500 residential units and related mixed-uses. Projects include The Austonian (development consultant and marketing manager), the Denizen, Plum Creek, Chestnut Commons, Edgewick, Gabardine, Macmora Cottages and The Sanctuary Lofts. Mr. Mitchell holds a Doctor of Jurisprudence and a Masters of Business Administration both from Saint Edward's University, Austin, Texas and a Bachelors of Business Administration from the University of Texas, Austin.

Bryan Kaminski

Bryan Kaminski is the vice president for the investments division of Live Oak-Gottesman on development and acquisitions. He also serves as vice president of RedLeaf Properties, LLC, an affiliate of Live Oak-Gottesman, the master developer of the 81-acre mixed-use redevelopment of Highland Mall in Austin, Texas. Mr. Kaminski holds a Master of Business Administration from the University of Texas McCombs School of Business, a Bachelor of Science in Construction Science from Texas A&M University and is a LEED (Leadership in Energy and Environmental Design) Accredited Professional.

Kelly Weiss

Kelly is the President & CEO of Austin Habitat for Humanity. A leader in the field of long-term affordable homeownership development, Kelly was a founding Board member of the National Community Land Trust Network and currently serves on the National Shared Equity Coalition. Prior to her position with Austin Habitat, Kelly served as the Sr. Vice President of PeopleFund, and she was the founding Executive Director of PeopleTrust. Kelly served as the Director of the City of Austin's Housing Finance Corporation, a public non-profit housing finance corporation. Before her affordable housing career, she was in private law practice, and began her career at Anderson Consulting. Kelly earned a Bachelor of Arts with honors from Rice University in Houston, Texas, and received her Doctor of Jurisprudence from the University of Texas School of Law.



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