

Housing Affordability in Austin with the HOME Initiative PHASE 2

For a brief time, Austin, Texas, was the fastest-growing metro area in the United States. Between 2022 and 2023, over 50,000 people moved to Austin. While it is no longer in the top spot, Austin continues to experience meteoric growth, which has prompted legislators to loosen residential regulations in hopes of promoting more affordable housing options.

The key program associated with these efforts is the Home Options for Middle-Income Empowerment (HOME) Initiative. The Austin City Council passed HOME Phase 1 in 2023 and passed Phase 2 on May 17, 2024. Read on for everything you need to know.



What Changes Did HOME Phase 1 Implement?

Home Options for Middle-Income Empowerment Phase 1 made two [key changes to Austin housing regulations](#), including:

- Allowing three dwelling units per single-family lot
- Making it easier to build tiny homes and use them as dwelling units

Before these changes, builders could only construct a duplex or two dwelling units on lots zoned as “single-family.” Now, builders can construct a triplex or three dwelling units on those lots.

These changes promote home affordability by decreasing the amount of land per dwelling unit. It also creates opportunities for seniors to find affordable housing. Families can benefit from the initiative by placing a secondary dwelling, such as a tiny home, on their residential property, thereby creating a supplemental income stream.

Understanding what HOME Phase 1 changed is important, but you also need to know what these reforms did not do. Specifically, the initiative does not:

- Ban single-family homes
- Force changes on existing lots
- Infringe on HOAs or deed restrictions
- Force anyone to build additional units



HOME Phase 2 built on the improvements rolled out during the initial phase while also preserving the rights of homeowners, deed-restricted communities, and HOAs.

How Phase 2 Promotes Affordable Middle-Income Housing

HOME Phase 2 took additional steps to promote affordable middle-income housing in the City of Austin. The initiative allows builders or homeowners to place one prefabricated or manufactured unit on single-family properties.

The unit can be in addition to an existing site-built home. This change makes it easier for individuals to take

advantage of the new rule changes, as they don't have to build another permanent structure.

Additionally, if someone builds more than one unit on a single-family lot, they can exceed the square footage limitations imposed on single-family homes. If you build three units on a lot, you are allotted up to 4,350 total square feet of structure under one roof.

The HOME Phase 2 changes also include Density Bonus 90 (DB90), a voluntary rezoning option for commercial districts within city limits. Property owners can rezone their commercial property from LR, GR, LO, CS-1, or CS to DB90, a new type of zoning district.

However, the owner must build affordable housing units following the city's rules to receive the zoning change.

Perhaps most notably, the city is working to streamline the permitting process for all housing projects. This includes permits for new builds, adding more housing units to existing property, and rezoning. Expediting the permitting process can lead to shorter construction times and help increase total home inventory.



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Other Developer-Friendly Ordinance Changes

In addition to Phase 2 of the HOME Initiative, the city has approved several other ordinances in support of development in Austin.

The city has expanded its transit-oriented development (TOD) zones to encourage development near major transit hubs. This move aims to reduce traffic congestion and promote sustainable living by making it easier for residents to access public transportation.

The regulations for accessory dwelling units (ADUs), or secondary homes on residential properties, have been relaxed. You can now build larger ADUs with fewer restrictions, which is great news if you have investment properties.

Overall, the HOME marks a significant turning point for Austin residents, investors, and real estate professionals.

These moves can help encourage others to relocate to this beautiful city while also ensuring that they have access to affordable housing opportunities.

Dates You Need to Know

When do the Home Options for Middle-Income Empowerment Phase 2 changes take effect? The new regulations begin on August 1, 2024, which gives developers some time to familiarize themselves with the changes and prepare accordingly.

If you want to take advantage of these deadlines and access the first round of benefits, make sure to submit any applications by October 31, 2024. The program has been well-received, which means the city will likely be inundated with applications. To avoid delays, get your documents submitted as soon as possible.

