



MYTH: Austin's Current Land Development Code Is Constraining Development

Many Austinites believe the revamp can't come fast enough as the city deals with an extreme shortage of housing supply amid a surge of new residents ... Few question that a revamp of the LDC would yield needed housing and potentially curb traffic and home price growth to some extent.

— [Austin Business Journal, June 4, 2021](#)

Developers are also operating on a land development code from the 1980s that doesn't allow enough dense development, many say.

— [Austin Business Journal, June 16, 2021](#)

Since 1984, we have literally not had a code that was intended to produce much housing ... I'm hoping that's going to change because it has to.

— Scott Turner, infill builder
[Austin Business Journal, June 14, 2021](#)

Expert Opinion

Austin's current land development code is not materially constricting the supply of housing, according to analysis from Ryan Robinson, Austin's former City Demographer:

The amount of multifamily housing under construction right now with the City of Austin is simply phenomenal—a phenomenon running orthogonal to the false narrative that housing production within the City is somehow severely constrained by the City's land development code. And even if the code were to be dramatically opened up with vast increases in entitlements, I'm just not sure we would see levels of production much above what we're currently seeing—the pipeline of production must be nearing a maximum threshold of sorts.

A longtime local real estate research firm president supported the amount of new residential housing being built:

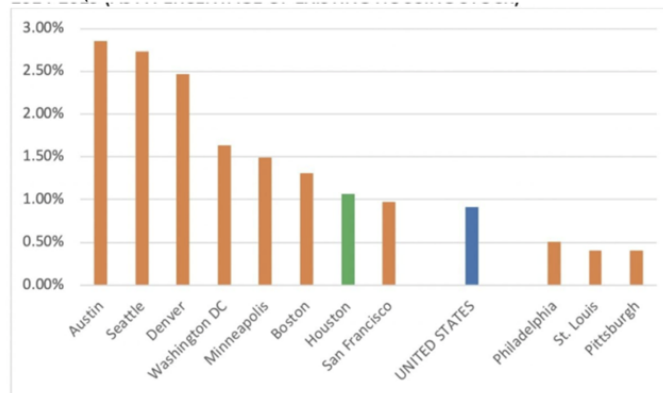
I think that we will complete more units this year than we have ever completed before.

— Charles Heimsath
President, Capitol Market Research
[KUT, October 8, 2021](#)

Statistical Data Confirms Austin’s Very High Housing Unit Permit Approval

As the below bar graph derived from the HUD SOCDs database shows, from 2014 to 2019, Austin led the nation with the highest annual number of approved units as a percentage of existing housing stock (Fig. 1). Austin’s percentage of approved new units was nearly 3 times the national average. Even though the City of Houston has no zoning and lax building regulations, Austin approved 2.5 times the number of new units per existing stock as Houston. These units in Austin were all approved under the existing code.

FIG. 1: AVERAGE NUMBER OF NEW UNITS APPROVED ANNUALLY 2014-2019 (AS A PERCENTAGE OF EXISTING HOUSING STOCK)



In short, the statistical data on permitted housing units over the last four and one-half years supports the demographer’s conclusion that the LDC is not constraining production.

¹ The assistant director of the city’s Planning and Zoning Department ordered Robinson’s statement to be deleted from the report as “not relevant.” See [“Demographer’s land code analysis scrubbed from Austin city report”](#) in the *Austin American-Statesman*, March 3, 2020. To the contrary, exposing false narratives surrounding the land development code and housing is not only relevant but essential to good government.

Non-Code Constraints: Labor and Material Shortages

More relevant to any constraints or delays in housing supply than current zoning are non-code restraints. Supporting the City Demographer's opinion about peak housing production, a recent report indicated that in 2020, the construction volume of housing units in the Austin metro exceeded the market's ability to furnish the necessary labor:

The Austin metro spent the most money per construction worker on residential buildings out of any other large metro in the country, meaning it has a comparatively low number of construction workers relative to its high amount of residential demand.

— [Austin Business Journal, July 23, 2021](#)

An Austin construction training coordinator, quoted in the July 23rd article, succinctly summarized the labor shortage: "There's just too much work and not enough workers."

There are also reported supply chain shortages in Austin, including critical building materials like lumber and cement ([Austin Business Journal, July 8, 2021](#)). Today's materials shortage are nationwide. Austin's land development code has no effect on Austin's labor and material shortages.

Non-Code Constraints: Permit Processing

The number of building applications has exceeded the City's ability to process them on time further confirming the City Demographer's 2020 statement that the "pipeline of production" was nearing a "maximum threshold."

It was recently reported that:

A main concern from area developers is how long it takes to get a permit or a building plan review, which many have said can take up to two years.

— [Austin Business Journal, June 22, 2021](#)

In a 2021 interview, Denise Lucas, director of the Development Services Department for Austin, stated that the high demand and volume had strained DSD resources with turnaround times increasing and the department unable to meet its goals even with added temporary staff ([Austin Business Journal, June 22, 2021](#)).

Takeaway

Austin's existing Land Development Code is not constraining Austin's housing supply. The evidence indicates that residential construction in Austin has been and is performing at or near capacity. Any constraints on Austin's housing supply pipeline are attributable to labor, material, and permitting-process limitations. Accordingly, amending the Code to immediately increase entitlements and relax zoning regulations on residential properties will not increase housing supply generation beyond what it would otherwise be.