

# Memorandum



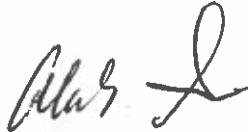
DATE January 15, 2016

TO Housing Committee Members: Scott Griggs, Chair, Carolyn King Arnold, Vice-Chair, Mayor Pro-Tem Monica R. Alonzo, Tiffinni A. Young, Mark Clayton, and Casey Thomas, II

SUBJECT Austin's Innovative Strategies To Promote Affordability

On Tuesday, January 19, 2016, you will be briefed on Austin's Innovative Strategies To Promote Affordability. A copy of the briefing is attached.

Please let me know if you have any questions.



Alan E. Sims  
Chief of Neighborhood Plus

c: The Honorable Mayor and Members of the City Council  
A. C. Gonzalez, City Manager  
Rosa A. Rios, City Secretary  
Warren M.S. Ernst, City Attorney  
Craig Kinton, City Auditor  
Daniel F. Solis, Administrative Judge  
Ryan S. Evans, First Assistant City Manager  
Eric D. Campbell, Assistant City Manager  
Jill A. Jordan, P. E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor and Council

# AUSTIN'S INNOVATIVE STRATEGIES TO PROMOTE AFFORDABILITY



**January 2016**

Dallas City Council Housing Committee

Presentation by: Betsy Spencer, Director, Neighborhood Housing & Community Development

City of Austin



# OUTLINE

- I. **Assessing Needs: Committed to Data Driven Approach**
- II. **Tools and Revenue**
- III. **Innovative Regulations**
- IV. **What's Next?**

## Success today:

You will have a clear understanding of the process that the City of Austin has undertaken to expand the toolkit by which affordability is promoted and ensure mixed income communities are developed throughout the City. In sum it has taken: **planning, policies, partnerships, and will soon encompass performance measurement to drive outcomes.**



# 2009 & 2014 Comprehensive Housing Market Studies

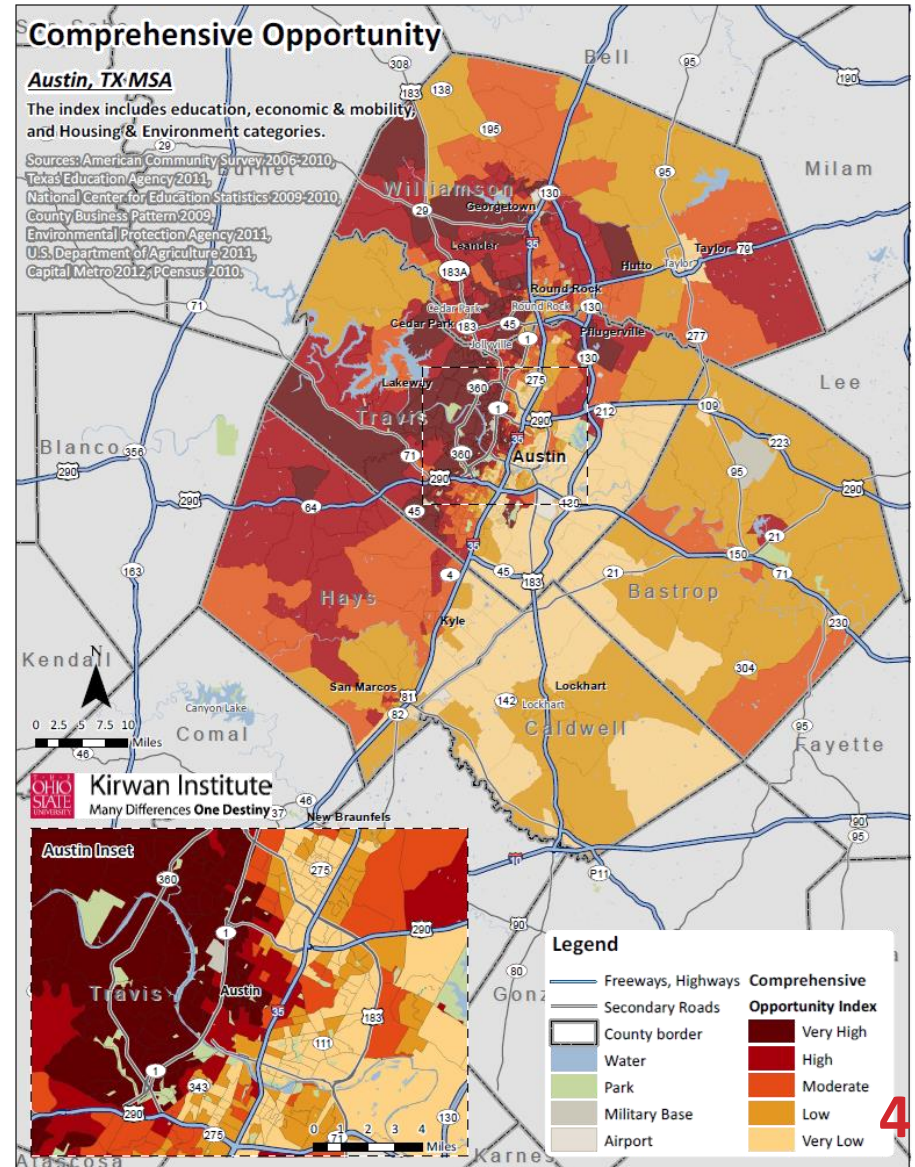
## **PROVIDED THE BASELINE FOR CHANGE**

- Identified a rental gap of 37,600 affordable housing units for low-income households in 2009, which has grown to 48,000 affordable housing units in just 5 years.
- Studies included rich community engagement:
  - Community Meetings, Focus Groups, Interviews
  - Housing Choice Survey with over 5,000 respondents
- Data has provided diverse audiences with current detailed information underscoring how household affordability is important as a part of all initiatives.
- Sets the stage for goal setting.

# Kirwan Opportunity Maps

## DEVELOPED FOR AUSTIN

- Community Resource
- Adopted by the Austin's Community Development Commission
- Development Incentive Scoring Criteria includes the Opportunity Index





# Analysis of Impediments

## AFFIRMATIVELY FURTHERING FAIR HOUSING

- Developed with an Advisory Group invited and presented to throughout the process
- Successful firm was required to work with this group in on-site meetings and conference calls throughout the process
- Brought advocates together to design the product



# Assessing the Growing Need

## LOW- MOD- JOB/HOUSING IMBALANCE

- **Low- and Moderate-Income Jobs exist in High Opportunity Areas**
- **Without affordable housing near these jobs:**
  - There is increased traffic congestion
  - Decreased quality of life
  - Additional transportation costs borne by low- and moderate-income households

# Assessing the Growing Need

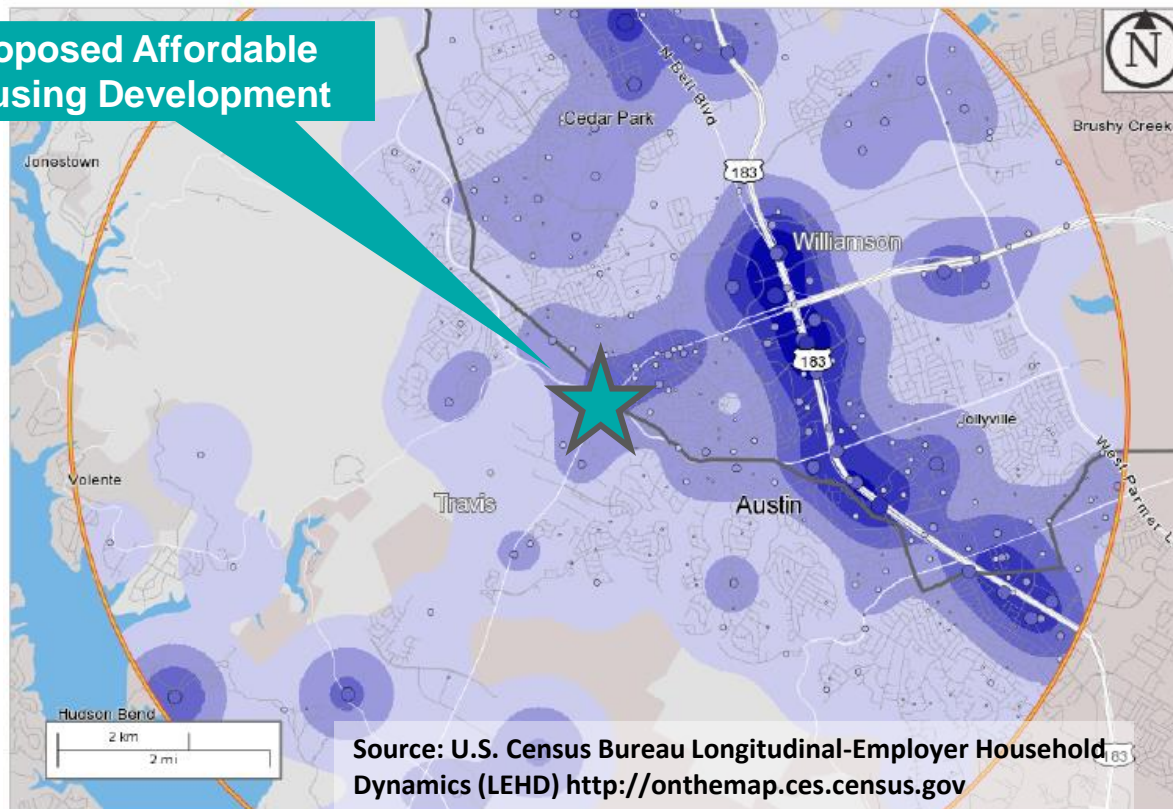
## LOW- MOD- JOB/HOUSING IMBALANCE

- Understand where Low- and Moderate-Income Jobs Are
- There is usually not enough affordable housing in these areas

Counts and Density of All Jobs in Work Selection Area in 2011  
\$1,250 per month or less

Jobs within 5 miles earning ≤\$1,250/mo, 2002	7,619
Jobs within 5 miles earning ≤\$1,250/mo, 2011	10,212
% Change 2002 to 2011	+ 34%
% of Workers within 5 miles earning ≤ \$1,250/mo but living outside this area, 2002	78%
% of Workers within 5 miles earning ≤ \$1,250/mo but living outside this area, 2011	80%
% Change 2002 to 2011	+ 2%

Proposed Affordable Housing Development



Job Density [Jobs/Sq. Mile]

- 5 - 89
- 90 - 341
- 342 - 761
- 762 - 1,349
- 1,350 - 2,105





# Tools and Revenue

## 2006 GENERAL OBLIGATION (G.O.) BONDS

In 2006, Austin voters approved \$55M in G.O. Bonds for affordable housing

*Three Main Investment Areas:*

- Rental Housing Development Assistance
- Home Ownership Programs
- Home Repair Programs

*City's Core Values Related to Scoring Criteria for Capital Investments:*

- Deep Affordability
- Long-Term Affordability
- Geographic Dispersion

# Tools and Revenue

## 2006 GENERAL OBLIGATION (G.O.) BONDS

<b>Rental</b>	<b>Amount</b>	<b>Units</b>
Very Low Income Persons/Families	\$21.5	869
Workforce/ Family Housing	\$11.2	529
Persons with Mental Disabilities	\$3.3	61
Senior Housing	\$3.0	108
Children	\$1.9	42
Mobility Disability	\$0.8	70
Subtotal: Rental	\$41.7	1,679
<b>Homeownership</b>	<b>Amount</b>	<b>Units</b>
\$4.6M – Repairs; \$8.7M – Buyers	\$13.3	914
Subtotal: Affordable Units	\$55.0	2,593
TOTAL – All Units		3,417
Balance Remaining from \$55.0M	\$0.0	

# Tools and Revenue

## 2006 GENERAL OBLIGATION (G.O.) BONDS

**\$55 MILLION**  
IN AFFORDABLE HOUSING BONDS

**\$196+ MILLION**  
LEVERAGED

**3,417**



NEW HOMES AND APARTMENTS



**648**

HOME REPAIRS FOR LOW-INCOME HOMEOWNERS

**1,398**   
NEW RENTAL HOMES FOR LOW-INCOME FAMILIES

**131**   
NEW ACCESSIBLE HOMES FOR PEOPLE WITH DISABILITIES

**108**   
NEW RENTAL HOMES FOR LOW-INCOME SENIORS

**\$55 MILLION**  
INVESTED

**2,919**



JOBS CREATED

**3,417**



HOMES DEVELOPED

\$55 MILLION WILL BRING

**\$865 MILLION**  
TO THE LOCAL ECONOMY

**\$392 MILLION**  
TOTAL CONSTRUCTION IMPACT

**\$473 MILLION**  
ONGOING OPERATING EXPENSES (OVER 10 YEARS)

# Tools and Revenue

## 2013 GENERAL OBLIGATION (G.O.) BONDS

In 2013, Austin voters approved \$65M in G.O. Bonds for affordable housing

Project Description	Spending Plan by Fiscal Year					
	13-14	14-15	15-16	16-17	17-18	18-19
<b>BEGINNING BALANCE</b>	65,000,000	50,000,000	40,000,000	30,000,000	20,000,000	10,000,000
<b>SPENDING PLAN</b>						
GO! Repair	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
ABR - Renter	250,000	250,000	250,000	250,000	250,000	250,000
<b>Total Home Repair</b>	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000
<b>Rental Housing Development</b>	11,000,000	6,750,000	6,750,000	6,750,000	6,750,000	6,750,000
<b>Acquisition &amp; Development</b>	1,750,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
	15,000,000	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
<b>ENDING BALANCE</b>	50,000,000	40,000,000	30,000,000	20,000,000	10,000,000	-

# Tools and Revenue

## DEDICATED REVENUE FOR PERMANENT SUPPORTIVE (PSH) HOUSING

In-lieu funds from Downtown Density Bonus Program dedicated for the creation of PSH Units

### Proposed Projects and Estimated Fees:

Aspen Heights Apartments	\$816,400
<u>5<sup>th</sup> &amp; West</u>	<u>\$499,860</u>
Total projected fee payment:	\$1,316,260

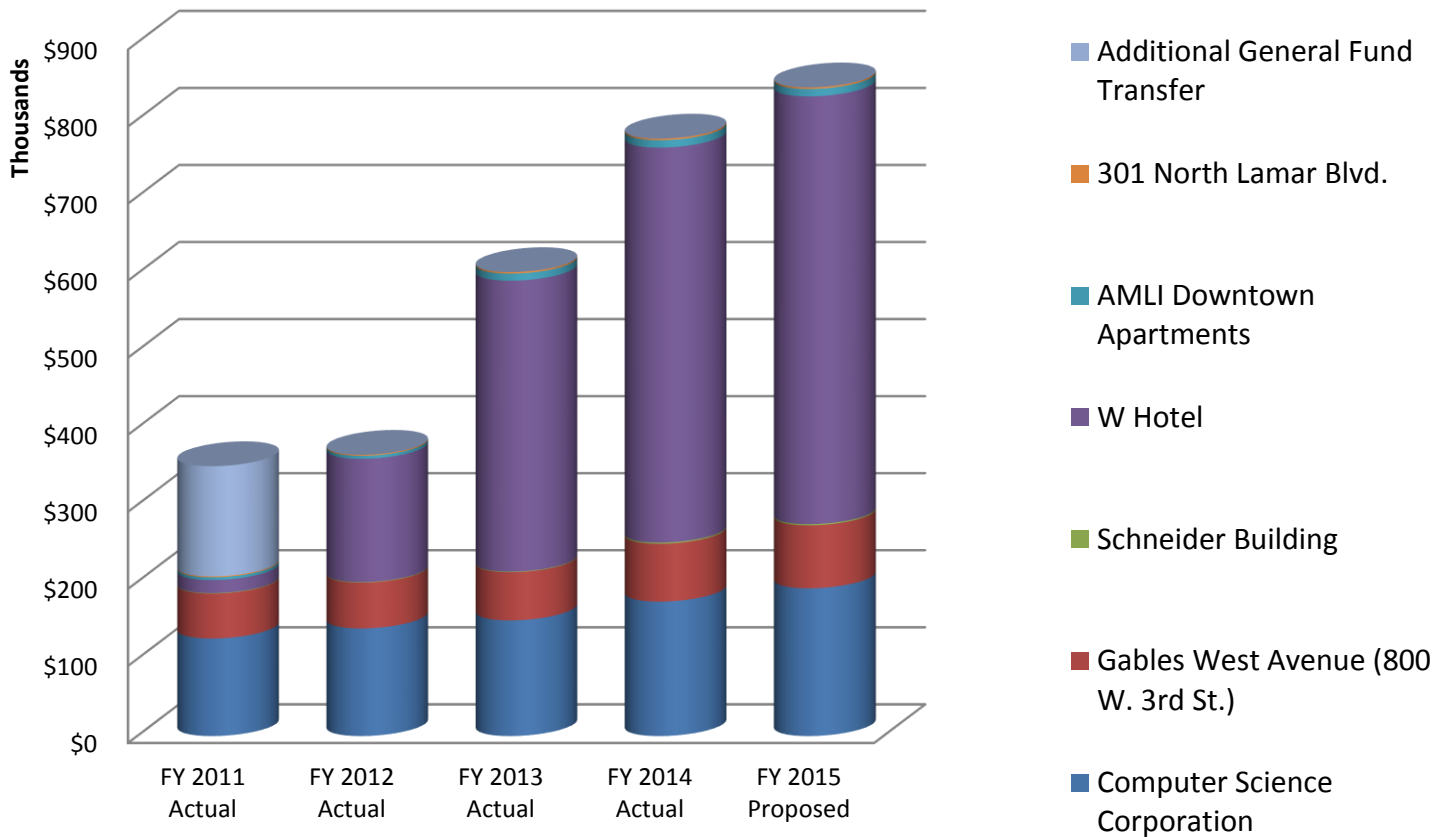




# Tools and Revenue

## HOUSING TRUST FUND

### Properties that Generate Funds for the Housing Trust Fund (HTF)

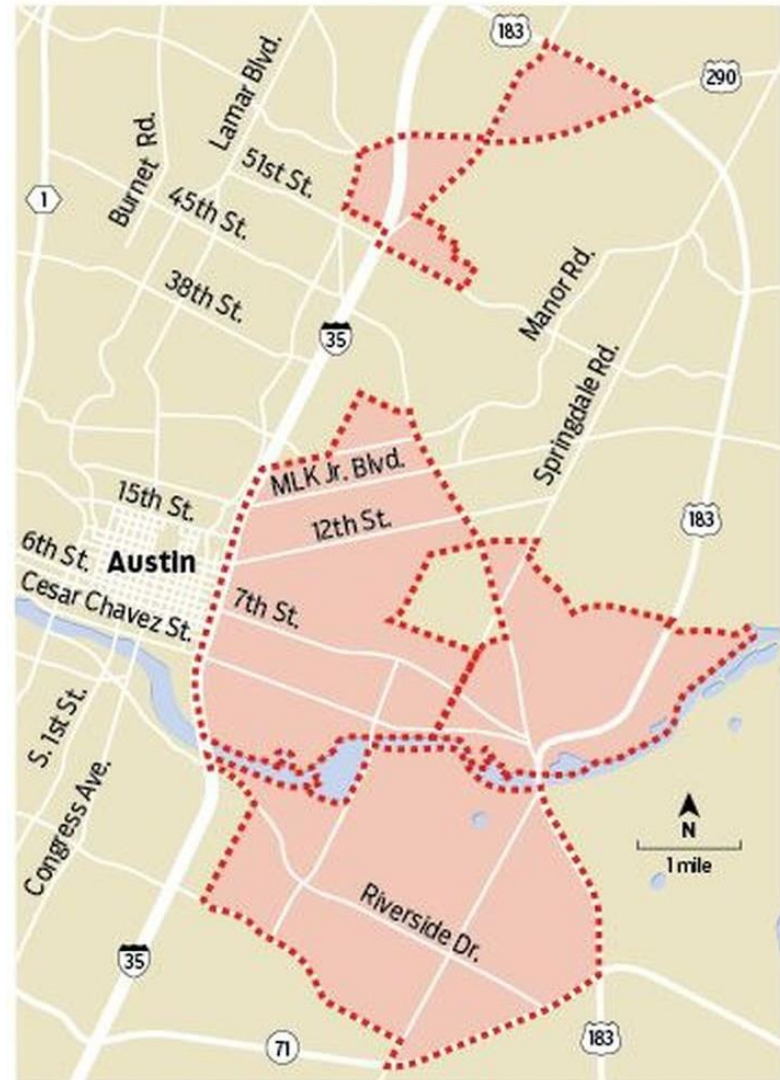


# Tools and Revenue

## HOMESTEAD PRESERVATION DISTRICT

### Homestead Preservation Districts:

Four Created in East Austin to:  
“increase home ownership, provide affordable housing, prevent the involuntary loss of homesteads by existing low-income and moderate income homeowners living in disadvantaged neighborhoods.”



STEVE LOPEZ / STAFF



# Tools and Revenue

## **HOMESTEAD PRESERVATION DISTRICT**

### **Homestead Preservation Reinvestment Zone:**

Allows the use of tax increment financing (TIF) to finance the creation and preservation of affordable housing in the district. – Created for one of the four established HPDs in Austin in December of 2015.

### **Homestead Land Bank Program:**

Allows the City of Austin to operate a Land Bank program, through which vacant properties subject to tax foreclosure are made available for affordable housing.

### **Homestead Land Trust:**

Allows Council to designate one or more community land trusts to operate within the district and access TIF funds. Austin Housing Finance Corporation, Travis County Housing Finance Corporation and PeopleTrust are designated by City Council to operate as HPD Land Trusts.



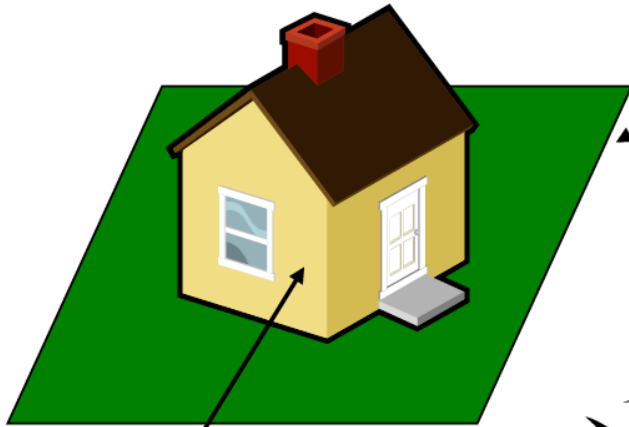


# Tools and Revenue

## COMMUNITY LAND TRUST PROGRAM

- Allows low- and moderate-income people to purchase a home and lease the land
- Takes the cost of the land out of the real estate transaction
- More affordable than houses on the open real estate market
- 99-year ground lease with the CLT is signed for the use of the land

# Community Land Trusts: *How do they work?*



Buildings (residential or commercial) are owned by individuals. Because they pay only for the structure, and not the underlying land, purchasing the building is more affordable.

Land is owned by the Community Land Trust, which is governed by a non-profit board.



A 99-year ground lease between CLT and owner ensures owner-occupancy and responsible use and outlines fees paid to the CLT.



A resale formula built in to the ground lease is designed to keep homes affordable for subsequent buyers.



# Utilizing Publicly Owned Land

## MUELLER REDEVELOPMENT AND REUSE



- The City of Austin embarked on a public-private partnership to redevelop 711 acres vacated by the former municipal airport, which closed in 1999.
- This land was transformed into a mix of housing (with over 25 percent of the rental and homeownership units being affordable and offered to income qualified households), with jobs, services and mobility improvements that reconnect adjoining neighborhoods.
- The Mueller redevelopment plan is a model prototype of how cities of the future might grow, and was awarded the 2015 HUD Secretary's Opportunity and Empowerment Award.

# Utilizing Publicly Owned Land

## COLONY PARK SUSTAINABLE CHALLENGE GRANT



- The City of Austin partnered with community members in and around the Colony Park neighborhood to complete a community planning process for 208 acres of publicly-owned land in Colony Park.
- Plan provides a versatile framework for sustainable development which will increase housing choices, bring jobs, businesses, and improved amenities to an undeserved community.
- Such investments will increase the public tax base and promote the overall quality of life, while maintaining affordability

# Innovative Regulations

## DENSITY BONUSES

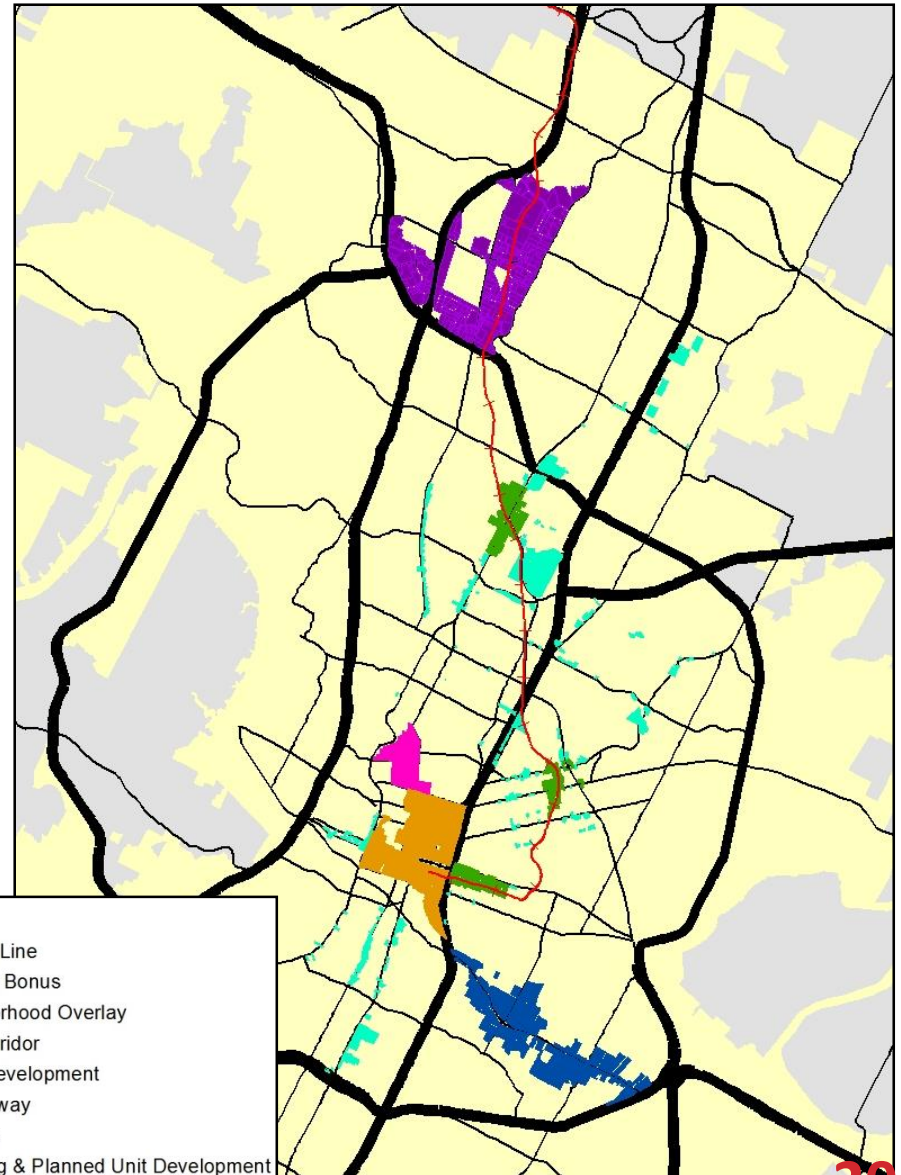
Incentive-based program that grants additional entitlements or privileges in return for community benefits (Density is a community benefit)

### *Strengths:*

- Provide options for developer participation
- Sensitive to neighborhood context

### *Challenges*

- Limited standardization makes implementation difficult for developers and City staff
- Fee-in-lieu structure does not often reflect real cost of development



# Innovative Regulations

## DENSITY BONUSES

Incentive-based programs to grant additional entitlements or privileges in return for community benefits.

### Entitlements/Privileges can include:

- Additional density (FAR: Floor Area Ratio) or units per acre
- Additional height
- Parking reductions
- Fee waivers or expedited review

### Community Benefits can include:

- Affordable housing (units or fee)
- Public open space
- Green building

**Bonus**

**Allowable  
Under  
Current  
Zoning**



# Innovative Regulations

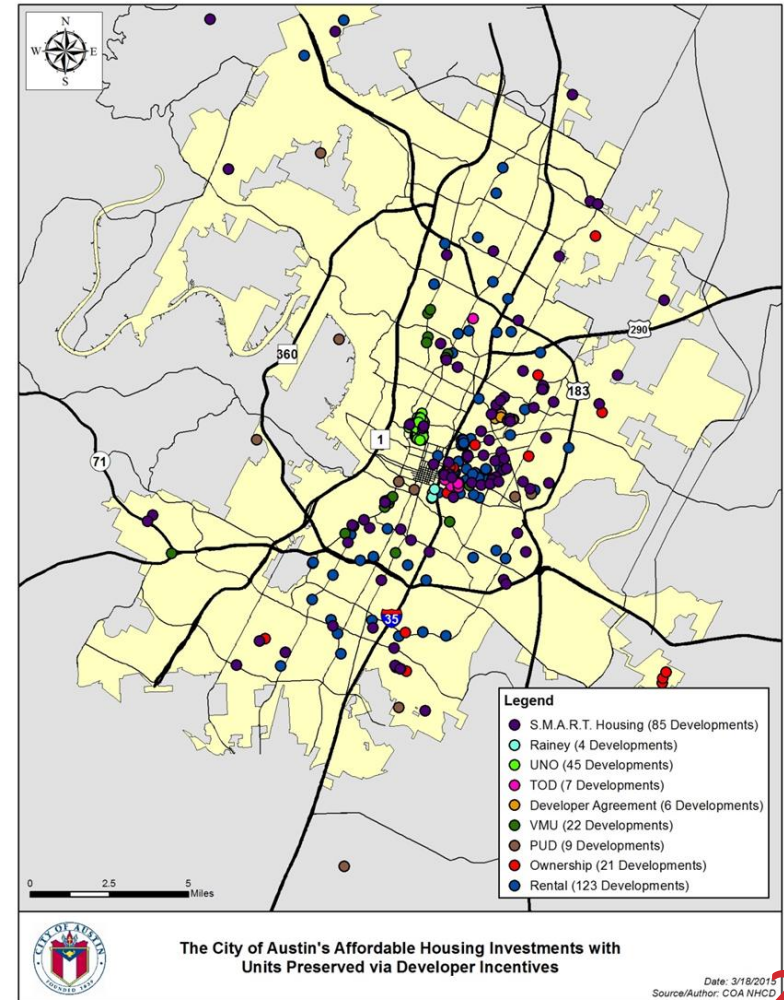
## **DENSITY BONUSES – WHY IMPORTANT**

- Opportunity to tie together clearly identified benefits and costs to the gain of both community and developer.
- To allow new development to offset some of the community burdens it creates.
- State law limitations on affordable housing (no inclusionary zoning).
- To allow and encourage added density in locations where that density is desired.

# Innovative Regulations

## PROMOTE ON-SITE REGULATORY INCENTIVES WHERE IT MAKES SENSE

- Incentive-based program that grants additional entitlements or privileges in return for community benefits
- One of the few tools for affordable housing without a subsidy
- Supports creating complete communities





# What's Next?

## LOTS MORE TO DO...

- **Community Goals Require New Partnerships, Policies, and Innovative Financing**
  - Design Scorecard to Measure Success
  - Create New Permanent Supportive Housing (PSH)
  - Affordable Renter and Owner Housing Opportunities
  - Preserve Existing Affordable Housing Opportunities
- **Evaluation of Regulations and the City's Land Development Code (CodeNEXT)**
  - Examine what makes it difficult for both for-profit and non-profit development communities to provide affordable housing units on the ground
  - Examine barriers to Accessory Dwelling Units (ADUs)



# What's Next?

## LOTS MORE TO DO...

- **Housing + Transit + Jobs Coordination**
  - Create more affordability and promote a mix of affordable units throughout Austin, especially in designated Activity Centers and Corridors where we know future higher frequency, higher capacity transit is able to offer locational advantages
- **Permanent Supportive Housing (PSH)**
  - Continued work with the Leadership Committee on PSH Finance
- **Engagement and Participation with State Programs (QAP) and Legislative Programs to Continue to have a presence on key Fair Housing Issues**

# Questions

**[www.austintexas.gov/housing](http://www.austintexas.gov/housing)**

**Betsy Spencer: [betsy.spencer@austintexas.gov](mailto:betsy.spencer@austintexas.gov)**