


CITY OF AUSTIN COMMUNITY DEVELOPMENT COMMISSION

Date: July 21, 2008

To: Mayor and Council Members

From:  Sabino Renteria, Chair, Community Development Commission (CDC)

Subject: Affordable Housing G. O. Bond Recommendations

In May 2008 Margaret Shaw, Director, Neighborhood Housing and Community Development (NHCD), sought guidance from the CDC on issues related to the use of affordable housing General Obligation Bonds. After conducting a Public Hearing on May 13, 2008, the Community Development Commission reached consensus on issues related to the use of G. O. Bonds for transitional housing, rent “buy-down” projects, and Transit Oriented Developments (TODs). Discussion continued during subsequent CDC meetings on the topics of geographic dispersion, lack of homeownership projects coming in, and property acquisition by AHFC. On July 8th the CDC reached final consensus on these three issues. Below is a summary of the issues and CDC’s recommendations:

Transitional Housing. NHCD staff requested guidance on Transitional Housing projects. They are not exactly rental projects since residency is limited to a specific period of time and because residents must comply with supportive service plans and/or treatment programs. The CDC recommends not providing a specific allocation for transitional housing, but recommends revising the G. O. Bond scoring criteria to allocate more points for projects that will provide permanent supportive housing.

Rent “buy-down” projects. NHCD staff requested guidance on the use of G. O. Bonds in private developments to “buy down” rents to a level that would be affordable to low-income households. Recent examples include the Stoneridge Apartments Redevelopment and the Sunnymede Apartments Redevelopment. CDC recommends that the buy down be calculated from an amount that would be an affordable rent for a household at 80% MFI as opposed to calculating the buy down from a market-rate rent. In addition, CDC recommends that the Council not exceed the per-project and per-unit dollar amounts specified in the program guidelines for affordable housing G. O. Bonds.

Designating G O Bond funding for TODs. NHCD staff requested guidance on the use of G. O. Bonds for TODs. The CDC recommends not providing a specific allocation for TODs, but recommends giving extra points to projects if they are located along a VMU corridor or in a TOD area.

Geographic Dispersion. NHCD staff requested guidance on the issue of geographic dispersion; what it means and how it could be achieved in terms of affordable housing. The CDC recommends the creation of a matrix using “opportunity mapping.” Opportunity mapping is a research tool developed by the Kirwan Institute for the Study of Race and Ethnicity (Ohio State

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University) and is used to map areas of greatest or least “opportunity” within metropolitan areas. The Kirwan Institute developed Austin’s opportunity maps in 2007. The maps illustrate where the best access to schools, transportation, jobs, healthcare, childcare, etc. are located in a community. This tool could help make informed decisions as to where to invest affordable housing dollars. The CDC recommends exploring the possibility that a map of this kind could be used as part of the scoring criteria for the dispersal of housing GO Bond funds.

Lack of Homeownership Projects Coming In. NHCD staff requested guidance on the issue of the lack of homeownership projects that are coming in. NHCD has seen fewer single family homeowner projects applying for funding. With higher prices of land and construction costs, multi-family projects, both reconstruction and new construction, have become more numerous. The CDC recommends making AHFC property available for third party development, using housing GO Bond funds.

Property Acquisition by AHFC. NHCD staff requested guidance on property acquisition by AHFC. The CDC considered whether AHFC should acquire and hold property using GO Bond funds. The CDC’s recommendation is for AHFC to make property it currently owns available for third party developments using the housing GO Bond funds. It also recommends considering a systematic regular review of city-owned property for future surplus and to keep the existing policy to make surplus property owned by other departments available to AHFC.

We hope you find these recommendations helpful. Please contact the CDC through its executive liaison, Diana Domeracki, 974-3156, if we can answer any questions or provide additional information.