



AFFORDABLE HOUSING BRIEFING

A FOCUS ON:

- OVERVIEW OF 2012 BOND DEVELOPMENT PROCESS
- COMMUNITY NEEDS
- A RETURN ON INVESTMENT

A presentation by:

- The City of Austin
- HousingWorks Austin

Austin City Council Presentation: April 25, 2013

Today's Objective

Follow up to Resolution No. 201301177-061

Directs staff to present on a series of topics to address the full spectrum of affordable housing

Presentation Overview

- Definition of Affordable Housing
- Imagine Austin Public Input
- 2012 Bond Development Process
- Snapshot of community needs
- Investment Principles
- Return on Investment (ROI)
- Next Steps

Affordable Housing and Household Affordability

Affordable Housing:

Housing in which the occupant(s) is/are paying no more than 30 percent of his or her income for gross housing costs, including utilities.

Definition from HUD



Household Affordability (Imagine Austin Priority Program):

Takes into consideration not only household costs such as mortgage, rent, and utilities but also transportation and access to daily and weekly needs as essential and inter-related components of household affordability.

Definition from Imagine Austin

Based on Median Family Income:

30% of Median Family Income: \$15,400 for 1-person household; \$21,950 for a 4-person household
50% of Median Family Income: \$25,650 for 1-person household; \$36,600 for a 4-person household
80% of Median Family Income: \$41,000 for 1-person household; \$58,550 for a 4-person household
120% of Median Family Income: \$61,500 for 1-person household; \$87,840 for a 4-person household

Per HUD as of December 2012 for the Austin-Round Rock-San Marcos MSA

Imagine Austin Affordable Housing Input

- Resulted in over 18,500 points of community input
- Organized into four Community Forum Series, neighborhood meetings and working groups between 2009 and 2012
- Affordable housing and affordability were identified as a community priority early in the development process and became one of the 8 Priority Programs



2012 Bond Development Process

- **October 2011** – City Council creates citizen's Bond Election Advisory Task Force
- **December 2011** – City Council approves the Guiding Principles for bond development
- **February 2012** – City Staff provides \$1.49 billion Needs Assessment to Task Force
- **February to May 2012** – Task Force consideration of Needs Assessment and formulation of recommendations
- **June 2012** – Task Force and City Manager recommend bond packages and provide to City Council
- **August 2012** – City Council approves placing \$385 million worth of bond propositions on the Nov. 6 ballot

2012 Task Force Work on Affordable Housing

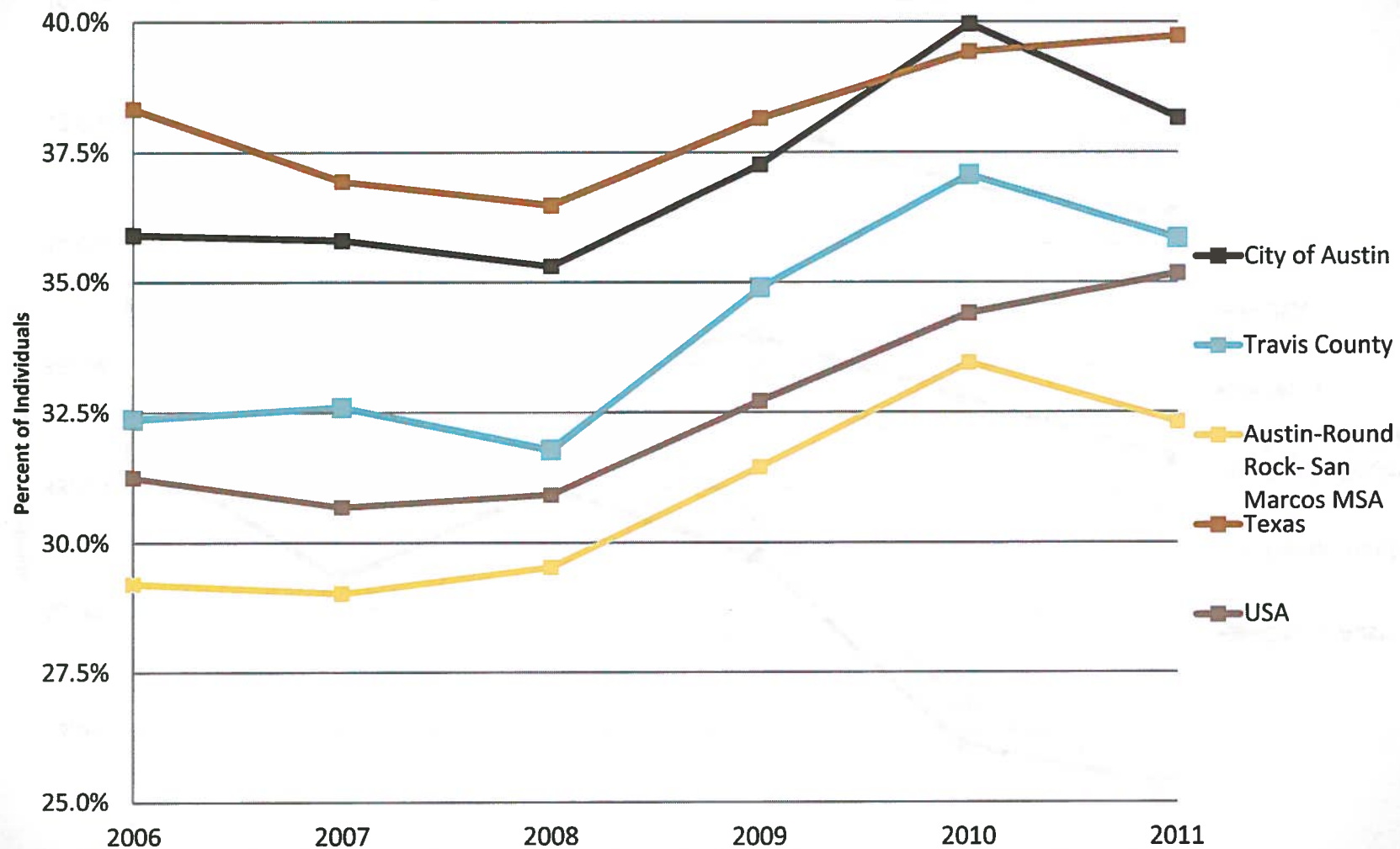
- Task Force consideration of affordable housing (13 meetings)
- Affordable Housing Committee (February-April 2012)
 - Staff presentations, community input
 - 4 committee meetings held
- Multiple Opportunities for Citizen Input/Participation
 - Community Workshops (4)
 - Task Force Community Forums (2)
 - Other means of citizen feedback
 - Website, email, Speak Up Austin, bond hotline, etc
 - Task Force was provided summary of all input received

Current needs assessment

Action Plan Process Underway:

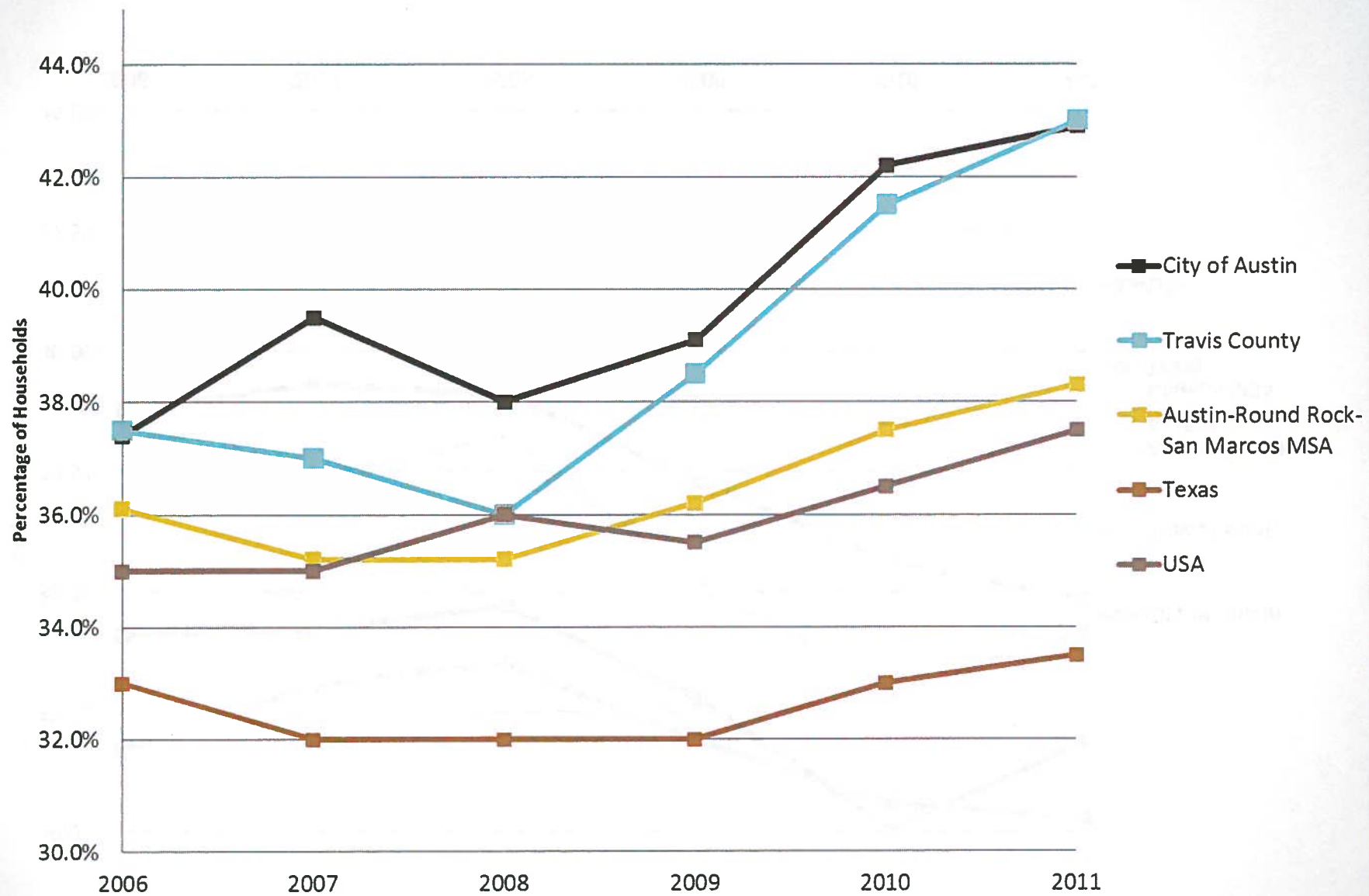
- Community Needs Assessment (March 20 – April 26)
- Two Public Hearings (April 2013)
- DRAFT Action Plan to include Community Needs Report released (June 1)
- Public Input on DRAFT Action Plan (June 1 – July 1)
- Action Plan due to HUD (August 15)

% of Individuals Living Below 200% of the Federal Poverty Level



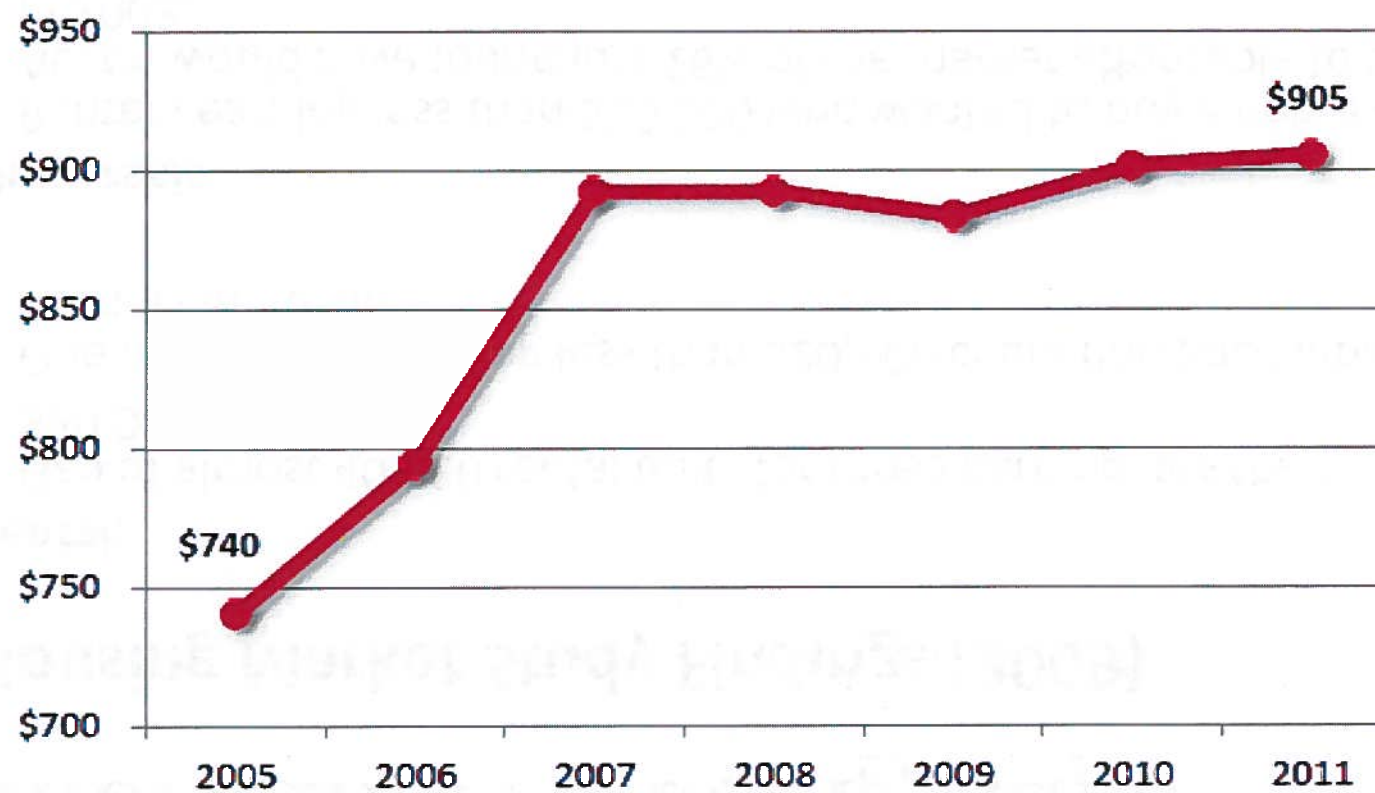
Source: U.S. Census Bureau American Community Survey 1-Year Estimates Table S1701

% of Households that are Cost-Burdened



Increase in rents

Median Gross Rental Rate Trend



Source: 2005-2011 U.S. Census ACS 1-Year Estimates Table B25003

Affordable Housing Gaps

Housing Market Study Findings (2009)

Rental:

- Gap of almost 40,000 rental units for those earning less than \$20,000 per year.
- One in 6 renters earning less than \$20,000 could find affordable housing in Austin.

Ownership

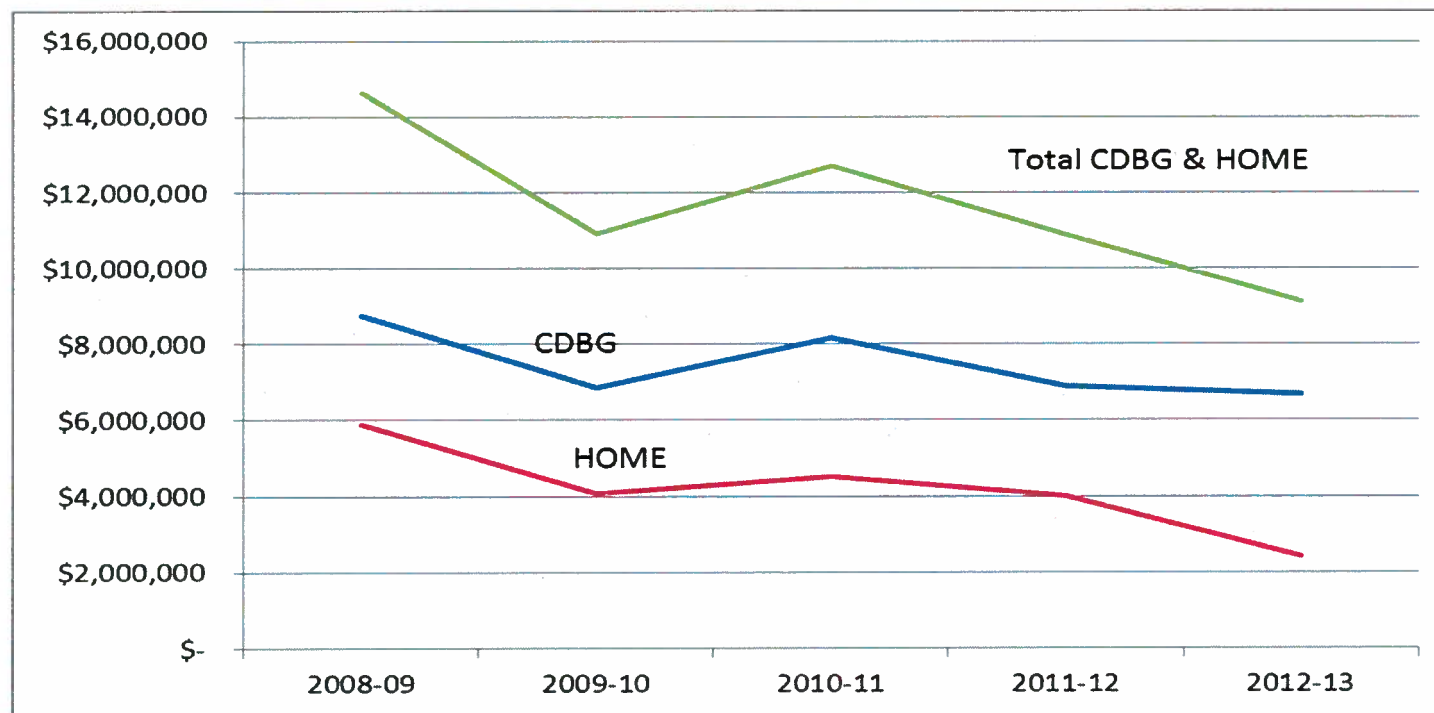
- Renters earning less than \$50,000 who wanted to buy a home in Austin would have found just 16% of the market affordable to them in 2008.

Future Housing Market Study

- May/June 2013: Request for Qualifications (RFQ) to be released. Study finalized in early 2014

Federal funding constraints

To accomplish our mission, NHCD directly administers a variety of programs to serve the community's housing, community development and economic development needs and provides grant funding to various agencies and non-profit organizations.



CDBG and HOME Federal funding levels have been reduced
by almost 40% from amounts received 5 years ago –
Estimated 5% cut for Fiscal Year 2014

Investment Principles

Overarching principles to promote a strategic investment of affordable housing:

- **Maintain Flexibility and Adaptability** – Maintain flexibility to adapt to changing economic/political conditions and opportunities.
- **Utilize Partnerships** – Capitalize on partnership opportunities in public and private sectors.
- **Seek Diversified and Inclusive Community Benefit** – Give priority to projects that demonstrate affordable housing core values (deep affordability, long-term affordability, geographically dispersed affordable housing).
- **Maximize Leverage** – Use tax credits, outside financing and City resources to optimize economic leverage.
- **Optimize Return on Investment (ROI)** – Evaluate if investment is well spent by looking at factors including neighborhood investment, economic capital and ability to induce other value.

Affordable Housing and Return on Investment

HousingWorks Austin

April 25, 2013



HousingWorks
AUSTIN

2006 Housing Bonds: A Great Return On Investment

\$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

2006 Housing Bonds Economic Impact: \$865 Million

\$55 MILLION
INVESTED

2,919

JOB'S CREATED

3,417

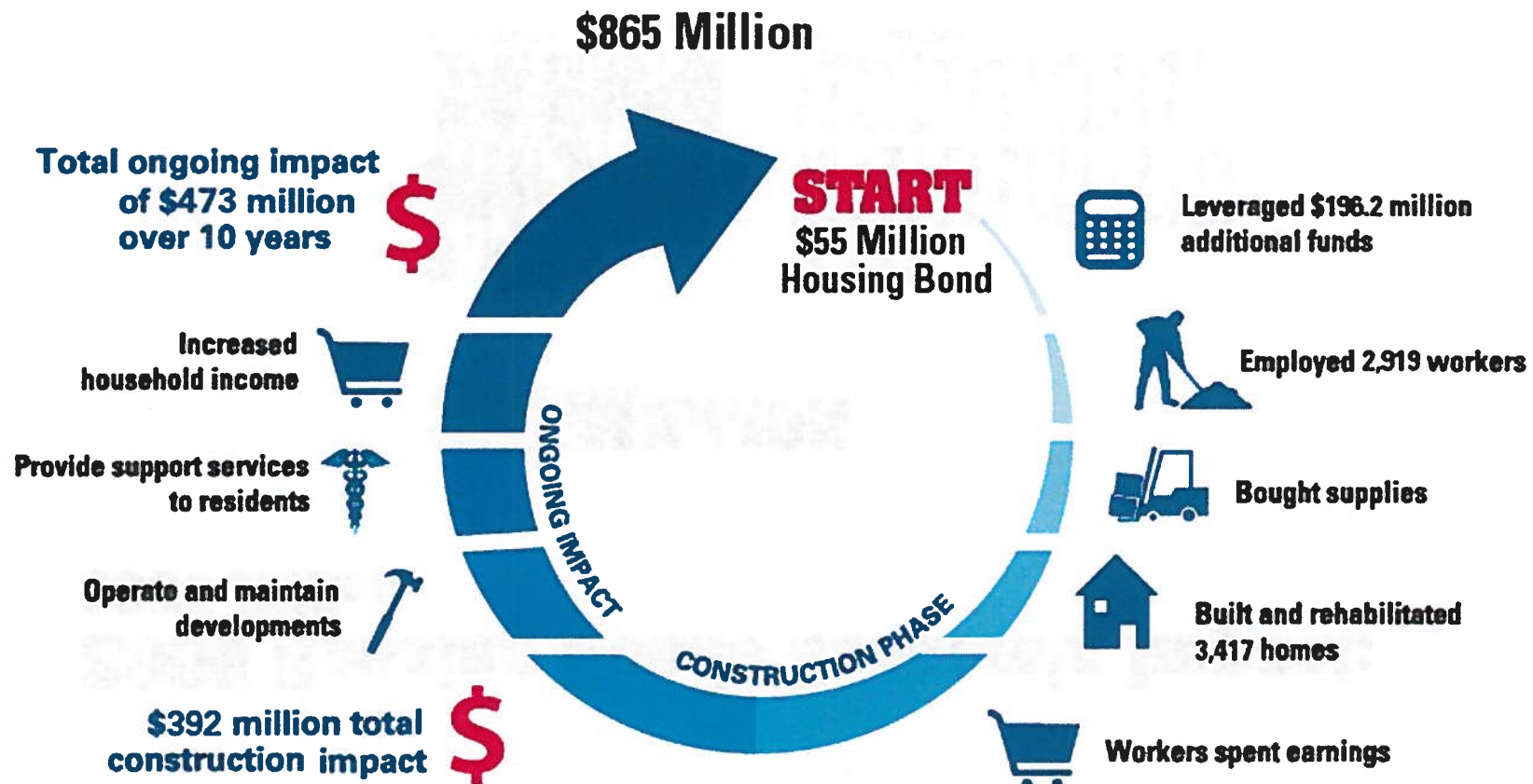
HOMES DEVELOPED

\$55 MILLION WILL BRING
\$865 MILLION
TO THE LOCAL ECONOMY

\$392 MILLION
TOTAL CONSTRUCTION IMPACT

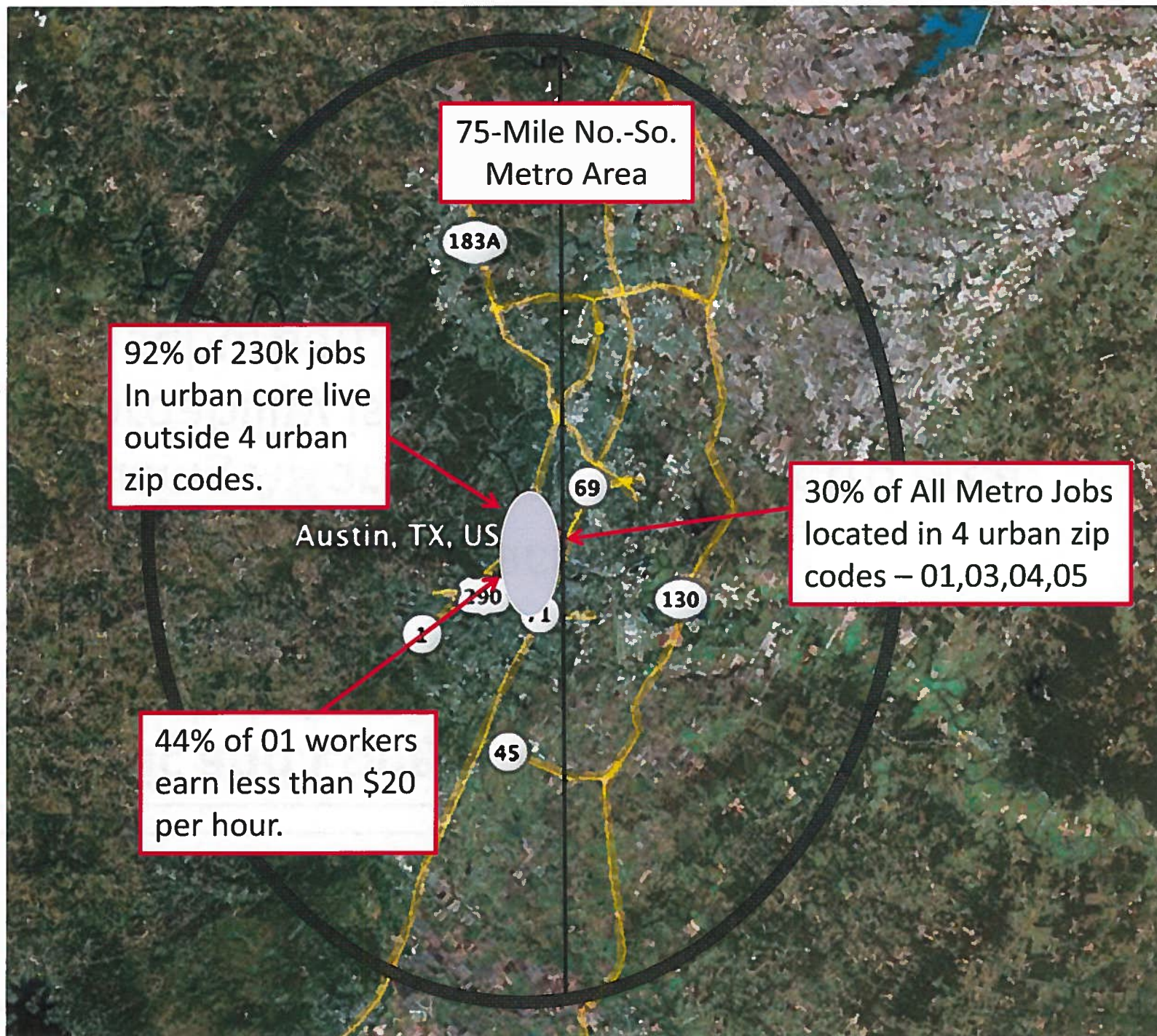
\$473 MILLION
ONGOING OPERATING EXPENSES (OVER 10 YEARS)

How the 2006 Affordable Housing Bonds are Bringing \$865 Million to Austin



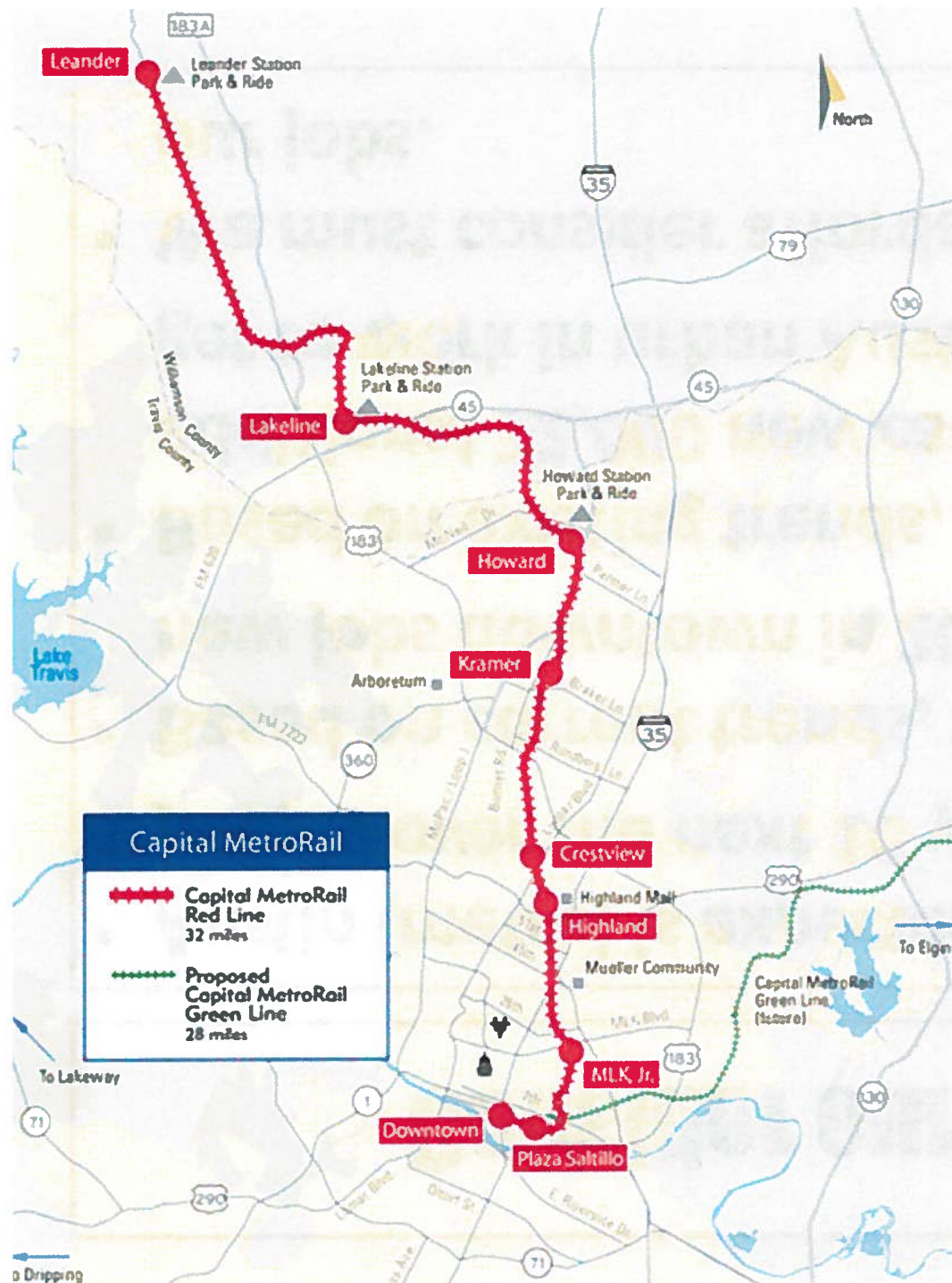
Two Major Issues Facing Austin

- **Traffic and Congestion** – The reasons are many, but Austin must now address its current congestion and how it will add additional transportation capacity.
- **Housing Affordability** – Our metro area affordability is being largely concentrated in our suburban, outlying areas, creating transportation, land consumption and undue municipal burdens.



Consider our Growth

- **Austin (metro) is expected to grow 580,000 people over the next 10 years . . .**
- **Based on current trends, that means 78,000 new jobs downtown in 2020.**
- **Based on existing trends, that means an additional 72,000 new cars will be trying to get to work in urban Austin.**
- **We must consider affordable housing near our jobs.**



Eight train stations to Downtown.

If each TOD could house 2,000 housing units and 25% of those were affordable, the Red Line could have **16,000 units** housing between 24,000 to 32,000 residents. 4,000 of those units would be **affordable** to low-income workers and their families.

Could we guess that around 50% of the residents would ride the train? If so, then between 12,000 and 16,000 residents would ride the train.

As such, between **24,000 and 32,000** auto trips per day will be avoided – the equivalent of an arterial road.

Legal Requirements for Potential Election Dates

Nov. 5,
2013

- Aug. 26, 2013 is the last date to call an election
- Last regularly scheduled Council meeting is August 22, 2013

May 10,
2014

- Feb. 28, 2014 is the last date to call an election
- 2014 Council schedule has not been set

Nov. 4,
2014

- Aug. 18, 2014 is the last date to call an election
- 2014 Council schedule has not been set

Next Steps/Milestones

Future Council Briefings

- **May 21:** National and statewide approaches to affordable housing
 - Tax ratification and bond elections of other governmental jurisdictions.
 - Information about other Texas cities housing bond elections.
- **June 18:** Funding strategies for affordable housing

Other Key Milestones (Nov 2013 Scenario)

- **August 22:** Last scheduled Council meeting prior to deadline for calling a bond election
- **August 26:** Last day to call an election for the November 5, 2013 ballot
- **November 5:** Election Day

City of Austin
Neighborhood Housing and Community Development Office
www.austintexas.gov/housing
512.974.3100