



City of Austin

Neighborhood Housing and Community Development

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DATE: July 1, 2014
TO: Mayor and Council
FROM: Betsy Spencer, Director, Neighborhood Housing and Community Development *EOS*
SUBJECT: Update on Resolution No. 20140515-033

Resolution No. 20140515-033 directed the City Manager to explore options and take appropriate actions to maintain the availability of affordable housing units during the rehabilitation or demolition and reconstruction of affordable housing projects, such as the Oak Creek Village Apartments.

In a memorandum to the Austin Housing Finance Corporation Board May 12, 2014, staff provided background information and an update on the status of Oak Creek Village as well as information regarding questions staff posed to the U.S. Department of Housing and Urban Development (HUD) related to Housing Assistance Payment (HAP) Contracts. A Housing Assistance Program (HAP) contract specifies the number of units in a particular mortgaged property for which Section 8 assistance will be provided. Under the HAP Contracts, HUD provides Section 8 rental subsidies to the project owners in an amount equal to the difference between the HUD approved rent (the "Contract Rent") for a particular assisted unit and the HUD required rental contribution from eligible tenant families.

In our consultation with administrators of the Housing Assistance Payments, the question was asked in the effort to explore options to maintain availability of affordable units during rehabilitation and demolition of properties tied to a HAP contract: Does the HAP contract/HUD allow for new lease agreements while units are in the process of demolition and construction? The question speaks to the ability to lease the number of units allowable under the HAP Contract at all times.

HUD Headquarters' guidance has been sought on the issue. As of today, staff has not received a response from HUD. Staff will update Council upon receipt of this information.

Thank you.

cc: Marc A. Ott, City Manager
Bert Lumbreras, Assistant City Manager