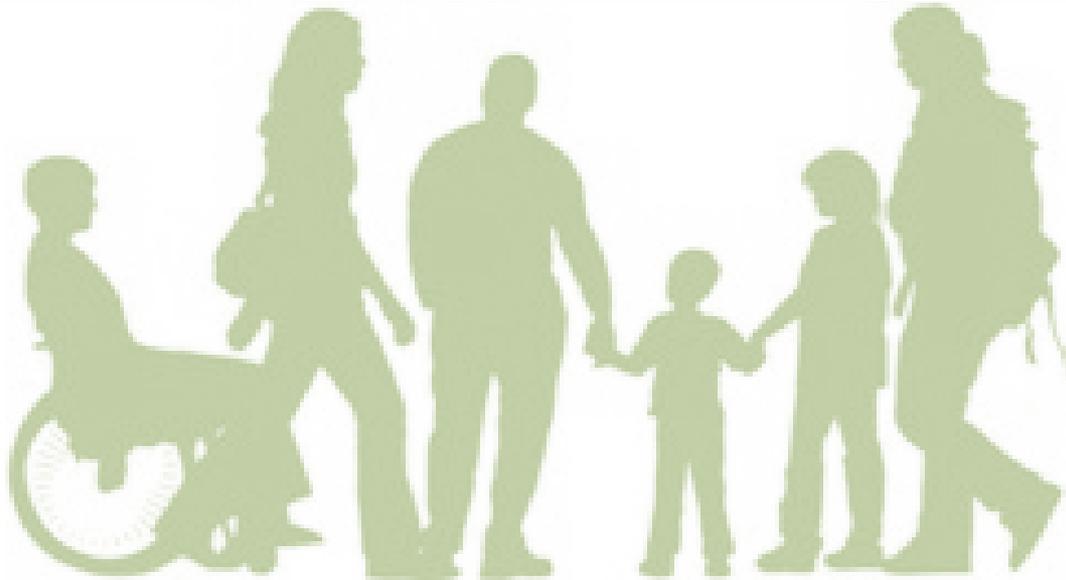




Housing Matters

A discussion on issues related to household affordability in Austin



February 5, 2015

Presentation by:

City of Austin, Neighborhood Housing & Community Development

Discussion Overview

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- Key housing policy issues
- Tools, resources and regulations to achieve housing
- Upcoming issues for Council

Key Housing Issues

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- ✓ **Preserve existing affordable housing in Austin**
- ✓ **Increase the housing supply in Austin**
- ✓ **Site affordable housing through prioritized scoring (City funded opportunities)**
- ✓ **Ensure safe and decent housing and address substandard housing**
- ✓ **Promote Geographic Dispersion**

Affordability requires diverse approaches

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Market Rate Affordable Housing:

Housing built by private developers that is affordable due to size, location, age, quality, maintenance, etc...

CODENEXT

Income-Restricted Affordable Housing:

Housing that is reserved for households at particular incomes (often in terms of a percentage of Median Family Income, or MFI) for a specified period of time.

Affordability through Regulations or Incentives

Utilizes the Code or Incentives to encourage developers to include affordable units, despite market pressures. (i.e., Density Bonus)

Subsidized Affordable Housing

Housing Subsidized by Federal or Local funds to make the development feasible with lower rents or prices. Usually has an affordability period.



CODENEXT

TOOLS, RESOURCES

Outcomes: Geographic Dispersion; Preservation; Increase in housing supply for low income families; promotion of safe, decent housing

Federal Resources: Formula Grants

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- Federal Formula Grant programs are a result of a partnership with the United States Department of Housing and Urban Development (HUD) such as the Community Development Block Grants (CDBG) and HOME Investment Partnership
- Administered by the City of Austin, which is a Participating Jurisdiction
- Regulatory requirements to include affirmatively further fair housing choice in Austin
- Funding uncertainty



Federal Resources: Housing Choice Vouchers/Section 8

- Community partner Housing Authority of the City of Austin (HACA) administers program
- The public housing agencies receive federal funds from the U.S. Department of Housing and Urban Development (HUD).
- Program is the federal government's major program for assisting very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market.
- Participants are able to find their own housing, including single-family homes, townhouses and apartments.
- Participant is free to choose any housing that meets the requirements of the program and is not limited to units located in subsidized housing projects.

Maximum Household Income for each Family Size

1 Person Family	2 Person Family	3 Person Family	4 Person Family	5 Person Family	6 Person Family	7 Person Family	8 Person Family
\$26,400	\$30,200	\$33,950	\$37,700	\$40,750	\$43,750	\$46,750	\$49,800

Local Resources

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General Obligation Bonds

- Demonstrates local commitment to affordable housing initiatives
- Funds focus on low and very-low income households
- Program activities include: home repair; preservation of affordable housing; construction of new affordable units and housing for the chronically homeless (permanent supportive housing)
- Program success linked directly to partnerships: nonprofit and private sector entities

Housing Trust Fund

- Established in April 20, 2000 to expand Affordable Housing Initiatives
- Funded through 40% of incremental tax revenues derived from developments built on City-owned lands within the defined Desired Development Zone

General Fund

- Department receives general fund for operations

Tool for Siting Rental & Ownership Opportunities

Scoring criteria for City funding

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CORE VALUES

- ▶ Deep Affordability: Number and Degree of Affordable Units (i.e. 30% Median Family Income)
- ▶ Long-term affordability: Length of Affordability Period
- ▶ Geographic Dispersion

PRIORITY INITIATIVES

- ▶ Permanent Supportive Housing
- ▶ Accessibility and housing for persons with disabilities
- ▶ Priority Location (i.e. proximity to transit; high opportunity areas)
- ▶ Preservation of Affordable Units

UNDERWRITING

- ▶ Developer Experience and Qualifications
- ▶ Sources & Uses of Funds
- ▶ Debt Coverage Ratio
- ▶ Leverage
- ▶ Rental Housing Development Assistance (RHDA) Cost Per Unit
- ▶ Project Readiness
- ▶ Property Management Experience
- ▶ Supportive Services

POLICIES & REGULATIONS TO MAXIMIZE TOOLS, RESOURCES

Outcomes: Long-term affordability; Increases safe, decent, affordable housing supply for low income families; tools for targeted investment

Community Land Trust

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- A nonprofit corporation (the CLT) acquires multiple parcels of land throughout a targeted geographic area with the intention of retaining ownership of these parcels forever. Any building already located on the land or later constructed on the land can be held by the community land trust or can be sold off to an individual homeowner, a nonprofit developer of rental housing, or some other nonprofit, governmental, or for-profit entity.
- Land is retained by a non-profit while structures are sold with a resale formula designed to keep homes affordable for subsequent buyers in perpetuity.
- Tool can assist in areas impacted by gentrification
 - ✦ Examples: East 11th and 12th Street

Homestead Preservation District

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- Legislation drives the criteria of a Homestead Preservation District.
- Three program areas :
 - ✦ **Homestead Land Trust** allows City Council to designate community land trusts to preserve affordable housing permanently in the District.
 - ✦ **Homestead Land Bank** allows the City to operate a land bank through which vacant land that has been foreclosed due to non-payment of property taxes can be made available for affordable housing development.
 - ✦ **Homestead Preservation Reinvestment Zone** allows use of tax increment financing (TIF) to help fund affordable housing.

Tools may be deployed independent of a Homestead Preservation District

Pooled Loan Fund/Strike Fund

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- **Public/Private Partnership** to help address affordable housing needs
- **Utilization of third-party lending entity** such as a **Community Development Financial Institution** to manage the fund, which can serve as the partner between public sector and traditional banks to make loans at a subsidized rate
- **Benefit: Quick turnaround**, enabling developers to better compete with investors
- **Tool is especially valuable in hot housing markets**

Density Bonus Programs

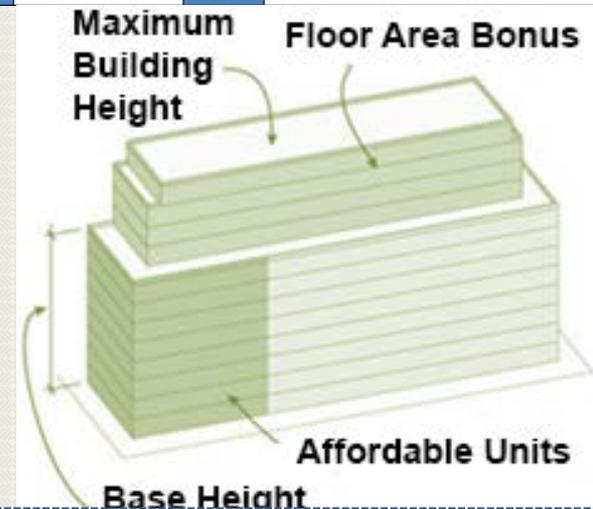
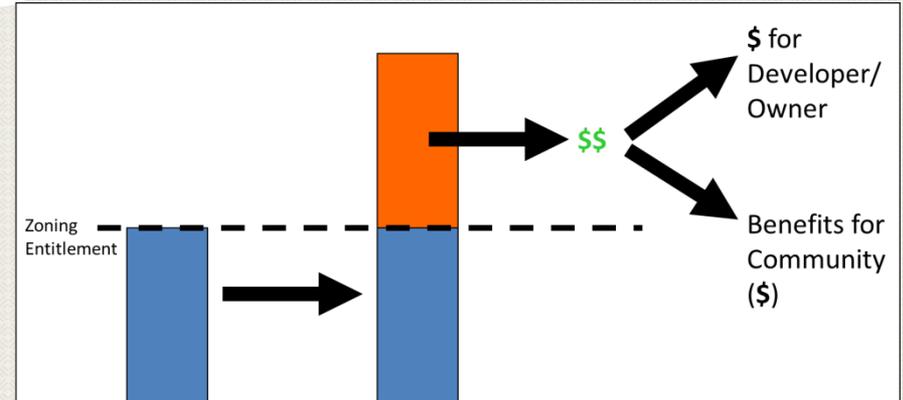
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What is a Density Bonus Program?

An incentive-based tool that grants additional entitlements (density) in return for positive community benefits.

Entitlements can include:

- Additional Density (FAR: Floor Area Ratio)
- Additional Units per Acre
- Additional Height



Designed to leverage private sector partnerships
Generally targeting 60% Median Family Income and above

Low Income Housing Tax Credits

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- Texas Department of Housing and Community Affairs administers the Low Income Housing Tax Credits.
- Collaborative partnerships: federal, state, local, private investors
- Includes 4% Housing Tax Credit and Competitive 9% Housing Tax Credit
- The program is a means of directing private capital toward the development and preservation of affordable rental housing for low-income households.
- Funding is provided to developments that score the highest in each state region.
- Austin is in Region 7 .

Program Benefits

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- **State program provides compliance and monitoring requirements to ensure housing is well maintained and operated**
- **Serves as a unique funding source for communities in which affordable housing is preserved and/or newly created**
- **Increases the supply of affordable housing for low income families with children, persons with disabilities, seniors and veterans.**

Upcoming Request for Council Action

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- Upcoming Request for Council Action (February 12 Agenda) are related to the 9% Low Income Housing Tax Credit Program
- The City has received 6 applications
- Council action is being sought for:
 - ✦ Resolution of Support
 - ✦ Resolution of funding commitment, contingent on a tax credit award
- Deadline for submitting applications is February 27, 2015
- Applications are available for the public to view online at www.austintexas.gov/housing