Housing and Community Development Committee Meeting Transcript –4/29/2015

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[9:49:10 AM]

>> Renteria: Good morning. I am councilmember Renteria. A quorum is present so I will call this meeting of the housing and community development meeting of the city of Austin to order on Wednesday, April 29, 2015. And the time is 8:48 -- 9:48. Sorry. We're meeting the city chambers at city hall, Austin city hall, 301 west second street, Austin, Texas. The first item on the agenda is to eye prove the minutes from March 25th meeting. When y'all get ready can I have a motion to approve and a second?

>> So moved.

>> Renteria: It's been moved by city councilmember Gallo.

>> Casar: I think our staff has something to say.

>> [Inaudible - no mic]. I wanted to ensure that you will have copies in front of you of those minutes. I know they were posted online, but if you wanted to see the minutes we'll have those to you just momentarily.

>> Okay. We can postpone that then. Okay. Thank you. Next item is consideration for possible action on the resolution. I'm not even going to go there yet. We will move to citizens communication. Do I have a list? First to speak is mark Rogers.

[9:51:16 AM]

Mark? Mark, do you have anyone else that's going to --

>> No, it will just be shine and myself.

>> Renteria: Has he given you his minute or do you have anyone else? To give you your time? Are you just --

>> We'll probably need four or five minutes each, so a total of eight. We have some people here who could give us time, but --

>> Renteria: Go ahead.

>> Mark Rogers. I'm with the Austin housing coalition. The reason we're here this morning, sunshine, mason and our organization to you all. As the housing and community development committee of city council we thought it was a good idea to get in front of you. We are a coalition of housing developers, affordable housing developers, small, for-profit housing developers, service organizations and so on. Our purpose is to promote the development of safe and decent affordable housing throughout the city. And to advocate for housing that serves the needs of people across the spectrum in our city and central Texas. All the types of needs that are out there. So we're not here to ask you for anything today or to pressure you to do anything like that. It's really to get your faces in front of you and let you know we're out there. We actually started about 10 years ago as the Austin choto round table. You may have heard of the chodo table or round table. At that point in time it was a pretty small focused group on those non-profit housing developers. And over time it has expanded to where we have just broadened interests in affordability, of course inner and affordable housing in the services that are needed to kind of supplement and to aid the affordable housing projects that we develop in our city.

[9:53:30 AM]

So request that interest and involvement from other organizations we changed that name last year to the Austin housing coalition F you thought of the Austin chodo round table you can now think of the Austin housing coalition. We have all sorts of different members who are involved and we have other people involved who aren't members officially. Including design and development center, acddc. We've got service organizations like caritas and Jeremiah program that have special needs, special populations that they serve. We have educational groups like Austin community college that have been involved over the years. They might not be official members right now. We have groups that started out pretty much as service organizations like life works, serving people transitioning out of foster care who are now in the development process and developing housing. Meals on wheels and more is a good example of an organization that was service oriented that was now involved in the home repair coalition and in home repair for owner occupied housing for low income individuals. And families. We have neighborhood based groups like the one I'm involved with, the Guadalupe neighborhood development corporation that's been around for over 30 years, Blackshear neighborhood development, blackland and even Clarksville community development organization, which was very active 30 years ago, is now getting involved and has projects in the hopper that might be coming through our committee or certainly through neighborhood how long. Special needs organizations,.

[Buzzer sounds] , Mary Lee is one of our members, been very involved and rbj, the Rebecca baines Johnson program. Accessible housing Austin, Isabel Headrick is currently the secretary of the organization. I should have mentioned sunshine mason is our president and chair.

[9:55:31 AM]

Charles Cloutman is the vice-chair and Mitch waynein with life works is the treasurer. We have advocacy and policy organizations like life works. You are getting more family with Mandy Demayo, she is here and will be talking to you today. She is at pretty much all of our executive committee meetings and advising us and filling us in. We meet and we have organizations like foundation communities that sunshine is with that does rental from everything from permanent supportive housing projects for chronically homeless folks to larger families that are near to the moderate income level. And habitat for humanity that does home ownership and home base their affiliate. We meet monthly, fourth Wednesday of each month now, I guess, and think of us as a resource. We're out there really if you have questions -- we're the doers, we actually provide the services and build the housing. We think we're a good resource for you all. You will probably see us again, but we will be back here griping about something or trying to pressure you into things. This is a friendly hello, kind of a basis who we are here today. Thanks.

>> May name is sunshine mason, I am the developer director and the chair of the Austin housing coalition. I wanted to quickly touch on kind of key objectives and issues that we see in front of us as -- in terms of the work that we do, but in terms of the challenges that we face as a city moving forward in the next year specifically. We've been engaged in the issues that I'm going to talk about here in a moment for the last number of years in different ways and measures with the previous council. In some cases just doing the work itself. And working and partnering with nhadc staff as well on a lot of these key issues.

[9:57:33 AM]

One of the components that we see is a critical in the current pressures that we have is balancing geographic dispersion by locating projects in the higher opportunities areas that we're moving that trajectory, but also trying to as best we can to preserve affordable housing, low income in rapidly gentrifying areas. Of course we support the general push to get a psh project up and running and assurance that service funds are going to be there to make sure it seeds over the long-term. And then there are -- there are four key ideas that I think are relevant at this moment in particular. One is the push for the homestead preservation district, which I think will be discussed later on this morning. In terms of managing increased costs and I'll talk about what that increased cost looks like in a second, we are pushing heavily for and continuing to engage the city on trying to figure out ways to use public lands for affordable housing. And to figure out what's the way we can partner with the city to make that viable. And obviously the codenext, the code rewrite, there's a huge opportunity there for continuing to make it easier for affordable housing to locate and be built. And at the end of the last council, there was a focus on some of the smart housing ordinance rewrite, specifically around transit, but the goal this year from our perspective is also to get comprehensive look at smart housing, the ordinance and bringing it up to date. It's frankly somewhat out of date. In particular -- I'm going to talk about the foundation communities experience for a moment from a cost construction because that's what I deal with on a daily basis. To give a sense of the struggles we're facing at the moment, when we built M station, opened in 2011 in east Austin, compared to what we're building at now and pricing a project that's very similar up in the lakeline transit district area we're seeing a combination of land plus baseline construction costs have gone up 30 to 35% in that time frame.

[9:59:54 AM]

[Buzzer sounds] That's a huge percentage on the order of millions of dollars for us to figure out how to absorb and continue to finance and build as we need to. And a -- and of course each of the projects that we do has bond funding, geo bond funding in there. But a significant percentage of that bond frankly at this point goes into city required fees and infrastructure work so we're basically just taking money out of the city to pay the city. There's a short-circuit there that needs to happen to make it more feasible. Some of that is identifying potential public lands that we can get, bring to the table for very low cost. But the smart housing ordinance rewrite and codenext I think provide potential opportunities for helping us stop that hemorrhage of increased cost. So we look forward to working with you over the next [indiscernible].

>> We also have a comparison between the two projects. So if [lapse in audio]. Land cost differences, seeing the trend of where we're moving. Obviously the land cost is appreciation, which we all talk about here in Austin and the rapid rate of that. But I think the other fees that are -- have the potential to be a little bit more controlled, it would be helpful to see the differences. If you could get that to us that would be great. I would imagine all of us and all of the other councilmembers would be interested in that too.

>> Okay.

>> Thank you.

>> Casar: And one other question. We're all very aware of the land development code rewrite that you mentioned, the rewrite of the smart housing ordinance.

[10:01:55 AM]

Can you tell us about where that is currently? I think we have it on our committee agenda at the planning and neighborhoods committee to take a look at how smart housing is doing insofar as producing affordable units.

>> Rebecca and the staff could probably speak better to that than I can.

>> One of the thanks we are looking forward to when we brief you on smart housing is to let you know the outcomes of recent stakeholder meetings that we've had. So Jesse actually to my far right led those stakeholder meetings with a number of internal staff to include planning staff. Certainly our housing staff. The stakeholder processes, the outreach was done in three tiers. It was done with external individuals who have been long time users of the programs, current customers of the programs and then in general those that benefit from the program. And what we believe the next steps are was very vibrantly expressed in the stakeholder discussions. Those do include some internal situations that we would want to alert you to. The two most significant issues that came out of that, and it's not something that's lost on council as well as staff is that the expedited review as it relates to that benefit around smart housing as well as the true incentives, the current fee waivers, are two fundamental aspects that are not working for the program and that are not working for the customers. Thus we are seeing performance measures impacted by that. We believe that that's going to be some internal discussions that obviously we're going to want to have with the staff in multiple departments as well as council. And those will be some of the things that you're hearing at your presentation.

>> Great. Thank y'all so much. And for those of you who can't make it it on Thursday, we'll be getting that presentation from staff, but just as we're getting used to the committee structure where we have housing structures, living and neighborhoods and housing, I wanted to alert you to that since shine brought it up.

[10:04:01 AM]

We look forward to hearing conversations from you and Jesse. Thanks.

>> Renteria: Thank you. Next speaker is Tim hart. Good morning, councilmember -- chairman Renteria, vice-chair kitchen, councilmember Casar and councilmember Gallo. My name is Tim Arndt. I wanted to come this morning mainly just to bring the utility costs and especially energy costs into the conversation

of affordable housing. We have an ordinance in Austin called the ecad ordinance, [indiscernible] Conservation and disclosure ordinance, anyone that is renting a multi-family unit to receive this energy guide type of form before they put any money down on an application fee. And that gives an estimate of what the energy costs will be in their multi-family home before they rent. This has not been fully implemented and I recommend that we do that. There's also -- if you will go to that other report. There's also an affordability report that was created that -- in June of 2014 that recommends that we look at energy efficiency upgrades at any affordable multi-family project that is fund approximated with city funds -- that is funded with city funds.

[10:06:10 AM]

And I think that all the members of the Austin housing coalition do a great job with doing this. I'm just not aware of all the projects that, you know, receive city funds for affordable housing affordable housing so I'll leave my comments there because I know you have a busy agenda. Thank you.

>> Thank you. I think you bring good information to us. With disclosing potential energy cost in a unit is so much of the bill is related to how that particular person uses their utilities. And so my concern would be is that if someone comes in and they're basing their decision on information because people who have lived there before have been very conservative in their use of activities and perhaps this person is not, then all of a sudden what you're representing is kind of an unclear situation to them. And it may be part of this ordinance already, but it seems like the information that is probably more important than the actual usage is the efficiency of the equipment and appliances that are there. Is that -- I apologize because -- I should be familiar with that, but we're on a steep learning curve here.

>> Yes.

>> Is that part of the ordinance? It seems like that information is the information that would be consistent from tenant to tenant, resident to resident. Someone would like it 65 degrees in the summertime and 85 in the wintertime and their energy bill is going to be very different from someone who is more conservative in their use.

>> Right. And you're absolutely correct. The energy guide is an average energy use per square foot for the entire property. So if there's 100 units it's averaged over the 100 units.

[10:08:14 AM]

Another part of this disclosure ordinance is that all multi-family properties must have an energy audit and disclose how much insulation, you know, is at the property, if there's solar shading, if the ducts leak.

You know, the big abyss right now I think in the multi-family energy efficiency program at Austin energy is that there's really not a big comprehensive upgrade plan that includes the replacement of air conditioning units. And if you have an air conditioning unit that isn't working properly in one unit, even though all the other units may have a low -- lower than average bill with this -- with the disclosure of the use per square foot, then there's that's a problem for that homeowner or that tenant. And so one thing that you might do is consider a points matrix that-- for the awarding the funds that includes replacement of all hvac equipment or all energy efficiency measures, which I didn't see on the application process. Did that answer your question?

>> It does. I guess my concern and my questions are more how can we move in a direction that gives information to prospective residents for their particular unit? To me I don't want to be cumbersome to the management companies because I think as you increase their management responsibilities you will increase that cost and that cost typically will be passed on to residents. I think we need to really be very careful how we balance what we're going to ask for and what we require with what is really important for the resident to have.

[10:10:16 AM]

So as I just have looked at that program it just seems like that information on the entire complex, that's great, but does that really pertain specifically to their unit, information that's based on previous users. Does that really give them an idea of how their energy bills will be whereas if we're moving in the direction of really encouraging property owners to supply the specific information about that particular unit it seems like with a little bit of education that helps the resident compare units apples to apples more clearly.

>> Right, right.

>> Gallo: Are we there right now or are we tweaking this ordinance where it's more specifically responsive with information that would be clear and appropriate to the particular units?

>> So my understanding, and I'm not an attorney, but my understanding of state law is that specific information about energy usage in a unit or a particular home is protected by law. And so it makes it difficult for you as policymakers to require a property owner to disclose that specific information to a prospective tenant. I think that the energy guide is more along the lines of when you buy a water heater it gives you an estimate of what the energy usage is going to be. Even though it might not take into account that one home has, you know, four teenagers and another home, you know, someone is retired and lives by themselves. So I think it's a good start. I think that refining ordinances can always be a good thing.

[10:12:22 AM]

With every solution you have another set of problems, but I think that implementing what we have now would be a good first step.

>> Gallo: I guess my concern is I always worry about adding administrative layers of burden to property managers and owners if the direct result of that is not truly helpful to the person that we're trying to have that information help. And it just seems like when you average utilities over a complex and that's one of your requirements, you know, number one, how are the units different? Do they face west, south? Are they on the bottom floor? Are they on the top flew where they're exposed? There are so many variables. Once again it's just that evaluation process in my mind. Are we really asking and requiring something that truly does have a benefit for a resident's evaluation of how their bills will be in that particular unit. It's just that part of of that process.

>> In that whole process for this particular part of the ordinance, the apartment association was heavily involved and worked with Austin energy as did the tenant council and some other stakeholders to come up with this as a good start. One of the values to the property owners is when a property management company has made the investment in replacing hvac and having energy star refrigerators and new water heaters and done all the energy efficient measures, then they can show the benefit to a perspective tenant by saying, you know, your bill is going to be $45 less than the other property that you're looking at. So when someone is just looking at what the rent is they might look at well, because this property has made the investment, their rent is $30 more a month than the place across street that hasn't done any energy efficiency upgrades.

[10:14:35 AM]

So it's a way for the property owners who have made that investment to be able to recoup some of that capital investment through a little bit higher rent, even though the net result is it is more affordable for each of the tenants that are living in that apartment home.

>> Gallo: Thank you.

>> Thank you.

>> Renteria: Those are all the speakers on citizens communication. If we can take a quick look at the minutes that was passed out, and if I can have a motion to approve. Motion and approved by councilmember Gallo and seconded by councilmember Ann kitchen. All those in favor? That's been approved unanimous. So we're going to go on to our next item. It's -- the next item is for consideration of possible action on the resolution related to the use of homestead preservation district and

homestead preservation zone. You will find a draft resolution in your backup. This is follow-up to the briefing we received last month. We included some draft language that could allow us to move forward toward creating additional districts. We also have staff here to speak about a little bit of the difference in some of the funding options. As we discuss these items we'll consider any recommendation from action that might like to make it for the full council. If recommendations are made, a vote would be needed on this item. Staff?

>> Thank you very much, chairman. Rebecca gielo with the neighborhood housing and development office.

[10:16:37 AM]

I'm joined today by Greg canally who is department chief financial officer for the city of Austin. Gina co-peculiar, who is the -- kopek who is the neighborhood housing and real estate manager. And Jesse Coch, who is a planner sister in our department and been instrumental in keeping us all reined with the great work she's been doing as a researcher on this project. We have information that we believe will be helpful to your discussion today and I will turn it over to Gina and then with a finish with Greg canally.

>> So briefly we're going to be talking about tax increment financing as a tool for affordable housing, specifically chapter 373-a, the homestead preservation district legislation. And chapter 311. As we discussed last month, the legislation, homestead preservation legislation was passed intended to increase home ownership, provide affordable housing, prevent the involuntary loss of homesteads. There are three tools in the homestead preservation district legislation, the land bank, land trust and of course other affordable housing programs. That can be funded by the homestead preservation reinvestment zone tif. And Greg's going to talk a little bit about tax increment financing both on 311 and 373-a.

[10:18:43 AM]

>> Thank you, Gina. Good morning, councilmembers. We were able at the last committee meeting to go over some of the tax increment financing as it applied to the homestead preservation district. So we don't want to do a full retread of that, but give you some big picture and try to get into some of the differences and similarities between these two types of tax increment financing. So just in general tax increment financing has been around a long time in the United States. It's typically associated with economic development projects, help increase value and help increase development in areas that it is not occurring. In Texas tax increment financing is actually allowed and the underlying reinvestment zone that gets created with the tool is in various codes throughout the state. The biggest one is chapter 311

of the tax code, really the big legislation dealing with tax increment financing. It also exists in 373-a, the homestead preservation under the local government code. As we talked about last week it also exists under the transportation code for various transit and transportation reasons for transit improvement Zones. So the tool is the tax increment financing and then the underlying structure R the zone that gets created to use the actual financing tool, there's a variety of methods to get there. In general what occurs is you set aside property tax revenue from assessed valuation growth that occurs. Typically as a result of the public investments that you made to increase the value of the land. Tip typically that has been infrastructure improvements. You capture those revenues to help invest the payoff, the public investment that helped bring in the project or the development. So that's the general theory of tax increment financing, how it's been used and how the city has used it. There is this concept we talked about last time, the but-for, that again we have applied and used, if not for the public investment, the improvement would not have occurred and therefore the value wouldn't have risen.

[10:20:52 AM]

I think -- we'll talk about it some more. I think we see that classically in our Mueller redevelopment project. We had 700 acres in essence of dirt and to unlock the potential of that, there was a need to -- for public investors -- public investment in that infrastructure. No developer would have been able to basically take all of that land, develop it in the way that the neighborhood and the city and all the policies that have been put in place in terms of affordable housing and parks and open space, so it was really -- it was in essence a classic use of it. We went over this slide last time. I won't spend too much time on it. It gives a sense of how tax rates and tax increment financing work. In essence if you look at a project that would not have occurred but for the investment, then there really is no tax revenue that would be lost because the tax revenue wouldn't have occurred. You wouldn't have had that growth in land values, at least in the time frame. It might have occurred over time, but it wouldn't have occurred as quick as a fashion. Then there are different ones as you get down to where you're actually looking at using existing tax base and existing tax growth. You would have a larger impact on the tax rate. We talked a little bit about it. Ed talked a little bit about it at last week's forecast, but the way the tax rate is calculated, that is really determined by the state. We go through a very long formula to calculate tax rates. And it really just spits out how we treat the land and the value associated with tif's, with tax increment financing Zones. So I guess another way, another kind of -- another slice of looking at tax increment financing is the way people have talked about it as a pay as you use, which is where you -- it's really associated when you're using bonds for roads, streets, drainage, and you use your revenue stream to pay back a tif -- a debt that you issue, not unlike we do when we issue bonds.

[10:23:07 AM]

We pay them off over 20 years. In this case again this is all kind of a big picture, is the developer actually finances the project. That developer could be a variety of folks. It could be a partnership with the city. It could be a private developer with the city. And then the city reimburses. What you're doing there is you're shifting risk over to the developer who can do the carrying cost of the financing and then we can make sure that the value is on the ground to pay for infrastructure. The other way is a pay as you go, which is where you are just letting the tax revenue come in, it sits and you spend it, it sits and you spend it. There is really no debt underlying there. It's really -- you're just waiting for the cash flow to come in. And it can be a slow process to let those funds trickle in depending on the zone development, what is the policy goes of the zoning development, the plan for the zone development, so really just looking at how you utilize the cash flow. So what we'll do now is I'll have Gina talk about the two ones we want to talk to you about today. The reason we want to go through these is in the report from December when the previous council asked us to look at different financing options related to the creation of homestead preservation districts we looked at 373 a, butwe also ld chapter 311. What we'll do is kind of go through and she did this a little bit last time. I'll come back and talk about 311 and we'll show them to you side by side to show you some of the differences and similarities of those.

>> So the requirements -- so the requirements --

>> You are on.

>> -- For the homestead preservation repeat zone are outlined in chapter 373-a.

[10:25:09 AM]

The zone must be a contiguous area. It has to be contained entirely within the homestead preservation district. So the district is first established --

>> I'm sorry, we're having problems with this.

>> There we go. The district is first established by ordinance and then the tif zone is established within that district. The tif zone would have to be a contiguous area, which is somewhat different from 311 and Greg will talk a little bit about that. And all of the funds that are collected within that zone must be spent in the zone for affordable housing. Under chapter 373-a, the revenue from the homestead preservation district fund is dedicated to the development, construction and preservation of affordable housing. So it can be used for rehabilitation and new construction. And the requirements under the homestead preservation district turns requires that 100% of the proceeds are spent to serve households at 70% or below the median family income with half of that going to 50% mfi and 25% of that going to 30% mfi.

[10:27:14 AM]

And there is at least a 30-year affordability period attached to that. Okay. At least 80% of the revenue --

>> Kitchen: May I ask a question. Can you explain about the 30 year affordability period? How that's addressed in the development of the property and how that is addressed during the 30 years?

>> That would be restricted through a restrictive covenant that we would place on the property, and we have a monitoring team in our department and they go out annually and monitor for compliance.

>> Kitchen: And what happens if you find noncompliance?

--

>> Gallo: What happens if you find noncompliance?

>> We issue a letter of noncompliance and request that it -- that they make sure that the next available unit becomes a unit for a qualified household. And if they do not come in to compliance, then it becomes a law department issue.

>> Gallo: So have you had situations where you've gotten to the point that there's noncompliance and legal --

>> Not very often. We have -- we have two situations out of all of the situations -- out of all of the developments. That I'm aware of at this point.

>> Gallo: Two out of how many developments?

>> Hundreds.

>> Gallo: But then what happens? I'm really curious when somebody doesn't behave and doesn't conform and comply, what eventually happens in the process?

>> Well, if it's something that we're funding, and so I'm assuming in this situation we would be funding, it would be -- it would be -- we would be able to foreclose on the loan.

[10:29:27 AM]

If it's not something that we're funding, then it's a legal action.

>> Gallo: So if it's not something that you're currently funding, it would be a situation where there was money spent up front through this process that then had this requirement? I'm just trying to understand the whole picture of what happens if --

>> So the tif funds -- this is specifically attached to the funds, so I'm assuming that this housing would have restrictive covenants, have deed restrictions requiring the affordability, and we would have legal recourse through those loan documents to ensure compliance.

>> Gallo: So is it the city's -- I'm trying to understand the policy of this. So is it -- this policy that we have as of the city, if a development does not stay in compliance, then city's legal would take over with the idea of forecasting on the property?

>> Right.

>> Gallo: Okay. And so of the years we've been doing this, has there been any situation where that's happened and the city has actually gotten the property back?

>> Well, we have loaned money. I'm not aware of that ever happening.

>> I'm not aware of it either. Typically we will work with a team in the law department to bring anyone who's out of compliance into compliance. Now, I think your question is a good one. It certainly is something that we're happy to just provide you what those legal steps look like. This comes up periodically, and in fact, I know when we were looking at smart housing, a case recently at council, there was the question, what if this does not come to fruition? And so when we are specifically involved in a development opportunity and there's monies exchanged, and we are actually loaning, there are very specific legal issues that would happen to bring an individual into compliance, even probably before foreclose.

[10:31:40 AM]

So we're happy to just let you know what those exact legal proceedings look like. We have monitoring team, and so it would get to -- it would be further down into the stage before any of that happened. And to my knowledge, I don't know of any actual transaction that went to that level. Certainly, with smart housing developments, we have seen issues where an individual has indicated they want to do smart housing, they have received the fee waivers, that has not transpired, and so they are literally invoiced for those funds and those are receipted back to the city. That actually occurs more than any default on a particular loan. So much of the underwriting is done and it is a very specific development deal where, up front, we are analyzing the ability for the developer to make true on those affordable housing requirements, that it's just monitored over the course of time. But I'm happy to provide you what the legal proceedings would look like, should it happen.

>> Gallo: I think that's really good and also any recommendations that you would have that would make that process easier and have more teeth in it for compliance because I think as we -- as we look at encouraging this and we look at expanding, I think it's really important that we take a very hard line on potential situations that are not complying and making this possible to force the compliance or do something else, but I think that does need to be a policy area that we address, as we look at these entities for being able to provide affordable housing. We want to make some you are that it's provided and everyone comes to the table and does what they're supposed to.

>> We'll absolutely provide that. The proceeding, what actual process exists, we need to make that more transparent to you all and we'll work with law, and in follow-up to your questions, we can provide that absolutely.

[10:33:43 AM]

>> Gallo: Okay. Absolutely.

>> Okay. So the use of the homestead preservation tax district revenue, at least 80% of the revenue must go for project costs in the zone. And this limits the amount of administrative -- the percent of the administrative costs that can be charged to the revenue received. Do you want to start?

>> Certainly. Thanks, Gina. So we're going to transition over to looking at chapter 311, tax increment financing and tax increment reinvestment Zones. In essence, 373a does acknowledge 311, in certain parts of it, they overlap, but it does supersede it in case of certain contradictions. And then there's -- kind of a big differences are the criteria for reinvestment zone. In chapter 311 there's a list of criteria that one or more of typically need to be met that the city council would need to find in order to create a zone, and we've been able to do that in other Zones that we've created. And then restrictions on how the composition, in terms of the land and underlying land uses, and I'll walk you there you a few of those right now. Again, transitioning over to 311, it is part of the state tax code. Again, the tax increment financing is the tool for the public investment, around then the tax increment reinvestment, just to kind of get the lingo and the terms down here, sometimes we -- we interchange the terms between tif and tirz, but tif is the actual financing too and the city or county can authorize or designate that.

[10:35:47 AM]

Typically the city, as a best fracture, has encouraged our local partners to join us in our tax increment Zones. That is certainly the case with our waller creek project. Waller creek has -- that is, the city is in for a hundred percent of that tif, and Travis county is in as 50%. Mueller, the city is in at a hundred percent and we have no other participation, mainly because that was originally city-owned land. It requires to have a project plan and a financing plan dictating what the -- what will occur with the funds and how those funds would be used and how they will be paid back if there's debt associated with them. We also have the ability to pledge increment and issue separate contract bonds against the increment, which is a sort of city bond, but it does have its own separate credit. That's how we deal with Mueller bonds. Then there's powers and duties about the board of directors, which in the case I of the city tif's is the city council. Other provisions currently in the 311, we can't have more than 30% of the zone assessed valuation, excluding public property, be residential or actually specifically be single family. It is allowable for there to be multifamily above five units. There's a general law, about 15% of citywide av can be under a tif regime. And then the way that you would issue bonds, the city may issue them, the county may participate in them, and they have to be coming from the tax increment revenue. Typically, we have debt service coverage on those, if when we issue these contract revenue bonds. So, again, it's a very lengthy piece of legislation and it is the original piece of legislation in the state dealing with tax increment financing and tax increment reinvestment Zones, and over time other parts of the code have adopted sections of it or created new provisions for their own tax increment financing. So we wanted to spend a little bit of time walking you there, again, these tools.

[10:37:50 AM]

Again, these are tools that we believe are obviously 373a, as that bill was written and that legislation was passed, was intended for the homestead preservation. It's really the companion item to the homestead preservation. But we also wanted to walk you through 311, and it as a tool for affordable housing, and from our December memo, in response to the previous council's various questions about -- about the legislation, we did walk through this as also another very viable option for funding affordable housing. So this is not an exhaustive list of a comparison of the two tools, but we think these are kind of the main highlights and the key issues as you consider your policy decisions. So, first of all, the location for the Texas increment reinvestment zone or the tirz, as Gina mentioned for the HPD, they can only occur within a district that has been designated using the criteria to be a homestead preservation district. Under chapter 311, the city can set up tax increment financing reinvestment zone anywhere within our corporate limits. Gina also mentioned in terms of the boundaries within the 373, they must be contiguous and also be 100% within the HPD. And under 311, we can actually create contiguous connon-contiguous tifs. Sometimes that occurs for transportation as well. Just a sidebar there, under chapter 311, tax increment financing, you can actually fund a project cost that is outside of the tif boundary if it benefits the tif district. An example would be if you had a large infrastructure project, for example, a waterline or a road that needed to serve the district, but it would help -- but it lies outside the boundaries, that is an allowable project cost.

[10:39:54 AM]

In terms of looking at restrictions, I think under the homestead preservation, the 373, it can be used primarily in single family area, as opposed to 311, as I mentioned before, there is a reindustry, about 30% of the private property can't be for single-family. The logic behind that, in terms of how the state passed that is, given that much of the -- you know, around the state, many cities, jurisdictions and counties jurisdictions are full of single-family, that is a big piece, typically 50% of the valuation role. If you put too much under the tif regime, you might end up kind of losing some property tax revenue that would have gone to the general fund. So it's just one of those -- I would say a safeguard in place for that. But multifamily does not count against the 30% as long as it's above five units. The permitted use of the funds, as Gina said, for the homestead preservation would be for affordable housing under chapter 311, it can be for any designated project costs that meet the criteria. Affordable housing obviously is allowed for homestead preservation. It was the intent of it. However, there are, as Gina walked through, restrictions about what level income needs to be served. Hundred percent, less than 70% mf-I, and 50% less than 30 mf-I. I think I got that correct. There might be --

>> And I paid to point out, also, that in 311, you can spend those funds on affordable housing outside the zone.

>> Right. So again -- and I'm going to walk you through an example of how the city has already used the chapter 311 tif to fund affordable housing, so you can use it -- it is a -- it is an expressly spelled-out provision of 311 where the board of directors or the city council may enter into agreements to fund a variety of -- a variety of efforts that would benefit the zone, and affordable housing is expressly spelled out in the legislation.

[10:42:07 AM]

So the project costs would support the -- would support the affordable housing, and there would be no restrictions about income that would be dealt with in each individual agreement that would be signed, for example, with the developer. And, again, I'll walk you our example with Mueller. The general fund revenue impact, and this comes back a little bit to the slide I walked you through on how tax rates and tifs work, in essence, under homestead preservation, I think as our consultant laid out in their study, it wouldn't be a traditional use of the use of the tif tool, inasmuch as there is no underlying new project that is creating additional increment. So, therefore, any revenue that we -- any homestead preservation tif, in essence, that's all revenue that otherwise would have gone to the general fund. So when we say it's high, it's just -- in essence, it becomes set aside or earmarking of general fund revenue, again, which is allowable under the legislation. Under chapter 311, it's a little less -- there's a little less impact. It certainly against on the type of project. In some cases it could be zero, like Mueller. There's an argument that that project would not have occurred but for the $50 million investment in public infrastructure. In other cases, there is -- it's not an exact equation. You're never going to get to, would development X have happened if we hadn't invested in that. It might have happened later, it might have happened earlier, so we don't want to say there's no impact to the tax rate under 311, but it's minimal and let's than under homestead preservation. That financing under homestead preservation, because of the way funds would flow in and that they have to be used expressly for affordable housing, the city is unable to issue -- the only debt that the city can Jew for affordable housing is voter-approved Delaware we cannot issue, for example, certificates of obligation for -- expressly, directly for affordable housing.

[10:44:16 AM]

-- But under 311, we have supports under that tif, and you can get to affordable housing units again like we've done at Mueller. Then finally, and I know this is a lot, councilmembers, and so what we can -- we can -- I'm sure you have questions about this we can answer them all, is that the city has a policy in place in regard to our cap on how much assessed valuation can be under a tif, under a tax increment reinvestment zone. Currently that cap is 5%. We are currently about 1%. So as a big recap, in essence, we have, I'll say, four tif's, one is Mueller, one is waller creek for the tunnel project, and the other isea S. We also have@thmall o&mtive associated with the cse buildings around here, when the city hall in this area was developed, it's really a flat dollar amount tif in the amount of $100,000 just to help pay for maintenance. It was a commitment as part of the agreement, the developer agreement. We also have potentially a lone star tif, depending on legislation. We are right now around 1% of our assessed valuation, is under tifs. The logic behind that five percent again is the city is heavily reliant on property tax tomorrow afternoon fund its general fund services, and again, just ensuring that our tif, our property tax revenue is sufficient to pay for our ongoing general fund operating costs. In terms of one of the discussions we have had, and we've had in the past are upcoming projects that may require additional tax increment financing. Certainly homestead preservation is under either scenario, would be -- that would go against that cap.

[10:46:17 AM]

A project that I know neighborhood housing that's initiated, has been working on for several years is the colony park redevelopment project. I think we have all -- while that effort and study still goes on in terms of taking that plan and putting it into reality, I think we have recognized that tax increment financing would be probably a highly valuable tool to use on that project. Again, I have not seen -- I have not seen where we are in he remembers -- in terms of the financing of that project, but that was certainly on the front end a tool that we understood would have to be explored to potentially make that project come to fruition. There's other projects that, you know, come along. We've been working with Austin community college and their redevelopment of highland mall. With their -- with their partner, as that mall gets redeveloped in that transit corridor, the city has looked at partnering opportunities that may or may not include tax increment financing to help make that project become a reality as well. So it's just a -- again, there is not a firm list that we have, but we certainly try to listen and work with our partners. Under the chapter 311, you can have -- the city can obviously initiate its own tax increment financing Zones, which we have done with both -- with Seaholm, waller, and Mueller, but the law also allows there to be petition, as I mentioned on the previous slide, petitioned initiated tax increment financing. And other cities have done this to some success, and we can walk through that. So just as a quick recap, using a chapter 311 tax increment financing for affordable housing, the city has been successful in that the Mueller tax increment reinvestment zone, in the end there's about $50 million of public infrastructure that is being put out there that is supported by the tax increment tax revenue.

[10:48:23 AM]

There's about $650 million in assessed valuation out there. Abide end of the project it will it will be over a blue. We issue bonds as the value gets on the ground to reimburse the development. It is all done under a developer agreement, a master developer agreement. And within that agreement, as part of chapter -- under the provisions of 311, that agreement dictates that there's 25% of all housing units would be for affordable units. So far, to date, we're at that 25% goal, so about 679 units. When complete, the expectation is to be around 1400 units in that development would be affordable. For salary, less than 80% mf-I, and for rent, less than 60% mfi. In addition to these provisions, other projects occur that also get at affordability. There have been some tax credit deals that have been done, including -- I think wildfire terrace. There was just one that the council, the board approved last week, and on top of that, there was leveraging of the G.O. Bond money as well. So it becomes kind of a layer cake of funding. So at Mueller, the public infrastructure was done by the developer, reimbursed with tax -- with contract revenue tif bonds, and then the city was able to enhance or deepen affordability through [inaudible], using in some cases our general obligation bonds as well as leveraging that with tax credit deals that were being done. And we've seen this model again -- I've seen, just talk to some folks up in Dallas, they're also looking and have worked on some of these. And I think critical to the developer agreement a -- and councilmember Gallo, you were talking about the permanency of it and how we monitor it. At Mueller there is affordability that is done through the Mueller foundation, where the house in the land -- when you buy a house that's affordable, it's all done as restricted covenant as well.

[10:50:36 AM]

When the house is sold, it must be sold to the Mueller foundation who can then resell it. That is all done again by a non-profit foundation and I habitat humanity helps administer that. It has been very successful. So, again, done --

>> And I appreciate all your patience. I hope be everyone up here is as lost as I am. I keep trying to remind myself we're trying to get up to speed in the last three months where you all have had years -- you're not old enough to have had decades to have done this, but we're trying as hard as we can, as fast as we can. A couple of questions about Mueller. So when we talk about 1400 affordable units when complete, what's the breakdown between rental and purchase?

>> I don't have that, but we can get that to you. Mild mild I can get you those good details.

>> Gallo: Would you have just a guess, percentage rise?

>> I don't. And the reason for that, the economic development department actually does the regular compliance and monitoring, so those Numbers just aren't as familiar to me. The community development commission does hear an annual report of the compliance. So I would have to follow up with you. I don't -- Numbers aren't familiar to me because they're not reported regularly to our department.

>> Gallo: I would love to get that information. And where my concern comes from or where the question comes from is that I see the for-sale units are at 80% and the rental units are at 60%, so if we are -- if we've moved in a direction where there's a higher percentage of sale than rental, then we're doing less affordable than we could if there's a higher rental number. So I really would like to see those Numbers. Do we -- just so that I understand, is this -- is this a situation where all of the tax value starting with zero has gone in to the tif?

[10:52:36 AM]

My next question is, what has been the cost to the taxpayers for this money being totally isolated to this project in this area, versus the money coming into the general fund?

>> So again, we've issued -- this goes back -- the history of Mueller goes back a way, and I appreciate -- you're right, in essence, this project started really in the mid-'90's when the airport was being considered to develop and, you know, sort of kudos to the council and the staff that worked before us in terms of making sure that come to airport closed and the new airport opened, there was a plan in place, and there was a very heavily public process mild mild to select, through first a plan and a vision for the airport, and then a several-year process to pick a developer that had, again, citizen participation and that. So at the time the plan was to -- and we've -- this is now going on 12 years old, was to put about $50 million of -- $50 million of property tax supported investment into that. And so ten years on, we have made that investment, and we -- and it has never exceeded that even though the costs have

increased. And Mabel because the other way the infrastructure is funded is land sales. The developer has the ability to take down the land, at market rate, that helps fund the infrastructure. So while those costs have gone on, the city's participation has basically stayed as intended, going back 12 years now.

>> Gallo: So is it 50 million total or 50 million per year?

>> It's 50 million of outstanding debt. And I don't remember off the top of my head, but I believe the debt service that we pay on that is in the range of about three million dollars a year that we are going into that. And I can get you all those Numbers. We do present those all in the annual budget to show how those -- the tax increment fund works. And, again, that is -- the increment for Mueller, because the base year was 2004, it was -- there was nothing out there.

[10:54:47 AM]

It was all city-owned property, is zero. Waller creek it a little bit different because when we set that tif up, there obviously was base value along the corridor of about probably 250 million, and I think we're upwards in about $500 million now of value, so the increment is -- on a tif, the increment is captured from the base year, when -- when the city council creates a tax increment reinvestment zone, one of the first things you do is create the base year. That sets the floor. And then everything above that, each year the increment is calculated off of that base year. So in Mueller, as an example, the base year was zero. For Seaholm, the base year was zero. There was no value. Waller creek, the base year -- I may not have my Numbers exactly right -- are about 250 million. Obviously there's development in property along the waller creek tunnel. We take that increment, we apply the tax rate that comes in. As the tax rate gets set, we apply that tax rate to the increment, and depending on the tif, is it a hundred percent or 50%, those revenues flow into the tax increment fund that has been established by the ordinance when council establishes it.

>> Gallo: And so the ordinance determines the percentage, so the base year is established.

>> Yes.

>> Gallo: Then the ordinance determines the percentage?

>> As well, yes.

>> Gallo: That goes into the tif, and the length of time that it goes into the tif. The is that right?

>> Exactly.

>> Gallo: Okay. So for Mueller, for example -- and the reason I'm so interested in this is, in district 10 as you know, with the lone star tif, there are several undeveloped zero base properties.

>> Right.

>> Gallo: That are involved, so I want to make sure I really understand how this process works. So with Mueller, the percentage was -- started at zero, and is going to last for how long?

>> I believe it is tied to when the debt is issued, and I think we are issuing our debt over 30 years, so they would end in, I think, 2034.

>> Gallo: So it was a 30-year obligation.

[10:56:47 AM]

>> 30-year, yes.

>> Gallo: Okay. So then what's the percentage?

>> And we're at a hundred percent, so all that increment goes into the tax increment fund to help service the debt service for the bond that we have issued to build the infrastructure.

>> Gallo: And do you have any idea what the total tax revenues that will be going into the tif, to this point, have been, and what the projected amount will be over the full 30 years?

>> Over -- I can get you all that information, yes, councilmember. We have -- again, the way the original model was done, you take a development, you know what your infrastructure costs are, you know that there was a very -- it was a very dense development, there was obviously a policy to have affordable housing and open space. We worked with the select developer, catellis in this case, to make sure two things happened, one, that the city was paying for what it needed to pay for and no more, but that the city was also able to gain on any upside at the end of the project. So if certain metrics are met, the city gets to capture some of the revenue. It doesn't all go to the developer. It's a very unique agreement and one that is being modeled around country. Typically, the cities just do the deal and the developer gets all the upside. In this case, the city is a partner in any upside that is made above an Irr, internal rate of return. So we capture all hundred percent. I believe -- again, right now, councilmember, I believe it's in the three to three and a half-million-dollar range of increment revenue that we're capturing. As that av grows out there, we project the A.V. Will be -- they're about 60% built out, which is in some level, given the big recession that we had, that they are still kind of making very good progress out there. At the end of the tif, all of that revenue, once the bonds are paid off, would immediately flow back to the city's general fund.

[10:58:54 AM]

And that is how all of our tax increment financing Zones work.

>> Gallo: And I had another question, but now I can't remember it.

>> Casar: I'll ask one so you can remember yours. So in the chart you said that you were comparing the chapter -- the traditional tif's or tirz's with the HPD's -- let me pull that up. You mentioned here you don't have that financing under 373a of the HPD's. So does that mean the kind of up front financing and bonding that you described at Mueller wouldn't be possible for the affordable housing projects that we might try to finance through -- through HPD, tirz?

>> Exactly. Again, the HPD in essence acts as -- in separating, as Gina said, the creation of the districts, then that is part of the legislation, and then creating homestead tax increment reinvestment Zones, the financing tool that could be associated with those. They don't need to happen together, but you would look at -- those funds would in essence, just be general typical tax revenue that we would put in another bucket. It would be difficult for us, because there would be no -- and I can compare it to Mueller. We had a project, we had an agreement, we had a pro Forma where the developer had to do certain take-downs on land that we knew value would occur. So we would not be able to -- and we were able to then bond against that or debt finance against that. Under homestead preservation in essence it is just general fund revenue being set aside specifically for the participation in affordable housing projects. We are restricted by state law to go and issue debt associated with just affordable housing. But under 311, we can issue debt to support project costs that an agreement would get you to the affordable housing goals like we've done in Mueller. So it does give you -- 311 gives you a little more flexibility in terms of issuing debt now to get, for example, units on the ground now, as opposed to letting funds accumulate in a -- or the cash to accumulate in a fund overtime.

[11:01:11 AM]

>> Casar: So it's the different between that pay as you use and pay as you go slide?

>> Yes, councilmember.

>> Casar: Okay. I think that's helpful to know. I thinks no of the action before us today has to do with just establishing the districts, and then we can later take a look at the different tools and decide, you know, which sections chapter 311 might Mike more sense, 373a. I think it's really helpful to see sort of the differences and options there, but we aren't necessarily -- we aren't excluding our ability to use chapter 311 by having homestead preservation district established, anyway. Right?

>> Right.

>> Casar: Okay.

>> No, basically, the resolution is set up to create the other district to identify that there are -- they're if they're in line to be identified later on we can establish those to the tif, but I really wanted to find out

the different ways of finance be funded. What I really wanted to know, like district a, we can make all district a a 311 tif. Even though we already identified it as a homestead did the through the homestead preservation act and grandfather caused it, district a, so we can also use chapter 11 for that?

>> Chapter 311 can be used in the district. Yes, in that district.

>> Casar: But my understanding would be that it couldn't overlap -- it couldn't be 30% single-family and as some parts of a district --

>> And that was my other question. So on Mueller -- thank you. So oh Mueller, we're capturing the tax on residential multifamily and commercial, or is residential limited and single-family?

>> We're capturing the tax offering, all the increment.

>> Gallo: Everything.

>> It's about looking at the components of the underlying property, what can be single-family, what can be multifamily, commercial, you have a lot of uses out there.

[11:03:12 AM]

I think, councilmember, the answer to the question about -- chapter 311 are project based -- are project-based. You could do multiple 311's within, for example, district -- district a, but again, 311 requires to be a project plan and a financing plan. The concept is, again, what we've seen in Dallas, and I had a chance to talk to the folks up there, is, there's a partnership that occurs with developers, whether you're looking at small tracts of land, medium sized tracts of land, or lands that -- to accomplish potential multiple goals, but cervical affordable housing infrastructure, to get to that affordable housing, and other necessary policy goals. But in essence, to just set up a tif, a 311 tif around an entire district without an underlying project, that would be -- I don't think that would be -- and I'll get with our attorneys on that I don't think that would be probably an appropriate use of the tool because it's typically project-based.

>> Gallo: But just to go back to my question on Mueller, because I'm trying to just, in my head, kind of -- Mueller is such a good example of this process. So there is nothing in Mueller, no property in Mueller that was exempt from the tif. No resident -- all the residential is included, all the multifamily.

>> Some may not be, I have to get that in terms of the underlying larynx for example with Seton, I'm -- all the different taxpayers out there, but we have all that information and I can get it to you.

>> Gallo: Okay. And the reason I want to try to understand this, and also want the breakdown on the rental versus the sale units, is, you know, basically for 30 years, the taxpayers of Austin are not -- this tax money is not going into the city funds to help pay for city expenses.

[11:05:13 AM]

And I want to make sure that when we evaluate and look at projects like this, we are getting the correct information back from the benefit to the community. The benefit to the community of this project, it would have -- I used to live in Wilshire right next-door to it. It would have developed. It's an inner city, wonderful neighborhood that would have developed, regardless of what we did with it. But the benefit to the community is the affordable housing component. A and I just want to make sure that the community's loss of 30 years of tax income from this property has an affordable -- has an appropriate affordable housing benefit. And I think that's a really important evaluation for us to do as this project progresses because, number one, only 25% of it is designated affordable, and then a certain percentage of that is sale, which is 80%, and a certain portion of it is rental, which is 60%. So I think as we talk about future projects and the benefit to the community of being -- providing affordable housing, which we all know that we need, we make sure that that component is a really strong portion of what we're doing because the taxpayers in all of Austin are paying for this because their taxes are going up because these taxes are not being collected. So thank you.

>> Well, councilmember, I certainly will get you all that information. We have it all. Obviously, a great partnership with catellis. I also will say that I certainly recognize that this is a tremendous amount of information regarding tax increment financing, and we have in the past -- and I think we will -- we know your committees are very busy, but we certainly are planning on going to, at a minimum, the audit and finance committee and doing what is in essence probably a 60 or 70-page powerpoint presentation about tax increment, you've got to settle into your chair and get a coke and listen up on it. But we know that that -- the order of this -- we haven't had an opportunity to do that. I think, obviously, that committee is like your committees are very full, but we think that will be a valuable tool to see a broader context where we can tell the story and the history.

[11:07:26 AM]

But for us that have worked on this, sometimes it feels like second nature, but not always, because the city has -- we've treaded carefully into using tif's. But certainly for the new council and the citizens, we need to make sure we're explaining this as thoroughly as we can. So we will certainly let everyone know when we get time to do that larger presentation. And certainly we can get all of this information to you that you've requested.

>> Renteria: One more question on that homestead preservation. Like on district a, we have all that development that's going on on 7th -- 6th street, 5th street, and we're getting all these housing and

condos being built in that area, and if we was to pass the homestead preservation tif, would we be able to recover some of that funding that's being developed there?

>> So the question is, is it retroactive?

>> Whatever tif -- whatever tax increment financing tool that the council chooses to implement, whether in HPD or outside of an HPD, you would again set the base year. So the development that's occurring -- typically, you can set a base year all the way up till December 31st, and our attorney might -- I might not have that exactly right, but for the end of the year, and you can make it active forever January 1st of the year you're in. But you can't go back in time and say the base years, for example, was 2012. You have to -- as you go through the process, the public process of creating a zone, both the district and the zone side of it, one of the steps that you go through is to create a base year, create a project plan, create a financing plan with goals and -- associated with those project and financing plan.

[11:09:26 AM]

>> Renteria: So if we was to pass the -- the homestead preservation, the way it's written here, without the 311, then we could add, start in January, start recovering some of the funding that's allowed for starting next year? Or is it starting January 1st of this year?

>> Councilmember, I believe -- and we'll get this to you -- I believe if, again, a tax increment reinvestment zone, whether that was an HPD zone or 311 project based zone was set up, you could set that up during this calendar year from December, and then you could make 2015 the base year.

>> Renteria: This year.

>> This would become the base years, and then every subsequent year would be what you calculate -- 2015 would welcome the base year from which future years would be calculated off for the increment.

>> Renteria: And that would be for all district a, and we could use that funding to finance affordable -- start financing affordable housing, but we couldn't go out and get a bond to go out and invest in affordable housing -- the only way we could do that is under 311?

>> Yes, again, because you'd be looking at the cash -- you'd be looking at kind of the pay as you -- pay as you go way of just letting the funds accumulate, and certainly they could be used -- they would be, again, used under guidelines of the HPD legislation and be another funding tool for neighborhood housing community development to achieve its -- achieve the goals.

>> Renteria: Do you have any other questions?

[11:11:27 AM]

>> Gallo: -- And this is directed to the other councilmembers. I know on the homestead exemption, we asked the city manager to come back to us with an economic impact, and I don't see in any of the background information that we have asked for that before we determined that I may be out of that alone, or -- out of that loop or not have paid attention to it or --

>> Casar: My understanding, councilmember, is that by -- the resolution that chair Renteria has put before us, the only action we'd be asking council to take are, one, to set up the Zones, which would have no economic impact in my understanding, because all they do is designating the lines in the area, but not implementing any of the tools. And so there would be no impact that would just allow us to implement tools, of the several described in the area. Is that correct? There wouldn't be an economic impact to implementing -- establishing the district before creating any tax increments? >>

>> Renteria: Basically, we'd do this sheet here, the last sheet, which would instruct the council to actually create -- create the 311 or the housing tif. That's the last part of it.

>> Casar: Right. Then the second portion I guess exactly I think the economic impact you're looking for, councilmember Gallo, is that the city manager would identify those projects, would create the plans for those reinvestment Zones or those 311 tif's, and we would obviously see the economic impact of those, they would be laid out --

>> Gallo: Before we approve this.

>> Casar: Absolutely. Yeah. I think that this is basically saying we can establish the districts because that has no cost, and if we don't go ahead and do it, then the poverty rates by displacement may change, as we saw in district S, and we may lose irchance to drop a district so there's really no harm in drawing the district, then once we start considering the tools, different tools will have different economic impacts and we'll look at the impacts before implementing the tools.

[11:13:41 AM]

>> Renteria: Between 311 and the homestead. So is there any other information or from staff?

>> I think we're done.

>> Renteria: Okay. Thank you. Well, I would like to discuss this resolution and see if we're ready to go ahead and submit it to the city council for -- the full council for discussion. Saurus I'll move that.

>> Renteria: Councilmember Gallo? Ghoul I'll second.

>> Renteria: It's been moved and seconded.

>> Casar: I did want to mention a couple of things.

>> Renteria: Okay. Go ahead. Any discussion? Yes. I'm sorry.

>> Casar: I'm going to vote but I have had some folks bring up concerns to me about our communities -- how tif funds have been handled, but my understanding from your office is that we hope to have community oversight and some sort of community board that's working together with our staff to see how that money is handled, if we indeed decide to go with a tif in any of these districts. Is that right?

>> Correct.

>> Casar: So I think that handles some of the -- just in talking to folks in the community, what they've understood about HPD's, that was one concern, just how is the money going to be handled, and I'm glad --

>> Renteria: And maybe the staff can make a comment on that.

>> My comment would be these would all be things that we would have established in the conversation, should you all decide to move forward with creating those tools within each of those districts. Certainly, I think the aspect of monitoring what the programs would look like where those funds would go and who would administer it would be part of the discussion.

>> Casar: Sure. I've also heard concerns about some people feel positive about land trusts, which is another tool we have available to us where we would own some of the lands.

[11:15:45 AM]

I see some great opportunities for those. For example, I have a couple of manufactured home communities and home communities in my district where people own their home and have a great investment, but the land is often owned by corporations, both in my district or by corporations, investors, with no interest, as far as I can see, in Austin, in Austin. So I think there's a lot of opportunity in those folks, the public owning the lands underneath some of their investment. So I do see some great opportunities for those, but once again, I think with this action, we aren't yet treading into whether or not to use community land trusts or whether or not to do the land banking functions available in the legislation, we're just setting up the districts so that we don't miss that vote, and then we can have the discussions, which will probably involve more slide shows from Mr. Canally and others, of which tools we want to implement, and where. I just wanted to make that clear as we move this forward. Then I have had some conversations with Ms. Spencer about looking at some other census tracts. Just looking at the proposed districts I felt there were some areas in my districts that could qualify, and may not, I could totally be wrong, but I want to alert my fellow community members if we could pass this resolution and not have it be in front of full council for the next meeting, but for one meeting after that, to give our staff some time to look to see if my suspicions are right, which I feel like there's a good chance that I'm wrong, but I just want to -- some census tracts, 18, 19, along rundberg up to Lamar, I'm not very good at using American fact finder and the census website, I'm sure at a quick glance it seems like there's a possibility there maybe we can designate, but you auto if I'm right and a couple weeks from now we have one more district we want to designate from what we've laid out here.

[11:17:59 AM]

>> Renteria: I want to bring that up because I'm sure there's in areas like in district 2 that could qualify. I think we're already using the other tool, which is the land trust. It's already been out there and it's been used by different non-profit --

>> Yes.

>> Casar: Sure. I just mean that we're not designating the entire area community land trust by this vote, is what I'm trying to make sure that that's sort of understood as we move forward. And then one part of this resolution is stating that we aren't going to use the west campus district, and that we're setting up a guideline for the council that if it's 50% college graduates -- sorry -- college enrolled folks, or graduate school enrolled folks, that we aren't going to include HPD's. Could you elaborate on that a little bit? My preference would be that we just not designate that HPD, but I don't know if we want to -- I don't -- I imagine you all in your office have thought about this more than us, about if there's a good reason to set that as a guideline and as a hard and fast rule, just because in the future, we may designate some districts where there are a lot of students, but they actually are students that aren't economically really well off. So do we want to close that door? I just wanted to ask you guys a question.

>> Renteria: Yeah. Our biggest concern was that most students are going to be low income.

>> Casar: Right.

>> Renteria: And that's why if there's a big area of just students, they'll be -- you know, our feeling was that they'll be qualifying for that area, even though, there being students in there, are not going to be there did you understand, it's always changing. That's the only reason why that we looked into it.

[11:20:00 AM]

>> Casar: Yeah. So I guess my question -- let me -- once I ask the it, not very concisely, now I think I have the ability to ask it more concisely. You have the be it resolved by city council that not more than 50% of

the homestead preservation district population is enrolled in college or graduate school. Do we have to include that in the resolution, or can we just not designate the HPD --

>> Renteria: We can do that it was just put in there -- that was just recommended by the consultant.

>> Casar: Do we know from anybody if there's good reason for us to lay that out that way, just because there may be point in time where we think that there are 50% of people in college or graduate school in HPD, but we still want to designate it for some other good reason that still implies with the law?

>> Gallo: There was discussion of this in a previous presentation, it may have been the housing presentation that we had in the workshop, and my take away from that was that because it fit all the other criteria, that we had to figure out another way to exclude those. And I would agree with -- with you on that, in that student areas definitely will lower the income averages because most students are not working while they go to school, but I don't know that they represent the true low income residents.

>> Casar: I understand that and that's why I wanted to get clarity about whether we can achieve what you all are talking about, just by not designating the west campus area as an HPD, but why we need to set up a criteria saying that if an area is 50% college or graduate student, we just never will, because in the future we may very well say, well, there are a lot of college students in this area, but there's also a large number of people that are working people that also need affordable housing, and why would we shut ourselves out of that, instead of just not establishing -- just choosing by our own investigations and not establish the west campus HPD, I just see those as two separate choices.

[11:22:07 AM]

But if it is helpful for us to have reasoning so that they're, you know, listed, I'm open to doing it. I just don't want to tire tie our hands when we don't have to.

>> The question is, do you codify it or do you not? Certainly you don't have to and you could have that as more of a principle during your policy discussions. To your point, there may be at one time you would want to consider something differently. You certainly could simply just not designate it today and you achieve the same purpose, and you just wouldn't codify that at this time.

>> Casar: Yeah. I guess I'm thinking when we had more students living on Riverside, I know we have fewer now, if we counted and saw it was 50% students, would we want to cut ourselves off from doing that census tract. I just don't like having something here that seems clearly to be calling out students when we don't have to do that. So, anyway, if you don't mind, I would just amend it to pass the whole resolution, but without the first set of -- well, I guess we could keep area meets the requirements established in local government code, I don't mind codifying we're going to follow the law. Just eliminating not more than 50% of the homestead preservation district population is enrolled in college

or graduate school. And then we can still just not designate that HPD. Somebody may come to us with a real good reason why we should.

>> Renteria: I have no problem with that,.

>> Casar: Well, great. I'm done talking.

>> Renteria: Okay. We'll just delete the not more than 50% student population.

>> Gallo: And just a couple of comments, too, as we talk about this. I understand what we're doing here and that we will come back in future discussions with specific projects. I just want -- we have such a great opportunity with Mueller because we are down the road on that one, to really evaluate the benefit, the community benefit that has evolved as part of this process, and I just, once again, want to make sure when you're able to gather the information for us on that, that for the amount of tax dollars that we're spending, that we truly have a community benefit all of us have expressed wanting to make sure that we provide.

[11:24:38 AM]

So thank you.

>> Casar: And is it all right if we have this at the may 14th council meeting instead of the may 7th one to give our staff time to look at the census tract, to just give it one more week?

>> Yeah.

>> Casar: Okay. Then I'm ready to pass that.

>> Renteria: Okay. It's been moved and seconded to pass the resolution deleting the not more than 50% of the homestead preservation district population is enrolled in college or graduate school. All in favor, say aye.

>> It's to be presented may 14th?

>> Renteria: 14th. Okay. Now, the next item, we'll now move to item number 4, the overview of the preservation of affordable housing, actions underway to include exploration of a housing strike fund.

>> Chargers we'll begin

>> Chairman, we'll beginwhenever you're ready for us.

>> Renteria: We can go ahead and move on.

>> Rebecca gielo, assistant director of neighborhood housing and community development.

[11:26:44 AM]

We've been working with housing works for a number of years on issues related to preservation. In 2008-2009, housing works produced a call to action around preservation. And this past summer they came back to really take a temperature check and another look at where we're at on preservation, recommending some specific goals. Last month you all called for a look at preservation, specifically around a steering committee's focus on this issue, and leading conversations in the community to include members within the city. She has been invited to provide information to you today.

>> Councilmembers, Mandy damayo, thank you for having me here. I'm going to fairly quickly -- try to catch you all up on time -- fairly quickly go through our report, that as Rebecca mentioned was released last summer of 2014, creating a preservation strategy for the city of Austin. Please feel free to jump in at any time with any questions that you all have. As Rebecca mentioned, we've been having this conversation for a fairly lengthy amount of time. It really started back in 2006-2007. There were a couple of high profile cases of redevelopment and displacement of low income households in the city of Austin and folks were really concerned that we were starting to lose our affordable housing stock and what was happening to the folks who were being displaced. UT law, heather way with the UT law development clinic created a report that was preserving Austin's multifamily rental housing and it was a tool kit for action, essentially. This was subsequently followed up with Liz Mueller, who's a professor at UT, and she looked at affordable apartments at east Riverside and oltorf. Again, as Rebecca mentioned, we had preserving affordable housing in Austin, which was a platform for action.

[11:28:50 AM]

We had the market study that pointed out a loss of 7000 affordable units between 2012 and 2014. So we've had a significant body of research around this topic, a significant amount of concern. We also have an ongoing study, and that's the green and inclusive corridors project, which is looking at strategies to identify multifamily parcels that are likely to redevelop in the next ten years and likely to displace low income renters. And that is being led by Liz Mueller with UT community and regional planning. So we are hoping that that work will be wrapped up in summer of 2015, and a lot of that will feed into some of our work as well.

>> Casar: Sorry, Ms. Demayo, is there a good place for us to click only for those studies?

>> Absolutely. Neighborhood housing community development, on their website, on the right-hand side if you go to reports and publications.

>> We do. And we have those broken down from city produced reports to community reports, and if you believe there's any community reports that need to be added, we're happy to add those as well.

>> Casar: All right. Thanks.

>> Let me also say that our preservation strategy report is also on neighborhood housing and community development's website, also on housing works Austin's website. You can download the full report, as well as an executive summary, just a two page executive summary. I'm going to touch on type of the high level recommendations. I should point out that even without an overarching preservation strategy, we've been talking about this a long time but we haven't created this overarching strategy as a city, we have been successful in preserving homeowner and renter projects. I'm highlighting three of those projects on your screen. One is the elm ridge apartment are complex, 13 units, Marshall apartments, 100 units, oak creek village, 170 units. I want to touch on those. They're three subsidized housing developments. They had project section 8 subcontracts, ensuring affordability. We identified that those subsidies were going to be expiring in the near future.

[11:30:53 AM]

And with renewed local investment, we assured both long-term and deep affordability. In total, for those three projects, the city invested $7 million for 400 units, and in exchange we got 99-year affordability on all three of those projects. So I think that really highlights some of our successful efforts in terms of identifying opportunities for preservation and really proactively preserving those units. We also have been successful in preserving low income home ownership, and I want to point out the housing repair coalition, five non-profit organizations that are dedicated to providing low income homeowners, prime easterly seniors living on fixed in connection, with housing repairs, through the 2006 geobonds, with the 2006 geobonds in four to five years they preserved nearly 650 low being in. They provided repairs, maintenance, upkeep to these properties, low income homeowners, and preserved nearly 650 units there. So we have had some successes. One of our challenges, one of housing would she's challenges was what we call establishing the baseline. It was fairly easy for us to determine where and what the affordable housing stock was when we talk about subsidized affordable housing, because we know where those properties are located. As Rebecca mentioned previously, neighborhood housing community development is charged with monitoring and compliance of these properties. So what we know is that we have approximately 18,500 subsidized units. We were able to gather that through neighborhood housing data, through tdhca, Texas department of housing and community affairs, it's our state housing finance agency, as well as national housing trust data. So we are we were able to pull all of that data together and determine exactly what our affordable housing stock, what I say is capital a affordable, it's subsidized and contractually required to have affordability.

[11:33:01 AM]

Against, 18,500 subsidized affordable units. But what we know as a city is that the vast, vast majority. Our affordable units is actually affordable with a little a. It's privately held, multifamily units that are primarily class C and D apartment complexes, that built maybe in the 1960s, '70s, '80s, that just over the years have become more affordable, either because of undercapitalization, or unfortunately sometimes disrepair. So these are class C and D apartment complexes. And we were able to, through a variety of data sources that included looking at private market data through capital market research, we were able to identify across the city of Austin all of the properties that were 50 units and above that rented at 60% median family income or less. We also -- we melded that with data from another private Austin investor interest, and looked at all the class C properties across the city of Austin. What we knew from both those data sources is that they only look at properties that are 50 units and above, and we knew, or we thought, and this was confirmed with our research, that there was a lot of affordability in smaller apartment complexes, particularly in central Austin, because market data firms only look at 50 units and above, we were able to pull from Travis central appraisal district the data on all the multifamily properties with between five and IX units, so those smaller apartment complexes that were at least 30 years old. And what we found was that there were more than 5,000 in those smaller complexes. We surveyed them, we did a data pull, and we did a survey of those properties. There were more than 5,000 units in that data set that actually provided some affordability. This map here, I wish it were a little bigger, but it gives you an idea. After we figured out what is the universe of affordable units, which was between 65,000 and 67,000 affordable units, that means renting at 60% median family income or less, we then mapped those units.

[11:35:11 AM]

And one thing we found and we were generally pleased, they were centrally located, in high opportunity areas or in areas that were at risk of gentrification. A lot of this maybe isn't surprising that they were centrally located because a lot of these properties were developed in the '60s and '70s when Austin was more compact and closer to the central city and closer to transportation, which is huge. The green dots on your map show all of the affordable properties that are 50 units and above, and then the pink kind of coral-ish are class C properties with affordable units that are 49 units and below. So, after establishing the baseline and looking at the universe of affordable properties, we came up with -- and you can look through the entire report with some of the background data -- four major recommendations that I want to go through and I want to focus really on one of them. One is adopt the homestead preservation districts and the tif's, which you all talked about at length this morning, so I won't go into that. The other one is maximizing tax incentives for preservation. There are other cities, we looked at best practices. Other cities including Chicago and Portland combine low interest/no interest loans with tax abatement, so incentives for property owners, either single-family or multifamily, to improve their properties, including with energy efficiency and other sorts of upgrades, and then offering tax abatement for a finite period of time. In this case, it would be no more than ten years according to the Texas tax code. We also looked attacks exemption strategies, and that would essentially be public right partnerships that would incentivize affordability bay non-profit or the city of Austin, Austin housing and finance corporation, owning the land below the property, thereby reducing the tax liability and increasing the affordability on the property. The third recommendation which I'm going to go into in a little bit of detail after this is the development of a preservation strike fund, which has been used quite frequently as of late.

[11:37:20 AM]

And I'll go into some details around that. And the fourth recommendation, which is kind of an overarching one, is reconvening a stakeholder group to guide this process. In 2012-2013, the city of Austin brought together a stakeholder group to explore preservation, and that group included non-profits, for-profits, advocacy groups, the Austin apartment association, a board, the board of realtors, there were a variety of different partners who were involved in this process. The report was, we were charged with creating an ambitious, yet attainable goal for preservation. The goal we came up with, which is essentially preserving about a third of the existing affordable housing stock that is out there, is to preserve 20,000 units, a thousand units a year, in the next 20 years. The idea, in order to accomplish this, we would need to create a layered fund. I'm going to describe that in just a little bit, to actually acquire these properties. So it would be financing for these properties. Initially, the properties would most likely be mixed income. They wouldn't be -- because we don't have necessarily the resources like the general obligation bonds to layer in the subsidy immediately. The idea is to -- to acquire the properties, ensure the continued rent at a variety of different incomes, and then layer subsidy overtime to ensure the deeply affordable units. We would focus on established -- already established city priorities, which include transit corridors, family units, and high opportunity areas. One thing I want to mention is the housing market study, when we looked at the

[inaudible] Of the thousand units, of 7,000 affordable units over the two-year period, one thing we're finding, particularly with multifamily stock, we're losing a lot of those three-bedroom family size units and those are not being replaced. What is being torn down or renovated are smaller properties that are appealing to singles, more young, urban professionals, and higher rent.

[11:39:24 AM]

So that's one of the reasons that families are being pushed out to other areas of town, because we've really lost the multifamily stock that appeals to families. The housing works goal, housing works report and goal in 20 years was adopted by city council in October of 2014, so by the last city council. What is a strike fund? A strike fund is a layered fund that includes public, private, financial institutions, foundations, it's capitalized by all of these different sources, so it's not just the general obligation bonds are a single source of financing that are incredibly critical part of increasing our affordability in the city of Austin, but we know we need to expand our existing tools. And one of those ways to do that is to create a more -- a more complex and more layered source of funds. And the strike fund is something that's been used in other areas of the country, which I'll mention -- which I'll talk about in a second. Another common attribute of strike fund, these debts are used by non-profits or mission driven for-profit organizations for predevelopment, for acquisition of existing properties, construction and also for technical assistance. One thing we're seeing in markets such as Austin, which as you all know, is a very hot market, is that non-profits and mission-driven for-profits cannot compete with he real estate investment trusts or other for profit developers in terms of acquiring properties. They do not have the capital to do that quickly and the strike fund would provide them with an opportunity to do that. Another common attribute is a participation of a cdfi, a community development financial institution. We have several here locally. We also have several large non-profit cdfis that are nationally based that work in different areas of the country as well.

[11:41:30 AM]

Another very important attribute of a strike fund is an independent administration of the fund and oversight of the fund. So this is not something that would be administered by a city department. It certainly would have city participation, but again, it would be a public/private partnership. As I mentioned, strike funds are nothing new. In fact, I list several of the more high profile strike funds. New York City, the acquisition fund, which is $23 million. The mile high community loan fund, which a lot of our research was focused on, also known as the Denver Todd fund is currently $49 million. The bay area transit oriented affordable housing fund, also known as Toa, is recently -- this was pledged deployed and is $50 million. The family housing fund was created in [lapse in audio] To create more than 35,000 units in the twin cities, and that's both rental and home ownership. So this is not a new idea. It would be something that would be new to Austin, and it would be a new strategy to deploy to increase affordability across the city of Austin. Well, what have we -- what have we been doing thus far around this idea of a strike fund? Again, it was a recommendation in the summer of 2014 in our preserving affordable housing in Austin report. Back in September, we started a conversation, housing works, and also UT, the center for sustainable development, at a workshop in Minneapolis, we started a conversation with the low income investment fund, and -- the cdfi out of San Francisco, but it operates nationally, and we talked to them about the development of a strike fund and they said we think that's great, we've developed them in other areas of the country.

[11:43:30 AM]

But I think before you just plunge straight into developing a strike fund, you might want to take a step back and actually look at how do you make your community investment friendly? And so they suggested creating this cross sector steering committee to guide the conversation. We have subsequently done that and we have a steering committee that consists of public and private sector folks representing a priority of different really important intersected issues, like housing, health, and transportation, as well as jobs and economic development. Our steering committee right now, it's growing. Our steering committee is about 20 people representing all these public and private sectors. We brought in, in March, and this was the work of the steering committee Barajas in kreske foundation which brought in a plannedded workshop, it was a day-long workshop in how to make your community investment friendly, the idea being if somebody dropped a hundred million dollars into your community, while that would be great and we would all welcome the investment of a hundred million dollars, what would we actually do with it? Do we have the strategies in place to actually deploy the funds efficiently and effectively? Kresge foundation as facilitated this workshop in 12 cities across the country. We were the 13th city. It was held on March 4th. Had more than 50 participants from a wide variety of sectors. Our work is continuing, though. It didn't end at the March 4th workshop. There were a variety of recommendations that came out of the workshop to the steering committee got back together and said, okay, we have our work cut out for us. We want to look at what we can do to -- to move this work forward in the short-term, in the next six months, mid-term, 9-12 months, then the future. We created three different committees to tackle the work and recommendations that came out of the March 4th workshop. We have a finance committee, policy committee, and a communications committee.

[11:45:32 AM]

We are meeting -- Thursday is our follow-up meeting after the March 4th workshop, where we are laying out the work plans for each of the committees, and what we plan to do again in the short, mean, and long-term. What we anticipate seeing in the next six to nine months from each of those committees is from the policy committee, demonstrating a linkage between housing, health, transportation, education, and employment. We're looking at metrics in each of those areas and how we can gauge ourselves in each of those areas. From the communication committee, we're looking at developing a shared narrative around housing and all of these linkages. And from the finance committee, and this gets back to the strike fund, we are developing, we're in the process of developing the recommendations for actually structuring this strike fund. So we will be looking at the finance committee again, they'll be reporting out at tomorrow's meeting. They are looking at who the players will be in the strike fund, who are the identified folks who we want to have participating in the strike fund, and then what the products of the strike fund will actually be. We anticipate that those would be -- that work will be ongoing over the next six to nine months. It's been a long conversation. Again, we've been looking at preservation for a long time. We're excited that we have a goal to hang our hats on. And now it really is time for action. City council had adopted the 20,000 units in 20 years. It is ambitious. It's a thousand units a year and what we know is that we cannot accomplish that thousand units a year with our existing set of tools. That will get us part way there, but it won't get us all the way there. And, hence, the work of the steering committee that came out of the workshop with the liif and Kresge, and we anticipate that the strike fund which will really target affordability could also include land banking for future affordability, in addition to preservation of existing affordability, also could include new construction.

[11:47:34 AM]

But we anticipate that the strike fund really is going to be the mechanism that is going to get us toward reaching that goal. So having said all that, I am happy to answer any questions.

>> Gallo: I just want to say thank you for the research and the statistics and the presentation that you do. We've used them quite frequently when we go out and talk to constituents in district 10, and I think they're just -- it's really, really good information, so thank you for being a part of this process.

>> You are welcome. I'm happy, happy to be here.

>> Renteria: This is really exciting. I was just -- since this is nothing -- this is not a new thing, where do most of these -- like, I guess, new York and mile high -- how did they get their funding up to 230 million?

>> All in a very similar way. It's interesting. When you look at strike funds across the country -- and they're sometimes called different things, community investment funds, housing funds, affordable housing funds, they're very similarly structured and very similarly capitalized. It's always a public/private partnership. It typically has public funds kind of as the first dollars in, small amount of public funds, leveraged with a significant amount of bank dollars, private foundations, private investors. So it's really a layered fund. If you look at -- we have this in the preservation report, the Denver fund, there were three different layers. City and county, and also chafa, which is Colorado housing agency, so public funds were approximately a third, maybe 25% of the initial amount of the funds.

[11:49:35 AM]

Layered on with foundations, Macarthur enterprise, I think Kresge was also an initial investor, then the top layer really was the banks, Wells Fargo was an investor, and then private -- private investors. So there are different layers of risk involved. There are different expectations. The public, you know, sector expectation is different from the private investor expectation. But it is a -- you know, it's not a typical return, typical real estate investment, expect 20% rate of return. This is not going to get you the 20% rate of return. But it is going to give you a descent rate of return in exchange for affordability.

>> Renteria: Thank you. Members, any other question?

>> Casar: I do have a few. So can you remind me of the Numbers that you said of affordable units that we lost, what did you say, the last two years, 7,000 --

>> 7,000 units, between January 2012 and January 2014. And I'm sure you've seen some of that in your district. It's oftentimes smaller apartment complexes that are purchased. Sometimes they're torn down. Sometimes they're repainted.

>> Casar: Right. So you're counting in that number the number of demolitions and reconstruction, and then also --

>> Absolutely.

>> Casar: -- Minor changes that result in much --

>> It's the loss of affordable units, yes.

>> Casar: And when you all monitor that, you're looking at complexes that have four and more units or are you looking at also --

>> That came from the comprehensive housing market study and that was all multifamily properties so that would be five units and the above.

>> Casar: Five units and above.

>> Uh-huh.

>> Casar: And I had another quick question. Let me see what it was. I can't recall it right now, but I think that it looks like -- do you all have some questions too, then I'll be able to put my questions together?

[11:51:42 AM]

You all don't have any? Okay. Well, then I'll see if I can put it together in my mind. So the 20,000 united unit goal of preservation, is that through the very deliberate tolls that you have described that are the strike fund, homestead preservation district, et cetera, using those tools for the 20,000, or are there -- I guess my question is, are we trying to use those tools to preserve 20,000 units, or do we have 20,000 unit goal and we have those tools, but we're still looking for other ones to get to the 20,000 number?

>> It's the latter. The 20,000-unit goal, it's a thousand units a year, and we are currently doing preservation and we do preservation -- we have had some successes that I highlighted, particularly with

our section 8, expiring subsidies, we do a good job of identifying those, then securing and continuing the affordability. Typically, we do that by injecting subsidy over time. So neighborhood housing community development is already doing that, but doesn't of the resources, we do it through general obligation bonds, through our rental housing development assistance program. There's a priority for preservation. So we are accomplishing some preservation through multifamily preservation, but it's really only a hundred units a year, if that. So the idea is, how do we scale from that hundred units to that thousand units a year. And the only way we can do that is by creating a new source of financing and a new mechanism for achieves achieving that Suarez I guess what I'm trying to sort through, it seems like 20,000 units we can preserve with deliberate action of the council and the staff and community members, we can take this action and there's probably other things we need to be doing, a neighborhood side through codenext, and figuring out how to ease up some of the demands that are driving the market to demolish some of these properties that we can't touch and hold and say we preserve these units doing this or that, that's sort of a separate bucket of preservation from what we're talking about?

[11:53:51 AM]

>> I think it's probably not as easily quantifiable.

>> Casar: Right.

>> If we provide some sort of subsidy or some sort of financing, it's easier for us to pull those units into kind of a preservation portfolio and say, great, we have -- we have preserved those units. But if it's less intentional and I think codenext is critical, I'm on the code advisory group so I'm a big proponent of changes to the current land development code, I think that's critical, but if we're not pulling it intentionally into a preservation portfolio, which would include layering some sort of requirements on it --

>> Casar: Right assist you know, right now we have

-->> Right now we have properties out there that are affordable, but there's nothing that is ensuring that affordability into the future. So when I talk about preservation, I'm talking about something where we would actually either own, manage, or have -- you know, have a dog in the fight and be able to ensure that affordability for the long-term.

>> Casar: Sure. So it's like -- is 20,000 units or so in affordability portfolio that we can --

>> Yes.

>> Casar: We can years from now pull up the binder and say these are the properties we did this with.

>> But we can't stop doing the other stuff.

>> Casar: The other stuff is also critical as well.

>> Equally important.

>> Casar: That's helpful for me to have that in two buckets. Thank you.

>> Renteria: Any other comments, questions? I really want to thank you.

>> Thank you.

>> Renteria: And I'm looking really forward to working more closely with your group on the strike fund because I find it really exciting, and I think that, you know, we've been looking for solutions for so long here in Austin, and we've tried all these other methods and we've gone out and invested millions of dollars in rehab and building housing, and we keep on -- we kept on doing this, but were not realizing that we're losing the land.

[11:55:54 AM]

And once you, you know, build affordable housing, but without any control over it, it gets sold out in the market, and then we lose the affordability. And I'm really glad that that group has gotten together and is really working on this issue. It's very important for Austin. Thank you.

>> [Inaudible].

>> Renteria: Okay, members. This brings us to item 5. The Austin housing finance corporation scoring process and procedure for the housing developer assistance program investment.

>> Than

>> Thank you, chairman, again, with the neighborhood housing an community development. I'm joined by director Betsy Spencer of the department, as well as David potter, program manager with the department as well. It's an interesting segue, and a timely segue into this conversation because we would like to visit with you all about our scoring criteria in the housing developer assistance program, which is the program in which funds do -- in which we get finance opportunities around preservation and creating new units. The housing developer assistance program is one of a handful of programs that we administer through the Austin housing finance corporation. Which is done through a service agreement between the city and the corporation. It is certainly one of our more high profile programs. As you all definitely see, you go in typically once a month to the Austin housing finance corporation where you serve as the board, where many of these transactions occur.

[11:58:01 AM]

The housing developer assistance program is really a two-pronged program serving the ability for us to create new units, preserve units and that is through the rental housing developer as well as acquisition and development and that is the home ownership arm of the housing developer assistance program. There are critical resources that obviously allow us to do this. We have, looking at trend, about 10 to $11 million which resides in this program, that's largely served through the community, I'm sorry, through the general obligation bonds. That capital funding source has allowed us to have a consistent mechanism to produce a number of units since 2006. The housing trust fund, also, is a local funding source and the details around the establishment of the fund there. Basically provide -- it is a funding source through general funds and those come to us due to 40% of the incremental tax revenues derived from developments built on city-owned land. So redeveloped properties on city-owned lands. Today, that's producing a little under 850 -- 850,000 in this fiscal year and we've seen that small increase [indiscernible] Year over time. This program also is served by federal funding sources, which include the home investment partnership program, which the city receives currently about $2 million, that is allocated over a number of programs, not just the housing developer program. And then the community development block program, which the city receives a little under 7 million, 6.9 million and, again, the funding sources here actually are sprinkled throughout, about 10 programs that the city administers in the housing department, a little bit of these federal funds, though, do obviously leverage opportunities in the housing developer assistance program.

[12:00:09 PM]

It's important, actually, when we bring you all transactions, one of the -- of the things that we would like to stress here, it is -- it is different in that it is an application process. And so we felt that it was important to just kind of walk you through what that looks like from the external exchange. The program objective is to allow flexible gap financing to provide optimal results both for the city and the developer. And so at any point in time, a developer can interact with us through this program. It's an open-ended process. Applications can be submitted any time. Our application resides online; however, we do provide technical assistance to both private sector and non-profit providers. When they want to understand a little bit more actually how to access these funds. Applications can be submitted, like I said, throughout the year and staff is available at all times to actually provide the technical assistance. David potter does that, as well as Gina kopick, and we have Ellis Morgan in our department doing that as well. These applications when they are submitted to the city are fairly immediately scanned and then they are published to our website with a status of pending, funded or not funded. So you can actually go to our website and see what has been funded the past several years and then the application evaluation process begins. Now, depending on the actual amount of funds, that evaluation process may be done by a single point of contact and in which case it's done by the real estate division, so transactions for, say, 300,000 or less is done oftentimes through a single point of contact because the Austin housing finance corporation policy and procurement, procurement policy does not require that those smaller transactions go to the Austin housing finance corporation board for approval.

[12:02:17 PM]

So this is actually to serve very small transactions where a developer might need just a little bit of money to actually make a deal work and it's typically that they are very timely transactions and so those are able to be oftentimes administered with funds like the housing trust fund, for example. So in the single point of contact process, obviously, the application is evaluated for completeness. That they have the appropriate zoning letters, smart housing certification is required through the use of all of our funding source. Regardless of whether it is local or federal and so certainly that process is evaluated, as well as that the actual application meets certain points and, thus, also meets the 150 point threshold. We're going to go through exactly what we mean by that a little bit later. We obviously will perform a market and underwriting analysis and certainly where federal funds come into play, those requirements can be a little bit stringent and so we often will look at those if it is a smaller transaction, certainly we apply that same mechanism. The larger transactions, particularly those that will go to the housing bond review committee, are evaluated by a scoring panel with staff expertise. And so the general obligation bond-funded projects will go through, essentially we have finance experts, as well as real estate experts, our proper consumer staff, and -- procurement staff and we will evaluate those applications largely, again, I'll go through this scoring criteria, to ensure that policy objectives are met and certainly that threshold scoring is met. Each of the applicants will actually self evaluate their own application.

[12:04:20 PM]

And so this panel ensures that the self evaluation does in fact hold accurate in terms of that expertise oversight. Anything that is receiving general obligation bond funds will go to an oversight body comprised of two members of the community development commission as well as other members with expertise in housing, public finance,, so it's two CDC members, three additional members, community expertise represented and oftentimes you will see if the general obligation bond funds are being utilized on the request for board action, you will note that it has been to the -- to the housing bond review committee. Their role is established by resolution. The group actually is established by resolution. And they are a staff review body to ensure our scoring and analysis has a community oversight component. One thing that I want to note is we will often have stakeholders bring forward suggestions, ideas, which has led to more transparency, certainly, in our process, but frankly just refined improvements over time. We certainly welcome that. We will often meet with our stakeholders, that has happened. With he try to bring the stakeholders together. Anyone in the community but oftentimes it is customers of the program. One of the things that was noted is that the housing bond review committee, for example, didn't meet in public like a lot of other task forces or committees. For the sake of convenience, we used to hold those meetings over the phone, go over all of the applications, but a few years ago, that was brought to our attention that they would actually like to have that in a community public setting and so we now actually send that to our entire stakeholder list, we have those meetings in public, and what that actually has done is it's improved our process in that all of the questions being asked are actually the developers are present.

[12:06:32 PM]

They are answering questions about the services that they will be providing and all of the aspects in their application now are publicly vetted even before they come to you where the general obligation bond funds are being utilized. So scoring criteria and the evaluation process are informed primarily by three different components. Certainly the funding source. A really good example of this is the local funds around the general obligation bonds are contractually required to serve 50% median family income and below and so that's just one example of how a funding source will influence the application evaluation process. Policy initiatives, we talked a little bit about one being preservation, certainly, informs application outcomes. And stakeholder input as well. And we've seen this around, for example, permanent supportive housing, we are now scoring higher for permanent supportive housing outcomes, particularly also around housing first outcomes. I would say that that's been a combination of stakeholder input as well as policy initiative by council. This is just a very high level snapshot of all of the scoring criteria for city funds. The next several slides will be a breakdown of each of those categories. So I won't go too far into this particular slide. We'll begin with affordable housing core values, the -- the core values really have been a derivative of stakeholder input over time. However, we have utilized, this is an embedded framework of our application process and is looked at by our community development commission as key policy issues that drive their recommendations around a number of our programs. Deep affordability, the number and degree of affordable units, for example, we -- we strive not obviously with just our local funds, but our federal funds, to reach deep levels of median family income.

[12:08:39 PM]

So 30 and 50%, again, 50% being contractually required for the general obligation bonds, long-term affordability, so a length of affordability period for our developments is I would say 40 years pretty much baseline expectations to interface with our funding. This isn't again smart housing, but this is truly funding that is going to -- in the form of an actual loan. Then geographic dispersion. The Kirwan institute opportunity map, which is essentially a body of research that a number of different cities have utilized.

It's a tool to measure what opportunities are high, medium and low. Looking at metrics, such as educational opportunities, access to different food systems, certainly housing, poverty levels, there was a conversation that -- that stakeholders had about a year and a half ago that they wanted to layer on even additional metrics in that something that might not be resonating right now as a high opportunity, but we saw could be gentrifying in the next five or 10 years, we would look at differently. So these -- this actual research tool is place based and we had green doors actually was leading the research front for the city of Austin on this and this tool is still a very important mechanism in how we'll look at opportunities. Then certainly the policies expressed not only at the dais level but in the community as a whole. Permanent supportive housing is certainly a key highlight. Increased accessibility and percentage of units designated for persons with disabilities has influenced our scores. Preservation certainly has. And priority location. So what we are looking at now is really the -- the express desire to site housing around proximity to transit, as well as transitional housing.

[12:10:49 PM]

We do talk a lot about permanent supportive housing but one of the things that we would want to express to you all is that we fund opportunities along the housing continuum. And so that is often, you know, shelters, transitional housing, certainly rental opportunities for up to typically 80% median family income, ownership opportunities as well. So permanent supportive housing is a key area of that housing continuum. And our increased and certainly balanced challenge at all times is to continue funding along the housing continuum, recognizing there's so many competing needs around housing and that if you look at any of those categorical areas in the housing continuum, there will never be enough resources to fund the need throughout that spectrum. Then finally certainly the underwriting concept. Looking at developers and their qualifications, their sources of income. We recognize that we have a finite amount of funds and so we do value developers bringing multiple funding sources to the table that will influence the score of the application. Leveraging has become a key conversation around not just when we fund deal by deal or transaction by transaction, but if you look, for example, at how the 2006 bond overall program performed, looking at those leveraging points, I believe, was a very strong case that the community made to ensure a 2013 successful program amount of 65 million. And so looking at leveraging every single deal is an important part of the process as well. Project readiness, certainly there was a time when we could look at projects that had a -- we need the funding now to potentially see outcomes in three years or so.

[12:12:57 PM]

We would look at project readiness if we -- if we only have 10 to $11 million in this program annually, we want to ensure that we are funding deals ready to go. That said, it has put pressure points on conversations around land banking, where to take $3 million and assist in land banking opportunities is taking $3 million out of our program that could help realize units today. So that again is a competitive conversation that we continue to have in terms of just need. Project management experience, is very important, specifically in the area of permanent supportive housing. If you look at best practices, permanent supportive housing can have incredible outcomes, but rarely if there is not onsite management, so that plays a part in our decision making and actually has played a key role in the housing bond committee review considerations, that's when they can actually ask developers how are you going to ensure a 24-hour contact, for example. How are you going to ensure that, you know, your front desk is staffed for the time period that you have said for the needs of the residents and then certainly supportive services. Oftentimes it is hard when a deal is brought forward to you so early in the stage, particularly around tax credits. To be able to tell you exactly what the services will be because the services should be rightfully determined by the needs of the residents. But we certainly look for a high level commitment and then expect that that would be modified at times when residents are actually in the building and identifying what exactly the residents' needs are. And then a key part of the process, touched on earlier today, is the contract administration process. So obtaining approval by the board is obviously one of the first steps.

[12:15:00 PM]

Then we go and we execute the loan documents. And I want to pause on that this because what you would see is the language in the request for board action is a request to negotiate and execute the -- the exact loan documents. And this is because this is an oftentimes changing and evolving process. As you can imagine, on a deal that might be $30 million, with multiple partners, multiple entities involved from insurance, title and other funders or lenders, lots can change. My director actually thinks of it as anyone who has purchased a home remembers what that one very singular transaction was with that title company and that lender. Your closing may have changed two to three times and different things have changed in that interim. Imagine that on a scale of multiple lenders, multiple parties involved, and, of course, of time that could be, you know, anywhere from five days to five months oftentimes if the -- if there is fluctuating issues around a deal. So we appreciate the level confidence you have had in providing us the opportunity to negotiate. It is an important part of our process. We monitor the contractual progress, which can certainly involve, you know, if it is, for example, a construction project we're obviously going to monitor what kind of contractual requirements are there. And then upon completion of the actual development, we obviously are reporting the occupied units upon completion, that is done at certificate of occupancy, so cos, as we call it. And those demographics are captured in a database, we have federal requirements to capture specific metrics and certainly we have the local desire to capture and a little bit of it was alluded earlier around, for example, bedroom units and that kind of thing.

[12:17:05 PM]

We are currently refining our opportunities to capture the data that many stakeholders are asking for. At this time, for example, we may not be able to get to number of permanent supportive housing in a particular area around transit that are family friendly. We would love to get to that space and place and we actually are working on that right now as we speak with the development of a database that I think will refine some reporting mechanisms. That will require, obviously a more sophisticated requirement and reporting from anyone who does interface with our funds. But we feel confident that that is very important and we're looking take murder to continuing to -- we're looking forward to continuing to defining our report and telling you exactly what the outcomes are at multiple policy levels. Then the monitoring, the long-time monitoring. Again, we indicated we do have a business unit that is dedicated to monitoring the requirements so that actively is an all-year activity in our department. With that we're available for questions. I mean, you all have had interactions with us at the board meetings each month. And you see really the complexities and the different details of each of these transactions and oftentimes how unique they are. We believe our partners are the developers and the developers are present and available to help educate exactly what is happening when we bring those deals forward and a lot of great policy conversations are coming from that and we look forward to the continued future conversations.

>> Renteria: Members, before we have any questions, we do have a speaker on the list. Bill Brice, is he still here? Welcome.

[12:19:05 PM]

>> Thank you, Mr. Chair, good afternoon, councilmembers, my name is bill Brice, I'm a program director with downtown Austin alliance, we're your downtown management association for the downtown public improvement district and our mission is to build value and vitality in downtown austinment I'm here today to ask that as you consider scoring processes and procedures for rental housing, developer investments, you consider how our investments can serve our chronically homeless population through housing first. Housing first is an evidence based practice. As the name implies, housing is used for chronically homeless as the first treatment modality. The first step to addressing a person's homeless issues, as opposed to requiring someone to become housing ready before they are put in a housing unit. It's estimated that there's between 500 and a thousand chronically homeless people here in Austin and that number is growing, this is our most vulnerable population. These people are literally dying on our streets. This is also our most expensive population to serve due to their disproportionately high consumption of social services, medical, psychiatric, criminal justice, and other resources. The

downtown Austin alliance, for many years, has worked through advocacy, through direct funding of housing programs that target this population, and through collaborative efforts to try and increase housing for our chronically homeless population. I will tell you, however, that the results from our 2006 go housing bond created few if any housing first units to serve this population. As was indicated a few minutes ago, since the 2013 bonds were passed, city council set a goal for the next four years of achieving 400 permanent supportive housing units, half of which they want to be housing first units.

[12:21:08 PM]

As well as she indicated neighborhood housing community development changed the scoring criteria for developer applications for bond funds. Trying to create incentive for developers to create more housing first units. I will tell you that up to now, we are still not seeing any reasonable number. Not even nearly a reasonable number of housing first units for the chronically homeless in the upcoming

[indiscernible] For our go bond funds. We will simply ask as you consider how you can increase our investments or maximize our investments, that you consider how we better serve this underserved population, we would ask that you focus as much attention to these folks who have the greatest needs and highest barriers to housing as much as you possibly can. Thank you for your attention.

>> Renteria: Thank you. Councilmembers, any questions?

>> So I have a question. This comes from councilmember Houston's questions as one of the projects was being presented just I think a concern that she really didn't feel like she had access to or knowledge of some of the support services. One of the questions, I'm just wondering, it may have been part of the packet and I didn't notice, but the application for -- for the process, I'm looking at the application for rental development financing, is that part -- can that be for the -- for the bid that -- for the project that we're discussing, can that be included in the backup information? Because it appears that that in itself along with the additional information that's requested would have answered some of those concerns and questions.

>> Betsy Spencer, I'm the director, obviously. The items that she was talking about was the issuance of private activity bonds and that was -- the particular issue, project was the housing authority was going to be the issuer.

[12:23:17 PM]

So in that instance, we don't review those at the same level. It's not an application to us. But the -- but the law now requires or the process requires that the council of the jurisdiction that the project will reside in, must approve or certify for that issuance of the bonds. But I talked to our acm, Bert Lumbreras, last Friday after that meeting. We all felt, I believe, that we need to be able to provide better information on those projects. So he and I discussed possibly a template of information that might actually be useful for -- for whether it's one of our -- an application that comes directly to us or if it's an issuance of private activity bonds for a project that's not -- where the finance corporation is not the issuer. I was actually going to bring that up in the next item as far as we are very interested in hearing from the four of you, as well as from the whole council, what mechanisms can we utilize to provide the information that will help. So again Bert and I talked about creating the template. The other interesting challenge that we have is, I had just met with another councilmember earlier this morning, the complexity of what the finance corporation can and can't do. Sometimes we are providing loan funds, gap financing, to a project. Sometimes we are issuing private activity bonds ourselves. Sometimes we're going to bring forward, we're a conduit to bring forward the item of support or consent or no objection. Where another entity is issuing bonds. It's incumbent on us to figure out how we can more clearly communicate, which one of those transactions we're bringing forward for your approval or consent, and where it is in the process. Last week really was a very classic example of we had a bunch of different, we had public hearings, we were issuing, we were approving.

[12:25:20 PM]

And in hindsight I'm not sure that we were real clear in the variety of transactions that we were asking either you as the council or you as the board to approve. So I'm really trying to sort how how we can better in the below the line, in the rba or rca really clearly articulate what we're asking you to do. I think we do. St. David's does a beautiful job. David does a beautiful job. Some of this we take for granted because we've been doing it for a while. It isn't necessarily intuitive to the general public, is it debt, is it not debt, what are the terms? We also, I think, need to be very clear when we're asking you permission to negotiate and execute a loan. The terms really aren't changing that much as far as how much it is, or things like that. What will change, which I always use the example, if you close a loan or a home, you may or may not have closed to the day that you were scheduled. My closing got scheduled five times, the H.U.D. 1 changed three times that day. If we had to bring all of that back we would never be able to negotiate or execute the loan. It can be just simple language in the terms and conditions, which doesn't have anything to do with the repayment, but just can be language in the document so -- we need to be able to provide as much information to you, to you and the general public, what it is that looks like. I do want to be clear on the cost and the benefit. There's always a cost to what we do and we need to be very clear about that as well. And so I'm giving you a very long-winded answer on it. I know what we bring to you is a wide variety of items. There's a lot of different parts and pieces to it. And it's incumbent on us to figure out the best way to give you that information, answer your questions, especially up front. If we can provide a template that sort of answers some of your questions, councilmember Houston's questions last week.

[12:27:22 PM]

Not every deal that comes forward will necessarily be ideal for everything we're looking for. A lot of different community benefits. These are hard decisions with he have to make. Is it close to transportation? Or not? Is it close to jobs? Or not? In the ideal world it's close to everything. It's going to be very costly. There's a costly transaction. Doesn't mean we shouldn't do it. But that's part of the decision making that we all need to be able to do is at a cost -- is that a cost we can incur or are we sometimes going to have locations that might not be ideal with the hopes and intent that the transportation will follow, the jobs will follow, whatever that is. Obviously the priorities of this council we want to be able to answer those questions to articulate, so you can make the best decision, the most informed decision possible. So we're really looking at how that is, if you have ideas, if you have insights, if you have thoughts on what it is that you want us to be able to present to you, we are only here to give you the most accurate information that we can. So that you can make the best decision. So I don't have an answer other than we're wrestling with that, we're trying to get that for you.

>> Gallo: I appreciate that. I think as we're asked to support things in a variety of different ways, it's important for us to feel comfortable with the support that we're giving. So if it is a process that actually has an application, like the ones that you have provided, is that something that can always be provided in the backup?

[Multiple voices]

>> Probably already is.

>> It's on our website, we several years ago were challenged, we always think that we're very transparent, but we have a lot to learn. Certain things are redacted, I believe. There is some information that needs to be redacted. Pretty quickly after we receive it, it is scanned and put on the web. If you would like it as additional backup, we can do that, because it's already on the worldwide web.

>> Is the scored version on the web --

>> It is.

>> Just the application.

>> Self score.

>> Okay.

>> So -- so would the scored version of it be available for us in our backup?

[12:29:23 PM]

>> The applicants that they submit, there's a self score attached to that, correct? Really what you are asking for is the staff scores available. Do we put the staff scores up?

>> We do not. We typically will not put those up on the website. However, if there was a scoring panel convened related to the nature of the transaction, that has been asked for and we have provided that the day the transaction is going for the board approval. The answer to your question, that is not a piece of information that we have put up on the website related to those transactions.

>> But would that be information that could be provided in our backup?

>> Yes.

>> Because my guess would be it would probably have a little bit more information in it and it would help us understand the criteria with which something rose to the top?

>> Yes. It is public information when the convening occurs.

>> I want to -- we will give you anything that you want. I want to thank about, though, the application is as it is. I will give you an example. In any given year we might get $20 million worth of applications. Our capital budget tends to be about 10, 11 million. So there's a decision process that goes in there. It is not always because we do have a continuum that we attempt to provide financing for a lot of different types of housing. It is not that only the highest scores receive funding because if we had five applications all for the same type of activity, and only one application for a different activity, we may only recommend two of one type of activity rental housing, multi-family, whereas if we need -- as Mr. Brice indicated, we need to do a better job of providing housing first recommendations. So we are looking at all of the applications in their entirety when we are making recommendations to you.

[12:31:25 PM]

So it isn't just if you have the highest score, you automatically are recommended for funding because we're looking to achieve housing all across the continuum. Does that make sense?

>> Yes, absolutely. But would that help us -- the important factor of that particular project to come forward.

>> What David or folks will do, in the self scoring process, if I fill out the application, I may score myself, I'll use property management experience as an example. So I think you can get up to 15 or 20 points. I believe that my property management company is very experienced so I self score it very high. We review the information that's received and we may determine that actually they don't really -- they're

not eligible for the full, it's more 3/4ths of it. So you're not going to get much more different information other than we may have scored it differently based on the information that we've gotten. We can provide that, I'm really looking for another tools we can give you other additional information, like the transportation, that was a big issue that we talked about last week. I'm trying to figure out if we have other metrics we can offer in addition to the application that will help. But we could certainly give you, you know, we can provide you with our information and our scoring.

>> I think that just -- just to kind of close my question, I think what's important, if a project is coming to us, enhanced in a certain way because of what it offers, it would be important to help us understand why. For example, the one that we talked about last night. Obviously if you want to be close to everything, it pulls you more into city service areas, which makes the property more expensive. So if you were talking about affordable housing and being able to control the cost of the development to provide more affordable housing, then you do have to give up some things, so I think it would be really helpful to understand as part of the project that we're being asked to support what it is about that project that causes it to be the one that we should support.

[12:33:42 PM]

I think that would have answered both of the questions, because it's not only answering why is this one the best solution, but what are we willing to give up to get this other component?

>> I agree entirely. That's -- that was sort of what Bert and I were talking about last week. How we can sort of evaluate the -- the community benefit or the lack of, right? In that decision. And so I don't yet know how -- what that tool will look like. But I couldn't agree with you more. Whereas -- we have to figure out the cost of land, the different amenity, all of those different things. So that is a tool that we're looking to be able to provide that information with. I just -- we haven't quite sorted it out in our head what that's going to look like. Again, if you have suggestions or recommendations how you would like it to look or information that -- to be in that, we are all ears for what that can look like.

>> Kitchen: Thank you for covering that, I this I that covers what I was thinking, too. Having that kind of tool helps us understand what are the policy considerations that are being weighed and how are they weighed because, of course, you're -- your recommendations are very important to us but, you know, it helps us to understand how they're being weighed that way we can better think about how we want to proceed. Sounds like you are trying to put together a tool that would have that kind of criteria on it. That owe and he that would be helpful.

>> Cost benefit evaluation tool. Is that oftentimes it will play out in the policy discussion that -- that where you don't see a lot of amenities in an area is exactly why you need the housing because the housing will often bring those amenities.

[12:35:43 PM]

And that's where the dichotomy around something that is realized is a challenge to the policy conversation, we see this with a lot of our underserved communities. They don't potentially have enough rooftops out there to get the grocery store they so desperately need. There's this balance. A tool that could also shed light on that is kind of what we're having to think through as well.

>> Kitchen: Well, that would be one of your criteria.

>> Absolutely.

>> Kitchen: So the criteria aren't black and white criteria, but -- but to my mind the criteria reflect your thinking process because obviously you are going through that in your minds, you have to. So capturing that in a tool that is not a tool that's, you know -- check yes/no or -- it's not so black and white it allows for capturing for judgment. But still, articulating what are the -- what are the -- what is the criteria that that judgment is based on.

>> There is a fair amount of that in the application. I think we should just forward you the application, project readiness is always a great example. All things equal, if we have five applications and they are all relatively equal, except for project readiness, that is a judgment call that we sometimes will make as far as if we can only recommend three, but we have five and again all things being equal, but three of them are far more ready than the others because our need is so incredibly high. That might be a judgment that we make when we recommend to you these are the three that we have recommended this year. Knowing that next year, assuming those projects still are viable and are more ready, will be recommended the following fiscal year when we've got an additional capital budget. So there are some -- some of that is in the application, so there is value in us providing to you how we score.

[12:37:52 PM]

So there is a lot that does go into our decision making, then we are looking at additional information that we can also provide on why something is being recommended over another.

>> I think, too, what would be helpful is when we give a person, particularly towards the end of a meeting after eight hours, we get a little brain dead from the standpoint of hearing what you are saying. So I think as the more information you could provide us as backup, that we could -- we could look at ahead of time. But I think what we would be at least what I would be looking for is your thought process and so taking that one as an example, obviously it was not close to mass transit. So just understanding and writing the thought process that you went through that said we understand that's a limitation for this project, but we feel like they are offering this, this, and this to help compensate for that. Is helpful

to us. Because we then feel comfortable that -- that you had -- I know you do already, but sometimes rather than just hearing it in the presentation that evening it would be helpful to have it ahead of time. You recognize that as an issue and you've addressed it because here are the solutions or here are the reasons why there's something else that's more important. I think that would be really helpful. I think that would have addressed our thinking, why didn't they think about the tact that it's, you know, miles away from transit. We know you have. It's just having that kind of written in a dialogue.

>> It's interesting. We don't often and this was just sort of something that we learned in our colony park experience a few years ago. We don't often acknowledge shortcomings or -- because we're here to make a recommendation, we've made a professional recommendation to you. I wouldn't say that we've been real good about, you know, these are the shortcomings, these are, you know, we just don't often think that way. I appreciate being challenged that we need to give all of the information, the good and the bad, right?

[12:39:56 PM]

This is what's good about it, this is maybe what's not so good about it. But we -- we're still going to make a recommendation to you. It is your -- it is your decision to decide whether or not to support our recommendation. But I appreciate that we need to be as -- I don't want the word transparent because sometimes it's overused. I want to be very clear with people on what we're recommending and why and there should be no reason why we shouldn't be able to articulate all parts of that transaction so you can make an informed decision.

>> I think that would be great and very helpful.

>> Renteria: Thank you. It would help us out a lot because that way we won't have to delay any project because of the questions or some of the members, my colleagues was asking. So I really appreciate that. The next item is -- is an update on many -- any future Austin housing finance corporation item.

>> We don't have any currently to discuss today. I was going to have the conversation that we just had as far as how we can utilize this group to be able to provide more accurate information. It wasn't inaccurate. But better information, more clear information. So that again everyone feels very comfortable. On what we're doing, what would he recommending. So people can make a decision. So -- so I would be thinking, I challenge you, how do you want us to use this group with some of the projects we're bringing forward. I mean, this is our second meeting now. The last meeting we just sort of rattled off what we were being forward so, you know, that was fine. But so be thinking about how is this -- how is this group you all want to use this time to spend more time on the project level or not. I mean, you don't have to answer me now. But be thinking how you want to use this group.

>> We've talked a little bit about this, councilmember troxclair asked a question about a subject that we had a very lengthy and wonderful presentation from your department on. And so some of my concern is

that as we get really great information at the committee level, unless the other councilmembers are here and unless they've gone in and watched the video of it, they're not getting that information.

[12:42:09 PM]

So it's going to be interesting to watch this process because -- there may be a point in time that the information that you are giving to committee really probably should go to the full council and instead of just the committee because the other councilmembers are losing that discussion and that dialogue.

>> My thought --

>> Kitchen: My thought might be also, this is going to vary by circumstance. But my thought is also that we might think in terms of how we present committee reports and perhaps use the work session process so that we might be able to report on, you know, items that as much as possible we can anticipate other councilmembers may have questions about and use the -- the council work sessions to try to at least alert other councilmembers of some things that are coming up, maybe have some discussion there. I don't know if that will be helpful, either, but it might be in some circumstances.

>> Renteria: And maybe staff could use the bulletin board to post some links on that, too.

>> Uh-huh, that's right.

>> Renteria: You know.

>> Is the bulletin board for us to post stuff on? I thought it was your bulletin board?

>> Renteria: Well, I mean, you can put -- you can write up there links to the housing --

>> Kitchen: They can't post. But they can give it to you and you can post.

>> Renteria: You can submit it to us and we'll post it for you, we'll post a link. That might be better. Just send it to our staff. We'll post a link -- links out there, too.

>> Like our agenda, if we post the board agenda or?

>> Renteria: Just if you have some projects that are coming in. Just give you the information, we will just say hey this is the link to go and look on your website.

>> Hmmm.

>> Renteria: That might be helpful.

[12:44:09 PM]

We really need to discuss that. That will be another discussion item, too, that will be an easy way. Because it is, you know, we get to hear all of the information and they don't. And, you know, we come to the council meeting and they go like "Well, we didn't know anything about this."

>> Kitchen: Well, we do have a transition committee that one of the things, that was an idea, that was an item that was flagged so the transition committee is going to talk about that bring it back to everybody. Maybe it would be helpful if we talk about committee reports. And what we need in committee reports. Part of the challenge, of course, is for us to be able to drill down. And focus because councilmembers aren't going to have time to look at all of the detail. So we have to think about is there a way to make sure that we've got the detail for them. But they've got the key points that they need to think about. Anyway, it's a challenge.

>> Renteria: Yeah.

[Laughter]

>> Kitchen: We'll have to think about all of that.

>> Renteria: Okay. Is there -- is there nothing else? Else, do I hear a motion to adjourn?

>> Second.

>> Renteria: All right, thank you.